

Update first half 2020

Investor relations handout

BUCHER

July 2020
Public



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Bucher at a glance

The five divisions of Bucher Industries

Bucher Specials
Individual businesses

Bucher Emhart Glass
Glass container industry

Bucher Municipal
Municipal vehicles

Kuhn Group
Agricultural machinery

Bucher Hydraulics
Hydraulic systems



CHF 3.1 billion sales, 13'100 employees, 9.2% EBIT margin

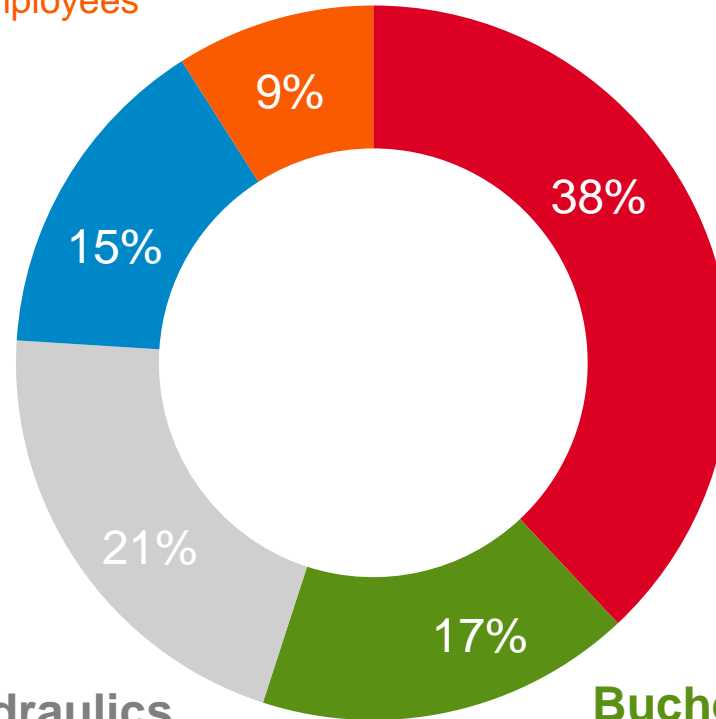
Bucher Industries 2019



Bucher Specials
CHF 320 million sales
900 employees



Kuhn Group
CHF 1'180 million sales
5'200 employees



Bucher Emhart Glass
CHF 490 million sales
1'800 employees



Bucher Hydraulics
CHF 650 million sales
2'800 employees

Bucher Municipal
CHF 540 million sales
2'400 employees



International Group

62% Europe (of which Switzerland)
CHF 1'940 million sales (CHF 120 m)
8'500 employees (1'000)

18%
North America
CHF 560 million sales
1'600 employees

Central and South America
CHF 140 million sales
900 employees

5%

9%
Asia
CHF 290 million sales
1'700 employees

6%
Other
CHF 180 million sales
400 employees



Number 1 in selected markets



Kuhn Group

World market leader
in forage harvesting machinery
and feed mixers



Bucher Municipal

European market leader
in sweepers



Bucher Hydraulics

World leader
in hydraulic power packs



Bucher Emhart Glass

World market leader in glass container
manufacturing equipment



Bucher Specials

World market leader
in fruit juice and
winemaking equipment

Aspiration

Diversified group

in mechanical and vehicle engineering

Technological leadership

for a strong market position

Solid balance sheet

for long-term, industrial independence

Decentralised responsibility

for products, markets and results
in the divisions; centrally co-ordinated

Strengthening

of divisions

Increase in enterprise value

(RONOA > WACC)

Principles

High level of independence for divisions

- No competition for resources and responsibilities
- Exchange of experiences on specialist topics

Leadership by

- Strategic planning
- Key financial figures
- Standardised values and prescribed governance requirements
- Division management appointments
- Selected, operational projects

Lean corporate centre structure

- With approx. 30 employees

Group: financial review

Key figures – first half

Performance

CHFm	January - June				Change in	Full year
	2020	2019	%	% ¹⁾		
Order intake	1'153	1'449	-20.4	-15.7	-16.5	3'008
Net sales	1'357	1'661	-18.3	-13.8	-14.4	3'106
Order book	779	908	-14.2	-9.2	-9.9	1'019
Operating profit (EBITDA) as % of net sales	135 10.0%	196 11.8%	-31.0			368 11.9%
Operating profit (EBIT) as % of net sales	94 7.0%	155 9.3%	-39.0			285 9.2%
Profit for the period as % of net sales	68 5.0%	122 7.3%	-44.0			228 7.3%
Employees at closing date	12'412 ³⁾	13'281	-6.5		-8.3	13'107

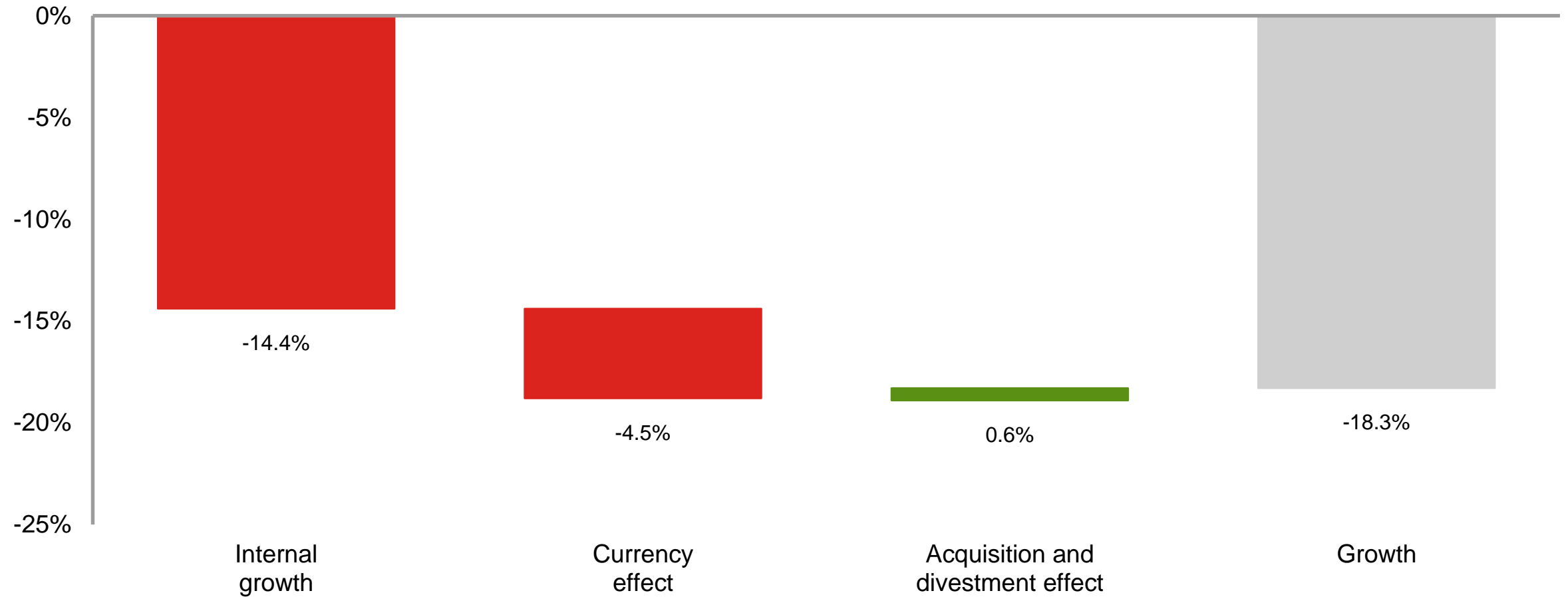
¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and divestment effects

