BUCHER

Interim report

2020

Cover picture: The V65e is the new fully electric truck-mounted sweeper from Bucher Municipal. Thanks to zero emissions during operation and low noise levels, it is ideal for municipal sweeping.

Contents

Report to shareholders

Dear Shareholders,

As expected, 2020 began with demand for Bucher Industries' products and services solid overall. From mid-March, however, the situation deteriorated rapidly with the spread of the COVID-19 pandemic also in Europe. The occasionally drastic measures adopted by the authorities worldwide led to severe operational constraints. Numerous production sites were confronted with delays and interruptions in the supply chain, employee absences and reduced customer activity. The Group was therefore forced to temporarily shut down production at several sites. Some production sites were closed by official order of the authorities. Travel restrictions made it impossible to conduct personal customer visits,

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

render services and, at Bucher Emhart Glass and Bucher Vaslin, to negotiate major projects. In this difficult environment, the Group's order intake and sales were markedly down on the very high prior-year figures. The renewed appreciation of the Swiss franc against the major currencies had a negative impact of around 5 percentage points on order intake and sales. Bucher Industries immediately initiated measures to safeguard liquidity and profitability. The Group increased the committed credit facilities to CHF 300 million, is implementing a variety of cost-savings initiatives and adjusting capacities to the lower production volumes. As production conditions normalised, the number of full-time equivalents on short-time work was reduced from 1'800 at the end of April to 400 at the end of June. This mainly affected employees in France, Germany, Switzerland, Italy and the UK. At the end of the reporting period, all of Bucher Industries' sites were operational again, albeit some with certain restrictions. Despite the difficult conditions, the Group achieved a decent operating profit margin. Operating profit and profit for the period declined by around 40%.

CHF million	January – June		Change in			Full year
	2020	**2019**	**%**	**%[1]**	**%[2]**	**2019**
Order intake	1'152.9	1'449.1	–20.4	–15.7	–16.5	3'008.0
Net sales	1'356.7	1'661.0	–18.3	–13.8	–14.4	3'106.0
Order book	778.8	907.8	–14.2	–9.2	–9.9	1'018.7
Operating profit before depreciation and amortisation (EBITDA)	135.3	196.1	–31.0			368.3
as % of net sales	10.0%	11.8%				11.9%
Operating profit (EBIT)	94.4	154.7	–39.0			284.6
as % of net sales	7.0%	9.3%				9.2%
Profit for the period	68.1	121.6	–44.0			228.0
as % of net sales	5.0%	7.3%				7.3%
Earnings per share in CHF	6.71	11.77	–43.0			21.92
Operating free cash flow	–25.3	–72.0	64.9			162.7
Net cash/debt	77.5	1.8	n.a.			214.6
Total assets	2'368.5	2'517.3	–5.9			2'545.1
Equity	1'322.1	1'314.8	0.6			1'392.9
Equity ratio	55.8%	52.2%				54.7%
Return on equity (ROE)	13.2%	18.0%				17.0%
Net operating assets (NOA) average	1'207.9	1'200.4	0.6			1'214.1
Return on net operating assets (RONOA) after tax	11.6%	20.4%				19.0%
Number of employees at closing date	12'412[3]	13'281	–6.5		–8.3	13'107

[1] Adjusted for currency effects [2] Adjusted for currency, acquisition and divestment effects
[3] 12'811 employees (FTEs), of whom 399 on short-time work

COVID-19 dominated the business development in the second quarter

While Kuhn Group started the year off well, the division's market environment then deteriorated rapidly. The pandemic had a considerable impact on the demand in the gastronomic sector and disrupted production and supply chains, pushing down the prices for dairy products and meat. Especially in North America, prices for agricultural producers temporarily decreased markedly, putting further pressure on their already very low incomes. For the arable sector, weather conditions were generally favourable, but prices remained at a low level. In Europe, COVID-19 added to the existing challenges and uncertainties. The market situation in Brazil remained good, thanks to the favourable conditions for farmers. In this regionally divergent environment, Kuhn Group's order intake was only slightly lower. The division's production in France had to be halted in mid-March. This happened during its most important production months. It therefore made a concerted effort to compensate for the constraints in production and deliver the machinery its customers required. Thanks to the outstanding support of many employees, Kuhn Group achieved good operational performance under these very difficult circumstances.

After remaining stable at a high level in the first quarter of 2020, demand for Bucher Municipal products declined markedly in the second quarter. In the key markets of the UK, Russia, France, Italy and Spain, the widespread economic shutdown caused a pronounced decline in demand. In addition to the shutdown of sites imposed by the authorities, problems also occurred in the division's supply chain, as key suppliers temporarily suspended their operations. Sales at Bucher Municipal declined significantly and the operating profit margin decreased accordingly.

At Bucher Hydraulics, as well, demand in the first quarter of 2020 was at the same level as in the previous year, but fell substantially in the second quarter. Machinery manufacturers reduced their production or closed down operations for several weeks, leading to a corresponding decline in demand for hydraulic components. Demand stabilised or even recovered slightly towards the end of the first half-year, but remained well below the prior-year level. Against this backdrop, order intake and sales at Bucher Hydraulics were significantly lower. Thanks to capacity adjustments, the division's operating profit margin, although lower, was good given the circumstances.

Demand for glass container manufacturing equipment plummeted in the first half of 2020. The significant decline in the consumption of beverages in glass containers caused considerable uncertainty among Bucher Emhart Glass' customers and resulted in project postponements. In China, the decline in demand was even more pronounced than in other regions. In this environment, the division saw order intake fall by more than half compared to the exceptionally high level of the prior-year period. It was also severely affected by logistics bottlenecks and travel restrictions. This made it impossible for sales staff and service technicians to visit customers on site. In China, Bucher Emhart Glass continued to adapt capacities and reduce headcount. Overall, sales and the operating profit margin declined markedly.

