

ANNUAL REPORT 2014

Bobst Group SA

KEY FIGURES

In million CHF	2010		2011 (restated)		2012 (restated)		2013 (restated)		2014			
Assets	Non-current assets		645.8	39%	742.2	43%	558.9	37%	571.1	37%	524.6	32%
	Current assets		997.6	61%	975.4	57%	966.8	63%	955.9	63%	1 098.6	68%
			1 643.4	100%	1 717.6	100%	1 525.7	100%	1 527.0	100%	1 623.2	100%
Liabilities	Equity		577.7	35%	557.1	32%	410.1	27%	508.1	33%	454.8	28%
	Non-current liabilities		508.2	31%	680.9	40%	600.8	39%	407.7	27%	482.1	30%
	Current liabilities		557.5	34%	479.6	28%	514.8	34%	611.2	40%	686.3	42%
			1 643.4	100%	1 717.6	100%	1 525.7	100%	1 527.0	100%	1 623.2	100%
Net cash/Net debt			-163.3		-256.2		-190.4		-109.0		-17.7	
Sales			1 280.2		1 270.3		1 263.7		1 353.9		1 300.0	
Operating result (EBIT)			61.3		27.5		19.0		60.3		81.7	
As % of sales			4.8%		2.2%		1.5%		4.5%		6.3%	
Net result			49.3		2.5		-5.0		27.7		53.0	
As % of sales			3.9%		0.2%		-0.4%		2.0%		4.1%	
As % of equity			8.5%		0.4%		-1.2%		5.5%		11.7%	
Capital expenditure (CAPEX)			56.8		87.6		62.5		29.5		27.1	
Return on capital employed (ROCE)			n/a		n/a		2.5%		8.6%		12.6%	
Share income												
Share price at the end of the year			43.0		23.3		26.1		30.3		38.4	
Market capitalization			765.8		415.0		464.8		538.8		634.3	
EPS (16 518 478 shares)			2.98		0.03		-0.43		1.58		3.06	
Price-earnings ratio			14.4		776.7		-60.7		19.1		12.5	
Dividend paid:												
– total, in million CHF			0.0		0.0		0.0		13.4		20.6	
– payout ratio			0.0%		0.0%		0.0%		48.4%		38.9%	
– dividend yield			0.0%		0.0%		0.0%		2.5%		3.3%	
Headcount			5 121		5 343		5 124		4 929		4 841	
% change compared to previous year			-6.7%		4.3%		-4.1%		-3.8%		-1.8%	

MID- TO LONG-TERM FINANCIAL TARGETS

Sales (in billion CHF)	1.4 – 1.5
Operating result (EBIT)	min. 8%
Return on capital employed (ROCE)	min. 15%
Payout ratio	30 – 50%
Equity ratio*	40 – 45%

* Excluding impact of IAS 19R.

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ANNUAL REPORT 2014

Bobst Group SA

DEAR SHAREHOLDERS

“125 YEARS OF PASSION FOR PEOPLE AND FOR TECHNICAL INNOVATION”

Bobst Group and its environment

In 2014, the global economy remained positive overall, but with large shifts in growth rates impacting the investment potential of many economies. Political instability in countries such as Ukraine, Syria, and Egypt, as well as currency fluctuations, has impinged on business dynamics. In Asia, the Chinese growth rate is lower than expected, while India has started to regain confidence after the last elections. North America is progressing strongly, yet South America remains subdued. In this challenging context, the resilience of the packaging industry represents a key element in the capacity of the Group to reach the ambitious objectives set for the year. Due to Amazon, eBay, Zalando, and others, e-commerce is contributing to a bright, strong future for packaging.

Value creation

Bobst Group has set a clear mid-term target for value creation of a minimum 8% EBIT and 15% ROCE. With the excellent performance of 2014 reaching 6.3% EBIT level, we were one year ahead of the average yearly improvement needed to get to the 8% mid-term. The decision of the Swiss National Bank on January 15, 2015 to discontinue the EUR/CHF 1.20 minimum floor introduced in 2011 will change the landscape for the Swiss export industry.

The Swiss-based operations, and translation effects, have a large impact on the Group's EBIT. In light of this, value creation becomes more difficult to achieve and our mid-term objective will have to be adjusted, while maintaining our market and product strategies.

Group Strategy

We will continue to generate profitable growth by deploying our Group strategy based on the four pillars of effective organization, operational excellence, people and growth. We express the company values through the words “People – Knowledge and Values”, emphasizing behaviors, innovations and customer satisfaction.

Turnover

Consolidated sales for the full year 2014 amounted to CHF 1.3 billion, a decrease of CHF 54 million, or 4%, compared with 2013. The operating profit was CHF 81.7 million. As a share of the total turnover, the geographical distribution shows that the biggest increase occurred in Europe, with 46.3%, while Asia/Oceania was disappointing with 21.7%.

This was mainly due to important one-time sales in Indonesia recorded in 2013 and to a general slowdown of machines imported into China in 2014. The Americas gained slightly with a 29.2% share, while Africa recorded 2.8%.

Sales in the second half of the year were again higher than in the first semester. Sales of Sheet-fed products remained stable compared to the previous year, with strong activity in flat-bed die-cutters, flexo presses and folder-glueers for corrugated board compensating for the reduced demand for products in the folding carton industry.

The Business Unit Web-fed suffered in 2014, with sales down 15.8% due to lower activity in tobacco markets and in special machines for film applications. Consolidation among customers, new regulations and e-cigarettes might impact our activities in tobacco in the near future.

Sales of services and spare parts have been negatively impacted by exchange rate effects.

Our consolidated net result for 2014 of CHF 53 million represents an increase of CHF 25.3 million (91%) compared to 2013.

The Board of Directors proposes a dividend for 2014 amounting to CHF 1.25 per share, which represents an increase of CHF 0.50 per share (67%) compared to CHF 0.75 per share in 2013.

Innovation is our company's DNA

Innovation is decisive for our future. As such we have launched or will be launching more than eight new models between Q1 2014 and Q2 2015:

In Folding Carton, the NOVACUT 106 ER Autoplaten® with in-line blanking offers easy automation of carton die-cutting, the SP 92 FCH & 106 FCH directly address the needs of the Chinese foiling market, and the LILA II range of folder-glueers brings added flexibility to packaging manufacture.

For Corrugated Board, in growing markets, the NOVAFLUTE allows users to enter the high quality litho-laminating business and the FFG 8.20 DISCOVERY produces a very wide range of boxes. The EXPERTFOLD 145/165 gives users true control over their corrugated board folding and gluing operations.

For Flexible Materials, the RS 3.0 delivers high quality and efficiency in gravure printing onto film, while the RS 5002 is a compact machine delivering good performance for users not requiring high levels of automation.

Some entities of the Group developed specific continuous improvement programs which are the result of a great multicultural team spirit and ultimately tend to increase customer satisfaction and profitability.

Board of Directors re-election/election

At the forthcoming Annual General Meeting of Shareholders on April 29, 2015, the mandates of all members of the Board of Directors will come to an end. Alain Guttman, Thierry de Kalbermatten, Michael W.O. Garrett, Ulf Berg and Jürgen Brandt will be proposed for re-election for a new period of one year. Prof. Dr. Gian-Luca Bona, CEO of Empa, will be proposed as a new member of the Board. His profile and experience will bring the company important added value in the field of new technologies, especially in the digital world.

Outlook for 2015

Since December 2014, falling oil prices have been acting as a stimulus for consumption in the mature economies, while increasing risks in the emerging ones, particularly Russia and Brazil, with a possible domino effect on the world economy.

In Europe this situation is forcing the European Central Bank to put into place quantitative easing and the European authorities to make structural reforms. Thus economic recovery is very unlikely in the coming months, with growth expected to be around 0.8% in 2015.

In the United States, growth should reach a yearly average of 3% in 2015.

China is witnessing the first diminution of its key rate since 2012. The estimated 7% Chinese growth for 2015 is relative, as it remains in the context of gradual structural slowdown.

In 2015, Bobst Group will focus its strategy on innovation and product launches. We will dedicate core resources and energy to keeping our technological lead and enhancing customer satisfaction – which is one of our main priorities.

Our customers acknowledge our commitment to development and higher throughput.

On the Digital Packaging Solutions side, in 2015 we will be installing prototypes for digital printing at corrugated board sites.

The Business Unit Services has started a transformation program spanning the next two years to align every technology and process worldwide.

As bookings were good in the last months of 2014, the Group started 2015 with a higher backlog of orders than the year before, and we assume that our customers' positive investment mood will continue for the first months of 2015. The Group therefore anticipates a good utilization of production capacities for at least the first semester.

However, a significant negative impact comes from the decision of the Swiss National Bank to discontinue the minimum exchange rate of CHF 1.20 per Euro.

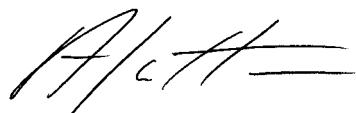
Vision leading to values

The vision of the company should be something powerful enough to encourage employees and to foster personal commitment. It should contribute to the building of foundations for the next generation and be the driving factor behind success – providing that everyone in the company adheres to it. To build and personify this vision, we need strong, passionate collaborators and leaders who:

- Understand that customers are essential to our livelihood;
- Contribute to value creation, both human and financial, to foster mutual success;
- Create an environment where it is enjoyable to live and work.

We want to thank all our employees for their professionalism and involvement, as well as their determination to ensure the company's success.

Our appreciation also goes to our shareholders, customers, banks, and financial partners, who have supported us steadfastly over the long term. We will strive to deserve their confidence by further strengthening Bobst Group's role as a leading player in the packaging industry.



Alain Guttman
Chairman of the Board



Jean-Pascal Bobst
Chief Executive Officer

CORPORATE GOVERNANCE

The amendments to the Articles of Association of Bobst Group SA necessary pursuant to the Federal Ordinance against Excessive Compensation (OaEC) will be tabled for the Annual General Meeting on 29 April 2015. References to the amended Articles of Association will figure, where required, in the Corporate Governance chapter of the Annual report 2015.

The information in this chapter follows the sequence in the Annex to the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange.

GROUP STRUCTURE AND SHAREHOLDERS

Group structure

Bobst Group, supplier of equipment and services for printing, coating & laminating, cutting, folding, and gluing, as well as other processes linked to the manufacturing of packaging, is organized by technical processes in three Business Units (BU):

- BU Sheet-fed: combines the product lines for the folding carton and corrugated board industries.
- BU Web-fed: combines the product lines for the flexible materials industry and the Web-fed Solutions product line for the folding carton industry.
- BU Services: with a worldwide network of service centers, provides spare parts and services to customers in the packaging industries and offers a full range of solutions allowing them to get the most from their equipment.

The sales organization is dedicated by industries – folding carton, corrugated board and flexible materials – and aligned with the activities of customers.

Bobst Group SA, based in Mex, Switzerland, is the holding company listed on the SIX Swiss Exchange and owns a number of non-listed companies as shown on page 74.

SIX SWISS EXCHANGE: BOBNN or 1268465 – ISIN: CH0012684657 – SIX TELEKURS: BOBNN,4 or 1268465,4 – BLOOMBERG: BOBNN SW press equity press enter – REUTERS: BOBNN.S. Market capitalization of Bobst Group SA CHF 634 million as at 31 December 2014.

BOARD OF DIRECTORS

Alain Guttman

Chairman.
1958, Swiss national.

MScE, University of Lausanne (HEC).

Since 2005
Managing partner of CapDconsulting.

2000 – 2004
Founder of SFF Financial Services, and manager of a private equity fund.

1996 – 2000
Ernst & Young Consulting: Executive Vice President Central Europe and CEO for Switzerland.

1986 – 1996
Director and partner of ICME management consulting Lausanne and Paris.

1983 – 1986
Marketing brand manager for Jacobs Suchard.

Other Board Memberships: JBF Finance, Origins Holdings, Nextway, Voxia communication, Biokema, Wider. Member of various boards within the Bobst Group organization.

Thierry de Kalbermatten

Vice Chairman.
1954, Swiss national.

BA, University of Lausanne (HEC). MBA, IMD Lausanne, Switzerland.

1994 – 2005
Member of Bobst Group Executive Committee.

1990 – 1994
Head of Logistics Department at Bobst SA.

1986 – 1990
Marketing Manager at Bobst Group Inc., Roseland, USA.

1984 – 1986
Rolex SA, Geneva, Switzerland.

1980 – 1982
UBS, Lausanne and Zurich, Switzerland.

Other Board Memberships: JBF Finance SA, Vice Chairman.

Michael W.O. Garrett

1942, British and Australian national.

Graduate of IMD Business School Lausanne.

1961 – 2005
Nestlé: Market Head Australia and Japan and Executive Vice President, responsible for Zone Asia-Oceania-Africa & Middle East.

Other Board Memberships: Nestlé India, Hasbro Inc. USA and Gottex Fund Management Holdings Limited in Guernsey.

Bruno de Kalbermatten

Honorary Chairman.

Ulf Berg

1950, Swiss national.

Diploma and PhD
Mechanical Engineering,
Technical University
of Denmark.

Partner of BLR & Partners
AG, Thalwil, Switzerland.

2004 – 2009
CEO and subsequently
Chairman of Sulzer Ltd,
Switzerland.

2003 – 2004
CEO of SIG Beverages Int.
Ltd, a division of SIG AG,
Switzerland.

1999 – 2001
CEO of Carlo Gavazzi Holding
Ltd, Zug, Switzerland.

Other Board Memberships:
EMS Chemie Holding SA
Switzerland, Synagro Ltd
Baltimore, USA, EEW
Energy from Waste GmbH,
Helmstedt, Germany, Stellba
AG, Dottikon, Switzerland,
Greater Zurich Area AG,
Zurich, Switzerland,
AM-Tec Kredit AG, Zurich,
Switzerland, Member of
the Executive Committee
of Swissmem.

Jürgen Brandt

1956, German national.

Bachelor of Science in
Economic Engineering (Dipl.
Wirtschafts-Ingenieur),
Esslingen, Germany.

2015
Owner of Brandt
International Consulting
GmbH, Switzerland.

2010 – 2014
CFO of Sulzer Ltd,
Winterthur, Switzerland.

2007 – 2010
CFO and Member of the
Management Board,
Austrian Energy &
Environment Group GmbH,
Austria.

2006 – 2007
CFO of Von Roll Inova AG,
Zurich, Switzerland.

2006
CFO of Power Group Europe,
Foster Wheeler, Finland.

2005 – 2006
CFO of Sylvania Lighting
International Ltd, Germany.

1999 – 2004
Senior Vice President
Finance Power and
Environment Division, Alstom
Power, France.

1997 – 1999
CFO of Alstom Boilers GmbH,
Germany.

Significant shareholders

Refer to the statutory accounts, page 83.

Cross-shareholdings

There are no cross-shareholdings with other companies.

CAPITAL STRUCTURE

The share capital of Bobst Group SA is structured in registered shares of CHF 1.–.

See Articles of Association under <http://investors.bobst.com/documents>.

Capital

The amount of the ordinary share capital is CHF 16 518 478.–.

The ordinary share capital is divided into 16 518 478 registered shares.

Authorized and conditional capital/Shares and participation certificates/

Dividend-right certificates

There is no authorized and conditional capital, and there are no participation certificates, nor profit sharing certificates.

Changes in capital within the last three years

See notes to the statutory accounts, page 83.

Limitations on transferability and nominee registrations

There are no limitations on the transferability of the shares. Nominees are registered pursuant to Article 11 of the Articles of Association.

(<http://investors.bobst.com/documents>).

No nominee will be registered with voting rights for more than five percent of the shares issued. The Board may grant an exception to the five percent limit. No such exception has been granted in the year under review.

Convertible bonds and warrants/options

There are no convertible bonds or warrants/options.

BOARD OF DIRECTORS

Members of the Board of Directors/Other activities and vested interest

This information is available on pages 8–9 under the individual CV’s of the Board members. The members of the Board are all non-executive and none of them has operational management tasks for Bobst Group SA, or for any subsidiary. None of the members of the Board has been a member of the management of Bobst Group SA, or of any subsidiary, for the last three years.

Mr. Alain Guttman was mandated as support for various mergers and acquisitions projects. Refer to the Remuneration report, Part B, page 94. No other member of the Board has significant business connections with Bobst Group SA or any subsidiary.

Elections and terms of office (see table below)

With the entry into force on 1 January 2014 of the Federal Ordinance against Excessive Compensation in listed companies, the members of the Board are elected or re-elected for periods of one year.

