

ANNUAL REPORT 2015

Bobst Group SA

KEY FIGURES

In million CHF	2015		2014		2013 (restated)		2012 (restated)		2011 (restated)		
Assets	Non-current assets	511.4	35%	524.6	32%	571.1	37%	558.9	37%	742.2	43%
	Current assets	930.0	65%	1 098.6	68%	955.9	63%	966.8	63%	975.4	57%
		1 441.4	100%	1 623.2	100%	1 527.0	100%	1 525.7	100%	1 717.6	100%
Liabilities	Equity	413.6	29%	454.8	28%	508.1	33%	410.1	27%	557.1	32%
	Non-current liabilities	492.0	34%	482.1	30%	407.7	27%	600.8	39%	680.9	40%
	Current liabilities	535.8	37%	686.3	42%	611.2	40%	514.8	34%	479.6	28%
		1 441.4	100%	1 623.2	100%	1 527.0	100%	1 525.7	100%	1 717.6	100%
Net cash/Net debt		-0.9		-17.7		-109.0		-190.4		-256.2	
Sales		1 330.9		1 300.0		1 353.9		1 263.7		1 270.3	
Operating result (EBIT)		75.4		81.7		60.3		19.0		27.5	
As % of sales		5.7%		6.3%		4.5%		1.5%		2.2%	
Net result		59.2		53.0		27.7		-5.0		2.5	
As % of sales		4.4%		4.1%		2.0%		-0.4%		0.2%	
As % of equity		14.3%		11.7%		5.5%		-1.2%		0.4%	
Capital expenditure (CAPEX)		20.9		27.1		29.5		62.5		87.6	
Return on capital employed (ROCE)		12.3%		12.6%		8.6%		2.5%		n/a	
Share income											
Share price at the end of the year		42.0		38.4		30.3		26.1		23.3	
Market capitalization		693.0		634.3		538.8		464.8		415.0	
EPS (16 518 478 shares)		3.55		3.06		1.58		-0.43		0.03	
Price-earnings ratio		11.8		12.5		19.1		-60.7		776.7	
Dividend paid:											
– total, in million CHF		20.6		20.6		13.4		0.0		0.0	
– payout ratio		34.8%		38.9%		48.4%		0.0%		0.0%	
– dividend yield		3.0%		3.3%		2.5%		0.0%		0.0%	
Headcount		4 907		4 841		4 929		5 124		5 343	
% change compared to previous year		1.4%		-1.8%		-3.8%		-4.1%		4.3%	

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 2015

Bobst Group SA

DEAR SHAREHOLDERS

“LIFE IS LIKE A ROUGH SEA THAT WE MUST CONSTANTLY MASTER IF WE ARE TO STAY ON COURSE”

Customers inspired by innovation – and an enthusiastic team bound together by the same passion – have enabled us to overcome the passage of storms and tempests. If we immerse ourselves in the 125-year history of our Group, we cannot fail to see just how true this is. Yes, BOBST has weathered many a storm; and many times the ship might have foundered. However, a number of factors have contributed to the Group's ability to overcome any crisis that has arisen throughout its long history. There is of course anticipation, determination and passion, shared with our employees and suppliers to achieve a common vision and culture. This is what 2015 has shown. It started off looking like a vintage year for our Group, the reward for a four-year transformation program, with the pleasing results of 2014 confirming a tendency that would continue into 2015, the year of our 125th anniversary. Then, on 15 January 2015, the Swiss National Bank made a decision that had a significant impact on the Swiss export industry. Group Management has reacted energetically to counter the effect of the increase in the Swiss Franc, with the aim of guarding its position as innovative leader while simultaneously protecting our profitability.

We can all be proud of the results reported for 2015 in a highly competitive machine industry. Our turnover increased by CHF 30.9 million in 2015 compared to 2014, to reach CHF 1.331 billion. This represents a strong performance and, indeed, a very good year after allowing for the effect of the evolution in exchange rates.

To achieve this we have, on the one hand, favored a volume-based strategy – to maintain our position and protect our market share – and on the other hand, we have invested for the future through many different developments in our three sectors (folding carton, corrugated board and flexible materials). We have achieved our goals on both of these fronts by regaining market share and by innovating – with nine new products ready for introduction during 2016. The future remains foggy and the efforts of the last year must be continued, since the pressure on our profitability remains considerable. 2016 and 2017 will again bring significant challenges.

As things stand at present, we can be delighted to have achieved an operating profit of CHF 75.4 million in 2015 (CHF 81.7 million in 2014). Our aim is to ensure stability throughout 2016 and then to achieve further growth in 2017.

Turnover

2015 began with a slightly higher backlog than the one of 2014. Bookings ran at a very strong level in the Sheet-fed and Web-fed Business Units, being up by 6% overall, compared to 2014. At the regional level, bookings ran at an excellent level in Europe, while the situation in Central America, North America and Africa was also pleasing. South America, Asia and even China experienced a slowdown.

Consolidated sales for the full year 2015 amounted to CHF 1.331 billion, representing an increase of CHF 30.9 million or 2%, compared to 2014. The operating profit was CHF 75.4 million.

Once again, sales were stronger in the second half-year than in the first.

At CHF 59.2 million, our net consolidated result represents an increase of CHF 6.2 million (11.7%) compared to 2014. For 2015, the Board of Directors proposes a dividend of CHF 1.25 per share (CHF 1.25 in 2014).

International expansion

One of the highlights of 2015 was the establishment of a new subsidiary, Bobst Firenze, as the result of the acquisition of the Italian company Nuova Gidue.

The company was integrated particularly quickly and efficiently, due largely to the motivation of the Italian management team, the complementary nature of our activities, and the consistent logic of our “One Group, One Brand” strategy.

Bobst Firenze will enable us to extend our portfolio for the label and flexible packaging markets. Our ambition over the next four years is to become one of the leaders in this sector.

We also exercised our option to purchase the remaining 35% shareholding, previously vested in Gary Tseng, of Gordon Ltd, a holding company based in Hong Kong and owner of Shanghai Eternal Machinery Co. Ltd. Despite this change in the shareholder structure, Gary Tseng will continue to manage the company in order to further develop our presence and leadership in China.

In December, we announced our intention to extend our distribution capabilities by creating our own sales and service organization, Bobst Istanbul. Turkey is a rapidly growing market in which BOBST wants to strengthen its local presence in order to support its customers with the industry's largest machine portfolio and the best services available. Expansion in new countries and new geographical areas reflects our strategy of extending our sales and

service capabilities. Thanks to this new subsidiary, the Group now has a direct presence based on in-house teams in 24 countries.

We also consider Middle East and Africa to be an important region where we will continue to invest. One fact that illustrates Africa's potential is its 24.2% population growth rate during 2015.

Board of Directors re-election/election

The mandates of all the members of the Board of Directors became due for renewal for a one-year period. At the forthcoming Annual General Meeting of Shareholders, on 6 April 2016, Alain Guttmann, Thierry de Kalbermatten, Ulf Berg, Jürgen Brandt and Gian-Luca Bona will be proposed for re-election for a new period of one year. Michael W.O. Garrett will not be standing for re-election, as he has reached the age limit for Board members. We express our warmest thanks for his outstanding contribution and for the skills he has brought to the Group since 2005. The Board of Directors wishes to propose Alain Guttmann as Chairman.

Mr. Philip Mosimann (1954), CEO of Bucher Industries since 2002, designated as future non-executive Chairman as of spring 2016, will be proposed as a new member of the Board. A former director of the Sulzer Group (1980–2001), he has been active in the machine industry for over 35 years. He will enrich the Group with his experience and competencies in the industry worldwide.

Outlook and strategy

With reduced visibility, 2016 will be a volatile year due to the unstable global economy. North America should remain stable, even if the months leading up to the Presidential election could bring some turbulence, and Europe is expected to build on the current positive developments. Instability in Africa and the Middle East will probably not prevent their economies from functioning. Asia and China will struggle, exhibiting limited, but nevertheless real, growth. As in 2015, we therefore expect our industry to witness opportunities. Although price pressures will continue, we hope that these will be outweighed by the impact of our nine new products for 2016, which should arouse interest and boost market demand. We also see significant opportunities in the label sector and activities for narrow and mid-web. This will be a year of innovation for BOBST, in particular in the field of digital machines for corrugated board and folding carton, from which results are particularly promising.

The Drupa and K exhibitions, which are due to be held in Germany in June and October 2016 respectively, will be the main events of the year. The months preceding these trade fairs may be marked by a decline in the number of bookings received.

In support of our strategy, we shall continue to invest in:

- The development and launch of new products;
- An increased presence in China, Asia, Africa and the

Middle East in terms of products, sales and services. At the practical level, we are setting up a spare parts distribution center in Singapore that will be dedicated to the Asia-Pacific region;

- The integration of our new acquisition (Bobst Firenze) and the development of the associated markets in North America.

