

Annual press and analysts' conference

6 March 2019



Systems engineering for beverage industry

Mobile mechanisation

Successful 2018 financial year, with double-digit percentage sales growth in all divisions

- **Kuhn Group:** differences in regional development, robust demand in the European dairy and livestock sector leading to pleasing increase in sales
- **Bucher Municipal:** sales increased by more than a quarter thanks to broad-based demand for municipal vehicles in Europe and Australia
- **Bucher Hydraulics:** robust demand for hydraulic components, mainly from construction equipment, materials handling and other mobile applications segments
- **Bucher Emhart Glass:** strong expansion of glass container production capacity globally, continuing high capacity utilisation
- **Bucher Specials:** all business units contributing to sales growth, major projects at Bucher Unipektin

Group sales increased by 16% over the prior-year level, exceeding CHF 3 billion in sales for the first time.

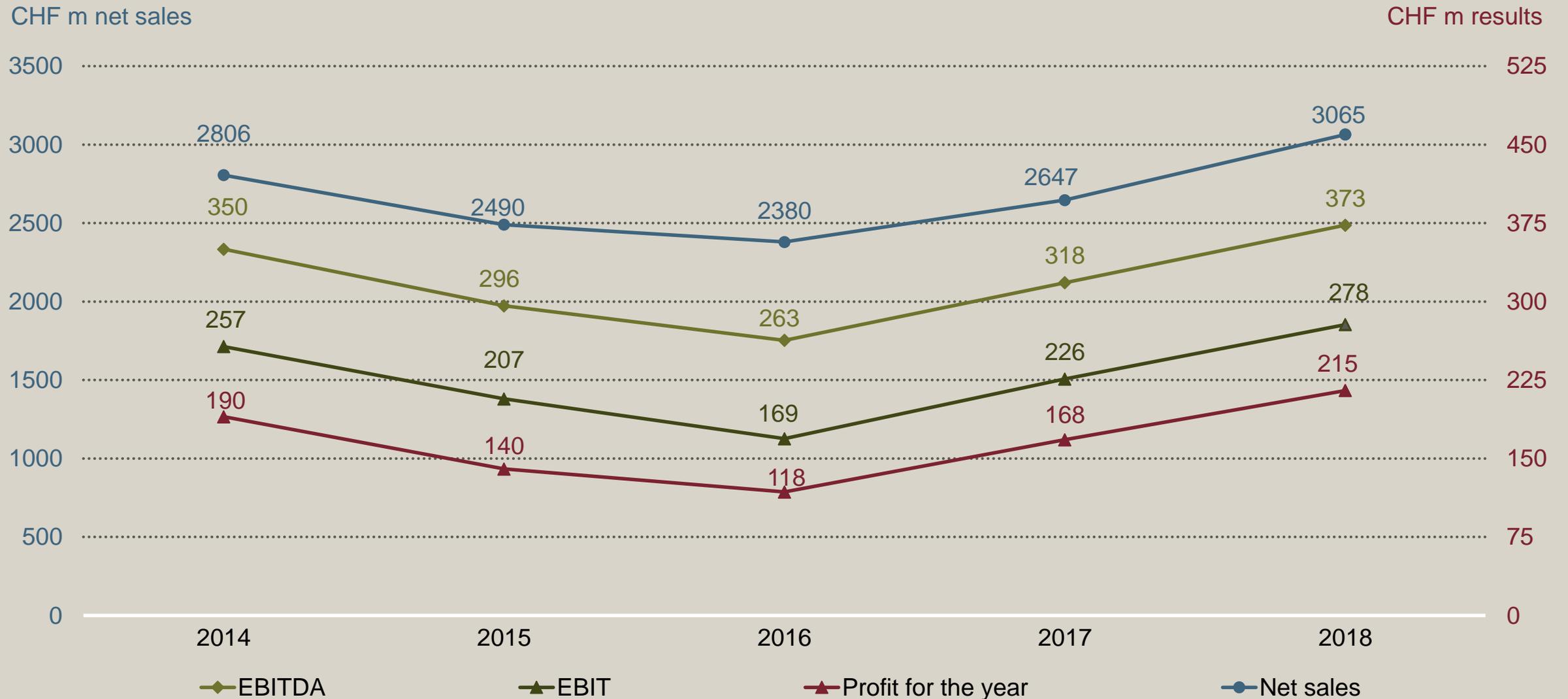
Key figures

CHF million			Change in		
	2018	2017	%	% ¹⁾	% ²⁾
Order intake	3 206	2 871	11.7	10.1	9.3
Net sales	3 065	2 647	15.8	14.2	13.4
Order book	1 137	960	18.4	15.9	14.2
Operating profit (EBITDA) as % of net sales	373 12.2%	318 12.0%	17.2		
Operating profit (EBIT) as % of net sales	278 9.1%	226 8.6%	22.6		
Employees at 31 December	13 054	12 108	7.8		4.6
Average employees during year	12 636	11 707	7.9		6.8

¹⁾ Adjusted for currency effects

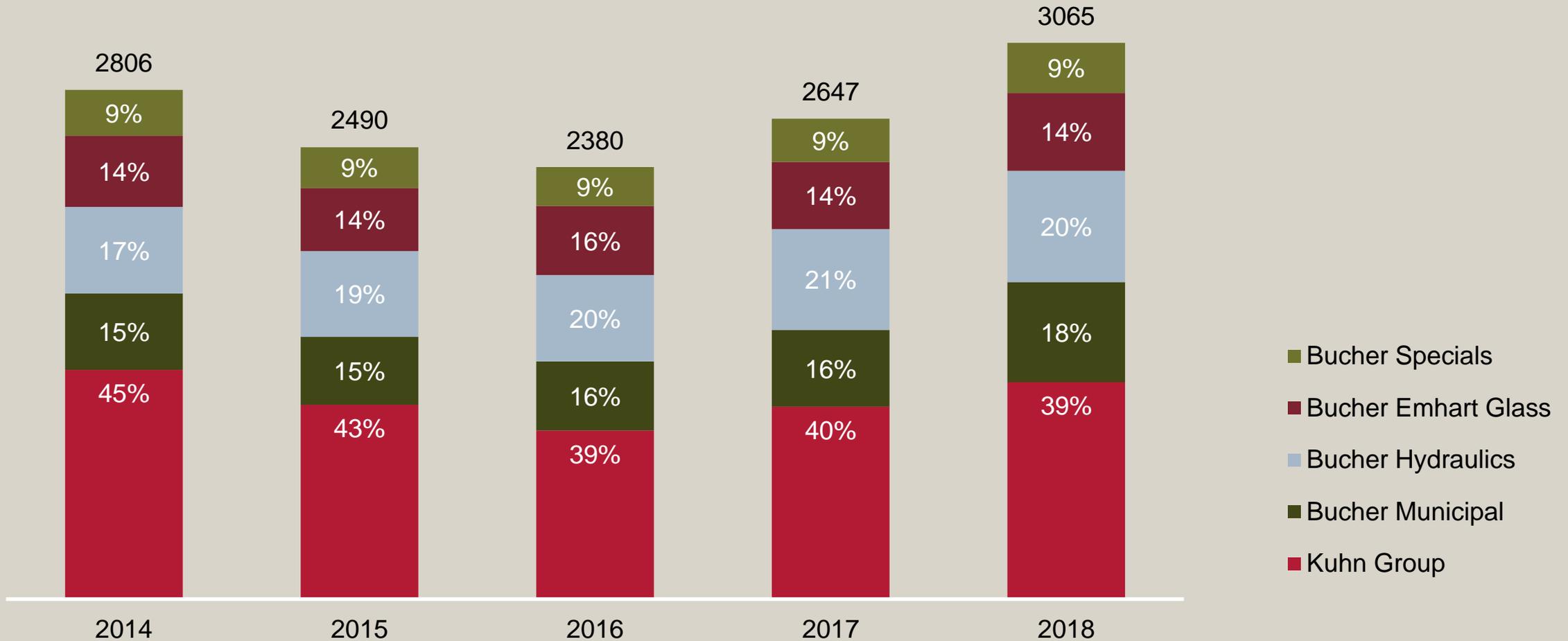
²⁾ Adjusted for currency and acquisition effects

