

**BUCHER**

# Annual press and analysts' conference

8 March 2016

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Annual report 2015

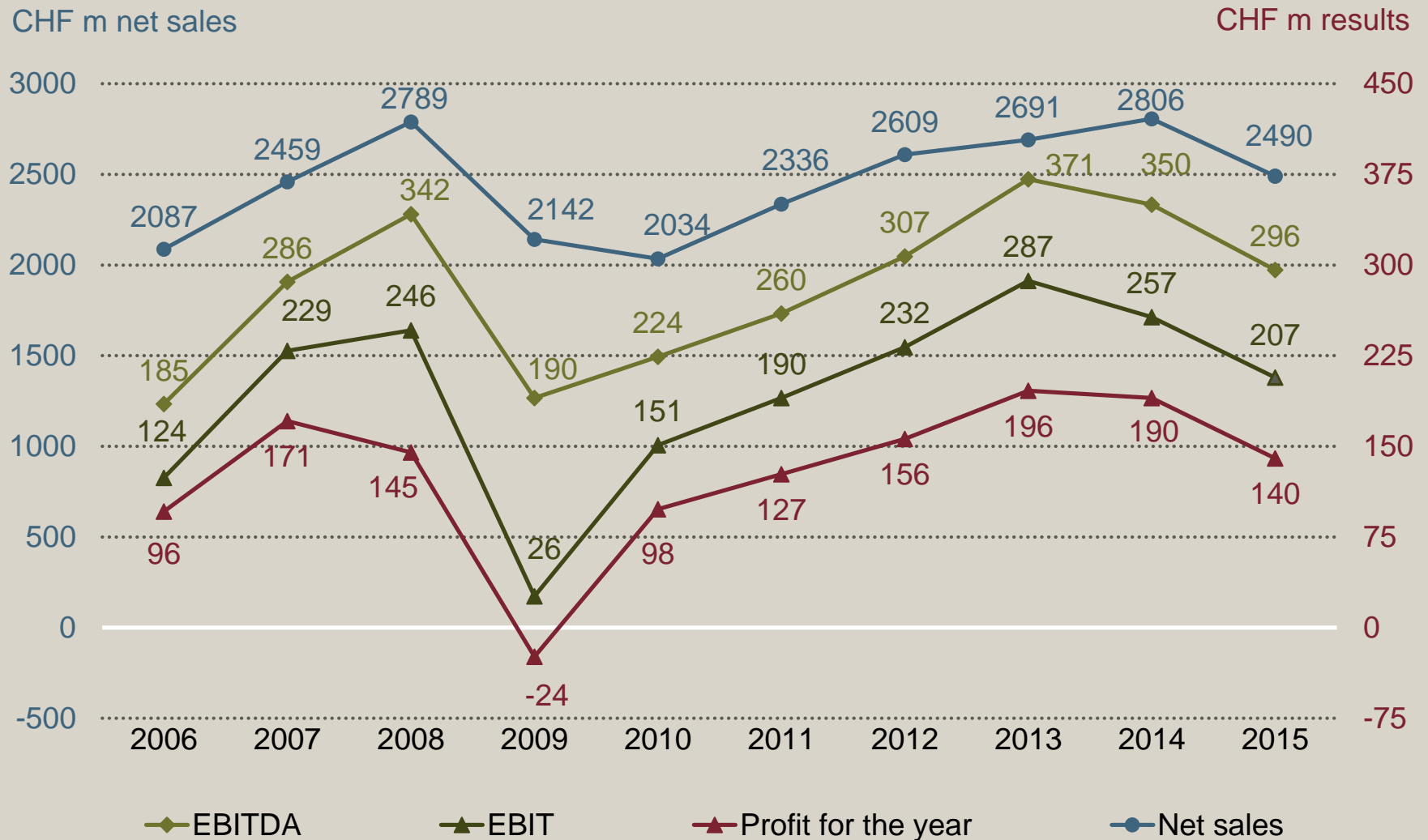
## Economic slowdown and currency effects

- Low prices reduce farmers' incomes and inhibit investment
- Stable demand for municipal vehicles; low level for winter maintenance equipment because of recent mild winters
- Pleasing growth at Bucher Hydraulics, particularly in North America
- Marked regional variations in demand for glass-forming machinery; brisk business with spare parts; positive impetus from cooperation with O-I
- Project postponements cause slump in business with beer and fruit-juice equipment
- Normalisation in winemaking equipment after high in previous year

## Key figures

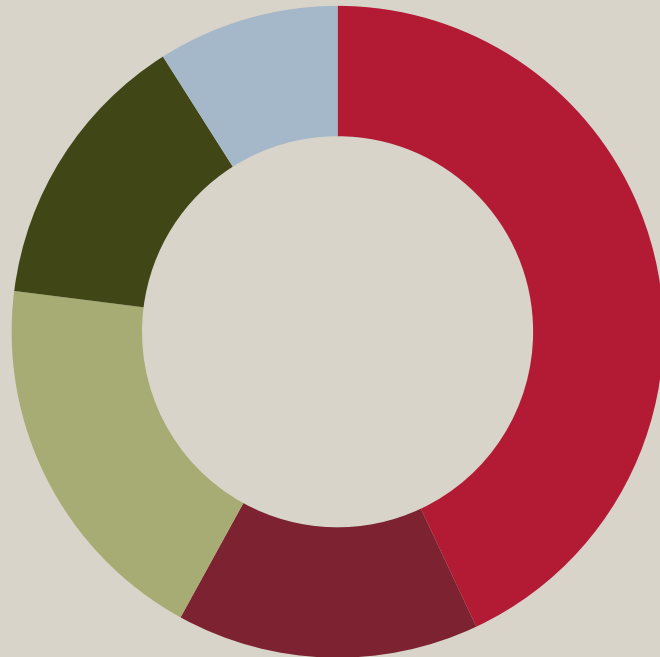
- Sales down 11%, including negative currency effect of 7%
- EBIT down 19% to CHF 207 million, including negative currency effect of 12%; EBIT margin down from 9.2% to 8.3%
- Group profit for the year at CHF 140 million, down CHF 50 million
- Return on equity of 11.9% and equity ratio of 49%
- Net debt of CHF 10 million

# Net sales and results



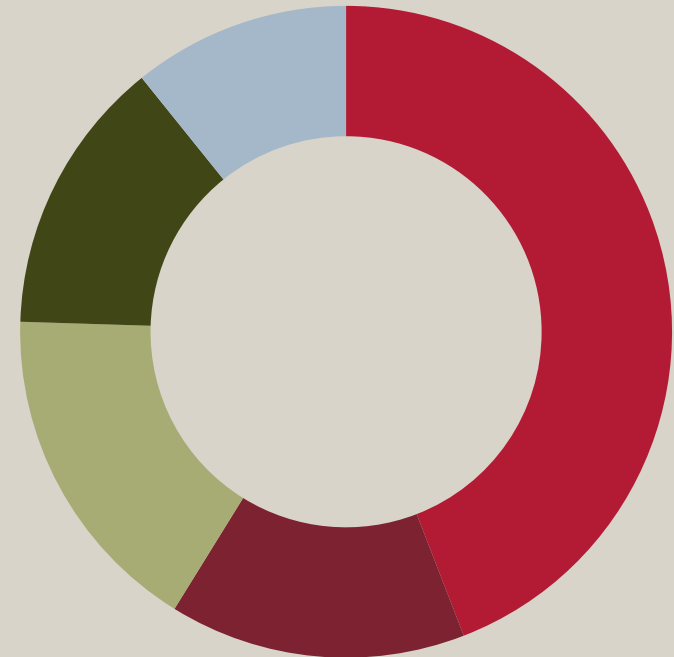
# Net sales by division

2015: CHF 2 490 million



- Kuhn Group 43%
- Bucher Municipal 15%
- Bucher Hydraulics 19%
- Bucher Emhart Glass 14%
- Bucher Specials 9%