The business units of Bucher Specials serving the beverage industry saw a major drop in demand. Bucher Vaslin was hit by the long lockdown of public and economic life in its main markets of France, Italy, Spain and the USA. Project postponements by customers also caused a very strong decline in order intake at Bucher Unipektin. In contrast, sales developed positively, primarily due to the strong order book at the beginning of the reporting period. The business trend for Bucher Landtechnik was positive, despite the uncertainties still present in Switzerland's agricultural market. Jetter felt the decreasing demand at Bucher Emhart Glass. In this difficult environment, order intake at Bucher Specials was strongly reduced. Sales and the operating profit margin also declined.

Well prepared for further challenges

Bucher Industries has initiated various measures to safeguard liquidity. The Group increased its focus on the management of working capital, postponed investments and increased committed credit facilities by CHF 140 million to CHF 300 million. The reduction of inventories of finished goods and lower receivables had a positive effect on free cash flow and thus on net cash, which stood at a pleasing CHF 78 million and was significantly higher than the previous year. The Group, with its long-term perspective and solid financial basis, remains committed to important strategic investments. The main focus has been on the construction projects of Kuhn Group in France and Russia and of Bucher Municipal in the UK. At the beginning of the reporting period, the Group invested further in external growth by acquiring Eurovoirie and Industria de Maquinaria Luzzisa. The return on net operating assets (RONOA) after tax was 11.6%, significantly below the long-term target of 20%, but still exceeding the cost of capital. The lower return is due to the significant decline in operating profit coupled with a stable development in average net operating assets. The equity ratio was 56%. Given this solid financial position, Bucher Industries is well prepared for further challenges.

Sustainability report 2019

At the end of June, Bucher Industries published its sustainability report 2019. Bucher Industries' sustainability strategy consists of the four pillars of Environment, Customers, Employees and Compliance. A strong focus lies on reducing the impact of its products on the environment by steadily developing them to increase their efficiency and productivity. By doing so, the Group enables its customers to use less resources when operating the machines and vehicles and, at the same time, to be more profitable. Examples include a farmer in the UK who transferred to a no-till system with the Aurock seed drill from Kuhn Group; Bucher Municipal's new V65e truck-mounted sweeper, which meets an increasing demand for low-emission and low-noise municipal vehicles; and the AX linear drive from Bucher Hydraulics, which meets requirements regarding major reductions in CO_2 emissions. With Bucher Emhart Glass' technology, the quality of glass containers is higher, which reduces losses in the manufacturing process. And at Bucher Landtechnik's Precision Center, specialists support farmers with GPS steering systems on tractors and section control on equipment to reduce overlap in the application of seeds, fertiliser and crop protection products. Bucher Industries applies the standards of the Global Reporting Initiative to report on sustainability. The sustainability report 2019 is available on the website.

Outlook for 2020

The Group anticipates a gradual recovery in business performance in the second half of the year. The outlook is based on the assumption that all production sites are operational, albeit with certain restrictions related to employee health protection measures. Overall, uncertainties remain high and visibility severely limited, however. Kuhn Group expects prices in the arable sector to persist at a low level and the consumption of dairy products and meat to be dampened by the global economic crisis. Farm income in general is therefore likely to remain under pressure, especially in North America. For 2020, the division expects a decline in sales in line with the first six months of the year. The operating profit margin is likely to be lower than in the reporting period due to seasonal effects. Bucher Municipal is anticipating an improved market climate for the remainder of the year. For this reason, the division is expecting sales in the second half to recover as compared to the reporting period. The operating profit margin for the full year is likely to figure in the mid-single-digit range. Bucher Hydraulics expects the hydraulics market to gradually stabilise in the second half of the year. However, the uncertainties for machinery manufacturers remain high. The division expects the sales decline for 2020 to be comparable to that in the first half of the year. Despite the substantial decline in sales, a high single-digit operating profit margin is anticipated. Bucher Emhart Glass expects demand to recover only very slowly over the remainder of the year. Sales should recover in the second half of the year compared to the first half thanks to a good order book. The operating profit margin is likely to be in line with that of the reporting period. Bucher Specials expects the difficult environment in the beverage industry to persist due to ongoing uncertainties. For the year as a whole, the division anticipates a marked decline in sales as compared to 2019. The operating profit margin should remain positive, thanks to various cost-savings initiatives. Despite the existing uncertainties, the Group expects to see a sales decline for the whole year in line with the first half of the year, an operating profit margin in the mid-single-digit range and a corresponding profit for the year.

Niederweningen, 30 July 2020

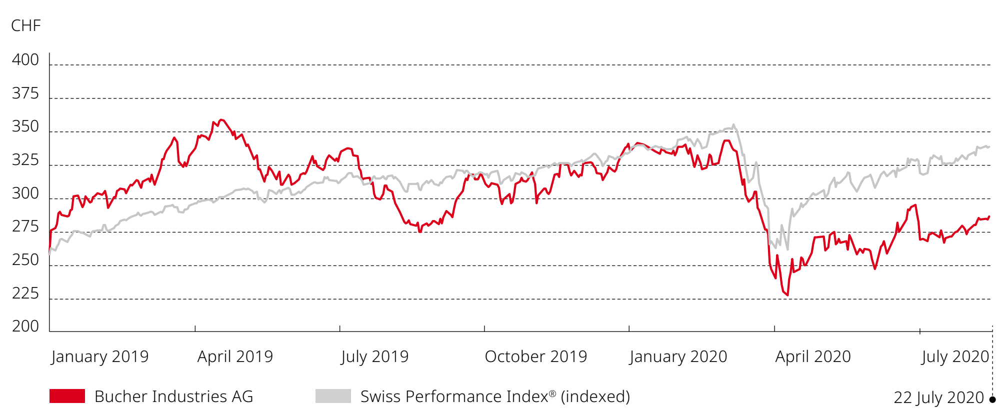
Philip Mosimann
Chairman of the Board of Directors

