

Financial report

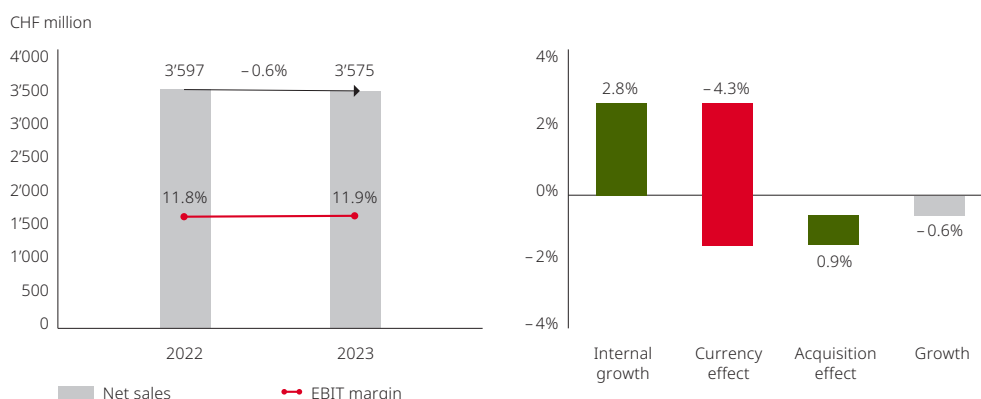
With sales at prior-year level and a high operating profit margin, Bucher Industries once again achieved a return on net operating assets of over 20%. The operating free cash flow was increased and the financial position remains extremely solid.

Financial review

Topic	Ambition	Key indicator and target	2023
Economic value creation	Our Group is founded on sustainable and responsible economic value creation, whereby we strive for high profitability and a high return on net operating assets.	Over a business cycle: – Operating profit margin of over 10% – Return on net operating assets (RONOA) after tax of over 20%	11.9% 24.7%

Performance

Sales development and operating profit margin



Sales at prior-year level In the course of the reporting period, demand for our products and services declined in line with the general economic slowdown, and the order intake dropped by 17.8% compared with the high prior-year amount. Net sales were at the prior-year level, with price increases compensating the negative currency effects of 4.3 percentage points. The effect of acquisitions on the net sales was CHF 33.0 million (0.9 percentage points). Further information about the exchange rates used and the acquisitions can be found in notes 4.7 and 5.1 to the consolidated financial statements.

CHF million	2023	2022	Change %
Net sales	3'574.8	3'596.8	-0.6
Net sales adjusted for currency effects	3'730.9	3'596.8	3.7
Net sales adjusted for acquisition effects	3'541.8	3'596.8	-1.5
Net sales adjusted for currency and acquisition effects	3'697.7	3'596.8	2.8

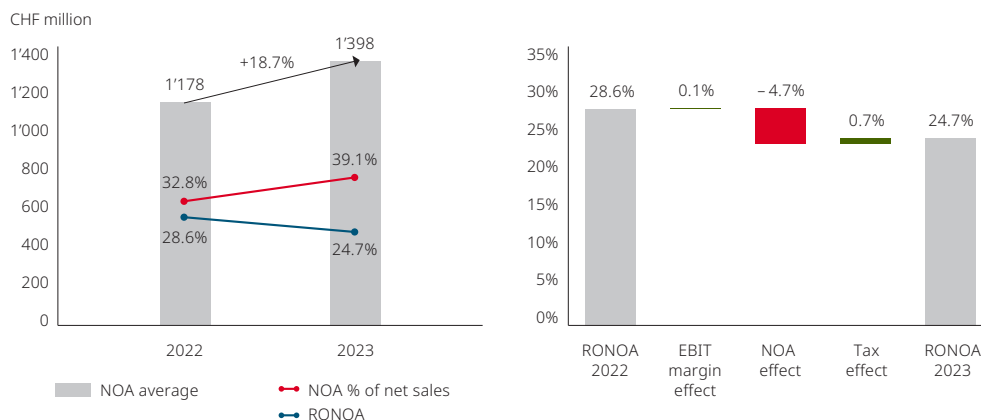
Production capacity was less utilised in the second half of the year, and production planning was adjusted to the lower volumes on a case-by-case basis. Consequently, the number of full-time equivalents fell during the course of the year. The average number of full-time equivalents for the year, adjusted for acquisitions, still rose slightly by 2.3%, but at the end of the year, it was just below the high prior-year number.

Continued high operating profit margin The operating profit margin was 11.9%, just above the prior year's good margin. This was due to good capacity utilisation, higher production efficiencies as a result of the improvement in the supply chain and the price increases initiated in the previous year. The further increase in the operating profit margin of Bucher Hydraulics and Bucher Emhart Glass compensated the decrease of Kuhn Group and Bucher Specials, which was mainly due to the lower capacity utilisation in the second half of the year. The operating profit of Bucher Municipal was negatively impacted by additional value adjustments of CHF 5.0 million on inventories at one location in Australia, while the Group's operating profit included a gain of CHF 9.7 million from the sale of real estate.

Marked increase in profit for the year Compared with the prior year, the profit for the year increased by CHF 21.1 million to CHF 355.7 million, amounting to 9.9% of net sales. The financial result was CHF 12.1 million (2022: CHF –2.4 million) and was characterised by higher interest income and the result of short-term investments, mainly in Brazil, as well as lower negative currency effects. The reduction of the effective tax rate to 18.5% (20.9%) is due in particular to geographical shifts in the taxable income as well as special effects in Brazil.

Invested capital

Economic value creation



Pleasing return on net operating assets (RONOA) The return on net operating assets (RONOA) after tax was a high 24.7%, above the long-term target of 20% and thus well above the cost of capital of 8%. The pleasing return is attributable to the good sales level with a continued high operating profit margin. Compared with the prior year, the average net operating assets (NOA) increased by 18.7% with a negative impact on the return. The main reasons for the increase were higher inventories as a result of challenges in the supply chain, significantly lower advances from customers as well as investments in internal and external growth. The average inventory turnover remained at a low level but towards the end of the reporting period, the inventories could be increasingly reduced.

