

**Annual press and analysts' conference**  
14 March 2013



## Group at a glance

- Varied market environment
  - Favourable conditions in agricultural machinery
  - Stable demand for municipal vehicles and glass-forming machinery
  - Weakening of market for hydraulic systems in second half of 2012
  - Stagnation in winemaking equipment
  - Currency effects remained marginal
- Marked rise in profitability, good operating performance
  - 21% increase in operating profit and profit for the year
  - EBIT margin up to 8.8%, despite “break-even” result at Emhart Glass
  - Realignment of global production capacity at Emhart Glass necessitates restructuring costs of CHF 13 million, of which CHF 9 million charged in 2012

## **Group at a glance (continued)**

- **Continuity in investments**
  - CHF 96 million for internal growth
  - CHF 43 million for small but important acquisitions in Bucher Hydraulics and Bucher Specials
- **Solid financial basis**
  - High degree of independence thanks to CHF 480 million in cash and cash equivalents
  - Further reduction of net debt to CHF 19 million
  - Strong equity ratio of 41%

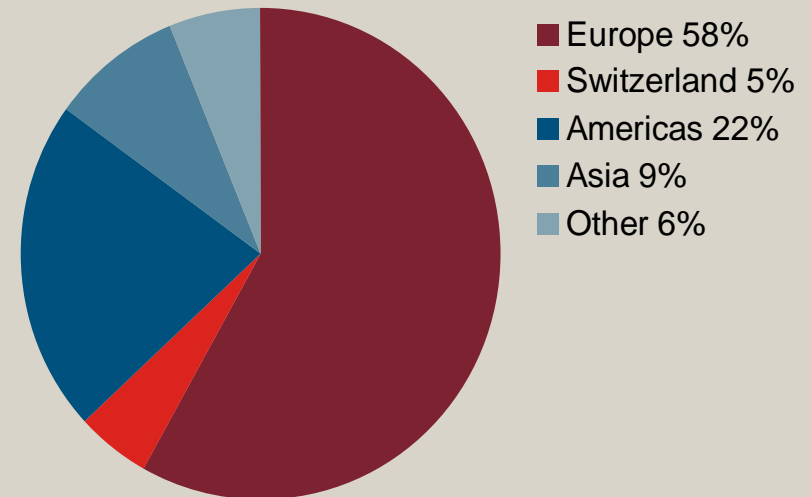
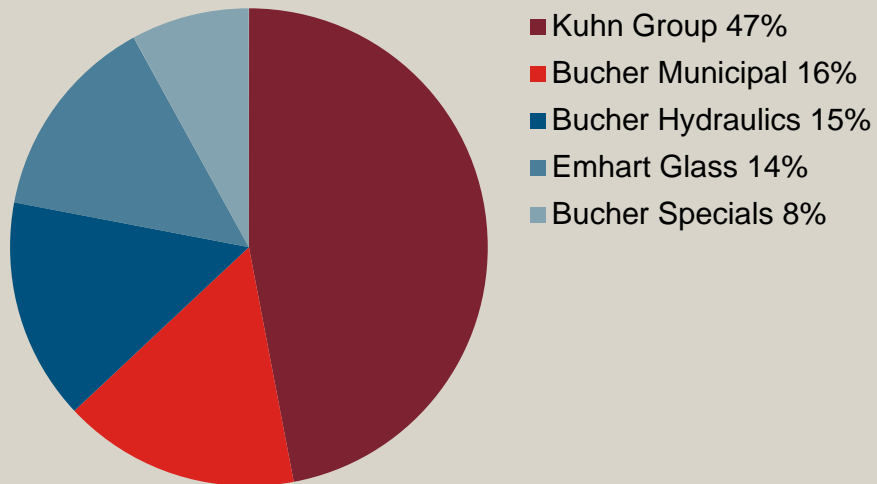
# Key figures

CHF million	% change				
	2012	2011	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	2 490	2 588	-3.8	-3.7	-6.9
Net sales	2 609	2 336	11.7	11.7	8.6
Order book	795	923	-13.8	-13.6	-14.6
Operating profit (EBITDA) as % of net sales	304 11.7%	260 11.1%	17.1		
Operating profit (EBIT) as % of net sales	229 8.8%	190 8.1%	20.5		
Profit for the year as % of net sales	154 5.9%	127 5.5%	21.0		

<sup>1)</sup> Adjusted for currency effects    <sup>2)</sup> Adjusted for currency, acquisition and disposal effects

# Net sales by division and region in 2012

CHF 2 609 million



## Employee numbers

	2012	2011	% change
At 31 December	10 166	10 136	0.3
Average during year	10 383	9 380	10.7
Net sales per employee (CHF)	251 300	249 000	0.9

## Investing in the future

CHF million	2012	2011	% change
Development costs	81	74	8.6
Capital expenditure	96	118	-18.4
Acquisitions	3	60	



# Kuhn Group

## Strip tilling: low-input cultivation process

**BUCHER**





# Kuhn Group

## 2012 highlights

- Division sales pass one-billion euro mark for the first time
- Outstanding profitability
- Positive market trend
  - High prices for agricultural produce increased farmers' incomes
  - Exceptional drought in the southern USA
    - Additional driver pushing up maize and wheat prices
    - Benefitting producers outside the drought-stricken areas
    - Little impact on investment patterns in the USA thanks to crop insurance
- Strong brand, broad range of products and efficient dealer network
  - Successful integration of Kuhn Krause, USA
  - Development of partnerships
  - High investment in organic growth and customer training

# Kuhn Group

## Key figures

**BUCHER**

CHF million	% change				
	2012	2011	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	1 199	1 166	2.8	3.3	-0.7
Net sales	1 222	1 026	19.1	19.7	16.1
Order book	492	506	-2.9	-2.3	-5.0
Operating profit (EBITDA) as % of net sales	187 15.3%	148 14.4%	25.9		
Operating profit (EBIT) as % of net sales	152 12.4%	116 11.3%	31.2		
Number of employees at 31 December	4 495	4 230	6.3		

