

Press release

Niederweningen, 16 March 2010

Operating profit despite goodwill impairment charges

Bucher Industries generated an operating margin of 5% despite the heavy 23% decline in sales and before goodwill impairment charges of CHF 86 million. Even after impairment charges, operating profit still came in at CHF 26 million. After net financial items and tax expense, a loss of CHF 24 million was posted for the year. In a difficult market environment, the Group generated CHF 183 million in operating free cash flow. The directors of Bucher Industries will recommend a dividend of CHF 2.00 per share for approval at the annual general meeting.

Slump in demand The global economic crisis that began in the fourth quarter of 2008 continued unabated through last year, reaching all market segments served by Bucher Industries. Capital spending in the principal markets of Western Europe and North America was severely curbed by restrictive lending policies. Demand in Eastern Europe came to a virtual halt due to the credit crisis and the massive devaluation of some local currencies.

Stabilisation at a low level The economic crisis affected all the Group's divisions and geographical markets. Bucher Industries posted a 23.2% decline in sales to CHF 2 142.1 million, a decrease of 18.9% excluding currency effects and 24.8% excluding currency effects and acquisitions. Order intake was 35.6% down year on year to CHF 1 797.4 million, while the order book shrank by 39.9%. The heavy decline in business volume forced the company to take rigorous cost-cutting measures. The Group's employment costs and other operating expenses decreased by CHF 87.7 million and CHF 74.7 million respectively. Structural adjustments had an adverse impact of approximately CHF 15 million on the operating results. Operating profit before impairment charges came in at CHF 111.7 million, representing a margin of 5.2%. Due to the sharp decline in sales and the lower business volume anticipated

for the years ahead, goodwill impairment charges of CHF 85.9 million were necessary for Kuhn Group and Bucher Hydraulics. Despite this exceptional charge, the Group generated an operating profit of CHF 25.8 million. Net financial items improved by CHF 10.3 million to negative CHF 18.8 million. After tax of CHF 31.4 million, the Group posted a loss of CHF 24.4 million for the year. At the year end, the Group employed 7 183 full-time equivalents versus 8 373 a year earlier.

Sound financial position Even amid the economic crisis and after acquisitions, the Group maintained its sound balance sheet structure with an equity ratio of 37.3%, compared with 40.9% in the previous year. At CHF 118.1 million, net debt was only CHF 7.5 million higher than a year earlier. Operating free cash flow reached a satisfactory level of CHF 182.5 million considering the difficult market environment. Even after acquisitions of CHF 172.9 million, the Group had approximately CHF 505 million in cash, cash equivalents and securities as well as CHF 440 million in available committed credit facilities.

Kuhn Group generated sales of CHF 948.4 million with specialised agricultural machinery, down 14.2% or currency-adjusted 8.9%. The Kuhn-Geldrop and Kuhn-Blanchard acquisitions contributed 16.3% of sales. Despite goodwill impairment charges of CHF 63.7 million, the division still posted an operating profit of CHF 7.4 million. Order intake fell by 39.9% to CHF 735.4 million. The weak demand was due to the sliding prices of milk, meat and other agricultural produce as well as lower agricultural income in the main markets of Western Europe, North America and South America. This led to cancellations of orders placed the year before and high inventories held by importers and dealers. The division succeeded in largely aligning inventory levels throughout the value chain to the lower demand and managed to reduce its costs substantially at virtually no additional expense thanks to its flexible structures. Kuhn Group expects capital spending to remain flat during 2010. While demand may drop again in the first six months, a subdued recovery is possible in the second half of the year. Assuming that producer prices at least remain stable, Kuhn

Group expects 2010 sales and operating profit to be in the region of last year's figure, excluding the 2009 impairment charges.

Bucher Municipal reported a decrease of 21.9% or currency-adjusted 16.6% in sales to CHF 452.1 million for 2009, with performance stabilising at this low level late in the year. Before costs of CHF 10 million for the closure of the Hanover manufacturing facility in Germany, operating profit was CHF 30.4 million, representing an operating margin of 6.7%. Order intake fell by 17.4% to CHF 436.5 million. The otherwise stable municipal vehicle market also felt the impact of the economic crisis, although operations with refuse collection vehicles in Australia were unaffected and achieved a record volume. Demand collapsed almost entirely in Eastern Europe. The transfer of truck mounted sweeper manufacturing from Hanover to Niederweningen in Switzerland was completed at the beginning of 2010. Demand is likely to remain at the 2009 level this year, although there is great uncertainty surrounding the effects of the enormous national debt and the anticipated decline in tax revenues. Excluding the contribution of the Bucher Landtechnik distributorship and the CHF 10 million in restructuring costs during 2009, Bucher Municipal expects 2010 sales to be in the region of last year, with a slight improvement in profitability.

