

BUCHER

Annual report

20
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Highlights

We produce and sell our machinery around the world. Global activity coupled with local presence means for us being close to our customers, understanding their needs precisely through personal contact and finding the right solutions for them. And it also means accompanying our customers through the whole life cycle of the machines.

Kuhn Group

Ever more present and closer to our customers

In the 50th year of our operations in the UK, we are more available than ever for dealers and end customers – a result of the consistent development of our distribution network.



Bucher Municipal

One company – one brand

2019 was marked by the start of a reorganisation of our activities in the Nordic countries, resulting in a consistent customer experience – from the initial contact to the provision of operational support.



Bucher Hydraulics

Deep insights into innovative technology

Even the most complex technologies become understandable when our sales specialists present our hydraulic solutions at trade fairs around the world using aids like augmented reality, virtual cross-sectional models and 3D animation.





Bucher Emhart Glass

Joint solutions in automation

In close cooperation with our customers, we develop innovative automation systems for glass container production, with which we continuously push forward the frontiers of state-of-the-art technology.



Bucher Specials

More precision in agriculture

The Precision Center of Bucher Landtechnik in Niederweningen supports farmers and contractors with individualised smart farming solutions for their agricultural machinery.



Bucher at a glance

Our success is built on strong market positions, innovation and flexible, efficient structures. The consistent long-term orientation of our corporate strategy, coupled with decentralised responsibility for management and performance, ensures sustainable corporate development.

Our mission

We develop and manufacture economical, state-of-the-art and environmentally sustainable machinery and systems. We systematically align our activities with customer needs. Our machines combine durability with great efficiency and are wide-ranging in their application: harvesting, producing and packaging foods, keeping roads and public spaces clean and safe, or providing hydraulic drive systems for high-performance equipment. Our customers benefit from effective, innovative products with high quality standards underpinned by outstanding service. Our committed, highly skilled employees enjoy attractive jobs and training opportunities adapted to individual needs.

Our goals

We seek to achieve superior profitability and a sound balance sheet through technological leadership, a strong market position and strict cost management. We will continue to build the Group through organic growth and innovation, as well as by acquiring and integrating selected, complementary businesses.

Key figures

Group

CHF million		Change in			
	2019	2018	%	% ¹⁾	% ²⁾
Order intake	3'008.0	3'205.9	-6.2	-3.6	-5.6
Net sales	3'106.0	3'064.5	1.4	4.0	1.8
Order book	1'018.7	1'136.8	-10.4	-7.8	-7.9
Operating profit before depreciation and amortisation (EBITDA)	368.3	374.1	-1.6		
as % of net sales	11.9%	12.2%			
Operating profit (EBIT)	284.6	292.2	-2.6		
as % of net sales	9.2%	9.5%			
Net financial result	-3.1	-0.6	-416.7		
Income tax expense	-53.5	-65.7	18.6		
as % of profit before tax	19.0%	22.5%			
Profit for the year	228.0	225.9	0.9		
as % of net sales	7.3%	7.4%			
Earnings per share in CHF	21.92	21.80	0.6		
Capital expenditure	125.2	102.7	21.9		
Operating free cash flow	162.7	100.7	61.6		
Research and development costs	-127.5	-118.5	-7.6		
Net cash/debt	214.6	159.3	34.7		
Total assets	2'545.1	2'543.2	0.1		
Equity	1'392.9	1'296.0	7.5		
Equity ratio	54.7%	51.0%			
Return on equity (ROE)	17.0%	17.8%			
Net operating assets (NOA) average	1'214.1	1'155.5	5.1		
Return on net operating assets (RONOA) after tax	19.0%	19.6%			
Number of employees at 31 December	13'107	13'054	0.4		-0.6
Average number of employees	13'280	12'636	5.1		2.6
Net sales per employee	CHF 1'000	234	243	-3.7	-1.2
					-0.8

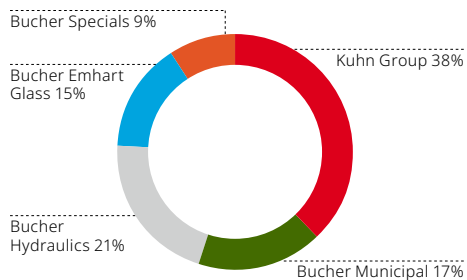
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency, acquisition and divestment effects

Divisions

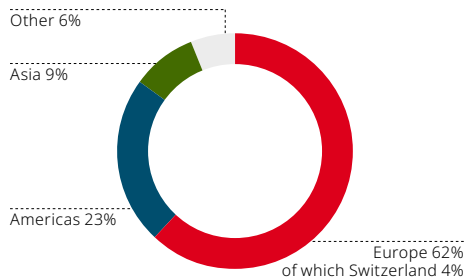
CHF million	Order intake		Net sales		Order book		Operating profit (EBIT)		Number of employees at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Kuhn Group	1'141.1	1'209.6	1'177.3	1'204.4	411.2	460.6	98.2	104.4	5'188	5'352
Bucher Municipal	520.0	555.8	541.2	539.1	158.9	183.2	45.7	51.0	2'370	2'215
Bucher Hydraulics	563.7	700.2	648.5	626.6	113.3	200.9	80.8	84.3	2'766	2'835
Bucher Emhart Glass	523.5	498.9	487.2	446.5	270.5	235.9	65.5	46.6	1'770	1'696
Bucher Specials	323.5	300.5	316.0	308.8	81.7	74.1	19.5	25.7	948	888
Other/consolidation	-63.8	-59.1	-64.2	-60.9	-16.9	-17.9	-25.1	-19.8	65	68
Group	3'008.0	3'205.9	3'106.0	3'064.5	1'018.7	1'136.8	284.6	292.2	13'107	13'054

Net sales

by division

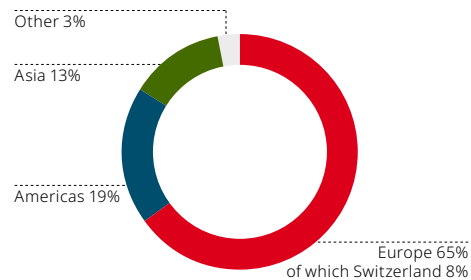


by region



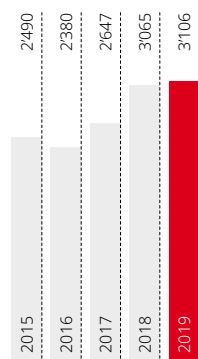
Number of employees

by region

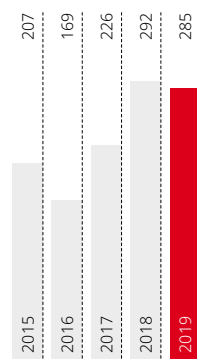


Five-year summary

Net sales CHF million

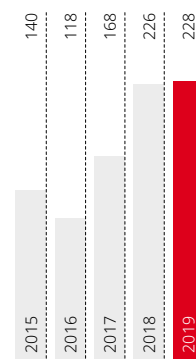


Operating profit (EBIT)¹⁾ CHF million



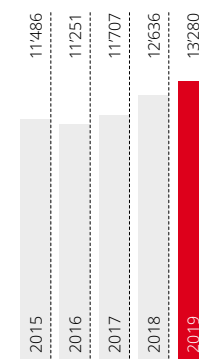
¹⁾ 2015–2017 IFRS

Net profit¹⁾ CHF million



¹⁾ 2015–2017 IFRS

Average number of employees



Report to shareholders

Dear Shareholders

The 2019 financial year was influenced by a challenging market environment. Demand eased at a very high level. Sales were up again slightly over the excellent previous year, thanks to the strong order book at the start of the reporting period and a significant increase at Bucher Emhart Glass. The Group's operating profit margin was 9.2%. Profit for the year amounted to CHF 228 million and earnings per share were CHF 21.92.

Philip Mosimann,
Chairman of the Board of Directors,
and Jacques Sanche,
Chief Executive Officer



Good result despite lower demand Demand for Bucher Industries' products and services declined in the challenging market environment that defined 2019. The Group's order intake was down 6% from the previous year's very high level. Kuhn Group, Bucher Municipal and Bucher Hydraulics all reported a downturn, while the order intake at Bucher Emhart Glass and Bucher Specials was up again. Group sales rose again slightly by 1% to reach a new high, thanks to the exceptionally strong order book at the start of the reporting period, good delivery capacity and a marked increase at Bucher Emhart Glass. Operating profit amounted to CHF 285 million and the operating profit margin was down slightly at 9.2%. Profit for the year of CHF 228 million was in line with the previous year and earnings per share were CHF 21.92.

Solid financial situation with brisk investment activity In 2019, the Group significantly increased its capital expenditure on expanding production infrastructure and modernising and automating the production equipment to CHF 125 million. The most important individual projects concerned the extension projects of Kuhn Group in France and Bucher Municipal in Latvia, as well as the expansion of Bucher Hydraulics' production capacity in India and Italy. A further CHF 20 million was invested in acquisitions. Brisk investment activity led to a slight increase in net operating assets as a percentage of sales. At 19.0%, the return on net operating assets (RONOA) after tax once again significantly exceeded the cost of capital and was thus only slightly below the long-term target of 20%. In spite of brisk investment activity and the higher dividend payment compared to the previous year, the free cash flow was positive, leading to an increase of net cash/debt to CHF 215 million. With an equity ratio of 55% and a continued high level of liquid assets, the financial independence of Bucher Industries and opportunities for further growth remain intact.

Strengthening the divisions The Group carried out some smaller but strategically important acquisitions in 2019, and a divestment for the purpose of focusing on the core business. Bucher Municipal acquired 100% of Zynkon, a Chinese manufacturer of sewer cleaning vehicles. This gives the division a platform in China, access to this growth market and an opportunity to strengthen its presence in Asia. Towards the end of the reporting period, Bucher Municipal announced it would acquire its former distributor Eurovoirie SAS, France. It completed the acquisition in January 2020. The acquisition will enable Bucher Municipal to sell its entire portfolio of municipal vehicles directly to French customers and offer them better service. Bucher Emhart Glass reinforced its business with the acquisition of Symplex Vision Systems. The Munich-based company specialises in inspection equipment and cameras for gob forming. In order to focus on the core business of manufacturing and inspection of glass containers, the division sold its profitable refractory business to the Austrian Rath Group. Bucher Specials' business unit Jetter acquired the Hungarian company Elan Sytems. This gives Jetter additional engineering expertise and access to a network of software and hardware specialists in Central Eastern Europe. At the beginning of February 2020, the business unit Bucher Unipektin acquired the Spanish company Luzzysa, a manufacturer of equipment for processing citrus fruit. As a result, Bucher Unipektin is able to provide its customers with entire processing lines for citrus fruit.

Kuhn Group The division was faced with heterogeneous and increasingly challenging markets overall in the reporting period. The situation in the USA deteriorated further. Chinese tariffs introduced in the course of the trade dispute impacted the demand for US agricultural products. This was compounded by extreme weather events, which resulted in smaller harvests. This development kept net income of small and medium-sized agricultural producers in particular under pressure, which increased the pace of farm consolidation. The division introduced phases of furlough at both its US production sites. Demand for agricultural machinery for the dairy and livestock industry in Europe was satisfactory, with France and Poland providing positive impetus. Farmers in the arable sector were less willing to invest owing to the drought in northern Europe in 2018 and the heatwave of summer 2019. The division performed well in Brazil. In this mixed but increasingly demanding

environment, Kuhn Group's order intake fell by 6% and sales by 2%. The operating profit margin of 8.3% was slightly below the level of 2018. Efficiency gains in Europe and Brazil and higher prices in Europe were not sufficient to offset the impact of the difficult North American market situation.

Bucher Municipal Demand for municipal vehicles declined in 2019 compared with the very strong previous year. Bucher Municipal's order intake fell by 6%, with all product groups except winter maintenance equipment recording a decline. However, thanks to the strong order book at the beginning of the year and good delivery capacity, sales maintained the exceptionally high level of the previous year. Capacity utilisation was good at all production sites and the high order book was reduced. The operating profit margin decreased to 8.4%, due to the consolidation of Zynkon, integration costs and higher expenditure for research and development.

Bucher Hydraulics The reporting period was characterised by a significant drop in demand for hydraulic solutions and components compared with an exceptionally dynamic previous year. Order intake at Bucher Hydraulics was down in most markets and segments, falling by 20%. The decline was particularly strong in the first half of the year. Thanks to the strong order book at the start of the reporting period and the full-year consolidation of Bucher Hydraulics Wuxi, sales increased by 4% over the very good prior year. Bucher Hydraulics started reducing the number of temporary workers towards the end of the reporting period to adjust its capacities to the lower order volume. At the same time, the division continued to invest in the future, creating new positions for engineers and technicians to drive forward the current innovation projects. Despite being a pleasing 12.5%, the operating profit margin was lower than in 2018, due to higher material prices and costs relating to product development and capacity expansion, as well as to the integration of Bucher Hydraulics Wuxi.

Bucher Emhart Glass Strong demand for glass containers outstripped the manufacturers' capacities again in the reporting period, leading them to invest further in expanding and modernising their production lines. Momentum eased off in the last few months of 2019 at a very high level, although this trend varied from region to region. In this very favourable environment, order intake at Bucher Emhart Glass rose 5% to reach a new record level. Thanks to increased capacities through production optimisation, the division was able to further raise sales significantly by 9%. A recovery in the business with inspection equipment supported this growth. The operating profit margin reached a record 13.5%. This figure includes one-time effects from the divestment of the refractory business and an adjustment to pension costs, which together made a net positive contribution of CHF 5 million to operating profit. Even without these one-time effects, the operating profit margin once again significantly exceeded the previous year's very good level, thanks to the fully utilised production capacities, technologically sophisticated project business and efficiency gains in China.

Bucher Specials The financial year for Bucher Specials was characterised by low order intake and sales in Bucher Unipektin's project business at the beginning of the reporting period. Demand picked up again in the second half of the year. Bucher Vaslin, Bucher Landtechnik and Jetter performed positively overall. The division's order intake and sales rose accordingly over the previous year, by 8% and 2% respectively, supported by the acquisition of the import business of Grunderco as well as Elan Systems. Due to the challenging environment for Bucher Unipektin and acquisition-related integration costs, as well as higher expenditure for the development of new products and solutions, the operating profit margin of 6.2% was significantly below the prior-year figure.

Consistent dividend policy The board of directors proposes a dividend of CHF 8.00 per registered share to the annual general meeting on 24 April 2020. This is unchanged compared with the previous year. This proposal is in keeping with a consistent dividend policy and takes account of both the profit for the year 2019 and the outlook for the current year.

Thanks to our employees In 2019 we had a number of challenges to overcome. In an environment of falling demand, the committed efforts of our roughly 13'100 employees were all the more important. Our company's success depends on their commitment day after day, their enthusiasm for our products and the interest they have in continuously developing them. We produce and sell our machinery and systems around the world. The pre-sale advisory process is central to meeting the very diverse requirements and needs of our customers. Besides digital tools, systematised processes and a global presence, another key factor is the advice provided by our employees, who know their customers very well, understand their needs and identify the best possible solutions working together with them. We show you how they do this by way of an example given for each division in this annual report. A more detailed description can be found on our website. We would like to thank all of our employees for their untiring commitment to the company. We firmly believe that we can successfully tackle this year's challenges together.

Outlook for 2020 The Group continues to expect economic uncertainties and diverging market developments for the divisions this year. Demand for the Group's products is expected to remain at a solid level overall. Kuhn Group anticipates another challenging year with sales coming in somewhat below 2019. With a marginal improvement expected in the US market from the current very low level, the division's operating profit margin is likely to increase slightly. Bucher Municipal anticipates that demand in 2020 will weaken from the strong levels seen in previous years but will remain good. Thanks to a number of new, innovative products and the full-year consolidation of Zynkon and Eurovoirie, the division expects to achieve sales in line with 2019. The operating profit margin should increase slightly due to the cost optimisation measures initiated and the streamlining of the product range. Bucher Hydraulics anticipates a further downward trend in the hydraulics market in the current year. The division therefore expects a decline in sales in the high single-digit percentage figures. The operating profit margin is thus also likely to be down on 2019. Bucher Emhart Glass expects demand to normalise in 2020, following the extraordinary momentum of the last two years. Thanks to the record order book and continued strong demand, the division anticipates sales in line with the previous year. The operating profit margin is likely to be down on the record result of 2019 after adjusting for one-time effects. Bucher Specials anticipates diverging market developments. Overall, the division expects moderate growth in sales for 2020, supported by the acquisition of Elan and Luzzysa. The operating profit margin is likely to recover from the low level seen in 2019. The Group's sales for 2020 are expected to be slightly below 2019's record figure, while the operating profit margin is likely to be in line with that of 2019. The profit for the year is expected to be below the prior-year level.

Niederweningen, 4 March 2020



Philip Mosimann
Chairman of the Board of Directors



Jacques Sanche
Chief Executive Officer

Information for investors

At 31 December		2019	2018	2017 ²⁾	2016 ²⁾	2015 ²⁾
Share capital						
Registered shares						
Par value	CHF	0.20	0.20	0.20	0.20	0.20
In issue and ranking for dividend	number	10'250'000	10'250'000	10'250'000	10'250'000	10'250'000
Authorised but unissued	number	1'184'100	1'184'100	1'184'100	1'184'100	1'184'100
Treasury shares	number	23'704	37'775	25'566	123'871	139'839
Issued share capital	CHF	2'050'000	2'050'000	2'050'000	2'050'000	2'050'000
Market capitalisation and dividends						
Market capitalisation	CHF million	3'483.0	2'710.1	4'059.0	2'570.2	2'319.6
as % of equity	%	253.5	212.1	290.3	216.4	207.9
Gross dividend per registered share	CHF	8.00 ¹⁾	8.00	6.50	5.00	5.50
Total dividend	CHF million	82.0 ¹⁾	82.0	66.6	51.3	56.4
Payout ratio	%	36.6 ¹⁾	36.8	39.0	43.2	40.8
Per share data						
Profit for the year						
Basic earnings per share	CHF	21.9	21.8	16.8	11.7	13.7
Diluted earnings per share	CHF	21.9	21.8	16.8	11.7	13.7
Net cash flow from operating activities	CHF	27.9	19.7	21.8	26.0	23.4
Equity	CHF	134.4	125.1	136.4	115.9	108.9
Year high	CHF	360.2	448.4	407.0	252.5	257.0
Year low	CHF	259.4	256.0	252.8	194.7	201.7
Year-end price	CHF	339.8	264.4	396.0	250.8	226.3
Average price	CHF	316.0	345.6	325.3	231.9	232.9
Average dividend yield	%	2.5 ¹⁾	2.3	2.0	2.2	2.4
Average daily trading volume	number	26'576	28'763	19'727	12'793	16'931
Price/earnings ratio (year-end price)		15.5	12.1	23.6	21.4	16.5

¹⁾ Proposal of the board of directors ²⁾ IFRS

Stock exchange listing

The registered shares of CHF 0.20 each are listed in the main segment of SIX Swiss Exchange:

Security No.	243217
ISIN	CH0002432174
SIX Swiss Exchange	BUCN
Reuters	BUCN.S
Bloomberg	BUCN SW

Contact

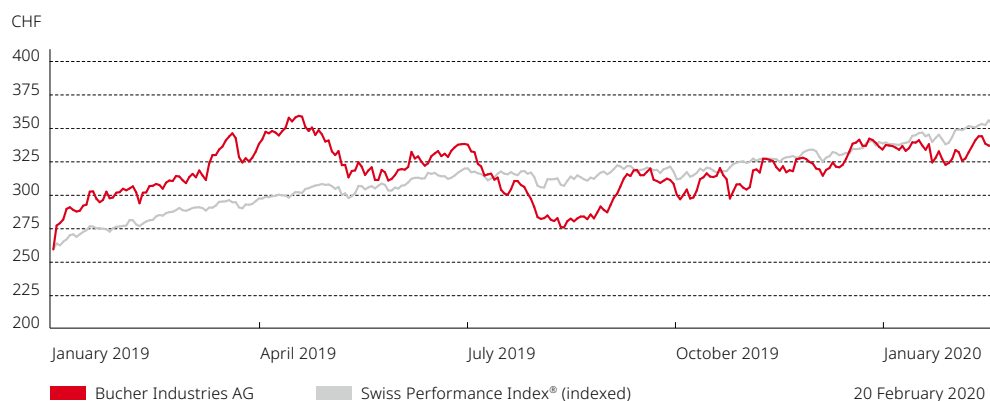
Jacques Sanche, CEO
Manuela Suter, CFO

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Financial calendar

Annual general meeting (Mövenpick Hotel, Regensdorf)	24 April 2020	3.30 p.m.
First trading date ex-dividend	28 April 2020	
Release of first-quarter 2020 group sales	28 April 2020	
Dividend payment	30 April 2020	
Sustainability report 2019	25 June 2020	
Interim report 2020	30 July 2020	
Conference call on the interim results 2020	30 July 2020	10.00 a.m.
Release of third-quarter 2020 group sales	27 October 2020	
Release of 2020 group sales	28 January 2021	
Annual report 2020	3 March 2021	
Annual press conference	3 March 2021	9.00 a.m.
Annual analyst conference	3 March 2021	3.00 p.m.
Annual general meeting (Mövenpick Hotel, Regensdorf)	15 April 2021	3.30 p.m.
First trading date ex-dividend	19 April 2021	
Dividend payment	21 April 2021	
Release of first-quarter 2021 group sales	27 April 2021	
Interim report 2021	29 July 2021	
Conference call on the interim results 2021	29 July 2021	10.00 a.m.
Release of third-quarter 2021 group sales	26 October 2021	

Share price performance



Divisions

Our activities

Bucher Industries is made up of five specialised divisions in industrially related areas. The operations are geared towards fundamental human needs and have substantial worldwide growth and earnings potential. The Group's divisions are focused on specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry, equipment for the production of wine, fruit juice, beer and instant products, a Swiss distributorship for tractors and specialised agricultural machinery, as well as control systems for automation technology.

Kuhn Group

is the world's leading manufacturer of specialised agricultural machinery for tillage, planting and seeding, crop protection and nutrient management, hay and forage harvesting, livestock bedding and feeding as well as landscape maintenance. The division's exceptionally broad range of products is geared to the needs of large farms and contractors and all other types of agricultural operations across the world. The division has production facilities in France, the Netherlands, the USA and Brazil.

Bucher Municipal

is a leading supplier of vehicles and equipment for cleaning and clearing operations on public and private roads and other traffic areas. Its machinery range encompasses sweepers and sewer cleaning, winter maintenance and refuse collection vehicles and equipment. The product portfolio is supplemented by digital services. The division has production facilities in Switzerland, Germany, the UK, Italy, Denmark, Latvia, Russia, the USA, Australia, South Korea and China.

Bucher Hydraulics

is an international leading manufacturer of state-of-the-art hydraulic systems that are used in many machines worldwide. The components and subsystems are designed to meet the highest standards of engineering, safety and quality. The wide range of products includes pumps, motors, valves, cylinders, power units, elevator drives and control block solutions with integrated electronics. With manufacturing facilities in Germany, Switzerland, Italy, the USA, Brazil, India and China, Bucher Hydraulics is close to its markets and customers.

Bucher Emhart Glass

is the world's leading supplier of advanced technologies for manufacturing and inspecting glass containers. Its portfolio consists of glass forming and inspection machinery, systems, components and parts as well as consulting and services for the glass container industry. Bucher Emhart Glass has its headquarters in Switzerland, while its manufacturing facilities are located in Germany, Sweden, the USA, China and Malaysia. The division operates a research and development centre in the USA.

Bucher Specials

comprises equipment for winemaking (Bucher Vaslin), technologies and equipment for processing fruit juice, beer and instant products (Bucher Unipektin), a Swiss distributorship for tractors and specialised agricultural machinery (Bucher Landtechnik), and control systems for automation technology (Jetter).

Divisional report

Kuhn Group

The division's markets were heterogeneous in 2019. Overall, however, they became increasingly challenging during the course of the year, mainly because of unfavourable weather conditions and geopolitical developments. While demand in the European dairy and livestock sector remained satisfactory, demand for agricultural machinery in general dropped markedly in the North American market. Kuhn Group's order intake decreased by 6% and sales by 2%. The operating profit margin was 8.3%, slightly below the level of 2018. Kuhn Group accounted for 38% of group sales (2018: 39%).