Net sales and results

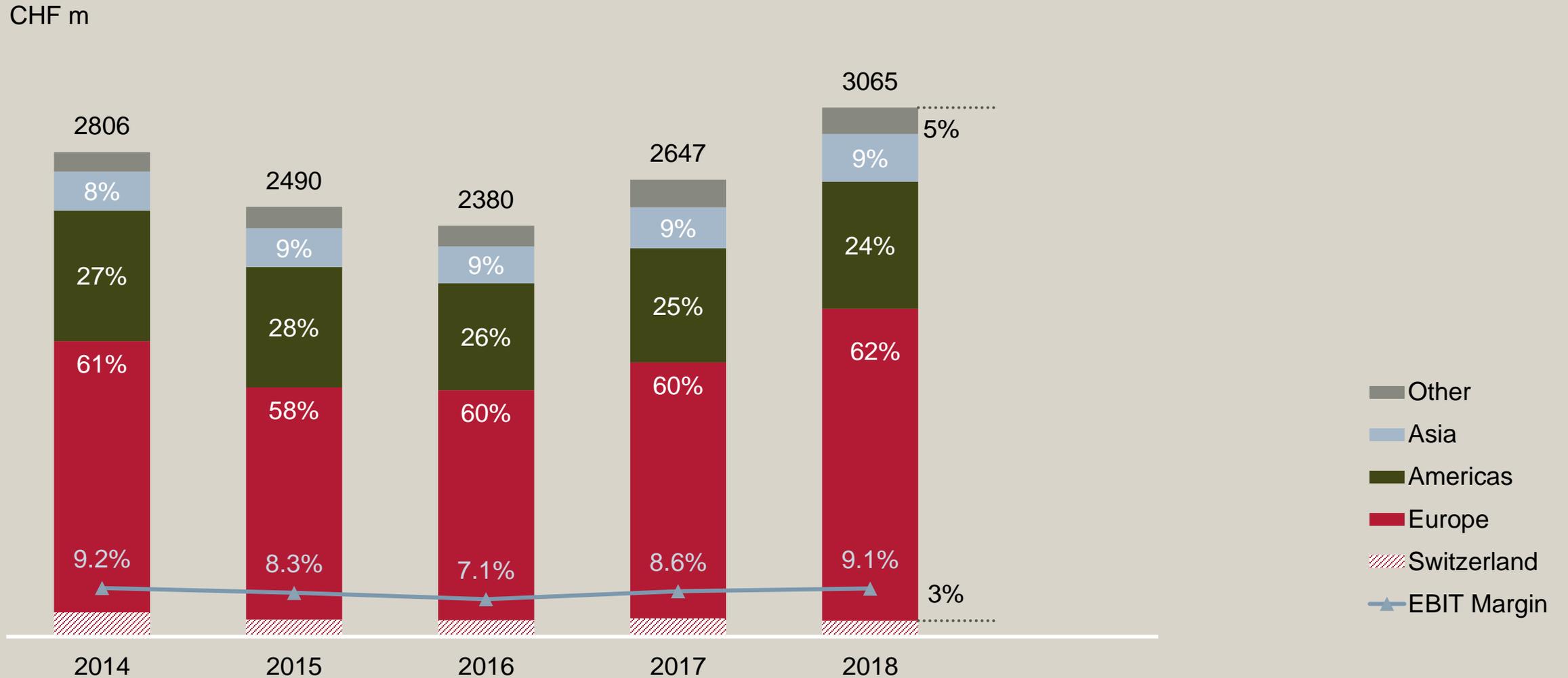


Net sales by division

CHF m

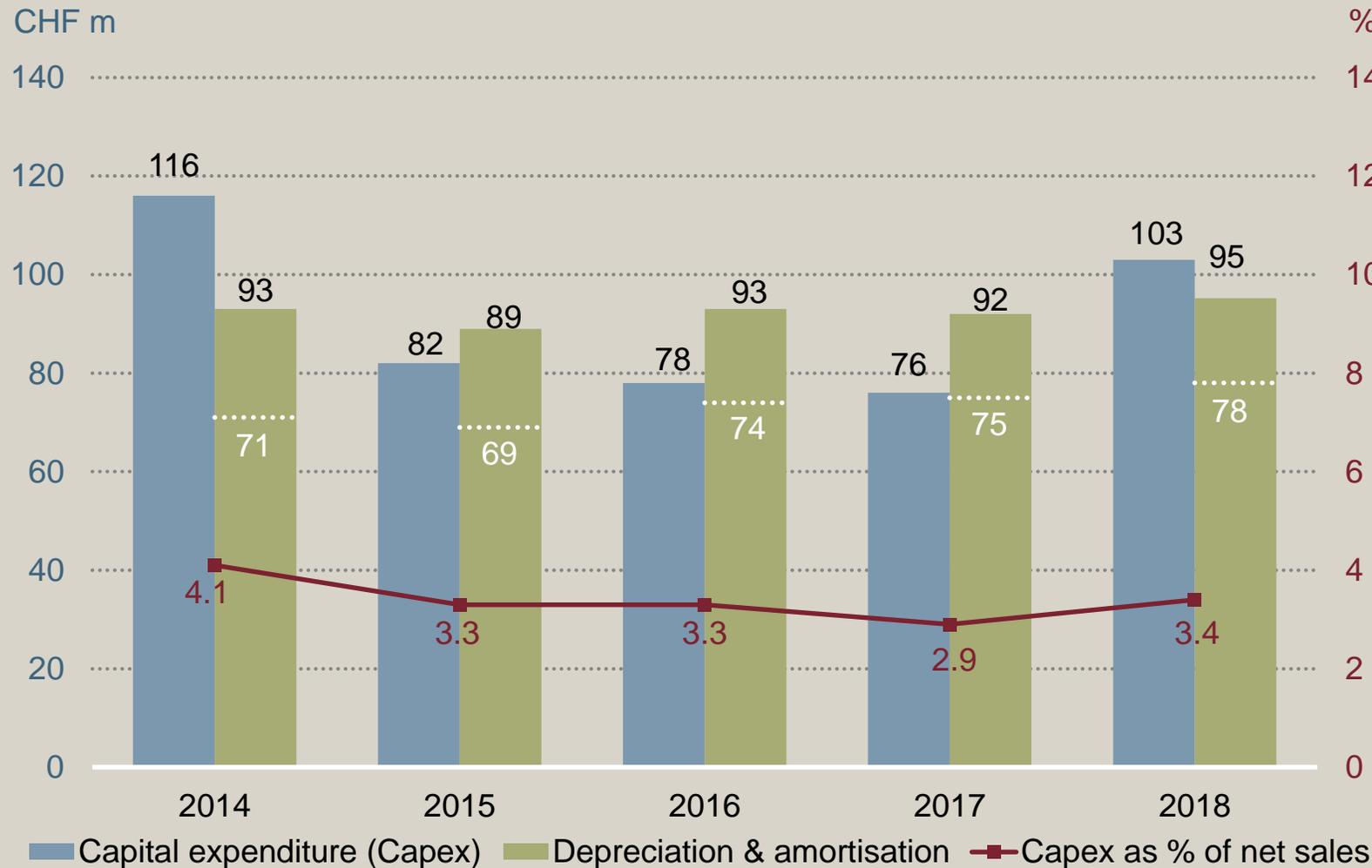


Net sales by region



Investments in the future

Fixed and intangible assets



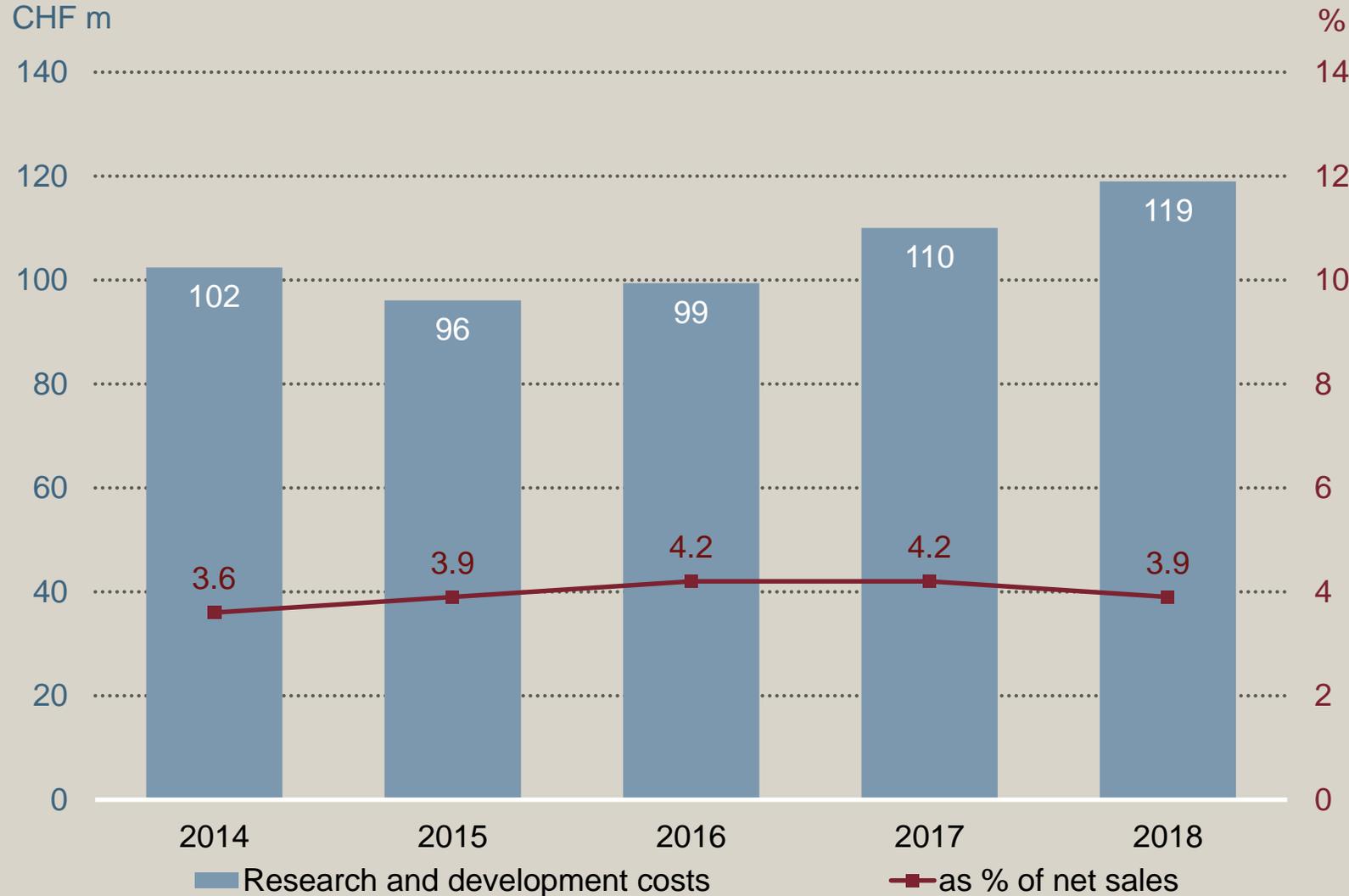
Key investment projects

- Kuhn Group – completion of new logistics centre in Saverne, France
- Bucher Municipal – additional production hall in Ventspils, Latvia
- Bucher Hydraulics – expansion of production sites in India and Italy

Comment: Investments in property, plant and equipment and intangible assets

Investments in the future

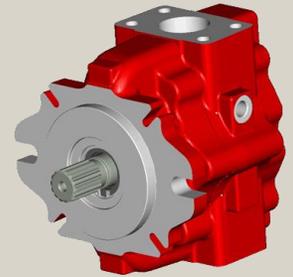
Research and development costs



Selected development projects

Bucher Emhart Glass
Flex Control Center

Bucher Hydraulics
AX motor



Bucher Municipal
Phoenix Electra



Kuhn Group Further along the digital path

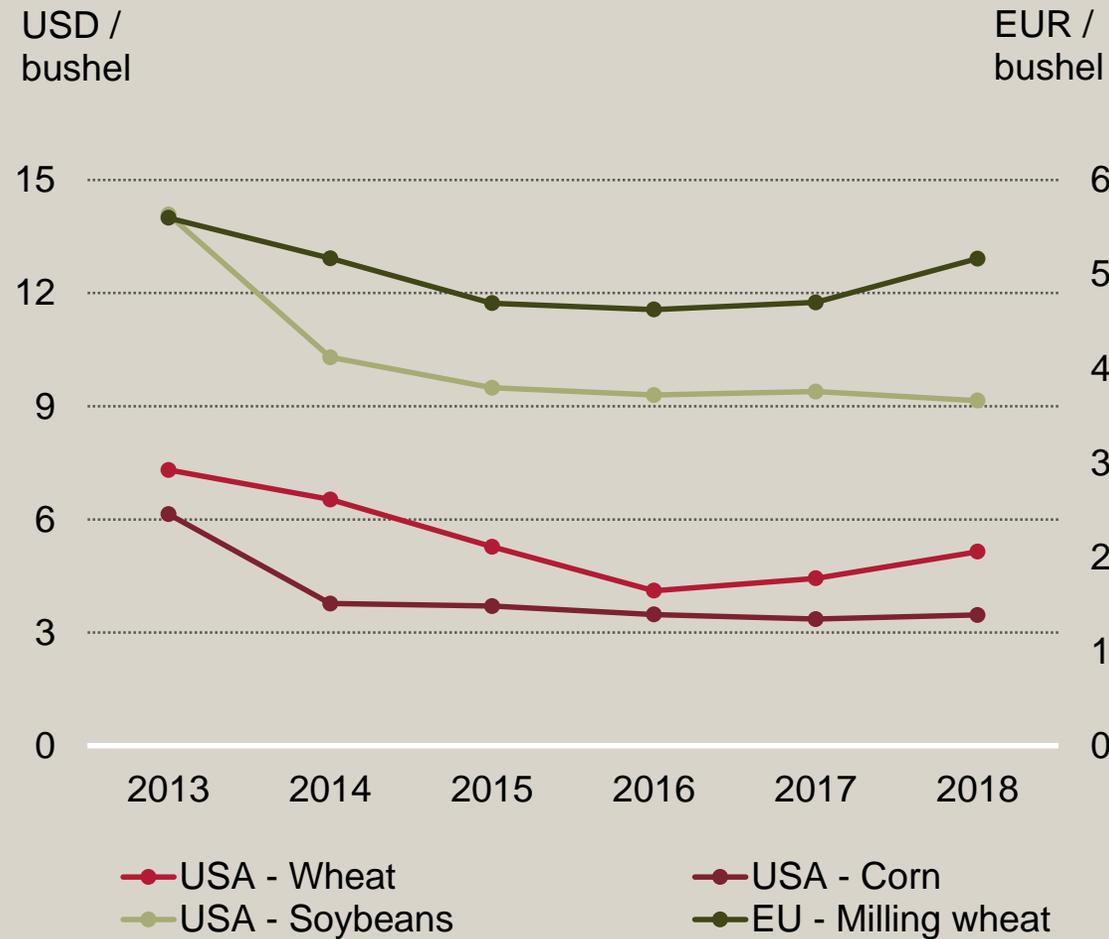
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- Moderate market growth overall, but with regional variations
 - Europe: solid trend in dairy and livestock sector with stable prices; long-lasting drought in Northern European regions has adverse effects on production of cereals and grass in the second half of the year; pleasing upturn in important French market
 - North America: persistently challenging market environment due to farmers' low incomes, high production costs and Chinese tariffs on US agricultural products
 - Brazil: market recovery in the second half of the year
- Overall continuing low prices and cautious business trend in arable sector
- Order intake up by 6% and sales by a gratifying 12%
- EBIT margin slightly down from previous year at 8.1%
 - Challenges in supply chain and in expansion of workforce
 - Low sales levels at American production sites
 - Higher prices, especially for steel

Price development Soybeans, Corn, Wheat, Milk (average prices until December 2018)

