

**BOSSARD**

Proven Productivity

IMAGINE

**Your product vision  
is within your grasp.**

SUMMARY REPORT 2017

IMAGINE

**Product visions  
become reality.  
Because Bossard  
designs the right  
fastening element.  
Hand in hand.**

#### **Group profile**

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

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

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## AT A GLANCE

# All-time highs – record-breaking profitability

**Bossard continues on its growth track: Sales, EBIT, and net income rose to new heights also in 2017. This development confirms our investment policy that targets profitable growth.**

## Key figures

in CHF 1,000	2017	2016
Net sales	786,175	695,015
Change to prior year in %	13.1	5.9
Gross profit	253,151	219,649
Personnel expenses	164,102	145,668
in % of net sales	20.9	21.0
EBITDA	112,030	91,114
in % of net sales	14.3	13.1
EBIT	97,048	78,509
in % of net sales	12.3	11.3
Net income	80,193	62,434
in % of net sales	10.2	9.0
Cash flow <sup>1)</sup>	95,175	75,039
in % of net sales	12.1	10.8
Capital expenditures	22,695	40,021
Operating net working capital <sup>2)</sup>	294,010	264,557
in % of net sales	37.4	38.1
Net debt	124,023	158,767
Shareholders' equity	263,962	207,644
in % of total assets	48.9	41.9
Total assets	539,758	495,769
Return on equity	34.0	31.7
Return on average capital employed (ROCE)	20.8	18.5
Dividend yield in % (Basis: share price at Dec. 31)	1.8	2.3
Earnings per share <sup>3) 4)</sup>		
Registered A share in CHF	10.33	8.04
Registered B share in CHF	2.07	1.61
Price/earnings ratio (Basis: share price at Dec. 31)	22.3	17.8
Price/book value per share	6.6	5.2
Annual weighted average number of employees <sup>5)</sup>	2,162	2,012
Net sales per employee <sup>6)</sup>	363.6	345.4

1) Net income + depreciation and amortization

2) Accounts receivable, inventories, less accounts payable

3) Basis: Average capital entitled to dividend

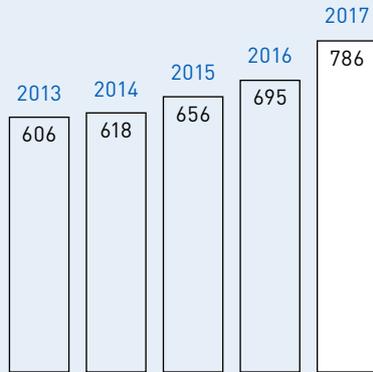
4) Basis: Share attributable to shareholders of Bossard Holding AG

5) Average full time equivalent

6) Basis: Annual weighted average number of employees

## Net Sales

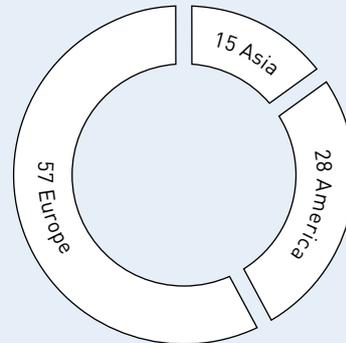
in CHF million



Sales rises by **13.1 percent** to a new record level of CHF 786.2 million.

## Geographic Sales Distribution

in %



## EBIT

in CHF million



Targeted investments pay off – EBIT increases by **23.6 percent** to a new record high.

## Net Income

in CHF million



**+28.4 percent**

Net income at record high – basis for future growth.

Cost pressure is forcing many industrial companies to focus on **leaner processes** and **cost structures**. Together with our customers, we analyze ways and opportunities to optimize costs and reduce throughput times, thus boosting efficiency and productivity. These efforts are supported by **Smart Factory** and

**Industry 4.0**, which have become core elements for our customers' **profitable growth**. Our **Smart Factory Logistics** method offers our customers not only a smooth and reliable supply of B- and C-parts but also makes their production ready for the future: networking the **supply chain** right up to the **assembly line**.

## REPORT TO THE SHAREHOLDERS

# Record result thanks to solid development efforts

### Dear Shareholders,

The Bossard Group has had an exceptionally successful 2017 fiscal year. Our solid, targeted development efforts in recent years, our dedicated endeavors to open new markets and an increasing favorable economic environment helped the entire Group to markedly improve its performance. EBIT grew no less than 23.6 percent to CHF 97.0 million. Net income rose 28.4 percent to CHF 80.2 million, which includes an extraordinary gain of CHF 4.5 million net from the real-estate sale of the former location in Austria. At 12.3 percent, our EBIT margin reached a record high, still considerably outperforming the industry average. Underlying this impressive surge in performance is a lively interest in our products and services – as reflected in a 13.1 percent increase in sales to CHF 786.2 million.

### Substantial progress in Europe

We are very pleased with the significant progress the Bossard Group made in all three market regions. Our past investments in acquisitions and new infrastructures are clearly paying off. This is especially evident in the progress we made in the European market, the source of nearly 60 percent of our sales. This is proof of the sustainability of our targeted investment strategy. In 2017, all European countries contributed to this growth. In Southern and Eastern Europe, the Bossard Group hit double-digit growth rates on multiple fronts. Even business in Switzerland, which had long suffered the effects of the appreciation of the Swiss franc, made a major contribution to our overall performance.

Of course, our European business also benefited from the positive economic developments. In past years, political events had repeatedly weighed on the markets. Not so in 2017: The European economy was able to disengage from political developments, giving us added momentum.

Profitable growth is on the upswing in America and Asia as well. The America business posted marked gains. Our major acquisitions in the last two years consolidated our market presence in the West and Northeast of the USA. The acquisition of Arnold Industries in September 2016 contributed substantially to the boost in results in America. Our established business grew significantly as well, partly

thanks to the positive environment enjoyed by our two major US customers.

Business in Asia likewise benefited from the groundwork laid in past years. We expanded our capacities in China, South Korea, Thailand and Malaysia, thus creating a solid foundation for the double-digit growth we registered in most markets in this part of the world. Our infrastructure expansion led to a positive impact on our results – particularly in China, our most important market in Asia. In India, however, unfavorable developments in the wind energy segment and regulatory influences caused business there to fall short of expectations.

### Acquisitions support profitable growth

Through its current acquisition strategy, the Bossard Group intends to consolidate its market position, spur new growth, and make headway in new industry segments. The acquisitions we have made in the past several years have proven very rewarding. We invested in companies with a great deal of expertise and premium product portfolios that were successfully integrated into our corporate structure. Because we approached our acquisition policy with purpose and caution, we had no need to put the acquired companies through cost-intensive restructuring. On the contrary: The acquired companies met expectations from the very beginning, making a meaningful contribution to our solid performance. We will adhere to this proven acquisition strategy going forward, without neglecting organic growth in the process.

We are pursuing additional impulses for growth, particularly in the area of electromobility within the automotive industry. As a partner to the largest US electric vehicle manufacturer, we have gained a great deal of experience and competence in this field. We will leverage this experience to explore this line of business with even greater dedication. Electromobility is an important topic for us for a variety of reasons. We can leverage our expertise in public bus projects, the development of scooters, and autonomous driving initiatives and we are also collaborating with battery manufacturers. However, it should be noted that these projects represent an investment into the future. It is unlikely that they will yield sizeable results in 2018 already. We know from



past experience that such projects have a lead time of two to three years, which we gladly accept in light of our long-term growth strategy. Our new Bossard Design Center, which we opened in Milpitas, California, last year plays an important role in our increased activities in the electromobility field.

### **Much recognition for Smart Factory Logistics**

Also the topic Industry 4.0, i.e. automating and networking the production processes of our industrial customers with our own supply processes, remains of vital interest to us. As you know, we are cooperating with various universities and technical institutions in this area around the world. Our expertise in Smart Factory Logistics is clearly in demand by customers restructuring their industrial facilities because it delivers substantial results, in particular increased productivity and lower production costs. With our Smart Factory Logistics solutions, we play a pioneering role and, as a result, enjoy growing demand from industrial companies. Now we want to market this expertise beyond the boundaries of industrial production. A pilot project is currently underway in a major Swiss hospital. Bossard is convinced that our intelligent systems can be used anywhere where materials are used, transported and processed to realize gains in productivity. In keeping with this view, we are actively branching out into other sectors to offer our solutions through our new subsidiary Effilio AG.

In addition, we are exploring the challenges and opportunities associated with 3D printing. In Switzerland, for example, Bossard gained the right to distribute the 3D plastic printers of a German manufacturer. We also intend to gain a foothold in 3D metal printers. This commitment aims to make our expertise in these innovative production methods available to customers. In this respect, it is important that we interact closely with customers and focus on their needs. It does not appear that 3D printing will gain major significance in the production of our fastening solutions because it is still too cost-intensive and slow, even from a longer-term perspective. Nonetheless, 3D printing is helping to bring new materials into specific sectors, such as the aerospace and automotive industry. We are working with these materials and offering customers new fastening solutions especially for these applications.

Many things are happening within Bossard. Our 2017 fiscal year results confirm our strategic guidelines, which are focused on long-term growth and sustainability. Building up new capacities and infrastructures in various regions of the world is also additionally paying off in a healthier economic environment. All of our stakeholders ultimately benefit from this commitment: Our solid performance in the last years creates stability within the Group, preserves jobs, and creates the conditions that allow us to meet the demanding requirements from our customers. Finally, the strong performance of the entire Group results in steadily increasing dividends for our shareholders. The 2017 fiscal year will again lead to a substantial increase in dividends.

### **Well positioned for further growth**

We view the near and distant future with optimism. The economic environment is reawakening higher expectations. Our past investments leave us well positioned to meet growing demand worldwide. We are able to offer our customers added value through innovative solutions and services in line with our Proven Productivity concept. Thanks to our tightly woven supplier network, which meets highest demands, we can avoid supply bottlenecks and take full advantage of the economic upturn. This touches on yet another pillar of the Bossard strategy: guaranteed supply security, especially when demand for fastening solutions is high – like it is now. We are able to ensure supply security and constantly endeavor to make improvements within our partner network.

Bossard is on a strong course for the future. We hope that our customers, our employees, and especially you, our valued shareholders, will continue to accompany us on this path. Thank you for the trust and loyalty you place in our company.



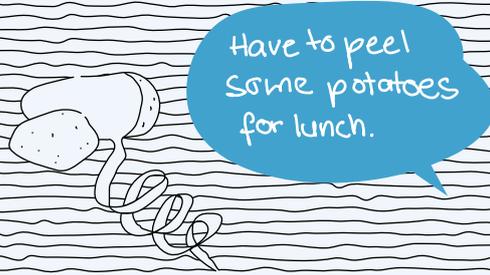
Dr. Thomas Schmuckli  
Chairman of the  
board of directors

