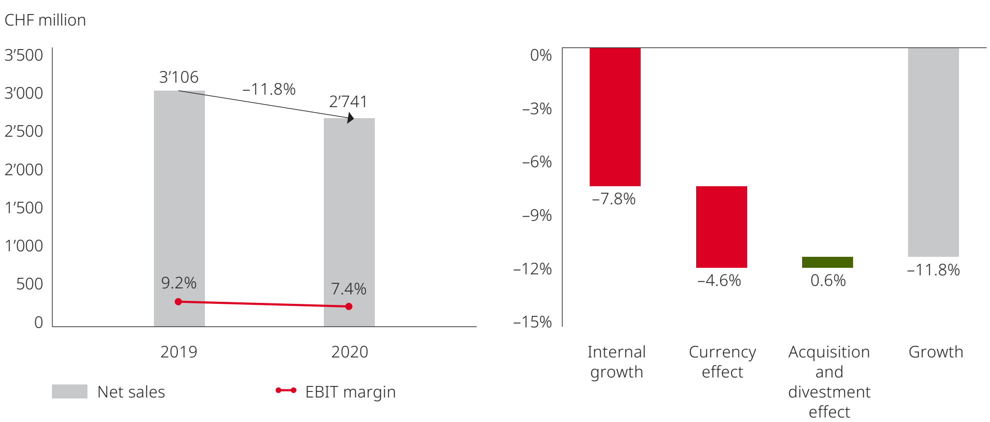
# Financial report

Bucher Industries was confronted with a lower utilisation of capacities and the impacts of the COVID-19 pandemic. A recovery set in at mid-year and gained momentum towards the end of the reporting period. Various measures were implemented to safeguard liquidity and profitability: the Group adjusted its capacities, implemented cost-savings programmes, increased its focus on reducing net working capital, postponed investments and increased credit facilities.

# Financial review

## Performance

### Net sales and profitability




Robust business development in a difficult year The reporting period got off to a good start, but the spread of COVID-19 led to major disruptions. A recovery set in at mid-year and gained momentum in recent months. Especially the agricultural machinery market proved resilient, while the beverage industry continued to suffer from restrictions. The 16.5% decline in order intake at mid-year (adjusted for currency, acquisition and divestment effects) resulting from the pandemic could be reduced to 1.2% for the whole year. Customer satisfaction and the timely delivery of goods and services remained the centre of attention. Net sales recovered in the course of the reporting period, but remained below the record levels of the previous year. The negative currency effects are mainly due to the weaker euro, US dollar and Brazilian real. The acquisition and divestment effect on net sales was CHF 19.9 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.

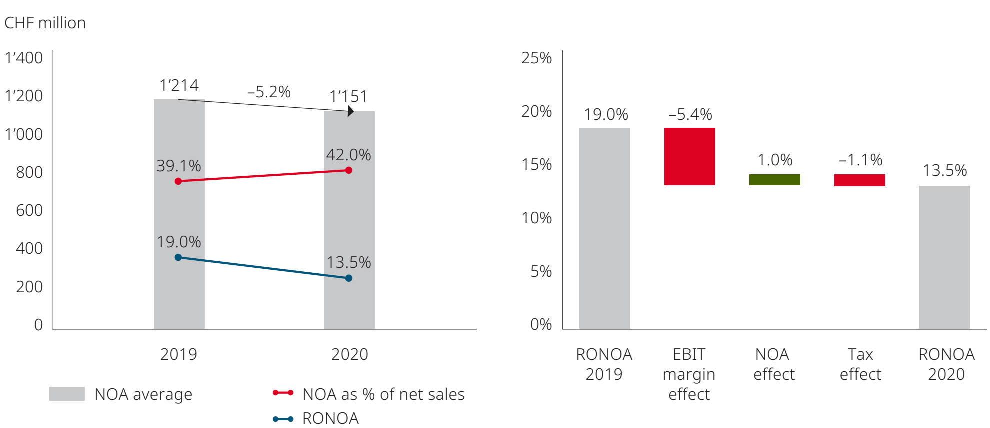
| CHF million | 2020 | 2019 | Change in % |
|---|---|---|---|
| Net sales | 2'740.7 | 3'106.0 | −11.8 |
| Net sales adjusted for currencies | 2'883.1 | 3'106.0 | −7.2 |
| Net sales adjusted for acquisitions and divestments | 2'715.0 | 3'098.1 | −12.4 |
| Net sales adjusted for currencies, acquisitions and divestments | 2'855.3 | 3'098.1 | −7.8 |

Operating profit margin negatively impacted by operating restrictions The operating profit margin was 7.4%, 1.8 percentage points lower than in the good prior year, and this was primarily a result of the operating restrictions in the first half of the year due to the pandemic. To counter this, strict cost-savings programmes were implemented and the number of employees was adjusted in line with utilisation. Adjusted for acquisitions, the average number of employees decreased by 7.0%. Furthermore, the operating profit margin was negatively impacted by restructuring costs of CHF 4.7 million in China and France as well as the integration costs in connection with acquisitions. The operating profit also includes the negative effects of changes in the values of pension benefit obligations amounting to CHF –3.8 million in the holding, finance and management companies and CHF –2.4 million at Bucher Emhart Glass.

Profit for the year The profit for the year was CHF 151.9 million, down CHF 76.1 million compared with the prior year, and amounted to 5.5% of the net sales. As a result of the lower profit, the income tax expense decreased by CHF 5.2 million to CHF 48.3 million. The effective tax rate of 24.1% was higher than the prior-year rate, which included positive effects from the tax reform in Switzerland. The financial result was CHF –3.9 million. The increase of CHF 0.8 million is due to negative currency effects.

## Invested capital

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



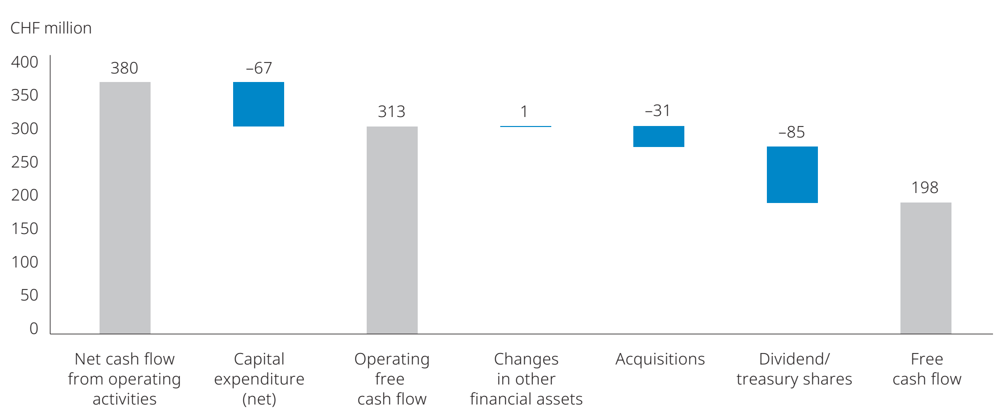

RONOA continues to exceed cost of capital The return on net operating assets (RONOA) after tax was 13.5%, significantly below the long-term target of 20%, but still above the cost of capital of 8%. The lower RONOA is primarily the result of the lower operating profit margin. On the other hand, the 5.2% reduction in average net operating assets had a positive impact. This was driven by the reduction of net working capital, mainly inventories of finished goods and accounts receivable, as well as the reduced investment activity. Investments in the expansion of the production infrastructure and in the modernisation of the production machinery were reduced by 42.3% to CHF 72.2 million. The Group has a long-term perspective and, with its solid financial basis, it remained 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. Once again the Group invested in external growth in the reporting period. The purchase consideration for the acquisitions was CHF 35.4 million.

