

# Group presentation

March 2018

# The five divisions of Bucher Industries

**BUCHER**



## **Kuhn Group**

Agricultural machinery

- Tillage
- Seeding
- Fertilisation
- Spraying
- Landscape maintenance
- Hay and forage harvesting

2017  
Sales CHF 1 080 million  
Employees 5 200

## **Bucher Municipal**

Municipal vehicles

- Compact and truck-mounted sweepers
- Refuse collection vehicles
- Sewer cleaning vehicles
- Salt spreaders
- Snow plough

2017  
Sales CHF 430 million  
Employees 2 000

## **Bucher Hydraulics**

Hydraulic systems

- Mobile and industrial hydraulics
- Pumps
- Motors
- Valves
- Cylinders
- Elevator drives

2017  
Sales CHF 550 million  
Employees 2 300

## **Bucher Emhart Glass**

Glass container industry

- Glass-forming machinery
- Inspection machinery
- Transport and handling systems
- Integrated systems

2017  
Sales CHF 380 million  
Employees 1 600

## **Bucher Specials**

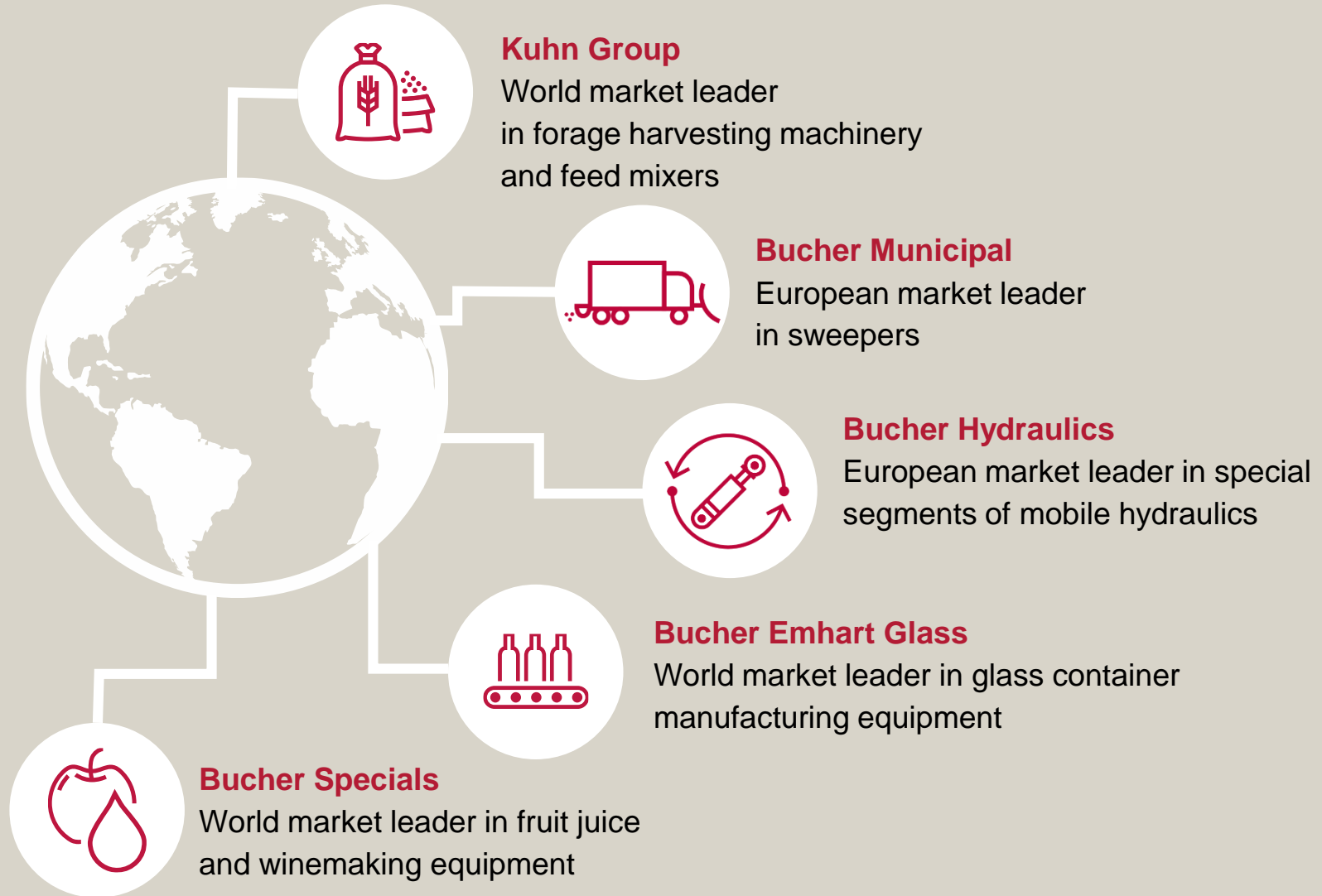
Individual businesses

- Equipment for processing wine, fruit juice, beer and instant products
- Swiss distributorship for agricultural machinery
- Control and automation technology

2017  
Sales CHF 270 million  
Employees 850

# Number 1 in selected markets

**BUCHER**



# 38 production sites on 5 continents

**BUCHER**



Net sales in 2017 in CHF million

Annual average number of employees in full-time equivalents in 2017



## **Diversified group**

in mechanical and vehicle engineering

## **Decentralised responsibility**

for products, markets and results  
in the divisions; centrally co-ordinated

## **Technological leadership**

for a strong market position

## **Strengthening**

of divisions

## **Solid balance sheet**

for long-term, industrial independence

## **Increase in enterprise value**

(RONOA > WACC)

## High level of independence for divisions

- No competition for resources and responsibilities
- Exchange of experiences on specialist topics

## Leadership by

- Strategic planning
- Key financial figures
- Standardised values and prescribed governance requirements
- Division management appointments
- Selected, operational projects

## Lean corporate centre structure

- With approx. 30 employees

## 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		
	<b>2017</b>	<b>2016</b>	<b>%</b>	<b>%<sup>1)</sup></b>	<b>%<sup>2)</sup></b>
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

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

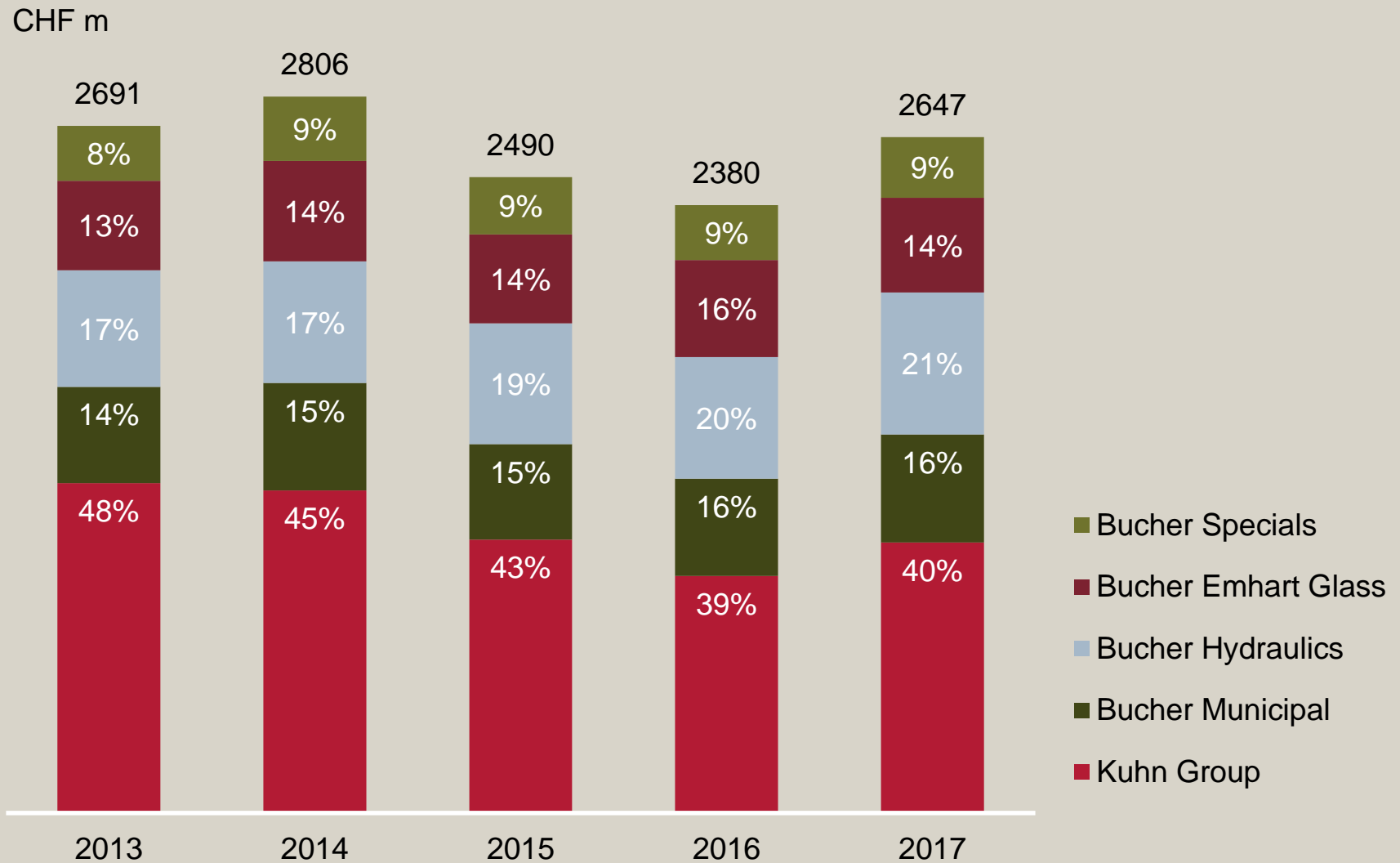
<sup>2)</sup> Adjusted for currency and acquisition effects

# Key figures

CHF million			Change in
	<b>2017</b>	<b>2016</b>	<b>%</b>
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