Members of the Board	Since	To be re-elected
Alain Guttman, Chairman	2009	2015
Thierry de Kalbermatten, Vice Chairman ²⁾	2005	2015
Michael W.O. Garrett ¹⁾	2005	2015
Ulf Berg ⁴⁾	2006	2015
Jürgen Brandt ³⁾	2013	2015

¹⁾ Chairman of the Remuneration and Nomination Committee.

²⁾ Member of the Remuneration and Nomination Committee.

³⁾ Chairman of the Audit Committee.

⁴⁾ Member of the Audit Committee.

Internal organizational structure

The **Board** has a Chairman and a Vice Chairman; it also has a Secretary who is not a member of the Board.

The Board meets at least five times per year in order to deal with the items on the agenda prepared by the Chairman. In 2014, the Board met six times – one meeting of a day and a half, one full day meeting and four half-day meetings. Four meetings were attended by all Board members, two meetings were attended by four out of five Board members. Members of the Group Executive Committee were present at all meetings.

For each meeting Board members receive the necessary documents in advance. The Board meetings are usually held at the head office of Bobst Group SA but, occasionally, the Board convenes at the site of one of the Group companies, or at any other business related location. While, from time to time, the Board meets with only its members present, as a rule the members of the Group Executive Committee are present and inform the Board about the activity in their respective area of responsibility.

The **Remuneration and Nomination Committee** is composed of members elected by the General Assembly and assumes the functions defined in the Remuneration and Nomination Committee Charter (<http://investors.bobst.com/documents>).

The Remuneration and Nomination Committee meets at least twice a year. In 2014, its members met for three half-day meetings. All meetings were attended by all Committee members, with the Chairman of the Board, the Chief Executive Officer and the Head of Group HR, who acted as Secretary of the Committee, present.

The **Audit Committee** is composed of Board members designated by the Board and assumes the functions defined in the Audit Committee Charter under <http://investors.bobst.com/documents>.

In 2014, one full-day meeting and two half-day meetings were attended by all Audit Committee members. The Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, and the Head of Legal and Compliance, attended all meetings. The lead external auditor also attended all meetings.

Definition of areas of responsibility

Pursuant to the Organization Regulations of the Company (<http://investors.bobst.com/documents>), the Board delegates the management of the Company and the Group to the CEO who chairs the Group Executive Committee.

The Board retains the attributions which are expressly conferred to it by law or the Articles of Association (<http://investors.bobst.com/documents>), and the attributions which cannot be delegated pursuant to Article 716a of the Swiss “Code des Obligations”.

In addition, pursuant to the Organization Regulations of the Board (<http://investors.bobst.com/documents>), the Board retains certain key competencies, in particular: the competence to determine the strategy and the goals of the Company and of the Bobst Group, and to determine the financial strategy; the competence to approve the annual budget of the Company and the consolidated budget of the Group; the competence to approve the procurement of credit by the Company or any of its majority-owned affiliates if the amount exceeds CHF 30 million or if the total of credit procurement per financial year exceeds CHF 50 million, or if such approval is a condition by the creditor; the competence to supervise the execution by the CEO of the management duties delegated to him; the competence to verify the Internal Control System and the Risk Evaluation Process; and the competence to supervise the application of corporate governance principles in the Group.

The competencies of the Chief Executive Officer are defined in the Organization Regulations of the Company (<http://investors.bobst.com/documents>).

The Group Executive Committee (GEC) consists of:

- the Chief Executive Officer (CEO);
- the Chief Financial Officer (CFO);
- the managers of the Business Units.

Its competencies are defined in the Organization Regulations of the Company (<http://investors.bobst.com/documents>).

Information and control instruments vis-à-vis the Group Executive Committee

The Board receives a monthly report which presents the business activity and the treasury situation, as well as the evolution of the key items of the balance sheet. On a quarterly basis a detailed report compares the actual figures with the budget and forecast. In July the medium term business plan is reviewed in detail. In December, the budget of the Group is presented for approval. The Group has internal control procedures which are regularly analyzed by the external auditors.

The internal audit function provides separate evaluations of the effectiveness and efficiency of the internal control systems at the level of the Group companies. On the basis of these evaluations, recommendations for improvement are formulated. Resources for this function are organized by project with multidisciplinary teams created in relation to the type of engagement. When needed, external resources are involved. The chief audit executive establishes an annual engagement plan to determine the priorities of the internal audit activity, along with the companies to be analyzed. The plan is submitted to the Audit Committee for approval. Audit results are discussed with the management of the companies concerned, who have to define deadlines and actions for the implementation of the recommendations. The chief audit executive regularly reports to the Audit Committee on performance relative to the initial audit plan, as well as any significant risk exposures and control issues.

The Group has defined and set up a risks and opportunities management system which is a systematic procedure for identifying and assessing risks and opportunities and for implementing appropriate risk control mechanisms. It is designed to enhance risk transparency and risk awareness, and thereby to ensure that opportunities can be consistently utilized and risks controlled. It is focused on, and supports the achievement of, the mid- and long-term objectives of the Group. This exercise is carried out with the annual business plan review. The primary responsibility for risks and opportunities management is vested in the Business Units as part of their business responsibility.

Major risks and opportunities are supported by action plans to limit the risks and ensure opportunities are benefitted from. These action plans are followed and controlled periodically. Reports are prepared and made available to the Group Executive Committee and Board of Directors.

GROUP EXECUTIVE COMMITTEE

Members of senior management/Other activities and vested interest

This information is available on pages 14–15 under the individual CV's of the Group Executive Committee members.

Management contracts

There are no management contracts with legal entities or individuals outside the Bobst Group.

**GROUP EXECUTIVE
COMMITTEE**

Jean-Pascal Bobst

Chief Executive Officer
since 07.05.2009.
1965, Swiss national.

Mechanical engineer HES (University of Applied Sciences), INSEAD: Service for Executive and PED (Program for Executive Development).

Since 1994 with Bobst: various Management positions.

1991
Schindler Berlin, Production Eastern Europe.

Board Memberships:
Member of various boards within the Bobst Group organization.
JBF Finance SA, Member.
Foundation Aslane, Chairman. Foundation Lumière & Vie, Member.

Attilio Tissi

Chief Financial Officer
since 08.11.2011.
1968, Swiss and Italian national.

Lic. oec. HSG, University of St. Gallen.

Since 2008 with Bobst as Controller Group Supply Production and Logistics, Managing Director Bobst SA, and Chief Financial Officer ad interim from May until October 2011.

2002 – 2007
Associate of MCC Management Consulting & Coaching, Schaffhausen.

1998 – 2001
SIG Positec International AG, Neuhausen, successively as Head Mergers & Acquisitions, CFO.

1994 – 1997
Assistant to the Group CFO at SIG Holding AG, Neuhausen.

Board Memberships:
Member of various boards within the Bobst Group organization.

Philippe Milliet

Head of Business Unit Sheet-fed since 08.11.2011.
1963, Swiss national.

Pharmacy degree. MBA, University of Lausanne.

Since June 2011 with Bobst.

2004 – 2010
Head of Health Division at Galenica Holding Ltd, Bern.
Member of the Corporate Executive Committee.

2002 – 2003
Chief Executive Officer of Unicable Ltd, Lausanne.

1996 – 2001
Chief Executive Officer of Galexis Ltd, Schönbühl.
Member of the Executive Management Group of Galenica Holding Ltd, Bern.

1992 – 1996
Associate, Engagement Manager at McKinsey & Company, Inc., Geneva.

Board Memberships:
Member of various boards within the Bobst Group organization. Swiss Post, Bern, Member.

Erik Bothorel

Head of Business Unit
Web-fed since 01.01.2010.
1962, French national.

Master degree in mechanical engineering, Saint-Etienne National School, France. University third cycle in Automation and Artificial Intelligence, IIRIAM, France.

Since 2004 with Bobst successively as Managing Director and Head of gravure product line at Rotomec SpA then Bobst Group Italia SpA.

2001 – 2003
Barbieri & Tarozzi, Italy, Group General Manager.

1998 – 2001
SASIB, Italy, General and Business Unit Manager.

1987 – 1998
Jobs, France and Italy, successively Sales Manager, General Manager.

Board Memberships:
Member of various boards within the Bobst Group organization.

Stephan März

Head of Business Unit
Services since 01.04.2011.
1971, German national.

Mechanical engineer, Technical University, Munich (TUM). Business administration studies (TUM).

Since April 2011 with Bobst.

2006 – 2011
GF Agie Charmilles Group, Switzerland, successively as Head of Business Development, Head of Customer Services, Group Management Member.

2004 – 2005
Georg Fischer AG, Switzerland, Head of Strategic Projects.

1997 – 2004
Roland Berger Strategy Consultants, Germany, Senior Project Manager.

Board Memberships:
Member of various boards within the Bobst Group organization.

COMPENSATION, SHAREHOLDINGS AND LOANS

Compensation and Shareholding Programs

See separate Remuneration Report 2014, Part A, pages 90 to 92.

Performance related Pay

See separate Remuneration Report 2014, Part A, page 92 and Part B, page 93.

Loans, credits, post-employment benefits

See separate Remuneration Report 2014, Part A, page 92 and Part B, page 94.

Vote on Remuneration by the General Assembly

Pursuant to OaEC, Article 31, subparagraph 3, the Board of Directors will submit to the Annual General Meeting of Shareholders on 29 April 2015 the following proposals for adoption:

- The total amount of remuneration available for the members of the Board of Directors for the period from the Annual General Meeting of Shareholders held in 2015 through the Annual General Meeting of Shareholders to be held in 2016;
- The total amount of remuneration available for the members of the Group Executive Committee for the calendar year 2016.

SHAREHOLDERS' PARTICIPATION

Voting rights restrictions and representation

Only shareholders registered with voting rights and the Independent Representative elected by the General Assembly may represent shareholders in the General Meeting of Shareholders (see Articles of Association under <http://investors.bobst.com/documents>).

Instructions to Independent Representative

The invitation to the Annual General Meeting of Shareholders on 29 April 2015 indicates the procedure by which registered shareholders can give their voting instructions to the Independent Representative in electronic form. Shareholders may continue to provide voting instructions in writing.

Statutory quorums

The decisions by the General Meeting of Shareholders which require a qualified majority are mentioned in Article 22 of the Articles of Association (<http://investors.bobst.com/documents>).

Agenda

The Articles of Association (<http://investors.bobst.com/documents>) stipulate that requests for including items in the agenda of the General Meeting of Shareholders have to be made at least forty days prior to the date of the meeting.

Shareholders who represent shares with a total nominal value of one million Francs (CHF 1 000 000.–) can ask for the inclusion of an item on the agenda.

Inscriptions into the share register

The share register is closed for new registrations a few days prior to the date of the General Meeting of Shareholders.

CHANGES OF CONTROL AND DEFENSE MEASURES

Duty to make an offer

The Articles of Association (<http://investors.bobst.com/documents>) contain an opting-out clause: the obligation to present an offer to purchase all the listed securities of the Company (Article 32 of the Federal Act on Stock Exchanges and Securities of 24 March 1995), does not apply to the owners and purchasers of shares of the Company (Article 22 subparagraph 2 and Article 52 of the Act).

AUDITORS

Duration of the mandate and term of office of the lead auditor

Ernst & Young SA Lausanne, have acted as statutory auditors of the holding company since its incorporation in 2001 and as the auditors of the consolidated financial statements of Bobst Group since 1989. They also audit the Swiss affiliated companies.

The responsibility of the engagements is assumed by one head auditor. The current head auditor is in charge for the first time for the audit of the 2014 financial statements.

Pursuant to Article 730a of the Swiss “Code des Obligations”, a head auditor may be in charge of an audit for seven years at most.

For the affiliated companies abroad, functions of auditors are assumed mainly by Ernst & Young.

Auditing fees/Additional fees

Fees billed by Ernst & Young (worldwide) for the audit of the individual statements of Bobst Group SA and its subsidiaries, on the one hand, and for the audit of the consolidated financial statements on the other hand, for the year 2014, amounted to CHF 883 208.–.

For other professional services, additional fees billed by Ernst & Young (worldwide), for the same period, amounted to CHF 309 017.–, of which CHF 165 777.– was for tax advice and compliance, CHF 98 803.– for audit related services, CHF 42 095.– for transaction consulting, and CHF 2 342.– for other services.

Informational instruments pertaining to the external audit

In 2014 the external auditors met three times with the Audit Committee. The Management Letter of the external auditors is the basis for discussions on the annual financial statements.

Once a year, the Audit Committee reviews the performance, independence and remuneration (based on a benchmark) of the external auditors, and submits a proposal to the Board of Directors on which auditing company should be nominated for election at the General Meeting of Shareholders.

On an annual basis, the Audit Committee also reviews the scope of external auditing, approves the audit plan, and discusses the corresponding audit results with the external auditors.

INFORMATION POLICY

Bobst Group SA publishes:

an *annual report* in English, together with the financial statements as at 31 December, the consolidated financial statements, source and utilization of funds, notes to the consolidated financial statements, statutory accounts with notes, auditors' reports, a *remuneration report*, an *annual profile* in English, Chinese and French, and a *half-year report* in English. All these documents are available on the website (<http://investors.bobst.com/publications>), along with a *sustainable development report* in English and French (<http://investors.bobst.com/documents>).

Press releases, available on the same day on the website (<http://investors.bobst.com/publications>) – traditionally one at the beginning of the year announcing the consolidated Group turnover for the previous year and the outlook for the current year, one when publishing the annual report and the remuneration report, one when publishing the half-year report, and others as the need may occur pursuant to rules on ad hoc publicity.

Conferences for financial analysts and the media: one is held on the day of the publication of the annual financial statements, another takes place at the beginning of December.

Presentations are available on the same day on the website (<http://investors.bobst.com/publications>).

Annual General Meeting of Shareholders.

Teleconferences for financial analysts and the media, available next day on the website (<http://investors.bobst.com/publications>): one when publishing the press release at the beginning of the year announcing the Group consolidated turnover for the previous year and the outlook for the current year, another when publishing the half-year report and the related press release, and others as the need may occur.

Website links and contact

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www.bobst.com – to reach the site home page.

http://investors.bobst.com – to reach the investors pages directly and get the press releases and ad hoc publicity (*http://investors.bobst.com/adhocreleases*), the agenda of events (*http://investors.bobst.com/agenda*), the annual, remuneration, and half-year reports, the teleconferences and the presentations for financial analysts and the media (*http://investors.bobst.com/publications*), the Articles of Association of Bobst Group SA (*http://investors.bobst.com/documents*), the Organization Regulations of Bobst Group SA, the Remuneration and Nomination Committee Charter and the Audit Committee Charter.

http://investors.bobst.com/order – to subscribe and order financial information.

investors@bobst.com – to mail questions not addressed in the above documentation.

Disclosure of shareholdings

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FINANCIAL STATEMENTS

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Bobst Group is continuously developing the Group's financial reporting. The consolidated financial statements have been restructured in order to provide users with financial information which is more understandable and better structured to explain the performance and financial position of the Group. The notes have been grouped in 5 sections. Each section starts with an introduction which explains the purpose and content of that section. Accounting policies and accounting judgments and estimates applied to the preparation of the consolidated financial statements have been moved to the beginning of the note to which they relate in order to provide appropriate context.

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COMMENTS

SUMMARY

The Group started 2014 with a slightly lower backlog of orders than the year before. Order entries were low in the first months of the year 2014 and again in August and September. In between there were several good months and the Group recorded very good order entries in the last quarter of the year. For the full year 2014, consolidated sales decreased by CHF 54 million to CHF 1.3 billion.

Sales in the second half of 2014 reached CHF 740 million compared with CHF 560 million in the first six months of the year, and to CHF 791 million in the second semester 2013.

The profitability of the Group has significantly improved. Operating result (EBIT) reached CHF 81.7 million (CHF 60.3 million in 2013) and net result CHF 53.0 million (CHF 27.7 million in 2013). The strong operating result together with a further reduction in net working capital, resulted in a very good cash inflow from operating activities of CHF 129.4 million (CHF 83.2 million in 2013). This cash has been used mainly for the repayment of the bonds which matured in May 2014 and to increase the cash position in the year-end balance sheet. The return on capital employed (ROCE) reached 12.6% compared to 8.6% in 2013.

SALES

Consolidated sales for full-year 2014 amounted to CHF 1.3 billion, a decrease of CHF 54 million or 4.0% compared to 2013.

