

## Press release

Niederweningen, 24 October 2019

### Sales continue to grow despite weaker demand

Developments in Bucher Industries' markets were very mixed in the first nine months of 2019. Demand declined on balance, albeit from a high level. This led to lower order intake. Sales, on the other hand, continued to rise, thanks to a very strong order book at the start of the year.

#### Group

| CHF million                         | January – September |        | Change in |                 |                 | Full year<br>2018 |
|-------------------------------------|---------------------|--------|-----------|-----------------|-----------------|-------------------|
|                                     | 2019                | 2018   | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 2 215               | 2 357  | -6.0      | -3.3            | -5.7            | 3 206             |
| Net sales                           | 2 364               | 2 253  | 4.9       | 7.8             | 5.1             | 3 065             |
| Order book                          | 973                 | 1 095  | -11.1     | -8.3            | -9.7            | 1 137             |
| Number of employees at closing date | 13 224              | 12 850 | 2.9       |                 | 1.3             | 13 054            |

<sup>1)</sup> Adjusted for currency effects

<sup>2)</sup> Adjusted for currency, acquisition and divestment effects

**Downturn in demand** Order intake was down in three of Bucher Industries' five divisions during the reporting period. Developments at Kuhn Group were especially impacted by the difficult conditions for agricultural producers in the important US market. Bucher Municipal saw a decline in all its product groups, with the exception of winter maintenance equipment. Order intake at Bucher Hydraulics declined in practically all of its markets and segments. Order intake continued to grow at Bucher Emhart Glass and was above the prior-year level at Bucher Specials. Thanks to the extraordinarily strong order book at the beginning of the year and good delivery capacity, the Group's sales increased further in the reporting period. Bucher Emhart Glass contributed significantly to this growth with a double-digit percentage increase. The currency, acquisition and divestment effects more or less offset each other in both order intake and sales.

**Kuhn Group**

| CHF million                         | January – September |       | Change in |                 |                 | Full year<br>2018 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-----------------|-------------------|
|                                     | 2019                | 2018  | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 805                 | 860   | -6.4      | -3.4            | -5.7            | 1 210             |
| Net sales                           | 901                 | 902   | -0.1      | 3.1             | 0.9             | 1 204             |
| Order book                          | 353                 | 409   | -13.8     | -11.0           | -12.8           | 461               |
| Number of employees at closing date | 5 180               | 5 241 | -1.2      |                 | -2.3            | 5 352             |

<sup>1)</sup> Adjusted for currency effects

<sup>2)</sup> Adjusted for currency and acquisition effects

**Increasingly challenging markets** The development of Kuhn Group's markets was heterogeneous in the reporting period. Overall, they became more challenging, however. The difficult situation for agricultural producers worsened in North America, leading to further consolidation of operations. This was due to lower demand for US agricultural products because of Chinese tariffs, smaller harvests resulting from extreme weather events and, consequently, the persistently low net incomes of American farmers. In recent months, the division introduced short-time work at both its US production units as a temporary measure. In Northern and Eastern Europe, developments were negatively impacted by the persistent drought and a general reluctance to invest. In Western Europe, on the other hand, demand for the division's products for the dairy and livestock sector remained satisfactory. Brazil performed well, thanks to good harvests, high prices for Brazilian grain and favourable financing conditions. In this challenging environment, Kuhn Group's order intake was down overall on the prior-year period, while sales remained practically unchanged.

**Bucher Municipal**

| CHF million                         | January – September |       | Change in |                 |                 | Full year<br>2018 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-----------------|-------------------|
|                                     | 2019                | 2018  | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 377                 | 419   | -10.0     | -7.0            | -7.3            | 556               |
| Net sales                           | 393                 | 371   | 6.0       | 9.4             | 9.0             | 539               |
| Order book                          | 166                 | 216   | -22.9     | -20.2           | -21.8           | 183               |
| Number of employees at closing date | 2 409               | 2 208 | 9.1       |                 | 4.0             | 2 215             |

<sup>1)</sup> Adjusted for currency effects

<sup>2)</sup> Adjusted for currency and acquisition effects

**Weaker demand albeit at a high level** The demand for municipal vehicles weakened in the first nine months of 2019. As expected, Bucher Municipal's order intake fell short of the high

level of the prior-year period. With the exception of winter maintenance equipment, all product groups recorded a decline. On the other hand, thanks to the strong order book at the beginning of the year and good delivery capacity, the division succeeded in increasing sales again, with practically all product groups contributing to this development. The acquisition of Zynkon, a Chinese manufacturer of sewer cleaning vehicles, which was announced in May 2019, was completed in early July 2019. At the end of the reporting period, Bucher Municipal had won an order from the Swiss Federal Office for Defence Procurement, Armasuisse, for 80 compact sweepers and their maintenance.

### Bucher Hydraulics

| CHF million                         | January – September |       | Change in |                 |                 | Full year<br>2018 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-----------------|-------------------|
|                                     | 2019                | 2018  | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 434                 | 540   | -19.6     | -18.2           | -22.8           | 700               |
| Net sales                           | 513                 | 471   | 8.9       | 10.5            | 5.4             | 627               |
| Order book                          | 121                 | 197   | -38.9     | -37.7           |                 | 201               |
| Number of employees at closing date | 2 834               | 2 809 | 0.9       |                 |                 | 2 835             |

<sup>1)</sup> Adjusted for currency effects

<sup>2)</sup> Adjusted for currency and acquisition effects

**High order backlog reduced** The demand for hydraulic system solutions and components declined during the reporting period. As a result, order intake at Bucher Hydraulics was down on the prior-year period in most markets and segments. This was particularly pronounced in North America, where many customers had already placed orders last year for 2019 to make sure they would receive their products on time despite the prevailing delivery bottlenecks. The division expanded its production capacities to meet the delivery requirements and continuously reduce the strong order book. Sales increased in the reporting period over the good prior-year level. The integration of the Bucher Hydraulics Wuxi joint venture was completed on schedule.