Crop Price



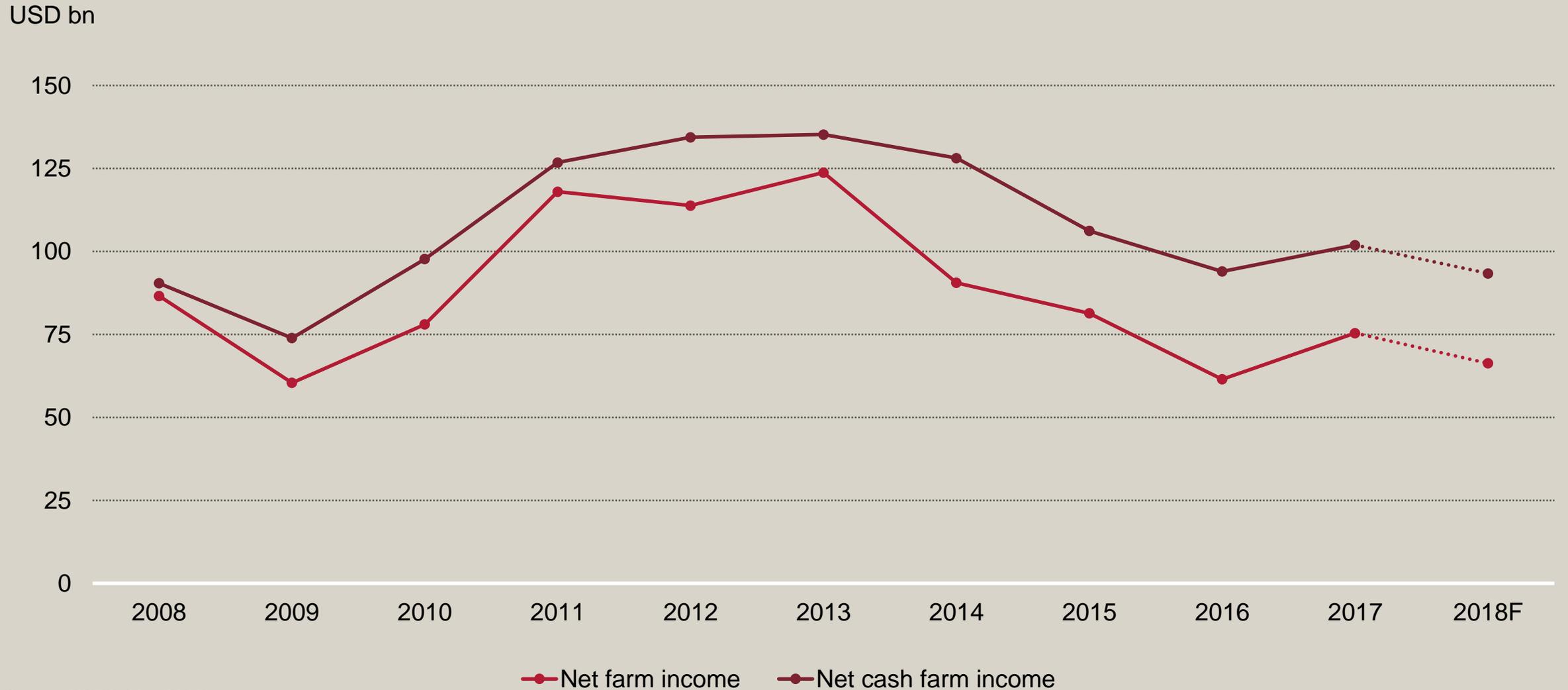
Source: USDA, AHDB (US price received / European physical price)

Milk Price



Source: www.dairyco.net, USDA

US farm income (USDA)



Source: USDA (Nov 2018)

Kuhn Group

Key figures

CHF million			Change in		
	2018	2017	%	% ¹⁾	% ²⁾
Order intake	1 210	1 138	6.3	5.3	4.8
Net sales	1 204	1 076	12.0	11.0	10.5
Order book	461	440	4.7	2.4	0.8
Operating profit (EBITDA) as % of net sales	141 11.7%	133 12.4%	5.6		
Operating profit (EBIT) as % of net sales	98 8.1%	93 8.6%	5.5		
Employees at 31 December	5 352	5 235	2.2		1.1
Average employees during year	5 334	5 075	5.1		4.9

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects



Artec, France

- Purchase of remaining 62% of shares
- Net sales¹⁾: CHF 20 million
- Employees: 60

¹⁾ Before acquisition

Bucher Municipal

More than 1 000 truck mounted sweepers produced in Dorking

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Bucher Municipal 2018 in brief

- Strong demand for municipal vehicles in the main markets of Europe and Australia
 - Significant demand for sewer cleaning vehicles throughout the year
 - Marked upturn in winter maintenance equipment due to the long winter of 2017/2018
 - Growth in sweeper and refuse collection vehicles tapering off at a high level from midyear on
- Order intake up by 14%
- Exceptionally high sales increase of 27%
 - All business units operating at close to full capacity and contributing to positive development
- Operating profit margin of 9.0%
 - Very high capacity utilisation
 - Optimised organisation for sweeper production

Bucher Municipal

Key figures

CHF million			Change in	
	2018	2017	%	% ¹⁾
Order intake	556	486	14.3	13.2
Net sales	539	426	26.6	25.5
Order book	183	165	11.2	9.7
Operating profit (EBITDA) as % of net sales	60 11.1%	37 8.7%	60.8	
Operating profit (EBIT) as % of net sales	49 9.0%	26 6.1%	85.8	
Employees at 31 December	2 215	2 014	10.0	
Average employees during year	2 148	1 885	14.0	

¹⁾ Adjusted for currency effects

Bucher Hydraulics Commitment to professional training

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Bucher Hydraulics

2018 in brief

- Extremely dynamic market, demand mainly from construction equipment, materials handling and other mobile applications segments
- New Bucher Hydraulics Wuxi joint venture in China focusing on hydraulic power packs
- Order intake up by 21%
- Sales increase by 15%
 - Consolidation of Bucher Hydraulics Wuxi contributes three percentage points
- Very high capacity utilisation in most production sites
- Operating profit margin of 13.1% slightly below high prior-year level
 - Consolidation of Bucher Hydraulics Wuxi
 - Additional costs due to very high capacity utilisation
 - Increases in materials and personnel costs

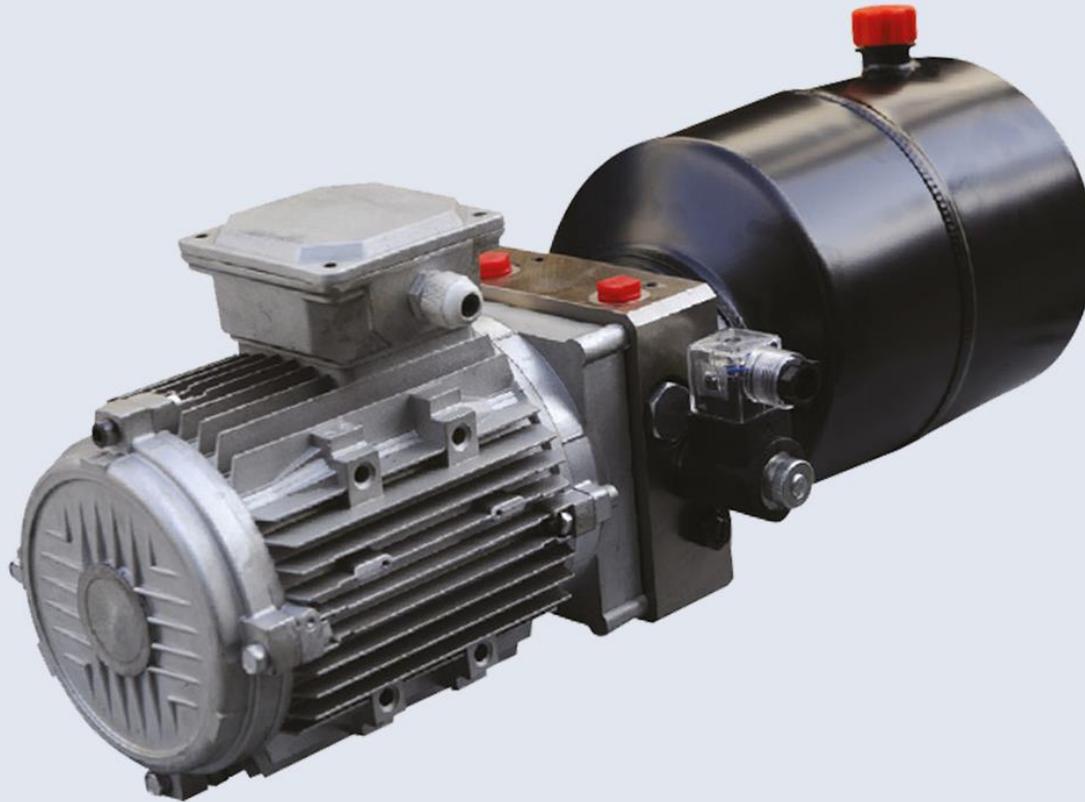
Bucher Hydraulics

Key figures

CHF million			Change in		
	2018	2017	%	% ¹⁾	% ²⁾
Order intake	700	581	20.5	19.1	16.1
Net sales	627	546	14.8	13.4	10.2
Order book	201	118	70.5	68.2	62.3
Operating profit (EBITDA) as % of net sales	104 16.5%	94 17.3%	9.6		
Operating profit (EBIT) as % of net sales	82 13.1%	75 13.7%	9.9		
Employees at 31 December	2 835	2 319	22.3		9.0
Average employees during year	2 555	2 169	17.8		12.4