Bucher Process generated CHF 122.0 million in sales, a decline of 37.5% or currency-adjusted 35.1% from the record level a year earlier. Operating profit decreased by CHF 19.4 million to CHF 4.7 million, and order intake fell by 30.6% to CHF 116.4 million. In Europe, demand for winemaking equipment dropped sharply, only picking up in the second half of the year after the peak season as a result of EU subsidies. A massive slump was seen in fruit juice processing equipment because of a lack of funds, high inventories of apple juice concentrate and the producers' excess capacities. There were no large orders, and a follow-up order from China worth CHF 9 million was deferred until 2011. In contrast, business in drying equipment and sludge dewatering systems performed well. In 2010, the winemaking equipment business expects strong growth fuelled by the EU subsidies. Interest in sludge pressing technology should also increase substantially. However, the fruit juice equipment

business anticipates that demand will remain at a low level. Overall, these independent businesses now incorporated in Bucher Specials expect higher sales and operating profit for 2010.

Bucher Hydraulics was particularly affected by the economic downturn in its operations as a component supplier. The division generated CHF 319.8 million in sales, a year-on-year decline of 35.7% or currency-adjusted 34.0%. Acquisitions contributed 1.4% of sales. Operating profit before impairment charges came in at CHF 13.7 million. Due to the slump in sales, the strict inventory valuation criteria led to write-downs of CHF 6.9 million. In addition, the market collapse in North America and the anticipated slow recovery made it necessary to recognise goodwill impairment charges of CHF 22.2 million and resulted in an operating loss of CHF 8.5 million. Order intake plunged to CHF 276.7 million, a decrease of 41.5% additionally exacerbated by order cancellations. In comparison with the statistics of the German Engineering Federation (VDMA), Bucher Hydraulics was hit less hard, which is a sign of the division's excellent market position. The division adjusted its cost structures, while ensuring supply capability and retaining expertise. As the first signs of a recovery appeared in the fourth quarter, the division expects 2010 sales to be slightly higher than last year, with better pre-impairment operating profit.

Emhart Glass was hit hard by the economic crisis due to the high capital intensity of the glass container industry. Sales decreased by 27.4% or currency-adjusted 23.6% to CHF 303.7 million, with operating profit down by CHF 22.8 million from the previous year's high level to CHF 12.2 million. The main reasons for the lower profitability were the steep drop in business volume, the competitors' low capacity utilisation, a change in product mix and disruptions in the production flow due to short-term changes by customers. Order intake was 41.7% below the high year-earlier level at CHF 232.4 million. Inventories held by glass container manufacturers swelled because of excess capacities, and the lower capacity utilisation rates in glassworks brought a slight decline in the otherwise stable spare parts and service business. Emhart Glass took all possible action to reduce costs and successfully

adjusted its cost structure to the 2006 level despite the substantial capital investments made in Malaysia and the USA in recent years. It did not cut expenditure on innovations and succeeded in demonstrating the industrial viability of tempered glass containers in its development work. This year, the division anticipates low capacity utilisation during the first six months, with a possible recovery in the second half of the year. Having reduced its cost base, Emhart Glass therefore expects lower sales and an improvement in operating profit for 2010.

Outlook for 2010 The Group does not anticipate a significant improvement in its sales markets this year. Demand is expected to remain weak at a low level during the first six months, while a slight recovery may emerge in the second half of the year. Overall, excluding the 2009 impairment charges, Bucher Industries expects sales, operating profit and net profit for 2010 to be in the region of last year.

Dividend To maintain a steady dividend policy and in view of the operating profit, adjusted cost structures and stable prospects, the board of directors proposes that the annual general meeting on 15 April 2010 approve payment of a dividend of CHF 2.00 per registered share. The dividend paid last year was CHF 4.50.

Annual general meeting The annual general meeting will be held at 4.00 p.m. on 15 April 2010 at the Mövenpick Hotel in Regensdorf. The board of directors proposes that directors Thomas W. Bechtler, Rolf Broglie and Anita Hauser be re-elected for another term of three years. Notice of the annual general meeting will be mailed on 19 March 2010. The dividend will be paid from 22 April 2010.

The Bucher Industries annual report can now be downloaded from the Internet at www.bucherind.com, where the notice of the annual general meeting will be published from 19 March 2010. The annual report will be available in printed form from 24 March 2010.

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Simply great machines

In 2007, Bucher Industries celebrated its 200th anniversary commemorating its successful evolution from a blacksmith's shop to a global technology group with leading market positions in speciality areas of mechanical and vehicle engineering. The company's operations currently include specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry, and wine and fruit juice production equipment. Bucher Industries' shares are traded on the SIX Swiss Exchange (SIX: BUCN). More information can be found at www.bucherind.com.

