BUCHER

Improved business performance in the first half of 2017

Dear Shareholders

The business performance and above all the outlook of Bucher Industries for the year as a whole improved in the first half of 2017. All the divisions with the exception of Bucher Specials contributed to the marked increase in order intake. Group sales were also up year on year. The operating profit margin remained at the same level as in the first half of 2016.

CHF million	January – June		change in			Full year
	2017	**2016**	**%**	**%[1]**	**%[2]**	**2016**
Order intake	1 267.0	1 088.1	16.4	17.5	16.3	2 386.1
Net sales	1 313.1	1 245.3	5.4	6.4	5.6	2 380.4
Order book	676.5	564.1	19.9	21.4	20.6	727.7
Operating profit before depreciation and amortisation (EBITDA)	159.7	153.9	3.8			262.5
as % of net sales	12.2%	12.4%				11.0%
Operating profit (EBIT)	114.6	107.4	6.7			169.3
as % of net sales	8.7%	8.6%				7.1%
Profit/(loss) for the period	86.8	73.0	18.9			118.4
as % of net sales	6.6%	5.9%				5.0%
Earnings per share in CHF	8.74	7.33	19.2			11.73
Operating free cash flow	– 30.1	– 30.9	2.6			189.5
Net cash/debt	– 15.7	– 148.6	89.4			61.4
Total assets	2 405.3	2 370.7	1.5			2 419.6
Equity	1 250.8	1 156.8	8.1			1 223.6
Equity ratio	52.0%	48.8%				50.6%
Return on equity (ROE)	11.0%	12.2%				10.0%
Net operating assets (NOA) average	1 284.8	1 276.6	0.6			1 293.1
Return on net operating assets (RONOA) after tax	13.6%	12.1%				9.7%
Number of employees at closing date	11 615	11 277	3.0		2.7	11 175

[1] Adjusted for currency effects
[2] Adjusted for currency and acquisition effects

Improved market mood The Group benefitted in the first half of 2017 from a more positive mood in its markets. There was evidence of greater confidence in the farming sector. The higher milk and stabilised meat prices had a positive impact on the dairy and livestock segments. In the arable segment, cereal prices also stabilised, albeit at a low level because of high stocks worldwide. The markets in western Europe, with the exception of France, developed positively, but in North America the tense situation among cereal producers persisted. The market for sweepers recovered in Europe and particularly in Great Britain, France and Germany. Demand for refuse collection vehicles revived in Australia, driven by the improved economic situation. In the hydraulic systems and components business, the market in practically all regions showed a marked upward trend. Demand for glass-forming and inspection machinery also developed well. The situation in the markets served by Bucher Specials presented a varied picture.

Pleasing business performance In the first half of 2017, the order intake at Bucher Industries showed pleasing growth. All the divisions, with the exception of Bucher Specials, contributed to this development. Kuhn Group reported a marked overall increase in order intake, particularly in North America. Bucher Municipal's business with municipal vehicles showed a pleasing trend, particularly in Europe, Australia and Russia. Bucher Hydraulics reported increased orders in the construction machinery, industrial hydraulics, materials handling and agricultural engineering segments. The positive development in glass-forming machinery and related spare parts underpinned the business performance of Bucher Emhart Glass. The four Bucher Specials business units developed along different lines. The business with winemaking equipment recorded a stable order intake, whereas the beverage technologies segment still faced volatility in its project business. The Swiss distributorship for agricultural machinery reported solid sales on a slightly declining order intake. The Group has been cooperating fully with the ongoing investigations of the Swiss Competition Commission (COMCO) at Bucher Landtechnik AG since mid-March 2017 and assisting in clearing the matter up. The pleasing growth trend in the business with solutions for mobile and industrial automation was sustained. Group order intake improved significantly, but the increase in sales remained at a lower level. The operating profit margin of 8.7% was adversely affected above all by higher material costs at Kuhn Group. The operating profit also contained a positive one-off effect of CHF 5 million from the reduction in the conversion rate of the Swiss pension fund. In combination with lower financial and tax expenses, Group profit for the period rose significantly.

Financial situation The seasonal increase in working capital and the dividend payout resulted in a negative free cash flow of CHF 79 million in the first half of 2017. The net liquidity decreased as of 30 June 2017 to minus CHF 16 million. It will increase again significantly towards the end of 2017 due to seasonal reasons. The Group invested CHF 25 million in organic growth in the reporting period. The main focus was on expansion of the production infrastructure as well as modernisation and automation of production plants. In addition, great emphasis was once more placed on the net operating assets. Together with the increased operating profit, return on net operating assets (RONOA) after tax improved to 13.6% (previous period: 12.1%). This was still significantly higher than the cost of capital, but below the long-term target of 16%. With an equity ratio of 52% and high liquid assets, the Group's financial independence and opportunities for further growth remain secure.