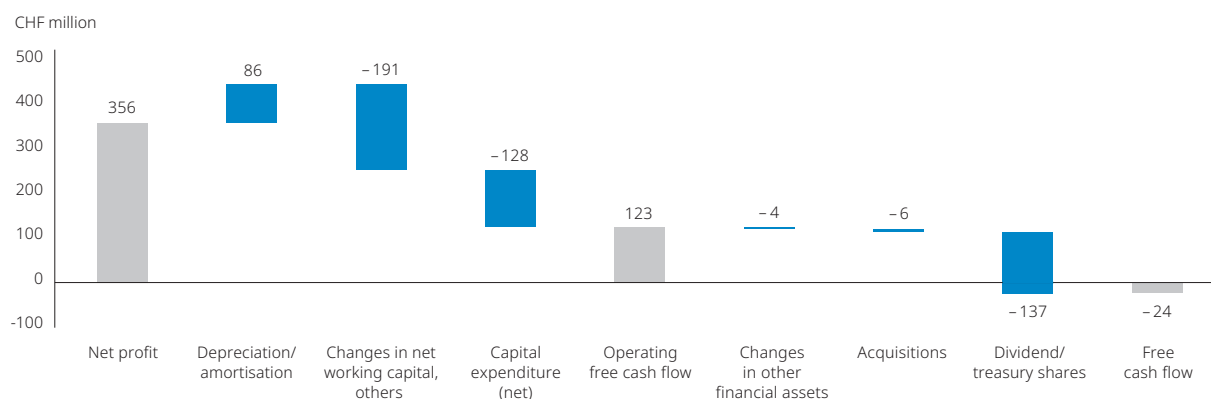
Strategic investments in internal and external growth The investments in the expansion of the production infrastructure and in the modernisation of production facilities amounted to CHF 141.6 million. The main focus was on the construction projects of Bucher Hydraulics and Bucher Automation in Germany, as well as Bucher Emhart Glass in Malaysia. The Group further invested in strengthening its IT infrastructure and security. Expenditure for research and development amounted to CHF 132.8 million, an increase of 8.1%. They included the development of digital solutions for precision farming, the electrification of municipal vehicles, the development of innovative electrohydraulic subsystems and “End to End” technology and services to further automate the glass-forming process. At the beginning of the reporting period, Bucher Municipal acquired the remaining 80% of the shares of SSV Environnement in France. The purchase consideration amounted to CHF 6.9 million and the cash outflow was CHF 5.0 million. The company acquired generated net sales of CHF 9.3 million since the acquisition date.

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

CHF million	Change		
	2023	2022	%
Trade receivables	532.8	568.6	
Inventories	1'056.3	1'022.4	
Other operating receivables, prepayments and accrued income	80.2	92.7	
Trade payables	-291.8	-348.6	
Advances from customers	-273.1	-358.1	
Current provisions	-82.3	-80.5	
Other operating liabilities, accruals and deferred income	-287.0	-285.7	
Net working capital	735.1	610.8	20.4
Property, plant and equipment	642.5	609.6	
Intangible assets	12.6	11.3	
Non-current operating receivables	3.0	5.1	
Non-current provisions	-8.8	-10.7	
Non-current operating liabilities	-11.4	-12.6	
Net operating assets (NOA)	1'373.0	1'213.5	13.1
Net operating assets (NOA) average	1'398.1	1'178.1	18.7
Operating profit (EBIT)	424.4	425.2	-0.2
Effective tax rate	18.5%	20.9%	
Return on net operating assets (RONOA) after tax	24.7%	28.6%	

Financing and risk management

Free cash flow



Higher operating free cash flow Compared with the prior year, the operating free cash flow rose by CHF 54.3 million, which is mainly due to the good operating performance and a lower increase in net working capital.

Free cash flow and net cash

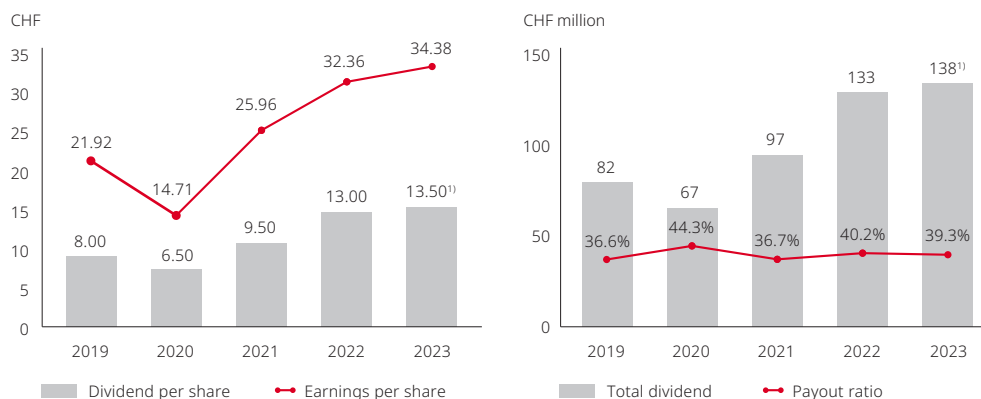
CHF million

	2023	2022
Profit for the year	355.7	334.6
Depreciation, impairment and amortisation	86.0	85.8
Changes in net working capital	-188.3	-262.3
Other changes	-3.0	5.6
Net investments in property, plant and equipment and intangible assets	-127.5	-95.1
Operating free cash flow	122.9	68.6
Changes in other non-current financial assets	-3.7	0.4
Acquisitions	-6.3	-41.0
(Purchases)/sale of treasury shares	-1.8	-
Dividend paid/received	-135.5	-99.6
Free cash flow	-24.4	-71.6
Net cash/debt	395.6	457.2
Net cash/debt average	341.3	396.2

Solid financial position Net cash was impacted by negative currency effects and decreased, also as a result of the negative free cash flow, to CHF 395.6 million at year end. It comprised cash and liquid assets of CHF 529.3 million and financial liabilities of CHF 133.7 million. In view of the very solid financial position, the unused committed credit facilities were further reduced by CHF 20.0 million to CHF 40.0 million at year end. The equity ratio was 61.4%. This solid financial position continues to secure the flexibility of Bucher Industries and to lay the foundations for further growth.

Shareholder value

Dividend and payout ratio



¹⁾ Proposal of the board of directors

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 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. Based on the average share price for 2023 of CHF 381.17 (2022: CHF 367.50), the proposal of the board of directors is equivalent to a dividend yield of 3.5% (3.5%). The year-end market capitalisation was CHF 3.6 billion.

Group

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Consolidated income statement

CHF million	Note				
		2023	%	2022	%
Net sales	2.1	3'574.8	100.0	3'596.8	100.0
Changes in inventories of finished goods and work in progress		70.5		100.8	
Raw materials and consumables used		-1'861.7		-1'970.2	
Employment costs	2.2	-876.0		-832.8	
Other operating income	2.3	41.2		27.6	
Other operating expenses	2.4	-438.4		-411.2	
Operating profit before depreciation and amortisation (EBITDA)		510.4	14.3	511.0	14.2
Depreciation, impairment	3.3	-82.0		-82.0	
Amortisation	3.4	-4.0		-3.8	
Operating profit (EBIT)	2.1	424.4	11.9	425.2	11.8
Share of profit/(loss) of associates	2.5	2.9		2.0	
Finance costs	2.5	-4.6		-9.6	
Finance income	2.5	13.8		5.2	
Profit before tax		436.5	12.2	422.8	11.8
Income taxes	2.6	-80.8		-88.2	
Profit for the year		355.7	9.9	334.6	9.3
Attributable to owners of Bucher Industries AG		352.1		331.2	
Attributable to minority interests		3.6		3.4	
Basic and diluted earnings per share (CHF)	4.6	34.38		32.36	