Jacques Sanche
Chief Executive Officer

Financial calendar

Release of third-quarter 2020 group sales	27 October 2020	06:00
Release of 2020 group sales	28 January 2021	06:00
Annual report 2020	3 March 2021	06:00
Annual press conference	3 March 2021	09:00
Annual analyst conference	3 March 2021	15:00
Annual general meeting (Mövenpick Hotel, Regensdorf)	15 April 2021	15:30
First trading date ex-dividend	19 April 2021	
Dividend payment	21 April 2021	
Release of first-quarter 2021 group sales	27 April 2021	06:00
Sustainability report 2020	24 June 2021	06:00
Interim report 2021	29 July 2021	06:00
Conference call on the interim results 2021	29 July 2021	10:00
Release of third-quarter 2021 group sales	26 October 2021	06:00

Share price performance



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Divisional reports

Bucher Industries comprises 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

CHF million	January – June		Change in		Full year
	2020	**2019**	**%**	**%[1]**	**2019**
Order intake	426.7	440.2	– 3.1	4.8	1'141.1
Net sales	584.2	679.1	– 14.0	– 8.1	1'177.3
Order book	235.6	213.9	10.1	18.3	411.2
Operating profit (EBITDA)	68.5	80.5	– 14.9		134.8
as % of net sales	11.7%	11.8%			11.5%
Operating profit (EBIT)	51.3	62.3	– 17.7		98.2
as % of net sales	8.8%	9.2%			8.3%
Number of employees at closing date	5'158[2]	5'354	– 3.7		5'188

[1] Adjusted for currency effects [2] 5'213 employees (FTEs), of whom 55 on short-time work

Good operating performance under very difficult conditions

Following a good start of the year, the division's market environment deteriorated. The COVID-19 pandemic had a considerable impact on the demand in the gastronomic sector and disrupted production and supply chains. At the beginning of the year, the North American market improved as expected at a low level, until the pandemic began to have increasingly negative effects. Prices for dairy products and meat temporarily decreased markedly for agricultural producers, putting further pressure on their already very low incomes. For the arable sector, weather conditions were generally favourable, but prices remained on a low level due to persistently high stocks. In Europe, COVID-19 added to the existing challenges posed by low prices for arable crop products and the uncertainties surrounding future agricultural policies. In Brazil, the market situation remained good thanks to the favourable conditions for agricultural producers. In this regionally divergent environment, Kuhn Group's order intake was only slightly lower. The division's production had to be halted in France in mid-March. It made a concerted effort to maintain critical activities such as customer support and distribution of spare parts and finished machines during April and May, the two most important production months. In April, approximately 800 employees were on short-time work. Employees voluntarily returned to work in successive waves, and production was resumed at close to full capacity prior to the end of the lockdown in mid-May. Thanks to the outstanding support of many employees, the division achieved good operational performance under these very difficult circumstances. The operating profit margin could thus be sustained at nearly the same level as in the prior-year period, despite the marked decline in sales.

Outlook for 2020

Kuhn Group expects prices in the arable sector to remain low and consumption of dairy products and meat to be dampened by the global economic crisis. Farm income in general is therefore likely to remain under pressure, especially in North America. For 2020, Kuhn Group expects a decline in sales in line with the first six months of the year. The operating profit margin is likely to be lower than in the reporting period, due to seasonal effects.

Bucher Municipal

CHF million	January – June		Change in			Full year
	2020	**2019**	**%**	**%[1]**	**%[2]**	**2019**
Order intake	225.4	263.0	–14.3	–9.2	–13.8	520.0
Net sales	215.0	260.3	–17.4	–12.5	–16.3	541.2
Order book	165.1	182.7	–9.6	–4.4	–8.2	158.9
Operating profit (EBITDA)	12.5	26.4	–52.7			54.9
as % of net sales	5.8%	10.2%				10.2%
Operating profit (EBIT)	7.8	22.0	–64.5			45.7
as % of net sales	3.6%	8.5%				8.4%
Number of employees at closing date	2'309[3]	2'271	1.7		–6.9	2'370

1) Adjusted for currency effects 2) Adjusted for currency and acquisition effects
3) 2'314 employees (FTEs), of whom 5 on short-time work

Demand and supply chain impacted by lockdown

After remaining stable at a high level in the first quarter of 2020, demand for Bucher Municipal products declined markedly in the second quarter, mainly as a consequence of the spread of COVID-19. In the key markets of Russia, France, Italy, Spain and the UK, the widespread economic shutdown caused a pronounced decline in demand, especially in April and May. In the refuse collection and sewer cleaning equipment product groups, major orders served to keep order intake stable. In contrast, orders for sweepers were down, and demand for winter maintenance equipment weakened significantly compared to the good prior-year period, owing to the mild winter in Europe and Russia. Order intake at Bucher Municipal was markedly lower. The division was impacted by the shutdowns imposed by the authorities on the sites in China, France and Italy. In addition, problems occurred in the supply chain, especially in April. Key suppliers in Italy and the UK suspended their operations. Hence, truck chassis were not available for assembly in the truck-mounted sweepers and sewer cleaning vehicles, nor motors for compact sweepers. As a consequence, the production sites in the UK and Latvia had to be temporarily closed. All sites resumed production in the course of the second quarter. The serial production of the new fully electric compact sweeper “CityCat V20e” at the Latvian site started as planned. The vehicle attracts considerable interest. Sales at Bucher Municipal declined significantly and the operating profit margin decreased accordingly. Despite the difficult circumstances in the reporting period, the division pushed ahead with the integration of the company Eurovoirie.

