

# Annual press and analysts' conference

5 March 2015

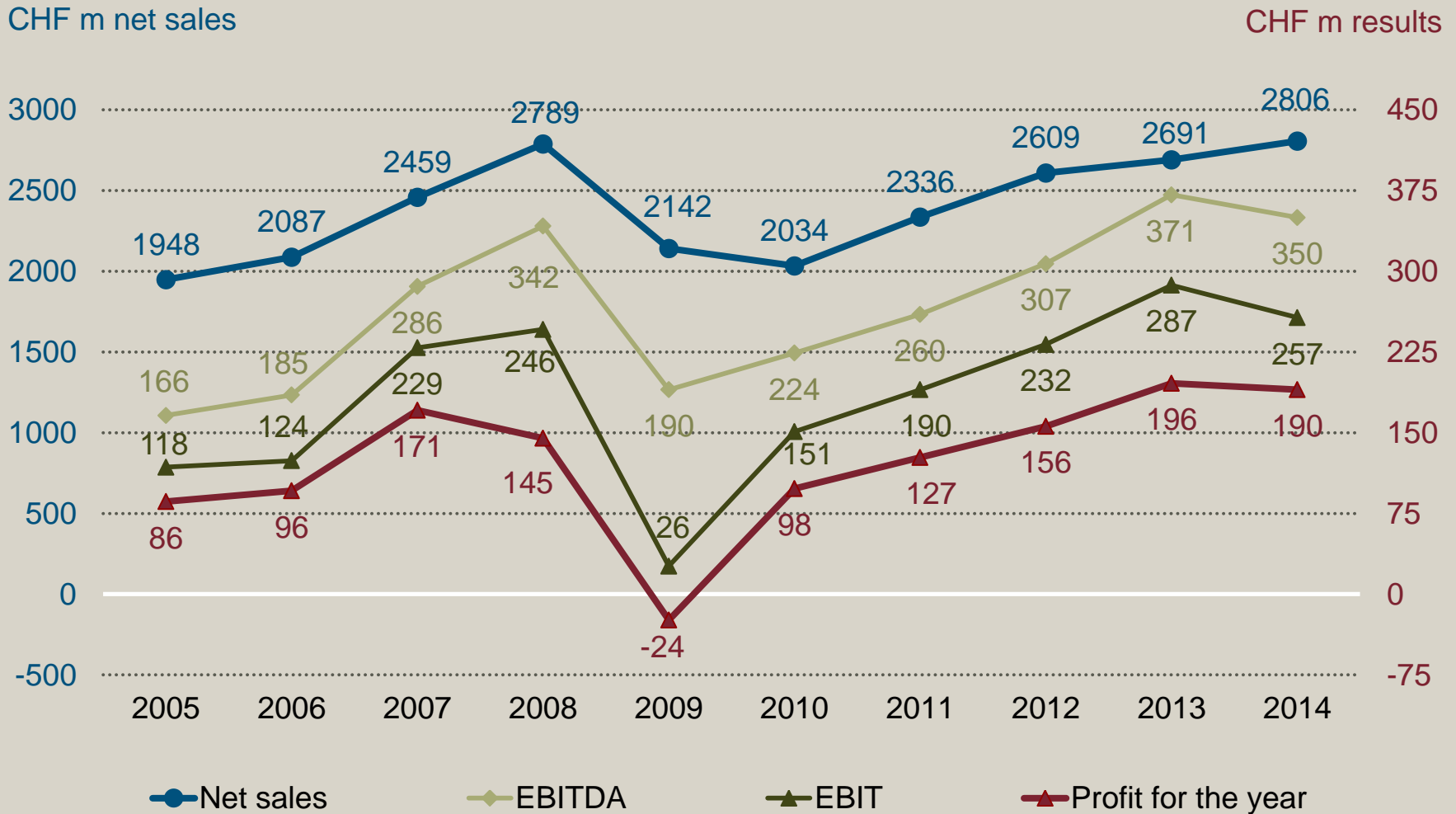


- Downturn in market environment
  - Falling cereal prices result in marked decline in demand for agricultural machinery, particularly in the arable segment; livestock farming continues to develop positively
  - Market for municipal vehicles remains stable at a low level; weaker winter maintenance equipment business
  - Encouraging growth for Bucher Hydraulics, particularly in North America
  - Wide regional variations in glass-forming machinery; buoyant business with spare parts influenced by cooperation with O-I
  - Good market conditions in equipment for making wine and processing fruit juice; decline in Swiss distributorship for agricultural machinery
- Key figures
  - All divisions except Kuhn Group contribute to sales growth of 4%
  - EBIT of CHF 257 million about 10% below record value achieved in 2013, with EBIT margin of 9.2%
  - Profit for the year of CHF 190 million only CHF 6 million below high level in 2013
  - Continuing high return on equity of 16.7% and return on net operating assets after tax of 15.8%

- Continuing improvement of infrastructure thanks to high investment
  - CHF 116 million for organic growth
  - CHF 66 million for acquisition of Kuhn-Montana – manufacturer of self-propelled crop sprayers in Brazil
  - Equity holding in Jetter AG, Germany, increased to 96%
- Continuity in research and development: expenditure of CHF 102 million
- Solid financial situation
  - Net debt of CHF 85 million at end of 2014 – equivalent to gearing of 7%
  - Increase in equity ratio from 44% to 46%
  - Still great financial scope for internal and external growth

# Net sales and results

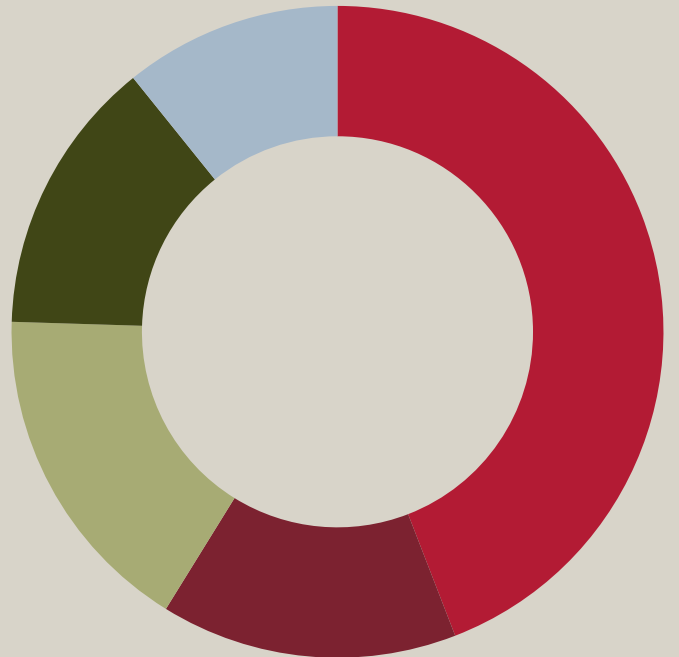
**BUCHER**



# Net sales by division 2014 vs. 2013

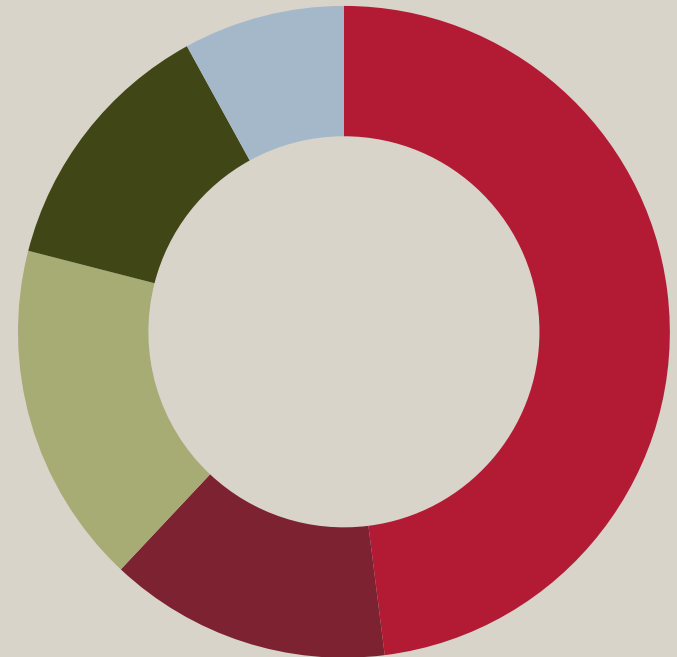
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**2014: CHF 2 806 million**



