ANNUAL REPORT 2018

Bobst Group SA

KEY FIGURES

In million CHF			2018		2017		2016		2015
Assets	Non-current assets	501.9	29%	451.3	28%	413.0	29%	419.7	31%
	Current assets	1 219.7	71%	1 142.7	72%	989.7	71%	928.6	69%
		1 721.6	**100%**	**1 594.0**	**100%**	**1 402.7**	**100%**	**1 348.3**	**100%**
Liabilities	Equity	553.5	32%	559.4	35%	477.5	34%	421.8	31%
	Non-current liabilities	405.5	24%	381.7	24%	388.9	28%	391.7	29%
	Current liabilities	762.6	44%	652.9	41%	536.3	38%	534.8	40%
		1 721.6	**100%**	**1 594.0**	**100%**	**1 402.7**	**100%**	**1 348.3**	**100%**
Net cash/Net debt		**-20.7**		**132.9**		**51.3**		**-1.7**	
Sales		**1 634.5**		**1 528.6**		**1 446.6**		**1 330.9**	
Operating result (EBIT)		**86.5**		**118.7**		**103.7**		**83.9**	
As % of sales			5.3%		7.8%		7.2%		6.3%
Net result		**50.4**		**106.9**		**84.3**		**67.1**	
As % of sales			3.1%		7.0%		5.8%		5.0%
As % of equity			9.1%		19.1%		17.7%		15.9%
Capital expenditure (CAPEX)		**55.2**		**53.4**		**27.0**		**20.9**	
Return on capital employed (ROCE)		**14.2%**		**23.2%**		**19.9%**		**16.0%**	
Share income									
Share price at the end of the year		68.3		129.6		70.8		42.0	
Market capitalization		1 128.2		2 140.8		1 169.5		693.0	
EPS (16 518 478 shares)		3.84		6.93		5.08		4.02	
Price-earnings ratio		17.8		18.7		13.9		10.4	
Dividend paid:									
– total, in million CHF		24.8		42.9		28.1		20.6	
– payout ratio			49.2%		40.1%		33.3%		30.7%
– dividend yield			2.2%		2.0%		2.4%		3.0%
Headcount		**5 660**		**5 397**		**5 055**		**4 907**	
% change compared to previous year			4.9%		6.8%		3.0%		1.4%

LONG-TERM FINANCIAL TARGETS

Sales (in million CHF)	**1 700 – 1 800**
Operating result (EBIT)	**min. 8%**
Return on capital employed (ROCE)	**min. 20%**
Payout ratio	**30 – 50%**
Equity ratio	**40 – 45%**

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Bobst Group SA

DEAR SHAREHOLDERS

Pleased with the Group's innovation drive, its overall market and digitalization strategy, but disappointed by the decrease in profitability. This is how we could sum up the year 2018!

Bobst Group recorded a strong first half-year and a revenue increase of 19% compared to H1 2017. However, the EBIT decrease of CHF 4.6 million to CHF 35.2 million, compared to H1 2017, forced us to issue last July a release stating that our year 2018 profitability ambitions has to be reduced. Quality issues relating to the new generation of products and pressure on prices and margins of Business Unit Web-fed, extra costs due to the Group expansion in China, digital printing activities and Internet of Things (IoT) investments, created this exceptional and unsatisfactory financial situation.
Reinforcing trends over the past few years have been the increasing demand of brands for better visibility, shorter delays and faster time to market for the launch of new products, together with continuous pressure on costs and an increased sustainability awareness. In turn, these requirements drive customers to look for more complete integrated solutions, "from PDF file to finished product", generating less waste and protecting their profitability. Increased digitalization in the packaging supply chain, the use of connected services (IoT), digital printing machines and the production of goods in a more sustainable way are becoming priorities, together with the processing of thinner and more complex materials. Product packaging is likely to become more functional, convenient, ready-to-consume, re-sealable and adjusted to households' size.

Breakthrough innovation, always innovation

In 2018, BOBST has continued its quest for innovation and excellence. Not limited to the production of machines, it is also focusing on a range of services, which cover the entire conversion process and its optimization.
Breakthrough innovation implies long-term commitment. As Jeff Bezos, CEO of Amazon said: "If you are going to do large-scale invention, you have to be willing to do three things: you must be willing to fail, you have to be willing to think long term; and you have to be willing to be misunderstood for long periods of time."
Our most innovative solutions to some of the trends facing packaging converters, together with exciting developments in the field of Services, were presented during the year: The **EXPERTFOLD 165** with **SPEEDPACK** automated packer, a natural extension of a corrugated folder-gluer; the **MASTERCUT 106 PER** and **145 PER**, the most automated and productive die-cutters on the market; the **EXPERTFOIL 142**, the only genuine size VI hot-foil-stamper in the world; the **MASTERFOLD 230** with its modular design, single box set-up and superb reliability; the **GYROBOX XL** for complex designs in a single pass; and a **LEMANIC**® press with in-line M8 flexo printing units.

We also focused on specific technologies:

— **Printing expert** – comprehensive capabilities and process technologies for printing labels, flexible materials, folding carton and corrugated board packaging, such as Extended Color Gamut (**ECG**) process, **THQ FlexoCloud** technology for post-print flexo on corrugated board, bringing unmatched quality at lower cost in one pass, and the ECG Center of Excellence in Bielefeld.
— **Automation** and **sustainability**.
— **Tooling** – providing optimized productivity on any die-cutter.
— **Digital Inspection Table** – a unique system offering designed to drive quality assurance, productivity and virtually remove print production errors.

In the digital printing area, we have invested heavily in **Mouvent**, created in 2017 as our competence center for all digital printing activities. In 2018, we put the emphasis on the stabilization of the technology embedded in the **Mouvent™ cluster**, **software** and **ink** at the heart of the technology; we have installed more than ten machines in the field.
Mouvent's product range comprises highly innovative digital label and textile printers:

— The **LB701-UV** (170 mm) and the **LB702-UV** (340 mm) mini label presses are the smallest high productivity label presses on the market.
— The **LB702-WB** (water-based ink) label press, a game-changer in digital label production, uses water-based Mouvent™ Inks, making it completely free of VOCs (volatile organic compounds) and 100% food safe.
— The 8 color multi-pass digital textile printer **TX801** had a good start, while the **TX802** will be launched early 2019. Customers are very satisfied with printing quality and performance.

Overall, this big investment helped us to master five new core competencies over the last eighteen months: workflow, digital front end (DFE), raster image process (RIP), water-based ink, and integration of digital heads (DOD), to build a digital printing culture, service and product range.

Innovation is not only about bright ideas coming to life and being industrialized, it is also about the conservation of resources, which is becoming key in terms of sustainability and fully belongs to our guiding principle for the development of production processes and new products. We have an ecological responsibility in the prevention of production waste and the reduction of CO_2 emissions.

True customer satisfaction
Our close relationships with customers should bring out the best in us and quality challenges are a spur for **continuous improvement** in all domains. Our core services provide performance levels at all times, with remote assistance and monitoring of applications, tooling and maintenance solutions, with a spare parts portal offering a direct placement of orders and with documentation manuals.
In 2018, our Services business has grown to CHF 486 million and the customer satisfaction index has increased for all industries. We are on the way to becoming a benchmark for services overall.

Growth
In March 2018, we successfully launched our **China 4.0 strategy**, aiming at production made in China for China. Our ambition is to become a major player in the country over the coming years with our two brands, BOBST and Eterna – which is holding a strong market position in folding carton and corrugated converting.

We opened a **third production facility and a Competence Center** in Changzhou to boost industrial capacity in China. The Group will develop and build machines such as the **RS 3.0** gravure printing press and the **CL 750D** compact multi-technology laminator, designed for the domestic and export markets.
The main reason behind this investment is the increase of our market share and presence in China. By the end of 2018, Bobst Changzhou had more than 100 employees.

Digitalization, a journey and a major investment for BOBST
Our digitalization journey has three main dimensions:
— The internal standardization of our core processes based on a common IT platform (BBS);
— The increased connected services and use cases offered to our clients (IoT), and;
— Our digital printing Competence Center based on our new digital front end (DFE), raster image process (RIP) and ink development.

The BOBST Business System (BBS) program once fully deployed will run all our local entities across the world in an efficient and harmonized way. It will cover all Business Units and functions. This year we focused on:
— The integration of Bobst Lyon into the BBS SAP manufacturing platform, already used by three of the Group's production sites (Bobst India, Bobst Shanghai and Bobst Changzhou). Most of the European sales and service local entities also joined this venture in 2018.

The team's high professionalism proved that we could meet the challenges together and successfully complete this huge program by 2021.
On average, industries are less than 40 percent digitalized, despite the relatively deep penetration of these technologies in media, retail and high tech.
Although our main business will remain focused on machine and services development, tightly integrated digital strategies will be a big differentiator between companies that win and companies that don't, and the payouts will go to those that best master the digital disruptions with current business expertise.
BOBST has developed its **vision of the industry for packaging**, which is going to transform the Group's culture. We investigated new opportunities that arise from connecting to our machines and applying analytics and more software capabilities. Under IoT, we understand digitalization of internal processes, digitally-enabled products, connected services and business models offered to customers and to the packaging world. One prominent example of such a service is predictive maintenance, where a software application predicts when a wearing machine part needs to be replaced before it fails. IoT is enabling a vast amount of such products and services that will significantly improve the factories of our customers.

Our key asset
Congratulations and thank you to all our employees who come to work every day committed to operational excellence and customer satisfaction. We owe to them a safe and rewarding work environment. Our retention, training and onboarding processes contribute to the development of an inspiring workplace; the Leadership and People Development program strives to improve people management and leadership capabilities focusing on the BOBST four values and eight behaviors.

Order Entries
The Group started 2018 with a more than 20% higher machine backlog than the year before. 2018 order entries were at the same level as the year before, with a small increase in Business Unit Sheet-fed.

Turnover
For the full year 2018, consolidated sales increased by CHF 106 million, or 6.9%, to CHF 1 635 million. All three Business Units have contributed to the growth in 2018. Business Unit Services is up CHF 33 million, or 7.4%. Business Unit Web-fed sales increased by CHF 13 million, or 3.9%, and Business Unit Sheet-fed increased its sales by 60 million, or 8.0%.

Profitability
The operating result (EBIT) was CHF 87 million, or 5.3% of sales compared to CHF 119 million, or 7.8% of sales in 2017. Based on the strong sales growth and a good overall market situation, the Group has accelerated measures to launch a range of digital printing products and strengthened its activities in IoT. Quality upgrades on some products launched in recent years and additional transformation measures in the Business Unit Web-fed had a significant negative impact on the operating result (EBIT) of the reporting year.

The net result reached CHF 50 million (CHF 107 million in 2017). The decrease came from lower operating result, missing positive one-time favorable tax impact of CHF 15 million recognized in 2017 and due to losses, on which no deferred tax assets are recognized in 2018.
The return on capital employed (ROCE) decreased to 14.2% in the reporting year, compared to 23.2% in 2017, and the shareholders' equity ratio decreased temporarily to 33.4%, from 35.6% in the previous year, due to the additional bond issued in September of the reporting year.
In line with the performance of the Group, the Board of Directors proposes to the Annual General Meeting of Shareholders a dividend for 2018 of CHF 1.50 per share (CHF 2.60 for 2017).