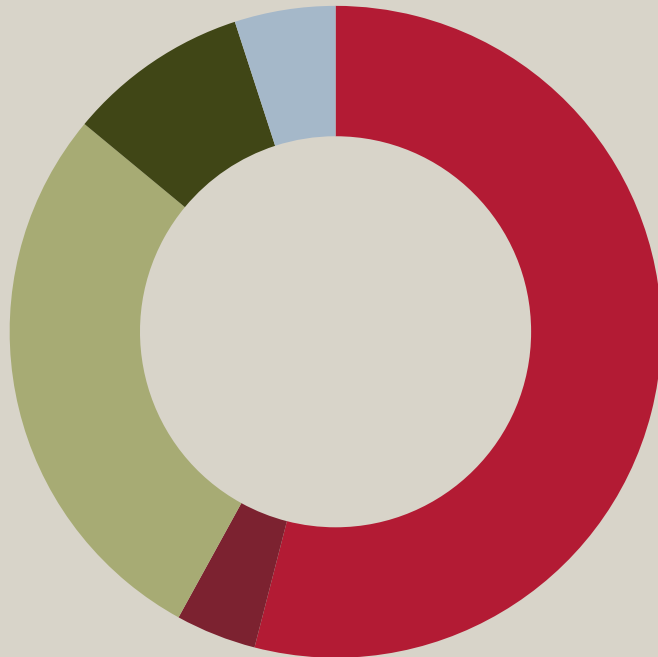
2014: CHF 2 806 million



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

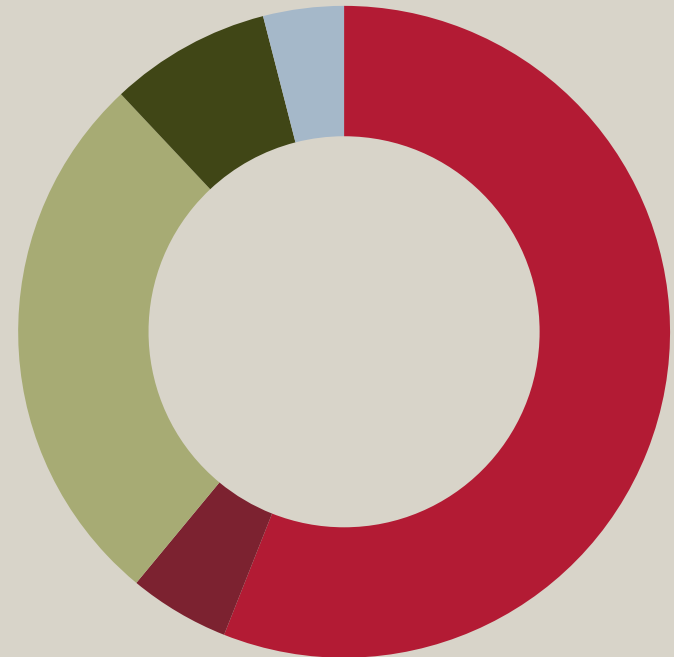
# Net sales by region

2015: CHF 2 490 million



- Europe 54%
- Switzerland 4%
- Americas 28%
- Asia 9%
- Other 5%

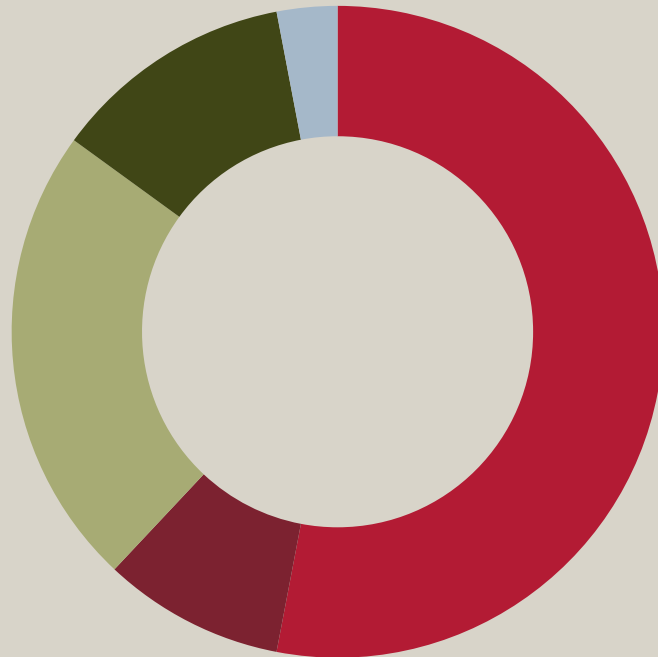
2014: CHF 2 806 million



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

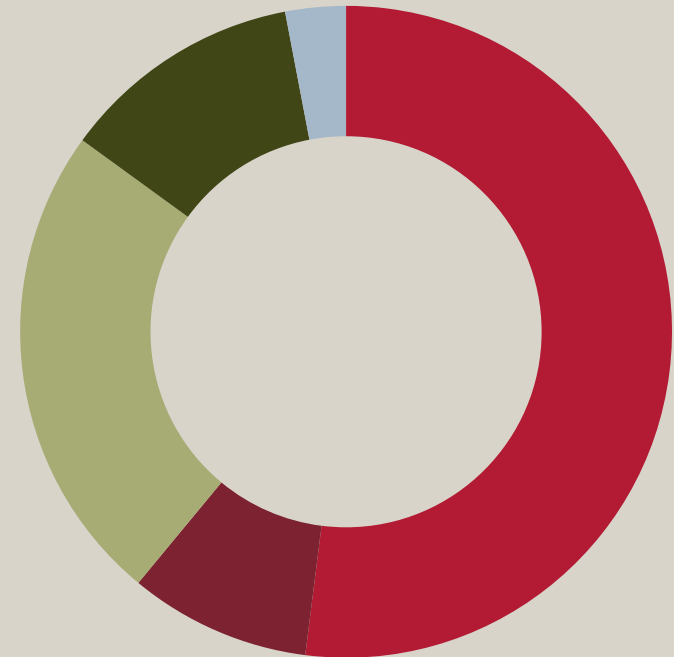
# Number of employees by region

**2015: 11 486 employees<sup>1)</sup>**



- Europe 53%
- Switzerland 9%
- Americas 23%
- Asia 12%
- Other 3%

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



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

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

# Investing in the future

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CHF million	2015	2014	Change in %
Research and development costs	96	102	- 6.2
Capital expenditure	82	116	- 29.6
Acquisitions	-	69	n.a.