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects



Wuxi Deli, China

- Joint Venture (70% held by Bucher Hydraulics)
- Net Sales¹⁾: CHF 40 million
- Employees: 300

¹⁾ Before acquisition

Bucher Emhart Glass

Strong demand for glass-forming machines

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Bucher Emhart Glass

2018 in brief

- Strong demand for glass containers
 - Growing demand for glass containers due to higher consumption caused by strong economy
 - Current trend in society towards use of recyclable glass rather than plastics
 - Glass container production capacity expanding globally
- Order intake up by 11%
- Significant increase in sales of 17%
 - Above-average increase in sales for Sanjin
 - Good co-operation with O-I
 - Inspection machinery business continues to recover
- Very pleasing operating profit margin of 10.1%
 - Very good capacity utilisation
 - Optimisation programmes and improvement at Sanjin

Bucher Emhart Glass

Key figures

CHF million			Change in	
	2018	2017	%	% ¹⁾
Order intake	499	449	11.1	7.6
Net sales	447	381	17.1	13.3
Order book	236	177	33.1	28.8
Operating profit (EBITDA) as % of net sales	56 12.5%	36 9.6%	53.3	
Operating profit (EBIT) as % of net sales	45 10.1%	25 6.6%	78.6	
Employees at 31 December	1 696	1 630	4.0	
Average employees during year	1 652	1 634	1.1	

¹⁾ Adjusted for currency effects

Bucher Emhart Glass Acquisitions



Sanjin, China

- Purchase of remaining 37% of shares
- Net sales¹⁾: CHF 55 million
- Employees: 800

Qualimarq, France

Acquisition of the laser marking
business for hot glass containers

¹⁾ Before acquisition

Bucher Specials

Major projects at Bucher Unipektin

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Bucher Specials

2018 in brief

- Market trends positive overall
- Order intake up by 9%
- Encouraging 14% increase in sales, with positive contributions from all business units
 - Bucher Vaslin: wine production equipment business more positive than expected
 - Bucher Unipektin: good financial year thanks to high order book at start of year, despite adverse developments in main markets
 - Bucher Landtechnik: expansion of product range increases sales despite reluctance of Swiss farmers to invest
 - Jetter: further increase in demand for automation solutions, growth in order intake and sales
- Operating profit margin slightly down from previous year at 7.8%
 - Takeover of Grunderco import business brings acquisition and integration costs

Bucher Specials

Key figures

CHF million	Change in				
	2018	2017	%	% ¹⁾	% ²⁾
Order intake	301	275	9.4	7.8	7.5
Net sales	309	272	13.7	12.1	12.1
Order book	74	80	-6.8	-8.4	-11.6
Operating profit (EBITDA) as % of net sales	31 9.9%	28 10.3%	9.3		
Operating profit (EBIT) as % of net sales	24 7.8%	22 8.1%	8.6		
Employees at 31 December	888	849	4.6		1.9
Average employees during year	884	882	0.2		-

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects



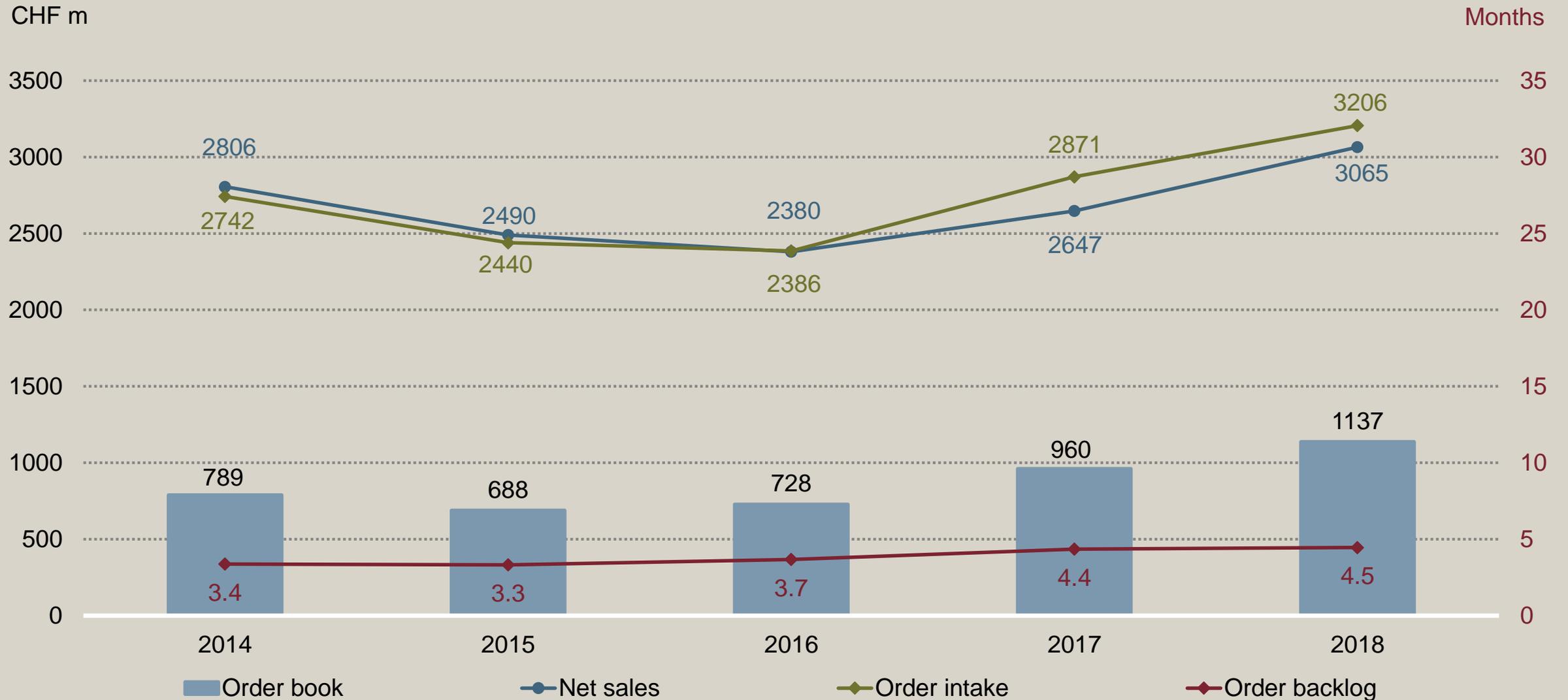
Import business of Grunderco, Switzerland

- Asset deal: acquisition of import and trading business for the harvesting technology of the “New Holland” brand and for the “Pronar” brand, specialised in agricultural logistics
- Net sales¹⁾: CHF 20 million
- Employees: 30