- Kuhn Group 45%
- Bucher Municipal 15%
- Bucher Hydraulics 17%
- Bucher Emhart Glass 14%
- Bucher Specials 11%

**2013: CHF 2 691 million**

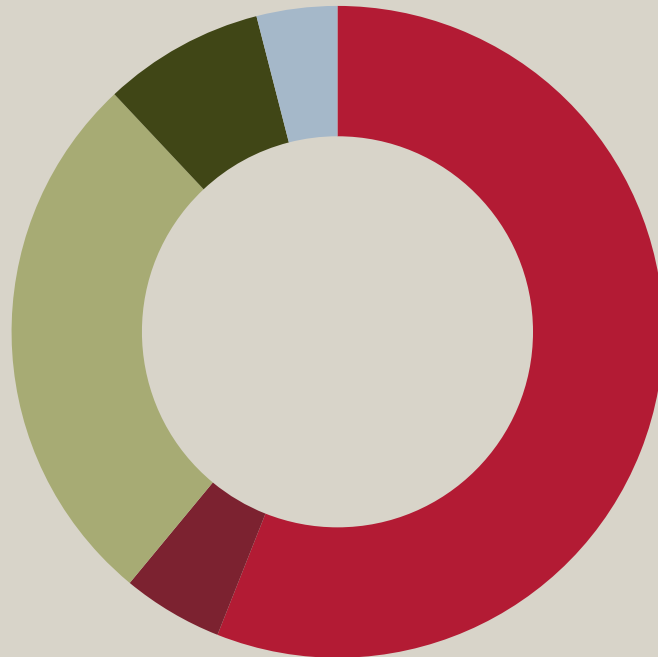


- Kuhn Group 48%
- Bucher Municipal 14%
- Bucher Hydraulics 17%
- Bucher Emhart Glass 13%
- Bucher Specials 8%

# Net sales by region 2014 vs. 2013

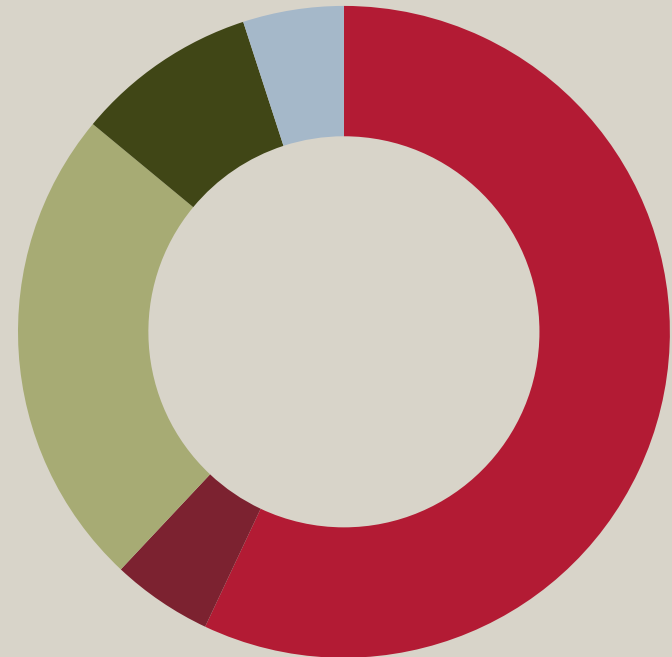
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**2014: CHF 2 806 million**



- Europe 56%
- Switzerland 5%
- Americas 27%
- Asia 8%
- Other 4%

**2013: CHF 2 691 million**

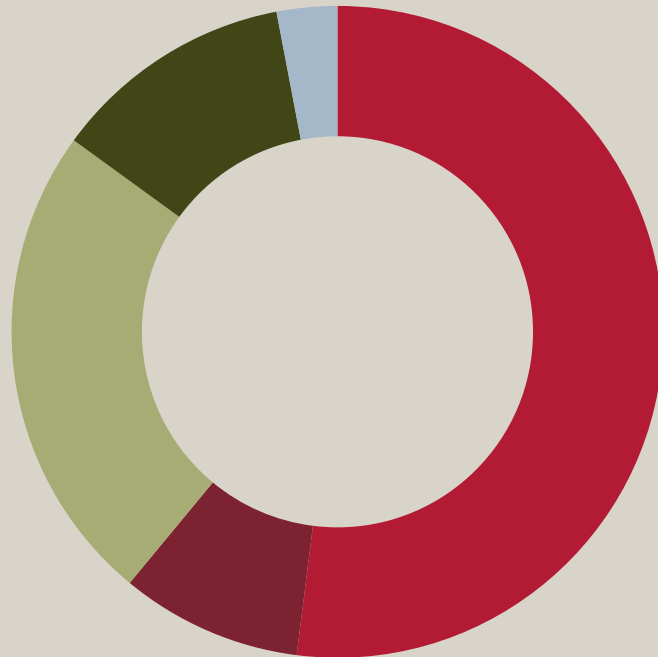


- Europe 57%
- Switzerland 5%
- Americas 24%
- Asia 9%
- Other 5%

# Number of employees by region 2014 vs. 2013

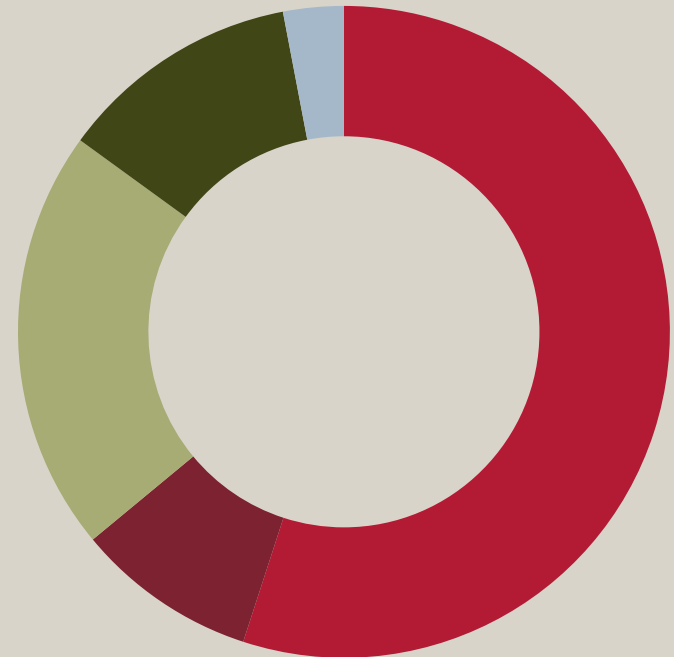
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**2014: 11 631 employees<sup>1)</sup>**