Outlook for 2020

Bucher Municipal is anticipating an improved market climate for the remainder of the year and has an overall solid order book. Sales for the division tend to be stronger in the second half of the year. For this reason, the division is expecting sales in the second half to recover as compared to the reporting period. The operating profit margin for the full year is likely to figure in the mid-single-digit range.

Bucher Hydraulics

CHF million	January – June		Change in		Full year
	2020	2019	%	%[1]	2019
Order intake	258.5	300.6	–14.0	–10.5	563.7
Net sales	267.7	351.7	–23.9	–20.8	648.5
Order book	100.4	148.9	–32.6	–29.6	113.3
Operating profit (EBITDA)	36.3	56.0	–35.2		102.3
as % of net sales	13.6%	15.9%			15.8%
Operating profit (EBIT)	25.4	45.2	–43.8		80.8
as % of net sales	9.5%	12.8%			12.5%
Number of employees at closing date	2’278[2]	2’864	–20.5		2’766

[1] Adjusted for currency effects [2] 2’558 employees (FTEs), of whom 280 on short-time work

Temporary reductions and closures among machinery manufacturers

In the first quarter of 2020, demand for hydraulic components and solutions was stable versus the previous year. In the second quarter, however, there was a strong drop in demand as a result of the COVID-19 pandemic. Machinery manufacturers very quickly reduced their production or closed down operations for several weeks. The demand for hydraulic components declined accordingly. All of the segments important to Bucher Hydraulics – construction equipment, agricultural machinery and materials handling – were hard hit. In the course of the reporting period, China began recovering in the second quarter, while demand stabilised at a low level in the USA and climbed again in Europe following the low in April, though it remained well below the prior-year level. Against this backdrop, order intake at Bucher Hydraulics was significantly lower. The division had to temporarily close the production sites in China, India and Italy in line with authorities’ shutdown orders. With the proper safety measures in place, production at the sites in Germany, Switzerland and the USA could be largely sustained. Sales were down strongly in all relevant segments. With order intake lower while production continued, the order book decreased significantly versus its exceptionally high level in the prior-year period. The division continued the measures initiated in the first quarter to adapt to the lower capacity utilisation. Job cuts mainly affected temporary personnel and staff with a fixed-term contract. Thanks to these measures, the division’s operating profit margin, although lower, was good given the circumstances.

Outlook for 2020

Bucher Hydraulics expects the hydraulics market to gradually stabilise in the second half of the year. However, the uncertainties for machinery manufacturers remain high. Consequently, demand for hydraulic components is likely to be lower year on year. The division expects to see a sales decline for 2020 comparable to that in the first half of the year. Despite the substantial decline in sales, the operating profit margin should nonetheless be in the high-single-digit range.

Bucher Emhart Glass

CHF million	January – June		Change in			Full year
	2020	**2019**	**%**	**%[1]**	**%[2]**	**2019**
Order intake	134.2	310.7	–56.8	–54.3	–54.4	523.5
Net sales	179.2	257.8	–30.5	–26.4	–26.1	487.2
Order book	214.2	283.9	–24.6	–20.1	–19.5	270.5
Operating profit (EBITDA)	19.7	36.8	–46.5			74.4
as % of net sales	11.0%	14.3%				15.3%
Operating profit (EBIT)	15.1	32.3	–53.3			65.5
as % of net sales	8.4%	12.5%				13.5%
Number of employees at closing date	1’694	1’753	–3.4		–3.1	1’770

[1] Adjusted for currency effects [2] Adjusted for currency, acquisition and divestment effects

Strong uncertainty among manufacturers of glass containers

Demand for glass container manufacturing equipment plummeted in the first half of 2020. The decline came against a very high level in the prior-year period, however, during which manufacturers had invested heavily in expanding and modernising their production lines. The massive drop in restaurant business, cancellations of major events and temporary bans on alcohol in some countries all contributed to the significantly lower demand for glass containers in the last few months. As a consequence, manufacturers deferred their investment budgets, leading to major postponements of projects. In China, the decline in demand was even more pronounced than elsewhere, as it followed a phase of strong investment in the preceding years. In this environment, order intake at Bucher Emhart Glass fell by more than half from the exceptionally high prior-year period. In addition to the closures of production sites in China, Malaysia and partly in the USA, the division’s operations were also severely affected by logistics bottlenecks and travel restrictions in the second quarter. This made the negotiation of major projects and shipping of equipment and installation at customer sites impossible. Not until the end of the reporting period was it possible to resume these activities as borders began a partial reopening. The division is also increasingly using digital solutions to interact with customers and remotely configure machinery. In China, Bucher Emhart Glass continued adapting capacities and reducing headcount. Overall, sales and the operating profit margin declined markedly.

Outlook for 2020

The division anticipates only a very slow recovery in demand during the remainder of the year. It expects glass container manufacturers to remain cautious in expanding and modernising their production lines, preferring in general to invest more in repairing their existing installations. Nevertheless, Bucher Emhart Glass anticipates that sales will recover in the second half of the year compared with the first half, as the order book is good. The operating profit margin is likely to be in line with the reporting period.