Innovation is a vital factor that will shape our future. That is why we are devoting the resources and energy required to produce cutting-edge equipment.

As part of its transformation program, the Business Unit Services will launch eight innovations in the field of processes and product knowledge.

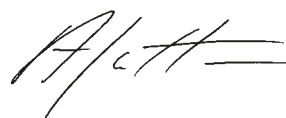
A company's success can be measured by its ability to recruit the necessary talents and keep them; the continuous improvement program relating to the skills of technical personnel will also be a vital factor in our quest for success.

Vision, values and behaviors

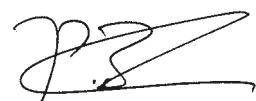
In a constantly changing world, our vision and our values remain the same. Mutually supportive, they must continue to grow in strength. We are all both different and complementary, and each of us has an important role to play in laying the foundations for our company's future prosperity.

Our 125-year history gives us the objectivity necessary to consider the future, as well as renewed strength to overcome our challenges. A culture based on lived values is a vital element in securing tomorrow's success.

We have successfully weathered the storms of the recent past and we are confident in our ability to succeed in the future. We owe these strengths to the commitment of our staff, that is to say each and every one of our 4907 employees around the world, and to the quality of our relations with our customers. We wish to thank all our collaborators for their professionalism and their determination to put the company strategy into practice in a constructive, forward-looking spirit. We also thank our shareholders, suppliers, banks and financial partners for their unfailing, and long-standing support. They can count on our commitment to further strengthening the position of the Bobst Group during the years to come. Let us celebrate together the 125th anniversary of the company: "For the Next Generation".



Alain Guttmann
Chairman of the Board



Jean-Pascal Bobst
Chief Executive Officer

CORPORATE GOVERNANCE

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 and labels, 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 and label industries 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 organized 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 75.

SIX SWISS EXCHANGE: BOBNN or 1268465 – ISIN: CH0012684657 – SIX TELEKURS: BOBNN,4 or 1268465,4 – BLOOMBERG: BOBNN SW – REUTERS: BOBNN.S. Market capitalization of Bobst Group SA CHF 693 million as at 31 December 2015.

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 vehicle.

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; Bertrams; LBIS; 88 Rue du Rhône. Member of various boards within the Bobst Group organization.

Bruno de Kalbermatten

Honorary Chairman.

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; PKB Alasia SA; Origins Holdings.

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: Gottex Fund Management Holdings Limited in Guernsey.

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 AG,
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.

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.

Gian-Luca Bona

1957, Swiss national.

Prof. Dr. for Photonics ETH
Zurich and EPF Lausanne.

since 2009
Director Empa - Material
Science & Technology.

2004 – 2009
Research Manager Science
& Technology, Director Tape
Storage Solutions, IBM San
Jose and Tucson, USA.

1987 – 2004
Research Staff member
and Research Manager
Photonics, IBM Research
Laboratory, Rüschlikon.

Other board Memberships:
Comet Group, President
Technopark Zurich
Foundation and Technopark
Alliance, President
glatec Technology Center
Foundation, Expert CTI
Knowledge and Technology
Transfer, member of Swiss
Innovation Park Foundation
Zurich.

Member of the scientific
advisory boards of: CSEM
Neuchâtel, Switzerland;
Bundesanstalt für
Materialien (BAM), Berlin,
Germany; National Institute
for Materials Science (NIMS),
Tsukuba, Japan.

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>).

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.

Number of permitted activities pursuant to the Ordinance against Excessive Compensation

See Article 25 ter of the Articles of Association (<http://investors.bobst.com/documents>).

No members of the Board of Directors exceeds the set limits for functions outside Bobst Group SA.

Elections and terms of office (see table below)

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	2016
Thierry de Kalbermatten, Vice Chairman ²⁾	2005	2016
Michael W.O. Garrett ¹⁾	2005	–
Ulf Berg ^{4) 5)}	2006	2016
Jürgen Brandt ³⁾	2013	2016
Gian-Luca Bona ²⁾	2015	2016

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.

⁵⁾ Independent Director.

Internal organizational structure

The **Board** has a Chairman, a Vice Chairman, an independent Director and a Secretary.

The Board meets at least five times per year in order to deal with the items on the agenda prepared by the Chairman. In 2015, the Board met six times – three full day meetings and three half-day meetings. All meetings were attended by all 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 areas 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 2015, its members met for three half-day meetings. Two meetings were attended by all Committee members, one meeting was attended by two out of three members, and all meetings were attended by the Chairman of the Board, the Chief Executive Officer and the Head of Group HR, who acted as Secretary of the Committee.

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 2015, three half-day meetings were attended by all Audit Committee members and by the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. The Head of Legal and Compliance attended several meetings. The lead external auditor also attended all meetings, one of which via telephone conferencing.

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 responsibilities, in particular: to determine the strategy and the goals of the Company and of the Bobst Group, and to determine the financial strategy; 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; supervision of the execution by the CEO of the management duties delegated to him; verification of the Internal Control System and the Risk Evaluation Process; implementation of the remuneration systems for the members of the Board and the GEC pursuant to Articles 23 ter through 23 quinquies of the Articles of Association (<http://investors.bobst.com/documents>), and the supervision of the application of corporate governance principles throughout the Group.

The responsibilities 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 responsibilities 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

In April 2015, the Group introduced a full financial month-end close consolidation and reporting process (except for the months of January, July and October for which a lighter close process is applied). The Group Executive Committee and the Board receive a monthly detailed financial report presenting business activity and profitability, the evolution of the key items on the balance sheet and the treasury situation. The report compares the actual figures with the budget, the forecast and prior year. In November and December, the budget and the medium-term business plan of the Group are reviewed in detail and 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.

Number of permitted activities pursuant to the Ordinance against Excessive Compensation

See Article 25 ter of the Articles of Association (<http://investors.bobst.com/documents>). No members of the Group Executive Committee exceeds the set limits for functions outside Bobst Group SA.

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 Remuneration Report 2015, Part A, pages 90 to 92.

Performance related Pay

See Remuneration Report 2015, Part A, page 92 and Part B, page 93.

See Articles 23 ter 23 quater, 23 quinquies of the Articles of Association (<http://investors.bobst.com/documents>).

Loans, credits, post-employment benefits

See Remuneration Report 2015, Part A, page 92 and Part B, page 94.

See Article 23 sexes of the Articles of Association (<http://investors.bobst.com/documents>).

Vote on Remuneration by the General Assembly

See Articles 23 and 23 ter of the Articles of Association (<http://investors.bobst.com/documents>).

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 at the General Meeting of Shareholders. See Articles 18 and 23 bis of the Articles of Association (<http://investors.bobst.com/documents>).

Instructions to Independent Representative

The invitation to the Annual General Meeting of Shareholders 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. See Articles 21 and 23 bis of the Articles of Association (<http://investors.bobst.com/documents>).

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

Article 17 of the Articles of Association (<http://investors.bobst.com/documents>) stipulates 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

Article 12 of the Articles of Association (<http://investors.bobst.com/documents>) contains an opting-out clause: the obligation to present an offer to purchase all the listed securities of the Company (Article 135 of the Federal Act on Financial Markets Infrastructure of 19 June 2015), does not apply to the owners and purchasers of shares of the Company (Article 125 and Article 163 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. For the affiliated companies abroad, functions of auditors are assumed mainly by Ernst & Young.

The responsibility of the engagements is assumed by one head auditor. The current Ernst & Young head auditor has been in charge since 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.

Following the completion of a Group external auditor tendering process in 2015, the Board of Directors of Bobst Group decided to propose Pricewaterhouse Coopers as the new Group auditor at the next (2016) General Assembly. PwC’s audit mission will cover Bobst Group SA and its subsidiaries and the consolidated financial statements. It is planned to start with the audit of the fiscal year 2016.

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 2015, amounted to CHF 973 460.–.

For other professional services, additional fees billed by Ernst & Young (worldwide), for the same period, amounted to CHF 280 490.–, of which CHF 264 137.– was for tax advice and compliance, CHF 15 629.– for audit related services, and CHF 724.– for other services.

Informational instruments pertaining to the external audit

In 2015 the external auditors participated in each of the three Audit Committee meetings held during the year and, in addition, held three sessions with members of the Audit Committee without management presence. 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 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 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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The consolidated financial statements have been structured 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 are at the beginning of the note to which they relate in order to provide appropriate context.

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COMMENTS

SUMMARY

The Group started 2015 with a slightly higher backlog of orders than the year before. Both machine business units recorded higher order entries in 2015 than the previous year which supported the sales increase. The Group finished the reporting year with a higher backlog than in 2014. Business Unit Sheet-fed will start 2016 with a very good backlog whereas Business Unit Web-fed will start slightly below previous year.