Board of Directors On 19 April 2017, the Annual General Meeting re-elected Philip Mosimann as Chairman of the Board of Directors. The General Meeting confirmed all the members standing for re-election to the Board of Directors and the Remuneration Committee. Ernst Bärtschi did not stand for re-election having served twelve years on the Board.

Sustainability Report 2016 For 210 years Bucher Industries' success has been built on a corporate strategy with a long-term outlook. The Sustainability Report 2016 published in June 2017 describes the Group's sustainability strategy and how it is put into practice in daily business. Four key topics – health and safety of our customers, impact of our machinery and systems on the environment, attracting and retaining diverse and highly qualified employees, and prevention of corruption and compliance with competition law – were identified as priorities for the core business. Specific sustainability goals for 2017 and 2018 were derived from the key topics.

The Sustainability Report 2016 is available in electronic form and can be downloaded from www.bucherindustries.com/en/investor-relations/sustainability-report.

Outlook for 2017 For the current year, the Group anticipates an improvement in the business performance compared with 2016. Kuhn Group expects a continued recovery in the market for agricultural equipment. For the second half of 2017, the division is reckoning with stable milk prices and therefore an increase on the previous year, which could continue to stimulate demand for hay and forage harvesting as well as feeding technology. Cereal prices and the market for agricultural machinery in this segment are likely to remain volatile. For 2017, the division anticipates an increase in sales and a year-on-year rise in operating profit margin, despite higher material costs. Bucher Municipal expects slightly lower demand for municipal vehicles in the second half. The concentration of sweeper production, due to be completed in the current year, the absence of one-off costs and a good level of capacity utilisation should have a favourable impact on profitability. The division therefore anticipates higher sales and an improvement in the operating profit margin for 2017 as a whole. Bucher Hydraulics is expecting the favourable market environment to be sustained. The division should achieve higher sales in the current year and, due to higher development expenditure, an operating profit margin on a par with the previous year. Bucher Emhart Glass expects demand to remain at a good level in the project business. The division will continue its measures to improve profitability and take the restructuring of the Chinese joint venture forward. The high order book will have a positive impact on sales growth in the second half of the year. For the 2017 business year as a whole, Bucher Emhart Glass anticipates sales growth and a slightly higher operating profit margin. Bucher Specials expects an improvement in business performance thanks to its beverage technologies and automation solutions. For 2017, the division is expecting a slight rise in sales and a somewhat lower operating profit margin, negatively affected by one-off costs. For the current year as a whole, the Group expects increased sales and an improved operating profit margin.

Niederweningen, 3 August 2017

Philip Mosimann
Chairman of the Board

Jacques Sanche
Chief Executive Officer

Kuhn Group

CHF million	January – June		change in		Full year
	2017	2016	%	%[1]	2016
Order intake	416.8	348.8	19.5	18.9	934.5
Net sales	592.0	559.2	5.9	6.0	930.0
Order book	194.9	157.0	24.1	23.6	371.1
Operating profit (EBITDA)	81.4	84.5	– 3.7		115.5
as % of net sales	13.7%	15.1%			12.4%
Operating profit (EBIT)	61.9	62.7	– 1.3		74.2
as % of net sales	10.5%	11.2%			8.0%
Number of employees at closing date	5 029	4 742	6.1		4 731

[1] Adjusted for currency effects

Improved market conditions The mood in the farming sector was noticeably more confident in the first half of 2017. Rising milk prices and stabilising meat prices had a positive effect on the dairy and livestock industries. In the arable segment, cereal prices stabilised, though at a low level owing to high stocks worldwide and restrained demand. The situation in western Europe developed generally positively, although France was still affected by the poor harvest of 2016. In North America, the crop production sector remained under pressure due to low grain prices and high stocks. The market for hay and forage harvesting as well as feeding technology began a slow recovery. The Brazilian market benefitted from record harvests. There were also positive developments in other South American countries, as well as Asia, Russia and Ukraine.

Strong increase in order intake Kuhn Group recorded a strong increase in order intake during the first half of 2017, particularly in North America. The positive impact of this trend resulted in steadily improving utilisation of production capacities and higher sales year on year. Operating profit was on a par with the previous year, while the operating profit margin decreased slightly. Over the last six months, the division was hit by rising steel costs, which could only partially be passed on to customers in the first half of the year. In addition, sales in North America continued to decline, despite the pleasing increase in order intake. The combination of these developments had a negative impact overall on Kuhn Group's operating profit margin.