- Europe 52%
- Switzerland 9%
- Americas 24%
- Asia 12%
- Other 3%

**2013: 10 788 employees<sup>1)</sup>**



- Europe 55%
- Switzerland 9%
- Americas 21%
- Asia 12%
- Other 3%

<sup>1)</sup> Expressed in full time equivalents

# Investing in the future

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CHF million	2014	2013	Change in %
Research and development costs	102	91	13
Capital expenditure	116	137	-15
Acquisitions	69	63	10



# Kuhn Group Sustainable plant protection

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**STRONGER**  
THE FIRST SELF-PROPELLED SPRAYER BY KUHN

# Kuhn Group

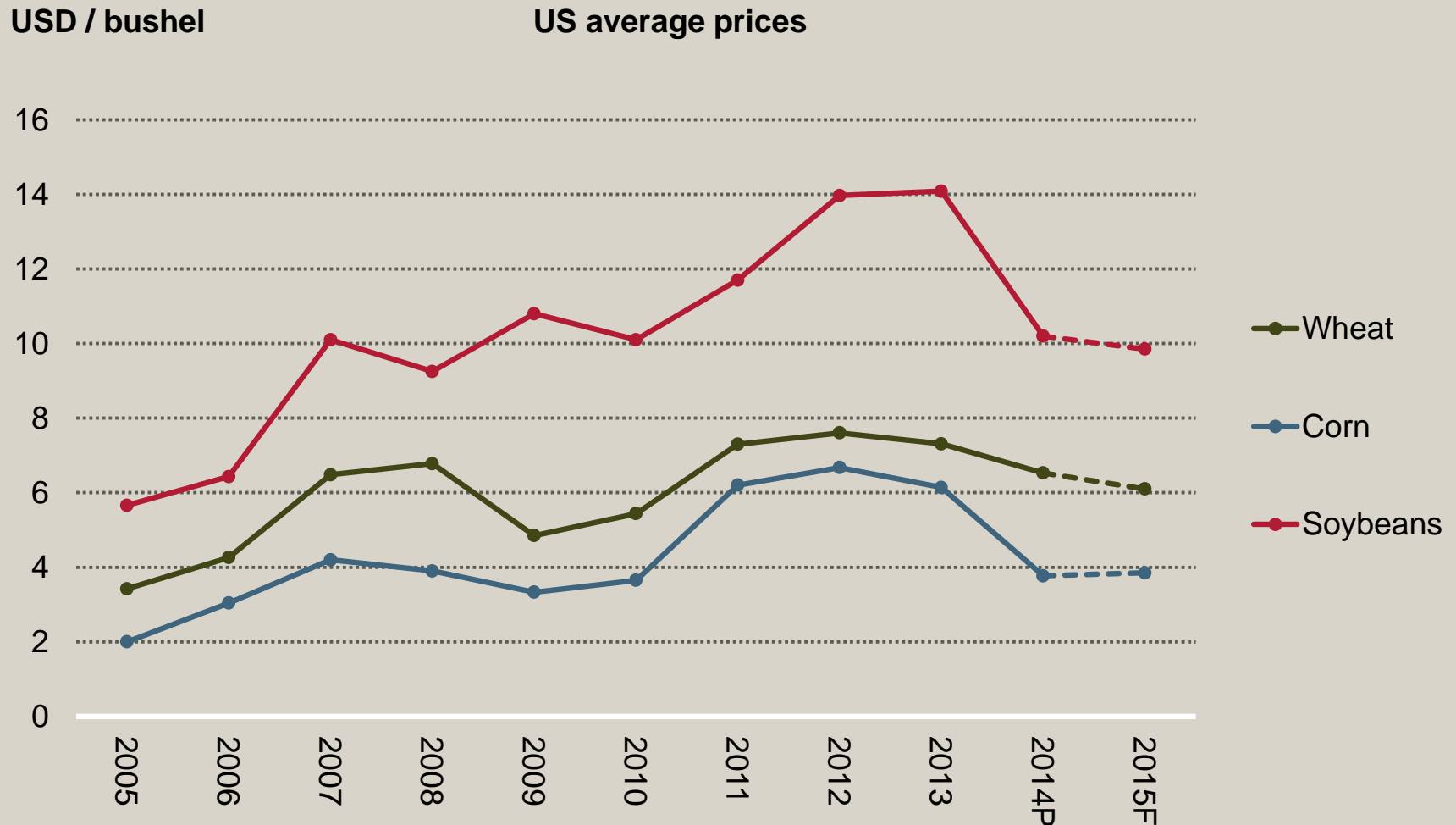
## 2014 highlights

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- Varying market trend
  - Negative impact on demand for agricultural machinery due to steep fall in cereal prices
  - Despite decrease in milk prices, dairy farmers' willingness to invest remains stable
  - Livestock farming remains buoyant, particularly in North America
- End of March 2014 acquisition of Montana, Brazil, specialists in self-propelled crop sprayers, and fertilising equipment
  - Strengthening of market position with large agricultural enterprises
  - Strengthening of local leadership through generalists and specialists
  - Necessary change of personnel in sales has short-term negative effect on sales performance
  - Confirmation of high product quality and high level of expertise of personnel
- Continuing high level of investments in infrastructure, growth and customer training
- Absence of positive one-off effects of previous year and change in product mix reduce operating profit margin to 12.1%

# Price development soybeans, corn, wheat

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Source: USDA, Deere

# Kuhn Group

## Key figures

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CHF million			Change in		
	<b>2014</b>	<b>2013</b>	<b>%</b>	<b>%<sup>1)</sup></b>	<b>%<sup>2)</sup></b>
Order intake	1 221	1 262	- 3.2	- 1.2	- 5.3
Net sales	1 262	1 286	- 1.9	0.2	- 4.6
Order book	454	482	- 5.8	- 4.4	- 4.8
Operating profit (EBITDA) as % of net sales	196 15.5%	230 17.9%	- 14.9		
Operating profit (EBIT) as % of net sales	153 12.1%	191 14.9%	- 20.1		
Employees at 31 December	5 207	4 699	10.8		-
Average employees during year	5 227	4 754	9.9		1.6

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

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

# Kuhn Group

## Outlook for 2015

- Unchanged, positive long-term prospects
- After several years with a generally buoyant market, change in economic cycle in the agricultural sector
  - Arable segment declining sharply owing to falling cereal prices
  - Dairy segment remains stable overall
  - Livestock farming developing well thanks to meat prices remaining at good level
- Regional variations in market trends
  - North America and Western Europe subject to similar trends
  - Ukraine and Russia strongly affected by political crisis and sanctions
  - Brazil in economic downturn, agriculture also affected
  - Varying picture in Asia; also, except in Japan, Kuhn Group's market position still weak
- In local currencies, sales should be on a par with the previous year, with slightly lower operating profit margin
- Translation into Swiss francs has marked negative impact on sales and operating profit



# Bucher Municipal Equipment for safe roads

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# Bucher Municipal

## 2014 highlights

- Overall stable demand on a low level in Europe
  - Several consecutive mild winters weaken demand in winter maintenance business
  - Maintenance of market share in established regions, increases in Russia
- In March 2014, major order worth CHF 53 million from city of Moscow
  - Smooth processing of order
  - Punctual delivery and punctual payment in full in business year
- Successful complete renewal of product range
  - Successful market launch in USA of newly developed mechanical sweepers
- Sale of two properties in the UK after consolidation of production at main site in Dorking, resulting in book profit of CHF 2 million
- Good return on investment thanks to systematic management of net operating assets

