

Press release

Niederweningen, 4 March 2020

Good result despite lower demand

The financial year 2019 was defined by a challenging market environment, with demand still very high but slowing. Sales were up again slightly on the excellent previous year. The Group's operating profit margin was 9.2%. Profit for the year was CHF 228 million. The board of directors proposes a dividend of CHF 8.00 per registered share.

Group

CHF million	2019	2018	Change in		
			%	% ¹⁾	% ²⁾
Order intake	3'008	3'206	-6.2	-3.6	-5.6
Net sales	3'106	3'065	1.4	4.0	1.8
Order book	1'019	1'137	-10.4	-7.8	-7.9
Operating profit (EBITDA)	368	374	-1.6		
<i>as % of net sales</i>	<i>11.9%</i>	<i>12.2%</i>			
Operating profit (EBIT)	285	292	-2.6		
<i>as % of net sales</i>	<i>9.2%</i>	<i>9.5%</i>			
Profit for the year	228	226	0.9		
<i>as % of net sales</i>	<i>7.3%</i>	<i>7.4%</i>			
Earnings per share in CHF	21.92	21.80	0.6		
Operating free cash flow	163	101	61.6		
Net cash/debt	215	159	34.7		
Total assets	2'545	2'543	0.1		
Equity	1'393	1'296	7.5		
<i>Equity ratio</i>	<i>54.7%</i>	<i>51.0%</i>			
<i>Return on equity (ROE)</i>	<i>17.0%</i>	<i>17.8%</i>			
Net operating assets (NOA)					
Average	1'214	1'156	5.1		
<i>Return on net operating assets (RONOA) after tax</i>	<i>19.0%</i>	<i>19.6%</i>			
Number of employees at 31 December	13'107	13'054	0.4		-0.6
Average number of employees	13'280	12'636	5.1		2.6

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and divestment effects

Record sales despite weaker demand Demand for Bucher Industries' products and services declined in the challenging market environment that defined 2019. The Group's order intake was down from the previous year's very high level. Group sales rose again slightly to reach a new record high. Operating profit amounted to CHF 285 million and the operating profit margin was down slightly year on year at 9.2%. Profit for the year was CHF 228 million, in line with the previous year. Earnings per share were CHF 21.92.

Solid financial situation with brisk investment activity In 2019, the Group significantly increased its capital expenditure on expanding production infrastructure and modernising and automating production equipment. This led to a slight increase in net operating assets as a percentage of sales. At 19.0%, the return on net operating assets (RONOA) after tax once again significantly exceeded the cost of capital. A further CHF 20 million was invested in acquisitions. In spite of this brisk investment activity and a higher dividend payment compared to the previous year, the free cash flow was positive, leading to an increase in net cash/debt to CHF 215 million. With an equity ratio of 55% and a continued high level of liquid assets, the company remains very solid.

Strengthening the divisions The Group carried out some smaller but strategically important transactions in 2019. Bucher Municipal acquired 100% of Zynkon, a Chinese manufacturer of sewer cleaning vehicles. Towards the end of the reporting period, the division announced it would acquire its long-standing distributor for municipal vehicles in France, Eurovoirie. It completed the acquisition in January 2020. Bucher Emhart Glass reinforced its business with the acquisition of Symplex Vision Systems. In order to focus on the core business of manufacturing and inspection of glass containers, Bucher Emhart Glass sold its profitable refractory business to the Austrian Rath Group. Jetter acquired the Hungarian company Elan Systems, specialised in automation solutions with a focus on mobile automation. At the beginning of February 2020, Bucher Unipektin acquired the Spanish company Luzzysa, a manufacturer of equipment for processing citrus fruit.

Kuhn Group

CHF million	2019	2018	Change in		
			%	% ¹⁾	% ²⁾
Order intake	1'141	1'210	-5.7	-2.9	-4.6
Net sales	1'177	1'204	-2.3	0.7	-1.1
Order book	411	461	-10.7	-8.2	-8.2
Operating profit (EBITDA)	135	141	-4.1		
<i>as % of net sales</i>	<i>11.5%</i>	<i>11.7%</i>			
Operating profit (EBIT)	98	104	-5.9		
<i>as % of net sales</i>	<i>8.3%</i>	<i>8.7%</i>			
Number of employees at 31 December	5'188	5'352	-3.1		-3.1
Average number of employees	5'321	5'334	-0.2		-1.2

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Difficult North American market The division was faced with heterogeneous and increasingly challenging markets overall in the reporting period. The situation in the USA deteriorated further and kept net income of small and medium-sized agricultural producers in particular under pressure. Demand for agricultural machinery for the dairy and livestock industry in Europe was satisfactory, with France and Poland providing positive impetus. The division performed well in Brazil. In this mixed but increasingly demanding environment, sales of Kuhn Group fell overall. The operating profit margin was slightly below the level for 2018, as efficiency gains in Europe and Brazil and higher prices in Europe were not sufficient to offset the impact of the difficult North American market situation.