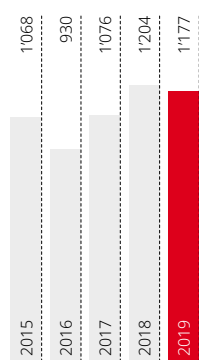
Key figures

	CHF million		Change in		
	2019	2018	%	% ¹⁾	% ²⁾
Order intake	1'141.1	1'209.6	-5.7	-2.9	-4.6
Net sales	1'177.3	1'204.4	-2.3	0.7	-1.1
Order book	411.2	460.6	-10.7	-8.2	-8.2
Operating profit (EBITDA)	134.8	140.5	-4.1		
as % of net sales	11.5%	11.7%			
Operating profit (EBIT)	98.2	104.4	-5.9		
as % of net sales	8.3%	8.7%			
Number of employees at 31 December	5'188	5'352	-3.1		-3.1
Average number of employees	5'321	5'334	-0.2		-1.2

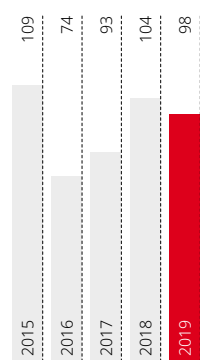
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Five-year summary

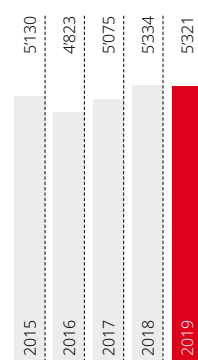
Net sales
CHF million



Operating profit (EBIT)¹⁾
CHF million



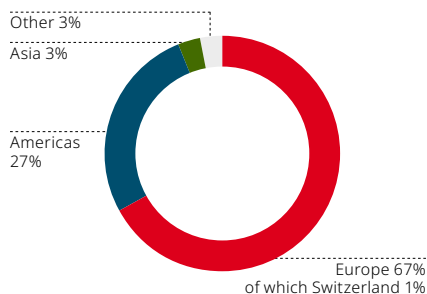
Average number
of employees



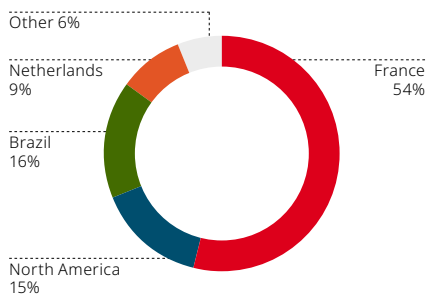
¹⁾ 2015–2017 IFRS

Geographical analysis

Net sales



Number of employees



Difficult North American market Kuhn Group's markets became increasingly challenging during the reporting period essentially due to unfavourable weather conditions and geopolitical developments. The unusually long low cycle in the arable sector continued. The situation in the USA deteriorated further. Demand for US agricultural commodities was negatively impacted by the Chinese tariffs introduced in the context of the trade conflict. In addition, the exceptionally wet weather and flooding which affected a large part of the key production regions led to lower harvests. These developments put pressure on the net incomes of the small and medium-sized agricultural producers and, consequently, increased the pace of farm consolidation. Demand for agricultural machinery in this important market dropped markedly. The division introduced phases of furlough at both its US production sites. In Europe, demand for dairy and livestock machinery remained satisfactory, with France and Poland providing positive impetus. Crop farmers were less willing to invest because of the drought in Northern Europe in 2018, which was further exacerbated by the summer 2019 heat-waves. In addition, public discussions about the impact of agriculture on climate change and the environment affected farmers' sentiment in Western Europe. The uncertainties surrounding Brexit started to have repercussions. In Central and Eastern Europe, agricultural producers showed a general reluctance to invest during the reporting period. Brazil performed well, thanks to harvests with record yields, high demand and prices for Brazilian grain as a result of the trade dispute between the USA and China, as well as favourable equipment financing conditions. Despite these positive developments, the Brazilian farmers became more cautious about making new investments towards the end of the year, mainly because of a lack of rainfall but also due to the political and economic uncertainties related to the unrest in many South American countries. In this mixed but increasingly challenging environment, Kuhn Group's order intake decreased overall by 6% and sales by 2%. The operating profit margin was 8.3%, slightly below the level of 2018, as the efficiency gains in Europe and Brazil and the higher prices in Europe were not sufficient to offset the impact of the difficult North American market situation.

Focus on customer needs The "MyKUHN" portal offers registered end customers – namely agricultural producers and farm contractors – easy access to everything they need regarding their Kuhn machinery: service part diagrams, the latest operator's manuals, expert advice and special offers, all tailored to their individual machinery fleet and interests. The portal was deployed in further countries in the reporting period and the number of registrations has more than doubled to approximately 10'000 users. The web-based platform "Agrirouter" was introduced in the spring of 2019 together with various related apps. These applications complement Kuhn Group's machinery and support customers in making their work more efficient and effective. With "Agrirouter", the agricultural data of farm operations can be exchanged between machinery and the software platforms of different users, regardless of the machine manufacturer. The relevance of this new, innovative platform was strengthened by yet another major tractor manufacturing group joining the consortium at the beginning of 2020. Compatibility with "Agrirouter" is thereby extended to a larger fleet of machines of various agricultural technology brands. Besides digital offerings, Kuhn Group emphasises the value of direct contact with its customers. The story on the following pages shows how a sales and a product specialist from Kuhn Group in the UK team up to work with a long-standing dealer for Kuhn agricultural machinery to provide him with advice and services optimally tailored to his needs.

Ever larger farms require bigger machines With the consolidation of farms progressing, the size of farming operations continues to expand, and agricultural producers are looking for ever larger, more productive farm machines. This interest was very apparent at the "Agritechnica" trade show held in November 2019 in Hanover, Germany. Kuhn Group is increasingly focusing on developing machines that feature very large working widths, faster operating speeds, higher capacities and longer useful lives. These include a 12-metre wide tillage tool, a new series of heavy-duty round balers that specifically addresses the needs of large farms and contractors, and large rakes. With one of these rakes, the "4-rotor GA 15131", a world record in raking was set in August 2019 – 188.9 hectares were raked in 8 hours, representing an average of 23.6 hectares per hour. Big machines are

also in the spotlight at Kuhn Group's new "Centro Oeste" distribution centre in Brazil's grain-producing region of Mato Grosso. Farmers there need the largest agricultural machines in the world to work their fields efficiently. The new regional centre became operational in summer 2019 and enables the division to be closer to its customers and to provide them on-site services for sales of machinery and parts as well as technical support.

Continuous investments To accommodate the growing need for large machines, Kuhn Group began the construction of an extension to its "MGM Monswiller" site located close to Kuhn Group's historic and largest factory in Saverne, France. The project features the doubling of the MGM or "Montage Grandes Machines" production halls, where large machines are assembled, and is scheduled to be completed during the summer of 2020. The preparation for the division's new assembly, distribution and service site in the Russian agricultural region of Voronezh progressed well in 2019, with construction of the facility planned to take place this year. Artec, the leading French manufacturer of self-propelled sprayers, which Kuhn Group acquired in 2018, was integrated as planned in the reporting period. As Artec's products hold a leading position in the French market, they are continuing to be sold under the current brand through specialised dealers.

Outlook for 2020 Kuhn Group expects 2020 to be another challenging year. For the European dairy and livestock sector, the positive investment cycle which began in mid-2017 is slowing down, but demand should still remain at a satisfactory level. For the arable sector, market indicators forecast a decrease, the reasons being the latest unfavourable weather conditions as well as uncertainties about geopolitical developments and future agricultural policies. The division anticipates that farmers will remain very hesitant to invest in the further course of 2020, with only France, Poland and Brazil expected to be exceptions. For North America, a marginal improvement is expected from the very low current levels. In this difficult environment, Kuhn Group expects sales to be somewhat below 2019. Thanks to a marginally improved US market, the operating profit margin is likely to increase slightly.

Division management

At 4 March 2020

Thierry Krier, Division president
Dominique Schneider, Finance and controlling
Martin Segond, Operations
Rolf Schneider, Sales and marketing
Christophe Jeanroy, Research and development
Frédéric Lacroix, Kuhn-Huard SAS
Didier Vallat, Kuhn-Audureau SAS
Dominique Devillers, Kuhn Blanchard SAS
Thierry Leroueil, Artec Pulvérisation SAS
Marc Peeters, Kuhn-Geldrop B.V.
Greg Petras, Kuhn North America, Inc.;
 Kuhn Krause, Inc.
Mario Wagner, Kuhn do Brasil S/A;
 Kuhn-Montana Indústria de Máquinas S/A

Kuhn Group, specialised agricultural machinery www.kuhn.com

Kuhn SAS Saverne France	Kuhn Blanchard SAS Chaumes-en-Retz France	Kuhn Krause, Inc. Hutchinson, KS USA
Kuhn MGM SAS Monswiller France	Artec Pulvérisation SAS Corpe France	Kuhn do Brasil S/A Passo Fundo Brazil
Kuhn-Huard SAS Châteaubriant France	Kuhn-Geldrop B.V. Geldrop The Netherlands	Kuhn-Montana Indústria de Máquinas S/A São José Brazil
Kuhn-Audureau SAS La Copechagnière France	Kuhn North America, Inc. Brodhead, WI USA	



“We have never
been more visible
and responsive
to our customers.”

Siân Pritchard
UK Managing Director
Kuhn Group

Following the consistent development of our distribution network, we are closer than ever before to the dealers and end customers in the 50th year of our operations in the UK. Our specifically trained sales and product specialists strengthen our presence during day-to-day business, at agricultural shows and demonstrations. They know the machines and technological solutions in detail and from practical experience. They support the dealers throughout their sales activities, by providing timely and accurate answers to their questions. Quality, innovation and unrelenting commitment contribute to giving this distribution network the best customer experience.



Read the interview with
Siân Pritchard at
bucherindustries.com

Divisional report

Bucher Municipal

The demand for municipal vehicles decreased during the reporting period, albeit compared with a very strong prior year. The division's order intake fell by 6% with all product groups except winter maintenance equipment recording a decline. Sales maintained the exceptionally high prior-year level, and capacity utilisation was good at all production sites. The operating profit margin decreased to 8.4%. The division accounted for 17% of group sales (2018: 18%).

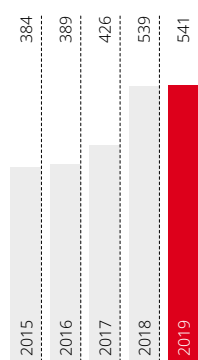
Key figures

	Change in				
	2019	2018	%	% ¹⁾	% ²⁾
Order intake	520.0	555.8	-6.4	-3.6	-4.6
Net sales	541.2	539.1	0.4	3.3	2.4
Order book	158.9	183.2	-13.3	-10.5	-11.6
Operating profit (EBITDA)	54.9	59.9	-8.3		
as % of net sales	10.2%	11.1%			
Operating profit (EBIT)	45.7	51.0	-10.4		
as % of net sales	8.4%	9.5%			
Number of employees at 31 December	2'370	2'215	7.0		1.8
Average number of employees	2'340	2'148	8.9		6.3

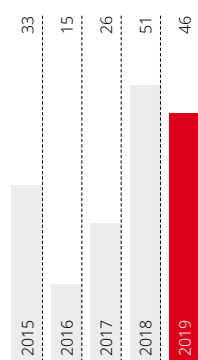
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Five-year summary

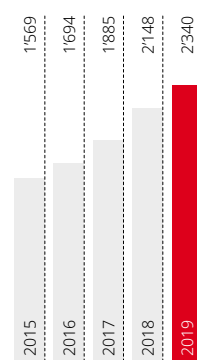
Net sales
CHF million



Operating profit (EBIT)¹⁾
CHF million



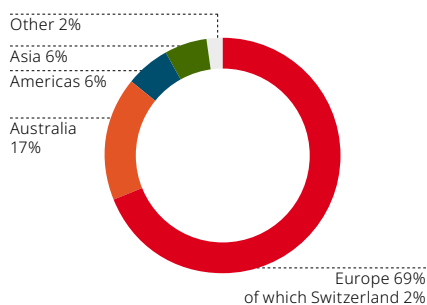
Average number
of employees



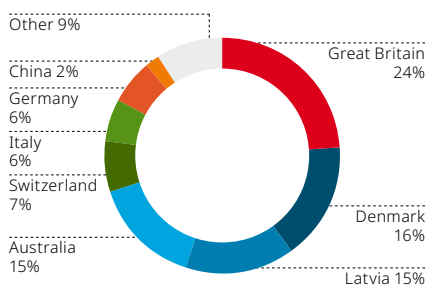
¹⁾ 2015–2017 IFRS

Geographical analysis

Net sales



Number of employees



Good capacity utilisation despite weaker demand In the 2019 financial year, demand for municipal vehicles decreased, albeit compared with a very strong prior year. Order intake at Bucher Municipal fell by 6%. All product groups with the exception of winter maintenance equipment recorded a decline. Thanks to the strong order book at the beginning of the year and good delivery capacity, sales maintained the exceptionally high level of the previous year. Capacities were well utilised at all production sites. The high order book was reduced and has now returned to an average level. The operating profit margin decreased to 8.4%, due to the consolidation of Zynkon, integration costs and higher expenditure for research and development.

“One company – one brand” In line with this guiding principle, Bucher Municipal began to harmonise its product brands under a uniform umbrella brand and comprehensively restructure its sales and service organisation in the reporting period. The focus is on customers and seeing that all their needs for municipal vehicles are covered simply and from one place. Whether buying a compact sweeper, a spreader or a sewer cleaning vehicle, customers receive everything from Bucher Municipal's entire product portfolio in the high quality they are accustomed to from a single source at a location in their vicinity – from the initial contact, through advising and purchasing, to services in the operating phase. The dealer organisation was also restructured as a consequence. The reorganisation and harmonisation of the brand will be completed in 2020. An important element here is a shared culture among all employees. With an open information policy, company-wide events and open doors, Bucher Municipal ensures that employees understand this comprehensive change, that their questions are answered and that everyone works together towards this common goal. The story that follows explains the added value this will give customers, based on the example of the new sales organisation in Northern Europe.

Modularisation of two product lines Another important project was modularisation. In October 2019, the division presented its new series of modular “CityCat” compact sweepers to customers. The all-electric “CityCat V20e” model is the first in the new series of compact vehicles in the two-cubic metre class. The production of sewer cleaning vehicles was also modularised. These complex, specialised products are highly customised to suit individual customer needs, and the aim is to manufacture them in a manner that is industrialised as far as possible. Modularisation enables Bucher Municipal to achieve a shorter time to market and higher quality without having to compromise on customer needs.

Focus on electrification With the “CityCat V20e”, Bucher Municipal is taking another logical step towards electrification. The battery used in this vehicle is based on the latest technology and has been specially developed for use in this compact sweeper. Serial production starts this year on a purpose-built assembly line. The division also launched the industry's first fully electric truck-mounted sweeper in 2019. In the area of refuse vehicles, the prototype of an electric rear loader was tested in Australia. Further test programmes are planned for this year. In the winter maintenance equipment segment, Bucher Municipal sold its first all-electric vehicle – the “Phoenix Electra” spreader, mounted on a fully electric chassis. In parallel with its products, the division has been forging ahead with the development of “Bucher Connect”. This online platform is continually being expanded to include additional services and functions that support customers in operating their municipal vehicles. “Bucher Connect” will be presented in May at IFAT, the leading trade fair for water, waste water, waste and raw materials management in Munich.

Strategic acquisitions The division made two strategically significant acquisitions in the reporting period. In December it announced the purchase of its former distributor Eurovoirie SAS. Completed in January 2020, the acquisition will enable Bucher Municipal to sell its entire portfolio of municipal vehicles directly to French customers and offer them a better service. The division also acquired 100% of Zynkon, a Chinese manufacturer of sewer cleaning vehicles. This gives Bucher Municipal a platform in China, access to this growth market and an opportunity to strengthen its presence in Asia. The acquisition was completed at the beginning of July and met with a positive response from both employees and customers.

Outlook for 2020 Bucher Municipal anticipates that demand will weaken from the previous good years, but will remain good. Europe continues to be influenced by the uncertainties associated with Brexit. The division expects a slight decline in sweepers and refuse collection vehicles given the previous brisk investment activity. It expects to see growth in sewer cleaning vehicles, due to the full-year consolidation of Zynkon. Demand for winter maintenance equipment should remain stable at a good level. Thanks to a number of new, innovative products and the full-year consolidation of Zynkon and Eurovoirie, the division expects to achieve sales in line with 2019, despite the challenging market environment. The operating profit margin should increase slightly due to the cost optimisation measures initiated and the streamlining of the product range.

Division management

At 4 March 2020

Aurelio Lemos, Division president
Stefan Häni, Finance and controlling
Thomas Dubach, Business development and (ad interim) Sewer cleaning vehicles
Jussi Iltanen, Chief Marketing Officer and (ad interim) Sales and service West
René Manser, Chief Information Officer
Marco Meier, Compact sweepers
David Bishop, Truck-mounted sweepers
David Waldron, Refuse collection vehicles and Sales and service Oceania
Guido Giletta, Winter maintenance equipment
Ottmar Steinebrunner, Sales and service Europe
Peter Rhodes, Sales and service Asia

Bucher Municipal, municipal vehicles www.buchermunicipal.com

Bucher Municipal AG
 Niederweningen Switzerland

Bucher Municipal GmbH
 Hanover Germany

Bucher Municipal SIA
 Ventspils Latvia

Bucher Municipal Ltd.
 Seoul Korea

Johnston Sweepers Ltd.
 Dorking UK

Bucher Municipal North America, Inc.
 Mooresville, NC USA

Beam A/S
 Them Denmark

J. Hvidtved Larsen A/S
 Silkeborg Denmark

J. Hvidtved Larsen Ireland Ltd.
 Thurles Ireland

J. Hvidtved Larsen UK Ltd.
 Coalville UK

Bucher Municipal Pty Ltd.
 Clayton North, Vic Australia

Giletta S.p.A.
 Revello Italy

Gmeiner GmbH
 Wernberg-Köblitz Germany

Bucher Municipal LLC
 Kaluga Russian Federation

Arvel Industries Sàrl
 Coudes France

Eurovoirie
 Senlis France

Maquiasfalt SL
 Fuenlabrada, Madrid Spain

Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd.
 Wuhan China



“Our relationship
with customers
is now even more
personal.”

Stefan Hendriksen
Sales and service, Nordics
Bucher Municipal

2019 marked the start of a reorganisation of sales and service activities in the Nordic countries. This has given our customers a single point of contact for all services and across our entire product portfolio under the strong Bucher Municipal brand – from the initial contact to consulting, sales, training and supporting operations with spare parts and after-sales services. In a clearly structured, systematic process, we identify customers' specific needs so we can provide them with the solutions that will best suit their business.



Find out the
customer's view at
[bucherindustries.com](https://www.bucherindustries.com)

Divisional report

Bucher Hydraulics

The demand for hydraulic solutions and components dropped markedly in 2019 compared with an exceptionally dynamic previous year. The division's order intake was lower in most markets and segments and fell by 20%, with a particularly strong decline recorded in the first half of the year. Thanks to the strong order book at the start of the reporting period, Bucher Hydraulics increased sales by 4% over the very good previous year. The operating profit margin was 12.5%, down from 2018. The division accounted for 21% of group sales (2018: 20%).

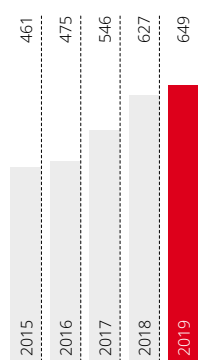
Key figures

	CHF million		Change in		
	2019	2018	%	% ¹⁾	% ²⁾
Order intake	563.7	700.2	-19.5	-18.1	-21.6
Net sales	648.5	626.6	3.5	5.1	1.3
Order book	113.3	200.9	-43.6	-42.5	-42.5
Operating profit (EBITDA)	102.3	103.9	-1.5		
as % of net sales	15.8%	16.6%			
Operating profit (EBIT)	80.8	84.3	-4.2		
as % of net sales	12.5%	13.4%			
Number of employees at 31 December	2'766	2'835	-2.4		-2.4
Average number of employees	2'844	2'555	11.3		4.2

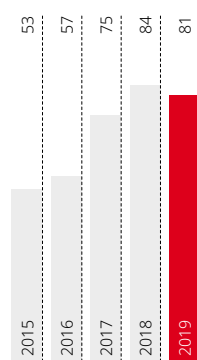
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Five-year summary

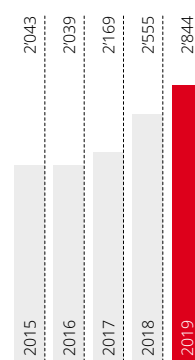
Net sales
CHF million



Operating profit (EBIT)¹⁾
CHF million



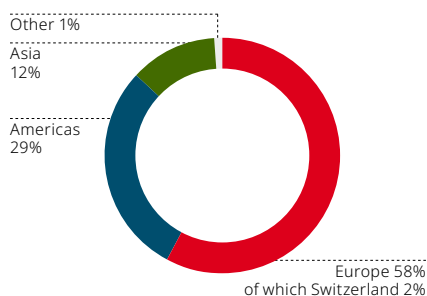
Average number
of employees



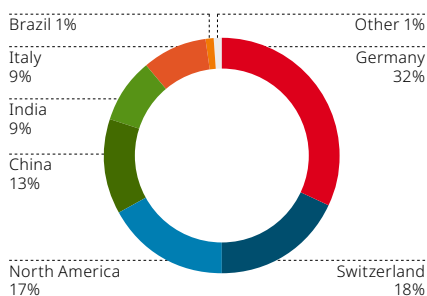
¹⁾ 2015–2017 IFRS

Geographical analysis

Net sales



Number of employees



Slight increase in sales The reporting period was characterised by a significant drop in demand for hydraulic solutions and components compared with an exceptionally dynamic previous year. Order intake at Bucher Hydraulics was lower in most markets and segments, falling by 20%. The decline was especially strong in the first half of the year and particularly affected North America, where many customers had already placed orders in 2018 for the reporting period to ensure timely receipt of their products despite delivery bottlenecks. The decrease in order intake corresponded overall to the trend in the hydraulics market. Thanks to the strong order book at the start of the reporting period and the full-year consolidation of Bucher Hydraulics Wuxi, sales increased by 4% over the very good prior year. The renewed increase, especially in the first half of the year, was managed by hiring temporary workers and expanding capacities. The division was therefore able to meet the delivery requirements and reduce the strong order book by nearly half from the very high level of the previous year. It has thus returned to an average level again relative to sales. Bucher Hydraulics started reducing the number of temporary workers towards the end of the reporting period to adjust its capacities to the lower order volume. At the same time, the division created new positions for engineers and technicians to drive forward the current innovation projects. Despite being a pleasing 12.5%, the operating profit margin was lower than in 2018, due to higher material prices and costs relating to product development and capacity expansion, as well as to the integration of Bucher Hydraulics Wuxi.

Structural expansion and development work The integration of Bucher Hydraulics Wuxi was completed on schedule. This makes Bucher Hydraulics the world's biggest manufacturer of hydraulic power packs. The expansion works at the Italian and Indian production sites were also completed. The division already uses the significantly larger production capacity in India to further develop a new product line used in less demanding and simpler applications in the lower price segment. Bucher Hydraulics is continuously expanding this product range. At the other production sites, the division responded to the growth in recent years by investing in plant and machinery. The new machines became operational during the reporting period.

AX: new series of pumps and motors Bucher Hydraulics presented the new axial piston line, AX, in 2019, thereby making an important addition to the existing product portfolio. The AX pumps and motors feature an innovative construction principle that fundamentally distinguishes them from existing hydraulic pumps and motors. They have an exceptionally high efficiency rate in a wide range of rotational speeds, permit very low-speed, smooth, accurate movements and are significantly quieter. The AX pumps and motors therefore meet the requirements that have been sought after in many applications for years but had not yet been met in this way by the products available on the market. Thanks to its unique properties, the AX series is particularly suitable for use in the growing market for electrified machines. The AX pump was nominated for prizes at two important trade fairs in the reporting period: Bauma (construction machinery) and Agritechnica (agricultural machinery). But how does Bucher Hydraulics explain technically complex products such as the AX pumps and motors to its customers? The story on the following pages shows which channels and tools the division uses to collaborate with customers in evaluating their needs and defining future-oriented solutions for them.

Imagine a lift that can “see” Bucher Hydraulics achieved another innovation with its lift control valve “iValve”. The valve was already intelligent, as its electronics optimise the lift ride using an integrated learning algorithm. However, without operational data in real time, it was not possible to control the travel of the lift to its end position. Bucher Hydraulics made it the world's first lift hydraulic valve equipped with a “CAN bus communication interface”, opening up new possibilities for energy efficiency, travel comfort and maintenance. The canton of Zug (Switzerland), where the division manufactures the “iValve”, awarded the company the 2019 Zug Innovation Prize. Bucher Hydraulics also received the John Deere Innovation Award for a newly developed electrohydraulic valve used by John Deere in a series of compact tractors. The prize not only recognises the product concept itself, but also the collaboration in developing the product through to serial production.

Developing our employees The shortage of skilled workers continued to present a challenge in 2019, although it was not as acute as in the previous year. Bucher Hydraulics continues to place great emphasis on a corporate culture that promotes the identification of employees with the company. The brand book that was developed in the previous year describes the common values associated with the motto “Smart solutions – superior support”. The division is focusing on the global exchange between employees to encourage them to learn from each other and to adopt best practices. “Bucher Hydraulics Junior Management Training” is one of the platforms for this global exchange. 25 participants from all of the division's departments are trained over a period of three years. The first of six training modules was held in autumn 2019. Bucher Hydraulics' commitment to professional training continues unabated. For example, the division is using the prize money from the Zug Innovation Prize to expand and develop the infrastructure for apprentices in the area of electronics at the Neuheim production facility.

Outlook for 2020 Bucher Hydraulics anticipates a further downward trend in the hydraulics market in the current year. The division therefore expects a decline in sales in the high single-digit percentage figures. The operating profit margin is also expected to be down on 2019, primarily due to the lower sales.

