

## Press Release

### Bossard Group Results for 2012

#### The third best result in the company's history

Despite a generally difficult business environment, the Bossard Group earned the third best result in the company's history. The consolidated net income decreased slightly by CHF 1.9 million to CHF 42.9 million. The operating profit was CHF 47.6 million (-5.2 percent). On this earnings level, the Bossard Group achieved a double digit EBIT margin of 10.1 percent for the third year in a row, a significantly higher figure than the average for the industry. "Although there was definitely a lack of momentum last year, the Bossard Group nevertheless earned a good result," says CEO David Dean. "I feel positive about the fact that we gained new customers in fiscal 2012 and were able to expand our product line."

### Income Statement

	2012 CHF mill.	2011 CHF mill.	+/-
Gross sales	487.1	473.5	2.9%
Gross profit	187.5	185.6	1.0%
Period costs	139.9	135.3	3.4%
EBIT	47.6	50.3	-5.2%
Net income	42.9	44.8	-4.2%

Once again, Bossard has increased sales over the previous year. Earnings rose 2.9 percent to CHF 487.1 million. This figure primarily reflects the positive business developments in America. Excluding the acquisition of KVT-Fastening and the divestment of Bossard Metrics Inc., USA, purely organic growth was 2.1 percent in Swiss Francs and 0.8 percent in local currency.

In Europe, all regional companies were affected by the sluggish demand. In spite of that, we were able to keep the sales slump (-0.7 percent in local currency) within bounds by acquiring new customers. Business in Asia was also down slightly (-2.6 percent in local currency).

Once again our export-oriented Asian customers suffered from weak foreign demand in 2012. Sales to customers in the wind and solar sectors as well as the semiconductor industry showed unsatisfactory development. Bossard increased sales in America by 10.6 percent in local currency; converted to Swiss Francs, this was an increase of as much as 17.0 percent. America thus experienced double-digit sales growth for the third year in a row. This proof of excellent performance is attributable to brisk demand from our existing customer base as well as increased business from new customers.

## **Profitability remains high**

Despite the challenging market environment, Bossard managed to maintain a high level of profitability. The operating profit (EBIT) margin of 10.1 percent remained well above the average for the industry. The slight decrease in the EBIT margin is largely attributable to sales developments and the associated margin mix. While the operating margin increased in Europe and the Americas, it fell below the prior year's level in Asia.

The return on sales dropped from 9.8 percent last year to 9.1 percent in 2012. This decline can be explained by a variety of factors: While the higher sales volume increased profits, we also shouldered financial burdens in fiscal 2012. Thus, labor costs increased over the prior year's level, and tax expenditures also rose. This development is due to a growing tax burden in individual countries. We also see a trend in which loss carryforwards are no longer fully deductible. In net terms, the consolidated net income amounted to CHF 42.9 million, compared to CHF 44.8 million last year.

With a view toward the invested capital, Bossard continues to be characterized by solid profitability, albeit at a lower level than last year. The return on capital employed (ROCE) was 18.2 percent; the return on equity (ROE) – adjusted by goodwill offset against equity – amounted to 19.8 percent and thus remained at a high level.

## Key Figures

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	2012	2011
EBIT margin	10.1%	11.0%
ROS	9.1%	9.8%
ROCE <sup>1)</sup>	18.2%	21.2%
ROE <sup>2)</sup>	19.8%	23.2%

<sup>1)</sup> adjusted for the net assets KVT-Fastening

<sup>2)</sup> adjusted by Goodwill write off

### KVT-Fastening – a strategically important investment

The acquisition of KVT-Fastening in November 2012 marks a milestone in the company's development. This CHF 200 million takeover is very important for Bossard: It provides the company with new strategic options and stimulates growth. The acquired company is known for its technologically advanced solutions in the area of fastening technology, covered, in part, by exclusive distribution rights. The expertise we have acquired in the area of self-clinching fasteners, rivet technology and other niche segments will benefit the Bossard Group world-wide. Another significant aspect is that KVT-Fastening gives Bossard much better access to the important German market. CEO David Dean sees great advantages in this acquisition. "The profitability of KVT-Fastening is above-average, based on the EBITDA and EBIT margins, placing it above Bossard's own level. It will strengthen us in ways that will have a positive effect on our financial figures."

