

Press Release

Bossard Group

Group's Result for 2006

Overall a Successful Year

In 2006 Bossard Group reached a new record sales level. Ordinary operating earnings also rose to a record high. This is mainly attributable to good business development in Europe and Asia. Only America lagged behind this positive result.

The climax of Bossard Group's 175th jubilee was reaching a record high in sales for 2006. Total sales amounted to CHF 560 million, up 8.7 percent on the prior year in Swiss francs and 7.6 percent in local currency.

Asia booming

With 42 percent, Bossard once again reached its highest growth rate in Asia. In China sales doubled and above average growth rates were also reached in the Philippines with 56.6 percent, in Thailand with 31.7 percent and in India with 29.8 percent.

Europe with double-digit growth

Growth in Europe was also broad based – and agreeably high: In Bossard's classical markets in Central Europe sales were up 15.5 percent to almost CHF 300 million. All European countries reported double-digit growth rates: In Switzerland sales were up 13.8 percent, in France 13.1 percent and in Scandinavia 12 percent. In Eastern Europe Bossard added more than 38 percent.

America dampens result

In America sales dropped 9.5 percent year on year. One of the reasons is lower demand from Bossard's largest customers, who account for some 50 percent of sales. A program launched in 2005 to enhance profitability was stepped up in 2006. It should be concluded in 2007. The necessary restructuring costs burden the 2006 result in the amount of CHF 10.4 million and a further CHF 5 million will be required in 2007.

Ordinary operating earnings at a record high

Ordinary operating earnings - before restructuring costs – reached a new record high of CHF 33.1 million. It corresponds to an increase of 6.3 percent on the previous year. As operating earnings in 2005 included non-operating income of CHF 2.1 million from the sale of a participation, the increase compared to 2005 was in fact 14 percent. Consequently, the operating profit margin rose from 5.8 percent to 6.2 percent.

More employees in Europe and Asia

Through the satisfying business development in Europe and in Bossard's strategically important growth markets in Eastern Europe and Asia, the number of employees worldwide rose in 2006 to 1,818. 136 more people worked for Bossard in Asia than in the prior year. In Europe 32 people were added to the payroll. Conversely, in America there were 80 people fewer, which is a decrease of 17 percent compared to end 2005.

Healthy and flourishing financial situation

Bossard has a very robust financial base. Compared to the prior year, capital employed in percent of sales decreased from 56.8 percent to 51.2 percent.

Equity rose from CHF 169.3 to CHF 172.7 million. The Group's capital ratio of 43.7 percent and its gearing (net debt/equity) of 0.7 remained at the prior year's level.

Despite noticeable growth, a free cash flow of CHF 13.5 million was generated – after a minus of CHF 11.5 million in 2005. This impacted positively on net debt, which fell by CHF 9.7 million to CHF 113.5 million.

Expectations for 2007: sales up and profit increase

For 2007 the board and the executive committee anticipate a further rise in sales and profits group-wide, and this for two reasons: They consider that the world economy will still develop positively and they anticipate continuing favorable earnings potential in Bossard's most important markets.

Dividend payment

The board proposed a dividend payment of 17 percent. To arrive at this payout rate, only 50 percent of the onetime major restructuring expense was taken into consideration. In the prior year the ordinary dividend payment amounted to 19 percent.

Younger generation to chair board of directors

After 30 committed and effective years on the board of directors and 6 years as chairman, Dr. Kurt Reichlin will resign his mandate at the coming general meeting of shareholders. The board appointed Dr. Thomas Schmuckli-Grob, who has sat on the board since 2000, to succeed him as chairman. And, to replace Dr. Reichlin as a board member, it proposes that Urs Fankhauser will be elected at the next annual general meeting. With a degree in mechanical engineering and an MBA, he has been a member of senior management of the Sulzer Group since 2002. He would strengthen the board's know-how with his wide experience in the fields of marketing and business economics.

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A Profile of the Bossard Group

The Bossard Group is a global group of companies. It is still molded by members of the founding family, now represented by the seventh generation. Our focus is on fasteners and fastening technology. Thus, in addition to our broad range of quality products, we provide full engineering support for fastener applications and offer logistics services for fasteners and other C parts. Among our customers there are many industrial companies with international operations. Our holding company, Bossard Holding AG, is headquartered in Zug, Switzerland, and is listed on the Swiss Exchange. With some 1,800 employees, the group reports sales of more than a half a billion Swiss francs.

Key Figures

IN CHF 1,000	2006	2005	2004	2003	2002
Gross Sales	559 541	514 943	497 314	433 404	449 737
Net Sales	536 830	497 084	480 534	416 749	432 029
Ordinary EBIT	33 081	29 029	27 170	15 879	18 421
in % of net sales	6.2	5.8	5.7	3.8	4.3
EBIT after exceptional items 1)	22 687	31 131	27 170	15 879	18 421
in % of net sales	4.2	6.3	5.7	3.8	4.3
Ordinary Net income	22 599	18 749	18 222	9 502	9 575
in % of net sales	4.2	3.8	3.8	2.3	2.2
Net income after exceptional items 1)	12 205	20 851	18 222	9 502	9 575
in % of net sales	2.3	4.2	3.8	2.3	2.2
Cash Flow 2)	24 334	31 508	28 348	20 119	21 074
Capital expenditures	12 799	20 385	16 847	4 506	3 856
Headcount at Dec. 31	1 818	1 709	1 602	1 334	1 314

1) Ordinary EBIT less exceptional items - 2006: Restructuring expenses America; 2005: Capital gain from sale of investment

2) Net income after exceptional items + depreciation without amortization of goodwill