Division management

At 4 March 2020

Daniel Waller, Division president
Peter Minder, Finance and controlling
Uwe Kronmüller, Bucher Hydraulics Germany
Jens Kubasch, Bucher Hydraulics Switzerland
Alfonso Brighetti, Bucher Hydraulics Italy
Bill Parks, Bucher Hydraulics North America
Kapil Sehgal, Bucher Hydraulics India
Sam Wu, Bucher Hydraulics China

Bucher Hydraulics, hydraulic components www.bucherhydraulics.com

Bucher Hydraulics GmbH
 Klettgau Germany

Bucher Hydraulics
Erding GmbH
 Erding Germany

Bucher Hydraulics
Remscheid GmbH
 Remscheid Germany

Bucher Hydraulics
Dachau GmbH
 Dachau Germany

Bucher Hydraulics AG
 Neuheim Switzerland

Bucher Hydraulics AG
Frutigen
 Frutigen Switzerland

Bucher Hydraulics S.p.A.
 Reggio Emilia Italy

Bucher Hydraulics, Inc.
 Grand Rapids, MI USA

Bucher Hydraulics Elgin
 Elgin, IL USA

Bucher Hydraulics Pvt Ltd.
 Gurgaon India

Bucher Hydraulics
Suzhou Co., Ltd.
 Wujiang China

Bucher Hydraulics
(Wuxi) Co., Ltd.
 Wuxi China

Bucher Hidráulica Ltda.
 Canoas, Porto Alegre Brazil



"Our communication creates depth – in every dimension."

Alfonso Brighetti
Sales and Marketing
Bucher Hydraulics

Digital tools help to exemplify even the most complex operating principles of hydraulic components, making their customer benefits understandable in their entire depth. We use augmented reality, 3D animation and virtual cross-section models at trade fairs such as "Agritechnica" in Hanover. This is one way we support our sales specialists worldwide in explaining, for example, the new AX pump and its particular suitability for electric-powered machinery. Combining contemporary communication tools, a high level of technical expertise in consulting and intensive collaboration with customers – this is our recipe for success for delivering high-performance and cost-effective hydraulic solutions.



Read the conversation
with Alfonso Brighetti at
bucherindustries.com

Divisional report

Bucher Emhart Glass

2019 was another very successful financial year for the division. Driven by the continued strong demand for glass containers, manufacturers invested in expanding and modernising their production capacities again in the reporting period. Order intake at Bucher Emhart Glass was up 5% and sales rose by 9%. The operating profit margin, including one-time effects, reached a record 13.5%. Even when adjusted for these effects, it significantly exceeded the already very good level achieved in 2018. The division accounted for 15% of group sales (2018: 14%).

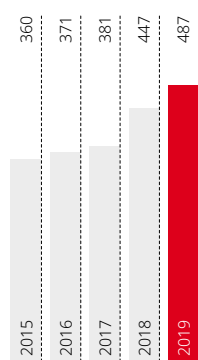
Key figures

	Change in				
	2019	2018	%	% ¹⁾	% ²⁾
Order intake	523.5	498.9	4.9	8.8	9.3
Net sales	487.2	446.5	9.1	13.1	12.2
Order book	270.5	235.9	14.7	18.8	20.1
Operating profit (EBITDA)	74.4	56.0	32.9		
as % of net sales	15.3%	12.5%			
Operating profit (EBIT)	65.5	46.6	40.6		
as % of net sales	13.5%	10.4%			
Number of employees at 31 December	1'770	1'696	4.4		4.9
Average number of employees	1'755	1'652	6.2		6.2

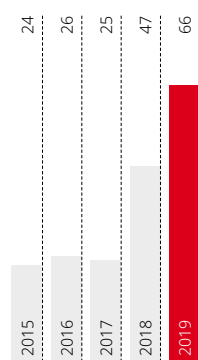
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency, acquisition and divestment effects

Five-year summary

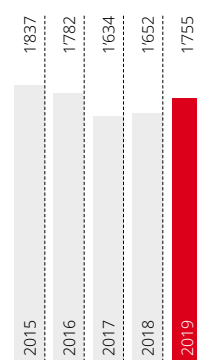
Net sales
CHF million



Operating profit (EBIT)¹⁾
CHF million



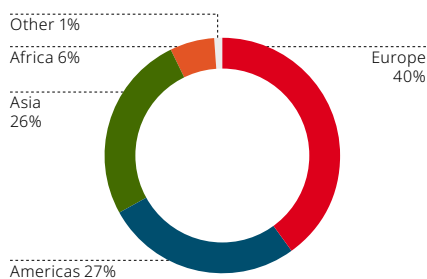
Average number
of employees



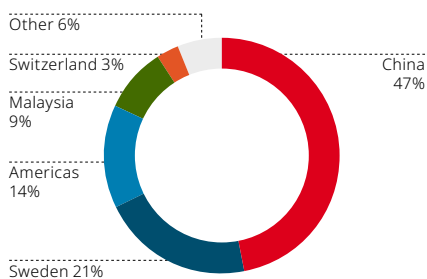
¹⁾ 2015–2017 IFRS

Geographical analysis

Net sales



Number of employees



Record business volumes and operating profit Bucher Emhart Glass benefited in the reporting period from a stable economic environment and a trend towards greater use of glass instead of plastic containers. The strong demand outstripped the manufacturers' capacities again in the reporting period, leading them to invest in expanding and modernising their production lines. Momentum eased off in the last few months of 2019 at a very high level, although this trend varied from region to region. In Europe, glass container manufacturing continued to be subject to bottlenecks and demand for production equipment remained strong. As in the previous year, the investing activity of the glass container manufacturers in the beer industry in the USA was restrained, partly as a result of imports from Mexico and China. In contrast, the US wine bottle manufacturers continued to invest briskly in production equipment. The business in China boomed. However, the strong wave of investment seen in the last two years slowed down towards the end of the reporting period. All in all, order intake at Bucher Emhart Glass rose 5% to reach record levels. Thanks to capacity expansion through production optimisation, the division was able to further increase production volumes and sales significantly. The 9% increase in sales was supported by a recovery in the business with inspection machines. The order book remained well above the high level already achieved in the previous year. The operating profit margin reached a record 13.5%. This figure includes one-time effects from the divestment of the refractory business and an adjustment to pension costs, which together made a net positive contribution of CHF 5 million to operating profit. Even without these one-time effects, the operating profit margin once again significantly exceeded the previous year's very good level to reach 12.5%, thanks to the fully utilised production capacities, technologically sophisticated project business and efficiency gains in China.

"End to End": first complete pilot lines The division received the first two orders for complete "End to End" production lines in the reporting period. These pilot lines will become operational in the current year. In concrete terms, this means integrating the glass container manufacturing process: from the "hot end" forming, where the glass containers are marked with a laser code, to the "cold end" inspection, linked via a central database – the "Flex Control Center". Sensors measure different parameters of the glass containers along the production line. The data is analysed and the customer is advised on how to adjust the machine's settings, so that the manufacturing process can be continuously optimised. This reduces production waste, improves process efficiency and reduces energy consumption. Bucher Emhart Glass is collaborating with other leading companies in the glass industry to develop a standard for unique laser codes. Its objective is to enable glass containers to be identified in future across their entire lifecycle by means of a unique laser code.

Focus on the core business Bucher Emhart Glass acquired Symplex Vision Systems in summer 2019. The Munich-based company specialises in inspection machines and cameras for gob forming. The integration is progressing on schedule. With the sale of the profitable refractory business to the Austrian Rath Group, which was also completed in the reporting period, Bucher Emhart Glass is focussing on its core business, the manufacture and inspection of glass containers, as well as the automation of these processes.

“Training on glass” Bucher Emhart Glass has made it its mission to pass on to its customers as much knowledge as possible about its equipment to ensure that the glass container manufacturing process can be continuously optimised. At its research and development centre in Windsor, Connecticut, USA, the division has a complete production line including a furnace for research purposes. The latter was completely overhauled during the reporting period. Bucher Emhart Glass now also uses this production line to offer its customers “training on glass”. The theoretical part of the training is supplemented by a practical component, where the participants can get first-hand experience on the production line. This offer is one of a kind worldwide and distinguishes the division as a partner in the production process.

Partnership with customers Together with its customers, Bucher Emhart Glass aims to continuously improve the glass container manufacturing process. The “Glass Summit” in May 2019, which the division holds every four years, is part of this effort. Representatives from the glass industry, including many customers of Bucher Emhart Glass, explore the issues, innovations and opportunities that lie ahead in the glass container industry. The following story shows another example of what is often a very long-term partnership established between Bucher Emhart Glass and its customers: jointly they conduct an assessment of the customer’s investment requirements for optimising the production processes in the coming years. At the same time, they test solutions that can benefit the entire glass container industry.

Investments for the future Bucher Emhart Glass has reviewed its internal processes in recent years and implemented optimisation programmes. In this context, the division prepared the introduction of a new ERP product management system during the reporting period. It was implemented at the turn of the year on schedule thanks to extensive preparations and employee training.

Outlook for 2020 The division expects demand to normalise in the current year following the extraordinary momentum of the last two years. Thanks to the record order book and continued strong demand, the division expects sales to be in line with the reporting period. The operating profit margin is likely to be down on the record result of 2019 after adjusting for the one-time effects.

Division management

At 4 March 2020

Martin Jetter, Division president
Reto Semadeni, Finance and controlling
Matthias Kümmerle, Technology
Juan P. Montes, Logistics and manufacturing
Werner Gessner, Sales and marketing

Bucher Emhart Glass, manufacturing equipment for the glass container industry – www.bucheremhartglass.com

Emhart Glass SA
 Steinhausen Switzerland

Emhart Glass Sweden AB
 Sundsvall Sweden

Emhart Glass Sweden AB
 Örebro Sweden

Emhart Glass Sdn Bhd.
 Ulu Tiram, Johor Bahru
 Malaysia

**Emhart Glass
 Manufacturing, Inc.**
 Horseheads, NY USA

Emhart Glass, Inc.
 Windsor, CT USA

Emhart Glass, Inc.
 St. Petersburg, FL USA

Emhart Glass Vision GmbH
 Planegg, Munich Germany

**Shandong Sanjin Glass
 Machinery Co., Ltd.**
 Zibo China



“We communicate
with one voice,
on several levels
simultaneously.”

Werner Gessner

Key Account Manager for the Gallo Glass Company

Vice President Sales, Bucher Emhart Glass

The highest degree of automation in glass production for consistently high efficiency and production volume – a demanding goal, made possible by strong key account management. Based on a long-term, direct, trusting relationship, our teams support their customers at all levels of production, on site and throughout the entire life cycle of the machines. As market and technology leaders, we develop innovative automation systems together with our customers and thereby continuously push forward the frontiers of state-of-the-art technology. This enables the Gallo Glass Company in California, for example, to optimise production, improve quality and still increase its annual output of around 800 million bottles.



Find out more
about this customer
relationship at
[bucherindustries.com](https://www.bucherindustries.com)

Divisional report

Bucher Specials

The financial year for the division was characterised by low order intake and sales in Bucher Unipektin's project business at the beginning of the reporting period. Demand picked up again in the second half of the year. Overall, the other business units performed positively. Order intake at Bucher Specials rose by 8% and sales by 2%. The operating profit margin of 6.2% was significantly lower than in 2018. Bucher Specials accounted for 9% of group sales (2018: 9%).

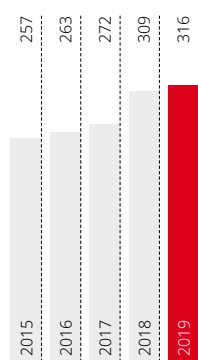
Key figures

	Change in				
	2019	2018	%	% ¹⁾	% ²⁾
Order intake	323.5	300.5	7.7	9.5	5.2
Net sales	316.0	308.8	2.3	4.1	-0.4
Order book	81.7	74.1	10.3	11.7	11.2
Operating profit (EBITDA)	24.7	30.7	-19.5		
as % of net sales	7.8%	10.0%			
Operating profit (EBIT)	19.5	25.7	-24.1		
as % of net sales	6.2%	8.3%			
Number of employees at 31 December	948	888	6.8		4.6
Average number of employees	953	884	7.8		4.5

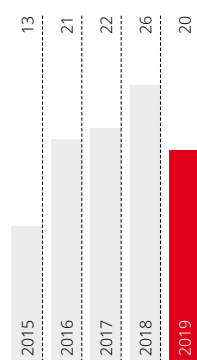
¹⁾ Adjusted for currency effects ²⁾ Adjusted for currency and acquisition effects

Five-year summary

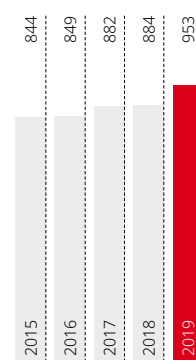
Net sales
CHF million



Operating profit (EBIT)¹⁾
CHF million



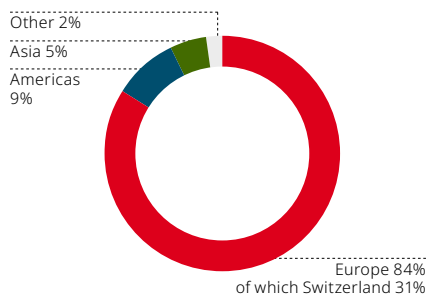
Average number
of employees



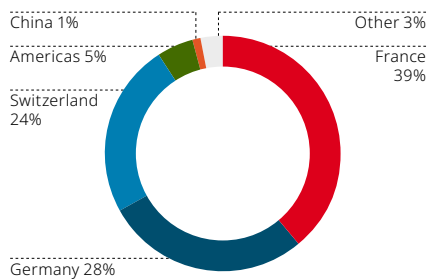
¹⁾ 2015–2017 IFRS

Geographical analysis

Net sales



Number of employees



Acquisition-driven sales growth Market trends within Bucher Specials were heterogeneous during the reporting period. The division's order intake increased by 8% and sales by 2% compared to the previous year, with acquisitions and the positive development at Bucher Vaslin, Bucher Landtechnik and Jetter contributing to these results. Bucher Unipektin, however, faced a challenging environment. For this reason, and due to acquisition-related integration costs and higher expenditure for the development of new products and solutions, Bucher Specials' operating profit margin of 6.2% was significantly below the previous year's level.

Bucher Vaslin

Momentum slows over the course of the year In the first half of 2019, Bucher Vaslin saw strong demand for winemaking equipment. The business unit benefited from the above-average grape harvest in the northern hemisphere in 2018. The positive business momentum was dampened in the second half of the year due to declining harvests in the markets of the southern hemisphere. This was due to the drought in South Africa and Australia and was compounded by political instability in Chile and Argentina. However, sales developed well, with grape presses making a particularly strong contribution.

The Sitevi bronze medal for "Maestro" At the 2019 Sitevi Innovation Awards, Bucher Vaslin won the bronze medal for "Maestro", an add-on to its "Bucher XPert" grape press. With "Maestro", the grape press independently controls all four phases of a complete cycle: from filling, pressing and emptying to washing. "Maestro" not only improves productivity, the wine producer also receives extensive information about the pressing process. Another Bucher Vaslin innovation is the "Winect" app developed in-house, which was enhanced with additional functions in the reporting period. Through "Winect", the wine producers are connected to the production facilities during the harvest and during the processing of their grapes, so they are informed about the current status and can control the process remotely.

Bucher Unipektin

Challenging business environment For Bucher Unipektin, the 2019 financial year was characterised by a reluctance to invest in the two most important segments, fruit presses and beer filtration, especially during the first half of the year. The reasons for this continued to be the financing difficulties experienced by customers and political uncertainties in Turkey and Eastern Europe. The situation was made worse by the below-average apple crop in Europe this year. Due to customers' reluctance to invest and the very low order book at the beginning of the reporting period, sales were significantly below the good prior-year figure. Towards the end of the year, order intake picked up again thanks to larger orders and is now above the previous year's level. At the beginning of February 2020 Bucher Unipektin acquired the Spanish company Luzzysa, a manufacturer of equipment for processing citrus fruit. As a result, Bucher Unipektin is able to provide its customers with entire processing lines for citrus fruit.

Investments in innovation and further education In the field of beer production equipment, Bucher Unipektin developed a dealcoholisation plant and a modular system for sterile filtration in 2019. The business unit also completed a freeze-drying pilot plant in its test centre. This allows the exact dimensioning of industrial production plants for the manufacture of convenience products for which there is increasing demand in the food and beverage sector. The business unit also invests heavily in the continuing education of its employees. For example, at Swissmem it initiated the course on "Process engineering for machine and plant construction" run by the Lucerne University of Applied Sciences and Arts, in which ten engineers from Bucher Unipektin took part during the reporting period.

Bucher Landtechnik

Growth in a stagnating market The market for Bucher Landtechnik stagnated in the reporting period, under the weight of public discussions on the future of agricultural policy and the related referendums on clean drinking water, the use of crop protection products and prophylactic antibiotics, which are causing uncertainty among Swiss farmers and inhibiting their willingness to invest. Despite these circumstances, Bucher Landtechnik's order intake and sales developed positively, supported by the products of the "New Holland" harvesting technology and "Pronar" brands acquired from Grunderco in 2018.

Precision Center – for a sustainable future During the reporting period, Bucher Landtechnik established the Precision Center, a competence centre for precision farming. Experts advise customers on how they can upgrade and retrofit their tractors and agricultural machinery with smart farming applications, regardless of the manufacturer, in order to be able to manage their farms more precisely and efficiently while saving on resources. The story that follows shows how Bucher Landtechnik is able to respond optimally to the needs of its customers thanks to this individualised advice.

Jetter

Continued growth in sales Demand for solutions for automation technology by Jetter remained positive in the reporting period. However, towards the end of the year, there were signs of demand tapering off in the mobile automation segment. Industrial automation continued to perform well. A driving factor was the high demand for control solutions for machines in the glass container industry.

New solutions for mobile automation In July 2019, Jetter acquired the Hungarian company Elan Systems, specialising in the development, design, manufacture, assembly and testing of customer-specific products with a focus on mobile automation. This acquisition gives Jetter additional engineering expertise as well as access to a network of software and hardware specialists in Central Eastern Europe. At Agritechnica, Jetter presented a modular software and hardware solution for slurry tankers, which allows fertilisers to be used intelligently and in well-dosed quantities.

Outlook for 2020 Bucher Vaslin is anticipating neutral development in the main markets and therefore expects demand in 2020 to remain on the same level as in 2019. Bucher Unipektin anticipates a slight recovery in sales, partly due to the acquisition of Luzzysa. However, the political uncertainties and customer financing difficulties in Eastern Europe and Turkey are likely to continue. At Bucher Landtechnik, agricultural policy uncertainties will persist, but the business unit expects its performance to remain solid thanks to its comprehensive product portfolio. Jetter is likely to see some further slight growth, supported by the full-year consolidation of Elan. Overall, Bucher Specials expects moderate sales growth for 2020. The operating profit margin is likely to recover from the low level seen in 2019.

Division management

At 4 March 2020

Stefan Düring, Division president
Bruno Estienne, Bucher Vaslin
Hartmut Haverland, Bucher Unipektin
Jürg Minger, Bucher Landtechnik
Christian Benz, Jetter

Bucher Specials, Individual businesses

Bucher Vaslin
 Bucher Vaslin SA
 Chalonnès-sur-Loire, France
 Rivesaltes France
www.buchervaslin.com

Bucher Unipektin
 Bucher Unipektin AG
 Niederweningen Switzerland
 Competence Center Filtration
 St. Gallen Switzerland
www.bucherunipektin.com

Bucher Landtechnik
 Bucher Landtechnik AG
 Niederweningen Switzerland
 Mathod Switzerland
www.bucherlandtechnik.ch

Jetter
 Jetter AG
 Ludwigsburg Germany
 futronic GmbH
 Tettng Germany
 Jetter Automation Hungary Kft.
 Budapest Hungary
www.jetter.de



“The key is real interaction, face-to-face and on site.”

André Laubacher
Precision Center
Bucher Landtechnik

Automatic steering systems for planting rows accurate to within 2.5 cm and weed control using electricity: the new precision in agriculture is made possible through the application of technology combined with tailored advising. That's why our specialists at Bucher Landtechnik's Precision Center work closely with customers to address their very specific needs. Based on their intensive contact with the customer, they develop and provide training for individual smart farming solutions that network machines – regardless of manufacturer – so resource consumption is reduced while yields are increased, and safety and comfort in everyday work is enhanced.



Read about the services
of the Precision Center at
bucherindustries.com

Corporate governance

This report complies with the SIX Swiss Exchange Corporate Governance Directive, which entered into force on 1 October 2014, in its current version as of 2 January 2020, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2019.

Group structure and shareholders

Operational group structure The Bucher Industries Group is organised in five divisions. The five divisions comprise: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for making wine, fruit juice, beer and instant products, a distributorship for tractors and specialised agricultural machinery in Switzerland and control systems for automation technology (Bucher Specials). At group level, the corporate centre provides finance, group development, legal and compliance, communications and cyber security functions to support the Group and its companies in their activities. The Group's operational structure is shown in the chart below and detailed segment information is presented in the notes to the consolidated financial statements on pages 83 and 84 of this annual report.

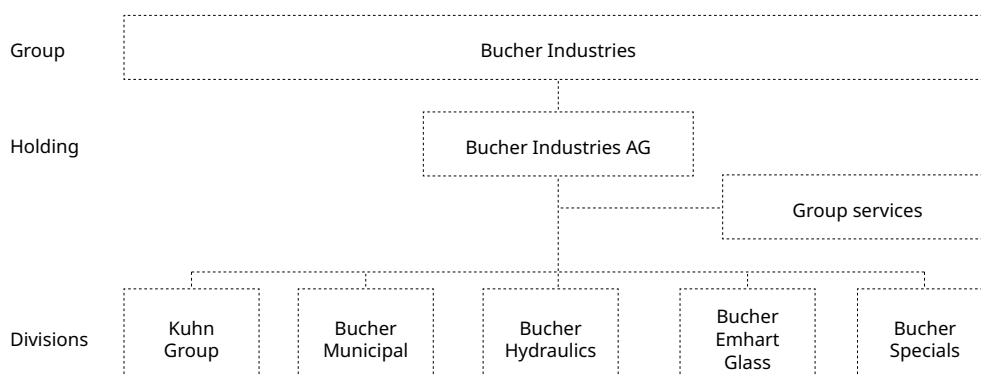
Group companies and consolidation Bucher Industries AG, incorporated in Niederweningen, Switzerland, is the Group's holding company. Its registered shares are listed on the main segment of SIX Swiss Exchange. Details are given in the information for investors section on pages 14 and 15 of this annual report. The consolidation includes all group companies owned directly or indirectly by the holding company. The principal group companies are listed on pages 103 to 105 of this annual report. None of these companies is listed on a stock exchange.

Shareholders The registered shares of Bucher Industries AG are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.2% of the voting rights, as published in the latest Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the share capital reduction in June 2012. The essence of the shareholders' agreement and the number of shares held by individual group members have not been published. At the reporting date, the board of Bucher Industries AG was not aware of any other persons who hold more than 3% of the issued share capital of Bucher Industries AG and was not aware of any shareholders entered in the share register with voting rights or groups of shareholders subject to voting agreements who hold more than 3% of the issued share capital. Notifications can be viewed via the SIX Swiss Exchange website.

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

There are no cross-shareholdings between Bucher Industries AG and other companies.

Operational group structure



Capital structure

Capital The issued share capital of Bucher Industries AG stands at CHF 2'050'000. It is composed of 10'250'000 registered shares at a par value of CHF 0.20 each. Bucher Industries AG has conditional authorised but unissued capital up to a maximum of CHF 236'820. There is no additional authorised capital.

Conditional authorised but unissued capital The share capital of Bucher Industries AG may be increased by a maximum of CHF 236'820 through the issuance of up to 1'184'100 registered shares with a par value of CHF 0.20 each. The conditional authorised but unissued capital is reserved for the exercise of warrants or conversion rights attached to bonds and of rights issued to shareholders. Shareholders have no pre-emption rights. Holders of warrants, options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present. Warrant or conversion terms are determined by the board of directors. The board is authorised to disapply shareholders' pre-emption rights for good cause, as provided in art. 653c par. 2 of the Swiss Code of Obligations. In such cases, the board is responsible for specifying the structure, life and amount of the issue as well as the warrant or conversion terms according to market conditions at the time of issue.

Changes in capital There were no changes in capital in the last three reporting periods.

Shares Bucher Industries AG has an issued share capital of CHF 2'050'000, divided into 10'250'000 registered shares with a par value of CHF 0.20 each. All shares are fully paid-up and rank for dividend. Each share carries one vote at general meetings of shareholders. Bucher Industries AG has not issued any participation or profit-sharing certificates.

Restrictions on transferability The company's registered shares are not subject to any restrictions on ownership or transferability. Pursuant to the articles of association of Bucher Industries, the board has established principles for the registration of nominees. Persons who do not expressly state in the application for registration that the shares are held for their own account (hereinafter "nominees") will be recorded in the share register as shareholders with voting rights up to a maximum of 2% of the share capital then outstanding, provided that such persons have previously entered into a nominee agreement with Bucher Industries AG. If the 2% threshold is exceeded, registered shares held by nominees will be entered with voting rights only if the nominee agrees in writing to disclose the names, addresses and shareholdings of the persons for whose account the nominee holds 0.5% or more of the share capital then outstanding. The 2% threshold also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

Convertible bonds and share options Bucher Industries AG has no outstanding convertible bonds and no outstanding share options.