Group Organization
The Business Unit Web-fed faces various challenges linked to its strategy implementation, market penetration and profitability improvement, and the Group is therefore implementing executive changes in this Business Unit.

The Group Executive Committee is evolving. Erik Bothorel, in charge of the Business Unit Web-fed, left the Group Executive Committee at the end of 2018. Stephan März, in charge of the Business Unit Services, took on responsibility for the Business Unit Web-fed on 1 January, 2019, while Julien Laran, in charge of Supply Chain and Operations within the Business Unit Services, was appointed Head of Business Unit Services as of 1 January, 2019.

Board of Directors re-election / election
The mandates of all the members of the Board of Directors become due for renewal for a one-year period. At the forthcoming Annual General Meeting of Shareholders, on 4 April 2019, Alain Guttmann, Thierry de Kalbermatten, Jürgen Brandt, Gian-Luca Bona and Philip Mosimann will be proposed for re-election for a new period of one year. Patrice Bula will not be standing for re-election due to other commitments. We express our warmest thanks for his various contributions.
The Board of Directors wishes to propose Alain Guttmann as Chairman.

Outlook and strategy
The consumption level worldwide is still good, supporting the overall business environment. We expect that political tensions will remain, likely leading to a slow down of the economy. We prepare the Group to further seize opportunities, and for a potential economic down turn.
To support our strategic objectives we remain focused on the following priorities:
— As we increase our customer satisfaction, which we measure through the Net Promoter Score methodology (NPS), we aim to continuously develop and retain our technicians, while increasing spare parts' availability worldwide thanks to our hub concept. We will keep improving the execution of quality deliveries of our machines and services;
— We will continue to expand and invest in China, South East Asia and the Middle East regions, adapting our offerings for machines and services to markets' trends;
— The digitalization of our core processes is taking the Group to a higher level of efficiency, integration, and in the mid term, of performance improvement;
— The digital printing journey is well underway and we will offer to the textile and label sectors a comprehensive portofolio of products during 2019. This is the start of a new venture for BOBST Group and demonstrates its ability to reach new market segments.

Vision
In this increasingly collaborative and connected world, Bobst Group's ambition is to be a leading technology company in the packaging world, bringing to its current and future customers what they need in terms of quality, innovation, connectivity and global solutions.
Our success will strongly depend on a dedicated and visionary leadership able to drive change, on how well we use our available skills and funds to deliver our vision, while instilling value creation into the Group.
A warm "thank you" to each and every customer for allowing us to serve you, to our shareholders for your support and to our 5 660 employees for your stalwart support, your dedication and your endeavors to reach high standards of quality and performance. We are committed to further strengthening the position of Bobst Group during the years to come.

Alain Guttmann
Chairman of the Board

Jean-Pascal Bobst
Chief Executive Officer

CORPORATE GOVERNANCE

1. 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 flexible materials, and labels – 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 59.

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 1.13 billion as at 31 December 2018.

BOARD OF DIRECTORS

Alain Guttmann
Chairman.
1958, Swiss national.

MScE, University of Lausanne, Switzerland (HEC).

Since 2005
Managing partner of CapDconsulting, Switzerland.

2000 – 2004
Founder of SFF Financial Services, Switzerland, 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, Switzerland, and Paris, France.

1983 – 1986
Marketing brand manager for Jacobs Suchard, Switzerland.

Other Board Memberships in Switzerland:
Alpavest, Lausanne; Biokema, Crissier; Cluster 1, Lausanne, Chairman; CIEL Electricité, Lausanne; JBF Finance, Buchillon; LBIS, Buchillon; Voxia communication, Genève; Wider, Montreux.

Thierry de Kalbermatten
Vice Chairman.
1954, Swiss national.

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

1994 – 2005
Member of Bobst Group Executive Committee, Switzerland.

1990 – 1994
Head of Logistics Department at Bobst SA, Switzerland.

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 in Switzerland:
JBF Finance SA, Buchillon, Chairman; PKB Alasia SA, Lausanne; Origins Holdings, Zug.

Jürgen Brandt
1956, German national.

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

Since 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 of Power and Environment Division, Alstom Power, France and Belgium.

1997 – 1999
CFO of Alstom Boilers GmbH, Germany.

Bruno de Kalbermatten
Honorary Chairman.

Gian-Luca Bona
1957, Swiss national.

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

Since 2009
Director Empa – Material Science & Technology, Switzerland.

2008 – 2009
Director Tape Storage Solutions, IBM Server and Technology Group, Tucson, USA.

2004 – 2008
Research Manager Science & Technology, IBM San Jose and Tucson, USA.

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

Other board Memberships in Switzerland:
Comet Group, Flamatt; Technopark Zurich Foundation, Chairman; Technopark Alliance, Zurich, Chairman; Glatec Technology Center, Dübendorf; Swiss Innovation Park Foundation Zurich.

Member of the scientific advisory boards of:
CSEM Neuchâtel, Switzerland; Bundesanstalt für Materialien (BAM), Berlin, Germany; Balgrist Association, Zurich, Switzerland.

Philip Mosimann
1954, Swiss national.

Master degree of Mechanical Engineering, ETH Zurich, Switzerland.

Since 2016
Chairman of the board of directors at Bucher Industries AG, Niederweningen, Switzerland.

2002-2016
CEO at Bucher Industries AG, Niederweningen, Switzerland.

1997-2001
Executive Director at Sulzer Textil AG, Winterthur, Switzerland.

1982 – 1997
Engineer and Division Head at Sulzer AG, Winterthur, Switzerland.

Other Board Memberships in Switzerland:
Conzzeta AG, Zurich; Uster Technologies AG, Uster, Chairman; Ammann Group Holding AG, Langenthal; Swissmem, Zurich, Vice-Chairman; Economiesuisse, Zurich.

Vanderlande Holding B.V., Veghel, Netherlands.

Patrice Bula
1956, Swiss national.
Until 04.04.2019.

Graduated from the HEC University of Lausanne in Economic Sciences (MSc) and attended the Program for Executive Development, IMD, Switzerland.

2011
Member of the Executive Board of Nestlé SA: Head of Strategic Business Units, Marketing & Sales and Chairman of Nespresso, Vevey, Switzerland.

2007 – 2011
Market Head of Nestlé Greater China Region.

2003 – 2007
Market Head of Nestlé Germany.

2000 – 2003
Head of the Confectionery & Biscuits Strategic Business Unit at Nestlé Headquarters, Switzerland.

1997 – 2000
Regional Head of Nestlé Southern African Region.

1992 – 1995
Market Head of Nestlé Taiwan.

Other Board Memberships in Switzerland:
Schindler Holding Ltd, Ebikon.

Member of various boards within the Nestlé organization.

Significant shareholders

JBF Finance SA, Buchillon, announced on 26 June 2018 holding 53.71% of Bobst Group SA's share capital (see also page 71). Apart from the foregoing, Bobst Group SA is not aware of any other shareholder holding Bobst Group SA shares in excess of 3% of the share capital, as at 31 December 2018.

Disclosure office of SIX Swiss Exchange weblink:
www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html.

Cross-shareholdings

There are no cross-shareholdings with other companies.

2. CAPITAL STRUCTURE

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

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 71.

Limitations on transferability and nominee registrations

According to Article 11 of the Articles of Association (investors.bobst.com/documents) the number of shares registered in the name of nominees shall not exceed 20% of the shares issued by the Company.

Convertible bonds and warrants/options

There are no convertible bonds or warrants/options.

3. 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 Guttmann was mandated as support for various projects. Refer to the Remuneration report, Part B, page 83. 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 Remuneration

Pursuant to Article 25 ter of the Articles of Association, each member of the Board of Directors may accept up to twenty functions in the supreme governing body of legal entities which are required to be registered in the commercial register in Switzerland or in a comparable foreign register. Among those twenty functions, up to five functions may be in legal entities listed on a stock exchange, of which no more than three functions as chairman of the board. Up to five functions in different legal entities which are subject to joint control are deemed to constitute one function.

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 Guttmann, Chairman	2009	2019
Thierry de Kalbermatten, Vice Chairman [2]	2005	2019
Jürgen Brandt [3), 5) until 28.03.2018]	2013	2019
Gian-Luca Bona [1]	2015	2019
Philip Mosimann [4), 5) since 28.03.2018]	2016	2019
Patrice Bula [4]	2017	—

[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.

Patrice Bula has decided not to stand for re-election, due to other commitments.

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 2018, the Board met seven times – three meetings of a day, one meeting of a day and a half, one half-day meeting and two conference calls. Five meetings were attended by all Board members, and one conference call and one meeting by five out of six Board members.

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 (investors.bobst.com/documents).

The Remuneration and Nomination Committee meets at least twice a year. In 2018, its members met for three one hour meetings. Three meetings were attended by all Committee 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 investors.bobst.com/documents.

In 2018, 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 General Counsel and the lead external auditor attended all meetings.

Definition of areas of responsibility
Pursuant to the Organization Regulations of the Company (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 (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 (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 (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 (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 (investors.bobst.com/documents).

Information and control instruments vis-à-vis the GEC
Except for the months of January, July and October 2018, for which a lighter close process is applied, the GEC 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. 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 Head of Internal Audit 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 Head of Internal Audit 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 Board of Directors and the GEC attach great importance to the thorough handling of risks, in particular in the areas of markets, operations, finance, R&D, resources and environment, and the continuous development of the **risk management system**. The Group-wide risk management is based on the COSO Enterprise Risk Management as well as the ISO9001 frameworks. It is closely aligned with the Group's strategy and business planning process. A senior member of the Group Finance Management acts as Head of Group Risk Management. The Head of Group Risk Management is supported by various Business Unit representatives and internal experts of the corporate management. The GEC discussed risk identification and categories, assessments, mitigation, organization, processes and adequate measures at the various levels of the Group. The Audit Committee of the Board of Directors dealt with the findings presented by the Head of Group Risk Management, with subsequent reporting to the Board of Directors in two separate meetings.

Risk dialogues with Group managers and Business Unit representatives serve the Group Risk Management function as an important means to identify and assess risks. In close cooperation with the respective risk owners, key risks and appropriate mitigation measures are defined. A bi-annual internal risk report, presented to the GEC and the Audit Committee of the Board of Directors (and subsequently to the Board of Directors), is used to document the risk management process and to provide risk transparency.

The handling of financial and operational risks is explained in the financial statements in the separate chapter "Risk management and capital structure".

4. GROUP EXECUTIVE COMMITTEE (GEC)

Members of senior management/Other activities and vested interest
This information is available on pages 14–15 under the individual CV's of the GEC members.

GROUP EXECUTIVE COMMITTEE (GEC)

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), Switzerland.

Since 1994 with Bobst: various Management positions.

1991
Schindler Berlin, Production Eastern Europe.

Board Memberships in Switzerland:
JBF Finance SA, Buchillon; Foundation Aslane, Corseaux, Chairman; Foundation Lumière & Vie, Epalinges; Foundation ESBS, Oron, Chairman.

Member of various boards within the Bobst Group organization.

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

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

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

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

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

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

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, Switzerland.

Since June 2011 with Bobst.

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

2002 – 2003
CEO of Unicible Ltd, Lausanne, Switzerland.

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

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

Board Memberships in Switzerland:
Swiss Post, Bern.

Member of various boards within the Bobst Group organization.

Stephan März
Head of Business Unit Web-fed since 01.01.2019.
1971, German national.

Mechanical Engineer, Technical University, Munich, Germany (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:
ISLA (International Service Logistics Association, Munich, Germany, Chairman.