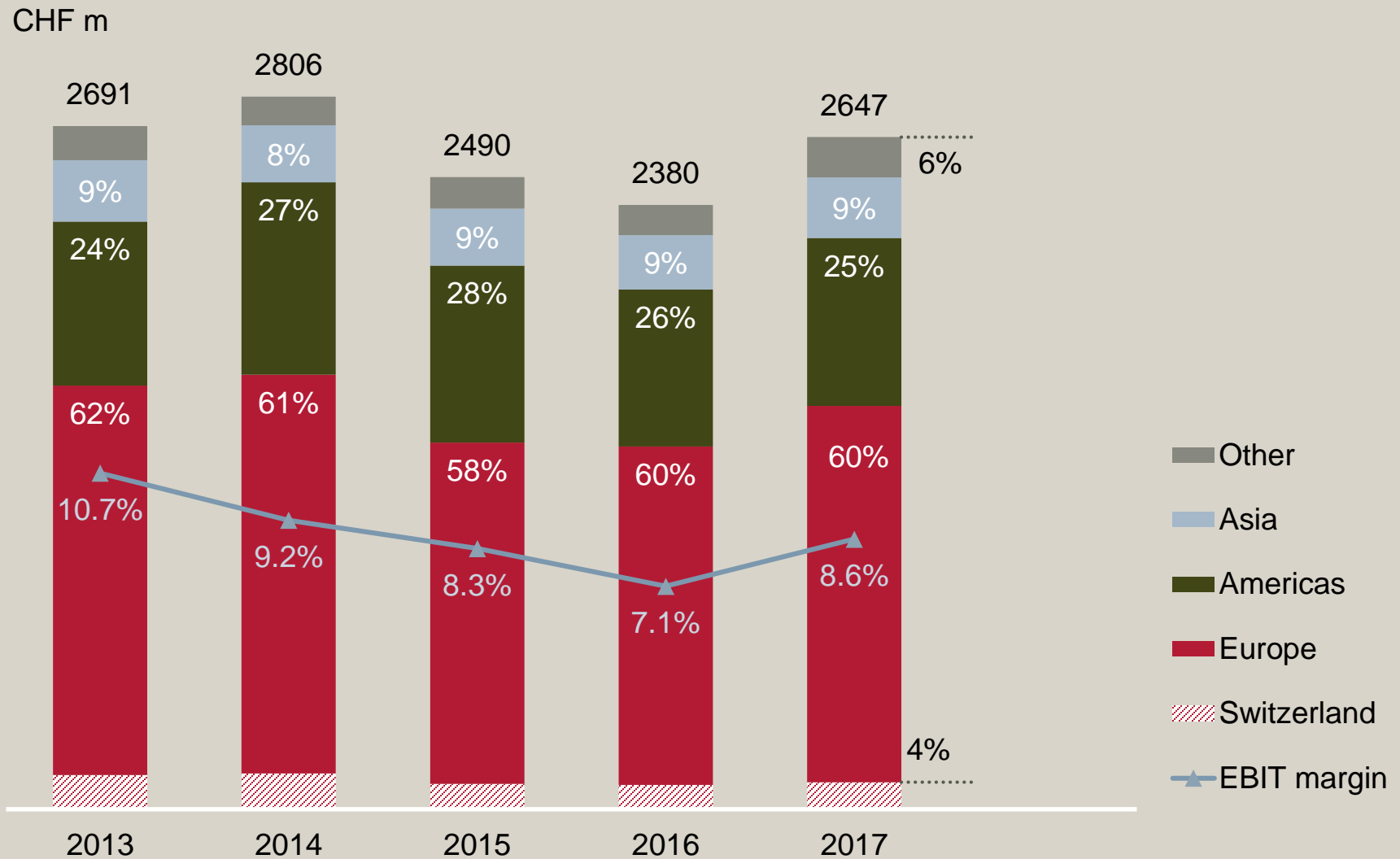
# Net sales by division

**BUCHER**



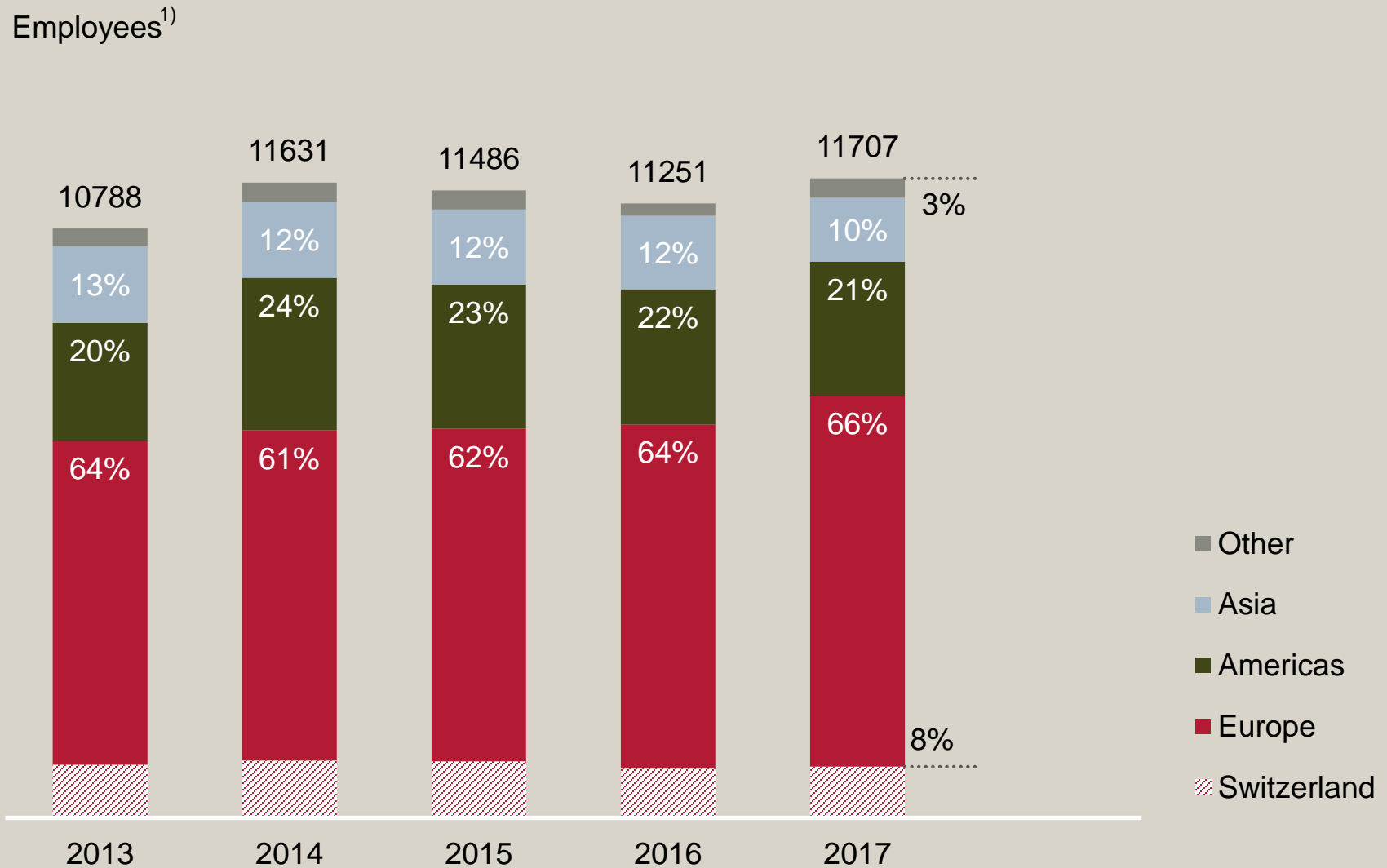
# Net sales by region

**BUCHER**



# Number of employees by region

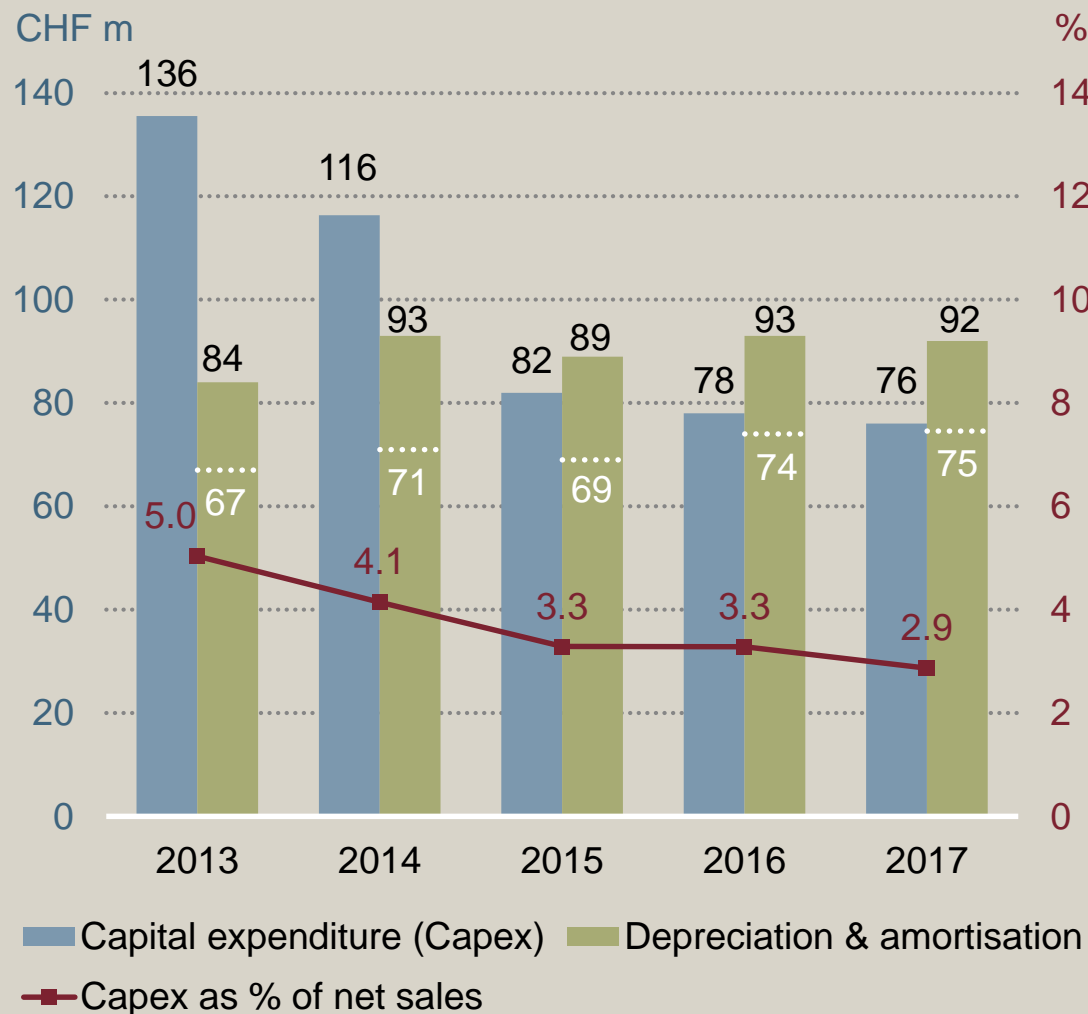
**BUCHER**



<sup>1)</sup> Expressed in full-time equivalents; average during year

# Investments in the future

## Fixed and intangible assets



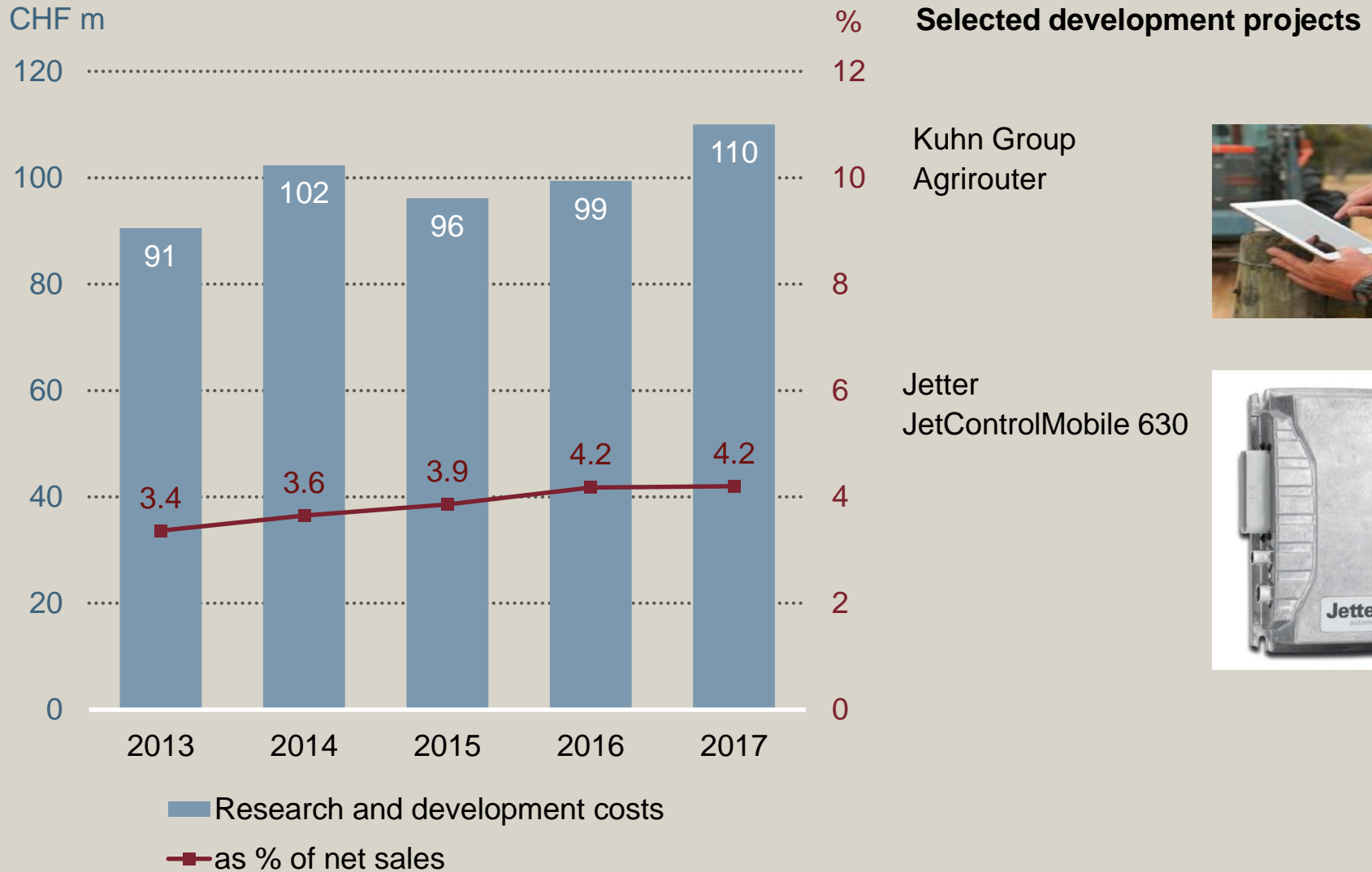
### Key investment projects

- 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



# Acquisitions 2013 – 2017

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2013

**Bucher  
Hydraulics**

Eco  
Systemas,  
Brazil



Net sales<sup>1)</sup>  
CHF 10 Mio.

Employees  
60

**Bucher  
Hydraulics**

Ölhydraulik  
Altenerding,  
Germany



Net sales<sup>1)</sup>  
CHF 40 Mio.

Employees  
250

**Bucher  
Specials**

Filtrox  
Engineering,  
Switzerland



Net sales<sup>1)</sup>  
CHF 30 Mio.

Employees  
35

**Bucher  
Specials**

Jetter AG,  
Germany



Net sales<sup>1)</sup>  
CHF 50 Mio.

Employees  
230

2014

**Kuhn  
Group**

Montana  
Indústria de  
Máquinas,  
Brazil



Net sales<sup>1)</sup>  
CHF 60 Mio.

Employees  
600

2016

**Bucher  
Municipal**

J. Hvidtved  
Larsen  
(JHL),  
Denmark



Net sales<sup>1)</sup>  
CHF 60 Mio.

Employees  
200

**Bucher  
Municipal**

PakMor  
Australia



Net sales<sup>1)</sup>  
CHF 10 Mio.