Consolidated balance sheet

CHF million	Note		
		31 December 2023	31 December 2022
Cash and cash equivalents	4.1	488.0	536.9
Other financial assets	4.2	41.3	42.4
Trade receivables	3.1	532.8	568.6
Other receivables, prepayments and accrued income	3.1	88.4	99.7
Inventories	3.2	1'056.3	1'022.4
Current assets		2'206.8	2'270.0
Receivables	3.1	3.9	6.5
Property, plant and equipment	3.3	642.5	609.6
Intangible assets	3.4	12.6	11.3
Other financial assets	4.2	6.5	2.9
Investments in associates		14.6	13.8
Deferred income tax assets	2.6	71.5	64.6
Non-current assets		751.6	708.7
Assets		2'958.4	2'978.7
Financial liabilities	4.3	112.2	7.7
Trade payables		291.8	348.6
Advances from customers		273.1	358.1
Provisions	3.5	82.3	80.5
Other liabilities, accruals and deferred income	3.7	289.0	289.3
Current liabilities		1'048.4	1'084.2
Financial liabilities	4.3	21.5	114.4
Provisions	3.5	8.8	10.7
Other liabilities	3.7	11.5	12.8
Deferred income tax liabilities	2.6	29.4	30.5
Pension benefit obligations	6.1	22.9	24.3
Non-current liabilities		94.1	192.7
Total liabilities		1'142.5	1'276.9
Share capital	4.6	2.1	2.1
Treasury shares	4.6	-3.4	-3.4
Retained earnings		1'797.7	1'682.7
Attributable to owners of Bucher Industries AG		1'796.4	1'681.4
Attributable to minority interests		19.5	20.4
Equity		1'815.9	1'701.8
Liabilities and equity		2'958.4	2'978.7

Consolidated cash flow statement

CHF million	Note		
		2023	2022
Profit for the year		355.7	334.6
Income tax expense	2.6	80.8	88.2
Share of (profit)/loss of associates	2.5	-2.9	-2.0
Other net financial result	2.5	-9.2	4.4
Depreciation, impairment and amortisation	3.3, 3.4	86.0	85.8
Other operating cash flow items		8.7	0.6
Gain on sale of property, plant and equipment	2.3	-10.9	-1.1
Interest received		7.1	1.8
Interest paid		-2.5	-2.1
Income tax paid		-79.1	-72.8
Change in provisions and pension benefit obligations		5.0	-11.4
Change in trade receivables		2.2	-141.8
Change in other receivables, prepayments and accrued income		-1.7	-5.4
Change in inventories		-114.7	-204.8
Change in advances from customers		-65.0	31.6
Change in trade payables		-37.2	56.3
Change in other liabilities, accruals and deferred income		21.6	9.9
Other changes in net working capital		6.5	-8.1
Net cash flow from operating activities		250.4	163.7
Purchases of property, plant and equipment		-135.8	-94.2
Proceeds on disposal of non-current assets		14.1	1.9
Purchases of intangible assets	3.4	-5.8	-2.8
Purchases of other financial assets		-7.2	-11.2
Disposal of other financial assets		1.6	0.7
Acquisitions	5.1	-6.3	-41.0
Dividend received		0.3	0.5
Net cash flow from investing activities		-139.1	-146.1
(Purchases)/sale of treasury shares	4.6	-1.8	-
Proceeds from/(repayment of) non-current financial liabilities		-0.2	-0.5
Proceeds from/(repayment of) current financial liabilities		1.7	-32.2
Dividend paid		-135.8	-100.1
Net cash flow from financing activities		-136.1	-132.8
Effect of exchange rate changes		-24.1	-20.1
Net change in cash and cash equivalents		-48.9	-135.3
Cash and cash equivalents at 1 January		536.9	672.2
Cash and cash equivalents at 31 December		488.0	536.9

Consolidated statement of changes in equity

CHF million	Share capital	Treasury shares	Offset goodwill	Retained earnings Currency translation reserve	Cash flow hedge reserve	Other retained earnings	Attributable to owners of Bucher Industries AG	Minority interests	Total equity
Balance at 1 January 2023	2.1	-3.4	-311.4	-203.1	-0.6	2'197.8	1'681.4	20.4	1'701.8
Profit for the year						352.1	352.1	3.6	355.7
Change in currency translation reserve				-107.7			-107.7	-1.9	-109.6
Change in cash flow hedge reserve					4.4		4.4	-	4.4
(Purchase)/sale of treasury shares		-1.8					-1.8		-1.8
Share-based payments		1.8				0.7	2.5		2.5
Goodwill offset			-1.8				-1.8		-1.8
Gain of control of an associate ¹⁾						0.5	0.5		0.5
Dividend						-133.2	-133.2	-2.6	-135.8
Balance at 31 December 2023	2.1	-3.4	-313.2	-310.8	3.8	2'417.9	1'796.4	19.5	1'815.9
Balance at 1 January 2022	2.1	-5.9	-296.0	-151.1	-0.8	1'963.4	1'511.7	20.9	1'532.6
Profit for the year						331.2	331.2	3.4	334.6
Change in currency translation reserve				-52.0			-52.0	-1.1	-53.1
Change in cash flow hedge reserve					0.2		0.2	-	0.2
Share-based payments		2.5				0.5	3.0		3.0
Goodwill offset			-15.4				-15.4		-15.4
Dividend						-97.3	-97.3	-2.8	-100.1
Balance at 31 December 2022	2.1	-3.4	-311.4	-203.1	-0.6	2'197.8	1'681.4	20.4	1'701.8

¹⁾ Difference between share of fair value and equity value upon gain of control of SSV Environnement SAS, which was previously recognised as an associate.

Notes to the consolidated financial statements

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Notes to the consolidated financial statements

1. Information on this report

1.1 General information

Bucher Industries AG is a public limited company incorporated in Switzerland whose shares are publicly traded on SIX Swiss Exchange. Its registered office is in Niederweningen, Switzerland. The Group comprises five divisions in industrially related areas of mechanical and vehicle engineering.

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. 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 significant 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 significant 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). The functional currency is generally the same as 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 and impairment of non-financial assets, in particular the assessment of inventories, see note 3.2
- Recognition of non-current provisions, see note 3.5
- Actuarial calculations of foreign pension benefit obligations, see note 6.1

1.5 Performance measures not defined by Swiss GAAP FER

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

- 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
- Net cash/debt, see financial review
- Free cash flow, see financial review
- Internal growth, see financial review

bucherindustries.com/en/additional-performance-measures

2. Performance

2.1 Segment reporting

The Group comprises five divisions: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic and electronic components as well as electrohydraulic systems (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for processing beverages, and automation solutions (Bucher Specials).