Bossard's equity ratio dropped from 62.3 percent to 13.3 percent due to the takeover of KVT-Fastening. The CHF 180 million in goodwill obtained through the acquisition was offset with the equity capital in fiscal 2012. To further strengthen the company's financial footing, Bossard's leadership will ask the annual general meeting on March 12, 2013 for an equity capital increase (rights issue) generating approximately CHF 80 million in proceeds. This is expected to return the equity ratio to approximately 35 percent. Another increase in internal financing is expected by the end of the year through the profit generation in 2013. Kolin Holding AG – our largest shareholder, which is owned by the Bossard families – has expressed its intention participate to the full extent of its holding in the share capital increase.

## Balance Sheet

	2012 CHF mill.	2011 CHF mill.
Current assets	280	259
Long-term assets	96	72
Liabilities	326	125
Shareholders' equity	50	206
Total assets	376	331
Equity ratio	13.3%	62.3%

In addition to this major acquisition, Bossard will expand its capacities in various countries. The Group invested around CHF 25 million in 2012. A good half of these expenditures went to completing the technology and logistics center in Switzerland. Office and logistics capacities in Malaysia and Korea will be expanded during the current business year. CEO David Dean expects the investment in the expansion of the logistics centers to total CHF 20 to 30 million over the next three years, which, however, will be “financed entirely with internal resources.”

### 40 percent of consolidated net income to be paid out

In its dividend policy, the Bossard management remains faithful to its principles: Approximately 40 percent of the consolidated net profit will be paid out to its shareholders. The board of directors will therefore ask the annual general meeting to pay a dividend of CHF 5.75 (2011: CHF 6.00) per bearer share for fiscal 2012. Despite the share price appreciation in 2013, Bossard's bearer shares offer still an attractive dividend yield of 3.8 percent.

### A cautiously optimistic outlook

Bossard has entered fiscal 2013 with a sense of cautious optimism. “After the difficult situation over the past eighteen months, 2013 may become a year in which we regain some momentum,” says CEO David Dean. “The risk of us sliding into a recession has declined significantly.” Bossard sees signs of improvement on both the procurement side and among its customers. Its objective remains to substantially increase its sales volume over the next few years. However, growth should never come at the expense of profitability, which must at least keep pace with revenue. The acquisition of KVT-Fastening is another step in this direction.

## Historical key figures

In CHF 1,000	2012	+/- in % <sup>2)</sup>	+/- in % <sup>3)</sup>	2011	2010	2009
Gross sales	487,094	2.9%	1.4%	473,484	477,609	395,109
Net sales	471,173	2.9%	1.4%	457,717	458,724	379,861
EBIT	47,631	-5.2%	-6.1%	50,260	47,266	18,813
in % of net sales	10.1			11.0	10.3	5.0
Net income	42,907	-4.3%	-5.8%	44,813	44,928	15,298
in % of net sales	9.1			9.8	9.8	4.0
Cash flow 1)	53,354	-2.4%		54,649	55,413	26,972
Capital expenditures	22,527	12.7%		19,986	8,367	4,810
Net debt	202,185	682.9%		29,607	25,747	38,640
Shareholders' equity	50,108	-75.7%		206,240	179,354	162,015
in % of total assets	13.3			62.3	61.3	56.9
Total assets	376,303	13.7%		331,031	292,743	284,507
Number of employees at year end	1,812	14.3%		1,585	1,478	1,403

1) Net income + depreciation and amortization

2) Actual

3) On a currency-adjusted basis

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### Profile:

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

Its customers include local and multinational industrial companies who use Bossard's solutions to improve their productivity. Employing more than 1,800 people in over 60 locations around the world, the Group generated CHF 487 million in sales in 2012. Bossard is listed on the SIX Swiss Exchange.