David Dean  
CEO

Zug, February 23, 2018

IMAGINE

**Big visions need smart fastening solutions. Bossard develops them: customized, clever and efficient.**



IMAGINE

# Robots relieve us of tedious everyday chores.

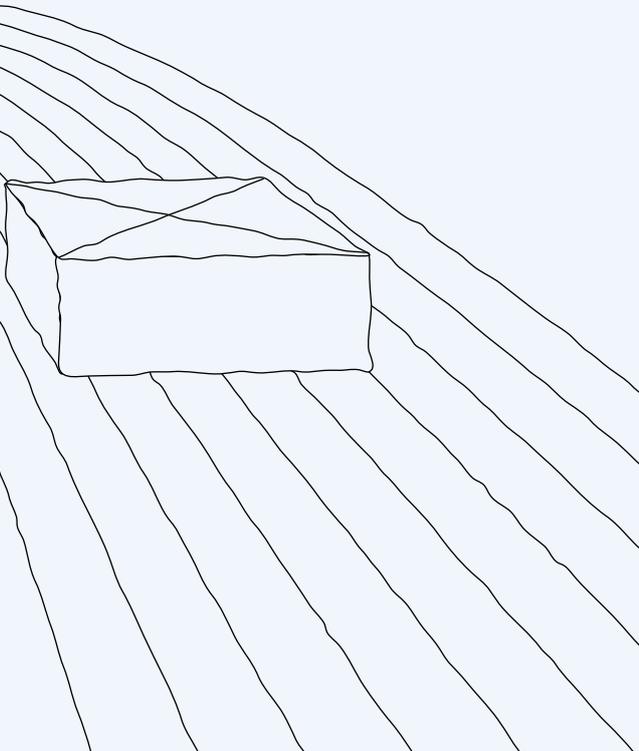
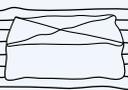
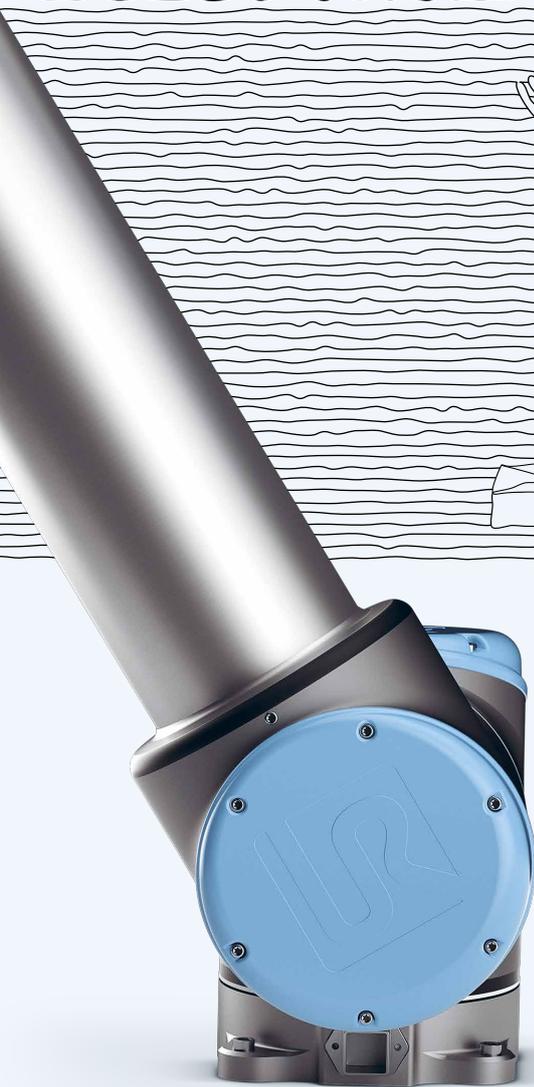


Robots have long proven themselves in large businesses. Slowly but surely they are becoming part of our personal lives as well. But will they soon even iron our shirts, peel potatoes or empty the dishwasher? It is definitely possible. But for now, robots should be more affordable for enterprises of any size. The Danish company Universal Robots A/S specializes in robot technology for small and medium-sized businesses. Bossard supports the production of robots with fastener elements that are able to meet the requirements of such "busy bees".

Next up:  
iron shirts.



Don't forget to  
empty the dish-  
washer...



REALIZE

## Teamwork of robots and employees



*Michael Rolsted*

Michael Rolsted  
Technical Manager,  
Bossard Denmark A/S,  
Denmark

## ***Will robots conquer small businesses?***

**Michael Rolsted:** If the vision of Universal Robots comes true, robots will soon be part of the regular office environment, much like Wi-Fi, chairs or computer monitors. The robot pioneers are working to offer small robots that can handle the routine tasks of small businesses.

## ***Will they become our little helpers at home as well?***

Universal Robots focuses on small and medium-sized enterprises. Compared to businesses, households have a “more unstructured” environment that poses bigger challenges. For this reason, it will be a little while longer before robots will take over our tedious household chores.

## ***Is Bossard contributing to the safety of these robots?***

Yes, that’s where Bossard comes in! Quality and safety are crucial when robots become part of the workplace. Robots must reliably withstand all the vibrations and stresses caused by fast, repeated movements.

## ***You invented a self-adhesive screw for this client, among other things. What benefits does it have?***

The customer used to assemble many parts manually. However, given the number of small parts, it is difficult to ensure consistent quality in assembly. For this reason, we collaborated with the customer to develop a screw that is coated with adhesive. This completely eliminates the laborious task of gluing parts together manually. As a result, the customer saves a lot of time, and more importantly, is able to ensure consistently high quality.

## ***What was this development process like?***

Bossard was then invited to a workshop where we were asked to present a solution for fasteners that reduces work effort while offering higher precision and reliability. It had to be possible to apply the adhesive optimally and the solution had to be eco-friendly. We had an important advantage because we were able to test the requirements in our own labs. The fastener we developed has a very specific design and is used solely for these robots.

## ***And now Bossard has become a versatile partner...***

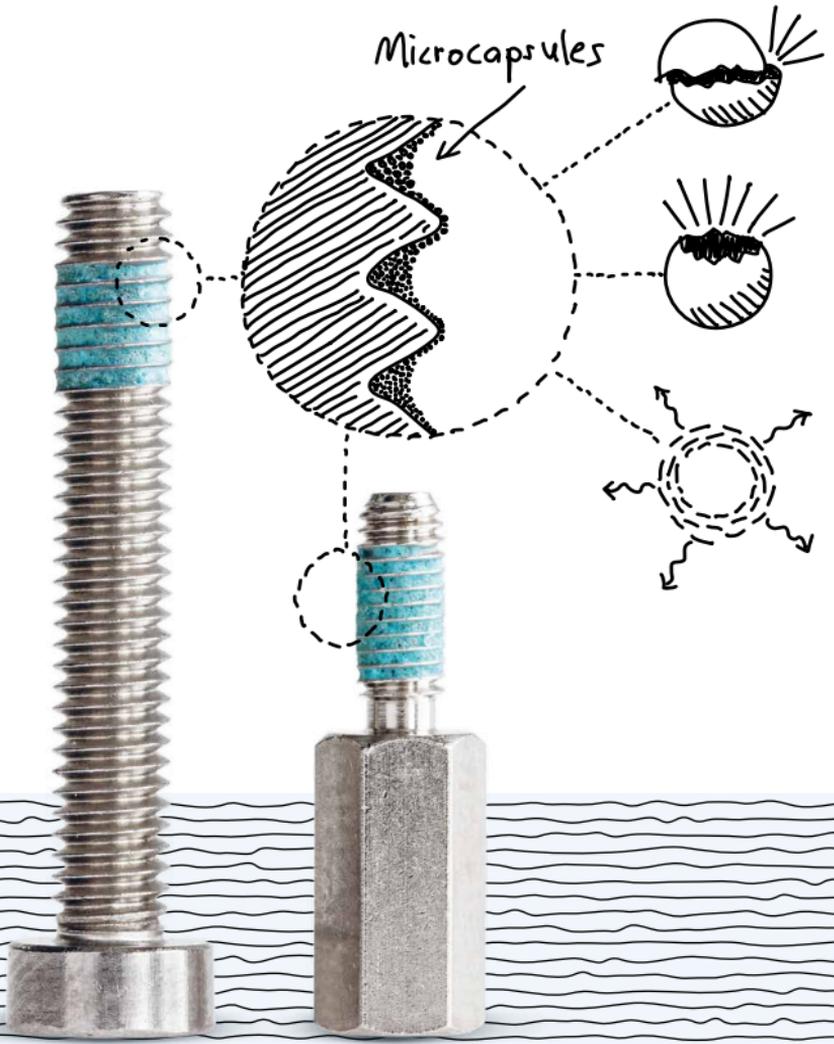
That’s correct. In certain cases Bossard even takes on supplier selection and quality assurance. This allows us to deliver coated fasteners without quality fluctuations. Following this breakthrough, Bossard now provides consulting services for the entire product development process and is involved in projects from the very beginning: We have been part of research and development projects on multiple occasions.

## ***Bossard extends its presence in Danish markets?***

We are experiencing growing demand for quality solutions and consulting from Danish manufacturing companies who are competing on their innovation power and quality – and the need is particularly great in the robot industry. We are very proud of our co-operation with Universal Robots, and that we can contribute to their impressive growth and high quality standards.

# SOLUTION FOR UNIVERSAL ROBOTS

## Customized to perfection



The screw used for Universal Robots has an ultra-precise partial coating of adhesive microcapsules. This millimeter precision ensures that the microcapsules are crushed and harden at the right time and the right place when the screw is inserted. The coating contains lubrication as well to prevent the adhesive from affecting the installation torque during the assembly process. In addition, loosening the fastening element has been tested with foresight during development. The screw meets all major standards.

PROVEN

***“Bossard's  
new fastener  
solution  
generates  
15 percent  
cost savings.”***



**ANDERS LASSEN**

**Production Technology Manager  
Universal Robots, Denmark**

Eleven years ago, Universal Robots consisted of three entrepreneurs and a dream of making robotics available to all businesses, regardless of size. Today, the company has a staff of 300 employees – and it is continuing to grow. The robot pioneer gives clients all the advantages of advanced robotic automation. Finally, robotic automation is affordable for small and medium-sized enterprises.

IMAGINE

# Light that follows the eyes of the physician.

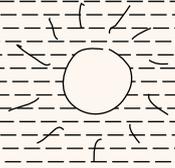
In many industries, perfect light is crucial for successful and precise work. Medical personnel requires perfect lighting for demanding examinations and procedures. The light has to shine on the exact spot the physician's eyes focus on. The family-owned Swiss company Derungs Licht AG manufactures technologically advanced lighting solutions for just such requirements. Custom-made fasteners from Bossard enhance the versatile functionality and sophisticated design of treatment luminaires.



Well, that  
looks good!

Turn off the  
light now.





Light from above.

Please open wide.

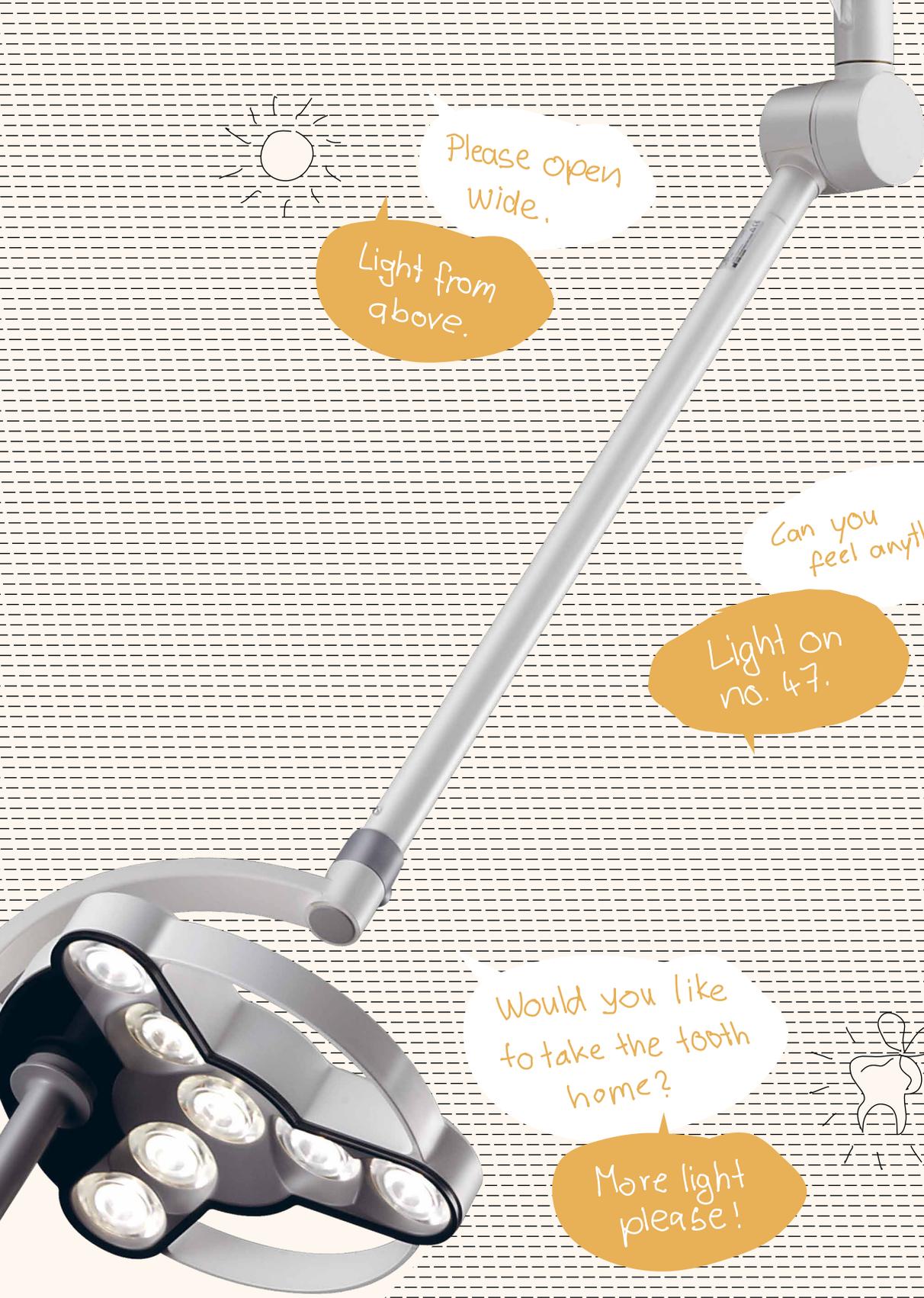
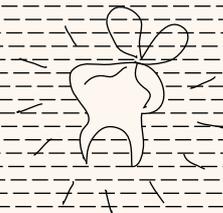
Can you feel anything?