Segment information

CHF million	Net sales			Operating profit (EBIT)			Net operating assets (NOA) ¹⁾		
	2023	2022	%	2023	2022	%	2023	2022	%
Kuhn Group	1'421.8	1'510.3	-5.9	162.6	176.3	-7.8	348.8	250.9	39.0
Bucher Municipal	572.5	529.3	8.2	36.0	31.5	14.3	309.5	274.7	12.7
Bucher Hydraulics	743.6	755.5	-1.6	103.5	101.4	2.1	292.8	321.0	-8.8
Bucher Emhart Glass	523.6	525.2	-0.3	102.0	97.5	4.6	222.6	203.5	9.4
Bucher Specials	398.0	347.1	14.7	33.0	29.9	10.4	172.2	136.1	26.5
Reportable segments	3'659.5	3'667.4	-0.2	437.1	436.6	0.1	1'345.9	1'186.2	13.5
Other/consolidation	-84.7	-70.6	-20.0	-12.7	-11.4	-11.4	27.1	27.3	-0.7
Group	3'574.8	3'596.8	-0.6	424.4	425.2	-0.2	1'373.0	1'213.5	13.1

¹⁾ At 31 December

The performance of each of the divisions is evaluated on the basis of operating profit, which is measured in 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 amounting to CHF 1.1 million (2022: CHF 8.7 million) as well as consolidation adjustments for intersegment transactions. In the reporting period there was also a gain of CHF 9.7 million from the sale of real estate. Intersegment sales amounted to CHF 13.6 million (CHF 15.4 million) for Kuhn Group, CHF 6.4 million (CHF 6.3 million) for Bucher Hydraulics and CHF 64.6 million (CHF 48.9 million) for Bucher Specials. The other divisions had only marginal intersegment sales.

CHF million	Capital expenditure				Research and development costs			
	2023	% ¹⁾	2022	% ¹⁾	2023	% ¹⁾	2022	% ¹⁾
Kuhn Group	40.1	2.8	36.3	2.4	-48.8	3.4	-45.0	3.0
Bucher Municipal	20.3	3.5	8.4	1.6	-22.4	3.9	-19.1	3.6
Bucher Hydraulics	28.6	3.8	25.4	3.4	-27.6	3.7	-27.5	3.6
Bucher Emhart Glass	22.3	4.3	13.2	2.5	-21.2	4.0	-19.9	3.8
Bucher Specials	28.0	7.0	12.8	3.7	-12.8	3.2	-11.4	3.3
Reportable segments	139.3	3.8	96.1	2.6	-132.8	3.6	-122.9	3.4
Other/consolidation	2.3	-	0.9	-	-	-	-	-
Group	141.6	4.0	97.0	2.7	-132.8	3.7	-122.9	3.4

¹⁾ Of net sales

Net sales by region

CHF million

	2023	%	2022	%
Switzerland	134.8	3.8	147.6	4.1
Germany	529.4	14.8	476.3	13.2
France	431.9	12.1	400.9	11.2
Rest of Europe	1'132.8	31.6	1'028.2	28.6
Europe	2'228.9	62.3	2'053.0	57.1
North America	559.6	15.7	599.6	16.7
Brazil	187.4	5.2	281.9	7.8
Rest of Americas	87.8	2.5	133.2	3.7
Americas	834.8	23.4	1'014.7	28.2
China	135.1	3.8	170.2	4.7
India	35.2	1.0	26.6	0.7
Rest of Asia	157.4	4.4	110.5	3.1
Asia	327.7	9.2	307.3	8.5
Australia	133.8	3.7	159.2	4.4
Other	49.6	1.4	62.6	1.8
Net sales	3'574.8	100.0	3'596.8	100.0

Net sales have been allocated to the countries of destination.

Reconciliation of segment results

CHF million

	2023	2022
Segment operating profit (EBIT)	437.1	436.6
Other/consolidation	-12.7	-11.4
Operating profit (EBIT)	424.4	425.2
Share of profit/(loss) of associates	2.9	2.0
Finance costs	-4.6	-9.6
Finance income	13.8	5.2
Profit before tax	436.5	422.8

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

	2023	2022
Wages and salaries	-624.4	-592.2
Share-based payments	-2.5	-2.8
Social security costs	-110.4	-104.4
Pension benefit expense	-44.1	-34.5
Other employment costs	-94.6	-98.9
Employment costs	-876.0	-832.8

Share-based payments include the Bucher Participation Plan as well as remuneration of the board of directors. In the reporting period, 6'773 shares (2022: 9'142) in total were issued. The shares awarded are subject to a three-year blocking period. Other employment costs include incidental costs of staff recruitment, retention, training and development as well as external staff costs.

Accounting policies

Bucher Participation Plan The Bucher Participation Plan is a share-based, performance-related component of remuneration for the members of group and division management and selected specialists. The allocation is based on a percentage of the base salary and the achievement of the annual financial "earnings per share" target. The relevant expense is reported under employment costs with an offsetting entry in equity. 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

	2023	2022
Own work capitalised	7.2	4.4
Gain on sale of property, plant and equipment	10.9	1.1
Miscellaneous income	23.1	22.1
Other operating income	41.2	27.6

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

	2023	2022
Energy, maintenance and repairs	-141.6	-130.5
Charges, levies, taxes and consulting fees	-40.5	-38.1
Marketing and distribution costs	-125.7	-130.4
Insurance expenses	-6.4	-5.6
Operating lease expenses	-17.6	-16.0
Miscellaneous operating expenses	-106.6	-90.6
Other operating expenses	-438.4	-411.2

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

	2023	2022
Share of profit/(loss) of associates	2.9	2.0
Interest expense	-2.9	-2.5
Financial foreign exchange gains and losses	-1.4	-6.6
Other finance costs	-0.3	-0.5
Finance costs	-4.6	-9.6
Interest income	6.6	1.8
Net gain on financial assets	7.2	3.4
Finance income	13.8	5.2
Financial result	12.1	-2.4

2.6 Income taxes

Effective income taxes

CHF million

	2023	2022
Current income taxes	-91.4	-89.2
Deferred income taxes	10.6	1.0
Income taxes	-80.8	-88.2
Reconciliation:		
Profit before tax	436.5	422.8
Weighted average tax rate	22.1%	23.6%
Theoretical income tax charge	-96.3	-99.8
Utilisation of unrecognised tax loss carryforwards	0.5	0.2
Reappraisal of tax loss carryforwards	-1.9	-1.0
Reappraisal of other deferred tax assets	2.2	4.9
Expenses not deductible for tax purposes/income not subject to tax	-0.7	-1.6
(Under)/over provided in prior years	8.6	3.5
Changes in deferred taxes due to changes in tax rates	-	0.1
Other differences	6.8	5.5
Effective income taxes	-80.8	-88.2
Effective tax rate	18.5%	20.9%

The reduction of the effective tax rate to 18.5% (2022: 20.9%) is due in particular to geographical shifts in the taxable income as well as special effects in Brazil.

