BUCHER

Interim report 2015

Strong Swiss franc influences half-year results for 2015

Dear Shareholders

In the first half of 2015 Bucher Industries was unable to sustain the high level of business performance maintained during the same period of last year. Sales and order intake decreased, with the appreciation of the Swiss franc contributing about 7% to the decline in sales. Further reasons for the downward trend were the sluggish economy in Europe and a continued decline in demand in the Group's main market, agricultural machinery. Before adjustment for currency effects, the operating profit margin decreased by 0.3 percentage points. As a result, Group profit for the period was lower than the high level reached in the same period of 2014.

CHF million			change in		
January – June	**2015**	**2014**	**%**	**%[1)]**	**%[2)]**
Order intake	1 155.6	1 322.4	– 12.6	– 6.0	– 7.0
Net sales	1 341.3	1 469.0	– 8.7	– 2.0	– 2.9
Order book	549.3	701.7	– 21.7	– 16.2	– 16.2
Operating profit before depreciation and amortisation (EBITDA)	162.1	186.5	– 13.1		
As % of net sales	12.1%	12.7%			
Operating profit (EBIT)	117.8	141.5	– 16.7		
As % of net sales	8.8%	9.6%			
Profit/(loss) for the period	79.5	96.5	– 17.6		
As % of net sales	5.9%	6.6%			
Earnings per share in CHF	7.85	9.60	– 18.2		
Operating free cash flow	– 62.6	– 87.7	28.6		
Net cash/debt	– 239.4	– 221.7	– 8.0		
Total assets	2 366.0	2 561.4	– 7.6		
Equity	1 041.3	1 100.3	– 5.4		
Equity ratio	44.0%	43.0%			
Return on equity (ROE)	16.1%	19.0%			
Net operating assets (NOA), average	1 329.5	1 141.4	16.5		
Return on net operating assets (RONOA), after tax	12.7%	17.4%			
Number of employees at 30 June	11 607	11 890	– 2.4		– 2.4

1) Adjusted for currency effects
2) Adjusted for currency and acquisition effects

Subdued mood in the markets In the first half of 2015, the principal markets served by Bucher Industries developed along different lines. Economic activity in Europe remained sluggish; Brazil entered recession; and the Chinese market showed no signs of recovery. In North America, the development of demand in the Group's market segments was variable. Uncertainties in the eurozone and continuing sanctions against Russia delayed some projects, particularly larger ones.

Farmers' willingness to invest continued to decline, with arable farming in particular affected by falling grain prices. The market for municipal vehicles remained at a stable level, while demand for hydraulic systems and components developed favourably. The business with machinery for the glass container industry showed a slight recovery. The volatile project business with beverage technologies suffered a slump. Currency effects had a marked negative impact on the consolidated financial statements in the reporting period.

Business performance In this generally subdued market environment, the consolidated order intake in local currencies fell by 6%. Bucher Hydraulics and Bucher Emhart Glass were able to counteract the effects of this trend. Thanks to good market positions, sales in terms of local currencies were only 2% lower; in Swiss francs the decrease was 9%. Bucher Municipal, Bucher Hydraulics and Bucher Emhart Glass were able to improve their operating profit margins. Nevertheless, the operating profit and profit for the period were down year on year. Currency effects, the economic development, persistent competitive and margin pressure, and underutilisation of capacity at some plants were among the reasons for the decrease.

Currency effects After discontinuation of the minimum euro rate by the Swiss National Bank in mid-January 2015, the Swiss franc appreciated massively against the Group's main operating currencies. In view of the internationalisation of the Group's business over many years, the exchange-rate shock mainly affects translation of foreign currencies into Swiss francs. In the first half year, the euro lost 12% compared with the average exchange rate against the Swiss franc in the same period a year ago. The depreciation in the value of the euro was partly offset by the recovery of the US dollar. In the reporting period, the currency effect on sales was negative 7%. The net negative effect on operating profit was 11% and on operating profit margin 0.5 percentage points. The main reasons were currency translation effects as well as one-off devaluation effects on balance sheet items. The introduction of measures to save costs and strong market positions helped to cushion the negative influences. Translation of the various balance sheet items reduced equity by CHF 142 million and increased net debt by CHF 20 million.

Financial situation The seasonal increase in net working capital was less than in the same period of 2014. In view of the higher operating free cash flow and the lack of acquisitions, free cash flow improved compared with the same period of 2014 by CHF 68 million and amounted to negative CHF 133 million. Net debt rose as of 30 June 2015 to CHF 239 million (30 June 2014: CHF 222 million). This figure will fall again significantly due to seasonal factors towards the end of 2015. In conjunction with the slightly lower profitability, this resulted in a return on net operating assets (RONOA) after tax of 13% (17%), still significantly higher than the cost of capital, but below the long-range target of 16%. With a return on equity of 16%, an equity ratio of 44% and high liquid assets, Bucher Industries is still very robust and well positioned for further growth.