Board of directors

Members

Philip Mosimann 1954, Swiss citizen, master's degree in mechanical engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich; since 2016 chairman of the board ▶ 2002–2016 Bucher Industries, CEO ▶ 1997 Sulzer AG, Winterthur, division president of Sulzer Textil ▶ 1993 Sulzer AG, Winterthur, head of division, Sulzer Thermtec ▶ 1980 Sulzer Innotec AG, Winterthur ▶ **Other appointments** Chairman of the board of Uster Technologies AG, Uster, member of the board of Conzett AG, Zurich, of Bobst Group SA, Mex, of Ammann Group Holding AG, Langenthal, and of Vanderlande Industries B.V., Veghel/NL, member of the executive committee of economiesuisse and Swissmem (the trade association of the Swiss mechanical, electrical and engineering industries)

Anita Hauser 1969, Swiss citizen, degree in public affairs (lic. rer. publ.) from HSG University of St. Gallen, MBA INSEAD, Fontainebleau; since 2007 member of the board, since 2011 deputy chairman of the board of directors ▶ 2012–2017 Magenta Management AG, Zurich, managing director ▶ 2010 EF Education First AG, Lucerne, marketing director ▶ 2005 EF Education AG, Zurich, country manager ▶ 2000 Lindt & Sprüngli (International) AG, Kilchberg, international marketing manager ▶ 1993–1998 Unilever, Zug and Milan, European brand manager ▶ **Other appointments** Member of the board of AMAG Automobil- und Motoren AG, Cham, and of Roche Holding AG, Basel

Claude R. Cornaz 1961, Swiss citizen, degree in mechanical engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich; since 2002 member of the board ▶ since 1998 member of the board of Vetropack Holding AG, Bülach, since 2018 chairman of the board ▶ 2000–2017 Vetropack Holding AG, Bülach, delegate of the board and CEO ▶ 1993 Vetropack Holding AG, Bülach ▶ 1989 Nestec SA, Vevey ▶ 1987 Contraves AG, Zurich ▶ **Other appointments** Deputy chairman of the board of H. Goessler AG, Zurich, member of the board of directors of Glas Trösch Holding AG, Buochs, and of Dätwyler Holding AG, Altdorf

Michael Hauser 1972, Swiss citizen, degree in mechanical engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD, Fontainebleau/Singapore; since 2011 member of the board ▶ since 2015 notime AG, Zurich, member of the board and of the management ▶ 2013 biuco GmbH, Austria, managing director ▶ 2009–2011 Strabag Energietechnik, Austria, managing director ▶ 2006 hs energieanlagen, Germany, member of the management ▶ 1998 Alstom/ABB, commissioning of gas turbines ▶ No other appointments or commitments

Martin Hirzel 1970, Swiss citizen, degree in business administration (HWV), GMP Harvard Business School; since 2018 member of the board of directors ▶ 2011–2019 Autoneum Holding AG, Winterthur, CEO ▶ 2007–2011 Rieter Automotive Systems, São Paulo, member of the management ▶ 2000–2007 Rieter Holding AG, Shanghai, general manager China ▶ 1997–2000 Rieter Textile Systems, Winterthur, chief controller international ▶ **Other appointments** Member of the executive committee of Swissmem (the trade association of the Swiss mechanical, electrical and engineering industries), member of the Regional Economic Council of the Swiss National Bank

Heinrich Spoerry 1951, Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen; since 2006 member of the board ▶ since 2016 SFS Group AG, Heerbrugg, chairman of the board ▶ 1998–2015 SFS Group, Heerbrugg, chairman of the board and CEO ▶ 1987 Staefa Control System AG, Cerberus AG, Männedorf, member of the management ▶ 1981 SFS Group, Heerbrugg, head of management services ▶ 1979 Boston Consulting Group, Munich ▶ **Other appointments** Chairman of the board of Mikron AG, Biel, and of Frutiger AG, Thun

Valentin Vogt 1960, Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen; since 2014 member of the board ▶ since 2011 Burckhardt Compression AG, Winterthur, chairman of the board ▶ 2000–2011 Burckhardt Compression AG, Winterthur, delegate of the board and CEO ▶ 1992 Sulzer Metco AG, Switzerland, managing director ▶ 1989 Sulzer Metco Division, Switzerland, CFO ▶ 1986 Alloy Metals, USA, CFO ▶ 1985 Sulzer AG, Switzerland, financial controller ▶ **Other appointments** Chairman of the board of Kistler Holding AG, Switzerland, member of the board of Ernst Göhner Stiftung Beteiligungen AG, Switzerland, and chairman of the Swiss Employers Confederation

Independence All directors are non-executive and independent, which means they do not perform any operational duties within the Group, have not been members of the management of Bucher Industries for the last three years and do not have a material business relationship with the Group. Philip Mosimann was CEO and group management member of Bucher Industries until the annual general meeting on 15 April 2016.

Elections and terms of office On 17 April 2019, the directors, the chairman of the board and the members of the compensation committee were elected by the annual general meeting up until the close of the next annual general meeting. The re-election of members of the board of directors extends only to the date of the annual general meeting which follows the member's 70th birthday. The persons listed in the table on page 54 of this annual report were elected in the reporting period.

Number of admissible activities (external appointments) Members of the board of directors may exercise a maximum of four appointments in listed companies and no more than ten in unlisted legal entities as a member of the senior management or administrative body. Appointments in companies that are linked, but outside the Group, as well as appointments that are held in connection with the exercise of such a function, count as one appointment, as long as no more than 30 appointments in all are held with such linked companies. Pro bono appointments are not subject to the above-mentioned restrictions. However, no member of the board of directors may hold more than 20 such appointments. This regulation complies with art. 29 of Bucher Industries AG's articles of association.

Internal organisation The board determines the strategic direction and oversees the management of the company as provided in the Swiss Code of Obligations, the articles of association and internal rules of organisation, an abridged version of which is available on the Bucher Industries website. It meets as often as business requires, holding at least six scheduled meetings each year, which generally take place every two months. The meetings are usually attended by the CEO and CFO and by other members of group management, members of division and segment management or specialists, depending on the items on the agenda. The secretary to the board takes minutes of the proceedings and resolutions. The meetings generally last one day; the annual strategy meeting lasts two days. In the reporting period, there were seven meetings, of which one was a five-day strategy trip in Brazil and one a conference call. One member of the board was excused attendance at one board meeting. Otherwise, all the meetings were attended by all board members, the CEO and the CFO.
www.bucherindustries.com/en/investor-relations/corporate-governance

Committees To assist with its responsibilities, the board of directors has an audit committee and a compensation committee appointed from among its members. The roles and responsibilities of the audit committee are described below and are published in the abridged version of the rules of organisation on the website of Bucher Industries; those of the compensation committee are listed in the remuneration report on pages 60 to 66 of this annual report. The committees report to the board of directors on their activities, findings and proposals. Overall responsibility for the tasks assigned to the committees rests with the board of directors. The annual term of office for audit and compensation committee members begins with the annual general meeting and continues until the next annual general meeting. Proceedings and resolutions of committee meetings are recorded in minutes.

www.bucherindustries.com/en/investor-relations/corporate-governance

Audit committee On 17 April 2019, the composition of the audit committee was determined by the board of directors as follows: Heinrich Spoerry, chairman, Michael Hauser and Martin Hirzel. All of its members are non-executive and independent. The audit committee meets at least three times a year. A meeting generally lasts half a day. The chairman of the board, CEO and CFO attend the meetings in an advisory capacity. Depending on the items on the agenda, the internal or external auditors, members of group, division and segment management or specialists are consulted. Seven meetings were held in the reporting period, one of which was a telephone conference. All members of the audit committee and the chairman of the board and CFO were present at all the meetings. The CEO was excused attendance at the telephone conference. In the reporting period, the meetings focused on the new concept for the financial report, the accounting manual in accordance with Swiss GAAP FER and the following scheduled duties. The audit committee prepares a comprehensive and efficient group audit concept, proposes it to the board of directors and then monitors its implementation. It determines key areas of the audit plan for the external and internal audits, receives reports from the auditors and appoints the head of the internal audit function, who reports to the chairman of the audit committee. For a preliminary decision, the audit committee evaluates the independence and performance of the external and internal auditors and finally determines the level of their remuneration. The audit committee's role also includes preparing the board's proposal for the appointment of the auditors, reviewing the organisation of the accounting system, ensuring the Group's financial controls and financial planning and reviewing the plans, budgets and financial statements of the Group and its group companies, including individual projects involving significant commitment of capital. The key areas of the audit plan for the external audit in the reporting period were the valuation of inventories, goods receipt and invoice verification and management controlling processes. The external auditors also conducted an in-depth assessment of the change in accounting and reporting under Swiss GAAP FER and the existence of internal controls in the areas of purchasing, investments and personnel. The external auditors attended two meetings of the audit committee. Internal audit carries out audits in the Group in accordance with the audit concept proposed by the audit committee and determined by the board. The chairman of the audit committee agrees the audit programme with the chairman of the board. The coordination and implementation of audits are delegated to the CFO. The internal audit work is contracted out externally. The head of the internal audit function reports to the chairman of the audit committee. The internal audit function reports the results of its audits to the audit committee at a minimum of one meeting each year. The internal audit plan focused on comprehensive verification and evaluation of the internal control system processes at several group companies. In the year under review, three meetings took place with the internal auditors.

Compensation committee Information about the compensation committee is given in the remuneration report on pages 61 and 62 of this annual report.

Authority and responsibility The board has delegated the Group's operational management to the CEO, the CFO and other group management members. Their authority and responsibilities are set out in the internal rules of organisation. A short version of the rules of organisation is available as a PDF document on the Bucher Industries website. The board oversees the operational management. www.bucherindustries.com/en/investor-relations/corporate-governance

Information and control systems relating to group management As part of the management information system, the board receives monthly key figures, consolidated financial statements and management comments from group management, providing information on operational performance and performance indicators within the Group, divisions, segments and major group companies. At each meeting, the board is also informed about the course of business, important projects and risks. Once a year, it conducts an in-depth assessment of the Group's risk situation on the basis of a risk report prepared under the direction of the CEO, with the participation of members of group management and group services. Written proposals are prepared under the direction of the CEO for any major projects requiring a board decision. In addition to the chairman, one member of the board can attend each of the annual divisional strategy reviews, which are led by the CEO, in order to gain greater insight into the business. In the reporting period, the CEO, the chairman of the board and a member of the board of directors all took part in the strategy meetings. The board of directors is also supported in its supervisory and control function by internal audit and the external auditors.

Members of the board of directors

Name	Born	Position	Appointed	Committees	
Board of directors				Audit	Compensation
Philip Mosimann	1954	chairman	2016		
Anita Hauser	1969	deputy chairman	2007		x
Claude R. Cornaz	1961		2002		x
Michael Hauser	1972		2011	x	
Martin Hirzel	1970		2018	x	
Heinrich Spoerry	1951		2006	C	
Valentin Vogt	1960		2014		C

All directors are non-executive and independent. Philip Mosimann was CEO and group management member of Bucher Industries until the annual general meeting on 15 April 2016. (C = chairman)



Thierry Krier, Stefan Düring, Daniel Waller, Martin Jetter, Manuela Suter, Jacques Sanche, Aurelio Lemos (from left to right)

Group management

Members

Jacques Sanche 1965, Swiss and Canadian citizen; doctorate in economics (Dr. oec.) from HSG University of St. Gallen; since 2016 CEO and since 2015 designated CEO ▶ 2007 Belimo Holding AG, Hinwil, CEO ▶ 2004 WMH Walter Meier Holding, Stäfa, member of the group management; WMH Tool Group, Chicago, USA, CEO ▶ 1997 WMH Walter Meier Holding, various management positions ▶ 1990 various positions as consultant ▶ **Other appointments** Member of the board of Schweiter Technologies, Horgen, and member of the board of Swissmem (the trade association of the Swiss mechanical, electrical and engineering industries)

Manuela Suter 1974, Swiss citizen, degree in business economics (lic. oec. publ.) from the University of Zurich, Swiss certified public accountant; since 2018 CFO ▶ 2014 Bucher Industries, head of group controlling ▶ 2011 Bucher Industries, group controller ▶ 2010 SIX Exchange Regulation, Zurich, senior financial reporting specialist ▶ 2007 Holcim, Zurich, head financial holdings ▶ 2001 Ernst&Young, Zurich, auditor ▶ No other appointments or commitments

Stefan Düring 1972, Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen, certified public accountant Board of Accountancy, New Hampshire, chartered financial analyst Association for Investment Management and Research, Charlottesville; since 2014 division president of Bucher Specials ▶ since 2006 Bucher Industries, head of group development and since 2010 responsible for Bucher Unipektin and Bucher Landtechnik ▶ 1998 PricewaterhouseCoopers, Zurich ▶ No other appointments or commitments

Martin Jetter 1956, German citizen, degree in engineering (dipl. Ing.) from the University of Cooperative Education Stuttgart; since 2006 division president of Bucher Emhart Glass ▶ 2005 Emhart Glass SA ▶ 1980–2013 Jetter AG, Ludwigsburg, CEO ▶ 1978 Robert Bosch GmbH, Schwieberdingen ▶ No other appointments or commitments

Thierry Krier 1967, US and French citizen, master's degree in international business marketing, ESIDEC in Metz, bachelor's degree in agronomy, Dijon College of Agriculture; since 2014 division president of Kuhn Group ▶ 2008 Kuhn North America Inc., president and CEO ▶ 2002 Kuhn Knight Inc., president and managing director ▶ 1994 Kuhn Farm Machinery Inc., head of sales and marketing ▶ 1990 Kuhn SA, Saverne ▶ No other appointments or commitments

Aurelio Lemos 1962, Spanish citizen, machine designer with Swiss business diploma (VSH Handelsdiplom); since 2016 division president of Bucher Municipal ▶ 2012 Bucher Hydraulics Switzerland, managing director ▶ 2003 Bucher Hydraulics AG, Frutigen, managing director ▶ 1994 Bürkert Fluid Control Systems, Hünenberg, head of marketing and sales ▶ 1992 Weber Protection AG, Emmenbrücke, head of development and technology ▶ 1990 Weber AG, Emmenbrücke, business engineer ▶ 1989 BOA AG, Rothenburg ▶ 1988 Kent Moor AG, Baar ▶ 1980 Viscosuisse AG, Emmenbrücke ▶ No other appointments or commitments

Daniel Waller 1960, Swiss citizen, master's degree in mechanical engineering (dipl. Ing.) from the Swiss Federal Institute of Technology (ETH) Zurich; since 2004 division president of Bucher Hydraulics ▶ 1999 Bucher Hydraulics AG, Frutigen, managing director ▶ 1996 Carlo Gavazzi AG, Steinhausen ▶ 1987 Rittmeyer AG, Zug ▶ No other appointments or commitments

Number of admissible external activities Members of the group management may exercise a maximum of two appointments in listed companies and no more than two in unlisted legal entities as a member of the senior management or administrative body. Appointments in companies that are linked, but outside the Group, as well as appointments that are held in connection with the exercise of such a function, count as one appointment, as long as no more than 30 appointments in all are held with such linked companies. Pro bono appointments are not subject to the above-mentioned restrictions. However, no member of the group management may hold more than 20 such appointments. This regulation complies with art. 29 of Bucher Industries AG's articles of association.

Management contracts Bucher Industries AG has not entered into any management contracts with third parties.

Shareholders' participation rights

Shareholders' rights with regard to remuneration are detailed in the remuneration report on pages 60 to 66 of this annual report.

Voting rights and representation restrictions There are no restrictions on voting rights or proxy voting.

Independent proxy holder The independent proxy holder is elected on an annual basis by the annual general meeting. In the reporting period, the annual general meeting of 17 April 2019 elected Mathé & Partner, Attorneys-at-Law, Riesbachstrasse 57, 8034 Zurich, Switzerland, to the office of independent proxy holder, which the firm will hold until the next annual general meeting. Art. 8 of the company's articles of association stipulates that every shareholder with voting rights can issue a written or electronic proxy to arrange representation at the annual general meeting by the independent proxy holder.

Instructions to the independent proxy holder Bucher Industries AG's articles of association have no provision regarding the procedure for issuing instructions to the independent proxy holder. The board of directors determines, within the scope of legal provisions, the requirements relevant to proxies and instructions and can stipulate specific regulations. Details of such stipulations are provided with the invitation to the annual general meeting. In the reporting period, every shareholder received, along with the invitation to the annual general meeting, a form for the purpose of issuing a proxy, in writing or online, arranging representation at the annual general meeting and giving instructions to the independent proxy holder. Instructions were restricted to approval, rejection or abstention on each of the proposals. For additional proposals or amendments, shareholders were able to issue a global instruction to approve, reject or abstain from the respective proposal of the board of directors. Shareholders were given a deadline until 15 April 2019 at 3.30 p.m. for the issue of proxies and instructions online. Shareholders who issued their proxy online were not permitted to attend the annual general meeting personally as well.

Electronic participation in the annual general meeting The articles of association of Bucher Industries AG contain no provision regarding electronic participation of shareholders in the annual general meeting. Likewise, no such provision was planned in the reporting period.

Required quorums Resolutions at general meetings of shareholders are passed by an absolute majority of the votes of the shares represented. At least two-thirds of the votes represented and an absolute majority of the par value of the shares represented are required for special resolutions as prescribed in art. 704 par. 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders There are no rules that differ from the law for the convocation of general meetings of shareholders. As provided in the articles of association, notice of a meeting is given to shareholders at least 20 days before the meeting. The notice convening the meeting sets out the agenda and resolutions proposed by the board and by shareholders who have requested an item to be added to the agenda. According to the articles of association, the board of directors determines the date for registration of shareholders in the share register and announces the date in the invitation. As a rule, it is stipulated that shareholders must be registered four working days before the date of the meeting. Extraordinary general meetings are called as and when required, in particular in the cases provided by law. Shareholders representing at least one tenth of the share capital may at any time request that a meeting be convened stating the business to be transacted and resolutions proposed.

Requests for additions to the agenda Shareholders representing shares with a combined par value of CHF 20'000 may request that an item be added to the agenda. Requests for additions to the agenda must be submitted at least six weeks before a general meeting of shareholders.

Obligation to make an offer and clauses on changes of control The annual general meeting of shareholders held on 26 April 2005 adopted an opting-up clause in the articles of association, requiring a purchaser of shares to make a public tender offer when reaching or crossing the threshold of 40% of the voting rights in accordance with the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. There are no change of control clauses benefiting directors or group management members.

Auditors

Duration of the engagement and lead audit partner's tenure PricewaterhouseCoopers AG, Zurich, or its predecessor companies, has served as statutory auditors of Bucher Industries AG since 1984. The lead audit partner, Christian Kessler, has been responsible for the audit engagement since 2013.

Audit fees and non-audit fees For the reporting period, Bucher Industries was charged CHF 1'551'000 by PricewaterhouseCoopers and CHF 861'000 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and its group companies, and the audit of the consolidated financial statements of Bucher Industries and the remuneration report. In addition, PricewaterhouseCoopers charged Bucher Industries fees of CHF 573'000 for non-audit services, comprising financial, tax and due diligence services.

Supervisory and control instruments pertaining to the audit The audit committee reviews the audit programme, key audit areas and audit plan every year and discusses the audit findings with the auditors. Every year, the audit committee subsequently assesses the independence, performance and fees of the auditors.

Information policy

Publications According to art. 36 of the articles of association, the official organ of publication of Bucher Industries AG is the Swiss Official Gazette of Commerce (SOGC). Communications and invitations to shareholders may also be made by regular letter to the addresses recorded in the share register.

Reports and annual general meeting Bucher Industries publishes the results of operations in an annual report (including a corporate governance, remuneration and financial report) and an interim report. On 27 June 2019, the Group published a sustainability report in accordance with GRI standards. These publications and the invitation to the annual general meeting of shareholders are made available at the appropriate time on the Bucher Industries website.

www.bucherindustries.com/en/investor-relations/publications

www.bucherindustries.com/en/investor-relations/annual-general-meeting

Press releases and calendar Sales, order intake, order book and number of employees at the end of the first and third quarters of a financial year are published in press releases. The company holds an annual press conference and an annual analyst conference to present full-year results on the day of publication of the annual report. A conference call is also held at the end of the first half of the year on the day the interim results are published. Significant events are announced in compliance with the directive on ad hoc publicity issued by SIX Swiss Exchange. A calendar of forthcoming dates scheduled for the current and next financial year is set out in the information for investors section on page 15 of this annual report. All information published over the past two years as well as the contact address can be found on the website of Bucher Industries. The company's website at www.bucherindustries.com also provides a facility to subscribe free of charge to an e-mail service to receive press releases published by Bucher Industries.

www.bucherindustries.com/en/media

www.bucherindustries.com

www.bucherindustries.com/en/media-info

Remuneration report

The remuneration report describes the remuneration policy and remuneration system of Bucher Industries and provides information about the annual remuneration of the members of the board of directors and group management. The 2019 remuneration report is based on the Ordinance against Excessive Compensation in Listed Corporations (VegüV) as well as the Directive on Information relating to Corporate Governance (RLCG) published by SIX Swiss Exchange valid on 31 December 2019 and Bucher Industries AG's articles of association.

Remuneration policy

Bucher Industries provides a remuneration system designed to align the interests of the board of directors and management with those of the Group, shareholders and other stakeholders. The basic principles of the remuneration system are set out in art. 23 to 28 of the articles of association of Bucher Industries AG. Since 2015, the overall remuneration of the board of directors and group management has been subject to approval by the annual general meeting of shareholders. The individual components of the remuneration system take account of the Group's sustainable short- and long-term business development. Directors are remunerated on a non-performance-related basis. Members of group management and senior management receive, in addition to their non-performance-related base salary, performance-related remuneration in recognition of their performance-oriented approach. All performance-related components of remuneration are subject to an upper limit and comprise a cash bonus and shares in the company. The objective of the remuneration system is to attract and retain highly qualified managers and specialists. The focus is on providing competitive remuneration comprising a fixed base salary and performance-related components. At the request of the compensation committee, the board of directors issues rules and regulations relevant to the remuneration system, which are additionally benchmarked against publicly available information about similar listed companies within the European mechanical engineering industry every three to five years and revised by the board if necessary, also at the request of the compensation committee.

www.bucherindustries.com/en/investors/corporate-governance

Annual general meeting In accordance with art. 26 of the articles of association of Bucher Industries AG, the annual general meeting approves the total remuneration to be awarded to the board of directors for the period of office following the annual general meeting, the total amount of fixed remuneration for group management for the financial year following the annual general meeting and the total amount of variable remuneration for group management for the previous financial year. Additionally, the annual general meeting of shareholders takes note of the remuneration report on a non-binding and consultative basis.

Compensation committee

Responsibility The compensation committee comprises three to five members of the board of directors who are individually elected by the annual general meeting. The duties and responsibilities of the compensation committee are described in art. 20 and following of the company's articles of association, as well as in the summary of the internal rules of organisation that is publicly available. The compensation committee reports to the board of directors on its activities, findings and proposals. Overall responsibility for the tasks assigned to the compensation committee rests with the board of directors.

www.bucherindustries.com/en/investors/corporate-governance

Election and term of office The annual general meeting of 17 April 2019 elected Claude Cornaz, Anita Hauser and Valentin Vogt to the compensation committee until the next annual general meeting. The board of directors nominated Valentin Vogt as chairman of the committee.

Tasks and responsibilities The compensation committee develops the remuneration policy and sets before the board of directors a proposal for a remuneration system, together with the appropriate corporate rules and regulations, for the directors, group management and senior management. It makes recommendations to the board for the annual remuneration of the board of directors and group management and the participants in the Bucher Participation Plan and takes note of the total remuneration for senior management. The compensation committee also sets before the board of directors proposals to be presented to the annual general meeting for the prospective approval of the total fixed remuneration for the board of directors and group management, as well as the retrospective approval of the total variable remuneration for group management, in accordance with art. 26 of the articles of association of Bucher Industries AG. It is also charged with the preparation of the remuneration report to be submitted to the board of directors. The compensation committee also reviews proposals to take on external directorships submitted by members of group management, in accordance with art. 29 of the articles of association of Bucher Industries AG. If agreement is unanimous, the committee recommends to the board of directors approval of the external mandates. The compensation committee also presents the board of directors with proposals for medium- and long-term remuneration planning for the board of directors and group management. The committee provides the board of directors with proposals regarding the basic principles of the process for selecting candidates for the board of directors and group management and prepares selections based on these criteria.

Meetings and activities in the reporting period The compensation committee meets at least twice a year. The meetings usually last for several hours. The chairman of the board of directors and the CEO attend the meetings in an advisory capacity, except when their own remuneration is being determined. The compensation committee held three meetings in the reporting period. The committee's focus was on succession planning, development of the employees and the structuring of variable remuneration. The compensation committee also examined the remuneration of the board of directors and of the members of group management and dealt with the regular duties described above.

Remuneration system

Board of directors The members of the board of directors receive non-performance-related remuneration, which is proposed by the compensation committee and submitted for approval to the annual general meeting by the board of directors every year. Their remuneration consists of a base fee and cash allowances for service on committees and for expenses. Half of the base fee is paid in cash and half in shares. All cash components of the remuneration are paid out to the board of directors on a monthly basis. The allocation of shares takes place on the day after the annual general meeting for the previous period of office. Starting with the 2019/2020 term of office, the number of the shares will be determined based on the price on the day of the annual general meeting, whereas in previous years the year-end price was used. The shares awarded are subject to a three-year vesting period.

Group management Members of group management receive a fixed remuneration amount in the form of a base salary commensurate with their responsibilities and experience and performance-related remuneration paid out as a cash bonus and shares under the Bucher Participation Plan. Other benefits comprise a representation expense allowance and contributions to a supplementary pension plan. In addition, the members of group management may be provided with a mid-range company car. The fixed and variable components of remuneration specified in the employment contracts of the members of group management are conditional on the approval of the annual general meeting. The annual financial targets for the variable, performance-related components of remuneration are determined at the start of the financial year by the board of directors. These targets take into account the Group's long-term objectives, the results for the previous year, the budget for the current year and the general economic environment. Variable remuneration is paid after retrospective approval by the annual general meeting in the following spring.

