

Group presentation

July 2019





Systems engineering for beverage industry

Mobile mechanisation

The five divisions of Bucher Industries

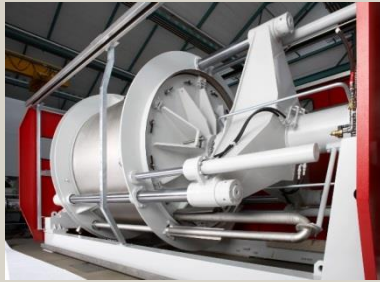
BUCHER



Bucher Industries 2018

CHF 3.1 billion sales, 13 100 employees, 9.1% EBIT margin

BUCHER



Bucher Specials

CHF 310 million sales
900 employees



Kuhn Group

CHF 1 200 million sales
5 400 employees



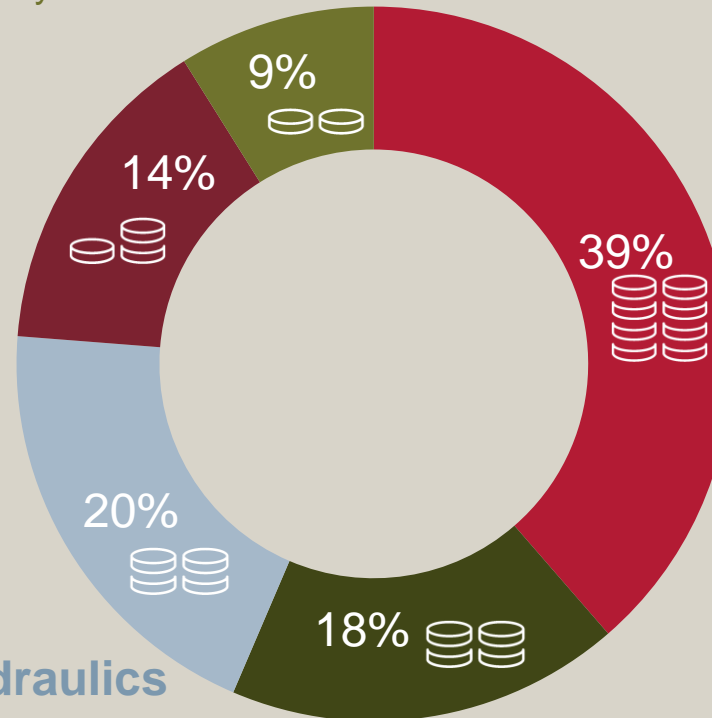
Bucher Emhart Glass

CHF 450 million sales
1 700 employees



Bucher Hydraulics

CHF 630 million sales
2 800 employees



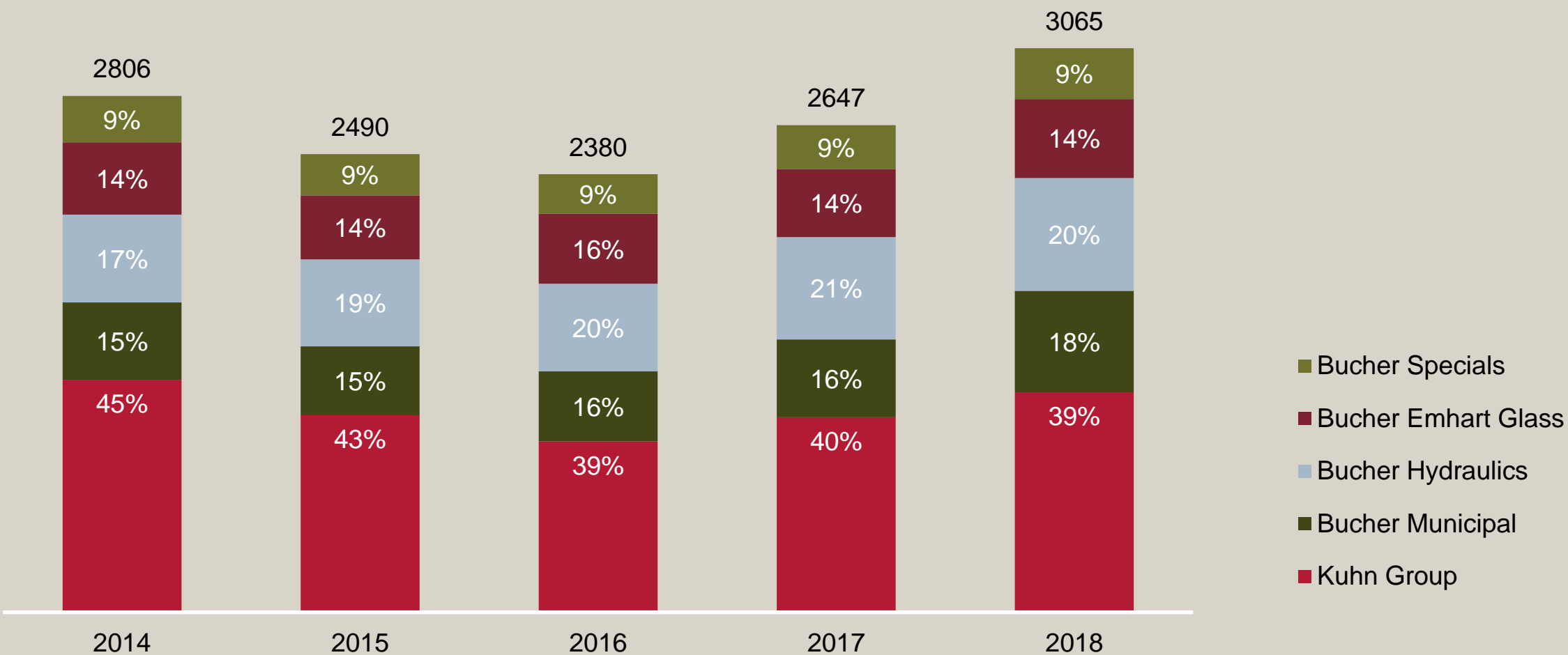
Bucher Municipal

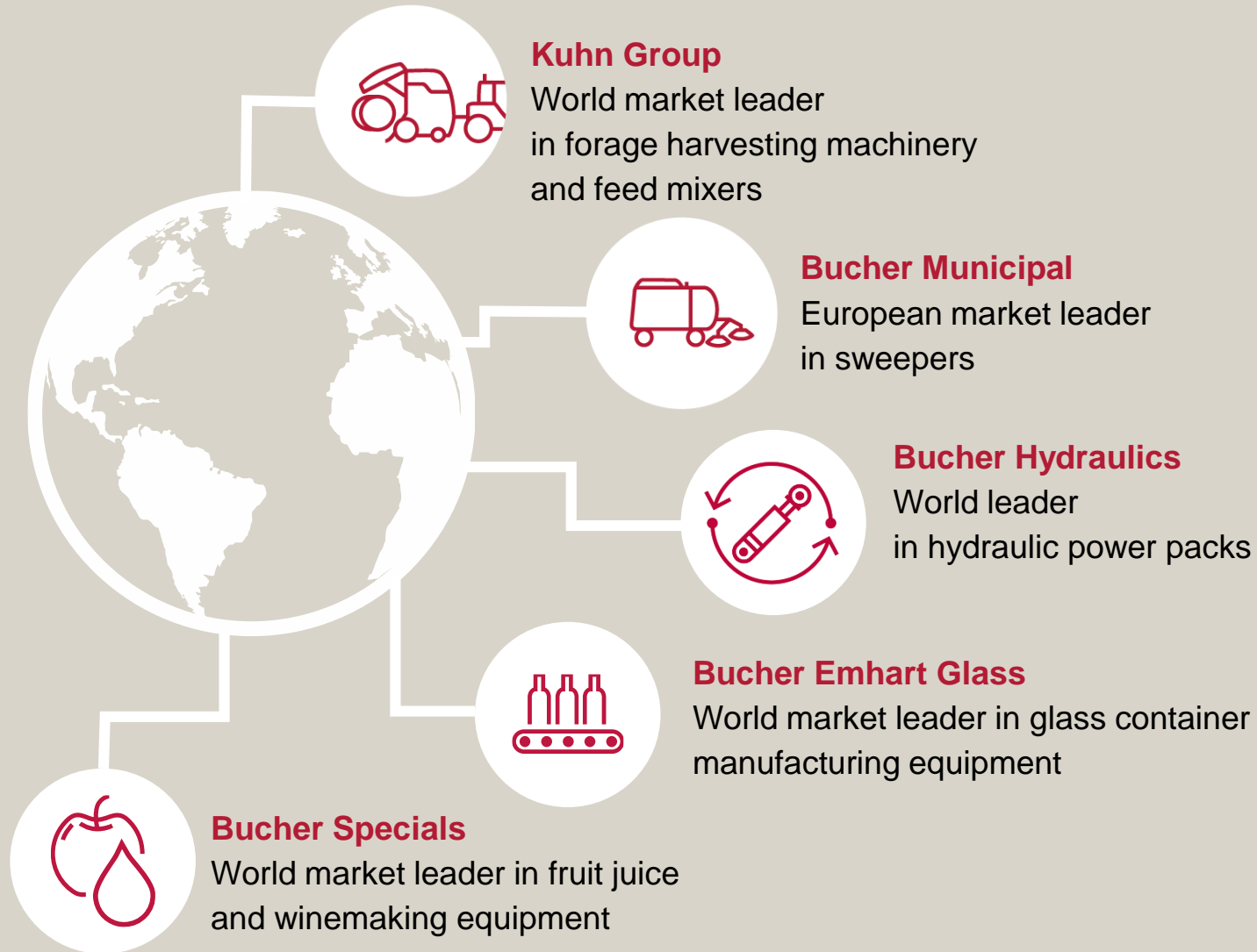
CHF 540 million sales
2 200 employees



Net sales by division

CHF m

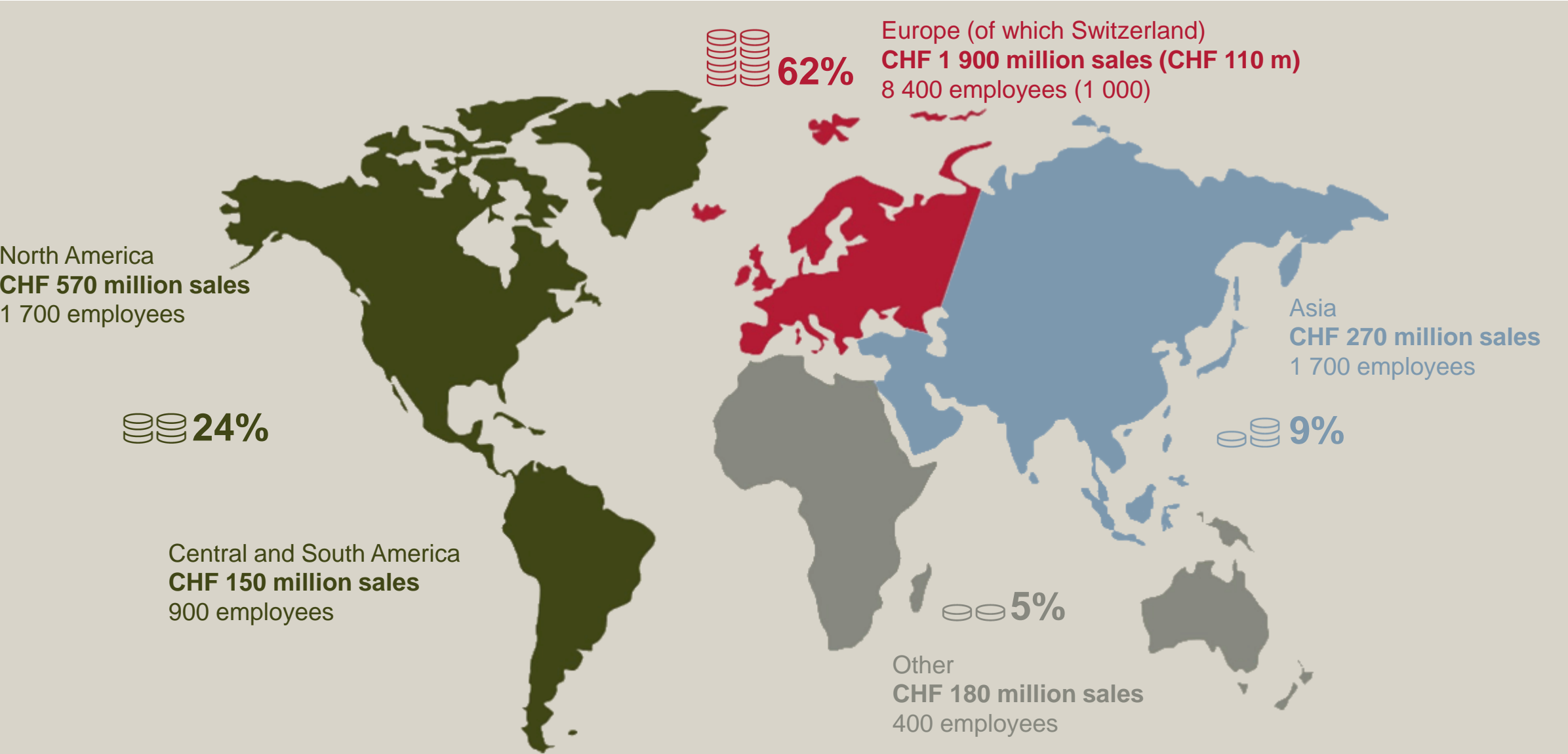




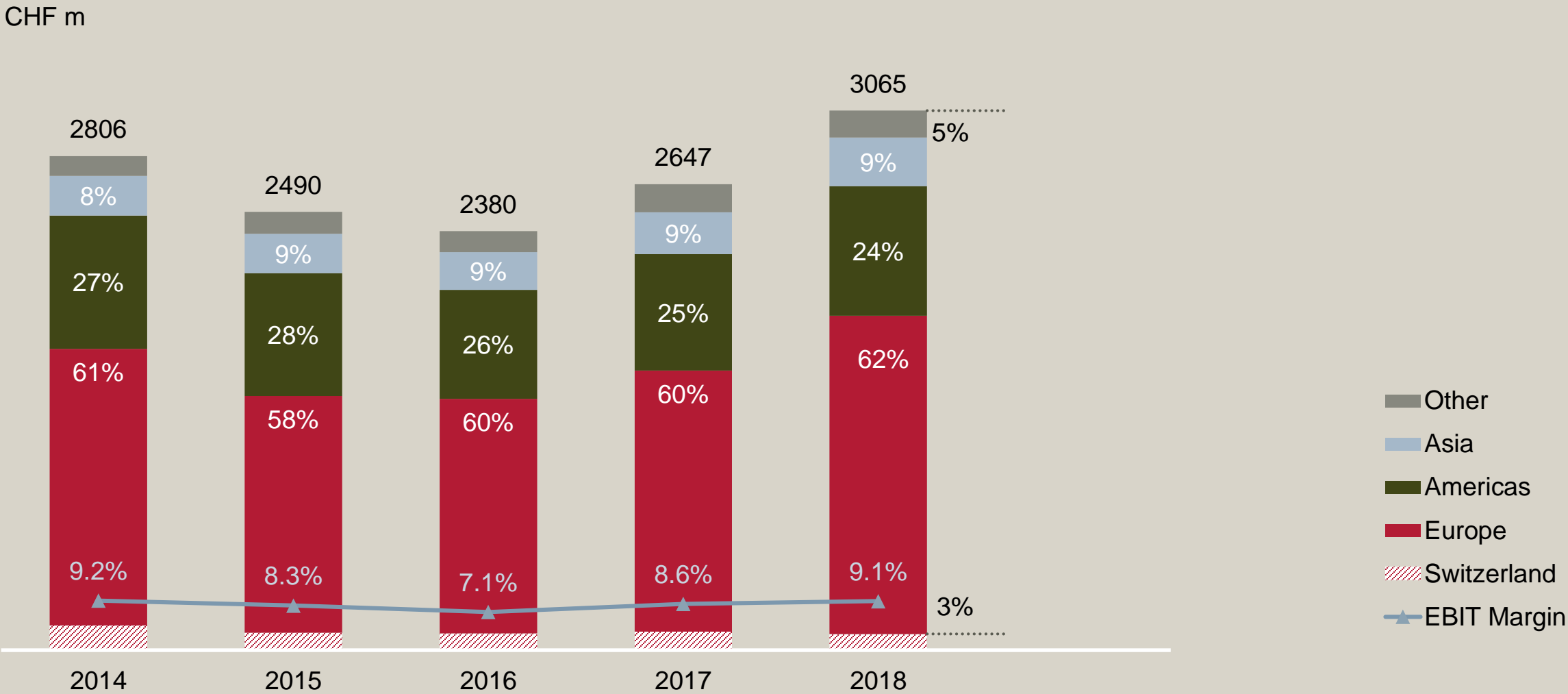
More than 40 manufacturing locations and development sites on five continents

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Net sales by region



Diversified group

in mechanical and vehicle engineering

Decentralised responsibility

for products, markets and results
in the divisions; centrally co-ordinated

Technological leadership

for a strong market position

Strengthening

of divisions

Solid balance sheet

for long-term, industrial independence

Increase in enterprise value

(RONOA > WACC)

High level of independence for divisions

- No competition for resources and responsibilities
- Exchange of experiences on specialist topics

Leadership by

- Strategic planning
- Key financial figures