Board of directors and group management On 8 December 2014, the board of directors took an early decision on the long-term succession plan for group management. Dr Jacques Sanche was named as designated successor to long-serving CEO, Philip Mosimann, and will assume his role as of the annual general meeting of shareholders in 2016. At the same time, it will be proposed to the annual general meeting that Philip Mosimann be elected as the new chairman of the board. Jacques Sanche will join the Group on 1 September 2015, three months earlier than planned, to begin his detailed induction programme.

Sustainability Report 2014 On 30 June 2015, Bucher Industries published its sustainability report for 2014 online. It was prepared in accordance with the G3 standard of the Global Reporting Initiative (GRI), Application Level C and comprises key figures from the 32 most important production sites of Bucher Industries worldwide. In the 2014 reporting year, energy consumption across the Group decreased year on year by 6%, in spite of a 4% rise in sales. This encouraging development was the result of energy-saving measures at Kuhn Group, Bucher Municipal and Bucher Specials, as well as a mild winter in Europe. The key figures for employees showed little change. With a view to the forthcoming implementation of the GRI G4 guidelines for the 2015 sustainability report, the priorities will be reviewed in the course of the current year through internal discussion and also in dialogue with stakeholder group.

Outlook for 2015 The Group does not anticipate any significant improvement in the economic situation during the current business year. The uncertainties in the eurozone are likely to continue for some time. Depending on market developments, the slump in demand for agricultural machinery could persist beyond the end of the year. Kuhn Group cannot escape completely from the effects of this market trend, but should be able to cope with the slump in arable farming thanks to its strong position in the meat and dairy sectors; the division will probably fall just below the sales level of the previous year in terms of local currencies. On the other hand, profitability is set to lose further ground owing to the low level of capacity utilisation at some plants. For the second half of 2015, Bucher Municipal expects the present development of business to continue, with profitability slightly lower than in the same period of last year. At Bucher Hydraulics demand may weaken somewhat in the second half while maintaining profitability. Bucher Emhart Glass anticipates a modest increase in sales in local currencies along with a significant improvement in the operating profit margin as the restructuring measures begin to bear fruit. Bucher Specials is reckoning with a decline in sales and operating profit. For the 2015 business year as a whole, the Group is expecting sales and operating profit in terms of local currencies to decrease. The operating profit margin is likely to remain below the level seen during the first half of 2015 due to seasonal, economic and currency factors.

Niederweningen, 30 July 2015

Rolf Broglie	Philip Mosimann
Chairman of the Board	Chief Executive Officer

Kuhn Group

CHF million			change in		
January – June	**2015**	**2014**	**%**	**%[1]**	**%[2]**
Order intake	421.8	513.5	– 17.9	– 10.0	– 12.7
Net sales	645.0	725.9	– 11.1	– 3.4	– 5.1
Order book	196.7	279.2	– 29.5	– 24.0	– 24.0
Operating profit (EBITDA)	96.2	118.3	– 18.7		
As % of net sales	14.9%	16.3%			
Operating profit (EBIT)	75.4	97.6	– 22.7		
As % of net sales	11.7%	13.4%			
Number of employees at 30 June	5 194	5 435	– 4.4		– 4.4

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

Difficult market conditions In the first half of 2015, the downturn in demand for agricultural machinery continued in the principal markets served by Kuhn Group. The downward trend overall was due to lower farmers' incomes, in some cases with limited financial resources, as well as volatile prices and higher inventories of agricultural produce. Arable farming was particularly badly affected, while the meat and dairy segments held up well. Additional factors were the uncertainties in the eurozone, the Russian embargo and upheavals in the currency markets. In the USA and Western Europe, the high volume of investment in recent years had an additional dampening effect on demand. In North America, the meat segment remained firm at an attractive level, but demand for tillage machinery showed a further decline. Brazil, affected by rising interest rates, was lacking any momentum.

Despite the adverse conditions, the division was able to keep the downturn in business within bounds thanks to the outstanding positions it holds in its markets and product segments. In terms of local currencies, sales fell by only 3%, while the order intake was 10% down on the same period a year ago. Kuhn Group was also affected by particularly weak demand for tillage machinery. The lower order intake resulted in underutilised capacity at some Kuhn plants. Accordingly, the operating profit margin of 11.7% was 1.7 percentage points lower than the high value attained in the same period a year ago.

Market launch with distinction In February, as part of the SIMA, an important international trade fair held in Paris, Kuhn Group presented Kuhn ESPRO, a new and innovative seed drill. The Kuhn ESPRO was named "Machine of the Year 2015" in the drilling category at the SIMA show.

