**PRESS RELEASE**

**Mex, Switzerland, 8th December 2021**

**BOBST reflects on a year of ups and downs for the packaging industry**

We will remember 2021 as one of unique business conditions, with a 70% increase in bookings year-over-year! Let’s look back at some of the important milestones that marked the year.

BOBST’s financial performance is strong in 2021, with a big increase of order entries compared to 2020. Taking into account the impact of the COVID-19 lockdowns and the resulting 2020 decline, the net growth since 2019 is over 40%. In terms of geography, North America, Southern Europe (France, Italy, Spain, Portugal, Greece), Germany and Poland performed very well. We also saw good results across the South American market. Although we are observing a slow-down in China, overall results from the country were still very positive. South East Asia remains a complex and fragmented region, but one with great opportunities for the future.

Despite the travelling constraints facing our field engineers, Services have become even more critical and strategic than ever for people and for our supply chain. Our skilled engineers have done a tremendous job, assisting many customers remotely both for installations and troubleshooting, shaping a new service landscape. This made us realize the importance of machine connectivity but also that BOBST has the tools to analyze data, predict and solve issues before they arise, and that we are able to help our customers learn and adapt to the latest technological solutions.

2021 however also created upheaval within the entire packaging industry. The shortage of skilled labor in some regions, on top of unprecedented price rises in paper, board and flexible substrates, has created unexpected challenges and uncertainties for many of our clients.

The price increase of source materials was tremendous and impacted our own pricing conditions. For instance, raw material used for machine frames and components increased unexpectedly as did hot rolled steel plate which increased by 119% since January 2020. Cold rolled steel plate increased by 126% (1). Structural section and beams increased by 91%. Aluminum alloy by 75% and copper by 65% (1). Raw material usage for mechanical components (LLDPE Resins, nickel, polyurethan, etc.) increased by more than 40% since September 2020 and materials used for commercial parts (belt, chains, lubricants, rolls, etc.) increased on average by 9% (1). Freight also increased since August 2020 – sea by 216%, air by 200% and road by 5% (1).

We launched new products in 2021 which reflect our industry vision, shaping a new reality where connectivity, digitalization, automation and sustainability are the cornerstones of packaging production.

BOBST DAYS – a showcase for the biggest virtual packaging industry event ever, with 28 unique webinars which have attracted 8,491 attendees – was one of the highlights of the year. All the webinars can still be watched here: <https://media.bobst.com/usen/webinars/>

**Folding Carton and Corrugated Board**

In 2021, the folding carton market continued with a steady growth driven by the pharma and food industry. We noticed a growing demand for more automatized production lines with enhanced quality control solutions. We also observed a migration of some commercial printers entering packaging production.

The corrugated board industry had a record year driven by global e-commerce growth, which has now expanded into new sectors such as food delivery. Large converters, and many others, decided to invest heavily in new equipment or green fields to answer this new demand. Converters are looking at more productive production lines with more automation and more in-line machinery enhanced with quality control systems.

BOBST continued to lead the folding carton and corrugated industry segments with new machines and innovation, from printing to embellishment to cutting and folding-gluing. The NOVAFOIL 106 is a versatile and cost-effective solution for premium cross and inline foiling, the market loves it. The ACCUREGISTER “new sheet to cut register” (after the famous Power Register) system reduces setting times and feed related stops, boosting productivity and delivering outstanding blank register quality.

The EXPERTFOLD 110 A3 version, which offers greater versatility and unrivalled time-saving benefits to packaging converters, had a great market acceptance with units sold in Italy, India and UK.

In the corrugated board industry, the MASTERLINE DRO launched in November was probably the most outstanding machine announced to answer the urgent requirements of e-commerce. The most versatile, automatic and ergonomic machine producing the ultimate productivity and unmatched quality with inside-outside printing.

The SPEEDPACK, introduced in September, has quickly seen a great market acceptance as it answers the automation requirements of the industry. The Swiss-based company BOURQUIN outlined that the modularity and productivity of SPEEDPACK make it the perfect packer for any multipoint folding-gluing line.