# Bucher Municipal

## Key figures

**BUCHER**

CHF million			Change in		
	<b>2014</b>	<b>2013</b>	<b>%</b>	<b>%<sup>1)</sup></b>	<b>%<sup>2)</sup></b>
Order intake	416	393	5.6	6.7	7.1
Net sales	419	383	9.3	10.5	11.1
Order book	101	104	- 3.4	- 3.3	- 3.2
Operating profit (EBITDA) as % of net sales	40 9.5%	40 10.5%	- 0.5		
Operating profit (EBIT) as % of net sales	32 7.7%	33 8.6%	- 2.7		
Employees at 31 December	1 557	1 523	2.2		2.2
Average employees during year	1 582	1 488	6.3		6.6

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

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



- Demand in Europe and Australia continues to stagnate
  - Stable development of market for sweepers and refuse collection vehicles at low level
  - Weakening of winter maintenance business in Europe
- Follow-up order worth CHF 30 million from city of Moscow in February 2015 ensures good capacity utilisation into third quarter of 2015
- Momentum could come from new product range
- Lessening of impact of strong Swiss franc through innovation, increased working hours, greater focus on purchasing in euros and US dollars as well as transfer of production and expansion in Latvia and Russia
- Slight decrease in sales and operating profit in local currencies
- Owing to currency effects, marked decline in sales and reduction of operating profit margin expected

# Bucher Hydraulics

## Maximum precision and efficiency

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# Bucher Hydraulics

## 2014 highlights

- Varied market trends
  - Western Europe: positive in first half, weakening in second half; recovery in construction machinery, materials handling and industrial hydraulics
  - North America: continuing brisk demand, beginning of local series production in 2014 for globally active customers, transatlantic collaboration in engineering
  - China: further weakening and development in agricultural machinery segment still slow
- Slight decline in key market segment of agricultural machinery; offset by broad-based support in several market segments as well as serial orders
- Expansion of presence in Brazil hampered by sluggish economy
- Good operating performance with increase in sales, operating profit and EBIT margin

# Bucher Hydraulics

## Key figures

CHF million			Change in		
	<b>2014</b>	<b>2013</b>	<b>%</b>	<b>%<sup>1)</sup></b>	<b>%<sup>2)</sup></b>
Order intake	485	452	7.2	8.3	7.4
Net sales	475	453	4.9	5.9	5.1
Order book	78	69	13.2	14.2	14.2
Operating profit (EBITDA) as % of net sales	68 14.4%	62 13.6%	11.0		
Operating profit (EBIT) as % of net sales	49 10.2%	42 9.4%	14.4		
Employees at 31 December	2 043	1 984	3.0		3.0
Average employees during year	2 026	1 939	4.5		4.5

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

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

# Bucher Hydraulics

## Outlook for 2015

- Continuation of positive business performance in local currencies
  - Europe: modest growth thanks to new applications and new customers
  - North America: brisk demand sustained and momentum from large serial orders
  - China: demand continues to stagnate
  - Brazil: expansion of new platform hampered by sluggish economy
- Package of measures at production sites in Switzerland ensures good profitability
- Adverse effect of currency translation on sales in high single-digit percentage range
- Despite fall in sales, operating profit margin should reach same level as previous year



# Bucher Emhart Glass Quality for consumers

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# Bucher Emhart Glass

## 2014 highlights

- Marked project-related fluctuations in capacity utilisation for new machinery
- Varied market development
  - Buoyant project business in Central and South America
  - Demand almost nil in Eastern Europe, subdued in China
  - Increased investment in maintenance and modernisation
  - Pleasing increase in spare parts and service business, particularly through O-I collaboration
- Optimisation of first commercial tempered glass production line at Vetropack
- Profitability improvement delayed by one year
  - Priority for customer projects absorbs capacity and delays transfer of many components and spare parts
  - High start-up costs for realignment and cooperation with O-I
  - Value adjustments on accounts receivable have negative impact on operating profit in 2014
- Overall, good market performance, but, for reasons given, operating profit margin still unsatisfactory

# Bucher Emhart Glass

## Key figures

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CHF million			Change in	
	<b>2014</b>	<b>2013</b>	<b>%</b>	<b>%<sup>1)</sup></b>
Order intake	367	354	3.6	4.8
Net sales	389	347	12.3	13.5
Order book	95	119	- 19.9	- 19.0
Operating profit (EBITDA) as % of net sales	28 7.1%	29 8.2%	- 3.2	
Operating profit (EBIT) as % of net sales	15 3.9%	17 4.8%	- 9.0	
Employees at 31 December	1 890	1 864	1.4	
Average employees during year	1 894	1 913	- 1.0	

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



# Bucher Emhart Glass

## Outlook for 2015

- Market environment expected to be comparable with previous year
  - Business with new machinery remains volatile and hinders constant capacity utilisation
  - Stable spare parts and service business
  - Persistent weakness of Asian markets; hardly any momentum in China in particular
- Control systems, spare parts and new machines for O-I could provide growth momentum
- Concentration on improving profitability and implementation of measures adopted
- Stable sales in local currencies, with improved operating profit margin
- Translation into Swiss francs causes marked decrease in sales, but hardly any impact on profitability



Winemaking equipment



Fruit juice processing systems and drying equipment



Agricultural distributorship in Switzerland



Automation technology and control systems

# Bucher Specials

## 2014 highlights

- Stable market environment overall
  - Marked upturn in demand for winemaking equipment
  - Positive performance in equipment for fruit juice processing, beer filtration, and dewatering sewage sludge
  - Downturn in demand at Swiss distributorship for agricultural machinery
  - Automation technology fully consolidated for the first time and return to profitability
- Numerous operational improvements
- Marked upturn in sales in all businesses except distributorship for agricultural machinery
- Operating profit up 11%

# Bucher Specials

## Key figures

**BUCHER**

CHF million			Change in		
	<b>2014</b>	<b>2013</b>	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	299	257	16.4	17.1	- 0.5
Net sales	305	244	24.8	25.6	8.0
Order book	73	76	- 4.3	- 3.9	- 3.9
Operating profit (EBITDA) as % of net sales	35 11.4%	29 11.9%	19.2		
Operating profit (EBIT) as % of net sales	27 8.9%	24 10.0%	11.1		
Employees at 31 December	793	785	1.0		1.0
Average employees during year	840	631	33.1		33.1

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

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

# Bucher Specials

## Outlook for 2015

- Market outlook in local currencies
  - Upturn in winemaking equipment expected
  - Stabilization on high level in fruit juice processing equipment
  - Good project activity for dewatering sewage sludge and project-related volatility in equipment for beer filtration
  - Business with Swiss distributorship for agricultural machinery affected by decline in demand
  - Slight sales growth and further improvement in profitability at Jetter automation technology
- Operating profit strongly affected by one-off devaluation effects on balance sheets items due to CHF/EUR currency effect
- Bucher Specials expects that currency effects will result in a decline in sales at a low two-digit rate and a marked, one-off decline in operating profit margin

- No significant improvement in economic environment
- Without currency effects following discontinuation of minimum CHF/EUR rate of 1.20, sales likely to show slight decline with operating profit around the same level as the previous year:
  - Kuhn Group: further slight decrease in demand
  - Bucher Municipal: slight decline despite follow-up order worth CHF 30 million from city of Moscow and weakening of winter maintenance business
  - Slight increase in demand expected in hydraulic systems
  - Bucher Emhart Glass and Bucher Specials expect stable sales
- Currency effects likely to reduce sales in CHF by over 10% and operating profit by about 15%, including one-off effects
- Thanks to global structure, overall effect on operating profit margin only slight at about 0.5 percentage points

# Medium-term earnings targets

EBIT-Marge	2010	2011	2012	2013	2014	targets
Kuhn Group	9.2	11.3	12.5	14.9	12.1	12
Bucher Municipal	7.3	7.0	9.3	8.6	7.7	8
Bucher Hydraulics	9.9	8.7	9.0	9.4	10.2	11
Bucher Emhart Glass	1.2 <sup>1)</sup>	4.5	0.3 <sup>1)</sup>	4.8	3.9	9
Bucher Specials	4.6	6.1	8.1	10.0	8.9	10
<b>Bucher Industries</b>	7.4	8.1	8.9	10.7	9.2	10

