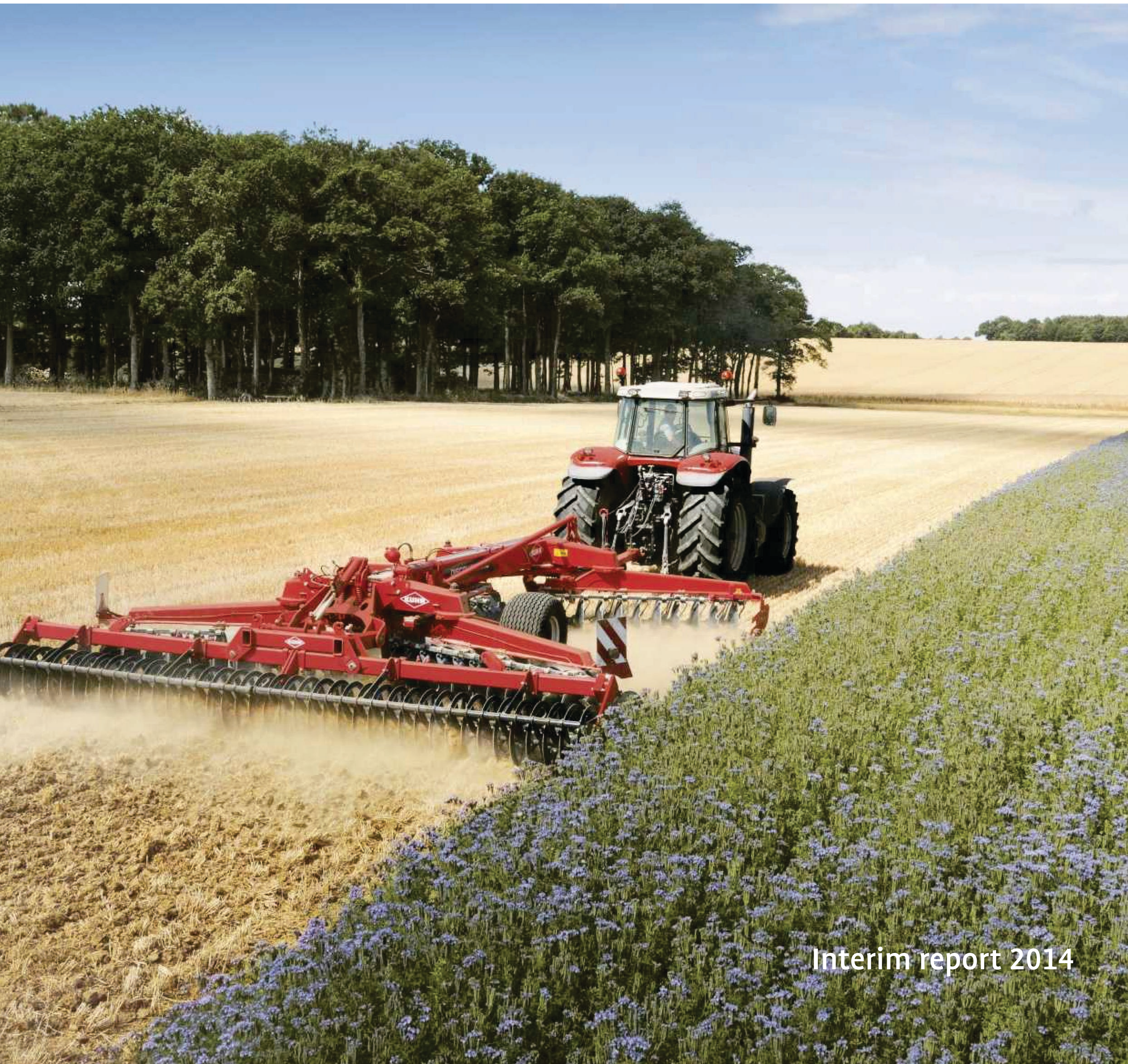
BUCHER



Interim report 2014

Strong first half

Dear Shareholders

The business performance of Bucher Industries in the first half of 2014 surpassed the high level attained in the same period of last year. Vigorous demand in the principal markets as well as acquisitions contributed to this positive trend. There was a marked year-on-year rise in order intake and sales in the reporting period. The operating profit and profit for the period showed a marginal improvement on the high level reached in the same period of 2013.