The remuneration system for members of group management is structured as follows:

	Fixed remuneration		Variable remuneration		
	Base salary	Cash bonus		Bucher Participation Plan	
		Target ¹⁾	Range	Target ¹⁾	Range
CEO	100%	50%	0 – 75%	50%	0 – 75%
Other members	100%	40% ²⁾	0 – 60% ²⁾	30% ²⁾	0 – 45% ²⁾

¹⁾ 100% target achievement, all percentage numbers are based on base salary.

²⁾ From 2020 the target for the cash bonus was increased to 40% and the target for the Bucher Participation Plan to 30%.
The ranges were adjusted accordingly.

Fixed remuneration The fixed base salary of the members of group management is determined with reference to market benchmarks for the specific position in the country concerned, based on the level of individual responsibility and experience of the person concerned.

Variable remuneration The performance-related components of the variable remuneration of the members of group management and senior management comprise a cash bonus and shares under the Bucher Participation Plan. Variable remuneration depends on the base salary, the achievement of the annual financial targets set for the Group and divisions by the board of directors and the achievement of individual non-financial annual targets. The level of target achievement ranges from zero to a maximum of 1.5 times the value for 100% target achievement.

– **Cash bonus** The remuneration system for the cash bonus for members of group management is structured as follows: The financial targets are weighted at 80% and individual targets at 20%. The individual annual targets are agreed between the chairman of the board of directors and the CEO and between the CEO and each group management member. The cash bonus for 100% target achievement is 50% of base salary for the CEO and 40% of base salary for all other members of group management. The range of the cash bonus varies, depending on target achievement, from zero to a maximum of 1.5 times the value for 100% target achievement. The financial criteria used to determine the cash bonus for the CEO and CFO are the Group's "profit for the year" and its "net operating assets as a percentage of sales". For the other members of group management, the financial criteria are "operating profit (EBIT)" and "net operating assets as a percentage of sales" for their respective divisions.

– **Bucher Participation Plan** The Bucher Participation Plan is a share-based, performance-related component of remuneration for the members of group management, senior management and selected specialists. The financial target determining the share awards is "earnings per share" and is set by the board of directors at the beginning of each financial year. The target takes into account the Group's long-term targets, the results for the previous year, the budget for the current year and the general economic environment. Share awards are based on a percentage of base salary and depend on the achievement of the "earnings per share" financial target. For 100% target achievement, the applicable percentage is 50% of base salary for the CEO, 30% for the other group management members and 10% for other Bucher Participation Plan participants. From the 2019 financial year, the number and valuation of shares awarded are determined based on the share price on the day of the annual general meeting, whereas in previous years the year-end price was used. The shares awarded are subject to a three-year vesting period.

Termination of employment If employment is terminated for any reason other than by normal notice of termination, the cash bonus and awards under the Bucher Participation Plan will be paid on a pro-rata basis after the retrospective approval of the annual general meeting in the following spring. If employment is terminated by normal notice of termination, all rights under the Bucher Participation Plan lapse. The period of notice for members of group management is twelve months.

Termination benefits There are no systems in place for termination benefits for either the board of directors or group management, and none were paid during the reporting period.

Remuneration in 2019

The remuneration of the board of directors and group management is reported here on an accrual basis.

Board of directors The overall remuneration awarded to the board of directors totalled CHF 1.272 million (2018: CHF 1.191 million) and was within the total of CHF 1.500 million approved by the 2019 annual general meeting for that term of office. The remuneration paid out and the shares held at the end of the reporting period are set out in a table on page 65 of this annual report. The remuneration components for the board of directors were unchanged for the reporting period. The base compensation for the chairman was CHF 340'000, for the vice chairman CHF 125'000 and for the other members of the board of directors CHF 110'000. The flat-rate expense allowance was CHF 12'000 for the chairman and CHF 6'000 for the other board members. For their work in committees, committee members were each awarded CHF 10'000, with committee chairmen receiving an additional CHF 5'000. The corresponding share allocations are based on the share price on the day of the annual general meeting.

Group management The total remuneration of group management was 8% less than in the previous year and amounted to CHF 6.972 million (2018: CHF 7.603 million). The total variable remuneration paid out and proposed in the reporting period, the shares held by the CEO and other group management members and the total for group management at the end of 2019 are set out in a table on page 66 of this annual report.

Fixed remuneration Fixed remuneration awarded to group management totalled CHF 4.608 million (2018: CHF 5.111 million) and was within the total of CHF 5.000 million approved by the 2018 annual general meeting. The fixed remuneration awarded to group management was down 10% on the high figure of the previous year, mainly due to the change of CFO.

Variable remuneration The variable remuneration awarded to group management was 5% less than in the previous year and amounted to CHF 2.364 million (2018: CHF 2.492 million). In the first few years, the percentage under the Bucher Participation Plan allocated to the CEO is below the target of 50%. In the reporting period it was 45% of base salary. For the other members of group management, the percentages for the cash bonus and the Bucher Participation Plan were 30% and 20% respectively. These will be gradually increased over the next few years to 40% and 30% of base salary respectively. The variable remuneration of CHF 2.782 million paid out to group management in the reporting period for the 2018 financial year was less than the total amount of CHF 2.800 million approved retrospectively by the 2019 annual general meeting. In the reporting period, the target achievement determining the performance-related cash bonus was between 86 and 121%, and the target achievement for the Bucher Participation Plan was 105% (113%). The target achievement in percentage terms was thus slightly less than in the previous year. The number of shares granted under the Bucher Participation Plan is calculated using the share price on the day of the annual general meeting. Shares are allocated after approval by the annual general meeting. The cash value of all the shares awarded under the Bucher Participation Plan was 2% lower than in the previous year due to the lower level of target achievement.

Additional remuneration, fees and loans to members of governing bodies No current or former members of the board of directors or group management or any persons connected with them received any additional remuneration, fees or loans during the year.

Pages 65 and 66 are subject to audit by the statutory auditors.

Remuneration of the board of directors

CHF 1'000	Base compensation in cash	Compen- sation in shares	Other remuneration	Total remuneration
2019				
Philip Mosimann, chairman	170.0	170.0	53.9	393.9
Anita Hauser, deputy chairman	62.5	62.5	34.0	159.0
Claude R. Cornaz	55.0	55.0	32.0	142.0
Michael Hauser	55.0	55.0	32.0	142.0
Martin Hirzel	55.0	55.0	32.0	142.0
Heinrich Spoerry	55.0	55.0	34.5	144.5
Valentin Vogt	58.0	58.0	32.5	148.5
Board of directors	510.5	510.5	250.9	1'271.9
Approval by the annual general meeting 2019				1'500.0
2018				
Philip Mosimann, chairman	170.0	170.0	59.5	399.5
Anita Hauser, deputy chairman	59.2	59.2	33.0	151.4
Claude R. Cornaz	51.7	51.7	31.0	134.4
Michael Hauser	51.7	51.7	31.0	134.4
Martin Hirzel ¹⁾	36.7	36.7	21.3	94.7
Heinrich Spoerry	51.7	51.7	32.1	135.5
Valentin Vogt	54.7	54.7	31.5	140.9
Board of directors	475.7	475.7²⁾	239.4	1'190.8
Approval by the annual general meeting 2018				1'400.0

¹⁾ From 18 April 2018

²⁾ The number of shares was determined based on the 2018 year-end share price and the allocation occurred after the approval of the annual general meeting of shareholders in 2019. As a result of the increase in the share price between the year end and the annual general meeting, the effective remuneration was CHF 120'000 higher than reported, and was within the approved amount.

The board of directors' share awards are part of the board of directors' fees. Starting from the 2019 financial year, the number of shares to be awarded is determined based on the share price on the day of the annual general meeting. Thus the monetary value of the allocated shares remains fixed. In the reporting period, 1'708 shares were allocated at a share price of CHF 359.60 for the 2018/2019 term of office. Other remuneration included social security contributions, expenses and fees for service on the board committees.

Board of directors' interests in shares

	Number of shares	
	2019	2018
Philip Mosimann, chairman	47'924	47'355
Anita Hauser, deputy chairman	440'295	440'086
Claude R. Cornaz	3'943	3'759
Michael Hauser	605'313	605'129
Martin Hirzel	184	–
Heinrich Spoerry	3'931	3'747
Valentin Vogt	4'841	4'647
Board of directors	1'106'431	1'104'723

Remuneration of group management

CHF 1'000	Fixed remuneration			Variable remuneration			Total remuneration
	Base salary	Other remuneration	Total	Cash bonus	Remuneration in shares	Other remuneration	Total
							2019
Jacques Sanche, CEO	800.0	226.6	1'026.6	400.0	378.0	58.2	836.2
Other members	2'690.6	890.4	3'581.0	819.4	558.7	150.1	1'528.2
Group management	3'490.6	1'117.0	4'607.6	1'219.4	936.7	208.3	2'364.4
Approval/proposal by the annual general meeting 2018/2020							
							2018
Jacques Sanche, CEO	800.0	227.5	1'027.5	436.0	361.7	65.2	862.9
Other members	3'063.3	1'019.9	4'083.2	868.6	592.5	168.4	1'629.5
Group management	3'863.3	1'247.4	5'110.7	1'304.6	954.2²⁾	233.6	2'492.4
Approval by the annual general meeting 2017/2019							
							2'800.0

¹⁾ Taking into account art. 28 of the articles of association the maximum range amounts to CHF 6.720 million.

²⁾ The number of shares was determined based on the 2018 year-end share price and the allocation occurred after the approval of the annual general meeting of shareholders in 2019. As a result of the increase in the share price between the year end and the annual general meeting, the effective remuneration was CHF 290'000 higher than reported, and was within the approved amount.

The monetary value of the shares awarded represents a fixed percentage of base salary and the level of target achievement during the reporting period. Starting from the 2019 financial year, the number of shares granted under the Bucher Participation Plan is calculated based on the share price on the day of the annual general meeting. Thus the reported monetary value remains fixed. For the 2018 financial year, 3'369 shares were allocated in the reporting period at a share price of CHF 359.60. Other remuneration included social security contributions and expenses.

Group management's interests in shares

		Number of shares	
		2019	2018
Jacques Sanche	CEO	3'696	2'328
Manuela Suter	CFO	618	356
Stefan Düring	Bucher Specials	1'337	1'100
Martin Jetter	Bucher Emhart Glass	5'698	5'384
Thierry Krier	Kuhn Group	2'796	2'333
Aurelio Lemos	Bucher Municipal	938	621
Daniel Waller	Bucher Hydraulics	10'578	10'170
Group management		25'661	22'292

Loans and credits As at 31 December 2019, there were no outstanding loans or credits to current or former members of the board of directors or group management nor to persons connected with them.

Report of the statutory auditor

to the annual general meeting of Bucher Industries AG, Niederweningen

We have audited the remuneration report of Bucher Industries AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 65 to 66 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Bucher Industries AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Christian Kessler
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 28 February 2020

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Financial report

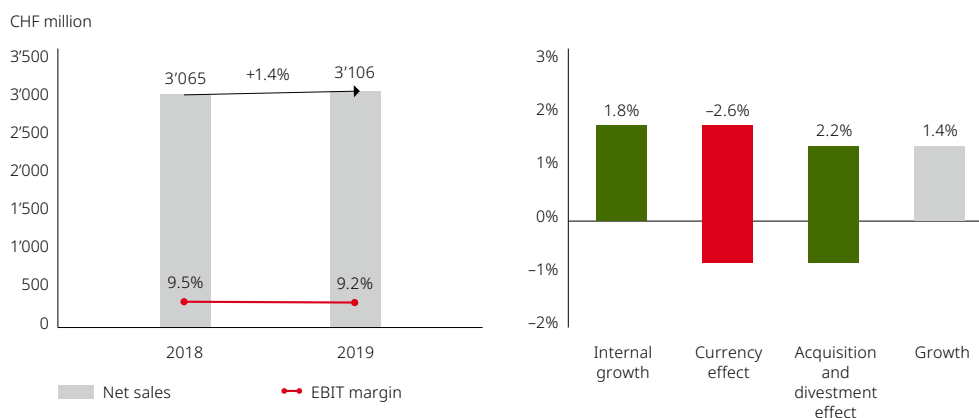
The financial report includes the financial review, the consolidated financial statements and the holding company financial statements of Bucher Industries AG. The consolidated financial statements were prepared for the first time in accordance with Swiss GAAP FER instead of IFRS. The prior-year figures have been restated to provide comparability. At the same time the whole financial report has been redesigned and given a new structure.

Financial review

Change to Swiss GAAP FER The consolidated financial statements were prepared for the first time in accordance with Swiss GAAP FER instead of IFRS. The change had no impact on order intake or sales. The largest impact on profitability and the balance sheet resulted from the offsetting of goodwill and other intangible assets with equity. The offsetting eliminated the amortisation of intangible assets from acquisitions, which led to an increase of up to 60 basis points in the operating profit margins of the divisions and the Group. As a percentage of sales, average net operating assets decreased by seven percentage points. The long-term target for the return on average net operating assets (RONOA) was revised accordingly and now stands at 20% (IFRS: 16%). The prior-year figures have been restated to provide comparability. At the same time the whole financial report has been redesigned and given a new structure.

Performance

Net sales and profitability



Record sales despite weaker demand In a challenging market environment the demand for Bucher Industries' products and services decreased. Thanks to the exceptionally high order book at the beginning of the year, net sales rose again slightly. Adjusted for the effects of currency, acquisitions and divestments the growth rate was 1.8%. The negative currency effects are mainly due to the weaker euro. The effect of acquisitions amounted to CHF 70.5 million. Further information about the exchange rates used and the acquisitions is to be found in notes 4.7 and 5.1 to the consolidated financial statements.

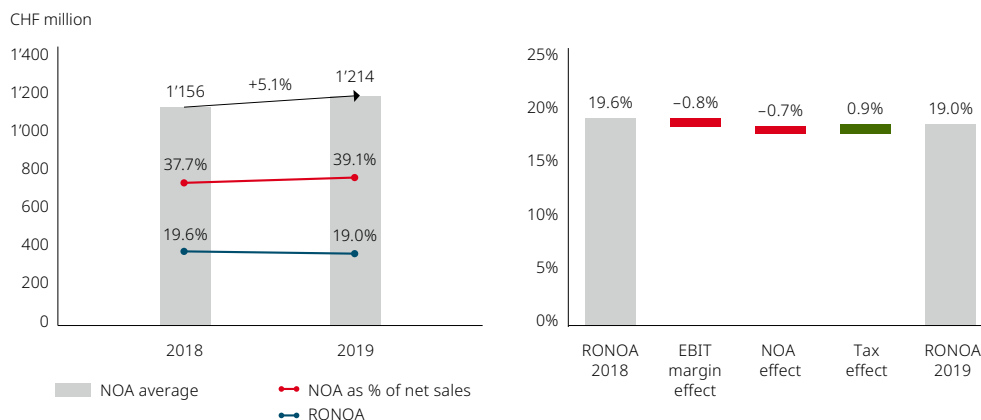
	Change in		
	2019	2018	%
Net sales	3'106.0	3'064.5	1.4
Net sales adjusted for currencies	3'188.5	3'064.5	4.0
Net sales adjusted for acquisitions and divestments	3'035.5	3'061.6	-0.8
Net sales adjusted for currencies, acquisitions and divestments	3'116.2	3'061.6	1.8

Operating performance The operating profit margin was 9.2%, 0.3 percentage points lower than the good prior-year value. In particular the low sales level of Kuhn Group's US production sites and higher costs for product development and capacity expansion had negative impacts. Furthermore, the operating profit margin was affected by costs from the integration of the acquired companies. The operating profit also includes the negative effects of changes in the values of pension benefit obligations amounting to CHF -5.1 million in the holding, finance and management companies and CHF -3.1 million at Bucher Emhart Glass. These additional costs could be almost compensated for by the one-time gain of CHF 7.6 million on the divestment of Bucher Emhart Glass's refractory business.

Profit for the year The profit for the year was CHF 228.0 million, an increase of 0.9% compared with the prior year. This included both a lower operating profit and lower income taxes. The reduction of the effective tax rate to 19.0% is due in particular to one-time effects from the tax reform in Switzerland, as well as the capitalisation of additional tax losses. The financial result was CHF -3.1 million, an increase of CHF 2.5 million compared with the prior year, which was impacted by a positive one-time revaluation gain.

Invested capital

Net operating assets (NOA) and return on net operating assets (RONOA) after tax



Sound profitability The return on net operating assets (RONOA) after tax was 19.0%, again clearly exceeding the cost of capital and only slightly lower than the ambitious long-term target of 20%. The 1.4-percentage-point increase in net operating assets as a percentage of sales is mainly due to acquisitions and capital expenditure on property, plant and equipment. Adjusted for acquisition and currency effects, the net working capital as a percentage of sales remained constant.

Brisk investment activity During the reporting period, Bucher Industries increased its capital expenditure on the expansion of the production infrastructure and the modernisation and automation of its production machinery to CHF 125.2 million. The most important individual projects were the extension projects of Kuhn Group in France and Bucher Municipal in Latvia, as well as the expansion of Bucher Hydraulics' production capacity in India and Italy.

Return on net operating assets (RONOA) after tax

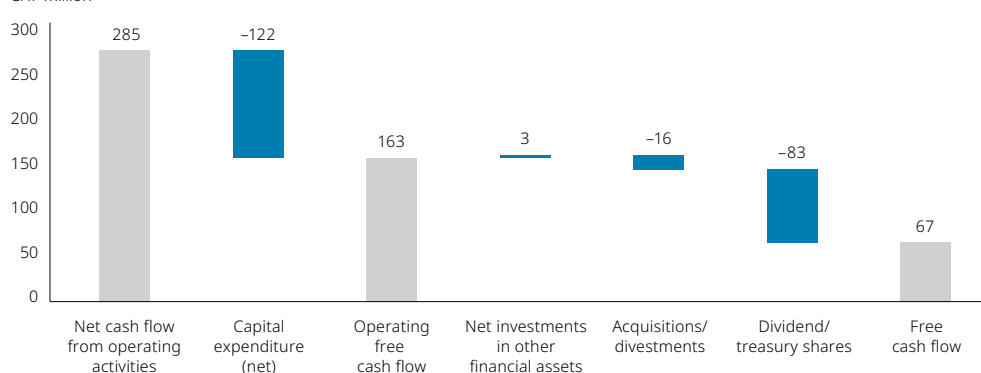
CHF million

	2019	2018
Trade receivables	461.5	520.0
Inventories	790.8	770.5
Other operating receivables, prepayments and accrued income	79.1	86.0
Trade payables	-252.8	-296.3
Advances from customers	-247.4	-252.7
Provisions	-56.7	-55.1
Other operating liabilities, accruals and deferred income	-250.6	-261.7
Net working capital	523.9	510.7
Property, plant and equipment	638.3	625.8
Intangible assets	20.9	14.2
Other non-current operating receivables	8.1	10.5
Provisions	-11.1	-12.7
Other non-current operating liabilities	-13.8	-18.1
Net operating assets (NOA)	1'166.3	1'130.4
Net operating assets (NOA) average	1'214.1	1'155.5
Operating profit (EBIT)	284.6	292.2
Effective tax rate	19.0%	22.5%
Return on net operating assets (RONOA) after tax	19.0%	19.6%

Financing and risk management

Positive free cash flow The net cash flow from operating activities rose by CHF 83.7 million compared with the good prior-year value, which had been impacted by an increase in net working capital. In spite of brisk investment activity and the higher dividend payment compared to the previous year the free cash flow was positive.

CHF million



Free cash flow

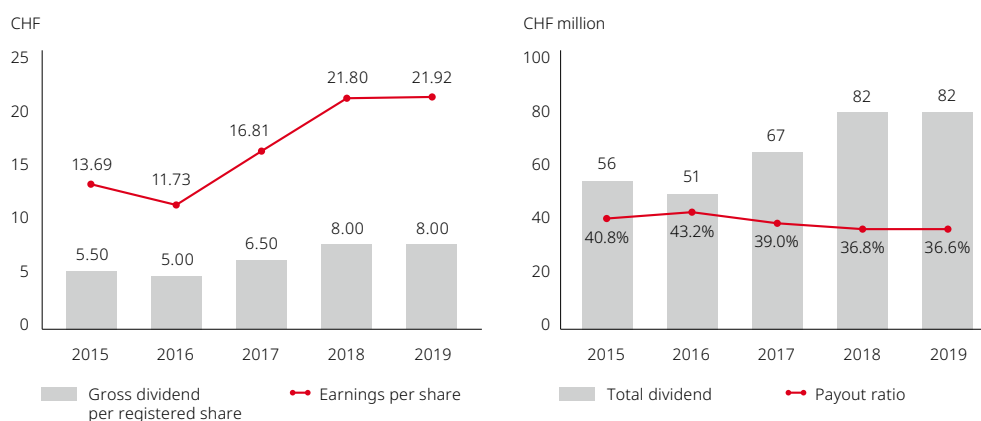
CHF million

	2019	2018
Net cash flow from operating activities	284.7	201.0
Purchases of property, plant and equipment and intangible assets	-125.2	-102.7
Sale of property, plant and equipment	3.2	2.4
Operating free cash flow	162.7	100.7
Changes in other non-current financial assets	2.9	0.7
Acquisitions	-26.8	-31.3
Divestments	14.9	-
Acquisition of minority interests	-4.3	-36.9
(Purchase)/sale of treasury shares	0.6	-5.9
Dividend paid/received	-83.5	-66.8
Free cash flow	66.5	-39.5

Solid financial situation with brisk investment activity Thanks to the positive free cash flow, net cash/debt increased by 34.7% and amounted to CHF 214.6 million at the year end. It comprised cash and liquid assets of CHF 461.9 million and financial liabilities of CHF 247.3 million. In addition, a total of CHF 160.0 million was available in unused committed credit facilities. This continues to secure the financial flexibility of Bucher Industries and to lay the foundation for further internal and external growth.

Shareholder value

Dividend and payout ratio¹⁾



¹⁾ 2015–2017 IFRS

Consistent dividend policy In keeping with a consistent dividend policy and taking account of the profit reported for the year, the board of directors proposes a dividend of CHF 8.00 per registered share to the annual general meeting on 24 April 2020. Based on the average share price for 2019 of CHF 316.00 the proposal of the board of directors is equivalent to a dividend yield of 2.5% (2018: 2.3%). The year-end market capitalisation of CHF 3.5 billion was equivalent to a price/book ratio of 2.5 (2.1). The earnings per share were CHF 21.92 (CHF 21.80).

Group

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Consolidated income statement

CHF million	Note	2019	%	2018	%
Net sales	2.1	3'106.0	100.0	3'064.5	100.0
Changes in inventories of finished goods and work in progress		10.2		27.1	
Raw materials and consumables used		-1'588.2		-1'585.6	
Employment costs	2.2	-817.8		-789.6	
Other operating income	2.3	34.4		25.5	
Other operating expenses	2.4	-376.3		-367.8	
Operating profit before depreciation and amortisation (EBITDA)		368.3	11.9	374.1	12.2
Depreciation	3.3	-79.8		-77.7	
Amortisation	3.4	-3.9		-4.2	
Operating profit (EBIT)		284.6	9.2	292.2	9.5
Share of profit/(loss) of associates	2.5	0.3		3.6	
Finance costs	2.5	-6.8		-7.7	
Finance income	2.5	3.4		3.5	
Profit before tax		281.5	9.1	291.6	9.5
Income taxes	2.6	-53.5		-65.7	
Profit for the year		228.0	7.3	225.9	7.4
Attributable to owners of Bucher Industries AG		224.1		223.0	
Attributable to minority interests		3.9		2.9	
Basic earnings per share in CHF	4.6	21.92		21.80	
Diluted earnings per share in CHF	4.6	21.92		21.79	

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since 1 January 2019.
The prior-year figures have been restated accordingly.

Consolidated balance sheet

CHF million	Note		
		31 December 2019	31 December 2018
Cash and cash equivalents	4.1	425.7	415.5
Other financial assets	4.2	36.2	26.0
Trade receivables	3.1	461.5	520.0
Other receivables, prepayments and accrued income	3.1	83.4	90.6
Inventories	3.2	790.8	770.5
Current assets		1'797.6	1'822.6
Receivables	3.1	10.3	13.3
Property, plant and equipment	3.3	638.3	625.8
Intangible assets	3.4	20.9	14.2
Other financial assets	4.2	4.4	7.9
Investments in associates		10.6	10.4
Deferred income tax assets	2.6	63.0	49.0
Non-current assets		747.5	720.6
Assets		2'545.1	2'543.2
Financial liabilities	4.3	114.4	46.8
Trade payables		252.8	296.3
Advances from customers		247.4	252.7
Provisions	3.5	56.7	55.1
Other liabilities, accruals and deferred income	3.7	253.0	263.4
Current liabilities		924.3	914.3
Financial liabilities	4.3	132.9	235.4
Provisions	3.5	11.1	12.7
Other liabilities	3.7	13.8	18.1
Deferred income tax liabilities	2.6	29.3	29.5
Pension benefit obligations	6.1	40.8	37.2
Non-current liabilities		227.9	332.9
Total liabilities		1'152.2	1'247.2
Share capital	4.6	2.1	2.1
Treasury shares	4.6	-6.5	-8.9
Retained earnings		1'378.5	1'284.4
Attributable to owners of Bucher Industries AG		1'374.1	1'277.6
Attributable to minority interests		18.8	18.4
Equity		1'392.9	1'296.0
Liabilities and equity		2'545.1	2'543.2

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since 1 January 2019.
The prior-year figures have been restated accordingly.