## Group, divisions and independent businesses

RONOA after tax	12.4	17.0	17.0	19.3	15.8	>16
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<sup>1)</sup> After restructuring costs of CHF 9 million in 2012 and CHF 5 million in 2010

# Annual general meeting 2015

## Agenda and proposals

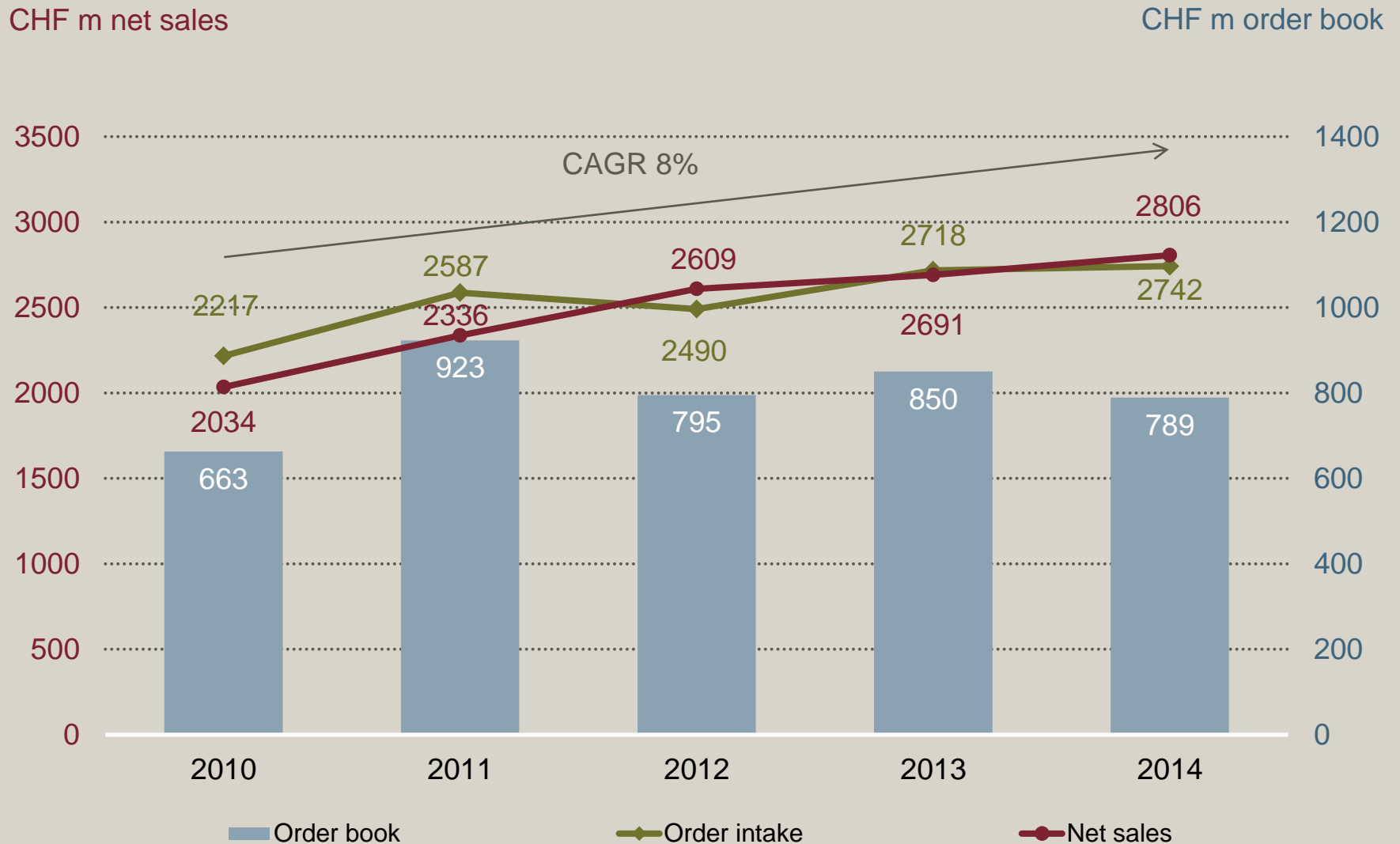
- Standard agenda as in previous year
- Dividend
  - CHF 6.50 per share (previous year CHF 6.50)
  - Yield of 2.9% relative to average share price for the year 2014 of CHF 268.95
- Elections in accordance with Ordinance Against Excessive Compensation (VegüV)
  - Re-election of all members and chairman
  - Election of Valentin Vogt as member of the remuneration committee
- Amendment of the articles of association (Vegüv): fixed compensation for members of group management based on calendar year, rather than from one annual general meeting to the next
- The annual general meeting will begin at 15.30h



# Financial review 2014

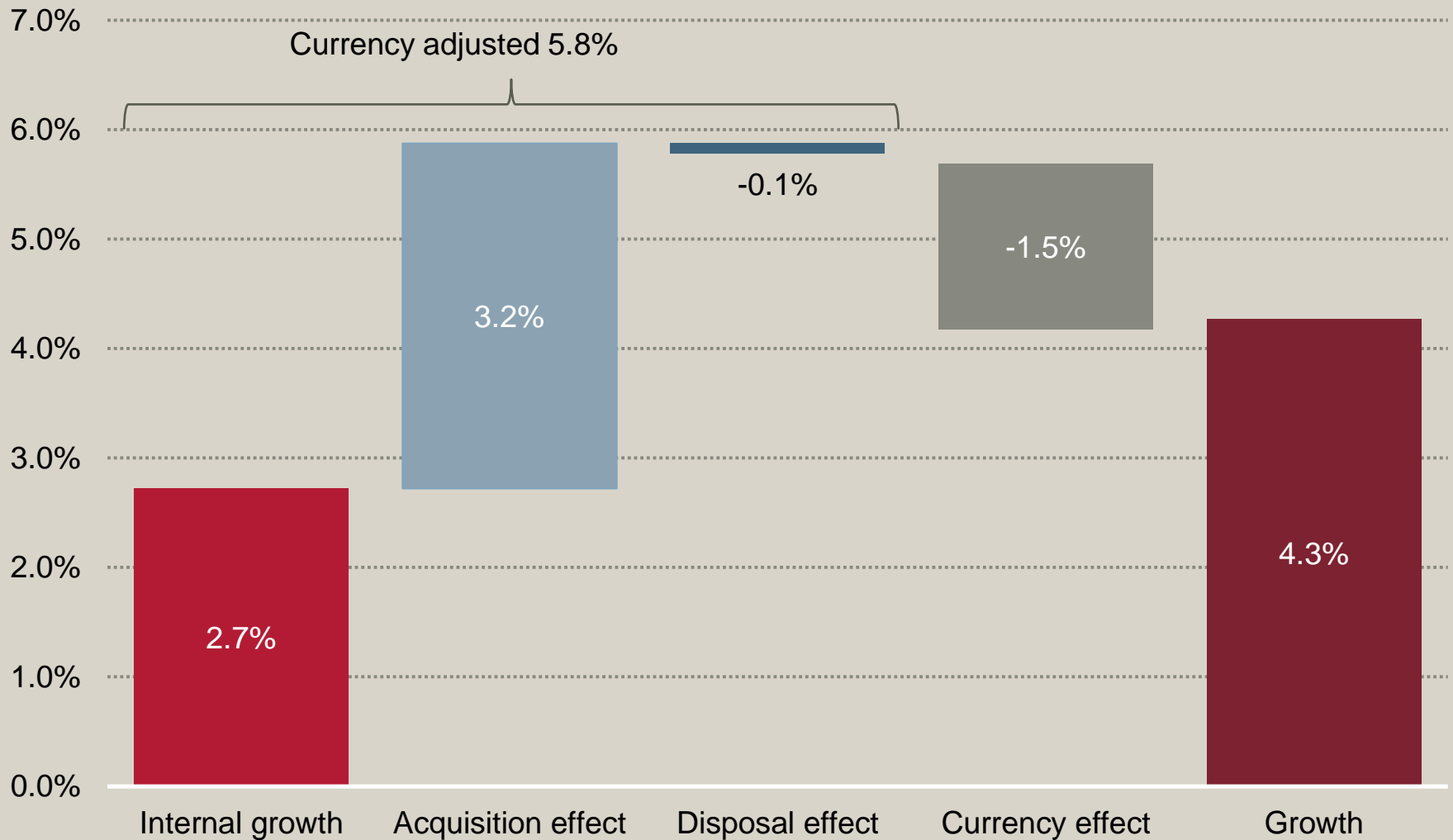
# Order book, order intake and net sales

