

Press release

Niederweningen, 9 August 2011

Bucher Industries increases net profit by 27%

Bucher Industries returned to solidly based growth in the first half of 2011. Despite the strong Swiss franc, the Group demonstrated its competitiveness, increasing sales by 10%, or 23% adjusted for currency effects, to CHF 1 146 million. The acquisition effect was 2.4%. Group profit for the period grew by 27% to CHF 55 million.

Group key figures

CHF million			Change in		
			%	% ¹⁾	% ²⁾
January – June	2011	2010			
Order intake	1 189.4	1 010.0	17.8	31.6	28.1
Net sales	1 145.6	1 040.7	10.1	23.3	20.7
Order book	726.7	462.2	57.2	77.0	54.8
Operating profit (EBITDA)	123.4	107.8	14.5		
<i>As % of net sales</i>	<i>10.8%</i>	<i>10.4%</i>			
Operating profit (EBIT)	88.9	71.2	24.9		
<i>As % of net sales</i>	<i>7.8%</i>	<i>6.8%</i>			
Profit for the period	55.1	43.3	27.3		
<i>As % of net sales</i>	<i>4.8%</i>	<i>4.2%</i>			
Earnings per share in CHF	5.46	4.30	27.0		
Operating free cash flow	-94.4	1.1			
Net operating assets	879.1	897.5	-2.1		
Net cash/debt	-185.0	-155.7	-18.8		
Total assets	2 006.7	2 019.8	-0.6		
Equity	723.1	761.6	-5.1		
<i>Equity ratio</i>	<i>36.0%</i>	<i>37.7%</i>			
Number of employees at 30 June	10 033	7 687	30.5		12.0

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Dynamic business performance The first half of 2011 was characterised by a highly dynamic business climate. There was particularly pleasing growth in demand for specialised agricultural machinery, hydraulic components, and machinery for the glass container industry. Demand for municipal vehicles was subdued owing to the high level of indebtedness in the public sector. Strong growth in order intake of 32% in local currencies led to high or very high capacity utilisation at most production plants. The global positioning of the Group, combined with broad international diversification of purchasing as well as currency hedges helped to mitigate the huge impact of currency translation. In this challenging environment the Group achieved a marked improvement in the operating profit, operating margin and profit for the period. The number of employees passed the 10 000 mark for the first time, reaching 10 033 full-time equivalents. Of these, 259 were accounted for by the acquisition of Krause Corporation, completed in the reporting period, and 1 168 by the 63% holding acquired in Shandong Sanjin Glass Machinery Co., Ltd in China at the end of June 2011. In addition to seasonal factors, the increase in business volume and payments relating to the acquisitions mentioned above led to a decline in cash and cash equivalents and an expected net debt position. Although the Group achieved a good half-year result, equity decreased, in particular because of the effects of translating the equity of foreign subsidiaries into Swiss francs.

The repurchase volume for the share buy-back programme launched in the reporting period reached 49 600 shares at the end of June 2011, or 0.5% of the share capital of Bucher Industries AG, equivalent to an average price per share of CHF 191.23 and a total value of CHF 9.5 million.

Kuhn Group

CHF million January – June	2011	2010	Change in		
			%	% ¹⁾	% ²⁾
Order intake	450.2	376.6	19.5	36.7	29.7
Net sales	578.6	497.2	16.4	33.1	29.7
Order book	242.2	116.2	108.4	140.6	91.3
Operating profit (EBITDA)	85.9	62.8	36.8		
<i>As % of net sales</i>	<i>14.8%</i>	<i>12.6%</i>			
Operating profit (EBIT)	69.3	44.9	54.3		
<i>As % of net sales</i>	<i>12.0%</i>	<i>9.0%</i>			
Number of employees at 30 June	4 302	3 434	25.3		17.7

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Healthy demand for agricultural machinery Rising demand worldwide and higher prices for farm produce stimulated investment in agricultural machinery in the first half of 2011. The key markets of Western Europe and the USA grew strongly and demand improved significantly in Eastern Europe. Growth was less pronounced in Brazil owing to the strength of the real. Kuhn Group was able to take advantage of this market trend, increasing order intake in local currencies by more than a third. The widespread drought in the first half gave rise to a degree of caution. Despite the negative currency effects, sales and operating profit showed a marked improvement and the operating margin was again in double figures. In the period under review, the purchase of Krause Corporation in Kansas, USA, enabled Kuhn Group to gain a foothold in the arable farming segment in North America. The division also took a minority holding in Rauch Landmaschinenfabrik GmbH in Germany, strengthening its long-term partnership in the areas of sowing and fertiliser technology. Activities in the area of forage harvesting were further developed through cooperation with John Deere on large square balers.

Bucher Municipal

CHF million			Change in	
January – June	2011	2010	%	% ¹⁾
Order intake	189.9	186.1	2.0	10.7
Net sales	163.3	171.6	-4.8	3.2
Order book	110.1	97.1	13.4	23.3
Operating profit (EBITDA)	10.1	13.3	-24.1	
<i>As % of net sales</i>	<i>6.2%</i>	<i>7.7%</i>		
Operating profit (EBIT)	6.4	9.5	-32.6	
<i>As % of net sales</i>	<i>3.9%</i>	<i>5.5%</i>		
Number of employees at 30 June	1 341	1 319	1.7	

¹⁾ Adjusted for currency effects

Decline in demand for municipal vehicles The high level of public-sector indebtedness prevented any recovery in the market for municipal vehicles. There was tough competition for projects put out to tender and pricing was increasingly aggressive. In this competitive environment, the division was heavily affected by the strong Swiss franc. It countered this development with the transfer of further production activities to the plant in Latvia, which has been expanded since 2004. New sweepers were launched onto the market and selective sales programmes introduced. In spite of these measures, sales remained slightly below the same period of last year and both operating profit and operating profit margin declined. Following the bankruptcy of the previous importer, the division took steps to ensure distribution of Johnston truck-mounted sweepers by establishing its own distribution and assembly plant in Mooresville, North Carolina, USA, taking over large parts of the existing local dealer network.