Light on no. 47.



Would you like to take the tooth home?

More light please!



REALIZE

## Perfectly illuminated working area



*Armin Huber*

Armin Huber  
Head of Sales,  
Bossard AG,  
Switzerland

## ***Are there already luminaires that respond to eye signals?***

**Armin Huber:** Many physicians certainly hope so. And if there aren't any yet, they need to be invented as quickly as possible.

## ***What is Derungs' vision?***

Derungs Licht AG is a leading international supplier of lighting systems. The company strives to deliver lighting without compromise wherever demands on vision are the highest. Illuminance, light color and color rendering are optimally adapted for the multifaceted tasks inherent in daily clinical practice.

## ***How does Bossard contribute to fulfilling this vision?***

We designed a bracket for a medical luminaire, for instance. The original design would have required painstaking manual production, with the fastener between the light and the arm consisting of numerous parts, each one individually coated and assembled. Bossard surprised the customer with a sample product whose production was considerably leaner.

## ***Why was there no standard solution for this luminaire?***

New designs often require fasteners that are appropriate for the design and the function of the new product. In this case, Derungs needed the innovative light fixture to rotate and turn a full 360 degrees, if possible.

## ***How does such a specific fastener get developed?***

The team from Bossard started development based on the existing design drawing. The individual processing steps were clarified during the trial phase. The initial prototypes were welded while we looked for a soldering method. We started with steel and moved on to stainless inox. We ended up with a single, powder-coated fastener that could be directly installed.

## ***What challenges did you need to overcome?***

The bracket really looks simple – but was nonetheless the source of a few new gray hairs among the engineers. The biggest challenge was connecting the square tubes to the rotating parts. The deviations were too great to solder the square tube the desired way. We were finally able to achieve the desired seamless surface through inductive soldering.

## ***What is your cooperation with Derungs like in general?***

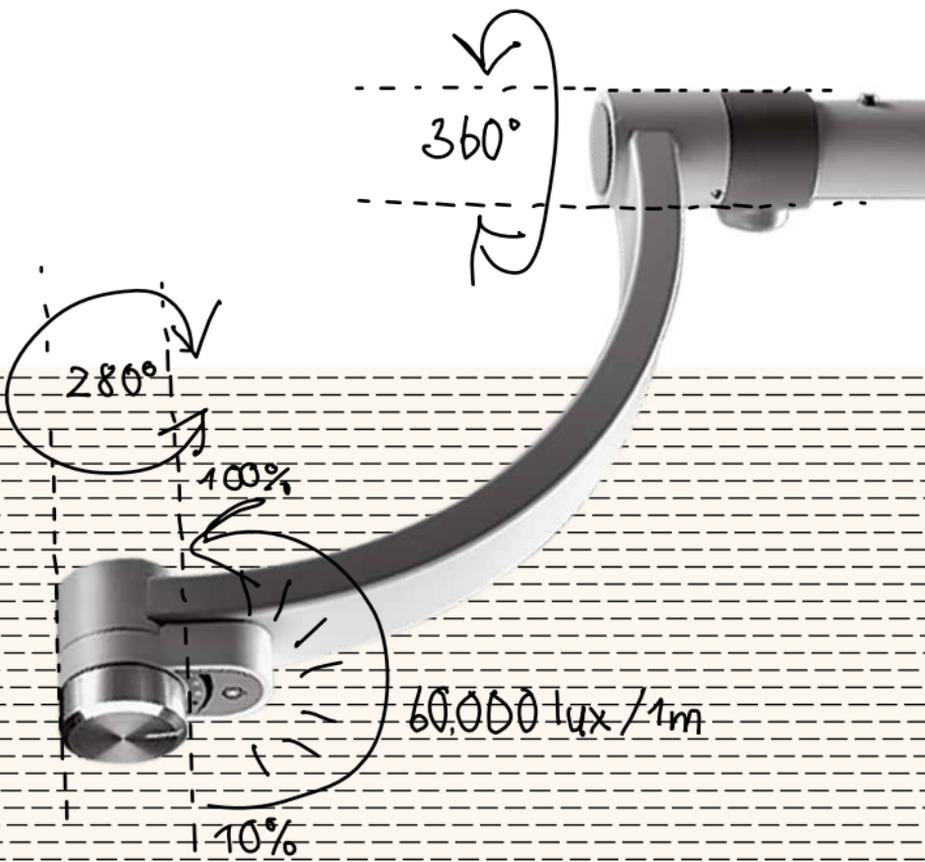
We support Derungs with feasibility studies, finished, custom-made parts and standard fasteners on an ongoing basis.

## ***Does Bossard manufacture many assemblies?***

Yes, assemblies like the ones described here are in demand. First, it saves procurement costs, because only a single part has to be obtained from a supplier. Second, the assemblies can be directly installed right after delivery, with no additional work steps needed. Of what we deliver to Derungs, only 15 percent are standard fastening elements; the remaining 85 percent are special solutions.

# SOLUTION FOR DERUNGS LICHT AG

## 360° rotation



The modern design of the Triango treatment luminaire adheres to the motto "Keep it smart and simple" and features convincing consistent functionality. Elegant design in combination with high-tech LED technology is perfectly attuned to today's work environment. The bracket manufactured by Bossard blends seamlessly into the modern product design and allows directing the light wherever it's needed.

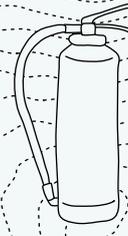
PROVEN

*“Everything  
from a  
single source,  
at almost  
50 percent  
less costs!”*



**HARALD HÖPPERGER**  
Technical Buyer  
Derungs Licht AG, Switzerland

For more than 70 years, Derungs has been developing and manufacturing innovative lighting systems and accessories for medical and other technologies. Medical personnel appreciate the precise color rendering, above-average light output without heat build-up, and precise positioning capability of the luminaires. They not only offer the highest quality of light with the least amount of energy consumption but are also versatile and easy to maintain.



Fire in sector 2  
under control!

23° 8' N, 113° 16' E



IMAGINE

# People flying free as birds.

Having eagle eyes would help people see better and farther. The development of drones has made much of this dream a reality. Drones are particularly useful in areas of public interest, such as security, environmental monitoring, transport safety or detailed cartography. The Chinese company Guangzhou EHang Intelligent Technology Co. Ltd (EHang) is committed to becoming a global leader in the field of intelligent aerial vehicles. Bossard is helping EHang pursue this vision on the front line by developing suitable fastening technology.



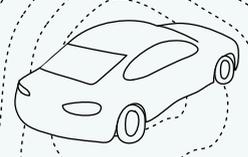
24°1'N, 113°57'E

Umbrella alarm  
from north-east!



Cacophony of  
car horns on  
the highway.

21°7'N, 113°28'E



REALIZE

Never lose perspective



*Michael. Mai*

Michael Mai  
Application Engineer,  
Bossard Fastening Solutions  
(Shanghai) Co. Ltd,  
China

## ***Do you believe that mankind's oldest dream of flying free will come true some day?***

**Michael Mai:** Yes, I'm sure this dream will come true one day. The technological progress made in recent years gives me reason for optimism. People will be able to fly someday.

## ***In what areas are drones being used today?***

Drones are already being used professionally in many ways. They are deployed for fire fighting, public security, traffic or environmental surveillance as well as for military purposes. EHang's vision is to let people fly free as birds. Using augmented reality, EHang already helps people fly virtually. In the near future, the ambitious company actually wants to use drones to transport people. The company also envisions that unmanned craft will soon rescue people from dangerous situations.

## ***What technical requirements do drones impose on fastening technology?***

Basically, drone components must be very light. Parts also need to remain tight in spite of vibration or other environmental influences. Finally, it should be possible to produce and install these fasteners as efficiently as possible.

## ***How did Bossard help with R&D?***

The EHang project focused on efficient assembly and disassembly. The component in which the fastener is installed needs to be regularly removed for maintenance and then reattached, but it still needs to remain reliably tight during use. Another important aspect for the customer was simplified design. Our solution is customized: This kind of fastening

element was not available on the market before. Another advantage of the fastener we developed is that it can be used for other EHang product lines.

## ***How quickly was Bossard able to develop the fastener?***

We developed the design within a week. The initial prototypes were ready after two weeks. We then worked with the customer to analyze and optimize the assembly and installation process. After another three months of testing and review, the fastener along with the technical drawings and numerous reports was approved and released for production.

## ***What other projects at EHang is Bossard involved in?***

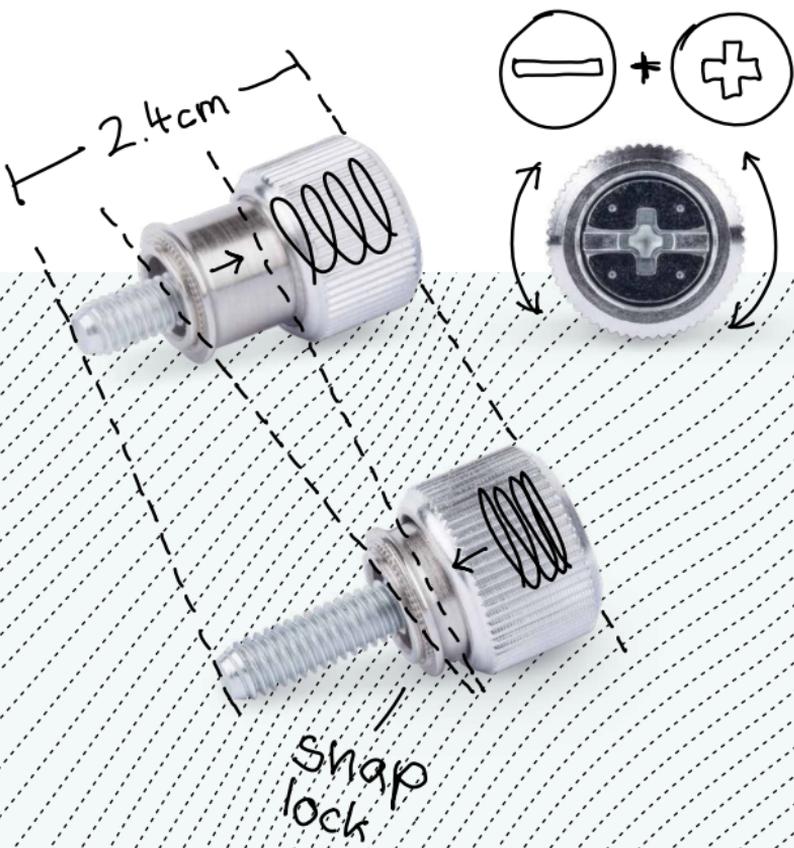
Currently we are testing a 1.4 millimeter micro-screw that's just 5 millimeter in length. Initially, a larger screw was used, but the drone's design did not offer enough space. So instead of reconstructing entire drone components, Bossard was able to offer customized solutions. Another advantage of the 1.4 millimeter micro-screw is that there is a standard tool for it, which saves additional time and money. That considerably speeds up time to market.