Outlook for 2017 Kuhn Group expects a continued recovery in the market for agricultural equipment. For the second half of 2017, the division is reckoning with stable milk prices and therefore an increase on the previous year, which could continue to stimulate demand for hay and forage harvesting as well as feeding technology. Cereal prices and the market for agricultural machinery in this segment are likely to remain volatile. For 2017, the division anticipates an increase in sales and a year-on-year rise in operating profit margin, despite higher material costs.

Bucher Municipal

CHF million	January – June		change in			Full year
	2017	2016	%	%[1]	%[2]	2016
Order intake	219.8	171.7	28.0	31.0	23.5	381.0
Net sales	181.0	174.9	3.5	6.1	0.3	389.2
Order book	141.2	106.7	32.3	35.6	31.5	104.1
Operating profit (EBITDA)	9.8	9.2	6.5			24.8
as % of net sales	5.4%	5.2%				6.4%
Operating profit (EBIT)	4.4	4.2	4.8			14.5
as % of net sales	2.4%	2.4%				3.7%
Number of employees at closing date	1840	1740	5.7		3.6	1746

[1] Adjusted for currency effects
[2] Adjusted for currency and acquisition effects

Market recovery The first half of 2017 saw a revival in demand for sweepers in Europe, particularly in Great Britain, France and Germany. The market for sewer cleaning vehicles was stable. Demand for winter maintenance equipment was constant year on year, though it remained at a low level. The situation in Russia improved, while demand for refuse collection vehicles rose in Australia on the basis of a brighter economic situation.

Pleasing business performance The overall performance of the business with municipal vehicles showed a pleasing trend in the first half of 2017, particularly in Europe, Australia and Russia. There was a very pleasing upturn in Bucher Municipal's order intake compared with the same period a year ago. Organic growth and consolidation of the previous year's acquisitions were contributing factors. Sales showed only a modest rise, but there was a marked increase in capacity utilisation at the production plants. Bucher Municipal's operating profit margin was unchanged compared with the same period of last year at 2.4%. This was subject to pressure due to the challenge of concentrating sweeper production in Latvia and Great Britain at the same time as coping with a strong short-term rise in order intake. The division's profitability was also influenced by the cost of realignment of the winter maintenance business and the effect of the weak pound sterling on the business with sewer cleaning vehicles.

Electric sweeper Bucher Municipal's fully electric CityCat 2020ev sweeper was launched successfully in the first half of the year. With this vehicle, carbon dioxide emissions can be reduced by around 26 tonnes annually and noise by 75%. Operating costs are also about 70% lower than diesel-powered models because costly regular engine maintenance is unnecessary.

Outlook for 2017 Bucher Municipal expects slightly lower demand for municipal vehicles in the second half of the year. The concentration of sweeper production, due to be completed in the current year, the absence of one-off costs and a good level of capacity utilisation should have a favourable impact on profitability. The division therefore anticipates higher sales and an improvement in the operating profit margin for 2017 as a whole.

Bucher Hydraulics

CHF million	January – June		change in		Full year
	2017	**2016**	**%**	**%[1)]**	**2016**
Order intake	288.9	254.5	13.5	14.6	481.7
Net sales	272.9	254.1	7.4	8.4	475.2
Order book	97.7	76.4	27.9	29.2	82.4
Operating profit (EBITDA)	48.9	42.5	15.1		76.1
as % of net sales	17.9%	16.7%			16.0%
Operating profit (EBIT)	39.1	32.9	18.8		56.6
as % of net sales	14.3%	13.0%			11.9%
Number of employees at closing date	2 159	2 053	5.2		2 061

1) Adjusted for currency effects

Rising trend in the markets The market for hydraulic systems and components showed a significant upturn in almost all regions in the first half of 2017. Demand developed favourably overall in Europe and North America. India also benefitted from a rising market trend and in China demand rose on a revival of construction activity, particularly in construction machinery. This market segment, along with industrial hydraulics and agricultural engineering, grew strongly year on year, but there were also signs of positive impetus in materials handling.

Pleasing profitability Bucher Hydraulics enjoyed a very successful first half of 2017. All locations across the division contributed to the good level of order intake. The division's order book was at its highest for six years. Sales also showed a year-on-year increase. This strong growth trend was driven by increased demand in the construction machinery, industrial hydraulics, materials handling and agricultural engineering segments. Bucher Hydraulics responded successfully to the challenge of the increased order volume. This resulted in a gratifying operating profit margin of 14.3%.

Optimised competitiveness Bucher Hydraulics is striving to maintain the competitiveness of the two Swiss production sites as well as their contribution to a healthy profitability of the division. Mechanical manufacturing, currently divided between two sites, will be concentrated at a single location. The first steps in the transfer of production from the Neuheim plant to Frutigen have already been taken, and the move will be completed during the coming year.