Outlook for second half of 2015 Kuhn Group considers a continued weakening of demand for agricultural machinery likely in the second half – depending on the development of the market possibly persisting into the new year. The division has initiated special sales programmes, introduced economy measures and will continue to concentrate on optimising capacity utilisation.

Bucher Municipal

CHF million			change in	
January – June	**2015**	**2014**	**%**	**%[1]**
Order intake	200.9	223.4	– 10.0	– 4.6
Net sales	183.6	189.7	– 3.2	2.1
Order book	112.3	136.5	– 17.7	– 12.7
Operating profit (EBITDA)	15.3	13.8	10.9	
As % of net sales	8.4%	7.3%		
Operating profit (EBIT)	11.5	10.0	15.0	
As % of net sales	6.2%	5.3%		
Number of employees at 30 June	1 616	1 628	– 0.7	

1) Adjusted for currency effects

Stable market The market for sweepers in Europe remained stable, but at a low level. The winter maintenance equipment segment similarly lacked momentum owing to several years of mild winters. In the Australian market, demand for refuse collection vehicles also remained at a low level. In February of the reporting period, the division received a further major order for sweepers and winter maintenance equipment worth CHF 30 million from the city of Moscow. This was CHF 23 million lower than the order placed in the same period of 2014.

The good market performance brought a slight increase in sales in terms of local currencies, while order intake fell by almost 5%. The operating profit margin improved significantly. Bucher Municipal responded to the challenging market environment with innovations, initiatives to promote sales – for example Euro-6-compliant compact sweepers – and the start-up of production of mechanical mounted sweepers for the North American market. To maintain profitability, selective efficiency measures were introduced in the business with winter maintenance equipment and the refuse collection vehicles segment in Australia.

First test results Bucher Municipal has joined with partners to develop a future-oriented hybrid electric drive for sweepers. The concept is based on a gas motor that supplies power for the electric drives. Years of testing have shown that, in a normal working cycle, the hybrid electric sweeper vehicle consumes less than half the power required by conventional sweepers. CO_2 emissions were over 60% down. The division wants to use the concept to meet individual customer requirements, with the aim of launching the innovative, energy-saving sweeper onto the market in the foreseeable future.

Outlook for second half 2015 Bucher Municipal does not expect the market situation to change significantly in the second half of the year. The division will continue to concentrate on product innovation, raising productivity and implementing measures to adapt to the persistently low market volumes, whilst maintaining the flexibility of its production capacity.

Bucher Hydraulics

CHF million			change in	
January – June	**2015**	**2014**	**%**	**%[1]**
Order intake	246.3	256.2	– 3.9	0.2
Net sales	241.2	245.8	– 1.9	2.6
Order book	79.8	79.1	0.9	3.9
Operating profit (EBITDA)	38.8	37.6	3.2	
As % of net sales	16.1%	15.3%		
Operating profit (EBIT)	29.5	27.7	6.5	
As % of net sales	12.2%	11.3%		
Number of employees at 30 June	2 039	2 030	0.4	

[1] Adjusted for currency effects

Stable business performance In the first half of 2015, the markets for hydraulic systems and components followed a varied pattern of development in the different regions. The brisk demand in North America continued, but Europe saw only a slight rise. The materials handling segment reported pleasing progress. Industrial hydraulics also improved somewhat. By contrast, the division experienced a distinct downturn in the important agricultural machinery segment.

In the reporting period, order intake and sales at Bucher Hydraulics were slightly down on the same period a year ago. In local currencies both figures increased, an improvement that can be attributed to the strong positions in specific areas of application. The excellent business performance in North America compensated for the cooling market climate in Europe. The lively demand for materials handling equipment almost offset the marked decline in the agricultural machinery segment. The operating profit margin, at 12.2%, was significantly higher than the previous year, despite the challenging currency situation facing the Swiss plants. This very gratifying result was based on process optimisation, new customers and new markets. All the production facilities, especially those in Switzerland, Italy, the USA, India and China contributed. By adopting a range of measures, the Swiss plants were able to minimise the effects of the strong Swiss franc.

Expansion of two plants In the USA the division completed its move to the newly acquired, 10 000 m^2 plant in Elgin, Illinois. The new site has spacious offices for the Bucher Hydraulics USA sales company and plenty of room for operational units responsible for producing cartridge valves. The extension of the additional production building at the Newaygo, Michigan, site was also completed according to plan.

Outlook for second half of 2015 For the second half of 2015, Bucher Hydraulics expects a pleasing business performance, though slightly weaker than the strong first half. This applies principally to Europe; in North America the positive demand trend is expected to be sustained.