- Standardised values and prescribed governance requirements
- Division management appointments
- Selected, operational projects

Lean corporate centre structure

- With approx. 30 employees

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

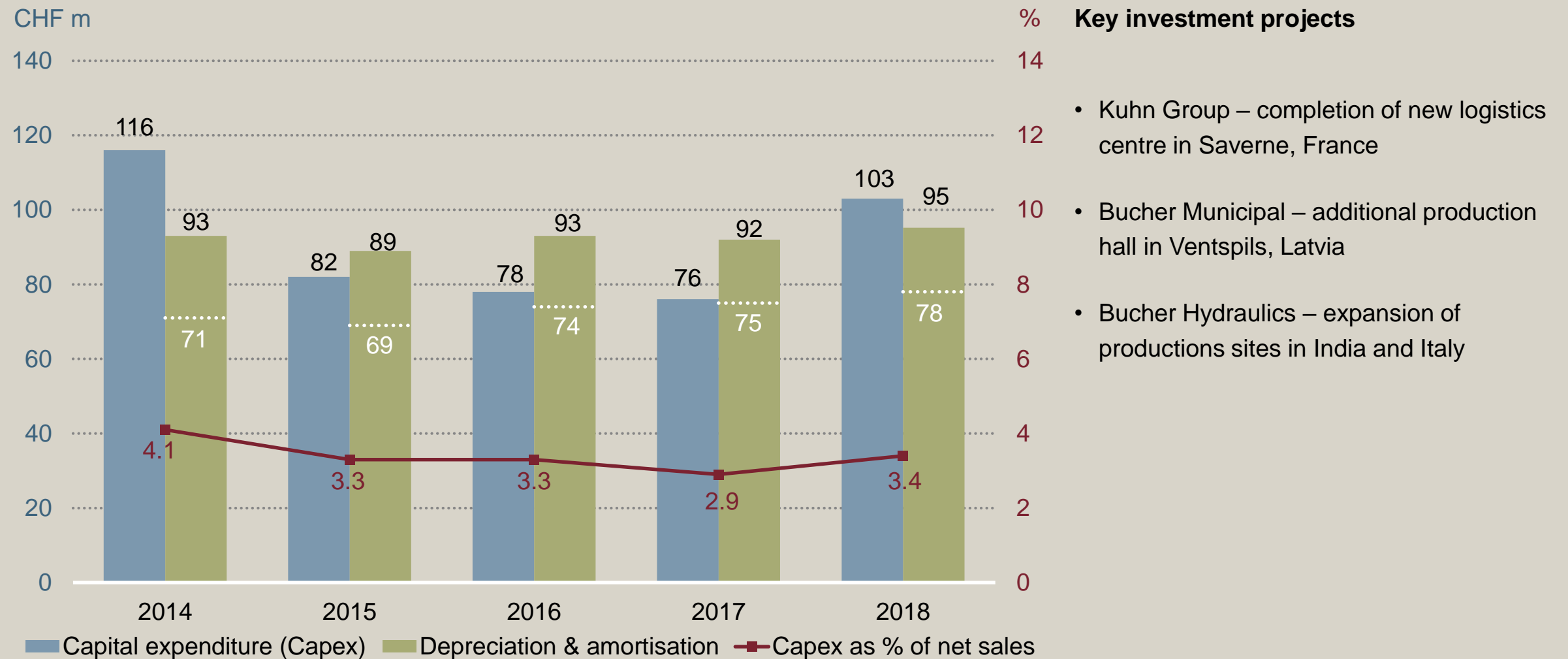
²⁾ Adjusted for currency and acquisition effects

Key figures

CHF million			Change in
	2018	2017	%
Profit/(loss) for the year as % of net sales	215 7.0%	168 6.3%	28.4
Earnings per share in CHF	20.77	16.81	23.6
Capital expenditure	103	76	34.8
Operating free cash flow	101	148	-32.1
Net cash/debt	159	214	-25.6
Equity as % of total assets (equity ratio)	1 490 53.7%	1 432 52.7%	4.0
Net operating assets (NOA) average as % of return after tax (RONOA)	1 373 15.7%	1 274 13.2%	7.8

Investments in the future

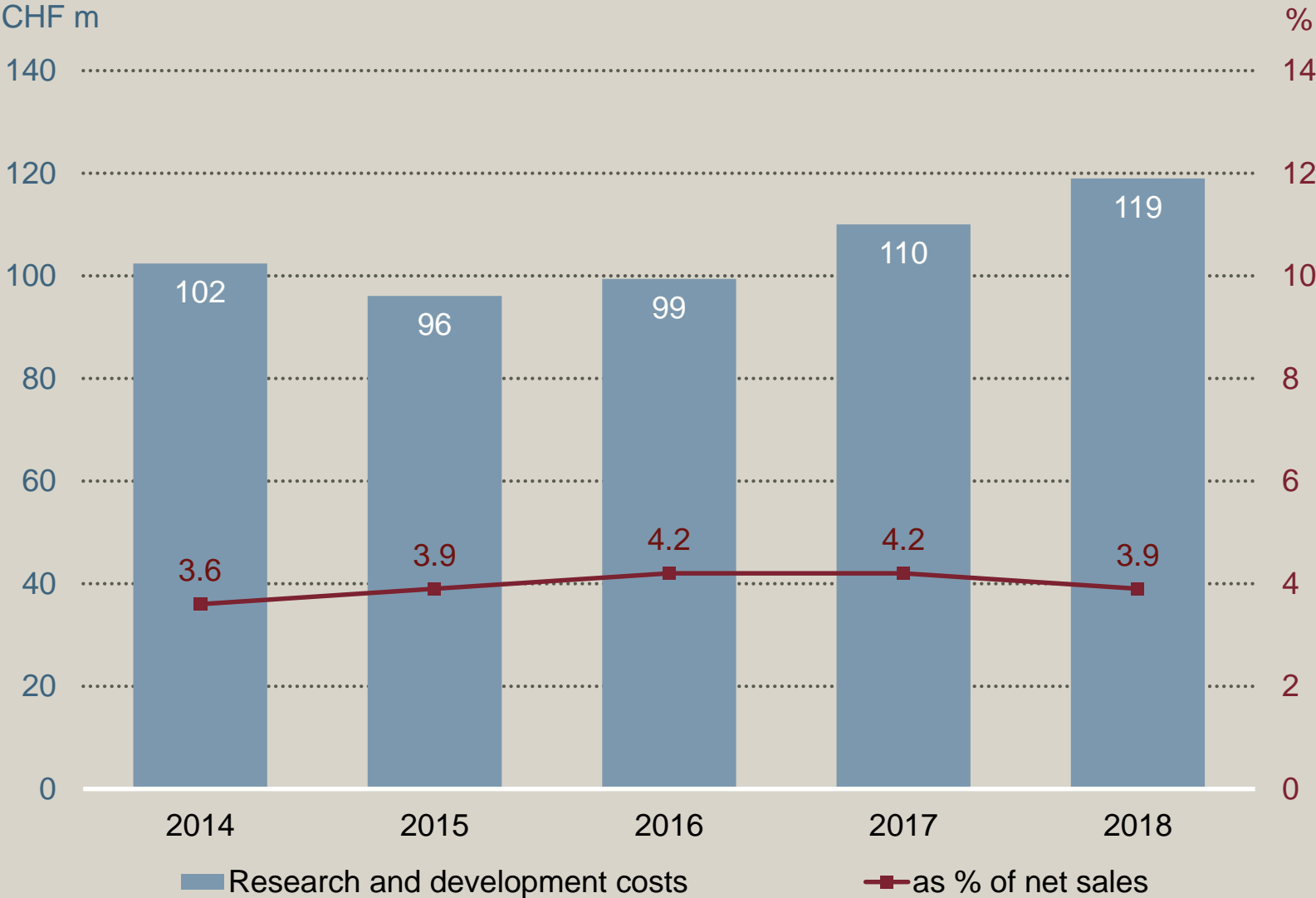
Fixed and intangible assets



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

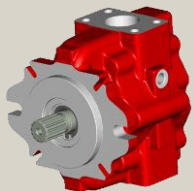
Investments in the future

Research and development costs



Selected development projects

Bucher Hydraulics
AX motors



Bucher Emhart Glass
Flex Control Center



Bucher Municipal
Phoenix Electra



M&A transactions 2018 – 2019

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2018

**Bucher
Emhart Glass**

Sanjin,
China



Purchase of
remaining shares
(37%)

Net sales¹⁾
CHF 55 million

Employees
800

**Bucher
Hydraulics**

Wuxi Deli,
China



Joint Venture
(70%)

Net sales¹⁾
CHF 40 million

Employees
300

**Kuhn
Group**

Artec,
France



Purchase of
remaining shares
(62%)

