

## Press Release

### Bossard Group

### Results for 2015

#### Record sales – Appreciation of the Swiss franc cuts into profit

Zug, March 2, 2016 – The Bossard Group continued to grow in fiscal year 2015. Despite the appreciation of the Swiss franc, the Group set a new sales record of CHF 656.3 million or +6.2 percent (+10.1 percent in local currency). However, profit was adversely affected in key markets, especially Switzerland, by the appreciation of the Swiss franc and the difficult demand situation. Operating profit (EBIT) fell by 3.4 percent against 2014 to CHF 70.3 million, which corresponds to an EBIT margin of 10.7 percent. In this context, CEO David Dean emphasizes an important point: “The Bossard Group's profitability continues to be above the average of the industry as a whole. We view this fact as clear confirmation of our profitability-oriented growth strategy of recent years.”

#### INCOME STATEMENT

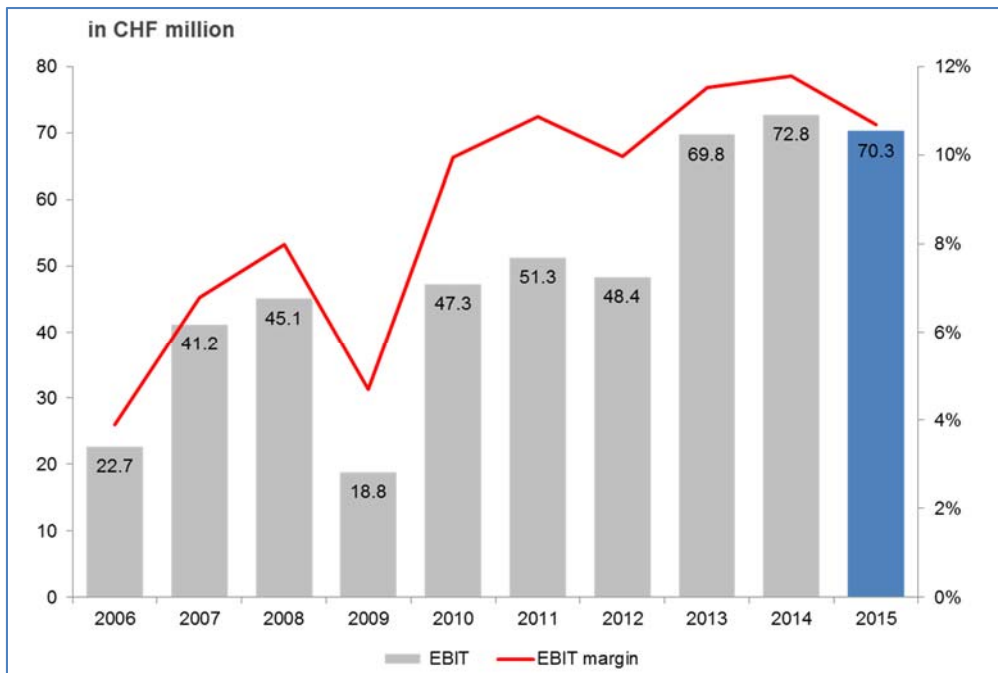
In CHF million	2015	2014	+/-
Net sales	656.3	617.8	6.2%
Gross profit	202.7	197.1	
<i>in %</i>	30.9%	31.9%	
Selling and administrative expenses	132.4	124.3	
EBIT	70.3	72.8	-3.4%
<i>in %</i>	10.7%	11.8%	
Financial results	2.5	3.2	
Income before taxes	67.8	69.6	
Income taxes	13.3	12.5	
Net income	54.5	57.1	-4.6%
<i>in %</i>	8.3%	9.2%	

The Bossard Group achieved its key growth targets again in fiscal year 2015 in spite of a market environment that was challenging overall. The sales increase of 6.2 percent to CHF 656.3 million (+10.1 percent in local currency) reflects the consistent investment policy which contributed decisively to gains in market share in several regions. For instance, sales in Europe in local currency were up by 4.6 percent. The appreciation of the Swiss franc was the only reason for the reported decline in sales, namely 2.9 percent to CHF 383.4 million. Business proved more difficult in Switzerland, where the appreciation of the Swiss franc had a negative impact on the competitive situation of many of our customers. The requests for currency discounts but also the decline in demand in many companies led to lower sales and margin.

In America Bossard entered a whole new dimension. Sales surged upward by an impressive 36.2 percent against 2014 to CHF 166.2 million (in local currency: +29.6 percent). This jump in sales can be traced to the takeover of Aero-Space Southwest, Inc., which is present at important industrial locations in California, Arizona and in Mexico. Our collaboration with the leading US electric vehicle manufacturer also evolved favorably, leading to a larger volume of business for us. By contrast, our second major customer in the US, a company in the agricultural technology sector continues to face weaker demand, especially in the segment of farming equipment.

Bossard saw its business in Asia grow again in 2015. As a result, sales increased by 5.5 percent to CHF 106.7 million (in local currency: +5.2 percent) thereby seamlessly continuing the dynamic trend of previous years. This positive growth was and still is largely attributable to the build-up of competence and distribution centers in various countries. Business in China, for its part, proved to be more challenging in 2015 – an experience we are sharing with other providers of industrial products and services. Nevertheless, we will continue to invest in China and will open a new logistics and technology center in Shanghai at the beginning of 2017.