CHF million			change in		
January – June	**2014**	**2013**	**%**	**%[1]**	**%[2]**
Order intake	1 322.4	1 226.7	7.8	10.9	6.1
Net sales	1 469.0	1 409.9	4.2	6.7	4.3
Order book	701.7	639.8	9.7	12.9	6.6
Operating profit before depreciation and amortisation (EBITDA)	186.5	181.8	2.6		
As % of net sales	12.7%	12.9%			
Operating profit (EBIT)	141.5	140.9	0.4		
As % of net sales	9.6%	10.0%			
Profit/(loss) for the period	96.5	95.1	1.5		
As % of net sales	6.6%	6.7%			
Earnings per share in CHF	9.60	9.40	2.1		
Operating free cash flow	– 87.7	– 81.1	– 8.1		
Net cash/debt	– 221.7	– 165.4	– 34.0		
Total assets	2 561.4	2 394.6	7.0		
Equity	1 100.3	978.3	12.5		
Equity ratio	43.0%	40.9%			
Return on equity (ROE)	19.0%	17.6%			
Net operating assets (NOA), average	1 141.4	1 015.8	12.4		
Return on net operating assets (RONOA), after tax	17.4%	19.8%			
Number of employees at 30 June	11 890	10 720	10.9		3.3

[1] Adjusted for currency effects.
[2] Adjusted for currency, acquisition and disposal effects.

Market sentiment In the first half of 2014, the markets in Europe developed along different lines. The business with agricultural machinery was unable to maintain the very high level seen in recent years, while demand in the other divisions held up well. However, the crisis over Crimea is a cause of increasing uncertainty in Eastern Europe. In North and South America the positive mood was sustained, despite the severe northern winter. The Chinese market remained stable, but at a low level. Currency effects had only a slight negative impact on the consolidated financial statements in the reporting period.

Business performance Thanks to solid demand in the important markets of Europe and America, Bucher Industries achieved a marked increase in order intake. With the exception of Kuhn Group, all divisions contributed to this pleasing development. The increase was mainly attributable to organic growth. The major order from the city of Moscow for municipal vehicles and winter maintenance equipment worth over CHF 53 million resulted in a very high level of capacity utilisation at Bucher Municipal. The integration of the acquisitions, Jetter and Montana, is progressing well and made a positive contribution to the business performance.

Group sales exceeded the high level achieved in the same period of 2013. Thanks to the good operating performance of all divisions, the Group recorded a slight increase in operating profit and profit for the period compared with the high level a year ago.

Robust financial position The seasonal increase in net working capital, the acquisition of Montana Indústria de Máquinas S.A., Brazil, and the payout of a higher dividend resulted in a negative free cash flow of CHF 201 million in the first half of 2014. As a consequence, net debt rose as of 30 June 2014 to CHF 222 million. This figure will fall again significantly towards the end of 2014. Despite higher net operating assets (NOA), return on net operating assets (RONOA) after tax was 17%, again significantly higher than the cost of capital and well above the long-range target of 16%. With a return on equity of 19%, an equity ratio of 43% and high liquid assets, Bucher Industries is still very robust and open to further growth.

Board of directors and group management As of 10 April 2014 the board of directors comprises seven members. Valentin Vogt was newly elected as a member of the board of directors by the annual general meeting in April 2014. Valentin Vogt is chairman of the board of directors at the publicly listed Swiss company Burckhardt Compression, which he previously served for ten years as CEO. He is also president of the Swiss Employers' Association and a member of the board of directors at two unlisted companies.

Stefan Düring was appointed head of the Bucher Specials division and became a member of group management with effect from 1 January 2014, in addition to his existing role as head of group development. Michel Siebert, long-serving head of division at Kuhn Group and a member of group management, is to retire at the end of September 2014. Thierry Krier, previously head of Kuhn North America, will succeed him on 1 October 2014.

Sustainability Report 2013 On 30 June 2014, Bucher Industries published its sustainability report for 2013 on its website. The report presents the key figures for production, energy consumption, employees and suppliers and describes investments in sustainable projects at divisional level. The basis for data collection extends to the 31 most important Group production sites worldwide.

