

Annual press and analysts' conference

6 March 2018

BUCHER



Pleasing business performance in divisions

- **Kuhn Group:** The agricultural equipment market started to recover thanks to rising prices for dairy and livestock farming in Europe. Strong sales growth.
- **Bucher Municipal:** Encouraging demand for municipal vehicles in Europe and Australia. Sales higher than previous year.
- **Bucher Hydraulics:** Increased demand in the industrial hydraulics, construction machinery, agriculture engineering and materials handling segments. Strong sales growth.
- **Bucher Emhart Glass:** Increasing investments by producers of glass bottles in almost all markets, even in China. Stable sales.
- **Bucher Specials:** Volatile market for beverage technology. Positive development in automation solutions. Stable sales.

Group sales up 11% on previous year's figure.

Key figures

CHF million			Change in		
	2017	2016	%	%¹⁾	%²⁾
Order intake	2 871	2 386	20.3	18.9	18.3
Net sales	2 647	2 380	11.2	9.9	9.4
Order book	960	728	32.0	30.4	30.4
Operating profit (EBITDA) as % of net sales	318 12.0%	263 11.0%	21.1		
Operating profit (EBIT) as % of net sales	226 8.6%	169 7.1%	33.7		
Employees at 31 December	12 108	11 175	8.3		8.3
Average employees during year	11 707	11 251	4.1		3.7

¹⁾ Adjusted for currency effects

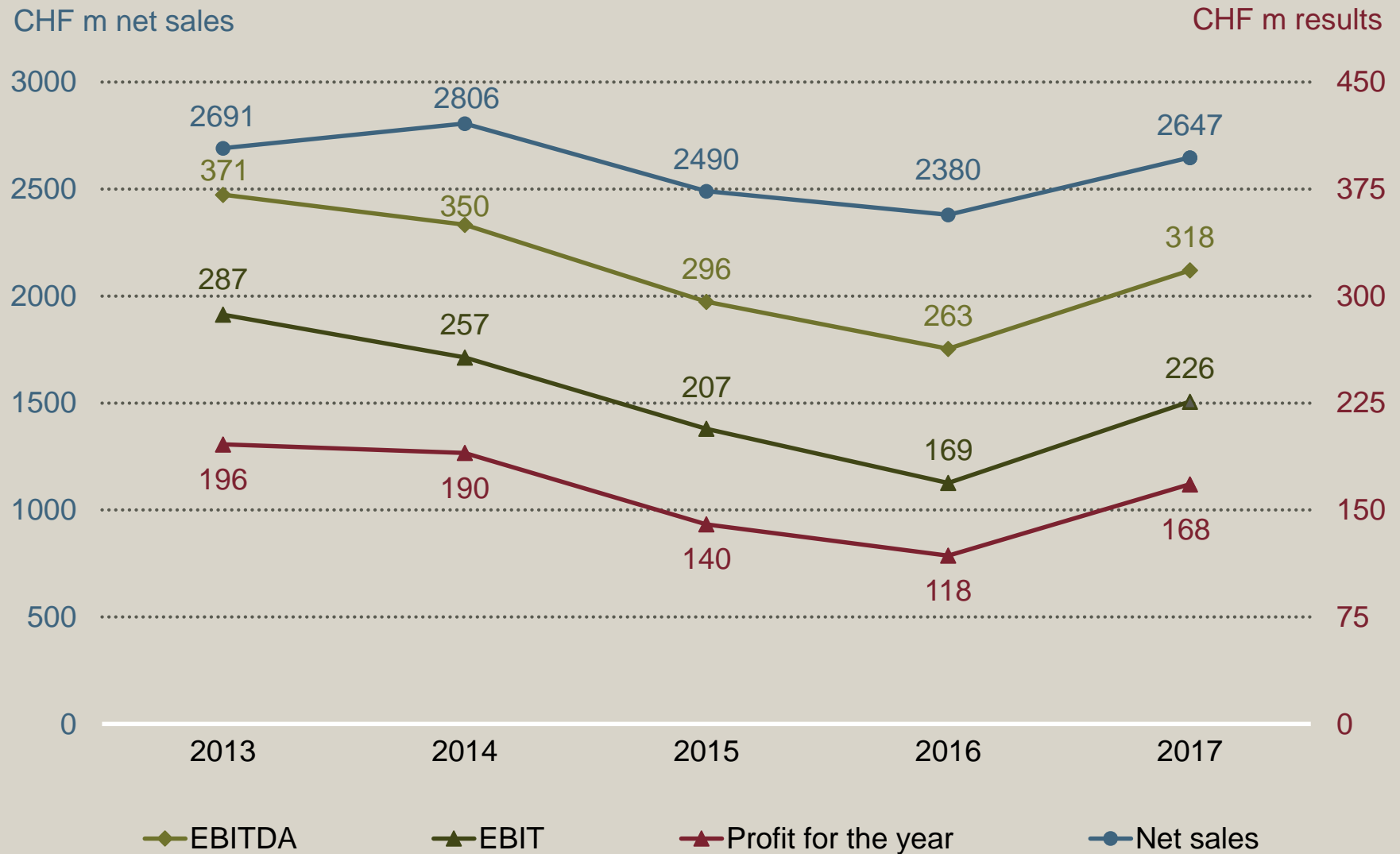
²⁾ Adjusted for currency and acquisition effects

Key figures

CHF million			Change in
	2017	2016	%
Profit/(loss) for the year as % of net sales	168 6.3%	118 5.0%	41.6
Earnings per share in CHF	16.81	11.73	43.3
Capital expenditure	76	78	-2.6
Operating free cash flow	148	190	-21.8
Net cash/debt	214	61	248.9
Equity as % of total assets (equity ratio)	1 432 52.7%	1 224 50.6%	17.0
Net operating assets (NOA) average as % of return after tax (RONOA)	1 274 13.2%	1 293 9.7%	-1.5