Outlook for 2017 Bucher Hydraulics is expecting the favourable market environment to be sustained. The division should achieve higher sales in the current year and, due to increased development expenditure, an operating profit margin on a par with the previous year.

Bucher Emhart Glass

CHF million	January – June		change in		Full year
	2017	**2016**	**%**	**%[1]**	**2016**
Order intake	235.3	183.0	28.6	31.4	350.9
Net sales	165.9	158.3	4.8	7.0	370.8
Order book	175.8	153.2	14.8	17.3	107.9
Operating profit (EBITDA)	13.6	16.0	– 15.0		38.9
as % of net sales	8.2%	10.1%			10.5%
Operating profit (EBIT)	8.0	10.0	– 20.0		26.3
as % of net sales	4.8%	6.3%			7.1%
Number of employees at closing date	1 625	1 794	– 9.4		1 757

[1] Adjusted for currency effects

Positive market mood The first half of 2017 saw a pleasing development of the market for glass-forming and inspection machinery. The important European market remained at a high level. In Central and South America as well as large parts of Asia, demand for systems for the glass container industry increased. The Chinese market recovered slowly, but remained at a low level. Demand in the spare parts and service business for glass-forming machinery rose in all regions.

Increase in order intake Compared with the same period a year ago, order intake at Bucher Emhart Glass showed a significant improvement in the first half of 2017. However, the increase in sales was less marked because many of the orders taken are not due for delivery until the second half of the current year. The generally good level of demand for glass-forming machinery and spare parts and the successful cooperation with the O-I glassworks benefitted the division's business performance. Sanjin, the Chinese joint venture, was able to increase sales thanks to its strong position in the domestic market and higher demand. The restructuring of Sanjin, initiated the previous year, went according to plan in the first half of 2017 but resulted in one-off costs of CHF 2 million in connection with inventory valuation adjustments. These costs and the low profitability overall at Sanjin resulted in a year-on-year reduction in the operating profit margin.

Outlook for 2017 Bucher Emhart Glass expects demand to remain at a good level in the project business. The division will continue its measures to improve profitability and take the restructuring of the Chinese joint venture forward. The high order intake will have a positive impact on sales growth in the second half of the year. For the 2017 business year as a whole, Bucher Emhart Glass anticipates sales growth and a slightly higher operating profit margin.

Bucher Specials

CHF million	January – June		change in		Full year
	2017	**2016**	**%**	**%[1)]**	**2016**
Order intake	127.7	153.2	−16.6	−16.0	288.5
Net sales	128.5	124.5	3.2	3.9	263.3
Order book	75.0	79.8	−6.0	−5.2	76.1
Operating profit (EBITDA)	9.9	12.5	−20.8		26.9
as % of net sales	7.7%	10.0%			10.2%
Operating profit (EBIT)	7.1	9.5	−25.3		21.1
as % of net sales	5.5%	7.6%			8.0%
Number of employees at closing date	900	886	1.6		817

1) Adjusted for currency effects

Mixed market situation In the first half of 2017, developments in the Bucher Specials markets varied. Although demand for winemaking equipment was generally stable, it was negatively affected in the important French market by changes in the framework conditions of the Macron subsidy programme and adverse weather conditions. The market for beverage technologies recovered slightly, but remained volatile overall because of difficulties experienced by customers with project financing. The Swiss market for agricultural equipment remained stable on the whole. Demand for mobile and industrial automation solutions showed a pleasing trend.

Diverse business development Order intake at Bucher Specials decreased year on year. Sales, by contrast, were slightly higher than in the first half of 2016. The operating profit margin was negatively affected mainly by higher material costs. The result was also adversely influenced by provisions for legal costs in connection with the investigation of the Swiss Competition Commission (COMCO). The Group has been cooperating with COMCO's ongoing investigations at Bucher Landtechnik AG since mid-March 2017 and assisting in clearing the matter up. The division's four business units developed along different lines. While Bucher Vaslin reported a stable order intake in its business with winemaking equipment, sales were at a lower level owing to the challenging market situation in France and the spring frost in the northern hemisphere. The beverage technologies offered by Bucher Unipektin continued to be exposed to the volatility of the project-related business. Bucher Landtechnik, the Swiss distributorship for agricultural machinery, reported a slightly lower order intake and solid sales. The pleasing growth of Jetter's business with solutions for mobile and industrial automation continued in the first half of 2017.

Outlook for 2017 Bucher Specials expects an improvement in business performance thanks to its beverage technologies and automation solutions. For 2017, the division is expecting a slight rise in sales and a somewhat lower operating profit margin, negatively affected by one-off costs.