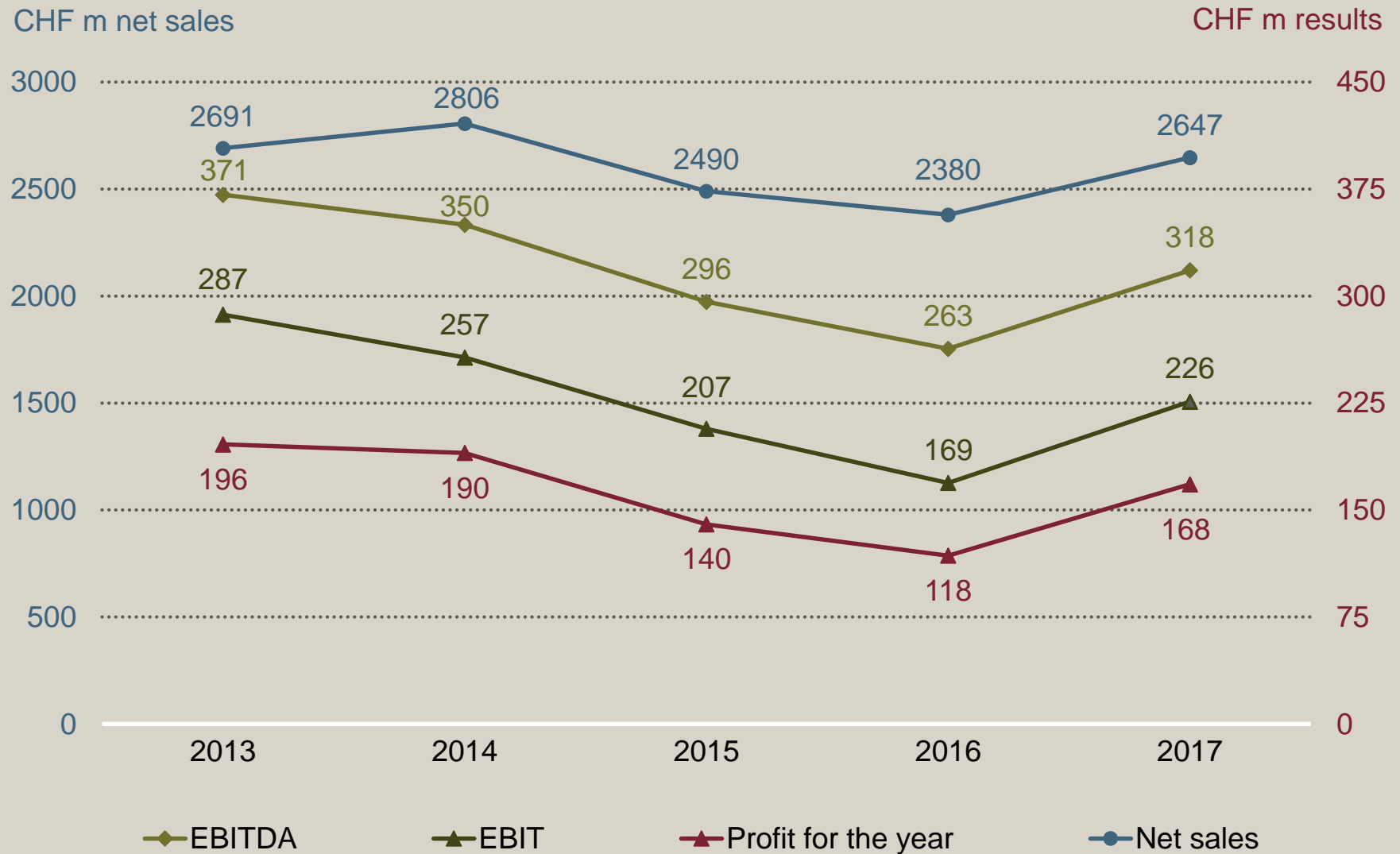
Employees  
50

<sup>1)</sup> Prior acquisition



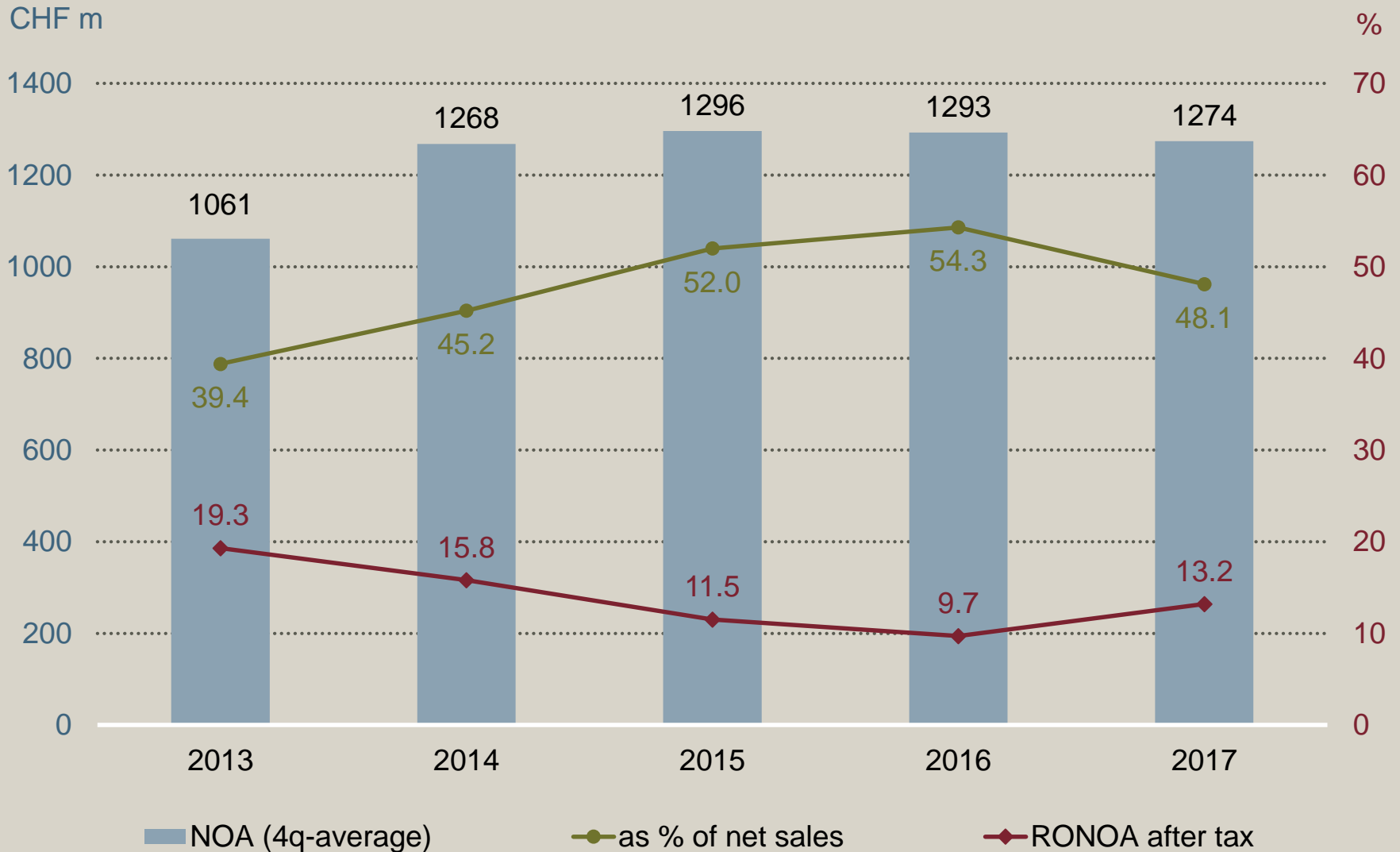
# Net sales and results

**BUCHER**



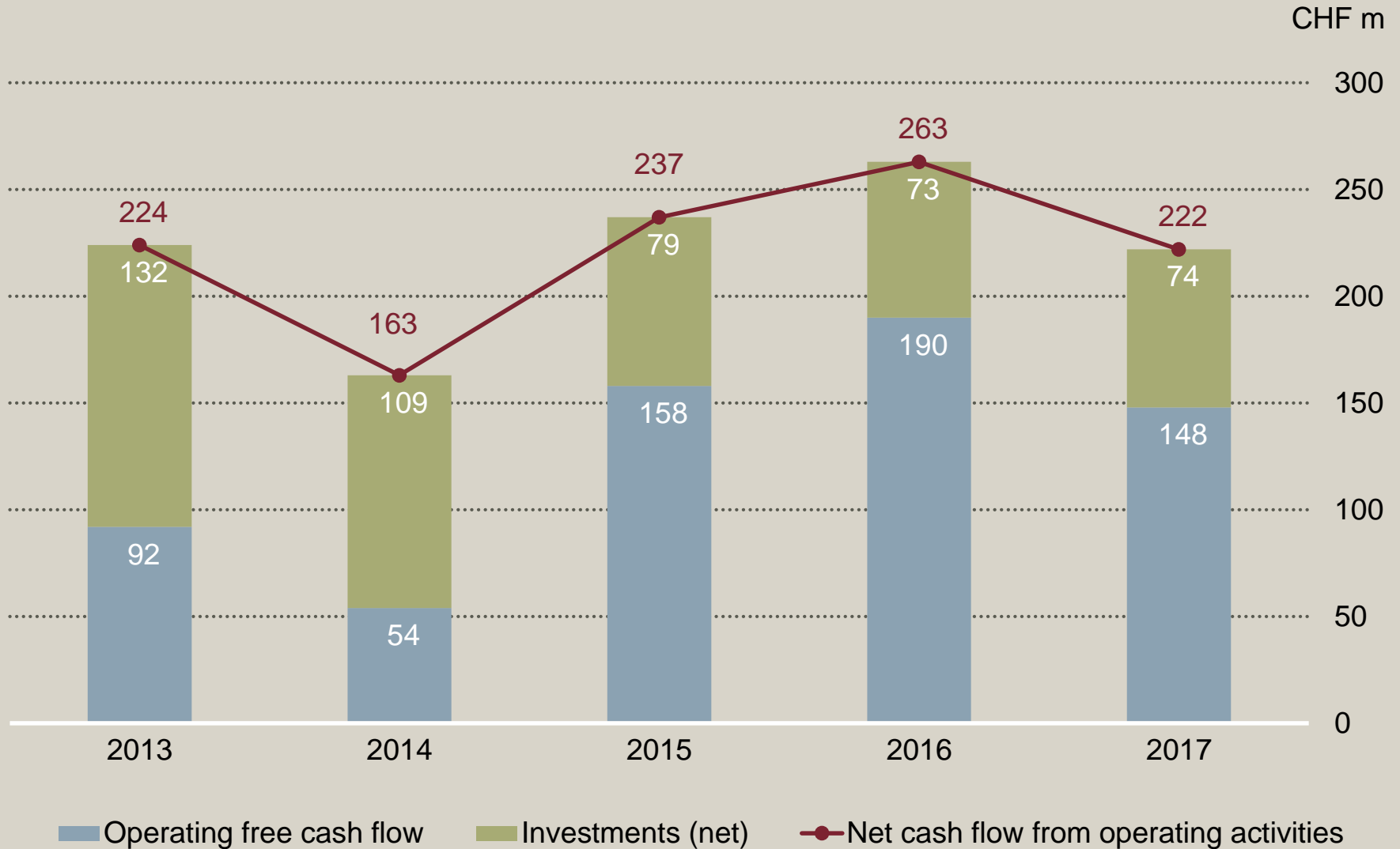
# Net operating assets (NOA) and RONOA after tax

