

Press Release

Bossard Group

Results for 2018

Record results – profitable growth strategy pays off

Zug, March 6, 2019 – The Bossard Group continues on its growth track: ongoing increase in performance led to record highs in sales as well as EBIT and net income. EBIT rose by 12.1 percent to CHF 108.8 million, while net income grew by 6.5 percent to CHF 85.4 million. Excluding the non-operating result in the previous year, net income rose by 12.8 percent. The increase in performance is based on record sales of CHF 871.1 million (+10.8 percent). CEO David Dean underscores the results: “The 2018 financial year once again confirms our strategy of profitable growth.” Year-on-year the EBIT margin rose from 12.3 percent to 12.5 percent.

2018 INCOME STATEMENT

in CHF million	2018	2017	+/-
Net sales	871.1	786.2	10.8%
Gross profit	275.8	253.2	
<i>in %</i>	<i>31.7%</i>	<i>32.2%</i>	
Selling and administrative expenses	167.0	156.2	
EBIT	108.8	97.0	12.1%
<i>in %</i>	<i>12.5%</i>	<i>12.3%</i>	
Financial result	4.6	4.0	
Non-operating result		6.3	
Income before taxes	104.2	99.3	
Income taxes	18.8	19.1	
Net income	85.4	80.2	6.5%
<i>in %</i>	<i>9.8%</i>	<i>10.2%</i>	

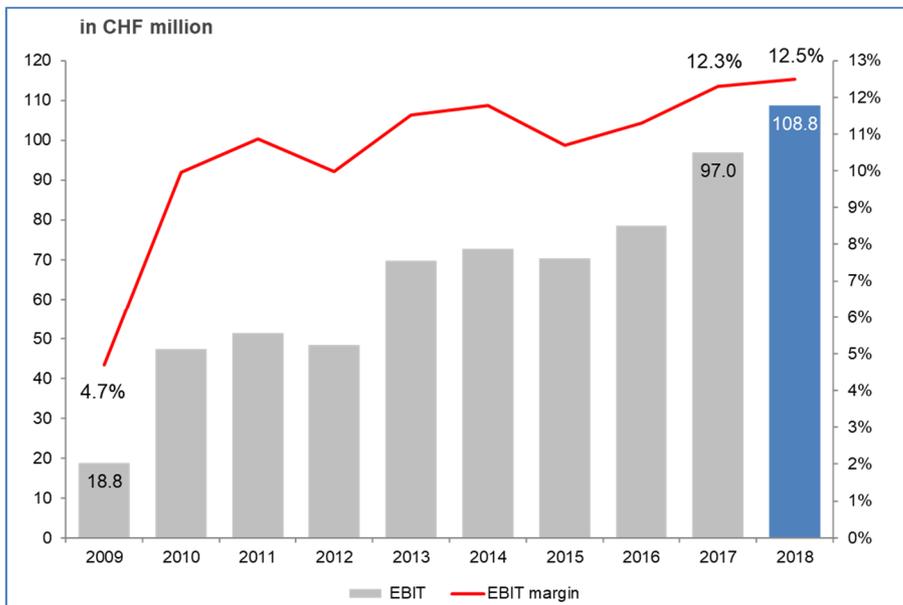
Brisk demand for our fastening solutions as well as our logistics and engineering services fueled the Bossard Group’s solid showing. The above-average sales growth in all three

market regions in 2018 reflects our development efforts over recent years. The gratifying results in the first half of the year benefited from a noticeably improved economic environment, which visibly flattened out in the second half of the year, however. In **Europe**, the Bossard Group boosted sales by 10.8 percent to a record CHF 493.0 million. Bossard did record double-digit growth rates in many countries. We also posted high single-digit growth rates in our two biggest European markets: Switzerland and Germany. Overall, growth in Europe was broad-based.

The same is true for business in **America** where sales in 2018 rose by 9.4 percent to CHF 240.9 million (in local currency: +10.1 percent). We saw increased demand in America in the second half of the year. Contributing to this trend was the largest US electric vehicle manufacturer who considerably boosted production output of its third model series. The successfully integrated acquisitions of the previous years also contributed to our solid performance in America. Sales growth of 55.6 percent in Canada and 9.3 percent in Mexico complete the largely positive picture.

In **Asia**, too, the Bossard Group made remarkable progress, thus reaping the fruits of its continuous multi-year investment policy. Sales in this market region rose by no less than 13.4 percent to CHF 137.2 million (in local currency: +12.5 percent). We posted double-digit growth in Bossard's most important Asian markets China and India. Thailand, Taiwan, and Australia achieved double-digit growth rates as well.