Bucher Emhart Glass

CHF million			change in	
January – June	**2015**	**2014**	**%**	**%[1]**
Order intake	177.8	188.0	–5.4	5.3
Net sales	162.2	188.0	–13.7	–4.4
Order book	101.7	117.5	–13.4	–3.6
Operating profit (EBITDA)	15.8	13.4	17.9	
As % of net sales	9.7%	7.1%		
Operating profit (EBIT)	9.9	7.5	32.0	
As % of net sales	6.1%	4.0%		
Number of employees at 30 June	1822	1857	–1.9	

1) Adjusted for currency effects

Challenging market trend In the first half of 2015, the market for glass-forming machinery remained at the same level overall as in the comparable period of last year. By contrast, the market for glass inspection machinery weakened after several very good years. Existing surplus capacity at manufacturers of glass-forming machinery ramped up the competitive pressure. The Chinese market remained at a low level and local producers of glass containers held back with investments. In other Asian countries, a slight recovery made itself felt. The parts and service business, on the other hand, benefitted from strong demand worldwide. The successful cooperation with O-I also had a positive influence.

The division performed well in this challenging environment. After a difficult start to the current year, demand for machinery for forming glass containers picked up again and stabilised at a normal level. The currency effects were significant. While the order intake in local currencies grew by more than 5%, in terms of Swiss francs it was down by over 5%. The same applied to sales, which showed a currency effect in excess of 9%. Despite these difficult additional challenges, the division was able to improve the operating profit margin, which reached 6.1%, corresponding to an increase of 2.1 percentage points compared with the level for the same period a year ago. This was the first sign of positive results after several years of effort in the framework of the strategic realignment. Cost-saving and process-optimisation measures, as well as the successful cooperation with O-I contributed to the positive trend.

Outlook for second half of 2015 Bucher Emhart Glass expects its markets to remain stable in the second half of 2015 and is continuing to concentrate on improving profitability.

Bucher Specials

CHF million			change in	
January – June	**2015**	**2014**	**%**	**%[1]**
Order intake	129.6	161.1	– 19.6	– 15.1
Net sales	132.5	142.8	– 7.2	– 2.9
Order book	67.1	96.4	– 30.4	– 26.4
Operating profit (EBITDA)	8.1	14.4	– 43.8	
As % of net sales	6.1%	10.1%		
Operating profit (EBIT)	4.7	10.7	– 56.1	
As % of net sales	3.5%	7.5%		
Number of employees at 30 June	874	879	– 0.6	

[1] Adjusted for currency effects

Variable business performance In the first half of 2015, developments in Bucher Specials' principal markets showed a very varied picture. In terms of local currencies, sales of winemaking equipment manufactured by Bucher Vaslin held firm at the high level achieved in the same period of last year. By contrast, Bucher Unipektin's project business with beverage and environmental technologies saw a slump in sales of around 20%. Keen price competition and delays in customer projects were the main reasons for the surprisingly weak business performance. On the other hand, the service business made further progress. The Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik) grew thanks to rapid price reductions passing on the euro exchange rate price advantage to customers. Demand for Jetter AG's control systems for automation technology developed in accordance with expectations.

The highly gratifying business performance of the distributorship for agricultural machinery, which exceeded all expectations, was not able to offset the massive slump in the Bucher Unipektin business. Sales at Bucher Specials fell by just under 3% in local currencies, while the decrease in order intake was a hefty 15%, mainly owing to postponement of projects by Bucher Unipektin customers. The operating profit margin fell to 3.5% as a result of underutilisation of capacity and currency-related one-off effects.

New products and market presence in Asia Bucher Unipektin strengthened its presence in China, delivering further locally manufactured beer filtration systems in the reporting period. At the Anuga Foodtec trade fair in Cologne, Germany, Bucher Unipektin's advanced beverage technologies and drying systems received a lot of attention, particularly from Asian customers.

Outlook for second half of 2015 For the second half of 2015, Bucher Specials expects a slight seasonal improvement in the business performance compared with the first half. Thanks to measures to improve profitability and the absence of the currency-related one-off effects in the reporting year, the division is in a good position to benefit from a recovery in the year ahead.