Net sales¹⁾
CHF 20 million

Employees
60

**Bucher
Specials**

Import business
of Grunderco,
Switzerland



Asset deal

Net sales¹⁾
CHF 20 million

Employees
30

2019

**Bucher
Municipal**

Zynkon,
China



Net sales¹⁾
CHF 14 million

Employees
110

**Bucher
Emhart Glass**

Refractory
business,
USA



Asset deal, sold
to RATH Group

Net sales¹⁾
CHF 9 million

Employees
50

**Bucher
Specials**

Elan Systems,
Hungary



Net sales¹⁾
CHF 3 million

Employees
20

**Bucher
Emhart Glass**

Symplex,
Germany



Net sales¹⁾
CHF 8 million

Employees
35

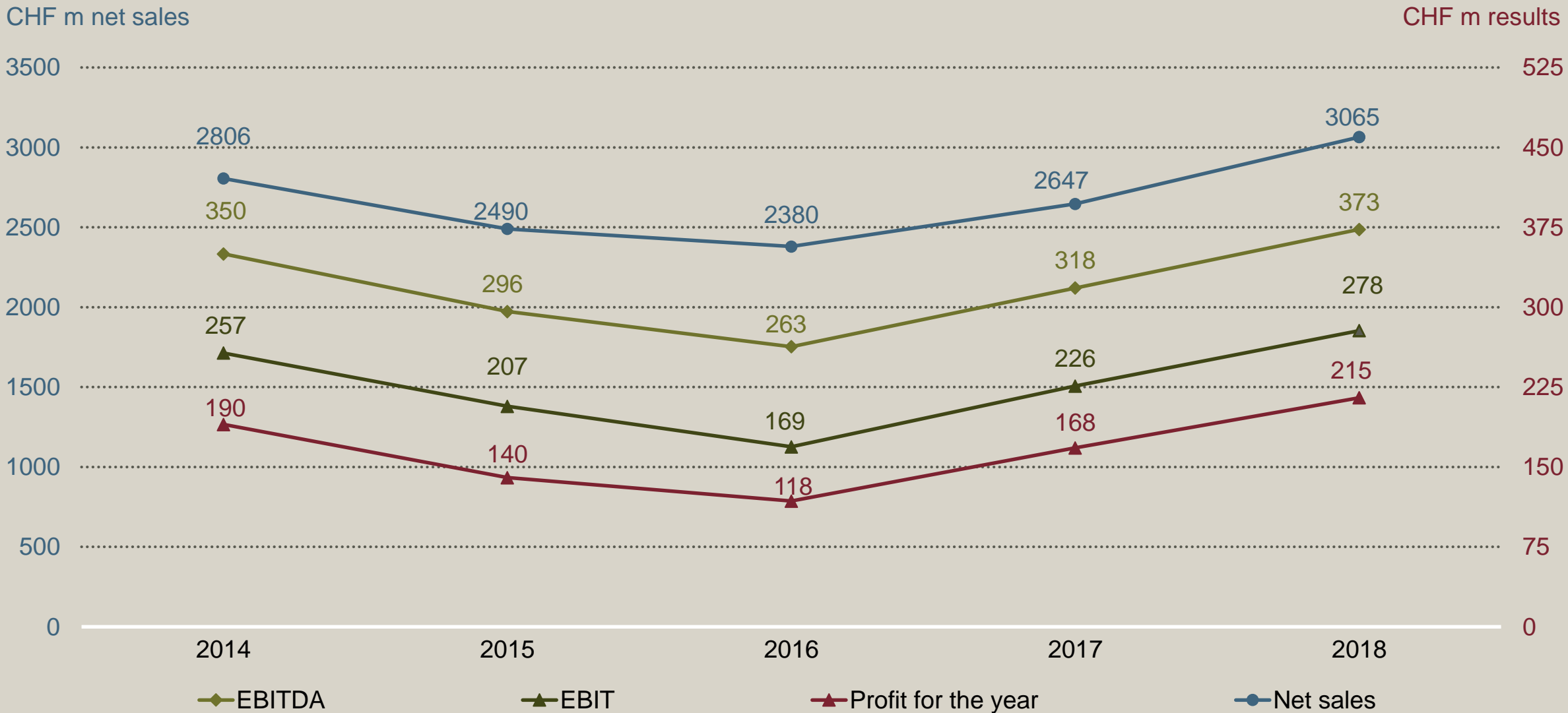
Colour coding

Acquisition

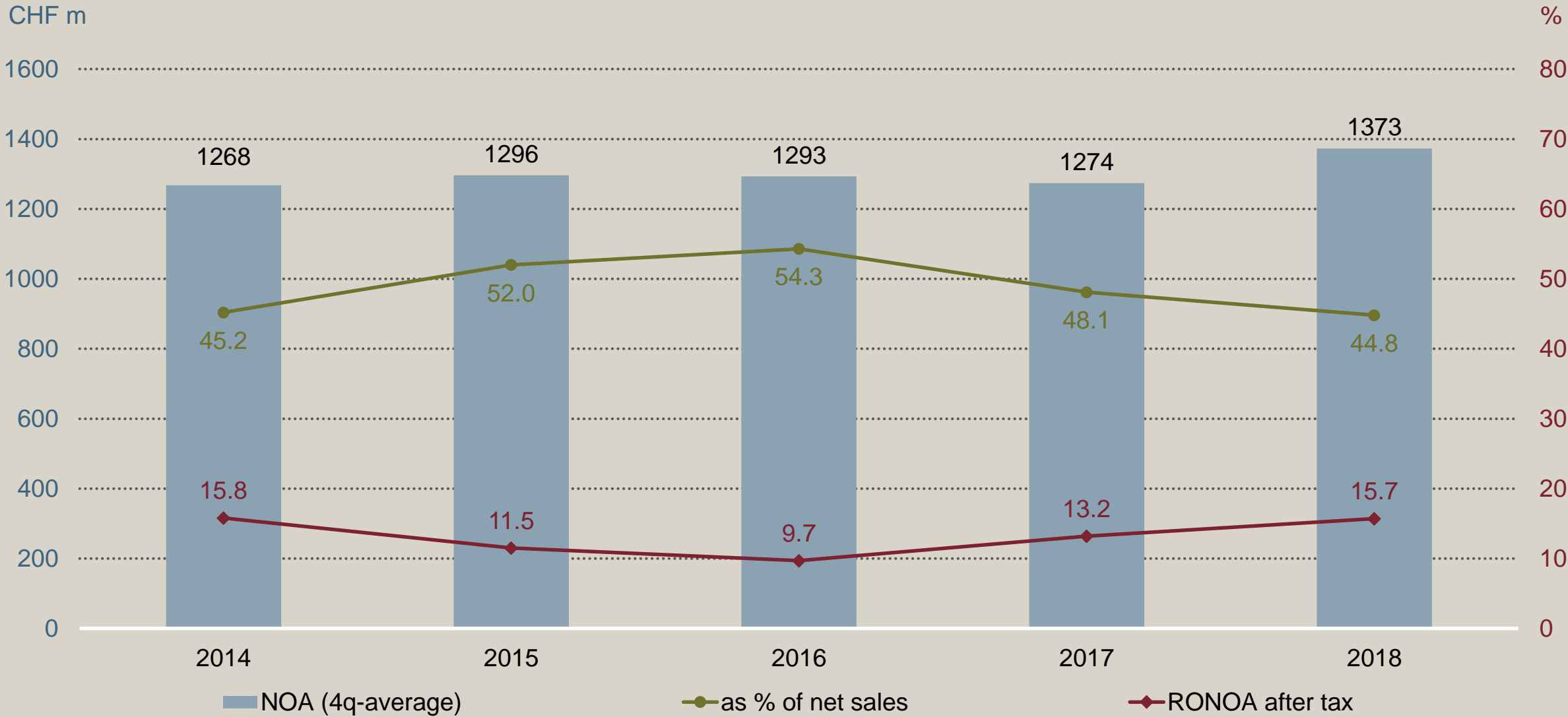
Disposal

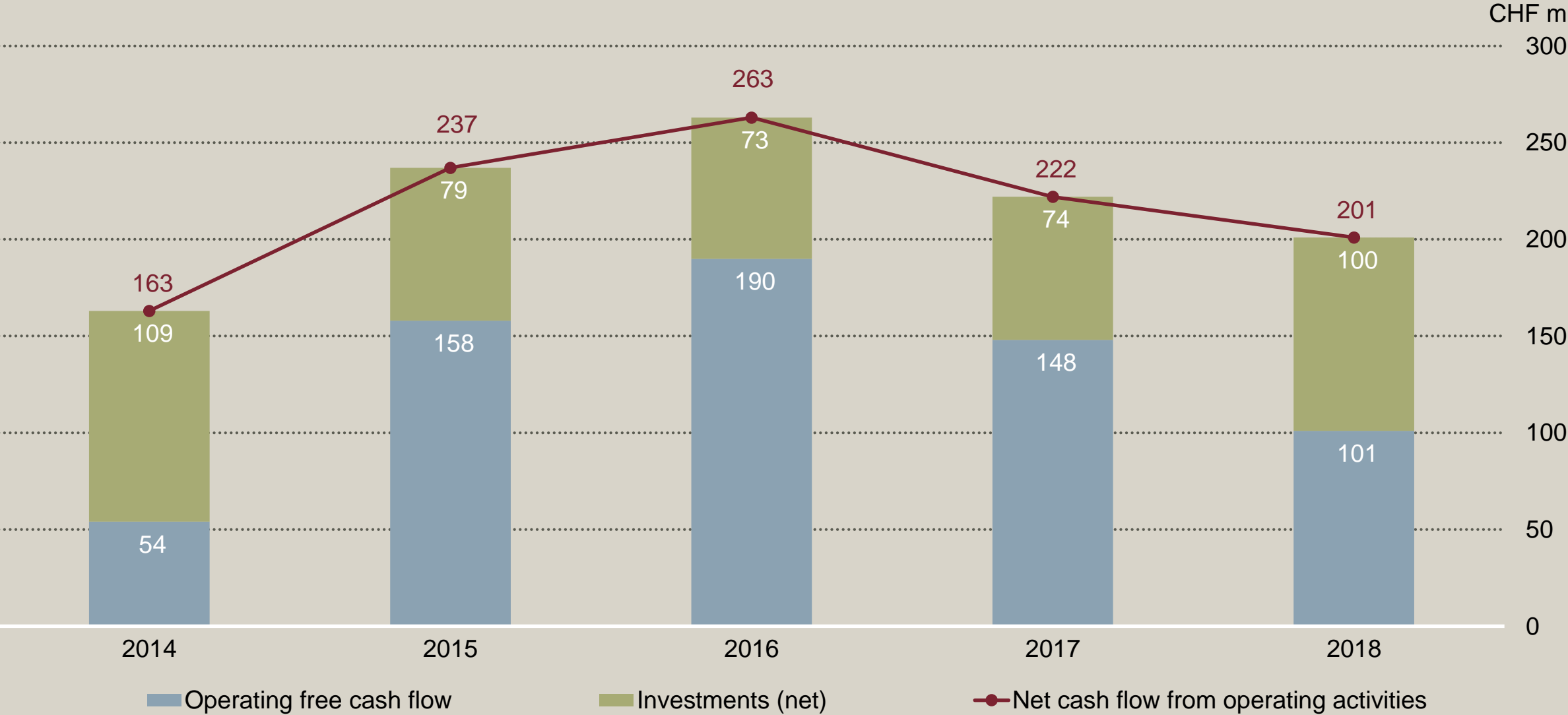
¹⁾ Before acquisition/disposal

Net sales and results

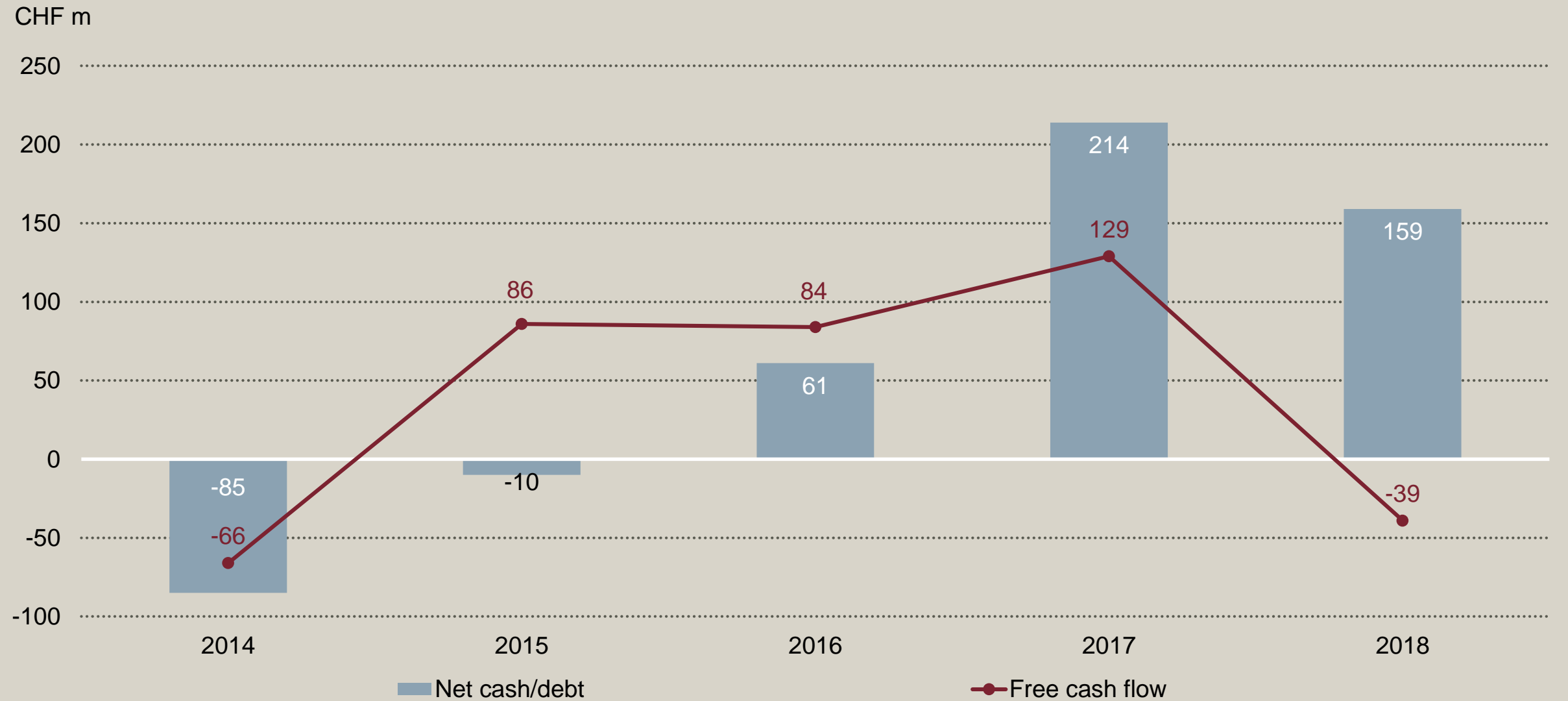


Net operating assets (NOA) and RONOA after tax

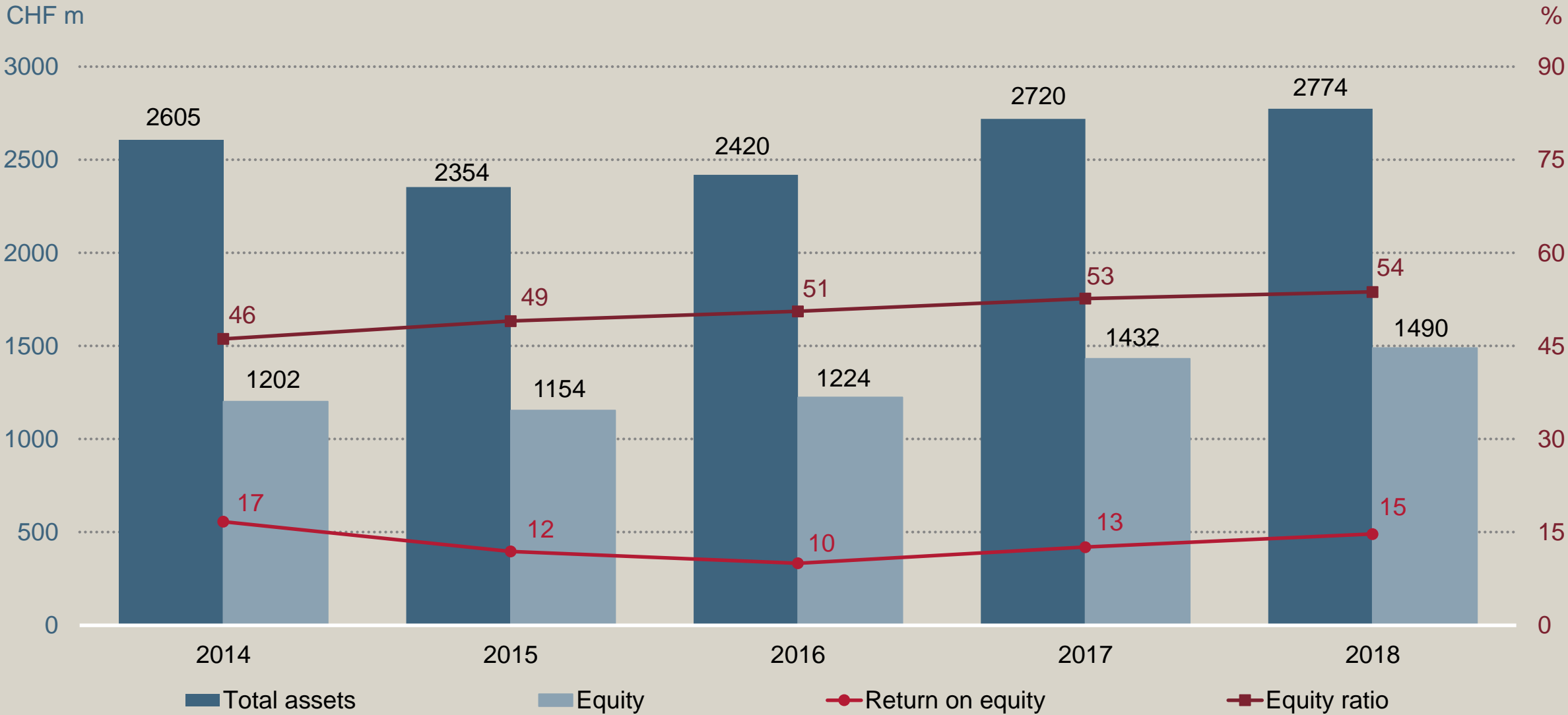




Net cash/debt and free cash flow



Total assets and equity



Results by division

CHF million	EBIT	EBIT margin	EBIT	EBIT margin
	2018	2018	2017	2017
Kuhn Group	98	8.1%	93	8.6%
Bucher Municipal	49	9.0%	26	6.1%
Bucher Hydraulics	82	13.1%	75	13.7%
Bucher Emhart Glass	45	10.1%	25	6.6%
Bucher Specials	24	7.8%	22	8.1%
Other/consolidation	-20		-15	
Bucher Industries	278	9.1%	226	8.6%

Divisions

Kuhn Group

Specialised agricultural machinery

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Arable farming



Ploughing



Tillage



Seeding



Fertilisation



Spraying