Consolidated cash flow statement

CHF million	Note		
		2019	2018
Profit for the year		228.0	225.9
Income tax expense	2.6	53.5	65.7
Share of (profit)/loss of associates	2.5	-0.3	-3.6
Other net financial result	2.5	3.4	4.2
Depreciation and amortisation	3.3, 3.4	83.7	81.9
Other operating cash flow items		0.2	-0.2
Gain on divestment	2.3	-7.6	-
Gain on sale of property, plant and equipment	2.3	-1.7	-1.0
Gain on sale of short-term investments and financial assets		-	-0.3
Interest received		2.8	2.7
Interest paid		-3.0	-3.7
Income tax paid		-52.2	-47.0
Change in provisions and pension benefit obligations		7.0	-6.8
Change in receivables		51.4	-69.6
Change in inventories		-35.6	-88.3
Change in advances from customers		1.9	27.3
Change in payables		-37.8	34.4
Other changes in net working capital		-9.0	-20.6
Net cash flow from operating activities		284.7	201.0
Purchases of property, plant and equipment		-113.9	-98.2
Sale of property, plant and equipment		3.2	2.4
Purchases of intangible assets	3.4	-11.3	-4.5
Purchases of other financial assets		-35.0	-2.4
Sale of other financial assets		26.8	3.7
Acquisitions	5.1	-26.8	-31.3
Divestments	5.1	14.9	-
Dividend received		0.2	0.2
Net cash flow from investing activities		-141.9	-130.1
Purchases of treasury shares	4.6	-	-6.9
Sale of treasury shares	4.6	0.6	1.0
Proceeds from/(repayment of) non-current financial liabilities		1.0	2.7
Proceeds from/(repayment of) current financial liabilities		-37.3	-47.2
Acquisition of minority interests	5.1	-4.3	-36.9
Dividend paid		-83.7	-67.0
Net cash flow from financing activities		-123.7	-154.3
Effect of exchange rate changes		-8.9	-14.3
Net change in cash and cash equivalents		10.2	-97.7
Cash and cash equivalents at 1 January		415.5	513.2
Cash and cash equivalents at 31 December		425.7	415.5

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since 1 January 2019.
The prior-year figures have been restated accordingly.

Consolidated statement of changes in equity

							Attributable to owners of Bucher Industries AG		
CHF million	Share capital	Treasury shares		Retained earnings				Minority interests	Total equity
			Offset goodwill	Currency translation reserve	Cash flow hedge reserve	Other retained earnings			
Balance at 31 December 2017 (IFRS)	2.1	-3.7	-	-304.7	-0.8	1'705.2	1'398.1	34.0	1'432.1
Adjustments for Swiss GAAP FER			-196.5	304.7	-	-287.1	-178.9	-6.2	-185.1
Balance at 1 January 2018	2.1	-3.7	-196.5	-	-0.8	1'418.1	1'219.2	27.8	1'247.0
Profit for the year						223.0	223.0	2.9	225.9
Change in currency translation reserve				-44.1			-44.1	0.1	-44.0
Change in cash flow hedge reserve					0.8		0.8	-	0.8
Change in treasury shares		-6.9					-6.9		-6.9
Share-based payments		1.7				1.5	3.2		3.2
Goodwill offset			-29.3				-29.3		-29.3
Change in minority interests						-21.8	-21.8	-11.9	-33.7
Dividend						-66.5	-66.5	-0.5	-67.0
Balance at 31 December 2018	2.1	-8.9	-225.8	-44.1	-	1'554.3	1'277.6	18.4	1'296.0
Balance at 1 January 2019	2.1	-8.9	-225.8	-44.1	-	1'554.3	1'277.6	18.4	1'296.0
Profit for the year						224.1	224.1	3.9	228.0
Change in currency translation reserve				-34.9			-34.9	-0.4	-35.3
Change in cash flow hedge reserve					1.0		1.0	-	1.0
Share-based payments		2.4				0.6	3.0		3.0
Goodwill offset			-11.8				-11.8		-11.8
Change in minority interests						-3.1	-3.1	-1.2	-4.3
Dividend						-81.8	-81.8	-1.9	-83.7
Balance at 31 December 2019	2.1	-6.5	-237.6	-79.0	1.0	1'694.1	1'374.1	18.8	1'392.9

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since 1 January 2019.
The prior-year figures have been restated accordingly.

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Notes to the consolidated financial statements

1. Information on this report

1.1 General information

Bucher Industries AG is a public limited company incorporated in Switzerland whose shares are publicly traded on SIX Swiss Exchange. Its registered office is in Niederweningen, Switzerland. The Group comprises five specialised divisions in industrially related areas of mechanical and vehicle engineering. The Group seeks to achieve superior profitability and a sound balance sheet through technological leadership, a strong market position and strict cost management.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with the entire Swiss GAAP FER accounting and reporting recommendations and the requirements of the Listing Rules of SIX Swiss Exchange, and they comply with Swiss law. They are prepared in Swiss francs (CHF) and are based on the group companies' separate financial statements as at 31 December using uniform classification and measurement criteria. Unless stated otherwise, the consolidated financial statements have been prepared in accordance with the historical cost convention and the going concern principle.

1.3 General principles

Consolidated financial statements The consolidated financial statements include Bucher Industries AG and all group companies that the company controls by holding directly or indirectly more than 50% of the voting rights or by means of contractual agreements (subsidiaries). Using the full consolidation method, 100% of the assets and liabilities as well as income and expenses of the consolidated companies are included in the consolidation. Companies are consolidated from the date when control is acquired and deconsolidated from the date when control is transferred. The minority interests in shareholders' equity and net result are disclosed separately in the consolidated balance sheet and income statement. Intercompany receivables and payables as well as income and expenses are offset and intercompany profits are eliminated. Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired company are valued at fair values using uniform accounting policies. The differences between the cost of acquisition and the fair value of the net assets acquired are recognised as goodwill and offset with equity. When a company is divested, the original cost of the goodwill is included in the gain or loss on disposal. Transaction costs in connection with acquisitions and divestments are recognised directly in the income statement. Upon acquisition of minority interests in a fully consolidated company the difference between the purchase price and the carrying value of the minority interests is recognised directly in retained earnings. A reduction in the ownership interest without the loss of control is also recognised in equity.

Associated companies Companies in which the Group can exercise a decisive influence are included in the consolidation using the equity method. The investment is valued at the Group's share of the equity, and the Group's share of the net result is included in the consolidated income statement. A decisive influence is assumed if the Group holds at least 20% but less than 50% of the voting rights. Goodwill arising from the acquisition of an associated company is offset with equity.

Foreign currency translation The financial statements of foreign subsidiaries are maintained in the currency of the primary economic environment in which the company operates (functional currency). Within Bucher Industries the functional currency is generally the local currency. Transactions in foreign currencies in the subsidiaries are converted to the functional currency using the applicable exchange rate on the day of the transaction. Foreign exchange gains and losses from such transactions and from the conversion of monetary assets and liabilities in foreign currencies are recognised in the income statement. The consolidated financial statements are presented in Swiss francs. The balance sheets of companies with a different functional currency are translated into Swiss francs using the closing exchange rates at the balance sheet date, and the income statements and cash flow statements are translated using average exchange rates. The resulting translation differences are recognised directly in equity. Foreign exchange differences on non-current intercompany loans of an equity nature are also recognised directly in equity. Upon loss of control over a company, the related cumulative translation differences are reclassified to the income statement.

1.4 Significant management assumptions and estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent assets and liabilities. All estimates and judgements are reviewed regularly. They are based on historical experience and assumptions about future events. Actual outcomes may differ from these estimates. The consolidated financial statements are adjusted in the reporting period in which the circumstances change. Assumptions and estimates in the following areas have a significant influence on the consolidated financial statements:

- Determination of the amount of current and deferred income tax assets and liabilities, see note 2.6
- Write-down of inventories, see note 3.2
- Recognition of non-current provisions, see note 3.5
- Actuarial calculations of foreign pension benefit obligations, see note 6.1

1.5 Performance measures not defined by Swiss GAAP FER

Internally and externally the Group uses additional performance measures that are not defined by Swiss GAAP FER. The composition and calculation of the individual performance measures are set out in this report and also on the following website:

www.bucherindustries.com/en/additional-performance-measures

- Operating profit before depreciation and amortisation (EBITDA), see consolidated income statement
- Operating profit (EBIT), see consolidated income statement
- Net operating assets (NOA), see financial review
- Return on net operating assets (RONOA) after tax, see financial review
- Cash and liquid assets, and net cash/debt, see financial review
- Free cash flow, see financial review

1.6 Change to Swiss GAAP FER

The consolidated financial statements as at 31 December 2019 were prepared for the first time in accordance with the entire Swiss GAAP FER accounting and reporting recommendations instead of the International Financial Reporting Standards (IFRS). With the exception of the accounting policies set out below, the accounting policies used to prepare these consolidated financial statements are in line with the policies that formed the basis for the 31 December 2018 consolidated financial statements. The prior-year figures have been restated accordingly for the purposes of comparability.

Goodwill and intangible assets from acquisitions Goodwill from acquisitions is offset with retained earnings in equity at the date of the acquisition in accordance with the option allowed by Swiss GAAP FER. Under IFRS, goodwill was capitalised and tested for impairment on an annual basis. Furthermore, under IFRS all separately identifiable intangible assets (such as trademarks and customer lists) were capitalised at their fair values as of the date of the acquisition and amortised over their expected useful lives. Under Swiss GAAP FER, Bucher Industries has decided not to capitalise separately any intangible assets that were not already capitalised before the acquisition. Consequently they are allocated to goodwill.

Goodwill in share of associated companies The goodwill from the acquisition of shares in associated companies was included in the carrying value of the associated companies under IFRS. Under Swiss GAAP FER, Bucher Industries has decided to offset this goodwill with equity at the date of the acquisition.

Pension benefit obligations and provisions In accordance with Swiss GAAP FER, the economic obligations or economic benefits of Swiss pension plans are determined on the basis of the financial statements of the pension plans prepared in accordance with Swiss GAAP FER. The economic impact of the pension plans of foreign subsidiaries is calculated using generally accepted valuation principles. In accordance with IFRS, defined benefit obligations were calculated using the projected unit credit method and recognised in accordance with IFRS. Further provisions calculated in accordance with IFRS that are not strictly speaking related to pension plans are recognised as provisions in accordance with Swiss GAAP FER.

Liabilities from put options for acquisitions In accordance with IFRS, the obligations to take over shares in connection with acquisitions were recognised as other liabilities. In accordance with Swiss GAAP FER, the put options of the minority shareholders are disclosed in the notes to the consolidated financial statements as off-balance-sheet transactions.

Deferred income tax The adjustments to the accounting policies and valuation rules mentioned above resulted in adjustments to the deferred income taxes in the balance sheet and income statement.

Translation adjustments As part of the change to Swiss GAAP FER, the cumulative currency translation adjustments were offset with the other retained earnings as at 1 January 2018.

Effects of the adjustments on equity

CHF million

	1 January 2019	1 January 2018
Equity according to IFRS	1'489.6	1'432.1
Offset goodwill from acquisitions	- 152.7	- 136.9
Offset intangible assets from acquisitions	- 77.4	- 84.0
Offset goodwill from associated companies	- 1.9	- 1.9
Adjustment to pension benefit obligations	7.1	17.5
Adjustment to put option liability	10.2	-
Adjustment to deferred income taxes	21.1	20.2
Adjustments	- 193.6	- 185.1
Equity according to Swiss GAAP FER	1'296.0	1'247.0

Effects of the adjustments on profit for the year

CHF million

	2018
Profit for the year according to IFRS	215.3
Adjustment to amortisation of intangible assets from acquisitions	13.3
Adjustment to pension benefit obligations	1.4
Adjustment to deferred income taxes	- 4.1
Adjustments	10.6
Profit for the year according to Swiss GAAP FER	225.9

2. Performance

2.1 Segment reporting

The Group comprises five divisions: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for the production of wine, fruit juice, beer and instant products, a Swiss dealership for tractors and specialised agricultural machinery, as well as control systems for automation technology (Bucher Specials).

Segment information

CHF million	Net sales		Operating profit (EBIT)		Net operating assets (NOA)	
	2019	2018	2019	2018	2019	2018
Kuhn Group	1'177.3	1'204.4	98.2	104.4	373.6	375.6
Bucher Municipal	541.2	539.1	45.7	51.0	216.5	191.2
Bucher Hydraulics	648.5	626.6	80.8	84.3	294.3	291.8
Bucher Emhart Glass	487.2	446.5	65.5	46.6	174.9	167.2
Bucher Specials	316.0	308.8	19.5	25.7	81.8	90.4
Reportable segments	3'170.2	3'125.4	309.7	312.0	1'141.1	1'116.2
Other/consolidation	-64.2	-60.9	-25.1	-19.8	25.2	14.2
Group	3'106.0	3'064.5	284.6	292.2	1'166.3	1'130.4

The performance of each of the divisions is evaluated on the basis of operating profit, which is measured the same way for management reporting as in the consolidated financial statements. The figures reported in "Other/consolidation" comprise the results of the holding, finance and management companies, the economic effects of the pension plans of foreign subsidiaries as well as consolidation adjustments for intersegment transactions. Intersegment sales amounted to CHF 12.3 million (2018: CHF 12.8 million) for Kuhn Group, CHF 4.7 million (CHF 4.5 million) for Bucher Hydraulics and CHF 47.2 million (CHF 43.4 million) for Bucher Specials. The other divisions had only marginal intersegment sales.

CHF million	Capital expenditure				Research and development costs			
	2019	in % ¹⁾	2018	in % ¹⁾	2019	in % ¹⁾	2018	in % ¹⁾
Kuhn Group	49.7	4.2	32.3	2.7	-49.6	4.2	-49.6	4.1
Bucher Municipal	14.5	2.7	11.9	2.2	-18.1	3.3	-16.8	3.1
Bucher Hydraulics	34.8	5.4	39.3	6.3	-24.7	3.8	-21.6	3.4
Bucher Emhart Glass	16.0	3.3	10.8	2.4	-19.3	4.0	-16.6	3.7
Bucher Specials	6.4	2.0	5.4	1.7	-15.8	5.0	-13.9	4.5
Reportable segments	121.4	3.8	99.7	3.2	-127.5	4.0	-118.5	3.8
Other/consolidation	3.8	-	3.0	-	-	-	-	-
Group	125.2	4.0	102.7	3.4	-127.5	4.1	-118.5	3.9

¹⁾ Of net sales

Net sales by region

CHF million

	2019	in %	2018	in %
Switzerland	122.9	4.0	105.7	3.5
Germany	448.0	14.4	439.3	14.3
France	388.9	12.5	375.2	12.2
Rest of Europe	977.9	31.5	974.9	31.8
Europe	1'937.7	62.4	1'895.1	61.8
USA	482.1	15.5	515.6	16.8
Canada	43.1	1.4	54.7	1.8
Rest of Americas	177.9	5.7	149.9	4.9
Americas	703.1	22.6	720.2	23.5
China	151.5	4.9	128.0	4.2
India	23.1	0.7	18.1	0.6
Rest of Asia	113.6	3.7	126.6	4.1
Asia	288.2	9.3	272.7	8.9
Other	177.0	5.7	176.5	5.8
Net sales	3'106.0	100.0	3'064.5	100.0

Net sales have been allocated to the countries of destination.

Reconciliation of segment results

CHF million

	2019	2018
Segment operating profit (EBIT)	309.7	312.0
Other/consolidation	-25.1	-19.8
Operating profit (EBIT)	284.6	292.2
Share of profit/(loss) of associates	0.3	3.6
Finance costs	-6.8	-7.7
Finance income	3.4	3.5
Profit before tax	281.5	291.6

Accounting policies

Revenue recognition Net sales of goods and products are recognised when the performance obligation has been satisfied or when control is transferred to the customer. The timing of the transfer depends on specific contract terms or the agreed international commercial terms ("Incoterms"). Sales from services are recognised over the period in which the service is rendered. Sales are all amounts collected and still to be collected from third parties for goods, products and services. Sales are measured at the expected fair value of the consideration received, net of value-added tax and sales deductions such as sales incentives, rebates and trade discounts.

Research and development costs Internally generated research and development costs are charged directly to the income statement.

2.2 Employment costs

CHF million

	2019	2018
Wages and salaries	-575.9	-552.5
Share-based payments	-2.5	-2.4
Social security costs	-101.3	-98.0
Pension benefit expense	-52.0	-42.7
Other employment costs	-86.1	-94.0
Employment costs	-817.8	-789.6

Share-based payments include the Bucher Participation Plan as well as remuneration of the board of directors. In the reporting period, 8'471 shares (2018: 5'891) in total were issued. Furthermore, in the reporting period all of the options issued in previous years and still outstanding were exercised. The average share price of the 5'600 options exercised (6'900) was CHF 313.20 (CHF 337.40). Other employment costs include incidental costs of staff recruitment, training and development as well as external staff costs.

Accounting policies

Bucher Participation Plan The Bucher Participation Plan is a share-based, performance-related component of remuneration for the members of group and division management and selected specialists. The allocation is based on a percentage of the base salary and the achievement of the annual financial "earnings per share" target. The relevant expense is reported under employment costs with an offsetting entry in equity. From 2019 onwards the number of shares allocated is calculated based on the share price on the date of the annual general meeting of the following year (2018: year-end price).

2.3 Other operating income

CHF million

	2019	2018
Own work capitalised	2.1	1.5
Gain on sale of property, plant and equipment	1.7	1.0
Gain on divestment	7.6	-
Miscellaneous income	23.0	23.0
Other operating income	34.4	25.5

Miscellaneous income includes rental income and other revenue which is outside the normal course of the Group's business.

2.4 Other operating expenses

CHF million

	2019	2018
Energy, maintenance and repairs	-112.5	-114.9
Charges, levies, taxes and consulting fees	-44.2	-38.4
Marketing and distribution costs	-120.2	-123.7
Insurance expenses	-6.2	-5.7
Operating lease expenses	-14.7	-12.8
Miscellaneous operating expenses	-78.5	-72.3
Other operating expenses	-376.3	-367.8

Miscellaneous operating expenses include services for research and development, IT costs, operating foreign exchange effects and changes in operating provisions that cannot be charged to an appropriate expense account.

2.5 Financial result

CHF million

	2019	2018
Share of profit/(loss) of associates	0.3	3.6
Interest expense	-3.7	-4.7
Financial foreign exchange gains and losses	-2.1	-2.1
Other finance costs	-1.0	-0.9
Finance costs	-6.8	-7.7
Interest income	2.9	2.8
Net gain on financial assets	0.5	0.7
Finance income	3.4	3.5
Financial result	-3.1	-0.6

In the prior year, the result from associated companies included a revaluation gain of CHF 2.4 million in connection with the first-time consolidation of Artec Pulvérisation SAS, which was held as an associated company until October 2018.

2.6 Income taxes

Effective income taxes

CHF million		
	2019	2018
Current income taxes	-68.9	-66.9
Deferred income taxes	15.4	1.2
Income taxes	-53.5	-65.7
Reconciliation:		
Profit before tax	281.5	291.6
Weighted average tax rate	22.2%	22.6%
Theoretical income tax charge	-62.5	-65.9
Utilisation of unrecognised tax loss carryforwards	1.5	0.7
Reappraisal of tax loss carryforwards	4.2	-1.1
Reappraisal of other deferred tax assets	0.7	-1.5
Expenses not deductible for tax purposes/income not subject to tax	-1.7	-1.0
(Under)/over provided in prior years	0.4	-0.9
Changes in deferred taxes due to changes in tax rates	-5.6	0.6
Other differences	9.5	3.4
Effective income taxes	-53.5	-65.7
Effective tax rate	19.0%	22.5%

The reduction in the effective tax rate is mainly due to one-time effects from the tax reform in Switzerland, as well as the capitalisation of additional tax losses.

Movements in deferred income taxes

CHF million		Assets	Liabilities	Assets	Liabilities
		2019		2018	
Balance at 1 January		49.0	-29.5	53.4	-34.0
Exchange differences		-1.6	0.4	-2.8	1.9
Acquisition of subsidiaries		-	-0.1	0.6	-1.0
(Charged)/credited to income statement		15.5	-0.1	-2.0	3.2
(Charged)/credited to equity		0.1	-	-0.2	0.4
Balance at 31 December		63.0	-29.3	49.0	-29.5

Tax loss carryforwards

CHF million

	2019	2018
Tax loss carryforwards	66.1	63.1
Of which recognised in deferred income taxes	-37.4	-27.3
Unrecognised tax loss carryforwards	28.7	35.8
Expiration:		
Within 1 year	-	-
In 1 to 5 years	1.0	4.3
In more than 5 years	-	-
No expiration	27.7	31.5
Tax effect on unrecognised tax loss carryforwards	9.1	11.5

Accounting policies

Income taxes The tax expense for the period comprises current and deferred income taxes. Current income taxes are calculated on the basis of the local tax laws, and deferred income taxes are calculated based on the temporary differences between the tax bases of assets and liabilities of the individual subsidiaries and their carrying amounts in the consolidated balance sheet. The deferred income taxes are calculated using the expected local tax rates. Potential tax savings arising from tax loss carryforwards and temporary differences are only recognised when it is highly probable that they can be offset with future profits. Deferred tax liabilities in connection with undistributed profits of subsidiaries and associated companies are recognised unless the Group can fully control the distribution policy of these companies and no dividend payments are expected in the foreseeable future. Taxes are recognised in the income statement unless they relate to items recognised directly in equity. In this case the taxes are also recognised in equity.

Significant management assumptions and estimates

Current and deferred income tax assets and liabilities The measurement of the current tax liabilities depends on the interpretation of the tax laws in the relevant countries; the reasonableness of these interpretations is determined in connection with the final tax assessment or with tax audits conducted by the tax authorities. As a result, significant adjustments to the tax expense may be necessary. Furthermore, evaluating whether tax loss carryforwards can be recognised as assets requires a critical assessment of the probability that they can be offset with future profits, and this depends on various factors and developments.

3. Invested capital

3.1 Receivables, prepayments and accrued income

CHF million	Current	Non-current	Total	Current	Non-current	Total
	2019			2018		
Trade receivables	445.8	2.2	448.0	501.4	6.4	507.8
Notes receivable	15.7	–	15.7	18.6	–	18.6
Trade receivables, net	461.5	2.2	463.7	520.0	6.4	526.4
Tax receivables	16.2	–	16.2	22.6	–	22.6
Prepayments to suppliers	9.1	–	9.1	6.7	–	6.7
Derivative financial instruments	4.3	–	4.3	4.8	–	4.8
Prepayments and accrued income	11.9	–	11.9	8.7	–	8.7
Other receivables	41.9	8.1	50.0	47.8	6.9	54.7
Other receivables, prepayments and accrued income	83.4	8.1	91.5	90.6	6.9	97.5
Receivables, prepayments and accrued income	544.9	10.3	555.2	610.6	13.3	623.9

Ageing analysis of trade receivables

CHF million	2019	2018
Trade receivables, gross	490.2	556.5
Value adjustments	–26.5	–30.1
Trade receivables, net	463.7	526.4
Not due	391.3	446.9
Not due, value adjustments	–5.7	–5.8
Past due, within 30 days	47.6	56.7
Past due, from 31 to 90 days	23.1	20.3
Past due, more than 90 days	28.2	32.6
Past due, value adjustments	–20.8	–24.3

Accounting policies

Receivables Receivables are valued at nominal value net of adjustments for credit risks.

3.2 Inventories

CHF million

	2019	2018
Raw materials and consumables	272.2	258.6
Work in progress	182.6	197.9
Finished goods and goods for resale	447.0	425.0
Inventories, gross	901.8	881.5
Write-downs	-111.0	-111.0
Inventories, net	790.8	770.5

Accounting policies

Inventories Inventories are valued at the lower of cost and net realisable value. Depending on the division, cost is determined using either the weighted average or first-in, first-out method. The same method is used for inventories having a similar nature and use to the company. Provision is made for all foreseeable losses from obsolete or slow-moving inventories, with write-downs recognised in changes in inventories of finished goods and work in progress.

Significant management assumptions and estimates

Write-down of inventories The assessment of the recoverable value of inventories is based on estimates of the future consumption and price development (net realisable value). These estimates are constantly reviewed and adjusted if necessary. Changes in sales figures or other influences such as technological advances can lead to an adjustment of the book value.

3.3 Property, plant and equipment

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total
2019					
Cost at 1 January	677.3	584.0	235.5	35.0	1'531.8
Exchange differences	-17.9	-18.7	-6.0	-1.5	-44.1
Acquisition/divestment of subsidiaries/business	-2.8	-4.7	-	-1.0	-8.5
Additions	10.9	29.6	23.0	51.6	115.1
Disposals	-5.7	-17.4	-11.0	-0.2	-34.3
Transfers	20.2	17.3	3.2	-40.7	-
Cost at 31 December	682.0	590.1	244.7	43.2	1'560.0
Accumulated depreciation at 1 January	-306.4	-422.5	-177.1	-	-906.0
Exchange differences	8.1	14.4	3.9	-	26.4
Divestment of subsidiaries/business	1.5	3.2	0.2	-	4.9
Disposals	5.5	17.0	10.3	-	32.8
Depreciation for the year	-24.4	-36.0	-19.4	-	-79.8
Accumulated depreciation at 31 December	-315.7	-423.9	-182.1	-	-921.7
Net book value at 31 December	366.3	166.2	62.6	43.2	638.3
2018					
Cost at 1 January	661.6	551.0	232.4	44.1	1'489.1
Exchange differences	-21.5	-19.0	-8.0	-1.4	-49.9
Acquisition of subsidiaries	7.8	4.5	0.4	-	12.7
Additions	12.1	29.7	18.5	39.2	99.5
Disposals	-3.5	-5.7	-9.9	-0.5	-19.6
Transfers	20.8	23.5	2.1	-46.4	-
Cost at 31 December	677.3	584.0	235.5	35.0	1'531.8
Accumulated depreciation at 1 January	-293.3	-407.4	-173.7	-	-874.4
Exchange differences	8.3	13.8	5.8	-	27.9
Disposals	3.3	5.4	9.5	-	18.2
Depreciation for the year	-24.7	-34.3	-18.7	-	-77.7
Accumulated depreciation at 31 December	-306.4	-422.5	-177.1	-	-906.0
Net book value at 31 December	370.9	161.5	58.4	35.0	625.8

The net book value of assets under finance leases amounted to CHF 8.3 million in the reporting period (2018: CHF 11.1 million).

