

Press release

Niederweningen, 9 August 2012

Marked rise in sales and profit

In the first half of 2012, Bucher Industries increased sales by 21% to CHF 1 381 million, operating profit rose by 50% to CHF 133 million and the profit for the period by 64% to CHF 90 million. Order intake decreased by 9% to CHF 1 081 million as a result of economic conditions. For 2012, the Group continues to reckon with an improvement in sales, operating profit and profit for the year.

Key figures, Group

CHF million January – June	2012	2011	Change in		
			%	% ¹⁾	% ²⁾
Order intake	1 080.5	1 189.4	-9.2	-7.4	-14.1
Net sales	1 380.7	1 145.6	20.5	23.2	16.9
Order book	611.7	726.7	-15.8	-14.1	-24.2
Operating profit (EBITDA)	169.8	123.4	37.6		
<i>As % of net sales</i>	<i>12.3%</i>	<i>10.8%</i>			
Operating profit (EBIT)	133.0	88.9	49.6		
<i>As % of net sales</i>	<i>9.6%</i>	<i>7.8%</i>			
Profit for the period	90.2	55.1	63.7		
<i>As % of net sales</i>	<i>6.5%</i>	<i>4.8%</i>			
Earnings per share in CHF	9.12	5.46	67.0		
Operating free cash flow	-90.4	-94.4	-4.2		
Net operating assets (NOA), average	908.7	796.1	14.1		
<i>Return on net operating assets (RONOA) after tax</i>	<i>20.9%</i>	<i>15.6%</i>			
Net cash/debt	-209.0	-185.0	-13.0		
Total assets	2 217.8	2 006.7	10.5		
Equity	859.3	723.1	18.8		
<i>Return on equity</i>	<i>38.7%</i>	<i>36.0%</i>			
Number of employees on 30 June	10 531	10 033	5.0		4.8

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and disposal effects

Economic downturn The high levels of debt in the EU countries and related government austerity measures led to a slowdown during the reporting period. In Southern Europe, the Group faced a low level of risk, with less than 5% of overall sales and low exposure in terms of trade receivables. The Group's risk exposure to Southern European banks was minimal and subject to constant monitoring.

Good business performance In the first half of 2012, Bucher Industries generated strong sales growth and a marked increase in operating profit and profit for the period. The well-filled order book at the start of the year, acquisitions in the first half of 2011 and strong positions in the principal markets all contributed to the positive sales trend. The Group took advantage of its efficient and flexible structures, widely sourced international purchasing and rigorous cost management in its efforts to improve the result. The Group could not escape the effects of the general economic downturn, and all operating segments reported lower order intake. With high liquid assets and an equity ratio of 39%, Bucher Industries continues to maintain its financial independence and the necessary strategic room for manoeuvre. The capital reduction approved by the annual general meeting of shareholders on 12 April 2012 was duly carried out on 27 June 2012 through the cancellation of 315 900 repurchased registered shares. The share capital of Bucher Industries AG now totals CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each.

Kuhn Group

CHF million January – June	2012	2011	Change in		
			%	% ¹⁾	% ²⁾
Order intake	439.3	450.2	-2.4	0.2	-10.1
Net sales	696.5	578.6	20.4	24.2	17.8
Order book	253.2	242.2	4.5	7.0	-14.3
Operating profit (EBITDA)	104.5	85.9	21.7		
<i>As % of net sales</i>	<i>15.0%</i>	<i>14.8%</i>			
Operating profit (EBIT)	87.6	69.3	26.4		
<i>As % of net sales</i>	<i>12.6%</i>	<i>12.0%</i>			
Number of employees at 30 June	4 637	4 302	7.8		

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Good earnings situation for farmers In a market environment with differing levels of demand, Kuhn Group achieved a marked increase in sales and operating profit. The acquisition effect of Kuhn Krause amounted to CHF 39 million. While the investment climate in most European countries was favourable, with good prices for agricultural produce, Southern European markets experienced a downturn in demand. In Eastern Europe, there were first signs of a more restrictive lending climate. Demand remained buoyant in North America. Factors contributing to this positive performance were the high level of capacity utilisation, newly launched products and a transparent pricing policy based on continuity. Kuhn Krause performed at the limits of production capacity in the reporting period. As a consequence, more than CHF 3 million will be invested in expansion of the production facilities during the current financial year. The newly expanded production plant is scheduled to start operations in October 2012.

Bucher Municipal

CHF million January – June	2012	2011	Change in		
			%	% ¹⁾	% ²⁾
Order intake	164.2	189.9	-13.5	-13.1	-13.5
Net sales	203.6	163.3	24.7	24.8	24.6
Order book	115.3	110.1	4.7	6.0	4.5
Operating profit (EBITDA)	23.1	10.1	128.7		
<i>As % of net sales</i>	<i>11.4%</i>	<i>6.2%</i>			
Operating profit (EBIT)	20.0	6.4	212.5		
<i>As % of net sales</i>	<i>9.8%</i>	<i>3.9%</i>			
Number of employees at 30 June	1 464	1 341	9.2		8.0

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Excellent first half Bucher Municipal generated strong sales growth in the first half of the year, with operating profit significantly higher compared with the same period last year. This outstanding performance is attributable to the smooth roll-out of the major order from Moscow, the biggest-ever for municipal sweepers and spreaders. The entire capacity of the division was fully utilised and it needed a concerted effort by the plants in Great Britain, Latvia, Italy and Switzerland to deliver this major order to a very short deadline. The spending cuts in towns and cities in the EU, particularly in Spain and Italy, had a negative impact and order intake was lower than in the same period of 2011. In order to counter the slowdown in the key European market and the strength of the Swiss franc, efforts to bring costs down continued. In addition to insourcing at the Latvian plant, the division initiated a consultative process with the workforce in Great Britain on a proposal to merge the plants in Dorking, Sittingbourne and Ashvale to create a single production centre in Dorking, with CHF 16 million to be invested in expansion of the Dorking plant. A decision on the proposal is expected in the second half of the year.