Movements in deferred income taxes

CHF million

	Assets	Liabilities	Assets	Liabilities
	2023		2022	
Balance at 1 January	64.6	-30.5	57.7	-23.2
Exchange differences	-3.8	1.0	-1.4	0.6
Acquisition of subsidiaries	-	-0.8	0.8	-
(Charged)/credited to income statement	10.7	-0.1	7.6	-6.6
(Charged)/credited to equity	-	1.0	-0.1	-1.3
Balance at 31 December	71.5	-29.4	64.6	-30.5

Tax loss carryforwards

CHF million

	2023	2022
Tax loss carryforwards	57.9	35.1
Of which recognised in deferred income taxes	-34.1	-24.0
Unrecognised tax loss carryforwards	23.8	11.1
Thereof with expiration:		
Within 1 year	1.8	2.0
In 1 to 5 years	10.2	7.9
In more than 5 years	-	0.1
No expiration	11.8	1.1
Tax effect on unrecognised tax loss carryforwards	5.5	2.0

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 assets and 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. The deferred tax assets from tax loss carryforwards and temporary differences of CHF 71.5 million (2022: CHF 64.6 million) include value adjustments of CHF 19.3 million (CHF 19.1 million). The Group falls within the scope of the OECD Pillar Two model rules for taxes (the Global Anti-Base Erosion Proposal, or "GloBE"). These new rules are not expected to have a material impact on the net assets, financial position and results of operations of Bucher Industries in the short to medium term.

3. Invested capital

3.1 Receivables, prepayments and accrued income

CHF million	Current	Non-current	Total	Current	Non-current	Total
	2023			2022		
Trade receivables	510.6	0.5	511.1	549.1	1.1	550.2
Notes receivable	22.2	–	22.2	19.5	–	19.5
Trade receivables, net	532.8	0.5	533.3	568.6	1.1	569.7
Tax receivables	13.7	–	13.7	22.4	–	22.4
Prepayments to suppliers	10.5	–	10.5	12.3	–	12.3
Derivative financial instruments	8.2	0.1	8.3	7.0	0.6	7.6
Prepayments and accrued income	16.9	–	16.9	18.4	–	18.4
Other receivables	39.1	3.3	42.4	39.6	4.8	44.4
Other receivables, prepayments and accrued income	88.4	3.4	91.8	99.7	5.4	105.1
Receivables, prepayments and accrued income	621.2	3.9	625.1	668.3	6.5	674.8

Ageing analysis of trade receivables

CHF million	2023	2022
Trade receivables, gross	553.4	586.1
Value adjustments	–20.1	–16.4
Trade receivables, net	533.3	569.7
Not due	444.3	504.0
Not due, value adjustments	–5.3	–5.9
Past due, within 30 days	60.3	47.9
Past due, from 31 to 90 days	23.0	17.1
Past due, more than 90 days	25.8	17.1
Past due, value adjustments	–14.8	–10.5

Accounting policies

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

3.2 Inventories

CHF million

	2023	2022
Raw materials and consumables	435.4	434.5
Work in progress	243.8	266.2
Finished goods and goods for resale	525.2	454.7
Inventories, gross	1'204.4	1'155.4
Write-downs	-148.1	-133.0
Inventories, net	1'056.3	1'022.4

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
					2023
Cost at 1 January	705.9	613.3	261.8	55.8	1'636.8
Exchange differences	-42.0	-35.6	-16.2	-4.7	-98.5
Acquisition of subsidiaries	-	15.5	0.1	-	15.6
Additions	19.6	33.2	22.8	67.7	143.3
Disposals	-1.1	-8.3	-9.7	-	-19.1
Transfers	18.4	14.0	4.6	-37.0	-
Cost at 31 December	700.8	632.1	263.4	81.8	1'678.1
Accumulated depreciation at 1 January	-364.1	-464.1	-199.0	-	-1'027.2
Exchange differences	21.4	25.1	11.2	-	57.7
Depreciation for the year	-23.8	-38.2	-20.0	-	-82.0
Disposals	0.4	6.4	9.1	-	15.9
Accumulated depreciation at 31 December	-366.1	-470.8	-198.7	-	-1'035.6
Net book value at 31 December	334.7	161.3	64.7	81.8	642.5
					2022
Cost at 1 January	713.1	603.1	254.5	31.7	1'602.4
Exchange differences	-24.9	-22.8	-10.8	-1.6	-60.1
Acquisition of subsidiaries	9.1	9.7	0.3	0.2	19.3
Additions	6.8	23.6	20.4	47.0	97.8
Disposals	-2.1	-11.6	-8.9	-	-22.6
Transfers	3.9	11.3	6.3	-21.5	-
Cost at 31 December	705.9	613.3	261.8	55.8	1'636.8
Accumulated depreciation at 1 January	-348.2	-457.8	-197.6	-	-1'003.6
Exchange differences	12.3	17.4	8.2	-	37.9
Depreciation for the year	-24.1	-33.7	-18.1	-	-75.9
Impairment	-6.1	-	-	-	-6.1
Disposals	2.0	10.0	8.5	-	20.5
Accumulated depreciation at 31 December	-364.1	-464.1	-199.0	-	-1'027.2
Net book value at 31 December	341.8	149.2	62.8	55.8	609.6

The net book value of assets under finance leases increased as a result of an acquisition to CHF 12.3 million (2022: CHF 3.0 million). The impairment in the prior year related to a building in Russia.

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	Software	Other	Total
				2023
Cost at 1 January	97.1	41.0	14.8	152.9
Exchange differences	-5.8	-2.0	-0.9	-8.7
Additions	-	5.1	0.7	5.8
Disposals	-	-0.1	-	-0.1
Transfers	-	0.3	-0.3	-
Cost at 31 December	91.3	44.3	14.3	149.9
Accumulated amortisation at 1 January	-94.1	-33.5	-14.0	-141.6
Exchange differences	5.7	1.7	0.8	8.2
Amortisation for the year	-0.5	-3.4	-0.1	-4.0
Disposals	-	0.1	-	0.1
Accumulated amortisation at 31 December	-88.9	-35.1	-13.3	-137.3
Net book value at 31 December	2.4	9.2	1.0	12.6
				2022
Cost at 1 January	101.3	42.8	15.1	159.2
Exchange differences	-4.1	-1.5	-0.7	-6.3
Additions	-	2.4	0.4	2.8
Disposals	-0.1	-2.7	-	-2.8
Cost at 31 December	97.1	41.0	14.8	152.9
Accumulated amortisation at 1 January	-97.7	-34.3	-14.6	-146.6
Exchange differences	4.1	1.2	0.7	6.0
Amortisation for the year	-0.6	-3.1	-0.1	-3.8
Disposals	0.1	2.7	-	2.8
Accumulated amortisation at 31 December	-94.1	-33.5	-14.0	-141.6
Net book value at 31 December	3.0	7.5	0.8	11.3

