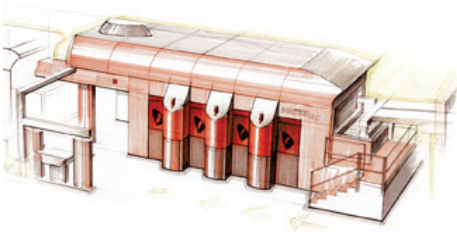
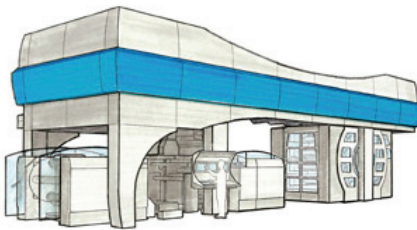


**FOLDING CARTON**



**CORRUGATED BOARD**



**FLEXIBLE MATERIALS**



**Worldwide leading supplier of equipment and services to packaging manufacturers in the folding carton, corrugated board and flexible materials industries**

# Information meeting for financial analysts & the media

Zurich, Wednesday, December 5, 2007

- Review 2007
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## **Review 2007**

- General world economic situation
- Trends in the Group's customer markets
- Bobst Group's business evolution
- Program GO
- Forecast at end 2007

## General world economic situation

- Overall very favorable evolution
- Strong economies in Western Europe
- North America: sustained industrial activity despite increasing uncertainties
- Continued strong growth in developing markets
- Strong € - record weak US\$ - Brazilian Real surprising strength continued

## **General world economic situation ►**

- Continued rise in energy costs
- Continued rise in “input costs” for engineering companies (raw materials, electrical and mechanical components)
- Worldwide shortage of qualified technical competences
- All ingredients for entering new inflationary period

## **Trends in the Group's customer markets**

- Overall good capacity utilization
- Continued cost pressure on packaging prices
- Favorable environment for productivity + efficiency investments
- “Above average” cost increases in fast developing regions (China's East Coast, Central Europe, Urban India, etc...)
- Increasing interest for automated production equipment in these regions

## **Trends in the Group's customer markets ►**

- Raw materials prices increase (paper, paperboard, plastic films...) for our customers due to energy costs
- Good overall capacity utilization allows to start “passing on” increases to package prices
- Large integrated groups start to improve results towards healthier levels
- Further productivity and efficiency improvement investments should continue

## **Bobst Group's business evolution**

- 2007 = record year for Bobst Group
- H1 strong order intake
- H2 good, return to more “normal” booking levels
- Strong average capacity utilization with some important fluctuations during the year
- Challenging supply side (raw materials + components)
  - Strongly increased delivery times
  - Weakened purchasing power
  - Reduced reliability in delivery dates (year-end effect?)



## **Bobst Group's business evolution ►**

- Intensive new product development activity
- Numerous presentations of new products during the year (Open houses with very international attendance)
- Excellent new product acceptance by customers
- Existing rich pipeline of new products for coming years

## **Bobst Group's business evolution ►**

- Reminder, three announcements during 2007:
  - Launch of detailed study to group all operations in Lausanne area onto one site (appr. 2'300 out of 5'300 Group employees concerned)
  - Intention to acquire the German company Fischer & Krecke, flexography and gravure press manufacturer for flexible materials and liquid packaging
  - Simplified Group Executive Committee structure as of 01.01.2008

## Successful Program GO

- Financial goals set end 2004 for 2007: will be delivered
  - > CHF 90m Net Profit for 2007
  - - CHF 200m Capital Utilization/2004
- Tail wind in (over-) achieving profitability goal (world economy)
- Strong headwind in reaching capital intensity goal
  - Tight suppliers' market (price, availability)
  - Significant increase in lead times
  - Increase in business volume



## **Successful Program GO ►**

- Strong change dynamic induced in the organization
- Several projects initiated under Program GO will last beyond end 2007
- Fertile ground to launch numerous initiatives resulting from reviewed Group strategy



## Consolidated turnover evolution (CHFm)

2004	1'602	
2005	1'591	
2006	1'604	
2007	Organic growth > 5% + Exchange rate impact	} ~ + 7%