For the full year 2015 consolidated sales increased by CHF 31 million to CHF 1.331 billion. Sales reached CHF 806 million in the second half of 2015 compared with CHF 525 million in the first six months of the year, and to CHF 740 million in the second semester 2014.

The operating result (EBIT) was CHF 75.4 million (CHF 81.7 million in 2014) and net result CHF 59.2 million (CHF 53.0 million in 2014). The measures taken in the first quarter 2015 to mitigate the impact of the Euro depreciation against the Swiss Franc were successful, and compensated a large part of the negative currency impact on the Group results. The Group's strategy to strengthen its technological lead and to enhance customer satisfaction has made BOBST more resilient to external influences.

The successful business operations, as well as continued efforts to reduce net working capital, resulted in a strong cash inflow from operating activities of CHF 104.8 million. This enabled the Group to further reduce net debt from CHF 17.7 million in 2014 to CHF 0.9 million in 2015. The return on capital employed (ROCE) reached 12.3% compared to 12.6% in 2014.

SALES

For the full year 2015, consolidated sales increased by CHF 31 million or 2.4% to CHF 1.331 billion. Adjusted for currency effects and acquisitions, organic sales were up 6.8% in 2015. The acquisition of Nuova Gidue Srl contributed CHF 27 million to the sales increase. Negative currency effects reduced sales by CHF 84 million.

	In million CHF	In %
Increase in volume	88	6.8
Change in scope of consolidation	27	2.0
Exchange rate variance	-84	-6.4
Increase in sales	31	2.4

Sales reached CHF 806 million in the second half of 2015 compared with CHF 525 million in the first six months of the year, and to CHF 740 million in the second semester 2014. Sales of Sheet-fed products increased by 3% to CHF 658 million. Adjusted for currency effects, sales increased by 10.3%. Demand for products for the corrugated equipment industry was very strong, supported by a satisfying demand for products for the folding carton industry. Sales of Web-fed products increased by 4.9% reaching CHF 297 million for the year 2015. A negative currency impact of CHF 19 million was compensated by the acquisition of Nuova Gidue Srl which contributed CHF 25 million and by CHF 8 million organic sales growth. The demand for special machines and complex lines remained at a low level. Sales of services and spare parts decreased by 0.7% to CHF 375 million. Sales increased 3.5% due to organic growth and 0.3% due to change in the scope of consolidation, but these gains were offset by negative currency effects of 4.5%.

Sales in Europe increased by CHF 51 million. A significant improvement in countries including the UK, Spain, Germany and Italy was partly eroded by lower sales in Eastern Europe. Sales in the Americas increased by CHF 5 million. The positive momentum with growth in the US continued, but sales in Brazil decreased again. Sales in Asia suffered mainly from the general slow-down in China and decreased by CHF 17 million

COMMENTS

	2015		2014		Variance
	In million CHF	In %	In million CHF	In %	in %
Europe	653	49.0	602	46.3	+8.5
Americas	385	29.0	380	29.2	+1.3
Asia & Oceania	265	19.9	282	21.7	-6.0
Africa	28	2.1	36	2.8	-22.2
Total	1 331	100.0	1 300	100.0	+2.4

OPERATING RESULT (EBIT)

The measures taken in the first quarter 2015 to mitigate the impact of the Euro depreciation against the Swiss Franc were successful, and compensated a large part of the negative currency impact on the Group results. The operating result (EBIT) was CHF 75.4 million compared to CHF 81.7 million in 2014. This solid achievement was due to the commitment and dedication of our employees to continuously improve our competitiveness as well as a very good utilization of the Groups industrial capacities.

NET RESULT

The net result reached CHF 59.2 million (CHF 53.0 million in 2014). The increase comes mainly from reduced financing cost and a one-time tax credit.

The net result attributable to shareholders (CHF 58.6 million) represents an earning per registered share of CHF 3.55 (2014: CHF 3.06).

BALANCE SHEET

The total balance sheet has reduced significantly mainly due to the repayment of the CHF 190 million bonds which matured in June 2015. Strong operating results together with a further reduction in net working capital enabled the Group to reduce net debt from CHF 17.7 million in 2014 to CHF 0.9 million in 2015.

SHAREHOLDERS' EQUITY

Despite the positive net result of the year the consolidated shareholders' equity decreased by CHF 40.1 million. The reduction of the equity was mainly due to the impact of a further reduction of interest rates related to the accounting of employee benefits (IAS 19R), as well as to currency translation differences largely caused by the weakening of the Euro. The equity ratio improved due to the repayment of bonds, and amounts to 28.6% in relation to the reduced total balance sheet for 2015 (27.9% in 2014).

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 1.25 in 2014).

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	2015	2014
Sales	04	1 330.9	1 300.0
Other operating income	05	10.6	18.0
Raw materials and services	06	-812.0	-761.3
Personnel costs	07	-403.4	-424.4
Depreciation and amortization	12, 15	-35.9	-38.2
Other operating expenses	09	-14.8	-12.4
Operating result (EBIT)		75.4	81.7
Share of net result in associates	14	6.6	7.3
Interest expenses	10	-10.7	-16.8
Other financial income	10	4.5	15.4
Other financial expenses	10	-5.3	-15.5
Result before income tax		70.5	72.1
Income tax	11	-11.3	-19.1
Net result		59.2	53.0
Attributable:			
To shareholders		58.6	50.5
To non-controlling interest		0.6	2.5
Earnings per registered share (in CHF)	27	3.55	3.06
Diluted earnings per registered share (in CHF)	27	3.55	3.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In million CHF	Notes	2015	2014
Net result		59.2	53.0
Other comprehensive loss to be reclassified to profit and loss in subsequent periods:			
Currency translation differences		-40.6	5.2
Net gain(loss) on cash flow hedge reclassified to profit and loss	23	5.6	-3.1
Net gain(loss) on cash flow hedges	23	-2.3	-5.6
Income tax	11	-1.4	3.5
Total other comprehensive loss to be reclassified to profit and loss in subsequent periods		-38.7	0.0
Other comprehensive loss not to be reclassified to profit and loss in subsequent periods:			
Remeasured gains(losses) on defined benefit plans	22	-35.6	-120.2
Income tax	11	6.9	28.9
Total other comprehensive loss not to be reclassified to profit and loss in subsequent periods		-28.7	-91.3
Other comprehensive loss for the period, net of tax		-67.4	-91.3
Total comprehensive loss for the period		-8.2	-38.3
Attributable:			
To shareholders		-8.1	-42.2
To non-controlling interest		-0.1	3.9

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	Notes	31 December 2015	31 December 2014
Intangible fixed assets	12	38.0	33.9
Goodwill	13	79.5	77.4
Tangible fixed assets	15	267.2	294.4
Financial assets other		2.4	3.4
Investments in associates	14	62.3	63.0
Employee benefits	22	1.8	0.0
Receivables	16	3.8	6.8
Finance lease receivables	18	6.5	0.6
Prepaid expenses and accrued income		1.3	1.3
Deferred tax assets	11	48.6	43.8
Non-current assets		511.4	524.6
Inventories	20	320.4	319.9
Receivables	16	306.9	288.6
Finance lease receivables	18	6.4	6.3
Income tax receivables		8.5	11.9
Financial assets other		0.0	75.0
Prepaid expenses and accrued income		7.3	9.6
Derivative financial instruments	23	1.3	1.0
Cash and cash equivalents		279.2	386.3
Current assets		930.0	1 098.6
Total assets		1 441.4	1 623.2

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	Notes	31 December 2015	31 December 2014
Share capital		16.5	16.5
Reserves		337.3	385.5
Net result		58.6	50.5
Shareholders' equity		412.4	452.5
Non-controlling interest		1.2	2.3
Equity		413.6	454.8
Borrowings	25	264.8	268.3
Provisions	21	16.5	13.8
Employee benefits	22	161.2	141.2
Trade and other payables		21.1	29.6
Accrued expenses and deferred income		0.2	0.0
Deferred tax liabilities	11	28.0	29.2
Derivative financial instruments	23	0.2	0.0
Non-current liabilities		492.0	482.1
Borrowings	25	15.3	210.7
Provisions	21	47.0	43.7
Employee benefits	22	3.0	3.8
Trade and other payables		363.7	327.6
Accrued expenses and deferred income		81.6	72.0
Income tax payables		17.8	17.8
Derivative financial instruments	23	7.4	10.7
Current liabilities		535.8	686.3
Total liabilities and equity		1 441.4	1 623.2

