BOSSARD
Proven Productivity

REPORT TO THE SHAREHOLDERS

Solid results in a demanding market environment

SEMI-ANNUAL REPORT 2019

CONTENTS

Group profile

Bossard is a leading international supplier of product solutions and services in industrial fastener technology. Its product range includes over 1,000,000 fasteners and customer-specific application solutions. In combination with services in the areas of Smart Factory Logistics and Assembly Technology Expert, Bossard enables its customers to increase their productivity sustainably. Success is measurable: Proven Productivity.

With 2,500 employees in 77 locations, the Group reported CHF 871.1 million in sales in 2018. Bossard is listed on the SIX Swiss Exchange.

Key figures

in CHF million	First 6 months 2019	First 6 months 2018	Year 2018
Net sales	450.9	446.3	871.1
Gross profit	141.3	145.2	275.8
EBIT	53.0	61.6	108.8
in % of net sales	11.7	13.8	12.5
Net income	41.6	49.0	85.4
in % of net sales	9.2	11.0	9.8
Cash flow from operating activities	18.2	11.3	58.9
Current assets	477.6	442.2	438.9
Non-current assets	173.9	159.2	165.2
Current liabilities	185.5	213.9	188.5
Non-current liabilities	171.4	107.1	105.9
Shareholders' equity	294.6	280.4	309.7
in % of total assets	45.2	46.6	51.3
Total assets	651.5	601.4	604.1
Net debt	188.8	159.8	130.2
Weighted average number of employees [1]	2,431	2,260	2,307
Share capital [2]			
Number of shares entitled to dividend			
Registered A shares at CHF 5 par	6,273,065	6,260,653	6,272,567
Registered B shares at CHF 1 par	6,750,000	6,750,000	6,750,000
Registered shares equivalents at CHF 5 par entitled to dividend	7,623,065	7,610,653	7,622,567
Market price in CHF (Ticker symbol: BOSN)			
Closing price share at end of reporting period	151.8	184.3	139.8
Share high during reporting period	167.1	250.2	252.0
Share low during reporting period	139.7	178.4	132.1
Key figures			
Consolidated earning per registered share in CHF [2] [3]	10.62	12.59	10.95
Net asset value per registered share in CHF	38.6	36.8	40.6
Price/earnings ratio (Basis: 30.06./31.12.)	14.3	14.6	12.8
Price/book value per share (Basis: 30.06./31.12.)	3.9	5.0	3.4

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

REPORT TO THE SHAREHOLDERS

Solid results in a demanding market environment

Ladies and gentlemen,

In an increasingly difficult market environment, the Bossard Group achieved solid results in the first half of 2019. Sales rose by 1.0 percent to CHF 450.9 million compared to 2018 (+1.9 percent in local currency). When adjusted for acquisitions, sales declined slightly by 0.3 percent in local currency in comparison to the same period last year. EBIT was CHF 53.0 million after last year's CHF 61.6 million. The achieved EBIT margin was a solid 11.7 percent (13.8 percent last year) and remains consistently above the industry average. In the first six months, net income amounted to CHF 41.6 million following CHF 49.0 million last year.

More signs of economic headwind appeared in the first half of 2019. The purchasing managers' indices as well as demand in individual market regions reflect this development. The slowing economy plus the renewed strengthening of the Swiss franc noticeably affected our business in Europe in the first half of the year. Nonetheless, the Group posted sales of CHF 264.8 million in this market region, an increase of 1.7 percent. In local currency, growth was 4.2 percent, of which 2.5 percent is attributable to acquisitions. The overall demand picture is uneven. Some regional companies posted double-digit growth rates, whereas others increasingly felt the effects of the weaker economic environment.

Headwind in America

Following the pleasing business performance in 2017 and 2018, Bossard is confronted with headwind in America. In the first half of 2019, sales declined by 5.1 percent to CHF 113.4 million (–8.3 percent in local currency). One reason for this development is that some customer projects from the previous year have now been completed. We saw weaker demand from major customers, especially in the second quarter of 2019 – a tendency likewise reflected in the US purchasing managers' indices. The product mix of the largest US electric vehicle manufacturer has markedly changed since the introduction of its third model series, adversely affecting sales.

Solid growth in Asia

In Asia, investments in our distribution network and infrastructure modernization are paying off. Although the effects of the trade dispute between the USA and China are palpable, Bossard continues to enjoy healthy growth rates in important markets such as China, India and Taiwan. In the first half of the year, sales in Asia grew by 9.7 percent to CHF 72.7 million (12.0 percent in local currency). Excluding the acquisition effect, the sales increase was 7.2 percent in local currency.