DEVELOPMENT EBIT AND EBIT MARGIN



EBIT reaches new record high

EBIT grew by 12.1 percent over the previous year to CHF 108.8 million. With this record result, the Bossard Group broke the CHF 100 million mark for the first time in its history.

The operating profit improved in regular increments in recent years, demonstrating a remarkable consistency in performance. The EBIT margin trended upward over the last decade. Substantially this trend was only broken for a short time by the financial crisis in 2009. In the 2018 financial year, the Bossard Group was again able to boost the EBIT margin from 12.3 percent to 12.5 percent. “Year after year, we make investments to ensure constant and profitable growth for the long term. With that in mind, 2018 was further confirmation of our investment-driven commitment in various countries and markets that promise above-average profitability. It is not without reason that our EBIT margin is well above the industry average”, stresses CEO David Dean.

Increased profit – higher dividend

The solid and broad-based performance increase yielded a net income of CHF 85.4 million (+6.5 percent). Excluding the non-operating result of CHF 4.5 million net from a real-estate sale in previous year, net income grew by a considerable 12.8 percent. On this adjusted basis, the return on sales rose from 9.6 percent to 9.8 percent.

The gains the Bossard Group made in 2018 will be evident in a dividend increase.

Bossard's dividend policy is clear and transparent: 40 percent of net income is distributed to shareholders. At the annual general meeting of shareholders on April 8, 2019, the board of directors will propose a dividend increase from CHF 4.20 to CHF 4.50 per registered A share.

2018 BALANCE SHEET

in CHF million	2018	2017	+/-
Current assets	438.9	385.6	13.8%
Non-current assets	165.2	154.2	7.1%
Total assets	604.1	539.8	
Liabilities	294.4	275.8	6.7%
Shareholders' equity	309.7	264.0	17.3%
Total liabilities and equity	604.1	539.8	11.9%
Operating NWC in % of net sales	38.2%	37.4%	
Equity ratio	51.3%	48.9%	
Gearing (Net debt/equity)	0.4	0.5	
Net debt in CHF million	130.2	124.0	

Solid balance sheet despite vigorous investment activity

In the 2018 financial year, the brisk growth of the Bossard Group boosted total assets by 11.9 percent to CHF 604.1 million. This development stems from continuous investment activity combined with an increase in operating net working capital. The rise in inventory, due in part to higher sales volumes, should be noted here. The deliberate increase in capital commitment intended to ensure security of supply to our customers.

In spite of vigorous investment activity and the rise in operating net working capital, the Bossard Group's balance sheet structure remains solid. The equity ratio in the 2018 financial year continued to climb: it reached 51.3 percent – compared to the previous year's 48.9 percent – and is well above the long-term target of 40 percent. Bossard's firm financial footing is also reflected in the gearing (the ratio of net debt to equity), which fell from 0.5 to 0.4 even though net debt in the reporting period rose from CHF 124.0 million to CHF 130.2 million.

Cautious optimism for 2019

The Bossard Group is well positioned. We are also aiming for growth in 2019 and want to take a further step forward in business. However, we remain aware that the economy, especially in the European markets, has lost momentum since the second half of 2018. The uncertainties surrounding Brexit, declining sales figures in the automotive industry, and last but not least, the trade disputes between the USA and China may all have a dampening effect.

We are aware that this year's economic development is pegged at a significantly lower level than in 2017 and 2018. In view of these challenging conditions it is our goal to exceed the sales mark of CHF 900 million in the current financial year. At the same time, we want to maintain the profitability at an above-average level for the industry. This outlook does assume that there will be no fundamental shake-ups in the markets and that currency fluctuations will not drastically affect our results.

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

HISTORIC KEY FIGURES

In CHF 1,000	2018	+/- in %	2017	2016	2015
Net sales	871,070	10.8%	786,175	695,015	656,314
EBIT	108,821	12.1%	97,048	78,509	70,319
in % of net sales	12.5		12.3	11.3	10.7
Net income	85,410	6.5%	80,193	62,434	54,490
in % of net sales	9.8		10.2	9.0	8.3
Cash flow 1)	101,529	6.7%	95,175	75,039	66,093
Capital expenditures	27,791	22.5%	22,695	40,021	22,128
Net debt	130,162	4.9%	124,023	158,767	147,828
Shareholders' equity	309,650	17.3%	263,962	207,644	186,186
in % of total assets	51.3		48.9	41.9	40.2
Total assets	604,094	11.9%	539,758	495,769	462,602
Return on equity	29.8		34.0	31.7	27.5
Return on average capital employed (ROCE)	21.5		20.8	18.5	17.6
Number of employees at year end	2,451	6.8%	2,294	2,179	2,018

1) Net income + depreciation and amortization