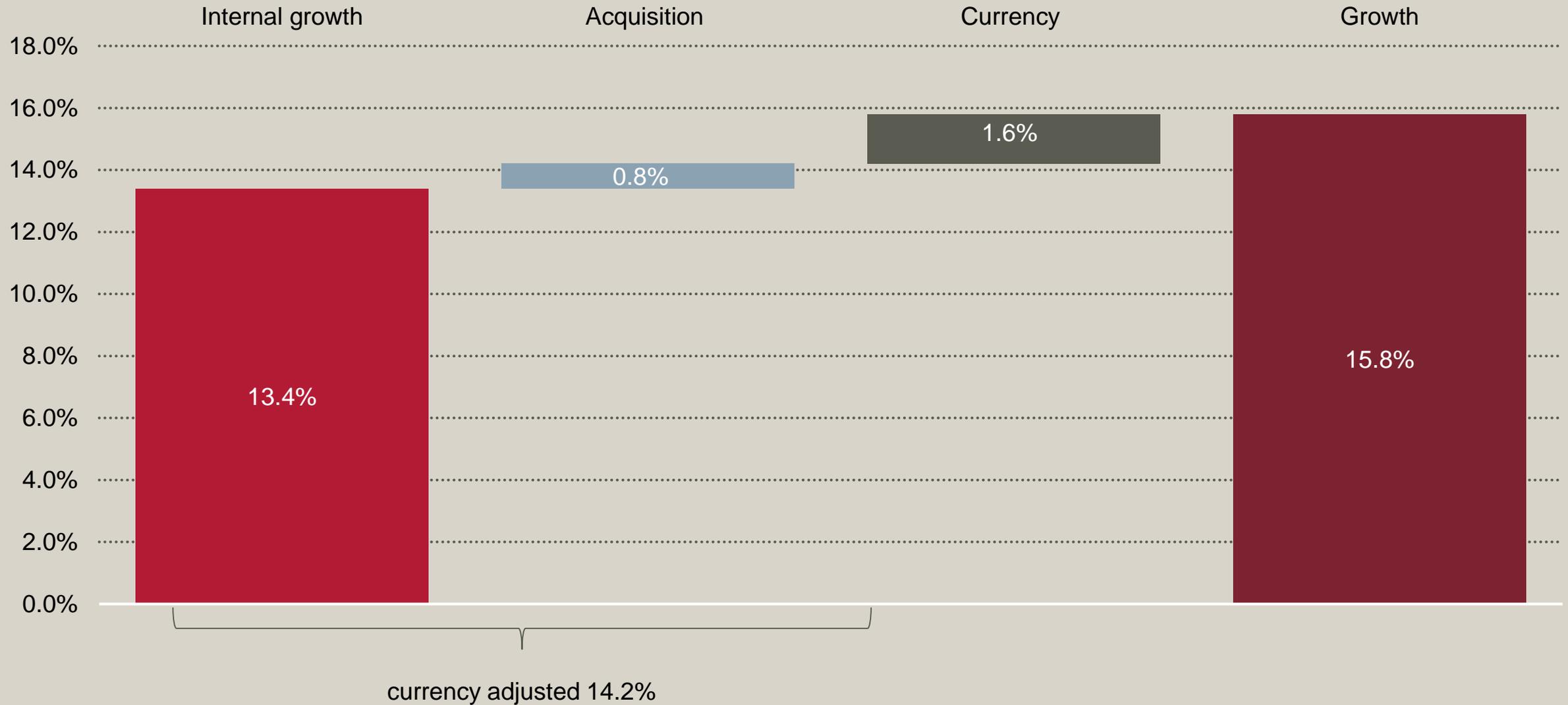
¹⁾ Before acquisition

Financial review 2018

Order intake, net sales, order book and order backlog



Impact on net sales 2018



Consolidated income statement

BUCHER

CHF million	2018	2017	Change in %
Net sales	3 065	2 647	15.8
Operating profit (EBITDA) as % of net sales	373 12.2%	318 12.0%	17.2
Depreciation	-78	-75	4.3
Amortisation	-17	-17	2.3
Operating profit (EBIT) as % of net sales	278 9.1%	226 8.6%	22.6
Net financial result	-1	-1	45.5
Income tax expense	-62	-58	6.9
Profit/(loss) for the year as % of net sales	215 7.0%	168 6.3%	28.4
Basic earnings per share in CHF	20.77	16.81	23.6

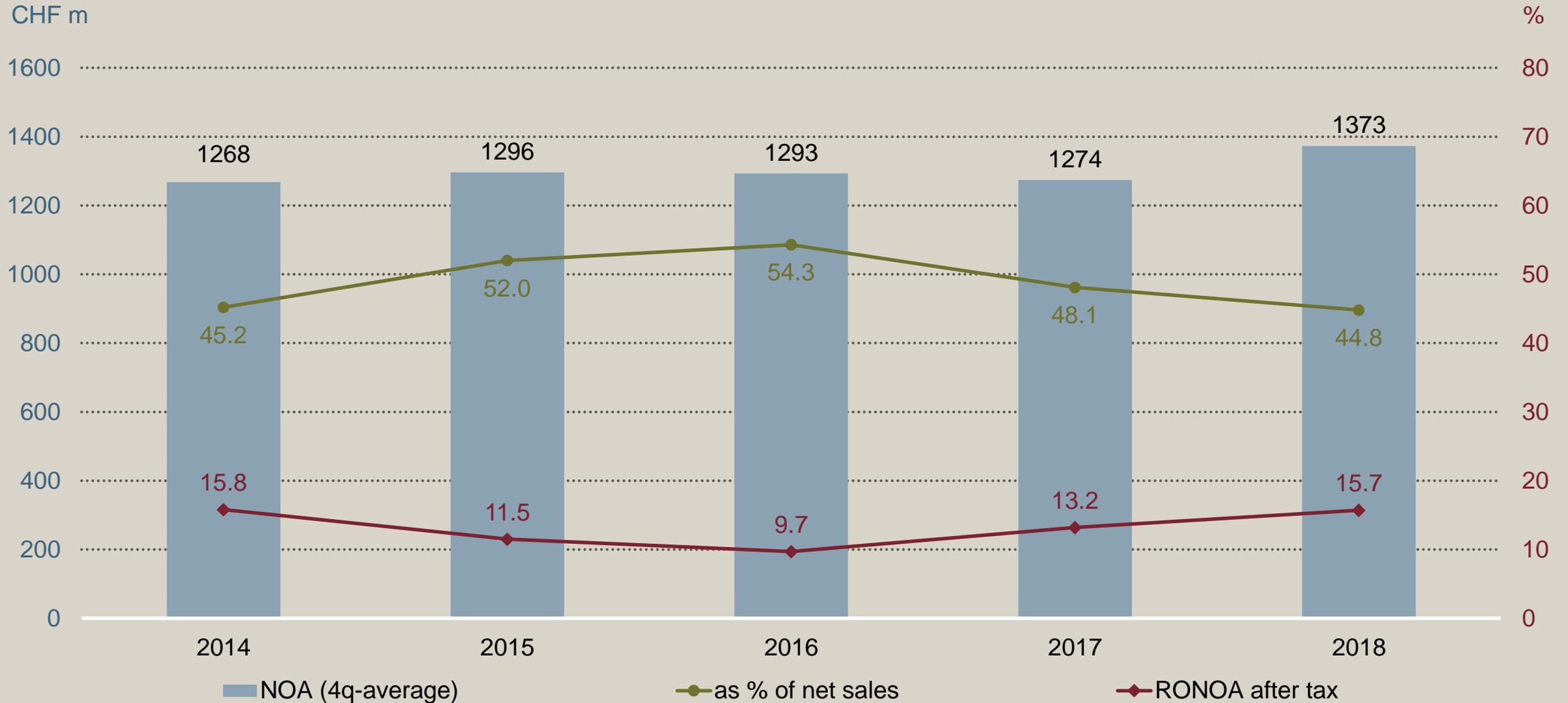
Net financial result

CHF million	2018	2017	Change
Net interest expense	-3	-3	-
Net gain on financial instruments	2	5	-3
Foreign exchange gains and losses	-2	-2	-
Other financial result	2	-1	3
Net financial result	-1	-1	-