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

	2023	2022
Cost at 1 January	311.4	296.0
Acquisition of subsidiaries	1.8	16.6
Disposals	–	–1.2
Cost at 31 December at historical currency rates	313.2	311.4
Accumulated exchange differences	–58.6	–42.7
Cost at 31 December	254.6	268.7
Accumulated amortisation at 1 January	–215.6	–198.8
Exchange differences	14.9	3.8
Amortisation for the year	–20.1	–21.2
Disposals	–	0.6
Accumulated amortisation at 31 December	–220.8	–215.6
Theoretical net book value at 31 December	33.8	53.1
Equity according to balance sheet	1'815.9	1'701.8
Theoretical book value of goodwill	33.8	53.1
Theoretical shareholders' equity at 31 December including goodwill	1'849.7	1'754.9
Profit for the year	355.7	334.6
Theoretical amortisation of goodwill	–20.1	–21.2
Adjustment of result on disposal of goodwill	–	0.6
Theoretical profit for the year after goodwill adjustments	335.6	314.0

Accounting policies

Goodwill Goodwill is offset with equity at the date of the acquisition of a subsidiary or an investment in an associated company. Upon loss of control over a company, the relevant goodwill is charged to the income statement at the original cost. 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
				2023
Balance at 1 January	54.9	24.5	11.8	91.2
Exchange differences	-3.4	-1.1	-0.7	-5.2
Additional provisions	46.7	3.1	1.8	51.6
Unutilised amounts reversed	-1.8	-4.1	-0.5	-6.4
Utilised during year	-37.3	-1.4	-1.4	-40.1
Balance at 31 December	59.1	21.0	11.0	91.1
Current portion	57.6	20.1	4.6	82.3
Non-current portion	1.5	0.9	6.4	8.8
				2022
Balance at 1 January	47.2	26.1	13.9	87.2
Exchange differences	-2.0	-0.5	-0.4	-2.9
Additional provisions	44.6	3.9	0.8	49.3
Unutilised amounts reversed	-3.2	-3.0	-1.1	-7.3
Utilised during year	-31.7	-2.0	-1.4	-35.1
Balance at 31 December	54.9	24.5	11.8	91.2
Current portion	53.5	21.1	5.9	80.5
Non-current portion	1.4	3.4	5.9	10.7

Other provisions relate to risks associated with the Group's industrial operations as well as restructuring costs.

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 The CHF 1.1 million in contingent liabilities (2022: CHF 1.2 million) consists 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 (2022: 20%). The price for the 80% of the shares currently held amounted to CHF 34.3 million.

Other commitments There are commitments to purchase non-current assets amounting to CHF 25.1 million (2022: CHF 24.2 million).

3.7 Other liabilities, accruals and deferred income

CHF million		
	2023	2022
Accruals and deferred income	179.8	176.9
Income tax liabilities	42.3	47.5
Social security and pensions	26.2	25.1
Sales and capital tax liabilities	32.9	28.1
Derivative financial instruments	1.8	3.6
Other liabilities	17.5	20.9
Other liabilities, accruals and deferred income	300.5	302.1
Current portion	289.0	289.3
Non-current portion	11.5	12.8

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

	2023	2022
Cash and bank accounts	180.7	252.9
Money market investments up to three months	307.3	284.0
Cash and cash equivalents	488.0	536.9

Accounting policies

Cash and cash equivalents Cash and cash equivalents are defined as liquid financial investments with an original maturity of less than three months that are readily convertible to defined cash amounts at short notice and are subject to insignificant risk of changes in value.

4.2 Other financial assets

CHF million

	2023	2022
Money market investments over three months	11.0	10.5
Bonds	30.3	31.9
Long-term loans	0.7	1.1
Other	5.8	1.8
Other financial assets	47.8	45.3
Current portion	41.3	42.4
Non-current portion	6.5	2.9

Accounting policies

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

4.3 Financial liabilities

CHF million

	2023	2022
Bonds	100.0	100.0
Other bank borrowings	5.6	3.5
Finance lease liabilities	10.2	1.9
Other financial liabilities	17.9	16.7
Financial liabilities	133.7	122.1
Current portion	112.2	7.7
Non-current portion	21.5	114.4

Bonds

CHF million	Company	Term	Currency	Nominal value	Effective interest rate	2023	2022
Bond, Switzerland 1.375%	Bucher Industries AG	2014–2024	CHF	100.0	1.4%	100.0	100.0
Bonds						100.0	100.0

Other bank borrowings The other bank borrowings include bilateral loans of CHF 5.6 million (2022: CHF 3.5 million), which bear interest at rates of between 0.5 and 3.9% and are due for repayment from 2024 to 2026. The undrawn committed credit facilities at 31 December 2023 totalled CHF 40.0 million (CHF 60.0 million). The financial covenants are reviewed every six months. All credit terms were complied with on the reporting date of 31 December 2023.

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 11.1 million (2022: CHF 10.6 million).

4.5 Leases

Future minimum lease payments from operating leases

CHF million	2023	2022
Within 1 year	10.2	9.7
From 1 to 5 years	23.5	18.9
More than 5 years	13.5	15.2
Minimum lease payments (non-cancellable within 1 year)	47.2	43.8

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 remains 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

		2023	2022
Share capital	CHF million	2.1	2.1
Par value of registered shares	CHF	0.20	0.20
Outstanding shares	number	10'239'321	10'237'548
Treasury shares	number	10'679	12'452
In issue and ranking for dividend	number	10'250'000	10'250'000
Authorised but unissued	number	–	1'184'100

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

Treasury shares

CHF million	Number of shares		Number of shares	
		2023		2022
Balance at 1 January	12'452	3.4	21'594	5.9
Purchases of treasury shares	5'000	1.8	–	–
Reissued for share-based payments	–6'773	–1.8	–9'142	–2.5
Balance at 31 December	10'679	3.4	12'452	3.4

Earnings and dividend per share

		2023	2022
Profit attributable to owners of Bucher Industries AG	CHF million	352.1	331.2
Average number of shares outstanding (undiluted and diluted)	number	10'240'592	10'234'768
Basic and diluted earnings per share	CHF	34.38	32.36
Dividend per share ¹⁾	CHF	13.50	13.00
Total dividend ¹⁾	CHF million	138.4	133.3

¹⁾ 2023: 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. Liquidity requirements are managed through short- to medium-term liquidity planning to forecast future cash flows and financial items in each currency. The calculated liquidity requirements are always assessed in connection with existing credit facilities. 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

	2023	2022
Contract value	393.8	523.2
Currency contracts – assets	8.3	7.6
Currency contracts – liabilities	– 1.8	– 3.6
Derivative financial instruments	6.5	4.0

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 measured at fair value. Changes in the fair values are booked to the income statement with the exception of transactions that are designated as hedge accounting transactions. The changes in their fair values are initially booked directly to equity. Once the underlying transactions have been recognised, the changes in the fair values of the corresponding derivative financial instruments are transferred from equity to the income statement.