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# Impact on net sales 2014

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# Acquisitions

## Acquisition of non-controlling interest

Acquisitions	Acquisition date	Share	Purchase price	Goodwill	Employees (FTE)	Net sales	
CHF million					31.12.2014	2014	2013
Kuhn-Montana (Kuhn Group)	April 2014	100%	66	48	506	56 <sup>1)</sup>	95
<b>Acquisition of non-controlling interest</b>							
Jetter (Bucher Specials)	November 2013 2014: Increase to	77% 96%	14 5	3	230	51 <sup>2)</sup>	8 <sup>1,2)</sup>

<sup>1)</sup> Since acquisition date

<sup>2)</sup> 50% interdivisional net sales

# Consolidated income statement

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CHF million	2014	2013	Change in %
Net sales	2 806	2 691	4.3
Operating profit (EBITDA) as % of net sales	350 12.5%	371 13.8%	- 5.7
Depreciation	- 71	- 67	6.3
Amortisation	- 22	- 17	25.4
Operating profit (EBIT) as % of net sales	257 9.2%	287 10.7%	- 10.4
Net financial items	- 13	- 11	- 15.8
Income tax expense	- 54	- 80	31.7
Profit for the year as % of net sales	190 6.8%	196 7.3%	- 3.3
Basic earnings per share in CHF	18.58	19.64	- 5.4

# Net financial result

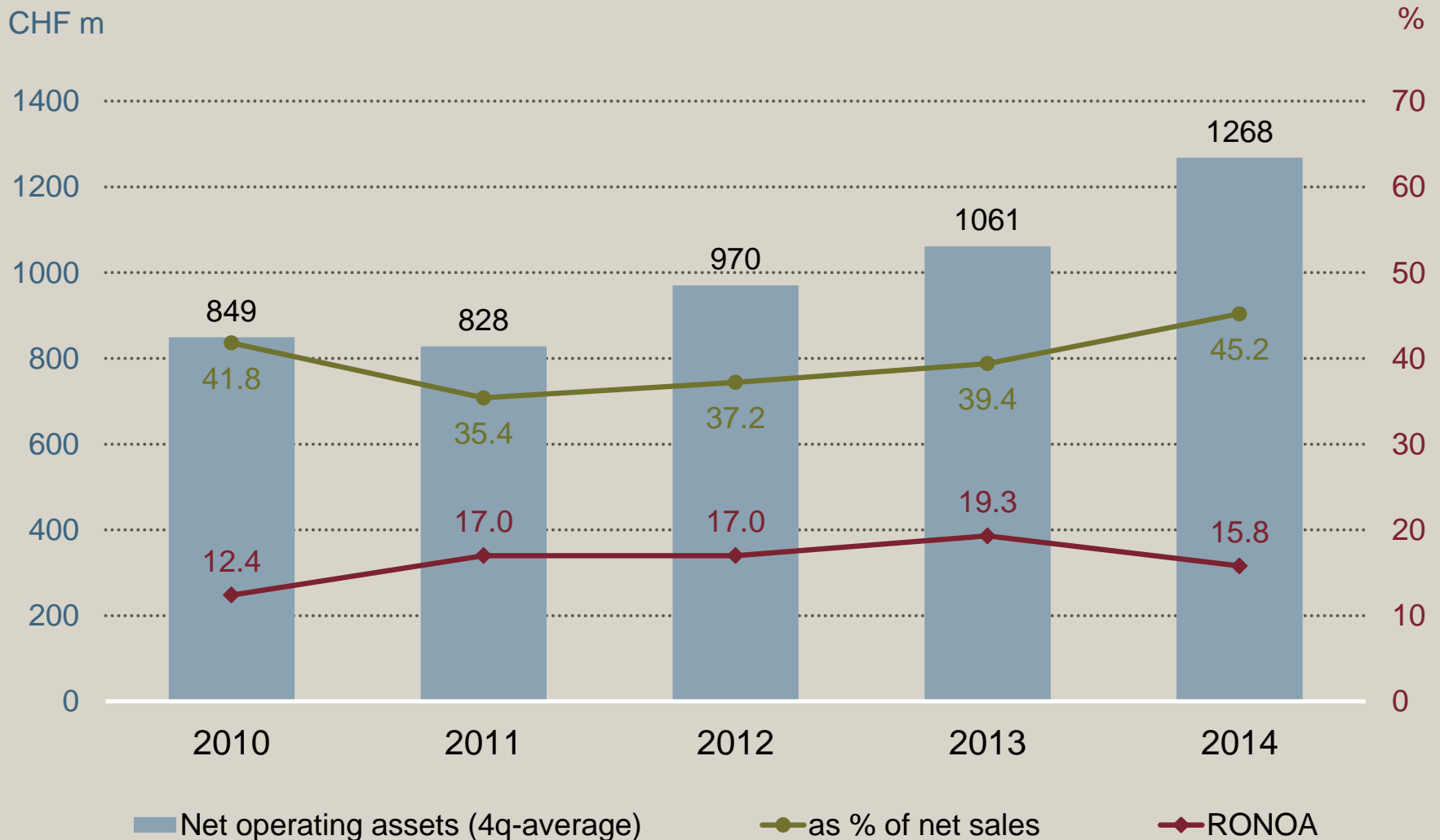
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CHF million	2014	2013	Change
Net interest expense	- 15	- 12	- 3
Net gain on financial instruments	3	7	- 4
Foreign exchange gains and losses	-	- 7	7
Other financial items	- 1	1	- 2
<b>Net financial items</b>	<b>- 13</b>	<b>- 11</b>	<b>- 2</b>

CHF million	2014	2013	Change
Profit before tax	244	276	- 32
Income tax expense	- 54	- 80	26
Effective income tax expense	22.3%	28.8%	
Weighted average tax rate	29.9%	33.2%	