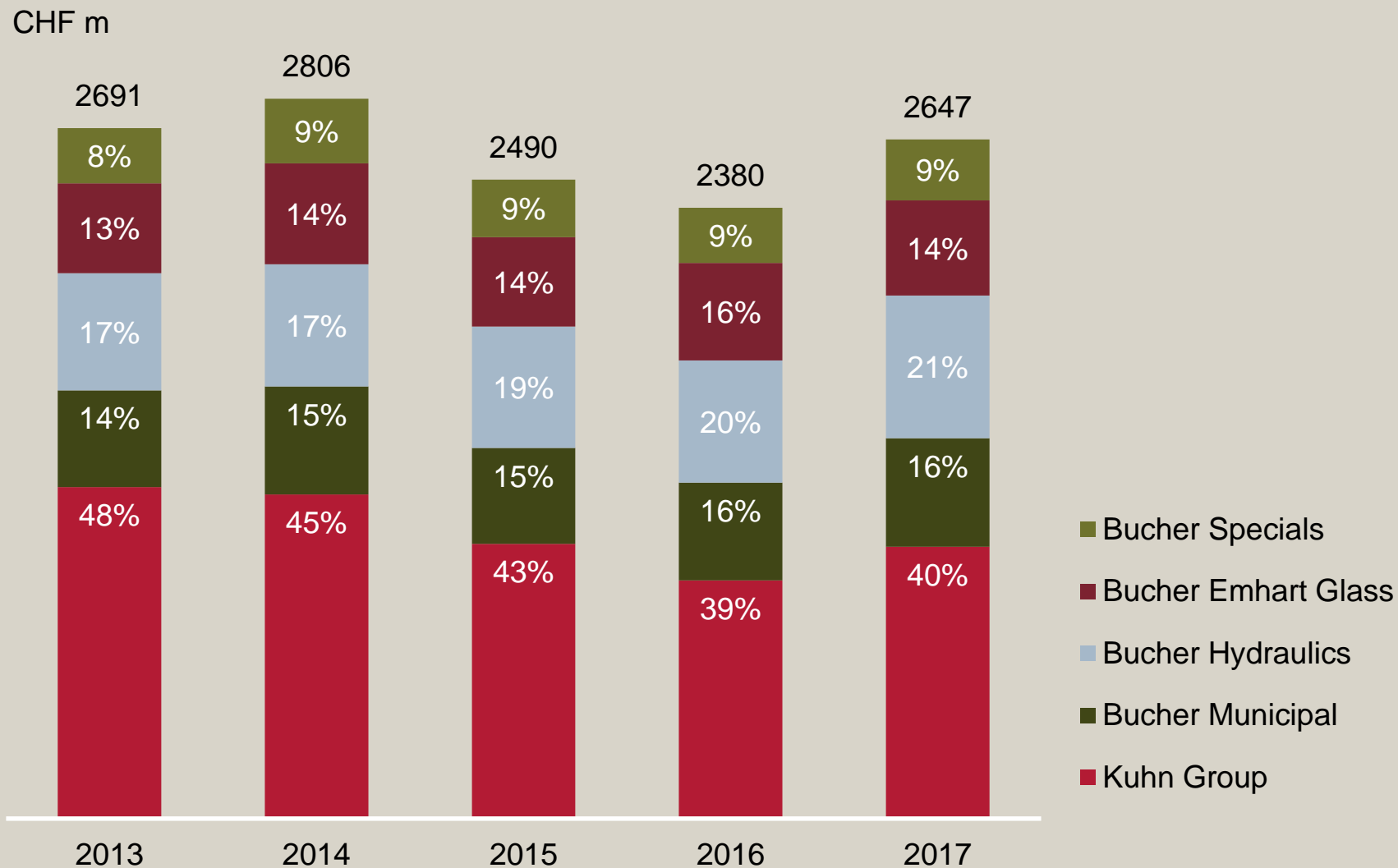
Net sales and results

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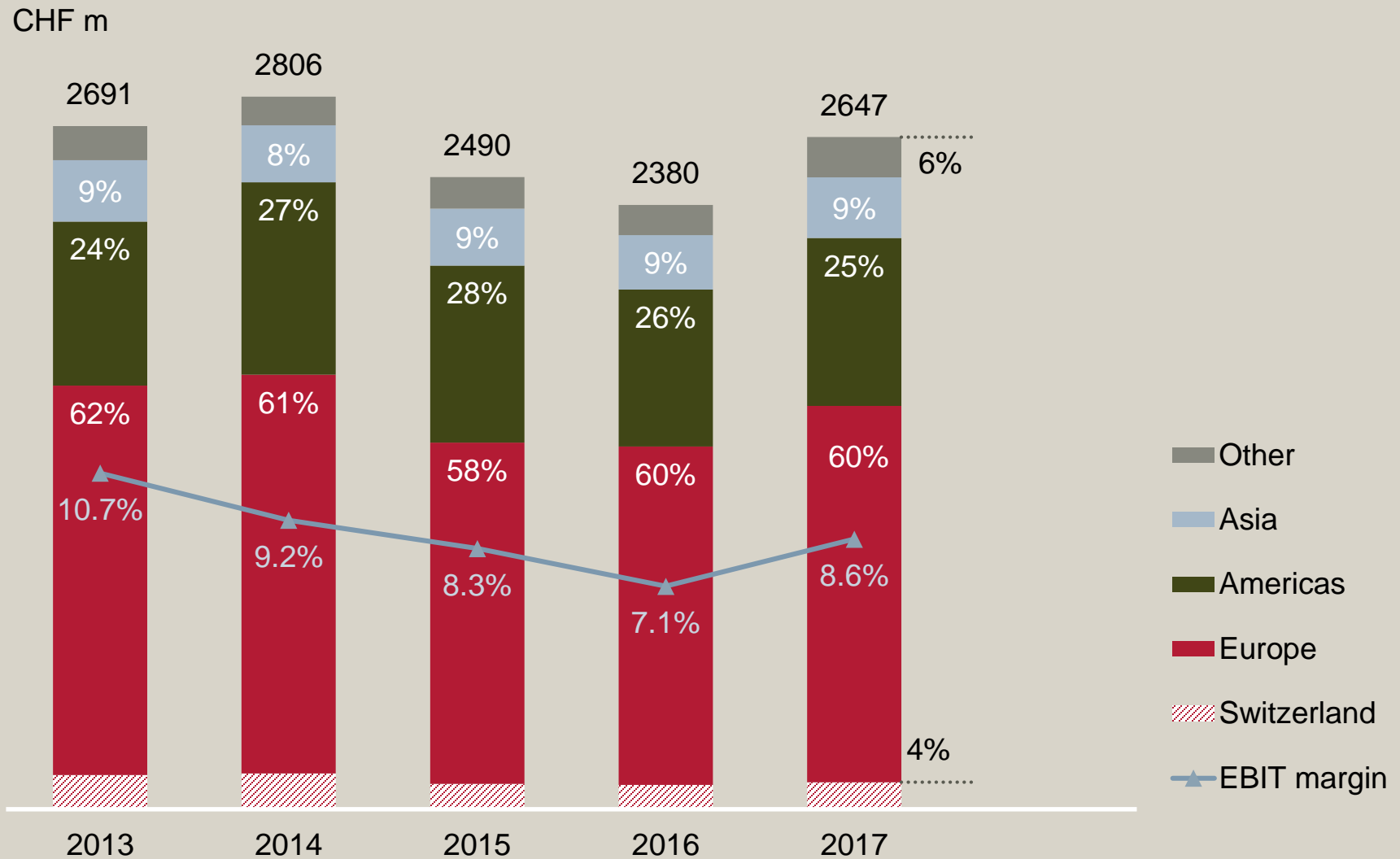
Net sales by division

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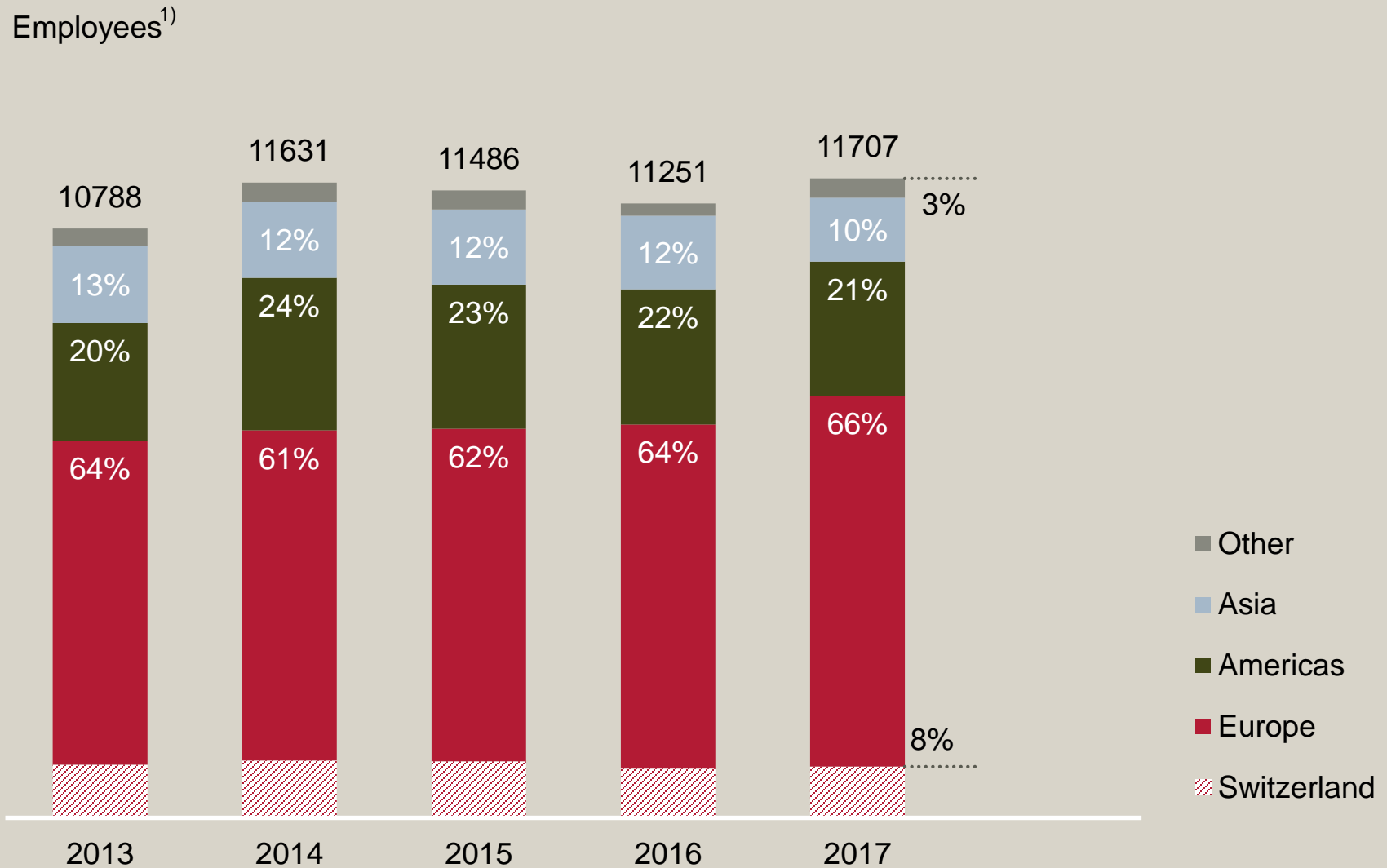
Net sales by region

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Number of employees by region