## ***What is Bossard's presence in the Chinese market like?***

Bossard is present with 13 locations overall China and at customers of diverse industries. We have customers from the machine and electronics industries as well as public transportation, electromobility and the energy sector.

## SOLUTION FOR EHANG

# Integrated mounting aid



No tool is needed to mount the fastener for the camera holder of the Falcon B drone. It has a turning head and a guide that prevents cross threading and cam-out. A roughened surface and a snap lock ensure anti-loosening. Even if the screw comes loose, it can not fall off. A Phillips or flat-blade screwdriver is all that is needed to tighten and loosen the connection for maintenance, making the fastener especially suitable for industrial assembly.

PROVEN

*“Assembly  
time  
reduced  
from 10 to  
5 seconds!”*



NIE JUN

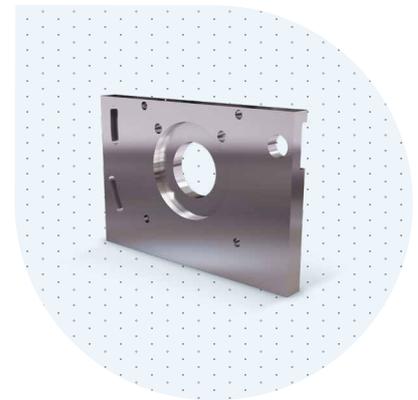
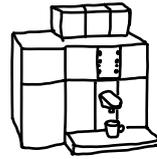
Structural Engineer  
Guangzhou EHang Intelligent  
Technology Co. Ltd, China

EHang is the world's leading developer and manufacturer of drones. It is headquartered in Guangzhou, China and has subsidiaries in California, Dusseldorf, Beijing and Shanghai. The company has approximately 300 employees. Inspired and driven by the idea to let humans fly free like a bird, EHang has become a market leader in the fiercely competitive drone industry. EHang drones are used for a variety of applications, including public safety, environmental monitoring and unmanned passenger transport.

## IN EVERYDAY LIFE AND IN CUTTING-EDGE TECHNOLOGY

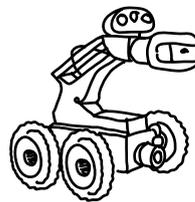
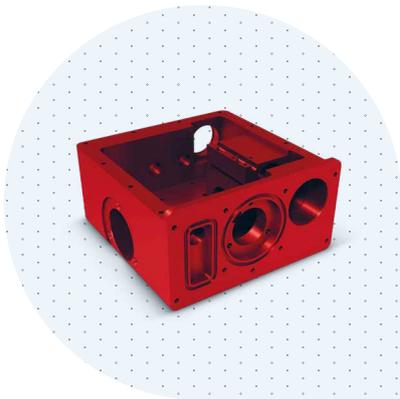
# Where customized components lie hidden

Whether it is a drawer of a designer furniture, an airplane, a coffee machine or an aerial gondola – ingenious solutions from Bossard lie hidden in things we use every day and in technologically challenging custom products for specialized target groups. In product development, fastening technology and parts are often pivotal for seamless function or a sophisticated design. For this reason, solutions from Bossard are tucked away in products from practically all industries.



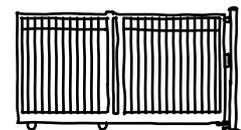
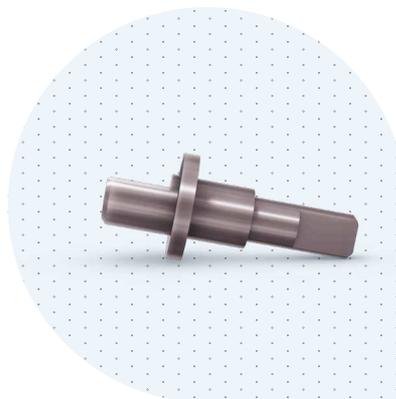
### Base plate

The base plate supports the grinding mechanism of a professional coffee machine. Optimal material strength and easy assembly are the result of the perfected fastener.



### Gearbox

A custom component for a sewer robot ensures precision drive and rapid acceleration. It is guaranteed to be highly resistant to dirt and water.



### Eccentric axis

This special axis provides roller guidance in a gate drive. During assembly, the axis allows the rollers to be precisely adjusted. The end customer is very satisfied with the precise functionality of the automatic gates.



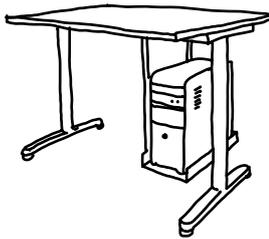
## Index bolt

A control cabinet subjected to major pressure fluctuations and high humidity requires a special closure. One key component is the index bolt that guarantees it will open.



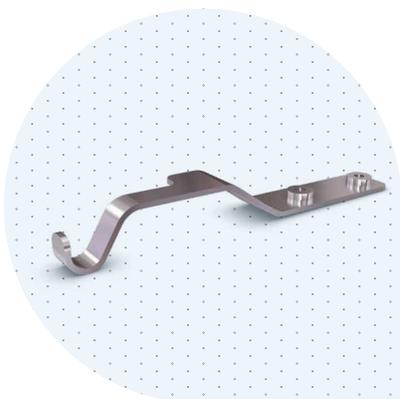
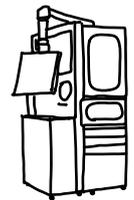
## Shoulder screw

The special pressed screw with self-tapping threads is totally vibration-proof. It is used to fasten the feed rollers on conveyor belts.



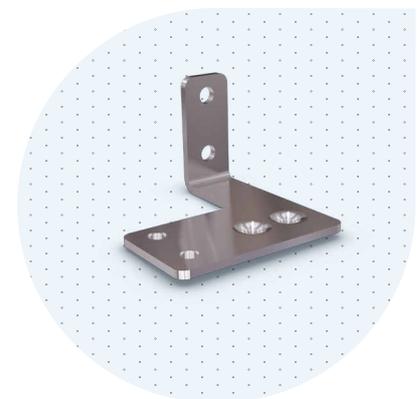
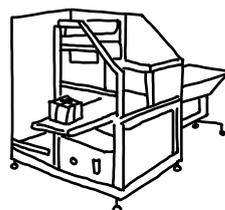
## Pan head screw

The specialized screw speeds up the assembly of a computer holder on height-adjustable desks. Two different coatings ensure that the screw matches the two different color finishes of the holder.



## Gripper

The gripper is used on a packaging machine to position and guide the belt. Form-fitting locking keeps the screw locked tight.

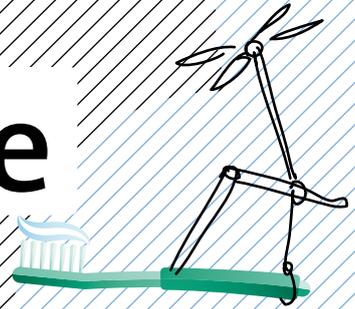


## Pinboard holder

The special aluminum pinboard holder ensures optimal attachment to a medical analysis device. The combination with ecosyn®-fix screws ensures maximum reliability.

IMAGINE

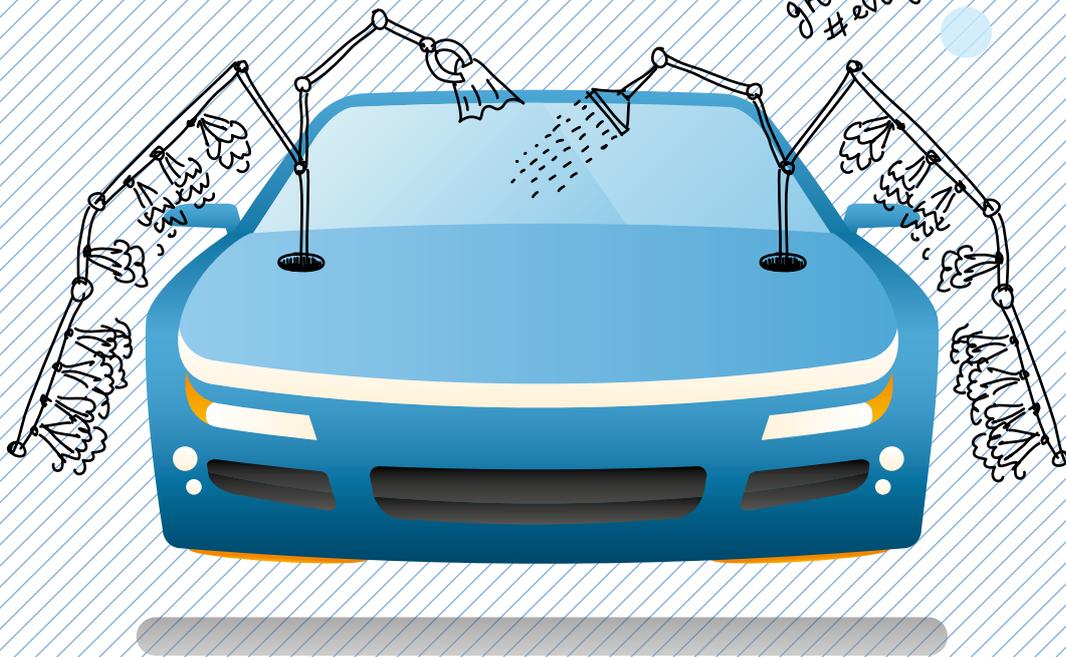
# Your dreams are coming true.

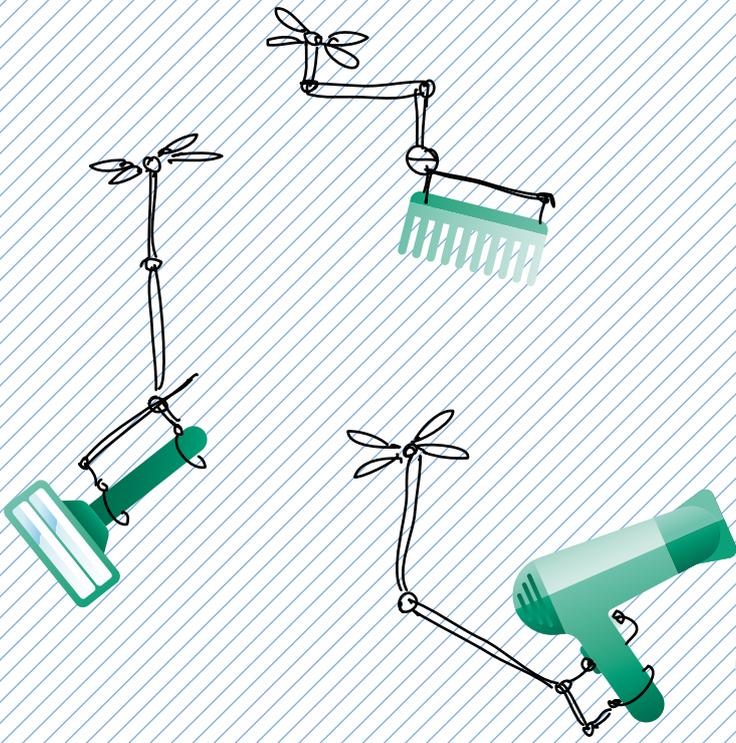


How long do we have to wait for those labor-saving devices we secretly dream about? When will our car wash itself? When will a robot iron our shirts while we're at work? When will our razors float up and automatically start shaving us while we brush our teeth? Whatever visions companies may be chasing, Bossard is with them every step of the way, with compelling ideas and unflinching support.