Member of various boards within the Bobst Group organization.

Julien Laran
Head of Business Unit Services since 01.01.2019.
1977, French national.

Master degree in Engineering, option Logistic, Operations and Information Systems Management, University of Pau, France.

2016 – 2018
Bobst, Switzerland, as Head of Supply Chain & Operations within Business Unit Services.

2013 – 2016
Bobst, Switzerland, as Head of Supply Chain within Business Unit Services.

2003 – 2013
ATR (Airbus Group and Leonardo joint venture), Toulouse, France, successively as Aftersales Logistic and Operations Support Manager, Aftersales SAP Program Director, Aftersales Sourcing Director.

1999 – 2003
Daher Group, Toulouse, France, Logistic Project Engineer.

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

Erik Bothorel
Head of Business Unit Web-fed since 01.01.2010, and until 31.12.2018.

Has left the Group Executive Committee.

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, Italy.

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.

Number of permitted activities pursuant to the Ordinance against Excessive Remuneration
Pursuant to Article 25 ter of the Articles of Association, each member of the GEC may accept up to three non-executive functions in the supreme governing body of legal entities which are required to be registered in the commercial register in Switzerland or in a comparable foreign register, of which no more than one function in a legal entity listed on a stock exchange, but not as chairman of the board. Up to two functions in different legal entities which are subject to joint control are deemed to constitute one function.

The following functions are exempt from the restrictions in the preceding paragraph:
— functions in legal entities that are controlled by the Company or that control the Company;
— up to ten functions in non-commercial or charitable legal entities;
— up to five functions in legal entities not belonging to the Group that are accepted at the request or order of the Company or one of the legal entities which it controls.

No members of the GEC 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.

5. REMUNERATION, SHAREHOLDINGS AND LOANS

Remuneration and Shareholding Programs
The principles are stated in the Articles of Association pursuant to Articles 23 ter, 23 quater, and 23 quinquies.

The members of the Board of Directors receive a fixed remuneration.

The members of the GEC receive a fixed remuneration and a variable remuneration. The variable remuneration can reach 200 percent of the fixed annual remuneration. The variable remuneration is paid according to the degree of achievement of individual quantitative and qualitative objectives. The objectives and the level of achievement are determined by the Board of Directors upon recommendation by the Remuneration and Nomination Committee. Up to 30 percent of the variable remuneration can be paid in the form of shares of the Company. These shares are allocated definitely, but are blocked in general for three years. They are allocated at their fair market value at grant. The Board of Directors further determines the blocking conditions.

See Remuneration Report 2018, Part A, pages 78 to 81.

Performance Related Pay
See Remuneration Report 2018, Part A, page 80 and Part B, page 82.
See Articles 23 ter 23 quater, 23 quinquies of the Articles of Association (investors.bobst.com/documents).

Loans, credits, post-employment benefits
See Remuneration Report 2018, Part A, page 81 and Part B, page 83.
See Article 23 sexies of the Articles of Association (investors.bobst.com/documents).

Vote on Remuneration by the General Assembly
See Articles 23 and 23 ter of the Articles of Association (investors.bobst.com/documents).

The General Meeting approves annually the proposals of the Board of Directors with regard to the remuneration as follows:

— The maximum aggregate amount of remuneration for the members of the Board of Directors for a period from the ordinary Annual General Meeting to the following ordinary Annual General Meeting;
— The maximum aggregate amount of remuneration for the members of the GEC for the following financial year.

The above aggregate amounts are adopted by the General Meeting separately.

6. SHAREHOLDERS' PARTICIPATION

Voting rights restrictions and representation

Only shareholders registered with voting rights and the Independent Representative elected by the General Meeting may represent shareholders at the General Meeting of Shareholders. See Articles 18 and 23 bis of the Articles of Association (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 (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 (investors.bobst.com/documents).

Agenda

Article 17 of the Articles of Association (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.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

Duty to make an offer

Article 12 of the Articles of Association (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).

8. AUDITORS

Duration of the mandate and term of office of the lead auditor
The auditors of Bobst Group SA are PricewaterhouseCoopers SA which are acting as statutory auditors of the holding company Bobst Group SA, as auditors of the consolidated financial statements of Bobst Group and as auditors of the Swiss affiliated companies. For the affiliated companies abroad, functions of auditors are assumed mainly by PwC. The auditors were reappointed by the Annual General Meeting of Shareholders of Bobst Group SA of 28 March 2018. PwC's mission started with the audit of the fiscal year 2016.

The responsibility of the engagements is assumed by one head auditor. The current PwC head auditor has been in charge since the audit of the 2016 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.

Auditing fees/Additional fees
Fees billed by PricewaterhouseCoopers (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 2018, amounted to CHF 965 433.–.

For other professional services, additional fees billed by PricewaterhouseCoopers (worldwide), for the same period, amounted to CHF 293 370.–, of which CHF 231 182.– was for tax advice and compliance and CHF 62 188.– for audit related services.

Informational instruments pertaining to the external audit
In 2018, PricewaterhouseCoopers 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 Reports to the Audit Committee prepared by the external auditors are 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.

9. 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 and French, and a *half-year report* in English. All these documents are available on the website (investors.bobst.com/publications), along with a *sustainable development report* in English and French (investors.bobst.com/ documents).

Press releases, available on the same day on the website (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 in November.

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

Annual General Meeting of Shareholders.

Teleconferences for financial analysts and the media, available next day on the website (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.

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

investors.bobst.com – to find or order financial information and to subscribe to our newsletter.

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

Disclosure of shareholdings

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Share Register
P.O. Box
CH-1001 Lausanne
Switzerland
Fax +41 21 621 20 37
E-mail: shareholders@bobst.com

FINANCIAL STATEMENTS

CONTENTS

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.

COMMENTS

ORDER ENTRIES AND BACKLOG

The Group started 2018 with a more than 20% higher machine backlog than the year before. 2018 order entries were at the same level as the year before, with a small increase in Business Unit Sheet-fed. Order entries compared to the previous year remained stable at a high level in Europe. The Americas and Africa increased by around 15% and Asia decreased by slightly more than 10%. The Group finished the reporting year with a similar machine backlog than in 2017.

SALES

For the full year 2018, consolidated sales increased by CHF 106 million, or 6.9%, to CHF 1 635 million. Adjusted for currency effects and acquisitions, organic sales were up CHF 82 million, or 5.4%, in 2018. Two new entities created in 2018 contributed CHF 4 million to the sales increase. Exchange rate variances increased sales by CHF 20 million.

	In million CHF	In %
Increase in volume	81.9	5.4
Change in scope of consolidation	3.6	0.2
Exchange rate variance	20.4	1.3
Increase in sales	**105.9**	**6.9**

Sales reached CHF 872 million in the second half of 2018, compared with CHF 763 million in the first six months of the year, and to CHF 885 million in the second semester of 2017.

Sales of sheet-fed products increased by 8.0% to CHF 805 million. This growth was once more driven by a very strong demand for products for the corrugated industry. The demand for products for the folding carton industry remained stable. Sales of web-fed products increased by 3.9% reaching CHF 343 million for the year 2018. All product lines contributed to this growth, and the demand for special machines and complex lines remained at a low level. Sales of services and spare parts increased by 7.4% to CHF 486 million.

COMMENTS

OPERATING RESULT (EBIT)

The operating result (EBIT) was CHF 87 million, or 5.3% of sales compared to CHF 119 million, or 7.8% of sales in 2017. Based on the strong sales growth and a good overall market situation, the Group has accelerated measures to launch a range of digital printing products and strengthened its activities in Internet of Things (IoT). Quality upgrades on some products launched in recent years and additional transformation measures in the Business Unit Web-fed had a significant negative impact on the operating result (EBIT) of the reporting year.

Business Unit Web-fed was particularly impacted by the additional investments, and its operating result (EBIT) for the year 2018 showed a loss of CHF 37 million, compared to a loss of CHF 7 million in 2017. Business Unit Sheet-fed reached an operating profit (EBIT) of CHF 60 million, compared to CHF 64 million in 2017. Additional profit due to higher sales was more than offset by the investment in the new China 4.0 strategy implemented since March 2018. Business Unit Services further improved its profitability. Operating profit (EBIT) reached CHF 66 million, compared to CHF 63 million in previous year.

NET RESULT

The net result reached CHF 50 million (CHF 107 million in 2017). The decrease came from lower operating result, missing one-time favorable tax impact of CHF 15 million recognized in 2017 and due to losses, on which no deferred tax assets are recognized in 2018.

BALANCE SHEET

The lower result, and a disproportional temporary increase in the net working capital, resulted in a negative cash flow from operating activities of CHF 46 million, compared to the exceptionally high positive CHF 150 million in 2017. This had an impact on the cash ending in a net debt position of CHF 21 million at year end, compared to a net cash position of CHF 133 million in 2017. The return on capital employed (ROCE) decreased to 14.2% in the reporting year, compared to 23.2% in 2017 and, the shareholders' equity ratio decreased temporarily to 33.4%, from 35.6% in the previous year, due to the additional bond issued in September of the reporting year.

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting of Shareholders the payment of a dividend of CHF 1.50 per share (CHF 2.60 in 2017). 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	2018	2017
Sales	**04**	**1 634.5**	**1 528.6**
Other operating income	05	19.5	23.9
Raw materials and services	06	-1 052.0	-923.9
Changes in inventories		39.3	-0.6
Personnel costs	07	-499.4	-454.3
Depreciation and amortization	12, 15	-38.3	-41.2
Other operating expenses	09	-17.1	-13.8
Operating result (EBIT)		**86.5**	**118.7**
Share of net result in associates	14	9.8	10.7
Interest expenses	10	-6.1	-6.1
Other financial income	10	3.4	8.0
Other financial expenses	10	-6.0	-5.5
Result before income tax		**87.6**	**125.8**
Income tax	11	-37.2	-18.9
Net result		**50.4**	**106.9**
Attributable:			
To shareholders		63.5	114.4
To non-controlling interest		-13.1	-7.5
Earnings per registered share (in CHF)	27	3.84	6.93
Diluted earnings per registered share (in CHF)	27	3.84	6.93

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	Notes	31 December 2018	31 December 2017
Intangible fixed assets	12	41.8	36.5
Tangible fixed assets	15	264.1	260.6
Financial assets other		23.1	23.3
Investments in associates	14	53.9	50.2
Employer contribution reserves	22	64.7	25.8
Receivables	16	3.6	4.8
Finance lease receivables	18	8.4	7.8
Prepaid expenses and accrued income		1.5	1.4
Deferred tax assets	11	40.8	40.9
Non-current assets		**501.9**	**451.3**
Inventories	20	454.4	391.2
Receivables	16	320.9	311.3
Finance lease receivables	18	3.4	2.7
Income tax receivables		18.8	15.8
Prepaid expenses and accrued income		22.7	15.5
Derivative financial instruments	24	3.2	3.4
Cash and cash equivalents		396.3	402.8
Current assets		**1 219.7**	**1 142.7**
Total assets		**1 721.6**	**1 594.0**