Consolidated financial statements

Consolidated balance sheet

CHF million

	30 June 2015	30 June 2014	31 December 2014
Cash and cash equivalents	222.0	262.7	337.8
Short-term investments	27.9	31.6	31.4
Trade receivables	509.8	553.3	478.5
Current income tax assets	22.6	26.5	30.8
Other receivables	70.1	64.1	56.5
Inventories	613.4	656.5	668.7
Current assets	**1 465.8**	**1 594.7**	**1 603.7**
Long-term receivables	5.0	6.8	5.6
Property, plant and equipment	574.0	595.0	634.8
Intangible assets	214.8	265.7	252.9
Other financial assets	28.0	32.7	31.4
Investments in associates	10.9	12.3	12.3
Deferred income tax assets	67.5	54.2	63.8
Non-current assets	**900.2**	**966.7**	**1 000.8**
Assets	**2 366.0**	**2 561.4**	**2 604.5**
Financial liabilities	154.6	334.1	106.1
Trade payables	244.9	273.9	263.6
Advances from customers	79.1	101.9	198.7
Provisions	57.1	74.4	61.5
Other liabilities	228.4	268.0	220.5
Current income tax liabilities	30.8	56.1	23.5
Current liabilities	**794.9**	**1 108.4**	**873.9**
Financial liabilities	334.7	181.9	348.1
Provisions	13.7	23.4	16.2
Other liabilities	16.6	25.1	24.8
Deferred income tax liabilities	50.0	62.6	57.2
Retirement benefit obligations	114.8	59.7	82.7
Non-current liabilities	**529.8**	**352.7**	**529.0**
Attributable to owners of Bucher Industries AG	1 003.6	1 060.9	1 159.8
Attributable to non-controlling interests	37.7	39.4	41.8
Equity	**1 041.3**	**1 100.3**	**1 201.6**
Liabilities and equity	**2 366.0**	**2 561.4**	**2 604.5**

Consolidated income statement

CHF million

January – June	2015	%	2014	%
Net sales	**1 341.3**	**100.0**	**1 469.0**	**100.0**
Changes in inventories of finished goods and work in progress	10.1		4.0	
Raw materials and consumables used	– 683.4		– 748.9	
Employment costs	– 345.4		– 362.6	
Other operating income	8.2		8.7	
Other operating expenses	– 168.7		– 183.7	
Operating profit before depreciation and amortisation (EBITDA)	**162.1**	**12.1**	**186.5**	**12.7**
Depreciation	– 34.3		– 34.7	
Amortisation	– 10.0		– 10.3	
Operating profit (EBIT)	**117.8**	**8.8**	**141.5**	**9.6**
Share of profit/(loss) of associates	0.6		1.3	
Finance costs	– 8.9		– 9.7	
Finance income	1.8		4.4	
Profit before tax	**111.3**	**8.3**	**137.5**	**9.4**
Income tax expense	– 31.8		– 41.0	
Profit/(loss) for the period	**79.5**	**5.9**	**96.5**	**6.6**
Attributable to owners of Bucher Industries AG	79.3		96.6	
Attributable to non-controlling interests	0.2		– 0.1	
Basic earnings per share in CHF	7.85		9.60	
Diluted earnings per share in CHF	7.82		9.55	

Consolidated statement of comprehensive income

CHF million

January – June	2015	2014
Profit/(loss) for the period	**79.5**	**96.5**
Change in actuarial gains/(losses) on defined benefit pension plans	–36.5	–6.5
Income tax	8.0	1.7
Change in actuarial gains/(losses) on defined benefit pension plans, net of tax	**–28.5**	**–4.8**
Items that will not be transferred subsequently to income statement	**–28.5**	**–4.8**
Change in fair value reserve	–	0.3
Transfer to income statement	–	–
Income tax	–	–0.1
Change in fair value reserve, net of tax	**–**	**0.2**
Change in cash flow hedge reserve	–6.9	–6.0
Transfer to income statement	1.7	0.6
Income tax	2.1	0.5
Change in cash flow hedge reserve, net of tax	**–3.1**	**–4.9**
Change in currency translation reserve	–141.9	–4.8
Transfer to income statement	–	–
Change in currency translation reserve	**–141.9**	**–4.8**
Items that may be transferred subsequently to income statement	**–145.0**	**–9.5**
Other comprehensive income	**–173.5**	**–14.3**
Comprehensive income	**–94.0**	**82.2**
Attributable to owners of Bucher Industries AG	–90.6	83.2
Attributable to non-controlling interests	–3.4	–1.0