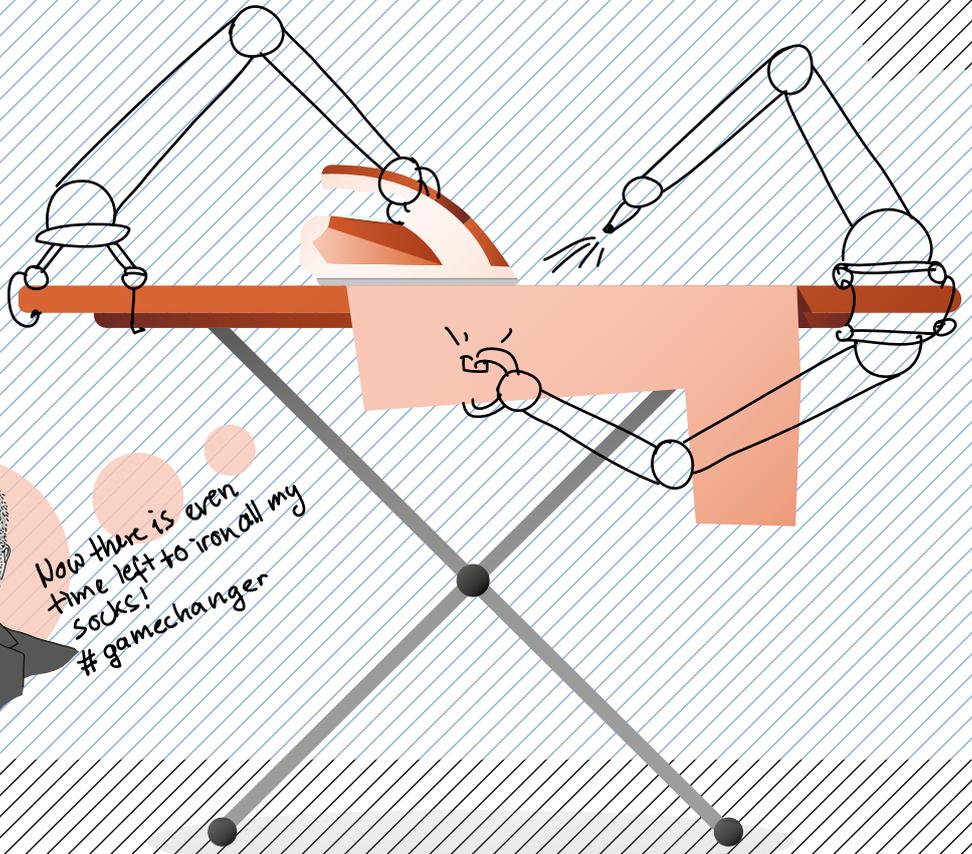


*Always making a great first impression.  
#everydaycar*





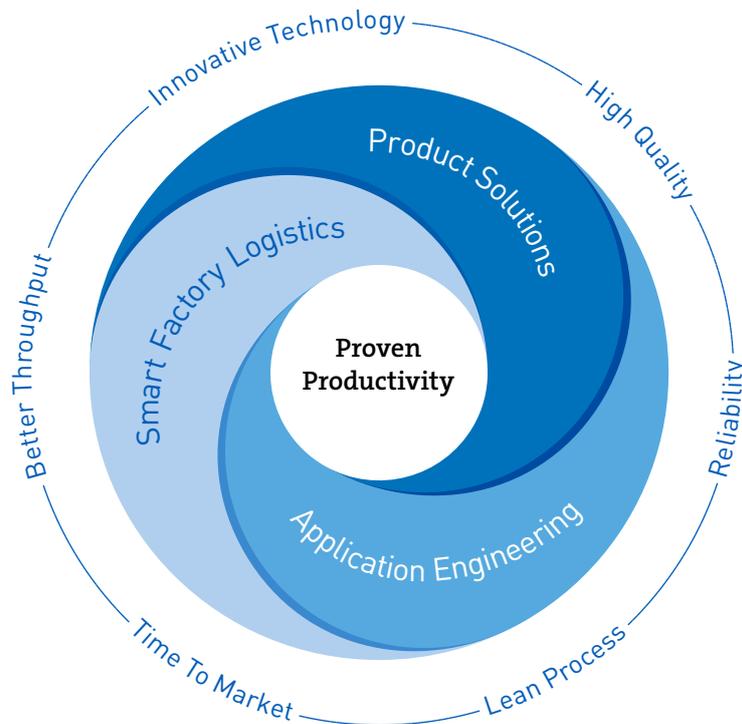
Perfect hair for every date :)  
#nomorebadhairdays



Now there is even  
time left to iron all my  
socks!  
#gamechanger

## 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 everyday devices like smartphones or computers to large, 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 competitiveness 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.

## 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.

### ... 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.

1831

Franz Kaspar Bossard-Kolin establishes a hardware store.

1931

The hardware business holds on to its local character.

1956

The hardware business looks for new opportunities.

### **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.

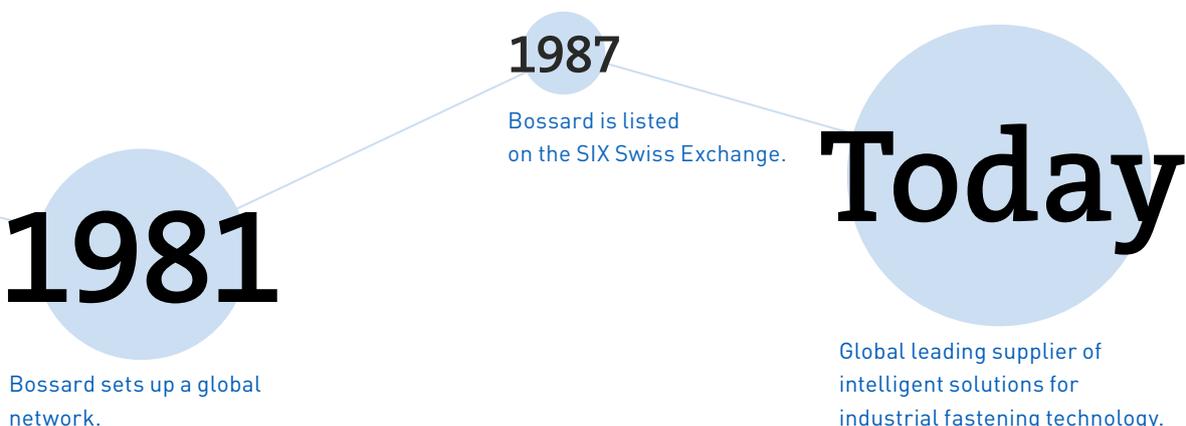
On the whole, our Proven Productivity philosophy increasingly targets products and solutions that are proven to give customers lasting added value. This will offer us attractive profit margins. The main focus is on our engineering services and on the development of functional modules that intelligently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



## VALUES AND SUSTAINABILITY

# Commitment to sustainability across generations

**The Bossard Group has been committed to sustainable corporate development for generations. We pursue success based on responsible long-term strategies, thus creating the foundation for economic, social and ecological progress. At the root of this progress is the trust our stakeholders have placed in us for many decades. Our shared values are laid down in a Group-wide binding code of conduct. These values are integrity, fairness, compliance, professionalism, responsibility, and transparency. These ethical principles drive all thoughts and actions of the Bossard Group.**

Over more than 185 years of sustainable corporate management, the Bossard Group has earned an excellent reputation which we view as a central prerequisite for achieving our corporate goals. The success we have enjoyed is built on the trust our investors, customers, suppliers, employees and the general public place in us. We know from our long history that this kind of reputation is the result of constant hard work and must be cultivated each and every day. One misstep can quickly tarnish our valuable reputation. That is why we have developed a comprehensive code of conduct that all Bossard employees, and especially new employees, can use as a guidepost.

Our code of conduct is based on the core values of integrity, fairness, compliance, professionalism, responsibility, and transparency. As a global multicultural group of companies with activities in industrial centers throughout the world, we need a framework that represents our shared understanding of ethical business practices. At the same time, we are committed to adapting the code as business and regulatory needs dictate.

### **Integrity and responsibility**

Integrity in our code of conduct means that we respect, in all ways, the interests of our stakeholders – investors, customers, suppliers, employees and authorities – and attempt to harmonize them as best as possible. In so doing, we also wish to contribute to social harmony within and outside the company. By responsibility, we mean meeting our responsibilities and assuming responsibility for our actions. Our policy is to only make promises we can

keep. Fairness, too, is one of our core values: We treat all our stakeholders with respect. We promote equal opportunity in our company and foster a working environment that is free from discrimination and harassment of any kind. All employees, regardless of position, gender, age, life situation, sexual orientation, nationality, race or religion, are entitled to equal opportunities and prospects.

### **Respect for laws and regulations**

At Bossard, compliance with all legal provisions is a matter of course. We acknowledge the importance of all relevant national laws as well as internal and external regulations, guidelines and standards, and we comply with them. Bossard's history plainly shows that we follow this ethical principle to the letter. Nowhere in the world do we have a conflict with authorities or public interest groups. Furthermore, the Bossard code of conduct dictates that every violation be met with appropriate sanctions. Any wrongdoing must be reported immediately to the responsible supervisor, executive committee or – if appropriate – to the CEO. Reports are confidential and can be made anonymously. These strict conditions are designed to safeguard our reputation, which represents our most valuable asset: Bossard stands for integrity and fairness.

Professionalism is another part of our core values. We staff our teams with motivated, performance- and solutions-oriented individuals, regardless of position, gender, age, life situation, sexual orientation, nationality, race or religion. Recruiting is strictly professional and follows detailed guidelines. Every job has a clear requirements profile that is carefully scrutinized and, if need be, modified each time a job is filled.

### **Transparency and constructive dialog**

In addition, Bossard is committed to the core value of transparency. We maintain an open and constructive dialog with all stakeholders, a dialog informed by fairness, respect and professionalism. One example is our disclosure policy for investors and financial markets that establishes the basis for a fair valuation of Bossard shares. The board of directors endeavors at all times to keep shareholders apprised of new strategic directions and to lay out the concomitant financial commitments in a transparent way. In recent years, this disclosure policy

resonated highly with the financial markets and contributed to increased valuation of our company.

In summary, Bossard is well aware of its great responsibility to its employees and external stakeholders. The standards we set for our executives and employees through the mandatory Bossard code of conduct are commensurately high. The great value Bossard places on this code is also reflected in the successful development of our Group. Our goal is sustainable profitability that enables us to implement our strategies, drive long-term investments, pay our employees fairly, and generate attractive returns for our shareholders. Our code unequivocally states: “We value compliance with our core ethical values even more highly than making a profit. Profit making should never be a justification for breaking the law, shirking responsibility or taking unreasonable risks.”

### **United Nations sustainability principles**

Beyond the code of conduct, Bossard also upholds the sustainability principles of the United Nations Global Compact. These ten principles revolve around the core issues of human rights, labor standards, environmental protection and anti-corruption. All of them aim to encourage change in business processes and to promote sustainability along the entire value and supply chain. In accordance with the UN initiative, Bossard remains committed to its fight against child labor and forced labor of any kind. This underscores our resolute stance against all types of corruption – as set forth in the code of conduct – including extortion and bribery. One of the three ecological principles of the UN initiative is to take a precautionary approach and to encourage the development and spread of environmental-friendly technologies. And finally, the initiative opposes all human rights violations – a principle shared by the Bossard Group, as described previously.

Bossard evaluates risks and business opportunities with a view toward the health and safety of its employees, suppliers, and other individuals affected by its business activities. We comply with the ISO 26000 standard and use it as a guideline for social responsibility, thus contributing to sustainable and forward-looking growth.

### **Sustainable and profitable growth**

The statements concerning our code of conduct reflect Bossard’s strong commitment to sustainable corporate growth. We are deeply convinced that only a corporate strategy aligned with sustainability and acceptable to all stakeholders can succeed in the long term. Bossard’s very successful growth over recent years flows from this strategy. We have pursued new activities in demanding markets while consolidating our business foundation in all crucial regions of the Group. In spite of the high financial cost of this strategy, the profit curve of the Bossard Group continues to trend upward. This performance is reflected in above-average profitability, which ultimately benefits all stakeholders.

Our strategy does not pursue short-term profit maximization because such an approach could threaten the company’s long-term stability. Our financial resources are handled with appropriate caution and purpose. We invest only in areas that promise long-term gains for the Bossard Group. Our goal is sustainable value growth and reasonable returns for our investors. In pursuing this goal, Bossard gains the necessary entrepreneurial freedom of action and secures the company’s independence.

In recent years, the Bossard Group has made substantial investments in new capacities and acquisitions. We were able to achieve a smooth implementation of this ambitious expansion policy because we involved all the relevant stakeholders in every project. This consensus-based policy is a core element of our successful strategy, and we are convinced it also creates a viable foundation for the future of our company.