In million CHF	Notes	31 December 2018	31 December 2017
Share capital		16.5	16.5
Reserves		495.4	436.9
Net result		63.5	114.4
Shareholders' equity		**575.4**	**567.8**
Non-controlling interest		-21.9	-8.4
Equity		**553.5**	**559.4**
Borrowings	25	287.7	263.1
Provisions	21	7.9	9.4
Employee benefits	22	36.9	41.1
Trade and other payables		29.6	27.1
Deferred tax liabilities	11	43.4	41.0
Non-current liabilities		**405.5**	**381.7**
Borrowings	25	129.4	6.8
Provisions	21	57.2	54.0
Employee benefits	22	5.3	5.2
Trade and other payables		433.3	441.7
Accrued expenses and deferred income		112.2	110.8
Income tax payables		17.7	20.1
Derivative financial instruments	24	7.5	14.3
Current liabilities		**762.6**	**652.9**
Total liabilities and equity		**1 721.6**	**1 594.0**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In million CHF		2018	2017
Net result		**50.4**	**106.9**
Elimination of net result in associates		-9.8	-10.7
Elimination of income taxes		37.2	18.9
Elimination of depreciation, amortization and provisions		38.0	38.4
Elimination of the result on disposal of assets		1.4	0.5
Elimination of interest expenses/(income)		4.5	3.7
Elimination of derivative financial instruments results		1.5	1.4
Changes in inventories		-72.4	-48.8
Changes in receivables		-19.7	-17.2
Changes in employer contribution reserves		-39.0	0.0
Changes in payables		2.2	85.1
Paid taxes		-40.3	-28.1
Cash flow from (used in) operating activities	**Total A**	**-46.0**	**150.1**
Acquisition of subsidiaries, net of cash acquired		0.0	-1.4
Acquisition of business activities		-1.2	0.0
Purchase of intangible fixed assets		-14.6	-14.7
Purchase of tangible fixed assets		-39.4	-39.1
Purchase of investments in associates		0.0	-1.0
Loans and advances made		-0.8	-0.4
Proceeds from sale of tangible fixed assets		0.9	4.0
Loan repayments and advances received		0.2	0.2
Interest received		1.6	2.4
Dividends received		4.0	3.9
Cash flow from (used in) investing activities	**Total B**	**-49.3**	**-46.1**
Proceeds of non-controlling interest		0.0	0.2
Purchase of own shares		-0.4	0.0
Proceeds from borrowings		151.3	0.8
Repayments of borrowings		-5.0	-8.0
Interest paid		-4.8	-6.1
Dividends paid to Group shareholders		-43.0	-28.1
Dividends paid to non-controlling interest		-0.2	-0.3
Cash flow from (used in) financing activities	**Total C**	**97.9**	**-41.5**
Effects of exchange variances	**Total D**	**-9.1**	**14.8**
Change in cash and cash equivalents	**A+B+C+D**	**-6.5**	**77.3**
Cash and cash equivalents at beginning of period		402.8	325.5
Cash and cash equivalents at end of period		396.3	402.8
Variance		**-6.5**	**77.3**

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.

The accompanying notes form an integral part of the consolidated financial statements.

CHANGES IN CONSOLIDATED EQUITY

In million CHF	Share capital	Own share	Hedge reserve	Translation reserve	Other reserves	Goodwill offset	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Balance at 1 January 2017	**16.5**	**0.0**	**-0.1**	**-36.5**	**0.5**	**-142.5**	**637.4**	**475.3**	**2.2**	**477.5**
Result for the period							114.4	114.4	-7.5	106.9
Currency translation differences				21.2				21.2	0.2	21.4
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			-0.1					-0.1		-0.1
Net gain/(loss) on cash flow hedges during the year			-9.9					-9.9		-9.9
Income tax			-0.1					-0.1		-0.1
Non-controlling interests arising on business combinations							0.0	0.0	-3.1	-3.1
Share-based payments					0.0			0.0		0.0
Dividends							-28.1	-28.1	-0.2	-28.3
Goodwill on acquisition						-4.9		-4.9		-4.9
Balance at 31 December 2017	**16.5**	**0.0**	**-10.2**	**-15.3**	**0.5**	**-147.4**	**723.7**	**567.8**	**-8.4**	**559.4**
Balance at 1 January 2018	**16.5**	**0.0**	**-10.2**	**-15.3**	**0.5**	**-147.4**	**723.7**	**567.8**	**-8.4**	**559.4**
Result for the period							63.5	63.5	-13.1	50.4
Currency translation differences				-20.0				-20.0	-0.2	-20.2
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			9.9					9.9		9.9
Net gain/(loss) on cash flow hedges during the year			-1.8					-1.8		-1.8
Income tax			1.0					1.0		1.0
Goodwill on acquisition						-1.4		-1.4		-1.4
Share-based payments					-0.2			-0.2		-0.2
Acquisition of own shares		-0.4						-0.4		-0.4
Dividends							-43.0	-43.0	-0.2	-43.2
Balance at 31 December 2018	**16.5**	**-0.4**	**-1.1**	**-35.3**	**0.3**	**-148.8**	**744.2**	**575.4**	**-21.9**	**553.5**

Retained earnings include non-distributable, statutory or legal reserves, amounting to CHF 7.6 million (2017: CHF 7.2 million).
In 2018, a subsidiary of the Group acquired 3 863 shares of Bobst Group SA at a price of CHF 103.70, for a total amount of CHF 400 614.

The accompanying notes form an integral part of the consolidated financial statements.

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 principles that the Group has adopted in the current financial year. The notes on pages 28 to 59 are in integral part of these consolidated financial statements.

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, one of the world's leading suppliers of equipment and services to packaging and label manufacturers in the folding carton, corrugated board and flexible materials industries.

NOTE 2
ACCOUNTING INFORMATION AND POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the entire existing accounting principles of Swiss GAAP FER (Generally Accepted Accounting Principles FER) and are based upon the financial statements of the Group companies as at 31 December which are prepared using uniform classification and accounting policies. The consolidated financial statements have been prepared in accordance with the historical acquisition costs principle with the exception of securities and derivative financial instruments which are measured at fair value.

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.

Group companies are consolidated from the date on which control is transferred to the Group, while subsidiaries intended for disposal are excluded from the consolidation from the date on which control ceases.

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.

Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of control. The difference between the acquisition costs and the proportional revalued net assets is referred to as goodwill. Within the scope of acquisitions, potentially existing but until now not capitalized intangible assets such as brand names, distribution channels and technologies are not recognized separately but instead remain part of goodwill. Goodwill may also arise from investments in associated companies and is defined as the difference between the acquisition costs of the investment and its proportional revalued nets assets. The goodwill resulting from acquisitions is offset directly in Group equity. The Note 13 discloses the effects that a theoretical capitalization and amortization of the acquired goodwill would have.

ACCOUNTING INFORMATION AND POLICIES

In the event that shares of Group or associated companies are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognized as a gain or loss in the profit and loss statement.

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights are classified as associates and accounted for using the equity method.

Non-controlling interests are presented separately in the consolidated balance sheet and the consolidated income statement, as a component of consolidated equity and consolidated net result.

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.

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 equity as qualifying cash flow hedges.

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

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

The principal foreign exchange rates used in the translation of financial statements for the two years ended 31 December 2018 and 2017 were as follows:

		Balance sheet		Profit & loss statement	
		2018	2017	2018	2017
Main exchange rates					
Euro zone	1 EUR	1.13	1.17	1.15	1.12
USA	1 USD	0.99	0.98	0.98	0.98
United Kingdom	1 GBP	1.25	1.32	1.29	1.28
China	1 CNY	0.14	0.15	0.15	0.15

ACCOUNTING INFORMATION AND POLICIES

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in accordance with Swiss GAAP FER requires the use of 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.

RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the two financial years 2017 and 2018. 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 Group Executive Committee (GEC). The GEC is responsible for allocating resources and assessing performance of the operating segment.

The GEC 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 (CONTINUED)
SEGMENT REPORTING

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	2018	2017
Revenue		
Sheet-fed third party sales	804.6	745.3
Sheet-fed inter-segment	24.8	23.0
Sheet-fed total revenue	829.4	768.3
Web-fed third party sales	342.9	330.2
Web-fed inter-segment	4.3	4.2
Web-fed total revenue	347.2	334.4
Services third party sales	486.2	452.5
Other third party sales	0.8	0.6
Eliminations inter-segment	-29.1	-27.2
Total third party sales	**1 634.5**	**1 528.6**

	Sheet-fed		Web-fed		Services		Other		Total	
In million CHF	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Results										
Total segment operating result (EBIT)	**59.7**	**64.0**	**-37.4**	**-7.1**	**66.3**	**63.1**	**-2.1**	**-1.3**	**86.5**	**118.7**
Share of result of associates	9.8	10.7							9.8	10.7
Financial result									-8.7	-3.6
Result before income tax									**87.6**	**125.8**

GEOGRAPHIC INFORMATION

In million CHF	2018		2017	
Revenue from external sales				
Europe	749.9	45.9%	684.8	44.8%
Americas	470.0	28.8%	438.7	28.7%
Asia & Oceania	361.5	22.1%	363.2	23.8%
Africa	53.1	3.2%	41.9	2.7%
Total	**1 634.5**	**100.0%**	**1 528.6**	**100.0%**

Revenues are allocated to countries on the basis of the client's location.

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 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 from 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	2018	2017
Distribution by business activity:		
Machines	1 143.2	1 072.6
Spare parts and services	491.3	456.0
Total	**1 634.5**	**1 528.6**

RESULTS FOR THE YEAR

NOTE 5
OTHER OPERATING INCOME

In million CHF	2018	2017
Resolved disputes	2.5	2.4
Gain on sales of assets	0.0	5.8
Government grants	2.8	3.0
Transfer of operating charges	6.3	4.7
Capitalized production	0.7	0.1
Commissions on sales	1.3	1.1
Income from leased machines	0.1	0.1
Other	5.8	6.7
Total	**19.5**	**23.9**

NOTE 6
RAW MATERIALS AND SERVICES

In million CHF	2018	2017
Material costs	755.0	661.1
Rent, Maintenance, Energy	45.0	39.4
Marketing, Communication, Travel	75.6	69.9
External staff	29.0	23.1
Transport, Customs, Insurance	58.1	46.6
Administration and other costs	89.3	83.8
Total	**1 052.0**	**923.9**

NOTE 7
PERSONNEL COSTS

In million CHF	2018	2017
Wages and salaries	395.3	357.1
Social expenses and other personnel expenses	104.1	97.2
Total	**499.4**	**454.3**

RESULTS FOR THE YEAR

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 85.9 million was spent on Research & Development (CHF 80.3 million in 2017). These costs were not capitalized in 2018 and 2017. 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	2018	2017
Taxes on capital and other taxes	8.7	8.3
Non-recurrent charges	1.0	0.5
Other	7.4	5.0
Total	**17.1**	**13.8**

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.