Consolidated financial statements

Consolidated balance sheet

CHF million	30 June 2017	30 June 2016	31 December 2016
Cash and cash equivalents	310.0	225.1	390.6
Other financial assets	28.7	28.9	27.3
Trade receivables	445.9	453.3	389.5
Current income tax assets	22.6	23.0	24.9
Other receivables	67.6	65.3	53.4
Inventories	631.5	655.4	600.1
Current assets	**1 506.3**	**1 451.0**	**1 485.8**
Long-term receivables	7.1	2.9	8.4
Property, plant and equipment	577.1	581.6	595.1
Intangible assets	232.1	245.5	246.4
Other financial assets	10.7	12.0	11.5
Investments in associates	12.5	11.8	11.6
Deferred income tax assets	59.5	65.9	60.8
Non-current assets	**899.0**	**919.7**	**933.8**
Assets	**2 405.3**	**2 370.7**	**2 419.6**
Financial liabilities	67.8	70.9	40.7
Trade payables	239.8	230.5	215.6
Advances from customers	84.5	80.4	164.7
Provisions	57.0	53.0	58.5
Other liabilities	220.9	214.9	189.9
Current income tax liabilities	35.3	33.2	28.3
Current liabilities	**705.3**	**682.9**	**697.7**
Financial liabilities	286.6	331.7	315.8
Provisions	14.2	13.7	14.4
Other liabilities	19.6	19.7	20.1
Deferred income tax liabilities	50.3	58.4	51.4
Retirement benefit obligations	78.5	107.5	96.6
Non-current liabilities	**449.2**	**531.0**	**498.3**
Attributable to owners of Bucher Industries AG	1 217.4	1 121.2	1 187.9
Attributable to non-controlling interests	33.4	35.6	35.7
Equity	**1 250.8**	**1 156.8**	**1 223.6**
Liabilities and equity	**2 405.3**	**2 370.7**	**2 419.6**

Consolidated income statement

CHF million

January – June	2017	%	2016	%
Net sales	**1 313.1**	**100.0**	**1 245.3**	**100.0**
Changes in inventories of finished goods and work in progress	24.3		28.2	
Raw materials and consumables used	– 666.2		– 616.9	
Employment costs	– 355.3		– 346.5	
Other operating income	8.5		8.3	
Other operating expenses	– 164.7		– 164.5	
Operating profit before depreciation and amortisation (EBITDA)	**159.7**	**12.2**	**153.9**	**12.4**
Depreciation	– 36.7		– 36.3	
Amortisation	– 8.4		– 10.2	
Operating profit (EBIT)	**114.6**	**8.7**	**107.4**	**8.6**
Share of profit/(loss) of associates	0.7		0.7	
Finance costs	– 3.3		– 7.8	
Finance income	2.0		1.3	
Profit before tax	**114.0**	**8.7**	**101.6**	**8.2**
Income tax expense	– 27.2		– 28.6	
Profit/(loss) for the period	**86.8**	**6.6**	**73.0**	**5.9**
Attributable to owners of Bucher Industries AG	88.5		74.2	
Attributable to non-controlling interests	– 1.7		– 1.2	
Basic earnings per share in CHF	8.74		7.33	
Diluted earnings per share in CHF	8.73		7.32	

Consolidated statement of comprehensive income

CHF million

January – June	2017	2016
Profit/(loss) for the period	**86.8**	**73.0**
Change in actuarial gains/(losses) on defined benefit pension plans	14.9	–24.0
Income tax	–3.3	5.5
Change in actuarial gains/(losses) on defined benefit pension plans net of tax	**11.6**	**–18.5**
Items that will not be transferred subsequently to income statement	**11.6**	**–18.5**
Change in cash flow hedge reserve	1.0	0.9
Transfer to income statement	0.7	–0.3
Income tax	–1.0	–1.0
Change in cash flow hedge reserve net of tax	**0.7**	**–0.4**
Change in currency translation reserve	–24.3	5.7
Transfer to income statement	–	–
Change in currency translation reserve	**–24.3**	**5.7**
Items that may be transferred subsequently to income statement	**–23.6**	**5.3**
Other comprehensive income	**–12.0**	**–13.2**
Comprehensive income	**74.8**	**59.8**
Attributable to owners of Bucher Industries AG	77.1	62.0
Attributable to non-controlling interests	–2.3	–2.2