Exchange rates

1 CHF	Income statement annual average rates			Balance sheet closing rates		
	2023	2022	Change %	2023	2022	Change %
1 AUD	0.5970	0.6621	– 9.8	0.5688	0.6272	– 9.3
1 BRL	0.1797	0.1832	– 1.9	0.1726	0.1748	– 1.3
1 CNY	0.1268	0.1416	– 10.5	0.1180	0.1338	– 11.8
1 EUR	0.9702	1.0023	– 3.2	0.9257	0.9854	– 6.1
1 GBP	1.1132	1.1752	– 5.3	1.0653	1.1107	– 4.1
1 SEK	0.0849	0.0944	– 10.1	0.0835	0.0887	– 5.9
1 USD	0.8974	0.9497	– 5.5	0.8376	0.9231	– 9.3

5. Group structure

5.1 Changes in the group structure

Acquisitions

Company	Country	Division	Group interest %	Date of acquisition
2023				
SSV Environnement SAS	FR	BM	100	22 February 2023
2022				
Denwel spol. s r.o.	CZ	BSp	100	10 January 2022
Enway GmbH	DE	BM	100	22 September 2022
Enway Pte. Ltd.	SG	BM	100	22 September 2022
B&P Engineering Sp. z o.o.	PL	BSp	100	20 December 2022
B&P IP Engineering Sp. z o.o.	PL	BSp	100	20 December 2022

Divisions: BM Bucher Municipal, BSp Bucher Specials

Net assets acquired

CHF million	2023	2022
Cash and cash equivalents	1.9	1.8
Trade receivables	2.6	6.7
Inventories	0.3	12.6
Property, plant and equipment	15.6	19.3
Deferred income tax assets	–	0.8
Current financial liabilities	–0.9	–
Trade payables	–1.1	–6.9
Advances from customers	–0.1	–6.3
Current income tax liabilities	–	–0.4
Non-current financial liabilities	–10.9	–
Deferred income tax liabilities	–0.8	–
Other net assets	–0.2	–1.0
Net assets acquired	6.4	26.6

Net cash flow from acquisitions

CHF million

	2023	2022
Net assets acquired	6.4	26.6
Shares previously held	-1.3	-
Goodwill	1.8	15.7
Total purchase consideration	6.9	42.3
Cash and cash equivalents acquired	-1.9	-1.8
Contingent consideration	-	-1.5
Contingent consideration from previous acquisitions	1.1	1.3
Deferred consideration from previous acquisitions	0.2	0.7
Net cash flow from acquisitions	6.3	41.0

Goodwill

CHF million

	2023	2022
Goodwill from acquisitions	1.8	15.7
Adjustment of contingent consideration from previous acquisitions	-	0.9
Disposals	-	-1.2
Change in goodwill	1.8	15.4

The business acquired has generated net sales of CHF 9.3 million (2022: CHF 9.3 million) since the date of acquisition. The acquisition and integration costs were recognised in 2023, the period in which they were incurred, under other operating expenses.

Other changes The group structure was optimised through mergers and liquidations in the reporting period. This had no significant impact on the consolidated financial statements.

5.2 Group companies

Subsidiaries

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest %	
						2023	2022
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 Group Finance AG, Kloten	CH	CHF	100'000	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
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
Khor Industrial Ltda., Tuparendi	BR	BRL	5'500'000	KG	P D	-	100
Kuhn do Brasil S/A, São José dos Pinhais	BR	BRL	301'753'305	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	20'000'000	KG	D	100	100
Kuhn Maschinen-Vertrieb GmbH, Schoppsdorf	DE	EUR	300'000	KG	D	100	100
Kuhn Ibérica SA, Huesca	ES	EUR	100'000	KG	D	100	100
Artec Pulvérisation SAS, Corpe	FR	EUR	2'000'000	KG	P D	100	100
Contifonte SAS, Saverne	FR	EUR	48'000	KG	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 Mezőgazdasági Géb Kft., Kecskemét	HU	HUF	200'000'000	KG	D	100	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 Maszyn 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, Kyiv	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 %	
						2023	2022
Bucher Municipal Pty Ltd., Clayton North, Vic	AU	AUD	40'901'438	BM	P D	100	100
Bucher Municipal AG, Niederweningen	CH	CHF	10'000'000	BM	D S	100	100
Wuhan Zynkon Special Purpose Vehicle Manufacturing Co., Ltd., Wuhan	CN	CNY	20'000'000	BM	P D	100	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
Enway GmbH, Berlin	DE	EUR	54'981	BM	S	100	100
Bucher Municipal A/S, Silkeborg	DK	DKK	6'500'000	BM	P D S	100	100
Bucher Iberica SLU, 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	100
SSV Environnement SAS	FR	EUR	504'900	BM	D S	100	20
Tecvia Eurl, Lyon	FR	EUR	38'112	BM	D	–	60
Bucher Municipal Ltd., Dorking	GB	GBP	8'000	BM	P D	100	100
Bucher Municipal Ireland Ltd., Thurles	IE	EUR	2'000'001	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
Enway Pte. Ltd., Singapore	SG	SGD	543'800	BM	S	100	100
J. Hvidtved Larsen US, Inc., Chicago IL	US	USD	10'000	BM	D	–	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, Neuheim	CH	CHF	1'200'000	BH	P D	100	100
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300'000	BH	P D	100	100
Bucher Hydraulics (Wuxi) Co., Ltd., Wuxi	CN	CNY	25'000'000	BH	P D	80	80
Suzhou Bucher Hydraulics Co., Ltd., Wujiang	CN	CNY	13'640'071	BH	P D	100	100
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	100	100
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 %	
						2023	2022
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	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	105'500'000	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 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 Denwel, spol. s r.o., Prague	CZ	CZK	100'000	BSp	P D	100	100
Bucher Merk Process GmbH, Laufenburg	DE	EUR	501'000	BSp	P D	100	100
Bucher Exzel, S.L.U., El Puig, Valencia	ES	EUR	6'311	BSp	P D	100	100
Bucher Unipektin Latin America S. de R.L. de C.V., Mexico City	MX	MXN	5'000	BSp	D	100	100
Bucher-Alimentech Ltd., Auckland	NZ	NZD	1'503'000	BSp	D	100	100
B&P IP Engineering Sp. z o.o., Przeworsk	PL	PLN	30'000	BSp	S	100	100
Bucher Unipektin Sp. z o.o., Przeworsk	PL	PLN	2'000'000	BSp	P D	100	100
Bucher-Landtechnik AG, Niederweningen	CH	CHF	4'000'000	BSp	D	100	100
Bucher Automation Technology (Shanghai) Co., Ltd., Shanghai	CN	CNY	12'820'627	BSp	D S	100	100
Bucher Automation AG, Ludwigsburg	DE	EUR	3'241'061	BSp	P D	100	100
Bucher Automation Tettnang GmbH, Tettnang	DE	EUR	260'000	BSp	P D	100	100
Bucher 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 companies

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest %	
						2023	2022
Rauch Landmaschinenfabrik GmbH, Sinzheim	DE	EUR	1'650'000	O	P D	24	24

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 current financial status of the APK evaluated in accordance with Swiss GAAP FER 26 shows an estimated coverage in accordance with BVG of over 100%, as in the prior year. The calculation of the pension liabilities is based on a discount rate of 1.75%, which is unchanged since the prior year.