³⁾ 12'811 employees (FTEs), of whom 399 in short-time work

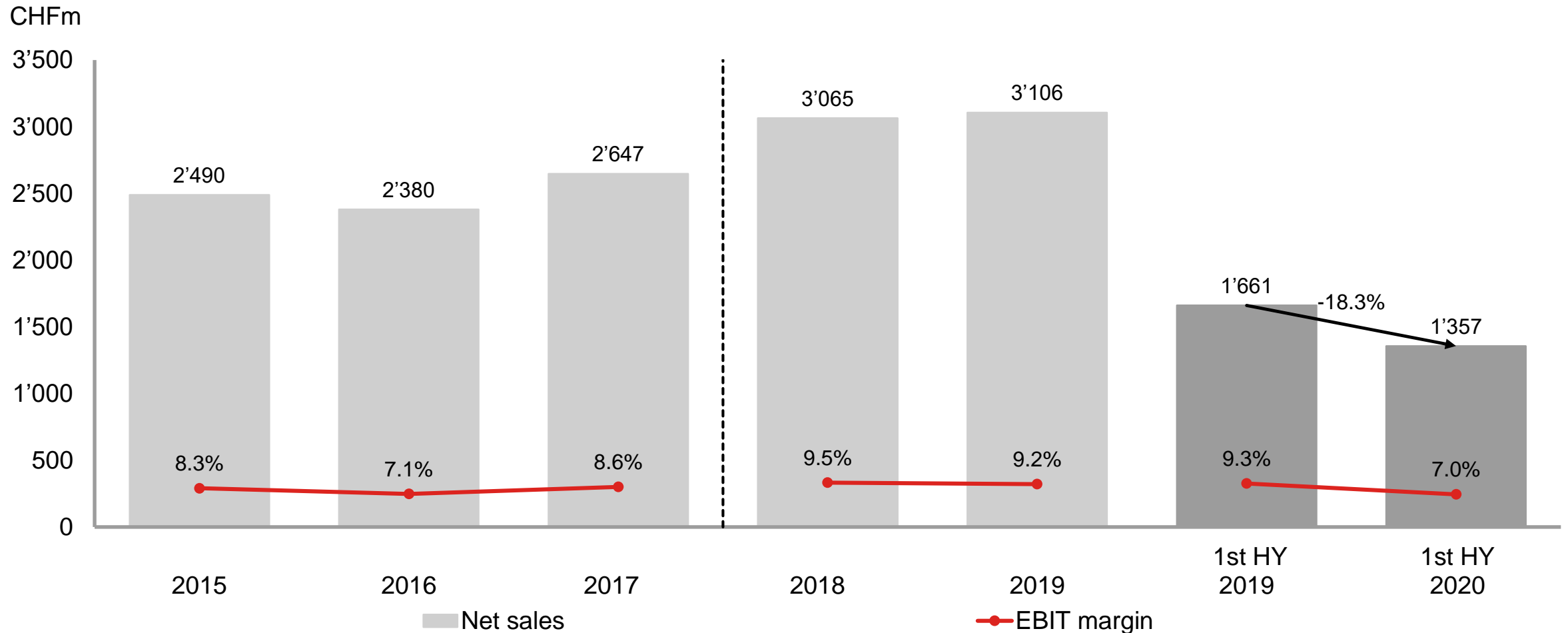
Internal growth of -14.4%

Performance: Net sales first half



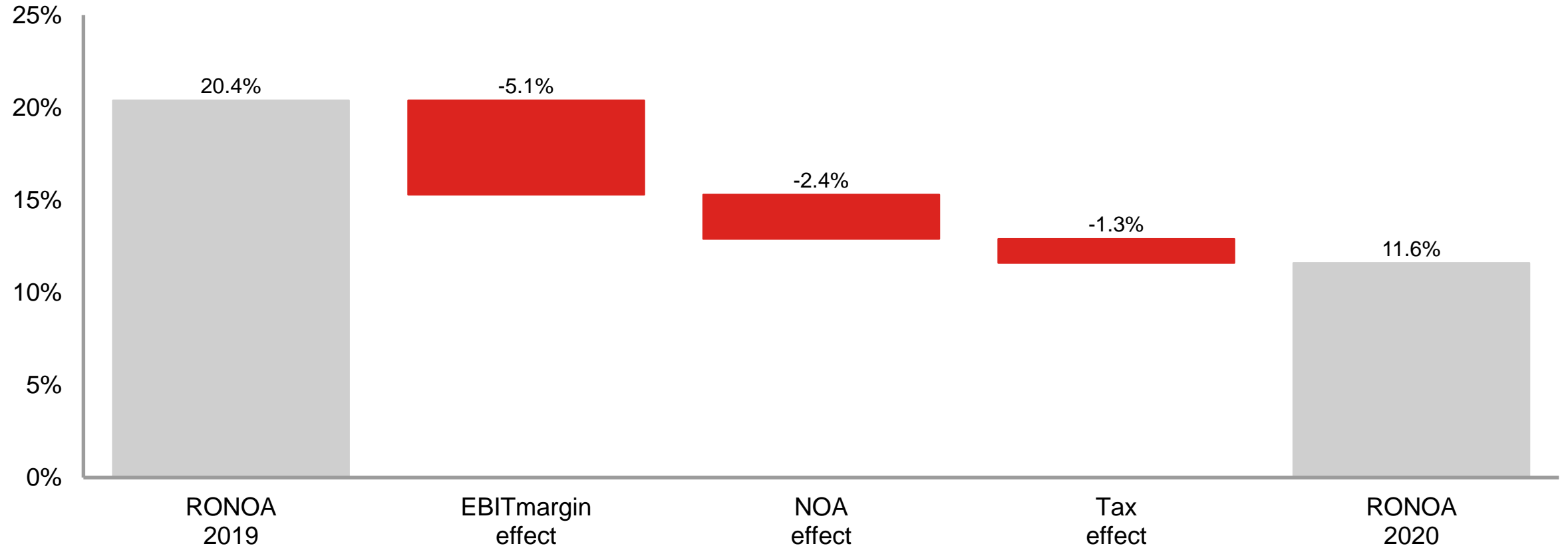
Decent first half year margin with a marked downturn in sales

Performance: Net sales and EBIT margin



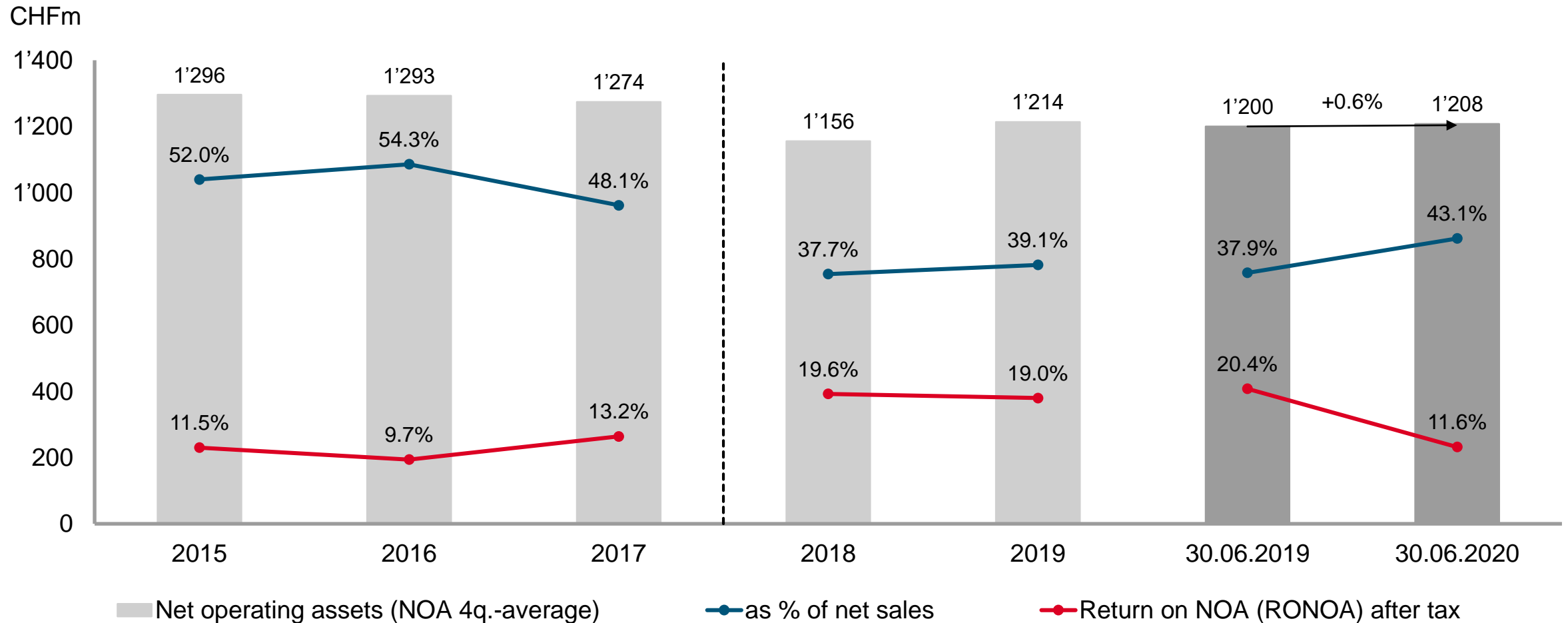
RONOA continues to exceed cost of capital

Invested capital: Return on net operating assets (RONOA)



Increase in NOA in percentage of sales

Invested capital: Net operating assets (NOA)



M&A transactions 2019 – 2020

Invested capital

2019

Bucher Municipal

Zynkon, China



Bucher Emhart Glass

Refractory business, USA



Asset Deal, sold to Rath Group

Bucher Specials

Elan Systems, Hungary



Bucher Emhart Glass

Symplex, Germany



2020

Bucher Municipal

Eurovoirie, France



Bucher Specials

Luzzysa, Spain



Net sales¹⁾
CHF 14 million

Employees
110

Net sales¹⁾
CHF 9 million

Employees
50

Net sales¹⁾
CHF 3 million

Employees
20

Net sales¹⁾
CHF 8 million

Employees
35

Net sales¹⁾
CHF 34 million²⁾

Employees
75

Net sales¹⁾
CHF 4 million

Employees
20

¹⁾ before acquisition/divestment

²⁾ of which more than half with Bucher Municipal equipment

Colour coding:

Acquisition

Divestment

Key investment projects

Invested capital: Fixed and intangible assets

- **Kuhn Group**

- “MGM Monswiller” extension near Saverne, France

- Doubling of production halls in response to growing need for large agricultural machinery. Expected to be completed during summer of 2020.



- **Bucher Municipal**

- Production extension in Ventspils, Latvia

- Assembly line built specifically for the serial production of the new “CityCat V20e” at the compact sweeper production site.