	In million CHF	In %
Decrease in volume	-45	-3.3
Exchange rate variance*	-9	-0.7
Decrease in sales	-54	-4.0

* Exchange rate impact due to conversion for consolidation only.

Sales of Sheet-fed products remained stable compared to the previous year at CHF 639 million. Demand for products for the corrugated equipment industry was strong and compensated a weaker demand for products for the folding carton industry. Sales of Web-fed products decreased by 15.8% and achieved CHF 283 million for the year 2014. The reduction is mainly due to lower demand for special machines and complex lines. Sales of Services and spare parts remained stable compared to the previous year at CHF 377 million.

The geographical distribution shows a 2% increase in sales in Europe. A significant improvement in some countries including Poland, Spain and Italy was partly eroded by lower sales in Russia, Romania, Germany and the UK. Sales in the Americas decreased by 3.3% compared to the excellent year 2013. Turnover in the US increased but other countries – in particular Mexico and Brazil – recorded lower sales than in 2013. Sales in Asia remained significantly below the previous year. This was mainly due to important one-time sales recorded in 2013 in Indonesia and a slow down in China.

	2014		2013		Variance in %
	In million CHF	In %	In million CHF	In %	
Europe	602	46.3	590	43.6	+2.0
Americas	380	29.2	393	29.0	-3.3
Asia & Oceania	282	21.7	330	24.4	-14.5
Africa	36	2.8	41	3.0	-12.2
Total	1 300	100.0	1 354	100.0	-4.0

OPERATING RESULT (EBIT)

The operating result in the reporting year amounted to CHF 81.7 million compared to an operating result of CHF 60.3 million in the previous year. This significant improvement was achieved due to the full year impact of the Group transformation measures and a very good utilization of the Groups industrial capacities which have been adapted to the demand.

COMMENTS

The Group's results for the reporting year were negatively influenced by transformation costs and one-time events. Restructuring and transformation costs of CHF 6.2 million were only partially compensated by government grants of CHF 4.3 million for on-job training.

	In million CHF
Group restructuring and transformation costs	-6.2
Governments grants	4.3
Net negative impact on Operating Result (EBIT)	-1.9
Calculated tax impact	0.7
Net negative impact on Net Result	-1.2

In comparison to the above net negative impact of CHF -1.9 million on operating result and of CHF -1.2 million on net result, the net impact of one-time events in 2013 amounted to CHF -12.3 million at the operating result level and to CHF -9.1 million at the net result level.

Without the transformation costs and the influence of one-time events, the underlying operating result increased from CHF 72.6 million in 2013 to an underlying operating result of CHF 83.6 million in 2014.

In million CHF	Business Unit Sheet-fed	Business Unit Web-fed	Business Unit Services	Other	Total
Published Operating Result (EBIT)	26.2	16.8	38.8	-0.1	81.7
Restructuring/one-time events	1.1	0.3	0.5	0.0	1.9
Underlying Operating Result (EBIT) 2014	27.3	17.1	39.3	-0.1	83.6
Underlying Operating Result (EBIT) 2013*	14.2	28.8	31.2	-1.6	72.6

* Restated.

NET RESULT

The net result reached CHF 53.0 million compared to CHF 27.7 million in 2013. The improvement of the net result comes from the better operating result but also from significantly higher results of associated companies, reduced financing cost and lower tax charges.

Excluding transformation costs and the influence of one-time events, the net result would have reached CHF 54.2 million in 2014 compared to CHF 36.8 million in the previous year.

The net result attributable to shareholders (CHF 50.5 million) represents an earning per registered share of CHF 3.06 (2013: CHF 1.58).

BALANCE SHEET

The strong operating results together with a further reduction in net working capital enabled the Group to reduce net debt from CHF 109.0 million in 2013 to CHF 17.7 million in 2014. The cash position increased by CHF 69.1 million to CHF 386.3 million (CHF 317.2 million in 2013).

SHAREHOLDERS' EQUITY

Despite the positive net result of the year the consolidated shareholders' equity decreased by CHF 66.5 million and amounts to 27.9% in relation to the total balance sheet for 2014 (33.6% in 2013). The reduction is mainly due to the impact of the reduced discount rates applied to the accounting of employee benefits as required by IAS 19R (CHF -91.3 million compared to a positive impact of CHF 73.4 million in 2013).

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting of Shareholders the payment of a dividend of CHF 1.25 per share (CHF 0.75 in 2013).

This proposal is in line with the Group's dividend policy which recommends a payout ratio between 30–50% of the net consolidated profit after tax.

CONSOLIDATED PROFIT AND LOSS

In million CHF	Notes	2014	2013
Sales	04	1 300.0	1 353.9
Other operating income	05	18.0	24.4
Raw materials and services	06	-761.3	-816.0
Personnel costs	07	-424.4	-440.3
Depreciation and amortization	12, 16	-38.2	-41.0
Other operating expenses	09	-12.4	-20.7
Operating result (EBIT)		81.7	60.3
Share of net result in associates	14	7.3	1.6
Interest expenses	10	-16.8	-22.5
Other financial expenses and income	10	-0.1	3.5
Result before income tax		72.1	42.9
Income tax	11	-19.1	-15.2
Net result		53.0	27.7
Attributable:			
To shareholders		50.5	26.2
To non-controlling interest		2.5	1.5
Earnings per registered share (in CHF)	28	3.06	1.58
Diluted earnings per registered share (in CHF)	28	3.06	1.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In million CHF	Notes	2014	2013
Net result		53.0	27.7
Other comprehensive income(loss) to be reclassified to profit and loss in subsequent periods:			
Currency translation differences		5.2	-2.8
Net gain(loss) on cash flow hedge reclassified to profit and loss	24	-3.1	-1.3
Net gain(loss) on cash flow hedges	24	-5.6	3.1
Income tax	11	3.5	-0.7
Total other comprehensive income(loss) to be reclassified to profit and loss in subsequent periods		0.0	-1.7
Other comprehensive income(loss) not to be reclassified to profit and loss in subsequent periods:			
Remeasured gains(losses) on defined benefit plans	23	-120.2	96.1
Income tax	11	28.9	-22.7
Total other comprehensive income(loss) not to be reclassified to profit and loss in subsequent periods		-91.3	73.4
Other comprehensive income(loss) for the period, net of tax		-91.3	71.7
Total comprehensive income(loss) for the period		-38.3	99.4
Attributable:			
To shareholders		-42.2	97.9
To non-controlling interest		3.9	1.5

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	Notes	31 December 2014	31 December 2013 (restated)	1 January 2013 (restated)
Intangible fixed assets	12	33.9	36.7	47.2
Goodwill	13	77.4	78.0	77.2
Tangible fixed assets	15, 16	294.4	303.4	319.5
Financial assets other		3.4	8.0	8.2
Investments in associates	14	63.0	58.3	56.4
Employee benefits	23	0.0	33.6	0.0
Receivables	17	6.8	7.4	9.9
Finance lease receivables	19	0.6	10.2	4.4
Prepaid expenses and accrued income		1.3	1.2	1.1
Deferred tax assets	11	43.8	34.3	35.0
Non-current assets		524.6	571.1	558.9
Inventories	21	319.9	313.7	317.7
Receivables	17	288.6	287.9	321.9
Finance lease receivables	19	6.3	7.5	8.3
Income tax receivables		11.9	9.9	5.9
Financial assets other		75.0	7.0	0.0
Prepaid expenses and accrued income		9.6	7.1	4.5
Derivative financial instruments	24	1.0	5.6	3.1
Cash and cash equivalents		386.3	317.2	305.4
Current assets		1 098.6	955.9	966.8
Total assets		1 623.2	1 527.0	1 525.7

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER

In million CHF	Notes	31 December 2014	31 December 2013 (restated)	1 January 2013 (restated)
Share capital		16.5	17.8	17.8
Reserves		385.5	463.0	398.4
Net result		50.5	26.2	-7.1
Shareholders' equity		452.5	507.0	409.1
Non-controlling interest		2.3	1.1	1.0
Equity		454.8	508.1	410.1
Borrowings	26	268.3	264.1	411.5
Provisions	22	13.8	3.9	5.3
Employee benefits	23	141.2	56.0	118.8
Trade and other payables		29.6	28.1	28.7
Accrued expenses and deferred income		0.0	0.1	0.1
Deferred tax liabilities	11, 15	29.2	55.5	36.4
Non-current liabilities		482.1	407.7	600.8
Borrowings	26	210.7	162.1	84.3
Provisions	22	43.7	53.3	35.4
Employee benefits	23	3.8	3.8	3.3
Trade and other payables		327.6	296.5	323.3
Accrued expenses and deferred income		72.0	84.3	50.6
Income tax payables		17.8	10.3	17.4
Derivative financial instruments	24	10.7	0.9	0.5
Current liabilities		686.3	611.2	514.8
Total liabilities and equity		1 623.2	1 527.0	1 525.7

CONSOLIDATED CASH FLOW STATEMENT

In million CHF		2014	2013
Net result		53.0	27.7
Elimination of income from associates		-7.3	-1.6
Elimination of income taxes		19.1	15.2
Elimination of depreciation, amortization, employee benefits and provisions		35.0	58.0
Elimination of the result on disposal of assets		-0.8	11.3
Elimination of interest expenses(income)		11.7	15.9
Elimination of derivative financial instruments results		5.4	-0.6
Changes in inventories		-2.4	2.5
Changes in receivables		13.6	-24.0
Changes in payables		17.6	6.3
Paid taxes		-15.5	-27.5
Cash flow from operating activities	Total A	129.4	83.2
Purchase of intangible assets		-6.2	-5.7
Purchase of tangible assets		-19.7	-23.6
Purchase of financial assets		-75.0	-18.6
Loans and advances made		-1.5	-1.0
Proceeds from sale of tangible assets		4.1	50.6
Proceeds from sale of financial assets		7.0	11.6
Loan repayments and advances received		4.5	0.7
Interest received		5.1	6.1
Dividends received		1.4	0.6
Cash flow from(used in) investing activities	Total B	-80.3	20.7
Proceeds from borrowings		211.9	13.9
Repayments of borrowings		-156.9	-78.9
Interest paid		-18.5	-23.7
Dividends paid to Group shareholders		-12.5	0.0
Dividends paid to non-controlling interest		-0.8	-0.9
Cash flow from(used in) financing activities	Total C	23.2	-89.6
Effects of exchange variances	Total D	-3.2	-2.5
Increase in cash and cash equivalents	A+B+C+D	69.1	11.8
Cash and cash equivalents at beginning of period		317.2	305.4
Cash and cash equivalents at end of period		386.3	317.2
Variance		69.1	11.8

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are easily and quickly convertible to a known amount of cash.

CHANGES IN CONSOLIDATED EQUITY

In million CHF	Share capital	Own shares	Hedge reserve	Translation reserve	Other reserves	Retained earnings	Total shareholders' equity	Non-controlling interest	Equity
Balance at 1 January 2013 (as previously reported)	17.8	-1.4	0.8	-84.9	0.2	488.2	420.7	1.0	421.7
Restatement (note 15)						-11.6	-11.6		-11.6
Balance at 1 January 2013 (restated)	17.8	-1.4	0.8	-84.9	0.2	476.6	409.1	1.0	410.1
Result for the period						26.2	26.2	1.5	27.7
Currency translation differences			-0.1	-2.7			-2.8		-2.8
Net gain(loss) on cash flow hedges reclassified to profit and loss during the year			-1.3				-1.3		-1.3
Net gain(loss) on cash flow hedges during the year			3.1				3.1		3.1
Actuarial gains(losses) on defined benefit plans						96.1	96.1		96.1
Income tax			-0.7			-22.7	-23.4		-23.4
Total comprehensive income(loss)	0.0	0.0	1.0	-2.7	0.0	99.6	97.9	1.5	99.4
Share-based payments							0.0		0.0
Dividends							0.0	-1.0	-1.0
Change in liability recognized on put option							0.0	-0.4	-0.4
Balance at 31 December 2013 (restated)	17.8	-1.4	1.8	-87.6	0.2	576.2	507.0	1.1	508.1
Balance at 1 January 2014	17.8	-1.4	1.8	-87.6	0.2	576.2	507.0	1.1	508.1
Result for the period						50.5	50.5	2.5	53.0
Currency translation differences			-0.2	4.0			3.8	1.4	5.2
Net gain(loss) on cash flow hedges reclassified to profit and loss during the year			-3.1				-3.1		-3.1
Net gain(loss) on cash flow hedges during the year			-5.6				-5.6		-5.6
Actuarial gains(losses) on defined benefit plans						-120.2	-120.2		-120.2
Income tax			3.5			28.9	32.4		32.4
Total comprehensive income(loss)	0.0	0.0	-5.4	4.0	0.0	-40.8	-42.2	3.9	-38.3
Share-based payments					0.2		0.2		0.2
Own shares cancellation	-1.3	1.4				-0.1	-0.0		-0.0
Dividends						-12.5	-12.5	-0.8	-13.3
Change in liability recognized on put option							0.0	-1.9	-1.9
Balance at 31 December 2014	16.5	0.0	-3.6	-83.6	0.4	522.8	452.5	2.3	454.8

At year end 2014, the number of issued shares is 16 518 478 (2013: 17 810 002) with a par value of CHF 1.00. The movement is linked to the capital decrease made by cancellation of own shares.

ACCOUNTING INFORMATION AND POLICIES

This section describes the basis of preparation of the consolidated financial statements and the Group's accounting policies that are applicable to the financial statements as a whole. Accounting policies, critical accounting estimates and judgements that are specific to a note are included in the note to which they relate. This section also explains new accounting standards, amendments and interpretations, that the Group has adopted in the current financial year or will adopt in subsequent years.

NOTE 1

GENERAL INFORMATION

Bobst Group SA, a company incorporated in Switzerland and having its main offices at 3, Route de Faraz, in Mex, Switzerland, is the holding company of the Bobst Group, worldwide leading supplier of equipment and services to packaging manufacturers in the folding carton, corrugated board and flexible materials industries.

NOTE 2

ACCOUNTING INFORMATION AND POLICIES

Accounting policies have been consistently applied to all years presented, unless other stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared on the historical cost basis, except for the financial instruments which are valued at fair value or amortized cost.

The net defined benefit (asset) liability is measured at the fair value of plan assets less the present value of the defined benefit obligation as explained in Note 23.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described in Note 24.

Changes in accounting policies and disclosures

The Group has adopted the following new standards and amendments to standards for the first time for the financial year beginning on or after 1 January 2014. The list is not exhaustive but only disclose the changes relevant to the Group.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to the consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group since none of the entities in the Group qualifies as an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and also clarify the criteria for the non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as it has not novated its derivatives during the current or prior periods.

ACCOUNTING INFORMATION AND POLICIES

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognized or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended 31 December 2013.

Levies – IFRIC 21

IFRIC 21 provides guidance on accounting for a liability to pay levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

The interpretation clarifies that an entity should recognize a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the financial statements for the period ended 31 December 2014.

Standards, amendments and interpretations to the existing standards (mandatory for periods beginning on/or after 1 January 2015) that have not been early adopted by the Bobst Group.

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 and October 2010 and replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

IFRS 9 requires financial assets to be measured at amortized cost or fair value. The determination is made at initial recognition and the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities measured at fair value, the standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with early adoption permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, published in May 2014, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017, with early adoption permitted.

Bobst Group has not yet finished all the analyses needed regarding these changes. Consequently, all potential impacts cannot be measured yet. The list of new standards and amendments that are not yet effective is not exhaustive but lists those that are relevant for the Group.

ACCOUNTING INFORMATION AND POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Bobst Group SA and its subsidiaries (the Group).

The subsidiaries are those companies controlled, directly or indirectly, by Bobst Group SA. The control is effective when Bobst Group SA is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary to direct the relevant activities.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-Group transactions, balances, income and expenses (including dividends) are eliminated during the consolidation.

Non-controlling interest is identified separately from the equity of the owners of the parent. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if that results in a deficit balance.

Scope of consolidation

The changes in the scope of consolidation with respect to the prior year are shown in Note 30. The consolidated companies are listed on note 36. The closing date of the companies is 31 December.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the amount of any non-controlling interest in the acquiree.

Acquisition-related costs are recognized in profit or loss as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group will be recognized at fair value at the acquisition date and included as part of the consideration transferred in a business combination. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interest

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Bobst Group SA has purchased a call option and written a put option over the remaining 35% of shares in Gordon Ltd not currently owned by the Group.