## Operating profit evolution (CHFm)

	Published	Underlying
2004	79.3	79.3
2005	75.1	90.7
2006	120.1	114.7
2007		

## Consolidated net profit evolution (CHFm)

	Published	Underlying
2004	52.4	52.4
2005	46.8	59.8
2006	103.3	80.6
2007		

## Employees

	2004	2005	2006	2007
Europe (with CH)	4'922	4'596	4'227	➔
Central	103	134	150	➔
Americas	492	500	486	➔
Asia	250	303	353	➔
Africa & Middle East	45	54	50	➔
	<b>5'812</b>	<b>5'587</b>	<b>5'267</b>	➔



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## **Positive start 2008 foreseen**

- Strong backlog of orders end 2007
- Continued good order intake seems to go on
- Clearly defined initiatives for further progress based on Group strategy review
- Frame for strong “Continuous improvement“ initiated (delegation into organizational entities, centrally controlled)

## Three clouds on the bright horizon ask for caution

- Uncertainty created by financial market turmoil
- “DRUPA 2008 effect”:
  - will a slowdown in bookings take place?
  - consequences?
- Supply side tensions:
  - availability of materials, components
  - pricing on input side
  - delivery times on input side
  - availability of competences on labor markets

## Consolidated turnover evolution

- Vision 2008

Turnover 2007

+ Organic →

± Exchange rate impact 



---

Turnover 2008 ≤ 2007



Before change in the scope of consolidation

(More precise guidance with publication of 2007 results)

## Operating profit evolution (CHFm)

	Published	Underlying
2004	79.3	79.3
2005	75.1	90.7
2006	120.1	114.7
2007		
Vision 2008	≤	≤

## Consolidated net profit evolution (CHFm)

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\*Before change of scope of consolidation

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## Vision and Strategy

- Why a strategy review? Goals
- Bobst Group's mission and vision
- High level summary of reviewed strategy
- New mid- to long-term financial targets
- Group Executive Committee remuneration structure

## **Why having launched a Group Strategy Review?**

- Program GO ending successfully end 2007
- Net cash position anticipated
- Strong equity to total Balance sheet ratio anticipated
- Existing mid- to long-term goals anticipated to be reached in 2007
- Need to re-assess Group's positioning in the 3 Business Areas (Folding Carton, Corrugated Board, Flexible Materials)

## **Goals of 2007 Group Strategy Review**

- Critical assessment of today's activity footprint
- 360° assessment of growth opportunities
- Identify all value creation opportunities
- Give clear directions to the Group for the next 5 to 8 years
- Define mid- to long-term financial ambitions
- Outline initiatives necessary to implement the strategy and reach financial ambitions

**Bobst Group:  
A diamond in the rough**

## **Bobst Group's overall Mission**

**To help our customers worldwide to supply safe, cost-efficient, environmentally friendly and appealing packaging: this is our mission**

## **Bobst Group's Vision in four dimensions**

- We want to play a key role in the success of our customers
- We create sustainable, long-term value for all our stakeholders
- The Bobst Group way: specialists with a strong bond
- While spanning the globe, our activities remain close to our customers

Full text of Bobst Group's vision available in backup slide

## **Strategy: high level summary**

- Current activity footprint clearly confirmed
- Decision to enter Flexible Materials Business Area at end 1990's: confirmed to be most attractive growth and value-adding opportunity clearly confirmed
- Strong potential for future top line and profitability growth still untapped in today's fields

**Bobst Group = A diamond in the rough**

Full text of Bobst Group's high level summary of strategy available in backup slide

## Strategy: high level summary ►

- 4 strategic objectives:

Growth

- 1st strategic objective: growth in the core business
- 2nd strategic objective: expand in “neighbour” fields

Internal prerequisites

- 3rd strategic objective: achieve Business Excellence
- 4th strategic objective: optimize and simplify the organization

Full text of Bobst Group’s high level summary of strategy available in backup slide