### **Successful acquisition policy**

Our approach to acquisitions exemplifies this consensus-based growth strategy. Bossard has taken over several businesses in Europe and North America in recent years, consolidating the Group’s market position in a sustainable manner. The interests of all stakeholders were a major factor during the implementation of this strategy. This approach allowed us to integrate the acquired companies into the Bossard corporate structure to everyone’s advantage, thus securing us access to new know-how. We are proud that we never had to resort to painful and costly restructuring that would almost certainly have led to

job losses. Today, the employees we gained through acquisitions play a crucial role in expanding our business in Europe and America.

Finally, our strategy of sustainable growth has contributed to Bossard's above-average profitability compared to its peers in the industry – year after year. The acquisitions we made did not weigh us down. Instead, they created added value for all stakeholders.

**Only a corporate strategy aligned with sustainability and acceptable to all stakeholders can succeed in the long term.**

# 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.**

## **Suppliers as partners**

This sustainable strategy also characterizes our cooperation with suppliers. We expect excellence from the manufacturers of our top-quality fastening solutions. Bossard relies on cooperative relationships, superior attention to quality, and a fair price policy. We continually and systematically optimize our global procurement network, thus securing access to innovative solutions.

We demand from our suppliers the same qualities that we strive to offer our customers: competence, quality and reliability at the highest level. It is important that we see our suppliers as partners and not as competitors. Only through healthy cooperation with innovative suppliers can we deliver excellent products to our customers. We develop long-term successful partnerships based on this fairness-oriented win-win approach. Mindful of our high standards, we are therefore very selective when choosing new suppliers. New suppliers must also sign our code of conduct, thus documenting their respect for Bossard's values.

## **Respect for customers**

Fairness and mutual respect underpin our customer relationships. We strive to focus on our customers' most important needs and respond to them with customized and reliable solutions.

All our stakeholders, and especially our customers, benefit from our uncompromising commitment to quality, because it is what makes our products better and more competitive. It goes without saying that our quality-consciousness does not make us the most inexpensive supplier on the market. Our goal is to deliver the best products and services at competitive prices – which, in turn, help customers reduce their total cost of ownership. Our innovative fastening and logistics solutions can make a substantial contribution to boosting our customers' productivity and hence their competitiveness. In short, we want to be a strong and competent partner

whose creative solutions, highest quality standards and customer proximity set us apart from the rest.

## **Strict selection promotes sustainability**

Bossard does not manufacture industrial products itself. Our entire range of more than 1,000,000 products is manufactured by specialized third parties utilizing our engineering expertise for fastening solutions. Establishing relationships with all suppliers based on the highest standards makes it possible to achieve major advancements in sustainability and especially environmental protection.

## **Specifications for improved environmental protection**

To promote greater awareness of environmental issues, we have defined various requirements for our suppliers based on the ISO 14000 series of environmental standards. These environmental standards are intended to inspire continuous process improvement. For Bossard, this primarily means that we painstakingly analyze the production processes of our industrial suppliers. Furthermore, we check whether packaging meets ISO standards and we promote the use of recyclable materials. Bossard also wants to contribute to lower energy consumption by optimizing transport streams.

One of Bossard's core issues in the area of environmental protection is cutting material consumption and reducing waste. With our Proven Productivity know-how, we help to streamline logistics and production processes and realize substantial savings with every customer and supplier project. Leaner processes save resources, capital and time, thus increasing margins and competitiveness. In this respect, Proven Productivity is a measurable contribution to solidifying the competitiveness of all companies involved on a sustainable basis.

## **Strict selection process**

Compliance with environmental standards also plays a role in our recruitment of new industrial suppliers. We require that our suppliers use environmental-friendly production processes in accordance with ISO 14000 standards. If multiple suppliers are being considered for a contract, compliance with such standards can be the deciding factor.

Over decades, Bossard has built up a broad network of 3,500 suppliers in Europe, America and Asia. Acceptance into this network is based on clearly defined quality criteria. A new supplier must submit to multiple selection processes per ISO 9000 to be approved as a Bossard Group partner. Selection criteria include factory audits to gather information on the production environment, manufacturing processes, machinery and expertise of the individuals involved. These preliminary evaluations and inspections are even more complex for potential new suppliers we deem strategically significant. Any new cooperation gets the green light only after all stages of the selection process have been successfully passed. Every unit in the Group can access all the collected data related to the approval of a new supplier on our internal information system.

#### **Increasing level of performance**

This comprehensive screening process creates a stable basis for maintaining the high standards of the Bossard Group. This selection process also helps us to continuously improve our own level of performance in every aspect. Because we are increasingly rolling out our business model in exacting industry sectors such as automotive and aerospace production, selection based on strict criteria is even more important. Against this backdrop, Bossard feels compelled to continuously develop new and more exacting quality standards for suppliers.

Bossard's code of conduct is also an element in the selection process in which we review the social climate of the suppliers. The code specifies detailed principles important to us for a responsible human resources policy. In particular, we do not tolerate any form of discrimination, harassment or reprisals vis-à-vis employees. We promote equal opportunity regardless of position, gender, age, life situation, sexual orientation, nationality, race or religion. Bossard does not work with companies that do not align themselves with these standards. In addition, we require that the executives of our partner companies monitor compliance with these values and that they themselves model these values in front of their employees.

**We continually and systematically optimize our global procurement network, thus securing access to innovative solutions.**

# Proven expertise around the globe

Bossard's 14 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)
- Spectral analysis
- Microscopic analysis and surface roughness



# Our employees: the key to our success

**The Bossard Group largely owes its success to the dedication, knowledge and creativity of its more than 2,300 employees. With their skills and expertise, these individuals make a critical contribution to the success of our company. For this reason, our human resources policy has always been focused on the long term. We attribute great importance to the professional and personal development of our employees and ensure they share in our success. We therefore strive to promote employee retention over the long term and to offer professional development opportunities whenever possible.**

Time and again our corporate history has underscored the great value we place in our employees. We are not interested in increasing profitability through lay-offs. On the contrary, we pursue success by continuously improving and expanding our range of products and services together with our employees. Our employment policy has led to the continuous growth of the Group over the last number of years as well as to a steady increase in the number of employees. In other words, Bossard is growing with its employees and not in conflict against them. We have proven that this approach can result in a respectable increase in profitability.

## **An attractive employer across the Group**

Bossard has always accepted its social responsibilities – a fact acknowledged by the public. It is this commitment that makes us a desirable employer throughout Switzerland and well beyond. This reputation is a major opportunity for us because it allows us to consistently recruit highly qualified professionals.

The Bossard Group has grown continuously over the last several years. The number of employees has grown commensurately in the last ten years, from 1,770 to over 2,300. We were able to successfully integrate many new colleagues thanks to our corporate culture, which is based on mutual trust as a prerequisite for employee loyalty. In spite of the major changes throughout the Group, there has been no turmoil or conflict in the last ten years that would have challenged our culture. Our sustainable growth strategy, which permits only the amount of growth that the company can successfully manage,

is also reflected in the satisfaction of our workforce. Our employees know that their dedication pays off for our company.

Employees at all levels share in the company's success. Individual salaries are based primarily on personal performance. We foster entrepreneurial thinking and action through fair and competitive compensation based on targets and individual performance. In addition to a fixed pay component, we offer different profit-linked compensation systems that support our winning spirit.

## **From hiring ...**

Careful selection and integration of employees is the basis for long-term retention. We create a framework for fair employment conditions. During recruitment, duties, requirements and processes are communicated clearly and transparently. We see the careful onboarding of new employees as an important foundation for long-term successful cooperation and ultimately for our company's successful development.

## **... to continuing education as strategic investment**

Bossard highly values the quality education and training of its employees. We 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. For us that is the best path to maintaining our high standards into the future. All members of our executive committee have had long careers within the company – evidence of the opportunities for advancement and change that provide significant motivation for employees. Cross-divisional training is important to us. In-depth knowledge of our internal workflows and our complete product range promotes understanding and tolerance among the employees, making it easier for individuals to make intelligent contributions.

We are proud of our interactive online learning program developed in-house. Tailored to each target group, it consists of 230 individual chapters with nearly 3,000 images that convey the current state of knowledge in fastening technology, Bossard's core competence.

### **Leadership and guidance**

Our managers are responsible for working together with employees to achieve ambitious goals. We encourage initiative, motivation and quality-consciousness as virtues that will secure our future in increasingly demanding markets. It is important to us that employees at Bossard know our values and ideals, identify with them and help to give them life. In our view, leadership is based on respect, honesty, fairness and consistency vis-à-vis employees. At Bossard, cooperation is characterized by openness, trust and mutual appreciation.

### **Direct and open communication**

Bossard believes that it is extremely important for employees to know the entire Group's long-term goals and strategies and share in their pursuit. Conversely, managers know the expectations and goals of employees and motivate them to work together towards the promise of success. We firmly believe in a corporate culture in which employees can develop their skills.

Our communication, both internal and external, is direct, transparent and timely. This is important because dealing with one another openly engenders greater enthusiasm, creativity and efficiency.

In this way, Bossard promotes understanding for and acceptance of business decisions. To this end, we practice an open door policy. Constructive criticism is not only allowed, it is encouraged. In 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.

### **Bossard families – committed to sustainability since 1831**

The Bossard families have been Bossard Group shareholders since 1831. Now in their seventh generation, they actively participate in managing the company and currently hold seats on the board of directors and the executive committee. The members of the Bossard family act as role model of sustainability and promote corporate development oriented towards the long term and to the benefit of all stakeholders across all business regions of the Bossard Group.

For generations, the Bossard families have demonstrated their special commitment to the areas where they live and where the Bossard Group does business. The Kolin Group and the Alice & Walter Bossard Foundation continue to support charitable, cultural and social projects in the region of Zug and at the over 80 Bossard Group locations around the world.

**The careful onboarding process of new employees is an important foundation for the successful development of the Bossard Group.**

## 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.

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.

**Bossard has a broad-based supply network of more than 3,500 manufacturers that helps to minimize the supply risks.**

## 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 the Hans Oetiker Holding AG, Horgen
- Member of the board of directors of the Patria Genossenschaft, Basel

### **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 works as a professional board member 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 AG, Basel; Beutler Nova AG, Gettnau; CTC Analytics AG, Zwingen
- 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 board of directors of Thermalbad Zurzach, Bad Zurzach
- Chairman of the council of the Lucerne University of Applied Sciences and Arts
- Member of the Strategic Committee of Tabuchi Electric Co. Ltd., Osaka, Japan

### **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. From 2013 until the end of May 2017, he was CFO of ABB Switzerland. On March 1, 2017, he was named Head of Operation, Innovation and R&D for the ABB Group and Chairman of ABB Technology Ventures.

#### **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 foundation board of the ABB pension fund and ABB supplementary insurance, Baden
- Vice-chairman of the board of directors of AVADIS Vorsorge AG, Zurich
- Member of the board of directors of ABB Switzerland AG, Baden
- Member of the foundation board of ABB Jürgen Dormann Foundation for Engineering Education, Baden
- Member of the foundation and economic advisory board of Switzerland Innovation
- Member of the board of CCI Cotting Consulting AG, Tafers

### **Daniel Lippuner (1969)**

Swiss citizen



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

#### **Professional background**

Daniel Lippuner has been Chief Operating Officer of the Meyer Burger Group in Thun, Switzerland, since 2017. From 2013 to 2015, he 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
- Owner of Lippuner Consulting GmbH, Wollerau

**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, Hünenberg See
- Chairman of the foundation board of the Swiss Association for Marketing GfM, Zurich
- 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 in Rotkreuz 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 Schweiz GmbH (formerly 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

## 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 and has been with Bossard since 1992. 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 management functions in auditing and business consulting.