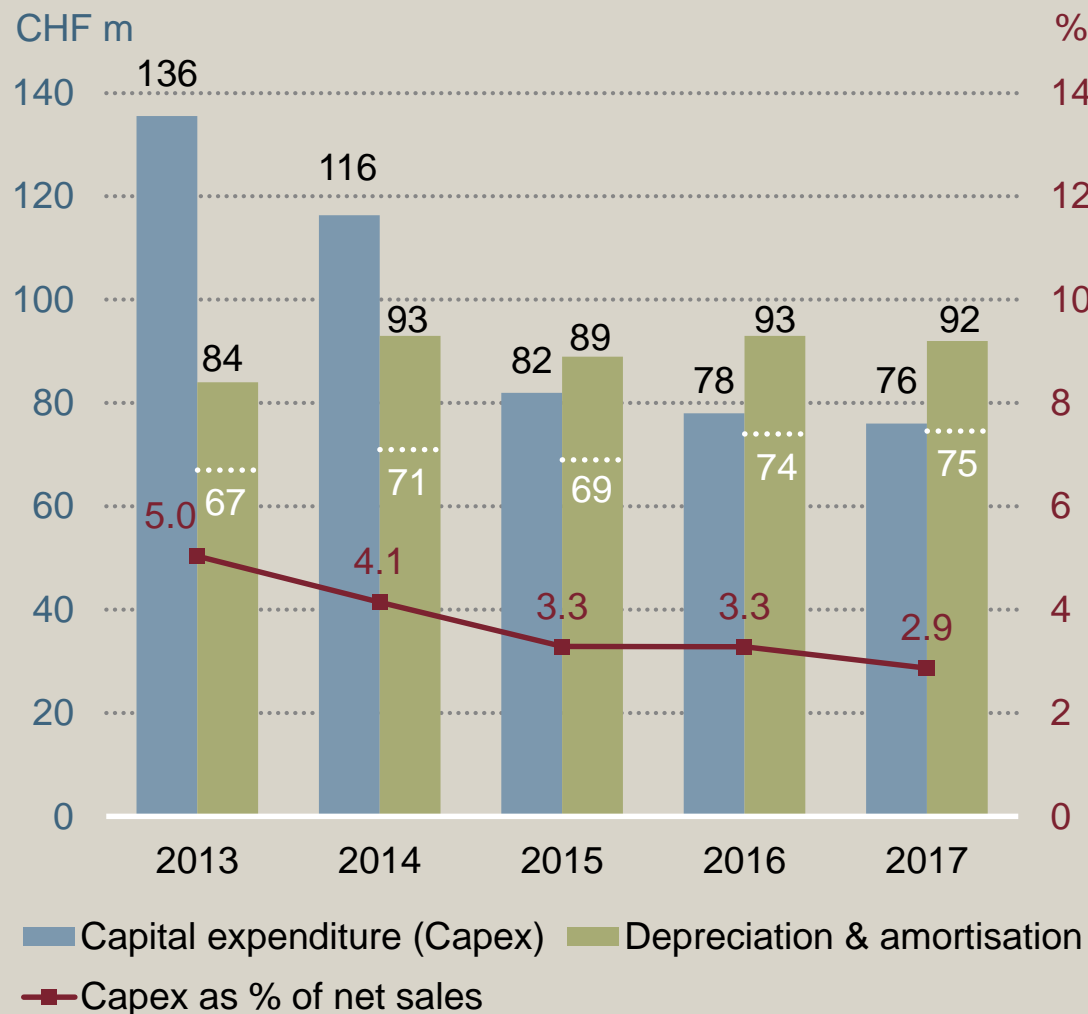
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¹⁾ Expressed in full-time equivalents; average during year

Investments in the future

Fixed and intangible assets



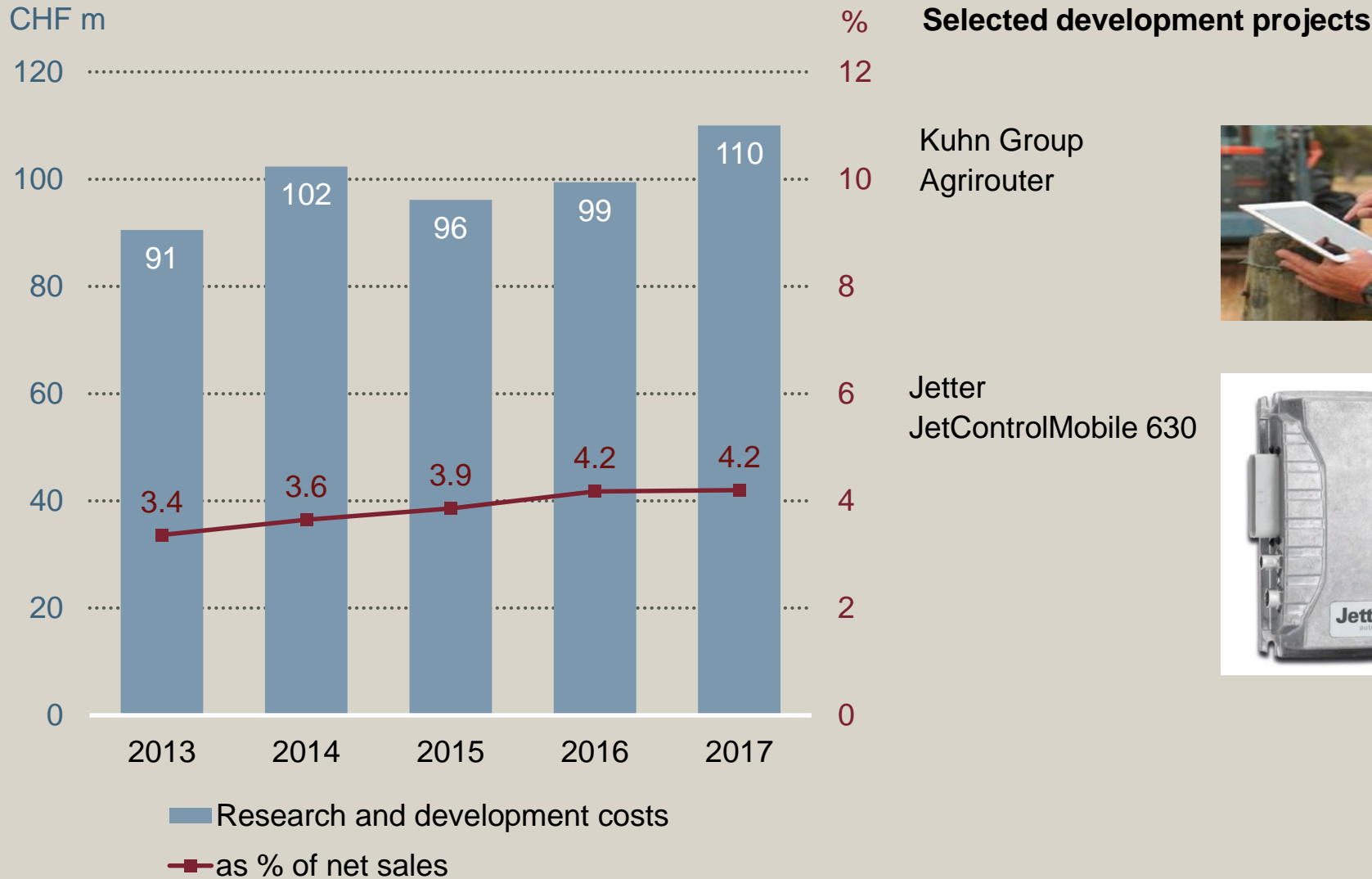
Key investment projects

- Kuhn Group – Construction of new logistics centre Saverne, France
- Kuhn Group – Purchase of land Voronezh, Russia
- Bucher Municipal – Expansion of production facility Ventspils, Latvia