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

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

# Kuhn Group

## Outlook for 2013

- Long-term prospects still good
- Market environment still positive and stable at a high level
  - Favourable income situation for farmers expected to continue
  - Moderate increase in production costs at most farming enterprises
  - Good conditions in main markets of North/South America and Europe
  - Normal level of dealer inventories bolster confidence
- Good conditions for continued growth
  - Global presence, broad offering and excellent operational performance
  - Further increase in sales and operating profit expected
  - But growth rate lower than in previous year

# Bucher Municipal Emission-free CityCat H2 sweeper



## **Bucher Municipal 2012 highlights**

- Record result, with EBIT margin of 9.3%
- Smooth processing of the major order from the city of Moscow, with CHF 50 million contribution to sales
- Maximum capacity utilisation in first half of 2012
- Demand stable overall at low level in Europe; no major tenders
- Southern European countries hard hit by austerity measures
- Continuation of streamlining through merger of production plants in England and Australia
- Innovation projects for emission-free and low-emission compact sweepers

# Bucher Municipal

## Key figures

CHF million			% change		
	<b>2012</b>	<b>2011</b>	<b>%</b>	<b>%<sup>1)</sup></b>	<b>%<sup>2)</sup></b>
Order intake	364	449	-18.9	-20.3	-21.3
Net sales	424	380	11.7	9.9	9.1
Order book	96	153	-37.5	-38.7	-39.0
Operating profit (EBITDA)	46	35	32.8		
as % of net sales	10.8%	9.1%			
Operating profit (EBIT)	39	27	47.7		
as % of net sales	9.3%	7.0%			
Number of employees at 31 December	1 429	1 530	-6.6		-8.8

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

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



## **Bucher Municipal Outlook for 2013**

- Since the record year of 2008, market volumes down by 30%
- Stabilisation of demand at 2012 level, excluding Moscow order
- No prospect of demand recovering in southern Europe
- Division's capacities aligned with current level of market
- Sales, operating profit and EBIT margin expected to be on a par with 2011

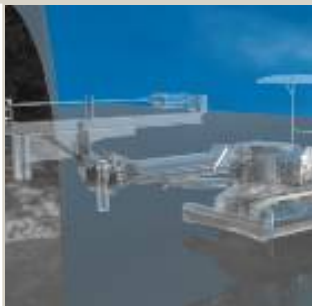
# Bucher Hydraulics

## Customised drive systems

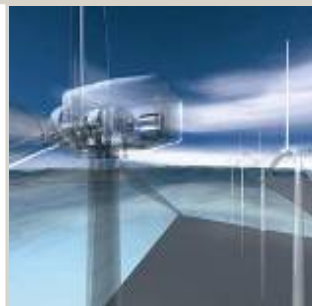
**BUCHER**



Agricultural  
machinery



Mining/  
tunnelling



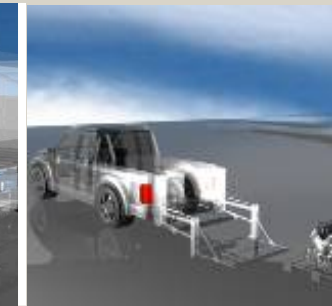
Wind energy



Industrial



Municipal  
vehicles



Lift gates



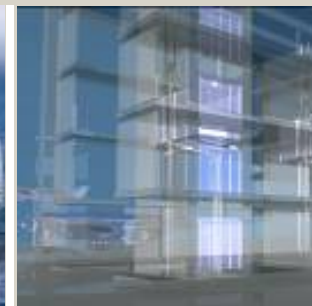
Construction  
equipment



Materials  
handling



Marine/offshore



Elevator  
technology



High-voltage  
switch gear



Dyna-Lift

# Bucher Hydraulics

## Precision cylinders complement portfolio



# Bucher Hydraulics

## 2012 highlights

- Varied market environment
  - Western Europe: market positive in agricultural machinery and materials handling, weakening in construction machinery and industrial hydraulics
  - USA: general level of demand good
  - China: government reins in construction activity
- Slightly improved EBIT margin in difficult environment
- Acquisition of Ölhydraulik Altenerding, Germany, completed in February 2013
  - Precision cylinder technology complements product range
  - Synergies in overlapping customer base and with existing valve technology
  - Sales of CHF 42 million; around 250 employees

# Bucher Hydraulics

## Key figures

CHF million	% change				
	<b>2012</b>	<b>2011</b>	<b>%</b>	<b>%<sup>1)</sup></b>	<b>%<sup>2)</sup></b>
Order intake	386	406	-4.9	-5.2	-4.8
Net sales	407	399	1.9	1.6	2.1
Order book	53	69	-23.4	-23.8	-23.9
Operating profit (EBITDA) as % of net sales	54 13.2%	52 13.1%	3.1		
Operating profit (EBIT) as % of net sales	36 8.9%	35 8.7%	4.3		
Number of employees at 31 December	1 647	1 712	-3.8		-2.4

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

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

## **Bucher Hydraulics Outlook for 2013**

- Continued flattening of demand in Europe, except in agricultural machinery segment
- Series production projects offset slowdown in Europe
- Market environment in the USA still positive
- China and India could recover
- Significantly higher sales expected thanks to acquisition of Ölhydraulik Altenerding and slight increase in profitability