**BUCHER**



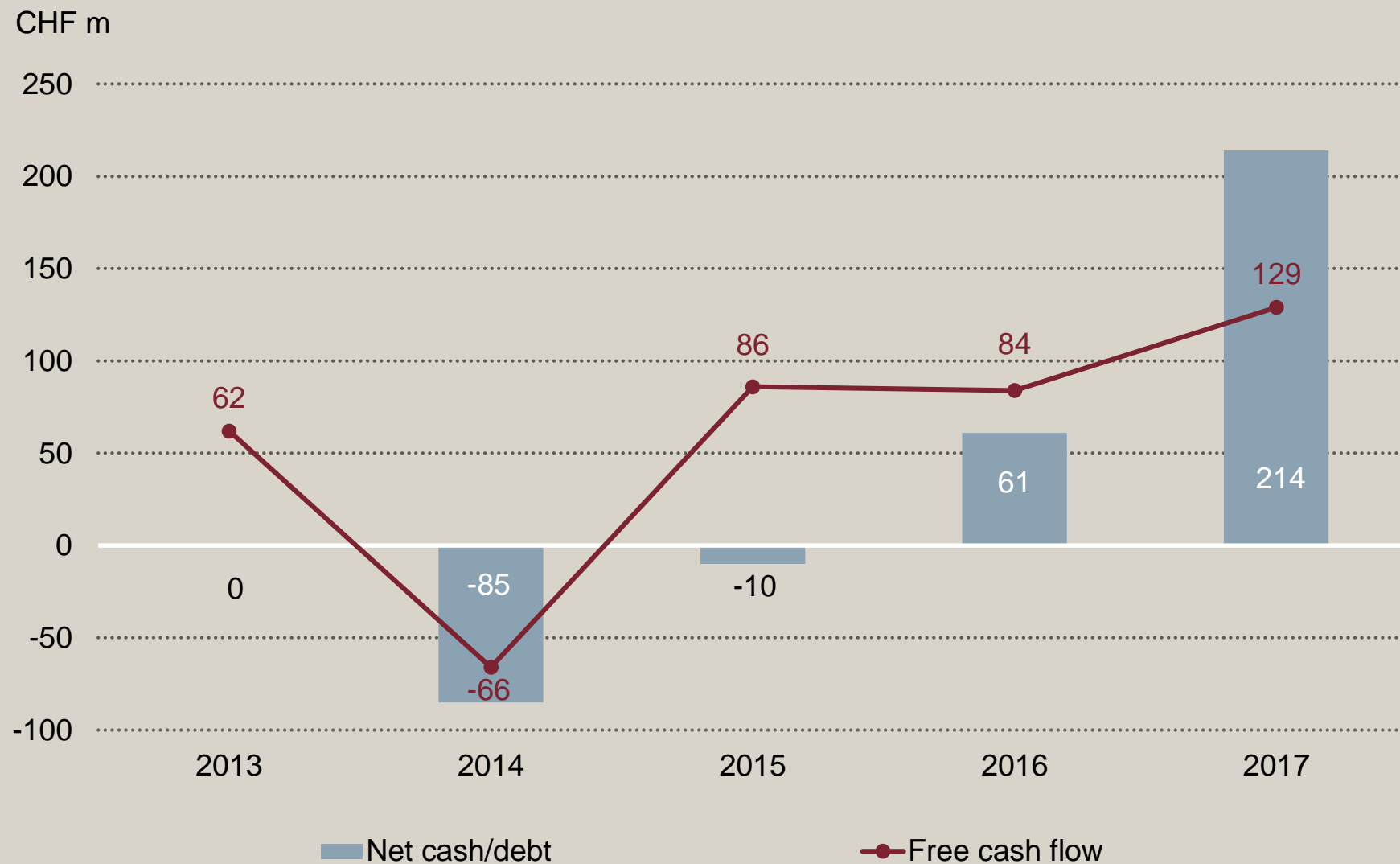
# Cash flow and investments

**BUCHER**



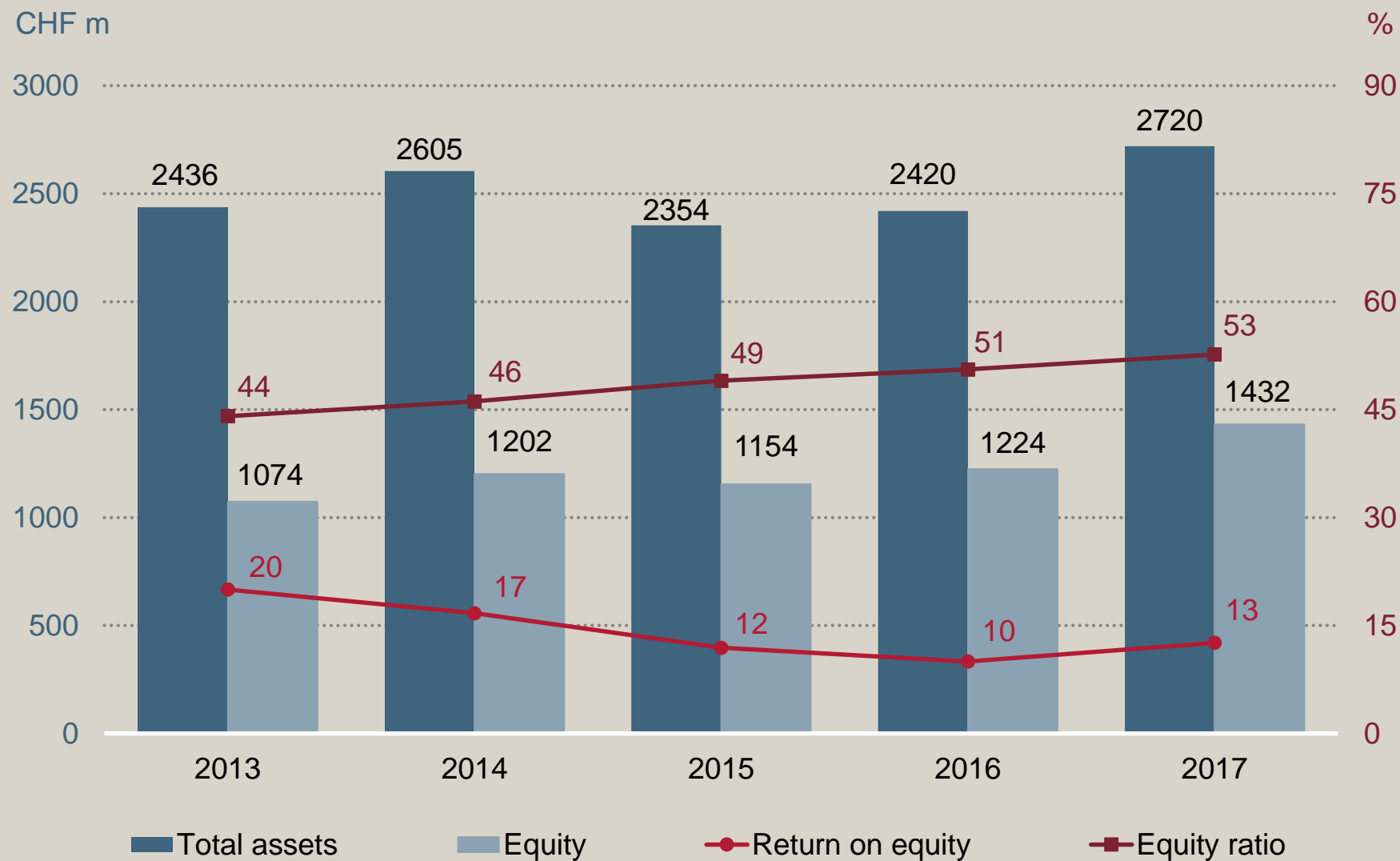
# Net cash/debt and free cash flow

**BUCHER**



# Total assets and equity

**BUCHER**



# Results by division

CHF million	EBIT	EBIT margin	EBIT	EBIT margin
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Kuhn Group	93	8.6%	74	8.0%
Bucher Municipal	26	6.1%	15	3.7%
Bucher Hydraulics	75	13.7%	57	11.9%
Bucher Emhart Glass	25	6.6%	26	7.1%
Bucher Specials	22	8.1%	21	8.0%
Other/consolidation	-15		-24	
<b>Bucher Industries</b>	<b>226</b>	<b>8.6%</b>	<b>169</b>	<b>7.1%</b>

# Divisions

# Kuhn Group

## Specialised agricultural machinery

**BUCHER**

### Arable farming



Ploughing



Tillage



Seeding



Fertilisation



Spraying

### Dairy and livestock farming



Hay and forage harvesting



Feed storage



Bedding and feeding



Manure spreaders



Hedge cutters

### Landscape maintenance

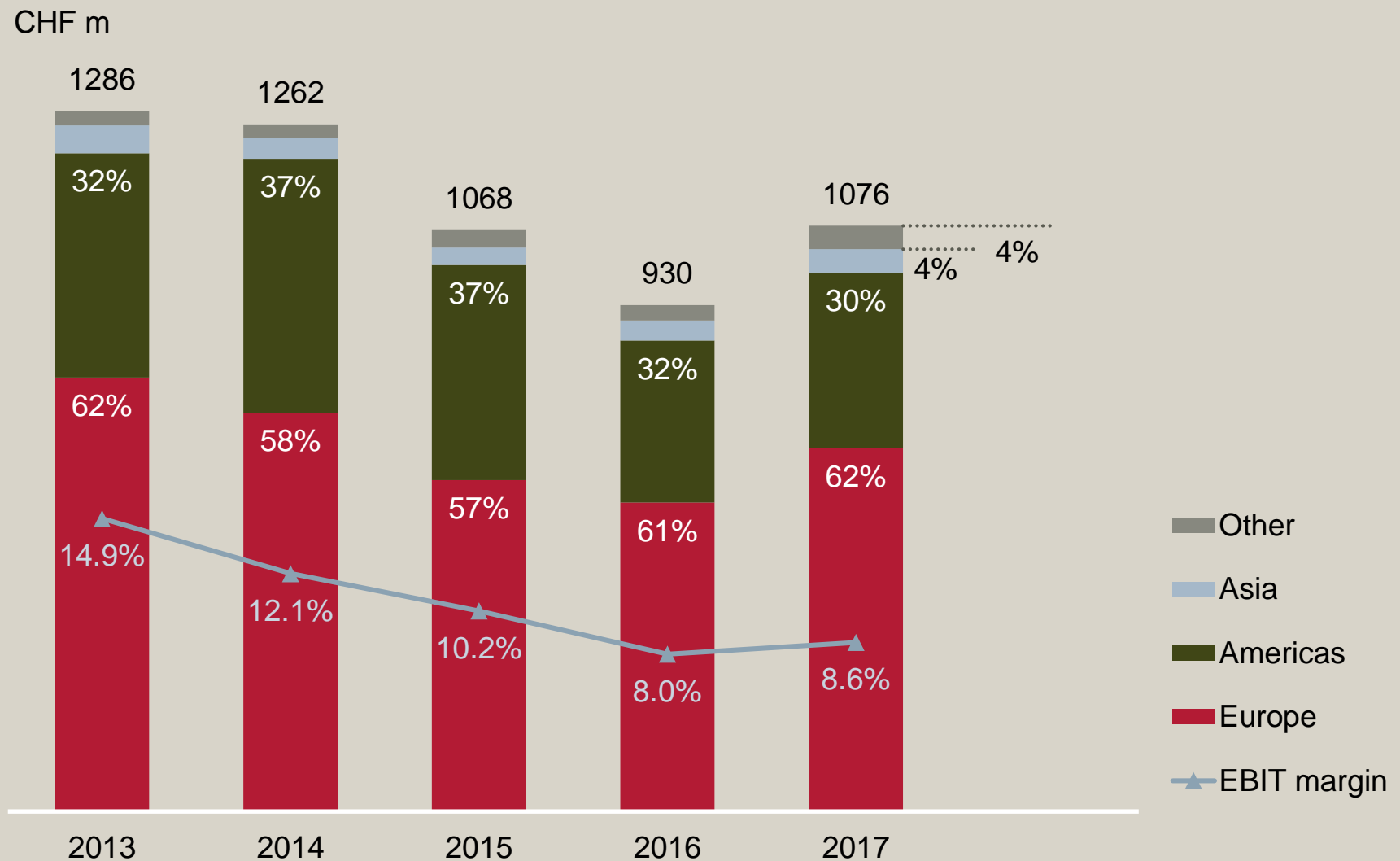


- The agricultural equipment market started to recover after three difficult years.
- Dairy product and meat prices in Europe went up.
- Western European agricultural technology markets recorded positive growth, but not in France, which was still suffering from the poor harvest in 2016 and the low incomes 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%.

# Kuhn Group

## Net sales by region

**BUCHER**

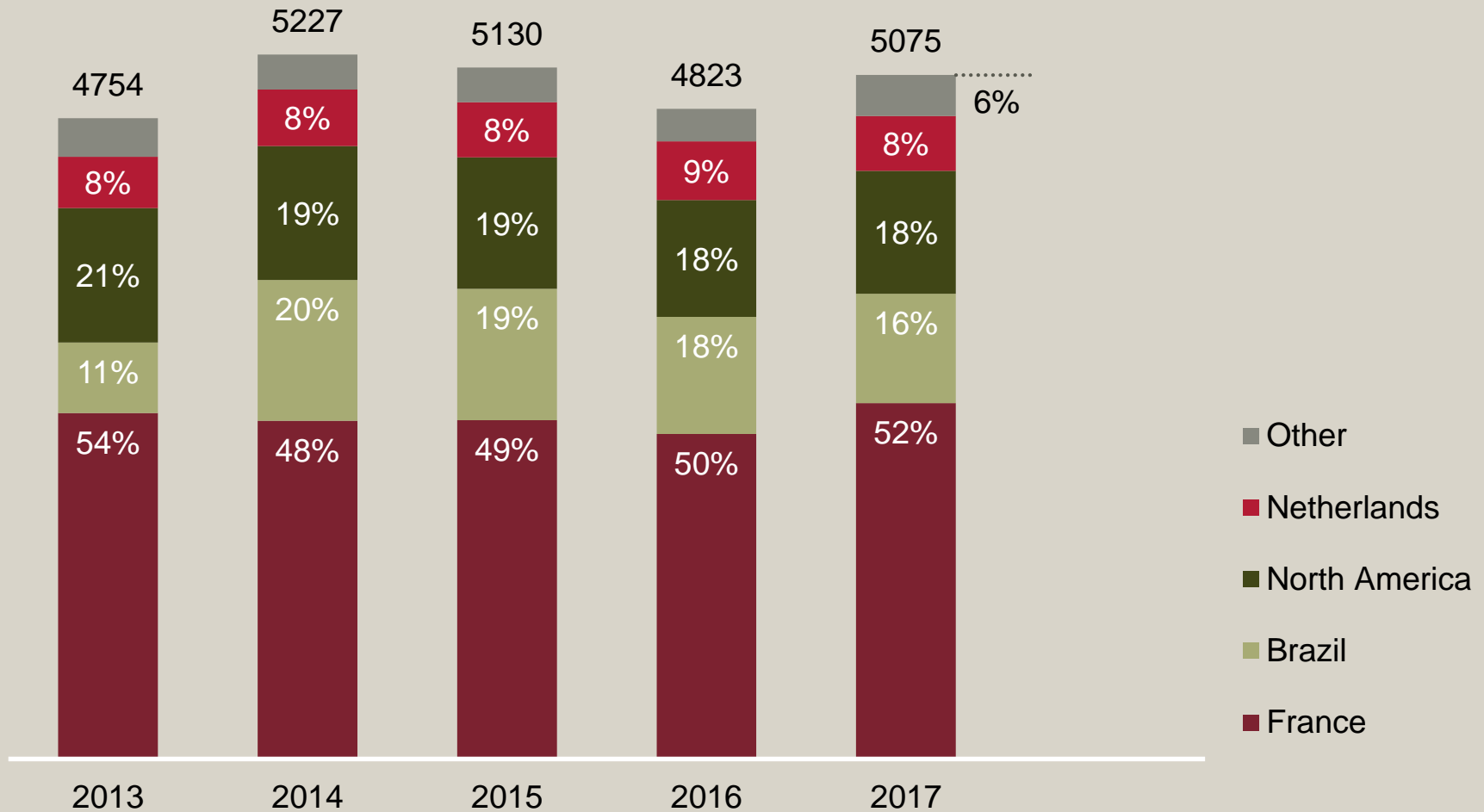


# Kuhn Group

## Number of employees by region

**BUCHER**

Employees<sup>1)</sup>



<sup>1)</sup> Expressed in full-time equivalents; average during year

# Kuhn Group

## World farm equipment market

**BUCHER**



Equipment market  
(in value)

