

## Press release

Niederweningen, 3 March 2021

# Robust profitability under difficult conditions

The strong drop in demand in the first half of the year was followed by a recovery from mid-year onwards, which gained momentum towards the end of the reporting period. Sales were below last year's record-high level. The operating profit margin was 7.4% and profit for the year was CHF 152 million. The board of directors proposes a dividend of CHF 6.50 per share.

## Group

CHF million	Change in				
	2020	2019	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	2'838	3'008	-5.7	-0.4	-1.2
Net sales	2'741	3'106	-11.8	-7.2	-7.8
Order book	1'081	1'019	6.2	12.1	10.9
Operating profit (EBITDA)	287	368	-22.0		
as % of net sales	10.5%	11.9%			
Operating profit (EBIT)	204	285	-28.3		
as % of net sales	7.4%	9.2%			
Profit for the year	152	228	-33.4		
as % of net sales	5.5%	7.3%			
Earnings per share in CHF	14.71	21.92	-32.9		
Operating free cash flow	313	163	92.4		
Net cash/debt	404	215	88.2		
Total assets	2'431	2'545	-4.5		
Equity	1'391	1'393	-0.2		
Equity ratio	57.2%	54.7%			
Return on equity (ROE)	10.9%	17.0%			
Net operating assets (NOA) average	1'151	1'214	-5.2		
Return on net operating assets (RONOA) after tax	13.5%	19.0%			
Number of employees at 31 December	12'598 <sup>3)</sup>	13'107	-3.9		-5.0
Average number of employees	12'515 <sup>3)</sup>	13'280	-5.8		-7.0

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

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

<sup>3)</sup> 12'727 employees (FTEs), of whom 129 on short-time work; average 12'868 employees (FTEs), of whom 353 on short-time work

**Robust profitability in a difficult year** The spread of COVID-19 in spring 2020 led to major disruptions, with reduced customer activity, delays and interruptions in the supply chain and temporary site closures. At the middle of the year, the situation began normalising and all sites were operational again. Certain restrictions, especially concerning international travel, remained in place. Thanks to a strong recovery in the agricultural machinery market, order intake for the Group adjusted for currency effects matched that of the previous year. Sales were down on the record highs set in 2019, despite the stabilisation that occurred from mid-2020 onwards. Operating profit amounted to CHF 204 million and the operating profit margin was down year on year at 7.4%, although it improved slightly in the second half of the year. Profit for the year declined to CHF 152 million. Earnings per share were CHF 14.71.

**Successful cash management in the crisis** Bucher Industries has implemented various measures to safeguard liquidity. The Group increased its focus on the management of working capital, postponed investments and increased committed credit facilities by CHF 140 million to CHF 300 million. Net cash rose by CHF 189 million over the previous year to a pleasing CHF 404 million. The return on net operating assets (RONOA) was 13.5%, significantly below the long-term target of 20%, but still above the cost of capital of 8%. The lower return is attributable to the significant decrease in the operating profit. The equity ratio was 57%. This solid financial position continues to secure the flexibility of the Group and to lay the foundations for further growth.

**Strengthening the divisions** Various smaller acquisitions were made over the past twelve months. In autumn 2020, Bucher Municipal acquired Spoutvac, the leading Australian manufacturer of sewer cleaning equipment and vehicles, and the operational business of Richards Coach Works, an established service provider for refuse collection vehicles in Australia. In early 2021, Kuhn Group acquired Khor Industrial, a manufacturer of grain carts and tillage equipment in Brazil. Also in early 2021, Bucher Unipektin's acquisition of Merk Process in Germany further expanded its leading market position in the niche area of vacuum belt drying technology for the food industry.

## Kuhn Group

CHF million	2020	2019	Change in	
			%	% <sup>1)</sup>
Order intake	1'290	1'141	13.1	21.8
Net sales	1'094	1'177	-7.1	-0.3
Order book	587	411	42.8	52.6
Operating profit (EBITDA)	125	135	-7.2	
as % of net sales	11.4%	11.5%		
Operating profit (EBIT)	91	98	-7.4	
as % of net sales	8.3%	8.3%		
Number of employees at 31 December	5'194	5'188	0.1	
Average number of employees	5'019 <sup>2)</sup>	5'321	-5.7	

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

<sup>2)</sup> Average 5'168 employees (FTEs), of whom 149 on short-time work

**Very good operating performance under difficult conditions** 2020 was a very turbulent year for the division. Following a good start, the market environment deteriorated rapidly from March 2020 with the spread of COVID-19. However, the agricultural machinery market proved robust in general, with a strong recovery setting in at mid-year. Order intake at Kuhn Group increased significantly. The production sites in France were temporarily shut down in the spring, but the division was producing again at above-average capacity from mid-May and was able to successively reduce the fall in sales over the course of the rest of the year. Adjusted for currency effects, sales even matched those of the previous year. On a positive note, the operating profit margin was also on a par with the prior-year level. In addition to various short-term cost savings, the division benefited in particular from lower material prices.