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 2.0 and 4.6% (2022: between 3.4 and 5.2%).

Economic benefits/obligations and pension benefit expense

CHF million	Pension plans			Total
	without surplus/deficit	with deficit	without own assets	
				2023
Balance at 1 January		4.6	19.7	24.3
Exchange differences		-0.3	-1.4	-1.7
Pension benefit expense in employment costs	42.4	0.5	1.2	44.1
Contributions and benefit payments	-42.4	-0.3	-1.1	-43.8
Change in pension benefit obligations		-0.1	-1.3	-1.4
Balance at 31 December		4.5	18.4	22.9
Deficit		4.5		4.5
				2022
Pension benefit expense in employment costs	40.5	-2.7	-3.3	34.5

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

	2023	2022
Net sales and expenditure:		
Net sales with associates	2.0	3.0
Products purchased from associates	-63.0	-56.2
Other expenditure with associates	-0.1	-0.1
Receivables and payables:		
Receivables from associates	0.1	0.6
Payables to pension funds	-3.1	-1.1
Payables to associates	-1.5	-1.1

6.3 Events occurring after the balance sheet date

Acquisition of minority interests in Giletta S.p.A. In February 2024 Bucher Industries agreed to acquire the remaining 40% of Giletta S.p.A. in March 2024. The purchase consideration amounts to around CHF 26 million and the expected goodwill CHF 9 million.

Publication of the consolidated financial statements The consolidated financial statements were approved for publication by the board of directors on 26 February 2024. They are subject to formal approval by the annual general meeting on 18 April 2024.

Holding company

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Income statement of Bucher Industries AG

CHF million

	2023	2022
Income from investments	330.9	89.1
Royalty income	23.9	23.7
Administrative expenses	-7.7	-6.9
Operating profit (EBIT)	347.1	105.9
Finance costs	-74.8	-107.7
Finance income	66.8	103.6
Profit before tax	339.1	101.8
Income tax expense	-1.9	0.7
Profit for the year	337.2	102.5

Balance sheet of Bucher Industries AG

CHF million	Note		
		31 December 2023	31 December 2022
Cash and cash equivalents		178.8	119.5
Other receivables		45.8	122.0
Accrued income		20.0	19.6
Current assets		244.6	261.1
Financial assets			
Loans		15.2	0.7
Investments		1'309.0	1'286.6
Non-current assets		1'324.2	1'287.3
Assets		1'568.8	1'548.4
Interest-bearing liabilities			
Bonds	2.2	100.0	–
Other interest-bearing liabilities	2.2	183.4	159.3
Other liabilities		16.7	15.0
Accrued liabilities and deferred income		2.1	2.8
Current liabilities		302.2	177.1
Interest-bearing liabilities			
Bonds	2.2	–	100.0
Loans and other bank borrowings	2.2	73.0	282.8
Other liabilities		0.1	0.1
Non-current liabilities		73.1	382.9
Total liabilities		375.3	560.0
Share capital	2.5	2.1	2.1
Statutory retained earnings		70.6	70.6
Voluntary retained earnings		769.4	796.8
Profit brought forward		17.6	18.2
Profit for the year		337.2	102.5
Treasury shares	2.6	–3.4	–1.8
Equity		1'193.5	988.4
Liabilities and equity		1'568.8	1'548.4

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 109 to 111 of the annual report.

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

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

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

2. Notes

2.1 Balances with group companies

CHF million

	2023	2022
Other receivables	35.1	108.6
Accrued income	20.0	19.6
Financial assets	15.2	0.7
Interest-bearing liabilities	-183.4	-159.3
Other liabilities	-7.4	-5.9
Accrued liabilities and deferred income	-0.7	-0.2
Loans	-73.0	-282.8

2.2 Interest-bearing liabilities

Interest-bearing liabilities include mainly bonds, bank borrowings and loans and cash pool accounts with group companies. Further information on the bond is disclosed on page 103 of the annual report.

2.3 Assets and liabilities based on observable market data

CHF million

	2023	2022
Derivative financial instruments – assets	12.9	16.2
Derivative financial instruments – liabilities	-16.8	-15.0
Assets and liabilities based on observable market data	-3.9	1.2

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 204.5 million (2022: CHF 190.9 million). The amount used at the reporting date was CHF 66.3 million (CHF 51.9 million). Bucher Industries AG is jointly liable for the VAT group of Bucher-Guyer AG as part of group taxation arrangements.

2.5 Share capital and shareholders

The issued share capital of Bucher Industries AG stands at CHF 2'050'000. It is composed of 10'250'000 registered shares at a par value of CHF 0.20 each. The shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.2% of the voting rights, according to the most recent information 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 board of Bucher Industries AG was not aware of any other persons who hold more than 3% of the issued share capital of Bucher Industries AG and was not aware of any shareholders entered in the share register with voting rights or groups of shareholders subject to voting agreements who hold more than 3% of the issued share capital.

2.6 Treasury shares

CHF million	Number of shares		Number of shares	
	2023		2022	
Balance at 1 January	12'452	1.8	21'182	4.9
Realised gain on treasury shares	-	1.6	-	-
Purchases of treasury shares	5'000	1.8	-	-
Reissued for share-based payments	-6'773	-1.8	-8'730	-3.1
Balance at 31 December	10'679	3.4	12'452	1.8

The voting rights for treasury shares are suspended in accordance with art. 659a paragraph 1 of the Swiss Code of Obligations.

Shares allocated to the directors In the reporting period, 1'232 shares (2022: 1'250) were allocated to the board of directors at a share price of CHF 405.80 (CHF 365.20) as part of their fees for their term of office 2022/2023 (term of office 2021/2022). Further information is disclosed in the remuneration report on page 68.

Proposal of the board of directors

Appropriation of retained earnings

CHF

	2023	2022
Profit brought forward as at 1 January	120'736'549	130'451'170
Transfer to voluntary retained earnings	–	– 15'000'000
Transfer from voluntary retained earnings	30'000'000	–
Dividend	– 133'176'173	– 97'256'706
Profit for the year	337'197'446	102'542'085
Retained earnings available for distribution	354'757'822	120'736'549

Proposal of the board of directors

CHF

	2023	2022
Retained earnings available for distribution	354'757'822	120'736'549
Transfer to voluntary retained earnings	– 100'000'000	–
Transfer from voluntary retained earnings	–	30'000'000
Dividend ¹⁾	– 138'375'000	– 133'250'000
Balance to be carried forward	116'382'822	17'486'549

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.