- **Bucher Hydraulics**

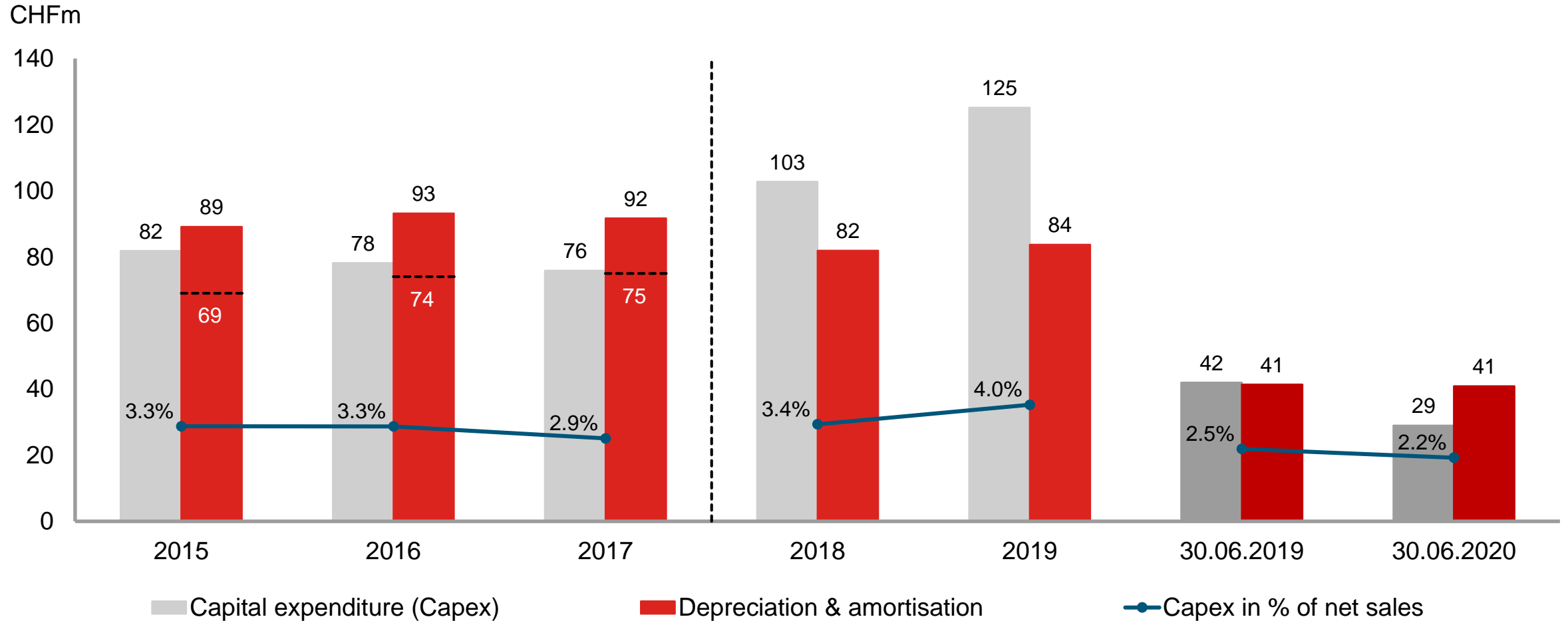
- Expansion of production capacity in Gurgaon, India

- Further development of a new product line for less demanding applications in the lower price segment.



Capital expenditure

Invested capital: Fixed and intangible assets



Selected development projects

Invested capital

Bucher Municipal

Electrification of all product groups

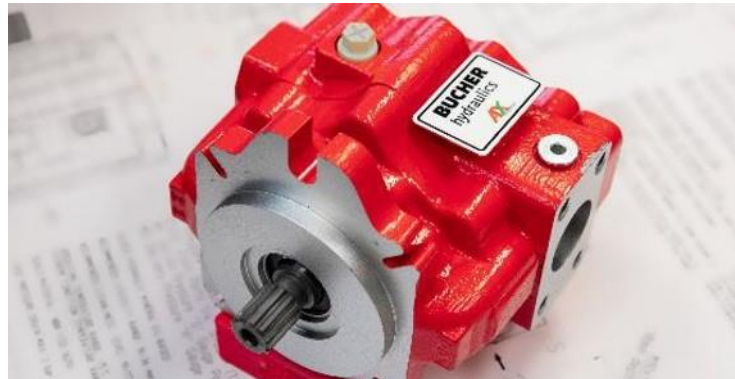
“CityCat V20e”: Battery is based on the latest technology and has been specially developed for use in this compact sweeper.



Bucher Hydraulics

Innovative axial piston line
AX pumps and AX motors

The AX series offers an exceptionally high efficiency rate in a wide range of rotational speeds as well as low-speed, smooth, accurate movements.



Bucher Vaslin

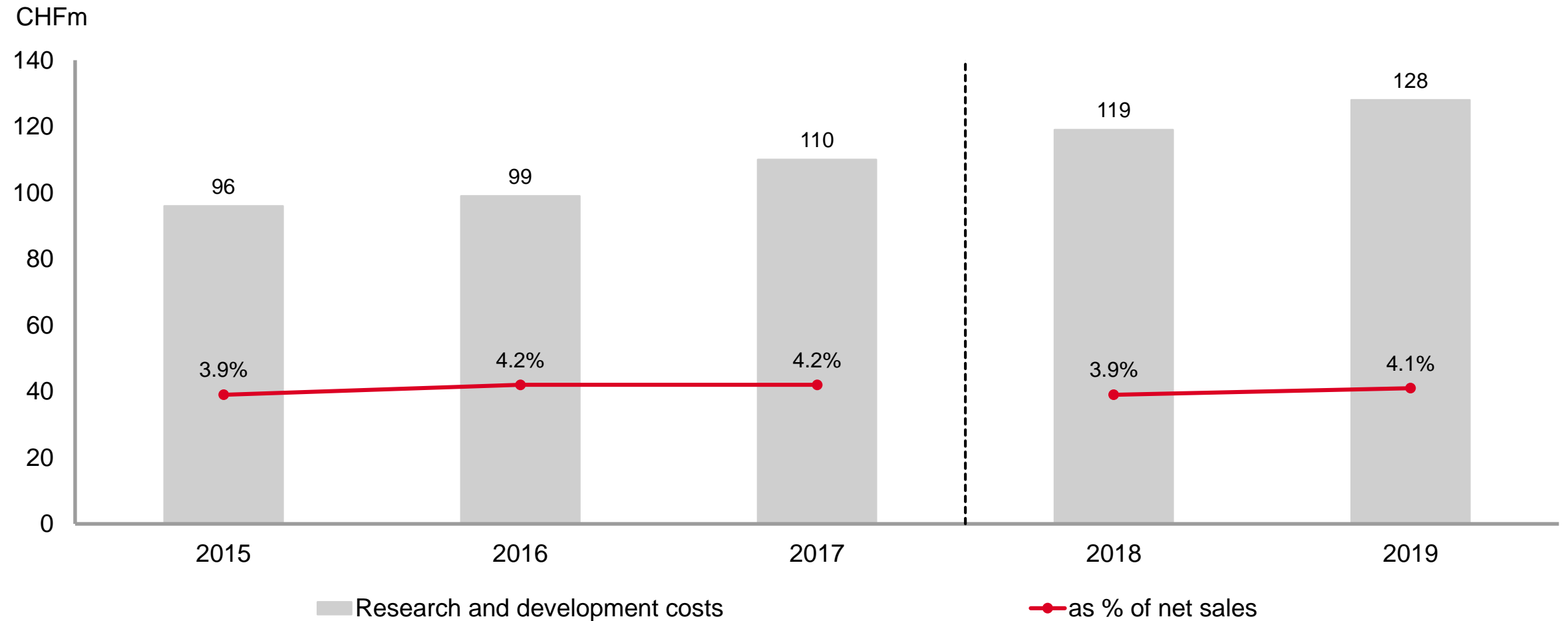
“Maestro”: Add-on to the
“Bucher XPerT” grape press

“Maestro” controls all four phases of a complete cycle, improves productivity and delivers extensive information about the pressing process.