# Net operating assets (NOA) and RONOA after tax

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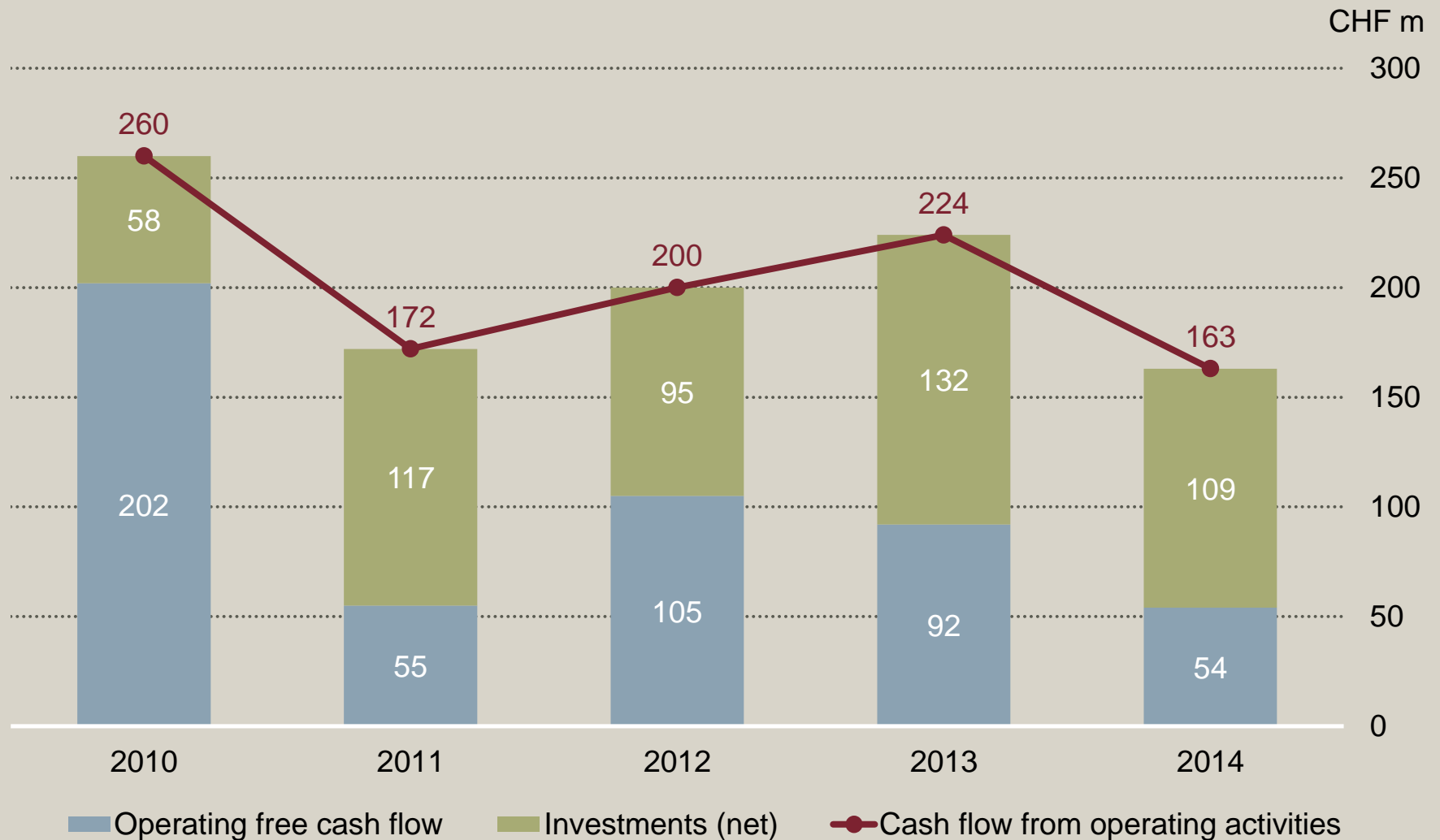