# Kuhn Group Self-propelled fertiliser spreader, Brazil

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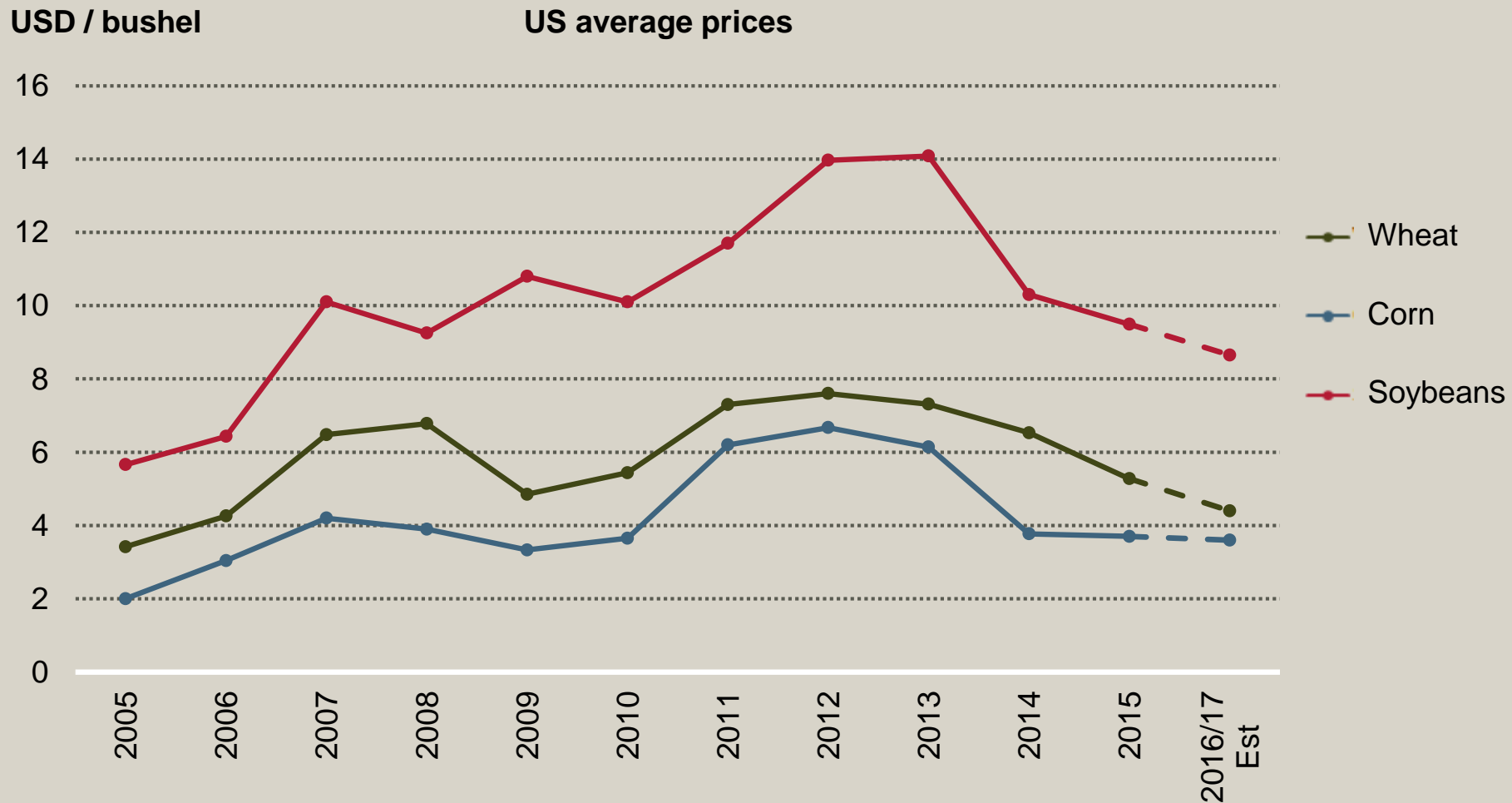


# Kuhn Group

## 2015 highlights

- Significant weakening of demand
  - Declining farmers' incomes inhibit willingness to invest
  - Massive slump in arable farming with regional variations: up to 30% and more
  - Dairy industry also affected in the second half, particularly in France, owing to abolition of EU milk quotas in March 2015
  - Meat sector with encouraging performance overall, despite market situation
- Brazil hit by severe recession and massive rise in cost of financing, even loss of favourable terms
- Eastern Europe strongly affected by geopolitical conflicts
- Division outperforms market as a whole
- EBIT margin down from 12.1% to 10.2%, with Brazil crisis accounting for one percentage point

# Price development soybeans, corn, wheat



Source: USDA, USDA Agricultural Projections for 2016/17 (status February 2016)

# Kuhn Group

## Key figures

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CHF million	Change in				
	2015	2014	%	% <sup>1)</sup>	% <sup>2)</sup>
Order intake	1 009	1 221	- 17.4	- 9.2	- 10.3
Net sales	1 068	1 262	- 15.3	- 7.5	- 8.5
Order book	363	454	- 20.1	- 12.9	- 12.9
Operating profit (EBITDA) as % of net sales	150 14.1%	196 15.5%	- 23.2		
Operating profit (EBIT) as % of net sales	109 10.2%	153 12.1%	- 28.9		
Employees at 31 December	4 830	5 207	- 7.2		
Average employees during year	5 130	5 227	- 1.9		- 5.0

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

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



# Bucher Municipal Compact sweeper manufactured in Latvia

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# Bucher Municipal

## 2015 highlights

- Overall, demand stable at low level
  - No improvement in financial situation of public sector
  - Fourth mild winter in a row dampens demand for winter maintenance equipment
  - Sluggish economy in Australia means weak demand for refuse collection vehicles
  - Market share gains in USA and launch of new type of sweeper
- Capacity fully utilised thanks to fourth major order from city of Moscow; worth CHF 30 million in 2015 (2014: CHF 53 million)
- Heavy competitive pressure due to supplier overcapacity and strong Swiss franc
- Positive impetus from Great Britain and USA
- Good EBIT margin of 8.4% thanks to manufacturing companies abroad
- Streamlining of production aimed at securing long-term competitiveness
- Aurelio Lemos, managing director of Bucher Hydraulics Switzerland, appointed head of division as of 1 March 2016

# Bucher Municipal

## Key figures

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CHF million			Change in	
	2015	2014	%	% <sup>1)</sup>
Order intake	374	416	- 10.1	- 3.7
Net sales	384	419	- 8.2	- 2.1
Order book	85	101	- 15.8	- 9.8
Operating profit (EBITDA) as % of net sales	40 10.5%	40 9.5%	1.0	
Operating profit (EBIT) as % of net sales	32 8.4%	32 7.7%	0.9	
Employees at 31 December	1 525	1 557	- 2.1	
Average employees during year	1 569	1 582	- 0.8	

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

# Bucher Hydraulics

## Customised test benches for highest quality

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# Bucher Hydraulics

## 2015 highlights

- Diverse market trends
  - Brisk demand in North America fuels strong regional growth
  - Faltering market dynamics in Western Europe, especially in agricultural machinery, and strong first half in construction machinery, slowing in second half
  - No recovery in China, but some improvement thanks to internal measures
  - Encouraging growth in India with growing intra-divisional sales
  - Difficult to build business in Brazil because of recession – but some progress
- Sales growth underpinned by new series orders from global customers
- Outstanding operational performance increases EBIT margin by 1.3 percentage points to 11.5%

# Bucher Hydraulics

## Key figures

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CHF million			Change in	
	2015	2014	%	% <sup>1)</sup>
Order intake	461	485	- 4.8	- 0.6
Net sales	461	475	- 2.9	1.3
Order book	75	78	- 4.1	- 0.2
Operating profit (EBITDA) as % of net sales	72 15.6%	68 14.4%	5.1	
Operating profit (EBIT) as % of net sales	53 11.5%	49 10.2%	9.5	
Employees at 31 December	2 034	2 043	- 0.4	
Average employees during year	2 043	2 026	0.8	

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

# Bucher Emhart Glass

## Western production standards in China

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# Bucher Emhart Glass

## 2015 highlights

- After slow start with order book low, demand increased during reporting year
- Wide regional variations
  - Lively project activity in Central and South America
  - Practically no demand in Eastern Europe, and Chinese market still subdued
  - Successful cooperation with O-I exceeds sales projections announced in 2013 of USD 50 million
  - After high in previous year, decrease in demand for inspection machinery
- Industrial scale-up of tempered-glass technology validated at Vetropack plant
- Marked increase in EBIT margin, up 2.7 percentage points to 6.6%
- Top-quality assembly plant in Malaysia; JV Sanjin, China, makes components and modules to international quality standards for division

# Bucher Emhart Glass

## Key figures

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CHF million			Change in	
	2015	2014	%	% <sup>1)</sup>
Order intake	400	367	8.9	20.8
Net sales	360	389	- 7.6	2.0
Order book	126	95	32.8	48.5
Operating profit (EBITDA) as % of net sales	36 9.9%	28 7.1%	29.0	
Operating profit (EBIT) as % of net sales	24 6.6%	15 3.9%	56.6	
Employees at 31 December	1 819	1 890	- 3.8	
Average employees during year	1 837	1 894	- 3.0	