In million CHF	2018	2017
Interest expenses	**-6.1**	**-6.1**
Interest income	1.6	2.4
Exchange rate gains	0.0	3.1
Gains on derivative financial instruments	0.0	0.0
Other financial income	1.8	2.5
Total other financial income	**3.4**	**8.0**
Exchange rate losses	-0.6	0.0
Losses on derivative financial instruments	-1.8	-1.4
Other financial expenses	-3.6	-4.1
Total other financial expenses	**-6.0**	**-5.5**

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 directly in equity. In this case, the tax is also recognized 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	2018	2017
Result before income tax (including result of associates)	87.6	125.8
Result of associates	-9.8	-10.7
Result before income tax (excluding result of associates)	**77.8**	**115.1**
Weighted applicable tax rate	24.3%	26.4%
Tax calculated at applicable tax rate	**18.9**	**30.4**
Current income taxes	34.4	30.9
Deferred income taxes	2.8	-12.0
Income taxes	**37.2**	**18.9**
Difference between applicable and effective income taxes	**18.3**	**-11.5**
The above difference for each year can be reconciled as follows:		
Tax effect of utilization of tax losses not previously recognized	-0.2	0.0
Adjustments in respect of current income tax of previous year	0.0	0.0
Tax loss for which no deferred tax asset was recognized during the year	20.7	3.7
Changes in tax rates	-2.3	-15.0
Other effects	0.1	-0.2
Difference between applicable and effective income taxes	**18.3**	**-11.5**

RESULTS FOR THE YEAR

NOTE 11 (CONTINUED)
TAXATION

The weighted average income tax rate based on rates prevailing in the different jurisdictions reached 24.3% in 2018 (26.4% in 2017). The decrease of the applicable weighted average tax rate was mainly caused by the new tax law in the USA.

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 assets are recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilized.

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.

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.

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.

On the balance sheet date, the Group has unused tax losses of CHF 159.2 million (2017: CHF 81.2 million) available to offset against future profits, for which no deferred tax is recognized.

No material additional tax liabilities due to dividend payments from subsidiaries and associates are expected.

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 2018	23.1	119.2	6.0	9.4	157.7
Additions	0.0	7.3	0.1	7.2	14.6
Disposals and decreases	0.0	-3.9	0.0	-0.2	-4.1
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	-0.3	-0.6	-0.3	0.0	-1.2
Transfers	0.0	6.3	0.0	-6.3	0.0
At year-end 2018	**22.8**	**128.3**	**5.8**	**10.1**	**167.0**
Accumulated amortization					
At the beginning of the year 2018	-22.2	-97.1	-1.9	0.0	-121.2
Additions	-0.3	-8.1	-0.3	0.0	-8.7
Disposals and decreases	0.0	3.9	0.0	0.0	3.9
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	0.3	0.4	0.1	0.0	0.8
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2018	**-22.2**	**-100.9**	**-2.1**	**0.0**	**-125.2**
Net value at year-end 2018	**0.6**	**27.4**	**3.7**	**10.1**	**41.8**

There is no impairment charges or reversals included in the 2018 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 2017	22.6	99.3	4.8	15.6	142.3
Additions	0.2	10.0	1.0	3.5	14.7
Disposals and decreases	-0.3	-0.4	0.0	0.0	-0.7
Change in the scope of consolidation	0.0	0.1	0.0	0.0	0.1
Currency variances	0.6	0.5	0.2	0.0	1.3
Transfers	0.0	9.7	0.0	-9.7	0.0
At year-end 2017	**23.1**	**119.2**	**6.0**	**9.4**	**157.7**
Accumulated amortization					
At the beginning of the year 2017	-21.3	-87.4	-1.6	0.0	-110.3
Additions	-0.7	-9.7	-0.2	0.0	-10.6
Disposals and decreases	0.3	0.4	0.0	0.0	0.7
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Currency variances	-0.5	-0.4	-0.1	0.0	-1.0
Transfers	0.0	0.0	0.0	0.0	0.0
At year-end 2017	**-22.2**	**-97.1**	**-1.9**	**0.0**	**-121.2**
Net value at year-end 2017	**0.9**	**22.1**	**4.1**	**9.4**	**36.5**

There is an impairment charge of CHF 3.4 million (no reversals) included in the 2017 amortization charge.

OPERATING ASSETS AND LIABILITIES

NOTE 13
GOODWILL

Goodwill is fully offset against equity at the time of purchase of a subsidiary or an investment in an associated company. Goodwill is theoretically amortized on a straight-line basis over 5 years. The carrying amounts of goodwill existing on conversion from IFRS to Swiss GAAP FER at 1 January 2015 have been included in the theoretical movement schedule below using the closing rates prevailing at 1 January 2015. Goodwill from new acquisitions is converted once to Swiss Francs using the rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

			2018			2017
In million CHF	Goodwill Group companies	Goodwill associated companies	Total	Goodwill Group companies	Goodwill associated companies	Total
Cost						
As of 1 January	**115.0**	**32.4**	**147.4**	**110.1**	**32.4**	**142.5**
Additions	1.4	0.0	1.4	4.9	0.0	4.9
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
As of 31 December	**116.4**	**32.4**	**148.8**	**115.0**	**32.4**	**147.4**
Accumulated amortization						
As of 1 January	**-95.7**	**-32.4**	**-128.1**	**-89.8**	**-32.4**	**-122.2**
Additions	-6.4	0.0	-6.4	-5.9	0.0	-5.9
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
As of 31 December	**-102.1**	**-32.4**	**-134.5**	**-95.7**	**-32.4**	**-128.1**
Theoretical net book value at year-end	**14.3**	**0.0**	**14.3**	**19.3**	**0.0**	**19.3**

Addition 2018 of CHF 1.4 million relates to the acquisition of the distribution and services business for Gordon machines in Europe by Brausse Europe B.V.
The addition 2017 of CHF 4.9 million is related to the acquisition of Boxplan GmbH and Mouvent AG.

In million CHF	2018	2017
Theoretical impact on equity		
Equity per balance sheet	553.5	559.4
Theoretical capitalization of net book value of goodwill	14.3	19.3
Theoretical equity including net book value of goodwill	**567.8**	**578.7**
Theoretical impact on net result		
Net result per profit and loss statement	50.4	106.9
Theoretical amortization of goodwill	-6.4	-5.9
Theoretical net result after goodwill amortization	**44.0**	**101.0**

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 offset directly in Group equity.

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.

In million CHF	2018	2017
Changes over the period are the following:		
Beginning of the year	50.2	38.7
Share of net result of associates	9.8	10.7
Dividends received	-4.0	-3.9
Acquisition	0.0	1.0
Exchange differences	-2.1	3.7
Total	**53.9**	**50.2**

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. 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 2018	489.3	152.7	0.1	35.5	22.6	14.7	714.9
Additions	13.1	5.6	0.8	3.7	2.8	14.2	40.2
Disposals and decreases	-5.6	-11.2	0.0	-1.6	-1.9	-0.2	-20.5
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	-6.2	-2.4	0.0	-0.8	-0.6	-0.5	-10.5
Transfers	8.5	2.5	0.0	1.3	0.4	-12.7	0.0
At year-end 2018	**499.1**	**147.2**	**0.9**	**38.1**	**23.3**	**15.5**	**724.1**
Accumulated depreciation							
At the beginning of the year 2018	-291.7	-119.4	0.0	-25.7	-17.5	0.0	-454.3
Additions	-18.7	-5.3	0.0	-3.8	-1.8	0.0	-29.6
Disposals and decreases	4.6	10.5	0.0	1.6	1.8	0.0	18.5
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	2.9	1.6	0.0	0.5	0.4	0.0	5.4
Transfers	-0.2	0.2	0.0	0.0	0.0	0.0	0.0
At year-end 2018	**-303.1**	**-112.4**	**0.0**	**-27.4**	**-17.1**	**0.0**	**-460.0**
Net value at year-end 2018	**196.0**	**34.8**	**0.9**	**10.7**	**6.2**	**15.5**	**264.1**

There were no borrowing costs capitalized during the years ended 31 December 2017 and 2018.

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 2017	473.1	150.5	0.0	28.7	20.6	5.9	678.8
Additions	11.4	2.6	0.1	7.4	2.5	14.6	38.6
Disposals and decreases	-5.5	-3.9	0.0	-2.7	-1.7	0.0	-13.8
Change in the scope of consolidation	0.0	0.1	0.0	0.1	0.1	0.0	0.3
Currency variances	7.3	2.5	0.0	0.5	0.4	0.3	11.0
Transfers	3.0	0.9	0.0	1.5	0.7	-6.1	0.0
At year-end 2017	**489.3**	**152.7**	**0.1**	**35.5**	**22.6**	**14.7**	**714.9**
Accumulated depreciation							
At the beginning of the year 2017	-272.7	-112.8	0.0	-25.3	-17.2	0.0	-428.0
Additions	-18.8	-7.9	0.0	-2.5	-1.4	0.0	-30.6
Disposals and decreases	3.7	3.0	0.0	2.5	1.3	0.0	10.5
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency variances	-3.9	-1.7	0.0	-0.4	-0.2	0.0	-6.2
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At year-end 2017	**-291.7**	**-119.4**	**0.0**	**-25.7**	**-17.5**	**0.0**	**-454.3**
7Net value at year-end 2017	**197.6**	**33.3**	**0.1**	**9.8**	**5.1**	**14.7**	**260.6**

There is no impairment charge (2017: CHF 2.5 million) included in the annual depreciation charge of CHF 29.6 million (2017: CHF 30.6 million).

There is no impairment reversal included in the 2018 and 2017 depreciation charge.

There are no significant tangible fixed assets financed with leases.

OPERATING ASSETS AND LIABILITIES

NOTE 16
RECEIVABLES

			2018			2017
In million CHF	Current	Non-current	Total	Current	Non-current	Total
Trade receivables from third parties	281.1	0.9	282.0	269.3	1.6	270.9
Receivables from the sale of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Various receivables from third parties	53.3	3.2	56.5	55.0	3.8	58.8
Total gross	**334.4**	**4.1**	**338.5**	**324.3**	**5.4**	**329.7**
Less provision for impairment	-13.5	-0.5	-14.0	-13.0	-0.6	-13.6
Total net	**320.9**	**3.6**	**324.5**	**311.3**	**4.8**	**316.1**

NOTE 17
TRANSFER OF ASSETS

Finance lease receivables include discounted receivables with recourse amounting to CHF 0.0 million (2017: CHF 0.3 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 0.0 million (2017: CHF 0.3 million)

NOTE 18
FINANCE LEASE RECEIVABLES

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

In million CHF	2018	2017
Maturity within one year	3.6	2.6
Maturity between one to five years	8.9	8.2
Maturity after five years	0.0	0.0
Total	**12.5**	**10.8**
Less: unearned finance income	-0.7	-0.6
Total	**11.8**	**10.2**
Analyzed as:		
Recoverable within one year	3.4	2.4
Recoverable between one and five years	8.4	7.8
Recoverable after five years	0.0	0.0
Total	**11.8**	**10.2**

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

The weighted average term of finance lease contracts is 3.6 years (2017: 3.9 years). The average interest rate of all the lease contracts is approximately 3.5% (2017: 3.7%) 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	2018	2017
Trade receivables	282.0	270.9
Finance lease receivables	11.8	10.2
Total gross value	**293.8**	**281.1**
Less provision for impairment	-13.5	-13.0
Total for the analysis	**280.3**	**268.1**
The aging of the amounts past due but not impaired is as follows:		
< 2 months	44.2	39.7
2–6 months	20.8	25.3
> 6 months	20.9	18.7
+ not yet due	194.4	184.4
Total	**280.3**	**268.1**

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	2018	2017
Raw materials	203.9	171.8
Work in progress	132.5	122.5
Finished products*	118.0	96.9
Total	**454.4**	**391.2**

* Including CHF 30.2 million (2017: CHF 34.7 million) for demonstration machines.