Consolidated cash flow statement

CHF million

January – June	2015	2014
Profit/(loss) for the period	**79.5**	**96.5**
Income tax expense	31.8	41.0
Net interest expense	7.0	7.4
Share of profit/(loss) of associates	– 0.6	– 1.3
Depreciation and amortisation	44.3	45.0
Other operating cash flow items	1.5	3.3
Gain on sale of non-current assets and subsidiaries	– 0.1	– 0.8
Interest received	0.7	0.9
Interest paid	– 4.2	– 4.7
Income tax paid	– 17.5	– 50.3
Change in provisions and retirement benefit obligations	4.6	2.5
Change in receivables	– 96.6	– 119.3
Change in inventories	– 4.8	– 10.7
Change in advances from customers	– 97.3	– 89.2
Change in payables	31.8	33.8
Other changes in working capital	– 4.0	– 1.9
Net cash flow from operating activities	**– 23.9**	**– 47.8**
Purchases of property, plant and equipment	– 38.3	– 37.9
Proceeds from sale of property, plant and equipment	1.3	1.7
Purchases of intangible assets	– 1.7	– 3.7
Purchases of short-term investments and financial assets	– 1.0	– 0.9
Proceeds from sale of short-term investments and financial assets	1.1	2.3
Acquisition	– 3.0	– 57.2
Dividend received	0.3	0.3
Net cash flow from investing activities	**– 41.3**	**– 95.4**
Purchases of treasury shares	– 3.2	– 2.2
Proceeds from sale of treasury shares	1.9	14.2
Proceeds from non-current financial liabilities	1.3	1.4
Repayment of non-current financial liabilities	– 1.6	– 0.9
Proceeds from current financial liabilities	58.8	102.6
Repayment of current financial liabilities	– 5.4	– 61.8
Acquisition of non-controlling interests	–	– 1.9
Dividend paid	– 66.4	– 67.7
Net cash flow from financing activities	**– 14.6**	**– 16.3**
Effect of exchange rate changes	– 36.0	– 0.9
Net change in cash and cash equivalents	**– 115.8**	**– 160.4**
Cash and cash equivalents at 1 January	337.8	423.1
Cash and cash equivalents at 30 June	**222.0**	**262.7**

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 2014	**2.1**	**1 304.4**	**−10.4**	**−270.1**	**3.1**	**1.1**	**1 030.2**	**43.9**	**1 074.1**
Profit/(loss) for the period		96.6					96.6	−0.1	**96.5**
Other comprehensive income		−4.8		−3.9	0.2	−4.9	−13.4	−0.9	**−14.3**
Comprehensive income		**91.8**		**−3.9**	**0.2**	**−4.9**	**83.2**	**−1.0**	**82.2**
Change in treasury shares		4.3	−1.1				3.2		**3.2**
Share-based payments		7.7	2.7				10.4		**10.4**
Change in non-controlling interests		−0.5					−0.5	−1.4	**−1.9**
Dividend		−65.6					−65.6	−2.1	**−67.7**
Balance at 30 June 2014	**2.1**	**1 342.1**	**−8.8**	**−274.0**	**3.3**	**−3.8**	**1 060.9**	**39.4**	**1 100.3**
Balance at 1 January 2015	**2.1**	**1 414.0**	**−9.2**	**−247.0**	**3.7**	**−3.8**	**1 159.8**	**41.8**	**1 201.6**
Profit/(loss) for the period		79.3					79.3	0.2	**79.5**
Other comprehensive income		−28.5		−138.3	–	−3.1	−169.9	−3.6	**−173.5**
Comprehensive income		**50.8**		**−138.3**	**–**	**−3.1**	**−90.6**	**−3.4**	**−94.0**
Change in treasury shares		0.6	−3.1				−2.5		**−2.5**
Share-based payments		1.9	0.7				2.6		**2.6**
Dividend		−65.7					−65.7	−0.7	**−66.4**
Balance at 30 June 2015	**2.1**	**1 401.6**	**−11.6**	**−385.3**	**3.7**	**−6.9**	**1 003.6**	**37.7**	**1 041.3**

Notes to the consolidated financial statements

Financial position and results of operations In a generally subdued market environment, Group order intake fell by 12.6% to CHF 1 155.6 million. Adjusted for currency and acquisition effects the decrease was 7.0%. The negative currency effect was 6.6%. The level of economic activity, currency effects, the continued weakening of demand in the main market of agricultural machinery and persistent competitive and margin pressure had a negative impact on capacity utilisation at certain plants. Net sales came in at CHF 1 341.3 million, a decrease of 8.7% compared to the high level at the same time last year. In local currencies the Group was able to keep the decrease within bounds, and at 2.0% it was just below the level within the same period in 2014. The acquisition effect was 0.9%. Compared with the same period last year, the changes in average exchange rates of the relevant currencies against the Swiss franc were as follows: EUR down 12.4%, USD up 6.7%, GBP down 2.1%, SEK down 15.7% and BRL down 16.7%.