Kuhn Group

CHF million			change in		
January – June	**2014**	**2013**	**%**	**%[1]**	**%[2]**
Order intake	513.5	517.0	– 0.7	4.1	– 4.3
Net sales	725.9	743.9	– 2.4	0.6	– 2.3
Order book	279.2	277.8	0.5	6.0	– 6.4
Operating profit (EBITDA)	118.3	122.0	– 3.0		
As % of net sales	16.3%	16.4%			
Operating profit (EBIT)	97.6	102.8	– 5.1		
As % of net sales	13.4%	13.8%			
Number of employees at 30 June	5 435	4 756	14.3		3.0

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

Declining market The market for agricultural machinery softened as expected in the first half of 2014. Whereas the important Western European market showed diverse trends, though declining overall, the positive impetus in North and South America was sustained. In Eastern Europe, the effects of the Crimean crisis were clearly apparent. In this environment, Kuhn Group reported a minimal fall in order intake and a slight downturn in sales. As a result of the decline in cereal prices, farmers were more cautious about investing, which affected above all the tillage segment. Milk and meat producers benefited from attractive prices for their produce as a result of lively consumer demand, though the picture showed regional variations. Thanks to the well-tried principle of flexible production management, Kuhn Group achieved an operating profit margin practically on a par with the same period of 2013.

In January of the reporting period, Kuhn Group announced the acquisition of Montana Indústria de Máquinas S.A., Brazil; the takeover was completed by the end of March. Montana is a leading Brazilian manufacturer of large, self-propelled sprayers and self-propelled fertiliser spreaders. The process of integrating Montana's sales organisation got underway without delay. Customers and employees welcomed the takeover and support the process of integration.

Bucher Municipal

CHF million			change in		
January – June	**2014**	**2013**	**%**	**%[1]**	**%[2]**
Order intake	223.4	183.6	21.7	24.3	25.4
Net sales	189.7	167.6	13.2	16.4	18.1
Order book	136.5	111.0	23.0	24.7	24.7
Operating profit (EBITDA)	13.8	15.6	–11.5		
As % of net sales	7.3%	9.3%			
Operating profit (EBIT)	10.0	12.1	–17.4		
As % of net sales	5.3%	7.2%			
Number of employees at 30 June	1628	1477	10.2		10.2

[1] Adjusted for currency effects.
[2] Adjusted for currency and disposal effects.

Strong order intake In the first half of 2014 Bucher Municipal's business performance was boosted by a further major order worth CHF 53 million from the city of Moscow. The pleasing overall development of the division's business contrasted with that of the market for municipal vehicles in Europe, which remained at a low, though stable level. The large-scale order from the city of Moscow comprises 609 sweepers, 275 snow ploughs and 163 spreaders for winter maintenance. CHF 21 million already contributed to sales in the first half, the remaining CHF 32 million will be turned over in the second half. Demand for refuse collection vehicles and sweepers in Australia remained at a normal level. Thanks to the well-filled order book at the beginning of 2014, the division's plants in Switzerland, Great Britain, Latvia and Italy were operating at full capacity. The operating profit reached CHF 10 million, CHF 2 million lower than the figure a year ago which was influenced by a one-off disposal gain of CHF 4 million.

In May, in time for the IFAT in Munich, the biggest trade fair for environmental technology and municipal vehicles, the division presented the Giletta, Gmeiner and Assaloni branded winter service activities for the first time under the unified Bucher Municipal brand. The customer response was very positive. In the second half of the year, Bucher Schörling and MacDonald Johnston in Australia will also make the change to the Bucher Municipal brand. In the reporting period, Bucher Municipal presented the world's first $2m^3$ and $4m^3$ compact sweepers to comply with the Euro 6 emission standard, the world's strictest emission standard.