## Bucher Municipal

CHF million	2020	2019	Change in		
			%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	460	520	-11.5	-7.3	-11.5
Net sales	462	541	-14.6	-10.6	-14.0
Order book	157	159	-1.1	3.4	-3.5
Operating profit (EBITDA)	38	55	-31.7		
as % of net sales	8.1%	10.2%			
Operating profit (EBIT)	28	46	-39.6		
as % of net sales	6.0%	8.4%			
Number of employees at 31 December	2'327 <sup>3)</sup>	2'370	-1.8		-7.5
Average number of employees	2'322 <sup>3)</sup>	2'340	-0.8		-6.8

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

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

<sup>3)</sup> 2'334 employees (FTEs), of whom 7 on short-time work; average 2'364 employees (FTEs), of whom 42 on short-time work

**Challenging production conditions** The demand for municipal vehicles decreased significantly during the reporting period compared with the strong prior year, but overall remained at a decent level. Accordingly, order intake at Bucher Municipal was down on the good prior year. The division was badly hampered by the temporary closures of production sites and problems in the supply chain. As of mid-year, all production sites were operational again, although still subject to restrictions and the resulting inefficiencies. The division's sales were down compared with the very high prior year. Positive contributions came from the acquisition of Zynkon, Eurovoirie, Spoutvac and Richards Coach Works. The operating profit margin also decreased, due to lower sales and production inefficiencies.

## Bucher Hydraulics

CHF million	2020	2019	Change in	
			%	% <sup>1)</sup>
Order intake	561	564	-0.5	3.5
Net sales	536	649	-17.3	-14.1
Order book	134	113	17.9	23.1
Operating profit (EBITDA)	81	102	-20.9	
as % of net sales	15.1%	15.8%		
Operating profit (EBIT)	59	81	-26.9	
as % of net sales	11.0%	12.5%		
Number of employees at 31 December	2'537 <sup>2)</sup>	2'766	-8.3	
Average number of employees	2'530 <sup>2)</sup>	2'844	-11.0	

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

<sup>2)</sup> 2'602 employees (FTEs), of whom 65 on short-time work; average 2'634 employees (FTEs), of whom 104 on short-time work

**Pleasing operating profit margin despite markedly lower sales** After a sharp drop in demand for the division's components and solutions in the second quarter, a recovery set in at mid-year, which gained momentum towards the end of the reporting period, driven by the important agricultural machinery and materials handling segments. Order intake ended up on a par with the previous year. Sales were down substantially, however, especially in the first half of the year, owing to the lower demand and production site closures caused by the pandemic. The downturn in sales gradually eased, but a significant decrease nonetheless resulted for the year overall. Despite this, the division achieved a pleasing operating profit margin by consistently adjusting its capacities to utilisation and by initiating optimisation measures.

## Bucher Emhart Glass

CHF million	Change in				
	2020	2019	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	317	524	-39.5	-37.0	-37.1
Net sales	421	487	-13.5	-10.0	-9.5
Order book	155	271	-42.6	-40.2	-40.2
Operating profit (EBITDA)	53	74	-28.4		
as % of net sales	12.7%	15.3%			
Operating profit (EBIT)	44	66	-32.4		
as % of net sales	10.5%	13.5%			
Number of employees at 31 December	1'611	1'770	-9.0		-9.0
Average number of employees	1'688	1'755	-3.8		-3.5

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

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

**Double-digit operating margin once again** After an exceptionally strong 2019, demand for the division's equipment plummeted in the first half of 2020. Due to the significantly lower demand for glass containers, manufacturers postponed project negotiations and suspended investment programmes. From mid-year onwards, a slow recovery at a low level was observable. Overall, order intake at Bucher Emhart Glass posted a sharp decline. Sales were also down against the very good previous year but recovered somewhat in the second half of the year. The division implemented various measures to reduce costs, and in China it continued adjusting capacities. The operating profit margin could be sustained in the double digits, supported by a high proportion of spare parts.