## **Strategy: high level summary ►**

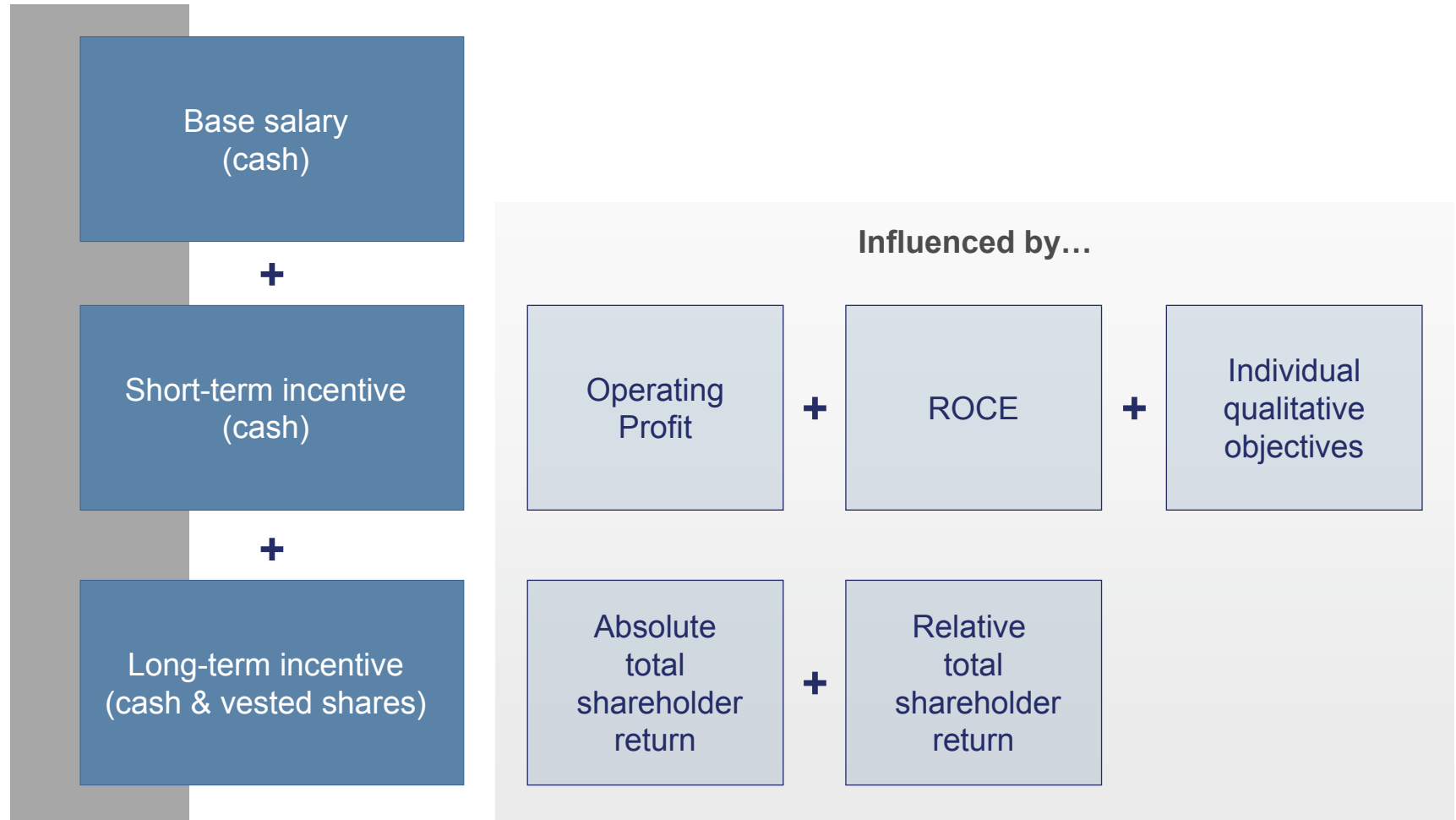
- Concrete plan of actions for the next 3 to 4 years
  - Timing limited by available resources
  - Incomparable efficiency in industry
  - Preferred supplier
  - One of the most attractive investments in the industry

Full text of Bobst Group's high level summary of strategy available in backup slide