## DEVELOPMENT EBIT AND EBIT MARGIN



### Profitability remains high

The pressure from the appreciation of the Swiss franc also left its mark on profit of the Bossard Group. The difficult competitive and demand situation following the appreciation of the Swiss franc affected our profit in Switzerland in particular. Moreover, the appreciation of the Swiss franc reduced earnings of our foreign subsidiaries additionally when converted into our accounting currency, the Swiss franc. Operating profit (EBIT) for 2015 dropped accordingly by 3.4 percent to CHF 70.3 million. Without the impact of the appreciated Swiss franc EBIT would have increased to CHF 76.1 million.

The operating margin fell from last year's record level of 11.8 percent to 10.7 percent. If exchange rates had remained constant, the EBIT margin for 2015 would have been 11.2 percent. Nevertheless, with a profitability of 10.7 percent we still clearly exceed the industry average. In addition, this figure is within the target range of 10-13 percent stipulated in the strategy plan for 2016/2020. CEO David Dean explains: "The high profitability we have achieved in recent years underscores the Bossard Group's level of performance."

Despite heavy pressure from the appreciation of the Swiss franc, we succeeded in substantially boosting our EBIT and EBIT margin over an extended period of time. This accomplishment makes us confident about the further development of the Bossard Group.” The latest acquisitions fully met our expectations and made an important contribution to strengthening the profitability.

## Dividend unchanged

The adverse factors discussed above also affected net income. It fell year on year from CHF 57.1 million to CHF 54.5 million; without exchange rate effects, net income would have remained at the same level as the previous year. The dividend policy of Bossard stipulates a distribution of 40 percent of consolidated net income to the shareholders each year. Despite the slight decline in net income in 2015, the board of directors will propose an unchanged dividend of CHF 3 to the annual general meeting of shareholders as a sign of confidence. Based on the share price at the end of February 2016, this corresponds to an attractive dividend yield of 3.0 percent.

## BALANCE SHEET

In CHF million	2015	2014	+/-
Current assets	343.0	325.1	5.5%
Long-term assets	119.6	109.3	9.4%
<b>Total assets</b>	<b>462.6</b>	<b>434.4</b>	
Liabilities	276.4	223.8	23.5%
Shareholders' equity	186.2	210.6	-11.6%
<b>Total liabilities and equity</b>	<b>462.6</b>	<b>434.4</b>	<b>6.5%</b>
Operating NWC in % of net sales	39.1%	39.2%	
Equity ratio	40.2%	48.5%	
Gearing (Net debt/equity)	0.8	0.6	
Net debt in CHF million	147.8	97.9	

**Solid balance sheet structure**

The growth of the Bossard Group in fiscal year 2015 led to an increase in total assets. They rose year on year (as of December 31) from CHF 434.4 million to CHF 462.6 million. This increase is mostly attributable to the acquisitions. The equity ratio declined from 48.5 percent to 40.2 percent also as a result of the takeovers and thus remains close to the long-term target of 40 percent. The reason for this development is that the goodwill from acquisitions is fully offset against equity. Despite these changes in the balance sheet structure, the Bossard Group continues to stand on a solid foundation. The company will retain the leeway necessary for strategically vital investments in the future. Along with expenditures for the new technology and logistic center in Shanghai, 2016 will see investments for new warehouse and logistics capacities in Germany.

**Market environment to remain challenging**

In the outlook for 2016, the market environment is expected to remain challenging. Despite rays of hope in key markets like Germany, we see not a lot of signs of an economic upswing in Europe for the time being. Bossard is bracing itself for another difficult year in Switzerland in particular. The slight weakening of the Swiss franc against the major currencies is unlikely to alleviate the difficult situation for export-oriented Swiss companies.

In America the business development will depend mostly by two major customers. In case of the biggest US electric vehicle manufacturer a newly launched model augurs well for a considerable increase in production figures. That will benefit us. The other major customer, a company in the agricultural technology sector, continues to face weak demand. The company's annual forecasts indicate another decline in sales. In all, Bossard has paved the way for further sales growth in America. The signs are also pointing to growth in our Asian business. Solely the development in demand in China continues to raise questions.

In a global context, geopolitical uncertainties continue, in the Middle East in particular. The economic development of China and the resulting possible ramifications for the global economy are currently unforeseeable. In this environment, we believe it would be inappropriate to publish exact growth forecast figures at this point of time.

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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, technical consulting (engineering) and inventory management (logistics) Bossard has established itself as an end-to-end supplier and partner in industry.

The Group's customers include local and international industrial companies who use Bossard solutions to improve their productivity. With more than 2,000 employees in over 70 locations throughout the world, the Group generated CHF 656.3 million in sales in 2015. Bossard is listed on the SIX Swiss Exchange.

**HISTORIC KEY FIGURES**

<b>In CHF 1,000</b>	<b>2015</b>	<b>+/- in %</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net sales	656,314	6.2%	617,764	605,716	485,224
EBIT	70,319	-3.4%	72,803	69,783	48,373
in % of net sales	10.7		11.8	11.5	10.0
Net income	54,490	-4.6%	57,128	56,001	43,505
in % of net sales	8.3		9.2	9.2	9.0
Cash flow 1)	66,093	-5.0%	69,577	68,316	53,952
Capital expenditures	22,128	91.8%	11,536	14,901	24,983
Net debt	147,828	51.0%	97,875	101,163	202,185
Shareholders' equity	186,186	-11.6%	210,603	167,298	51,861
in % of total assets	40.2		48.5	43.2	13.8
Total assets	462,602	6.5%	434,380	386,951	376,217
Number of employees at year end	2,018	4.8%	1,926	1,842	1,812

1) Net income + depreciation and amortization