Bucher Specials

CHF million	January – June		Change in			Full year
	2020	**2019**	**%**	**%[1)]**	**%[2)]**	**2019**
Order intake	126.8	163.5	–22.4	–20.2	–21.6	323.5
Net sales	137.3	145.4	–5.6	–3.4	–5.3	316.0
Order book	71.5	91.4	–21.8	–19.3	–21.0	81.7
Operating profit (EBITDA)	6.8	8.2	–17.1			24.7
as % of net sales	5.0%	5.6%				7.8%
Operating profit (EBIT)	4.6	6.0	–23.3			19.5
as % of net sales	3.4%	4.1%				6.2%
Number of employees at closing date	908[3)]	971	–6.5		–10.1	948

[1)] Adjusted for currency effects [2)] Adjusted for currency and acquisition effects
[3)] 967 employees (FTEs), of whom 59 on short-time work

Difficulties in the beverage industry

Bucher Vaslin and Bucher Unipektin, the two business units serving the beverage industry, saw a major drop in demand. Bucher Vaslin was hit by the long lockdown of public and economic life in its main markets of France, Italy, Spain and the USA. The suspension of restaurants' business and sales directly from cellars has kept the stocks of wineries unusually high. Bucher Vaslin thus saw winemakers curtail their investments and postpone projects. Production was also hampered. The sites in France were temporarily closed and travel restrictions impeded equipment installation at wineries. Project postponements by customers also caused a very strong decline in order intake at Bucher Unipektin. Sales, on the other hand, continued to develop positively. The business unit benefited from the good order book at the start of the reporting period and the fact that production in Switzerland could be sustained. The acquisition in February of the Spanish company Luzzysa, a manufacturer of equipment for processing citrus fruit, contributed to sales growth. Demand developed positively for Bucher Landtechnik, despite the uncertainties still present in Switzerland's agricultural market. The business unit had some trouble with suppliers who could not deliver their products on time due to factory closures. Overall, sales developed positively for Bucher Landtechnik. Jetter was impacted by the decreasing demand at Bucher Emhart Glass and also saw a strong decline in order intake. In this difficult environment, order intake at Bucher Specials was strongly reduced. Sales and the operating profit margin also declined.

Outlook for 2020

The division anticipates that Bucher Vaslin, Bucher Unipektin and Jetter will continue to be subject to high levels of uncertainty for the rest of the year. Postponements in customer projects in the beverage industry and a weaker order book at mid-year are likely to cause sales for the year as a whole to be markedly lower than in 2019. The operating profit margin should remain positive, thanks to various cost-savings initiatives.

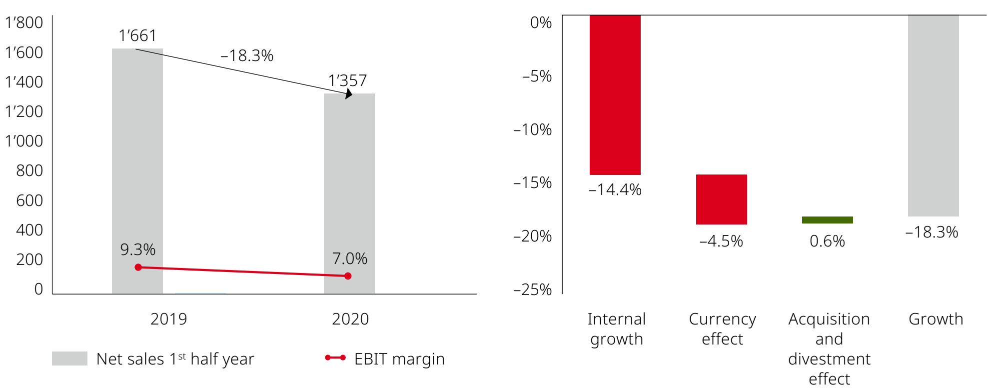
Financial report

Bucher Industries was confronted with lower capacity utilisation and the effects of the COVID-19 pandemic in the first half of the year. Various measures were initiated to safeguard liquidity and profitability: the Group adjusted its capacity, implemented cost-savings programmes, increased its focus on reducing net working capital, postponed investments and further increased its credit facilities.

Financial review

Performance

Decent margin with a marked downturn in sales



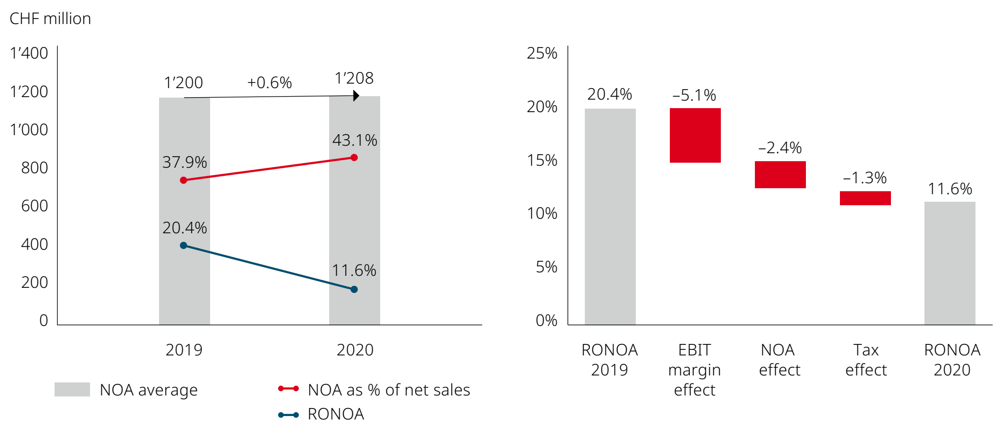
Downturn in sales in a difficult market environment Delays and interruptions in the supply chain, employee absences and reduced customer activities as a result of COVID-19 caused the Group to shut down its production temporarily at several sites. However, customer satisfaction remained the point of focus, and a concerted effort was made to ensure that customers received the products on time. The gradual easing of restrictions by authorities led to a slight recovery towards the end of the reporting period, but on a low level. Consequently, the sales dropped markedly compared with the very high prior year. The renewed appreciation of the Swiss franc against the major currencies had a negative impact of 4.5 percentage points. Compared with the first half of 2019, the changes in the average exchange rates against the Swiss franc were as follows: EUR –5.4%, USD –2.8%, GBP –5.3%, SEK –6.8% and BRL –21.5%.

