

Report to shareholders

Dear Shareholders,

Over the course of the reporting period, demand for Bucher Industries' products and services declined in line with the general economic slowdown, and order intake normalised. Sales remained on a par with the prior-year level, with capacity utilisation lower in the second half of the year. The operating profit margin reached a very good 11.9%. The profit for the year was CHF 356 million, once again above the high figure of the previous year. Earnings per share were CHF 34.38, exceeding the prior year.

Strong business result

Demand for Bucher Industries' products and services declined in line with the general economic slowdown, and order intake normalised from its high prior-year figure. The increasing economic uncertainties were particularly noticeable in the agricultural machinery market. Kuhn Group, Bucher Municipal, Bucher Hydraulics and Bucher Emhart Glass each reported a downward trend in their order intake, albeit to varying degrees. Bucher Specials recorded an increase in orders as a result of an acquisition. Group sales remained on a par with the prior-year level, with price increases largely compensating the negative currency effects. Production capacity utilisation was lower in the second half of the year, and production planning was adjusted to the lower volumes on a case-by-case basis. The order book normalised while remaining high with a range of more than five months. The operating profit margin reached a very good 11.9%. The profit for the year was CHF 356 million, once again above the high figure of the previous year. Earnings per share were CHF 34.38, exceeding the prior year.

Pleasing return on assets

The return on net operating assets (RONOA) after tax was a high 24.7%, above the long-term target of 20% and thus also well above the cost of capital of 8%. The pleasing return is attributable to the good sales level and the resulting operating profit. Average net operating assets increased significantly year on year, due mainly to higher inventories in response to supply chain challenges, significantly lower advances from customers, and higher investments. The main focus was on the construction projects of Bucher Hydraulics and Bucher Automation in Germany as well as Bucher Emhart Glass in Malaysia. The Group further invested in strengthening its IT infrastructure and security. The increase in net working capital, higher level of investment and payment of the dividend had a negative impact on free cash flow. The financial position remains very solid, with net liquidity of CHF 396 million at the end of the year and an equity ratio of 61%.

Kuhn Group

After two very strong financial years, demand for agricultural machinery weakened during the reporting period. Lower prices for agricultural commodities, a decline in income due to unfavourable weather conditions and high interest rates made farmers less willing to invest. This, along with the improved delivery capacity for agricultural



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

machinery, led to a rise in inventories in the dealer network and consequently a decline in demand. Kuhn Group's order intake was down by 31% compared with the high prior-year level, while sales fell by 6%. The operating profit margin of 11.4% was only slightly below the high level of the previous year.

Bucher Municipal

Bucher Municipal continued to experience high demand in a stable market situation. Order intake fell by 7% overall compared with the high prior-year level. The situation in the supply chain improved, and sales exceeded the prior year by 8%. The order book reached the same high level as in 2022, with a range of more than six months. The operating profit margin was 6.3% and included additional inventory write-downs at a site in Australia and expenses for the implementation of a new ERP system.

Bucher Hydraulics

Demand in the hydraulics markets weakened during the reporting period but remained at a high level, while Bucher Hydraulics' order intake was down 12% on the strong prior year. The construction machinery segment declined, with agricultural machinery also declining in the second half of the year. Materials handling was stable. The mobile electric drive technology solutions business continued to perform well. The division's sales remained on a par with the previous year due to the full order book at the end of 2022, falling by 2%. The operating profit margin improved slightly compared with 2022 to 13.9% thanks to the division's good cost structure and its ability to pass on some of the material price increases.

Bucher Emhart Glass

Demand for glass forming machinery and inspection machinery remained strong throughout much of the reporting period. Towards the end of 2023, however, a slowdown became apparent. Bucher Emhart Glass's order intake fell by 10% but was still at a very high level. Capacity utilisation continued to be very strong, and sales were maintained at the same high level as in the previous year. The operating profit margin increased further and reached a very good 19.5%. This was driven by the high capacity utilisation, the favourable product mix and positive currency effects.

Bucher Specials

Bucher Specials' markets were subject to varying developments during the reporting period. Demand at Bucher Vaslin developed negatively, while business at Bucher Unipektin remained stable. Bucher Landtechnik reported weakening business performance. Bucher Automation benefited from a positive market development. Order

intake was up 2% on the high level recorded in the previous year. Sales rose by 15%, attributable in part to the Polish company of Bucher Unipektin, which has been consolidated since the end of 2022. The operating profit margin was 8.3%.