The second-best half-year result

In the first six months of this year, EBIT amounted to CHF 53.0 million compared to last year's CHF 61.6 million. The Bossard Group thus achieved its second-best half-year result in an increasingly challenging market environment. The EBIT margin reached a solid 11.7 percent (2018: 13.8 percent), well within the 10 percent to 13 percent target range. In addition to the record-high comparative basis in the first half of 2018, the Group's results were impacted by a lower gross profit margin and higher selling expenses.

Owing to the product mix and higher procurement costs, the gross profit margin fell from 32.5 percent last year to 31.3 percent. The 5.6 percent increase in selling and administrative expenses to CHF 88.3 million resulted, among other things, from the additional investments needed to expand the services portfolio in Smart Factory Logistics and Engineering Services. It was gratifying to see that the response to the engineering modules introduced in spring has been positive – from existing and new customers alike. As experience has shown, the long-term investments in expanding our services lead to higher costs in the initial phase. The headcount increased by 129 employees or 5.4 percent to 2,517 employees in the comparison period, partly due to acquisitions. Furthermore, Bossard is currently observing a general rise in labor costs as a direct result of high employment in various industrial countries. Finally, the slowing economy and long-term investments are also having an impact on net income, which totaled CHF 41.6 million in the first half of 2019 compared to last year's CHF 49.0 million.

Growth and investments lead to higher total assets

Compared to the end of 2018, growth and investments led to an increase in total assets by 7.9 percent to CHF 651.5 million. This development was the result of the acquisitions made in Germany and China as well as the seasonal increase in net working capital. The equity ratio remains on solid ground at 45.2 percent at the end of June compared to 46.6 percent last year.

Net debt rose by CHF 58.6 million to CHF 188.8 million since the beginning of the year. This increase resulted from a dividend payout of CHF 34.3 million in April of this year as well as from the previously mentioned acquisitions, which resulted in a cash outflow of CHF 26.4 million in the first half of the year. The gearing (the ratio of net debt to equity) was 0.6 at the end of June compared to 0.4 at the end of 2018.

More investment activity

In the first six months of 2019, cash flow from operating activities was CHF 18.2 million compared to CHF 11.3 million in the same period last year. Cash flow from investing activities climbed from CHF 15.4 million to CHF 41.7 million compared to last year, in part owing to higher investments in tangible assets and the acquisitions as mentioned. Above all, acquisition activities led in particular to a negative free cash flow of CHF –23.6 million in the first half of 2019 (2018: CHF –4.1 million).

Outlook

The macroeconomic developments over the last few months and the purchasing managers' indices point to rather modest demand in the second half of the year. Additional uncertainties can further influence future results, such as the trade conflict between the USA and China as well as Brexit. Last but not least, the current uncertainties are reflected in the strengthening Swiss franc. In this challenging market environment, the Bossard Group is expecting sales in the order of CHF 860 million to CHF 880 million in fiscal year 2019 (2018: CHF 871.1 million). The EBIT margin will be at the lower end of the target range of 10 percent to 13 percent, provided that the current general conditions remain relatively stable.

In spite of economic and political uncertainties, Bossard remains optimistic with respect to the Group's performance over the medium and long term. In recent years, the Group has repeatedly demonstrated that targeted investments can generate additional growth. A good example is the acquisition of the Boysen aerospace distribution business completed in mid-July. In addition, the now broadly diversified customer base in high-growth industrial segments contributes to our confidence. Overall, Bossard has continuously strengthened its competitive position in all major markets over the last few years. The latest acquisitions and the expansion of the product and services portfolio in Smart Factory Logistics and Engineering Services will additionally contribute to our future growth and competitiveness.

Dr. Thomas Schmuckli
Chairman of the
board of directors

Dr. Daniel Bossard
CEO

Zug, August 22, 2019

BOSSARD GROUP

Consolidated balance sheet

in CHF 1,000	30.06.2019	30.06.2018	31.12.2018
Assets			
Current assets			
Cash and cash equivalents	37,922	27,436	32,600
Securities	552	0	0
Accounts receivable, trade	162,466	166,029	141,190
Other receivables	3,461	3,391	3,745
Prepaid expenses	11,929	9,441	9,916
Inventories	261,247	235,917	251,413
	477,577	**442,214**	**438,864**
Non-current assets			
Property, plant and equipment	123,287	115,897	117,860
Intangible assets	28,823	23,695	26,758
Financial assets	4,083	4,264	3,939
Deferred tax assets	17,770	15,372	16,673
	173,963	**159,228**	**165,230**
Total assets	**651,540**	**601,442**	**604,094**