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



# Bucher Specials

## Jetter automation solution for Chinese market

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# Bucher Specials

## 2015 highlights

- Individual business areas facing widely differing market conditions
  - Winemaking equipment: normalisation of demand after high in previous year
  - Fruit-juice and beer-filtration equipment: slump due to project postponements and fall in beer consumption worldwide
  - Swiss distributorship for agricultural machinery: demand boosted thanks to rapid passing-on of euro rebate to customers; one-off negative impact of strong Swiss franc on operating profit
  - Automation Technology: growth and profitability in line with expectations
- Steep decline in sales and operating profit, in particular because of currency effects as well as slump in fruit-juice and beer equipment

# Bucher Specials

## Key figures

CHF million			Change in	
	2015	2014	%	% <sup>1)</sup>
Order intake	238	299	- 20.6	- 16.1
Net sales	257	305	- 15.5	- 11.2
Order book	51	73	- 30.5	- 26.6
Operating profit (EBITDA) as % of net sales	20 7.7%	35 11.4%	- 42.9	
Operating profit (EBIT) as % of net sales	13 5.0%	27 8.9%	- 52.4	
Employees at 31 December	802	793	1.1	
Average employees during year	844	840	0.5	

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

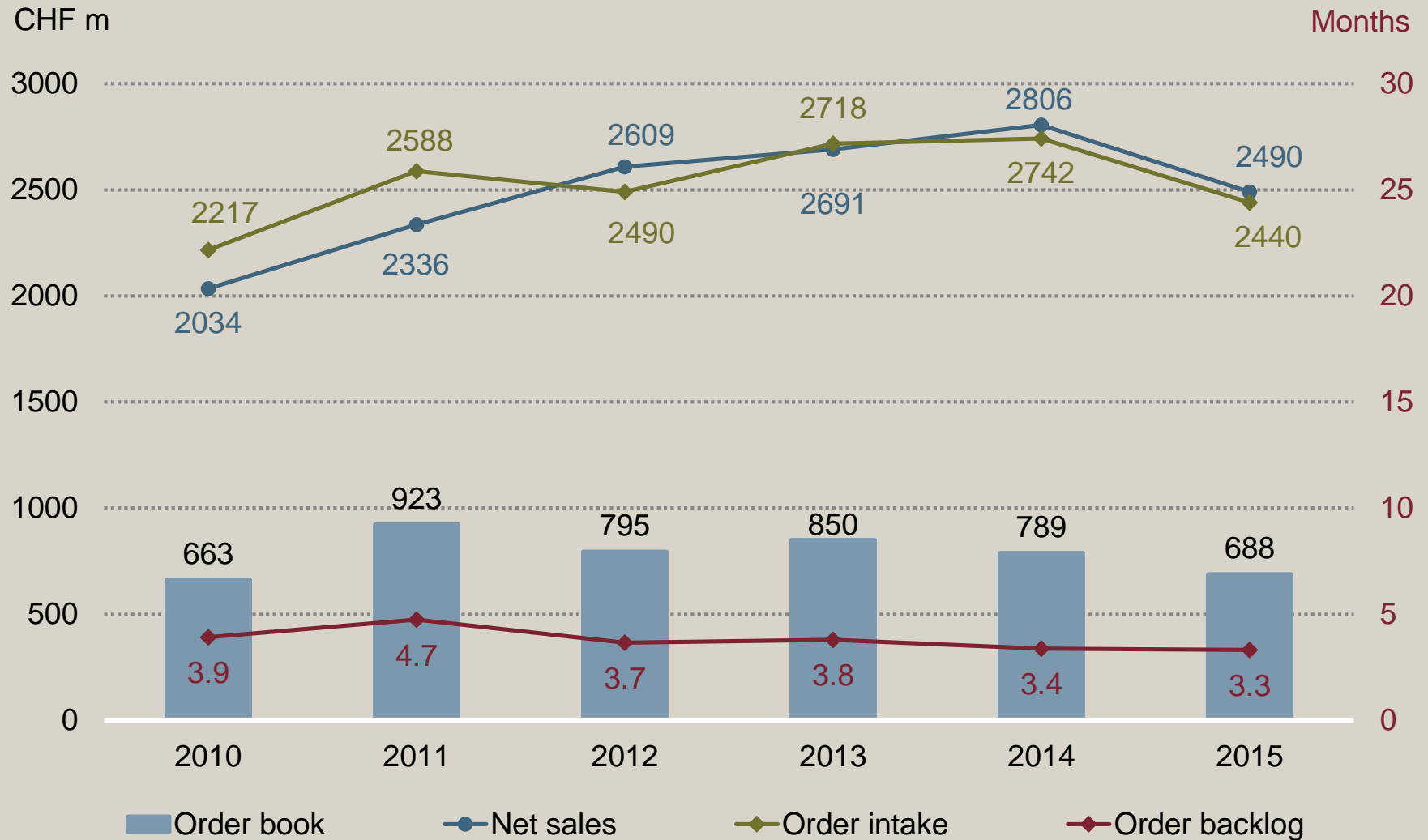


# Financial review 2015

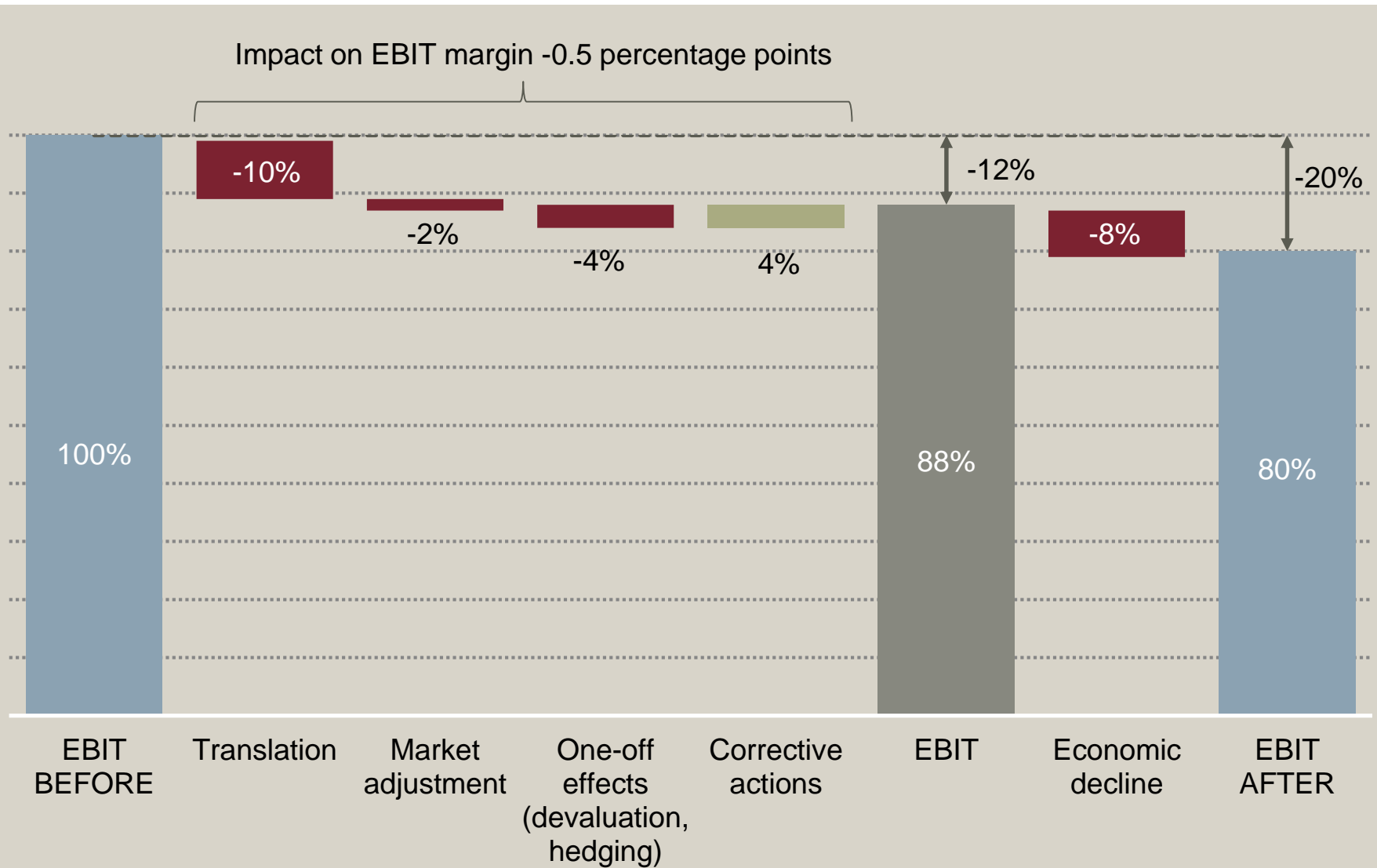
Roger Baillod, CFO