## Invested capital and return on net operating assets (RONOA) after tax

| CHF million | 2020 | 2019 | Change in % |
|---|---|---|---|
| Trade receivables | 408.4 | 461.5 | |
| Inventories | 686.6 | 790.8 | |
| Other operating receivables, prepayments and accrued income | 71.8 | 79.1 | |
| Trade payables | – 238.9 | – 252.8 | |
| Advances from customers | – 247.9 | – 247.4 | |
| Provisions | – 66.4 | – 56.7 | |
| Other operating liabilities, accruals and deferred income | – 249.6 | – 250.6 | |
| **Net working capital** | **364.0** | **523.9** | **– 30.5** |
| Property, plant and equipment | 616.2 | 638.3 | |
| Intangible assets | 16.1 | 20.9 | |
| Other non-current operating receivables | 5.6 | 8.1 | |
| Provisions | – 10.7 | – 11.1 | |
| Other non-current operating liabilities | – 11.2 | – 13.8 | |
| **Net operating assets (NOA)** | **980.0** | **1’166.3** | **– 16.0** |
| Net operating assets (NOA) average | 1’150.7 | 1’214.1 | – 5.2 |
| Operating profit (EBIT) | 204.1 | 284.6 | – 28.3 |
| Effective tax rate | 24.1% | 19.0% | |
| **Return on net operating assets (RONOA) after tax** | **13.5%** | **19.0%** | |

## Financing and risk management

**Successful cash management in the crisis** A significantly higher free cash flow was achieved in the reporting period. The increase of CHF 131.2 million compared with the previous year is due especially to the reduction of net working capital and the reduction in investment activity. The cash flow from operating activities including the changes in net working capital amounted to CHF 379.7 million. After deducting the lower net investments in operating assets, the operating free cash flow amounted to CHF 313.1 million. The cash flows for acquisitions and dividends were similar to those of the previous year.



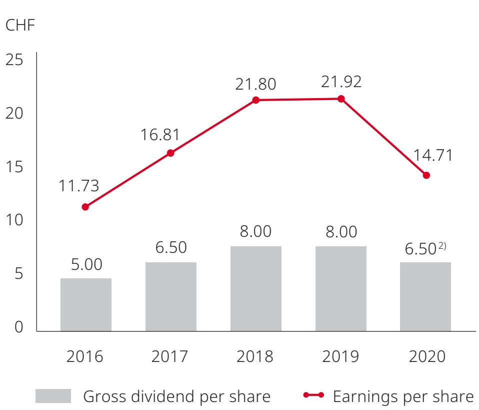
## Free cash flow

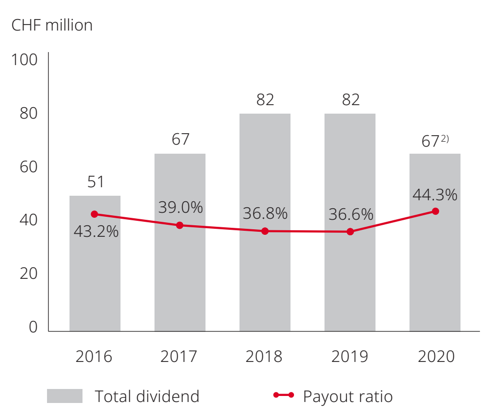
| CHF million | 2020 | 2019 |
|---|---|---|
| **Net cash flow from operating activities** | **379.7** | **284.7** |
| Purchases of property, plant and equipment and intangible assets | –72.2 | –125.2 |
| Proceeds on disposal of non-current assets | 5.6 | 3.2 |
| **Operating free cash flow** | **313.1** | **162.7** |
| Changes in other non-current financial assets | 0.6 | 2.9 |
| Acquisitions/divestments | –31.3 | –16.2 |
| (Purchase)/sale of treasury shares | –2.8 | 0.6 |
| Dividend paid/received | –81.9 | –83.5 |
| **Free cash flow** | **197.7** | **66.5** |
| Net cash/debt | 403.8 | 214.6 |
| Net cash/debt average | 186.3 | 106.9 |

Solid financial situation As a result of the high free cash flow, net cash increased to CHF 403.8 million at year end. It comprised cash and liquid assets of CHF 551.1 million and financial liabilities of CHF 147.3 million. The financial liabilities as well as cash and liquid assets decreased in the second half of the year with the repayment of the CHF 100.0 million bond upon maturity. In addition, a total of CHF 300.0 million was available in unused committed credit facilities. This continues to secure the financial flexibility of Bucher Industries and to lay the foundations for further internal and external growth.

## Shareholder value

### Dividend and payout ratio[1)]




1) 2016–2017 IFRS 2) Proposal of the board of directors

Consistent dividend policy The board of directors proposes a dividend of CHF 6.50 per share to the annual general meeting on 15 April 2021. The proposal takes into account a consistent dividend policy, the profit for the year 2020, the solid financial position and the outlook for the current year. Based on the average share price for 2020 of CHF 318.02 the proposal of the board of directors is equivalent to a dividend yield of 2.0% (2019: 2.5%). The year-end market capitalisation of CHF 4.2 billion was equivalent to a price/book ratio of 3.0 (2.5).

# Group

# Consolidated income statement

| CHF million | Note | 2020 | % | 2019 | % |
|---|---|---|---|---|---|
| **Net sales** | **2.1** | **2'740.7** | **100.0** | **3'106.0** | **100.0** |
| Changes in inventories of finished goods and work in progress | | –26.0 | | 10.2 | |
| Raw materials and consumables used | | –1'368.7 | | –1'588.2 | |
| Employment costs | 2.2 | –747.2 | | –817.8 | |
| Other operating income | 2.3 | 28.0 | | 34.4 | |
| Other operating expenses | 2.4 | –339.5 | | –376.3 | |
| **Operating profit before depreciation and amortisation (EBITDA)** | | **287.3** | **10.5** | **368.3** | **11.9** |
| Depreciation | 3.3 | –79.2 | | –79.8 | |
| Amortisation | 3.4 | –4.0 | | –3.9 | |
| **Operating profit (EBIT)** | | **204.1** | **7.4** | **284.6** | **9.2** |
| Share of profit/(loss) of associates | 2.5 | 1.2 | | 0.3 | |
| Finance costs | 2.5 | –7.0 | | –6.8 | |
| Finance income | 2.5 | 1.9 | | 3.4 | |
| **Profit before tax** | | **200.2** | **7.3** | **281.5** | **9.1** |
| Income taxes | 2.6 | –48.3 | | –53.5 | |
| **Profit for the year** | | **151.9** | **5.5** | **228.0** | **7.3** |
| Attributable to owners of Bucher Industries AG | | 150.4 | | 224.1 | |
| Attributable to minority interests | | 1.5 | | 3.9 | |
| Basic earnings per share in CHF | 4.6 | 14.71 | | 21.92 | |
| Diluted earnings per share in CHF | 4.6 | 14.71 | | 21.92 | |

# Consolidated balance sheet

| CHF million | Note | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| Cash and cash equivalents | 4.1 | 514.7 | 425.7 |
| Other financial assets | 4.2 | 36.4 | 36.2 |
| Trade receivables | 3.1 | 408.4 | 461.5 |
| Other receivables, prepayments and accrued income | 3.1 | 76.2 | 83.4 |
| Inventories | 3.2 | 686.6 | 790.8 |
| **Current assets** | | **1'722.3** | **1'797.6** |
| Receivables | 3.1 | 7.7 | 10.3 |
| Property, plant and equipment | 3.3 | 616.2 | 638.3 |
| Intangible assets | 3.4 | 16.1 | 20.9 |
| Other financial assets | 4.2 | 3.6 | 4.4 |
| Investments in associates | | 11.7 | 10.6 |
| Deferred income tax assets | 2.6 | 53.2 | 63.0 |
| **Non-current assets** | | **708.5** | **747.5** |
| **Assets** | | **2'430.8** | **2'545.1** |
| Financial liabilities | 4.3 | 12.6 | 114.4 |
| Trade payables | | 238.9 | 252.8 |
| Advances from customers | | 247.9 | 247.4 |
| Provisions | 3.5 | 66.4 | 56.7 |
| Other liabilities, accruals and deferred income | 3.7 | 250.8 | 253.0 |
| **Current liabilities** | | **816.6** | **924.3** |
| Financial liabilities | 4.3 | 134.7 | 132.9 |
| Provisions | 3.5 | 10.7 | 11.1 |
| Other liabilities | 3.7 | 11.5 | 13.8 |
| Deferred income tax liabilities | 2.6 | 20.0 | 29.3 |
| Pension benefit obligations | 6.1 | 46.5 | 40.8 |
| **Non-current liabilities** | | **223.4** | **227.9** |
| **Total liabilities** | | **1'040.0** | **1'152.2** |
| Share capital | 4.6 | 2.1 | 2.1 |
| Treasury shares | 4.6 | –6.9 | –6.5 |
| Retained earnings | | 1'376.1 | 1'378.5 |
| **Attributable to owners of Bucher Industries AG** | | **1'371.3** | **1'374.1** |
| Attributable to minority interests | | 19.5 | 18.8 |
| **Equity** | | **1'390.8** | **1'392.9** |
| **Liabilities and equity** | | **2'430.8** | **2'545.1** |