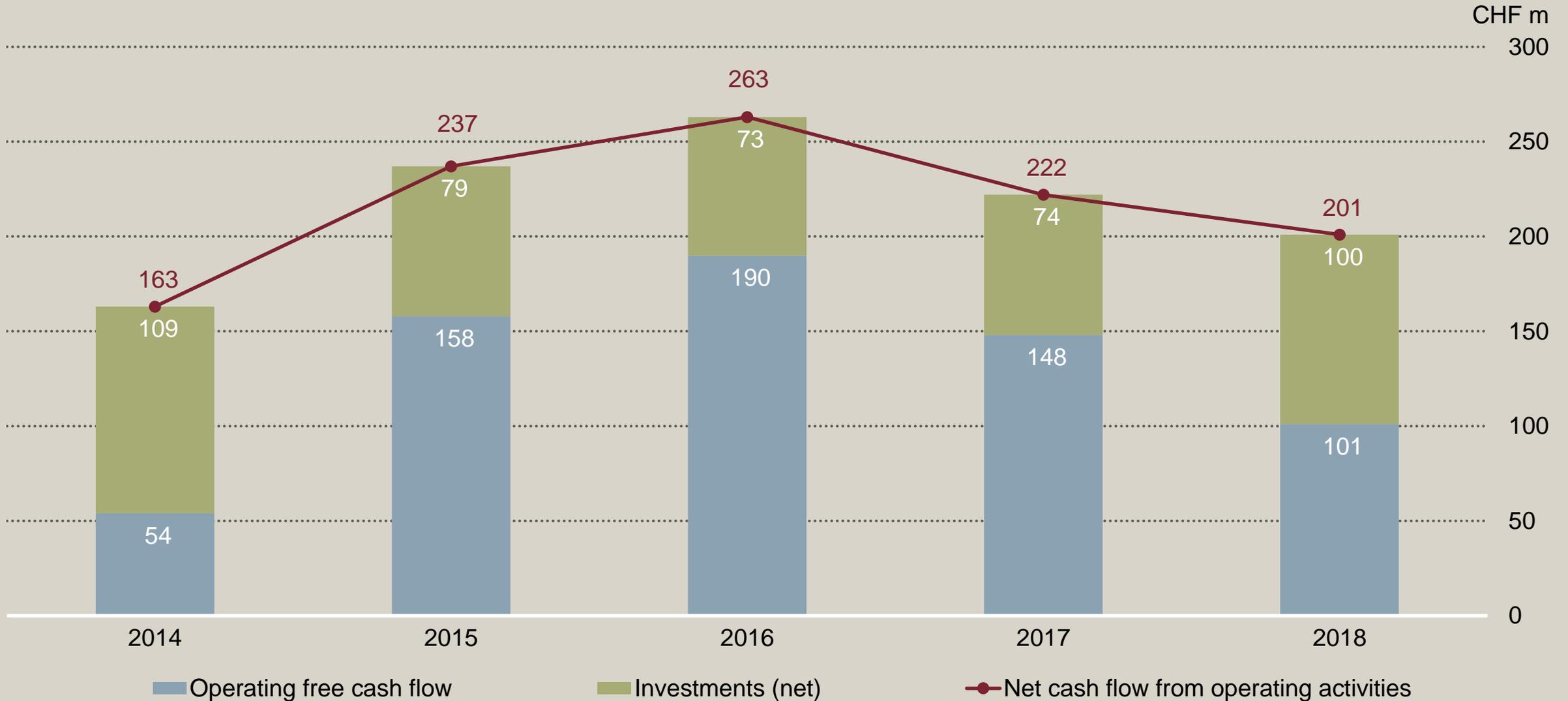
Income tax expense

CHF million	2018	2017	Change in %
Profit before tax	277	225	22.9
Income tax expense	-62	-58	6.9
Effective tax rate	22.2%	25.6%	
Weighted average tax rate	22.5%	26.9%	

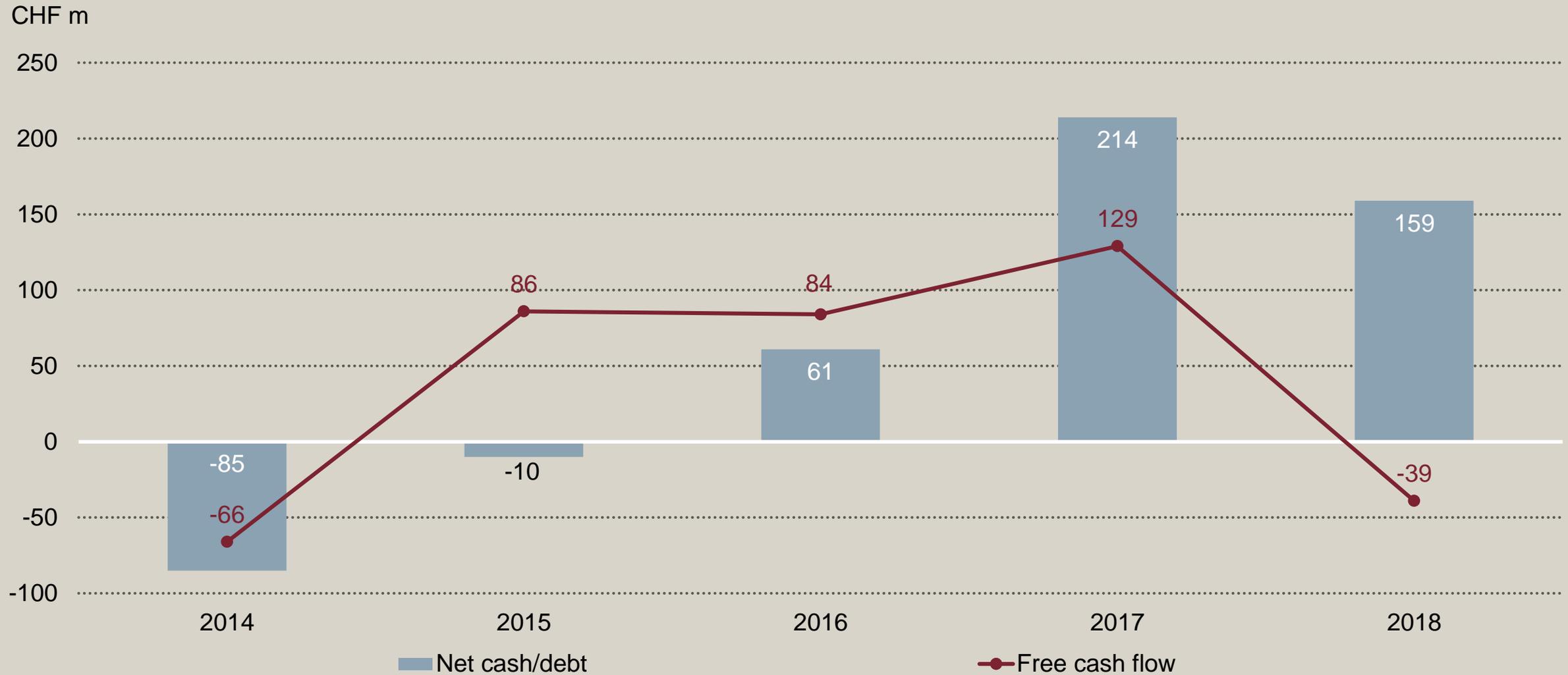
Net operating assets (NOA) and RONOA after tax