Comment: Investments in property, plant and equipment and intangible assets

Investments in the future

Research and development costs



Complete livestock-feeding solution Statz Brothers Farm

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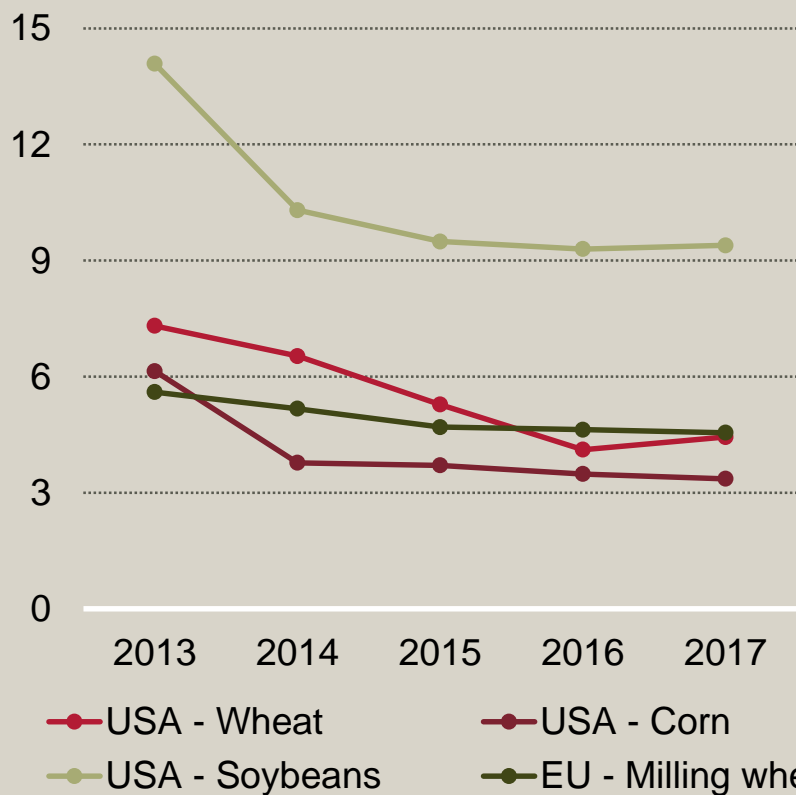
- The agricultural equipment market started to recover after three difficult years.
- Dairy product and meat prices in Europe went up.
- Western European agricultural technology markets recorded positive growth, but not in France, which was still suffering from the poor harvest in 2016 and the low incomes of local farmers.
- Overproduction and stagnating demand led to high inventories of cereals, volatile prices and lower incomes for farmers in North America.
- Satisfying increase in order intake of 22% and sales of 16%.
- In light of rising material costs, the EBIT margin was modestly higher: from 8.0% to 8.6%.

Price development Soybeans, Corn, Wheat, Milk (average price)

Crop Price

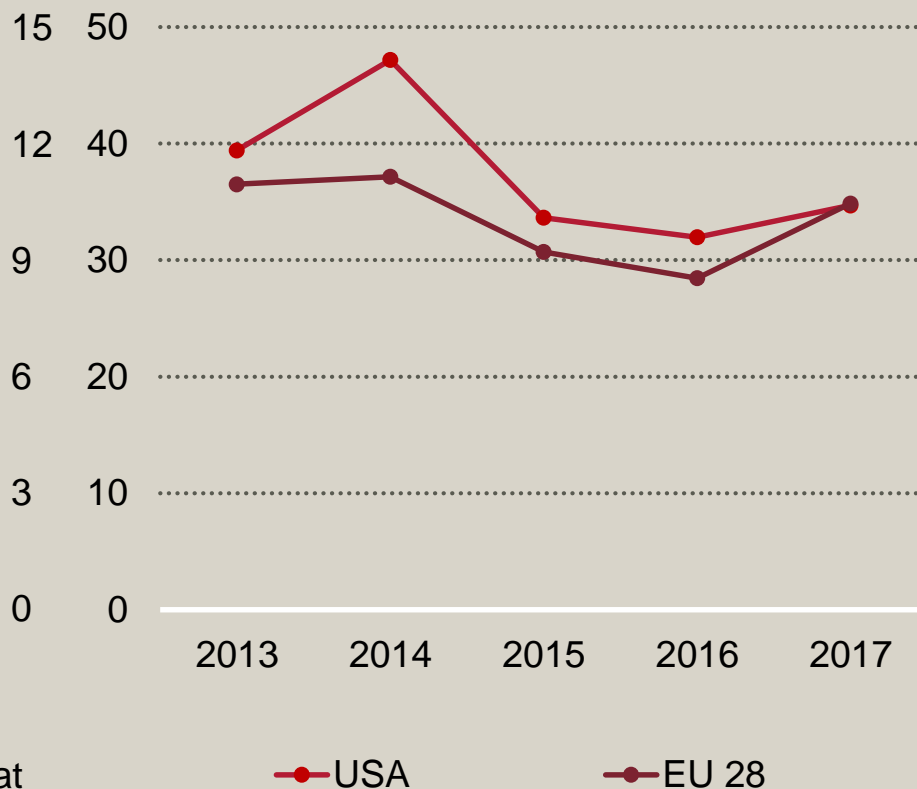
USD /
bushel

EUR /
bushel



Milk Price

EUR and
USD /
100 kg

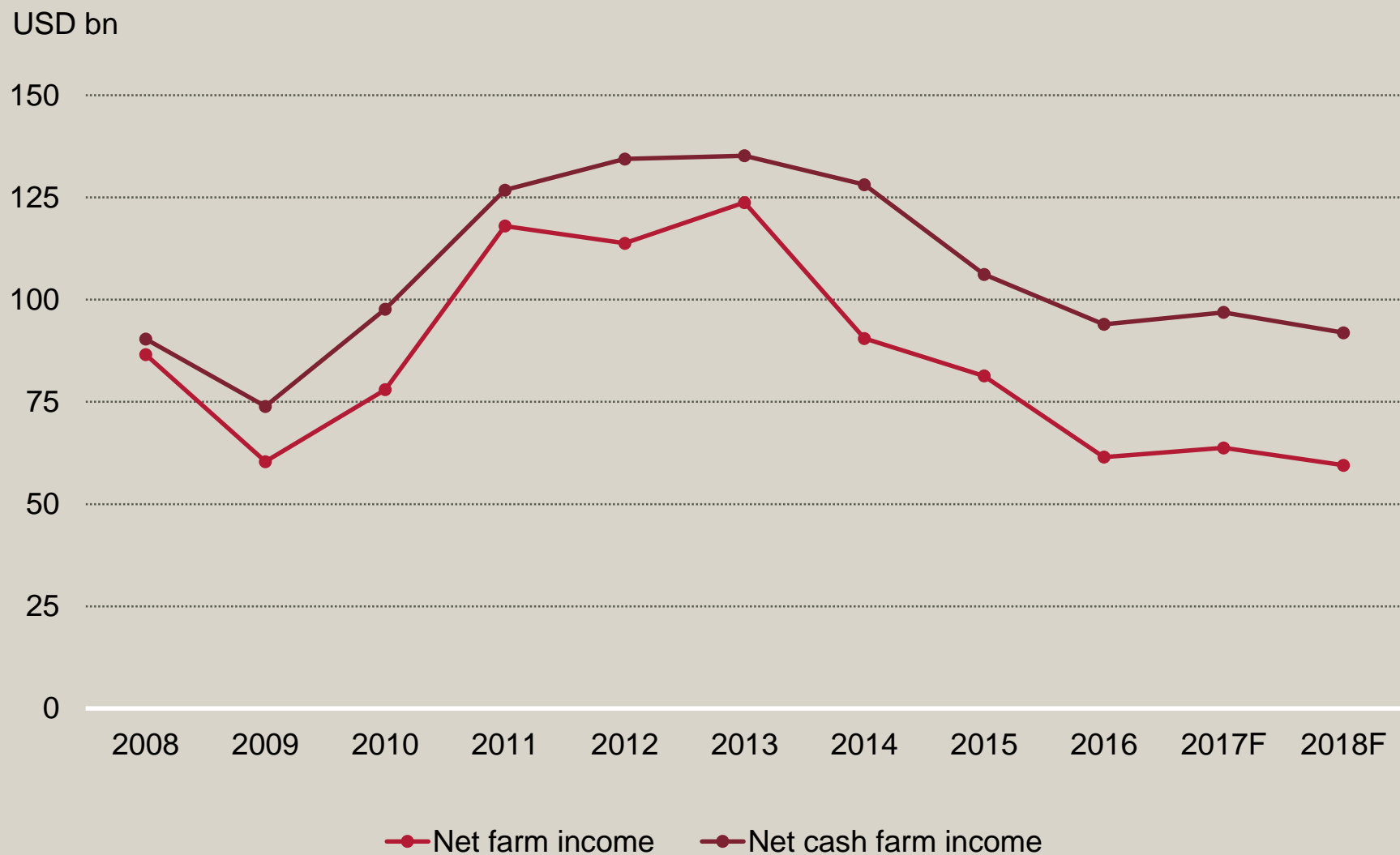


Source: USDA, AHDB (US price received / European physical price)

Source: www.dairyco.net, USDA

US farm income (USDA)

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Source: USDA

Kuhn Group

Key figures

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CHF million			Change in	
	2017	2016	%	% ¹⁾
Order intake	1 138	935	21.7	19.6
Net sales	1 076	930	15.7	13.5
Order book	440	371	18.5	16.6
Operating profit (EBITDA) as % of net sales	133 12.4%	116 12.4%	15.2	
Operating profit (EBIT) as % of net sales	93 8.6%	74 8.0%	25.3	
Employees at 31 December	5 235	4 731	10.7	
Average employees during year	5 075	4 823	5.2	

¹⁾ Adjusted for currency effects

Sewer cleaning vehicle RECycler PRB Drainage

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Bucher Municipal

2017 in brief

- Increased demand for municipal vehicles in Europe.
- Improved economic situation in Australia increased demand for refuse collection vehicles and refuse compactors.
- Sewer cleaning vehicles business in Europe stable.
- Winter maintenance equipment business positively impacted by early onset of winter.
- Concentration of sweeper vehicle production in Great Britain and Latvia completed.
- Significant increase in order intake of 28%.
- Sales up 9%.
- EBIT margin of 6.1%.