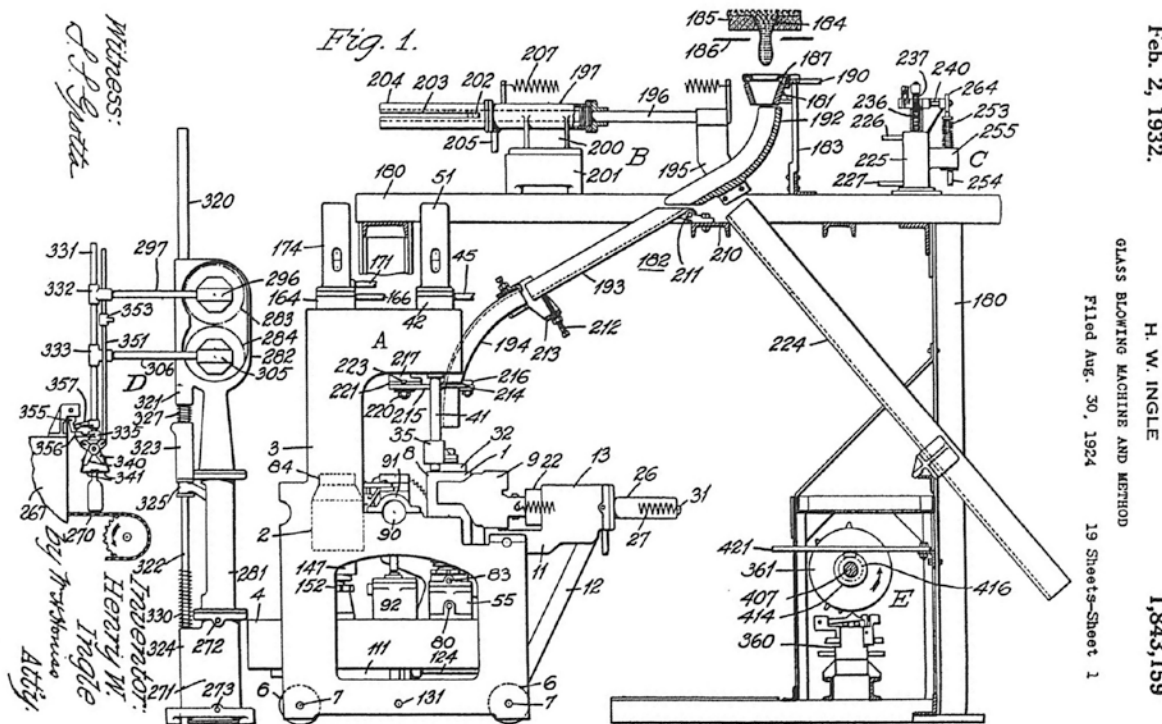
## Emhart Glass



# Emhart Glass

## 100 years of glass-forming technology

Patent for glass-forming machine from 1924



## **Emhart Glass**

### **2012 highlights**

- Marked project-related fluctuations in capacity utilisation
- Recovery after weak first quarter, with shift of emphasis towards growth markets in Asia, the Middle East and South America
- Trend in growth markets towards simpler glass-forming machinery
- Decline in order intake due to effect of major order in previous year
- First commercial tempered glass system to Vetropack in early 2013
- Realignment of capacities and leverage of worldwide presence
  - Production of simpler, standard machinery transferred to Asia
  - Concentration on high-end machinery in Europe
  - From 2015, cost savings by CHF 30 million per annum
  - Restructuring costs of CHF 13 million, of which CHF 9 million in 2012
- Marginally positive operating profit of CHF 1 million

# Emhart Glass

## Key figures

CHF million	% change				
	2012	2011	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	339	358	-5.3	-4.7	-13.9
Net sales	367	345	6.2	6.6	-3.2
Order book	109	145	-24.6	-23.8	-18.6
Operating profit (EBITDA) before restructuring costs	21	24	-15.2		
Operating profit (EBITDA) as % of net sales	12 3.3%	24 7.1%	-50.4		
Operating profit (EBIT) as % of net sales	1 0.2%	15 4.5%	-95.5		
Number of employees at 31 December	2 027	2 134	-5.0		

<sup>1)</sup> Adjusted for currency effects   <sup>2)</sup> Adjusted for currency and acquisition effects

## **Emhart Glass Outlook for 2013**

- Market environment stable overall
- Growing demand for simpler, mid-range machines in emerging economies
- High level of capacity utilisation at customer plants benefits spare parts and service business
- Initial savings exceed restructuring costs
- Sales to reach similar level to previous year and clear improvement in operating profit anticipated



# Bucher Specials

## Winemaking equipment



Grape-sorting table Delta Trio



# Bucher Specials

## Assembly shop for presses and belt driers





# Bucher Specials

## Agricultural machinery for Switzerland

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# Bucher Specials

## 2012 highlights

- Stable market environment overall
- Winemaking equipment
  - Subdued demand in Western Europe, further decline in France
  - Buoyant demand in USA and southern hemisphere
  - Annual production lower than consumption, led to reduction in inventories
- Fruit juice processing
  - Pleasing market growth, even without major orders
  - Rising demand for instant products in Asia and Africa
  - Slow-moving demand for equipment for dewatering sewage sludge
- Swiss distributorship for tractors and agricultural machinery
  - Favourable environment, with rising prices for agricultural produce
  - Farmers unsettled by adoption of agricultural policy for 2014 – 2017
- Marked growth in operating profit

# Bucher Specials

## Key figures

CHF million			% change	
	2012	2011	%	% <sup>1)</sup>
Order intake	202	208	-2.8	-2.5
Net sales	206	201	2.6	2.9
Order book	46	50	-7.8	-7.6
Operating profit (EBITDA) as % of net sales	20 9.6%	15 7.5%	32.0	
Operating profit (EBIT) as % of net sales	17 8.1%	12 6.1%	35.0	
Number of employees at 31 December	506	511	-1.0	

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

# **Bucher Specials Outlook for 2013**

- Market outlook for the independent businesses
  - Backlog of deferred investments in winemaking equipment
  - Solid development of business with equipment for fruit juice processing and dewatering sewage sludge
  - Acquisition of Filtrox Engineering brings entry into beer filtration and sales growth
  - After very good performance in 2012, Bucher Landtechnik distributorship expects stable market conditions
- Bucher Specials expects marked sales growth and an improvement in operating profit

## **Group outlook for 2013**

- No fundamental change in economic environment
- Highly indebted Western industrial economies continue to seek means to stimulate economic growth
- Sustained growth in Asia and South America
- Confidence in markets served by Bucher Industries
  - Agricultural machinery: continuing positive performance on lower growth rates
  - Other segments: levels similar to 2012, excluding major order from the city of Moscow for municipal vehicles
  - Acquisitions in Bucher Hydraulics and Bucher Specials bring marked sales growth
- Modest sales growth and slight increase in profitability expected



# 2013 annual general meeting

## Agenda and proposals

- Agenda
  - Standard items as in previous years
  - 2012 remuneration report to be acknowledged and approved
  - Re-election of Rolf Broglie and Anita Hauser to the board for a further three-year term
- Dividends
  - CHF 5.00 per share (2011 financial year: CHF 4.00)
  - Yield of 2.9% based on the average share price of CHF 173.50 for the year
- Adoption of Minder initiative
  - No significant repercussions expected
  - Amendments to the articles of association will be necessary after presentation of the federal government's regulation