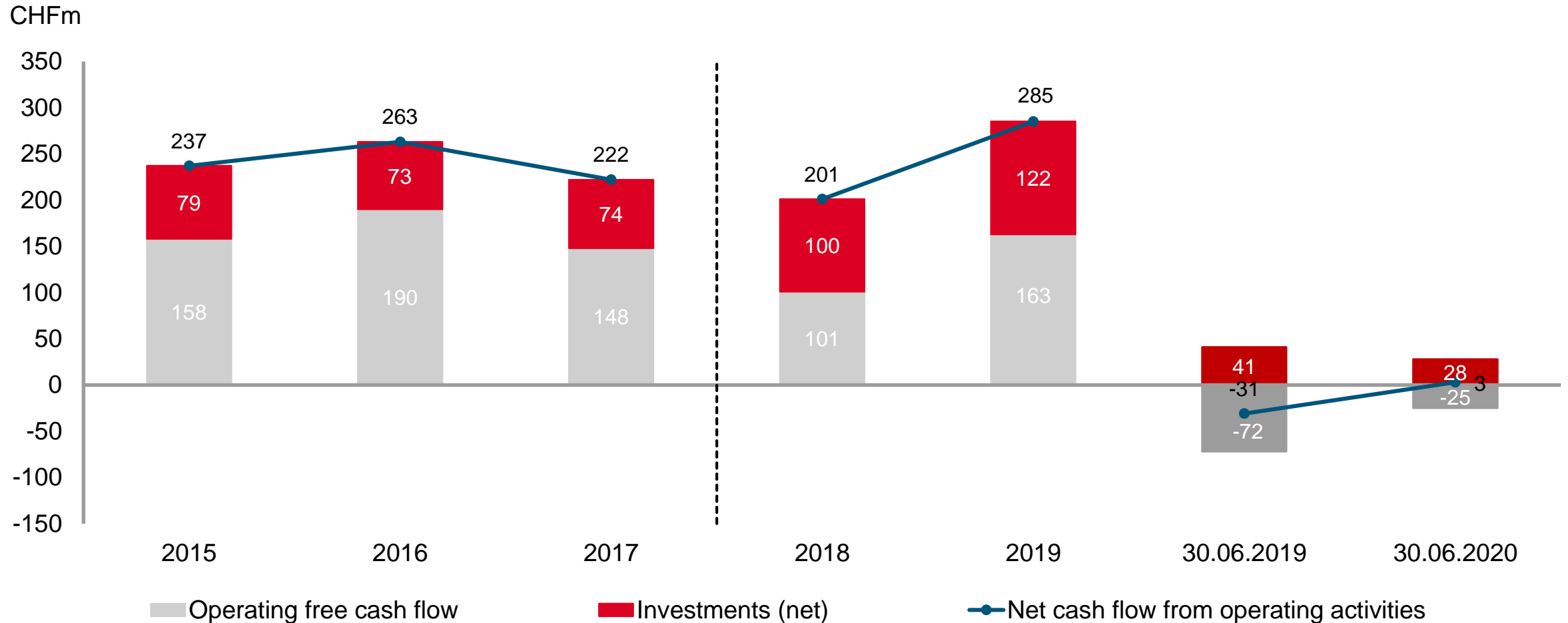
Research and development costs

Invested capital



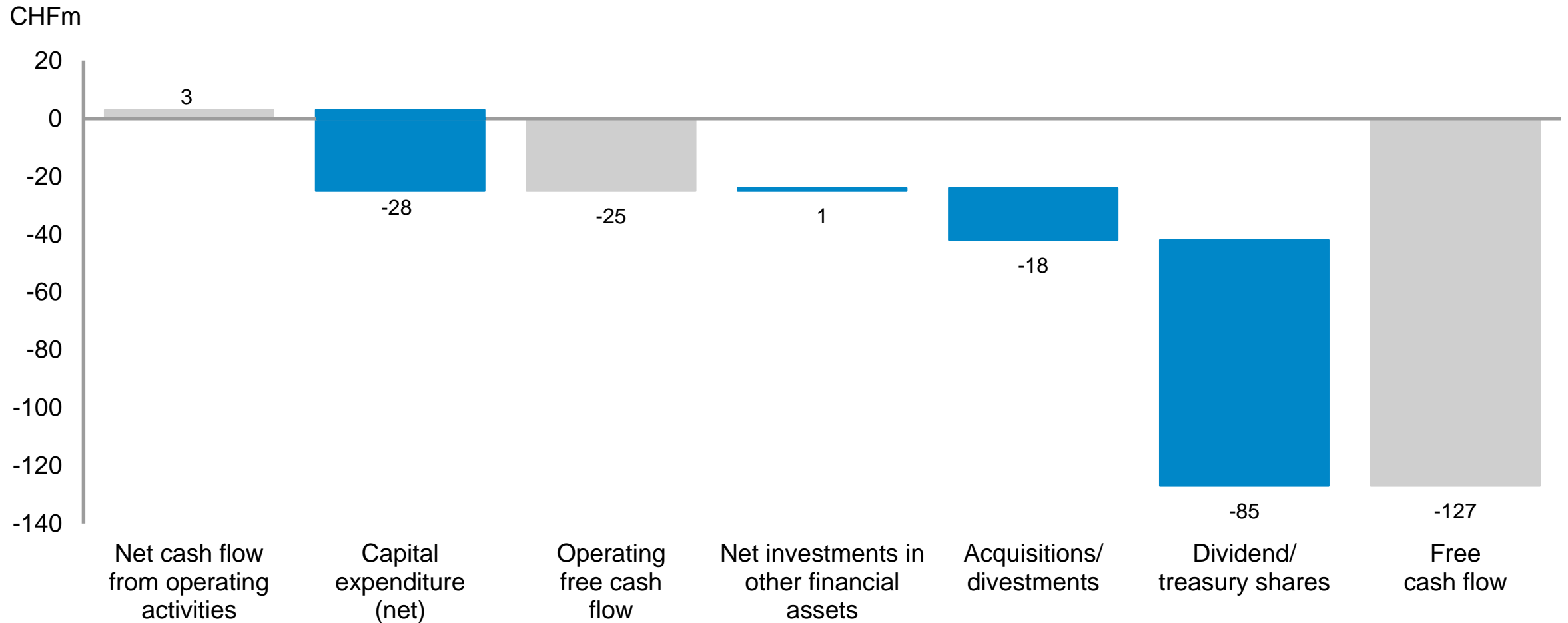
Cash flow and investments

Financing and risk management



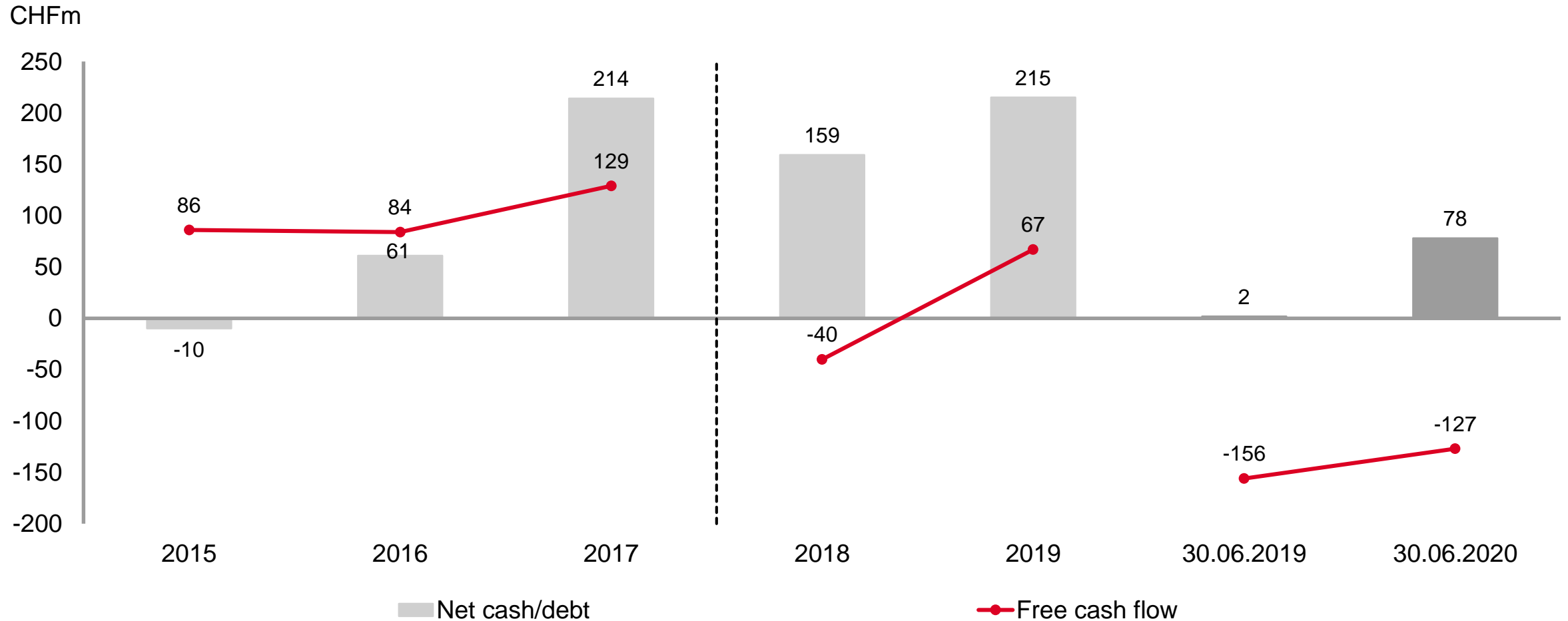
Free cash flow negative, as usual in first half-year