Bucher Municipal

Key figures

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CHF million			Change in		
	2017	2016	%	% ¹⁾	% ²⁾
Order intake	486	381	27.6	27.1	23.2
Net sales	426	389	9.4	8.9	5.9
Order book	165	104	58.2	58.0	58.0
Operating profit (EBITDA) as % of net sales	37 8.7%	25 6.4%	50.0		
Operating profit (EBIT) as % of net sales	26 6.1%	15 3.7%	80.0		
Employees at 31 December	2 014	1 746	15.3		15.3
Average employees during year	1 885	1 694	11.3		9.0

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Servo-hydraulic drive axle Nencki Bahntechnik AG

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Bucher Hydraulics

2017 in brief

- Increasing demand in construction machinery, industrial hydraulics, agricultural engineering and materials handling segments.
- Germany has recovered after five years of stagnation.
- Positive development in North America, India and China.
- Outstanding operational performance with sales growth of 15%.
- Order intake up by 21%.
- EBIT margin increased by 1.8 percentage points to 13.7%.

Bucher Hydraulics

Key figures

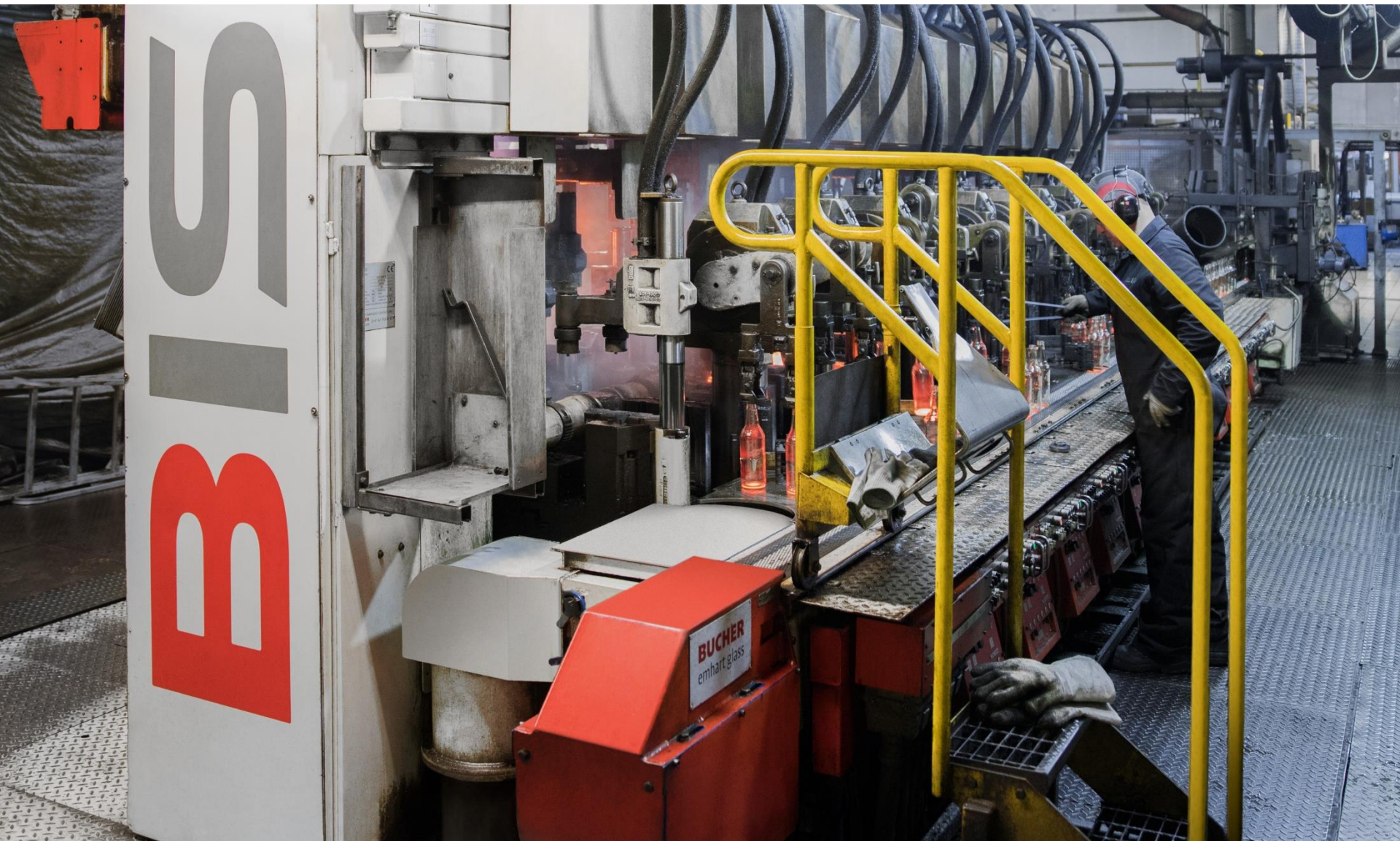
CHF million			Change in	
	2017	2016	%	% ¹⁾
Order intake	581	482	20.6	19.8
Net sales	546	475	14.9	14.2
Order book	118	82	43.0	42.0
Operating profit (EBITDA) as % of net sales	94 17.3%	76 16.0%	24.0	
Operating profit (EBIT) as % of net sales	75 13.7%	57 11.9%	32.0	
Employees at 31 December	2 319	2 061	12.5	
Average employees during year	2 169	2 039	6.4	

¹⁾ Adjusted for currency effects

BIS glass forming machine

Allied Glass

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Bucher Emhart Glass

2017 in brief

- Overall, demand for glass-forming and inspection machinery rose in nearly all markets.
- Good business performance, partly attributable to cooperation with O-I.
- Significant increase in order intake of 28%.
- Modest increase in sales of 3% due to long lead times in project business.
- EBIT margin kept down to 6.6% by inventory adjustments at the joint venture Sanjin.

Bucher Emhart Glass

Key figures

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CHF million			Change in	
	2017	2016	%	% ¹⁾
Order intake	449	351	27.9	26.0
Net sales	381	371	2.8	1.3
Order book	177	108	64.4	61.7
Operating profit (EBITDA) as % of net sales	36 9.6%	39 10.5%	-6.4	
Operating profit (EBIT) as % of net sales	25 6.6%	26 7.1%	-4.2	
Employees at 31 December	1 630	1 757	-7.2	
Average employees during year	1 634	1 782	-8.3	

¹⁾ Adjusted for currency effects

Modular control system Rosenbauer International AG

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Bucher Specials

2017 in brief

- Varied market trends
 - Winemaking equipment: stable order intake; main markets suffering from adverse weather conditions.
 - Project business in beverage technologies: solid demand, but some financing-related customer delays.
 - Agricultural machinery business in Switzerland: subdued trend at a high level.
 - Automation solutions: good performance and pleasing sales progress.
- Sales up 3%.
- 8.1% EBIT margin slightly up on previous year, but kept down by high material costs.