Dairy and livestock farming



Hay and forage harvesting



Feed storage



Bedding and feeding



Manure spreaders



Hedge cutters

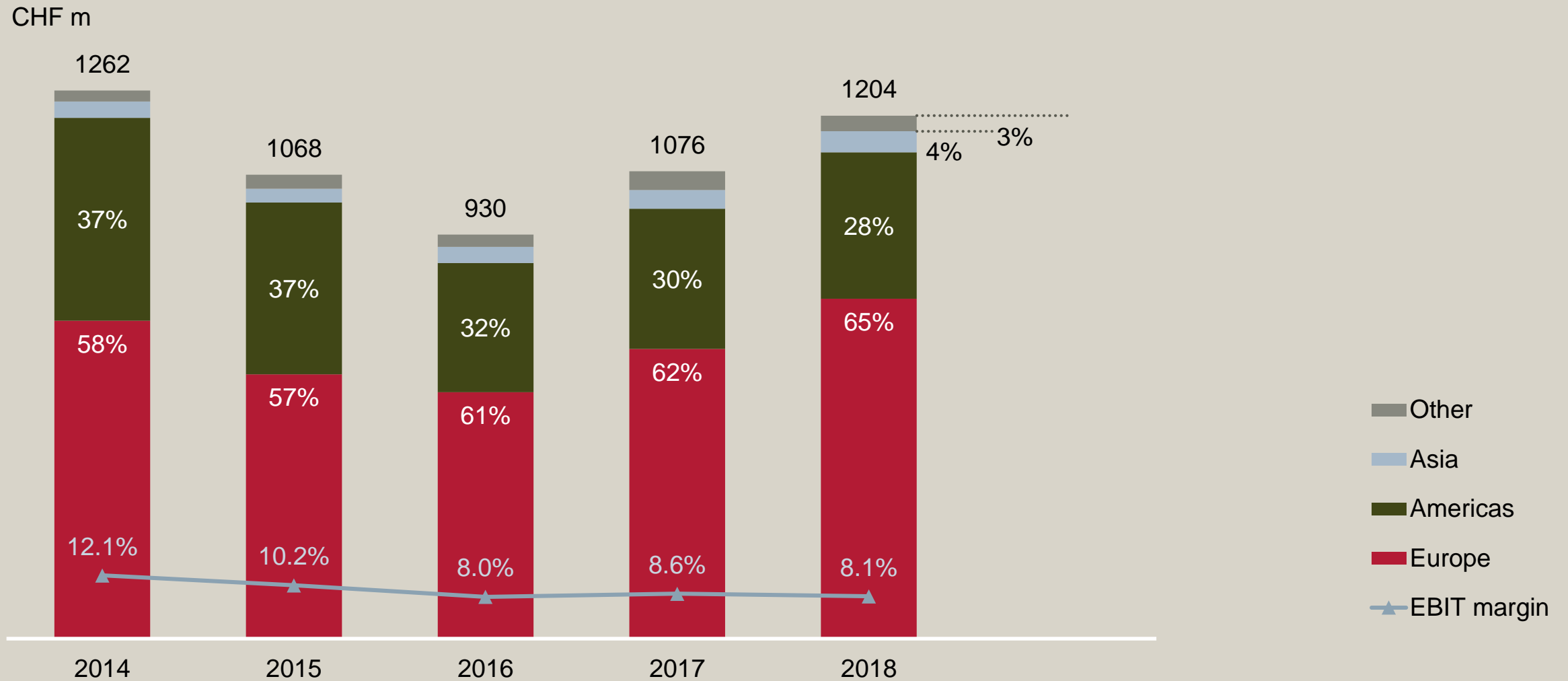
Landscape maintenance

- 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

Kuhn Group

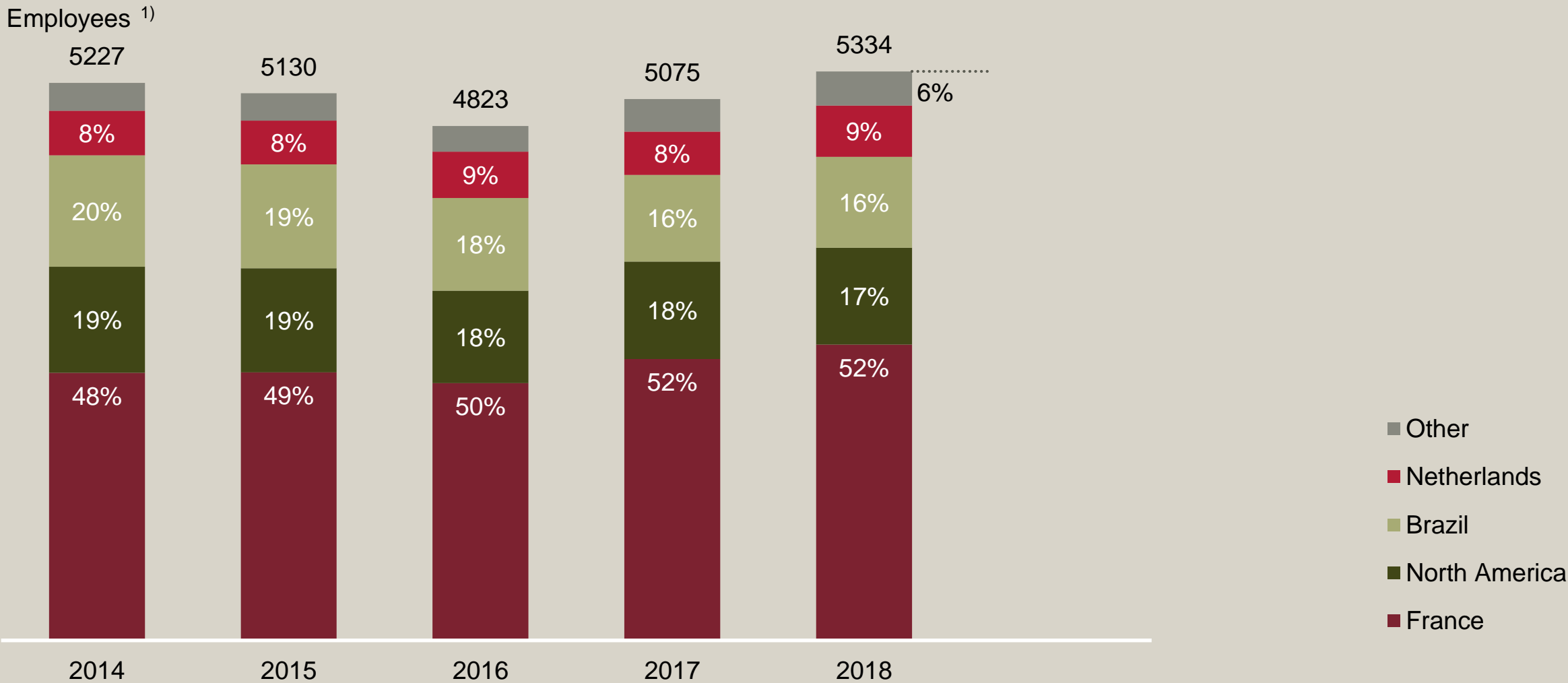
Net sales by region

BUCHER



Kuhn Group

Number of employees by region









¹⁾ Expressed in full-time equivalents; average during year

Kuhn Group

World market for agricultural machinery

Market served by Kuhn Group

World agricultural machinery market volume: Around EUR 108 billion (VDMA estimate)		Tractors	45%	%
		Harvesting machinery		29
		Forage harvesting machinery	55%	16
		Soil preparation		7
		Seed drills, sprayers, fertiliser spreaders		7
		Other farm equipment machinery and spare parts		10
				31

Source: Freedonia – VDMA 2017/2018

Kuhn Group

Complete product range under one brand

Competitors														
	Mowers	Hay and forage Tedders	Rakes	Balers	Hedge cutters	Feed mixers	Tillage equipment driven	non-driven	Seeders drilling	precision	Spreaders	Sprayers	Tractors	Harvesters self-propelled
Kuhn Group														
John Deere														
CNH														
AGCO														
Claas														
Krone														
Amazone														
Pöttinger														
Kubota/KVE/Great Plains														
Exel / Hardi														
Lemken														
Horsch														
Väderstad														
Sulky														
SDF														
Maschio														