Financing and risk management



Improvement in free cash flow and net cash

Financing and risk management



Divisions: our activities

Kuhn Group

Large machines for large farms



Specialised agricultural machinery

Kuhn Group

Arable farming



Ploughing



Tillage



Seeding



Fertilisation



Spraying

Dairy and livestock farming



Hay and forage harvesting



Feed storage



Bedding and feeding



Manure spreaders



Hedge cutters

Complete product ranger under the Kuhn brand

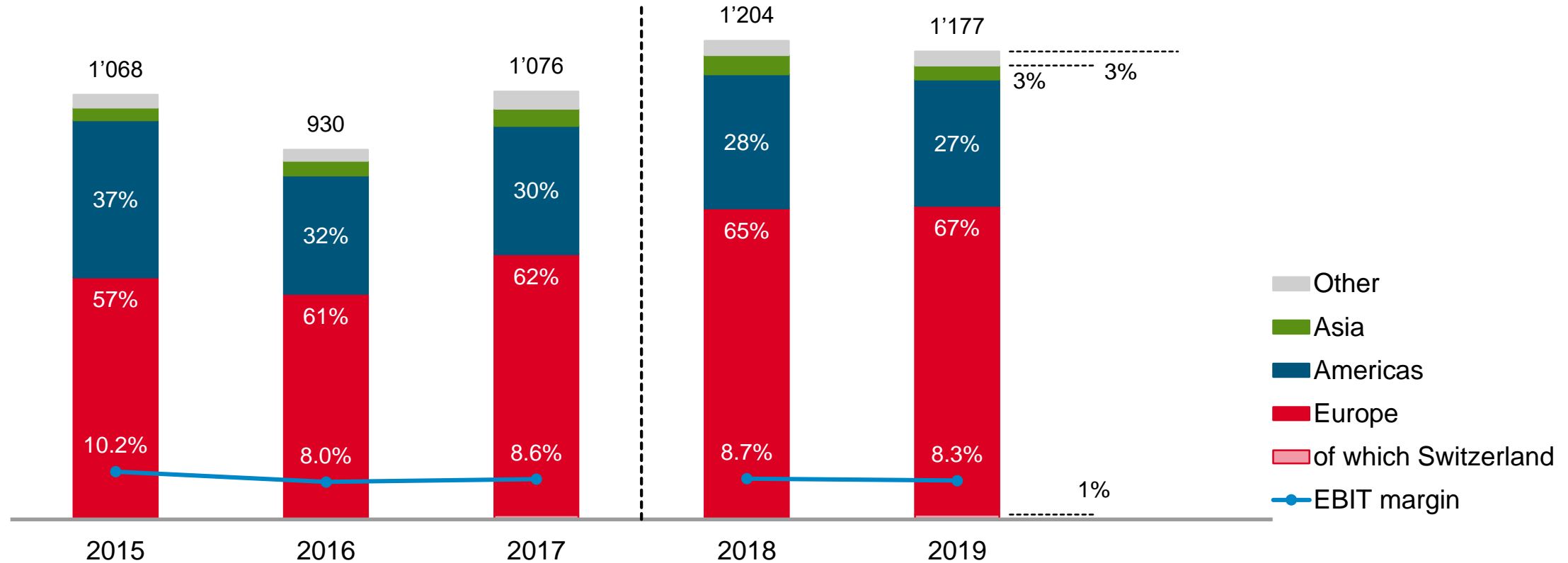
Kuhn Group

	Mowers	Hay and forage		Balers	Hedge cutters	Feed mixers	Tillage equipment		Seeders		Spreaders	Sprayers	Tractors	Harvesters self-propelled
		Tedders	Rakes				driven	non-driven	drilling	precision				
Kuhn Group														
John Deere														
CNH														
AGCO														
Claas														
Krone														
Amazone														
Pöttinger														
Kubota/KVE/ Great Plains														
Exel / Hardi														
Lemken														
Horsch														
Väderstad														
SDF														
Maschio														

Net sales by region

Kuhn Group

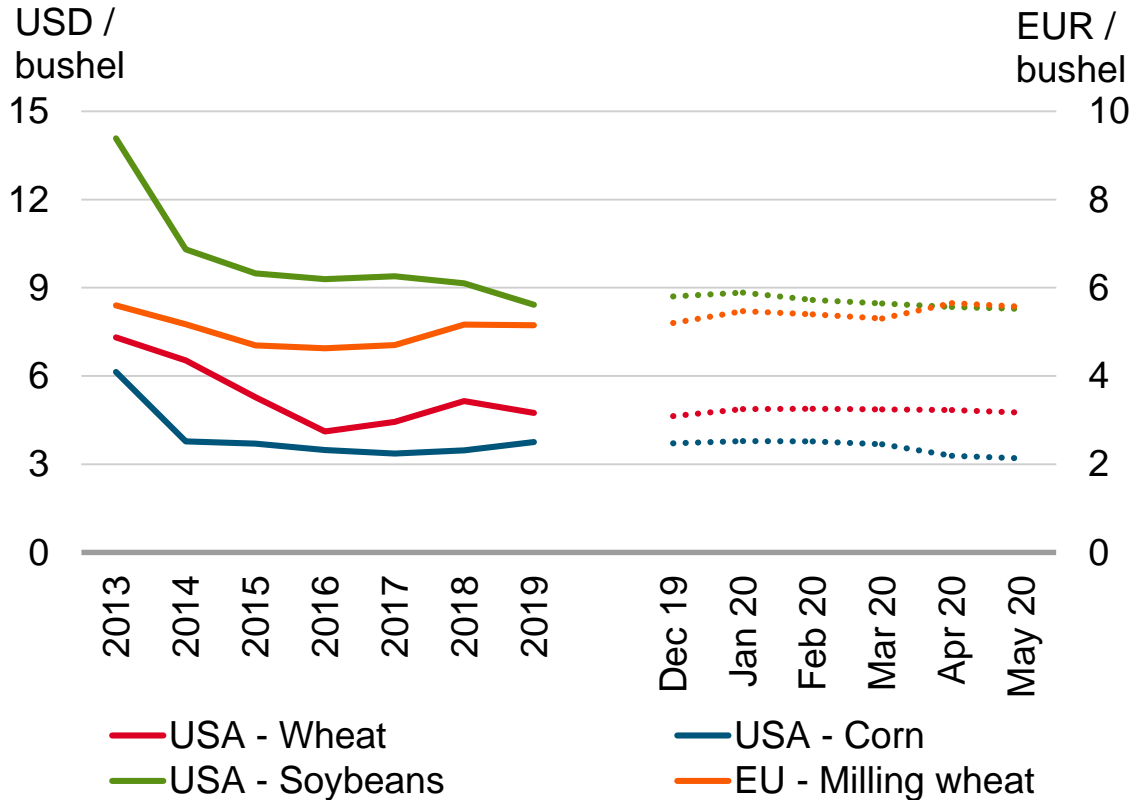
CHFm



Price development soybeans, corn, wheat, milk

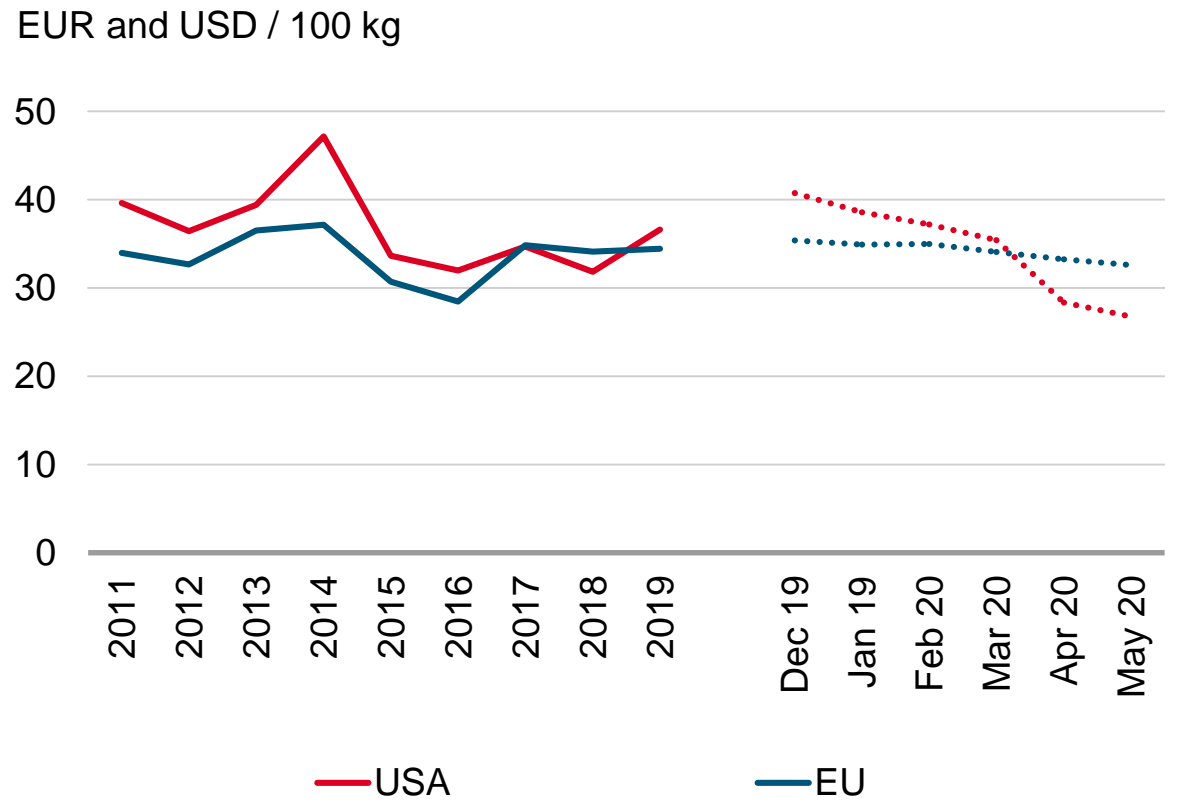
(average prices until May 2020)

Crop price



Source: USDA, AHDB (US price received / European physical price)

Milk price



Source: https://www.clal.it/en/?section=latte_europa_mmo, USDA

Key figures

Kuhn Group

CHFm	January - June				Full year
	2020	2019	%	% ¹⁾	2019
Order intake	427	440	-3.1	4.8	1'141
Net sales	584	679	-14.0	-8.1	1'177
Order book	236	214	10.1	18.3	411
Operating profit (EBITDA) as % of net sales	69 11.7%	81 11.8%	-14.9		135 11.5%
Operating profit (EBIT) as % of net sales	51 8.8%	62 9.2%	-17.7		98 8.3%
Employees at closing date	5'158 ²⁾	5'354	-3.7		5'188

¹⁾ Adjusted for currency effects

²⁾ 5'213 employees (FTEs), of whom 55 in short-time work

COVID-19 exacerbates farmers' situation

Kuhn Group: Outlook for 2020

Regionally divergent environment, but overall continued pressure on agricultural producers' incomes