#### **Educational background**

- Swiss certified accountant/controller
- Swiss certified public accountant
- Executive education at Harvard Business School in Boston and 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
- Member of the USA Chapter Board at the Swiss American Chamber of Commerce, 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

#### **Other activities and vested interests**

- Member of the board of directors of Sun Shares Trading & Consultancy Private Limited, New Delhi, India

**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 Accenture (formerly Andersen Consulting).

**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)**

Citizen of the USA



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., Chesapeake, 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 (formerly Andersen Consulting) 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

### **Other activities and vested interests**

- Member of the advisory board of enersis Suisse AG, Bern



# FINANCIAL REPORT

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# All-time highs – record-breaking profitability

**The Bossard Group can look back on another very successful fiscal year: Sales, EBIT and net income rose significantly, setting new record highs. Sales grew by 13.1 percent over the previous year to CHF 786.2 million. All market regions contributed to this remarkable performance with double-digit growth rates. EBIT rose by 23.6 percent to CHF 97.0 million while the EBIT margin climbed from 11.3 percent to a record-high of 12.3 percent, pushing it well above the industry average. Net income also improved markedly, growing no less than 28.4 percent to CHF 80.2 million. Overall, not only did we post a high level of growth in 2017, we were also able to further consolidate our above-average profitability.**

In Europe, sales increased by 10.8 percent to CHF 444.9 million. Growth was increasingly dynamic in the second half of the year, particularly in the markets of Eastern and Southern Europe where growth climbed into the double digits. We see this as confirmation of our investment policy of the previous years, through which we have been able to consolidate our market shares. Another factor in our strong performance was our constantly expanding range of services that help our customers improve efficiency and productivity. Last but not least, we also benefited from an increasingly dynamic economic cycle.

### Positive development in America

Sales in America rose by 18.4 percent to CHF 220.3 million. This increase is due to both organic and acquisition-driven growth. Our two major US customers played a key role in organic growth. Our cooperation with the largest US electric vehicle manufacturer showed gratifying development. It should be noted that this customer launched production of a new model in the third quarter of 2017. Sales to our second major customer in the USA, a company active in the agricultural technology sector, also increased significantly. Furthermore, our America business enjoyed a growth spurt from Arnold Industries, which we acquired as per September 2016.

### Dynamic development in Asia

Demand for our products and services grew in Asia as well. Sales in this region of the world rose by 12.8 percent to CHF 121.0 million. In China, our most im-

portant market in Asia, as well as in Taiwan, Malaysia, Thailand and Australia, we achieved double-digit growth rates.

### Gross profit growing substantially

The striking growth in sales helped boost gross profit by 15.3 percent to CHF 253.2 million. The increased profitability is also reflected in the rise in the gross profit margin from 31.6 percent to 32.2 percent. Selling and administrative expenses rose by 10.6 percent to CHF 156.1 million. Some of those costs came from the acquisition of Arnold Industries, which was consolidated for the first time over the entire 2017 fiscal year. We also continued to invest in expanding the organization and our logistics and engineering services, which led to an increase in the number of employees from 2,180 to 2,290.

### Marked increase in EBIT

The Bossard Group's profitable growth is clearly reflected in the development of EBIT, which rose by 23.6 percent to a record high of CHF 97.0 million. The fact that all three market regions contributed to this above-average performance is particularly gratifying. The EBIT margin rose from 11.3 percent in the previous year to 12.3 percent, breaking yet another record.

Financial expenses increased by CHF 1.2 million to CHF 4.0 million. These additional costs can be attributed to lower interest and securities revenue as well as foreign currency valuations. The jump in profit of the Bossard Group also resulted in a higher tax burden, which grew from CHF 13.3 million to CHF 19.1 million. The tax quote rose from 17.5 percent to 19.2 percent, partly due to the lower use of loss carryforwards compared to last year.

### Substantial dividend growth

Net income rose a remarkable 28.4 percent to CHF 80.2 million. This figure includes a non-operating result of CHF 4.5 million net from the real-estate sale of our former location in Austria. The return on sales climbed from 9.0 percent to 10.2 percent. Adjusted for the non-operating result the return was still at a record-high of 9.6 percent. Our dividend policy, which stipulates a payout ratio of 40 percent of net income, results in a considerable boost in dividends. At the annual general meeting of shareholders, the board of directors will propose a dividend of CHF 4.20 per

registered A share – a healthy increase of 27.3 percent over the previous year.

### **Solid balance sheet structure**

Bossard's marked growth boosted total assets by 8.9 percent over 2016 to CHF 539.8 million. This increase is driven not only by Bossard's investment activity but also by its higher net working capital – which is a direct result of growth. Measured against sales, operating net working capital dropped to 37.4 percent from 38.1 percent in the previous year. The equity ratio rose from 41.9 percent to 48.9 percent and now lies well above the long-term target of 40 percent. In contrast, the gearing (ratio of net debt to equity) dropped from 0.8 to 0.5. These figures prove that the Bossard Group rests on a solid foundation. Our ambitious investment policy of the previous years and the successful integration of acquisitions had a significant impact on the positive development of our balance sheet.

### **Free cash flow grows significantly**

The successful course of business is also reflected in cash flow development and ultimately in net debt, which decreased from CHF 158.8 million to CHF 124.0 million. Cash flow from operating activities (before the change in net working capital) grew from CHF 75.2 million to CHF 92.8 million while cash flow from operating activities fell from CHF 85.1 million to CHF 77.2 million. Inventory was one of the drivers for the increase in net working capital, which is essentially due to the higher sales volumes. In light of increasing lead times, Bossard also intentionally accepted a higher tied-up capital to be able to guarantee security of supply for its customers.

However, this commitment was offset by the cash flow from investment activities, which dropped to CHF 15.5 million from CHF 71.8 million in the prior year. It should be noted that last year's high cash requirement stemmed in equal measure from investments in additional office and warehouse capacities as well as acquisitions. Free cash flow in 2017 was CHF 61.8 million compared to last year's CHF 13.2 million. Also, the previously mentioned sale of the real-estate in Austria had a positive effect on cash flow.

### **Optimistic outlook**

We view our performance in 2017 as confirmation of our profitability-oriented growth strategy. This is a basis on which we can continue to build. The Bossard Group is in sound condition and the outlook for fiscal year 2018 is promising. The groundwork laid in past years yielded double-digit growth in all three market regions. In light of our overall performance, we have kicked off the new fiscal year with a sense of optimism. There is good reason for this, considering our commitment to Industry 4.0 and e-mobility harbors additional growth potential for the entire Group. Other promising signs are the fundamentally positive attitude of our customers as well as the economic prospects signaled by the purchasing managers' indices (PMIs) in our major markets.



Stephan Zehnder  
CFO

Zug, February 23, 2018

## BOSSARD GROUP

## Consolidated balance sheet

in CHF 1,000	31.12.2017	31.12.2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	20,568	22,511
Accounts receivable, trade	138,161	124,235
Other receivables	3,978	2,920
Prepaid expenses	7,671	9,305
Inventories	215,200	188,445
	<b>385,578</b>	<b>347,416</b>
<b>Long-term assets</b>		
Property, plant and equipment	114,954	110,181
Intangible assets	20,562	14,774
Financial assets	4,039	12,569
Deferred tax assets	14,625	10,829
	<b>154,180</b>	<b>148,353</b>
<b>Total assets</b>	<b>539,758</b>	<b>495,769</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable, trade	59,351	48,123
Other liabilities	15,452	16,854
Accrued expenses	30,904	22,266
Tax liabilities	11,922	4,782
Provisions	751	3,577
Short-term debts	46,292	83,861
	<b>164,672</b>	<b>179,463</b>
<b>Long-term liabilities</b>		
Long-term debts	98,299	97,417
Provisions	7,671	6,725
Deferred tax liabilities	5,154	4,520
	<b>111,124</b>	<b>108,662</b>
<b>Total liabilities</b>	<b>275,796</b>	<b>288,125</b>
<b>Shareholders' equity</b>		
Share capital	40,000	40,000
Treasury shares	-3,697	-5,987
Capital reserves	63,084	63,427
Retained earnings	163,100	104,858
	<b>262,487</b>	<b>202,298</b>
Non-controlling interest	1,475	5,346
<b>Total shareholders' equity</b>	<b>263,962</b>	<b>207,644</b>
<b>Total liabilities and shareholders' equity</b>	<b>539,758</b>	<b>495,769</b>

## BOSSARD GROUP

# Consolidated income statement

in CHF 1,000	2017	2016
Net sales	786,175	695,015
Cost of goods sold	533,024	475,366
<b>Gross profit</b>	<b>253,151</b>	<b>219,649</b>
Selling expenses	102,290	94,652
Administrative expenses	53,813	46,488
<b>EBIT</b>	<b>97,048</b>	<b>78,509</b>
Financial result	4,030	2,797
<b>Ordinary result</b>	<b>93,018</b>	<b>75,712</b>
Non-operating result	6,249	0
<b>Income before taxes</b>	<b>99,267</b>	<b>75,712</b>
Income taxes	19,074	13,278
<b>Net income</b>	<b>80,193</b>	<b>62,434</b>
<b>Attributable to:</b>		
Shareholders of Bossard Holding AG	78,499	60,992
Non-controlling interest	1,694	1,442
in CHF	2017	2016
Earnings per registered A share <sup>1)</sup>	10.33	8.04
Earnings per registered B share <sup>1)</sup>	2.07	1.61

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.

## Consolidated statement of changes in equity

in CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings		Share- holders Bossard	Non- controlling interest	Share- holders' equity
				Retained earnings	Translation differences			
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
Non-controlling interest from acquisitions						0	279	279
Translation differences					-1,155	-1,155	-24	-1,179
<b>Balance at December 31, 2016</b>	<b>40,000</b>	<b>-5,987</b>	<b>63,427</b>	<b>185,727</b>	<b>-80,869</b>	<b>202,298</b>	<b>5,346</b>	<b>207,644</b>
Balance at January 1, 2017	40,000	-5,987	63,427	185,727	-80,869	202,298	5,346	207,644
Dividend				-25,086		-25,086	-1,524	-26,610
Net income for the period				78,499		78,499	1,694	80,193
Management participation plan			1,231			1,231		1,231
Change in treasury shares		2,290	-1,574			716		716
Offset goodwill from acquisitions				-707		-707		-707
Non-controlling interest from acquisitions						0	-3,977	-3,977
Translation differences					5,536	5,536	-64	5,472
<b>Balance at December 31, 2017</b>	<b>40,000</b>	<b>-3,697</b>	<b>63,084</b>	<b>238,433</b>	<b>-75,333</b>	<b>262,487</b>	<b>1,475</b>	<b>263,962</b>

## BOSSARD GROUP

## Consolidated cash flow statement

in CHF 1,000	2017	2016
Net income	80,193	62,434
Income taxes	19,074	13,278
Financial income	-2,648	-2,975
Financial expenses	6,678	5,772
Depreciation and amortization	14,982	12,605
(Decrease)/Increase provisions	-1,967	2,535
Gain from disposals of property, plant and equipment	-6,449	-252
Loss from disposals of intangible assets	2	1
Interest received	608	229
Interest paid	-3,609	-3,767
Taxes paid	-14,474	-14,642
Increase management participation plan (part of equity)	1,231	1,174
Other non-cash income	-830	-1,166
<b>Cash flow from operating activities before changes in net working capital</b>	<b>92,791</b>	<b>75,226</b>
Increase accounts receivable, trade	-9,601	-16,467
Decrease/(Increase) other receivables	881	-1,761
(Increase)/Decrease inventories	-20,792	23,172
Increase accounts payable, trade	9,891	874
Increase other liabilities	4,073	4,020
<b>Cash flow from operating activities</b>	<b>77,243</b>	<b>85,064</b>
Investments in property, plant and equipment	-15,271	-30,480
Proceeds from sales of property, plant and equipment	7,623	771
Investments in intangible assets	-7,424	-9,541
Cash flow from purchases of companies	-673	-31,431
Investments in financial assets	-372	-2,462
Divestments of financial assets	666	1,326
<b>Cash flow from investing activities</b>	<b>-15,451</b>	<b>-71,817</b>
Proceeds/Repayment of short-term debts	-38,175	10,029
Proceeds/Repayment of long-term debts	45	-6,233
Purchase/Sale of treasury shares	293	-171
Dividends paid to shareholders	-25,086	-22,730
Dividends paid to non-controlling interest	-1,387	-1,360
<b>Cash flow from financing activities</b>	<b>-64,310</b>	<b>-20,465</b>
Translation differences	575	-189
<b>Change in cash and cash equivalents</b>	<b>-1,943</b>	<b>-7,407</b>
Cash and cash equivalents at January 1	22,511	29,918
Cash and cash equivalents at December 31	20,568	22,511