Operating performance dominated by temporary closures The operating profit margin was 7.0%, 2.3 percentage points lower than the good margin of the previous year, and this is primarily as a result of the lower sales and the temporary closures. On the other hand, strict cost-optimisation programmes were in place and the number of employees was reduced in line with the lower workload. Adjusted for acquisitions the number of full-time equivalents decreased by 8.3%. In April, 1'800 full-time equivalents were on short-time work. The compensation received for this reduced the employment costs accordingly. Furthermore, the operating profit margin was impacted by negative currency effects of CHF 4.4 million from unhedged foreign currency items.

Profit for the period still positive Compared with the first half of 2019, the profit for the period dropped by CHF 53.5 million to CHF 68.1 million, or 5.0% of net sales. The financial result was CHF –2.5 million. The income tax expense was accrued on the basis of the expected effective tax rates for the current financial year and amounted to CHF 23.8 million. The effective tax rate was 25.9%, higher than the 20.7% recorded for the first half of 2019.

Invested capital

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

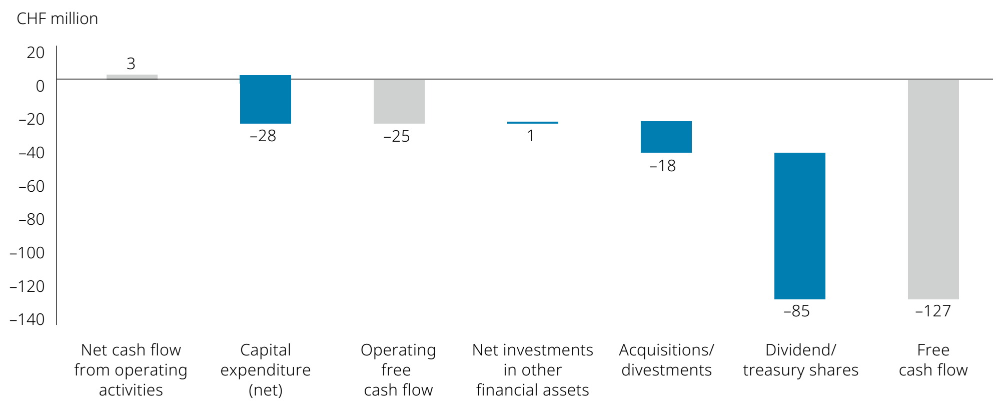


The return on net operating assets continues to exceed the cost of capital The return on net operating assets (RONOA) after tax was 11.6%, significantly lower than the long-term target of 20%, but still above the cost of capital. The lower return is primarily a result of the significant decrease in the margin. The average net operating assets remained stable, while the net operating assets at 30 June 2020 could be reduced by CHF 79.8 million compared with the previous year. The decrease is primarily due to the reduction of inventories of finished goods and accounts receivable in the second quarter. Due to seasonality, the net operating assets on the reporting date increased by CHF 61.3 million compared with the year end. The increase was considerably lower than in the first half of 2019 and thus had a positive effect on the net cash flow from operating activities.

Reduced investment activity In the reporting period, Bucher Industries reduced its investments to CHF 29.2 million. The Group, with its long-term perspective and solid financial basis, remains committed to important strategic investments. The main focus has been on the construction projects of Kuhn Group in France and Russia, and of Bucher Municipal in the UK. At the beginning of the reporting period, the Group invested further in external growth by acquiring Eurovoirie and Industria de Maquinaria Luzzisa. The consideration for the companies acquired was CHF 22.3 million and the cash flow from acquisitions was CHF 18.3 million. The acquired companies have generated net sales of CHF 5.1 million since the acquisition dates.

Financing and risk management

Free cash flow



Positive net cash flow from operating activities The net cash flow from operating activities was CHF 3.0 million, an improvement of CHF 33.8 million compared with the negative value in the previous year. The seasonal increase in net working capital was significantly lower than in the previous year and more than compensated for the decrease in the profit for the period. The investments in internal and external growth, as well as the dividend were almost the same as in the first half of 2019. The negative free cash flow was CHF 127.4 million, an improvement of CHF 28.6 million.

CHF million	January – June 2020	January – June 2019	Full year 2019
Net cash flow from operating activities	**3.0**	**– 30.8**	**284.7**
Purchases of property, plant and equipment and intangible assets	– 29.2	– 42.2	– 125.2
Sale of property, plant and equipment	0.9	1.0	3.2
Operating free cash flow	**– 25.3**	**– 72.0**	**162.7**
Changes in other non-current financial assets	1.1	2.0	2.9
Acquisitions	– 18.3	– 4.3	– 26.8
Divestments	–	–	14.9
Acquisition of minority interests	–	–	– 4.3
(Purchase)/sale of treasury shares	– 2.8	0.2	0.6
Dividend paid/received	– 82.1	– 81.9	– 83.5
Free cash flow	**– 127.4**	**– 156.0**	**66.5**

Solid financial situation At mid-year, the Group held cash and liquid assets of CHF 324.7 million compared with financial liabilities of CHF 247.2 million. Net cash/debt thus amounted to CHF 77.5 million, significantly higher than in the previous year (30 June 2019: CHF 1.8 million). At mid-year an additional CHF 300.0 million was available in unused committed credit facilities. The financial covenants are reviewed every six months. All credit terms were complied with on the reporting date of 30 June 2020. The equity ratio was 55.8%. With this solid financial situation, Bucher Industries remains well equipped to meet further challenges.