Accounting policies

Property, plant and equipment Property, plant and equipment are measured at historical cost less accumulated depreciation. Expenditure on improvements is capitalised. The costs of repairs and maintenance as well as low-value assets are charged to the income statement as incurred. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The useful lives of buildings are 10 to 50 years, plant and machinery 5 to 12 years and furniture, fixtures and equipment 2 to 15 years. The book values and remaining useful lives of property, plant and equipment are reviewed regularly and adjusted if necessary.

3.4 Intangible assets

CHF million	Licences/ Patents	Other	Total
			2019
Cost at 1 January	131.4	36.4	167.8
Exchange differences	-5.0	-1.4	-6.4
Acquisition of subsidiaries	-	0.1	0.1
Additions	1.7	9.6	11.3
Cost at 31 December	128.1	44.7	172.8
Accumulated amortisation at 1 January	-123.7	-29.9	-153.6
Exchange differences	4.6	1.0	5.6
Amortisation for the year	-1.9	-2.0	-3.9
Accumulated amortisation at 31 December	-121.0	-30.9	-151.9
Net book value at 31 December	7.1	13.8	20.9
			2018
Cost at 1 January	135.3	35.4	170.7
Exchange differences	-6.1	-0.9	-7.0
Acquisition of subsidiaries	-	0.3	0.3
Additions	2.9	1.6	4.5
Disposals	-0.7	-	-0.7
Cost at 31 December	131.4	36.4	167.8
Accumulated amortisation at 1 January	-126.9	-29.7	-156.6
Exchange differences	5.8	0.7	6.5
Disposals	0.7	-	0.7
Amortisation for the year	-3.3	-0.9	-4.2
Accumulated amortisation at 31 December	-123.7	-29.9	-153.6
Net book value at 31 December	7.7	6.5	14.2

Accounting policies

Intangible assets Intangible assets are licenses, patents, software and similar rights and are capitalised only if they will generate quantifiable economic benefits over several years. They are measured at historical cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful lives of 5 to 20 years, depending on the asset.

Theoretical capitalisation of goodwill

CHF million		
	2019	2018
Cost at 1 January	225.8	196.5
Acquisition of subsidiaries	11.8	29.3
Cost at 31 December at historical currency rates	237.6	225.8
Accumulated exchange differences	-18.5	-10.9
Cost at 31 December	219.1	214.9
Accumulated amortisation at 1 January	-168.1	-154.9
Exchange differences	6.2	8.8
Amortisation for the year	-16.9	-22.0
Accumulated amortisation at 31 December	-178.8	-168.1
Theoretical net book value at 31 December	40.3	46.8
Equity according to balance sheet	1'392.9	1'296.0
Theoretical book value of goodwill	40.3	46.8
Theoretical shareholders' equity at 31 December including goodwill	1'433.2	1'342.8
Profit for the year	228.0	225.9
Theoretical amortisation of goodwill	-16.9	-22.0
Theoretical profit for the year after goodwill amortisation	211.1	203.9

Accounting policies

Goodwill Goodwill is offset with equity at the date of the acquisition of a subsidiary or an investment in an associated company. The theoretical capitalisation of goodwill with straight-line amortisation over five years would impact the consolidated balance sheet and consolidated income statement as shown above.

3.5 Provisions

CHF million	Warranties	Legal claims	Other	Total
				2019
Balance at 1 January	41.8	16.9	9.1	67.8
Exchange differences	-1.4	-0.6	-	-2.0
Acquisition of subsidiaries	0.1	-	-	0.1
Additional provisions	33.9	4.0	2.3	40.2
Unutilised amounts reversed	-3.4	-1.9	-1.8	-7.1
Utilised during year	-28.4	-1.6	-1.2	-31.2
Balance at 31 December	42.6	16.8	8.4	67.8
Current portion	41.2	12.3	3.2	56.7
Non-current portion	1.4	4.5	5.2	11.1
				2018
Balance at 1 January	44.3	19.7	10.4	74.4
Exchange differences	-1.7	-1.5	-0.2	-3.4
Acquisition of subsidiaries	1.9	0.1	-	2.0
Additional provisions	31.1	3.7	2.8	37.6
Unutilised amounts reversed	-4.1	-3.1	-1.4	-8.6
Utilised during year	-29.7	-2.0	-2.5	-34.2
Balance at 31 December	41.8	16.9	9.1	67.8
Current portion	40.3	11.9	2.9	55.1
Non-current portion	1.5	5.0	6.2	12.7

Other provisions relate to risks associated with the Group's industrial operations as well as restructuring costs. The amounts of other provisions recognised in previous years that were utilised in the reporting period are primarily due to the dismantling of buildings in Niederweningen and the restructuring measures implemented at Bucher Emhart Glass in China.

Accounting policies

Provisions A provision is recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required in future to settle the obligation, and the amount can be estimated reliably. Provisions for warranties are recognised when the products are sold and are measured on the basis of historical data for the past two years. The provisions for legal claims cover risks associated with accidents, distribution rights, patents and other legal disputes.

Significant management assumptions and estimates

Recognition of non-current provisions In the course of normal business operations, group companies may become involved in litigation. Provisions for pending cases are recognised on the basis of available information and the expected cash outflows. Depending on the outcome of the cases, claims may arise against the Group that are not or not completely covered by provisions.

3.6 Contingent liabilities and other commitments

Contingent liabilities CHF 1.9 million in contingent liabilities (2018: CHF 0.8 million) consist of guarantees given in respect of goods sold and services provided. This amount represents the maximum amount of the obligation assumed. These contingent liabilities are not expected to result in an outflow of resources. On 14 March 2017, following the filing of a complaint, the Swiss Competition Commission (COMCO) opened an investigation into Bucher Landtechnik AG. On 17 July 2019, it announced that it had reached an amicable settlement with Bucher Landtechnik AG. This settlement has no impact on the profitability or the future business activities of Bucher Industries.

Outstanding put options In connection with the acquisition of Bucher Hydraulics (Wuxi) Co., Ltd. there are put options for the remaining 20% of the shares (2018: 30%). They can only be exercised from 2022, the fourth year after the acquisition. The price for the 80% shares currently held amounted to CHF 34.3 million.

Other commitments There are commitments to purchase non-current assets amounting to CHF 16.4 million.

3.7 Other liabilities, accruals and deferred income

CHF million		
	2019	2018
Accruals and deferred income	140.2	152.1
Income tax liabilities	36.8	36.4
Social security and pensions	24.0	24.0
Sales and capital tax liabilities	38.6	35.9
Derivative financial instruments	2.2	1.6
Other liabilities	25.0	31.5
Other liabilities, accruals and deferred income	266.8	281.5
Current portion	253.0	263.4
Non-current portion	13.8	18.1

Accruals and deferred income include mainly accruals for employment costs such as accrued holiday and overtime pay and variable remuneration, as well as accruals for commissions and contract-related liabilities.

4. Financing and risk management

4.1 Cash and cash equivalents

CHF million

	2019	2018
Cash and bank accounts	216.9	260.2
Short-term money market investments	208.8	155.3
Cash and cash equivalents	425.7	415.5

Accounting policies

Cash and cash equivalents Cash and cash equivalents are defined as short-term, liquid financial investments that are readily convertible to defined cash amounts within a three-month period and are subject to insignificant risk of changes in value.

4.2 Other financial assets

CHF million

	2019	2018
Money market investments	2.1	2.3
Bonds	34.1	23.7
Long-term loans	2.9	6.4
Other	1.5	1.5
Other financial assets	40.6	33.9
Current portion	36.2	26.0
Non-current portion	4.4	7.9

Accounting policies

Other financial assets Money market investments and bonds are initially recognised at historical cost, with transaction costs being charged to the income statement. The fair values of the money market investments and bonds are based on observable market information at the end of the reporting period. Non-current loans and other financial assets are valued at amortised cost less impairment charges.

4.3 Financial liabilities

CHF million

	2019	2018
Bonds	199.9	199.8
Other bank borrowings	21.6	50.8
Finance lease liabilities	5.6	7.8
Other financial liabilities	20.2	23.8
Financial liabilities	247.3	282.2
Current portion	114.4	46.8
Non-current portion	132.9	235.4

Bonds

CHF million	Company	Term	Currency	Nominal value	Effective interest rate	Total	Total
						2019	2018
Bond, Switzerland 0.625%	Bucher Industries AG	2014–2020	CHF	100.0	1.3% ¹⁾	99.9	99.8
Bond, Switzerland 1.375%	Bucher Industries AG	2014–2024	CHF	100.0	1.4%	100.0	100.0
Bonds						199.9	199.8

¹⁾ Also includes 0.6 percentage points from interest rate forward contracts

Other bank borrowings The other bank borrowings include CHF 15.0 million (2018: CHF 30.0 million) in bilateral loans from committed credit facilities as well as CHF 6.6 million (CHF 20.8 million) from uncommitted credit facilities. The bilateral loans bear interest at rates of between 0.1 and 0.95% and are due for repayment from 2020 to 2022. The undrawn committed credit facilities at 31 December totalled CHF 160.0 million (CHF 185.0 million). The financial covenants are reviewed every six months. All credit terms were complied with on the reporting date of 31 December 2019.

Accounting policies

Financial liabilities Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. They are subsequently valued at amortised cost using the effective interest method.

4.4 Pledged assets

The book value of assets pledged or assigned to secure the Group's obligations was CHF 9.9 million (2018: CHF 19.2 million).

4.5 Leases

Future minimum lease payments from operating leases

CHF million	2019	2018
Within 1 year	9.5	9.2
From 1 to 5 years	14.7	15.0
More than 5 years	10.7	9.9
Minimum lease payments	34.9	34.1

Accounting policies

Leases A distinction is made between finance leases and operating leases. Finance lease contracts are recognised in property, plant and equipment when most of the risks and rewards are transferred to the Group upon signing of the contract. Finance leases are recognised initially at the lower of fair value and the present value of the future minimum lease payments. Depreciation is charged over the shorter of the estimated useful life and the lease term. The corresponding lease obligations are reported as liabilities. An operating lease exists when a significant part of the risks of ownership remain with the lessor. Payments for operating leases are charged to the income statement on a straight-line basis over the lease term.

4.6 Share capital and earnings per share

		2019	2018
Share capital	CHF million	2.1	2.1
Par value of registered shares	CHF	0.20	0.20
Outstanding registered shares	number	10'226'296	10'212'225
Treasury shares	number	23'704	37'775
In issue and ranking for dividend	number	10'250'000	10'250'000
Authorised but unissued	number	1'184'100	1'184'100

The share capital of Bucher Industries AG consists of one class of voting rights.

Treasury shares

CHF million	Number of shares		Number of shares	
		2019		2018
Balance at 1 January	37'775	8.9	25'566	3.7
Purchases of treasury shares	–	–	25'000	6.9
Reissued for share-based payments	– 14'071	– 2.4	– 12'791	– 1.7
Balance at 31 December	23'704	6.5	37'775	8.9

Earnings and dividend per share

	2019	2018
Profit attributable to owners of Bucher Industries AG (CHF million)	224.1	223.0
Average number of shares outstanding (undiluted)	10'220'858	10'227'835
Average number of shares outstanding (diluted)	10'222'688	10'234'105
Basic earnings per share (CHF)	21.92	21.80
Diluted earnings per share (CHF)	21.92	21.79
Dividend per registered share (CHF) ¹⁾	8.00	8.00
Total dividend (CHF million) ¹⁾	82.0	82.0

¹⁾ 2019: proposal of the board of directors

Accounting policies

Treasury shares Treasury shares are recognised at historical cost as a deduction from equity. Realised gains or losses from the disposal of treasury shares are recorded directly in equity. The average number of shares outstanding is calculated on the basis of the number of shares issued, less the weighted average number of treasury shares held.

4.7 Financial risk management

The Group's international operations expose it to a variety of financial risks, such as credit, liquidity, price and market risks. Group financial risk management is based on internally formulated guidelines and responsibilities. These include criteria for general financial risk management and also for specific areas, such as the management of interest, exchange rate and counterparty risks as well as the use of derivative financial instruments. With the exception of the management of credit risks from operating activities, financial risk management is carried out by the central treasury function. Group treasury identifies and assesses financial risks and hedges them in close collaboration with the Group's operating companies. The risk management process implemented also includes regular reporting on the development of the financial risks.

Credit risk Credit risk arises from the possibility of partial or total default on contractual payments and/or performance obligations. It also includes exposure to losses in the value of financial items due to a deterioration in credit quality or counterparty risks under financial contracts. As part of their receivables management, the individual companies determine the credit terms and monitor the customers, taking into account their past payment history and an analysis of their credit rating. Owing to the diverse industries and geographical regions in which the Group's customers operate, the credit risk on trade receivables was limited in the reporting period and the Group had no cluster risk. In addition to this natural diversification, the credit risk was further minimised by security in the form of credit insurance, advance payments from customers, letters of credit and bank guarantees. Bucher Industries invested its free cash in short-term money market investments with various banking institutions that have a very good international risk rating, as well as in top-rated money market funds and in short-term realisable financial assets with a high credit rating. The Group had no concentration of credit risk associated with receivables from banks. The maximum credit risk is equal to the carrying amounts of the financial assets reported in the consolidated balance sheet.

Liquidity risk Bucher Industries defines liquidity risk as the risk that the Group and/or any of its subsidiaries may not have sufficient financial resources available to meet all of their payment obligations at any given time. In order to anticipate and manage liquidity requirements, group treasury conducts short- to medium-term liquidity planning in coordination with the companies' finance departments to forecast future cash flows and financial items in each currency. The calculated liquidity requirements are always matched with existing credit facilities so that appropriate measures can be taken in good time to ensure the ability to meet current and future financial obligations. The necessary funds are raised as and when required in the money and capital markets.

Interest and price risks Interest risks result from changes in market interest rates that have an impact on the profit or loss for the year and the fair values of the financial instruments. The risk of a change in interest rates is constantly monitored and managed. Where necessary, interest rate forwards are used to hedge specific interest risks.

Exchange rate risk As the Group operates internationally, Bucher Industries is mainly exposed to the risk of changes in the exchange rates of the euro, US dollar, British pound and Swedish krona in its most important sales and procurement markets. Individual subsidiaries' cash inflows and outflows denominated in foreign currencies are hedged using appropriate financial instruments based on the respective underlying transactions.

Derivative financial instruments

CHF million

	2019	2018
Contract value	573.7	553.2
Currency contracts – assets	4.3	4.8
Currency contracts – liabilities	–2.2	–1.6
Derivative financial instruments	2.1	3.2

Accounting policies

Derivative financial instruments Derivative financial instruments that are used to hedge the foreign exchange risk of balance sheet items and expected future cash flows are valued at fair value. Changes in the fair values are booked to the income statement with the exception of transactions that are designated as hedge accounting transactions. The changes in their fair values are initially booked directly to equity. Once the underlying transactions have been recognised, the changes in the fair values of the corresponding derivative financial instruments are transferred from equity to the income statement.

Exchange rates

1 CHF	Income statement annual average rates			Balance sheet closing rates		
	2019	2018	Change in %	2019	2018	Change in %
1 AUD	0.6909	0.7298	–5.3	0.6781	0.6948	–2.4
1 BRL	0.2511	0.2696	–6.9	0.2403	0.2536	–5.2
1 CNY	0.1437	0.1476	–2.6	0.1388	0.1431	–3.0
1 EUR	1.1119	1.1545	–3.7	1.0851	1.1272	–3.7
1 GBP	1.2705	1.3041	–2.6	1.2748	1.2597	1.2
1 SEK	0.1054	0.1127	–6.5	0.1039	0.1101	–5.6
1 USD	0.9918	0.9759	1.6	0.9663	0.9841	–1.8

5. Group structure

5.1 Changes in the group structure

Divestments As at the end of August 2019, Bucher Emhart Glass sold its refractory business. The sale proceeds amounted to CHF 14.9 million. The assets divested included property, plant and equipment of CHF 4.5 million and inventories of CHF 2.8 million. The gain from the divestment amounted to CHF 7.6 million and is included under other operating income.

Acquisitions

Company	Country	Division	Group interest in %	Date of acquisition
2019				
Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd.	CN	BM	100	3 July 2019
Zynkon Special Purpose Sales Co., Ltd.	CN	BM	100	3 July 2019
Wuhan Hanbao Machineries Co., Ltd.	CN	O	100	3 July 2019
Dynasty China Holding Limited	CN	O	100	3 July 2019
Elan Systems Műszak Fejlesztési Kft.	HU	BSp	100	8 July 2019
Symplex Vision Systems GmbH	DE	BEG	100	1 August 2019
2018				
Laser marking business of Qualimarq Sàrl	FR	BEG	n.a.	30 June 2018
Bucher Hydraulics (Wuxi) Co., Ltd.	CN	BH	70	31 July 2018
Artec Pulvérisation SAS	FR	KG	100	26 October 2018
Import business of Grunderco S.A.	CH	BSp	n.a.	23 November 2018

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other

The acquired companies have generated net sales of CHF 14.1 million (2018: CHF 22.5 million) since the acquisition dates. The acquisition and integration costs were recognised in 2019, the period in which they were incurred, under other operating expenses. Elan Systems Műszak Fejlesztési Kft. and Symplex Vision Systems GmbH were renamed to Jetter Automation Hungary Kft. and Emhart Glass Vision GmbH respectively.

Net assets acquired

CHF million	2019	2018
Cash and cash equivalents	1.9	3.1
Trade receivables	5.6	12.3
Inventories	7.1	15.9
Property, plant and equipment	0.9	12.7
Intangible assets	0.1	0.3
Deferred income tax assets	–	0.6
Current financial liabilities	–2.5	–2.1
Trade payables	–3.1	–16.0
Current provisions	–0.1	–2.0
Other current liabilities	–3.1	–2.1
Deferred income tax liabilities	–0.1	–1.0
Other net assets	1.3	0.1
Net assets acquired	8.0	21.8

Net cash flow from acquisitions

CHF million

	2019	2018
Net assets acquired	8.0	21.8
Shares previously held	–	–4.0
Minority interests	–	–3.2
Goodwill	11.8	29.3
Total purchase consideration	19.8	43.9
Cash and cash equivalents acquired	–1.9	–3.1
Contingent consideration	–	–0.7
Deferred consideration	–0.3	–9.2
Deferred consideration relating to previous years	9.2	0.4
Net cash flow from acquisitions	26.8	31.3

Acquisition of minority interests in Bucher Hydraulics Wuxi At the end of March 2019, Bucher Industries acquired a further 10% of the shares in Bucher Hydraulics Wuxi, increasing its shareholding to 80%. The purchase price of CHF 4.3 million was recognised as an acquisition of minority interests in the cash flow from financing activities. The increase led to a change in the minority interests in the consolidated statement of changes in equity in the amount of CHF 1.2 million. The difference of CHF 3.1 million between the purchase price and the carrying value of the minority interests was recognised in retained earnings.

5.2 Group companies

Subsidiaries

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2019	2018
Bucher Industries AG, Niederweningen	CH	CHF	2'050'000	O	S		
Bucher Sudamerica Participações Ltda., São Paulo	BR	BRL	24'600'000	O	S	100	100
Bucher Beteiligungs-Stiftung, Niederweningen	CH	CHF	250'000	O	S	100	100
Bucher BG Finanz AG, Steinhäusern	CH	EUR	21'591'000	O	S	100	100
Bucher-Guyer AG, Niederweningen	CH	CHF	10'000'000	O	S	100	100
Bucher Management AG, Kloten	CH	CHF	6'600'000	O	S	100	100
Bucher (China) Investment Co., Ltd., Beijing	CN	CNY	276'924'701	O	S	100	100
Dynasty China Holding Limited, Kowloon	CN	HKD	1	O	S	100	-
Wuhan Hanbao Machineries Co., Ltd., Wuhan	CN	USD	3'490'000	O	S	100	-
Bucher Beteiligungen GmbH, Klettgau	DE	EUR	4'500'000	O	S	100	100
Bucher Beteiligungsverwaltung GmbH, Munich	DE	EUR	50'000	O	S	100	100
Kuhn Germany GmbH, Emmendingen	DE	EUR	4'000'000	O	S	100	100
Bucher Industries Danmark ApS, Silkeborg	DK	DKK	51'000	O	S	100	100
Kuhn Group SAS, Strasbourg	FR	EUR	225'072'400	O	S	100	100
Kuhn Group SAS, Saverne	FR	EUR	200'100'000	O	S	-	100
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3'380'000	O	S	100	100
Bucher Industries US, Inc., Enfield CT	US	USD	3	O	S	100	100
Kuhn Argentina S/A, Buenos Aires	AR	ARS	500'000	KG	D	100	100
Kuhn-Montana Argentina S/A, Casilda	AR	ARS	3'412'326	KG	D	100	100
Kuhn Farm Machinery Pty Ltd., Deer Park, Vic	AU	AUD	100'000	KG	D	100	100
Kuhn do Brasil S/A, Passo Fundo	BR	BRL	320'077'812	KG	P D	100	100
Kuhn-Montana Indústria de Máquinas S/A, São José	BR	BRL	250'000'000	KG	P D	100	100
Kuhn Farm Machinery Inc., Sainte Madeleine	CA	CAD	150'100	KG	D	100	100
Kuhn Tianjin Farm Machinery Ltd., Tianjin	CN	CNY	5'045'167	KG	D	100	100
Kuhn Maschinen-Vertrieb GmbH, Schoppsdorf	DE	EUR	300'000	KG	D	100	100
Kuhn Ibérica SA, Huesca	ES	EUR	100'000	KG	D	100	100
Artec Pulvérisation SAS, Corpe	FR	EUR	2'000'000	KG	P D	100	100
Contifonte SAS, Saverne	FR	EUR	48'000	KG	P D	100	100
Kuhn-Audureau SAS, La Copechagnière	FR	EUR	4'070'000	KG	P D	100	100
Kuhn Blanchard SAS, Chaumes-en-Retz	FR	EUR	2'000'000	KG	P D	100	100
Kuhn-Huard SAS, Châteaubriant	FR	EUR	4'800'000	KG	P D	100	100
Kuhn MGM SAS, Monswiller	FR	EUR	2'000'000	KG	P D	100	100
Kuhn Parts SAS, Monswiller	FR	EUR	5'000'000	KG	D	100	100
Kuhn SAS, Saverne	FR	EUR	19'488'000	KG	P D	100	100
Kuhn Farm Machinery Ltd., Telford	GB	GBP	100'000	KG	D	100	100
Kuhn Italia Srl, Melegnano	IT	EUR	520'000	KG	D	100	100
Kuhn-Geldrop B.V., Geldrop	NL	EUR	15'000'000	KG	P D	100	100
Kuhn Maszyn Rolnicze Sp.z o.o., Suchy Las	PL	PLN	10'000'000	KG	D	100	100
Kuhn Vostok LLC, Voronezh	RU	RUB	10'000'000	KG	D	100	100
Kuhn Ukraine LLC, Kiev	UA	UAH	650'000	KG	D	100	100
Kuhn Krause, Inc., Hutchinson KS	US	USD	4'462'050	KG	P D	100	100
Kuhn North America, Inc., Brodhead WI	US	USD	60'110'000	KG	P D	100	100