# Consolidated cash flow statement

| CHF million | Note | 2020 | 2019 |
|---|---|---|---|
| **Profit for the year** | | **151.9** | **228.0** |
| Income tax expense | 2.6 | 48.3 | 53.5 |
| Share of (profit)/loss of associates | 2.5 | –1.2 | –0.3 |
| Other net financial result | 2.5 | 5.1 | 3.4 |
| Depreciation and amortisation | 3.3, 3.4 | 83.2 | 83.7 |
| Other operating cash flow items | | –2.0 | 0.2 |
| Gain on divestment | 2.3 | – | –7.6 |
| Gain on sale of property, plant and equipment | 2.3 | –0.5 | –1.7 |
| Interest received | | 1.4 | 2.8 |
| Interest paid | | –2.5 | –3.0 |
| Income tax paid | | –56.0 | –52.2 |
| Change in provisions and pension benefit obligations | | 18.6 | 7.0 |
| Change in receivables | | 55.5 | 51.4 |
| Change in inventories | | 86.9 | –35.6 |
| Change in advances from customers | | 1.7 | 1.9 |
| Change in payables | | –5.3 | –37.8 |
| Other changes in net working capital | | –5.4 | –9.0 |
| **Net cash flow from operating activities** | | **379.7** | **284.7** |
| Purchases of property, plant and equipment | | –69.0 | –113.9 |
| Proceeds on disposal of non-current assets | | 5.6 | 3.2 |
| Purchases of intangible assets | 3.4 | –3.2 | –11.3 |
| Purchases of other financial assets | | –0.5 | –35.0 |
| Disposal of other financial assets | | 1.1 | 26.8 |
| Acquisitions | 5.1 | –31.3 | –26.8 |
| Divestments | 5.1 | – | 14.9 |
| Dividend received | | 0.2 | 0.2 |
| **Net cash flow from investing activities** | | **–97.1** | **–141.9** |
| (Purchases)/sale of treasury shares | 4.6 | –2.8 | 0.6 |
| Proceeds from/(repayment of) non-current financial liabilities | | 5.1 | 1.0 |
| Proceeds from/(repayment of) current financial liabilities | | –104.9[1] | –37.3 |
| Acquisition of minority interests | 5.1 | – | –4.3 |
| Dividend paid | | –82.1 | –83.7 |
| **Net cash flow from financing activities** | | **–184.7** | **–123.7** |
| Effect of exchange rate changes | | –8.9 | –8.9 |
| **Net change in cash and cash equivalents** | | **89.0** | **10.2** |
| Cash and cash equivalents at 1 January | | 425.7 | 415.5 |
| **Cash and cash equivalents at 31 December** | | **514.7** | **425.7** |

[1] incl. repayment of bond CHF –100.0 million

# 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 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 year | | | | | | 150.4 | **150.4** | 1.5 | **151.9** |
| Change in currency translation reserve | | | | –55.1 | | | **–55.1** | –0.5 | **–55.6** |
| Change in cash flow hedge reserve | | | | | 1.4 | | **1.4** | – | **1.4** |
| (Purchase)/sale of treasury shares | | –2.8 | | | | | **–2.8** | | **–2.8** |
| Share-based payments | | 2.4 | | | | –0.4 | **2.0** | | **2.0** |
| Goodwill offset | | | –16.9 | | | | **–16.9** | | **–16.9** |
| Dividend | | | | | | –81.8 | **–81.8** | –0.3 | **–82.1** |
| **Balance at 31 December 2020** | **2.1** | **–6.9** | **–254.5** | **–134.1** | **2.4** | **1'762.3** | **1'371.3** | **19.5** | **1'390.8** |
| **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** |

# Notes to the consolidated financial statements

# 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 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 COVID-19 impacts on the reporting period

Various measures were initiated to safeguard liquidity and profitability: the Group adjusted its capacities, implemented cost-savings programmes, increased its focus on reducing net working capital, postponed investments and increased credit facilities. The pandemic had no significant impacts on the valuation of assets and liabilities in the balance sheet. Contributions from government support schemes were deducted from costs in the income statement.

### 1.6 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 website.
- 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

# 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) | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| Kuhn Group | 1'094.2 | 1'177.3 | 90.9 | 98.2 | 226.5 | 373.6 |
| Bucher Municipal | 462.4 | 541.2 | 27.6 | 45.7 | 228.3 | 216.5 |
| Bucher Hydraulics | 536.3 | 648.5 | 59.1 | 80.8 | 267.8 | 294.3 |
| Bucher Emhart Glass | 421.4 | 487.2 | 44.3 | 65.5 | 154.0 | 174.9 |
| Bucher Specials | 273.2 | 316.0 | 6.9 | 19.5 | 78.1 | 81.8 |
| **Reportable segments** | **2'787.5** | **3'170.2** | **228.8** | **309.7** | **954.7** | **1'141.1** |
| Other/consolidation | –46.8 | –64.2 | –24.7 | –25.1 | 25.3 | 25.2 |
| **Group** | **2'740.7** | **3'106.0** | **204.1** | **284.6** | **980.0** | **1'166.3** |

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. Intersegment sales amounted to CHF 13.5 million (2019: CHF 12.3 million) for Kuhn Group, CHF 3.7 million (CHF 4.7 million) for Bucher Hydraulics and CHF 29.5 million (CHF 47.2 million) for Bucher Specials. The other divisions had only marginal intersegment sales.

| CHF million | Capital expenditure | | | | Research and development costs | | | |
|---|---|---|---|---|---|---|---|---|
| | **2020** | **in %[1]** | **2019** | **in %[1]** | **2020** | **in %[1]** | **2019** | **in %[1]** |
| Kuhn Group | 34.4 | 3.1 | 49.7 | 4.2 | –42.4 | 3.9 | –49.6 | 4.2 |
| Bucher Municipal | 9.0 | 1.9 | 14.5 | 2.7 | –16.4 | 3.5 | –18.1 | 3.3 |
| Bucher Hydraulics | 13.5 | 2.5 | 34.8 | 5.4 | –22.1 | 4.1 | –24.7 | 3.8 |
| Bucher Emhart Glass | 7.7 | 1.8 | 16.0 | 3.3 | –17.9 | 4.2 | –19.3 | 4.0 |
| Bucher Specials | 6.9 | 2.5 | 6.4 | 2.0 | –13.2 | 4.8 | –15.8 | 5.0 |
| **Reportable segments** | **71.5** | **2.6** | **121.4** | **3.8** | **–112.0** | **4.0** | **–127.5** | **4.0** |
| Other/consolidation | 0.7 | – | 3.8 | – | – | – | – | – |
| **Group** | **72.2** | **2.6** | **125.2** | **4.0** | **–112.0** | **4.1** | **–127.5** | **4.1** |

[1] Of net sales

## Net sales by region

CHF million

| | 2020 | in % | 2019 | in % |
|---|---|---|---|---|
| Switzerland | 127.5 | 4.6 | 122.9 | 4.0 |
| Germany | 407.8 | 14.9 | 448.0 | 14.4 |
| France | 361.2 | 13.2 | 388.9 | 12.5 |
| Rest of Europe | 803.1 | 29.3 | 977.9 | 31.5 |
| **Europe** | **1'699.6** | **62.0** | **1'937.7** | **62.4** |
| USA | 416.0 | 15.2 | 482.1 | 15.5 |
| Canada | 34.7 | 1.3 | 43.1 | 1.4 |
| Rest of Americas | 155.0 | 5.6 | 177.9 | 5.7 |
| **Americas** | **605.7** | **22.1** | **703.1** | **22.6** |
| China | 156.7 | 5.7 | 151.5 | 4.9 |
| India | 22.8 | 0.8 | 23.1 | 0.7 |
| Rest of Asia | 92.2 | 3.4 | 113.6 | 3.7 |
| **Asia** | **271.7** | **9.9** | **288.2** | **9.3** |
| Other | 163.7 | 6.0 | 177.0 | 5.7 |
| **Net sales** | **2'740.7** | **100.0** | **3'106.0** | **100.0** |

Net sales have been allocated to the countries of destination.