Bucher Hydraulics

CHF million			Change in		
January – June	2012	2011	%	% ¹⁾	% ²⁾
Order intake	208.5	223.6	-6.8	-5.5	-5.3
Net sales	220.8	208.1	6.1	7.7	7.9
Order book	58.5	75.6	-22.6	-21.6	-21.6
Operating profit (EBITDA)	30.6	29.2	4.9		
<i>As % of net sales</i>	<i>13.9%</i>	<i>14.0%</i>			
Operating profit (EBIT)	21.9	20.7	6.1		
<i>As % of net sales</i>	<i>9.9%</i>	<i>9.9%</i>			
Number of employees at 30 June	1 727	1 687	2.4		4.0

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and disposal effects

Weakening market dynamics From the start of 2012, the market for hydraulic systems showed signs of weakening. Despite this trend, Bucher Hydraulics still generated modest sales growth, underpinned by the strong order book at the turn of the year as well as new and innovative customer projects. Operating profit improved slightly as a result of the increase in volume sales of pumps and valves as well as the higher year-on-year sales, while the operating profit margin remained stable. As a result of market conditions, order intake decreased. While there was an upturn in business activity in the USA, it flattened out in Western Europe and Asia, particularly in the industrial hydraulics and construction machinery segments. The demand for agricultural machinery and materials handling equipment remained stable at a satisfactory level. The division launched a new organisation in Europe in the first half of the year. The Swiss and German plants were reorganised to create one competence centre in each country. The expansion of the production building in Klettgau was largely completed in the first half of 2012.

Emhart Glass

CHF million			Change in		
January – June	2012	2011	%	% ¹⁾	% ²⁾
Order intake	161.0	217.1	-25.8	-24.1	-39.2
Net sales	174.3	123.1	41.6	45.1	17.5
Order book	123.5	229.0	-46.1	-44.5	-53.5
Operating profit (EBITDA)	9.6	7.1	35.2		
<i>As % of net sales</i>	<i>5.5%</i>	<i>5.7%</i>			
Operating profit (EBIT)	4.1	3.0	36.7		
<i>As % of net sales</i>	<i>2.4%</i>	<i>2.5%</i>			
Number of employees at 30 June	2 073	2 095	-1.1		

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Variable project business Emhart Glass achieved significantly higher sales year-on-year. The roll-out of the major order from India contributing CHF 19 million of this growth, and the joint venture with Sanjin, formed at the end of June 2011, accounting for CHF 36 million. In absolute terms, operating profit showed a slight increase. Order intake was lower than in the first semester of 2011, which was boosted by the major order from India. Demand for new machinery used in glass container manufacture, which was low in the first quarter, subsequently made a noticeable recovery. The market for inspection machinery rose in the reporting period, while the spare parts business remained stable at a high level. In China, growth in the glass container industry flattened out because of government measures to slow down economic development. In this cyclical market environment, the division mastered the challenge of production planning combined with not fully utilised capacity. In China, a glass forming machine designed specifically for the Chinese market was successfully launched.

Bucher Specials

CHF million			Change in	
January – June	2012	2011	%	% ¹⁾
Order intake	107.4	108.6	-1.1	–
Net sales	96.1	82.1	17.1	17.9
Order book	61.2	69.8	-12.3	-10.7
Operating profit (EBITDA)	7.6	0.6	n.a.	
<i>As % of net sales</i>	<i>7.9%</i>	<i>0.7%</i>		
Operating profit (EBIT)	6.1	-0.8	n.a.	
<i>As % of net sales</i>	<i>6.3%</i>	<i>-1.0%</i>		
Number of employees at 30 June	565	589	-4.1	

¹⁾ Adjusted for currency effects

Individual businesses increase profitability Bucher Specials achieved a substantial increase in sales and operating profit in the reporting period. Order intake was stable at the high level recorded in the same period of 2011. The chief contributors to this positive sales trend were fruit juice and drying systems, as well as the Swiss distributorship for tractors and agricultural machinery. Winemaking equipment declined, particularly because of the weakness of the main markets in France and Spain. The brisk demand for grape reception and wine filtration machinery worldwide was not sufficient to offset the decline. Each of the three individual businesses contributed to the increase in operating profit thanks to lean processes and a high level of flexibility.

Outlook for 2012 The Group expects the general economic slowdown to persist in the second half of the year and does not reckon with a world economic recovery in the short term. Of the specialised divisions, agricultural machinery is the most likely to benefit from a positive market environment, although the serious drought in North America could undermine this optimistic outlook. In the municipal vehicles segment, demand is likely to remain stable at a low level. The business with hydraulic systems is expected to face a slowdown in order intake. Emhart Glass, by contrast, anticipates a marked recovery in the second half. The individual businesses consolidated under Bucher Specials should grow at the same rate as in the first half of the year. The Group is able to confirm the projection for the 2012 business year as a whole and anticipates a year-on-year improvement in sales, operating profit and profit for the year.

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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 production of wine, fruit juice and instant products. The group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). Please see www.bucherind.com for further information.