# Order intake, net sales

## Order book and order backlog



# Impact discontinuation Euro minimum rate on EBIT 2015



# Currency effects

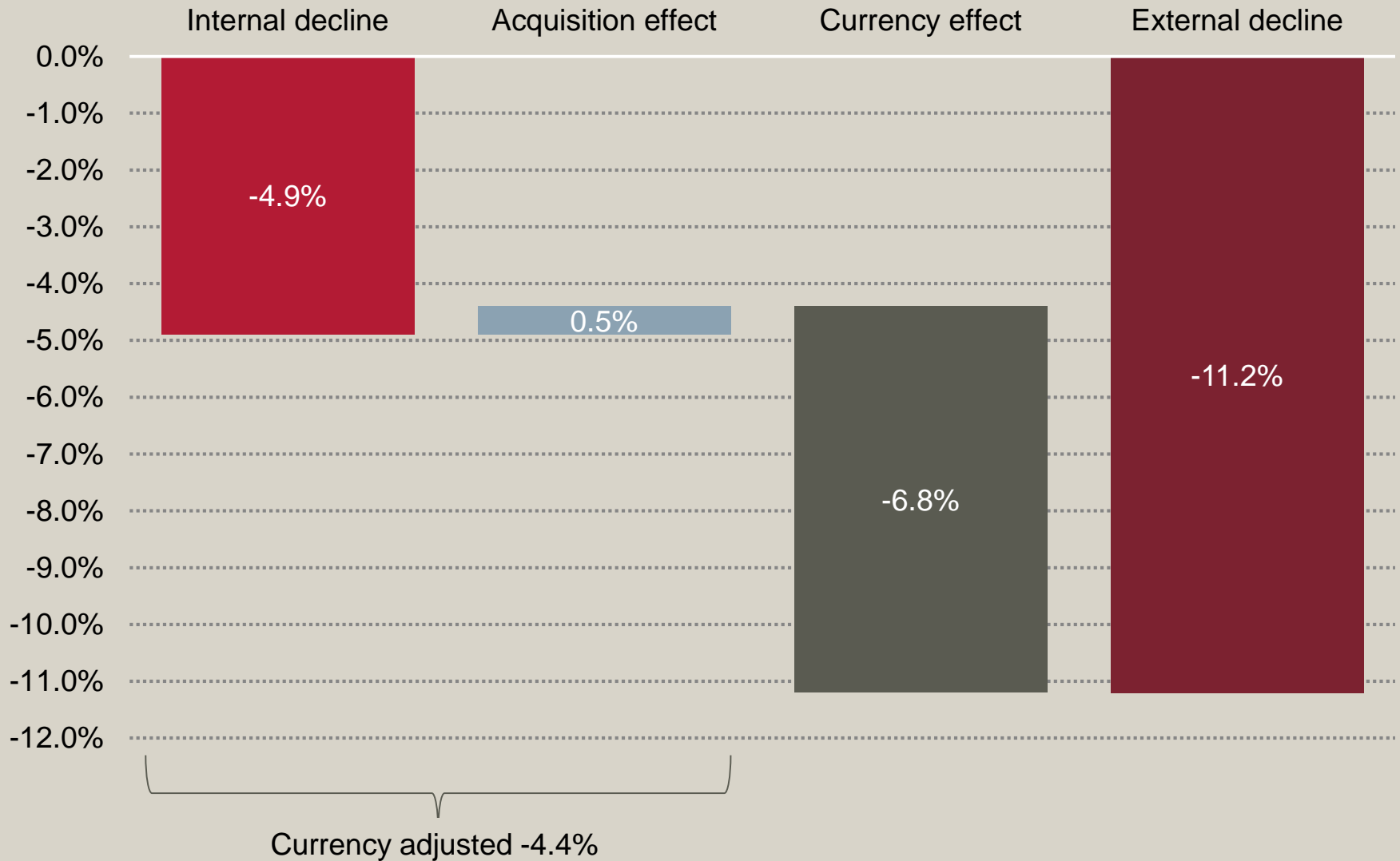
CHF million	2015	2014	Change	Of which currency effects <sup>1,2)</sup>	in %
Net sales	2 490	2 806	- 316	- 188	- 7
EBIT	207	257	- 50	- 32	- 12
Profit/(loss) for the year	140	190	- 50	- 23	- 12
Net debt	- 10	- 85	75	- 12	- 14
Equity	1 154	1 202	- 48	- 109	- 9

<sup>1)</sup> Including impact from the discontinuation Euro minimum rate

<sup>2)</sup> Changes in the relevant exchange rates against the Swiss franc:

EUR down 11%, USD up 5%, GBP down 2%, SEK down 14%, BRL down 24% and AUD down 12%

# Impact on net sales 2015



# Consolidated income statement

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CHF million	2015	2014	Change in %
Net sales	2 490	2 806	- 11.2
Operating profit (EBITDA) as % of net sales	296 11.9%	350 12.5%	- 15.3
Depreciation	- 69	- 71	2.4
Amortisation	- 20	- 22	8.3
Operating profit (EBIT) as % of net sales	207 8.3%	257 9.2%	- 19.5
Net financial result	- 13	- 13	- 0.7
Income tax expense	- 54	- 54	0.9
Profit/(loss) for the year as % of net sales	140 5.6%	190 6.8%	- 26.2
Basic earnings per share in CHF	13.69	18.58	- 26.3

# Net financial result

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CHF million	2015	2014	Change
Net interest expense	- 12	- 15	3
Net gain on financial instruments	1	3	- 2
Foreign exchange gains and losses	- 1	-	- 1
Other financial result	- 1	- 1	-
<b>Net financial result</b>	<b>- 13</b>	<b>- 13</b>	<b>-</b>