Consolidated cash flow statement

CHF million

January – June	2017	2016
Profit/(loss) for the period	**86.8**	**73.0**
Income tax expense	27.2	28.6
Net interest expense	1.2	3.9
Share of profit/(loss) of associates	– 0.7	– 0.7
Depreciation and amortisation	45.1	46.5
Other operating cash flow items	1.4	0.8
Gain on sale of non-current assets	– 0.1	– 0.6
Interest received	1.2	0.6
Interest paid	– 1.0	– 2.5
Income tax paid	– 18.2	– 13.6
Change in provisions and retirement benefit obligations	– 4.1	5.4
Change in receivables	– 75.1	– 28.0
Change in inventories	– 40.2	– 39.1
Change in advances from customers	– 80.9	– 92.1
Change in payables	56.5	19.0
Other changes in working capital	– 5.1	– 6.7
Net cash flow from operating activities	**– 6.0**	**– 5.5**
Purchases of property, plant and equipment	– 23.5	– 25.8
Proceeds from sale of property, plant and equipment	1.0	1.6
Purchases of intangible assets	– 1.6	– 1.2
Purchases of other financial assets	– 1.3	– 0.3
Proceeds from sale of other financial assets	1.2	1.0
Acquisition	–	– 41.9
Dividend received	–	0.1
Net cash flow from investing activities	**– 24.2**	**– 66.5**
Purchases of treasury shares	–	– 3.4
Proceeds from sale of treasury shares	2.1	1.4
Proceeds from non-current financial liabilities	0.7	5.4
Repayment of non-current financial liabilities	– 3.7	– 13.1
Proceeds from current financial liabilities	31.3	26.0
Repayment of current financial liabilities	– 31.4	– 9.5
Dividend paid	– 50.7	– 56.1
Net cash flow from financing activities	**– 51.7**	**– 49.3**
Effect of exchange rate changes	1.3	0.2
Net change in cash and cash equivalents	**– 80.6**	**– 121.1**
Cash and cash equivalents at 1 January	390.6	346.2
Cash and cash equivalents at 30 June	**310.0**	**225.1**

Consolidated statement of changes in equity

CHF million	Share capital	Retained earnings	Treasury shares	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Attributable to owners of Bucher Industries AG	Non-controlling interests	Total equity
Balance at 1 January 2016	**2.1**	**1 477.9**	**−12.4**	**−353.8**	**4.2**	**−2.0**	**1 116.0**	**38.1**	**1 154.1**
Profit/(loss) for the period		74.2					74.2	−1.2	**73.0**
Other comprehensive income		−18.5		6.7	–	−0.4	−12.2	−1.0	**−13.2**
Comprehensive income		**55.7**		**6.7**	**–**	**−0.4**	**62.0**	**−2.2**	**59.8**
Change in treasury shares		–	−3.4				−3.4		**−3.4**
Share-based payments		1.3	1.1				2.4		**2.4**
Dividend		−55.7					−55.7	−0.4	**−56.1**
Balance at 30 June 2016	**2.1**	**1 479.2**	**−14.7**	**−347.1**	**4.2**	**−2.4**	**1 121.3**	**35.5**	**1 156.8**
Balance at 1 January 2017	**2.1**	**1 537.9**	**−17.7**	**−338.5**	**4.7**	**−0.6**	**1 187.9**	**35.7**	**1 223.6**
Profit/(loss) for the period		88.5					88.5	−1.7	**86.8**
Other comprehensive income		11.6		−23.7	–	0.7	−11.4	−0.6	**−12.0**
Comprehensive income		**100.1**		**−23.7**	**–**	**0.7**	**77.1**	**−2.3**	**74.8**
Change in treasury shares		–	–				–		**–**
Share-based payments		2.3	0.8				3.1		**3.1**
Dividend		−50.7					−50.7	–	**−50.7**
Balance at 30 June 2017	**2.1**	**1 589.6**	**−16.9**	**−362.2**	**4.7**	**0.1**	**1 217.4**	**33.4**	**1 250.8**

Notes to the consolidated financial statements

Financial position and results of operations Bucher Industries benefitted in the first half of 2017 from the improved market mood and increased the order intake by 16.4% to CHF 1 267.0 million. All the divisions, with the exception of Bucher Specials, contributed to this development. Adjusted for currency and acquisition effects the increase was 16.3%. The negative currency effect of 1.1% was offset by positive acquisition effects of 1.2%. The marked rise in order intake is yet to be fully realised in sales. Net sales came in at CHF 1 313.1 million, 5.4% higher than the same period of last year. The order backlog at the end of the reporting year was around 3.3 months of the full-year sales (first half 2016: 2.8 months). Compared with the previous year, the changes in average exchange rates of the relevant currencies against the Swiss franc were as follows: EUR down 1.7%, USD up 0.4%, GBP down 11.3%, SEK down 4.9% and BRL up 15.9%.