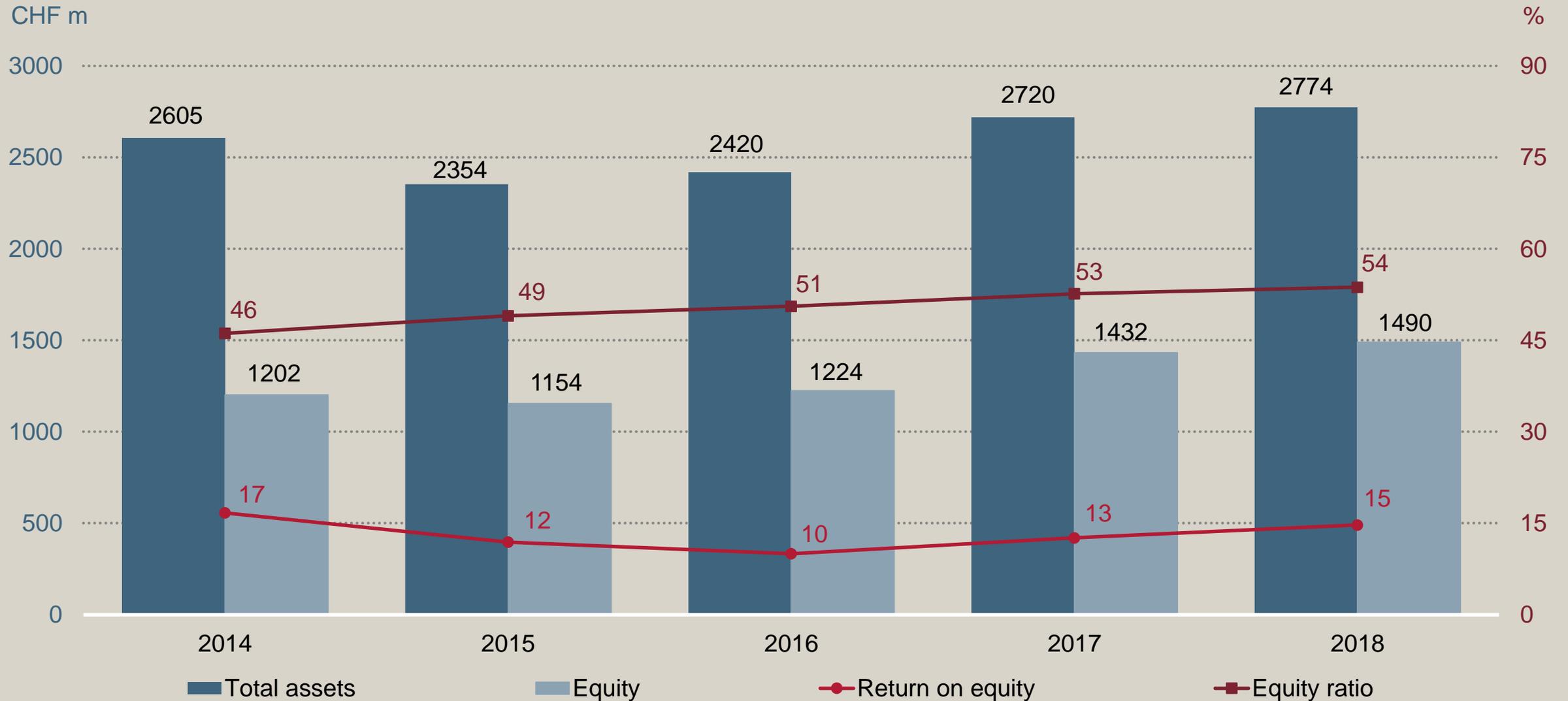
Cash flow and investments



Net cash/debt and free cash flow



Total assets and equity



Focus on our employees

Exchanges beyond borders

BUCHER



Focus on our employees

Project «Spirit» – a relocation across three countries

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Outlook

Kuhn Group

Outlook for 2019

- Market trends generally flat
 - European dairy and livestock industry on stable level, positive trend in France
 - Low incomes of US farmers, partly due to low prices for corn, soy and dairy products
 - Trade disputes and Brexit
 - Effects of droughts in Northern Europe and Australia
- Artec consolidation and price increases introduced in the previous year have positive impact on sales
- Introduction of new products for large farms and contractors, as well as digital solutions
- Expansion of presence in Russia and China

- **For 2019: sales in line with 2018 and – due to price increases, improved efficiency and productivity measures – slightly higher operating profit margin expected**

- Varying developments
 - Uncertainties in the important European market, especially concerning Brexit
 - Opportunities for growth in the American market, in particular with sewer cleaning vehicles
- Stronger integration
 - Optimisation of sales and improvement of service organisation
 - Rollout of new IT infrastructure
- Further development of electric sweepers

- **For 2019: sales are expected to decrease slightly from their record high in 2018, which was characterised by an exceptionally high capacity utilisation, with operating profit margin likely to be slightly lower**

Bucher Hydraulics Outlook for 2019

- Demand tapering off on a high level
- Growth in construction machinery and materials handling
- Very full order book
- Expansion of capacity
 - Increasing the size of the production areas in India and Italy
 - Renewals in Klettgau
 - Investments in machine parks
- Integration of Bucher Hydraulics Wuxi
- Launch of a innovative hydraulic piston motor

- **For 2019: sales are expected to increase slightly from their 2018 level, with operating profit margin somewhat lower**

Bucher Emhart Glass

Outlook for 2019

- Continued encouraging market development on a very high level
 - Excess demand for glass containers despite strong investment activities in 2018
 - Expansion and renewal projects at glass container manufacturers
- Pleasing capacity utilisation
- Sanjin to be further developed
- End-to-end strategy to be promoted

- **For 2019: sales and operating profit margin expected to be at a similar level to the very good 2018**

Bucher Specials

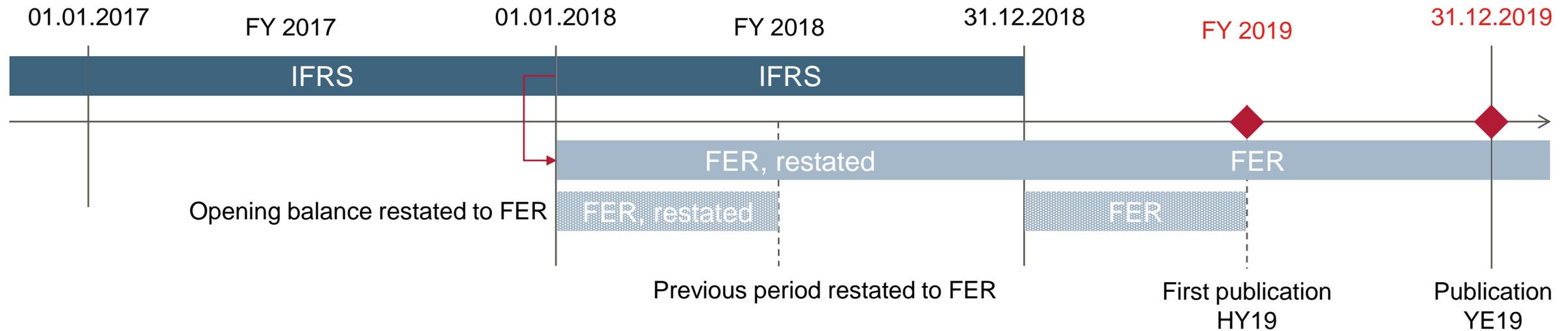
Outlook for 2019

- Bucher Vaslin: Very good grape harvest in 2018 makes for good conditions in the main markets of France, Italy and Spain
- Bucher Unipektin: Continuing negative impact of political uncertainties and financing difficulties on the customer side
- Bucher Landtechnik: Expanded portfolio due to additional brands to compensate for ongoing uncertainties about Swiss agricultural policy
- Jetter: Positive trend in industrial and mobile automation technology

- **For 2019: sales expected to increase slightly with operating profit margin in line with 2018**

- Overall, the Group expects sales, operating profit and profit for the year to be at a similar level to 2018, which was a good financial year.
- The switch to Swiss GAAP FER is likely to lead to an increase of up to half a percentage point in the operating profit margin.

From IFRS to FER as of 1 January 2019



Major deviation (IFRS/FER)

- Goodwill and other intangible assets from acquisitions will be offset against equity
- Elimination of amortisation from acquisitions, which will have a positive impact on the income statement
- Post-employment benefits, presentation of the economic impacts from pension benefit obligations
- Deferred taxes on the above

⇒ Bucher Industries will continue to guarantee **transparent reporting** that gives a **true and fair view** of the financial statements

IFRS versus FER – potential effects

CHF million	IFRS audited	FER unaudited	IFRS/FER approximate effects	FER Targets
Bucher Industries	2018	2018¹⁾		
Net operating assets (NOA) average as % of return after tax (RONOA)	1 373 15.7%	1 170 19.7%	-200 4.0%	>20%
Equity	1 490	1 290	-200	
EBIT margin	9.1%	9.5%	~0.4%	>10%
Divisions, EBIT margin				
Kuhn Group	8.1%	8.6%	~0.5%	12%
Bucher Municipal	9.0%	9.5%	~0.5%	9%
Bucher Hydraulics	13.1%	13.4%	~0.3%	12%
Bucher Emhart Glass	10.1%	10.4%	~0.3%	10%
Bucher Specials	7.8%	8.3%	~0.5%	10%

¹⁾ Indicative figures subject to further revision

Annual general meeting 2019

Annual general meeting 2019

Agenda and proposals

- Annual general meeting 17 April 2019, start at 3.30 p.m.
- Standard agenda as in previous year
- Dividend suggested
 - CHF 8.00 per share (previous year CHF 6.50)
 - Yield of 3.0% relative to year-end share price 2018 of CHF 264.40

Many thanks

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