Group key figures

CHF million	2009	2008	% change	
				Adjusted for currencies and acquisitions
Order intake	1 797.4	2 791.9	-35.6	-37.4
Net sales	2 142.1	2 788.9	-23.2	-24.8
Order book	507.3	843.4	-39.9	-40.8
Operating profit (EBITDA) As % of net sales	189.7 8.9%	341.6 12.2%	-44.5	
Operating profit (EBIT) before impairment As % of net sales	111.7 5.2%	276.1 9.9%	-59.5	
Operating profit (EBIT) As % of net sales	25.8 1.2%	246.2 8.8%	-89.5	
Net financial items	-18.8	-29.1	-35.4	
Income tax expense	-31.4	-71.7	-56.2	
Profit for the year As % of net sales	-24.4 -1.2%	145.4 5.2%	n.a.	
Earnings per share in CHF	-2.60	14.39	n.a.	
Number of employees at 31 December	7 183	8 373	-14.2	-17.2
Average number of employees during year	7 618	8 176	-6.8	

Group balance sheet at 31 December

CHF million	2009	%	2008	%
Assets				
Cash and cash equivalents	437.2	20.6	132.6	6.4
Short-term investments	68.0	3.2	101.6	4.9
Receivables	468.9	22.1	577.8	27.9
Inventories	485.2	22.8	609.0	29.5
Non-current assets	665.2	31.3	646.6	31.3
Total assets	2 124.5	100.0	2 067.6	100.0
Liabilities and equity				
Current liabilities	711.2	33.5	897.1	43.4
Non-current liabilities	620.8	29.2	324.4	15.7
Equity	792.5	37.3	846.1	40.9
Total liabilities and equity	2 124.5	100.0	2 067.6	100.0

Division key figures

CHF million	Kuhn Group		
	2009	2008	% change
Order intake	735.4	1 224.0	-39.9
Net sales	948.4	1 105.6	-14.2
Order book	246.0	432.2	-43.1
Operating profit (EBITDA) As % of net sales	109.4 11.5%	157.0 14.2%	-30.3
Operating profit (EBIT) before impairment As % of net sales	71.1 7.5%	136.9 12.4%	-48.1
Operating profit (EBIT) As % of net sales	7.4 0.8%	136.9 12.4%	-94.6
Number of employees at 31 December Excluding acquisitions	3 152 2 898	3 563 3 563	-11.5 -18.7

CHF million	Bucher Municipal		
	2009	2008	% change
Order intake	436.5	528.4	-17.4
Net sales	452.1	579.1	-21.9
Order book	91.0	114.5	-20.5
Operating profit (EBITDA) before restructuring As % of net sales	38.5 8.5%	50.9 8.8%	-24.4
Operating profit (EBIT) before restructuring ¹⁾ As % of net sales	30.4 6.7%	38.0 6.6%	-19.9
Operating profit (EBIT) As % of net sales	20.4 4.5%	38.0 6.6%	-46.3
Number of employees at 31 December	1 365	1 543	-11.5

¹⁾ 2008 including impairment charge of CHF 4.7 million.

CHF million	Bucher Process		
	2009	2008	% change
Order intake	116.4	167.7	-30.6
Net sales	122.0	195.2	-37.5
Order book	33.2	40.1	-17.3
Operating profit (EBITDA) As % of net sales	6.8 5.6%	26.1 13.4%	-73.9
Operating profit (EBIT) As % of net sales	4.7 3.9%	24.1 12.3%	-80.5
Number of employees at 31 December	459	520	-11.7

	Bucher Hydraulics		
CHF million	2009	2008	% change
Order intake	276.7	472.9	-41.5
Net sales	319.8	497.0	-35.7
Order book	45.6	85.4	-46.6
Operating profit (EBITDA) As % of net sales	33.9 10.6%	76.3 15.4%	-55.6
Operating profit (EBIT) before impairment As % of net sales	13.7 4.3%	56.4 11.3%	-75.7
Operating profit (EBIT) As % of net sales	-8.5 -2.7%	31.2 6.3%	n.a.
Number of employees at 31 December	1 317	1 664	-20.9

	Emhart Glass		
CHF million	2009	2008	% change
Order intake	232.4	398.9	-41.7
Net sales	303.7	418.3	-27.4
Order book	91.5	171.2	-46.6
Operating profit (EBITDA) As % of net sales	21.3 7.0%	44.4 10.6%	-52.0
Operating profit (EBIT) As % of net sales	12.2 4.0%	35.0 8.4%	-65.1
Number of employees at 31 December	871	1 064	-18.1