CONSOLIDATED CASH FLOW STATEMENT

In million CHF		2015	2014
Net result		59.2	53.0
Elimination of net result in associates		-6.6	-7.3
Elimination of income taxes		11.3	19.1
Elimination of depreciation, amortization, employee benefits and provisions		27.8	35.0
Elimination of the result on disposal of assets		1.6	-0.8
Elimination of interest expenses(income)		7.7	11.7
Elimination of derivative financial instruments results		0.4	5.4
Changes in inventories		-6.8	-2.4
Changes in receivables		-29.2	13.6
Changes in payables		50.6	17.6
Paid taxes		-11.2	-15.5
Cash flow from operating activities	Total A	104.8	129.4
Acquisition of subsidiaries, net of cash acquired		-3.6	0.0
Purchase of intangible assets		-8.1	-6.2
Purchase of tangible assets		-14.0	-19.7
Purchase of financial assets		0.0	-75.0
Purchase of investments in associates		-1.5	0.0
Loans and advances made		-0.2	-1.5
Proceeds from sale of tangible assets		2.2	4.1
Proceeds from sale of financial assets		75.0	7.0
Loan repayments and advances received		1.2	4.5
Interest received		3.0	5.1
Dividends received		3.0	1.4
Cash flow from(used in) investing activities	Total B	57.0	-80.3
Acquisition of non-controlling interest		-25.6	0.0
Proceeds from borrowings		10.5	211.9
Repayments of borrowings		-195.8	-156.9
Interest paid		-15.6	-18.5
Dividends paid to Group shareholders		-20.6	-12.5
Dividends paid to non-controlling interest		-1.0	-0.8
Cash flow from(used in) financing activities	Total C	-248.1	23.2
Effects of exchange variances	Total D	-20.8	-3.2
Increase in cash and cash equivalents	A+B+C+D	-107.1	69.1
Cash and cash equivalents at beginning of period		386.3	317.2
Cash and cash equivalents at end of period		279.2	386.3
Variance		-107.1	69.1

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 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
Balance at 1 January 2015	16.5	0.0	-3.6	-83.6	0.4	522.8	452.5	2.3	454.8
Result for the period						58.6	58.6	0.6	59.2
Currency translation differences			0.2	-40.1			-39.9	-0.7	-40.6
Net gain(loss) on cash flow hedges reclassified to profit and loss during the year			5.6				5.6		5.6
Net gain(loss) on cash flow hedges during the year			-2.3				-2.3		-2.3
Actuarial gains(losses) on defined benefit plans						-35.6	-35.6		-35.6
Income tax			-1.4			6.9	5.5		5.5
Total comprehensive income(loss)	0.0	0.0	2.1	-40.1	0.0	29.9	-8.1	-0.1	-8.2
Share-based payments					0.0		0.0		0.0
Dividends						-20.6	-20.6	-1.0	-21.6
Change in liability recognized on put option						-11.4	-11.4	0.0	-11.4
Balance at 31 December 2015	16.5	0.0	-1.5	-123.7	0.4	520.7	412.4	1.2	413.6

At year end 2015 and 2014, the number of issued shares is 16 518 478 (2013: 17 810 002) with a par value of CHF 1.00.

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.

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 22.

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 23.

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 2015. The list is not exhaustive but only disclose the changes relevant to the Group.

The Group has adopted the new standards and amendments to standards described below.

Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, the amendment permits, if the amount of the contributions is independent of the number of years of service, the recognition of such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment does not impact the Group.

Annual Improvements to IFRSs 2010–2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

ACCOUNTING INFORMATION AND POLICIES

Share-based Payment – IFRS 2

This improvement amends the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’ which were previously part of the definition of ‘vesting condition’.

These amendments do not impact the Group’s accounting policies.

Business Combinations – IFRS 3

The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value through profit or loss at each reporting date.

This is consistent with the Group’s current policy and does not impact the Group’s accounting policy.

Operating Segments – IFRS 8

The amendments require an entity to disclose the judgments made by management in applying the aggregation criteria (IFRS 8.12) including a brief description of operating segments that have been aggregated.

These amendments also clarify that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operation maker, similar to the required disclosure for segment liabilities.

The Group does not apply the aggregation criteria and already discloses the reconciliation of segment assets to total assets.

Property, Plant and Equipment – IAS 16 / Intangible Assets – IAS 38

The amendment clarifies that when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The Group did not record any revaluation adjustments during the current period.

Related Party Disclosures – IAS 24

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. This amendment does not impact the Group.

Annual Improvements to IFRSs 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

Business Combinations – IFRS 3

The amendment clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

Bobst Group SA is not a joint arrangement, and thus this amendment is not relevant to the Group and its subsidiaries.

Fair Value Measurement – IFRS 13

The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

Investment Property – IFRS 40

The amendment clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

ACCOUNTING INFORMATION AND POLICIES

Standards, amendments and interpretations to the existing standards (mandatory for periods beginning on/or after 1 January 2016) have not been early adopted by the Bobst Group. The Group has decided to change from International Financial Reporting Standards (IFRS) back to Swiss GAAP FER.

As a consequence, the new IFRS standards and amendments that are not yet effective are not listed below as they will not impact the Group.

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 29. The consolidated companies are listed on note 35. 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.

ACCOUNTING INFORMATION AND POLICIES

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.

As at 31 December 2015, the Group has purchased a call option and written a put option over the remaining 35% of shares in Bobst Firenze Srl and the remaining 25% of shares in Bobst Istanbul Packaging A.S. not currently owned by the Group, the impact on equity of these transactions is a decrease of CHF 11.6 million.

The Group has determined that it has not acquired a present ownership interest in the shares held by the Bobst Firenze Srl and Bobst Istanbul Packaging A.S. 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 23 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 2015 were as follows:

		Balance sheet		Profit & loss statement	
		2015	2014	2015	2014
Main exchange rates					
Euro zone	1 EUR	1.08	1.20	1.07	1.21
USA	1 USD	0.99	0.99	0.97	0.92
United Kingdom	1 GBP	1.47	1.54	1.47	1.50
China	1 CNY	0.15	0.16	0.15	0.15

RESULTS FOR THE YEAR

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);
- Inventories (Note 20);
- Provisions (Note 21);
- Employee benefits (Note 22).

RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the two financial years 2014 and 2015. Disclosures are provided for segment reporting, operating expenses and income, financial 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 financial 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	2015	2014
Revenue		
Sheet-fed third party sales	658.1	639.2
Sheet-fed inter-segment	18.8	18.8
Sheet-fed total revenue	676.9	658.0
Web-fed third party sales	296.8	282.9
Web-fed inter-segment	3.6	3.8
Web-fed total revenue	300.4	286.7
Services third party sales	374.8	377.3
Other third party sales	1.2	0.6
Eliminations inter-segment	-22.4	-22.6
Total third party sales	1 330.9	1 300.0

In million CHF	Sheet-fed		Web-fed		Services		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Results										
Total segment operating result (EBIT)	22.6	26.2	10.6	16.8	42.5	38.8	-0.3	-0.1	75.4	81.7
Share of result of associates	6.6	7.3							6.6	7.3
Financial result									-11.5	-16.9
Result before income tax									70.5	72.1
Segment operating result (EBIT) includes:										
Depreciation and amortization	-26.1	-27.1	-2.5	-2.7	-7.3	-8.4	0.0	0.0	-35.9	-38.2
Government grants	0.0	3.4	0.0	0.1	0.0	0.8	0.0	0.0	0.0	4.3
Restructuring costs (personnel)	-2.8	-4.5	-0.1	-0.4	-2.5	-1.3	0.0	0.0	-5.4	-6.2

RESULTS FOR THE YEAR

NOTE 3

SEGMENT REPORTING (CONTINUED)

In million CHF	Sheet-fed		Web-fed		Services		Other and non allocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total assets	704.6	707.2	194.7	172.9	252.6	273.7	289.5	469.4	1441.4	1623.2
Total assets includes:										
Investments in associates (Note 14)	62.3	63.0							62.3	63.0
Total liabilities and equity	442.4	404.7	158.3	151.1	138.4	131.5	702.3	935.9	1441.4	1623.2

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	2015		2014	
Revenue from external sales				
Switzerland (domicile country)	7.8	0.6%	20.2	1.6%
United States of America	269.5	20.3%	259.8	20.0%
Germany	122.3	9.2%	106.0	8.1%
Greater China region	75.7	5.7%	97.8	7.5%
Other countries	855.6	64.2%	816.2	62.8%
Total	1330.9	100.0%	1300.0	100.0%
Non-current assets				
Switzerland (domicile country)	199.5	51.9%	213.8	52.7%
Greater China region	40.0	10.4%	44.4	10.9%
Italy	53.3	13.9%	44.0	10.9%
Germany	36.0	9.4%	40.9	10.1%
Other countries	55.9	14.4%	62.6	15.4%
Total	384.7	100.0%	405.7	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	2015	2014
Distribution by business activity:		
Machines	952.7	918.7
Spare parts	311.4	313.8
Services	66.8	67.5
Total	1 330.9	1 300.0

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 15 Tangible fixed assets.

In million CHF	2015	2014
Resolved disputes	0.3	2.7
Transfer of operating charges	3.9	4.4
Government grants	0.0	4.3
Other	6.4	6.6
Total	10.6	18.0

In 2014, government grants consisted of an amount of CHF 4.3 million for on-job training.