Under the influence of currency and one-off effects resulting from the discontinuation of the minimum euro rate, the EBIT margin decreased in line with expectations by around 0.5 percentage points. Cyclical factors further reduced the margin by 0.3 percentage points resulting in an EBIT margin of 8.8% (first half 2014 9.6%). EBITDA fell by 13.1% to CHF 162.1 million (CHF 186.5 million), which corresponded to an EBITDA margin of 12.1% (12.7%). Finance income was still influenced by the low interest-rate environment and came in CHF 2.6 million lower than the high level reached in the same period of 2014, which chiefly comprised gains on foreign currencies. Finance costs were further reduced thanks to improved credit conditions and a lower interest burden in connection with last year's refinancing of the outstanding bonds. Income tax expense was accrued using the average effective tax rates for the current financial year and amounted to CHF 31.8 million for the first half of 2015 (CHF 41.0 million). Income tax paid in the reporting period amounted to CHF 17.5 million (CHF 50.3 million). The decrease is mainly attributable to refunds and lower prepayments. The tax rate was 28.6% (29.8%). Group profit for the period of CHF 79.5 million (CHF 96.5 million) represented 5.9% (6.6%) of net sales.

Net operating assets as of 30 June 2015 amounted to CHF 1 332.1 million, CHF 19.9 million lower than previous year. Compared with the year-end figures for 2014, net operating assets remained constant. Without currency effects they would have risen by around 11%. The main contributors to this development were the seasonal increase in trade receivables as well as the reduction in advances from customers. As a consequence of the lower profitability, return on net operating assets (RONOA) after tax was 12.7% (first half 2014 17.4%), still significantly higher than the cost of capital, but below the long-range target of 16%.

The higher working capital and investments of CHF 40.0 million resulted in a negative operating free cash flow of CHF 62.6 million (first half 2014 negative CHF 87.7 million). The most important individual projects were the expansion project of Kuhn Group in the Netherlands, the construction of an extension plant by Bucher Municipal in Latvia and the extension of two of Bucher Hydraulics' plants in North America. Free cash flow was negative CHF 132.9 million compared with negative CHF 200.8 million in the same period of 2014. The decrease of CHF 67.9 million is mainly attributable to the lack of acquisitions in the reporting period.

Cash flow/free Cash flow

CHF million

January – June	2015	2014
Net cash flow from operating activities	**– 23.9**	**– 47.8**
Purchases of property, plant and equipment	– 38.3	– 37.9
Proceeds from sale of property, plant and equipment	1.3	1.7
Purchases of intangible assets	– 1.7	– 3.7
Operating free cash flow	**– 62.6**	**– 87.7**
Purchases of short-term investments and financial assets	– 1.0	– 0.9
Proceeds from sale of short-term investments and financial assets	1.1	2.3
Acquisition	– 3.0	– 57.2
Acquisition of non-controlling interests	–	– 1.9
Purchases of treasury shares	– 3.2	– 2.2
Proceeds from sale of treasury shares	1.9	14.2
Dividend received	0.3	0.3
Dividend paid	– 66.4	– 67.7
Free cash flow	**– 132.9**	**– 200.8**

At the end of the first half, the Group had cash and liquid assets of CHF 249.9 million to financial liabilities of CHF 489.3 million. Net debt on 30 June 2015 was CHF 239.4 million (30 June 2014: CHF 221.7 million). This will fall again significantly in the second half of the year due to seasonal factors. Overall, the undrawn committed credit facilities amounted to CHF 270.0 million. The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 30 June 2015. Equity in the first half of 2015 was influenced mainly by negative currency effects of CHF 141.9 million and the valuation of the employee pension plans of CHF 28.5 million, owing to the decrease in the discount rate. As a consequence, equity fell by CHF 160.3 million to CHF 1 041.3 million. The equity ratio was 44.0%, a decrease of 2.1 percentage points compared with the end of 2014. As a result of last year's refinancing of the outstanding bonds to the tune of CHF 200 million, the ratio of long-term debt to total debt increased to 76.6% on 31 December 2014 and was 68.4% on 30 June 2015. Intangible assets amounted to CHF 214.8 million, of which goodwill accounted for CHF 116.8 million; the ratio of goodwill to equity was 11.2% (12.6%).

CHF million

	30 June 2015	30 June 2014
Net tangible worth (equity less goodwill)	924.5	962.1
Gearing ratio (net debt to equity)	23.0%	20.1%
Return on equity (ROE)[1]	16.1%	19.0%
Interest coverage ratio (EBITDA to net interest expense)[1]	21.9	27.8
Debt payback period (net debt to EBITDA)[1]	0.7	0.6

[1] Rolling calculation from 1 July to 30 June

Group accounting policies The unaudited financial statements for the six months ended 30 June 2015 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 2014. The group accounting policies set out in the annual report 2014 as well as the new or revised standards and interpretations published by the International Accounting Standards Board (IASB) and implemented on 1 January 2015 have been applied consistently in preparing this interim report. The revised standards and interpretations had no significant impact on the present report. Published standards or interpretations that will only come into effect for the financial years from 1 January 2016 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. The consolidated half-year report contains otherwise no assumptions or estimates on the part of management other than those detailed in the consolidated financial statements as per 31 December 2014.