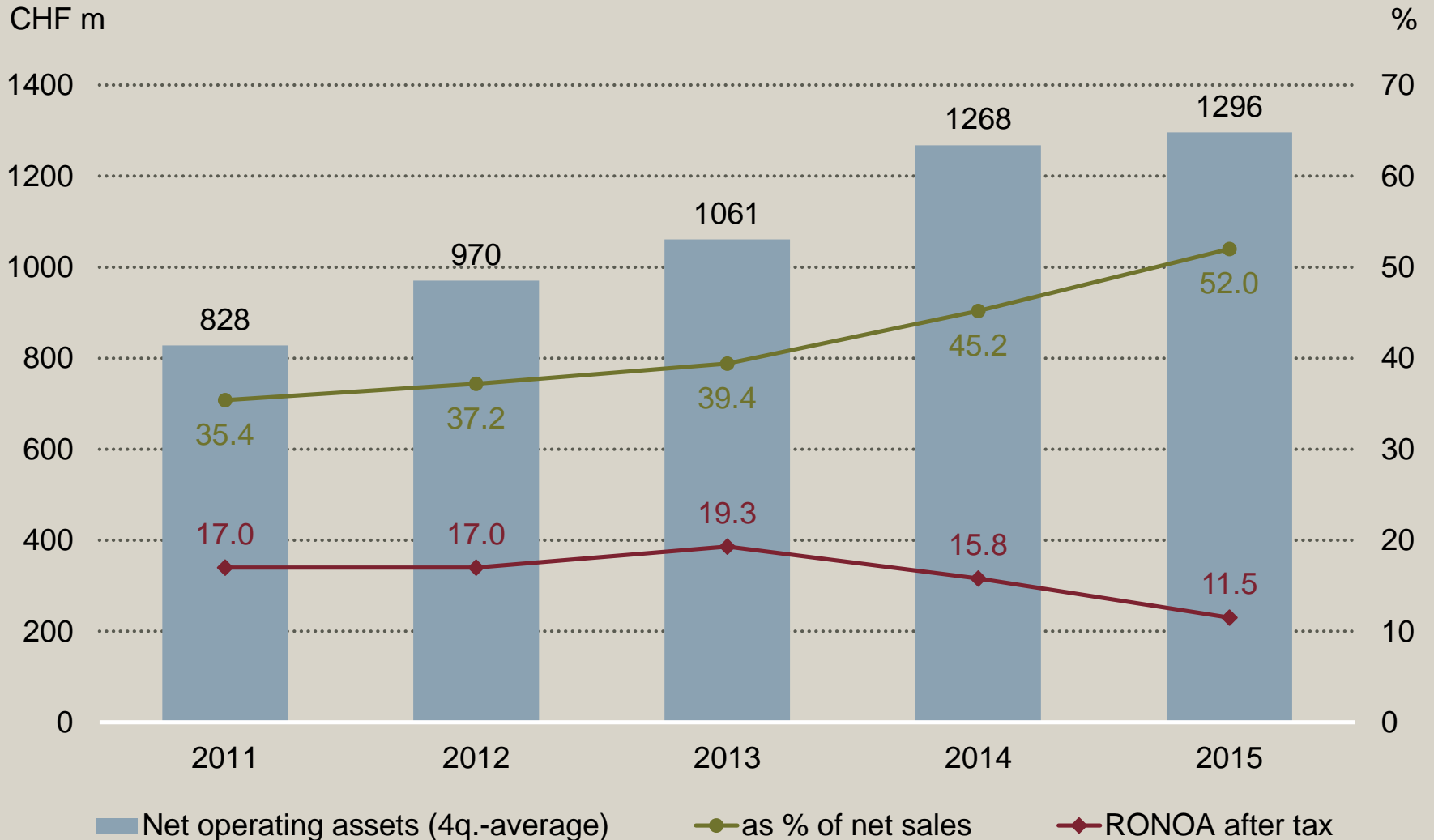
# Income tax expense

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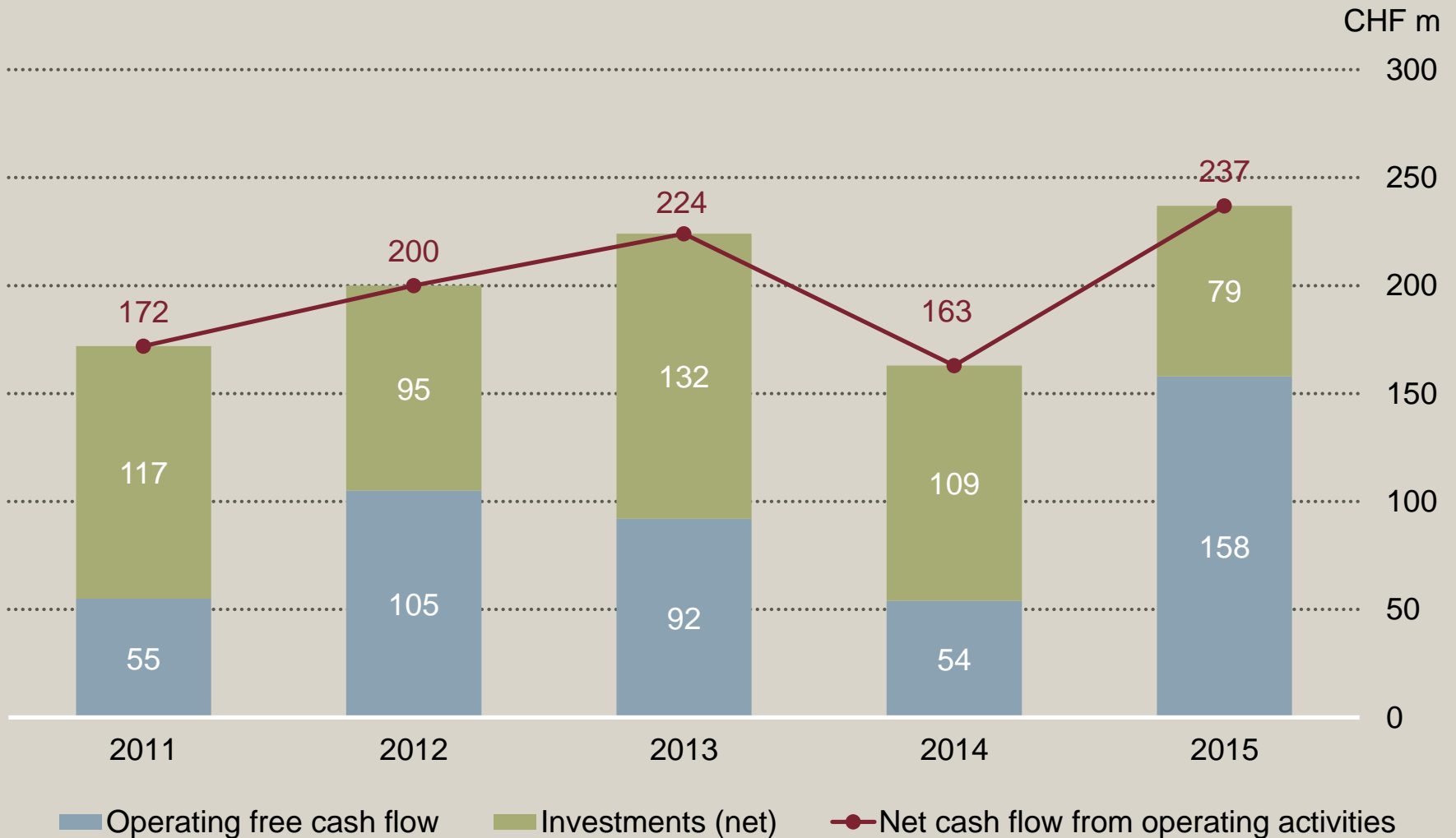
CHF million	2015	2014	Change
Profit before tax	194	244	- 50
Income tax expense	- 54	- 54	-
Effective tax rate	27.8%	22.3%	
Weighted average tax rate	29.9%	29.9%	