- North America: Additional pressure on producer prices – also for dairy and meat – due to COVID-19
- Europe: Pandemic adds to existing challenges posed by lower prices for arable crop products and the uncertainties surrounding future agricultural policies
- Brazil: Good market situation thanks to the favourable conditions for farmers

Strategic focus

- Large machines for large farms
- Digital solutions for precision farming and customer retention
- Close to customers: Distribution centres in Brazil and Russia

For 2020: Decline in sales in line with the first six months; operating profit margin lower than in the first half of the year, due to seasonal effects

Bucher Municipal

Focus on electrification: the all-electric “CityCat V20e“



Municipal vehicles and winter maintenance equipment

Bucher Municipal

Compact sweepers



Truck mounted sweepers



Winter equipment



Sewer cleaning



Refuse collection



Complete product range under one brand

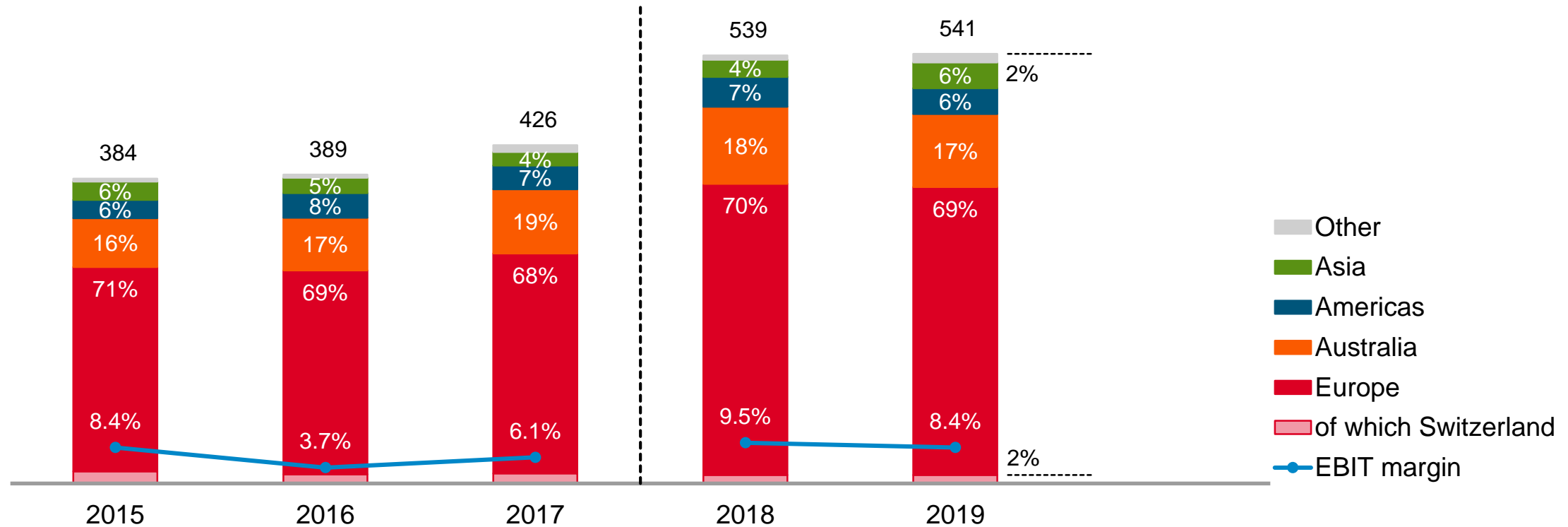
Bucher Municipal

Competitors	Sweepers				Refuse vehicles			Winter maintenance			Vacuum tankers	
	Vacuum		Mechanical		Front	Rear	Side	Spreaders	Ploughs	Snow blowers	Municipal	Industry
	Compact	Truck mounted	Compact	Truck mounted								
Bucher Municipal												
Federal Signal												
Alamo												
Douglas Dynamics												
Terberg-RosRoca												
Aebi-Schmidt												
Faun												
Fayat												
Hako												
Boschung												
Cappellotto												
Kaiser												
Zoomlion												

Net sales by region

Bucher Municipal

CHFm



Key figures

Bucher Municipal

CHFm	January - June				Change in % ²⁾	Full year 2019
	2020	2019	%	% ¹⁾		
Order intake	225	263	-14.3	-9.2	-13.8	520
Net sales	215	260	-17.4	-12.5	-16.3	541
Order book	165	183	-9.6	-4.4	-8.2	159
Operating profit (EBITDA) as % of net sales	13 5.8%	26 10.2%	-52.7			55 10.2%
Operating profit (EBIT) as % of net sales	8 3.6%	22 8.5%	-64.5			46 8.4%
Employees at closing date	2'309 ³⁾	2'271	1.7		-6.9	2'370

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

³⁾ 2'314 employees (FTEs), of whom 5 on short-time work

Improved market climate for the remainder of the year

Bucher Municipal: Outlook for 2020

Resuming activities in the second half of the year

- Easing of restrictions by authorities in important markets
- Supply chain largely working again

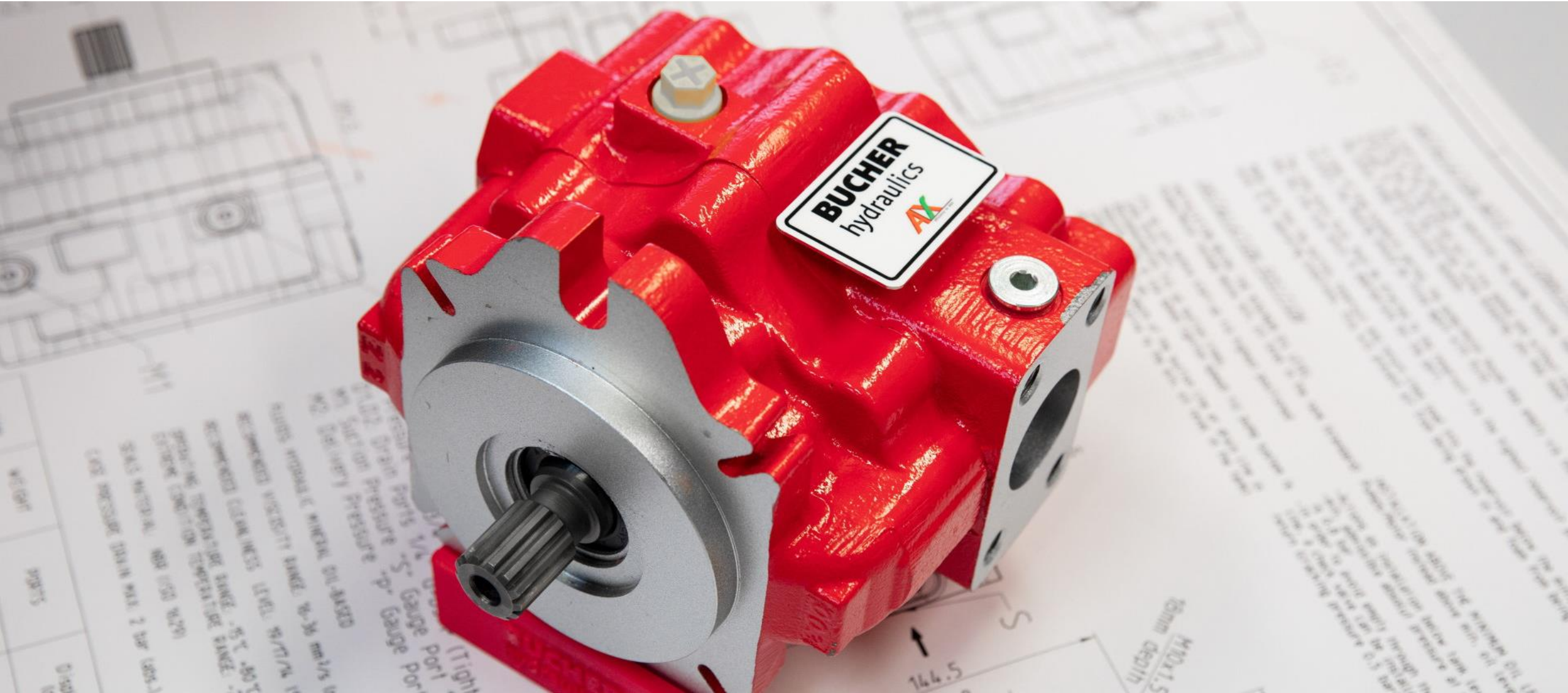
Strategic projects

- “One company – one brand”
- Launch of new electric compact sweeper “CityCat V20e”
- Integration of Eurovoirie
- Greater efficiency due to modularisation

For 2020: Sales to recover in the second half compared to the first six months of the year; operating profit margin in the mid-single-digit range

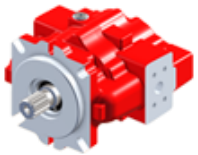
Bucher Hydraulics

The new AX pumps and motors



Customised drive systems

Bucher Hydraulics



Pumps



Valves



Subsystems



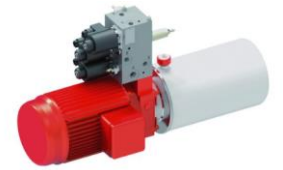
Tailor-made
customer solutions



Motors



Cylinders



Power packs

Agricultural machinery



Construction equipment



Materials handling



Industry



Other segments: Mining/tunnelling, energy technology, municipal vehicles, elevator technology, high-voltage switch gear