Finally, the MASTERCUT 1.65 announced in June is in beta site. It is a completely unique machine which can handles carton and corrugated board as well as litho-laminate, fully part of the new industry vision and automation capabilities.

Sustainability and environmental sensitivity are increasing, leading to an overall increased efficiency for our new developments. Converters expect appropriate solutions, more flexibility in unpredictable times and more performance in a globally growing market. Inline machinery combined with quality control systems will be more in demand. Corrugated converters will boost the sustainable appeal of corrugated packages. The entire industry remains very optimistic looking ahead.

**Labels and Flexible Packaging**

Two words illustrate 2021 best for the labels and flexible packaging segment: Digitalization and Sustainability. Labels saw solid growth with All-in-One solution combining flexo and digital printing systems. Within digital, inkjet is making significant inroads with the highest growth rate as it delivers high quality combined with high productivity and low operating costs. However, the labels market remains a melting pot of different technologies, each of them best for specific applications. All converters are facing the rise in short runs and they all look for more automation, especially as manpower is more difficult to find. Substrates prices increased significantly, and some became more complex to source.

In flexible packaging, the entire market is facing the “plastic reinvention dilemma”. Recyclability and food compatibility are high priority topics, with strong demand for new high barrier and mono-material solutions or even paper metalized solutions. There is a strong demand driven by e-commerce home deliveries and in-home prepared foods. The highest growth rates are in stand-up pouches, flow wraps, and single-serve packages. The industry is growing at a stable rate but cautious on how new regulations may impact plastic production.

In 2021, BOBST Digiflexo automation solutions accounted for over 40% of the deals signed, reflecting the digitalization and automation requirements for more flexible production lines. In July, BOBST acquired the remaining 49% of Mouvent, integrating this digital printing competence centre for BOBST. The MASTER DM5 – first announced in 2020 – is ramping up, demonstrating the value of solutions integrating flexo and digital capabilities in modular All-in-One, All-in-Line solutions. The Italian customer IBE stated that this new class of press is addressing the market for 2000 to 8000 meters jobs, closing the gap between traditional digital presses handling short runs and the flexo technology better designed for very long runs. This statement reflects well on the BOBST oneLABEL portfolio combining different technologies, which will coexist, optimizing the entire production floor.

2021 saw another major milestone for BOBST with the opening of the Atlanta Label Competence Center, where we hosted many clients and achieved repeat sales of our new digital printing solutions. We also enjoyed a successful BOBST open house in Firenze in September, which hosted more than 100 label converters. While BOBST is a relatively recent player in the digital labels space, with more than 50 inkjet machines now installed, printing more than 21 million linear meters, we have demonstrated how it is possible to change the market dynamics in a short space of time.

In flexible packaging, the entire packaging industry is looking for a new “sustainable face”. We see some folding carton and glass production moving towards plastic for a lower environmental and transportation impact. At the same time, we are seeing some flexible packaging moving towards paper-based packaging. But the biggest trend is the move from multi-material packaging to mono-material solutions, although waste collection and recycling capacities are not solved yet. Bio plastic material and recycle film usage needs to ramp up to be competitive.

Today, BOBST is ready with mono-material solutions – from the right barrier level to printing to lamination. The work done with partners like BASF, DOW, SUN CHEMICALS, ELBA, HOSOKAWA, ILENE, MICHELMANN and UFLEX and many more has enabled innovations that will shape the future of recyclable packaging.

2021 has been the breakthrough year for our oneBARRIER solutions, including an EVOH-free, topcoat-free transparent solution for Full PE Barrier, achieved using the BOBST NOVA SX 550, the EXPERT K5 and the VISION D850. This delivers a high barrier mono-material full PE transparent solution as an alternative to metallized polyester film.

On the topic of sustainability, BOBST received the ERA Gravure Award for Sustainable Packaging for its water-based printing rotogravure press.