Consolidated financial statements

Consolidated income statement

CHF million	January – June		January – June		Full year	
	2020	**%**	**2019**	**%**	**2019**	**%**
Net sales	**1'356.7**	**100.0**	**1'661.0**	**100.0**	**3'106.0**	**100.0**
Changes in inventories of finished goods and work in progress	25.9		19.4		10.2	
Raw materials and consumables used	–713.1		–869.4		–1'588.2	
Employment costs	–381.8		–431.6		–817.8	
Other operating income	8.9		10.8		34.4	
Other operating expenses	–161.3		–194.1		–376.3	
Operating profit before depreciation and amortisation (EBITDA)	**135.3**	**10.0**	**196.1**	**11.8**	**368.3**	**11.9**
Depreciation	–39.0		–39.8		–79.8	
Amortisation	–1.9		–1.6		–3.9	
Operating profit (EBIT)	**94.4**	**7.0**	**154.7**	**9.3**	**284.6**	**9.2**
Share of profit/(loss) of associates	0.6		1.1		0.3	
Finance costs	–3.9		–3.8		–6.8	
Finance income	0.8		1.3		3.4	
Profit before tax	**91.9**	**6.8**	**153.3**	**9.2**	**281.5**	**9.1**
Income taxes	–23.8		–31.7		–53.5	
Profit for the period	**68.1**	**5.0**	**121.6**	**7.3**	**228.0**	**7.3**
Attributable to owners of Bucher Industries AG	68.5		120.3		224.1	
Attributable to minority interests	–0.4		1.3		3.9	
Basic earnings per share in CHF	6.71		11.77		21.92	
Diluted earnings per share in CHF	6.71		11.76		21.92	

Consolidated balance sheet

CHF million

	30 June 2020	30 June 2019	31 December 2019
Cash and cash equivalents	290.3	285.1	425.7
Other financial assets	34.4	47.8	36.2
Trade receivables	450.6	564.2	461.5
Other receivables, prepayments and accrued income	114.4	105.0	83.4
Inventories	766.5	796.9	790.8
Current assets	**1’656.2**	**1’799.0**	**1’797.6**
Receivables	8.7	11.3	10.3
Property, plant and equipment	608.3	618.6	638.3
Intangible assets	20.4	15.1	20.9
Other financial assets	3.2	8.2	4.4
Investments in associates	11.9	11.6	10.6
Deferred income tax assets	59.8	53.5	63.0
Non-current assets	**712.3**	**718.3**	**747.5**
Assets	**2’368.5**	**2’517.3**	**2’545.1**
Financial liabilities	112.8	97.3	114.4
Trade payables	227.6	293.3	252.8
Advances from customers	107.2	121.3	247.4
Provisions	54.0	56.2	56.7
Other liabilities, accruals and deferred income	324.0	307.3	253.0
Current liabilities	**825.6**	**875.4**	**924.3**
Financial liabilities	134.4	233.8	132.9
Provisions	10.6	12.3	11.1
Other liabilities	12.7	14.6	13.8
Deferred income tax liabilities	23.1	28.3	29.3
Pension benefit obligations	40.0	38.1	40.8
Non-current liabilities	**220.8**	**327.1**	**227.9**
Total liabilities	**1’046.4**	**1’202.5**	**1’152.2**
Share capital	2.1	2.1	2.1
Treasury shares	–6.9	–6.7	–6.5
Retained earnings	1’309.4	1’301.3	1’378.5
Attributable to owners of Bucher Industries AG	**1’304.6**	**1’296.7**	**1’374.1**
Attributable to minority interests	17.5	18.1	18.8
Equity	**1’322.1**	**1’314.8**	**1’392.9**
Liabilities and equity	**2’368.5**	**2’517.3**	**2’545.1**

Consolidated cash flow statement

CHF million	January – June 2020	January – June 2019	Full year 2019
Profit for the period	**68.1**	**121.6**	**228.0**
Income tax expense	23.8	31.7	53.5
Share of (profit)/loss of associates	–0.6	–1.1	–0.3
Other net financial result	3.1	2.5	3.4
Depreciation and amortisation	40.9	41.4	83.7
Other operating cash flow items	–2.2	0.4	0.2
Gain on divestment	–	–	–7.6
Gain on sale of property, plant and equipment	–0.5	–0.3	–1.7
Interest received	0.8	0.7	2.8
Interest paid	–0.3	–0.6	–3.0
Income tax paid	–20.9	–25.8	–52.2
Change in provisions and pension benefit obligations	–0.8	2.8	7.0
Change in receivables	–20.0	–66.1	51.4
Change in inventories	5.8	–35.5	–35.6
Change in advances from customers	–135.2	–130.0	1.9
Change in payables	35.5	33.9	–37.8
Other changes in net working capital	5.5	–6.4	–9.0
Net cash flow from operating activities	**3.0**	**–30.8**	**284.7**
Purchases of property, plant and equipment	–27.4	–39.5	–113.9
Sale of property, plant and equipment	0.9	1.0	3.2
Purchases of intangible assets	–1.8	–2.7	–11.3
Purchases of other financial assets	–	–35.0	–35.0
Sale of other financial assets	2.1	14.3	26.8
Acquisitions	–18.3	–4.3	–26.8
Divestments	–	–	14.9
Dividend received	–	0.2	0.2
Net cash flow from investing activities	**–44.5**	**–66.0**	**–141.9**
(Purchases)/sale of treasury shares	–2.8	0.2	0.6
Proceeds from/(repayment of) non-current financial liabilities	5.1	2.8	1.0
Proceeds from/(repayment of) current financial liabilities	–4.6	47.4	–37.3
Acquisition of minority interests	–	–	–4.3
Dividend paid	–82.1	–82.1	–83.7
Net cash flow from financing activities	**–84.4**	**–31.7**	**–123.7**
Effect of exchange rate changes	–9.5	–1.9	–8.9
Net change in cash and cash equivalents	**–135.4**	**–130.4**	**10.2**
Cash and cash equivalents at 1 January	425.7	415.5	415.5
Cash and cash equivalents at closing date	**290.3**	**285.1**	**425.7**