Kuhn Group

World's leading manufacturer of specialised and tractor-related agricultural equipment



- Comprehensive range of agricultural machinery
- World market leader in hay and forage harvesting machinery and feed mixers
- Leader in tillage, fertilisation and planting and seeding equipment
- Strong market positions in Europe and in North and South America
- Extensive network of independent dealers and distributors
- Products and services marketed worldwide under the Kuhn brand

Bucher Municipal

Municipal vehicles and winter maintenance equipment

BUCHER

Sweeper equipment



Compact sweepers



Truck mounted sweepers

Winter equipment



Spreaders



Ploughs

Sewer cleaning



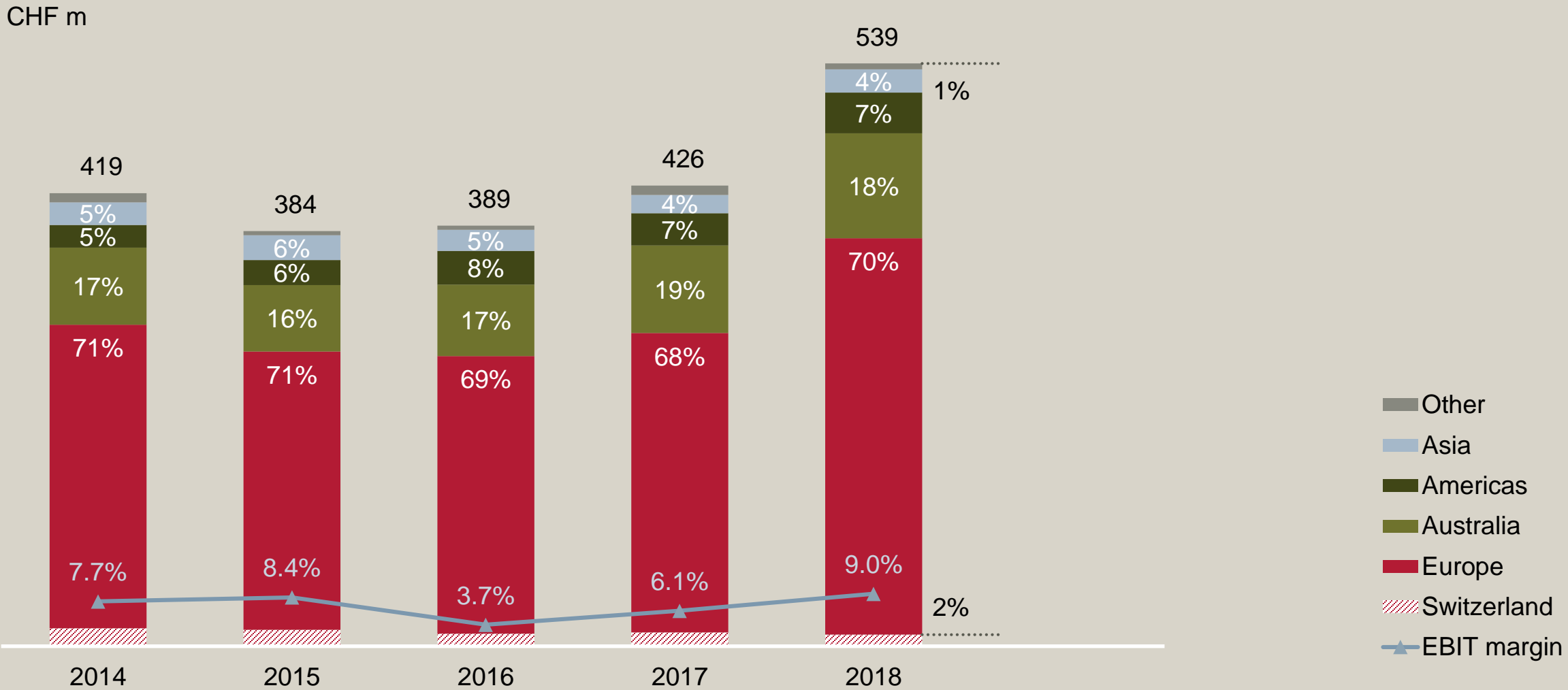
Refuse collection



- 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

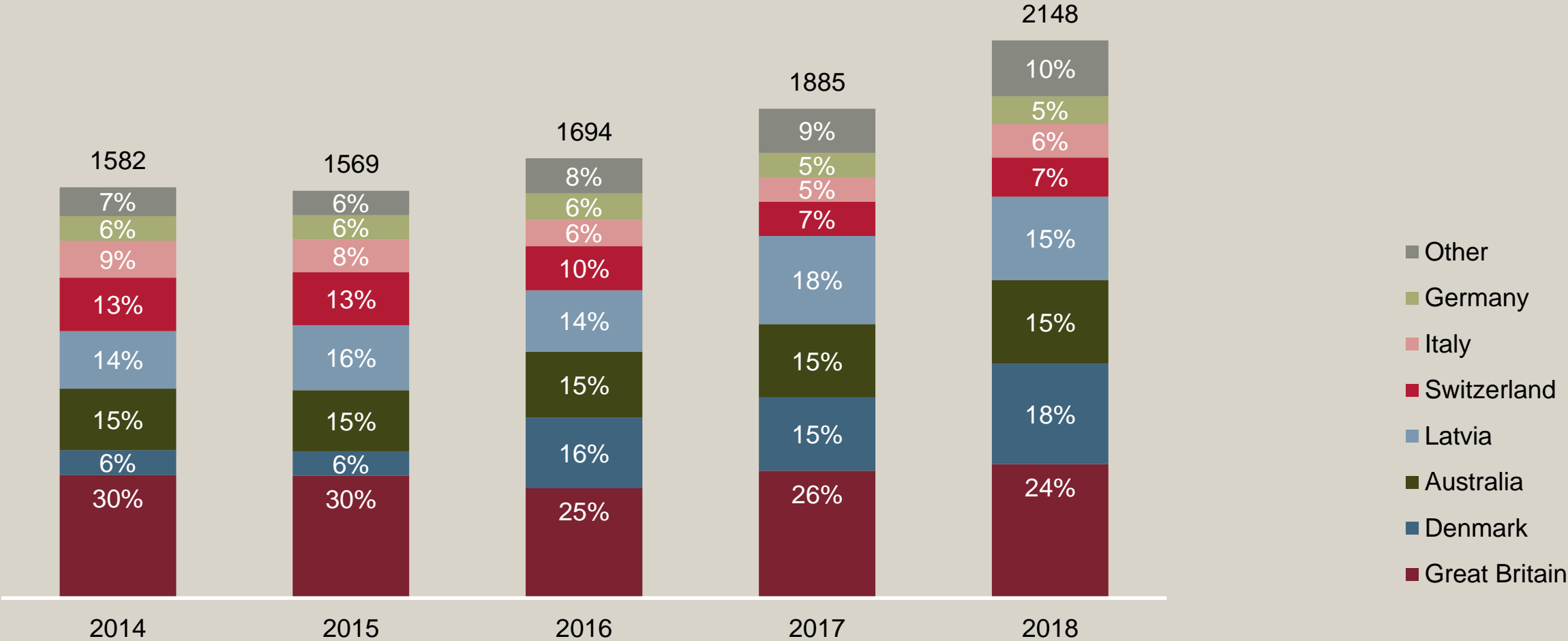
Net sales by region



Bucher Municipal

Number of employees by region

Employees ¹⁾



¹⁾ Expressed in full-time equivalents; average during year

Bucher Municipal

Complete product range

Competitors	Sweepers				Refuse vehicles			Winter maintenance			Vacuum tankers	
	Vacuum		Mechanical		Front	Rear	Side	Spreaders	Ploughs	Snow Blowers	Municipal	Industry
	Compact	Truck mounted	Compact	Truck mounted								
Bucher Municipal												
Federal Signal												
Alamo												
Douglas Dynamics												
Terberg-RosRoca												
Aebi-Schmidt												
Faun												
Fayat												
Hako												
Boschung												
Cappellotto												
Kaiser												
Zoomlion												

Bucher Municipal

Leading supplier of municipal vehicles for use in cleaning and clearance work in public and private traffic areas



- Comprehensive product range for the municipal vehicles market
- European market leader in sweepers and winter maintenance
- Market leader in sweepers in Great Britain
- Market leader in refuse collection vehicles and sweepers in Australia
- Market leader in sewer cleaning in Scandinavia and Great Britain

Bucher Hydraulics

Customised drive systems

BUCHER



Agricultural machinery



Construction equipment



Materials handling



Industry

Other segments: mining/tunnelling, energy technology, municipal vehicles, elevator technology, high-voltage switch gear