The call option is exercisable by Bobst Group SA at any time and the written put option can only be exercised from 1 January 2016 by the minority shareholder of Gordon Ltd. Both options have no time limit, however, upon death or disability of the seller, Bobst Group SA is required to exercise the call option.

The exercise price for the call and put is variable and based on the same formula that reflects the estimated fair value of the remaining 35% of Gordon Ltd.

ACCOUNTING INFORMATION AND POLICIES

The Group has determined that it has not acquired a present ownership interest in the shares held by the Gordon Ltd non-controlling interest holders. The non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability (measured as the present value of the put strike price) at each reporting date as if the acquisition of the non-controlling interest took place at that date.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Swiss Francs, which is the functional currency of Bobst Group SA and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, all items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are included in profit and loss for the period, except when deferred in other comprehensive income as qualifying cash flow hedges.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see note 24 for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign currency operations (including comparatives) are translated into Swiss Francs using exchange rates prevailing on the balance sheet date. Income, expense and cash flow items (including comparatives) are translated at the average exchange rates for the period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The principal foreign exchange rates used in the translation of financial statements for the two years ended 31 December 2014 were as follows:

		Balance sheet		Profit and loss statement	
		2014	2013	2014	2013
Main exchange rates					
Euro zone	1 EUR	1.20	1.23	1.21	1.23
USA	1 USD	0.99	0.89	0.92	0.92
United Kingdom	1 GBP	1.54	1.47	1.50	1.45
China	1 CNY	0.16	0.15	0.15	0.15

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The financial statements prepared in accordance with IFRS contain certain assumptions and estimates that influence the figures presented in this report. They are based on analyses and judgements which are continuously reviewed and adapted if necessary.

The Group's accounting policies which the management considers to be particularly subject to elements of judgement are set out in detail in the relevant notes:

- Taxation (Note 11);
- Goodwill (Note 13);
- Provisions (Note 22);
- Employee benefits (Note 23).

RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the two financial years 2013 and 2014. Disclosures are provided for segment reporting, operating expenses and income, finance expenses and income and taxation. For taxation, balance sheet disclosures are also provided in this section. The disclosures for the Group's share of net result in associates are provided in the operating assets and liabilities section.

NOTE 3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Group Executive Committee.

The Group Executive Committee is identified as chief operating decision-maker and reviews the Group's internal reporting in order to assess performance and allocate resources.

Internal reporting is based on the same accounting principles as the ones used to establish these financial statements and segment performance is assessed based on the operating result (EBIT).

Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The reportable segments of the Group are as follows:

- BU Sheet-fed combines machine sales of all product lines in the folding carton and corrugated board industries;
- BU Web-fed covers machine sales activities linked to the flexible materials industry, including the Web-fed Solutions product line;
- BU Services expands Bobst Group's service offering by developing the sale of supplies and by supporting customers in their operational activities;
- the segment "Other" includes secondary activities which are not significant for the Group.

RESULTS FOR THE YEAR

NOTE 3

SEGMENT REPORTING (CONTINUED)

No operating segments were aggregated to form the above reportable operating segments.

Inter-segment operations correspond to the contribution paid by the Business Unit Services to the other Business Units for the right to sell spare parts and services for their equipment. These contributions do not generate internal margin.

In million CHF	2014	2013
Revenue		
Sheet-fed third party sales	639.2	638.9
Sheet-fed inter-segment	18.8	18.8
Sheet-fed total revenue	658.0	657.7
Web-fed third party sales	282.9	336.5
Web-fed inter-segment	3.8	3.8
Web-fed total revenue	286.7	340.3
Services third party sales	377.3	376.6
Other third party sales	0.6	1.9
Eliminations inter-segment	-22.6	-22.6
Total third party sales	1 300.0	1 353.9

In million CHF	Sheet-fed		Web-fed		Services		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Results										
Total segment operating result (EBIT)	26.2	5.7	16.8	25.4	38.8	30.8	-0.1	-1.6	81.7	60.3
Share of result of associates	7.3	1.6							7.3	1.6
Financial result									-16.9	-19.0
Result before income tax									72.1	42.9
Segment operating result (EBIT) includes:										
Depreciation and amortization	-27.1	-27.8	-2.7	-4.6	-8.4	-8.4	0.0	-0.2	-38.2	-41.0
Government grants	3.4	4.7	0.1	0.2	0.8	0.9	0.0	0.0	4.3	5.8
Restructuring costs (personnel)	-4.5	-4.1	-0.4	-0.1	-1.3	-1.3	0.0	0.0	-6.2	-5.5
Exceptional losses on assets	0.0	-6.8	0.0	-3.5	0.0	0.0	0.0	0.0	0.0	-10.3
Exceptional losses on inventories	0.0	-2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.3

RESULTS FOR THE YEAR

NOTE 3

SEGMENT REPORTING (CONTINUED)

In million CHF	Sheet-fed		Web-fed		Services		Other and non allocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total assets	707.2	708.0	172.9	214.5	273.7	274.2	469.4	330.3	1 623.2	1 527.0
Total assets includes:										
Investments in associates (Note 14)	63.0	58.3							63.0	58.3
Total liabilities and equity	404.7	313.1	151.1	160.9	131.5	111.8	935.9	941.2	1 623.2	1 527.0

All assets are allocated to reportable segments except cash and cash equivalent and current financial assets other.

All liabilities are allocated to reportable segments except borrowings and equity.

GEOGRAPHIC INFORMATION

In million CHF	2014		2013	
Revenue from external sales				
Switzerland (domicile country)	20.2	1.6%	19.6	1.4%
United States of America	259.8	20.0%	232.5	17.2%
Germany	106.0	8.1%	120.6	8.9%
Greater China region	97.8	7.5%	109.7	8.1%
Other countries	816.2	62.8%	871.5	64.4%
Total	1 300.0	100.0%	1 353.9	100.0%
Non-current assets				
Switzerland (domicile country)	213.8	52.7%	222.6	53.3%
Greater China region	44.4	10.9%	44.0	10.5%
Italy	44.0	10.9%	45.5	10.9%
Germany	40.9	10.1%	42.7	10.2%
Other countries	62.6	15.4%	63.3	15.1%
Total	405.7	100.0%	418.1	100.0%

Revenues are allocated to countries on the basis of the client's location. Non-current assets consist of tangible and intangible fixed assets as well as goodwill.

RESULTS FOR THE YEAR

NOTE 4 SALES

Accounting policies

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, rebates and other sales taxes or duty.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Sale of goods – machines. Revenue from the sale of machines is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the machines and the amount of revenue can be measured reliably.

Sale of goods – spare parts. Spare parts revenue is mainly recognized upon shipment representing the time of transfer of significant risks and rewards.

Sale of services. Revenue from services rendered include various services, such as maintenance contracts, reactive services and upgrades. Sales of services are recognized as revenue in the accounting period in which the services are rendered, which means that they are allocated over the contractual period.

If a machine sale includes subsequent delivery of parts and/or service, the corresponding amount is deferred and recognized as revenue when the recognition criteria are met for the corresponding category.

Business segment information is stated in Note 3.

In million CHF	2014	2013
Distribution by business activity:		
Machines	918.7	973.9
Spare parts	313.8	311.5
Services	67.5	68.5
Total	1 300.0	1 353.9

RESULTS FOR THE YEAR

NOTE 5

OTHER OPERATING INCOME

Accounting policies

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Rental from leased machines. The Group's policy for recognition of revenue from operating leases is described in the Note 16 Tangible fixed assets.

In million CHF	2014	2013
Resolved disputes	2.7	3.5
Capitalized production	0.4	3.1
Transfer of operating charges	4.4	5.1
Government grants	4.3	5.8
Income from leased machines	0.1	0.1
Other	6.1	6.8
Total	18.0	24.4

Government grants consist of an amount of CHF 4.3 million (2013: CHF 1.8 million) for on-job training. In 2013, government grants also included CHF 4.0 million to support the BOBST Apprenticeship Center.

NOTE 6

RAW MATERIALS AND SERVICES

In million CHF	2014	2013
Material costs	555.1	591.5
Rent, Maintenance, Energy	32.8	33.6
Marketing, Communication, Travel	53.1	55.7
External staff	11.5	10.4
Transport, Customs, Insurance	35.1	40.3
Administration and other costs	73.7	84.5
Total	761.3	816.0

RESULTS FOR THE YEAR

NOTE 7

PERSONNEL COSTS

In million CHF	2014	2013
Wages and salaries	335.8	345.3
Social expenses and other personnel expenses	88.6	95.0
Total	424.4	440.3

Since 2009 an important Group transformation program generated significant restructuring costs, of which 6.2 million relate to personnel costs in 2014 (2013: CHF 5.5 million).

NOTE 8

RESEARCH & DEVELOPMENT

Accounting policies

Internal research costs are costs incurred to gain new technical knowledge and understanding. These costs are charged directly to profit and loss.

Internal development costs are incurred for the application of research findings to plan and develop new products for commercial production. These costs would qualify for capitalization as intangible assets only if the Group can demonstrate all of the following criteria:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development.

The development projects undertaken by the Group are subject to technical and other uncertainties such that, in the opinion of the management, the criteria for capitalization are not met unless prior products have been successfully launched in the market. Internal development costs that do not meet criteria are charged to profit and loss.

CHF 74.2 million was spent on Research & Development (CHF 68.9 million in 2013). These costs were not capitalized in 2014 and 2013. All three business segments have focused their efforts on the improvement of existing models, on the development of new products, as well as on research for the standardization of the components of manufactured products of the Group.

RESULTS FOR THE YEAR

NOTE 9

OTHER OPERATING EXPENSES

In million CHF	2014	2013
Taxes on capital and other taxes	8.7	9.2
Non-recurrent charges	0.2	10.3
Other	3.5	1.2
Total	12.4	20.7

The non recurrent charges relate exclusively to the write-off of fixed assets which were no longer used.

NOTE 10

FINANCIAL RESULT

Accounting policies

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

In million CHF	2014	2013
Interest expenses	-16.8	-22.5
Interest income	5.1	6.6
Exchange rate differences	6.4	-1.6
Gains(losses) on derivative financial instruments	-5.4	0.6
Other financial income	3.9	1.9
Other financial expenses	-10.1	-4.0
Total other financial expenses and income	-0.1	3.5
Total	-16.9	-19.0

The other financial expenses include an expense of CHF 3.3 million related to the exchange of CHF 60 million of the CHF 250 million 5% debenture bonds 2009–2015 (BOB09) for the new bond BOB14 (see note 26) and an amount of CHF 3.7 million related to the write-off of a loan made to a subcontractor.

RESULTS FOR THE YEAR

NOTE 11 TAXATION

Income tax

Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates prevailing on the balance sheet date.

Accounting judgements and estimates

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretations may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

In million CHF	2014	2013
Current tax expense	21.0	20.5
Adjustments in respect of current income tax of previous year	0.0	-1.4
Deferred taxes income(expense)	-1.9	-3.9
Total	19.1	15.2
The total above expense for each year can be reconciled as follows:		
Result before income tax (including result of associates)	72.1	42.9
Result of associates	-7.3	-1.6
Result before income tax (excluding result of associates)	64.8	41.3
Taxes at the weighted average income tax rate	22.9	16.9
Tax effect of utilization of tax losses not previously recognized	-3.1	-2.0
Adjustments in respect of current income tax of previous year	0.0	-1.4
Changes in tax rates	-0.7	2.0
Other effects	0.0	-0.3
Total	19.1	15.2

RESULTS FOR THE YEAR

NOTE 11 (CONTINUED)

TAXATION

The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 35.3% in 2014 (41.0% in 2013). The decrease of the applicable weighted average tax rate was caused by a change in the profitability mix of the Group's subsidiaries in the different countries. For 2014 and 2013, losses were realized by companies having lower tax rates thus negatively impacting the weighted average tax rate.

The tax credit(charge) relating to components of other comprehensive income is as follows:

In million CHF	2014		
	Before Tax	Tax credit(charge)	After Tax
Currency translation	5.2	0.0	5.2
Cash flow hedge reclassified to profit and loss during the year	-3.1	1.2	-1.9
Cash flow hedges	-5.6	2.3	-3.3
Remeasurements of post employment benefit	-120.2	28.9	-91.3
Other comprehensive income	-123.7	32.4	-91.3

Deferred tax

Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, as well as from interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and where it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority, within the same taxable entity, and when the Group intends to settle its current tax assets and liabilities on a net basis.

RESULTS FOR THE YEAR

NOTE 11 (CONTINUED)

TAXATION

Accounting judgements and estimates

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax strategies.

In million CHF	2014		2013 (restated)	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	1.0	24.1	1.2	22.0
Inventories	8.5	21.4	6.4	24.4
Receivables	2.4	2.9	2.3	3.3
Employee benefits	34.0	0.0	14.0	7.7
Provisions	4.4	7.2	5.5	6.9
Other	7.8	3.6	3.0	3.7
Loss carry-forwards	15.7	0.0	14.4	0.0
Gross deferred taxes	73.8	59.2	46.8	68.0
Offset of assets and liabilities	-30.0	-30.0	-12.5	-12.5
Net deferred taxes	43.8	29.2	34.3	55.5

On the balance sheet date, the Group has unused tax losses of CHF 70.0 million (2013: CHF 79.8 million) available to offset against future profits. Included in these unrecognized tax losses are losses of CHF 3.0 million (2013: CHF 3.8 million) that will expire within two to five years, whereas others may be carried forward indefinitely.

No material additional tax liabilities due to dividend payments from subsidiaries and associates are expected. There are no income tax consequences related to the payment of dividends by Bobst Group SA to its shareholders.

The increase of CHF 35.8 million (2013: decrease of CHF 19.7 million) in net deferred tax assets can be explained by:

- an increase of CHF 1.9 million (2013: increase of CHF 3.9 million) recognized in the profit and loss statement;
- an increase of CHF 32.4 million (2013: decrease of CHF 23.4 million) recognized directly in other comprehensive income;
- an increase of CHF 1.5 million (2013: decrease of 0.2 million) due to exchange variations.

There is no impact in 2014 and 2013 due to the change in the scope of consolidation.

OPERATING ASSETS AND LIABILITIES

This section describes the assets used to generate the Group's performance and the liabilities incurred. Liabilities relating to the Group's financing activities are included in section 'Risk management and capital structure' and balance sheet information in respect of taxation are covered in section 'Results for the year'. This section also provides detailed disclosures on the Group's employee benefits.

NOTE 12

INTANGIBLE FIXED ASSETS

Accounting policies

Brands and Patents. Brands and patents are measured initially at purchase cost and are amortized on a straight-line basis over the shorter of their contractual or useful economic lives (10–20 years).

Computer Software. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and put into service the specific software. These costs are amortized on a straight-line basis over their estimated useful life (3–7 years).

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In million CHF	Brands and Patents	Software	Other	In progress	Total
Gross value					
At the beginning of the year 2014	35.0	98.1	4.7	3.4	141.2
Additions	0.2	4.6	0.0	1.4	6.2
Disposals and decreases	0.0	-0.7	0.0	0.0	-0.7
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	1.1	0.0	0.3	0.0	1.4
Transfers	0.0	2.8	0.0	-2.8	0.0
At year-end 2014	36.3	104.8	5.0	2.0	148.1
Accumulated amortization					
At the beginning of the year 2014	-25.6	-77.6	-1.3	0.0	-104.5
Additions	-2.0	-7.8	-0.1	0.0	-9.9
Disposals and decreases	0.0	0.7	0.0	0.0	0.7
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	-0.4	0.0	-0.1	0.0	-0.5
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2014	-28.0	-84.7	-1.5	0.0	-114.2
Net value at year-end 2014	8.3	20.1	3.5	2.0	33.9

There is no impairment charge or reversal included in the 2014 amortization charge.

OPERATING ASSETS AND LIABILITIES

NOTE 12 (CONTINUED)

INTANGIBLE FIXED ASSETS

In million CHF	Brands and Patents	Software	Other	In progress	Total
Gross value					
At the beginning of the year 2013	35.1	98.2	11.6	6.8	151.7
Additions	0.0	2.2	0.0	3.4	5.6
Disposals and decreases	-0.2	-8.8	-6.9	-0.1	-16.0
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.1	-0.2	0.0	0.0	-0.1
Transfers	0.0	6.7	0.0	-6.7	0.0
At year-end 2013	35.0	98.1	4.7	3.4	141.2
Accumulated amortization					
At the beginning of the year 2013	-22.1	-74.7	-7.7	0.0	-104.5
Additions	-3.7	-8.2	-0.5	0.0	-12.4
Disposals and decreases	0.2	5.1	6.9	0.0	12.2
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.0	0.2	0.0	0.0	0.2
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2013	-25.6	-77.6	-1.3	0.0	-104.5
Net value at year-end 2013	9.4	20.5	3.4	3.4	36.7

There is no impairment charge or reversal included in the 2013 amortization charge.

