

Press release

Niederweningen, 31 January 2019

Pleasing 2018 business year

2018 was a successful year for Bucher Industries. Sales rose by 16%, surpassing the CHF 3 billion mark for the first time. All divisions contributed to this positive development. The economic momentum was particularly strong in the first half of the year and diminished somewhat towards the end of the year. The Group anticipates a marked rise in the profit for the year.

Group

CHF million	2018	2017	Change in		
			%	% 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
Number of employees at 31 December	13 054	12 108	7.8		4.6

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Overall, the markets of Bucher Industries developed well in 2018. It was mainly due to the solid performance of the dairy and livestock sector in Europe in particular at the beginning of the reporting period that the agricultural technology market developed satisfactory despite the global challenges. Demand was very strong for municipal vehicles, hydraulic system solutions and components and manufacturing equipment for glass containers. Towards the end of the year, this demand flattened off at a high level. For the products of Bucher Specials, the markets were generally positive. The Group anticipates a marked rise in the profit for the year.

Kuhn Group

CHF million	2018	2017	Change in		
			%	% 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
Number of employees at 31 December	5 352	5 235	2.2		1.1

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Diverging developments The agricultural technology market was very mixed in regional terms in 2018. In Europe, the market performance was positive, primarily due to robust demand in the European dairy and livestock sector at the start of the reporting period. The long drought in northern European regions was detrimental to the production of grain and grass. In North America, the market for agricultural machinery was challenging once again due to a further drop in net income for farmers because of lower milk and grain prices, higher input costs and punitive Chinese tariffs on the import of US agricultural products. The Brazilian market rebounded during the reporting period thanks to the good price trend for soya beans on the back of greater demand from China, the continued government subsidy programme at mid-year and the very good harvest. Kuhn Group sales posted a pleasing double-digit growth. As a result of the challenges in the supply chain and in personnel, the ongoing low sales in the USA and high steel costs Kuhn Group anticipates the operating profit margin for 2018 will be slightly lower than in the previous year.

Bucher Municipal

CHF million	2018	2017	Change in	
			%	% 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
Number of employees at 31 December	2 215	2 014	10.0	

¹⁾ Adjusted for currency effects

Very positive market development As in the year before, in the main markets Europe and Australia the public sector demand for municipal vehicles was strong due to the good economic situation. In the second half of the year, growth for sweeper and refuse collection vehicles weakened at a high level, while demand for sewer cleaning vehicles remained strong for the entire year. The winter maintenance equipment business saw a significant upturn thanks to the plentiful snow throughout the last winter season. Bucher Municipal benefited from the good market situation, with sales rising to an exceptionally high level. All business units operated close to full capacity and contributed to this positive development. Bucher Municipal anticipates that the operating profit margin for 2018 will be well ahead of the previous year.

Bucher Hydraulics

CHF million	2018	2017	Change in		
			%	% 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
Number of employees at 31 December	2 835	2 319	22.3		9.0

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Exceptionally high demand The markets of Bucher Hydraulics developed very well in 2018, just as they had done in the year before. At the end of the year the trend levelled off in Europe, especially in the key German market, as well as in China. The robust demand for hydraulic components came primarily from the construction equipment, materials handling and other mobile applications segments. Bucher Hydraulics benefited from the very good market situation and this, together with the consolidation of the joint venture Bucher Hydraulics (Wuxi) Co., Ltd., led to a strong increase in sales. Due to the very high capacity utilisation rates in most production facilities, sales grew less than order intake, while the order book rose sharply. Bucher Hydraulics anticipates that the operating profit margin for 2018 will come in below the high previous-year level. The reasons for this are the consolidation of Bucher Hydraulics (Wuxi) Co., Ltd., additional costs due to the very high capacity utilisation and higher material and personnel costs.

Bucher Emhart Glass

CHF million	2018	2017	Change in	
			%	% 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
Number of employees at 31 December	1 696	1 630	4.0	

¹⁾ Adjusted for currency effects

Glass containers in demand The demand for glass containers continued to rise during the reporting period. This was due in part to the good state of the global economy, which generally boosts interest in higher-value products such as glass containers. In addition, there is a trend in society towards a greater use of containers made of recyclable glass instead of plastic. As a result, the manufacturers of glass containers expanded their production capacity during the reporting period. Bucher Emhart Glass benefited from this exceptionally positive market environment and boosted its sales significantly. Also contributing to this development were Sanjin, the good cooperation with O-I and the business with inspection machines. Thanks to the very good capacity utilisation, the optimisation programmes that were launched in recent years and the improvement at Sanjin, Bucher Emhart Glass is confident that the long-term targeted operating profit margin of 9% will be exceeded for 2018.

Bucher Specials

CHF million	2018	2017	Change in		
			%	% 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
Number of employees at 31 December	888	849	4.6		1.9

¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Overall robust market developments The markets of Bucher Specials' business units experienced generally positive developments during the reporting period. Following a poor grape harvest in the previous year due to frost, the European market for winemaking

equipment was more positive than expected in some regions. The demand for beverage technologies was dampened by political developments and financing difficulties of customers in Eastern Europe and Turkey. In the Swiss market for agricultural machinery, farmers were reluctant to invest due to the uncertainty in agricultural policy and the drought in the summer. The markets for mobile and industrial automation technology continued to develop well. All business units contributed to the division's pleasing increase in sales. The operating profit margin of Bucher Specials for 2018 is likely to be slightly lower compared to the previous year due to the acquisition of the import business of Grunderco, Switzerland, and the associated acquisition and integration costs.

Outlook for 2019

The Group is forecasting that the market environment will remain positive in 2019, with a decreasing growth momentum.

Kuhn Group is anticipating that the market development will be flat overall. Against this background, the division expects that sales for the current business year will be in line with 2018. The operating profit margin should increase slightly.

At **Bucher Municipal**, there are a number of uncertainties, especially in the important European market, in particular as regards Brexit. The division anticipates that for 2019, there will be a modest decline in sales compared to the record high of 2018, which was characterised by an exceptionally high capacity utilisation. As a result, the operating profit margin will probably decline slightly.

Bucher Hydraulics expects that demand will continue to flatten. Together with the acquisition of the joint venture Bucher Hydraulics (Wuxi) Co., Ltd., the division is forecasting a modest increase in sales for the current year. The operating profit margin is likely to be somewhat lower than 2018 due to capacity expansions and the consolidation of Bucher Hydraulics (Wuxi) Co., Ltd.

Bucher Emhart Glass expects a continued good business performance. For 2019, the division anticipates that sales and the operating profit margin will be in line with the levels seen in the last year.

The business environment of **Bucher Specials** is likely to see a mixed development. The business with beverage technologies will remain challenging. Thanks to the acquisition of the import business of Grunderco and the continued positive development in mobile and industrial automation, however, there should be a slight increase in sales in the current business year, while the operating profit margin should be in line with 2018.

Due to the high order book at the start of the current year and the forecast economic situation, the **Group's** sales and profit for the year should be in line with the good business year 2018.

The accounting standards were changed from IFRS to Swiss GAAP FER on 1 January 2019.

The switch will not have any impact on order intake or sales. However, it will lead to an increase of up to half a percentage point in the operating profit margin and a few percent in the Group's profit for the year. The impact of the change in accounting standards is not reflected in the guidance provided above.

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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, as well as control systems for automation technology. The Group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). Please see www.bucherindustries.com for further information.