Pumps



Motors



Valves



Power units



Electronics



Cylinder



Subsystem

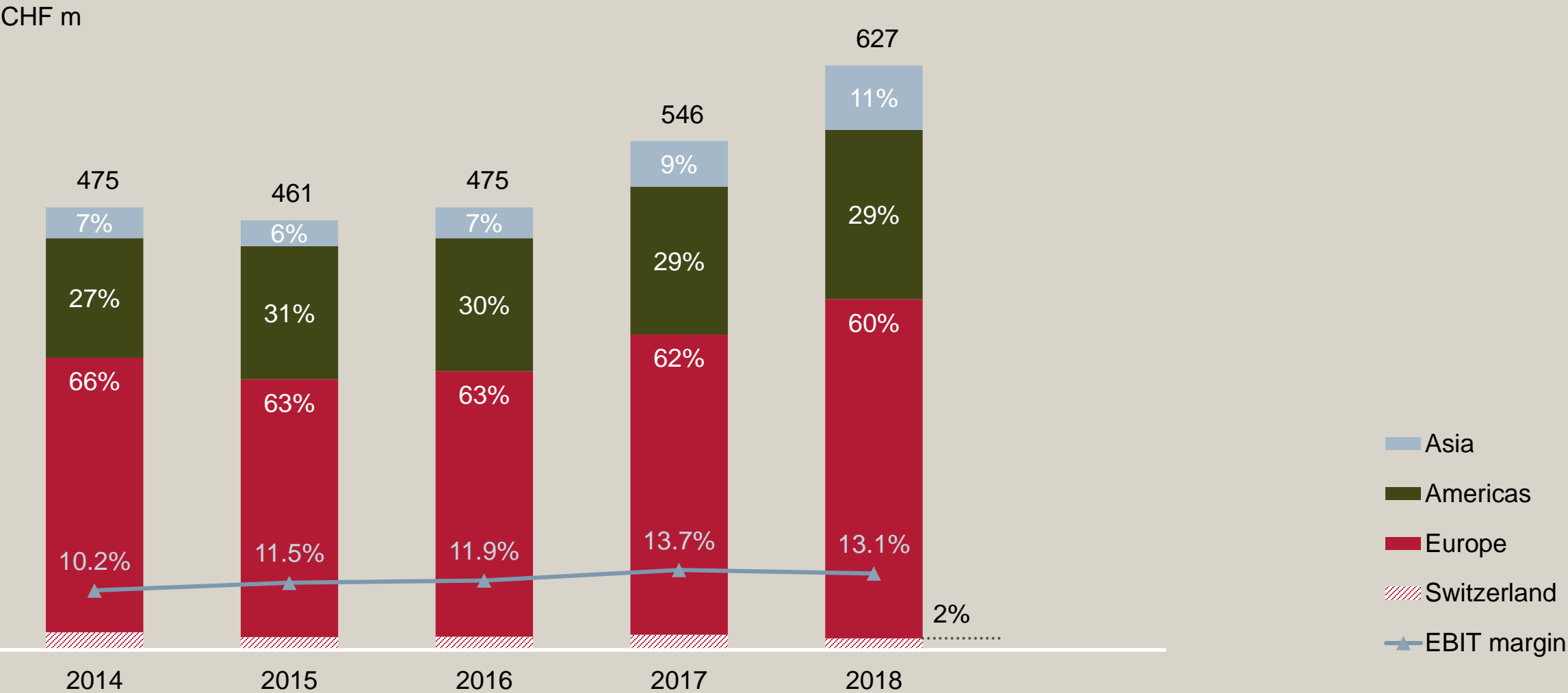


tailor-made
customer solutions

- 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

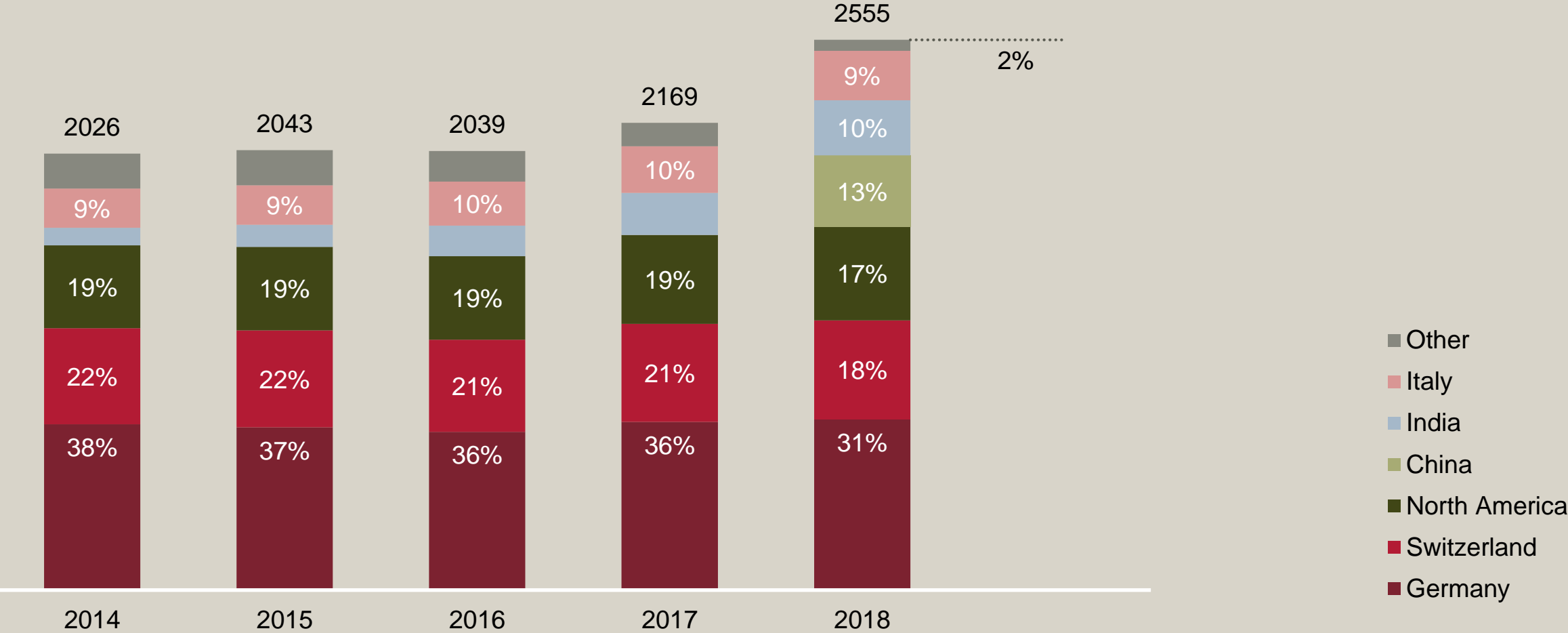
Net sales by region



Bucher Hydraulics

Number of employees by region

Employees ¹⁾



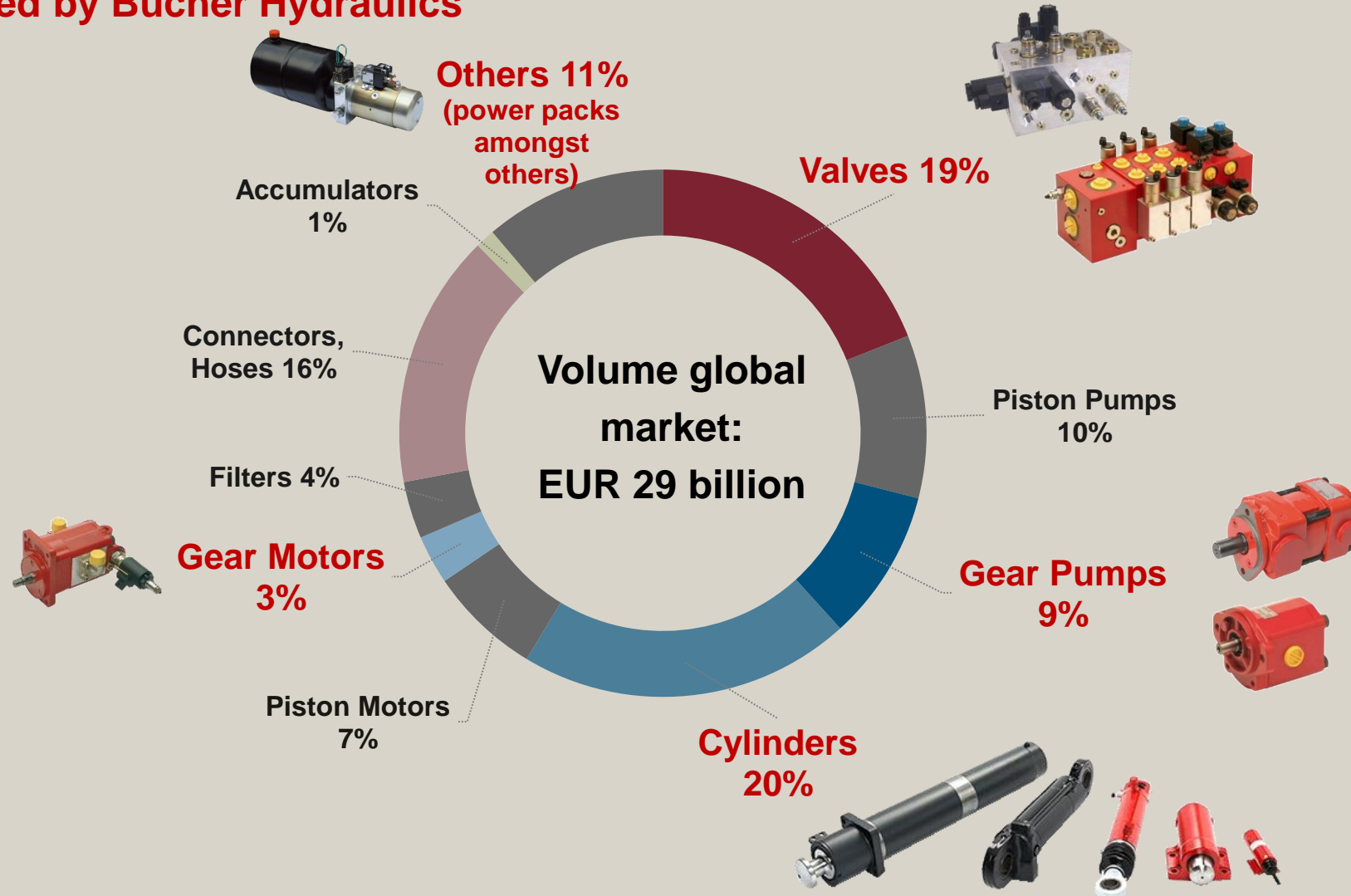
¹⁾ Expressed in full-time equivalents; average during year

Bucher Hydraulics

World hydraulics component market

BUCHER

Market served by Bucher Hydraulics



Source: CETOP Statistics, 2016

Bucher Hydraulics

Complete product range

Competitors	Pumps			Valves						Motors & cylinders			Accessories				Power packs	
	Piston	Vane	Gear	Industrial (Cetop)	Servo	Directional spool	Cartridge	HIC	Special	Gear	Piston	Cylinders	Electronics	Accumulators	Filters	Other	Compact	Contracting
Bucher Hydraulics																		
Parker (USA)																		
Eaton (USA)																		
Rexroth (DE)																		
Danfoss (DK)																		
Hydac (DE)																		
HAWE (DE)																		
Dana (IT)																		
Interpump (IT)																		
Argo-Hytos (DE)																		
Moog (USA)																		
Concentric (SE)																		
Husco (USA)																		
Sun Hydraulics (USA)																		
Hydraforce (USA)																		

Bucher Hydraulics

Market position

Bucher Hydraulics

Leading international manufacturer of modern hydraulic systems



- European market leader in mobile and elevator hydraulics
- World leader in hydraulic power packs
- Strong presence in the USA
- Growth in Brazil, India and China
- Concentration on customer-specific drive solutions