## Reconciliation of segment results

CHF million

| | 2020 | 2019 |
|---|---|---|
| Segment operating profit (EBIT) | 228.8 | 309.7 |
| Other/consolidation | –24.7 | –25.1 |
| **Operating profit (EBIT)** | **204.1** | **284.6** |
| Share of profit/(loss) of associates | 1.2 | 0.3 |
| Finance costs | –7.0 | –6.8 |
| Finance income | 1.9 | 3.4 |
| **Profit before tax** | **200.2** | **281.5** |

### 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

| | 2020 | 2019 |
|---|---|---|
| Wages and salaries | –532.1 | –575.9 |
| Share-based payments | –2.0 | –2.5 |
| Social security costs | –95.0 | –101.3 |
| Pension benefit expense | –47.9 | –52.0 |
| Other employment costs | –70.2 | –86.1 |
| **Employment costs** | **–747.2** | **–817.8** |

Share-based payments include the Bucher Participation Plan as well as remuneration of the board of directors. In the reporing period, 8'437 shares (2019: 8'471) in total were issued. The shares awarded are subject to a three-year vesting period. Other employment costs include incidental costs of staff recruitment, training and development as well as external staff costs. The reduction in employment costs is mainly the result of adjusting the number of employees to the utilisation of capacities, bonus reductions and the reduction of accrued holidays. Further cost reductions result from currency effects and government support schemes, such as compensation for short-time work. In the reporting period an average of 2.7% of the FTEs were on short-time work.

### 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. The number of shares allocated is calculated based on the share price on the date of the annual general meeting of the following year.

## 2.3 Other operating income

CHF million

| | 2020 | 2019 |
|---|---|---|
| Own work capitalised | 4.1 | 2.1 |
| Gain on sale of property, plant and equipment | 0.5 | 1.7 |
| Gain on divestment | – | 7.6 |
| Miscellaneous income | 23.4 | 23.0 |
| **Other operating income** | **28.0** | **34.4** |

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

| | 2020 | 2019 |
|---|---|---|
| Energy, maintenance and repairs | –97.7 | –112.5 |
| Charges, levies, taxes and consulting fees | –40.5 | –44.2 |
| Marketing and distribution costs | –86.3 | –120.2 |
| Insurance expenses | –5.7 | –6.2 |
| Operating lease expenses | –14.2 | –14.7 |
| Miscellaneous operating expenses | –95.1 | –78.5 |
| **Other operating expenses** | **–339.5** | **–376.3** |

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

| | 2020 | 2019 |
|---|---|---|
| **Share of profit/(loss) of associates** | **1.2** | **0.3** |
| Interest expense | –2.6 | –3.7 |
| Financial foreign exchange gains and losses | –2.7 | –2.1 |
| Other finance costs | –1.7 | –1.0 |
| **Finance costs** | **–7.0** | **–6.8** |
| Interest income | 1.4 | 2.9 |
| Net gain on financial assets | 0.5 | 0.5 |
| **Finance income** | **1.9** | **3.4** |
| **Financial result** | **–3.9** | **–3.1** |

In the reporting period the share of profit/(loss) of associates includes a revaluation of CHF 0.6 million in connection with the first-time consolidation of Bucher Leopard Enterprise Management Co., Ltd., which was held as an associated company until September 2020.

## 2.6 Income taxes

### Effective income taxes

| CHF million | 2020 | 2019 |
|---|---|---|
| Current income taxes | –49.4 | –68.9 |
| Deferred income taxes | 1.1 | 15.4 |
| **Income taxes** | **–48.3** | **–53.5** |
| Reconciliation: | | |
| Profit before tax | 200.2 | 281.5 |
| Weighted average tax rate | 26.0% | 22.2% |
| **Theoretical income tax charge** | **–52.1** | **–62.5** |
| Utilisation of unrecognised tax loss carryforwards | 0.7 | 1.5 |
| Reappraisal of tax loss carryforwards | –0.9 | 4.2 |
| Reappraisal of other deferred tax assets | –1.8 | 0.7 |
| Expenses not deductible for tax purposes/income not subject to tax | –0.1 | –1.7 |
| (Under)/over provided in prior years | 4.7 | 0.4 |
| Changes in deferred taxes due to changes in tax rates | –2.9 | –5.6 |
| Other differences | 4.1 | 9.5 |
| **Effective income taxes** | **–48.3** | **–53.5** |
| Effective tax rate | 24.1% | 19.0% |

The effective tax rate of 24.1% was higher than the prior-year rate, which included positive effects from the tax reform in Switzerland.

### Movements in deferred income taxes

| CHF million | Assets | Liabilities | Assets | Liabilities |
|---|---|---|---|---|
| | | 2020 | | 2019 |
| Balance at 1 January | 63.0 | –29.3 | 49.0 | –29.5 |
| Exchange differences | –2.8 | 0.3 | –1.6 | 0.4 |
| Acquisition of subsidiaries | 1.1 | –0.1 | – | –0.1 |
| (Charged)/credited to income statement | –8.0 | 9.1 | 15.5 | –0.1 |
| (Charged)/credited to equity | –0.1 | – | 0.1 | – |
| **Balance at 31 December** | **53.2** | **–20.0** | **63.0** | **–29.3** |

## Tax loss carryforwards

CHF million

| | 2020 | 2019 |
|---|---|---|
| Tax loss carryforwards | 46.1 | 66.1 |
| Of which recognised in deferred income taxes | – 22.0 | – 37.4 |
| **Unrecognised tax loss carryforwards** | **24.1** | **28.7** |
| Expiration: | | |
| Within 1 year | 3.2 | – |
| In 1 to 5 years | 0.8 | 1.0 |
| In more than 5 years | – | – |
| No expiration | 20.1 | 27.7 |
| Tax effect on unrecognised tax loss carryforwards | 7.5 | 9.1 |

### 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

**Income tax assets and liabilities** The measurement of the 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.

# 3. Invested capital

## 3.1 Receivables, prepayments and accrued income

| CHF million | Current | Non-current | Total | Current | Non-current | Total |
|---|---|---|---|---|---|---|
| | | | **2020** | | | **2019** |
| Trade receivables | 390.9 | 0.9 | 391.8 | 445.8 | 2.2 | 448.0 |
| Notes receivable | 17.5 | – | 17.5 | 15.7 | – | 15.7 |
| **Trade receivables, net** | **408.4** | **0.9** | **409.3** | **461.5** | **2.2** | **463.7** |
| Tax receivables | 25.4 | – | 25.4 | 16.2 | – | 16.2 |
| Prepayments to suppliers | 8.4 | – | 8.4 | 9.1 | – | 9.1 |
| Derivative financial instruments | 4.4 | 0.4 | 4.8 | 4.3 | – | 4.3 |
| Prepayments and accrued income | 11.1 | – | 11.1 | 11.9 | – | 11.9 |
| Other receivables | 26.9 | 6.4 | 33.3 | 41.9 | 8.1 | 50.0 |
| **Other receivables, prepayments and accrued income** | **76.2** | **6.8** | **83.0** | **83.4** | **8.1** | **91.5** |
| **Receivables, prepayments and accrued income** | **484.6** | **7.7** | **492.3** | **544.9** | **10.3** | **555.2** |