Fair value disclosures of financial assets and liabilities Apart from financial liabilities with a fair value of CHF 500.9 million (31 December 2014: CHF 466.6 million), the book values approximate to the fair values. With the exception of contingent considerations from acquisitions of CHF 1.8 million (CHF 3.5 million), 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.

Acquisition/disposal of subsidiaries No significant acquisitions were made in the first half of 2015. The net cash flow of CHF 3.0 million relates to the settlement of deferred considerations in connection with acquisitions made the previous year: Kuhn-Montana Indústria de Máquinas, Brazil, and Rever S.r.l., Italy.

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); equipment for making wine, fruit juice, instant products and beer, and for dewatering sewage sludge, the Swiss distributorship for tractors and agricultural machinery, and 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
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Kuhn Group	645.0	725.9	75.4	97.6	874.6	977.4	340.6	478.6
Bucher Municipal	183.6	189.7	11.5	10.0	224.0	247.0	81.4	97.6
Bucher Hydraulics	241.2	245.8	29.5	27.7	316.8	315.6	59.0	59.1
Bucher Emhart Glass	162.2	188.0	9.9	7.5	361.9	385.6	101.2	105.9
Bucher Specials	132.5	142.8	4.7	10.7	179.3	166.8	87.4	70.7
Reportable segments	**1 364.5**	**1 492.2**	**131.0**	**153.5**	**1 956.6**	**2 092.4**	**669.6**	**811.9**
Other/consolidation	– 23.2	– 23.2	– 13.2	– 12.0	35.1	33.5	– 10.0	– 11.4
Group	**1 341.3**	**1 469.0**	**117.8**	**141.5**	**1 991.7**	**2 125.9**	**659.6**	**800.5**

The performance of each of the divisions is evaluated based on operating profit or loss, which is measured consistently for management reporting and in the consolidated financial statements. The figures reported as "other/consolidation" comprise the results of the holding, finance and management companies, as well as consolidation adjustments for inter segment transactions. Inter segment sales amounted to CHF 7.5 million for Kuhn Group, CHF 1.9 million for Bucher Hydraulics and CHF 13.6 million for Bucher Specials. Intersegment sales in the other divisions were only marginal.

Reconciliation of segment results

CHF million		
January – June	**2015**	**2014**
Segment operating profit (EBIT)	131.0	153.5
Other/consolidation	– 13.2	– 12.0
Group operating profit (EBIT)	**117.8**	**141.5**
Share of profit/(loss) of associates	0.6	1.3
Finance costs	– 8.9	– 9.7
Finance income	1.8	4.4
Profit before tax	**111.3**	**137.5**

Foreign exchange rates

1 CHF	Income statement average rates January – June		Balance sheet closing rates 30 June	
	2015	**2014**	**2015**	**2014**
1 EUR	1.0690	1.2200	1.0413	1.2156
1 GBP	1.4546	1.4862	1.4638	1.5167
1 USD	0.9491	0.8895	0.9306	0.8901
1 BRL	0.3231	0.3879	0.3001	0.4052
1 AUD	0.7412	0.8106	0.7157	0.8362
1 CNY	0.1526	0.1442	0.1502	0.1434
100 SEK	11.4600	13.5900	11.3000	13.2500
1 RUB	0.0164	0.0255	0.0167	0.0263

Events after the reporting period The consolidated interim financial statements were authorised for issue by the board of directors on 23 July 2015. When the consolidated financial statements were finalised on 23 July 2015, 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 2015 group sales	27 October 2015	
Release of 2015 group sales	2 February 2016	
Annual press conference	8 March 2016	9.00 am
Annual analyst conference	8 March 2016	2.00 pm
Publication of annual report 2015	8 March 2016	
Annual general meeting (Mövenpick Hotel, Regensdorf)	15 April 2016	3.30 pm
First trading date ex-dividend	18 April 2016	
Dividend payment	20 April 2016	
Release of first quarter 2016 group sales	28 April 2016	
Sustainability report 2015	30 June 2016	
Conference call on interim results 2015	27 July 2016	
Interim report 2016	27 July 2016	

Contact
Philip Mosimann, CEO
Roger Baillod, CFO

Bucher Industries AG
Murzlenstrasse 80
8166 Niederweningen
Switzerland

Phone +41 43 815 80 80
Fax +41 43 815 80 81
info@bucherindustries.com
www.bucherindustries.com

Interim report 2015 Bucher Industries AG CH-8166 Niederweningen www.bucherindustries.com

Cover picture: automated production at Bucher Hydraulics
30 July 2015 Publisher: Bucher Industries AG
This interim report is also published in German. In case of any discrepancy, the German version shall prevail.