Consolidated statement of changes in equity

CHF million	Share capital	Treasury shares	Retained earnings				Attributable to owners of Bucher Industries AG	Minority interests	Total equity
			Offset goodwill	Currency translation reserve	Cash flow hedge reserve	Other retained earnings			
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 period						120.3	**120.3**	1.3	**121.6**
Change in currency translation reserve				–16.1			**–16.1**	–0.1	**–16.2**
Change in cash flow hedge reserve					–1.8		**–1.8**	–	**–1.8**
Share-based payments		2.2				–0.6	**1.6**		**1.6**
Change in minority interests						–3.1	**–3.1**	–1.2	**–4.3**
Dividend						–81.8	**–81.8**	–0.3	**–82.1**
Balance at 30 June 2019	**2.1**	**–6.7**	**–225.8**	**–60.2**	**–1.8**	**1'589.1**	**1'296.7**	**18.1**	**1'314.8**
Balance at 1 January 2020	**2.1**	**–6.5**	**–237.6**	**–79.0**	**1.0**	**1'694.1**	**1'374.1**	**18.8**	**1'392.9**
Profit for the period						68.5	**68.5**	–0.4	**68.1**
Change in currency translation reserve				–42.4			**–42.4**	–0.6	**–43.0**
Change in cash flow hedge reserve					–1.3		**–1.3**	–	**–1.3**
Purchase of treasury shares		–2.8					**–2.8**		**–2.8**
Share-based payments		2.4				–1.6	**0.8**		**0.8**
Goodwill offset			–10.5				**–10.5**		**–10.5**
Dividend						–81.8	**–81.8**	–0.3	**–82.1**
Balance at 30 June 2020	**2.1**	**–6.9**	**–248.1**	**–121.4**	**–0.3**	**1'679.2**	**1'304.6**	**17.5**	**1'322.1**

Notes to the consolidated financial statements

1. Information on this report

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.

Basis of preparation The unaudited condensed financial statements for the six months ended 30 June 2020 have been prepared in accordance with the entire Swiss GAAP FER accounting and reporting recommendations in general and Swiss GAAP FER 31 "Complementary recommendation for listed companies" in particular. As the consolidated interim financial statements do not include all the disclosures contained in the consolidated annual financial statements, this interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019.

Significant management assumptions and estimates The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent assets and liabilities at the date of the financial statements. 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. The assumptions underlying the evaluation of the economic benefits or economic obligations of the pension plans were reassessed. Income tax is accrued using the expected average effective tax rates for the current financial year. Apart from these, management made no new assumptions or estimates in the consolidated interim financial statements compared with the consolidated financial statements for the year ended 31 December 2019.

Performanace 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 here: bucherindustries.com/en/additional-performance-measures

2. 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)		
	January – June			January – June			30 June	31 December	
	2020	**2019**	**%**	**2020**	**2019**	**%**	**2020**	**2019**	**%**
Kuhn Group	584.2	679.1	–14.0	51.3	62.3	–17.7	414.9	373.6	11.1
Bucher Municipal	215.0	260.3	–17.4	7.8	22.0	–64.5	232.8	216.5	7.5
Bucher Hydraulics	267.7	351.7	–23.9	25.4	45.2	–43.8	290.0	294.3	–1.5
Bucher Emhart Glass	179.2	257.8	–30.5	15.1	32.3	–53.3	185.9	174.9	6.3
Bucher Specials	137.3	145.4	–5.6	4.6	6.0	–23.3	90.8	81.8	11.0
Reportable segments	**1'383.4**	**1'694.3**	**–18.3**	**104.2**	**167.8**	**–37.9**	**1'214.4**	**1'141.1**	**6.4**
Other/consolidation	–26.7	–33.3	19.8	–9.8	–13.1	25.2	13.2	25.2	–47.6
Group	**1'356.7**	**1'661.0**	**–18.3**	**94.4**	**154.7**	**–39.0**	**1'227.6**	**1'166.3**	**5.3**

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. The change in the operating profit of "Other/consolidation" is mainly due to the lower impact of the foreign pension plans. Intersegment sales of the divisions were not significant.

Reconciliation of segment results

CHF million		
January – June	**2020**	**2019**
Segment operating profit (EBIT)	104.2	167.8
Other/consolidation	–9.8	–13.1
Operating profit (EBIT)	**94.4**	**154.7**
Share of profit/(loss) of associates	0.6	1.1
Finance costs	–3.9	–3.8
Finance income	0.8	1.3
Profit before tax	**91.9**	**153.3**

3. Changes in the group structure

Acquisition of Eurovoirie SAS and Industria de Maquinaria Luzzisa, S.L. In January 2020, Bucher Industries acquired a 100% interest in Eurovoirie SAS, Senlis, France, a distributor of municipal vehicles on the French market and provider of after-sales services. The company acquired also held a 20% interest in SSV Environnement SAS, Bondy, France. For Group purposes, this company is treated as an associate. At the beginning of February 2020, Bucher Industries acquired a 100% interest in Industria de Maquinaria Luzzisa, S.L., El Puig, Valencia, Spain, a company producing equipment under the brand "Luzzysa" for processing citrus fruit. The purchase consideration for these companies amounted to CHF 22.3 million and the cash flow from acquisitions amounted to CHF 18.3 million. The acquisitions resulted in goodwill of CHF 10.5 million, which was offset with equity.

4. Events occurring after the balance sheet date

Publication of the consolidated interim financial statements The consolidated interim financial statements were authorised for issue by the board of directors on 28 July 2020. When the consolidated financial statements were finalised on 28 July 2020, neither the board of directors nor the group management was aware of any events that would have a material impact on the financial statements presented.

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The German version of this interim report
is decisive in case of doubt.
30 July 2020

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