The EBIT margin was 8.7% (first half 2016: 8.6%). The operating result contains a positive one-off effect of CHF 4.9 million from the reduction in the conversion rate of the Swiss pension fund. This was partly offset by negative one-off effects of CHF 3.1 million in the Bucher Emhart Glass and Bucher Specials divisions. The pleasing ongoing improvement in profitability in the Bucher Hydraulics division could not fully compensate for the decline in the other divisions. Kuhn Group was faced with rising raw material prices, which could only partially be passed on to customers. Group EBITDA increased by 3.8% to CHF 159.7 million (CHF 153.9 million), which corresponded to an EBITDA margin of 12.2% (12.4%). The financial result was negative CHF 0.6 million compared with negative CHF 5.8 million in the same period of 2016. The reduction is essentially attributable to the repayment of high-interest financial liabilities and an improvement in foreign exchange gains and losses. Income tax expense was accrued using the average effective tax rates for the current financial year and amounted to CHF 27.2 million for the first half of 2017 (CHF 28.6 million). Because of lower results in countries with higher tax rates, the effective tax rate of 23.8% was significantly lower than the value a year ago of 28.1%. Group profit for the period of CHF 86.8 million (CHF 73.0 million) represented 6.6% (5.9%) of net sales.

Net operating assets as of 30 June 2017 amounted to CHF 1 311.7 million, CHF 64.1 million lower than for the same period of 2016. Systematic management of net working capital contributed to the positive trend. The increase compared with the end of 2016 amounted to CHF 83.3 million and was influenced mainly by the seasonal rise in receivables and inventories and the decrease in customer prepayments. Return on net operating assets (RONOA) after tax improved to 13.6% (first half 2016: 12.1%). RONOA was still significantly higher than the cost of capital, but below the long-term target of 16%.

Cash flow/free cash flow

CHF million

	2017	2016
Net cash flow from operating activities	**−6.0**	**−5.5**
Purchases of property, plant and equipment	−23.5	−25.8
Proceeds from sale of property, plant and equipment	1.0	1.6
Purchases of intangible assets	−1.6	−1.2
Operating free cash flow	**−30.1**	**−30.9**
Purchases of other financial assets	−1.3	−0.3
Proceeds from sale of other financial assets	1.2	1.0
Acquisition	–	−41.9
Purchases of treasury shares	–	−3.4
Proceeds from sale of treasury shares	2.1	1.4
Dividend received	–	0.1
Dividend paid	−50.7	−56.1
Free cash flow	**−78.8**	**−130.1**

The Group invested CHF 25.1 million in fixed assets in the reporting period (first half 2016: CHF 27.0 million). The focus was on expansion of the production infrastructure as well as modernisation and automation of production plants. Together with the seasonal increase in net working capital, this resulted in a negative operating free cash flow of CHF 30.1 million (negative CHF 30.9 million). After deduction of the dividend, the negative free cash flow was CHF 78.8 million (negative CHF 130.1 million). The same period of last year was significantly affected by the acquisition of J. Hvidtved Larsen in the first half of 2016.

On 30 June 2017, the Group had cash and liquid assets of CHF 338.7 million to financial liabilities of CHF 354.4 million. Compared with 30 June 2016, net liquidity improved by CHF 132.9 million to negative CHF 15.7 million, mainly because of the very strong free cash flow in the second half of 2016. Net liquidity will rise again significantly in the second half of the year due to seasonal influences. This will fall again significantly in the second half of the year due to seasonal influences. Overall, the undrawn committed credit facilities amounted CHF 210.0 million. The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 30 June 2017. In equity, the Group's profit of CHF 86.8 million for the period is offset by dividend payments and negative effects from the other comprehensive income. As a result, equity increased by CHF 27.2 million to CHF 1 250.8 million. The equity ratio was 52.0%, an increase of 1.4 percentage points on the end of 2016. Intangible assets fell to CHF 232.1 million owing to amortisation and currency effects (31 December 2016: CHF 246.4 million). The share of intangible assets in equity was 18.6% (20.1%), that of goodwill 10.6% (11.3%).

Group accounting policies The unaudited financial statements for the six months ended 30 June 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) in general and IAS 34, Interim Financial Reporting, in particular. This interim report should be read in conjunction with the annual report 2016. The present interim report was prepared in accordance with the Group accounting policies set out in the annual report 2016 and the new accounting policies applied as of 1 January 2017. The revised standards and interpretations had no significant impact on the interim report 2017. Published standards or interpretations that will come into effect only for the financial years from 1 January 2018 and beyond will not be applied at an earlier date.

Management's assumptions and estimates The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions deviate from the actual circumstances, reported amounts will be restated as appropriate in the year in which the circumstances change. The actuarial assumptions underlying actuarial calculations of defined benefit obligations, including discount rates, were reassessed. Income tax expense is accrued using the average effective tax rates for the current financial year. Furthermore, management made no new assumptions and estimates in the consolidated interim report compared with the consolidated financial statements for the year ended 31 December 2016.