Bucher Hydraulics

CHF million			Change in	
January – June	2011	2010	%	% ¹⁾
Order intake	223.6	206.8	8.1	20.0
Net sales	208.1	193.1	7.8	19.3
Order book	75.6	60.2	25.6	40.8
Operating profit (EBITDA)	29.2	33.5	-12.8	
<i>As % of net sales</i>	<i>14.0%</i>	<i>17.3%</i>		
Operating profit (EBIT)	20.7	24.1	-14.1	
<i>As % of net sales</i>	<i>9.9%</i>	<i>12.5%</i>		
Number of employees at 30 June	1 687	1 468	14.9	

¹⁾ Adjusted for currency effects

Strong upswing in key markets The strong upswing in the key markets served by Bucher Hydraulics continued with buoyant demand in the first half of 2011, particularly in the construction equipment and agricultural machinery segments, as well as in industrial hydraulics. Despite the massively negative impact of currency translation, order intake and sales showed a further significant year-on-year rise. The operating profit margin was squeezed by the strength of the Swiss franc and came in below the high level of the same period a year ago. However, thanks to an all-round effort, it was possible to increase the operating profit margin compared with the second half of 2010. Investments of EUR 9.5 million in capacity expansion have been approved for the major production plant in Klettgau, Germany for 2011 and 2012.

Emhart Glass

CHF million			Change in		
January – June	2011	2010	%	% ¹⁾	% ²⁾
Order intake	217.1	139.1	56.1	76.9	76.9
Net sales	123.1	104.3	18.0	33.7	33.7
Order book	229.0	121.8	88.0	113.5	81.0
Operating profit (EBITDA)	7.1	-3.8	n.a.		
<i>As % of net sales</i>	<i>5.7%</i>	<i>-3.6%</i>			
Operating profit (EBIT)	3.0	-7.8	n.a.		
<i>As % of net sales</i>	<i>2.5%</i>	<i>-7.5%</i>			
Number of employees at 30 June	2 095	864	142.5		7.3

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Sharp upturn after ten-year low The capital-intensive, late-cycle glass container industry overcame a ten-year low at the end of 2010. The sharp upturn in the first half of 2011 was underpinned by high demand in Europe, Asia, the Middle East and South America. Emhart Glass experienced a steep rise in order intake, and sales began to grow strongly in the second quarter. Thanks to the strong order book, production plants were operating at or near the limits of their capacity. The division made use of the extended capacity at the plant in Malaysia and also intensified purchasing in Asian markets. Although the production plant in Sweden, with its high export volume, was particularly hard hit by the strength of the Swedish crown, the division returned to profit. At the end of June 2011, Emhart Glass purchased a 63% stake in Shandong Sanjin Glass Machinery Co., Ltd, Zibo, China, an important strategic step establishing a foothold in the Chinese market. Sanjin is the market leader in China, manufacturing low-cost glass-forming machinery geared to the Chinese market.

Bucher Specials

CHF million January – June	2011	2010	Change in		
			%	% ¹⁾	% ²⁾
Order intake	108.6	101.4	7.1	12.2	3.1
Net sales	82.1	76.5	7.3	11.9	-2.5
Order book	69.8	66.9	4.3	10.6	2.0
Operating profit (EBITDA)	0.6	-0.5	n.a.		
<i>As % of net sales</i>	<i>0.7%</i>	<i>-0.6%</i>			
Operating profit (EBIT)	-0.8	-1.6	-50.0		
<i>As % of net sales</i>	<i>-1.0%</i>	<i>-2.1%</i>			
Number of employees at 30 June	589	583	1.0		-2.1

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Differing trends in the independent businesses Winemaking systems experienced a decline, while fruit juice processing equipment largely recovered from the cyclical low of the previous year. The Swiss distributorship for tractors and agricultural machinery held its position well during the reporting period. Overall, Bucher Specials was able to increase both sales and order intake. Operating profit was negative due to seasonal effects. The decline in winemaking equipment can be attributed to two factors: France interrupted its investment subsidies to winegrowers for four or five months. In addition, unusual climatic conditions in the first half of the year meant that grape ripening was expected early. Both factors resulted in a slump in investment activity in France. In Italy, competitors engaged in a very aggressive price war. At the end of January 2011, Bucher Vaslin purchased the wine presses of the Sutter brand and took over the corresponding spare parts and service business. In July 2011, Bucher Unipektin concluded a distribution agreement for municipal sludge dewatering systems with Degrémont SA, a subsidiary of Suez Environnement.

Outlook 2011 The favourable business climate is expected to prevail in most markets during the second half of the year. However, the outlook involves considerable uncertainties owing to the unforeseeable consequences of the huge debt burden facing the economies of Europe and the USA and the accompanying turmoil in the currency markets. Kuhn Group anticipates good basic conditions for the agricultural business, with sales and operating profit expected to rise. However, the effects of the widespread drought on subsequent harvests are uncertain. Bucher Hydraulics and Emhart Glass reckon the positive market trend will continue, though at a lower level, and that sales and operating profit will increase. Bucher Municipal is expecting business to remain subdued, with a decline in sales and operating profit. Bucher Specials is anticipating a rise in sales and operating profit thanks to the pick-up in the fruit juice processing segment, despite persistent weakness in capital spending for winemaking equipment. The Group therefore expects a continuation of overall sales and profit growth for 2011.

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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 wine and fruit juice production. The group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). For further information, please visit www.bucherind.com.