The amount for write-down recognized as expense during the year is CHF 3.7 million (2017: CHF 6.2 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	Total
At the beginning of the year 2018	37.8	13.1	5.9	6.6	63.4
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Additions	48.1	7.0	0.2	2.5	57.8
Utilizations	-21.1	-4.4	-3.5	-3.1	-32.1
Releases	-13.2	-3.3	-2.3	-3.4	-22.2
Currency translation adjustment	-1.3	-0.3	-0.1	-0.1	-1.8
Transfers	-1.9	0.6	0.0	1.3	0.0
At year-end 2018	**48.4**	**12.7**	**0.2**	**3.8**	**65.1**
Of which non-current	1.0	6.9	0.0	0.0	7.9
Of which current	47.4	5.8	0.2	3.8	57.2
At year-end 2018	**48.4**	**12.7**	**0.2**	**3.8**	**65.1**
At the beginning of the year 2017	37.6	18.2	2.6	7.4	65.8
Change in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Additions	29.4	5.4	5.6	3.0	43.4
Utilizations	-23.3	-4.2	-2.6	-2.2	-32.3
Releases	-7.9	-6.7	0.0	-1.7	-16.3
Currency translation adjustment	2.0	0.3	0.4	0.1	2.8
Transfers	0.0	0.1	-0.1	0.0	0.0
At year-end 2017	**37.8**	**13.1**	**5.9**	**6.6**	**63.4**
Of which non-current	1.0	8.4	0.0	0.0	9.4
Of which current	36.8	4.7	5.9	6.6	54.0
At year-end 2017	**37.8**	**13.1**	**5.9**	**6.6**	**63.4**

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
Pension obligations
The Group operates various employee benefits plans in and outside Switzerland for employees who satisfy the participation criteria. The pension and retirements benefits are based on the regulations and practices in the respective countries. They are financed either by means of contribution to legally independent pension/insurance funds, or by recognition as liabilities in the balance sheet of the respective Group companies. An economical obligation or a benefit from Swiss pension schemes is determined from the financial statements of such pension schemes prepared in accordance with Swiss GAAP FER 26 "Accounting of Pension Plans" and recognized in the balance sheet accordingly.

Other post-employment benefits
Other employee benefits represent amounts due to employees under deferred compensation arrangements such as long-service awards, jubilee premiums and end of service indemnities depending upon certain seniority criteria.
Post-employment health care plans are limited to the USA.

The employee benefits situation of the Swiss pension schemes is as follows:

						Income statement impact	
In million CHF	Nominal value 31.12.2018	Waiver of use	Balance sheet 31.12.2018	Increase / decrease in 2018	Balance sheet 31.12.2017	2018	2017
Employer contributions reserves							
Patronage funds	25.7	0.0	25.7	-0.1	25.8	0.1	0.0
Pension plans	39.0	0.0	39.0	39.0	0.0	0.0	0.0
Total	**64.7**	**0.0**	**64.7**	**38.9**	**25.8**	**0.1**	**0.0**

The table below shows the economic benefit and the economic obligation at the end of the year under review and for the previous year, as well as the development of pension benefit expenses.

		Group's economic share				Pension costs in personnel expenses	
In million CHF	Surplus/ deficit 2018	2018	2017	Changes from previous year with impact on income	Contribu-tions for the period	2018	2017
Patronage funds	7.4	0.0	0.0	0.0	0.0	0.0	0.0
Pension plans	0.0	0.0	0.0	0.0	14.3	14.3	12.9
Total	**7.4**	**0.0**	**0.0**	**0.0**	**14.3**	**14.3**	**12.9**

The surplus of the pension fund does not result in an economic benefit to the Group and is therefore not recognized as an asset in the balance sheet.

The technical interest rate used is 2.25% in 2018 (2017: 2.25%).
The life table used in 2018 and 2017 is LPP2015 (P2018).

RISK MANAGEMENT AND CAPITAL STRUCTURE

This section sets out the policies and procedures applied to manage the Group's capital structure and the 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 RISK MANAGEMENT

Risk assessment

In the context of the defined, Group-wide risk management process (see "Risk Management" part in the "Corporate Governance" section), Bobst Group identified, assessed and reported key risks to the GEC, the Audit Committee of the Board of Directors and subsequently to the Board of Directors. Risk catalogues and maps were prepared by the Business Units and Corporate functions. The probability of the risks enlisted were classified into various categories. The risk descriptions contained measures, and where appropriate and possible, the risks identified were accompanied by a quantified assessment. The bi-annual internal risk report provided under the current risk management system was reviewed by the GEC and the Audit Committee with subsequent reporting to the Board of Directors. In particular the Corporate and Business Unit risk maps, the defined key risks, the mitigation measures, and the risk management process were analyzed. The risk management process and the review of the bi-annual internal risk report are closely aligned with the Group's strategy and business planning process.

The activities of Bobst Group are subject to various risks. Key risks were identified as political and economic risks on a global scale, currency fluctuations, disruptive technologies, quality/suitability of products and supply chain. Measures to reduce these and other risks were defined and are being implemented in accordance with the strategic priorities of the Group and its Business Units.

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.

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 23 (CONTINUED) RISK MANAGEMENT

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

In million CHF	2018	Less than 1 year	Between 1 and 5 years	Over 5 years	2017	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	427.2	130.6	160.5	136.1	276.2	8.8	267.4	0.0
Trade and other payables	266.3	236.7	29.6	0.0	256.1	229.0	27.1	0.0
Accrued expenses	89.0	89.0	0.0	0.0	98.5	98.5	0.0	0.0
Derivative financial instruments	7.5	7.4	0.1	0.0	14.4	14.3	0.1	0.0
Total	**790.0**	**463.7**	**190.2**	**136.1**	**645.2**	**350.6**	**294.6**	**0.0**

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.

NOTE 24 DERIVATIVE FINANCIAL INSTRUMENTS

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 Group may hedge certain cash flows for projected intra or extra-Group transactions. This is documented accordingly upon conclusion of the transaction. In this case, the effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion of the hedging instrument is recognized in the profit and loss statement under financial result.

Amounts recognized in equity are recycled in the profit and loss statement in the periods when the hedged item affects gain or loss. The gain or loss from the effective portion of the hedging instrument related to purchase of goods is recognized in the profit and loss statement under raw material and services and under sales if the hedging related to sale of goods.

		2018		2017
In million CHF	Assets	Liabilities	Assets	Liabilities
Current forward foreign exchange contracts	3.1	7.4	3.4	14.3
Non-current forward foreign exchange contracts	0.1	0.1	0.0	0.1
Total	**3.2**	**7.5**	**3.4**	**14.4**

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 24 (CONTINUED) DERIVATIVE 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 to manage 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.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed amounts to CHF 533.3 million (2017: CHF 531.0 million).

The fair value of currency derivatives that are designated and effective as cash flow hedges (hedge accounting) representing a net liability of CHF 1.8 million (2017: a net liability of CHF 9.9 million) is recorded in equity. This represents a variation of CHF 8.1 million (2017: CHF 10.0 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 3.4 million (2017: CHF 7.9 million) has been offset with cash and cash equivalents.

RISK MANAGEMENT AND CAPITAL STRUCTURE

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.

			2018			2017
In million CHF	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings	19.3	0.8	20.1	6.6	1.3	7.9
Debenture bonds	110.0	285.0	395.0	0.0	260.0	260.0
Other borrowings	0.1	1.9	2.0	0.2	1.8	2.0
Total	**129.4**	**287.7**	**417.1**	**6.8**	**263.1**	**269.9**
Those due in < 1 year	129.4	0.0	129.4	6.8	0.0	6.8
Those due in 1–5 years	0.0	152.7	152.7	0.0	263.1	263.1
Those due in > 5 years	0.0	135.0	135.0	0.0	0.0	0.0
Total	**129.4**	**287.7**	**417.1**	**6.8**	**263.1**	**269.9**
Currency composition of borrowings:						
CHF			96.2%			98.1%
EUR			0.2%			0.9%
USD			0.4%			0.6%
Other			3.2%			0.4%
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			2.5%			2.9%
Debenture bonds			1.5%			1.8%
Borrowings:						
Borrowings at floating rate			1.5			4.3
Borrowings at fixed rate			415.6			265.6
Total			**417.1**			**269.9**

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;

— a debenture bond issued by Bobst Group SA of CHF 135 million, maturing in September 2024, fixed interest rate of 1.125%, no clause of anticipated repayment, quoted at SIX Swiss Exchange;

RISK MANAGEMENT AND CAPITAL STRUCTURE

NOTE 25 (CONTINUED) BORROWINGS

— 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 1.5 million in 2018 (2017: CHF 1.9 million).

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 40%–45% as per the Group's long-term management objectives.

In million CHF	2018	2017
Total equity	553.5	559.4
Total balance sheet	1721.6	1594.0
Equity ratio	32.2%	35.1%

NOTE 27 EARNINGS PER SHARE

	2018	2017
Net result attributable to shareholders (in million CHF)	63.5	114.4
Average number of registered shares	16518478	16518478
Earnings per registered share (in CHF)	3.84	6.93
Diluted earnings per registered share (in CHF)	3.84	6.93

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 5 April 2018, a dividend of CHF 2.60 per share was paid to shareholders.
On 12 April 2017, a dividend of CHF 1.70 per share was paid to shareholders.

A dividend of CHF 1.50 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 4 April 2019.

OTHER FINANCIAL INFORMATION

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

NOTE 29
CHANGES IN THE SCOPE OF CONSOLIDATION

Company	Transaction	Acquired %	Business unit	Country	Date
2018					
Bobst Vietnam Company Limited	Creation	100.0%	Services	VN	12.02.2018
Brausse Europe B.V.	Creation	100.0%	Sheet-fed	NL	01.04.2018
2017					
Boxplan GmbH	Acquisition	75.0%	Services	DE	01.01.2017
Mouvent AG	Acquisition	50.1%	Sheet-fed, Web-fed, Services	CH	01.06.2017

On 3 April, Brausse Europe B.V. acquired the activity of distribution and services for Gordon machines in Europe. The total acquired assets and liabilities are as follow:
— Fixed assets CHF 0.3 million,
— Current assets CHF 0.4 million,

The purchase agreement for the acquisition of the Gordon machines distribution and services in Europe also comprises an earn-out clause depending on the financial performance of the acquired business. As of 31 December 2018, a contingent liability estimated at CHF 1.0 million was recorded on the consolidated balance sheet.

NOTE 30
SHARE-BASED PAYMENT COMPENSATION

Accounting policies
The Group uses share-based awards for the compensation (Variable Pay Plan – VPP) of the GEC. 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 2018, 3 924 shares have been granted (2017: 3 892). The expense recorded in 2018 in the personnel costs amounts to CHF 0.3 million (2017: CHF 0.5 million).

OTHER FINANCIAL INFORMATION

NOTE 31
CONTINGENT LIABILITIES

In million CHF	2018	2017
Guarantee obligations in favor of third parties	8.6	13.9

Contingent liabilities are mentioned for the full nominal amount.

