Dear Shareholders,

In a globally challenging market environment, the Bossard Group achieved solid results in 2019. Even though demand was flagging and the Swiss franc was strengthening over the course of the year, Bossard managed to grow sales by 0.6 percent to CHF 876.2 million. Among other things, difficult economic conditions put greater pressure on the product margin. Together with investments in expanding our services in engineering and Smart Factory Logistics, this resulted overall in a lower EBIT of CHF 95.7 million. The EBIT margin amounted to 10.9 percent and hit the targeted range of 10 percent to 13 percent. The Bossard Group achieved a net income of CHF 76.0 million in financial year 2019. Our targeted investment policy, our willingness to invest in future markets, and last but not least our solid balance sheet create a firm basis on which our company can grow profitably in the future.

Respectable growth in Europe

Our committed acquisition policy in recent years contributed substantially to solidifying our market position in Europe. In 2019, we took over the distribution business of the German company Boysen, thus significantly expanding our presence in the aerospace industry. In addition, our acquisition of BRUMA broadened our expertise in the field of high-quality fastening solutions in Germany. Pursuing this acquisition policy helped Bossard to increase sales in Europe by 5.6 percent in local currency.

In America, we faced headwinds in 2019. Among other things, the decline in sales was due to lower demand from several major customers partly as a result of the trade dispute between the USA and China. Furthermore, the introduction of its third model series fundamentally changed the product mix of the largest US electric vehicle manufacturer, which had a negative impact on demand for our fastening solutions. To counter this trend and in order to generate new profitable growth, we are confidently focusing on future industrial segments, which are railway, robotics, medical technology and electric vehicles (cars, busses, scooters and battery technology).

In Asia, we reached further, satisfactory growth. We continued to benefit from the investments we have made in recent years to expand and modernize our infrastructures. In spite of the trade dispute between the USA and China, we recorded high growth rates, particularly in China but also in India and Taiwan.

Investments in growing industry and market segments

Dear Shareholders, acquisitions also pave our way to new, innovative companies and create opportunities to secure markets and industry segments more effectively. Bossard remained true to this strategy in the financial year 2019. We view our acquisition of Boysen as a milestone that has allowed us to substantially expand our position in the aerospace industry. We firmly believe that this sector, with its high quality and reliability requirements, is a perfect fit for Bossard. Bossard undertook appropriate efforts to this end in recent years, acquiring the necessary AS9120 aerospace certification in several countries. This includes the USA, France, Italy, Germany and Switzerland – countries with major aerospace industries and an associated network of suppliers.

Other investments include acquiring a financial stake of 30 percent in the Swiss company Ecoparts, a pioneer in the additive production of metal parts. Ecoparts has extensive expertise in this market of the future, especially in regard to the technologies and materials used. This allows us to support our customers from the design of complex metal and plastic parts all the way to their production. In addition, Bossard is also a competent partner when it comes to selecting suitable 3D printers and associated manufacturing techniques.

In 2019, we also signed a cooperation agreement with SES-imagotag, the global market leader for digital in-store technologies in the retail sector. This cooperation is represented in the joint venture PDi Digital GmbH in which Bossard holds a 30 percent stake. PDi Digital combines Bossard’s many years of experience in automated logistics solutions and SES-imagotag’s expertise in Electronic Shelf Label (ESL) technologies for the retail industry. The goal is to offer smart logistics solutions to non-industrial sectors.
Assembly Technology Expert – expanding our development partnership with customers

In 2019, Bossard introduced six engineering modules under the name Assembly Technology Expert. Based on our many years of technical experience in fastening technologies, Assembly Technology Expert helps us pursue a strategic cooperation with our customers. We want to show our customers right in the design phase of a new product how to reduce costs for C-parts, streamline product ranges, reduce complexity, and make entire production processes leaner. This results in cost savings that are typically many times higher than the cost of the fasteners used. In keeping with our promise of “Proven Productivity”, we thereby make a substantial contribution to increasing our customers’ competitiveness.

Digitalization projects – investments in the future

As a company with 188 years of experience, it is important to us to continue to optimize and enhance our business model and to grow in established business areas that perform well. At the same time, we keep an eye out for new areas of development so that we can actively invest in the future.

We are developing a new e-commerce platform to market products more efficiently. To expand our range of engineering services, we are currently working on a new platform using artificial intelligence to substantially increase the speed of the offering process towards our customers for drawing parts. As for customer logistics, we are investing in expanding of our proven Smart Factory Logistics solutions (hardware and software) to make C-parts logistics processes even more intelligent and cost-efficient.

In addition, we have launched a digital initiative in intelligent assembly designed not only to get fasteners to the right place at the right time but also to ensure the correct assembly sequence as well as a fully digitalized assembly documentation. This helps our customers to avoid mistakes and optimize costs even further. We are also investing in a new core system to bring our IT platform up to the latest state-of-the-art, to further increase our internal efficiency, and to improve our global processes.

These and other digitalization projects do mean higher investments and depreciation and amortization in the short term, but they will contribute significantly to the sustainable development of our company in the medium and long term.
Commitment and confidence

Bossard is a company with a rich tradition and a long history. These projects show how committed we are to ensure our success in the future. To this end, as already mentioned, we have analyzed various business fields where our company will grow in the coming years. Additionally, the global market for fasteners remains extremely fragmented, a fact that accommodates us in our acquisition strategy.

On the whole, we start the new decade with great confidence, even in the face of growing macroeconomic uncertainties. Demand for our products and services is showing solid growth, as evidenced in the capacity-based infrastructure expansions in China and France. Furthermore, our acquisition policy continues to bear fruit, especially in regions and industry sectors where we had little presence in the past. Finally, we are pursuing the digitalization projects mentioned earlier with great commitment and optimism.

On this path into the future, we are fortunate enough to rely on the support of many committed stakeholders, among them our loyal customers, our dedicated employees, our suppliers, and most especially you, our valued Shareholders. Thank you very much for your trust.

Dr. Thomas Schmuckli
Chairman of the board of directors

Dr. Daniel Bossard
CEO

Zug, February 28, 2020