in CHF 1,000	30.06.2019	30.06.2018	31.12.2018
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	51,985	60,994	59,593
Other liabilities	15,710	16,036	16,876
Accrued expenses	38,896	32,515	32,187
Tax liabilities	5,021	9,878	5,844
Provisions	1,376	851	1,053
Short-term debts	72,477	93,617	72,941
	185,465	**213,891**	**188,494**
Non-current liabilities			
Long-term debts	154,216	93,604	89,821
Provisions	8,558	7,805	7,721
Deferred tax liabilities	8,670	5,695	8,408
	171,444	**107,104**	**105,950**
Total liabilities	**356,909**	**320,995**	**294,444**
Shareholders' equity			
Share capital	40,000	40,000	40,000
Treasury shares	–4,258	–2,822	–2,882
Capital reserves	64,249	63,395	62,219
Retained earnings	191,673	178,423	208,331
	291,664	**278,996**	**307,668**
Non-controlling interest	2,967	1,451	1,982
Total shareholders' equity	**294,631**	**280,447**	**309,650**
Total liabilities and shareholders' equity	**651,540**	**601,442**	**604,094**

BOSSARD GROUP

Consolidated income statement

in CHF 1,000	First 6 months 2019	First 6 months 2018
Net sales	450,930	446,291
Cost of goods sold	309,640	301,116
Gross profit	**141,290**	**145,175**
Selling expenses	61,661	57,340
Administrative expenses	26,668	26,272
EBIT	**52,961**	**61,563**
Financial result	921	2,272
Income before taxes	**52,040**	**59,291**
Income taxes	10,436	10,255
Net income	**41,604**	**49,036**
Attributable to:		
Shareholders of Bossard Holding AG	40,477	47,917
Non-controlling interest	1,127	1,119

in CHF	2019	2018
Earnings per registered A share [1]	10.62	12.59
Earnings per registered B share [1]	2.12	2.52

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

BOSSARD GROUP

Consolidated statement of changes in equity

in CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings: Retained earnings	Retained earnings: Translation differences	Share-holders Bossard	Non-controlling interest	Share-holders' equity
Balance at January 1, 2018	40,000	–3,697	63,084	238,433	–75,333	262,487	1,475	263,962
Dividend				–32,007		–32,007	–982	–32,989
Net income for the period				47,917		47,917	1,119	49,036
Management participation plan			679			679		679
Change in treasury shares		875	–368			507		507
Offset goodwill from acquisitions				–1,854		–1,854		–1,854
Translation differences					1,267	1,267	–161	1,106
Balance at June 30, 2018	**40,000**	**–2,822**	**63,395**	**252,489**	**–74,066**	**278,996**	**1,451**	**280,447**

Balance at January 1, 2019	40,000	–2,882	62,219	288,483	–80,152	307,668	1,982	309,650
Dividend				–34,298		–34,298	–1,009	–35,307
Net income for the period				40,477		40,477	1,127	41,604
Management participation plan			965			965		965
Change in treasury shares		–1,423	–388			–1,811		–1,811
Usage unissued treasury shares		47	1,453			1,500		1,500
Offset goodwill from acquisitions				–18,080		–18,080		–18,080
Non-controlling interest from acquisitions						0	852	852
Translation differences					–4,757	–4,757	15	–4,742
Balance at June 30, 2019	**40,000**	**–4,258**	**64,249**	**276,582**	**–84,909**	**291,664**	**2,967**	**294,631**

Consolidated cash flow statement

in CHF 1,000	First 6 months 2019	First 6 months 2018
Net income	41,604	49,036
Income taxes	10,436	10,255
Financial income	–3,232	–1,593
Financial expenses	4,153	3,865
Depreciation and amortization	8,988	7,958
(Decrease)/Increase provisions	–46	82
Gain from disposals of property, plant and equipment	–28	–27
Interest received	275	350
Interest paid	–1,545	–1,461
Taxes paid	–11,877	–12,253
Increase management participation plan (part of equity)	965	679
Other non-cash expenses	2,108	578
Cash flow from operating activities before changes in net working capital	51,801	57,469
Increase accounts receivable, trade	–21,367	–28,390
Increase other receivables	–1,153	–1,166
Increase inventories	–8,482	–20,135
(Decrease)/Increase accounts payable, trade	–7,375	1,661
Increase other liabilities	4,737	1,811
Cash flow from operating activities	**18,161**	**11,250**
Investments in property, plant and equipment	–13,124	–9,176
Proceeds from sales of property, plant and equipment	516	844
Investments in intangible assets	–2,898	–3,976
Cash flow from purchases of companies	–26,432	–2,816
Investments in financial assets	–535	–438
Divestments of financial assets	746	194
Cash flow from investing activities	**–41,727**	**–15,368**
Proceeds/Repayment of short-term debts	–171	47,414
Proceeds/Repayment of long-term debts	64,506	–4,563
Purchase/Sale of treasury shares	–484	219
Dividends paid to shareholders	–34,298	–32,007
Dividends paid to non-controlling interest	–336	–67
Cash flow from financing activities	**29,217**	**10,996**
Translation differences	–329	–10
Change in cash and cash equivalents	**5,322**	**6,868**
Cash and cash equivalents at January 1	32,600	20,568
Cash and cash equivalents at June 30	37,922	27,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of operations (1)