OPERATING ASSETS AND LIABILITIES

NOTE 13 GOODWILL

Accounting policies

Goodwill arising from the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date.

If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Accounting judgements and estimates

The Group determines whether goodwill is impaired at least once a year. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

For the estimation of the value in use, the Group has to make an estimate of the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Significant assumptions and valuations are necessary to make these estimates. Factors such as volume, selling price, material and personnel costs, capital expenditures and the outcome of R&D activities, as well as market conditions and other economic factors, are considered based on assumptions that management regards as reasonable.

Due to these factors, actual cash flows and values could vary from the forecasted future cash flows and related values derived using discounting techniques.

OPERATING ASSETS AND LIABILITIES

NOTE 13 (CONTINUED)

GOODWILL

In million CHF	2014	2013
At the beginning of the year	78.0	77.2
Increase arising from acquisition of subsidiaries	0.0	0.0
Exchange rate variances	-0.6	0.8
Total	77.4	78.0

Goodwill is allocated by Business Units (BU) as follows:		
BU Sheet-fed	18.5	18.6
BU Web-fed	30.1	30.4
BU Services	28.8	29.0
Total	77.4	78.0

For impairment tests, the recoverable amounts are determined by value-in-use calculations that are based on financial forecasts over three years as approved by management.

The three year forecast is founded on the following key assumptions, which are based on past experience: the fundamentals of the packaging industry remain solid and packaging consumption is forecasted to grow, with an evolution which is different from industry to industry as well as by region. Bobst Group's markets are expected to remain challenging, mainly due to political and economic uncertainties in the Euro zone as well as in Africa and the Middle East. Volumes can continue to increase in the next few years through innovation, a focus on emerging markets, development in the medium segment and increased activity in services. The forecasted profitability is expected to further improve over the next three years, but is negatively impacted by the decision of the Swiss National Bank to discontinue the minimum exchange rate of CHF 1.20 per Euro. Measures which shall significantly limit the negative impact of the new currency situation on the Groups results are currently evaluated.

Cash flows for the next three years are extrapolated from these forecasts, and cash flows beyond this three year period are frozen to a nil increase. The discount rates used are pre-tax and reflect specific risks relating to the different business segments, i.e. BU Sheet-fed 4.9% (2013: 5.2%), BU Web-fed 4.9% (2013: 5.2%), BU Services 4.1% (2013: 4.5%). The management believes that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of each cash-generating unit.

At the end of the year 2014, a decrease by 10% of the future cash flows or an increase of 1% of the discount rates would not necessitate any impairment charge of goodwill for any of the three business segments.

OPERATING ASSETS AND LIABILITIES

NOTE 14

INVESTMENTS IN ASSOCIATES

Accounting policies

An associate is an entity over which the Group has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

If an associate is over-indebted and the Group's interest is reduced to zero, additional losses are provided for only to the extent that the Group has a legal or constructive obligation.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate, recognized at the date of acquisition, is recognized as goodwill.

The goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

OPERATING ASSETS AND LIABILITIES

NOTE 14 (CONTINUED) INVESTMENTS IN ASSOCIATES

In million CHF	2014	2013
Changes over the period are the following:		
Beginning of the year	58.3	56.4
Share of result of associates	7.3	1.6
Dividends received	-1.4	-0.6
Exchange differences	-1.2	0.9
Total	63.0	58.3
<p>The Group has a 30% (2013: 30%) interest in BHS Corrugated Maschinen- und Anlagenbau GmbH located in Weiherhammer Germany, which is active in the sectors of corrugated board and service.</p>		
Summarized financial information regarding BHS is set out below:		
Current assets	160.1	120.2
Non-current assets	92.8	62.4
Current liabilities	154.0	101.2
Equity	98.9	81.4
Group's interest	30%	30%
Group's share in equity	29.7	24.4
Goodwill	30.8	31.4
Group's carrying amount of the investment	60.5	55.8
Revenue	296.9	284.8
Profit for the year (continuing operations)	22.9	4.5
Group's share of profit for the year	6.9	1.3
Summarized proportionate values of other associate (Duo-Technik GmbH)		
Group's carrying amount of the investment	2.5	2.5
Group's share of profit for the year	0.4	0.3

There are no unrecognized losses on investments in associates.

OPERATING ASSETS AND LIABILITIES

NOTE 15 CORRECTION OF AN ERROR

Accounting policies

In the case the Group identifies a material error during the year relating to prior periods, the error is corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred.

In 2014, the Group conducted a detailed review on IFRS adjustment entries on intangible and tangible depreciation calculation. An error dating back to the conversion to IFRS in 2005 has been discovered in the accumulated depreciation on land and building and the error has been corrected by restating each of the affected financial statement line items for the prior period.

The effect of the restatement on those previously reported financial statements is summarized below:

In million CHF	31 December 2013	1 January 2013
Increase in accumulated depreciation on land and buildings	15.0	15.0
Decrease on deferred tax liabilities	-3.4	-3.4
Decrease on total equity	-11.6	-11.6

The correction did not have any impact on profit and loss account, other comprehensive income, cash flow statement or earning per share.

NOTE 16 TANGIBLE FIXED ASSETS

Accounting policies

Land is booked at purchase cost and is not depreciated.

The other tangible fixed assets are booked at purchase or manufacturing costs less accumulated depreciation and accumulated impairment. Depreciation on other tangible fixed assets is calculated using the straight-line method as follows:

Buildings (including investment properties)	10–30 years
Technical installation, industrial equipment	7–20 years
Machines leased to customers	According to their useful life
IT equipment	4 years
Other	5–7 years
In progress	Not depreciated

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

OPERATING ASSETS AND LIABILITIES

NOTE 16 (CONTINUED)

TANGIBLE FIXED ASSETS

The Group as lessor. Bobst Group companies may act as direct lessor to customers. In accordance with IAS 17, leases where the Group transfers substantially all risks and benefits of ownership of the leased machine are disclosed as finance lease receivables.

Amounts due from lessees under finance leases are recorded as finance lease receivables at the amount of the Group's net present value for expected lease payments.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Leases where the Group does not transfer substantially all risks and benefits of ownership of the asset are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Tangible assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In million CHF	Land and buildings	Technical instal., industrial equipment	Machines leased to customers	IT equipment	Other	In progress	Total
Gross value							
At the beginning of the year 2014	469.2	163.5	2.3	40.9	24.8	0.3	701.0
Additions	5.1	1.8	0.2	1.0	1.4	11.4	20.9
Disposals and decreases	-1.2	-2.5	-0.8	-0.4	-2.2	0.0	-7.1
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	1.3	0.2	0.0	0.1	0.5	0.0	2.1
Transfers	0.3	0.9	0.0	0.2	0.1	-1.5	0.0
At year-end 2014	474.7	163.9	1.7	41.8	24.6	10.2	716.9
Accumulated depreciation							
At the beginning of the year 2014	-229.1	-112.9	-0.1	-35.3	-20.2	0.0	-397.6
Additions	-17.4	-5.7	-0.4	-3.3	-1.5	0.0	-28.3
Disposals and decreases	0.5	0.9	0.2	0.4	2.0	0.0	4.0
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	-0.3	0.0	0.0	0.0	-0.3	0.0	-0.6
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At year-end 2014	-246.3	-117.7	-0.3	-38.2	-20.0	0.0	-422.5
Net value at year-end 2014	228.4	46.2	1.4	3.6	4.6	10.2	294.4

There were no borrowing costs capitalized during the years ended 31 December 2013 and 2014.

OPERATING ASSETS AND LIABILITIES

NOTE 16 (CONTINUED) TANGIBLE FIXED ASSETS

In million CHF	Land and buildings	Technical instal., industrial equipment	Machines leased to customers	IT equipment	Other	In progress	Total
Gross value							
At the beginning of the year 2013	461.6	164.3	0.0	41.1	26.4	4.0	697.4
Additions	7.7	10.0	2.3	1.3	1.3	1.3	23.9
Disposals and decreases	0.0	-13.9	0.0	-1.4	-2.7	-0.8	-18.8
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	-0.9	-1.2	0.0	-0.2	-0.3	0.1	-2.5
Transfers	0.8	4.3	0.0	0.1	0.1	-4.3	1.0
At year-end 2013	469.2	163.5	2.3	40.9	24.8	0.3	701.0
Accumulated depreciation							
At the beginning of the year 2013 (restated)	-212.4	-110.8	0.0	-33.2	-21.5	0.0	-377.9
Additions	-16.9	-6.5	-0.1	-3.6	-1.5	0.0	-28.6
Disposals and decreases	0.0	4.8	0.0	1.4	2.6	0.0	8.8
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	0.2	0.6	0.0	0.1	0.2	0.0	1.1
Transfers	0.0	-1.0	0.0	0.0	0.0	0.0	-1.0
At year-end 2013 (restated)	-229.1	-112.9	-0.1	-35.3	-20.2	0.0	-397.6
Net value at year-end 2013 (restated)	240.1	50.6	2.2	5.6	4.6	0.3	303.4

Tangible fixed assets are insured at the replacement value of CHF 795 million (2013: CHF 760 million).

There is no impairment charge (2013: CHF 0.0 million) or reversal included in the annual depreciation charge of CHF 28.3 million (2013: CHF 28.6 million).

There are no significant tangible fixed assets financed with leases.

OPERATING ASSETS AND LIABILITIES

NOTE 17 RECEIVABLES

In million CHF	2014			2013		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables from third parties	246.0	1.0	247.0	233.3	0.4	233.7
Receivables from the sale of fixed assets	0.8	1.0	1.8	0.4	1.5	1.9
Various receivables from third parties	41.8	4.8	46.6	54.2	5.5	59.7
Total	288.6	6.8	295.4	287.9	7.4	295.3

NOTE 18 TRANSFER OF ASSETS

Finance lease receivables include discounted receivables with recourse amounting to CHF 1.4 million (2013: CHF 2.7 million). The Group remains responsible until the transferred receivables are paid in full. The corresponding liability appears under trade and other payables.

The carrying amount of the original receivables before the transfer amounted to CHF 1.4 million (2013: CHF 2.7 million)

NOTE 19 FINANCE LEASE RECEIVABLES

The discounted receivables with recourse (see Note 18) are not included in the following analysis.

In million CHF	2014	2013
Maturity within one year	5.0	5.4
Maturity between one to five years	0.6	10.8
Maturity after five years	0.0	0.0
Total	5.6	16.2
Less: unearned finance income	-0.1	-1.2
Total	5.5	15.0
Analyzed as:		
Recoverable within one year	4.9	4.8
Recoverable between one and five years	0.6	10.2
Recoverable after five years	0.0	0.0
Total	5.5	15.0

The Group enters into finance lease arrangements with clients for the machines sold.

The weighted average term of finance lease contracts is 0.8 years (2013: 3.9 years).
The average interest rate of all the lease contracts is approximately 1.8% (2013: 5.0%) per annum.

OPERATING ASSETS AND LIABILITIES

NOTE 20

CREDIT RISK RELATED TO CLIENT RECEIVABLES

Credit risks are linked with the inability or unwillingness of counterparties to a transaction to fulfill their obligations.

Customers: determination of the payment conditions resulting in the trade receivables takes into consideration the country risk as well as solvency of the counterparty. Reserve of property clauses are also utilized until final payment.

In relation to longer-term payment conditions agreed upon, and depending on the negotiations with the customer, guarantees including, among others, export credit agencies and private insurers are used.

When risk conditions allow it, it is also regular practice to discount without recourse amounts due by customers. There is no particular risk concentration on the customer receivables. Local and Group finance members monitor the payment conditions.

Banks and counterparties: for other financial assets the concern of credit risk imposes the use of good quality counterparties. Cash is deposited with a variety of well established banks to protect against any concentration risk.

In million CHF	2014	2013
Trade receivables	264.5	250.5
Finance lease receivables	7.4	19.9
Total gross value	271.9	270.4
Less provision for impairment	-19.4	-19.0
Total for the analysis	252.5	251.4
The aging of the amounts past due but not impaired is as follows:		
< 2 months	48.4	49.9
2–6 months	17.6	16.5
> 6 months	11.3	14.3
+ not yet due	175.2	170.7
Total	252.5	251.4

	2014	2013
Movements in the provision for impairment were as follows:		
At the beginning of the year	-19.0	-23.0
Additions	-3.0	-4.0
Utilizations	2.0	5.7
Releases	0.8	2.4
Currency variances	-0.2	-0.1
At year-end	-19.4	-19.0

The maximum exposure to credit risk at the reporting date is the carrying amount of client receivables mentioned above.

OPERATING ASSETS AND LIABILITIES

NOTE 21 INVENTORIES

Accounting policies

Raw materials are stated at the lower of either the cost or the net realizable value, using the weighted average method. Work in progress and finished products are stated at the lower of the production costs or the net realizable value. Production costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Valuation adjustments are made for slow-moving items and excess stock.

In million CHF	2014	2013
Raw materials	154.1	155.9
Work in progress	80.1	75.7
Finished products*	85.7	82.1
Total	319.9	313.7

* Including CHF 17.1 million (2013: CHF 12.3 million) for demonstration machines.

The carrying amount of inventories carried at the realizable value (less costs to sell) is CHF 49.6 million (2013: CHF 44.1 million).

The amount for write-down recognized as expense during the year is CHF 8.3 million (2013: CHF 18.6 million).

NOTE 22 PROVISIONS

Accounting policies

Provisions are recognized when the Group has a present obligation as a result of a past event, and when it is probable that the Group will be required to settle that obligation. Provisions are evaluated based upon the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. Provisions are classified as warranties/product liabilities, litigations, restructuring and other.

Accounting judgements and estimates

Provisions are created for a variety of possible events. However, by definition, provisions contain a higher degree of estimates than other balance sheet items, since the estimated obligations can cause greater or less cash drain depending on how the situation materializes.

OPERATING ASSETS AND LIABILITIES

NOTE 22 (CONTINUED) PROVISIONS

In million CHF	Warranties/ Product liabilities	Litigations	Restructuring	Other	2014	2013
At the beginning of the year	32.9	14.7	1.8	7.8	57.2	40.7
Additions	22.4	7.6	0.0	1.2	31.2	46.0
Utilizations	-20.3	-1.8	-1.3	0.0	-23.4	-22.5
Releases	-4.9	-0.6	-0.4	-1.4	-7.3	-7.3
Currency translation adjustment	-0.3	0.0	0.0	0.1	-0.2	0.3
Transfers	0.0	1.4	0.0	-1.4	0.0	0.0
At year-end	29.8	21.3	0.1	6.3	57.5	57.2
Of which non-current	0.9	11.1	0.1	1.7	13.8	3.9
Of which current	28.9	10.2	0.0	4.6	43.7	53.3
At year-end	29.8	21.3	0.1	6.3	57.5	57.2

Warranties/Product liabilities include provisions for technical risks, customer claims and penalties in the context of product deliveries and services. The provision is based on expected claims for product liabilities on sales that have already taken place, on historical warranty data and a weighting of all possible outcomes against their associated probabilities. Warranty expenses are expected before expiration of the granted warranty period.

Litigations include provisions for current and probable legal proceedings related to events in the past. A number of subsidiaries are subject to various legal proceedings that arise including product liability, commercial, employment and tax litigations or intellectual property disputes. The expected timing of future cash outflows is uncertain as it will depend upon the outcome of the legal proceedings.

For restructuring provisions, constructive obligation to restructure arises only when a detailed formal plan exists which identifies at least the business or part of the business concerned, the principal sites affected, the location, function and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and the timing of the implementation; and when the features of this plan have been communicated in a manner that raised a valid expectation in those affected by it that the restructuring plan will be carried out.

OPERATING ASSETS AND LIABILITIES

NOTE 23

EMPLOYEE BENEFITS

Accounting policies

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution post-employment benefits. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The contributions to such plans are recorded as expenses in the period in which they are incurred.

Defined benefit post-employment benefits. The liabilities of the Group arising from defined benefit obligations are determined using the projected unit credit method. Any net pension asset is limited to the present value of future economic benefits available to the Group in the form of refunds from the plan or expected reductions in future contributions to the plan. Valuations are carried out on a regular basis by independent actuaries.