NOTE 6

RAW MATERIALS AND SERVICES

In million CHF	2015	2014
Material costs	601.5	555.1
Rent, Maintenance, Energy	32.6	32.8
Marketing, Communication, Travel	52.1	53.1
External staff	17.6	11.5
Transport, Customs, Insurance	36.9	35.1
Administration and other costs	71.3	73.7
Total	812.0	761.3

RESULTS FOR THE YEAR

NOTE 7

PERSONNEL COSTS

In million CHF	2015	2014
Wages and salaries	334.9	335.8
Social expenses and other personnel expenses	68.5	88.6
Total	403.4	424.4

Since 2009 an important Group transformation program generated significant restructuring costs, of which 5.4 million relate to personnel costs in 2015 (2014: CHF 6.2 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 67.2 million was spent on Research & Development (CHF 74.2 million in 2014). These costs were not capitalized in 2015 and 2014. 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	2015	2014
Taxes on capital and other taxes	8.1	8.7
Non-recurrent charges	2.2	0.2
Other	4.5	3.5
Total	14.8	12.4

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	2015	2014
Interest expenses	-10.7	-16.8
Interest income	3.0	5.1
Exchange rate differences	0.0	6.4
Other financial income	1.5	3.9
Total other financial income	4.5	15.4
Exchange rate differences	-1.3	0.0
Losses on derivative financial instruments	-0.4	-5.4
Other financial expenses	-3.6	-10.1
Total other financial expenses	-5.3	-15.5

In 2014, the other financial expenses included 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 25) and an amount of CHF 3.7 million related to the write-off of a loan made to a subcontractor.

No similar transactions occurred in 2015.

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 profit and loss 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 at 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	2015	2014
Current tax expense	22.3	21.0
Adjustments in respect of current income tax of previous years	-7.2	0.0
Deferred taxes expense (income)	-3.8	-1.9
Total	11.3	19.1
The total above expense for each year can be reconciled as follows:		
Result before income tax (including result of associates)	70.5	72.1
Result of associates	-6.6	-7.3
Result before income tax (excluding result of associates)	63.9	64.8
Taxes at the weighted average income tax rate	22.2	22.9
Tax effect of utilization of tax losses not previously recognized	-0.8	-3.1
Adjustments in respect of current income tax of previous year	-7.2	0.0
Changes in tax rates	-2.7	-0.7
Other effects	-0.2	0.0
Total	11.3	19.1

RESULTS FOR THE YEAR

NOTE 11 (CONTINUED)

TAXATION

The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 34.8% in 2015 (35.3% in 2014). 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 2015 and 2014, 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	2015			2014		
	Before Tax	Tax credit(charge)	After Tax	Before Tax	Tax credit(charge)	After Tax
Currency translation	-40.6	0.0	-40.6	5.2	0.0	5.2
Cash flow hedge reclassified to profit and loss during the year	5.6	-2.3	3.3	-3.1	1.2	-1.9
Cash flow hedges	-2.3	0.9	-1.4	-5.6	2.3	-3.3
Remeasurements of post employment benefit	-35.6	6.9	-28.7	-120.2	28.9	-91.3
Other comprehensive income	-72.9	5.5	-67.4	-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	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	1.1	25.0	1.0	24.1
Inventories	6.8	14.0	8.5	21.4
Receivables	1.7	1.9	2.4	2.9
Employee benefits	43.1	0.0	34.0	0.0
Provisions	6.2	8.9	4.4	7.2
Other	6.4	2.5	7.8	3.6
Loss carry-forwards	7.6	0.0	15.7	0.0
Gross deferred taxes	72.9	52.3	73.8	59.2
Offset of assets and liabilities	-24.3	-24.3	-30.0	-30.0
Net deferred taxes	48.6	28.0	43.8	29.2

On the balance sheet date, the Group has unused tax losses of CHF 62.4 million (2014: CHF 70.0 million) available to offset against future profits, for which no deferred tax is recognized. Included in these unrecognized tax losses are losses of CHF 2.4 million (2014: CHF 3.0 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 6.0 million (2014: increase of CHF 35.8 million) in net deferred tax assets can be explained by:

- an increase of CHF 3.8 million (2014: increase of CHF 1.9 million) recognized in the profit and loss statement;
- an increase of CHF 5.5 million (2014: increase of CHF 32.4 million) recognized directly in other comprehensive income;
- a decrease of CHF 1.8 million (2014: increase of 1.5 million) due to exchange variations.
- a decrease of CHF 1.5 million (2014: no impact) 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 2015	36.3	104.8	5.0	2.0	148.1
Additions	0.1	2.1	0.0	5.9	8.1
Disposals and decreases	-0.6	-0.7	-0.3	0.0	-1.6
Change in the scope of consolidation	5.0	0.1	0.2	0.0	5.3
Currency variances	-1.2	-1.4	-0.3	0.0	-2.9
Transfers	0.0	2.0	0.0	-2.0	0.0
At year-end 2015	39.6	106.9	4.6	5.9	157.0
Accumulated amortization					
At the beginning of the year 2015	-28.0	-84.7	-1.5	0.0	-114.2
Additions	-1.8	-6.6	-0.2	0.0	-8.6
Disposals and decreases	0.6	0.6	0.3	0.0	1.5
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.9	1.3	0.1	0.0	2.3
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2015	-28.3	-89.4	-1.3	0.0	-119.0
Net value at year-end 2015	11.3	17.5	3.3	5.9	38.0

There is no impairment charges or reversals included in the 2015 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 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 charges or reversals included in the 2014 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	2015	2014
At the beginning of the year	77.4	78.0
Increase arising from acquisition of subsidiaries	8.3	0.0
Exchange rate variances	-6.2	-0.6
Total	79.5	77.4

Goodwill is allocated by Business Units (BU) as follows:		
BU Sheet-fed	17.8	18.5
BU Web-fed	35.0	30.1
BU Services	26.7	28.8
Total	79.5	77.4

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 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. The measures taken in the first quarter 2015 to mitigate the impact of the Euro depreciation were successful and compensated a large part of the negative currency impact on the Group results.

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 6.0% (2014: 4.9%), BU Web-fed 6.0% (2014: 4.9%), BU Services 5.4% (2014: 4.1%). 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 2015, 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.

Since the valuation of the additional payment for the final purchase price of Bobst Firenze is still in process, the value of the goodwill is determined provisionally.

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	2015	2014
Changes over the period are the following:		
Beginning of the year	63.0	58.3
Share of net result of associates	6.6	7.3
Dividends received	-3.0	-1.4
Acquisition	1.6	0.0
Exchange differences	-5.9	-1.2
Total	62.3	63.0
<p>The Group has a 30% (2014: 30%) interest in BHS Corrugated Maschinen- und Anlagenbau GmbH located in Weiherhammer Germany, which is active in the sectors of corrugated board and service. In 2015, the Group has acquired 30% interests in IVG Weiherhammer GmbH, located in Weiherhammer.</p>		
Summarized financial information regarding BHS is set out below:		
Current assets	140.9	160.1
Non-current assets	97.8	92.8
Current liabilities	135.6	154.0
Equity	103.1	98.9
Group's interest	30%	30%
Group's share in equity	30.9	29.7
Goodwill	27.7	30.8
Group's carrying amount of the investment	58.6	60.5
Revenue	304.3	296.9
Profit for the year (continuing operations)	21.6	22.9
Group's share of profit for the year	6.4	6.9
<p>Summarized proportionate values of other associate (Duo-Technik GmbH & IVG Weiherhammer)</p>		
Group's carrying amount of the investment	3.7	2.5
Group's share of profit for the year	0.2	0.4

There are no unrecognized losses on investments in associates.

OPERATING ASSETS AND LIABILITIES

NOTE 15

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 profit and loss 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.

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).

OPERATING ASSETS AND LIABILITIES

NOTE 15 (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 2015	474.7	163.9	1.7	41.8	24.6	10.2	716.9
Additions	3.8	1.9	0.0	0.9	1.3	4.9	12.8
Disposals and decreases	-4.2	-7.2	-1.5	-6.5	-3.0	0.0	-22.4
Change in the scope of consolidation	0.2	0.0	0.0	0.0	0.1	0.0	0.3
Currency variances	-12.9	-5.8	-0.2	-1.2	-1.4	0.0	-21.5
Transfers	10.0	0.7	0.0	0.3	0.1	-11.1	0.0
At year-end 2015	471.6	153.5	-0.0	35.3	21.7	4.0	686.1
Accumulated depreciation							
At the beginning of the year 2015	-246.3	-117.7	-0.3	-38.2	-20.0	0.0	-422.5
Additions	-17.7	-5.7	-0.2	-2.1	-1.6	0.0	-27.3
Disposals and decreases	2.2	7.2	0.5	6.4	2.8	0.0	19.1
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	5.9	3.7	0.0	1.1	1.1	0.0	11.8
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At year-end 2015	-255.9	-112.5	0.0	-32.8	-17.7	0.0	-418.9
Net value at year-end 2015	215.7	41.0	-0.0	2.5	4.0	4.0	267.2

There were no borrowing costs capitalized during the years ended 31 December 2014 and 2015.

