BOSSARD

Press Release

Bossard Group
Results for 2010

An excellent business year

In the past business year Bossard Group reached its best result ever in the Company's history: Group-wide sales rose by 25 percent and consolidated net income even tripled. All the business units around the globe contributed to the result. This positive picture is rounded off by record levels for both return on sales and on equity.

With a total of CHF 477.6 million, Bossard Group's sales increased by 25.2 percent in local currencies. Given the strong Swiss franc, sales growth in the reporting currency was 4.3 percentage points lower. "After the financial crisis of 2009, the world economy recovered surprisingly fast", Bossard Group's CEO, David Dean stated. "Since we were exceptionally well positioned in all strategically important markets around the globe, we were able to exploit our market opportunities very rapidly and effectively."

The growth rates in the individual markets show that the Group's earnings were broad-based: In local currencies, sales were up by more than 20 percent in all three sales regions.

Strong growth in Europe

Sales growth in Europe was 21.4 percent in local currency year on year. However, the weak Euro impacted on sales growth which, in Swiss francs, was 5 percentage points lower. There was double digit growth in all the countries where Bossard operates.

High value added in America

Demand in America, too, improved steadily throughout the year. Sales in local currency were up 21.1 percent to CHF 128.8 million year-on-year. As the Swiss franc was very strong compared to the U.S. dollar, sales growth in the reporting currency was 4.7 percentage points lower.

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Asia leads in terms of growth

The Group's highest growth rate was reached in Asia. Demand had already improved steadily in 2009 and this trend was reinforced further throughout 2010. Sales rose by more than 46 percent to CHF 87.5 million. Sales were in excess of 30 percent in all the countries served by the Group.

Very satisfactory development of gross profit

With noticeably higher demand, gross profit increased by CHF 42.1 million to CHF 188.4 million. The gross profit margin was up from 37 percent to 39.5 percent. This positive development of the margin is primarily attributable to the Group's changed product mix, i.e. a higher share of customized solutions and special parts and a lower share of standard parts. The Group's optimized logistics and farsighted procurement policy also impacted favorably on gross profit.

Costs rose less strongly than sales

Operating costs without depreciation and amortization rose year on year by 12.8 percent to CHF 130.7 million – clearly less strongly than the 25 percent increase in sales. The savings programs implemented in the prior year and the targeted investments in productivity were very effective. Personnel expenses rose more steeply than other costs, primarily because short-time work was suspended, salaries and wages were adjusted upwards and higher variable compensation was paid. The number of employees worldwide rose by 5.3 percent to 1,478.

Noticeably higher profitability in all the Group's markets

Operating profit (EBIT) rose from CHF 18.8 million to CHF 47.3 million, in other words it more than doubled. The EBIT margin climbed to a record high of 10.3 percent. All business units contributed to this positive result. America and Asia, in particular, made the most of their earning power in the reporting year.

Financial expenses halved

Financial expenses fell year on year from CHF 2.2 million to CHF 1.1 million. Thanks to stringent inventory and receivables management, net working capital rose less strongly than sales. This impacted positively on the free cash flow, so that fewer bank loans had to be taken up. Additionally, the very low interest rates favored the result.

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Best result for the year in the Company's history

Compared to the prior year, consolidated net income tripled, rising from CHF 15.3 million to CHF 44.9 million. David Dean summed up the situation as follows: "This is the best result by far in our company's history, and reflects our high performance level across all the regions where we operate and our focus on business areas with high value added."

Looking to the future from a very healthy base

Despite high sales growth total assets only rose by CHF 8.2 million to CHF 292.7 million. This is primarily attributable to a lower increase in net working capital – particularly inventories – compared to sales growth. The equity ratio rose from 56.9 percent to 61.3 percent, which strengthened Bossard Group's capital structure even further.

Compared to 2009, return on equity was up from 9.5 percent to 26.3 percent. The return on capital employed increased by 15.6 percentage points to 23.1 percent. Both of these ratios reached record levels.

Low net debt and high cash flow

The record result impacted positively on both the cash flow and the net debt. Compared to the prior year, the latter was cut by a further CHF 12.9 million to CHF 25.7 million.

Despite strong growth, a free cash flow of CHF 22.5 million was reached, which further improved the already very healthy financial situation of the Group.

Higher Dividend

Thanks to the sustainable results and the robust equity base, the board of directors will propose to the annual general meeting an increase of the dividend payout ratio from 30 percent to 40 percent of the consolidated net income. The dividend of CHF 6.00 per share is four times that of the prior year.

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Confident with regard to 2011

A year of recovery tends to be followed by a year of consolidation. And that usually means only moderate growth. Despite this we are optimistic about the current business year. We know that we are well positioned in our markets and that we can attract a substantial share of the growing demand. Conversely, we regard the continuing volatile currencies and the related price increases on the procurement markets as risks. They are a challenge – especially in our home market, because our customers there are strongly dependent on exports and thus a strong Swiss franc put them under considerable pressure.

Overall, however, we look to the future with confidence, because the forecasts made by our customers and the market indicators relevant for our operations point to continuing growth of the world economy. We want to exploit this positive market environment and have set ourselves a double-digit sales growth target in local currencies.

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Profile:
Bossard is a fastening technology and logistics company operating globally. Its full-service package focuses on fasteners and includes worldwide sales, technical and engineering support, and inventory management. Its customer base is made up of local and multinational industrial companies. The Group has 1,500 employees in more than 50 locations worldwide and reported sales of 478 million Swiss francs in the year 2010. Bossard is listed on the SIX Swiss Exchange.

BOSSARD

Key Figures

In CHF 1,000	2010	+/- in %	2009	2008	2007	2006
Gross sales	477,609	*20.9%*	395,109	565,701	600,821	559,541
Net sales	458,724	*20.8%*	379,861	542,843	578,256	536,830
EBIT	47,266	*151.2%*	18,813	45,121	41,164	22,687
in % of net sales	10.3		5.0	8.3	7.1	4.2
Net income	44,928	*193.7%*	15,298	32,382	30,548	12,205
in % of net sales	9.8		4.0	6.0	5.3	2.3
Cash flow 1)	55,413	*105.4%*	26,972	44,238	43,277	24,333
Capital expenditures	8,367	*74.0%*	4,810	11,830	10,687	12,799
Net debt	25,747	*-33.4%*	38,640	98,577	112,330	113,620
Shareholders' equity	179,354	*10.7%*	162,015	159,727	151,399	128,387
in % of total assets	61.3		56.9	45.6	40.8	36.3
Total assets	292,743	*2.9%*	284,507	350,358	370,819	353,754
Number of employees at year end	1,478	*5.3%*	1,403	1,600	1,773	1,818

1) Net income + depreciation and amortization

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