## Ageing analysis of trade receivables

| CHF million | | |
|---|---|---|
| | **2020** | **2019** |
| Trade receivables, gross | 433.9 | 490.2 |
| Value adjustments | –24.6 | –26.5 |
| **Trade receivables, net** | **409.3** | **463.7** |
| Not due | 340.6 | 391.3 |
| Not due, value adjustments | –5.2 | –5.7 |
| Past due, within 30 days | 53.8 | 47.6 |
| Past due, from 31 to 90 days | 19.1 | 23.1 |
| Past due, more than 90 days | 20.4 | 28.2 |
| Past due, value adjustments | –19.4 | –20.8 |

### Accounting policies

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

## 3.2 Inventories

CHF million

| | 2020 | 2019 |
|---|---|---|
| Raw materials and consumables | 247.1 | 272.2 |
| Work in progress | 181.7 | 182.6 |
| Finished goods and goods for resale | 369.9 | 447.0 |
| **Inventories, gross** | **798.7** | **901.8** |
| Write-downs | – 112.1 | – 111.0 |
| **Inventories, net** | **686.6** | **790.8** |

### 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 |
|---|---|---|---|---|---|
| | | | | | **2020** |
| Cost at 1 January | 682.0 | 590.1 | 244.7 | 43.2 | 1'560.0 |
| Exchange differences | –17.8 | –15.1 | –6.7 | –1.9 | –41.5 |
| Acquisition/divestment of subsidiaries/business | 2.7 | 0.7 | 0.9 | – | 4.3 |
| Additions | 7.1 | 21.1 | 14.5 | 32.6 | 75.3 |
| Disposals | –1.7 | –5.4 | –9.0 | –0.4 | –16.5 |
| Transfers | 10.3 | 14.1 | 4.7 | –29.1 | – |
| **Cost at 31 December** | **682.6** | **605.5** | **249.1** | **44.4** | **1'581.6** |
| Accumulated depreciation at 1 January | –315.7 | –423.9 | –182.1 | – | –921.7 |
| Exchange differences | 6.1 | 9.3 | 4.7 | – | 20.1 |
| Disposals | 1.5 | 5.2 | 8.7 | – | 15.4 |
| Depreciation for the year | –24.3 | –35.5 | –19.4 | – | –79.2 |
| **Accumulated depreciation at 31 December** | **–332.4** | **–444.9** | **–188.1** | **–** | **–965.4** |
| **Net book value at 31 December** | **350.2** | **160.6** | **61.0** | **44.4** | **616.2** |
| | | | | | **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 of subsidiaries | –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 | 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** |

The net book value of assets under finance leases amounted to CHF 5.2 million in the reporting period (2019: CHF 8.3 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 |
|---|---|---|---|
| | | | **2020** |
| Cost at 1 January | 128.1 | 44.7 | 172.8 |
| Exchange differences | – 1.9 | – 0.5 | – 2.4 |
| Additions | – | 3.2 | 3.2 |
| Disposals | – 2.9 | – 6.2 | – 9.1 |
| **Cost at 31 December** | **123.3** | **41.2** | **164.5** |
| Accumulated amortisation at 1 January | – 121.0 | – 30.9 | – 151.9 |
| Exchange differences | 2.1 | 0.3 | 2.4 |
| Disposals | 2.9 | 2.2 | 5.1 |
| Amortisation for the year | – 1.8 | – 2.2 | – 4.0 |
| **Accumulated amortisation at 31 December** | **– 117.8** | **– 30.6** | **– 148.4** |
| **Net book value at 31 December** | **5.5** | **10.6** | **16.1** |
| | | | **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** |

The category “Other” mainly comprises software. As a result of COVID-19, one software project was redimensioned and the prepayments were refunded.

### 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

| | 2020 | 2019 |
|---|---|---|
| Cost at 1 January | 237.6 | 225.8 |
| Acquisition of subsidiaries | 16.9 | 11.8 |
| **Cost at 31 December at historical currency rates** | **254.5** | **237.6** |
| Accumulated exchange differences | –37.4 | –18.5 |
| **Cost at 31 December** | **217.1** | **219.1** |
| Accumulated amortisation at 1 January | –178.8 | –168.1 |
| Exchange differences | 18.4 | 6.2 |
| Amortisation for the year | –17.5 | –16.9 |
| **Accumulated amortisation at 31 December** | **–177.9** | **–178.8** |
| **Theoretical net book value at 31 December** | **39.2** | **40.3** |
| Equity according to balance sheet | 1’390.8 | 1’392.9 |
| Theoretical book value of goodwill | 39.2 | 40.3 |
| **Theoretical shareholders' equity at 31 December including goodwill** | **1’430.0** | **1’433.2** |
| Profit for the year | 151.9 | 228.0 |
| Theoretical amortisation of goodwill | –17.5 | –16.9 |
| **Theoretical profit for the year after goodwill amortisation** | **134.4** | **211.1** |

### 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 |
|---|---|---|---|---|
| | | | | **2020** |
| Balance at 1 January | 42.6 | 16.8 | 8.4 | 67.8 |
| Exchange differences | –1.3 | –1.8 | –0.1 | –3.2 |
| Acquisition of subsidiaries | 0.3 | 0.1 | – | 0.4 |
| Additional provisions | 34.8 | 6.2 | 9.0 | 50.0 |
| Unutilised amounts reversed | –2.8 | –2.2 | –0.5 | –5.5 |
| Utilised during year | –29.5 | –0.9 | –2.0 | –32.4 |
| **Balance at 31 December** | **44.1** | **18.2** | **14.8** | **77.1** |
| Current portion | 42.6 | 14.7 | 9.1 | 66.4 |
| Non-current portion | 1.5 | 3.5 | 5.7 | 10.7 |
| | | | | **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 |

Other provisions relate to risks associated with the Group’s industrial operations as well as restructuring costs, mainly at Bucher Emhart Glass in China and Bucher Vaslin in France. The amounts of other provisions recognised in previous years that were utilised in the reporting period are primarily due to 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 (2019: CHF 1.9 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.

**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 (2019: 20%). 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 16.6 million (2019: CHF 16.4 million).

## 3.7 Other liabilities, accruals and deferred income

| CHF million | 2020 | 2019 |
|---|---|---|
| Accruals and deferred income | 151.5 | 140.2 |
| Income tax liabilities | 28.3 | 36.8 |
| Social security and pensions | 27.0 | 24.0 |
| Sales and capital tax liabilities | 34.5 | 38.6 |
| Derivative financial instruments | 1.3 | 2.2 |
| Other liabilities | 19.7 | 25.0 |
| **Other liabilities, accruals and deferred income** | **262.3** | **266.8** |
| Current portion | 250.8 | 253.0 |
| Non-current portion | 11.5 | 13.8 |

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

| | 2020 | 2019 |
|---|---|---|
| Cash and bank accounts | 250.4 | 216.9 |
| Short-term money market investments | 264.3 | 208.8 |
| **Cash and cash equivalents** | **514.7** | **425.7** |

### 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

| | 2020 | 2019 |
|---|---|---|
| Money market investments | 2.1 | 2.1 |
| Bonds | 34.3 | 34.1 |
| Long-term loans | 2.1 | 2.9 |
| Other | 1.5 | 1.5 |
| **Other financial assets** | **40.0** | **40.6** |
| Current portion | 36.4 | 36.2 |
| Non-current portion | 3.6 | 4.4 |

### 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

| | 2020 | 2019 |
|---|---|---|
| Bonds | 100.0 | 199.9 |
| Other bank borrowings | 20.8 | 21.6 |
| Finance lease liabilities | 4.0 | 5.6 |
| Other financial liabilities | 22.5 | 20.2 |
| **Financial liabilities** | **147.3** | **247.3** |
| Current portion | 12.6 | 114.4 |
| Non-current portion | 134.7 | 132.9 |

## Bonds

| CHF million | Company | Term | Currency | Nominal value | Effective interest rate | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|---|
| Bond, Switzerland 0.625% | Bucher Industries AG | 2014–2020 | CHF | 100.0 | 1.3%[1] | – | 99.9 |
| Bond, Switzerland 1.375% | Bucher Industries AG | 2014–2024 | CHF | 100.0 | 1.4% | 100.0 | 100.0 |
| **Bonds** | | | | | | **100.0** | **199.9** |

[1] Also includes 0.6 percentage points from interest rate forward contracts

Other bank borrowings The other bank borrowings include CHF 15.0 million (2019: CHF 15.0 million) in bilateral loans from committed credit facilities as well as CHF 5.8 million (CHF 6.6 million) from uncommitted credit facilities. The bilateral loans bear interest at rates of between 0.4 and 0.95% and are due for repayment from 2021 to 2026. The undrawn committed credit facilities at 31 December totalled CHF 300.0 million (CHF 160.0 million). The financial covenants are reviewed every six months. All credit terms were complied with on the reporting date of 31 December 2020.