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

Accounting principles of the consolidated financial statements (2)

The unaudited, consolidated interim financial statements for the first six months of 2019 were prepared in accordance with Swiss GAAP FER 31.
The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at June 30, 2019 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with full Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

Principles of consolidation (2.1)

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

Investments in subsidiaries

Investments in subsidiaries are fully consolidated. These are entities over which Bossard Holding AG directly or indirectly exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent directly or indirectly holds more than one half of the voting rights of an entity or the control can be exercised by any other form. This does not apply if in exceptional circumstances it can be clearly demonstrated that such ownership does not constitute control. Under the full consolidation method, 100 percent of assets, liabilities, income and expenses are included. The interests of minority shareholders in equity and net income or loss are shown separately in the balance sheet and income statement.
Transactions with non-controlling interest which do not result in a change of the consolidation method are recognized as goodwill without effect on profit and loss.

Associated companies
Associated companies are those in which Bossard Holding AG directly or indirectly holds 20 percent to 50 percent and exercises significant influence. Associated companies are accounted for using the equity method.

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

Goodwill
In accordance with Swiss GAAP FER 30 "Consolidated financial statements" goodwill from new acquisitions and from associated companies is converted once to Swiss francs using the closing rate as at acquisition date and is fully offset against equity at the date of acquisition.

Foreign currency translation (2.2)
The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are drawn up in the applicable local currency.
Transactions in foreign currencies are translated at the time of the transaction at the daily rate applicable on that date. Exchange differences from adjustments of foreign exchange portfolios at the balance sheet date are recognized in the income statements of the Group companies as exchange gains or losses.
For the consolidated financial statements, the annual accounts of Bossard subsidiaries reporting in foreign currencies are translated into Swiss francs as follows: balance sheet items at period-end rates, equity at historical rates, and items in the income statement at the average exchange rate for the period. The translation differences are netted directly with the Group's consolidated translation differences in shareholders' equity.
Exchange differences arising from intercompany loans of an equity nature are booked to equity.

Accounting and valuation principles (2.3)

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

Securities
Securities held for trading are valued at the quoted market price prevailing on the balance sheet date. Securities without a quoted market price are valued at acquisition cost less necessary impairments.

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

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

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

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

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

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

Intangible assets

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

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

Financial assets

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

Impairment

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

Derivative financial instruments

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

Liabilities

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

Provisions

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

Contingent liabilities

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

Financial debts

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

Treasury shares

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

Share-based compensation

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

Pension benefit obligations

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

Net sales and revenue recognition

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

Non-operating result

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

Income taxes

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

Related parties

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

Accounting estimates and assumptions

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

Changes in the scope of consolidation (3)

In first half of 2019, BRUMA Schraub- und Drehtechnik GmbH, Germany, was acquired (100 percent investment) and Bossard Fastening Solutions (Tianjin) Co. Ltd, China, was founded.

In first half of 2019, assets from Linquan Precision Co. Ltd, China, were acquired as part of an asset deal.

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

Segment information (4)

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

Sales by regions (5)

in CHF million	Europe		America		Asia		Group	
first 6 months	2019	2018	2019	2018	2019	2018	2019	2018
Sales	265.4	261.3	113.7	120.1	73.0	66.6	452.1	448.0
Sales deductions	0.6	0.8	0.3	0.6	0.3	0.3	1.2	1.7
Total Net sales	**264.8**	**260.5**	**113.4**	**119.5**	**72.7**	**66.3**	**450.9**	**446.3**

Financial result (6)

in CHF 1,000	First 6 months 2019	First 6 months 2018
Financial income	–3,232	–1,593
Financial expenses	4,153	3,865
Total Financial result	**921**	**2,272**

Acquisition and disposal of subsidiaries and businesses (7)

Acquisitions 2019

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

in CHF 1,000	Provisional market value as per acquisition
Cash and cash equivalents	1,515
Accounts receivable, trade	1,650
Inventories	5,554
Other current assets	1,195
Non-current assets	2,874
Accounts payable, trade	–115
Other current liabilities	–740
Non-current liabilities	–23
Net assets acquired	**11,910**
Goodwill	13,851
Total	25,761
Less acquired cash and cash equivalents	–1,515
Less purchase price not yet paid	–1,564
Cash flow from acquisitions	**22,682**

In January 2019, assets from Linquan Precision Co. Ltd, China, were acquired as part of an asset deal.