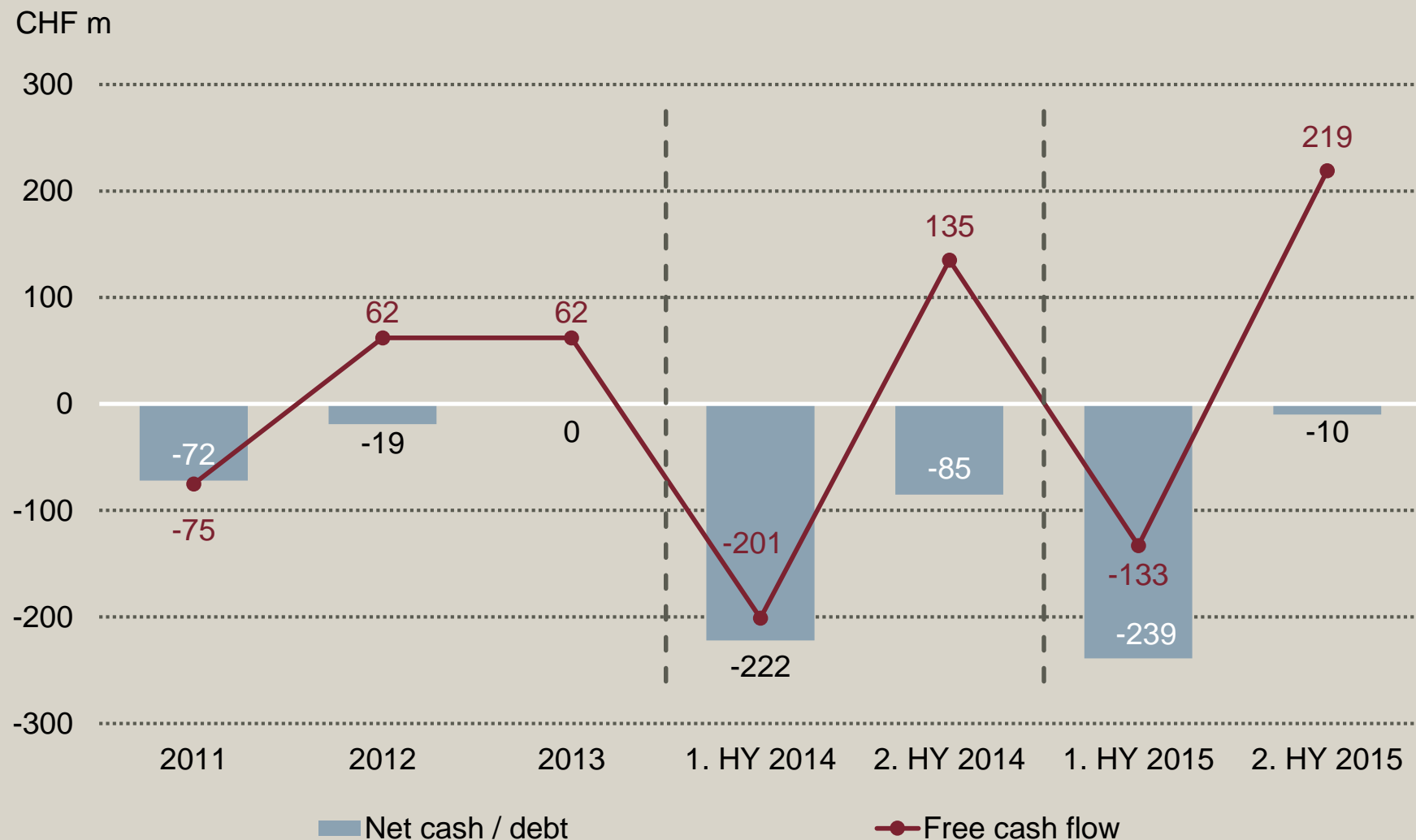
# Net operating assets (NOA) and RONOA after tax



# Operating free cash flow, investments and net cash flow from operating activities

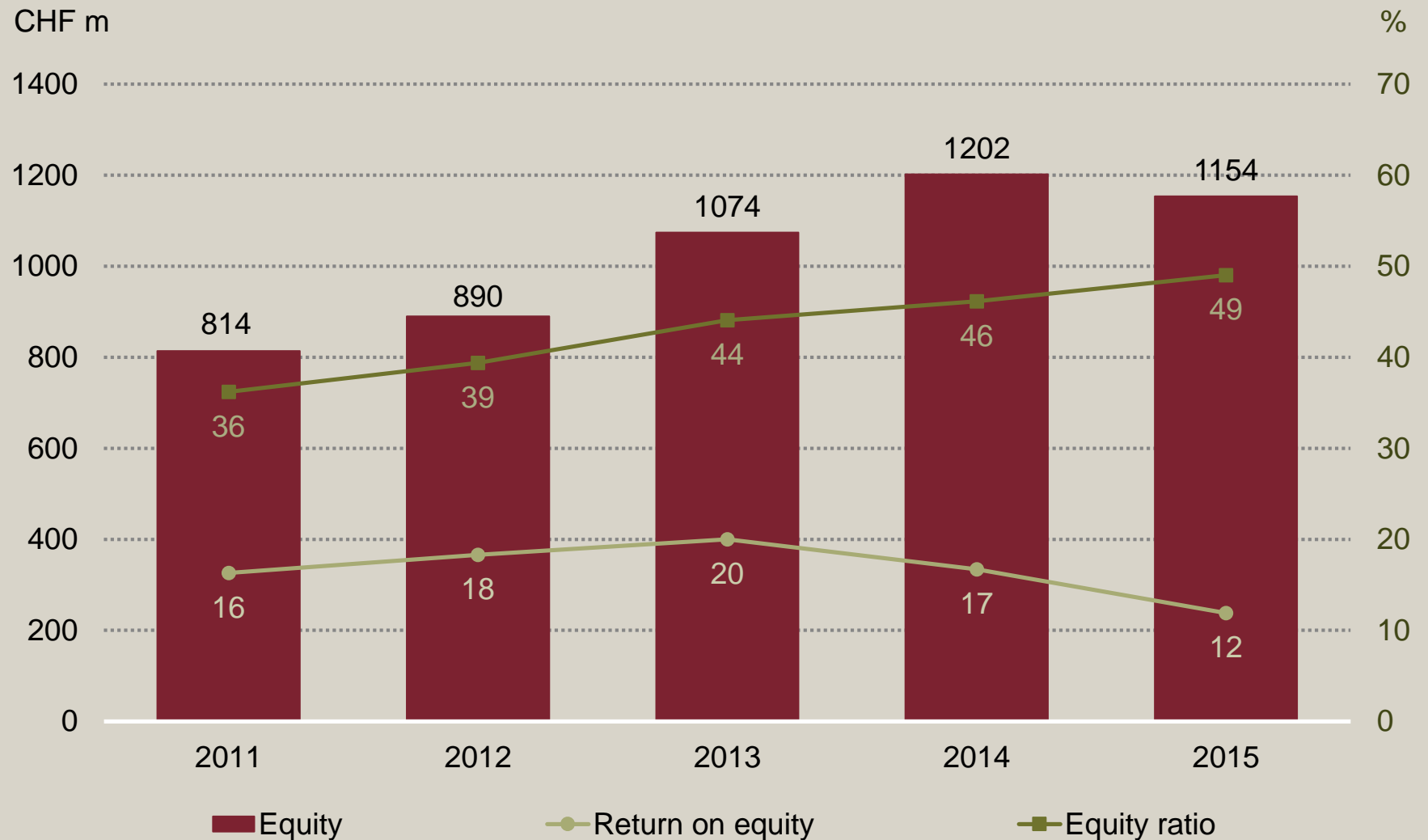


# Net cash / debt and free cash flow



# Equity and return on equity

## Equity ratio



# Outlook

Jacques Sanche, CEO as of 16 April 2016

# Kuhn Group

## Outlook for 2016

- Falling prices for agricultural products
  - High inventories due to very good harvests
  - Abolition of milk quotas in Europe results in overproduction
- Declining farmers' incomes inhibit willingness to invest
- Slump in demand for high-performance tractors and combines, particularly in arable sector
- Recession in Brazil hampers otherwise robust agricultural segment
  
- Profitability secured by consistent cost control
- Future growth assured thanks to innovation
- Ambition: sales decline less marked than market slowdown
- Operating profit margin expected in same range as previous year