### 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 7.8 million (2019: CHF 9.9 million).

## 4.5 Leases

### Future minimum lease payments from operating leases

| CHF million | 2020 | 2019 |
|---|---|---|
| Within 1 year | 10.4 | 9.5 |
| From 1 to 5 years | 19.0 | 14.7 |
| More than 5 years | 16.8 | 10.7 |
| **Minimum lease payments (non-cancellable within 1 year)** | **46.2** | **34.9** |

### 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

| | | 2020 | 2019 |
|---|---|---|---|
| **Share capital** | **CHF million** | **2.1** | **2.1** |
| Par value of registered shares | CHF | 0.20 | 0.20 |
| Outstanding shares | number | 10'224'743 | 10'226'296 |
| Treasury shares | number | 25'257 | 23'704 |
| **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 | 2020 | Number of shares | 2019 |
|---|---|---|---|---|
| Balance at 1 January | 23'704 | 6.5 | 37'775 | 8.9 |
| Purchases of treasury shares | 9'990 | 2.8 | – | – |
| Reissued for share-based payments | –8'437 | –2.4 | –14'071 | –2.4 |
| **Balance at 31 December** | **25'257** | **6.9** | **23'704** | **6.5** |

### Earnings and dividend per share

| | 2020 | 2019 |
|---|---|---|
| Profit attributable to owners of Bucher Industries AG (CHF million) | 150.4 | 224.1 |
| Average number of shares outstanding (undiluted) | 10'223'918 | 10'220'858 |
| Average number of shares outstanding (diluted) | 10'223'918 | 10'222'688 |
| Basic earnings per share (CHF) | 14.71 | 21.92 |
| Diluted earnings per share (CHF) | 14.71 | 21.92 |
| Dividend per share (CHF)[1] | 6.50 | 8.00 |
| Total dividend (CHF million)[1] | 66.6 | 82.0 |

[1] 2020: 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 | 2020 | 2019 |
|---|---|---|
| **Contract value** | **488.2** | **573.7** |
| Currency contracts – assets | 4.8 | 4.3 |
| Currency contracts – liabilities | – 1.3 | – 2.2 |
| **Derivative financial instruments** | **3.5** | **2.1** |

### 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 | | Change in | Balance sheet closing rates | | Change in |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | % | 2020 | 2019 | % |
| 1 AUD | 0.6497 | 0.6909 | – 6.0 | 0.6801 | 0.6781 | 0.3 |
| 1 BRL | 0.1869 | 0.2511 | – 25.6 | 0.1695 | 0.2403 | – 29.5 |
| 1 CNY | 0.1362 | 0.1437 | – 5.2 | 0.1346 | 0.1388 | – 3.0 |
| 1 EUR | 1.0714 | 1.1119 | – 3.6 | 1.0804 | 1.0851 | – 0.4 |
| 1 GBP | 1.2081 | 1.2705 | – 4.9 | 1.2030 | 1.2748 | – 5.6 |
| 1 SEK | 0.1023 | 0.1054 | – 2.9 | 0.1077 | 0.1039 | 3.7 |
| 1 USD | 0.9411 | 0.9918 | – 5.1 | 0.8806 | 0.9663 | – 8.9 |

# 5. Group structure

## 5.1 Changes in the group structure

### Acquisitions

| Company | Country | Division | Group interest in % | Date of acquisition |
|---|---|---|---|---|
| | | | | **2020** |
| Eurovoirie SAS | FR | BM | 100 | 13 January 2020 |
| Industria de Maquinaria Luzzisa, S.L. | ES | BSp | 100 | 6 February 2020 |
| Operating business of Richards Coach Works Pty Ltd. | AU | BM | n.a. | 4 September 2020 |
| Bucher Leopard Enterprise Management Co, Ltd. | CN | BM | 100[1)] | 22 September 2020 |
| Operating business of Spoutvac Industries Pty Ltd. | AU | BM | n.a. | 30 September 2020 |
| | | | | **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 Müszak Fejlesztési Kft. | HU | BSp | 100 | 8 July 2019 |
| Symplex Vision Systems GmbH | DE | BEG | 100 | 1 August 2019 |

Divisions: BM Bucher Municipal, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
[1)] In September 2020, Bucher Industries acquired the remaining 50% of the shares of Bucher Leopard Enterprise Management Co, Ltd.

### Net assets acquired

| CHF million | 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents | 3.7 | 1.9 |
| Trade receivables | 8.2 | 5.6 |
| Inventories | 13.8 | 7.1 |
| Property, plant and equipment | 4.3 | 0.9 |
| Intangible assets | – | 0.1 |
| Investments in associates | 0.9 | – |
| Deferred income tax assets | 1.1 | – |
| Current financial liabilities | – | –2.5 |
| Trade payables | –6.6 | –3.1 |
| Advances from customers | –1.9 | – |
| Current provisions | –0.4 | –0.1 |
| Other current liabilities | –4.1 | –3.1 |
| Deferred income tax liabilities | –0.1 | –0.1 |
| Retirement benefit obligations | –0.4 | – |
| Other net assets | 0.4 | 1.3 |
| **Net assets acquired** | **18.9** | **8.0** |

## Net cash flow from acquisitions

CHF million

| | 2020 | 2019 |
|---|---|---|
| Net assets acquired | 18.9 | 8.0 |
| Shares previously held | –0.7 | – |
| Goodwill | 17.2 | 11.8 |
| **Total purchase consideration** | **35.4** | **19.8** |
| Cash and cash equivalents acquired | –3.7 | –1.9 |
| Deferred consideration | –0.5 | –0.3 |
| Deferred consideration relating to previous years | 0.1 | 9.2 |
| **Net cash flow from acquisitions** | **31.3** | **26.8** |

## Goodwill

CHF million

| | 2020 | 2019 |
|---|---|---|
| Goodwill from acquisitions | 17.2 | 11.8 |
| Adjustment contingent consideration from previous acquisitions | –0.3 | – |
| **Change in goodwill** | **16.9** | **11.8** |

The acquired companies have generated net sales of CHF 14.9 million (2019: CHF 14.1 million). The acquisition and integration costs were recognised in 2020, the period in which they were incurred, under other operating expenses. Eurovoirie SAS and Industria de Maquinaria Luzzisa, S.L. were renamed to Bucher Municipal SAS and Bucher Exzel, S.L. respectively.

Other changes Bucher Municipal is now operating under one single division brand and completed the comprehensive restructuring of its sales and service organisation in the reporting period. This process involved some companies being renamed and merged or liquidated. This had no significant impact on the consolidated financial statements. In 2019, Bucher Emhart Glass sold its refractory business. The sale proceeds amounted to CHF 14.9 million and the gain from the divestment amounted to CHF 7.6 million. In the prior year, Bucher Industries acquired a further 10% of the shares in Bucher Hydraulics (Wuxi) Co., Ltd., 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.