**Financial review 2012**

## One-off effects

	Restructuring costs		Savings potential p.a.	Investments
CHF million	2012	2013		
Emhart Glass	9	4	~30 <sup>1)</sup>	5

<sup>1)</sup> Gradually from 2013, fully valid as of 2015

## Major projects

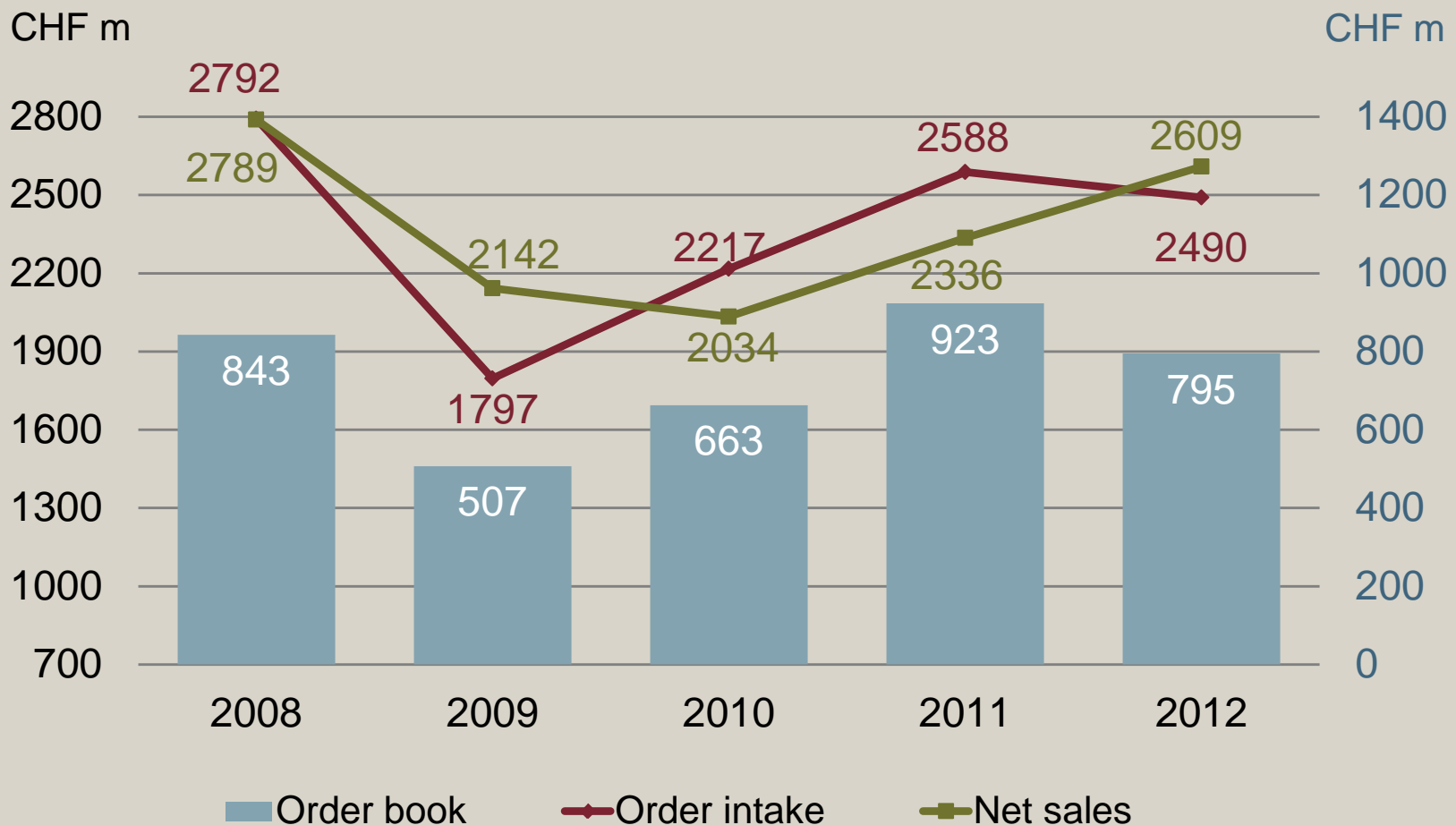
CHF million	Bucher Municipal	Emhart Glass	Total
Order intake 2011	62	40	102
Net sales 2012	50	17	67