Leading manufacturer with wide range of products

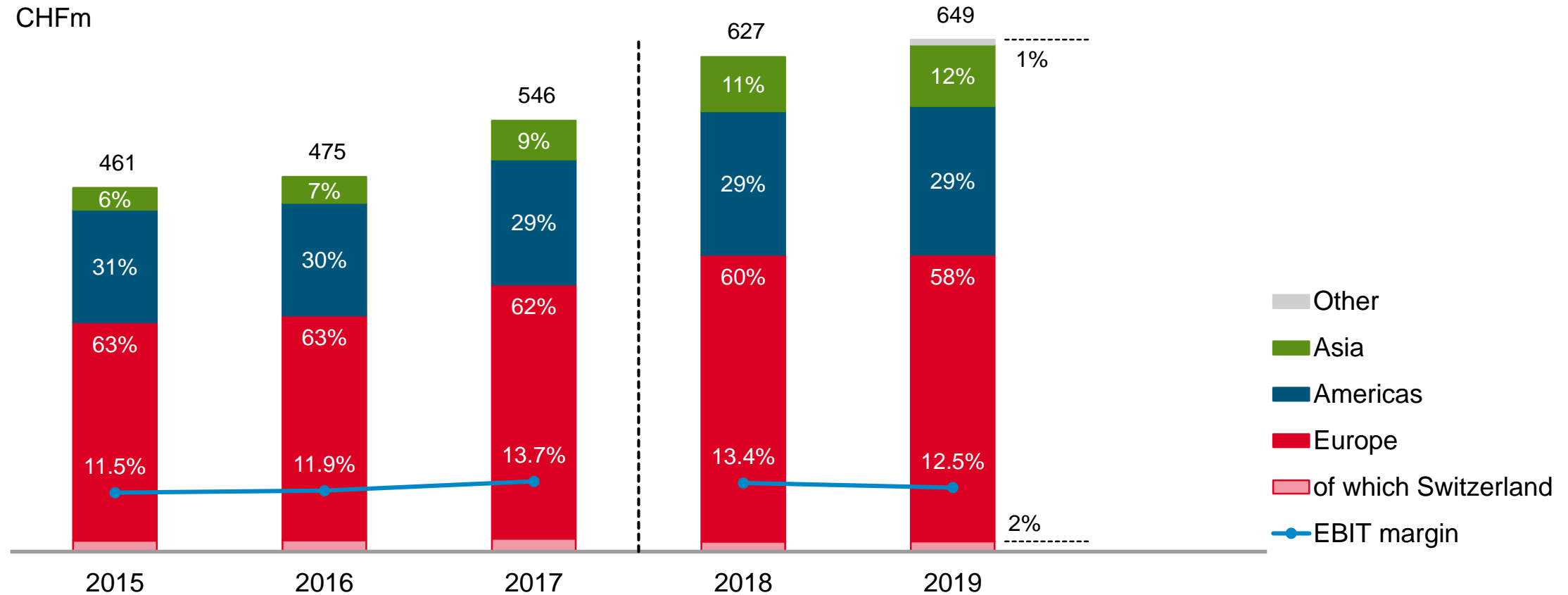
Bucher Hydraulics

Competitors	Pumps			Valves						Motors & cylinders			Accessories				Power packs	
	Piston	Vane	Gear	Industrial (Cetop)	Servo	Directional spool	Cartridge	HIC	Special	Gear	Piston	Cylinders	Electronics	Accumulators	Filters	Other	Compact	Contracting
Bucher Hydraulics																		
Parker (USA)																		
Eaton (USA)																		
Rexroth (DE)																		
Danfoss (DK)																		
Hydac (DE)																		
HAWE (DE)																		
Dana (IT)																		
Interpump (IT)																		
Argo-Hytos (DE)																		
Moog (USA)																		
Concentric (SE)																		
Husco (USA)																		
Sun Hydraulics (USA)																		
Hydraforce (USA)																		

Net sales by region

Bucher Hydraulics

CHFm



Key figures

Bucher Hydraulics

CHFm	January - June				Full year
	2020	2019	%	% ¹⁾	2019
Order intake	259	301	-14.0	-10.5	564
Net sales	268	352	-23.9	-20.8	649
Order book	100	149	-32.6	-29.6	113
Operating profit (EBITDA) as % of net sales	36 13.6%	56 15.9%	-35.2		102 15.8%
Operating profit (EBIT) as % of net sales	25 9.5%	45 12.8%	-43.8		81 12.5%
Employees at closing date	2'278 ²⁾	2'864	-20.5		2'766

¹⁾ Adjusted for currency effects

²⁾ 2'558 employees (FTEs), of whom 280 on short-time work

Gradual stabilisation of hydraulics market

Bucher Hydraulics: Outlook for 2020

Lower business volume due to reductions and closures among machinery manufacturers

- Gradual recovery in the further course of the year, but demand below the prior-year level
- Early measures and flexible cost structure help to adapt to lower capacity utilisation

Investments in the future

- Development of innovative AX axial piston line, particularly suitable for electrified machines
- Increasing focus on electrohydraulics
- Ongoing expansion of the product line in the lower price segment

For 2020: Sales decline comparable to that in the first half of the year; operating profit margin nonetheless in the high-single-digit range

Bucher Emhart Glass

Complete "End to End" production line



Glass container manufacturing equipment

Bucher Emhart Glass

Hot End



Gob forming

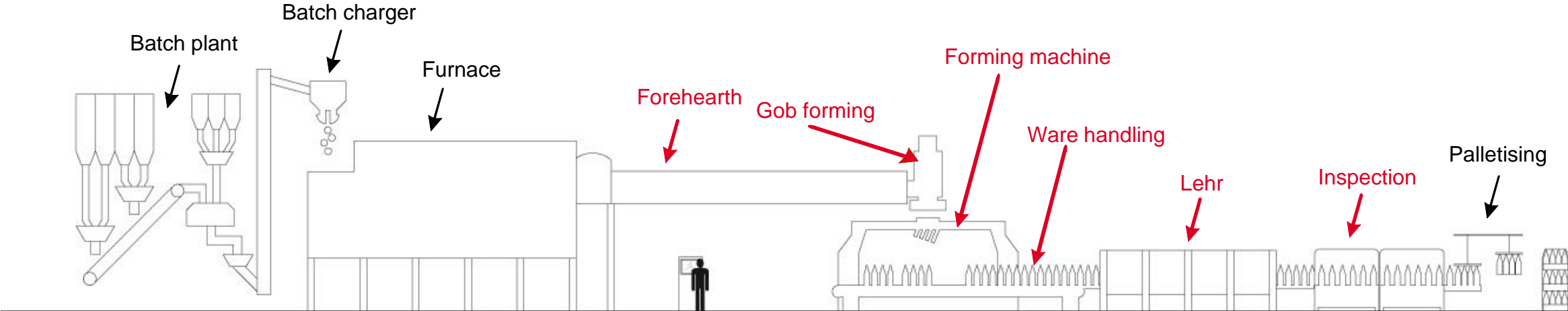


Glass-forming machine

Cold End



Inspection



Glass container manufacturing process

World's leading machinery manufacturer

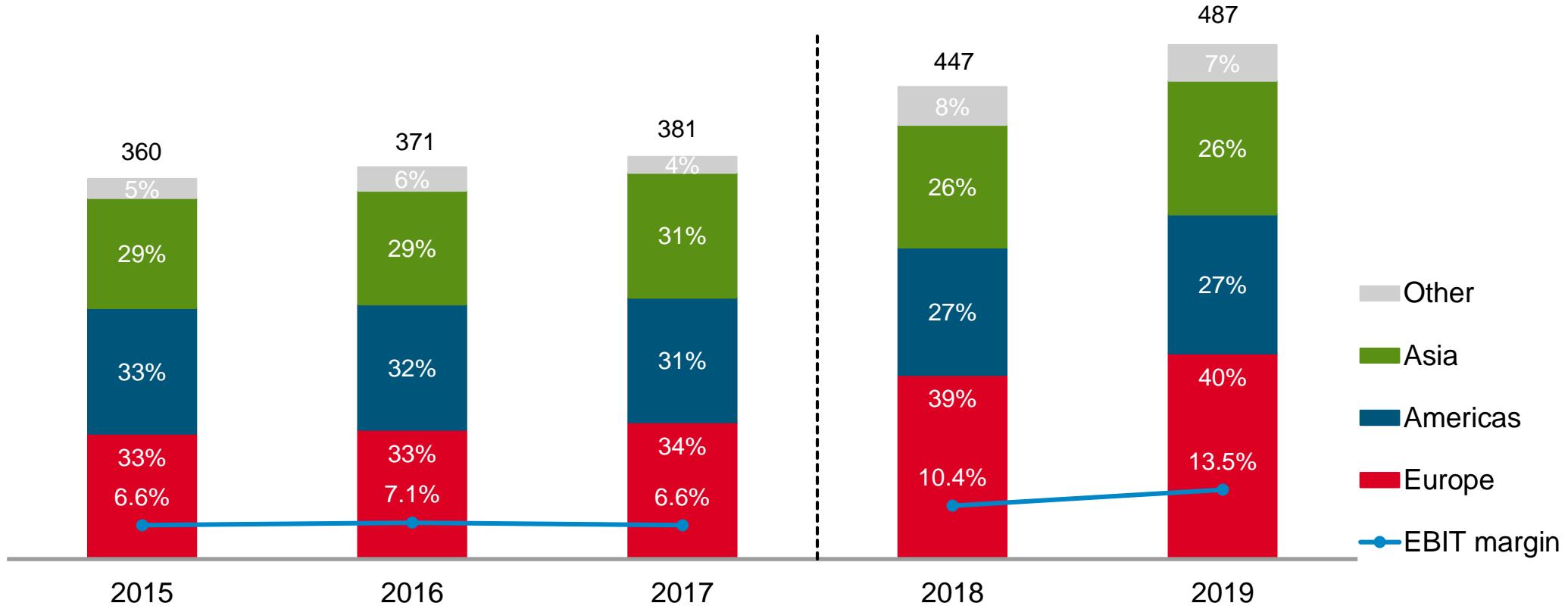
Bucher Emhart Glass

Competitors	Hot end								Cold end			
	IS forming machine											
	Refractory	Forehearth	Feeder & shear	NIS	BIS	AIS	IS	Ware handling	Lehr	Inspection	Palletising	Wrapping
Bucher Emhart Glass												
Bottero (IT)												
Heye (DE)												
Sklostroj (CZ)												
BDF (IT)												
Competitors (CN)												
Tiama (FR)												
PSR (UK)												