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 *Vice Chairman of our Board* and
Chairman of the Board of JBF Finance SA.
Alain Guttmann,
as *Chairman of our Board,*
and *member of the Board of JBF Finance SA*.
GEC members.
Jean-Pascal Bobst,
as *CEO of our GEC,*
and *member of the Board of JBF Finance SA.*

BOBST employee benefit plans

Entities controlled by members of key management personnel
CapDconsulting Guttmann,
CH-Vufflens-le-Château.
Alpavest SA
CH-Vufflens-le-Château

Transactions with related parties during 2018 and 2017:

In million CHF	2018	2017
Investments in associates		
Sales	0.2	0.0
Purchases	3.8	5.5
Receivables and prepaid expenses	0.2	0.1
Trade and other payables	0.2	0.4
Rendering or receiving of services/transfer of R&D	0.2	0.1

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

OTHER FINANCIAL INFORMATION

NOTE 32 (CONTINUED)
RELATED PARTIES

In million CHF	2018	2017
Key management personnel compensation		
Short-term benefits	5.2	6.0
Post-employment benefits	0.9	0.3
Share-based compensation	0.3	0.5
Bobst employee benefit institutions		
Open payables due to them at year-end	0.0	0.0
Entities controlled by members of key management personnel		
Honorarium billed to Bobst Group SA	0.0	0.0

There is no commitment with related parties.

NOTE 33
CAPITAL COMMITMENTS

As at 31 December 2018, the Group has no capital commitments.

NOTE 34
SUBSEQUENT EVENTS

The consolidated financial statements were approved for publication by the Board of Directors on 26 February 2019. They are also subject to approval by the Annual General Meeting of Shareholders.

No events have occurred up to 26 February 2019 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							
Belgium	Bobst Benelux NV, Berchem	EUR	1 624 000	100.0	C		■	
Brazil	Bobst Latinoamerica do Sul Ltda, Itatiba	BRL	20 672 014	100.0	C	■	■	
	BG Properties, Campinas	BRL	14 025 027	100.0	C			■
China	Bobst (Shanghai) Ltd, Shanghai	CNY	52 216 742	100.0	C	■	■	
	Gordon Ltd, Hong Kong	CNY	10 681	100.0	C	■	■	
	Bobst (Changzhou) Ltd, Changzhou	CNY	42 000 000	100.0	C	■	■	
Czech Republic	Bobst Central Europe s.r.o., Brno	CZK	100 000	100.0	C		■	
Denmark	Bobst Scandinavia ApS, Brøndby	DKK	125 000	100.0	C		■	
France	Bobst Paris SAS, Villeurbanne	EUR	611 289	100.0	C		■	
	Bobst France Participations SAS, Villeurbanne	EUR	612 289	100.0	C			■
	Bobst Lyon SAS, Villeurbanne	EUR	11 360 000	100.0	C	■	■	
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, Meerbusch	EUR	5 601 000	100.0	C		■	
	Bobst Bielefeld GmbH, Bielefeld	EUR	1 534 000	100.0	C	■	■	
	Boxplan GmbH & Co.KG, Radolfzell am Bodensee	EUR	1 000	75.0	C	■	■	
India	Bobst India Private Ltd, Pune	INR	235 311 400	100.0	C	■	■	
Indonesia	PT. Bobst Jakarta, Jakarta	IDR	923 613 969	100.0	C		■	
Italy	Bobst Italia SpA, Piacenza	EUR	6 486 000	100.0	C	■	■	
	Bobst Firenze S.r.l., Campi Bisenzio (FI)	EUR	110 000	65.0	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		■	
Mexico	Bobst Latinoamerica Norte SA de CV, Mexico	MXN	394 165	100.0	C		■	
Netherlands	Brausse Europe BV, Hertogenbosch	EUR	25 000	100.0	C		■	
Nigeria	Bobst Lagos Ltd, Ilupeju	NGN	10 000 000	100.0	C		■	
Poland	Bobst Polska Sp. z o.o., Lodz	PLN	50 000	100.0	C		■	
Russia	Bobst CIS LLC, Moscow	RUB	200 000	100.0	C		■	
Spain	Bobst Ibérica, S.L., Barcelona	EUR	700 000	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	■	■	
	Mouvent AG, Solothurn	CHF	221 536	50.1	C	■	■	
Thailand	Bobst (Thailand) Ltd, Bangkok	THB	17 510 000	100.0	C		■	
Tunisia	Bobst Africa & Middle East Ltd, Tunis	TND	10 000	100.0	C		■	
Turkey	Bobst Istanbul Ambalaj A.Ş., Istanbul	TRY	50 000	75.0	C		■	
United Kingdom	Bobst UK Holdings Ltd, Redditch	GBP	100 000	100.0	C			■
	Bobst UK & Ireland Ltd, Redditch	GBP	2	100.0	C		■	
	Bobst Manchester Ltd, Heywood	GBP	4 000 100	100.0	C	■	■	
United States	Bobst North America Inc., Roseland	USD	575 960	100.0	C		■	
Vietnam	Bobst Vietnam Co. Ltd, Ho Chi Minh City	VND	2 268 825 050	100.0	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

Report of the statutory auditor

to the General Meeting of Bobst Group SA

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Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bobst Group SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 24 to 59) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 4'379'800

We concluded full scope audit work at 5 reporting units in 4 countries. Our audit scope addressed over 70.9 % of the Group's revenue and 71.0 % of the Group's assets. In addition, specified procedures were performed on balances at a further 3 reporting units in 2 countries addressing a further 8.2 % of the Group's revenue and 10.7 % of the Group’s assets.

As key audit matters the following areas of focus have been identified:

Revenue Recognition

Valuation of deferred tax assets

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 4'379'800
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Following our assessment of the risk of material misstatement in the Group financial statements, we selected 8 components which represent the principal business units within the Group's reportable segments. Five of these components were subject to a full scope audit and 3 were subject to specified procedures. The extent of work for the specified procedures was determined based on our assessment of the risks of material misstatement outlined below and the materiality of the location's business operations relative to the Group. The group audit team directed the component teams at all stages of the audit by sending audit instructions and regular communications, as well as visiting the key component teams. The specified procedures performed at components does not include testing of all significant accounts at the location but only those accounts that contribute to the required coverage over significant accounts at a Group level. For the remaining components, we performed other procedures to test or assess that there were no significant risks of material misstatement in these components in relation to the Group financial statements. The components subject to a full scope audit together with the balances subject to specified procedures addressed 79.1 % of Group revenue and 81.7 % of the Group's assets. The group audit team was directly responsible for auditing 2 components, both of which were subject to a full scope audit.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key audit matter	*How our audit addressed the key audit matter*
The machine industry is characterized by client projects that can include multiple elements, such as the manufacture and delivery of the machine, the provision of spare parts, the installation and commissioning of the machine at the client's premises and the related training. The Group has 3 operating segments, 2 of which engaged in such projects. The revenue from these projects amounted to CHF 1'147.5 million during the year (refer note 3). The Group's accounting policies for revenue recognition are described in note 4 to the financial statements. The attribution of the revenue to the different elements of the contract, and the timing of the recognition of that revenue, can involve significant management judgement and for this reason we consider this to be a key audit matter. Management estimates used in recognising revenue typically include the revenue and cost for each component. The delivery of machine sales can be complex and include installation and training that may take up to several weeks to be completed. The machines are recognized upon transfer of the significant risks and reward to the buyer as per incoterms, whilst the revenue from training and installation are deferred until the delivery of these services is performed. The sale of spare parts and services are identified in one single contract and usually recognized upon shipment for the spare parts and over the contractual period for the services. Accounting for multiple element contracts is a complex area as it involves the allocation of revenues to the individual elements and the timing of their recognition; there is an opportunity to misstate the allocation of revenue and costs between the machine and the installation and training.	We obtained an understanding of the Group's revenue recognition policy and confirmed that it complies with Swiss GAAP FER. We focused on assessing whether the judgements taken and estimates used in the allocation of revenue amongst the various elements of the contracts were reasonable, supportable, in accordance with the Group's accounting policies and reflected the underlying contracts. Our work on the revenue recognition of the client projects and related receivables involved work over a randomly selected sample of contracts. We obtained an understanding of the terms and conditions of the selected contracts. We tested the transactions to ensure that the amount of revenue and costs deferred were accurately calculated and appropriately allocated to the various elements of the contract (based on historical data, similar type of machines or stand-alone contracts). We reconciled the revenue and costs from training and installation with the figures derived from calculations based on the contracts. We also tested whether each single element of the multiple element contract was recorded in the appropriate period. We obtained sufficient audit evidence to address the risk of revenue recognition in the sales of machines area.

Valuation of deferred tax assets

Key audit matter	*How our audit addressed the key audit matter*
As of 31 December 2018, deferred tax assets amount to CHF 40.8 million, of which CHF 9.3 million relates to a specific country. Related potential deferred tax assets (on losses carried	Our audit approach included an assessment of the company's assumptions underlying the estimated future tax profits for their reasonableness and consistency with internal budgets and the strategic

forward) amounting to CHF 27.2 have not been recognised at December 31, 2018 as management deem the criteria for recognition have not been met. We consider the recognition of deferred tax assets and their valuation as a key audit matter because their utilisation depends on the future economic and financial development of individual Group companies. This assessment involves significant scope for judgement. Please refer to note 11 (Taxation) in the notes to the consolidated financial statements.	plan as well as discussions with the group Management representatives, the Audit Committee, with the Chairman of the Audit Committee and the Chairman of the Board of Directors. In addition, we performed the following audit procedures: - We checked the three-year plan and assessed the likelihood of achieving the improvement of the affiliates' economics. - We compared the key expectations (sales, costs of materials, operating expenses) of the budget and the three-year plan with the results in the reporting period. - We discussed with Management representatives the decided organisational and operational changes that have an impact on the three-year plan and future taxable profits. - We assessed the valuation of the DTA with the three-year plan and the local applicable tax regulations. - We discussed the results of our audit procedures with Management representatives and with the Audit Committee. Our audit results support the valuation of the deferred tax assets performed by Management and the Board of Directors.

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Stéphane Jaquet
Audit expert Auditor in charge	Audit expert

Lausanne, 26 February 2019

STATUTORY ACCOUNTS

BALANCE SHEET AS AT 31 DECEMBER OF BOBST GROUP SA

In million CHF			2018	2017
Assets	Cash and cash equivalents		98.6	14.5
	Miscellaneous receivables		0.0	0.0
	Prepaid expenses and accrued income		0.3	0.5
	Current assets		**98.9**	**15.0**
	Investments in subsidiaries		380.3	378.2
	Loans to affiliated companies		184.4	117.0
	Financial fixed assets		**564.7**	**495.2**
	Total assets		**663.6**	**510.2**
Liabilities	Interest-bearing debts to affiliated companies		20.3	44.4
	Debenture bonds		110.0	0.0
	Other debts to affiliated companies		0.0	2.0
	Short-term debts		26.6	30.4
	Current liabilities		**156.9**	**76.8**
	Debenture bonds		285.0	260.0
	Provisions		1.7	1.7
	Non-current liabilities		**286.7**	**261.7**
	Share capital		16.5	16.5
	Legal reserve from retained earnings		7.2	7.2
	Reserve for treasury shares		0.4	0.0
	Available earnings	– balance carried forward	104.7	122.9
		– profit for the year	91.2	25.1
	Equity		**220.0**	**171.7**
	Total liabilities and equity		**663.6**	**510.2**

PROFIT AND LOSS STATEMENT OF BOBST GROUP SA

In million CHF		2018	2017
Income	Income from affiliated companies	104.8	39.1
	Financial income	1.4	1.1
	Total	**106.2**	**40.2**
Costs	Administration and other costs	-9.1	-10.1
	Financial costs	-5.9	-5.1
	Total	**-15.0**	**-15.2**
	Profit before direct taxes	91.2	25.0
	Direct taxes	0.0	0.1
	Net profit	**91.2**	**25.1**

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 accounting principles.