Bucher Specials

Key figures

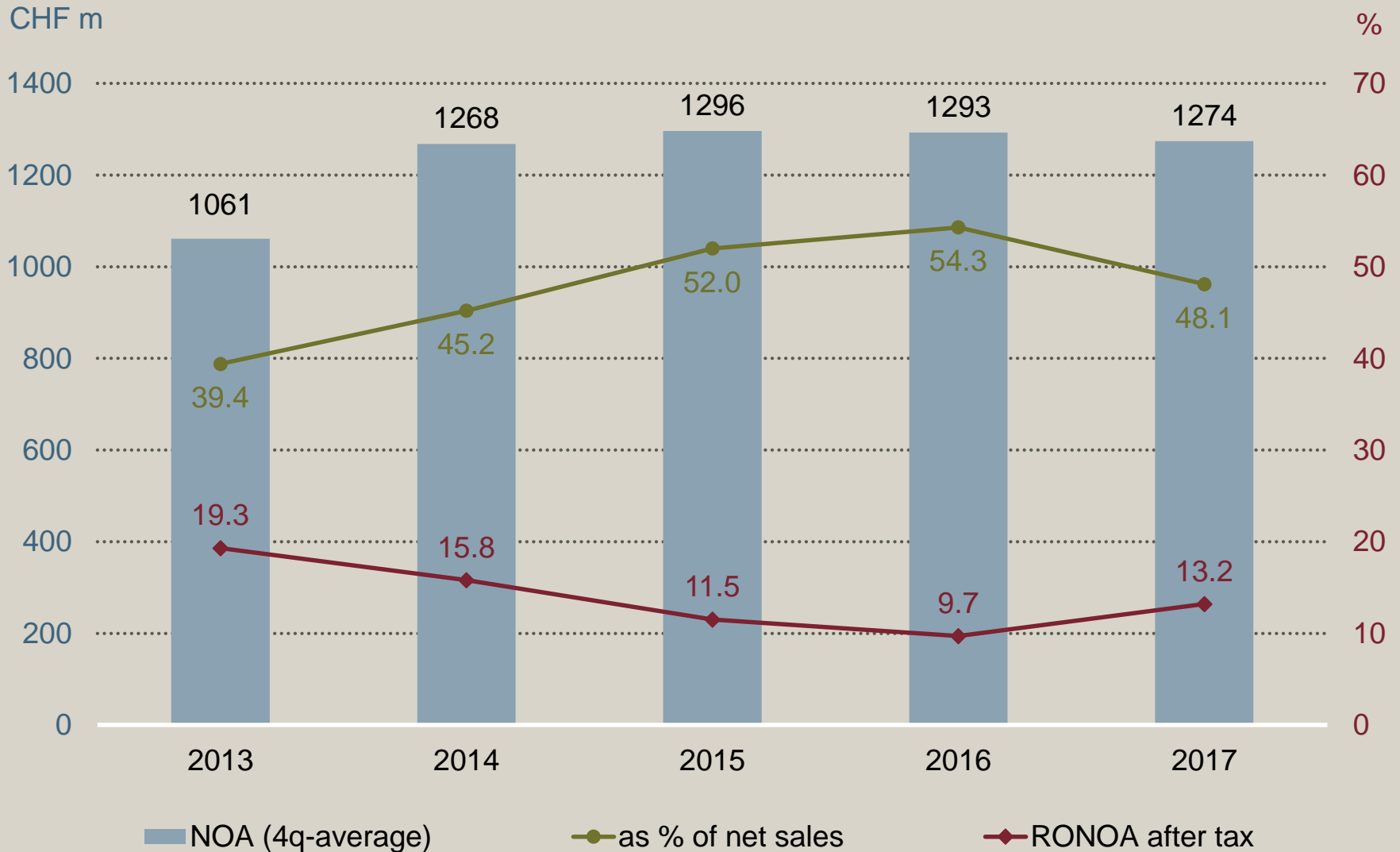
CHF million			Change in	
	2017	2016	%	% ¹⁾
Order intake	275	289	-4.8	-5.6
Net sales	272	263	3.1	2.3
Order book	80	76	4.5	3.9
Operating profit (EBITDA) as % of net sales	28 10.3%	27 10.2%	3.7	
Operating profit (EBIT) as % of net sales	22 8.1%	21 8.0%	4.7	
Employees at 31 December	849	817	3.9	
Average employees during year	882	849	3.9	

¹⁾ Adjusted for currency effects

Financial review 2017

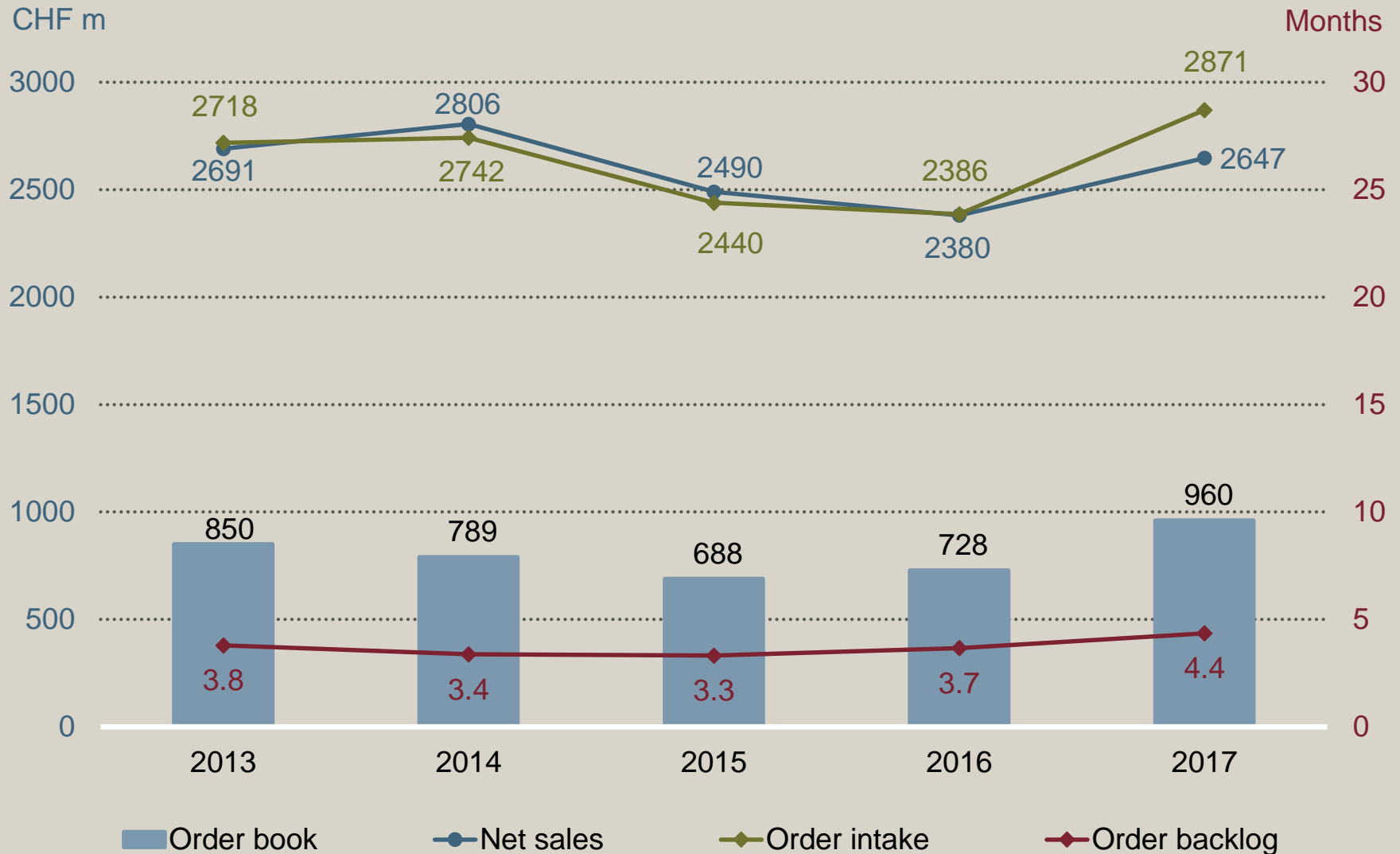
Net operating assets (NOA) and RONOA after tax

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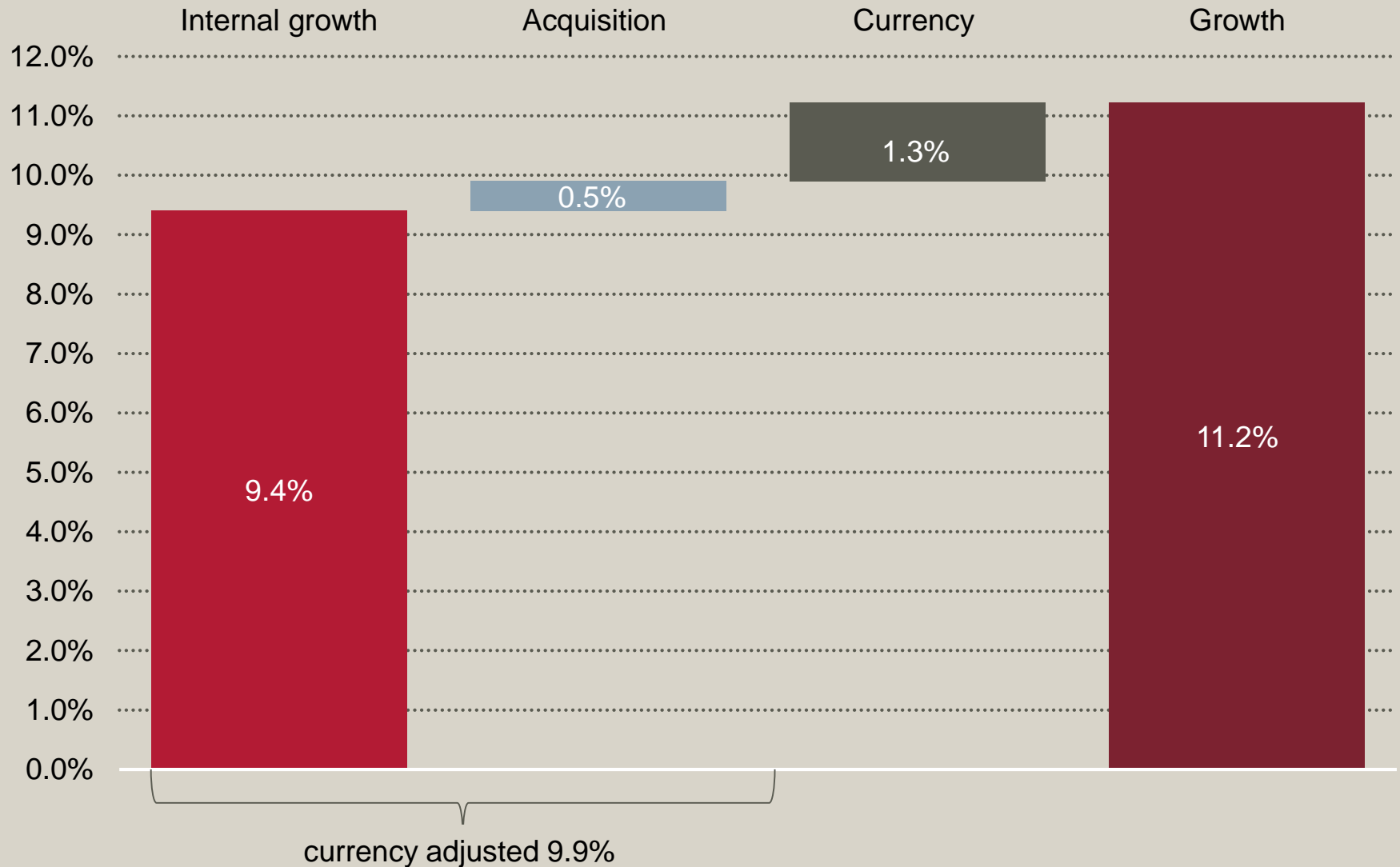
Order intake, net sales, order book and order backlog