# Bucher Municipal

## Entry into sewer-cleaning market

- Acquisition of J. Hvidtved Larsen A/S (JHL), Silkeborg, Denmark
- Key figures 2015
  - Sales DKK 443 million (CHF 64 million)
  - Double-digit EBIT margin
  - 200 employees
- Main products (> 80% of sales) for sewer cleaning
  - Cleaning vehicles with combined suction/hosing
  - Cleaning vehicles with water recovery
- Market presence: Great Britain, Denmark, Scandinavia
- Strategic rationale
  - Complementary products, same target customers
  - Kits mounted on truck chassis, same production technology for larger vehicles
  - High growth potential thanks to well-established Bucher Municipal sales organisation, especially in Central Europe, USA and Australia

# JHL sewer-cleaning vehicles

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## Combination units



Flexline – Combi unit

## Recycling units



RECYcler – Jetting unit



CityFlex – Small combi unit



# Production sweepers Today

Location	Compact sweepers	Truck mounted sweepers	Special sweepers	Output p.a. (data basis 2012-14)
Niederweningen, CH	<b>Bucher</b>	●		Approx. 650 compact Sweeper Approx. 300 truck mount sweeper
Ventspils, LV	<b>Bucher</b>			
Dorking, UK	<b>Johnston</b>			Approx. 400 compact sweeper Approx. 600 truck mount sweeper
Silkeborg, DK			<b>Beam</b>	

● CMS full build

# Production sweepers Future

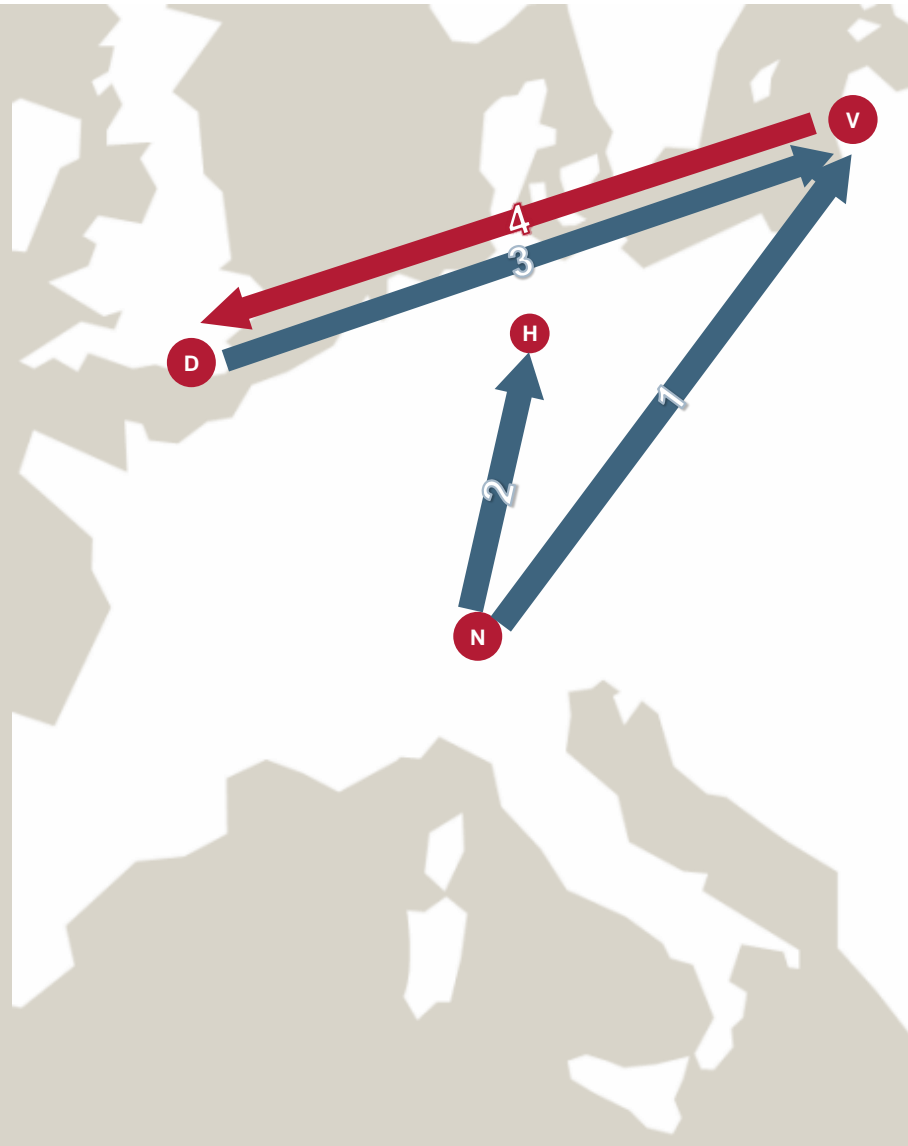
Locations	Compact sweepers	Truck mounted sweepers	Special sweepers	Output p.a. (approx. with one shift)
Ventspils, LV	Bucher, Johnston			Approx. 1 100 compact sweeper
Dorking, UK		Bucher, Johnston		Approx. 900 truck mount sweeper
Silkeborg, DK			Beam	

# Production sweepers Move

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- D** Dorking
- N** Niederweningen
- H** Hannover
- V** Ventspils

- 1) Compact sweepers
- 2) TMS full build
- 3) Compact sweepers
- 4) TMS kits



# Bucher Municipal Outlook for 2016

- Restraint in investment by municipal authorities
- Individual replacement investments could provide some impetus
- Absence of key Russian market (2015: CHF 30 million) will be more than offset by acquisition of JHL
- Several successive mild winters weaken winter maintenance business
- Growth potential in North America thanks to new sweepers and JHL's sewer-cleaning vehicles
- Concentration of European series-production sweepers at manufacturing sites in England and Latvia
- Including JHL, overall growth in sales and operating profit on a par with previous year

# Bucher Hydraulics

## Outlook for 2016

- Agricultural machinery segment should bottom out in current year
- Solid demand in materials handling segment expected to be maintained
- No signs of recovery in China and particularly Brazil
- Overall, modest sales growth thanks to series projects
- Operating profit on a par with previous year

# Bucher Emhart Glass

## Outlook for 2016

- Stable demand for glass bottles – no upturn expected in China
- Positive development of cooperation with O-I
- New generation of inspection machinery introduced to market
- Market testing of tempered-glass bottles
- Continued use of production capacities in China and Malaysia to facilitate further cost optimisation
- Further improvement in profitability thanks to slight growth in sales

# Bucher Specials

## Outlook for 2016

- Steady demand for winemaking equipment
- Investment in fruit-juice equipment expected to recover thanks to realisation of delayed projects
- Slight slowdown in Swiss market for agricultural machinery owing to 2015 euro advantage falling away
- Sales growth in control systems for industrial and mobile applications
- Overall, the division expects a slight increase in sales and significantly improved operating profit



- Turbulent and volatile economic environment persists
- Geopolitical instability leads to uncertainties
- Group expects 2016 to be a challenging year
  - Market for agricultural machinery likely to weaken further
  - Public municipal sector to remain flat, absence of major orders from Moscow; acquisition of JHL, manufacturer of sewer-cleaning vehicles, brings new sales and additional growth potential
  - Differing hydraulics market segments should result in moderate growth
  - Slight growth in demand for glass containers, with big regional variations
  - Bucher Specials expects recovery realising delayed projects
  - Continued strength of Swiss franc
- Overall for 2016 the Group expects sales, operating profit and profit for the year on a par with the previous year

# Annual general meeting 2016

Philip Mosimann, CEO until 15 April 2016

# Annual general meeting 2016

## Agenda and proposals

- Annual general meeting 15 April 2016, begin at 15.30h
- Standard agenda as in previous year
- Dividend
  - CHF 5.50 per share (previous year CHF 6.50)
  - Yield of 2.4% relative to year end share price 2015 of CHF 226.30
- Changes to the board of directors
  - Rolf Broglie steps down after 20 years of service
  - The board of directors proposes Philip Mosimann as new chairman

**BUCHER**

**Many thanks.**

**Your Contacts:**

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