Sustainability solutions have been deployed internationally. Sparsh Industries was the first company in India to deploy the new environmentally friendly solution AluBond® on a wide web machine. Polibak in Turkey was the first to remotely install a BOBST K5 metallizer.

In Q4 2021, BOBST acquired the assets of the Italian gravure press manufacturer Officine Meccaniche Giovanni Cerutti SpA and Cerutti Packaging Equipment SpA, including the service and some R&D capabilities, which is in line with its strategic goal of further consolidating its technology and market leadership in the global gravure printing market.

Looking ahead to 2022, digitalization will be the main driver for labels – converters will look for complete end-to-end digitalized solutions to optimize their production floor. All that can be digitalized, will be, enabling converters to deliver faster, with better quality and less waste, answering the growing demand for on-demand labels production.

In flexible packaging, we expect the oneBARRIER solution to be available for a paper-based usage leading towards more sustainability. Extended Color Gamut management solution – oneECG – will continue to make inroads into production sites, replacing ink mixing and related waste. Overall, we strongly believe that plastic packaging, well produced and well recycled, has a future and we are ready with commercially available solutions.

**Services**

During the entire year, travel remained very difficult and remote services were embraced as strategic options by our clients. They valued the fact that having their machines connected enabled more efficiency. In addition, the connectivity provides data to enable a range of new services. Data are indeed creating a revolution in the packaging industry.

Our cloud-based solution strategy will provide new tools and new software helping converters deliver higher thruputs thanks to our fully connected and automated system. We are not only developing OEE and job recipe solutions but as well predictive algorithms that will help users to get more output of their investments.

We continue to develop upgrades and services supporting our customers in becoming more efficient. We launched a platen cleaner program and a oneECG upgrade is under development to support our customers’ sustainability efforts.

In 2021, following the successful launch of the Digital Inspection Table launched earlier for corrugated board, we introduced a new table for folding carton. This new solution not only tracks image and registration for print to die-cut, but also accuracy of embellishments, Braille and much more.

Within the portfolio of services, we have activated a growing number of certified die-makers on all continents, currently 26 and counting. In 2021, folding carton flat-bed die-cutting die-makers were joined by corrugated board flatbed die-cutting die-makers and in 2022, certified rotary die manufacturers will be joining this network. On the topic of tooling, the next phase of TooLink Tool Management will see the light of day in 2022. The application is accessible both to die-makers and converters remotely, and it provides the means for monitoring tools. Actual tool data can be leveraged and used for more efficient production by both parties.

For 2022, we expect to see an increase in the number of our field service engineers, getting always more involved in the reactive and proactive support to our clients with remote assistance growing further. Quality control solutions will also gain in importance as the best way to reduce waste, reduce claims and increase profitability. The BOBST oneINSPECTION offering is part of the BOBST commitment to make zero-fault packaging a reality.

**In summary**

2021 was strong, unpredictable and full of opportunities. Our clients confirm that our Industry Vision - connect, digitalize and automate is right on track. The sustainability developments are part of our solutions, supporting all industries and particularly flexible packaging production, answering brand owners’ recyclability pledges.

We trust that we will have a good year in 2022 but none of us can ignore the extraordinary pressures we face due to global supply chains and resource shortages. Likewise, the pandemic continues to play an important role on people’s behaviors. We can help our clients, printers and converters, by doing what we do best – innovating, promoting the sustainability of our industry and its products, and always keeping in mind that our industry always follows cycles over periods of time.

(1) BOBST procurement data

**About BOBST**

We are one of the world’s leading suppliers of substrate processing, printing and converting equipment and services for the label, flexible packaging, folding carton and corrugated board industries.

Founded in 1890 by Joseph Bobst in Lausanne, Switzerland, BOBST has a presence in more than 50 countries, runs 19 production facilities in 11 countries and employs more than 5 600 people around the world. The firm recorded a consolidated turnover of CHF 1.372 billion for the year ended December 31, 2020.

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