Actuarial gains and losses arise mainly from changes in long-term assumptions (e.g. discount rate, salary increase) and from differences between actuarial assumptions and what has actually occurred. They are recorded in other comprehensive income and are not recycled through the profit and loss at any later point in time.

The pension costs are recorded in personnel costs and consist of:

- service cost, which corresponds to the acquisition of one additional year of rights and the effect of plan amendments and curtailments;
- net interest income or net interest expense, which is calculated on the defined benefit obligation net of the value of plan assets, by applying the discount rate used to determine the defined benefit obligation.

The difference between the actual return on plan assets and the interest income calculated by applying the discount rate is recorded in other comprehensive income.

A liability for termination benefits is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Accounting judgements and estimates

In various countries there are pension and other retirement plans. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, the expected return on plan assets, the mortality rate and the expected rate of salary increase. The actuarial assumptions used may differ from actual results due to changing market and economic conditions.

The Group has, apart from the legally required social security schemes, several defined benefit plans.

They are either externally funded, with the assets of the schemes held separately from those of the Group in independently administered funds, or unfunded.

The largest plans are in Switzerland, which account for 92% (2013: 92%) of the Group's total defined benefit obligation and 95% (2013: 95%) of its plan assets.

OPERATING ASSETS AND LIABILITIES

NOTE 23 (CONTINUED) EMPLOYEE BENEFITS

The BOBST pension plan in Switzerland is a funded defined plan (hybrid plan) providing retirement benefits based on a participant's accumulated account balance. The plan also provides benefits on death, disability and termination. The Bobst pension fund is a pension foundation registered with the Swiss supervisory authority in the canton of Vaud.

As a result, the pension fund must comply with the compulsory insurance requirements as per the Swiss Federal Law on Occupational retirement, Survivor's and Disability Pension Funds (LPP/BVG). The fund undertakes to respect at least the minimum requirements imposed by the LPP/BVG and its ordinances. If the plan is underfunded under Swiss Law, the foundation board decides measures that will allow the coverage ratio to get back to 100% within an appropriate horizon of time (usually, a time horizon of 5 to 7 years is considered to be appropriate). The foundation board is equally represented by employer and employees representatives and is responsible for the fund's management.

Post-employment health care plans are limited to the USA.

Other employee benefits represent amounts due to employees under deferred compensations arrangements such as long-service awards, jubilee premiums and end of service indemnities depending upon certain seniority criteria. The following is a summary of the status of the pension and other employee benefit plans as at 31 December 2014 and 2013:

In million CHF	Swiss		International	
	2014	2013	2014	2013
Fair value of plan assets at year end	1 065.0	1 015.2	55.3	48.6
Benefit obligation at year end	-1 162.1	-1 003.7	-101.4	-84.6
Net assets(liabilities) in the balance sheet	-97.1	11.5	-46.1	-36.0

In million CHF	2014	2013
Benefit obligation at the beginning of the year	-1 088.3	-1 139.1
Service cost	-13.6	-15.6
Interest cost	-24.4	-22.6
Employee contributions	-10.6	-10.9
Benefit payments	50.6	63.9
Actuarial gains(losses)	-173.3	35.7
Foreign currency translation	-3.9	0.3
Benefit obligation at year-end	-1 263.5	-1 088.3
of which unfunded	-63.5	-52.4
Fair value of plan assets at the beginning of the year	1 063.8	1 018.0
Interest income	22.8	19.1
Return on plan assets in excess (excluding interest income)	51.6	59.9
Employee contributions	10.4	10.7
Employer contributions	14.5	14.8
Benefit payments	-44.7	-58.6
Foreign currency translation	1.9	-0.1
Fair value of plan assets at year-end	1 120.3	1 063.8

The weighted average duration of the Defined Benefit Obligation (DBO) at the end of the current financial year is 15.3 years (14.9 years at the end of 2013).

OPERATING ASSETS AND LIABILITIES

NOTE 23 (CONTINUED)

EMPLOYEE BENEFITS

In million CHF	2014	2013
Defined benefits net assets(liabilities) in the balance sheet	-143.2	-24.5
Liabilities from defined contribution plans	-1.8	-1.7
Net assets(liabilities) in the balance sheet	-145.0	-26.2
Reflected in the balance sheet as follows:		
Employee benefits assets	0.0	33.6
Pension plans and other employee benefits liabilities	-145.0	-59.8
Net assets(liabilities) in the balance sheet	-145.0	-26.2
The movement in the net defined benefits liabilities is as follows:		
Net assets(liabilities) in the balance sheet at the beginning of the year	-24.5	-121.1
Net periodic benefit cost	-16.6	-19.5
Employer contributions	14.5	14.8
Benefit payments	5.6	5.3
Amount recognized in other comprehensive income	-120.2	96.1
Foreign currency translation	-2.0	-0.1
Net assets(liabilities) in the balance sheet at year-end	-143.2	-24.5
The net periodic benefit cost recorded in the income statement consists of the following components:		
Service cost	13.6	15.6
Interest cost	24.4	22.6
Interest income related to plan assets	-22.8	-19.1
Immediate recognition of gain(loss) arising during year	1.4	0.4
Total defined benefit expenses	16.6	19.5
The movement in the other comprehensive income is as follows:		
Remeasurement of defined benefit obligation due to changes in demographic assumptions gains(losses)	-1.7	0.6
Remeasurement of defined benefit obligation due to changes in financial assumptions gains(losses)	-151.9	38.2
Remeasurement of defined benefit obligation due to experience gains(losses)	-18.2	-2.5
Return on plan assets in excess(below) interest income	51.6	59.8
Total gain(loss) recognized in other comprehensive income	-120.2	96.1

These expenses are included in personnel costs (Note 7).

OPERATING ASSETS AND LIABILITIES

NOTE 23 (CONTINUED) EMPLOYEE BENEFITS

The actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. The main assumptions are as follows:

	Swiss		International	
	2014	2013	2014	2013
Discount rate	1.10%	2.15%	3.26%	4.16%
Expected rate of salary increase	1.50%	2.00%	2.77%	3.25%
Medical cost trend rate for next year	n/a	n/a	7.50%	7.50%

	2014	
	Swiss	International
The sensitivity of the DBO to changes in the main actuarial assumptions is as follows:		
Increase(decrease)		
Discount rate		
Increase by 0.25%	-42.5	-2.7
Decrease by 0.25%	44.8	2.9
Expected rate of salary increase		
Increase by 0.25%	2.3	2.0
Decrease by 0.25%	-2.3	-1.9
Medical cost trend		
Increase by 1.00%	n/a	5.2
Decrease by 1.00%	n/a	-4.2

	Swiss		International	
	2014	2013	2014	2013
The weighted average asset allocation of funded defined benefit plans at the year end is as follows:				
Equity securities	25.0%	29.9%	54.6%	36.8%
Debt securities	33.2%	30.7%	44.2%	18.8%
Real estate	27.2%	26.2%	0.4%	2.6%
Cash and other investments	14.6%	13.2%	0.8%	41.8%

Cash, as well as most equity and debt securities, have a quoted market price in an active market. Other assets including real estate and other investments do not have a quoted market price. The plans have no investment in Bobst Group's own financial instruments or property used by entities of the Group.

The strategic allocation of plan assets is performed with the objective to achieve a return on investment and availability of funds that match the requirement of future cash outflows. The following main cash outflows are expected in future periods:

In million CHF	Swiss		International	
The following main cash outflows are expected in future periods:				
Within 1 year	14.9		3.8	

RISK MANAGEMENT AND CAPITAL STRUCTURE

This section sets out the policies and procedures applied to manage the Group's capital structure and the financial risks the Group is exposed to. Bobst Group considers as permanent financing or capital resources the following: borrowings and equity. Bobst Group manages its permanent financing or capital resources to achieve capital efficiency, provide flexibility to invest through the economic cycle and give efficient access to debt markets at attractive cost levels.

NOTE 24 FINANCIAL INSTRUMENTS

Accounting policies

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

Financial assets comprise Cash and cash equivalents, Receivables, Accrued income, Financial assets other and Derivative financial instruments.

Financial assets are classified, at initial recognition, as Financial assets at fair value through profit or loss or as Loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All purchases and sales are recognized at trade date, i.e. the date at which the commitment to purchase or sell the asset is entered into.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification:

- Financial assets at fair value through profit or loss.
Financial assets at fair value through profit or loss include Derivative financial instruments unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes recognized in the statement of profit or loss.
- Loans and receivables.
This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) **FINANCIAL INSTRUMENTS**

Derecognition

A financial asset is derecognized when:

- the contractual rights to receive cash flows expire, or
- the Group has transferred its rights to receive cash flows from the asset and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the debtors or a group of debtors are experiencing significant financial difficulties; default or delinquency in interest or principal payments; the probability that they will encounter bankruptcy; and where observable data indicate that there is a measurable decrease in the estimated future cash flows. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated profit and loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is included in the consolidated profit and loss statement.

Financial liabilities and equity instruments

Classification

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) **FINANCIAL INSTRUMENTS**

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities comprise Trade and other payables, Borrowings, Accrued expenses and Derivative financial instruments. Financial liabilities are classified, at initial recognition, as Financial liabilities at fair value through profit and loss or as Other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification:

- Financial liabilities at fair value through profit and loss.
This category includes Derivative financial instruments unless they are designated as effective hedging instruments as defined by IAS 39. Financial liabilities at fair value through profit or loss are carried in the balance sheet at fair value with net changes recognized in the statement of profit or loss.
- Other financial liabilities.
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) FINANCIAL INSTRUMENTS

The Group classifies its financial assets and liabilities into the following categories as per IFRS 7:

FINANCIAL ASSETS

In million CHF	2014		2013		At fair value through profit and loss	Loans and receivables
	Carrying amount	Fair value	Carrying amount	Fair value		
Financial assets other – Non-current	3.4	3.4	8.0	8.0		x
Financial assets other – Current	75.0	75.0	7.0	7.0		x
Trade receivables	247.0	247.0	233.7	233.7		x
Finance lease receivables	6.9	6.9	17.7	18.5		x
Other receivables	41.5	41.5	48.9	48.9		x
Accrued income	3.5	3.5	3.9	3.9		x
Derivative financial instruments	1.0	1.0	5.6	5.6	x	
Cash and cash equivalents	386.3	386.3	317.2	317.2		x
Total	764.6	764.6	642.0	642.8		

FINANCIAL LIABILITIES

In million CHF	2014		2013		At fair value through profit and loss	Other financial liabilities
	Carrying amount	Fair value	Carrying amount	Fair value		
Borrowings – Bank and other current	20.9	20.9	12.2	12.2		x
Borrowings – Bank and other non-current	9.3	9.3	14.8	14.8		x
Borrowings – Debenture bonds	448.8	452.1	399.2	412.9		x
Trade and other payables	206.0	206.0	191.0	191.0		x
Accrued expenses	64.1	64.1	62.1	62.1		x
Derivative financial instruments	10.7	10.7	0.9	0.9	x	
Total	759.8	763.1	680.2	693.9		

The fair value of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following methods and assumptions in estimating the fair value of financial assets and liabilities measured at fair value on a recurring basis:

- the carrying amount of financial assets other, trade receivables, other receivables, cash and cash equivalents, trade and other payables, accrued expenses and accrued income, approximate their fair value;
- the fair value of finance lease receivables and borrowings are estimated by discounting their future cash flows at market rates;
- the fair value of derivative financial instruments is determined using price quotes for similar instruments, appropriately adjusted.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) FINANCIAL INSTRUMENTS

Derivative financial instruments and hedging activities

Accounting policies

The Group uses derivative financial instruments (forward currency contracts) to manage its exposure to foreign exchange rate risk, according to Group's management policies. The Group does not use derivative financial instruments for speculative purposes.

The derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. In practice, if the Group uses hedge accounting, it relates only to hedges that comply with cash flow hedge definition.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of profit or loss.

In million CHF	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	1.0	10.7	5.6	0.9
Total current portion	1.0	10.7	5.6	0.9

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) FINANCIAL INSTRUMENTS

Currency derivatives (forwards)

The Group utilizes currency derivatives to hedge significant future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange exposures. The instruments purchased are primarily denominated in the invoicing currencies of the Group. The forwards are in principle designated to address exchange rate exposures for the following twelve months and are renewed on a revolving basis as required.

On the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed amounts to CHF 309.9 million (2013: CHF 320.3 million).

The fair value of currency derivatives that are designated and effective as cash flow hedges (hedge accounting) representing a net liability of CHF 5.6 million (2013: a net asset of CHF 3.1 million) is recorded through other comprehensive income. This represents a variation of CHF -8.7 million (2013: CHF 1.8 million) when compared with the previous year.

The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Offsetting Financial assets and Financial liabilities

The Group is subject to a cash pooling agreement in Italy. As a consequence, a current borrowing amounting to CHF 17.7 million (2013: CHF 26.3 million) has been offset with cash and cash equivalents.

Fair value hierarchy

The table below summarizes the fair value hierarchy of the financial instruments carried at fair value:

In million CHF	2014	Fair value measurements at the end of reporting period using:	
		Level 1	Level 2
Derivative financial instruments:			
Forward foreign exchange contracts	1.0	0.0	1.0
Total financial assets carried at fair value	1.0	0.0	1.0
Derivative financial instruments:			
Forward foreign exchange contracts	10.7	0.0	10.7
Total financial liabilities carried at fair value	10.7	0.0	10.7

	2013	Fair value measurements at the end of reporting period using:	
		Level 1	Level 2
Derivative financial instruments:			
Forward foreign exchange contracts	5.6	0.0	5.6
Total financial assets carried at fair value	5.6	0.0	5.6
Derivative financial instruments:			
Forward foreign exchange contracts	0.9	0.0	0.9
Total financial liabilities carried at fair value	0.9	0.0	0.9

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has no financial instruments with fair value that are determined by reference to significant unobservable inputs, i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy.

There are no non-recurring fair value measurements.

NOTE 25 FINANCIAL RISK MANAGEMENT

The Bobst Group way of managing financial matters aims for strong decentralization, whether for cash management, short and long-term borrowing, or foreign exchange risks. Decentralization enables a more rapid local reaction, with the result of more cost-efficient transactions. Moreover, it enables the use of natural hedge at the level of the Group companies. There is strict regular reporting on such matters to the Group treasury.

Finally, given the tight management of the balance sheet structures of the individual Group companies, Group treasury is systematically involved to bring in global expertise when negotiating credit lines and other borrowings, with the aim of ensuring conditions in line with the rating of the Group.

Liquidity risk

Sufficient reserve of cash is maintained to at all times meet the Group's liquidity requirements. Cash is managed in a decentralized way, but under strict reporting and forecasting to the Group treasury, which enables quick reactions when necessary.

The table below summarizes the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments.

In million CHF	2014	Less than 1 year	Between 1 and 5 years	Over 5 years	2013	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	507.5	217.5	137.7	152.3	446.9	169.6	277.2	0.1
Trade and other payables	206.0	176.4	29.6	0.0	191.0	162.8	28.2	0.0
Accrued expenses	64.1	64.1	0.0	0.0	62.1	62.1	0.0	0.0
Derivative financial instruments	10.7	10.7	0.0	0.0	0.9	0.9	0.0	0.0
Total	788.3	468.7	167.3	152.3	700.9	395.4	305.4	0.1

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 25 (CONTINUED)

FINANCIAL RISK MANAGEMENT

The carrying amounts of the financial assets and liabilities are denominated in the following currencies:

In million CHF	CHF	EUR	USD	GBP	Other	Elimina- tions	Total
Financial assets 2014	390.4	438.0	137.1	20.8	84.0	-305.7	764.6
Financial assets 2013	337.9	456.0	118.7	27.7	92.6	-390.9	642.0
Financial liabilities 2014	713.3	220.6	84.7	10.6	41.4	-310.8	759.8
Financial liabilities 2013	693.7	245.1	69.6	12.4	49.3	-389.9	680.2

Foreign exchange risks

Transaction risks: as per Group policy, companies are instructed to hedge significant transaction risks with the appropriate derivatives when they arise, with the aim of guaranteeing margins achieved when selling products.

Translation risks: are not hedged and the relative amounts end up in equity under translation reserve. The Group utilizes natural hedge in order to offset some of these risks.

Sensitivity analysis for currency risk

The following table details the Group's sensitivity to a:

- 20% increase(decrease) in the CHF/USD (2013: 10%);
- 10% increase(decrease) in the EUR/USD (2013: 10%);
- 20% increase(decrease) in the CHF/EUR (2013: 10%);
- 20% increase(decrease) in the CHF/GBP (2013: 10%).