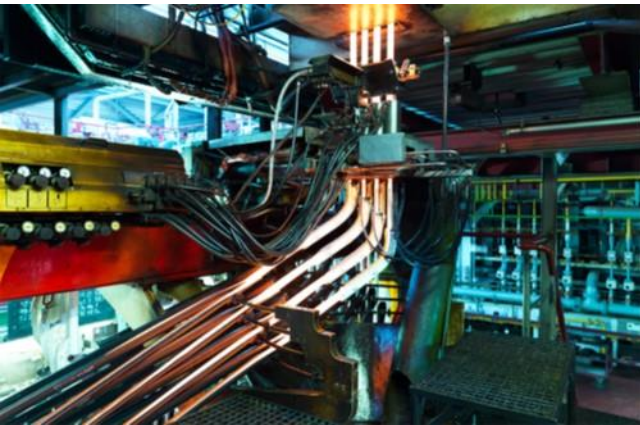
Bucher Emhart Glass

Glass container manufacturing equipment

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Hot End

Cold End



Gob forming



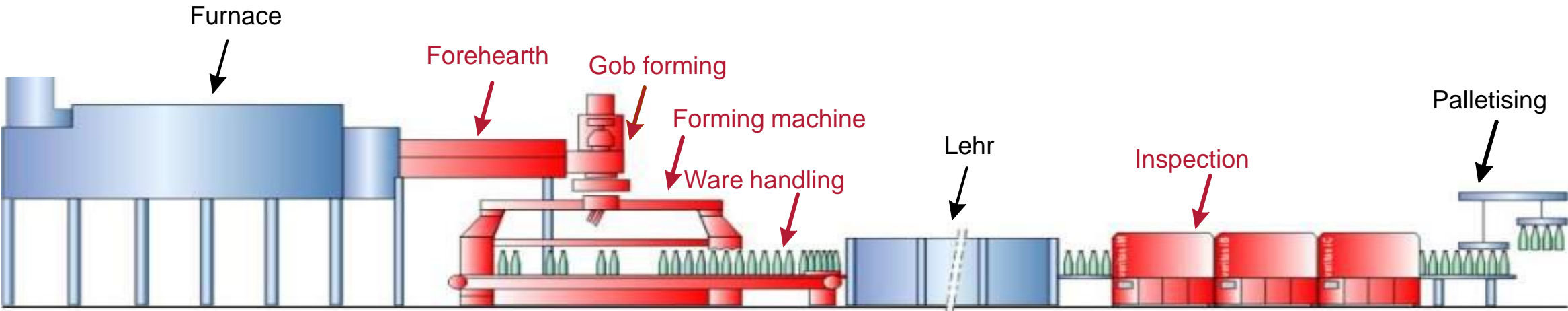
Glass-forming machine



Ware handling



Inspection



Glass container manufacturing process

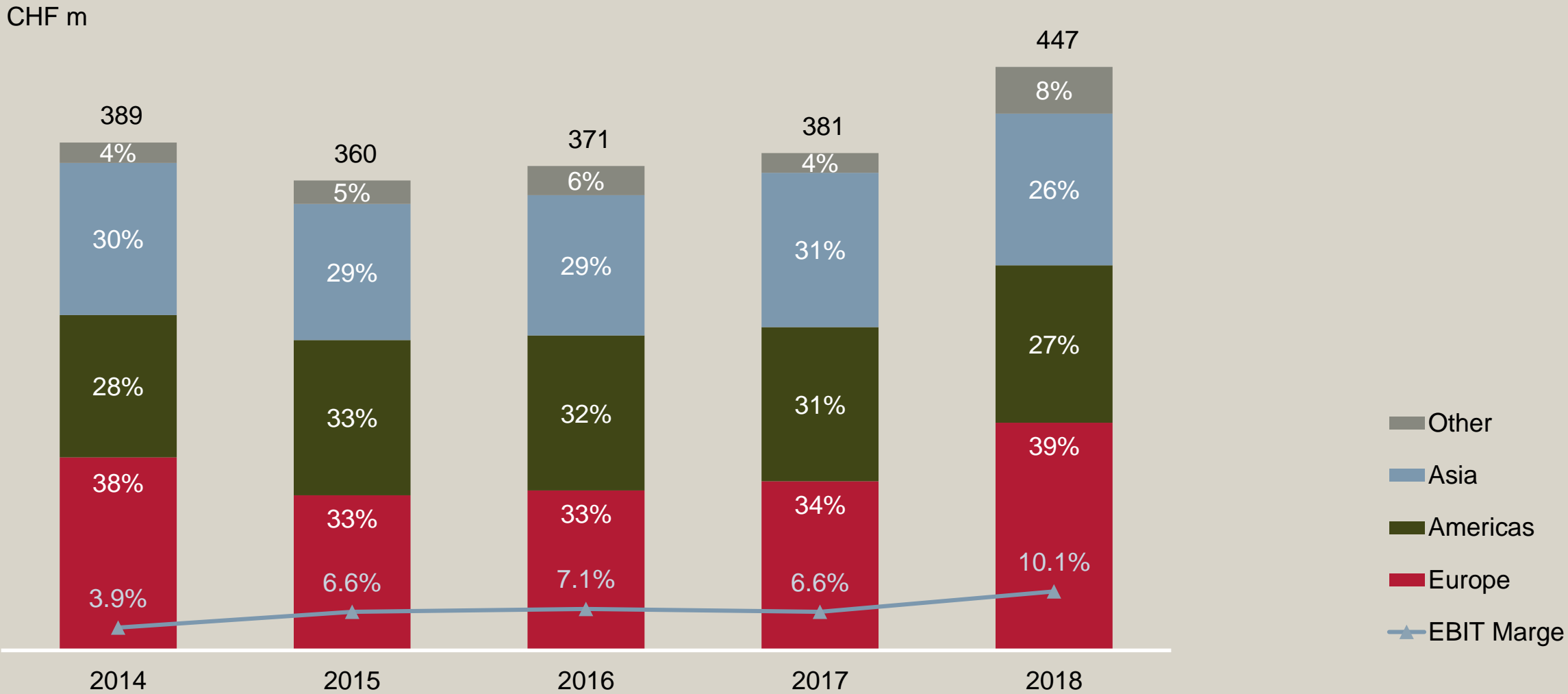
Bucher Emhart Glass

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

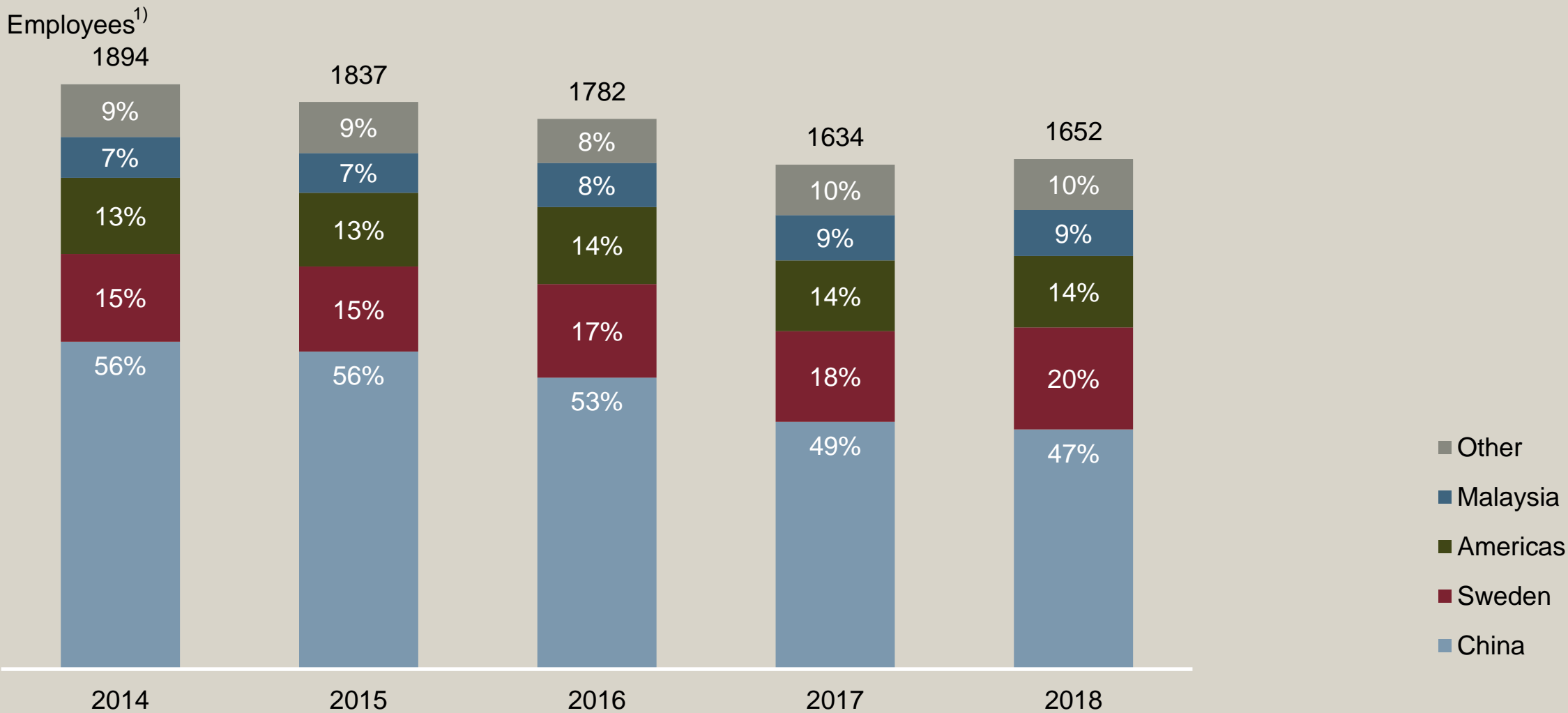
Bucher Emhart Glass

Net sales by region



Bucher Emhart Glass

Number of employees by region



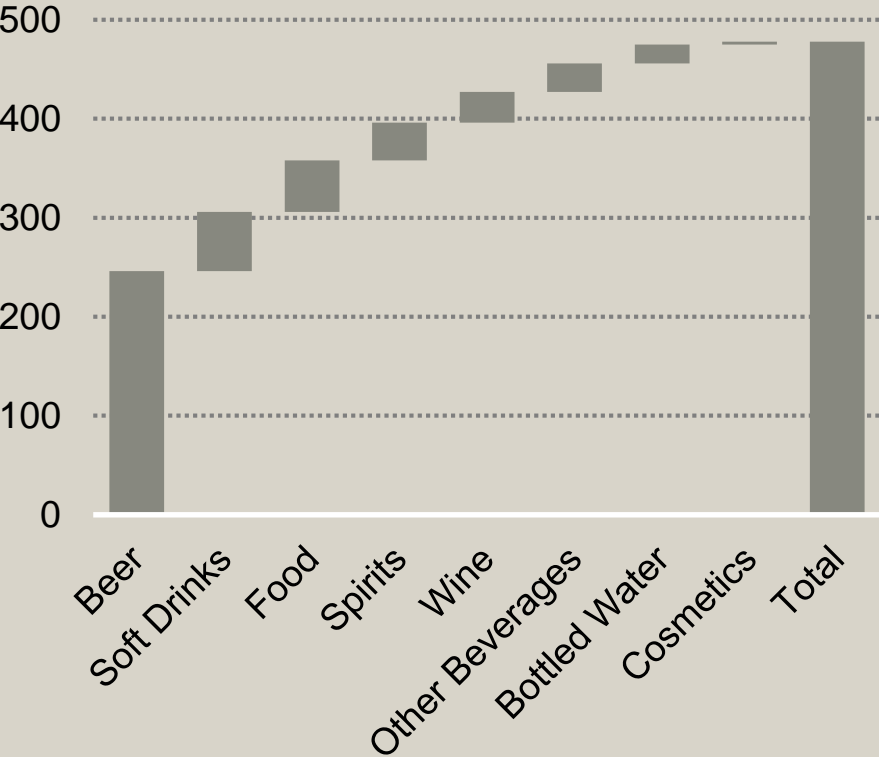
¹⁾ Expressed in full-time equivalents; average during year

Bucher Emhart Glass

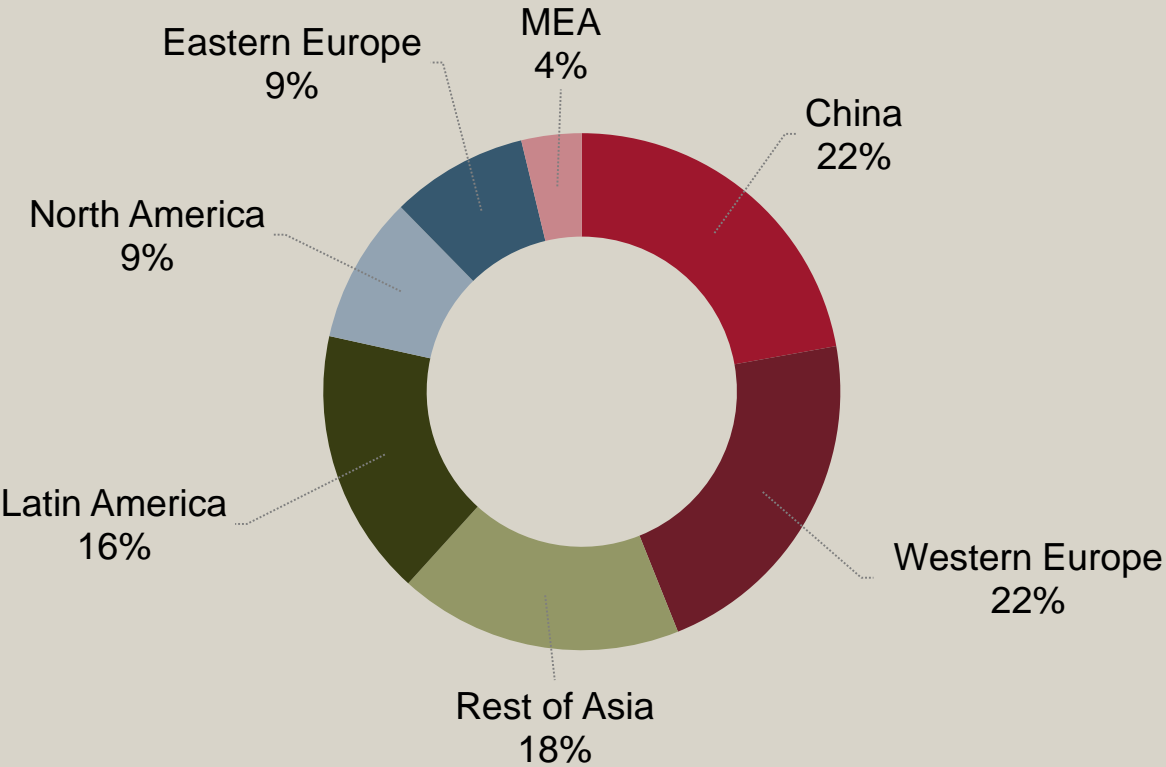
Glass fillings per capita

Glass fillings

Billion units



Glass fillings per regions



Source: Euromonitor International (2015)

Bucher Emhart Glass

World's leading machinery manufacturer

Competitors	Hot End								Cold End			
	IS forming machine											
	Refractory	Forehearth	Feeder & shear	NIS	BIS	AIS	IS	Ware handling	Lehr	Inspection	Palletising	Wrapping
Bucher Emhart Glass												
Bottero (IT)												
Heye (DE)												
Sklostroj (CZ)												
BDF (IT)												
Mitbewerber (CN)												
Tiama (FR)												
PSR (UK)												

Bucher Emhart Glass

Market position

Bucher Emhart Glass

World's leading supplier of machinery, equipment and services for glass container manufacturers



- World market leader for glass-forming machinery and servicing
- Solid market position in inspection machines
- Global partnership with O-I (USA), the world's biggest manufacturer of glass containers