%

Farm tractors

29

Harvesting machinery

16

Hay & silage making  
machinery

7

Tillage

7

Seeding, planting,  
fertilizing and spraying  
machinery

10

Other ag. machinery +  
attachments & parts

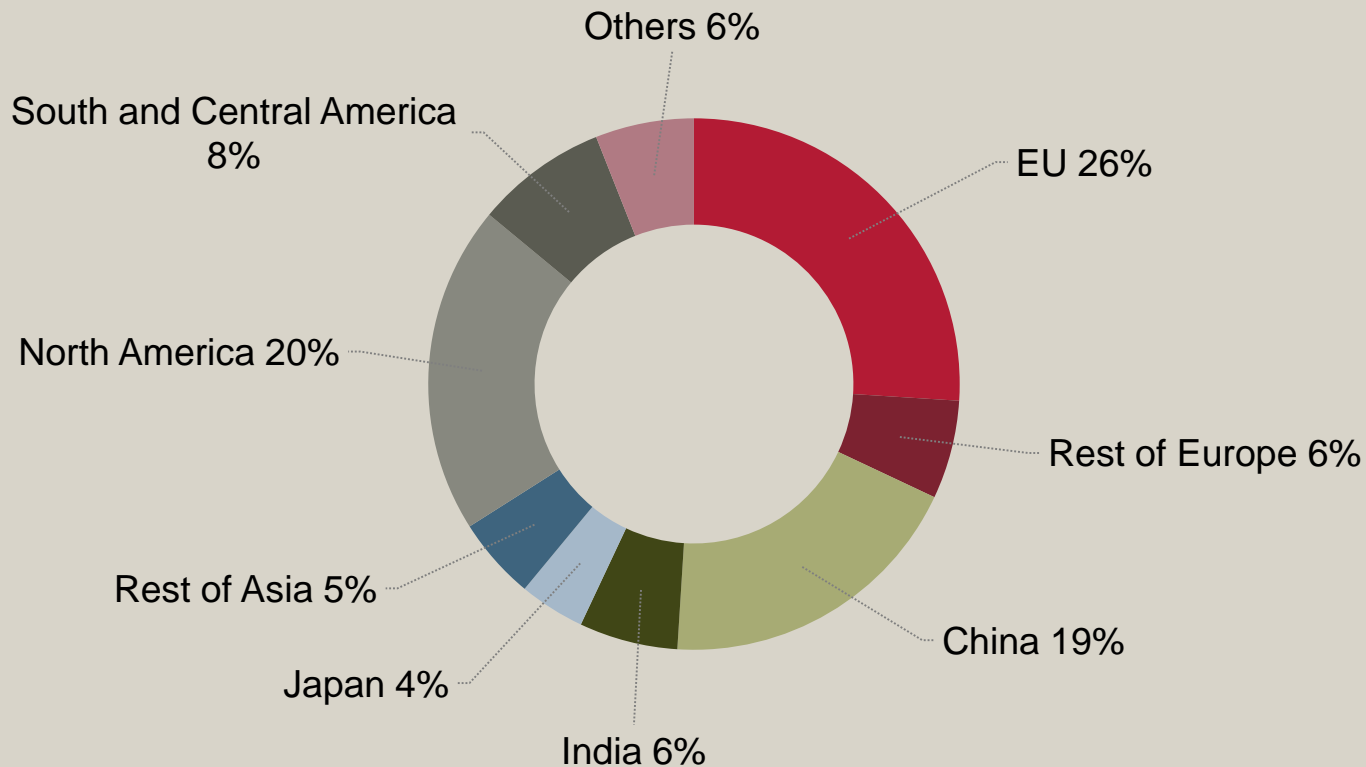
31

Source: Freedonia

# Kuhn Group

## World farm equipment market

By region 2017 (VDMA estimate in value)



Source: VDMA

# Kuhn Group

## Complete product range under one brand

**BUCHER**

Competitors	Hay and forage		Balers	Hedge cutters	Feed mixers	Tillage equipment		Seeders		Spreaders	Sprayers	Tractors	Harvesters self-propelled
	Mowers	Tedders				driven	non-driven	drilling	precision				
<b>Kuhn Group</b>													
John Deere													
CNH													
AGCO													
Claas													
Krone													
Amazone													
Pöttinger													
Kubota/KVE													
Exel / Hardi													
Lemken													
Horsch													
Väderstad													
Sulky													

# Kuhn Group

## Market position

### Kuhn Group

**World's leading manufacturer of specialised and tractor-related agricultural equipment.**



- Market share of 30% or more depending on product family and region.
- Comprehensive range of agricultural machinery.
- World market leader in hay and forage harvesting machinery and feed mixers.
- Leader in tillage equipment, fertilisation and feeding technology.
- Strong position in Europe and in North and South America.
- Extensive and independent network of dealers.
- Sold throughout the world under the Kuhn brand.

# 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 Municipal vehicles and winter maintenance equipment

**BUCHER**

## Sweeper equipment



Compact sweepers



Truck-mounted sweepers

## Winter equipment



Spreaders

Ploughs

## Special vehicles



Sewer cleaning

Refuse collection

# Bucher Municipal

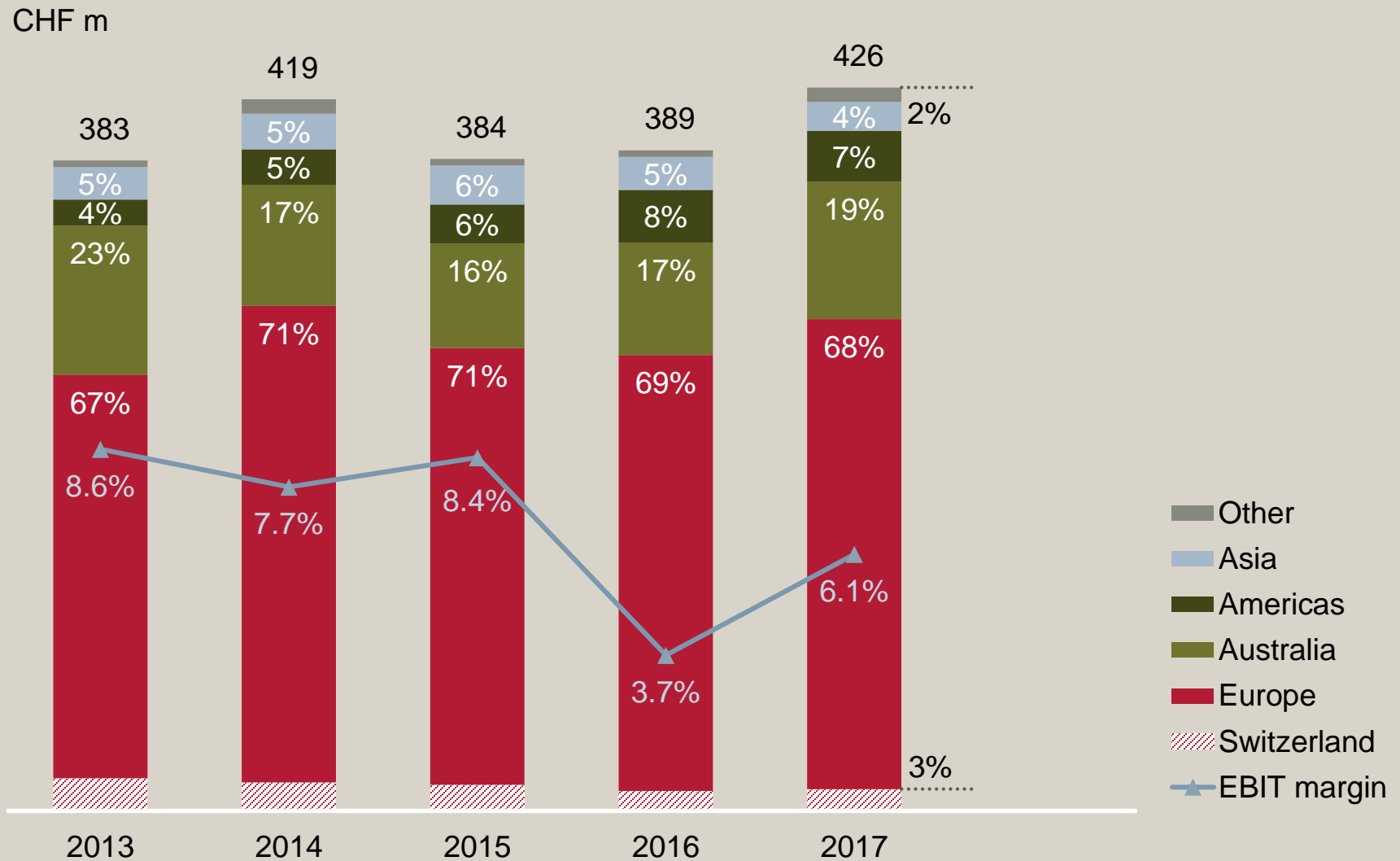
## 2017 in brief

- 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

## Net sales by region

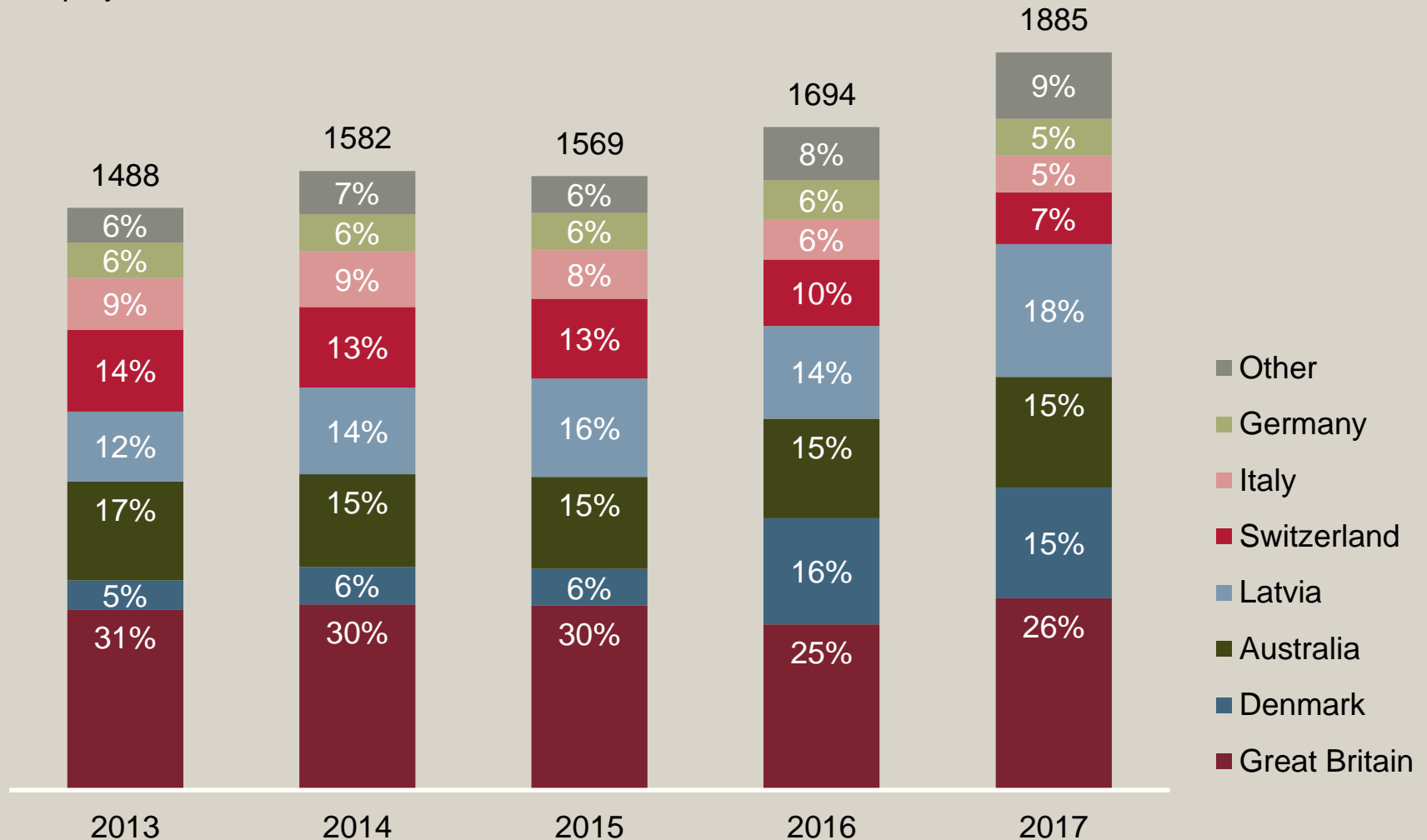
**BUCHER**



# Bucher Municipal

## Number of employees by region

Employees<sup>1)</sup>



<sup>1)</sup> Expressed in full-time equivalents; average during year

# Bucher Municipal

## Complete product range

Competitors	Sweepers				Refuse vehicles			Winter maintenance			Vacuum tankers	
	Vacuum		Mechanical		Front	Rear	Side	Spreaders	Ploughs	Snow Blowers	Municipal	Industry
	Compact	TM	Compact	TM								
<b>Bucher Municipal</b>												
Federal Signal												
Alamo												
Douglas Dynamics												
Terberg-RosRoca												
Aebi-Schmidt												
Faun												
Fayat												
Hako												
Boschung												
Cappellotto												
Kaiser												
Zoomlion												

# Bucher Municipal Market position

## Bucher Municipal

**Leading supplier of municipal vehicles for use in cleaning and clearance work in public and private traffic areas.**



- Comprehensive offering for the municipal vehicles market.
- Market leader in Europe.  
Some market shares higher than 30%.
- European market leader in sweepers.  
Strong presence in Great Britain.
- Market leader in refuse collection vehicles in Australia.  
Market shares well over 30%.