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Impact on net sales 2017

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Consolidated income statement

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CHF million	2017	2016	Change in %
Net sales	2 647	2 380	11.2
Operating profit (EBITDA) as % of net sales	318 12.0%	263 11.0%	21.1
Depreciation	-75	-74	-0.9
Amortisation	-17	-20	11.9
Operating profit (EBIT) as % of net sales	226 8.6	169 7.1%	33.7
Net financial result	-1	-9	87.4
Income tax expense	-58	-42	-36.5
Profit/(loss) for the year as % of net sales	168 6.3%	118 5.0%	41.6
Basic earnings per share in CHF	16.81	11.73	43.3

Net financial result

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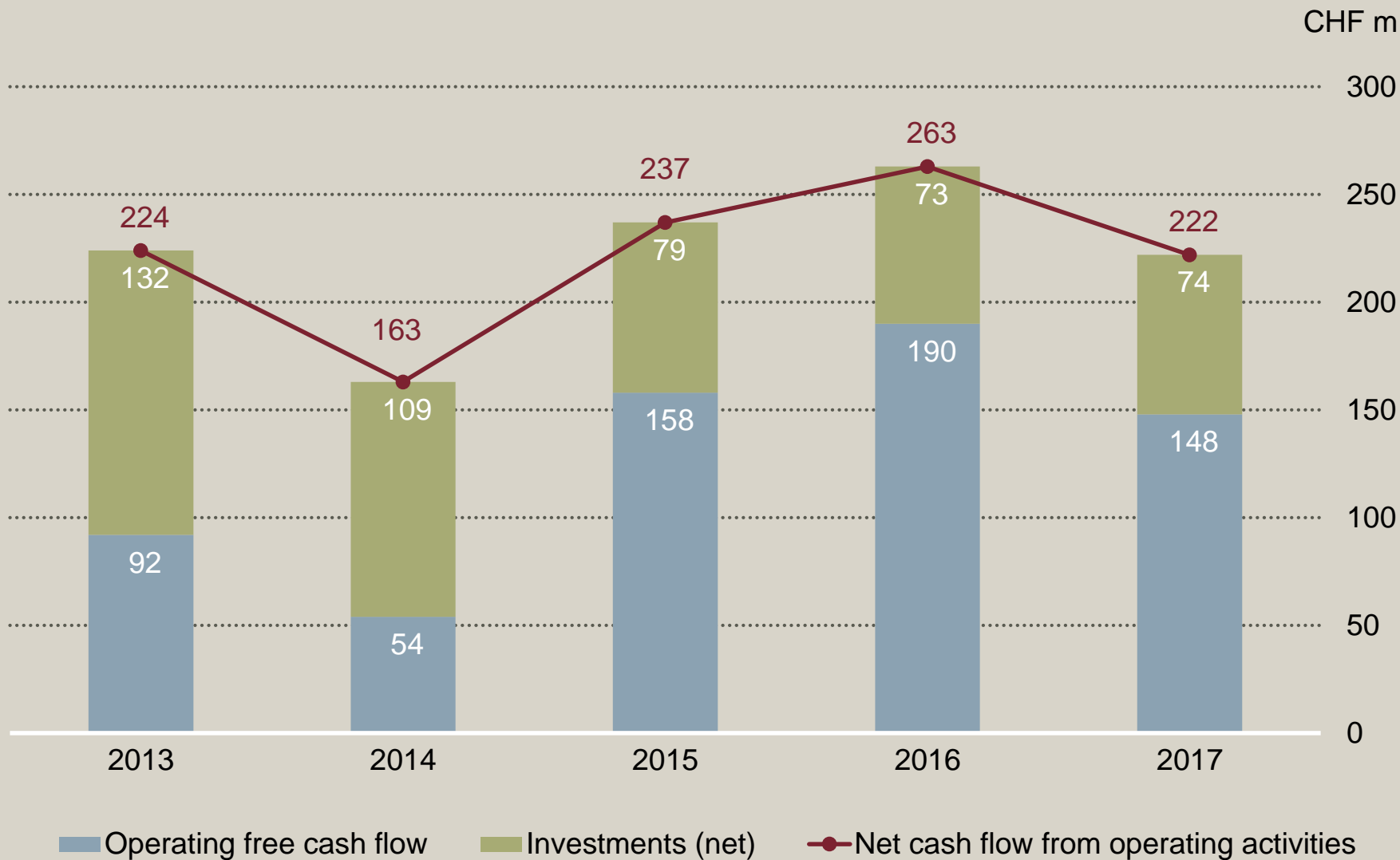
CHF million	2017	2016	Change
Net interest expense	-3	-7	4
Net gain on financial instruments	5	2	3
Foreign exchange gains and losses	-2	-3	1
Other financial result	-1	-1	-
Net financial result	-1	-9	8

Income tax expense

CHF million	2017	2016	Change
Profit before tax	225	161	64
Income tax expense	-58	-42	-16
Effective tax rate	25.6%	26.3%	
Weighted average tax rate	26.9%	27.7%	