## Acquisitions 2013

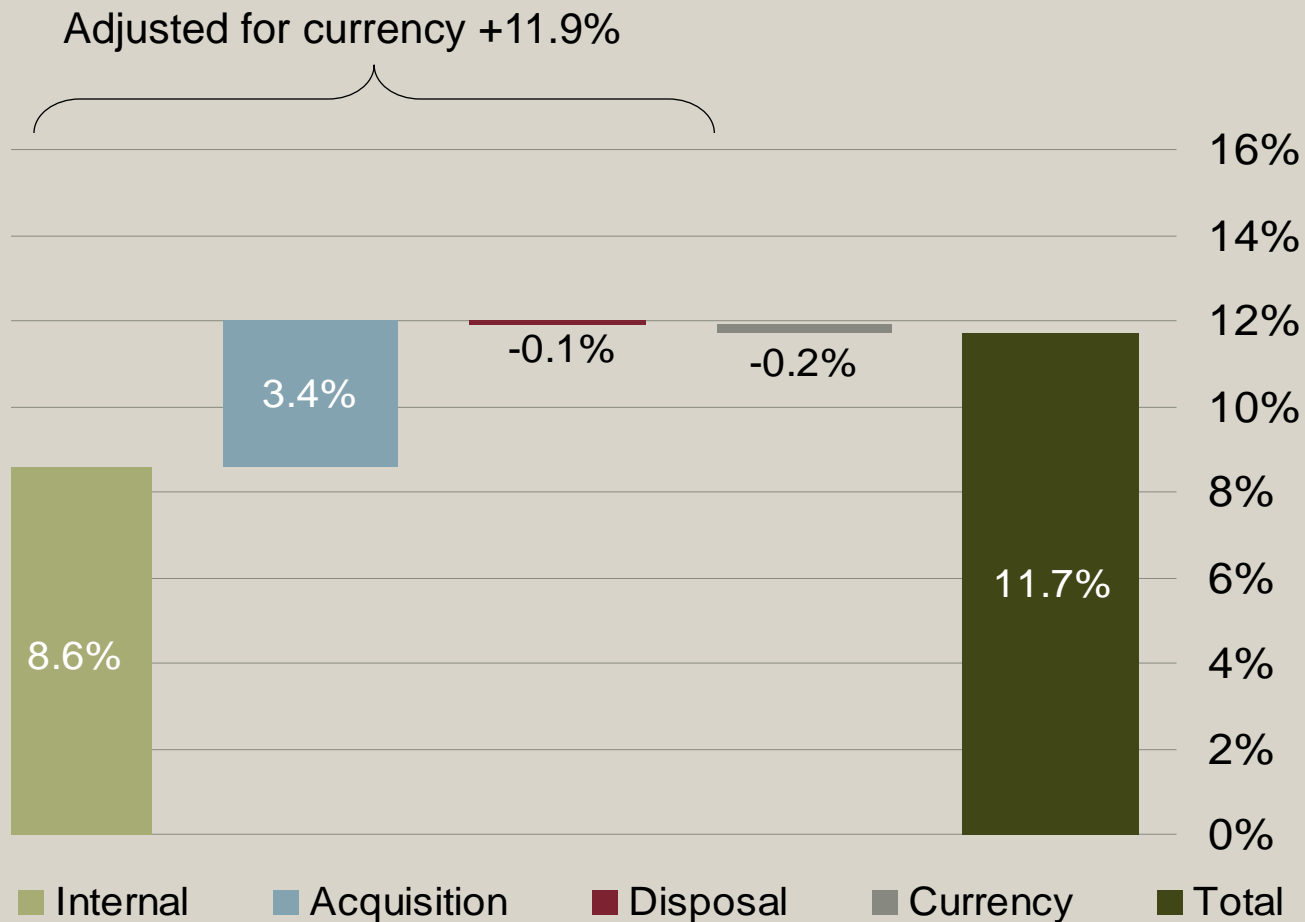
CHF million		2012
Bucher Hydraulics Erding	Net sales	42
	Employees (FTE)	250
Bucher Filtrox Systems	Net sales	30
	Employees (FTE)	35

- Total purchase price in both acquisitions CHF 43 million
- Initial consolidation at the beginning of 2013