# 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.



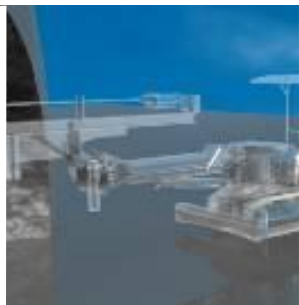
# Bucher Hydraulics

## Customised drive systems

**BUCHER**



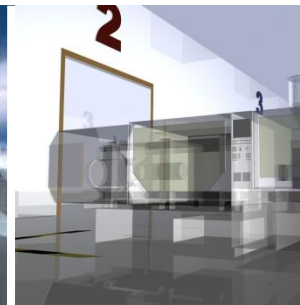
Agricultural  
machinery



Mining /  
tunnelling



Energy  
technology



Industry



Municipal  
vehicles



Lift gates



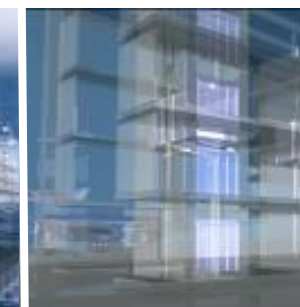
Construction  
equipment



Materials  
handling



Marine/offshore



Elevator  
technology



High-voltage  
switch gear



Dyna-Lift



# Bucher Hydraulics

## 2017 in brief

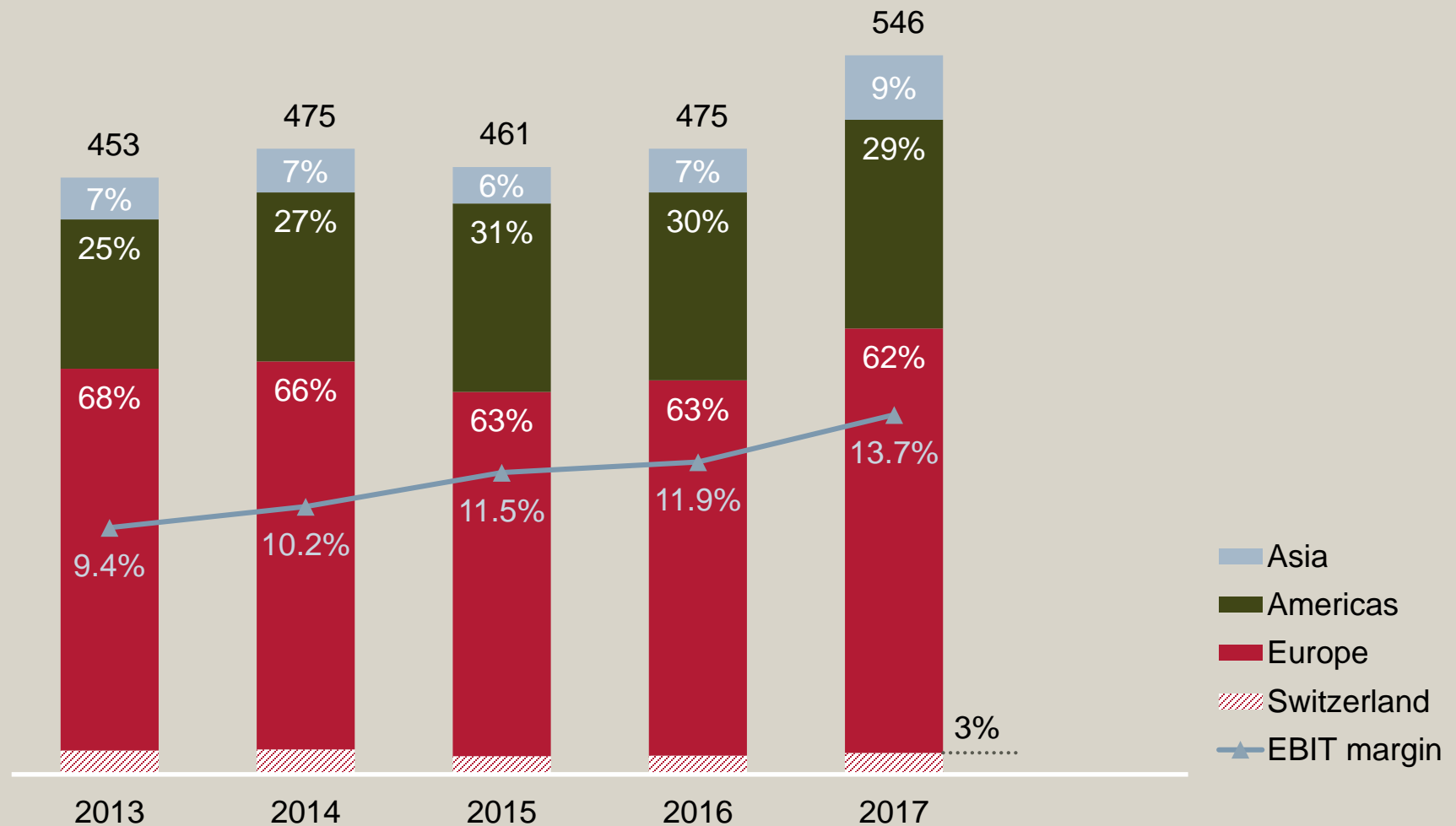
- Increasing demand in construction machinery, industrial hydraulics, agricultural engineering and materials handling segments.
- Germany has recovered after five years of stagnation.
- Positive development in North America, India and China.
- Outstanding operational performance with sales growth of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

# Bucher Hydraulics

## Net sales by region

**BUCHER**

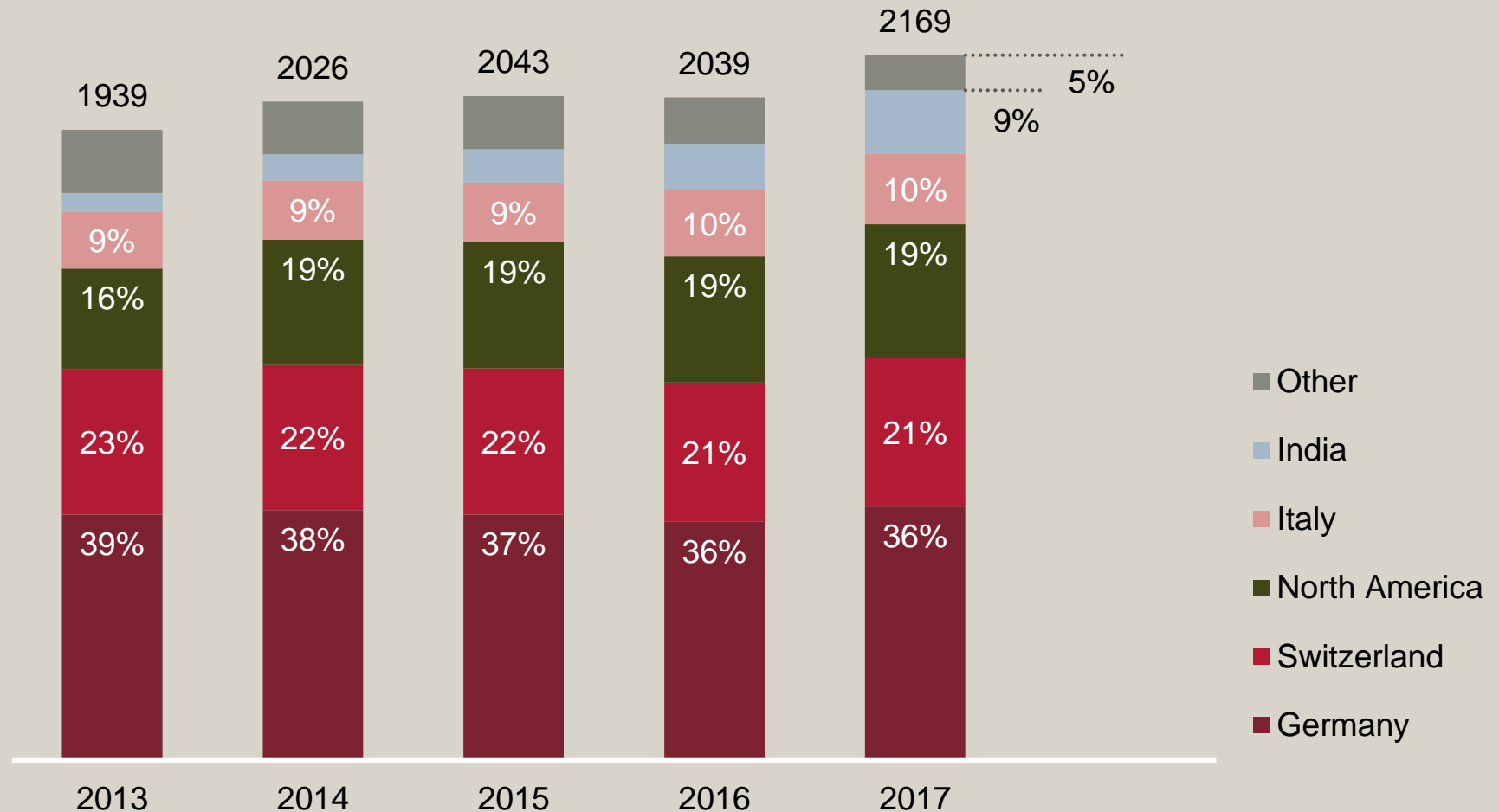
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# Bucher Hydraulics

## Number of employees by region

Employees<sup>1)</sup>



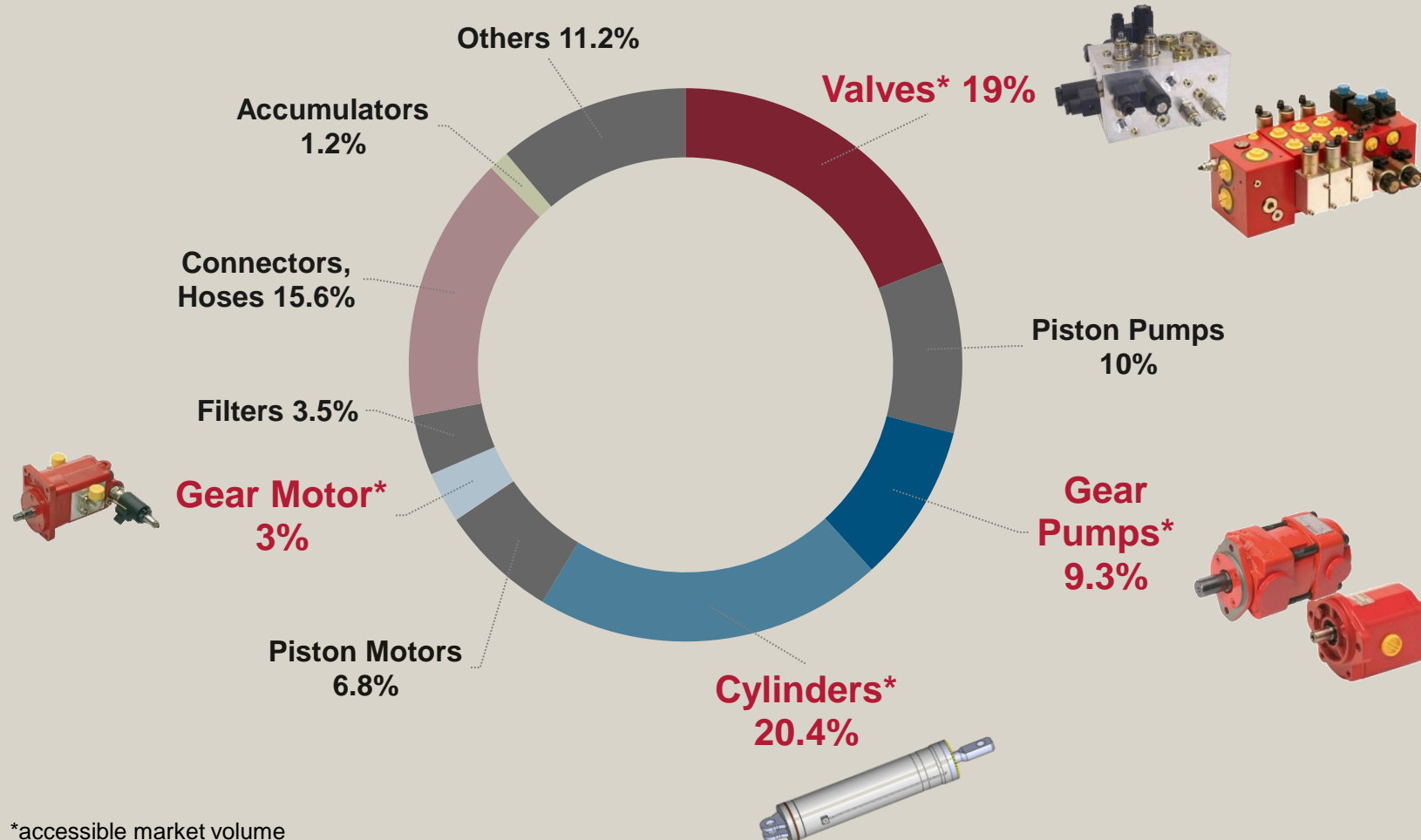
<sup>1)</sup> Expressed in full-time equivalents; average during year

# Bucher Hydraulics

## World hydraulics component market

**BUCHER**

Total EUR 29 billion



# Bucher Hydraulics

## Complete product range

Competitors	Pumps			Valves						Motors & cylinders			Accessories				Power packs	
	Piston	Vane	Gear	Industrial (Cetop)	Servo	Directional-spool	Cartridge	HIC	Special	Gear	Piston	Cylinders	Electronics	Accumulators	Filters	Other	Compact	Contracting
<b>Bucher Hydraulics</b>																		
Parker (USA)																		
Eaton (USA)																		
Rexroth (DE)																		
Danfoss (DK)																		
Hydac (DE)																		
HAWE (DE)																		
Dana (IT)																		
Interpump (IT)																		
Argo-Hytos (DE)																		
Moog (USA)																		
Concentric (SE)																		
Husco (USA)																		
Sun Hydraulics (USA)																		
Hydraforce (USA)																		

# Bucher Hydraulics

## Market position

### Bucher Hydraulics

Leading international manufacturer of modern hydraulic systems.



- European market leader in mobile and elevator hydraulics. 10% to 20% market share across Europe in specialised areas of hydraulic engineering.
- Strong presence in the USA.
- Growth in Brazil, India and China.
- Concentration on customer-specific drive solutions.