# Operating free cash flow and investments

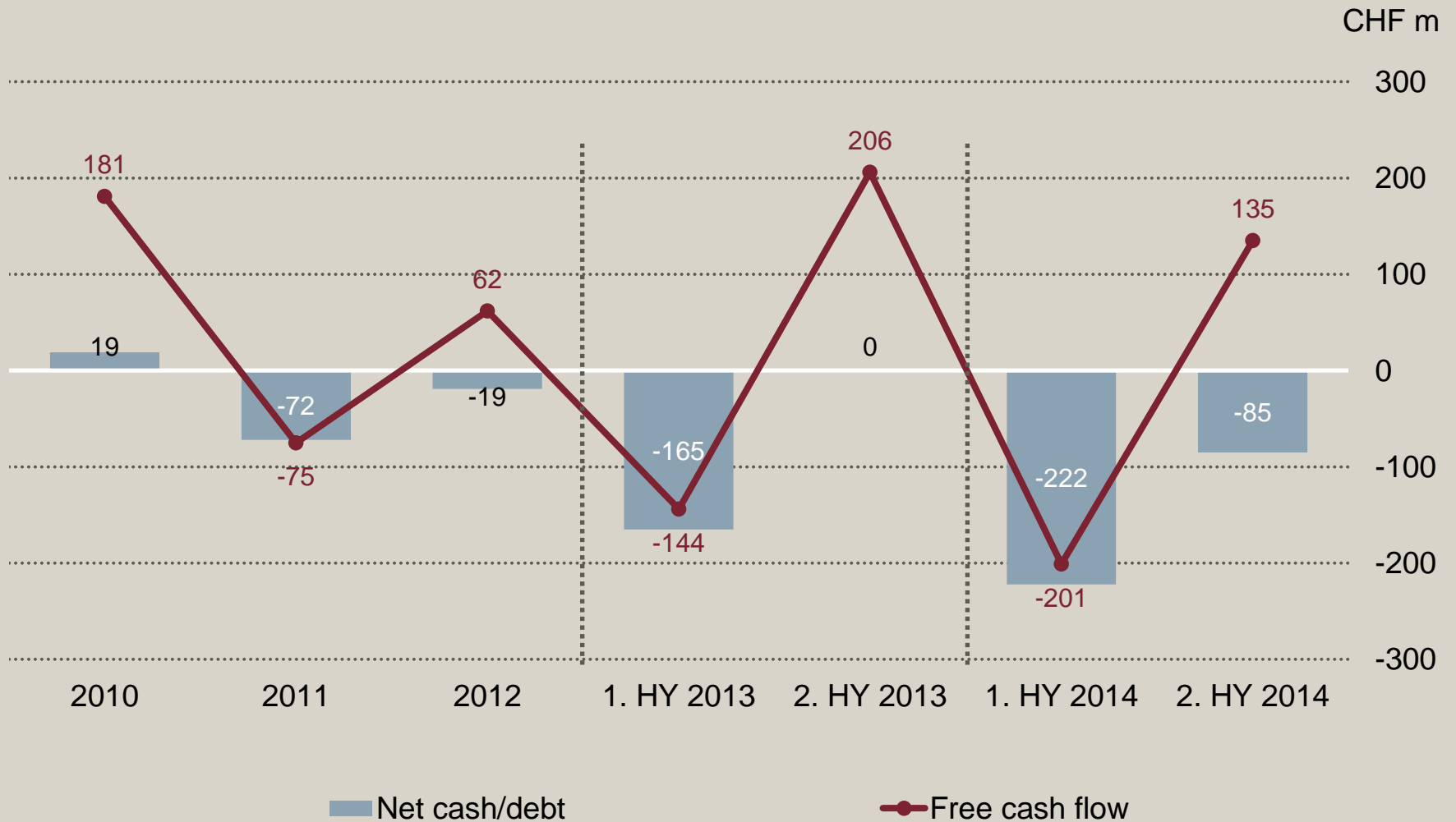
## Cash flow from operating activities

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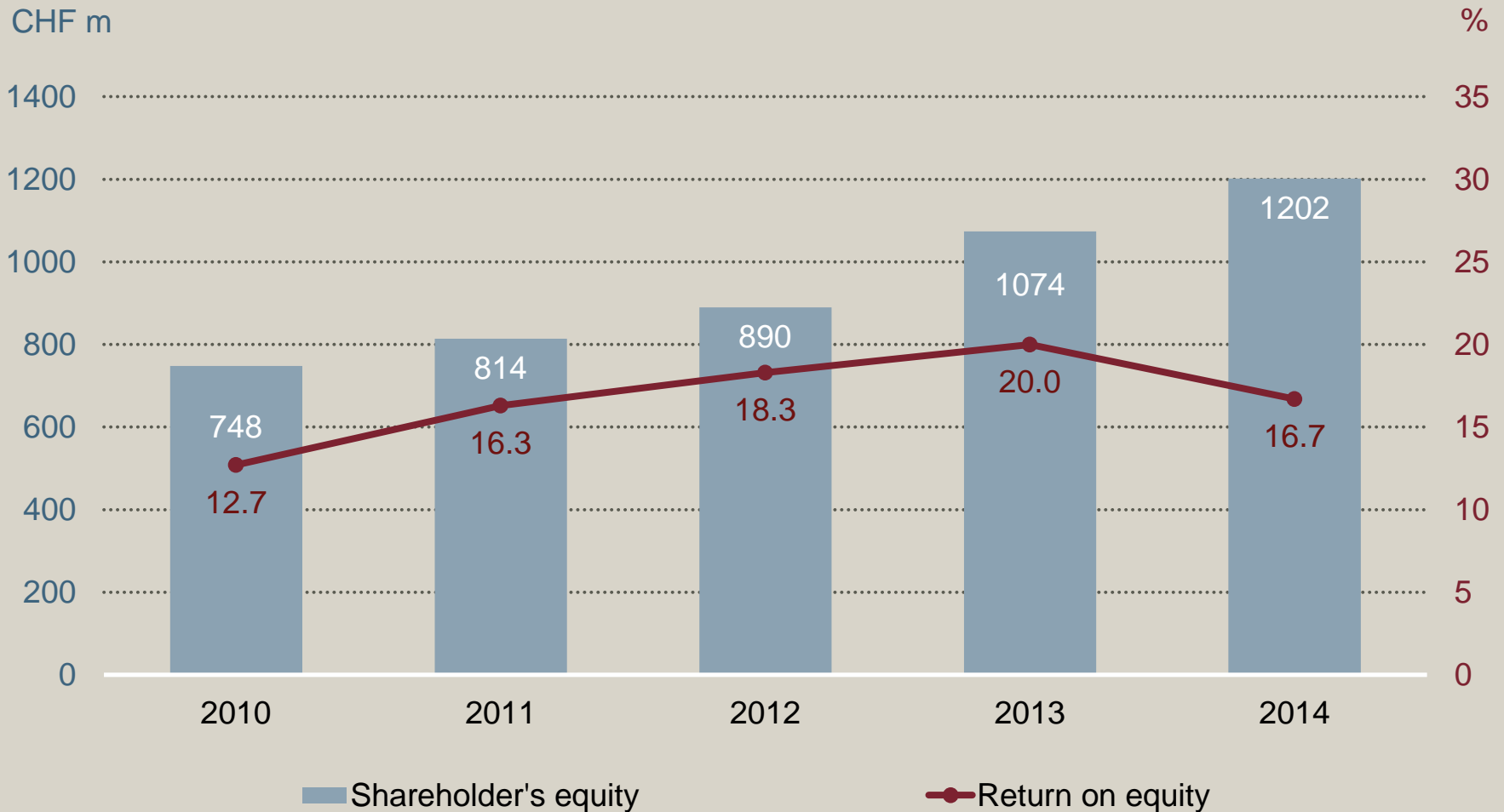
# Net cash/debt and free cash flow

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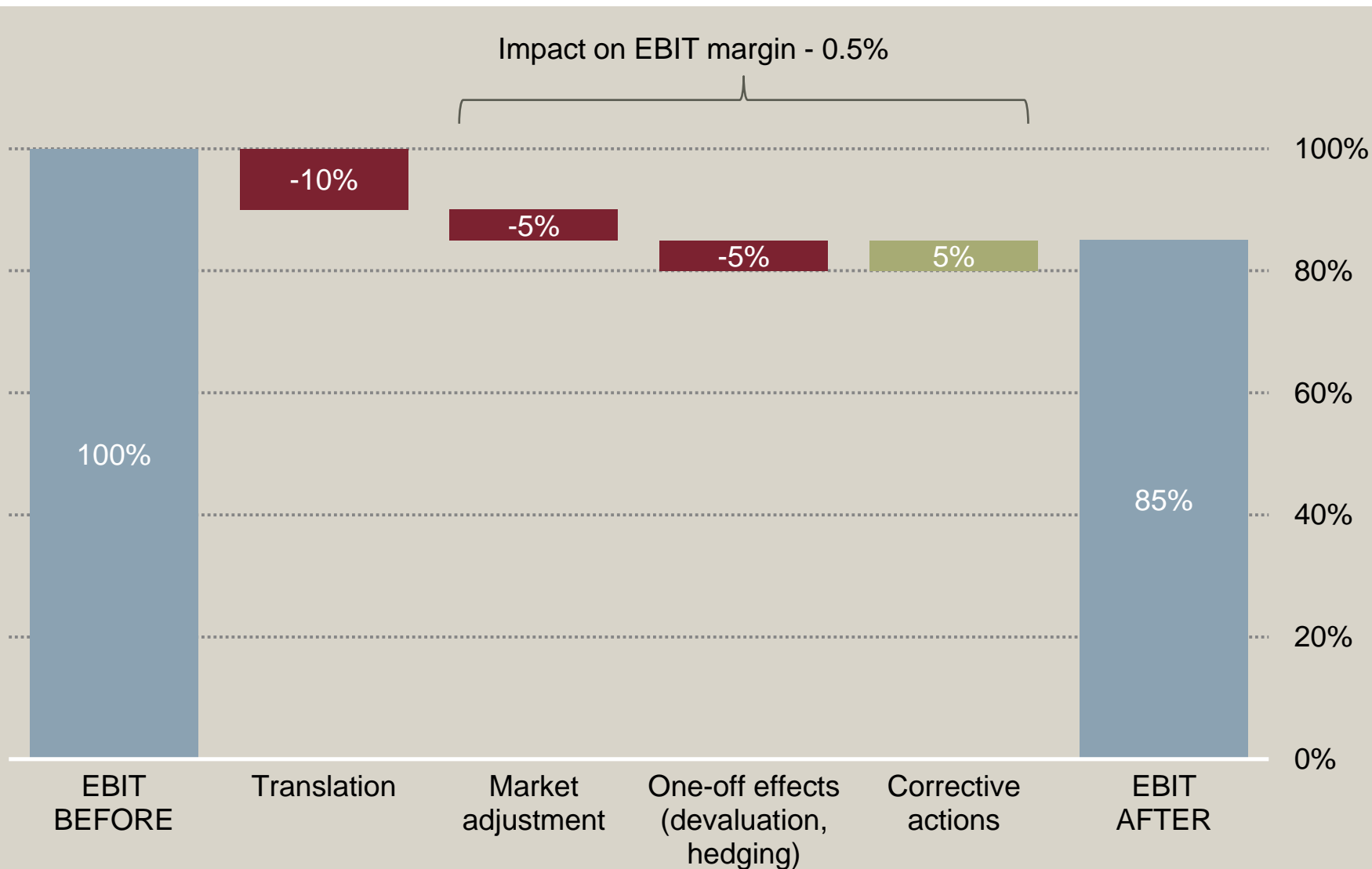


# Shareholders' equity and return on equity

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# Impact discontinuation Euro minimum rate on EBIT (per end of February 2015)



# Many thanks.

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Annual report 2014