**Bucher Emhart Glass**

| CHF million                         | January – September |       | Change in |                 |                 | Full year<br>2018 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-----------------|-------------------|
|                                     | 2019                | 2018  | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 412                 | 357   | 15.4      | 19.8            | 19.6            | 499               |
| Net sales                           | 372                 | 328   | 13.4      | 17.8            | 16.7            | 447               |
| Order book                          | 275                 | 214   | 28.8      | 33.6            | 33.1            | 236               |
| Number of employees at closing date | 1 776               | 1 652 | 7.5       |                 | 8.2             | 1 696             |

<sup>1)</sup> Adjusted for currency effects

<sup>2)</sup> Adjusted for currency, acquisition and divestment effects

**Demand still booming** The ongoing strong demand worldwide for glass containers continues to outstrip manufacturers' capacities, leading them to invest in expanding and modernising their production lines further in the reporting period. Bucher Emhart Glass benefited from this very positive environment. Its order intake for glass-forming and inspection machinery increased significantly over the prior-year period. Sales again rose considerably from an already high level. Contributing factors were the continued good collaboration with O-I and the sales growth in China. Despite the expansion in capacities through the optimisation of production processes, the division's order book is now well above the already high level of the prior-year period. Bucher Emhart Glass completed the sale of its refractory business to the Rath Group during the reporting period, as well as the acquisition of Symplex, which is specialised in inspection equipment and cameras for gob forming.

**Bucher Specials**

| CHF million                         | January – September |      | Change in |                 |                 | Full year<br>2018 |
|-------------------------------------|---------------------|------|-----------|-----------------|-----------------|-------------------|
|                                     | 2019                | 2018 | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 236                 | 225  | 4.9       | 6.7             | 2.3             | 301               |
| Net sales                           | 233                 | 228  | 2.2       | 4.2             | -1.1            | 309               |
| Order book                          | 77                  | 77   | -0.5      | 0.8             | -1.5            | 74                |
| Number of employees at closing date | 960                 | 875  | 9.7       |                 | 5.3             | 888               |

<sup>1)</sup> Adjusted for currency effects

<sup>2)</sup> Adjusted for currency and acquisition effects

**Mixed developments** Bucher Vaslin benefited from last year's very good grape harvest in Europe. The beverage technology business remained challenging. Political developments and customers' financing difficulties weighed on the Turkish and Eastern European markets, which are both important for Bucher Unipektin. The situation was made worse by the below-average

apple harvest in Europe this year. Bucher Landtechnik put in a good performance, despite ongoing uncertainties about Swiss agricultural policy. The New Holland and Pronar brands, which were acquired from Grunderco in 2018, contributed to this positive development.

Demand for solutions for automation technology by Jetter continued to grow, with the demand for control solutions for glass-forming machinery being a key factor. Elan Systems, which was acquired in the reporting period and consolidated in July 2019, will further strengthen Jetter's presence in mobile automation. Owing to the diverging developments in the markets, the division's order intake and sales were up slightly on the prior-year period.

### **Outlook 2019**

The Group expects a challenging market environment for the current year, with demand continuing to slow at a high level, and that the Swiss franc will remain strong. The latter is likely to lead to a negative translation effect in all divisions. **Kuhn Group** expects the uncertainties and challenges to persist, especially in North America, and therefore anticipates a slight year-on-year decrease in sales and the operating profit margin for 2019. **Bucher Municipal** expects sales for 2019 to be slightly lower than in 2018, which was a record year characterised by exceptionally high capacity utilisation. The operating profit margin is likely to be below last year's high level, due to lower sales and the costs of integrating Zynkon. **Bucher Hydraulics** expects demand for hydraulic solutions to decline in most markets. Thanks to the well-filled order book at the start of the year and the full-year consolidation of Bucher Hydraulics Wuxi, the division is forecasting a modest increase in sales. The operating profit margin is likely to be lower than in 2018, due to costs relating to product development and capacity expansions as well as the consolidation of Bucher Hydraulics Wuxi. **Bucher Emhart Glass** expects business to develop well, with sales and the operating profit margin rising significantly year on year. In addition, a one-time gain in the high single-digit millions is expected from the divestment of the refractory business. The market environment of **Bucher Specials** is likely to develop in line with the first nine months of the year. Thanks to the acquisition of the import business of Grunderco and of Elan Systems and the positive development in mobile and industrial automation, the division is expecting a slight increase in sales for the current year. Given the difficult environment for Bucher Unipektin, coupled with acquisition-related integration costs,

the operating profit margin of the division is likely to be below the prior-year figure. The **Group** expects sales to match last year's high level. The reasons for this are the well-filled order book at the beginning of 2019, the good delivery capacity and the consolidation of the acquisitions made in 2018. The operating profit and profit for the year will probably not quite match last year's good results.

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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 automation technology. The company's shares are traded on the SIX Swiss Exchange (SIX: BUCN). For further information, please visit [www.bucherindustries.com](http://www.bucherindustries.com).