

Press Release

Bossard Group Results for 2011

Profitable growth continued

In the 2011 business year Bossard Group again stayed on course for growth. Currency adjusted sales rose by 9 percent and operating profit reached a new record high. Expressed in local currencies, consolidated net income was the highest in the company's history. This growth was generated in all the Group's sales regions. Thus despite a noticeably adverse market environment the good results for the prior year were patently confirmed.

With total sales of CHF 473.5 million, Bossard Group achieved purely organic growth of 9 percent in local currencies. Although the level of growth varied, all three Group sales regions – Europe, America, and Asia – contributed positively. In the first six months all three regions reported double-digit sales growth. However, given the uncertainties on the market, demand lost momentum in the second half of the year particularly in Europe and Asia.

Europe entirely positive

Sales in Europe amounted to CHF 268.1 million, an increase in local currencies of 8.3 percent. France and Denmark both reported double-digit growth. Moreover, there was solid growth in Switzerland despite the ongoing foreign exchange turbulences. Thus the Group further strengthened its position in these three major markets.

America with the highest sales growth

The American market reported the strongest growth with sales of CHF 124.6 million or, currency adjusted, an increase of 13.7 percent.

In contrast to our European or Asian markets, the strong growth in America continued in the second half of the year. Business with new customers developed particularly well.

Asia more restrained in the second semester

Sales in Asia amounted to CHF 80.8 million. After double-digit growth in the first six months, demand weakened in the second half of the year. Overall, sales were up 4.6 percent in local currencies.

Gross profit almost unchanged

Gross profit fell marginally to CHF 185.6 million and the corresponding margin fell very slightly from 39.5 percent to 39.2 percent. The extremely volatile foreign exchange situation as well as the increase in the cost of raw materials at the beginning of the year – which could not be passed on fully to the customers – impacted on the margin. This was partially balanced out through focusing on special parts and customer specific products.

Less than proportional increase in operating expenses

Compared to the prior year, operating expenses before depreciation and amortization decreased by 4 percent to CHF 125.5 million; currency adjusted, however, they were up 4.5 percent. This is primarily attributable to the increase in the number of employees resulting from greater business volume together with a strategy of enhancing the Group's marketing efforts and investments in engineering. Overall, costs rose less than proportionally to sales, which made it possible to compensate for the lower gross profit via costs.

Highest ever operating profit

The currency-adjusted operating profit rose in 2011 by 14.6 percent to CHF 50.3 million, the highest operating result in the company's history. The EBIT margin also reached a record level at 11.0 percent (2010: 10.3 percent). Once again, all the sales regions contributed to this pleasing result.

Foreign exchange effects lead to higher financial expense

Compared to the prior year financial expense rose by CHF 1.0 million to CHF 2.1 million. This increase is primarily attributable to foreign exchange effects. Conversely, the very low interest rates impacted positively on the financial result.

A further record result

With CHF 44.8 million consolidated net income reached the record level of 2010. However, currency adjusted it was 5.2 percent higher: the best result in the company's history. Although financial expense and taxes rose, the return on sales of 9.8 percent was still at the prior year's level.

Above average return on capital

Total assets rose from CHF 292.7 million in the prior year to CHF 331.0 million. The increase is attributable to higher investment volume and net working capital, particularly inventories. Despite this the equity ratio was up from 61.3 percent to 62.3 percent, which strengthens the Group's capital base even further.

The return on equity was 23.2 percent, the return on capital employed 21.2 percent. Both of these ratios were clearly above the long-term target of 12 percent and 15 percent respectively, and also noticeably above the average for this sector of industry.

Healthy base for further market growth

In spite of the higher investment volume and net working capital, the free cash flow reached CHF 13.1 million. With this positive cash flow, the net debt rose only marginally from CHF 25.7 million to CHF 29.6 million. Given its unused credit lines and high equity ratio, Bossard Group is ideally equipped to invest in further market growth.

Unchanged dividend

In view of this excellent result for the year the board of directors will propose to the annual meeting of shareholders that an unchanged dividend of CHF 6 will be paid. At the current share price, this corresponds to a dividend yield of around 4.8 percent.

Cautiously optimistic outlook

For the current 2012 business year Bossard Group basically expects lower demand because of worldwide uncertainties which will hardly be resolved in the short term. However, in view of a well filled pipeline for the Group's new customers and despite a challenging environment, the Group anticipates gratifying growth. Should the sales targets be reached, they will be accompanied by a positive development of earnings.

Key Figures

In CHF 1,000	2011	+/- in % ²⁾	+/- in % ³⁾	+/- in % ³⁾	2010	2009
Gross sales	473,484	9.0%	-0.9%	477,609	395,109	565,701
Net sales	457,717	9.7%	-0.2%	458,724	379,861	542,843
EBIT	50,260	14.6%	6.3%	47,266	18,813	45,121
in % of net sales	11.0			10.3	5.0	8.3
Net income	44,813	5.2%	-0.3%	44,928	15,298	32,382
in % of net sales	9.8		0.0%	9.8	4.0	6.0
Cash flow 1)	54,649		-1.4%	55,413	26,972	44,238
Capital expenditures	19,986		138.9%	8,367	4,810	11,830
Net debt	29,607		15.0%	25,747	38,640	98,577
Shareholders' equity	206,240		15.0%	179,354	162,015	159,727
in % of total assets	62.3		0.0%	61.3	56.9	45.6
Total assets	331,031		13.1%	292,743	284,507	350,358
Number of employees at year end	1,585		7.2%	1,478	1,403	1,600

1) Net income + depreciation and amortization

2) On a currency-adjusted basis

3) Actual

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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 1,600 people in over 50 locations around the world, the Group generated CHF 474 million in sales in 2011. Bossard is listed on the SIX Swiss Exchange.