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2019	2018
Bucher Municipal Pty Ltd., Clayton North, Vic	AU	AUD	5'901'000	BM	P D	100	100
Bucher Municipal AG, Niederweningen	CH	CHF	10'000'000	BM	D S	100	100
Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd., Wuhan	CN	CNY	20'000'000	BM	P D	100	-
Zynkon Special Purpose Sales Co., Ltd., Shanghai	CN	CNY	4'500'000	BM	D	100	-
Bucher Municipal GmbH, Hanover	DE	EUR	3'000'000	BM	D	100	100
Gmeiner GmbH, Wernberg-Köblitz	DE	EUR	25'565	BM	P D	60	60
Beam A/S, Them	DK	DKK	5'000'000	BM	P D	100	100
J. Hvidtved Larsen A/S, Silkeborg	DK	DKK	6'500'000	BM	P D S	100	100
Maquiasfalt SL, Fuenlabrada, Madrid	ES	EUR	30'051	BM	D	60	60
Arvel Industries Sàrl, Coudes	FR	EUR	200'000	BM	P D	60	60
Tecvia Eurl, Lyon	FR	EUR	38'112	BM	D	60	60
J. Hvidtved Larsen UK Ltd., Coalville	GB	GBP	1	BM	D	100	100
Johnston Sweepers Ltd., Dorking	GB	GBP	8'000	BM	P D	100	100
J. Hvidtved Larsen Ireland Ltd., Thurles	IE	EUR	1	BM	D	100	100
Giletta S.p.A., Revello	IT	EUR	1'250'000	BM	P D S	60	60
Bucher Municipal Ltd., Seoul	KR	KRW	350'000'000	BM	P D	100	100
Bucher Municipal SIA, Ventspils	LV	EUR	3'630'400	BM	P	100	100
Bucher Municipal LLC, Kaluga	RU	RUB	420'000	BM	P D	60	60
J. Hvidtved Larsen US, Inc., Chicago IL	US	USD	10'000	BM	D	100	100
Bucher Municipal North America, Inc., Mooresville NC	US	USD	500'000	BM	P D	100	100
Bucher Hidráulica Ltda., Canoas, Porto Alegre	BR	BRL	12'313'570	BH	P D	100	100
Bucher Hydraulics Corp., London	CA	CAD	75'000	BH	P D	100	100
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300'000	BH	P D	100	100
Bucher Hydraulics AG, Neuheim	CH	CHF	1'200'000	BH	P D	100	100
Bucher Hydraulics Suzhou Co., Ltd., Wujiang	CN	CNY	13'640'071	BH	P D	100	100
Bucher Hydraulics (Wuxi) Co., Ltd., Wuxi	CN	CNY	25'000'000	BH	P D	80	70
Bucher Hydraulics Dachau GmbH, Dachau	DE	EUR	30'000	BH	P D	100	100
Bucher Hydraulics Erding GmbH, Erding	DE	EUR	25'000	BH	P D	100	100
Bucher Hydraulics GmbH, Klettgau	DE	EUR	4'000'000	BH	P D	100	100
Bucher Hydraulics Remscheid GmbH, Remscheid	DE	EUR	25'000	BH	P D	100	100
Bucher Hydraulics SAS, Rixheim	FR	EUR	200'000	BH	D	100	100
Bucher Hydraulics Ltd., Nuneaton	GB	GBP	10'000	BH	D	100	100
Bucher Hydraulics Pvt Ltd., Gurgaon	IN	INR	49'966'680	BH	P D	100	100
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1'500'000	BH	P D	100	100
Bucher Hydraulics KK, Tokyo	JP	JPY	10'000'000	BH	D	85	85
Bucher Hidrolik Sistemleri Tic. Ltd. Sti., Istanbul	TR	TRY	3'000'000	BH	D	100	100
Bucher Hydraulics, Inc., Grand Rapids MI	US	USD	12'473'000	BH	P D	100	100

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2019	2018
Emhart Glass International SA, Steinhausen	CH	CHF	100'000	BEG	S	100	100
Emhart Glass SA, Steinhausen	CH	CHF	10'000'000	BEG	D S	100	100
Shandong Sanjin Glass Machinery Co., Ltd., Zibo	CN	CNY	72'000'000	BEG	P D	100	100
Emhart Glass GmbH, Leipzig	DE	EUR	50'000	BEG	S	100	100
Emhart Glass Vision GmbH, Planegg, Munich	DE	EUR	25'000	BEG	P D	100	-
Emhart Glass S.r.l., Savona	IT	EUR	320'000	BEG	S	100	100
Emhart Glass Japan Co. Ltd., Kawasaki	JP	JPY	10'000'000	BEG	S	100	100
Emhart Glass Sdn Bhd., Ulu Tiram, Johor Bahru	MY	MYR	500'000	BEG	P	100	100
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30'000'000	BEG	P	100	100
Emhart Glass Pte. Ltd., Singapore	SG	SGD	2	BEG	S	100	100
Emhart Glass, Inc., Windsor CT	US	USD	2	BEG	S	100	100
Emhart Glass Manufacturing, Inc., Horseheads NY	US	USD	1'000	BEG	P	100	100
Bucher Vaslin Argentina S.A., Mendoza	AR	ARS	7'341'800	BSp	D	100	100
Bucher Vaslin Sudamérica S.P.A., Santiago de Chile	CL	CLP	3'449'571'856	BSp	P D	100	100
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2'400'000	BSp	P D	100	100
Bucher Vaslin S.r.l., Romans d'Isonzo	IT	EUR	100'000	BSp	D	100	100
Bucher Vaslin North America, Inc., Santa Rosa CA	US	USD	87'500	BSp	D	100	100
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36'336	BSp	D	100	100
Bucher Unipektin AG, Niederweningen	CH	CHF	600'000	BSp	P D	100	100
Beijing Bucher Unipektin Equipment Co., Ltd., Beijing	CN	CNY	3'098'895	BSp	P D	100	100
Bucher Unipektin Latin America S. de R.L. de C.V., Mexico City	MX	MXN	5'000	BSp	D	100	-
Bucher-Alimentech Ltd., Auckland	NZ	NZD	2'503'000	BSp	D	100	100
Bucher Landtechnik AG, Niederweningen	CH	CHF	4'000'000	BSp	D	100	100
Jetter Automation Technology (Shanghai) Co., Ltd., Shanghai	CN	CNY	12'820'627	BSp	D S	100	100
futronic GmbH, Tettnang	DE	EUR	260'000	BSp	P D	100	100
Jetter AG, Ludwigsburg	DE	EUR	3'241'061	BSp	P D	100	100
Jetter Automation Hungary Kft., Budapest	HU	HUF	3'000'000	BSp	P D	100	-

Significant associated companies

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in %	
						2019	2018
Rauch Landmaschinenfabrik GmbH, Sinzheim	DE	EUR	1'650'000	O	P D	24	24

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Services

6. Other information

6.1 Pension benefit obligations

The Group has significant pension plans in Switzerland, France, Germany and the USA in accordance with the relevant national regulations. These are generally institutions and foundations that are independent from the Group, and they are normally financed by employer and employee contributions.

Swiss plan The Angestellten-Pensionskasse Bucher Schweiz (Bucher Switzerland employee pension fund, APK) has the legal form of a semi-autonomous foundation and is subject to the minimal legal requirements for pension plans, which are governed by the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG). The economic impact on the Group is evaluated on the basis of the provisional financial statements of the APK as at 31 December 2019, which are prepared in accordance with Swiss GAAP FER 26. The current financial status of the APK shows an estimated coverage in accordance with BVG of over 100%, as in the prior year. The calculation of the pension liabilities is based, as in the previous year, on a discount rate of 2.5%.

Foreign plans The economic impacts of the foreign pension plans are based on country-specific actuarial valuations in accordance with generally accepted accounting principles. Depending on the country and the composition of the plan participants, the pension obligations are discounted at an interest rate of between 0.4 and 3.0% (2018: between 1.2 and 4.3%).

Economic benefits/obligations and pension benefit expense

CHF million	Pension plans		without own assets	Total
	without surplus/deficit	with deficit		
				2019
Balance at 1 January		11.4	25.8	37.2
Exchange differences		-0.6	-1.0	-1.6
Pension benefit expense in employment costs	41.5	8.0	2.5	52.0
Contributions and benefit payments	-41.5	-4.5	-0.8	-46.8
Change in pension benefit obligations		2.9	0.7	3.6
Balance at 31 December		14.3	26.5	40.8
Deficit		14.3		14.3
				2018
Pension benefit expense in employment costs	40.0	1.7	1.0	42.7

Accounting policies

Pension benefit obligations Surpluses and deficits are determined based on the financial statements of the pension plans or actuarial valuations. An economic benefit is only recognised if it is permissible and it is intended to utilise the surplus to reduce future employer contributions. An economic obligation is recognised, provided that the requirements for recognising a provision are met. Changes in the economic benefit or economic obligations as well as the contributions accrued for the period are booked as employment costs in the income statement.

Significant management assumptions and estimates

Actuarial calculations of pension benefit obligations The calculations of surpluses and deficits of the foreign pension plans are based on assumptions such as expected inflation rates, future salary increases, employee turnover, the life expectancy of the insured participants and the discount rate. These assumptions are made by management and may differ from the actual future developments.

6.2 Related parties and companies

In the reporting period, products worth CHF 42.3 million (2018: CHF 37.1 million) were purchased from associated companies. The net sales generated with associated companies amounted to CHF 0.4 million (CHF 3.2 million) and other expenditure with associated companies to CHF 0.1 million (CHF 0.7 million). The receivables from and payables to related parties and companies are listed in the table below.

CHF million

	2019	2018
Receivables from pension funds	1.0	1.6
Receivables from associates	2.3	4.3
Payables to pension funds	-4.7	-4.3
Payables to associates	-2.1	-2.4

6.3 Events occurring after the balance sheet date

Changes in the group structure In January 2020, Bucher Industries acquired a 100% interest in Eurovoirie SAS, Senlis, France. The company is a distributor of municipal vehicles on the French market and provides after sales services to its customers with a workshop, mobile technicians and a dense network of service partners across France. The operations acquired include 75 employees and generated net sales of CHF 34 million in 2018, of which more than half was derived from sales of Bucher Municipal vehicles and equipment. At the beginning of February 2020, Bucher Industries acquired a 100% interest in Industria de Maquinaria Luzzisa, S.L., El Puig, Valencia, Spain for its business unit Bucher Unipektin. The company produces equipment under the brand "Luzzysa" for processing citrus fruit. The operations acquired include around 20 employees and generated net sales of CHF 4 million in 2019. The company will be renamed to Bucher Exzel S.L.

Publication of the consolidated financial statements The consolidated financial statements were approved for publication by the board of directors on 28 February 2020. They are subject to formal approval by the annual general meeting on 24 April 2020.

Report of the statutory auditor

to the annual general meeting of Bucher Industries AG, Niederweningen

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bucher Industries AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2019, the consolidated balance sheet as at 31 December 2019, the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 74 to 107) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 14'000'000

We concluded full scope audit work at 32 reporting units in various countries. Our audit scope addressed over 82% of the Group's net sales.

In addition, we performed reviews at other reporting units in various countries, which account for further 3% of the Group's net sales.

As key audit matters the following areas of focus have been identified:

Valuation of inventories

Conversion from IFRS to Swiss GAAP FER

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 14'000'000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark

We agreed with the Audit Committee that we would report to them misstatements above CHF 700'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The significant subsidiaries, with two exceptions, were audited by PwC. We are in continuous contact with the audit teams. With regard to the significant subsidiaries that are not audited by PwC, we review the audit documentation of the other auditor and evaluate its work. As auditor of the consolidated financial statements, we ensure that we participate every year in selected meetings of specific significant companies and discuss the risks of a material misrepresentation of the local results as well as the focus points and scope of the audits.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
<p>Bucher Industries AG has significant inventory balances (CHF 790.8 million), which are accounted in accordance with Swiss GAAP FER.</p> <p>Determining production costs, write-downs and net realisable value involves significant scope for judgement. An incorrect estimate could have a significant impact on the result for the period.</p> <p>Please refer to page 90 (Invested capital – Inventories) in the notes to the consolidated financial statements.</p>	<p>Our audit procedures regarding the valuation of inventories mainly comprised the following:</p> <ul style="list-style-type: none"> • We gained an understanding of the inventory valuation process and tested selected internal controls relating to this process. • We attended year-end and rolling inventory counts. • We analysed on a sample basis the standard cost calculations. Additionally, we verified the differences between the standard and actual costs and we assessed whether appropriate measures had been taken with regard to valuation.

Key audit matter

How our audit addressed the key audit matter

- We considered the assumptions underlying any write-downs in the light of historical experience and assessed their appropriateness.
- We verified compliance with the principle of net realisable value of inventories.

The results of our audit support the valuation of inventories in the consolidated financial statements.

Conversion from IFRS to Swiss GAAP FER

Key audit matter

How our audit addressed the key audit matter

With effect as of 1 January 2019, Bucher Industries AG changed the accounting framework it uses from International Financial Reporting Standards (IFRS) to Swiss GAAP FER. This change has significant impact on the 2019 consolidated financial statements and the prior year figures. Additionally, the Board of Directors and group management have exercised various policy choices and implemented for the first time the disclosure requirements in accordance with Swiss GAAP FER.

Please refer to pages 81 and 82 (Information on this report – Change to Swiss GAAP FER) in the notes to the consolidated financial statements.

In our audit of the conversion from IFRS to Swiss GAAP FER, we performed in particular the following audit procedures:

- We requested group management's assessment of the impact of the change on the opening balance as at 1 January 2018 and on the 2018 income statement, and we then assessed whether
 - all the effects of the change in accounting standards had been identified and recorded by group management;
 - the goodwill from acquisitions (intangible assets) had been correctly offset against equity;
 - the requirements of Swiss GAAP FER 16 'Pension benefit obligations' had been correctly implemented;
 - the liability related to the purchase of additional shares in fully consolidated subsidiaries had been correctly accounted;
 - deferred taxes had been correctly restated to take into account the effects of the change.
- We checked whether the figures prepared according to Swiss GAAP FER in the opening balance sheet as at 1 January 2018 and the 2018 income statement were restated correctly. Additionally, we checked that the reconciliation of the shareholders' equity as at 1 January 2018 and 31 December 2018 and the profit for the year 2018 were disclosed correctly in the 2019 consolidated financial statements.
- We assessed the completeness and the appropriateness of the disclosures according to Swiss GAAP FER in the 2019 consolidated financial statements.

The results of our audit are consistent with a correct implementation of the Swiss GAAP FER requirements in the consolidated financial statements.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Christian Kessler

Audit expert
Auditor in charge



Oliver Illa

Audit expert

Zürich, 28 February 2020

Holding company

Content

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Income statement of Bucher Industries AG

CHF million

	2019	2018
Income from investments	83.7	91.3
Royalty income	18.9	17.3
Administrative expenses	-7.1	-6.5
Operating profit (EBIT)	95.5	102.1
Finance costs	-73.2	-67.3
Finance income	77.0	66.4
Profit before tax	99.3	101.2
Income tax expense	-5.2	-7.4
Profit for the year	94.1	93.8

Balance sheet of Bucher Industries AG

CHF million	Note		
		31 December 2019	31 December 2018
Cash and cash equivalents		150.2	126.1
Other receivables		64.9	25.9
Accrued income		15.6	14.9
Current assets		230.7	166.9
Financial assets			
Loans		581.3	644.4
Investments		859.5	854.1
Intangible assets		0.2	0.3
Non-current assets		1'441.0	1'498.8
Assets		1'671.7	1'665.7
Interest-bearing liabilities			
Bonds	2.2	100.0	–
Loans and other bank borrowings	2.2	–	25.0
Other interest-bearing liabilities	2.2	125.2	131.9
Other liabilities		7.9	6.6
Accrued liabilities and deferred income		6.7	9.9
Current liabilities		239.8	173.4
Interest-bearing liabilities			
Bonds	2.2	100.0	200.0
Loans and other bank borrowings	2.2	366.7	338.9
Other liabilities		0.1	0.1
Provisions		4.5	5.7
Non-current liabilities		471.3	544.7
Total liabilities		711.1	718.1
Share capital	2.5	2.1	2.1
Statutory reserve		70.6	70.6
Distributable reserve		746.8	721.8
Retained earnings		53.2	66.2
Profit for the year		94.1	93.8
Treasury shares	2.6	–6.2	–6.9
Equity		960.6	947.6
Liabilities and equity		1'671.7	1'665.7

Notes to the financial statements of Bucher Industries AG

1. Information on this report

1.1 General information

These financial statements of Bucher Industries AG, incorporated in Niederweningen, have been prepared in accordance with the provisions of Swiss accounting law (title 32 of the Swiss Code of Obligations). The main valuation principles applied, other than those prescribed by law, are described below. In accordance with art. 961d paragraph 1 of the Swiss Code of Obligations, Bucher Industries AG did not present additional data in the notes or a cash flow statement, referring instead to the consolidated financial statements of Bucher Industries AG for the relevant information. The company does not have any employees.

1.2 Accounting policies

Cash pooling To ensure group-wide financial balance, group companies are integrated into Bucher Industries AG's cash pooling. The cash pool accounts are recognised at par value and recorded in other receivables and other interest-bearing liabilities.

Derivative financial instruments These instruments are shown in other receivables and other liabilities and are used to hedge exposure to interest rate and foreign currency fluctuations. The first-time accounting and the subsequent valuations are made at the respective fair value. This is based on observable market information at the end of the reporting period. Changes in fair value are recognised in the income statement.

Investments Investments are recognised at amortised cost, net of write-downs in the case of impairment. To evaluate an impairment, the carrying amount is compared with the recoverable amount. Investments which are considered an economic unit within the company, in the management and in the assessment of the business, are treated as a valuation unit. Information on the investments held, directly and indirectly, by Bucher Industries AG is provided in the list of group companies on pages 103 to 105 of the annual report.

Treasury shares Treasury shares are deducted from equity at cost. When resold, the gain or loss is recognised directly in equity (retained earnings).

Interest income/dividends Interest income is recorded over the anticipated term, so that it reflects the effective income on an asset. Dividends are recognised in income from investments at the time when the company becomes legally entitled to them.

Royalty income Royalty income consists of fees charged to group companies for the use of brand names.

2. Notes

2.1 Balances with group companies

CHF million

	2019	2018
Other receivables	60.6	20.1
Accrued income	15.6	14.9
Financial assets	581.3	644.4
Interest-bearing liabilities	-125.2	-131.9
Other liabilities	-2.5	-2.8
Accrued liabilities and deferred income	-3.5	-4.4
Loans	-351.7	-324.1

2.2 Interest-bearing liabilities

Interest-bearing liabilities mainly include bonds, bank borrowings and loans and cash pool accounts with group companies. Further information on the bonds is disclosed on page 97 of the annual report.

2.3 Assets and liabilities based on observable market data

CHF million

	2019	2018
Derivative financial instruments – assets	9.4	9.0
Derivative financial instruments – liabilities	-7.9	-6.6
Assets and liabilities based on observable market data	1.5	2.4

2.4 Contingent liabilities

The contingent liabilities have been incurred by the company mainly to cover group companies' obligations to banks in respect of credit and cash pool agreements. The maximum exposure was CHF 194.2 million (2018: CHF 196.8 million). The amount used at the reporting date was CHF 48.6 million (CHF 49.9 million). Bucher Industries AG is jointly liable for the VAT group of Bucher-Guyer AG as part of group taxation arrangements.

2.5 Share capital and shareholders

Bucher Industries AG has authorised but unissued capital representing a maximum of 1'184'100 registered shares of CHF 0.20 each, which is reserved for the exercise of warrants or conversion rights attached to bonds or the exercise of options under rights issued to shareholders. The registered shares are widely held by public shareholders.

Significant shareholders and their investments A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.2% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the share capital reduction in June 2012. The main conditions of the shareholders' agreement and the number of shares held by individual group members have not been published. At the reporting date, the Bucher Beteiligungs-Stiftung held less than 0.1% of the issued share capital, with the voting rights attached to these shares being suspended in accordance with art. 659a paragraph 1 of the Swiss Code of Obligations. At the reporting date, the board of Bucher Industries AG is not aware of any other persons who hold more than 3% of the issued share capital of Bucher Industries AG and is not aware of any shareholders entered in the share register with voting rights or groups of shareholders subject to voting agreements who hold more than 3% of the issued share capital.

Directors' interests in shares

		Number of shares	
		2019	2018
Philip Mosimann, chairman		47'924	47'355
Anita Hauser, deputy chairman		440'295	440'086
Claude R. Cornaz		3'943	3'759
Michael Hauser		605'313	605'129
Martin Hirzel		184	–
Heinrich Spoerry		3'931	3'747
Valentin Vogt		4'841	4'647
Board of directors		1'106'431	1'104'723

In the reporting period 1'708 shares (2018: 1'027) were allocated to the board of directors at a share price of CHF 359.60 (CHF 399.60) as part of their fees for their term of office 2018/2019 (term of office 2017/2018). Further information is disclosed in the remuneration report on page 65.

Group management's interests in shares

		Number of shares	
		2019	2018
Jacques Sanche	CEO	3'696	2'328
Manuela Suter	CFO	618	356
Stefan Düring	Bucher Specials	1'337	1'100
Martin Jetter	Bucher Emhart Glass	5'698	5'384
Thierry Krier	Kuhn Group	2'796	2'333
Aurelio Lemos	Bucher Municipal	938	621
Daniel Waller	Bucher Hydraulics	10'578	10'170
Group management		25'661	22'292

In the reporting period 3'369 shares (2018: 2'535) were allocated to group management for financial year 2018 at a share price of CHF 359.60 (CHF 399.60). Further information is disclosed in the remuneration report on page 66.

2.6 Treasury shares

As at 31 December 2019, Bucher Industries AG held 23'292 treasury shares (2018: 25'000). These shares were acquired on the stock exchange in the prior year at an average price of CHF 274.20 per share. The voting rights for treasury shares are suspended in accordance with art. 659a paragraph 1 of the Swiss Code of Obligations.

Proposal of the board of directors

Appropriation of retained earnings

CHF

	2019	2018
Retained profit carried forward as at 1 January	159'984'389	202'786'703
Transfer to distributable reserve	-25'000'000	-70'000'000
Dividend	-81'813'664	-66'625'000
Profit for the year	94'072'882	93'822'686
Retained earnings available for distribution	147'243'607	159'984'389

Proposal of the board of directors

CHF

	2019	2018
Retained earnings available for distribution	147'243'607	159'984'389
Transfer to distributable reserve	-25'000'000	-25'000'000
Dividend ¹⁾	-82'000'000	-82'000'000
Balance to be carried forward	40'243'607	52'984'389

¹⁾ The dividend is based on the issued share capital as at 31 December. No dividends will be distributed for treasury shares held by Bucher Industries AG.

Report of the statutory auditor

to the annual general meeting of Bucher Industries AG, Niederweningen

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bucher Industries AG, which comprise the income statement for the year ended 31 December 2019, the balance sheet as at 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 114 to 119) as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 10'000'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Impairment of investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 10'000'000
How we determined it	0.6% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark for a holding company, and it is a generally accepted benchmark for holding companies. In addition, total assets represent a generally accepted benchmark for materiality considerations of holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 500'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments

Key audit matter	How our audit addressed the key audit matter
Investments recognised on the balance sheet at CHF 859.5 million represent a significant portion of the assets.	In identifying the potential need for impairment of investments, group management follows a predefined impairment testing process.
The valuations of the companies are calculated using the intrinsic value respectively the capitalisation of earnings or discounted cash flow (DCF) methods, which require significant judgement in determining the parameters such as the capitalisation rate.	We compared the carrying amount of the investments in the year under review with the respective pro-rata share of the investee's equity respectively with the investee's enterprise value calculated using the capitalisation of earnings or discounted cash flow (DCF) methods.
Please refer to page 116 (Information on this report - Investments) in the notes to the financial statements and to pages 103 to 105 (Group structure – Group companies) in the notes to the consolidated financial statements.	We performed plausibility checks on the assumptions used by group management concerning the long-term growth rates and margins. We compared the discount rate with the cost of capital of the Group, taking into account the currency-specific particularities.
	Our audit results support the assumptions made by group management in assessing the impairment of investments.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Christian Kessler
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 28 February 2020

Five-year summary

Group

CHF million

	2019	2018	2017 ²⁾	2016 ²⁾	2015 ²⁾
Order intake	3'008.0	3'205.9	2'870.7	2'386.1	2'439.5
Net sales	3'106.0	3'064.5	2'647.4	2'380.4	2'490.4
Order book	1'018.7	1'136.8	960.3	727.7	688.4
Operating profit before depreciation and amortisation (EBITDA)	368.3	374.1	318.0	262.5	296.2
as % of net sales	11.9%	12.2%	12.0%	11.0%	11.9%
Operating profit (EBIT)	284.6	292.2	226.4	169.3	207.1
as % of net sales	9.2%	9.5%	8.6%	7.1%	8.3%
Net financial result	-3.1	-0.6	-1.1	-8.7	-13.3
Income tax expense	-53.5	-65.7	-57.6	-42.2	-53.8
as % of profit before tax	19.0%	22.5%	25.6%	26.3%	27.8%
Profit for the year	228.0	225.9	167.7	118.4	140.0
as % of net sales	7.3%	7.4%	6.3%	5.0%	5.6%
Capital expenditure	125.2	102.7	76.2	78.2	81.9
Operating free cash flow	162.7	100.7	148.2	189.5	157.8
Research and development costs	-127.5	-118.5	-110.0	-99.4	-96.1
Total assets	2'545.1	2'543.2	2'719.8	2'419.6	2'353.6
Cash and liquid assets	461.9	441.5	540.5	417.9	374.8
Receivables	555.2	623.9	550.6	467.8	498.6
Inventories	790.8	770.5	694.0	600.1	602.8
Investments and other financial assets – non-current	15.0	18.3	23.7	23.1	24.1
Property, plant and equipment	638.3	625.8	614.7	595.1	588.9
Intangible assets	20.9	14.2	234.9	246.4	205.6
Current liabilities	924.3	914.3	878.6	697.7	677.3
Non-current liabilities	227.9	332.9	409.1	498.3	522.2
Total liabilities	1'152.2	1'247.2	1'287.7	1'196.0	1'199.5
of which interest-bearing	247.3	282.2	326.3	356.5	385.2
Net cash/debt	214.6	159.3	214.2	61.4	-10.4
Equity	1'392.9	1'296.0	1'432.1	1'223.6	1'154.1
Equity ratio	54.7%	51.0%	52.7%	50.6%	49.0%
Return on equity (ROE)	17.0%	17.8%	12.6%	10.0%	11.9%
Net working capital	523.9	510.7	428.6	413.0	450.3
Net operating assets (NOA) average	1'214.1	1'155.5	1'273.9	1'293.1	1'295.7
Return on net operating assets (RONOA) after tax	19.0%	19.6%	13.2%	9.7%	11.5%
Number of employees at 31 December ¹⁾	13'107	13'054	12'108	11'175	11'072
Average number of employees ¹⁾	13'280	12'636	11'707	11'251	11'486
Net sales per employee	CHF 1'000	234	243	212	217

¹⁾ Expressed as full-time equivalents ²⁾ IFRS

Annual report 2019

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