OPERATING ASSETS AND LIABILITIES

NOTE 15 (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 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

Tangible fixed assets are insured at the replacement value of CHF 745 million (2014: CHF 795 million).

There is no impairment charge (2014: CHF 0.0 million) or reversal included in the annual depreciation charge of CHF 27.3 million (2014: CHF 28.3 million).

There are no significant tangible fixed assets financed with leases.

OPERATING ASSETS AND LIABILITIES

NOTE 16 RECEIVABLES

In million CHF	2015			2014		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables from third parties	262.0	0.6	262.6	246.0	1.0	247.0
Receivables from the sale of fixed assets	0.6	0.3	0.9	0.8	1.0	1.8
Various receivables from third parties	44.3	2.9	47.2	41.8	4.8	46.6
Total	306.9	3.8	310.7	288.6	6.8	295.4

NOTE 17 TRANSFER OF ASSETS

Finance lease receivables include discounted receivables with recourse amounting to CHF 4.4 million (2014: CHF 1.4 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 4.4 million (2014: CHF 1.4 million)

NOTE 18 FINANCE LEASE RECEIVABLES

The discounted receivables with recourse (see Note 17) are not included in the following analysis.

In million CHF	2015	2014
Maturity within one year	2.0	5.0
Maturity between one to five years	7.0	0.6
Maturity after five years	0.1	0.0
Total	9.1	5.6
Less: unearned finance income	-0.6	-0.1
Total	8.5	5.5
Analyzed as:		
Recoverable within one year	2.0	4.9
Recoverable between one and five years	6.4	0.6
Recoverable after five years	0.1	0.0
Total	8.5	5.5

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

The weighted average term of finance lease contracts is 3.9 years (2014: 0.8 years). The average interest rate of all the lease contracts is approximately 1.9% (2014: 1.8%) per annum.

OPERATING ASSETS AND LIABILITIES

NOTE 19

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	2015	2014
Trade receivables	277.5	264.5
Finance lease receivables	9.1	7.4
Total gross value	286.6	271.9
Less provision for impairment	-15.5	-19.4
Total for the analysis	271.1	252.5
The aging of the amounts past due but not impaired is as follows:		
< 2 months	38.8	48.4
2–6 months	14.2	17.6
> 6 months	8.2	11.3
+ not yet due	209.9	175.2
Total	271.1	252.5

	2015	2014
Movements in the provision for impairment were as follows:		
At the beginning of the year	-19.4	-19.0
Acquisitions	-0.3	0.0
Additions	-3.1	-3.0
Utilizations	2.7	2.0
Releases	3.6	0.8
Currency variances	1.0	-0.2
At year-end	-15.5	-19.4

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

OPERATING ASSETS AND LIABILITIES

NOTE 20 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.

Accounting judgements and estimates

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	2015	2014
Raw materials	143.8	154.1
Work in progress	108.3	80.1
Finished products*	68.3	85.7
Total	320.4	319.9

* Including CHF 12.8 million (2014: CHF 17.1 million) for demonstration machines.

The carrying amount of inventories carried at the realizable value (less costs to sell) is CHF 63.9 million (2014: CHF 49.6 million).

The amount for write-down recognized as expense during the year is CHF 6.1 million (2014: CHF 8.3 million).

NOTE 21 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 21 (CONTINUED) PROVISIONS

In million CHF	Warranties/ Product liabilities	Litigations	Restructuring	Other	2015	2014
At the beginning of the year	29.8	21.3	0.1	6.3	57.5	57.2
Change in the scope of consolidation	0.4	0.0	0.0	0.0	0.4	0.0
Additions	27.8	6.7	0.9	1.3	36.7	31.2
Utilizations	-17.6	-4.1	-0.1	-0.5	-22.3	-23.4
Releases	-2.4	-0.7	0.0	-2.9	-6.0	-7.3
Currency translation adjustment	-2.1	-0.3	0.0	-0.5	-2.9	-0.2
Transfers	0.4	0.0	0.0	-0.3	0.1	0.0
At year-end	36.3	22.9	0.9	3.4	63.5	57.5
Of which non-current	0.8	15.6	0.0	0.1	16.5	13.8
Of which current	35.5	7.3	0.9	3.3	47.0	43.7
At year-end	36.3	22.9	0.9	3.4	63.5	57.5

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 22

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 93% (2014: 92%) of the Group's total defined benefit obligation and 95% (2014: 95%) of its plan assets.

OPERATING ASSETS AND LIABILITIES

NOTE 22 (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, which were impacted in 2015 by curtailments and plan amendments. The following is a summary of the status of the pension and other employee benefit plans as at 31 December 2015 and 2014:

In million CHF	Swiss		International	
	2015	2014	2015	2014
Fair value of plan assets at year end	1 060.5	1 065.0	51.1	55.3
Benefit obligation at year end	-1 179.0	-1 162.1	-93.3	-101.4
Net assets(liabilities) in the balance sheet	-118.5	-97.1	-42.2	-46.1

In million CHF	2015	2014
Benefit obligation at the beginning of the year	-1 263.5	-1 088.3
Service cost	-19.8	-13.6
Interest cost	-15.4	-24.4
Employee contributions	-10.5	-10.6
Benefit payments	53.0	50.6
Plan amendments	7.6	0.0
Curtailments	12.1	0.0
Actuarial gains(losses)	-40.7	-173.3
Foreign currency translation	4.9	-3.9
Benefit obligation at year-end of which unfunded	-1 272.3	-1 263.5
	-41.1	-63.5
Fair value of plan assets at the beginning of the year	1 120.3	1 063.8
Interest income	12.7	22.8
Return on plan assets in excess (excluding interest income)	5.0	51.6
Employee contributions	10.3	10.4
Employer contributions	13.8	14.5
Benefit payments	-47.6	-44.7
Foreign currency translation	-2.9	1.9
Fair value of plan assets at year-end	1 111.6	1 120.3

The weighted average duration of the Defined Benefit Obligation (DBO) at the end of the current financial year is 15.7 years (15.3 years at the end of 2014).

OPERATING ASSETS AND LIABILITIES

NOTE 22 (CONTINUED)

EMPLOYEE BENEFITS

In million CHF	2015	2014
Defined benefits net assets(liabilities) in the balance sheet	-160.7	-143.2
Liabilities from defined contribution plans	-1.7	-1.8
Net assets(liabilities) in the balance sheet	-162.4	-145.0
Reflected in the balance sheet as follows:		
Employee benefits assets	1.8	0.0
Pension plans and other employee benefits liabilities	-164.2	-145.0
Net assets(liabilities) in the balance sheet	-162.4	-145.0
The movement in the net defined benefits liabilities is as follows:		
Net assets(liabilities) in the balance sheet at the beginning of the year	-143.2	-24.5
Net periodic benefit cost	-2.8	-16.6
Employer contributions	13.8	14.5
Benefit payments	5.2	5.6
Amount recognized in other comprehensive income	-35.6	-120.2
Foreign currency translation	1.9	-2.0
Net assets(liabilities) in the balance sheet at year-end	-160.7	-143.2
The net periodic benefit cost recorded in the income statement consists of the following components:		
Service cost	19.8	13.6
Interest cost	15.4	24.4
Interest income related to plan assets	-12.7	-22.8
Immediate recognition of gain(loss) arising during year	0.0	1.4
Past service costs	-7.6	0.0
Curtailments	-12.1	0.0
Total defined benefit expenses	2.8	16.6
The movement in the other comprehensive income is as follows:		
Remeasurement of defined benefit obligation due to changes in demographic assumptions gains(losses)	-2.7	-1.7
Remeasurement of defined benefit obligation due to changes in financial assumptions gains(losses)	-45.7	-151.9
Remeasurement of defined benefit obligation due to experience gains(losses)	7.8	-18.2
Return on plan assets in excess(below) interest income	5.0	51.6
Total gain(loss) recognized in other comprehensive income	-35.6	-120.2

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

OPERATING ASSETS AND LIABILITIES

NOTE 22 (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	
	2015	2014	2015	2014
Discount rate	0.75%	1.10%	3.56%	3.26%
Expected rate of salary increase	1.25%	1.50%	2.75%	2.77%
Medical cost trend rate for next year	n/a	n/a	7.50%	7.50%

	2015	
	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%	-40.1	-2.3
Decrease by 0.25%	42.4	2.5
Expected rate of salary increase		
Increase by 0.25%	1.2	1.6
Decrease by 0.25%	-1.2	-1.5
Medical cost trend		
Increase by 1.00%	n/a	5.8
Decrease by 1.00%	n/a	-4.6