In million CHF		2014		2013	
		Profit and loss	Equity	Profit and loss	Equity
CHF/USD	+/-	3.7	12.3	3.6	4.3
EUR/USD	+/-	-0.1	5.1	-0.2	4.4
CHF/EUR	+/-	20.1	-	11.3	-
CHF/GBP	+/-	1.7	-	1.3	-

Sensitivity analysis for interest rate risk

Borrowings arranged at fixed rates expose the Group to fair value interest risk, and borrowings arranged at floating rates expose the Group to cash flow interest rate risk.

If the market interest rates on cash and borrowings at floating rate had been 100 basis points higher at year-end, the net interest effect would have been CHF 3.8 million (2013: CHF 3.1 million) higher.

NOTE 26

BORROWINGS

Accounting policies

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 26 (CONTINUED)

BORROWINGS

In million CHF	2014			2013		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	20.0	8.5	28.5	11.4	13.8	25.2
Debenture bonds	189.8	259.0	448.8	149.9	249.3	399.2
Other borrowings	0.9	0.8	1.7	0.8	1.0	1.8
Total	210.7	268.3	479.0	162.1	264.1	426.2
Those due in < 1 year	210.7	0.0	210.7	162.1	0.0	162.1
Those due in 1–5 years	0.0	118.9	118.9	0.0	264.0	264.0
Those due in > 5 years	0.0	149.4	149.4	0.0	0.1	0.1
Total	210.7	268.3	479.0	162.1	264.1	426.2
Currency composition of borrowings:						
CHF			95.4%			95.9%
EUR			1.7%			0.7%
USD			1.5%			1.8%
GBP			0.1%			0.0%
Other			1.3%			1.6%
Total			100.0%			100.0%
The effective interest rates at the balance sheet date (current and non-current) were as follows:						
Bank and other borrowings			3.1%			4.0%
Debenture bonds			3.1%			4.2%
Borrowings:						
Borrowings at floating rate			9.7			4.4
Borrowings at fixed rate			469.3			421.8
Total			479.0			426.2

The main borrowings are:

- a debenture bond issued by Bobst Group SA of CHF 190 million, maturing in June 2015, fixed interest rate of 5%, no clause of anticipated repayment, quoted at SIX Swiss Exchange;
- a debenture bond issued by Bobst Group SA of CHF 110 million, maturing in February 2019, fixed interest rate of 2.125%, no clause of anticipated repayment, quoted at SIX Swiss Exchange;
- a debenture bond issued by Bobst Group SA of CHF 150 million, maturing in September 2020, fixed interest rate of 1.5%, no clause of anticipated repayment, quoted at SIX Swiss Exchange;
- various utilizations under bank facilities, such as current account overdrafts and fixed term loans, most of them non-secured. The assets pledged for this purpose are tangible assets for CHF 2.1 million in 2014 (2013: CHF 3.5 million).

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 27

CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to reduce cost of the capital.

In order to maintain or adjust the capital structure, the Group may adapt the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group monitors capital on the basis of the equity ratio. This ratio is calculated as equity divided by the total assets of the balance sheet. Equity is defined as shown in the consolidated balance sheet. The Group's policy is to maintain an equity ratio of approximately 35% as per the Group's mid- to long-term management objectives.

In million CHF	2014	2013
Total equity	454.8	508.1
Total balance sheet	1 623.2	1 527.0
Equity ratio	28.0%	33.3%

NOTE 28

EARNINGS PER SHARE

	2014	2013
Net result attributable to shareholders (in million CHF)	50.5	26.2
Average number of registered shares	16 518 478	16 518 478
Earnings per registered share (in CHF)	3.06	1.58
Diluted earnings per registered share (in CHF)	3.06	1.58

The average number of outstanding registered shares is calculated based on the number of shares issued, less the weighted average of own shares. Since there were no conversion rights and no option rights outstanding, earnings per registered share have not been diluted.

NOTE 29

DIVIDENDS

On 8 May 2014, a dividend of CHF 0.75 per share was paid to shareholders. At the Annual General Meetings of Shareholders held on 24 April 2013, the shareholders renounced the distribution of any dividend.

A dividend of CHF 1.25 will be proposed by the Board of Directors. This proposal is subject to approval by the shareholders at the Annual General Meeting of Shareholders on 29 April 2015.

OTHER FINANCIAL INFORMATION

This section includes additional financial information that are either required by the accounting standards or management considers these to be relevant information for shareholders.

NOTE 30 CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Transaction	Control %	Business unit	Country	Date
2014					
Bobst Paris	Creation	100%	Services	FR	28.08.2014
Bobst France Participations	Creation	100%	Services	FR	28.08.2014
BG Properties	Creation	100%	Sheet-fed	BR	01.09.2014
2013					
Rapidex SM., Angers	Merger*	100%	Sheet-fed	FR	07.11.2013

* Merger with Bobst Lyon S.A.S., Villeurbanne.

NOTE 31 SHARE-BASED PAYMENT COMPENSATION

Accounting policies

The Group uses share-based awards for the compensation (Variable Pay Plan – VPP) of the Group Executive Committee. The cost of equity-settled compensation is measured by reference to the market value of the shares at the date on which they are granted. This cost is included in the personnel expenses.

A predefined portion of the bonus of key executives is share-settled. All the rights attached to the shares are definitely transferred at the grant date (no vesting conditions), except sale, which is blocked for a period of three years. The number of shares granted depends on the share market price at the grant date. For the performance period that ended 31 December 2014, 14 646 shares have been granted (2013: 6 845). The expense recorded in 2014 in the personnel costs amounts to CHF 0.4 million (2013: CHF 0.2 million).

NOTE 32 CONTINGENT LIABILITIES

In million CHF	2014	2013
Guarantee obligations in favor of third parties	1.1	4.4

Contingent liabilities are mentioned for the full nominal amount.

OTHER FINANCIAL INFORMATION

NOTE 33

RELATED PARTIES

Investments in associates	BHS Group, D-Weiherhammer. Duo-Technik GmbH, D-Lauterbach.
Main shareholder	JBF Finance SA, CH-Buchillon.
Key management personnel	Board members of Bobst Group SA. Thierry de Kalbermatten, as <i>Vice Chairman of our Board</i> and <i>Vice Chairman of the Board of JBF Finance SA</i> . Alain Guttman, as <i>member of our Board</i> , and <i>member of the Board of JBF Finance SA</i> . Group Executive Committee members. Jean-Pascal Bobst, as <i>Chief Executive Officer of our Group Executive Committee</i> , and <i>member of the Board of JBF Finance SA</i> .

BOBST employee benefit plans

Entities controlled by members of key management personnel	CapDconsulting Guttman, CH-Vufflens-le-Château.
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Transactions with related parties during 2014 and 2013:

In million CHF	2014	2013
Investments in associates		
Sales	0.3	0.1
Purchases	3.6	3.3
Receivables and prepaid expenses	0.2	0.1
Trade and other payables	0.1	0.1
Rendering or receiving of services/transfer of R&D	0.2	0.1
Loans to them	0.0	0.0

In 2013, there was one guarantee for EUR 1.7 million released in April 2002 by Bobst Group SA in favor of a bank to guarantee a loan to a related party. This guarantee expired in April 2014.

Sales were made at usual list prices, discounted, to reflect the quantity of goods in question and the relationships between parties at market prices.

In million CHF	2014	2013
Key management personnel compensation		
Short-term benefits	5.4	5.2
Post-employment benefits	0.3	0.3
Share-based compensation	0.4	0.2
Bobst employee benefit institutions		
Open payables due to them at year-end	3.6	3.5
Entities controlled by members of key management personnel		
Honorarium billed to Bobst Group SA	0.1	0.2

There is no engagement with related parties which is not yet booked.

OTHER FINANCIAL INFORMATION

NOTE 34

CAPITAL COMMITMENTS

As at 31 December 2014, the Group has no capital commitments.

NOTE 35

SUBSEQUENT EVENTS

The consolidated financial statements were approved for publication by the Board of Directors on 10 March 2015. They are also subject to approval by the Annual General Meeting of Shareholders.

On 15 January 2015, the Swiss National Bank announced that it was discontinuing the minimum exchange rate of 1.20 Swiss francs per euro. This resulted in a significant strengthening of the Swiss franc against all major currencies in which the Group operates. The Group has assessed the impact, particularly on counterparty risk, currency exposures and intangible assets, including goodwill. The event described has no impact on the accounting policies applied, including on the valuation principles followed or on management estimates, in the preparation of the consolidated financial statements for the year ended 31 December 2014.

There were no other events between 31 December 2014 and 10 March 2015 that would necessitate additional adjustments to the book values of the Group's assets or liabilities, or which require disclosure.

OTHER FINANCIAL INFORMATION

NOTE 36

LIST OF GROUP COMPANIES

		Currency	Share capital in local currency	Control %	Consolidation	Production	Sales and services	Other
Holding company								
Switzerland	Bobst Group SA, Mex	CHF	17 810 002					■
Affiliated companies								
Germany	Bobst Beteiligungsgesellschaft mbH, Meerbusch	EUR	9 407 771	100.0	C			■
	Bobst Meerbusch GmbH, Meerbusch	EUR	2 000 000	100.0	C		■	
	Bobst Stuttgart GmbH, Neuhausen a. d. Fildern	EUR	5 601 000	100.0	C	■	■	
	Bobst Bielefeld GmbH, Bielefeld	EUR	1 534 000	100.0	C	■	■	
Belgium	Bobst Benelux NV, Berchem	EUR	124 000	100.0	C		■	
Denmark	Bobst Scandinavia ApS, Rodovre	DKK	125 000	100.0	C		■	
Spain	Bobst Ibérica, S.L., Barcelona	EUR	700 000	100.0	C		■	
France	Bobst Paris, Antony (branch)	-	-	-	-		■	
	Bobst Paris	EUR	611 289	100.0	C		■	
	Bobst France Participations	EUR	612 289	100.0	C			■
	Bobst Lyon S.A.S., Villeurbanne	EUR	11 360 000	100.0	C	■	■	
United Kingdom	Bobst UK Holdings Ltd, Redditch	GBP	24 478 115	100.0	C			■
	Bobst UK & Ireland Ltd, Redditch	GBP	2	100.0	C		■	
	Bobst Manchester Ltd, Heywood	GBP	4 000 100	100.0	C	■	■	
Italy	Bobst Italia SpA, Piacenza	EUR	6 486 000	100.0	C	■	■	
Poland	Bobst Polska Sp. z o.o., Lodz	PLN	50 000	100.0	C		■	
Russia	Bobst CIS LLC, Moscow	RUB	200 000	100.0	C		■	
Switzerland	Bobst Grenchen AG, Grenchen	CHF	1 000 000	100.0	C	■	■	
	Bobst Mex SA, Mex	CHF	30 409 730	100.0	C	■	■	
	BM Participations SA, Mex	CHF	100 000	100.0	C			■
Czech Republic	Bobst Central Europe s.r.o., Brno	CZK	100 000	100.0	C		■	
Tunisia	Bobst Africa & Middle East Ltd, Tunis	TND	10 000	100.0	C		■	
Brazil	Bobst Latinoamérica do Sul Ltda, Itatiba	BRL	34 696 041	100.0	C	■	■	
	BG Properties	BRL	1 000	100.0	C			■
United States	Bobst North America Inc., Roseland	USD	575 960	100.0	C		■	
Mexico	Bobst Latinoamérica Norte SA de CV, Mexico	MXN	200 000	100.0	C		■	
China	Bobst (Shanghai) Ltd, Shanghai	CNY	52 216 742	100.0	C	■	■	
	Gordon Ltd, Hong Kong	HKD	10 000	65.0	C	■	■	
	Bobst Hong Kong Ltd, Hong Kong	USD	2	100.0	C		■	
India	Bobst India Private Ltd, Pune	INR	235 311 400	100.0	C	■	■	
Indonesia	PT Bobst Group Indonesia, Jakarta	IDR	885 000 000	100.0	C		■	
Japan	Bobst Japan Ltd, Tokyo	JPY	200 000 000	100.0	C		■	
Malaysia	Bobst Malaysia Sdn. Bhd., Petaling Jaya	MYR	500 000	100.0	C		■	
Singapore	Bobst Group Singapore Pte Ltd, Singapore	SGD	100 000	100.0	C		■	
Thailand	Bobst (Thailand) Ltd, Bangkok	THB	25 000	100.0	C		■	
Associated companies								
Germany	Duo-Technik GmbH, Lauterbach	EUR	72 000	40.0	E	■		
Germany	BHS Corr. Maschinen- und Anl. GmbH, Weiherhammer	EUR	6 000 000	30.0	E	■	■	■

C = Full consolidation method E = Equity method



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To the General Meeting of
Bobst Group SA, Mex

Lausanne, 10 March 2015

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Bobst Group SA, which comprise the profit and loss, statement of comprehensive income, balance sheet, cash flow statement, changes in equity and notes (pages 24 to 74), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to read 'M. Sills'.

Mike Sills
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink, appearing to read 'K. Badertscher Chamoso'.

Karine Badertscher Chamoso
Licensed audit expert

STATUTORY ACCOUNTS

BALANCE SHEET AS AT 31 DECEMBER OF BOBST GROUP SA

In million CHF		2014	2013
Assets	Participations and loans to affiliated companies	503.1	563.6
	Financial fixed assets	503.1	563.6
	Miscellaneous receivables from affiliated companies	0.0	0.2
	Miscellaneous receivables	0.1	0.5
	Other financial assets	0.0	7.0
	Cash and cash equivalents (including own shares)	165.8	51.9
	Prepaid expenses	1.2	0.8
	Current assets	167.1	60.4
	Total assets	670.2	624.0
Liabilities	Share capital	16.5	17.8
	Reserves:		
	– general	7.2	7.2
	– own shares	0.0	1.4
	Available earnings		
	– balance carried forward	137.1	142.0
	– profit for the year	10.0	6.2
	Equity	170.8	174.6
	Debenture bonds	260.0	250.0
	Provisions	1.7	1.7
	Non-current liabilities	261.7	251.7
	Debenture bonds	190.0	150.0
	Debts to affiliated companies	0.0	2.0
	Short-term debts	47.7	45.7
	Current liabilities	237.7	197.7
	Total liabilities and equity	670.2	624.0

PROFIT AND LOSS STATEMENT OF BOBST GROUP SA

In million CHF		2014	2013
Income	Income from affiliated companies	36.4	34.8
	Financial income	0.3	1.4
	Total	36.7	36.2
Costs	Administration and other costs	-8.6	-8.6
	Financial costs	-18.1	-21.4
	Total	-26.7	-30.0
	Profit before income tax	10.0	6.2
	Income tax	0.0	0.0
	Net profit	10.0	6.2

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

ACCOUNTING PRINCIPLES

General

Bobst Group SA is the holding company of the Bobst Group. The annual accounts are prepared in accordance with Swiss law and with generally accepted principles.

Conversion of foreign currencies

Transactions in foreign currencies are converted to Swiss francs (CHF) at the prevailing rate on the date of the transaction. The necessary provisions for exchange rate variances are made when preparing the Balance Sheet.

Participations and receivables related to investments

Participations and loans are carried at their gross acquisition values, reduced by necessary provisions. The evaluation of the participations covers essentially the profitability, in accordance with the principle of prudence.

EXPLANATORY NOTES FOR VARIOUS ELEMENTS

A. BALANCE SHEET

Participations and loans to affiliated companies

The complete list of affiliated companies of the Bobst Group is found at the end of the consolidated financial statements. This list also provides information concerning the activities of each entity (Note 36).

In million CHF	2014	2013
Subdivision:		
Participations	340.9	341.0
Loans to affiliated companies	162.2	222.6
Total	503.1	563.6

Cash and cash equivalents

In 2013, the cash and cash equivalents included CHF 1.4 million in own shares.

Debenture bonds

Amount: CHF 190.0 million
 Length: Six years, fixed
 Maturity: 22 June 2015
 Rate: 5%
 Quotation: SIX Swiss Exchange

Amount: CHF 110.0 million
 Length: Five years, fixed
 Maturity: 20 February 2019
 Rate: 2.125%
 Quotation: SIX Swiss Exchange

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

Debenture bonds (continued)

Amount: CHF 150.0 million
 Length: Six years, fixed
 Maturity: 30 September 2020
 Rate: 1.5%
 Quotation: SIX Swiss Exchange

Contingent liabilities

2014: CHF 168.4 million
 2013: CHF 170.8 million

B. PROFIT AND LOSS STATEMENT

All income and expenses exclusively concern the activities of the holding company and require no special comments.