## Order intake, order book and net sales



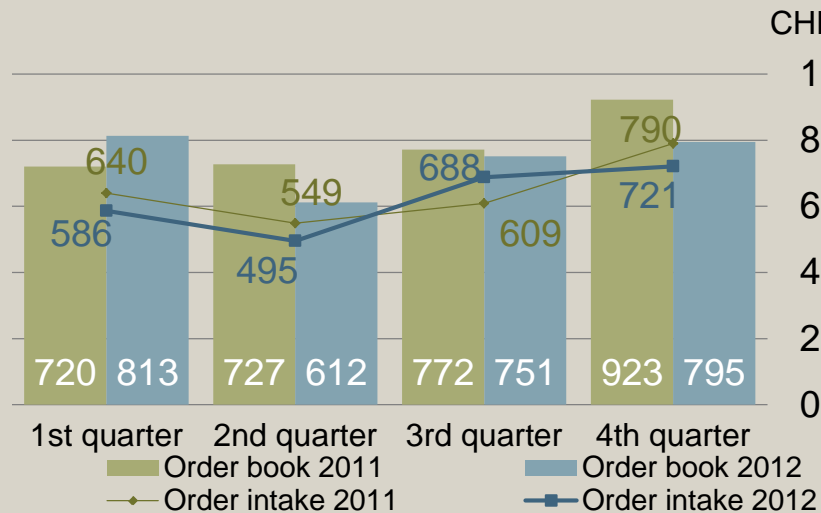
## Impact on net sales 2012



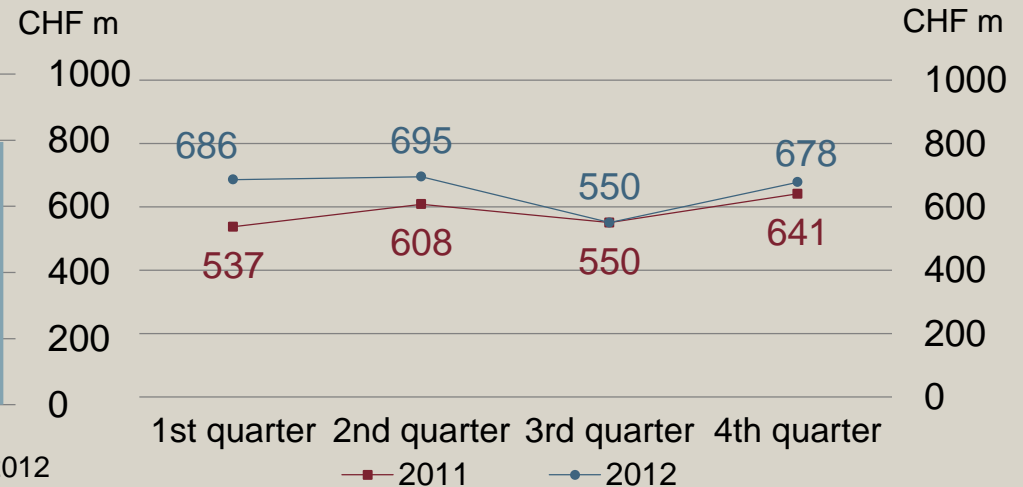


## Order intake, order book and net sales

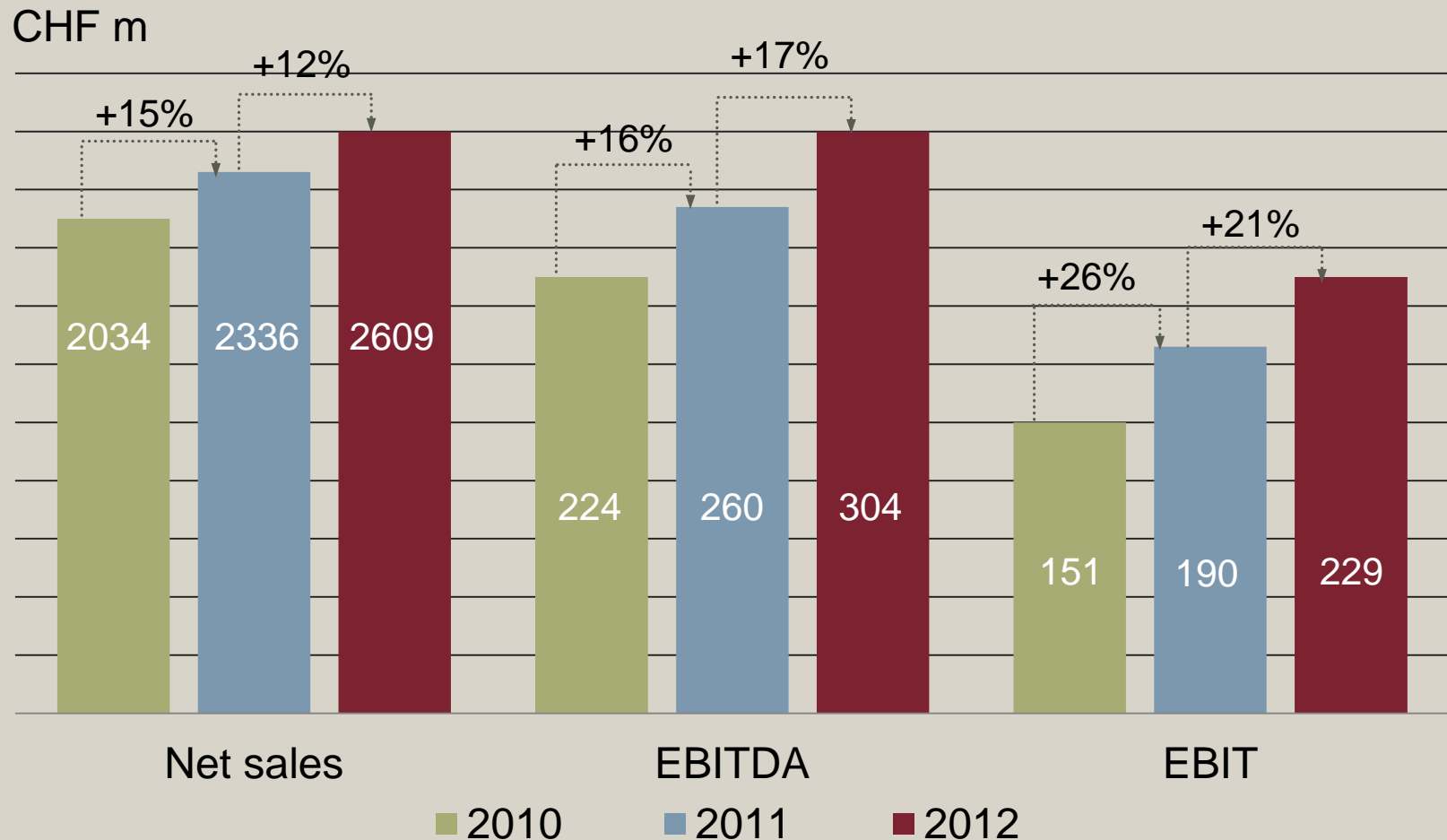
### Order intake and book



### Net sales



## Change in net sales, EBITDA and EBIT



# Consolidated income statement

CHF million	2012	2011	% change
Net sales	2 609	2 336	11.7
<b>Operating profit (EBITDA)</b>	<b>304</b>	<b>260</b>	<b>17.1</b>
as % of net sales	11.7%	11.1%	
Depreciation	-59	-54	9.6
Amortisation	-16	-16	1.9
<b>Operating profit (EBIT)</b>	<b>229</b>	<b>190</b>	<b>20.5</b>
as % of net sales	8.8%	8.1%	
Net financial items	-13	-18	31.5
Income tax expense	-62	-45	-40.3
<b>Profit for the year</b>	<b>154</b>	<b>127</b>	<b>21.0</b>
as % of net sales	5.9%	5.5%	
Basic earnings per share in CHF	15.34	12.52	22.5