Bucher Municipal

CHF million	2019	2018	Change in		
			%	% ¹⁾	% ²⁾
Order intake	520	556	-6.4	-3.6	-4.6
Net sales	541	539	0.4	3.3	2.4
Order book	159	183	-13.3	-10.5	-11.6
Operating profit (EBITDA)	55	60	-8.3		
<i>as % of net sales</i>	<i>10.2%</i>	<i>11.1%</i>			
Operating profit (EBIT)	46	51	-10.4		
<i>as % of net sales</i>	<i>8.4%</i>	<i>9.5%</i>			
Number of employees at 31 December	2'370	2'215	7.0		1.8
Average number of employees	2'340	2'148	8.9		6.3

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Good capacity utilisation despite weaker demand Demand for municipal vehicles declined in 2019 compared with the very strong previous year. However, thanks to the strong order book at the beginning of the year and good delivery capacity, sales maintained the exceptionally high level of the previous year. Capacity utilisation was good at all production sites. The operating profit margin decreased year on year, due to the consolidation of Zynkon, integration costs and higher expenditure for research and development.

Bucher Hydraulics

CHF million	2019	2018	Change in		
			%	% ¹⁾	% ²⁾
Order intake	564	700	-19.5	-18.1	-21.6
Net sales	649	627	3.5	5.1	1.3
Order book	113	201	-43.6	-42.5	-42.5
Operating profit (EBITDA)	102	104	-1.5		
<i>as % of net sales</i>	<i>15.8%</i>	<i>16.6%</i>			
Operating profit (EBIT)	81	84	-4.2		
<i>as % of net sales</i>	<i>12.5%</i>	<i>13.4%</i>			
Number of employees at 31 December	2'766	2'835	-2.4		-2.4
Average number of employees	2'844	2'555	11.3		4.2

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Slight increase in sales Demand for hydraulic solutions and components fell sharply in the reporting period compared with the exceptionally dynamic previous year. Order intake at Bucher Hydraulics was down in most markets and segments, with the decline particularly strong in the first half of the year. Thanks to the strong order book at the start of the reporting period and the full-year consolidation of Bucher Hydraulics Wuxi, sales were again higher than in the very good prior year. The operating profit margin was lower than in 2018, due to higher material prices and costs relating to product development and capacity expansion, and the integration of Bucher Hydraulics Wuxi.

Bucher Emhart Glass

CHF million	2019	2018	Change in		
			%	% ¹⁾	% ²⁾
Order intake	524	499	4.9	8.8	9.3
Net sales	487	447	9.1	13.1	12.2
Order book	271	236	14.7	18.8	20.1
Operating profit (EBITDA)	74	56	32.9		
<i>as % of net sales</i>	<i>15.3%</i>	<i>12.5%</i>			
Operating profit (EBIT)	66	47	40.6		
<i>as % of net sales</i>	<i>13.5%</i>	<i>10.4%</i>			
Number of employees at 31 December	1'770	1'696	4.4		4.9
Average number of employees	1'755	1'652	6.2		6.2

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and divestment effects

Record-high operating profit Demand for glass containers continued to be strong in the reporting year, leading glass container manufacturers to invest further in expanding and modernising their production lines. Momentum eased off at a very high level in the last few months of 2019. Thanks to increased capacities through production optimisation, the division was able to raise sales again significantly. The operating profit margin reached a record 13.5%. This figure includes one-time effects from the divestment of the refractory business and an adjustment to pension costs, which together made a net positive contribution of CHF 5 million to operating profit. Even without these one-time effects, the operating profit margin of 12.5% once again significantly exceeded the previous year's very good level, thanks to the fully utilised production capacities, technologically sophisticated project business and efficiency gains in China.