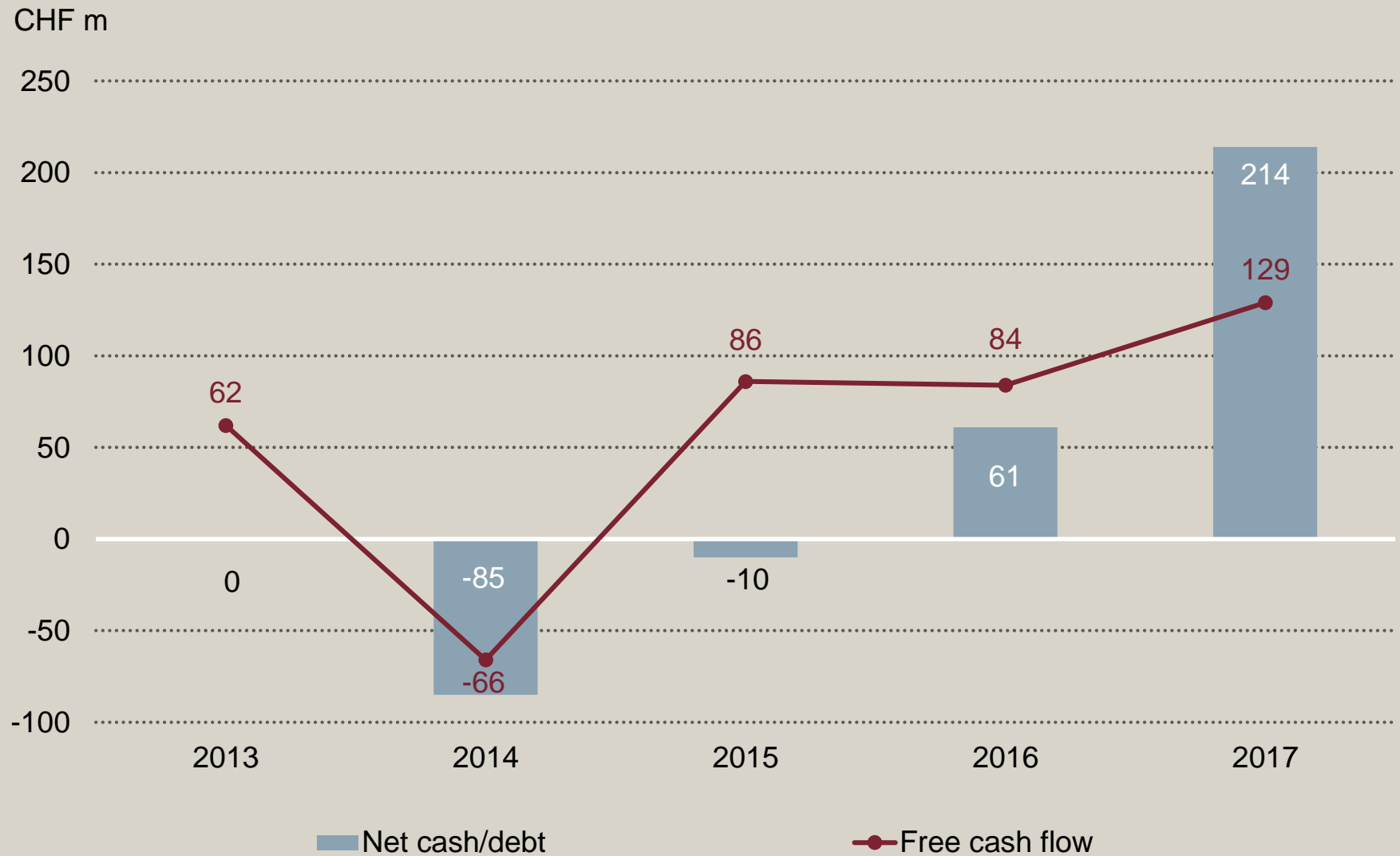
Cash flow and investments

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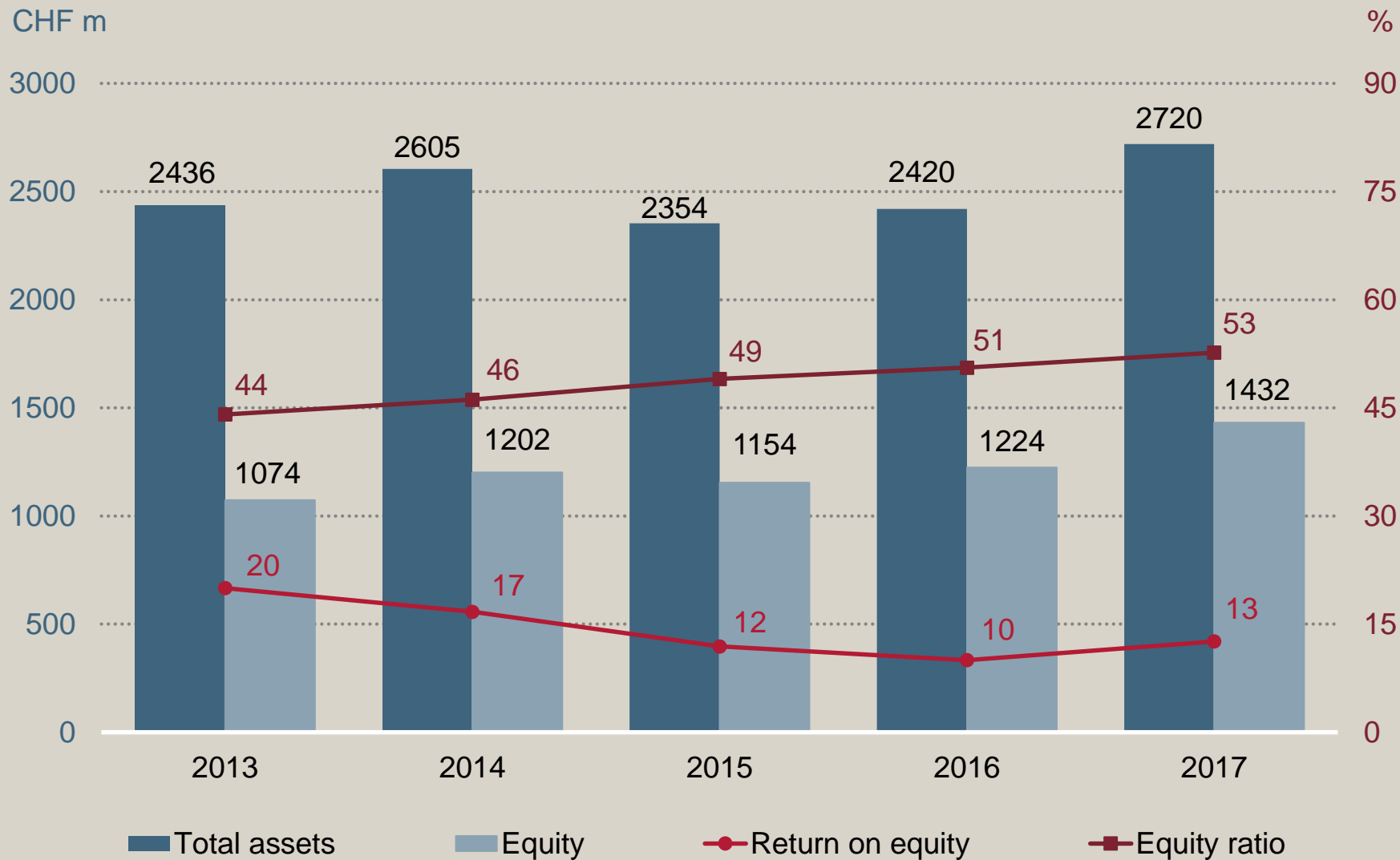
Net cash/debt and free cash flow

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Total assets and equity

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Outlook

Kuhn Group

Outlook for 2018

- Ongoing positive development in dairy and livestock farming, especially in Europe.
- Arable farming still volatile:
 - Cereals prices low and high inventories.
- Continued moderate growth in demand likely in most regions:
 - Good demand in Europe.
 - Farmers' low incomes make outlook for North America uncertain.
- For 2018: Sales higher than the previous year's level and better EBIT margin expected.

Bucher Municipal Outlook for 2018

- Stable trend in the European sweeper market.
- Brexit still making for uncertainty as Great Britain is the main market for sewer cleaning vehicles and sweepers.
- Weather-related uncertainties in winter maintenance equipment business.
- For 2018: Sales growth and increase in EBIT margin expected.
 - Concentration of sweeper production has positive impact on EBIT.

Bucher Hydraulics

Outlook for 2018

- Sustained high demand, above all in Germany and North America.
- Investments in research and development.
- Concentration of mechanical production in Switzerland from two locations to one completed.
- For 2018: Continued sales growth and an EBIT margin in the same range as the previous year expected.

Bucher Emhart Glass

Outlook for 2018

- High order book at the start of the year.
- Stable demand for glass container production machinery.
- No more costs resulting from inventory adjustment at the joint venture Sanjin, China.
- End-to-end vision to be promoted.
- For 2018: Increased sales and significantly improved EBIT margin expected.

Bucher Specials

Outlook for 2018

- Cautious demand for wine production equipment in Italy, France and Spain due to poor harvests in 2017.
- Beverage technologies project business dependent on customers' access to financing.
- Swiss agricultural machinery business suffering from political uncertainties. Large Merlo telescopic handlers to be added to the product range.
 - Bucher is still endeavouring to assist the Swiss Competition Commission (COMCO) with its investigations into Bucher Landtechnik AG and to help fully resolve the issues.
- Positive trend in industrial and mobile automation.
- For 2018: Overall increase in sales and profitability expected.

- **Kuhn Group:** Positive development in dairy and livestock farming to persist. Increase in sales and operating profit margin expected.
- **Bucher Municipal:** Good market conditions to continue and high order intake. Increase in sales and operating profit margin expected.
- **Bucher Hydraulics:** Demand to remain encouraging. Increasing sales and stable operating profit margin expected.
- **Bucher Emhart Glass:** Optimism on the markets and robust order book. Increase in sales and considerable improvement in operating profit margin expected.
- **Bucher Specials:** Varied market trends. Increase in sales and operating profit margin expected.

Overall, the Group expects increases in both sales and the operating profit margin.

Annual general meeting 2018

Annual general meeting 2018

Agenda and proposals

- Annual general meeting 18 April 2018, start at 15:30h
- Standard agenda as in previous year
- Dividend suggested
 - CHF 6.50 per share (previous year CHF 5.00)
 - Yield of 1.6% relative to year end share price 2017 of CHF 396.00
- Changes to the board of directors
 - Election of Martin Hirzel as member of board of directors

Many thanks.

Jacques Sanche, CEO

Manuela Suter, CFO

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Annual report 2017