Fair value disclosures of financial assets and liabilities Apart from financial liabilities with a fair value of CHF 364.1 million (31 December 2016: CHF 368.9 million), the book values approximate to the fair values. With the exception of contingent considerations from acquisitions, which were valued at zero, the same as at year-end, the fair values are based on observable market data at the end of the reporting period (level 2). There is no observable market data available regarding the contingent considerations classified as other liabilities (level 3). The valuation is based primarily on specific data from the companies acquired: Bucher Hidráulica, Brazil, and Kuhn-Montana Indústria de Máquinas, Brazil. During the reporting period, no reclassifications were undertaken between the different hierarchical levels and there were no changes to the valuation methods.

Contingent liabilities On 14 March 2017 the Swiss Competition Commission (COMCO), acting on the basis of an allegation, conducted an inspection on the premises of Bucher Landtechnik AG. The Group is co-operating fully with COMCO and assisting in every way to help clear the matter up. With the exception of the expected legal costs, no other provisions were set aside in the reporting period.

Acquisition/disposal of subsidiaries No significant acquisitions were made in the reporting period. The process of determining the fair values of identifiable assets, goodwill, liabilities and contingent liabilities in J. Hvidtved Larsen, acquired the previous year, was completed. The opening balances published in the annual report 2016 remain unchanged.

Segment reporting The Group comprises five divisions: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), machinery and equipment for the production of wine and fruit juice, a Swiss distributorship for tractors and specialised agricultural machinery, as well as control systems for automation technology (Bucher Specials).

Segment information

CHF million	Net sales		Operating profit (EBIT)		Operating assets		Operating liabilities	
	January – June		January – June		30 June	31 December	30 June	31 December
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Kuhn Group	592.0	559.2	61.9	62.7	838.4	800.4	−323.2	−369.1
Bucher Municipal	181.0	174.9	4.4	4.2	290.2	294.4	−89.0	−95.1
Bucher Hydraulics	272.9	254.1	39.1	32.9	330.4	314.2	−73.5	−62.0
Bucher Emhart Glass	165.9	158.3	8.0	10.0	319.0	334.6	−115.8	−111.1
Bucher Specials	128.5	124.5	7.1	9.5	167.3	143.4	−73.3	−55.1
Reportable segments	**1340.3**	**1271.0**	**120.5**	**119.3**	**1945.3**	**1887.0**	**−674.8**	**−692.4**
Other/consolidation	−27.2	−25.7	−5.9	−11.9	34.7	27.8	6.5	6.0
Group	**1313.1**	**1245.3**	**114.6**	**107.4**	**1980.0**	**1914.8**	**−668.3**	**−686.4**

The performance of each of the divisions is evaluated on the basis of operating profit or loss which is measured consistently for management reporting. The figures reported as “other/consolidation” comprise the results of the holding, finance and management companies, consolidation adjustments for intersegment transactions, as well as a one-off effect of CHF 4.9 million from the reduction in the conversion rate of the Swiss pension fund (APK). Intersegment sales amounted to CHF 10.0 million for Kuhn Group, CHF 1.6 million for Bucher Hydraulics and CHF 15.6 million for Bucher Specials. Intersegment sales in the other divisions were only marginal.

Reconciliation of segment results

CHF million		
January – June	**2017**	**2016**
Segment operating profit (EBIT)	120.5	119.3
Other/consolidation	−5.9	−11.9
Operating profit (EBIT)	**114.6**	**107.4**
Share of profit/(loss) of associates	0.7	0.7
Finance costs	−3.3	−7.8
Finance income	2.0	1.3
Profit before tax	**114.0**	**101.6**

Events after the reporting date The consolidated interim financial statements were authorised for issue by the Board of Directors on 27 July 2017. When the consolidated financial statements were finalised on 27 July 2017, neither the Board of Directors nor Group Management was aware of any events that would have a material impact on the consolidated financial statements presented.

Financial calendar

Release of third-quarter 2017 group sales	26 October 2017	
Release of 2017 group sales	31 January 2018	
Annual press converence	6 March 2018	09.00 h
Annual analyst conference	6 March 2018	14.00 h
Publication of annual report 2017	6 March 2018	
Annual General Meeting (Mövenpick Hotel, Regensdorf)	18 April 2018	15.30 h
First trading date ex-dividend	20 April 2018	
Dividend payment	24 April 2018	
Release of first-quarter 2018 group sales	26 April 2018	
Publication of sustainability report 2017	28 June 2018	
Publication of inteirm report 2018	25 July 2018	
Release of third-quarter 2018 group sales	25 October 2018	

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Cover picture: The NIS machine developed by Bucher Emhart Glass is fully servo-driven and capable of simultaneously producing four glass bottles per station. It is still without equal in glass container manufacturing.

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This interim report is also published in German. In case of any discrepancy, the German version shall prevail.