In January 2019, BRUMA Schraub- und Drehtechnik GmbH, Germany, was acquired.

Further acquisitions

In March and April 2019, the investment in bigHead Fasteners Ltd, England, was successively increased from 19.0 percent to 41.9 percent. This investment led to a cash outflow of CHF 0.7 million and a goodwill of CHF 1.6 million.

In April 2019, a share of 30 percent of Ecoparts AG, Switzerland, was acquired. This investment led to a cash outflow of CHF 3.0 million and a goodwill of CHF 2.6 million.

Summary acquisitions

All the mentioned investments led to a cash outflow of CHF 26.4 million and a goodwill of CHF 18.1 million.

Disposals

In 2019, no subsidiaries were disposed.

Acquisitions 2018

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

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

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

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

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

Disposals

In 2018, no subsidiaries were disposed.

Exchange rates (8)

	30.06.2019 Exchange rate	01.01.2019–30.06.2019 Average exchange rate	31.12.2018 Exchange rate	30.06.2018 Exchange rate	01.01.2018–30.06.2018 Average exchange rate
1 EUR	1.11	1.13	1.13	1.16	1.17
1 USD	0.98	1.00	0.99	1.00	0.97
1 GBP	1.24	1.29	1.26	1.31	1.33
1 AUD	0.68	0.71	0.69	0.73	0.75
1 RON	0.23	0.24	0.24	0.25	0.25
1 CAD	0.75	0.75	0.72	0.75	0.76
1 NOK	0.11	0.12	0.11	0.12	0.12
1 ZAR	0.07	0.07	0.07	0.07	0.08
100 DKK	14.88	15.13	15.10	15.51	15.71
100 SEK	10.51	10.74	11.12	11.07	11.53
100 CZK	4.37	4.40	4.38	4.45	4.59
100 HUF	0.34	0.35	0.35	0.35	0.37
100 PLN	26.15	26.31	26.23	26.46	27.73
100 RSD	0.94	0.96	0.95	-	-
100 SGD	72.10	73.56	72.31	72.92	72.85
100 TWD	3.14	3.23	3.23	3.26	3.27
100 RMB	14.21	14.73	14.35	15.08	15.18
100 MYR	23.57	24.27	23.87	24.70	24.54
100 THB	3.18	3.16	3.04	3.01	3.05
100 INR	1.41	1.43	1.41	1.45	1.47
100 KRW	0.08	0.09	0.09	0.09	0.09
100 MXN	5.08	5.22	5.00	5.01	5.07

Events occurring after balance sheet date (9)

In July 2019, the Bossard Group has acquired the Boysen distribution business of the German AQUAERO Goup. Boysen has a large international customer base and generates an annual sales equivalent of CHF 29 million. Founded in 1967, the distribution company is headquartered in Munich, Germany, and has further locations in Hamburg, Germany, and Irving (Texas), USA. Boysen's main sales market is Europe.

Since June 30, 2019 no further major events occurred which would require additional disclosures or changes in the Semi-Annual Report 2019.

AGENDA

Publication of sales results, 3rd quarter 2019
October 10, 2019

Publication of sales results 2019
January 14, 2020

Meeting for financial analysts & media conference, publication of Annual Report 2019
March 4, 2020

Annual general meeting
April 8, 2020

Publication of sales results, 1st quarter 2020
April 8, 2020

The complete Semi-Annual Report 2019 is available on www.bossard.com > About us > Investor Relations. This report is unaudited and prepared in accordance with Swiss GAAP FER 31.
The Semi-Annual Report contains forecasts. They reflect the company's present assessment of market conditions and future events and are thus subject to certain risks, uncertainties and assumptions. Through unforeseeable events the actual results could deviate from the forecasts made and the information published in this report. Thus all the forecasts made in this report are subject to this reservation.

This Semi-Annual Report 2019 is also available in German. The German version is binding.

Imprint
Publisher: Bossard Holding AG, Zug
Concept and Design: Keim Identity GmbH, Zurich

Bossard Holding AG
Steinhauserstrasse 70
6300 Zug
Switzerland

Phone +41 41 749 66 11
Fax +41 41 749 66 22
investor@bossard.com
www.bossard.com