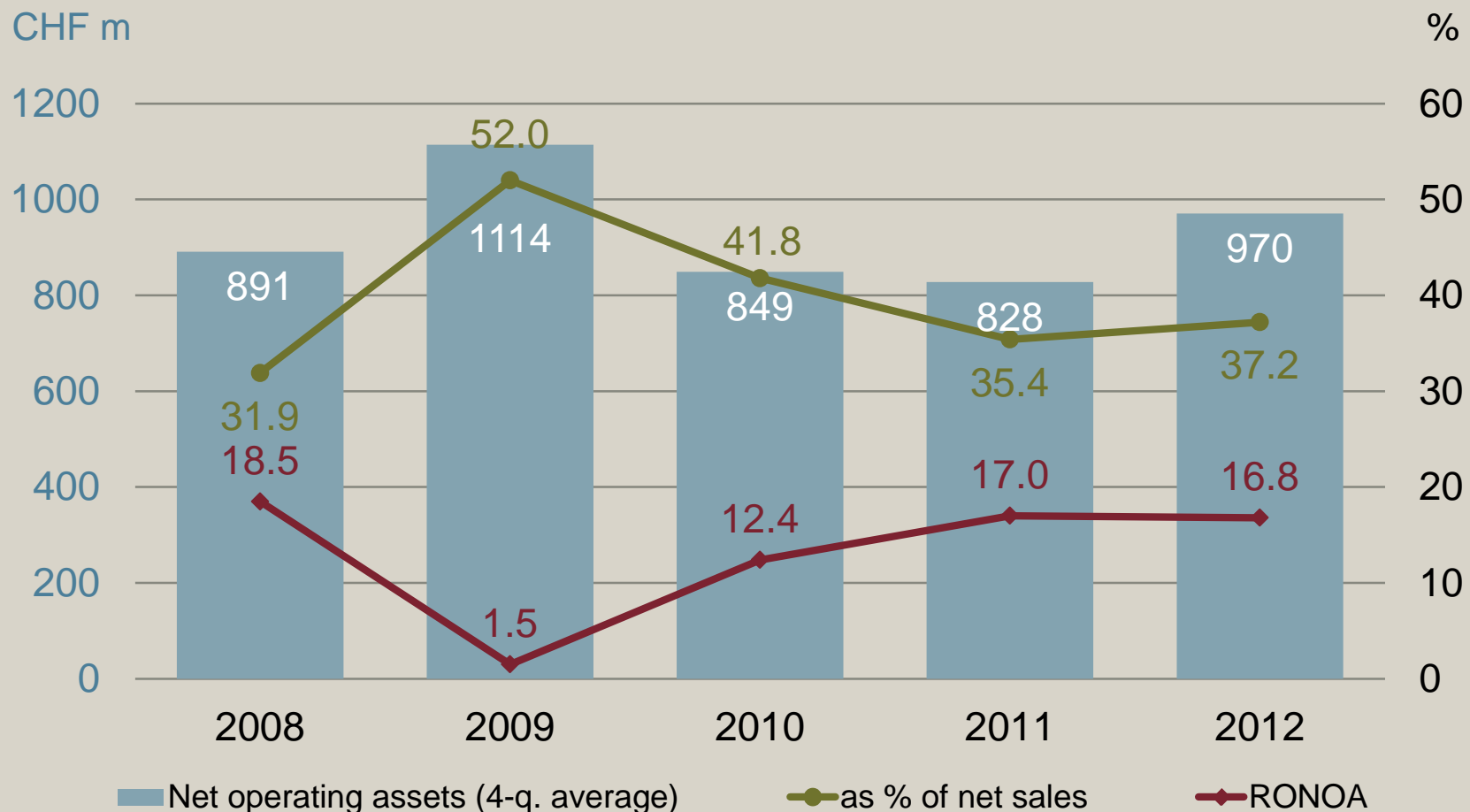
## Net financial items

CHF million	2012	2011	+/-
Net interest expense	-13	-15	2
Net gain on financial instruments	1	2	-1
Foreign exchange gains and losses	-1	-3	2
Other financial items	0	-2	2
<b>Net financial items</b>	<b>-13</b>	<b>-18</b>	<b>5</b>

## Income tax

CHF million	2012	2011	+/-
Profit before tax	216	172	+44
<b>Income tax expense</b>	<b>-62</b>	<b>-45</b>	<b>-17</b>
Effective tax rate	28.8%	25.8%	