## 5.2 Group companies

### Subsidiaries

| Company, place of incorporation | Country | Currency | Share capital | Division | Activities | Group interest in % 2020 | Group interest in % 2019 |
|---|---|---|---|---|---|---|---|
| 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, Steinhausen | CH | CHF | 26’505’000 | 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 | 100 |
| Wuhan Hanbao Machineries Co., Ltd., Wuhan | CN | USD | 3’490’000 | O | S | 100 | 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 Deutschland 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 |
| 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 | 49’532’097 | 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, Schopsdorf | 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 Mezogazdasági Géb Kft., Kecskemét | HU | HUF | 200’000’000 | KG | D | 100 | – |
| Kuhn Italia S.r.l., 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 Maszyny Rolnicze Sp. z o.o., Suchy Las | PL | PLN | 10’000’000 | KG | D | 100 | 100 |
| Kuhn Vostok LLC, Voronezh | RU | RUB | 150’000’000 | 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, O Other
Activities: P Production, D Distribution, S Services

| Company, place of incorporation | Country | Currency | Share capital | Division | Activities | | | Group interest in % | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | **2020** | **2019** |
| 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 |
| Bucher Leopard Enterprise Management Co., Ltd., Zibo | CN | CNY | 10'000'000 | BM | | D | | 100 | 50 |
| Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd., Wuhan | CN | CNY | 20'000'000 | BM | P | D | | 100 | 100 |
| Zynkon Special Purpose Vehicles Co., Ltd., Shanghai | CN | CNY | 9'107'293 | BM | | D | | 100 | 100 |
| Bucher Municipal GmbH, Hanover | DE | EUR | 3'000'000 | BM | | D | | 100 | 100 |
| Bucher Municipal Wernberg 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 |
| Bucher Municipal A/S, Silkeborg | DK | DKK | 6'500'000 | BM | P | D | S | 100 | 100 |
| Maquiasfalt SL, Fuenlabrada, Madrid | ES | EUR | 28'248 | BM | | D | | 60 | 60 |
| Bucher Municipal Coudes Sàrl, Coudes | FR | EUR | 200'000 | BM | | D | | 60 | 60 |
| Bucher Municipal SAS, Senlis | FR | EUR | 4'645'664 | BM | | D | | 100 | – |
| Tecvia Eurl, Lyon | FR | EUR | 38'112 | BM | | D | | 60 | 60 |
| J. Hvidtved Larsen UK Ltd., Coalville | GB | GBP | 1 | BM | | D | | 100 | 100 |
| Bucher Municipal Ltd., Dorking | GB | GBP | 8'000 | BM | P | D | | 100 | 100 |
| Bucher Municipal 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 | 12'313'572 | BH | P | D | | 100 | 100 |
| Bucher Hydraulics Corp., London | CA | CAD | 75'000 | BH | | 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 | 80 |
| 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: BM Bucher Municipal, BH Bucher Hydraulics
Activities: P Production, D Distribution, S Services

| Company, place of incorporation | Country | Currency | Share capital | Division | Activities | | | Group interest in % | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | **2020** | **2019** |
| 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 | 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 Exzel, S.L., El Puig, Valencia | ES | EUR | 6'311 | BSp | P | D | | 100 | – |
| Bucher Unipektin Latin America S. de R.L. de C.V., Mexico City | MX | MXN | 5'000 | BSp | | D | | 100 | 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 | 100 |

Divisions: BEG Bucher Emhart Glass, BSp Bucher Specials
Activities: P Production, D Distribution, S Services

## Significant associated comanies

| Company, place of incorporation | Country | Currency | Share capital | Division | Activities | | | Group interest in % | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | **2020** | **2019** |
| Rauch Landmaschinenfabrik GmbH, Sinzheim | DE | EUR | 1'650'000 | O | P | D | | 24 | 24 |
| SSV Environnement SAS, Goussainville | FR | EUR | 504'900 | O | | D | S | 20 | – |

Divisions: 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 of 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 2020, 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 0.0 and 1.4% (2019: between 0.4 and 3.0%).

### Economic benefits/obligations and pension benefit expense

| | Pension plans | | | Total |
|---|---|---|---|---|
| CHF million | without surplus/deficit | with deficit | without own assets | |
| | | | | **2020** |
| Balance at 1 January | | 14.3 | 26.5 | 40.8 |
| Exchange differences | | –1.0 | –0.4 | –1.4 |
| Acquisition of subsidiaries | | – | 0.4 | 0.4 |
| Pension benefit expense in employment costs | 38.8 | 7.9 | 1.2 | 47.9 |
| Contributions and benefit payments | –38.8 | –1.3 | –1.1 | –41.2 |
| **Change in pension benefit obligations** | | **5.6** | **0.1** | **5.7** |
| **Balance at 31 December** | | **19.9** | **26.6** | **46.5** |
| Deficit | | 19.9 | | 19.9 |
| | | | | **2019** |
| Pension benefit expense in employment costs | 41.5 | 8.0 | 2.5 | 52.0 |

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

CHF million

| | 2020 | 2019 |
|---|---|---|
| Net sales and expenditure: | | |
| Net sales with associated companies | 2.0 | 0.4 |
| Purchased products from associated companies | –42.6 | –42.3 |
| Other expenditure with associated companies | –0.2 | –0.1 |
| Receivables and payables: | | |
| Receivables from pension funds | 0.5 | 1.0 |
| Receivables from associates | 0.3 | 2.3 |
| Payables to pension funds | –6.5 | –4.7 |
| Payables to associates | –1.3 | –2.1 |

## 6.3 Events occurring after the balance sheet date

Changes in the group structure In January 2021, Bucher Industries acquired a 100% interest in Khor Industrial Ltda., Tuparendi, Brazil, and a 100% interest in Merk Process GmbH, Laufenburg, Germany. Khor Industrial Ltda. is a leading manufacturer of commodity trailers, such as grain carts, and primary tillage equipment and will be integrated in Kuhn Group. The company has 80 employees and generated net sales of CHF 5 million in 2020. Merk Process GmbH produces vacuum belt drying plant mainly for the food industry and will be integrated into the Bucher Unipektin business unit. The company has 20 employees and generated net sales of CHF 5 million in 2020. It has been renamed to Bucher Merk Process GmbH.

Publication of the consolidated financial statements The consolidated financial statements were approved for publication by the board of directors on 26 February 2021. They are subject to formal approval by the annual general meeting on 15 April 2021.

# Report of the statutory auditor

## to the 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 2020, the consolidated balance sheet as at 31 December 2020, 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 105) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 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 12'850'000

We concluded full scope audit work at 32 reporting units in various countries. Our audit scope addressed over 78% 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 matter the following area of focus has been identified:

Valuation of inventories

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*Tel.: +41 58 792 44 00, Fax: +41 58 792 44 10, www.pwc.ch*

**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.

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 12'850'000 |
| **How we determined it** | 5% of average profit before tax of the last three years |
| **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 the average of the last three years takes into account the current market volatility. Further, profit before tax is a generally accepted benchmark for materiality considerations. |

We agreed with the Audit Committee that we would report to them misstatements above CHF 640'000 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.

Our involvement in the audits of subsidiaries comprised communicating the risks identified at Group level, assessing the applied materiality thresholds, participating in selected closing meetings, inspecting the reporting and conducting conference calls with the component auditors during the interim audit and the year-end audit. Through our involvement in the work of the component auditors, we ensured sufficient appropriate audit evidence was obtained to provide a basis for our opinion on the consolidated financial statements

**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 |
|---|---|
| Bucher Industries carries significant inventories (CHF 686.6 million), which are recognised in accordance with Swiss GAAP FER.<br><br>Determining production costs, write-downs and loss-free valuation involves significant scope for judgement, | In our audit of the valuation of inventories, we performed the following main audit procedures:<br><br>• We assessed the design and the existence of the key controls relating to the inventory valuation process and tested the effectiveness of selected controls. |

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| | |
|---|---|
| which must be monitored by management. An incorrect estimate by management could have a significant impact on the profit for the year.<br><br>Please refer to page 88 (Invested capital – Inventories) in the notes to the consolidated financial statements. | • We were present at year-end inventory counts and assessed the design of the process.<br><br>• We analysed on a sample basis the standard cost calculations. Additionally, we assessed the differences between the standard and actual costs, and determined whether adequate measures had been taken with regard to the appropriate valuation of inventories.<br><br>• We challenged the impairment parameters taking into account available historical data.<br><br>• We assessed whether the principles of the loss-free valuation of inventories were respected.<br><br>The results of our audit support management's valuations of the inventories 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.