## Medium to long-term financial targets (2011-2015)

Current Target		Financial ratio	New Target	Target by BA
2 to 3%	Organic growth	CAGR	3.5 to 4.5%	FC 3.5 to 4.5% CB 3.0 to 4.0% FM 5.0 to 6.0%
7.5 to 8.5%	Profitability	Operating profit margin	11 to 13%	FC 13.0 to 16.0% CB 9.5 to 12.5% FM 5.0 to 8.0%
	Return on capital	ROCE	13 to 15%	
40 to 45%	Equity	Equity ratio	40 to 45%	
40 to 50%	Dividend	Payout ratio	~ 50%	
6 to 7%	R & D	Research and development costs	6 to 7%	

## Group Executive compensation system



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## Intention

- Share buyback program for 10% of the share capital
- Put options to each shareholder
- Refund of CHFm 250

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*February 14*

Publication of 2007 turnover  
Teleconference for financial analysts  
and the media

*March 27*

Publication of the 2007 financial statements  
Conference for financial analysts and the media  
in Mex

*May 7*

General Shareholders' Meeting in Lausanne

*June 4*

Analysts and financial media day at Drupa 08

*September 2*

Publication of half year results  
Teleconference for financial analysts  
and the media

*December 3*

Conference for financial analysts and the media  
in Zurich



# Backup slides

To help our customers worldwide to supply safe, cost-efficient, environmentally friendly and appealing packaging: This is our mission

### *We want to play a key role in the success of our customers*

With our know-how at the service of the packaging industry, we are able to leverage our technologies and expertise to enable our customers add value to paper, paperboard, corrugated board and flexible materials. We will serve related fields where our contribution creates a clear customer advantage.

We strive to fulfill the needs of a broad and diverse customer base. Ranging from large international customers to local specialized niche players, they will find in us their partner of choice.

Our customers face increasing challenges in productivity, cost efficiency, quality, flexibility and innovation. Our solutions play a key role for them in meeting these challenges successfully. We provide tailored support throughout the entire life cycle, including supplying the equipment, the systems, and the services our customers need.

### *We create sustainable, long-term value for all our stakeholders*

Our efforts are founded on a "balanced stakeholder approach". The interests of our customers, shareholders, employees, local communities, suppliers and financial institutions need to be satisfied equally to the best of our abilities.

We believe that sustainable, long-term value creation for all our stakeholders is only achievable through a superior position in the market. Therefore we aim to be among the top two players in each of the businesses we are active in.

Our measure of success is internal business value creation. By optimizing return on capital employed plus continuous growth, we deliver long-term superior shareholder returns.

### *The Bobst Group way: specialists with a strong bond*

Our individual businesses are leading specialists in their field. Combining these businesses gives our customers a twofold advantage: By integrating individual production processes and applying our way of doing business to each of our entities, we ensure the Group achieves more than the sum of its parts.

Our businesses adhere to a common standard ensuring that we provide the best performance/cost ratio in the industry. To make this happen, we seek our competitive advantage along five dimensions:

- **People excellence**  
*Recruit and develop the best people in the industry*
- **Leading innovation**  
*Introduce the right products and services at the right time*
- **Long-term partnership**  
*Engage with our customers, constantly looking for opportunities to improve for mutual benefit*
- **Continuous cost efficiency improvements**  
*Create the opportunity to provide best customer value and to invest in our future*
- **Setting Industry quality standards**  
*Maintain rigorous processes to ensure our high standards*

### *While spanning the globe, our activities remain close to our customers*

The world's growing population has a right to access top quality goods. We play a pivotal role in making these goods available through safe, cost-efficient, environmentally friendly and appealing packaging.

Being a global player, we acknowledge that local markets have different needs. Wherever our strengths can be applied, we respond to these needs by developing the appropriate products and services for local requirements, while also building long-term relationships at a local level respecting different cultures and languages.

In anticipation of the successful completion of the Program GO (Group Optimisation) between the beginning of 2005 and the end of 2007, the Board of Directors and the Group Executive Committee decided to review the Group Strategy during 2007.

## **Goals of the Strategy Review:**

The goal of this review was to re-assess the Group's position in its existing markets, its potential development over the next five to eight years, to explore opportunities for further expansions both in the markets already served as well as in new markets, to define the paths to be pursued and the initiatives required for its future mid- and long-term success; this with the overall goal to offer its six stakeholders a promising and attractive future.

**Re-assessing the present positioning:**

In a first step, a thorough 360° analysis of its present position has shown that the development potential in its existing worldwide markets is offering the Group very interesting top line and profitability growth perspectives without having to invest in totally new activities in, or even outside, the packaging industry.