# Net operating assets (NOA) and RONOA after tax

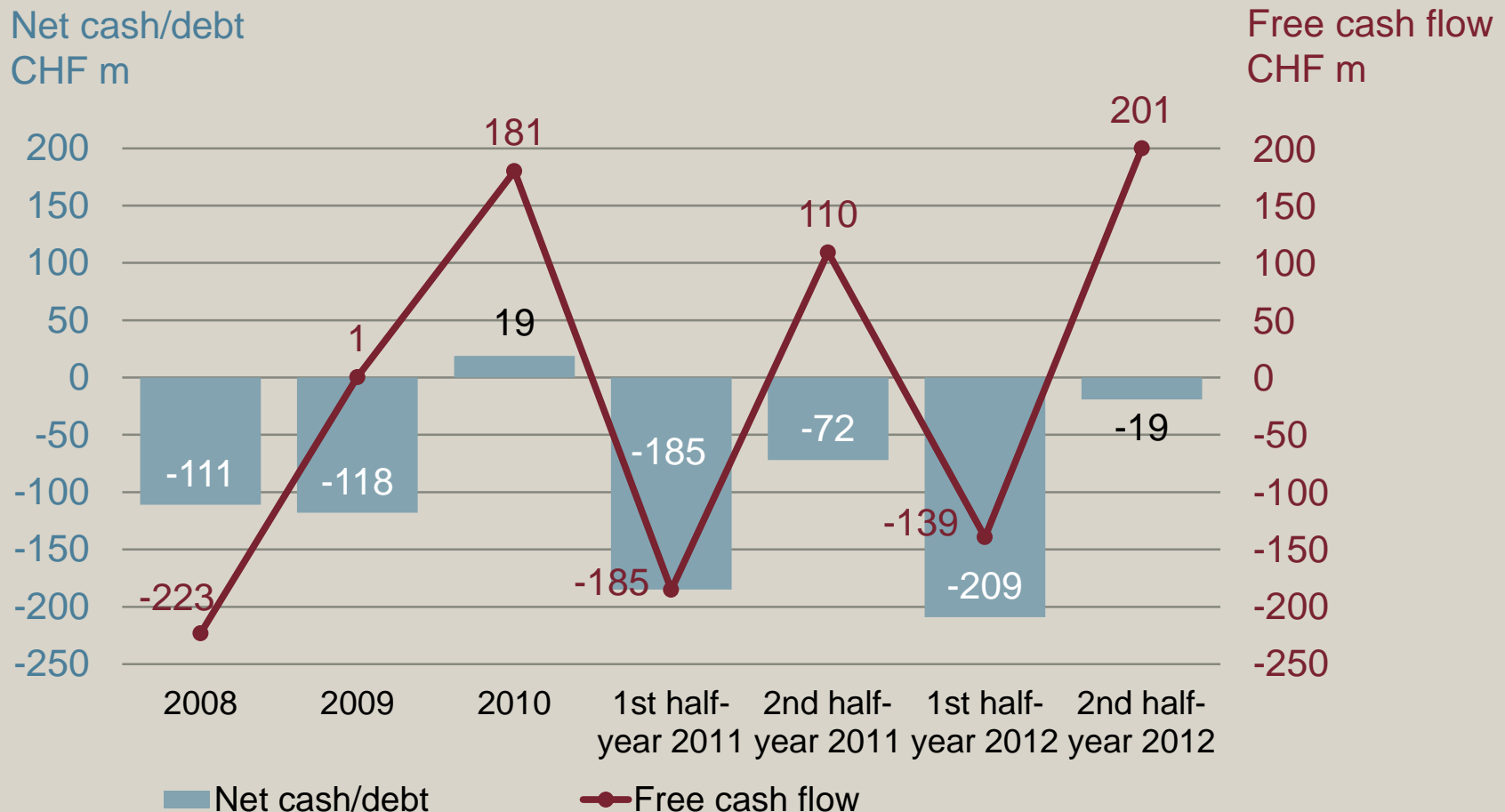




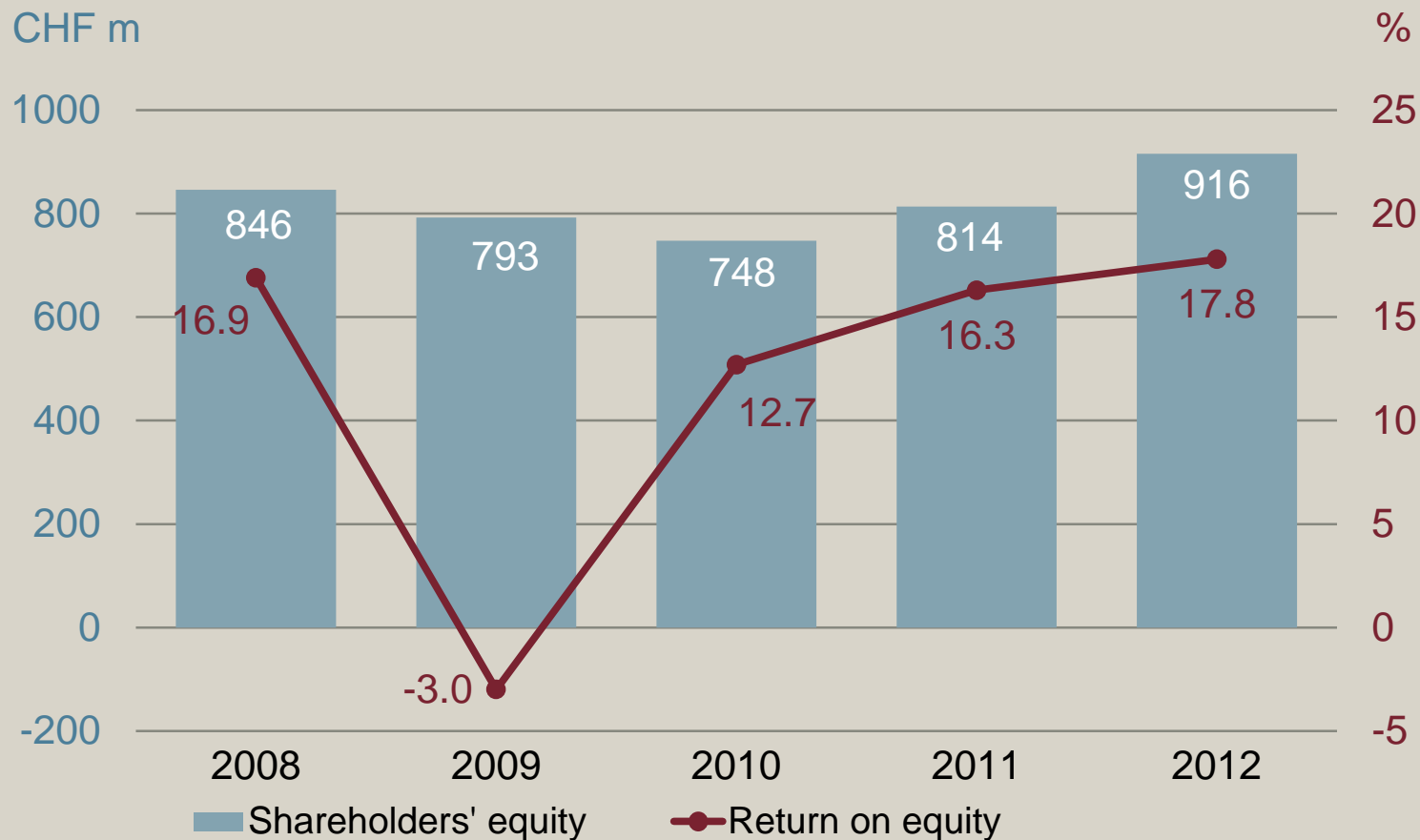
## Free cash flow

CHF million	2012	2011	+/-
Net cash flow from operating activities	200	172	28
Purchases of property, plant and equipment (net)	-92	-115	23
Purchases of intangible assets (net)	-3	-2	-1
<b>Operating free cash flow</b>	<b>105</b>	<b>55</b>	<b>50</b>
Changes in short-term investments and financial assets	6	2	4
Acquisition/disposal	-3	-59	56
Purchases/proceeds from sale of treasury shares	-2	-42	40
Dividend	-44	-31	-13
<b>Free cash flow</b>	<b>62</b>	<b>-75</b>	<b>137</b>

## Net cash/debt and free cash flow



## Shareholders' equity and return on equity



Impairment charges: 2008 CHF 39 million, 2009 CHF 86 million

## Summary Group financial review

- Further increase in profitability
- Free cash flow of CHF 62 million
  - Investments of CHF 100 million in non-current assets and acquisitions
  - Share buy-back of CHF 6 million
- Net debt of CHF 19 million (gearing 2%)
- Ongoing high liquidity and solid balance sheet key figures
  - Liquid assets of CHF 480 million and undrawn committed credit facilities of CHF 270 million
  - Equity ratio of 41%
  - Intangible assets amounted to 17%, goodwill to 8% of equity
  - Debt payback period (net debt to EBITDA) of 0.1
  - Interest coverage ratio (EBITDA to net interest expense) of 23.8

## **Financial calendar for 2013/2014**

Annual general meeting	11 April 2013
Dividend payment	18 April 2013
Release of first quarter 2013 group sales	26 April 2013
Sustainability report 2012	June/July 2013
Interim report 2013	30 July 2013
Release of third quarter 2013 group sales	25 October 2013
Release of 2013 group sales	30 January 2014
Annual press and analysts' conference	6 March 2014
Annual general meeting	10 April 2014