	Swiss		International	
	2015	2014	2015	2014
The weighted average asset allocation of funded defined benefit plans at the year-end is as follows:				
Equity securities	27.2%	25.0%	54.8%	54.6%
Debt securities	32.3%	33.2%	44.2%	44.2%
Real estate	28.1%	27.2%	0.4%	0.4%
Cash and other investments	12.4%	14.6%	0.6%	0.8%

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	12.4		3.3	

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 23 **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 23 (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 23 (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 23 (CONTINUED) FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

In million CHF	2015		2014		At fair value through profit and loss	Loans and receivables
	Carrying amount	Fair value	Carrying amount	Fair value		
Financial assets other – Non-current	2.4	2.4	3.4	3.4		x
Financial assets other – Current	0.0	0.0	75.0	75.0		x
Trade receivables	262.6	262.6	247.0	247.0		x
Finance lease receivables	12.9	12.9	6.9	6.9		x
Other receivables	41.2	41.2	41.5	41.5		x
Accrued income	0.7	0.7	3.5	3.5		x
Derivative financial instruments	1.3	1.3	1.0	1.0	x	
Cash and cash equivalents	279.2	279.2	386.3	386.3		x
Total	600.3	600.3	764.6	764.6		

FINANCIAL LIABILITIES

In million CHF	2015		2014		At fair value through profit and loss	Other financial liabilities
	Carrying amount	Fair value	Carrying amount	Fair value		
Borrowings – Bank and other current	12.7	12.7	20.9	20.9		x
Borrowings – Bank and other non-current	5.6	5.6	9.3	9.3		x
Borrowings – Debenture bonds	261.8	270.5	448.8	452.1		x
Trade and other payables	224.6	224.6	206.0	206.0		x
Accrued expenses	73.1	73.1	64.1	64.1		x
Derivative financial instruments	7.6	7.6	10.7	10.7	x	
Total	585.4	594.1	759.8	763.1		

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 23 (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	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Current forward foreign exchange contracts	1.3	7.4	1.0	10.7
Non-current forward foreign exchange contracts	0.0	0.2	0.0	0.0
Total	1.3	7.6	1.0	10.7

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 23 (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 280.0 million (2014: CHF 309.9 million).

The fair value of currency derivatives that are designated and effective as cash flow hedges (hedge accounting) representing a net liability of CHF 2.3 million (2014: a net liability of CHF 5.6 million) is recorded through other comprehensive income. This represents a variation of CHF 3.3 million (2014: CHF -8.7 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 8.9 million (2014: CHF 17.7 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	2015	Fair value measurements at the end of reporting period using:	
		Level 1	Level 2
Derivative financial instruments:			
Forward foreign exchange contracts	1.3	0.0	1.3
Total financial assets carried at fair value	1.3	0.0	1.3
Derivative financial instruments:			
Forward foreign exchange contracts	7.6	0.0	7.6
Total financial liabilities carried at fair value	7.6	0.0	7.6

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

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 23 (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 24 FINANCIAL RISK MANAGEMENT

The Bobst Group's 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 at all times to 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	2015	Less than 1 year	Between 1 and 5 years	Over 5 years	2014	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	297.0	17.6	279.4	0.0	507.5	217.5	137.7	152.3
Trade and other payables	224.6	203.2	21.4	0.0	206.0	176.4	29.6	0.0
Accrued expenses	73.1	73.1	0.0	0.0	64.1	64.1	0.0	0.0
Derivative financial instruments	7.6	7.4	0.2	0.0	10.7	10.7	0.0	0.0
Total	602.3	301.3	301.0	0.0	788.3	468.7	167.3	152.3

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (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 2015	211.6	515.7	131.0	32.0	75.6	-365.6	600.3
Financial assets 2014	390.4	438.0	137.1	20.8	84.0	-305.7	764.6
Financial liabilities 2015	489.6	306.9	102.8	9.2	48.6	-371.8	585.3
Financial liabilities 2014	713.3	220.6	84.7	10.6	41.4	-310.8	759.8

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 (2014: 20%);
- 10% increase(decrease) in the EUR/USD (2014: 10%);
- 20% increase(decrease) in the CHF/EUR (2014: 20%);
- 20% increase(decrease) in the CHF/GBP (2014: 20%).

In million CHF		2015		2014	
		Profit and loss	Equity	Profit and loss	Equity
CHF/USD	+/-	3.0	8.8	3.7	12.3
EUR/USD	+/-	0.4	3.2	-0.1	5.1
CHF/EUR	+/-	11.3	-	20.1	-
CHF/GBP	+/-	3.9	-	1.7	-

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 2.7 million (2014: CHF 3.8 million) higher.

NOTE 25

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 25 (CONTINUED)

BORROWINGS

In million CHF	2015			2014		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	12.2	5.1	17.3	20.0	8.5	28.5
Debenture bonds	2.6	259.2	261.8	189.8	259.0	448.8
Other borrowings	0.5	0.5	1.0	0.9	0.8	1.7
Total	15.3	264.8	280.1	210.7	268.3	479.0
Those due in < 1 year	15.3	0.0	15.3	210.7	0.0	210.7
Those due in 1–5 years	0.0	264.8	264.8	0.0	118.9	118.9
Those due in > 5 years	0.0	0.0	0.0	0.0	149.4	149.4
Total	15.3	264.8	280.1	210.7	268.3	479.0
Currency composition of borrowings:						
CHF			93.6%			95.4%
EUR			2.4%			1.7%
USD			1.9%			1.5%
GBP			0.3%			0.1%
Other			1.8%			1.3%
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%			3.1%
Debenture bonds			1.8%			3.1%
Borrowings:						
Borrowings at floating rate			8.3			9.7
Borrowings at fixed rate			271.8			469.3
Total			280.1			479.0

The main borrowings are:

- 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 and inventory for CHF 3.5 million in 2015 (2014: CHF 2.1 million).

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 26

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 dividends 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	2015	2014
Total equity	413.6	454.8
Total balance sheet	1 441.4	1 623.2
Equity ratio	28.7%	28.0%

NOTE 27

EARNINGS PER SHARE

	2015	2014
Net result attributable to shareholders (in million CHF)	58.6	50.5
Average number of registered shares	16 518 478	16 518 478
Earnings per registered share (in CHF)	3.55	3.06
Diluted earnings per registered share (in CHF)	3.55	3.06

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 28

DIVIDENDS

On 8 May 2015, a dividend of CHF 1.25 per share was paid to shareholders.

On 8 May 2014, a dividend of CHF 0.75 per share was paid to shareholders.

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 6 April 2016.

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 29

CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Transaction	Acquired %	Business unit	Country	Date
2015					
IVG Weiherhammer	Acquisition	30%	Other	DE	03.03.2015
Nuova Gidue	Acquisition	65%	Web-fed	IT	29.05.2015
Gordon Ltd, Hong Kong	Acquisition	35%	Sheet-fed	CN	31.10.2015
Bobst Istanbul Packaging A.S.	Creation	75%	Services	TR	17.08.2015
Bobst Changzhou Ltd	Creation	100%	Web-fed	CN	30.09.2015
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

On 31 October 2015, Bobst Group SA exercised its call and bought the remaining 35% of shares in Gordon Ltd. The impact of this transaction on the equity is an increase of CHF 0.2 million (CHF 25.6 million cash transferred compare to CHF 25.8 million put option reclassified as a financial liability).

NOTE 30

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 2015, 11 329 shares have been granted (2014: 14 646). The expense recorded in 2015 in the personnel costs amounts to CHF 0.4 million (2014: CHF 0.4 million).

NOTE 31

CONTINGENT LIABILITIES

In million CHF	2015	2014
Guarantee obligations in favor of third parties	0.8	1.1

Contingent liabilities are mentioned for the full nominal amount.

OTHER FINANCIAL INFORMATION

NOTE 32

RELATED PARTIES

Investments in associates	BHS Group, D-Weiherhammer. Duo-Technik GmbH, D-Lauterbach. IVG Weiherhammer GmbH, Weiherhammer.
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>Chairman 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.

Transactions with related parties during 2015 and 2014:

In million CHF	2015	2014
Investments in associates		
Sales	0.1	0.3
Purchases	3.3	3.6
Receivables and prepaid expenses	0.1	0.2
Trade and other payables	0.7	0.1
Rendering or receiving of services/transfer of R&D	0.1	0.2

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	2015	2014
Key management personnel compensation		
Short-term benefits	5.7	5.4
Post-employment benefits	0.3	0.3
Share-based compensation	0.4	0.4
Bobst employee benefit institutions		
Open payables due to them at year-end	6.2	3.6
Entities controlled by members of key management personnel		
Honorarium billed to Bobst Group SA	0.0	0.1

There is no commitment with related parties.