More specifically, by re-evaluating all potential alternatives, the strategic decision made at the end of the 1990's to enter the Flexible Materials equipment and services market has clearly been confirmed as the most attractive growth and value-adding opportunity despite the anticipated lower profitability compared to the two other strong Business Areas Folding Carton and Corrugated Board.

In summary, the clear conclusion of this thorough re-assessment is that Bobst Group, in its present stage, is:

**“A diamond in the rough”**

which, through “polishing and honing” can achieve its true, today still not fully uncovered, value.

**Four clear Strategic Objectives:**

After having defined the Group's Mission Statement and its Long-Term Vision, four strategic objectives have been defined and thoroughly detailed. The two first ones are giving the growth directions the Group will embrace in the years to come. The two others lay out the internal prerequisites to achieve the ambitious and attractive but realistic mid- and long-term financial goals that the management, in agreement with the Board of Directors, has set itself after having, in 2007, achieved the ones published until now.

***1<sup>st</sup> Strategic Objective: Grow in the core business***

The existing business offers interesting growth potential which has, at this stage of the Group's development, still not yet been fully leveraged. The expansion of the service offering, the penetration into emerging markets, the further development of products in the so-called medium segment (high quality, simple and lower investment equipment) and achieving the critical size in Flexible Materials are the main directions offering still untapped growth opportunities.

***2<sup>nd</sup> Strategic Objective: Expand in "neighbour" fields***

Quite a few markets close to the existing activities of the Group offer growth opportunities which have to be thoroughly evaluated. Penetrations can take place either through organic development or through acquisitions. Potentials exist up-stream, down-stream or inside the value chain of the Group's customers. These opportunities have to be explored in light of their added value potential for our shareholders.

***3<sup>rd</sup> Strategic Objective: Achieve Business Excellence***

A number of fields with further strong improvement potentials in the internal processes have been identified. Efficient sourcing, optimized logistics, streamlined production, disciplined asset management, setting industry quality standards, focused R&D processes and achieving “Go-to-Market Excellence” are some of them. Continued concentration on profitability improvement in the Flexible Materials Business Area is of course also part of this strategic objective

***4<sup>th</sup> Strategic Objective: Optimize and simplify the organizations***

The complexity of a worldwide operation, serving three different markets in which customers range from the small family company to the huge international conglomerate, offers a challenging environment in which “efficiently managing complexity” has a clear competitive advantage potential.

Simplifying structures, harmonizing core processes, leveraging the size of the Group wherever meaningful are actions, among others, to be pursued forcefully.

### **Concrete plan of actions laid out for the next 3 to 4 years**

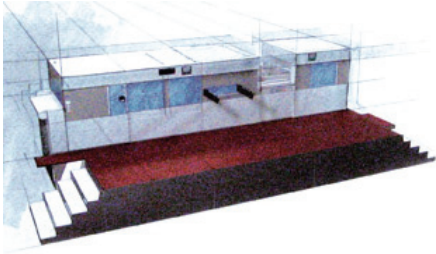
These four Strategic Objectives have resulted in a number of planned initiatives which will take place, within the available resources and competences, in the years to come. This set of actions will bring the Group into a state of incomparable efficiency in the industries served making it both the preferred supplier of equipment and service and one of the most attractive investments among the quoted engineering companies active in the graphic arts and packaging industries. This is our ambition.



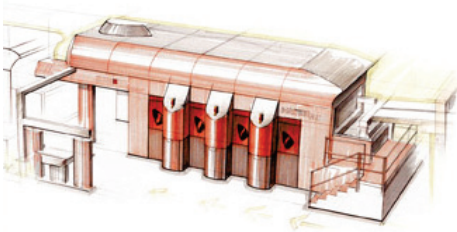
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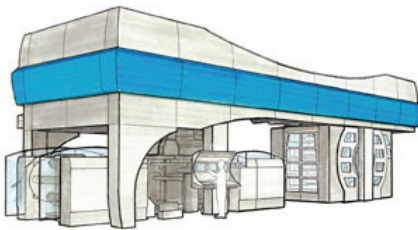
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