## Bucher Specials

CHF million	Change in				
	2020	2019	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	261	324	-19.3	-17.7	-19.0
Net sales	273	316	-13.5	-11.8	-13.3
Order book	70	82	-14.3	-12.9	-14.3
Operating profit (EBITDA)	12	25	-51.4		
as % of net sales	4.4%	7.8%			
Operating profit (EBIT)	7	20	-64.6		
as % of net sales	2.5%	6.2%			
Number of employees at 31 December	868 <sup>3)</sup>	948	-8.4		-10.2
Average number of employees	893 <sup>3)</sup>	953	-6.3		-9.0

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

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

<sup>3)</sup> 925 employees (FTEs), of whom 57 on short-time work; average 951 employees (FTEs), of whom 58 on short-time work

**Major difficulties in the beverage industry** Bucher Vaslin and Bucher Unipektin customers postponed new and replacement investments and instead focused on maintaining or upgrading existing equipment. Travel restrictions additionally hampered the sale, installation and commissioning of equipment. Bucher Landtechnik reported very pleasing business performance in the robust Swiss agricultural machinery market. Jetter was impacted by the decreasing demand at Bucher Emhart Glass and other customers. Against this difficult background, order intake and sales at Bucher Specials declined. The operating profit margin came under additional pressure from restructuring measures in France, but, thanks to a variety of cost-saving initiatives, it remained in positive territory.

## Outlook for 2021

The Group expects the economic recovery to continue slowly. Uncertainties are likely to persist, however, especially in the first half of the year. The outlook assumes that all production sites remain operational. **Kuhn Group** anticipates a positive development in its most important markets, in particular in the arable sector, owing to high crop prices. The dairy and livestock industry may be increasingly impacted negatively by rising feed costs. Overall, the division expects a moderate rise in sales for 2021. The operating profit margin is likely to be slightly higher, despite rising costs for materials. **Bucher Municipal** anticipates decent demand. The ongoing pandemic and Brexit as well as potential savings measures to combat the high national debt levels could have a dampening effect. In this environment, Bucher Municipal expects a moderate rise in sales facilitated by the full-year consolidation of Spoutvac and the newly launched electrified sweepers and winter maintenance equipment. With improved production efficiency, the operating profit margin should increase. **Bucher Hydraulics** is likely to benefit from a further recovery of hydraulics markets. The division will continue to systematically pursue the optimisation measures it has launched and will invest further in innovation. Consequently, the division expects sales to pick up slightly and the operating profit margin to remain on a par with the good level achieved in 2020. **Bucher Emhart Glass** is facing continuing challenges in the current year. Capacity utilisation is likely to be low in the first half of 2021, due to project postponements. The division therefore expects to see a decline in sales and the operating profit margin for the year as a whole. **Bucher Specials** anticipates that uncertainties will persist owing to the pandemic, causing reluctance in the cyclical project business. The division expects slightly higher sales and an operating profit margin in the mid-single-digit range thanks to the cost-saving measures put in place. Overall, the **Group** expects to see a slight increase in sales and in the operating profit margin as well as an improved profit for the year.

## 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 dividend paid in the previous year was CHF 8.00 per share. This proposal is in keeping with a consistent dividend policy and takes account of the profit for the year 2020, the solid financial position and the outlook for the current year.

## Annual general meeting

The annual general meeting of Bucher Industries will be held on 15 April 2021 at the Glatt Tower, Wallisellen, starting at 3.00 p.m. In accordance with Art. 27 of Federal Council Ordinance 3 on Measures to Combat the Coronavirus (COVID-19 Ordinance 3), the annual general meeting will be held without the physical attendance of shareholders, as in the previous year. The exercise of voting rights may be delegated

to the independent proxy holder by written or electronic proxy. Further information will be provided in the invitation to shareholders. The board of directors proposes to the annual general meeting the re-election of Philip Mosimann, as chairman, and the current members of the board of directors and of the compensation committee – with the exception of Claude Cornaz, who will not stand for re-election. Further resolutions proposed can be found in the invitation to the annual general meeting, which will be sent out to shareholders on 16 March 2021. Shareholders registered in the company's share register on 9 April 2021 will be entitled to vote at the annual general meeting. From 10 to 15 April 2021 the share register will be closed for entries. Shares purchased on or after 19 April 2021 are not entitled to a dividend. The dividend will be paid on 21 April 2021. The annual report for 2020 will be available for download from 3 March 2021, and the invitation to the annual general meeting from 16 March 2021, at [bucherindustries.com](http://bucherindustries.com). A printed version of the annual report 2020 will be available from 3 March 2021.

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### Simply great machines

Bucher Industries is a global technology group with leading market positions in speciality areas of mechanical and vehicle engineering. The company's operations include specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry and for wine and fruit juice production, as well as automation technology. The company's shares are traded on the SIX Swiss Exchange (SIX: BUCN). Further information is available at [bucherindustries.com](http://bucherindustries.com).

Additional performance measures: Internally and externally Bucher Industries uses key figures that are not defined by Swiss GAAP FER. The composition and calculation of the individual performance measures are set out here: [bucherindustries.com/en/additional-performance-measures](http://bucherindustries.com/en/additional-performance-measures)