OTHER FINANCIAL INFORMATION

NOTE 33

CAPITAL COMMITMENTS

As at 31 December 2015, the Group has no capital commitments.

NOTE 34

SUBSEQUENT EVENTS

The consolidated financial statements were approved for publication by the Board of Directors on 25 February 2016. They are also subject to approval by the Annual General Meeting of Shareholders.

No events have occurred up to 25 February 2016 that would necessitate additional adjustments to the book values of the Group's assets or liabilities, or which require disclosure.

OTHER FINANCIAL INFORMATION

NOTE 35

LIST OF GROUP COMPANIES

		Currency	Share capital in local currency	Ownership and voting %	Consolidation	Production	Sales and services	Other
Holding company								
Switzerland	Bobst Group SA, Mex	CHF	16 518 478					■
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 S.A.S, Antony	EUR	611 289	100.0	C		■	
	Bobst France Participations S.A.S., Antony	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	■	■	
	Bobst Firenze Srl, Firenze	EUR	110 000	65.0	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) Co Ltd, Shanghai	CNY	52 216 742	100.0	C	■	■	
	Gordon Ltd, Hong Kong	HKD	10 000	100.0	C	■	■	
	Bobst Hong Kong Ltd, Hong Kong	USD	2	100.0	C		■	
	Bobst (Changzhou) Ltd, Changzhou	CNY	19 000 000	100.0	C	■	■	
India	Bobst India Private Ltd, Pune	INR	235 311 400	100.0	C	■	■	
Indonesia	PT Bobst Jakarta, 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		■	
Thailand	Bobst (Thailand) Ltd, Bangkok	THB	25 000	100.0	C		■	
Turkey	Bobst Istanbul Packaging A.Ş., Istanbul	TRY	50 000	75.0	C		■	
Associated companies								
Germany	Duo-Technik GmbH, Lauterbach	EUR	72 000	40.0	E	■		
	BHS Corr. Maschinen- und Anl. GmbH, Weiherhammer	EUR	6 000 000	30.0	E	■	■	■
	IVG Weiherhammer GmbH, Weiherhammer	EUR	25 000	30.0	E			■

C = Full consolidation method E = Equity method



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To the General Meeting of
Bobst Group SA, Mex

Lausanne, 25 February 2016

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 75), for the year ended 31 December 2015.

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 2015 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		2015	2014
Assets	Cash and cash equivalents	10.7	165.8
	Miscellaneous receivables	0.2	0.1
	Prepaid expenses	0.8	1.2
	Current assets	11.7	167.1
	Participations	371.0	340.9
	Loans to affiliated companies	138.9	162.2
	Financial fixed assets	509.9	503.1
	Total assets	521.6	670.2
Liabilities	Debenture bonds	0.0	190.0
	Debts to affiliated companies	48.3	0.0
	Short-term debts	39.5	47.7
	Current liabilities	87.8	237.7
	Debenture bonds	260.0	260.0
	Provisions	1.7	1.7
	Non-current liabilities	261.7	261.7
	Share capital	16.5	16.5
	Reserves:	7.2	7.2
	Available earnings	126.5	137.1
	- general	21.9	10.0
	- balance carried forward		
	- profit for the year		
	Equity	172.1	170.8
	Total liabilities and equity	521.6	670.2

PROFIT AND LOSS STATEMENT OF BOBST GROUP SA

In million CHF		2015	2014
Income	Income from affiliated companies	41.0	36.4
	Financial income	0.2	0.3
	Total	41.2	36.7
Costs	Administration and other costs	-9.1	-8.6
	Financial costs	-10.2	-18.1
	Total	-19.3	-26.7
	Profit before income tax	21.9	10.0
	Income tax	0.0	0.0
	Net profit	21.9	10.0

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.

The Company does and did not have any employees.

The presentation of the prior year financial statements was adjusted to conform to the current presentation adapted in accordance with the new Swiss accounting law.

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

Debenture bonds

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

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

On 22 June 2015, Bobst Group SA reimbursed the CHF 190.0 million public bond 2009-2015 (BOB09) made on 22 June 2009 with an annual interest rate of 5%.

Financial guarantees

2015: CHF 158.8 million
2014: CHF 168.4 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.

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

Proposal for the appropriation of available earnings

In million CHF	2015	2014
Carried forward	126.5	134.8
Reduction of capital, net of transfer of own shares reserve	0.0	1.3
Dividends unpaid on own shares	0.0	1.0
Profit for the year	21.9	10.0
Total	148.4	147.1
The proposal is as follows:		
Dividend of CHF 1.25 / CHF 1.25 per share	20.7	20.6
Balance to retained earnings	127.7	126.5
Total	148.4	147.1

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

E. SHARE CAPITAL

	2015	2014	2013
	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	16518478	17810002	17810002
Reduction		-1 291 524	
Balance at 31 December	16518478	16518478	17810002

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 8906104 registered shares of Bobst Group SA (50.01%) of which 8758590 are registered in the name of JBF Finance SA.
- Silchester International Investors LLP*:
31 July 2015: 9.9%.
- Bobst Group SA:
26 June 2014: 0.00%.
Cancellation of all treasury shares/share capital reduction.
- J. Safra Sarasin Investmentfonds AG:
20 February 2015: 4.273%.

Shareholders as per Share Register as at 31 December 2015

	2015	2014	2013
	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%	8 859 040 53.63%	8 753 656 49.16%
Nortrust Nominees Ltd*	1 828 537 11.07%	1 980 935 11.99%	1 996 627 11.21%
Public Shareholders	5 830 901 35.30%	5 678 503 34.38%	5 768 195 32.39%
Total shares outstanding	16 518 478	16 518 478	16 518 478
Treasury shares	0 0.00%	0 0.00%	1 291 524 7.25%
Total shares issued	16 518 478 100.00%	16 518 478 100.00%	17 810 002 100.00%

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

	2015	2014	2013
	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	0.0	1.4
Market value	0.0	0.0	39.1

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 2015 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	18 319
Michael W.O. Garrett	2 000	Attilio Tissi	4 664
Ulf Berg	18 000	Philippe Milliet	2 810
Jürgen Brandt	2 000	Erik Bothorel	2 689
		Stephan März	2 964
Total 2015	22 090	Total 2015	31 446

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

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, 25 February 2016

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 84), which comprise the balance sheet, profit and loss statement and notes for the year ended 31 December 2015.

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 2015 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 2015

Bobst Group SA

The Remuneration Report outlines the principles of the remuneration of the Board of Directors and the Group Executive Committee as defined in Articles 23 ter, 23 quarter, 23 quinquies and 23 sexies of the Articles of the Association, in Article 2 of the Organization Regulation of the Board and in the Remuneration Committee Charter (<http://investors.bobst.com/documents>). The Remuneration Report is based on Articles 13 and 16 of Federal Ordinance against Excessive Remuneration.

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

COMPENSATION SYSTEM

Board of Directors

The amount of compensation of the members of the Board is set at its discretion, pursuant to 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	10 000
Compensation and Nomination Committee – members	10 000
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 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 for 3 years ²⁾
— Pension plan contributions		
— 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, 70% of these targets are of a financial nature (such as Group operating profit and return on capital employed [ROCE]) and 30% are personal targets, which can be both qualitative and quantitative.

For the other members of the Group Executive Committee, 65% 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 35% 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 2015, 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 ²⁾	230 000	12 000	242 000
Ulf Berg ^{4) 5)}	160 000	12 000	172 000
Michael W.O. Garrett ¹⁾	146 667	12 000	158 667
Jürgen Brandt ³⁾	160 000	12 000	172 000
Gian-Luca Bona ²⁾ (since 01.05.2015)	100 000	8 000	108 000
Total remuneration 2015	1 121 667	73 000	1 194 667

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.

⁵⁾ Independent Director.

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

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

In addition, in 2015, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS) and Unemployment Insurance and family LPC amounting to CHF 63 631.– (2014: CHF 59 405.20).

Group Executive Committee

In 2015, 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 2015
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF	CHF
Total remuneration:							
Group Executive Committee	2 216 415	1 953 686	11 329	410 279	322 284	20 157	4 922 821
Highest compensation:							
Jean-Pascal Bobst, CEO	678 610	747 404	7 986	289 213	93 116	4 623	1 812 966

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	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

* 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 43.13 (2014: CHF 29.58).

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 258 334.– (2014: CHF 247 665.–).

COMPENSATION FOR FORMER MEMBERS OF GOVERNING BODIES

During the year under review, there was no other compensation allocated to former members of governing bodies in relation with their former activity as governing bodies and/ or which are not at arm’s length, either by Bobst Group SA or its subsidiaries.

ADDITIONAL FEES AND REMUNERATIONS

Fees of CHF 32 832.–, 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, 25 February 2016

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Bobst Group SA for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in Part B on pages 93 to 94 of the remuneration report.

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. 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 2015 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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the Worldwide code of employee and business conduct,
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