# 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

## Glass container manufacturing equipment

**BUCHER**

**Hot End**



Gob forming



Glass-forming machine

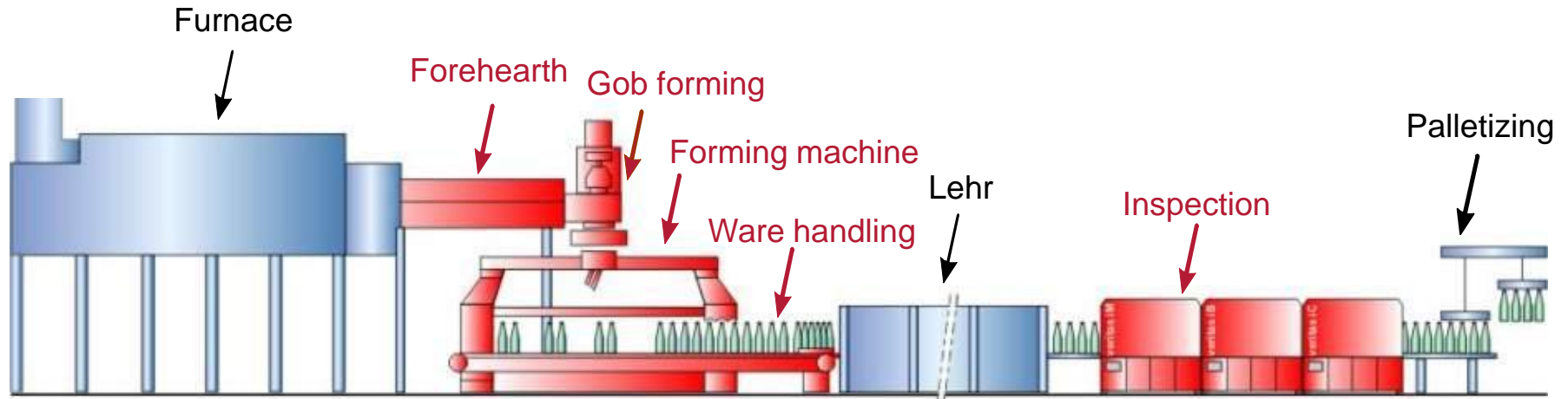


Ware handling

**Cold End**



Inspection



Glass container manufacturing process



# Bucher Emhart Glass

## 2017 in brief

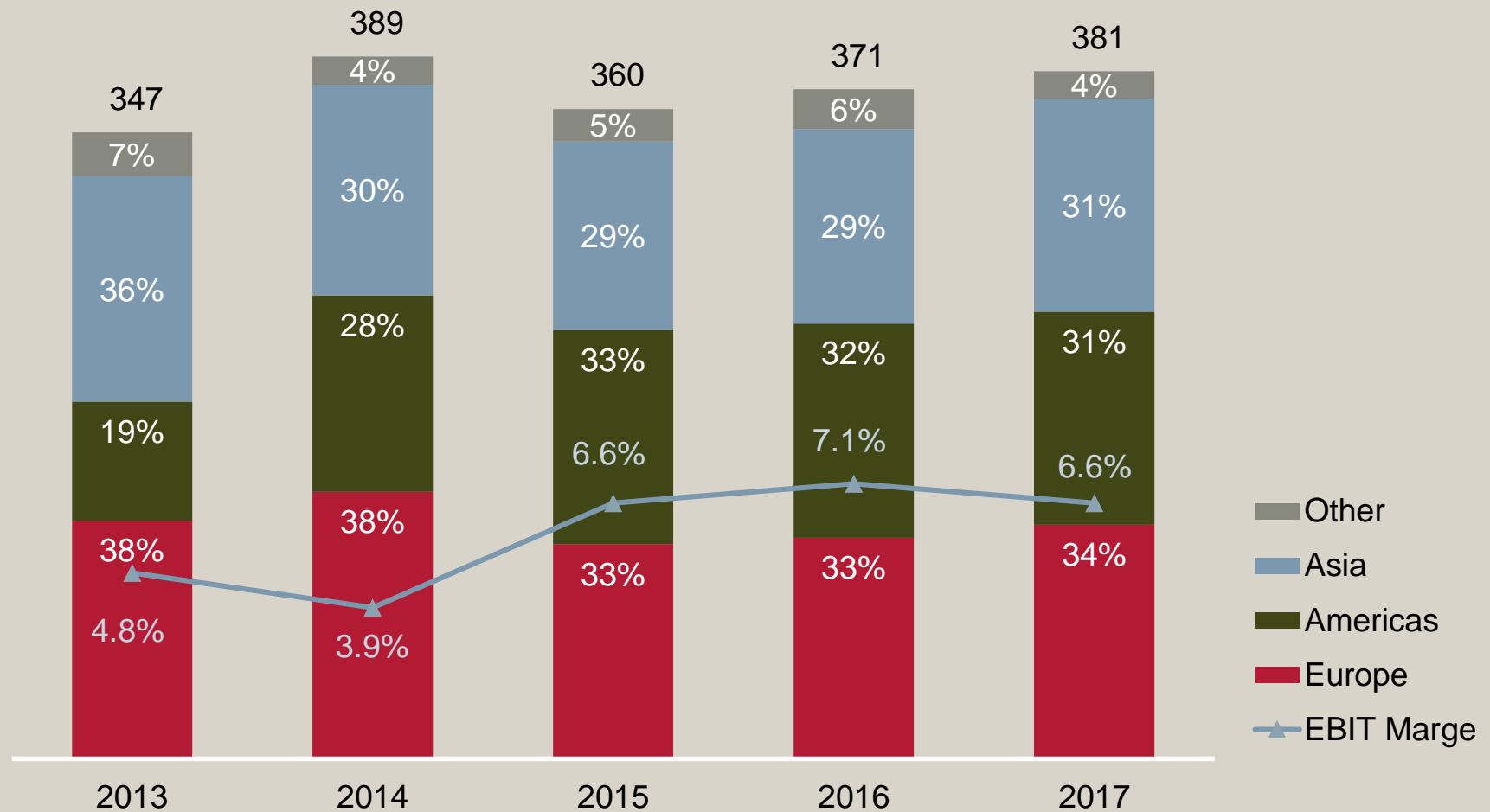
- Overall, demand for glass-forming and inspection machinery rose in nearly all markets.
- Good business performance, partly attributable to cooperation with O-I.
- Significant increase in order intake of 28%.
- Modest increase in sales of 3% due to long lead times in project business.
- EBIT margin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

# Bucher Emhart Glass

## Net sales by region

**BUCHER**

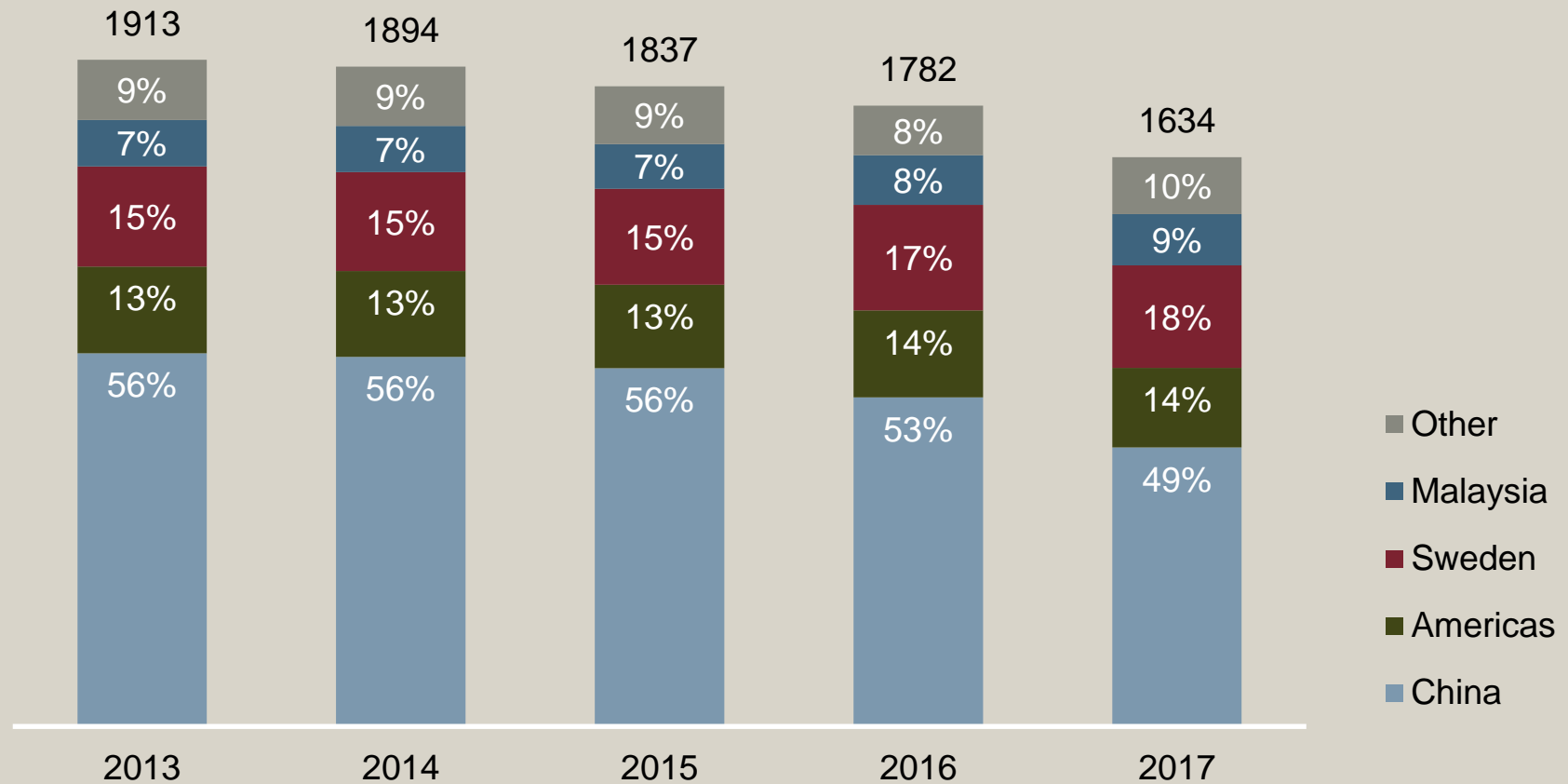
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# Bucher Emhart Glass

## Number of employees by region

Employees<sup>1)</sup>



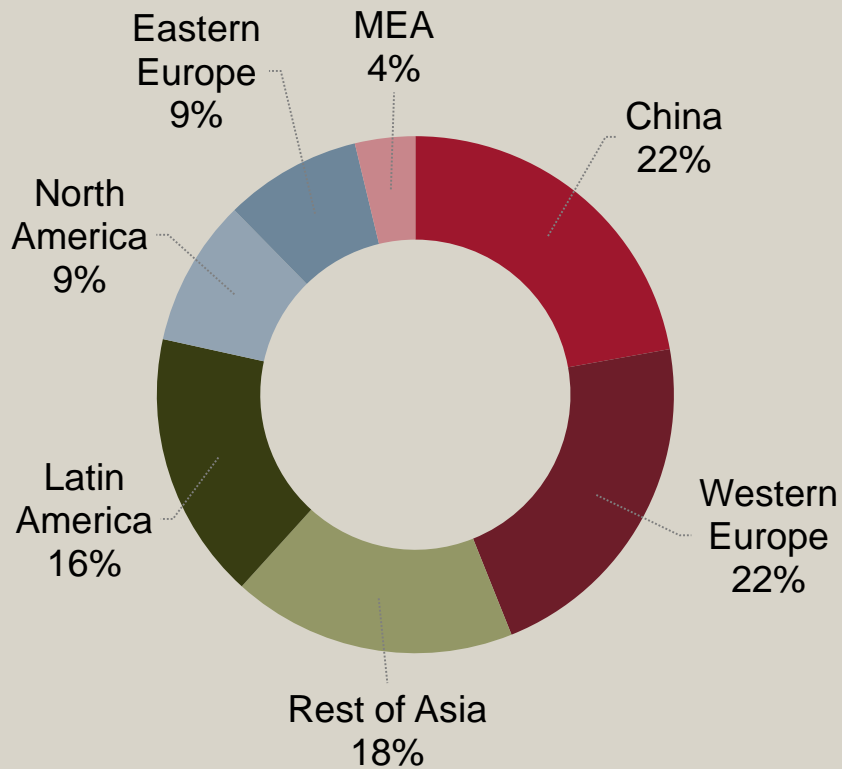
<sup>1)</sup> Expressed in full-time equivalents; average during year

# Bucher Emhart Glass

## Glass consumption per capita

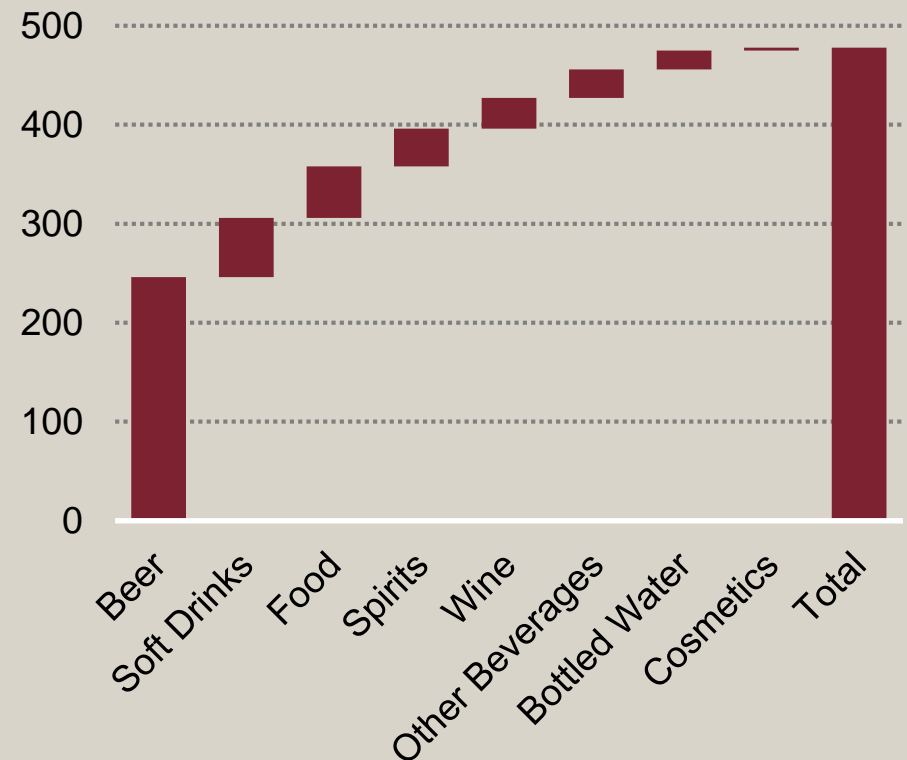
**BUCHER**

### Glass consumption per regions



### Glass consumption

Billion units



Source: Euromonitor International (2015)

# Bucher Emhart Glass

## World's leading machinery manufacturer

Competitors	Hot End								Cold End			
	IS forming machine											
	Refrac- tory	Fore- hearth	Feeder & shear	NIS	BIS	AIS	IS	Ware handling	Lehr	Inspec- tion	Palle- tising	Wrap- ping
<b>Bucher Emhart Glass</b>												
Bottero (IT)												
Heye (DE)												
Sklostroj (CZ)												
GPS (DE)												
BDF (IT)												
Mitbewerber (CN)												
Tiama (FR)												
PSR (UK)												

# Bucher Emhart Glass

## Market position

### Bucher Emhart Glass

**World's leading supplier of machinery, equipment and services for glass container manufacturers.**



- 50% market share worldwide for glass-forming machinery and servicing.
- Solid market position in inspection machines.
- Global partnership with O-I (USA), the world's biggest manufacturer of glass containers.