Consistent dividend policy

The board of directors proposes a dividend of CHF 13.50 per share to the annual general meeting on 18 April 2024. The dividend paid in the previous year was CHF 13.00 per share. The proposal takes into account a consistent dividend policy, the profit for the year 2023, the solid financial position, the outlook for the current year as well as further internal and external investment opportunities.

Changes to the board of directors and group management

On 19 April 2023, the annual general meeting elected Urs Kaufmann as a new member of the board of directors. The board of directors proposes to the annual general meeting on 18 April 2024 the re-election of Urs Kaufmann as a member of the board of directors and proposes that he be elected as successor to Philip Mosimann as chairman of the board. As published in the press release of 10 January 2024, Frank Mühlon will take over the division management of Bucher Hydraulics from Daniel Waller effective 1 July 2024 and join group management. Both changes ensure long-term succession planning.

Innovations that inspire our customers

This year again saw our divisions launch various innovative products. Kuhn Group introduced an entirely new product range for mechanical weeding, so that cereals and row crops can be freed from weeds without the use of chemicals. At the Agritechnica, the division also presented "Karl", the autonomous agricultural robot. This versatile robot carries out work in the fields without human intervention, from tillage and seeding right through to crop protection. The electrified 4m³ compact sweeper in the "CityCat" line that was launched on the market for the first time in 2022 was approved for all markets. With this latest model, Bucher Municipal has now completed its range of electrified compact sweepers. Bucher Hydraulics' electrohydraulic systems were further expanded in the reporting period to include products that are easily configurable. At Bucher Emhart Glass, the "Smart Feeder" is now available for all product lines. This is a multi-axial feeder system with a camera-based shear mechanism. It continuously monitors and controls the gob-forming process in order to optimise the size and shape of the gobs and therefore the weight of the glass containers.

For a better environment

Bucher strives to develop products that will allow customers to reduce their ecological footprint in business operations. We present a selection of these products and services in this annual report. In addition, our production sites are being made more energy-efficient and environmentally friendly. Not only was energy consumption reduced in the reporting period, but the volume of self-generated solar power was more than doubled. Scope 1 and 2 CO₂ emissions have been cut by 8'000 tonnes, corresponding to a decrease of 9%.

Bucher, an attractive employer

Bucher wants to be an employer that offers its employees an exciting work environment where they can get involved and contribute their ideas. The employee surveys conducted by various business units exhibited satisfactory response rates, and many of those surveyed reported a high level of satisfaction with their work. Bucher Hydraulics celebrated its 100th anniversary in the reporting period, with celebrations held for employees at all major sites, which were greatly appreciated.

A huge thank you

The board of directors and group management would like to thank our employees for the good result. Because our success would not be possible without the expertise and tireless commitment of our employees, who do their utmost to provide our customers with the best-possible service and the degree of quality to which they have become accustomed. We would like to thank our employees for their continued hard work and dedication. We would also like to thank our shareholders, customers and business partners across the world for their trust and support.

Outlook for 2024

The Group anticipates that demand will continue to soften slightly in 2024 against an environment increasingly characterised by uncertainties. **Kuhn Group** expects sales to decrease and the operating profit margin to be lower but remaining in the double digits. **Bucher Municipal** forecasts sales in line with prior-year figures. The operating profit margin is likely to increase. Due to weakening market momentum, **Bucher Hydraulics** expects both sales and the operating profit margin to decline slightly. **Bucher Emhart Glass** anticipates slightly weaker sales compared with the very high sales of 2023. Accordingly, the operating profit margin is expected to be somewhat lower than in 2023. **Bucher Specials** assumes its sales and the operating profit margin will be on a par with the previous year. The **Group** expects a slight decline in sales as a result of the slowdown in business momentum for 2024. Due to the lower capacity utilisation as well as rising employment costs, the operating profit margin is also expected to decline, but still remaining in the double digits. Accordingly, the Group's profit for the year is expected to be lower than the high level recorded in the previous year.

Niederweningen, 1 March 2024



Philip Mosimann
Chairman of the Board of Directors



Jacques Sanche
Chief Executive Officer