# BOSSARD HOLDING AG

## Balance sheet

in CHF	Notes	31.12.2017	31.12.2016
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		652,249	71,113
Other receivables	1	1,522,233	551,440
Prepaid expenses		91,679	8,370
		<b>2,266,161</b>	<b>630,923</b>
<b>Non-current assets</b>			
Financial assets	2	10,498,379	9,246,817
Investments	3	118,023,215	118,023,215
		<b>128,521,594</b>	<b>127,270,032</b>
<b>Total assets</b>		<b>130,787,755</b>	<b>127,900,955</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Other current liabilities	5	31,623	33,004
Accrued expenses		1,099,177	972,005
		<b>1,130,800</b>	<b>1,005,009</b>
<b>Total liabilities</b>		<b>1,130,800</b>	<b>1,005,009</b>
<b>Shareholders' equity</b>			
Share capital		40,000,000	40,000,000
Legal reserve			
Reserves from capital contributions		4,093,912	4,093,912
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		11,541,810	31,620,562
Profit for the current year		25,556,938	5,007,564
Treasury shares	4	-3,697,091	-5,987,478
<b>Total shareholders' equity</b>		<b>129,656,955</b>	<b>126,895,946</b>
<b>Total liabilities and shareholders' equity</b>		<b>130,787,755</b>	<b>127,900,955</b>

# BOSSARD HOLDING AG

## Income statement

in CHF	2017	2016
<b>Income</b>		
Dividend income	25,000,000	5,000,000
Other operating income	300,000	300,000
<b>Expenses</b>		
Personnel expenses	1,342,943	1,425,710
Other operating expenses	250,237	328,893
Other financial income	2,014,868	1,507,641
Financial expenses	16,550	21,974
<b>Income before taxes</b>	<b>25,705,138</b>	<b>5,031,064</b>
Taxes	148,200	23,500
<b>Net income</b>	<b>25,556,938</b>	<b>5,007,564</b>

# 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

	31.12.2017 Year-end exchange rate	31.12.2016 Year-end exchange rate
Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:		
EUR	1.17	1.07

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

in CHF	2017	2016
<b>1. Other receivables</b>		
To third parties	62	-
To subsidiaries	1,522,171	551,440
<b>Total</b>	<b>1,522,233</b>	<b>551,440</b>
<b>2. Financial assets</b>		
To subsidiaries	10,498,379	9,246,817
<b>Total</b>	<b>10,498,379</b>	<b>9,246,817</b>

### 3. Investments

NAME, LEGAL FORM, REGISTERED OFFICE	2017		2016	
	Capital	Votes	Capital	Votes
<b>Direct investments</b>				
Bossard Finance AG, Zug	100 %	100 %	100 %	100 %
<b>Indirect investments</b>				
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 %
Interfast AG, Zug	100 %	100 %	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., Brno	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 %	100 %	100 %
bigHead Fasteners Ltd, Verwood	19 %	19 %	-	-
bigHead Bonding Fasteners Ltd, Verwood	19 %	19 %	-	-
Arnold Industries Cork DAC, Cork	95 %	95 %	95 %	95 %
Bossard U.S. Holdings, Inc., Phoenix	100 %	100 %	100 %	100 %
Arnold Management Delaware, LLC, Canton	100 %	100 %	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 %	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 %	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	2017		2016	
	Number	Value	Number	Value
Balance at January 1	409,793	5,987,478	431,503	6,672,355
Additions	2,600	514,460	6,427	708,762
Disposals	-27,102	-2,804,847	-28,137	-1,393,639
<b>Balance at December 31</b>	<b>385,291</b>	<b>3,697,091</b>	<b>409,793</b>	<b>5,987,478</b>

Group companies do not hold any registered A shares. In 2017, 27,102 registered A shares (2016: 28,137 registered A shares) were used for the share option programs.

5. Other current liabilities	2017	2016
To third parties	31,623	33,004
<b>Total</b>	<b>31,623</b>	<b>33,004</b>

6. Collateral to third parties	2017	2016
Guarantees	208,540,226	223,725,516
thereof used	126,263,946	161,575,460

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 100).

#### 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 (2016: 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	2017	2016
Retained earnings at the beginning of the year	36,628,126	31,620,562
Net income	25,556,938	5,007,564
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2016 and 2015 respectively	-25,086,316	-
<b>Retained earnings at the end of the year</b>	<b>37,098,748</b>	<b>36,628,126</b>

## Statement of changes in capital contribution reserve

in CHF	2017	2016
Capital contribution reserve at the beginning of the year <sup>1)</sup>	4,093,912	26,824,006
Distribution	-	-22,730,094
<b>Capital contribution reserve at the end of the year</b>	<b>4,093,912</b>	<b>4,093,912</b>

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	2017
Available retained earnings before distribution	37,098,748
Dividend of 84 percent on the share capital of max. CHF 38,073,545 eligible for dividends	-31,981,778 <sup>2)</sup>
<b>To be carried forward</b>	<b>5,116,970</b>

2) The figure is based on the issued share capital as of December 31, 2017 eligible for dividends. It may change due to movements on treasury shares after the balance sheet date.

## INVESTOR INFORMATION

	2017	2016	2015	2014	2013
<b>Share capital</b>					
Registered A shares at CHF 5 par					
Capital stock in CHF 1,000	33,250	33,250	33,250	33,250	33,250
Number of shares issued	6,650,000	6,650,000	6,650,000	6,650,000	6,650,000
Number of shares entitled to dividend	6,264,709	6,240,207	6,218,497	6,207,458	6,212,792
Registered B shares at CHF 1 par					
Capital stock in CHF 1,000	6,750	6,750	6,750	6,750	6,750
Number of shares issued	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
Number of shares entitled to dividend	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
Registered A shares equivalents, entitled to dividend at Dec. 31	7,614,709	7,590,207	7,568,497	7,557,458	7,562,792
<b>Market price</b>					
Ticker symbol (BOSN)					
Volume traded (daily average)	14,887	8,991	8,011	13,014	11,964
Closing price at Dec. 31	230.0	143.4	109.2	109.3	103.3
Registered A share high in CHF	242.3	144.0	118.4	130.8	104.3
Registered A share low in CHF	142.0	90.4	88.8	88.0	59.1
<b>Dividend per share</b>					
Registered A share in CHF	4.20 <sup>1)</sup>	3.30	3.00	3.00	3.00
Registered B share in CHF	0.84 <sup>1)</sup>	0.66	0.60	0.60	0.60
In % of share capital	84.0	66.0	60.0	60.0	60.0
<b>Dividend yield in % (Basis: price at Dec. 31)</b>	1.8	2.3	2.7	2.7	2.9
<b>Earnings per share <sup>2) 5)</sup></b>					
Registered A share in CHF	10.33	8.04	7.01	7.49	7.40
Registered B share in CHF	2.07	1.61	1.40	1.50	1.48
<b>Cash flow per share <sup>2) 4)</sup></b>					
Registered A share in CHF	12.52	9.90	8.74	9.20	9.03
Registered B share in CHF	2.5	1.98	1.75	1.84	1.81
<b>Price/Earnings ratio (Basis: price at Dec. 31)</b>	22.3	17.8	15.6	14.6	14.0
<b>Net worth per share <sup>3)</sup></b>					
Registered A share in CHF	34.7	27.4	24.6	27.9	22.1
Registered B share in CHF	6.9	5.5	4.9	5.6	4.4
<b>Market capitalization (Basis: price at Dec. 31)</b>					
In CHF million <sup>3)</sup>	1,751.4	1,088.4	826.5	826.0	780.9
In % of shareholders' equity	663.5	524.2	443.9	392.2	466.7

in CHF million	2017	2016	2015	2014	2013
<b>Economic value added analysis</b>					
Net sales	786.2	695.0	656.3	617.8	605.7
Earnings before interest and taxes (EBIT)	97.0	78.5	70.3	72.8	69.8
Effective tax rate in %	19.2	17.5	19.7	18.0	14.8
<b>Net operating profit after tax (NOPAT)</b>	<b>78.4</b>	<b>64.7</b>	<b>56.5</b>	<b>59.7</b>	<b>59.5</b>
Equity	264.0	207.6	186.2	210.6	167.3
Gross financial debt	144.6	181.3	177.7	123.3	126.6
Less cash and cash equivalents	20.6	22.5	29.9	25.4	25.4
Capital employed (year-end)	388.0	366.4	334.0	308.5	268.5
<b>Average annual capital employed (A)</b>	<b>377.2</b>	<b>350.2</b>	<b>321.3</b>	<b>288.5</b>	<b>261.3</b>
<b>Return on average capital employed in % (ROCE)</b>	<b>20.8</b>	<b>18.5</b>	<b>17.6</b>	<b>20.7</b>	<b>22.8</b>
<b>Cost of financial debt in %</b>					
Average cost of financial debt	1.4	1.5	1.6	1.8	2.0
Less effective tax	19.2	17.5	19.7	18.0	14.8
Cost of financial debt after tax	1.1	1.2	1.3	1.5	1.7
<b>Cost of equity in %</b>					
Risk free rate (Basis: yearly average of yield Swiss government bond)	-0.1	-0.4	-0.1	0.7	0.9
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	5.4	5.1	5.4	6.2	6.4
Equity ratio	48.9	41.9	40.2	48.5	43.2
<b>Weighted average cost of capital in % (WACC)</b>	<b>3.2</b>	<b>2.9</b>	<b>3.0</b>	<b>3.8</b>	<b>3.7</b>
Economic profit in % (ROCE – WACC) (B)	17.6	15.6	14.6	16.9	19.1
<b>Economic profit in CHF million (A) * (B)</b>	<b>66.3</b>	<b>54.7</b>	<b>47.1</b>	<b>48.9</b>	<b>49.8</b>

- 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	2017	2016	2015	2014	2013
<b>Economic book value (EBV)</b>					
Market value added (economic profit/WACC)	2,049.6	1,905.6	1,593.7	1,297.3	1,333.8
Capital employed	388.0	366.4	334.0	308.5	268.5
Implied enterprise value	2,437.6	2,272.0	1,927.7	1,605.8	1,602.3
Less gross financial debt	144.6	181.3	177.7	123.3	126.6
Plus cash and cash equivalents	20.6	22.5	29.9	25.4	25.4
<b>Economic book value at Dec. 31</b>	<b>2,313.6</b>	<b>2,113.2</b>	<b>1,779.9</b>	<b>1,507.9</b>	<b>1,501.1</b>
<b>Market valuation and key ratios</b>					
Share price at Dec. 31 in CHF	230.0	143.4	109.2	109.3	103.3
Market capitalization	1,751.4	1,088.4	826.5	826.0	780.9
Net financial debt	124.0	158.8	147.8	97.9	101.2
<b>Enterprise value (EV)</b>	<b>1,875.4</b>	<b>1,247.2</b>	<b>974.3</b>	<b>923.9</b>	<b>882.1</b>
EV in % of net sales	238.5	179.4	148.5	140.8	134.4
EV/EBITDA	16.7	13.7	11.9	10.8	10.7
EV/EBIT	19.3	15.9	13.9	12.7	12.6
EV/NOPAT	23.9	19.3	17.2	15.5	14.8
Price/book value per share	6.6	5.2	4.4	3.9	4.7
Return on equity in %	34.0	31.7	27.5	30.2	51.1

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 2013–2017

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



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## AGENDA

**Meeting for financial analysts & media conference,  
publication of Annual Report 2017**

**March 7, 2018**

**Annual general meeting**

**April 9, 2018**

**Publication of sales results, 1st quarter 2018**

**April 9, 2018**

**Publication of first results**

**Sales/net income 1st half of 2018**

**July 12, 2018**

**Publication of Semi-Annual Report 2018**

**August 22, 2018**

**Publication of sales results, 3rd quarter 2018**

**October 10, 2018**

**Publication of sales results 2018**

**January 10, 2019**

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Der deutsche Jahresbericht 2017 ist massgebend.

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