Net sales by region

Bucher Emhart Glass

CHFm



Key figures

Bucher Emhart Glass

CHFm	January - June				Change in	Full year
	2020	2019	%	% ¹⁾	% ²⁾	2019
Order intake	134	311	-56.8	-54.3	-54.4	524
Net sales	179	258	-30.5	-26.4	-26.1	487
Order book	214	284	-24.6	-20.1	-19.5	271
Operating profit (EBITDA) as % of net sales	20 11.0%	37 14.3%	-46.5			74 15.3%
Operating profit (EBIT) as % of net sales	15 8.4%	32 12.5%	-53.3			66 13.5%
Employees at closing date	1'694	1'753	-3.4		-3.1	1'770

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and divestment effects

Only very slow recovery of demand

Bucher Emhart Glass: Outlook for 2020

Cautiousness amongst glass container manufacturers to expand and modernise their production lines

- In general more repairs of existing installations
- Further capacity adaptation and reduction of headcount in China
- Partial reopening of borders allows negotiation of major projects and installation of equipment to be resumed

Further strengthening of market position

- Construction of first complete “End to End” production lines
- Expansion of services, e.g. “Training on glass”

For 2020: Recovery of sales in the second half of the year compared with the first half thanks to good order book; operating profit margin in line with first six months

Individual businesses

Bucher Specials

Bucher Vaslin



Winemaking equipment



Bucher Unipektin



Equipment for fruit juice processing, beer filtration and drying



Bucher Landtechnik



Agricultural distributorship in Switzerland



Jetter

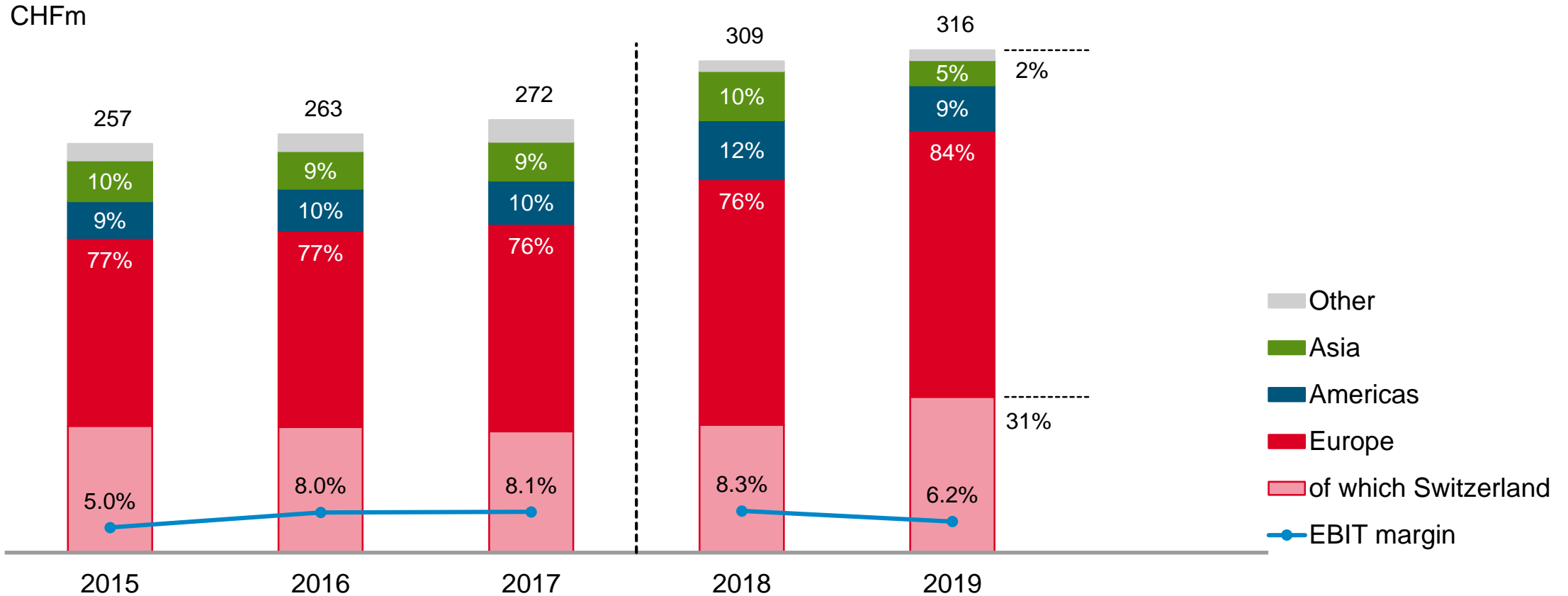


Automation solutions



Net sales by region

Bucher Specials



Key figures

Bucher Specials

CHFm	January - June				Change in	Full year
	2020	2019	%	% ¹⁾		
Order intake	127	164	-22.4	-20.2	-21.6	324
Net sales	137	145	-5.6	-3.4	5.3	316
Order book	72	91	-21.8	-19.3	-21.0	82
Operating profit (EBITDA) as % of net sales	7 5.0%	8 5.6%	-17.1			25 7.8%
Operating profit (EBIT) as % of net sales	5 3.4%	6 4.1%	-23.3			20 6.2%
Employees at closing date	908 ³⁾	971	-6.5		-10.1	948

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

³⁾ 967 employees (FTEs), of whom 59 on short-time work

High levels of uncertainty in beverage industry

Bucher Specials: Outlook for 2020

Dominated by project postponements and a low order book at mid-year

- Bucher Vaslin: Lower investments in the main markets of France, Italy, Spain and the USA due to suspension of restaurants' business and sales directly from cellars
- Bucher Unipektin: Project postponements by customers
- Bucher Landtechnik: Continuously solid development despite the uncertainties regarding agricultural policy and certain difficulties with suppliers
- Jetter: Demand continues to be on a lower level, impacted by the development at Bucher Emhart Glass

For 2020: Marked decline in sales compared to 2019; operating profit margin positive, thanks to various cost-savings initiatives

Outlook and trends

Gradual recovery of business performance

Group: Outlook for 2020

High uncertainties and severely limited visibility due to COVID-19

- **Kuhn Group:** Decline in sales in line with the first six months; operating profit margin lower than in the first half of the year, due to seasonal effects
- **Bucher Municipal:** Sales to recover in the second half compared to the first six months of the year; operating profit margin in the mid-single-digit range
- **Bucher Hydraulics:** Sales decline comparable to that in the first half of the year; operating profit margin nonetheless in the high-single-digit range
- **Bucher Emhart Glass:** Recovery of sales in the second half of the year compared with the first half thanks to good order book; operating profit margin in line with first six months
- **Bucher Specials:** Marked decline in sales compared to 2019; operating profit margin positive, thanks to various cost-savings initiatives

For 2020: Sales decline in line with the first half of the year; operating profit margin in the mid-single-digit range

Outlook and trends

Long-term earnings targets

	IFRS				FER				
	Full year				Full year		January - June		Targets
EBIT margin in %	2015	2016	2017	2018	2018	2019	2019	2020	
Kuhn Group	10.2	8.0	8.6	8.1	8.7	8.3	9.2	8.8	12
Bucher Municipal	8.4	3.7	6.1	9.0	9.5	8.4	8.5	3.6	9
Bucher Hydraulics	11.5	11.9	13.7	13.1	13.4	12.5	12.8	9.5	12
Bucher Emhart Glass	6.6	7.1	6.6	10.1	10.4	13.5	12.5	8.4	10
Bucher Specials	5.0	8.0	8.1	7.8	8.3	6.2	4.1	3.4	10
Bucher Industries	8.3	7.1	8.6	9.1	9.5	9.2	9.3	7.0	>10
Group and divisions	2015	2016	2017	2018	2018	2019	2019	2019	Targets
RONOA after tax	11.5	9.7	13.2	15.7	19.6	19.0	20.4	11.6	>20

Regionally divergent trends

require a geographically adapted strategy

Trends



Developed countries

Efficiency / sustainability

Emerging markets

Mechanisation / urbanisation

Topics



- Stricter environmental regulations
- Innovation
- Sensors, data, networking
- Electrification

- Market access
- Localisation
- Compliance

Selected projects



- Precision farming
- “CityCat V20e”
- AX hydraulic pumps and motors
- “End to End” glass forming

- Kuhn Group in the east
- Expansion of Bucher Municipal Asia
- Selected acquisitions

Contact for investors and financial analysts
T +41 58 750 15 50
ir@bucherindustries.com
bucherindustries.com