C. BOARD AND EXECUTIVE COMPENSATION DISCLOSURES

The disclosures required by Swiss Law on Board and Executive compensation are shown in the remuneration report.

D. RISK ASSESSMENT DISCLOSURES

As part of the Group risks and opportunities management system, a systematic procedure for identifying and assessing risks and opportunities, as well as for implementing appropriate risk control mechanisms, is in place.

During the risk assessment, Group units evaluate the financial impact of the most significant risks on their results.

The outcome of the assessment and the approved measures are summarized in a report which is made available to the Group Executive Committee member responsible for the unit.

In addition, a risk evaluation and prioritization is prepared by the Group Executive Committee. The result is discussed with the Audit Committee of the Board of Directors. Financial risk management is described in more detail in Note 25 to the Group's consolidated financial statements.

Proposal for the appropriation of available earnings

In million CHF	2014	2013
Carried forward	134.8	142.0
Reduction of capital, net of transfer of own shares reserve	1.3	0.0
Dividends unpaid on own shares	1.0	0.0
Profit for the year	10.0	6.2
Total	147.1	148.2
The proposal is as follows:		
Dividend of CHF 1.25/CHF 0.75 per share	20.6	13.4
Balance to retained earnings	126.5	134.8
Total	147.1	148.2

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

E. SHARE CAPITAL

	2014	2013	2012
	Number of registered shares par value CHF 1.–	Number of registered shares par value CHF 1.–	Number of registered shares par value CHF 1.–
Issued shares			
Balance at 1 January	17 810 002	17 810 002	17 810 002
Reduction	-1 291 524		
Balance at 31 December	16 518 478	17 810 002	17 810 002

Significant shareholders

Shareholders as per latest publications according to Article 20 of the Federal Act on Stock Exchanges and Securities Trading (SESTA)

- JBF Finance SA:
11 January 2014: 50.01%.
Publication by JBF Finance SA that the shareholders of JBF Finance SA, subject to a shareholders' agreement, hold 8906 104 registered shares of Bobst Group SA (50.01%) of which 8 758 590 are registered in the name of JBF Finance SA.
- Silchester International Investors LLP*:
9 November 2010: 11.53%.
- Bobst Group SA:
24 June 2014: 0.00%.
Cancellation of all treasury shares/share capital reduction.
- Sarasin Investmentfonds AG:
15 November 2011: 3.39%.

Shareholders as per Share Register as at 31 December 2014

	2014	2013	2012
	Number of registered shares par value CHF 1.–	Number of registered shares par value CHF 1.–	Number of registered shares par value CHF 1.–
JBF Finance SA	8 859 040 53.63%	8 753 656 49.16%	8 747 210 49.12%
Nortrust Nominees Ltd*	1 980 935 11.99%	1 996 627 11.21%	1 990 860 11.18%
Public Shareholders	5 678 503 34.38%	5 768 195 32.39%	5 780 408 32.45%
Total shares outstanding	16 518 478	16 518 478	16 518 478
Treasury shares	0 0.00%	1 291 524 7.25%	1 291 524 7.25%
Total shares issued	16 518 478 100.00%	17 810 002 100.00%	17 810 002 100.00%

* Nortrust Nominees Ltd is registered as nominee of a number of shareholders, among them Silchester International Investors LLP.

	2014	2013	2012
	Number of registered shares par value CHF 1.–	Number of registered shares par value CHF 1.–	Number of registered shares par value CHF 1.–
Treasury shares in million CHF			
Book value	0.0	1.4	1.4
Market value	0.0	39.1	33.7

NOTES TO THE FINANCIAL STATEMENTS AND PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS (BOBST GROUP SA)

SHARE OWNERSHIP

The total number of Bobst Group SA shares owned as at 31 December 2014 by non-executive members of the Board, by Group Executive Committee members, and by persons closely linked to them was as per the table below:

Non-executive Members of the Board	Number of shares owned	Group Executive Committee Members	Number of shares owned
Thierry de Kalbermatten	90	Jean-Pascal Bobst	15 385
Michael W.O. Garrett	2 000	Attilio Tissi	3 707
Ulf Berg	18 000	Philippe Milliet	1 719
Jürgen Brandt	2 000	Erik Bothorel	2 364
		Stephan März	2 085
Total 2014	22 090	Total 2014	25 260

The total number of Bobst Group SA shares owned as at 31 December 2013 by non-executive members of the Board, by Group Executive Committee members, and by persons closely linked to them was as per the table below:

Non-executive Members of the Board	Number of shares owned	Group Executive Committee Members	Number of shares owned
Thierry de Kalbermatten	90	Jean-Pascal Bobst	11 776
Michael W.O. Garrett	2 000	Attilio Tissi	2 961
Ulf Berg	18 000	Philippe Milliet	758
Jürgen Brandt	2 000	Erik Bothorel	2 105
		Stephan März	1 330
Total 2013	22 090	Total 2013	18 930

Persons closely linked to the non-executive members of the Board and to the Group Executive Committee members are their spouses, their children under the age of eighteen, any legal entities that they own or otherwise control, or any legal or natural person who is acting as their fiduciary.



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To the General Meeting of
Bobst Group SA, Mex

Lausanne, 10 March 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Bobst Group SA (pages 79 to 85), which comprise the balance sheet, profit and loss statement and notes for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to read 'M. Sills'.

Mike Sills
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink, appearing to read 'K. Badertscher Chamoso'.

Karine Badertscher Chamoso
Licensed audit expert

REMUNERATION REPORT 2014

Bobst Group SA

PART A

CONTENT AND METHOD OF DETERMINING COMPENSATION, SHAREHOLDING PROGRAMS AND THE GRANT OF LOANS

GENERAL PRINCIPLES

The remuneration policy at BOBST, for all employees, and in particular for the Group Executive Committee members, focuses on achieving a high level of performance to ensure sustained growth of the Company and value creation. The compensation of the Group Executive Committee and of the members of the Board of Directors is reviewed on an annual basis by the Remuneration and Nomination Committee, which proposes appropriate measures to the Board of Directors.

All amounts stated are gross and include all fixed and variable remuneration allocated to the members of the Board and to the Executive Committee for the year under review.

Board of Directors

The members of the Board of Directors receive a fixed remuneration and a representation allowance in cash. The remuneration of the members of the Board of Directors reflects their expected level of commitment and accountability.

Group Executive Committee

The remuneration of the members of the Group Executive Committee is designed to reward performance, and to be competitive and attractive in line with their responsibilities.

The remuneration of the members of the Group Executive Committee is composed of the following components:

- a fixed annual base salary in cash;
- a variable component, linked to performance, paid part in cash and part in shares blocked for three years.

RESPONSIBILITY AND PROCEDURE FOR THE DETERMINATION OF REMUNERATION

Board of Directors

The Remuneration and Nomination Committee submits to the Board for approval a remuneration system for the Board which respects the principles defined in its charter (<http://investors.bobst.com/documents>).

Group Executive Committee

The Remuneration and Nomination Committee submits the remuneration system for the Group Executive Committee and the total remuneration of the Chief Executive Officer to the Board for approval, pursuant to the principles defined in its charter (<http://investors.bobst.com/documents>).

The Remuneration and Nomination Committee approves, upon proposal of the Chief Executive Officer, the total compensation of each ordinary member of the Group Executive Committee and submits to the Board of Directors for approval the total amount of compensation of all the members of the Group Executive Committee.

COMPENSATION SYSTEM

Board of Directors

The amount of the compensation of the members of the Board is set at its discretion, pursuant a proposal by the Remuneration and Nomination Committee.

The members of the Board of Directors receive a fixed remuneration and a representation allowance in cash as detailed in the table below:

Annual compensation of the members of the Board of Directors	Fixed remuneration in cash in CHF ¹⁾
Chairman of the Board ²⁾	325 000
Vice Chairman of the Board ³⁾	230 000
Member of the Board	140 000
Audit Committee – Chairman	20 000
Audit Committee – members	20 000
Compensation and Nomination Committee – Chairman	0
Compensation and Nomination Committee – members	0
Representation allowance for the Chairman of the Board of Directors	17 000
Representation allowance for the other members of the Board of Directors	12 000

¹⁾ Gross amount without social security contribution.

²⁾ The Chairman of the Board of Directors does not receive additional remuneration for Committee activities.

³⁾ The Vice Chairman of the Board of Directors does not receive additional remuneration for Committee activities.

Members of the Board do not receive a variable compensation. They are not affiliated to any company pension plan.

The members of the Board are all non executive and none of them has operational management tasks within Bobst Group SA, nor any subsidiary. None of the members of the Board has been a member of the management of Bobst Group SA, or of any subsidiary in the last three years.

Group Executive Committee

The compensation of the Group Executive Committee members is governed by a total reward policy. The compensation system is reviewed by the Remuneration and Nomination Committee on an annual basis and approved by the Board of Directors based on a proposal by the Remuneration Compensation and Nomination Committee.

The compensation of the members of the Group Executive Committee is composed of the following components:

Annual compensation system for the members of the Group Executive Committee

Base remuneration	Variable remuneration (VPP)	
	Variable Pay Plan (Cash)	Variable Pay Plan (Shares)
— Base salary	— Incentive in cash ¹⁾	— Incentive in shares blocked
— Pension plan contributions		for 3 years ²⁾
— Representation allowances		
— Others		

¹⁾ The part of the VPP paid in cash represents 90% of the whole variable remuneration for the GEC members and 70% for the CEO.

²⁾ The part of the VPP paid in shares blocked for 3 years represents 10% of the whole variable remuneration for the GEC members and 30% for the CEO.

Base salary

The level of the base salary is set at the discretion of the Board of Directors, pursuant to a proposal by the Remuneration and Nomination Committee. The remuneration of the members of the Group Executive Committee is designed to be competitive and attractive in line with their responsibilities.

In addition, a yearly representation allowance of CHF 28 500.– is granted to each member of the Group Executive Committee including the CEO.

Variable remuneration (VPP)

The annual target VPP corresponds to a percentage of the base annual salary – around 120% for the CEO and in the range of 66% for the other members of the Group Executive Committee. The actual VPP paid depends on the achievement of the agreed targets which are set in January of each year.

For the CEO and the CFO, 60% of these targets are of a financial nature (such as Group operating profit and return on capital employed [ROCE]) and 40% are personal targets, which can be both qualitative and quantitative.

For the other members of the Group Executive Committee, 75% of these objectives are of a financial nature (such as Group and Business Unit operating profits, Group and Business Unit return on capital employed [ROCE]) and 25% are individual objectives, which can be both qualitative and quantitative.

For each of the defined objectives, a target value as well as a “kick-in” and “ceiling” levels are set. No payout is granted if the “kick-in” level is not reached. The maximum payout is 1.5 times the target value when the “ceiling” level is attained or surpassed.

Exceptions to this policy may be adopted at the discretion of the Board.

Shareholding Program

The amount of the variable remuneration paid in the form of shares in Bobst Group SA is valued at fair market value close to the date when the Board approves the annual accounts. The shares are blocked at allocation for a period of three years.

Pension plan contributions

The members of the Group Executive Committee are enrolled into the social security system and the local pension plan of an affiliate.

They are also affiliated to an additional dedicated pension scheme providing risk cover and a pension contribution. The annual pension amount covered is CHF 220 000.– for the CEO and CHF 100 000.– for other Group Executive Committee members.

EMPLOYMENT CONTRACTS

The members of the Group Executive Committee all have employment contracts with a notice period of twelve months.

LOANS

No loan or credits are granted to the members of the Board of Directors or of the Group Executive Committee.

ADDITIONAL INFORMATION

The Group provides each member of the Group Executive Committee with a company car. No additional fee or remuneration (consulting, acquisition, divestment or others) is granted to the GEC members for activities within the Group.

The members of the Board of Directors and of the Group Executive Committee do not receive any component of compensation other than those listed above.

The members of the Board of Directors and of the Group Executive Committee do not contractually have severance pay.

PART B
BOARD AND EXECUTIVE COMMITTEE COMPENSATION

PRELIMINARY REMARK

The elements of the compensation presented in this chapter have been determined by applying the principles described in Part A of this document.

All amounts stated are gross and include all fixed and variable remuneration allocated to the members of the Board and to the Executive Committee for the year under review.

Board of Directors

In 2014, the members of the Board of Directors received a fixed remuneration and a representation allowance in cash as detailed in the table below:

Members of the Board	Revenue in CHF	Representation allowance in CHF	Cash in CHF
Alain Guttman, Chairman	325 000	17 000	342 000
Thierry de Kalbermatten, Vice Chairman	230 000	12 000	242 000
Ulf Berg	160 000	12 000	172 000
Michael W.O. Garrett	140 000	12 000	152 000
Jürgen Brandt	160 000	12 000	172 000
Total remuneration 2014	1 015 000	65 000	1 080 000

In 2013, the members of the Board of Directors received a fixed remuneration and a representation allowance in cash as detailed in the table below:

Members of the Board	Revenue in CHF	Representation allowance in CHF	Cash in CHF
Charles Gebhard, Chairman (until 30.03.2013)	165 000	6 000	171 000
Alain Guttman, Chairman (since 01.04.2013)	287 500	12 000	299 500
Thierry de Kalbermatten, Vice Chairman	230 000	12 000	242 000
Ulf Berg	155 000	12 000	167 000
Michael W.O. Garrett	140 000	12 000	152 000
Hans Rudolf Widmer (until 30.03.2014)	80 000	6 000	86 000
Jürgen Brandt (since 01.04.2013)	120 000	9 000	129 000
Total remuneration 2013	1 177 500	69 000	1 246 500

None of the Board members are affiliated to the Group's pension funds.

In addition, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS) and Unemployment Insurance and family LPC amounting to CHF 59 405.20 (2013: CHF 65 672.-).

Group Executive Committee

In 2014, the members of the Group Executive Committee received the compensation detailed in the table below:

	Base remuneration	Variable Pay Plan (VPP)		Pension plans	Payment in kind	Total 2014
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF
Total remuneration:						
Group Executive Committee	2 213 500	1 814 579	14 646	363 742	315 839	21 870 4 729 526
Highest compensation:						
Jean-Pascal Bobst, CEO	684 500	739 200	10 634	264 102	87 482	4 320 1 779 601

In 2013, the members of the Group Executive Committee received the compensation detailed in the table below:

	Base remuneration	Variable Pay Plan (VPP)		Pension plans	Payment in kind	Total 2013
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF
Total remuneration:						
Group Executive Committee	2 058 650	1 600 266	6 845	194 025	314 524	25 406 4 192 868
Highest compensation:						
Jean-Pascal Bobst, CEO	678 500	660 455	3 609	102 299	87 031	4 320 1 532 603

* The value of a bonus in shares, the sale of which is blocked for a period of three years, is equal to 83.96% of their market value at the date of attribution. The share price at the date of attribution was CHF 29.58 (2013: CHF 33.76).

In addition, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS), Unemployment Insurance and family LPC amounting to CHF 247 665.- (2013: CHF 217 097.-).

COMPENSATION FOR FORMER MEMBERS OF GOVERNING BODIES

During the year under review, there was no other compensation conferred to former members of governing bodies in relation with their former activity as governing bodies or not conforming to market practice, either by Bobst Group SA or its subsidiaries.

ADDITIONAL FEES AND REMUNERATIONS

Fees of CHF 75 520.60, have been paid by Bobst Group SA to CapDconsulting Guttman, Vufflens-le-Château, owned by Mr. Alain Guttman, Chairman of the Board of Directors of Bobst Group SA, for various consulting activities.



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To the General Meeting of
Bobst Group SA, Mex

Lausanne, 10 March 2015

Report of the statutory auditor on the remuneration report

We have audited the remuneration report Part B dated 10 March 2015 of Bobst Group SA (pages 93 to 94) for the year ended 31 December 2014.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2014 of Bobst Group SA complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Mike Sills
Licensed audit expert
(Auditor in charge)

Karine Badertscher Chamoso
Licensed audit expert

Certain statements in the annual report, including but not limited to those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for Company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by “expects”, “estimates”, “forecasts” or similar expressions, are forward-looking statements. These statements are based on current decisions and plans as well as on currently known factors. They involve known and unknown risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the Company.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange rate and interest rate fluctuations, competitive product and pricing pressures, the Company’s operating conditions, and regulatory developments.

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