Bucher Specials

Individual businesses

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Bucher Vaslin



Winemaking equipment

Bucher Unipektin



Fruit juice processing systems,
beer filtration, drying equipment

Bucher Landtechnik



Agricultural distributorship in Switzerland

Jetter



Automation solutions

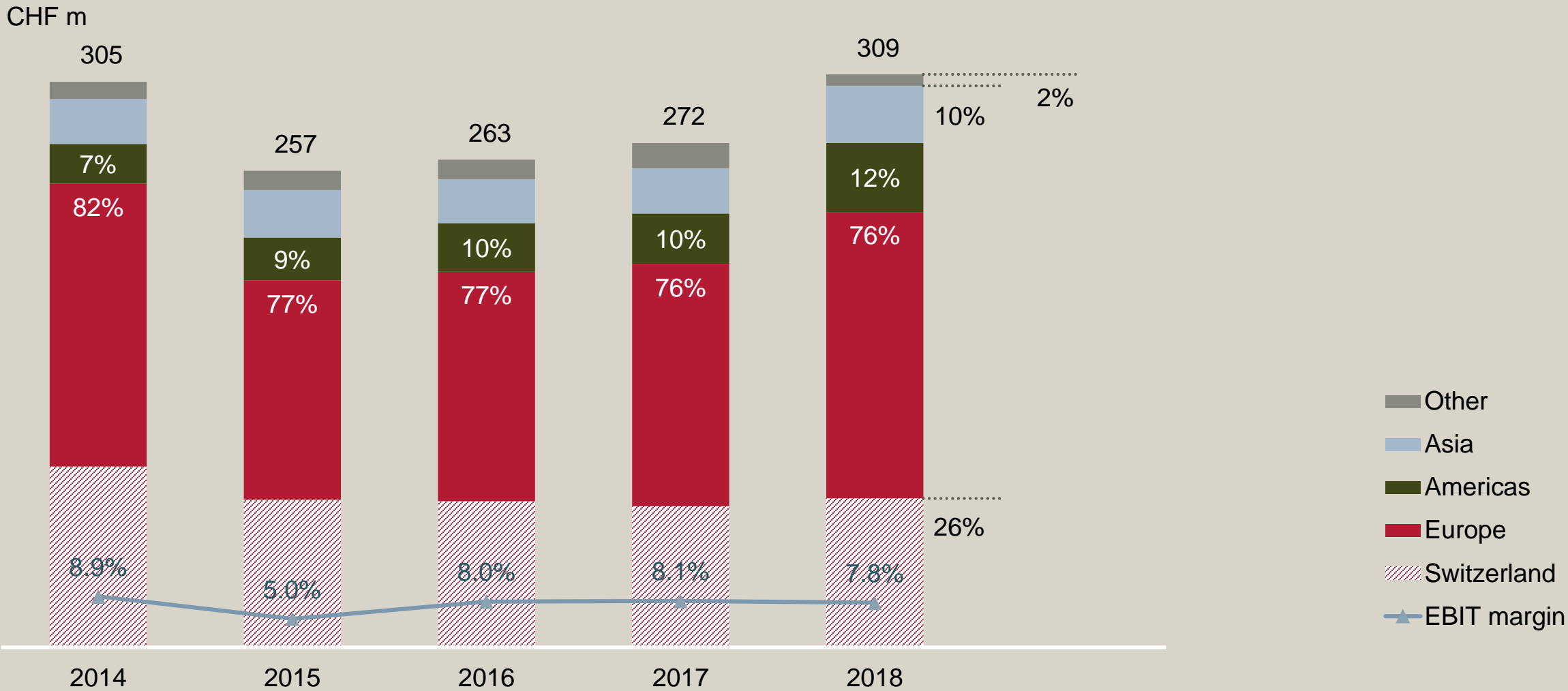
Bucher Specials

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

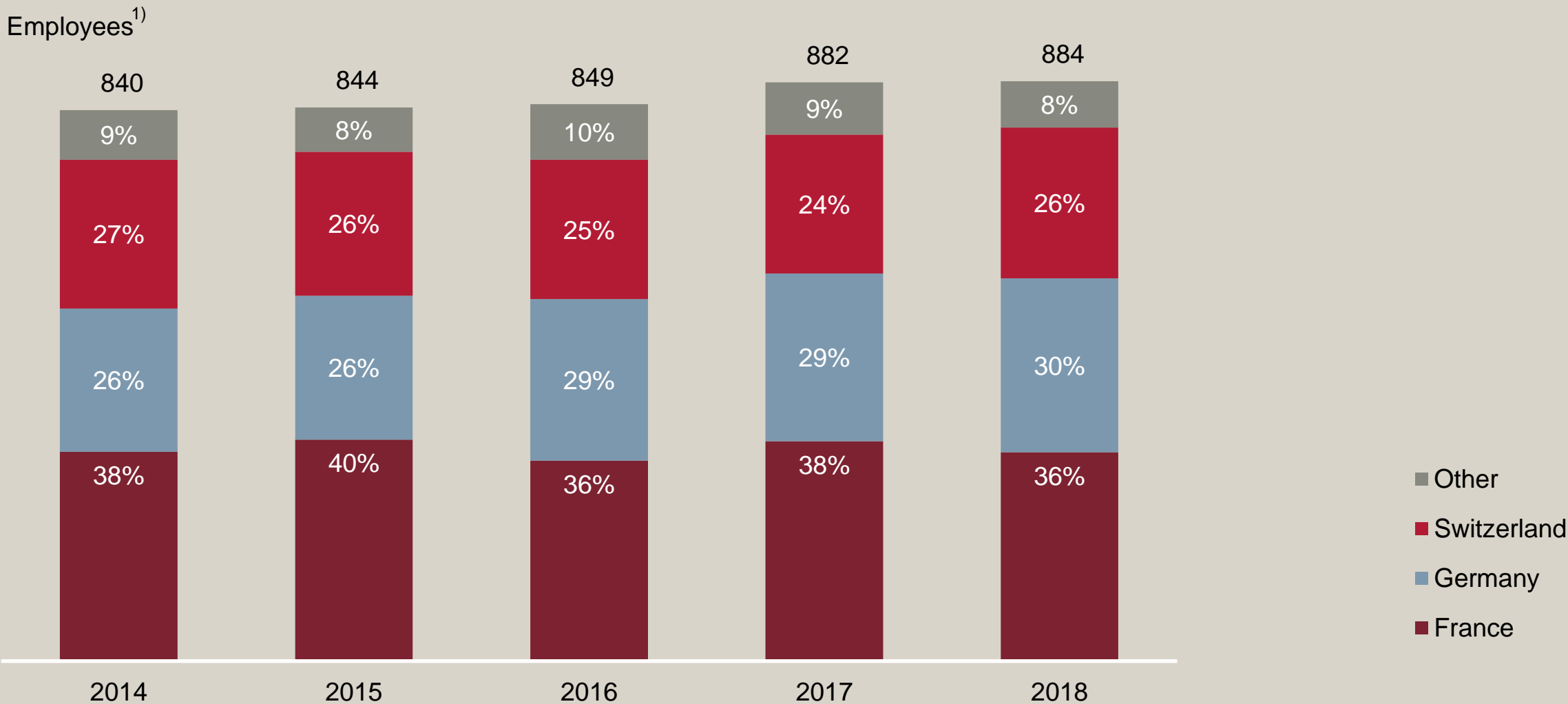
Bucher Specials

Net sales by region



Bucher Specials

Number of employees by region



¹⁾ Expressed in full-time equivalents; average during year

Bucher Vaslin

World market leader in wine production

Competitors	Reception	Crushing	Pressing	Fermentation	Filtration	Filling
Bucher Vaslin						
Diemme (IT)						
Della/Toffola (IT)						
Pellenc/Pera (FR)						
Willmes (DE)						
Gai (IT)						

Bucher Unipektin

World market leader in fruit juice production

Competitors	Reception	Milling	Mash heating	Dejuicing	Pasteurisation	Filtration	Adsorption	Evaporation
Bucher Unipektin								
Flottweg (DE)								
Bauer & Partners (PL)								
GEA Group (DE)								
Alfa Laval (SE)								
Schmidt-Bretten (DE)								
Bellmer (DE)								
Kaimi (CN)								

Bucher Landtechnik

Market leader in Switzerland

Competitors	Mowers	Hay and forage Tedders	Rakes	Balers	Hedge cutters	Feed mixers	Tillage equipment driven	non-driven	Seeders drilling	precision	Spreaders	Sprayers	Tractors	Harvesters self -propelled	Wheel- loaders
Bucher Landtechnik	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn		Kuhn	CNH	CNH	Weide- Mann, Merlo
Matra (John Deere)															
GVS (AGCO)	Krone	Krone	Krone	Krone			Rabe	Rabe	Rabe	Rabe			Fendt / MF/ Valtra	Fendt / MF / Krone	Bichon
Serco (Claas)															InTrac
Ott Landmaschinen	Kv	Kv	Kv	Kv		Kv	Amazone Kv	Amazone Kv	Amazone Kv	Amazone Kv	Amazone Rauch / Kv	Amazone Kv			
Pöttinger CH															

Kv = Kverneland
CNH = Case New Holland

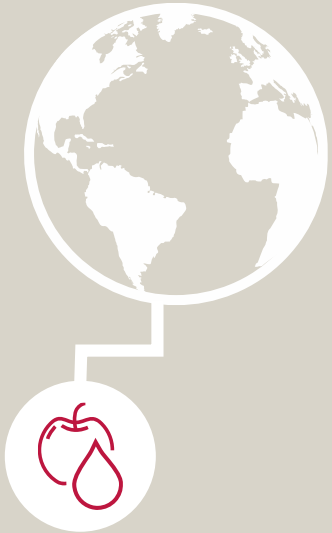
Jetter

Market position in Europe

Competitors	Field level		Control level	Diagnostic level	Enterprise level
Industrial automation	Sensors	Actuators (amplifiers, motors, field devices)	Control systems	HMI's and Visualisation	Enterprise- and manufacturing control (MES)
Jetter					
Siemens (DE)					
Schneider (FR)					
Beckhoff (DE)					
B&R (AT)					
Mobile automation	Sensors	Actuators (amplifiers, motors, field devices)	Control systems	HMI's and Visualisation	Enterprise- and manufacturing control (MES)
Jetter		Cooperation with Bucher Hydraulics			
ifm (DE)					
Müller Elektronik (DE)					
Moba (DE)					

Bucher Specials

World market leader in fruit juice and wine production equipment



- **Bucher Vaslin:** world market leader in wine production equipment
- **Bucher Unipektin:** world market leader in fruit and vegetable juice processing equipment

Outlook

Regionally varying trends demand a strategy adapted to geographical areas

Trends



Developed countries

Efficiency / sustainability

Emerging markets

Mechanisation / urbanisation

Topics



- Innovation
- Sensors, data, interconnectedness
- Electrification

- Market access
- Localisation
- Compliance

Selected projects

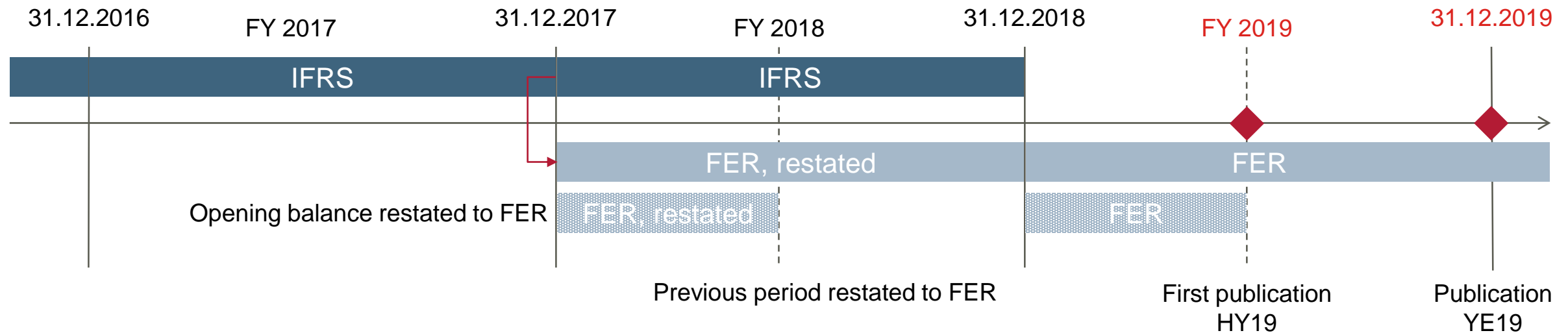


- Precision Farming
- CityCat 2020ev
- “End-to-end” glass forming

- Kuhn Group goes east
- Expansion of Bucher Hydraulics in Asia
- Selected acquisitions

From IFRS to FER as of 1 January 2019

Change to Swiss GAAP FER (FER): the interim report was prepared for the first time in accordance with the accounting standards of FER instead of IFRS. For the purpose of comparability, **the prior-year figures were restated accordingly.**



Major deviations (IFRS/FER)

- Goodwill and other intangible assets from acquisitions are offset with equity
- Elimination of amortisation from acquisitions has a positive impact on the income statement
- Pension benefit obligations: the economic impact is recognised (currently no liabilities from Swiss pension plans)
- Deferred taxes on the above

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

IFRS versus FER – effects

CHF million	IFRS audited	FER restated	IFRS/FER effects	FER Targets
Bucher Industries	2018	2018		
Net operating assets (NOA) average as % of return after tax (RONOA)	1 373 15.7%	1 156 19.6%	-217 3.9%	>20%
Equity	1 490	1 296	-194	
EBIT margin	9.1%	9.5%	0.4%	>10%
Divisions, EBIT margin				
Kuhn Group	8.1%	8.7%	0.6%	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%

Kuhn Group

Outlook for 2019

- Market trends generally flat
 - European dairy and livestock sector satisfactory at a stable level, positive trend for France
 - Difficult situation for farmers and uncertainties in the USA further exacerbated by very unfavourable weather conditions
 - Trade conflicts and Brexit
 - Consequences of drought in Europe and Australia
- Consolidation of Artec impacts sales positively
- 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 efficiency and productivity improvements in Europe – slightly higher operating profit margin expected**

- Demand for municipal vehicles still high but weaker
- Uncertainties in the important European market, especially relating to Brexit
- Stronger integration
 - Optimisation of sales and improved service organisation
 - Harmonisation of brand
- Further development of electric sweepers
- Integration of Chinese sewer cleaning vehicle business (Zynkon)

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

Bucher Hydraulics

Outlook for 2019

- Normalisation of demand
 - Decline at high level in virtually all markets, especially significant in North America
 - High levels in 2018 influenced by safety orders
- Very strong order book at the start of the year
- Capacity expansions
 - Expansion in India and Italy
 - Investments in machinery
- Integration of Bucher Hydraulics Wuxi
- Introduction of an innovative hydraulic piston engine
- **For 2019: sales are expected to increase slightly from their 2018 level, with operating profit margin lower**

Bucher Emhart Glass

Outlook for 2019

- Continued encouraging market development on a very high level
 - Excess demand for glass containers despite major investment activity in 2018
 - Expansion and renewal projects at glass container manufacturers
- Capacity utilisation at a pleasing level
- Sanjin to be further developed
- Strengthening the core business and driving forward the “end-to-end” strategy
 - Sale of the refractory business
 - Integration of Symplex
- **For 2019: higher sales compared with 2018 and significantly higher operating profit margin expected, thanks to good capacity utilisation and a high single-digit million gain from the sale of the refractory business**

- Bucher Vaslin: very good grape harvest in 2018 makes for advantageous conditions in the main markets of France, Italy and Spain
- Bucher Unipektin: continuing adverse impact of political uncertainties and customers' financing difficulties
- Bucher Landtechnik: expanded portfolio due to additional brands to compensate for cautious spending due to ongoing uncertainties about Swiss agricultural policy
- Jetter: positive trend in industrial and mobile automation technology, integration of Elan Systems
- **For 2019: slight increase in sales compared with 2018 and lower year-on-year operating profit margin expected, due to challenging environment for Bucher Unipektin and integration costs related to acquisitions**

- **Kuhn Group:** overall market trend flat, Europe stable, market environment in North America very challenging; sales in line with 2018 and slight increase in operating profit margin expected
- **Bucher Municipal:** varying market trends, Brexit as a major cause of uncertainty; slight decline in sales and lower operating profit margin expected
- **Bucher Hydraulics:** demand down but on a high level; slight increase in sales and lower operating profit margin expected
- **Bucher Emhart Glass:** demand for glass container manufacturing equipment remains high; higher sales compared with 2018 and significantly higher operating profit margin year-on-year are expected, due to good capacity utilisation and gain from divestment
- **Bucher Specials:** mixed market developments; slight increase in sales compared with 2018 and lower year-on-year operating profit margin expected

Overall, the Group expects sales to be in line with the high previous-year level and the operating profit and profit for the year to be at a similar level to 2018, which was a good financial year. In addition, there is the one-time gain from the sale of the refractory business.

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