# 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 Vaslin



Winemaking equipment

## Bucher Unipektin



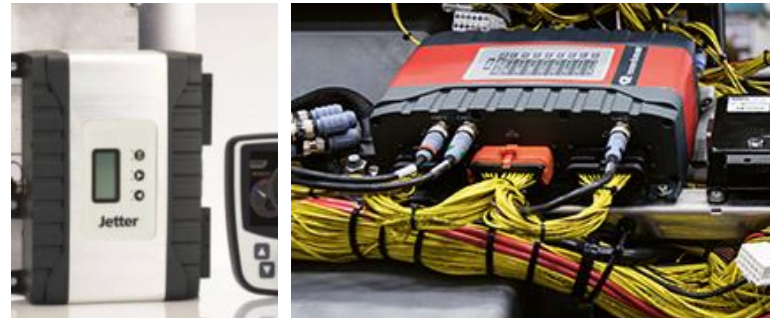
Fruit juice processing systems,  
beer filtration, drying equipment

## Bucher Landtechnik



Agricultural distributorship in Switzerland

## Jetter



Automation solutions

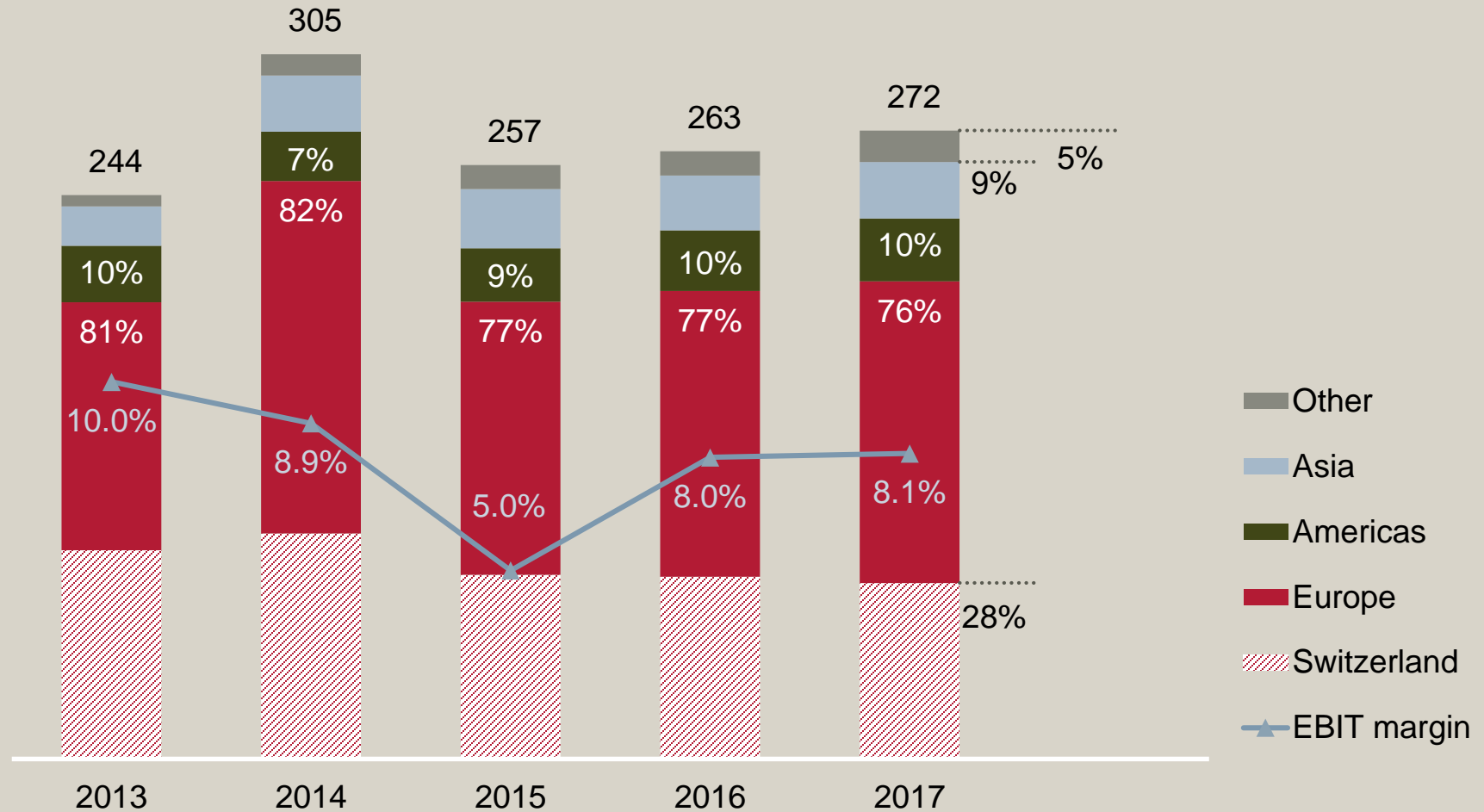


# Bucher Specials

## Net sales by region

**BUCHER**

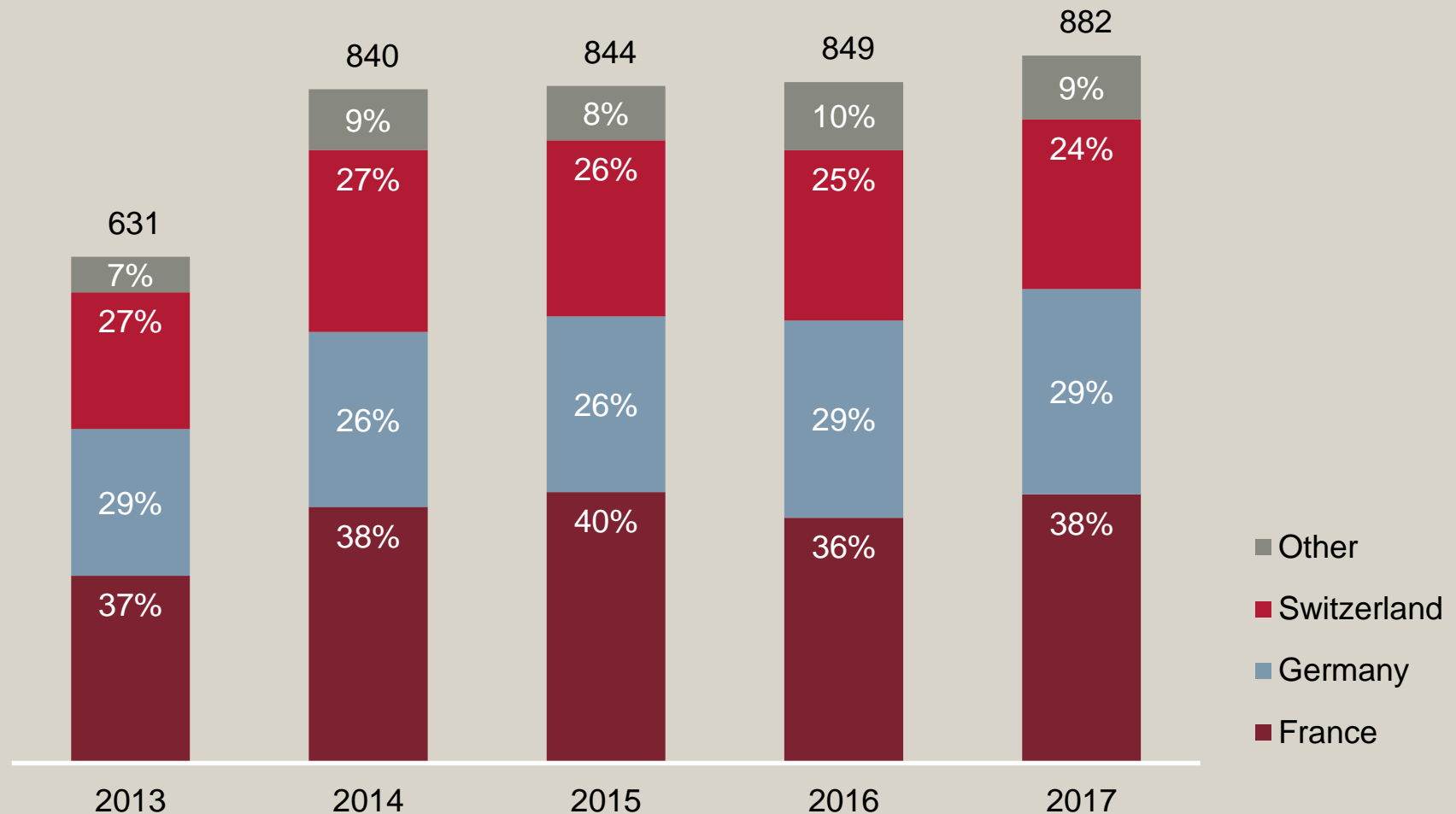
CHF m



# Bucher Specials

## Number of employees by region

Employees <sup>1)</sup>



<sup>1)</sup> Expressed in full-time equivalents; average during year

# 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 Vaslin

## World market leader in wine production

Competitors	Reception	Crushing	Pressing	Fermentation	Filtration	Filling
<b>Bucher Vaslin</b>						
Diemme (IT)						
Della/Toffola (IT)						
Pellenc/Pera (FR)						
Willmes (DE)						
Gai (IT)						

# Bucher Unipektin

## World market leader in juice production

Competitors	Reception	Milling	Mash heating	Dejuicing	Pasteurisation	Filtration	Adsorption	Evaporation
<b>Bucher Unipektin</b>								
Flottweg (DE)								
Bauer & Partners (PL)								
GEA Group (DE)								
Alfa Laval (SE)								
Schmidt-Bretten (DE)								
Bellmer (DE)								
Kaimi (CN)								

# Bucher Landtechnik

## Market leader in Switzerland

**BUCHER**

Competitors	Mowers	Hay and forage		Balers	Hedge cutters	Feed mixers	Tillage equipment		Seeders	Spreaders	Sprayers	Tractors	Harvesters self-propelled	Wheel-loaders
		Tedders	Rakes				driven	non-driven	drilling	precision				
<b>Bucher Landtechnik</b>	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn	Kuhn		Kuhn	CNH	<b>Weide-Mann, Merlo</b>
Matra (John Deere)														
GVS (AGCO)	Krone	Krone	Krone	Krone			Rabe	Rabe	Rabe	Rabe		Fendt / MF / Valtra	Fendt / MF / Krone	Bichon
Serco (Claas)														InTrac
Ott Landmaschinen	Kv	Kv	Kv	Kv		Kv	Amazone Kv	Amazone Kv	Amazone Kv	Amazone Kv	Amazone Rauch / Kv	Amazone Kv		
Pöttinger CH														

Kv = Kverneland

# Jetter

## Market position in Europe

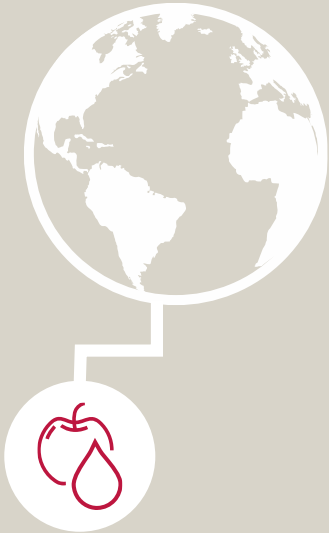
Competitors	Field level		Control level	Diagnostic level	Enterprise level
	Sensors	Actuators (amplifiers, motors, field devices)	Control systems	HMI's and Visualization	Enterprise- and manufacturing control (MES)
<b>Industrial automation</b>					
<b>Jetter</b>					
Siemens (DE)					
Schneider (FR)					
Beckhoff (DE)					
B&R (AT)					
<b>Mobile automation</b>					
<b>Jetter</b>		Cooperation with Bucher Hydraulics			
ifm (DE)					
Müller Elektronik (DE)					
Moba (DE)					

# Bucher Specials

## Market position

### Bucher Specials

**World market leader in fruit juice and wine production equipment.**



- **Bucher Vaslin** World market leader in wine production equipment.  
Market share ranges from 35% to 45% worldwide.
- **Bucher Unipektin** World market leader in fruit and vegetable juice processing equipment.  
Market share ranges from 35% to 45% worldwide.
- **Bucher Landtechnik** Swiss distributorship for tractors, agricultural attachments and farm loaders.  
Domestic market shares range from 20% to 30%.
- **Jetter** Industrial and mobile automation technology.  
Market shares around 3% in specific segments.



# 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.

# Outlook

- **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.**

# Medium-term earnings targets

<b>EBIT margin in %</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>targets</b>
Kuhn Group	14.9	12.1	10.2	8.0	8.6	<b>12</b>
Bucher Municipal	8.6	7.7	8.4	3.7	6.1	<b>8</b>
Bucher Hydraulics	9.4	10.2	11.5	11.9	13.7	<b>11</b>
Bucher Emhart Glass	4.8	3.9	6.6	7.1	6.6	<b>9</b>
Bucher Specials	10.0	8.9	5.0	8.0	8.1	<b>10</b>
<b>Bucher Industries</b>	<b>10.7</b>	<b>9.2</b>	<b>8.3</b>	<b>7.1</b>	<b>8.6</b>	<b>10</b>

## Group and divisions

RONOA after tax	19.3	15.8	11.5	9.7	13.2	<b>&gt;16</b>
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# Regionally varying trends demand a geographically adapted strategy

## Trends



### Developed countries

Efficiency / sustainability

### Emerging markets

Mechanisation / urbanisation

## Topics



- Innovation
- Sensors, data, functionalities

- Market access
- Localisation
- Compliance

## Selected projects



- Precision farming
- CityCat 2020ev
- End-to-end glass forming

- Kuhn Group in CIS
- Expansion of Bucher Hydraulics in India
- Selected acquisitions

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