The Company does not and did not have any employees.

Conversion of foreign currencies
Transactions in foreign currencies are converted to Swiss Francs (CHF) at the prevailing rate on the date of the transaction.

Investments in subsidiaries and receivables related to investments
Investments in subsidiaries and loans are carried at their gross acquisition values, reduced by necessary provisions.

EXPLANATORY NOTES FOR VARIOUS ELEMENTS

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

Amount:	CHF 135.0 million
Length:	Six years, fixed
Maturity:	27 September 2024
Rate:	1.125%
Quotation:	SIX Swiss Exchange

Financial guarantees
2018: CHF 154.4 million
2017: CHF 165.2 million

Investments in subsidiaries
Direct and indirect investments in Corporate Companies of Bobst Group SA include the companies listed on page 59 of the Annual Report.

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

PROFIT AND LOSS STATEMENT

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

BOARD AND EXECUTIVE REMUNERATION DISCLOSURES

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

Proposal for the appropriation of available earnings

In million CHF	2018	2017
Carried forward	105.1	122.9
Allocation to the reserve for treasury shares	-0.4	0.0
Profit for the year	91.2	25.1
Total	**195.9**	**148.0**
The proposal is as follows:		
Dividend of CHF 1.50 / CHF 2.60 per share	24.8	42.9
Balance to retained earnings	171.1	105.1
Total	**195.9**	**148.0**

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

SHARE CAPITAL

	2018		2017		2016	
	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		16518478		16518478	
Reduction						
Balance at 31 December	**16518478**		**16518478**		**16518478**	

Significant shareholders

Shareholders as per Share Register as at 31 December 2018

	2018		2017		2016	
	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	8709040	52.72%	8709040	52.72%	8759040	53.03%
Nortrust Nominees Ltd*	–	–	337448	2.04%	1434327	8.68%
Public Shareholders	7805575	47.26%	7471990	45.24%	6325111	38.29%
Total shares outstanding	**16514615**		**16518478**		**16518478**	
Treasury shares	3863	0.02%	0	0.00%	0	0.00%
Total shares issued	**16518478**	**100.00%**	**16518478**	**100.00%**	**16518478**	**100.00%**

* Nortrust Nominees Ltd is registered as nominee of a number of shareholders.

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 2018 by non-executive members of the Board of Directors, by GEC members, and by persons closely linked to them was as per the table below:

Non-executive Members of the Board of Directors	Number of shares owned	Group Executive Committee (GEC) Members	Number of shares owned
Thierry de Kalbermatten	90	Jean-Pascal Bobst	17 324
Jürgen Brandt	2 000	Attilio Tissi	8 175
Philip Mosimann	3 000	Philippe Milliet	4 624
		Erik Bothorel	4 219
		Stephan März	1 756
Total 2018	**5 090**	**Total 2018**	**36 098**

The total number of Bobst Group SA shares owned as at 31 December 2017 by non-executive members of the Board of Directors, by GEC members, and by persons closely linked to them was as per the table below:

Non-executive Members of the Board of Directors	Number of shares owned	Group Executive Committee (GEC) Members	Number of shares owned
Thierry de Kalbermatten	90	Jean-Pascal Bobst	24 046
Jürgen Brandt	2 000	Attilio Tissi	7 895
Philip Mosimann	1 500	Philippe Milliet	4 297
		Erik Bothorel	2 348
		Stephan März	3 970
Total 2017	**3 590**	**Total 2017**	**42 556**

Persons closely linked to the non-executive members of the Board of Directors and to the GEC 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.

Report of the statutory auditor

to the General Meeting of Bobst Group SA

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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bobst Group SA, which comprise the balance sheet as at 31 December 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 67 to 72) as at 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 4'562'000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured, and it is a generally accepted benchmark.

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Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Stéphane Jaquet
Audit expert Auditor in charge	Audit expert

Lausanne, 26 February 2019

REMUNERATION REPORT 2018

Bobst Group SA

The Remuneration Report outlines the principles of the remuneration of the Board of Directors and the GEC 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 (investors.bobst.com/documents). The Remuneration Report is based on Articles 13 and 16 of the Federal Ordinance against Excessive Remuneration.

PART A
CONTENT AND METHOD OF DETERMINING REMUNERATION, SHAREHOLDING PROGRAMS AND THE GRANT OF LOANS

PRINCIPLES

The remuneration policy at BOBST for all employees, and in particular for the GEC members, focuses on achieving a high level of performance to ensure sustained growth of the Company and value creation. The remuneration of the GEC 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 GEC for the year under review.

Board of Directors

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

Group Executive Committee (GEC)

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

The remuneration of the members of the GEC 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 usually blocked for three years.

RESPONSIBILITY AND PROCEDURE FOR THE DETERMINATION OF REMUNERATION

PRINCIPLES

The Board of Directors has the power to implement the remuneration systems for the members of the Board and the GEC and to propose to the General Meeting the maximum aggregate amounts of remuneration for the members of the Board and the members of the GEC, pursuant to clause 23 ter through 23 quinquies of the Articles of Association (investors.bobst.com/documents).

The General Meeting annually approves the remuneration proposals of the Board of Directors as follows:
- The maximum aggregate amount of remuneration for the members of the Board of Directors for a period from one ordinary Annual General Meeting to the following ordinary Annual General Meeting;
- The maximum aggregate amount of remuneration for the members of the GEC for the following financial year.

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 (investors.bobst.com/documents).

Group Executive Committee (GEC)
The Remuneration and Nomination Committee submits the remuneration system for the GEC to the Board for approval, pursuant to the principles defined in its charter (investors.bobst.com/documents).

The Remuneration and Nomination Committee submits to the Board of Directors, upon proposal by the CEO, the total remuneration of each ordinary member of the GEC. The Remuneration and Nomination Committee submits to the Board of Directors for approval the total remuneration of the CEO.

REMUNERATION SYSTEM

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

The Board of Directors requests the General Meeting for approval of the maximum aggregate amount of remuneration for the members of the Board of Directors for a period from one ordinary Annual General Meeting to the following ordinary Annual General Meeting.

The members of the Board of Directors receive a fixed remuneration in cash as detailed in the table below (see Part B, Board of Directors, page 82):

Annual remuneration of the members of the Board of Directors	Fixed remuneration in cash in CHF [1]
Chairman of the Board [2]	348 000
Vice Chairman of the Board [3]	246 000
Member of the Board	156 000
Audit Committee – Chairman	30 000
Audit Committee – members	20 000
Remuneration and Nomination Committee – Chairman	20 000
Remuneration and Nomination Committee – members	10 000

[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 remuneration. 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 (GEC)
The remuneration of the GEC members is governed by a total reward policy. The remuneration 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 and Nomination Committee.

The Board of Directors requests the General Meeting for approval of the maximum aggregate amount of remuneration for the members of the GEC for the following financial year.

The remuneration of the members of the GEC is composed of the following components:

Annual remuneration system for the members of the Group Executive Committee (GEC)

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

[1] The part of the VPP paid in cash represents between 70% and 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 up to 30% 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 GEC is designed to be competitive and attractive in line with their responsibilities.

In addition, a yearly representation allowance of CHF 24 000.– is granted to the CEO and of CHF 21 000.– to the other members of the GEC.

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 GEC. 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 GEC, 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 GEC 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 GEC members.

EMPLOYMENT CONTRACTS

The members of the GEC 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 GEC.

ADDITIONAL INFORMATION

The Group provides each member of the GEC 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 GEC do not, in principle, receive any component of remuneration other than those listed above.

The members of the Board of Directors and of the GEC do not contractually have severance pay.

PART B
BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE (GEC) REMUNERATION

PRELIMINARY REMARK

The elements of the remuneration 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 of Directors and to the GEC for the year under review.

Board of Directors

In 2018, the representation allowance became part of the revenue due to changes in tax treatment. As a consequence, the total amounts were slightly adapted.

In 2018, the members of the Board of Directors received a fixed remuneration as detailed in the table below:

Members of the Board of Directors	Revenue in CHF
Alain Guttmann, Chairman	348 000
Thierry de Kalbermatten, Vice Chairman [2]	246 000
Jürgen Brandt [3), 5) until 28.03.2018]	186 000
Gian-Luca Bona [1]	176 000
Philip Mosimann [4), 5) since 28.03.2018]	176 000
Patrice Bula [4]	176 000
Total remuneration 2018	**1 308 000**

[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 2017, 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 of Directors	Revenue in CHF	Representation allowance in CHF	Cash in CHF
Alain Guttmann, Chairman	325 000	17 000	342 000
Thierry de Kalbermatten, Vice Chairman [2]	230 000	12 000	242 000
Ulf Berg [4) 5)] (until 06.04.2017)	40 000	4 000	44 000
Jürgen Brandt [3), 5) since 06.04.2017]	170 000	12 000	182 000
Gian-Luca Bona [1]	160 000	12 000	172 000
Philip Mosimann [4]	160 000	12 000	172 000
Patrice Bula [4] (since 06.04.2017)	120 000	8 000	128 000
Total remuneration 2017	**1 205 000**	**77 000**	**1 282 000**

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

In addition, in 2018, the Group had to pay contributions for Federal Old Age, Survivor and Disability Insurance (AVS) and Unemployment Insurance and family LPC amounting to CHF 67 493.– (2017: CHF 62 293.–).

Group Executive Committee (GEC)
In 2018, the members of the GEC received the remuneration detailed in the table below:

	Base remuneration	Variable Pay Plan (VPP)			Pension plans**	Payment in kind	Total 2018
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF	CHF
Total remuneration:							
GEC	2 263 047	1 252 459	3 925	309 162	856 108	45 570	**4 726 346**
Highest remuneration:							
Jean-Pascal Bobst, CEO	681 504	535 500	2 914	229 500	135 364	12 800	**1 594 668**

In 2017, the members of the GEC received the remuneration detailed in the table below:

	Base remuneration	Variable Pay Plan (VPP)			Pension plans	Payment in kind	Total 2017
	Cash CHF	Cash CHF	Shares* number	Shares in CHF	CHF	CHF	CHF
Total remuneration:							
GEC	2 263 031	2 099 162	3 892	494 814	315 156	24 853	**5 197 016**
Highest remuneration:							
Jean-Pascal Bobst, CEO	681 501	823 957	2 778	353 125	90 463	7 956	**1 957 002**

* The share price at the date of attribution was CHF 78.77 (2017: CHF 127.13).
** The increase in the amount of pension plans is mainly due to a special one-time adjustment.

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 213 903.– (2017: CHF 277 302.–).

REMUNERATION FOR FORMER MEMBERS OF GOVERNING BODIES
During the year under review, there was no other remuneration 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 10 597.70 (2017: CHF 8 942.40), have been paid by Bobst Group SA to Alpavest SA, Vufflens-le-Château, owned by Mr. Alain Guttmann, Chairman of the Board of Directors of Bobst Group SA, for various consulting activities.

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Report of the statutory auditor

to the General Meeting of Bobst Group SA

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We have audited the remuneration report of Bobst Group SA for the year ended 31 December 2018. 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 82 to 83 of the remuneration report.

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

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

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

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

Opinion
In our opinion, the remuneration report of Bobst Group SA for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Corinne Pointet Chambettaz	Stéphane Jaquet
Audit expert Auditor in charge	Audit expert

Lausanne, 26 February 2019

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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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