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## 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

| | |
|---|---|
| Thomas Illi | Oliver Illa |
| Audit expert<br>Auditor in charge | Audit expert |

Zürich, 26 February 2021

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# Holding company

# Income statement of Bucher Industries AG

| CHF million | 2020 | 2019 |
|---|---|---|
| Income from investments | 72.0 | 83.7 |
| Royalty income | 16.0 | 18.9 |
| Administrative expenses | – 6.2 | – 7.1 |
| **Operating profit (EBIT)** | **81.8** | **95.5** |
| Finance costs | – 92.3 | – 73.2 |
| Finance income | 80.8 | 77.0 |
| **Profit before tax** | **70.3** | **99.3** |
| Income tax expense | – 0.8 | – 5.2 |
| **Profit for the year** | **69.5** | **94.1** |

# Balance sheet of Bucher Industries AG

| CHF million | Note | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| Cash and cash equivalents | | 168.0 | 150.2 |
| Other receivables | | 28.3 | 64.9 |
| Accrued income | | 13.7 | 15.6 |
| **Current assets** | | **210.0** | **230.7** |
| Financial assets | | | |
| Loans | | 447.4 | 581.3 |
| Investments | | 859.5 | 859.5 |
| Intangible assets | | 0.1 | 0.2 |
| **Non-current assets** | | **1'307.0** | **1'441.0** |
| **Assets** | | **1'517.0** | **1'671.7** |
| Interest-bearing liabilities | | | |
| Bonds | 2.2 | – | 100.0 |
| Other interest-bearing liabilities | 2.2 | 156.8 | 125.2 |
| Other liabilities | | 12.0 | 7.9 |
| Accrued liabilities and deferred income | | 1.8 | 6.7 |
| **Current liabilities** | | **170.6** | **239.8** |
| Interest-bearing liabilities | | | |
| Bonds | 2.2 | 100.0 | 100.0 |
| Loans and other bank borrowings | 2.2 | 297.9 | 366.7 |
| Other liabilities | | 0.2 | 0.1 |
| Provisions | | 0.7 | 4.5 |
| **Non-current liabilities** | | **398.8** | **471.3** |
| **Total liabilities** | | **569.4** | **711.1** |
| Share capital | 2.5 | 2.1 | 2.1 |
| Statutory reserve | | 70.6 | 70.6 |
| Distributable reserve | | 771.8 | 746.8 |
| Retained earnings | | 40.4 | 53.2 |
| Profit for the year | | 69.5 | 94.1 |
| Treasury shares | 2.6 | –6.8 | –6.2 |
| **Equity** | | **947.6** | **960.6** |
| **Liabilities and equity** | | **1'517.0** | **1'671.7** |

# 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 101 to 103 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.

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

| | 2020 | 2019 |
|---|---|---|
| Other receivables | 22.0 | 60.6 |
| Accrued income | 13.7 | 15.6 |
| Financial assets | 447.4 | 581.3 |
| Interest-bearing liabilities | – 156.8 | – 125.2 |
| Other liabilities | – 5.9 | – 2.5 |
| Accrued liabilities and deferred income | – 0.1 | – 3.5 |
| Loans | – 282.9 | – 351.7 |

## 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 95 of the annual report.

## 2.3 Assets and liabilities based on observable market data

CHF million

| | 2020 | 2019 |
|---|---|---|
| Derivative financial instruments – assets | 8.6 | 9.4 |
| Derivative financial instruments – liabilities | – 12.1 | – 7.9 |
| **Assets and liabilities based on observable market data** | **– 3.5** | **1.5** |

## 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 193.7 million (2019: CHF 194.2 million). The amount used at the reporting date was CHF 48.3 million (CHF 48.6 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 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 | |
|---|---|---|
| | **2020** | **2019** |
| Philip Mosimann, chairman | 48'559 | 47'924 |
| Anita Hauser, deputy chairman | 440'529 | 440'295 |
| Claude R. Cornaz | 4'149 | 3'943 |
| Michael Hauser | 605'519 | 605'313 |
| Martin Hirzel | 390 | 184 |
| Heinrich Spoerry | 4'137 | 3'931 |
| Valentin Vogt | 5'058 | 4'841 |
| **Board of directors** | **1'108'341** | **1'106'431** |

In the reporting period, 1'910 shares (2019: 1'708) were allocated to the board of directors at a share price of CHF 268.00 (CHF 359.60) as part of their fees for their term of office 2019/2020 (term of office 2018/2019). Further information is disclosed in the remuneration report on page 65.

## Group management's interests in shares

| | | Number of shares | |
|---|---|---|---|
| | | **2020** | **2019** |
| Jacques Sanche | CEO | 5'107 | 3'696 |
| Manuela Suter | CFO | 948 | 618 |
| Stefan Düring | Bucher Specials | 1'639 | 1'337 |
| Martin Jetter | Bucher Emhart Glass | 6'063 | 5'698 |
| Thierry Krier | Kuhn Group | 3'222 | 2'796 |
| Aurelio Lemos | Bucher Municipal | 839 | 938 |
| Daniel Waller | Bucher Hydraulics | 9'942 | 10'578 |
| **Group management** | | **27'760** | **25'661** |

In the reporting period, 3'500 shares (2019: 3'369) were allocated to group management for financial year 2019 at a share price of CHF 268.00 (CHF 359.60). Further information is disclosed in the remuneration report on page 66.

## 2.6 Treasury shares

| CHF million | Number of shares | | Number of shares | |
|---|---|---|---|---|
| | | **2020** | | **2019** |
| Balance at 1 January | 23'292 | 6.2 | 25'000 | 6.9 |
| Purchases of treasury shares | 9'990 | 2.8 | – | – |
| Reissued for share-based payments | – 8'437 | – 2.2 | – 1'708 | – 0.7 |
| **Balance at 31 December** | **24'845** | **6.8** | **23'292** | **6.2** |

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 | 2020 | 2019 |
|---|---|---|
| Retained profit carried forward as at 1 January | 147’243’607 | 159’984’389 |
| Transfer to distributable reserve | – 25’000’000 | – 25’000’000 |
| Dividend | – 81’801’240 | – 81’813’664 |
| Profit for the year | 69’481’281 | 94’072’882 |
| **Retained earnings available for distribution** | **109’923’648** | **147’243’607** |

## Proposal of the board of directors

| CHF | 2020 | 2019 |
|---|---|---|
| Retained earnings available for distribution | 109’923’648 | 147’243’607 |
| Transfer to distributable reserve | – 10’000’000 | – 25’000’000 |
| Dividend[1)] | – 66’625’000 | – 82’000’000 |
| **Balance to be carried forward** | **33’298’648** | **40’243’607** |

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 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 2020, the balance sheet as at 31 December 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 112 to 117) as at 31 December 2020 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 15'100'000

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:

Valuation 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

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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.

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 15'100'000 |
| **How we determined it** | 1% 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 against which holding companies can be assessed, and it is a generally accepted benchmark with regard to considerations of impairment regarding holding companies. |

We agreed with the Audit Committee that we would report to them misstatements above CHF 640'000 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.

### Valuation of investments

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Investments recognised on the balance sheet amount to CHF 859.5 million, which represents a significant portion of total assets.<br><br>The valuations of the companies are calculated using the intrinsic value method, the capitalised earnings method or the discounted cash flow (DCF) method, all of which require significant judgement in determining the parameters such as the capitalisation rate.<br><br>Please refer to page 114 (Information on this report – Investments) in the notes to the financial statements and to pages 101 to 103 (Group structure – Group companies) in the notes to the consolidated financial statements. | When identifying the potential need for impairment of investments, management follows a predefined impairment testing process.<br><br>We compared the carrying amount of the investments in the year under review with the pro-rata share of each investee's equity or its valuation according to the capitalised earnings method or discounted cash flow (DCF) method.<br><br>We performed sensitivity analyses using modified discount rates, sales and margins. These analyses enabled us to assess any potential impairment of the investments.<br><br>The results of our audit support management's valuations of the investments in the financial statements. |

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#### 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 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 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

| | |
|---|---|
| Thomas Illi | Oliver Illa |
| Audit expert<br>Auditor in charge | Audit expert |

Zürich, 26 February 2021