Bucher Specials

CHF million	2019	2018	Change in		
			%	% ¹⁾	% ²⁾
Order intake	324	301	7.7	9.5	5.2
Net sales	316	309	2.3	4.1	-0.4
Order book	82	74	10.3	11.7	11.2
Operating profit (EBITDA)	25	31	-19.5		
<i>as % of net sales</i>	<i>7.8%</i>	<i>10.0%</i>			
Operating profit (EBIT)	20	26	-24.1		
<i>as % of net sales</i>	<i>6.2%</i>	<i>8.3%</i>			
Number of employees at 31 December	948	888	6.8		4.6
Average number of employees	953	884	7.8		4.5

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Acquisition-driven sales growth The financial year for Bucher Specials was characterised by lower order intake and sales in Bucher Unipektin's project business at the beginning of the reporting period. Demand picked up again in the second half of the year. Bucher Vaslin, Bucher Landtechnik and Jetter performed positively overall. The division's sales rose accordingly over the previous year, supported by the acquisition of the import business of Grunderco and Elan Systems. Due to the challenging environment for Bucher Unipektin and acquisition-related integration costs, as well as higher expenditure for the development of new products and solutions, the operating profit margin was significantly below the prior-year figure.

Outlook for 2020

The Group continues to expect economic uncertainties and diverging market developments for the divisions this year. Demand for the Group's products is expected to remain at a solid level overall. **Kuhn Group** anticipates another challenging year with sales coming in somewhat below 2019. With a marginal improvement expected in the US market from the current very low level, the division's operating profit margin is likely to increase slightly. **Bucher Municipal** anticipates that demand in 2020 will weaken from the strong levels seen in previous years but will remain good. Thanks to a number of new, innovative products and the full-year consolidation of Zynkon and Eurovoirie, the division expects to achieve sales in line with 2019. The operating profit margin should increase slightly due to the cost optimisation measures initiated and the streamlining of the product range. **Bucher Hydraulics** anticipates a further downward trend in the hydraulics market in the current year. The division therefore expects a decline in sales in the high single-digit percentage figures. The operating profit margin is thus also likely to be down on 2019. **Bucher Emhart Glass** expects demand to normalise in 2020, following the extraordinary momentum of the last two years. Thanks to the record order book and continued strong demand, the division anticipates sales in line with the previous year. The operating profit margin is likely to be down on the record result of 2019 after adjusting for one-

time effects. **Bucher Specials** anticipates diverging market developments. Overall, the division expects moderate growth in sales for 2020, supported by the acquisition of Elan and Luzzysa. The operating profit margin is likely to recover from the low level seen in 2019. At **Group** level, sales for 2020 are expected to be slightly below 2019's record figure, while the operating profit margin is likely to be in line with that of 2019. The profit for the year is expected to be below the prior-year level.

Consistent dividend policy

The board of directors proposes a dividend of CHF 8.00 per registered share to the annual general meeting on 24 April 2020. This is unchanged compared with the previous year. This proposal is in keeping with a consistent dividend policy and takes account of both the profit for the year 2019 and the outlook for the current year.

Annual general meeting

The annual general meeting of Bucher Industries AG will be held on 24 April 2020 at the Hotel Mövenpick in Regensdorf, starting at 3.30 p.m. At the annual general meeting, the board of directors will propose that Philip Mosimann, its chairman, and the current members of the board of directors and of the compensation committee be re-elected. Further resolutions to be proposed can be found in the invitation to the annual general meeting, which will be sent out to shareholders on 16 March 2020. Shareholders registered in the company's share register on 20 April 2020 will be entitled to vote at the annual general meeting. On 21 April 2020 the share register will be closed for entries. Shares purchased on or after 28 April 2020 are not entitled to a dividend. The dividend will be paid out on 30 April 2020. The 2019 annual report will be available for download from 4 March 2020, and the invitation to the annual general meeting from 16 March 2020, at www.bucherindustries.com. A printed version of the 2019 annual report will be available from 4 March 2020.

Contact for investors and financial analysts

Manuela Suter, CFO

Phone +41 43 815 80 50

ir@bucherindustries.com

Contact for media

Silvia Oppliger, Head of Group Communications

Phone +41 43 815 80 40

media@bucherindustries.com

Simply great machines

Bucher Industries is a global technology group with leading market positions in speciality areas of mechanical and vehicle engineering. The company's operations include specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry and for wine and fruit juice production, as well as automation technology. The company's shares are traded on SIX Swiss Exchange (SIX: BUCN). For further information, please visit www.bucherindustries.com.

***Additional performance measures:** Internally and externally Bucher Industries uses key figures that are not defined by Swiss GAAP FER. The composition and calculation of the individual key figures are to be found on www.bucherindustries.com/en/additional-performance-measures.*