Bucher Hydraulics

CHF million			change in		
January – June	**2014**	**2013**	**%**	**%[1]**	**%[2]**
Order intake	256.2	232.7	10.1	12.3	10.4
Net sales	245.8	234.7	4.7	6.8	5.1
Order book	79.1	65.7	20.4	23.2	20.7
Operating profit (EBITDA)	37.6	33.7	11.6		
As % of net sales	15.3%	14.3%			
Operating profit (EBIT)	27.7	24.5	13.1		
As % of net sales	11.3%	10.4%			
Number of employees at 30 June	2 030	1 905	6.6		3.4

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

Upturn in demand In the first half of 2014, the market for hydraulic systems and components in Europe picked up compared with the same period of last year. In North America the growth trend continued, while demand in China showed a tendency to stagnate. Bucher Hydraulics took advantage of the positive impetus and posted a marked increase in order intake. There was a particular upturn in demand for the division's hydraulic systems from customers in the construction machinery and industrial hydraulics segments. Thanks to high capacity utilisation at the production plants and strict cost control measures in order processing, Bucher Hydraulics improved profitability. Compared with the same period of 2013, the order book was higher in mid-year, ensuring good capacity utilisation at the beginning of the second half, which for seasonal reasons is usually weaker than the first half.

The long-term success of Bucher Hydraulics is based on great determination, reliable cooperation with customers and innovative, customer-specific solutions. One example of this long-term strategy was realised in the area of mini power-packs. In the first half of the year, the division was selected as preferred supplier for mini power-packs by a new globally operating customer headquartered in North America. Series production has already begun.

Bucher Emhart Glass

CHF million			change in	
January – June	**2014**	**2013**	**%**	**%[1]**
Order intake	188.0	165.8	13.4	14.6
Net sales	188.0	167.0	12.6	13.8
Order book	117.5	110.0	6.8	7.9
Operating profit (EBITDA)	13.4	11.2	19.6	
As % of net sales	7.1%	6.7%		
Operating profit (EBIT)	7.5	5.0	50.0	
As % of net sales	4.0%	3.0%		
Number of employees at 30 June	1857	1894	–2.0	

[1] Adjusted for currency effects.

Growth momentum The market trends worldwide in machinery for glass forming and inspection showed regional variations. There were no signs of recovery in Asia, while the market in Europe stabilised and demand in America improved but remained at a low level overall. Thanks to its strong market position in technology-oriented Europe, Bucher Emhart Glass was able to take advantage of this market environment to generate a marked year-on-year increase in order intake and sales. In China demand remained at a low level, with no sign of recovering in the near future. The spare parts and service business developed well because glass container manufacturers invested in the maintenance of existing production facilities. The division enjoyed a good level of capacity utilisation and Bucher Emhart Glass achieved a significant increase in profitability, a sign that the realignment measures are taking effect.

Personnel capacity at Bucher Emhart Glass was stretched to the limits and sometimes beyond because of the parallel implementation of two major projects: the realignment and the development of cooperation with Owens-Illinois. Project management, engineering and procurement, as well as logistics and production, were particularly under strain. Some parts of the large-scale realignment project were up to a year behind the original timetable as a result. In China the division invested in new production and paint-spraying facilities, which comply with the highest environmental standards and further increase the safety of employees.

Bucher Specials

CHF million			change in		
January – June	**2014**	**2013**	**%**	**%[1]**	**%[2]**
Order intake	161.1	127.6	26.3	27.0	5.5
Net sales	142.8	107.5	32.8	33.5	10.5
Order book	96.4	75.3	28.0	28.9	17.4
Operating profit (EBITDA)	14.4	7.7	87.0		
As % of net sales	10.1%	7.2%			
Operating profit (EBIT)	10.7	5.9	81.4		
As % of net sales	7.5%	5.5%			
Number of employees at 30 June	879	623	41.1		5.8

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

Significant recovery in principal markets In the first half of 2014, the market for winemaking equipment staged a notable recovery overall and particularly in the northern hemisphere. The main beneficiary was the business with grape presses. Demand for drinks technologies, particularly fruit juice processing equipment, was brisk. Substantial projects in the area of beer filtration also got underway. The Swiss market for agricultural machinery declined in comparison with the very high volume recorded in the first half of 2013. The Swiss distributorship for tractors and agricultural machinery Bucher Landtechnik was unable to escape fully from the effects of this trend. Demand for Jetter automation solutions developed satisfactorily and the first measures to improve profitability were implemented. Overall, Bucher Specials generated pleasing sales growth, with sound but seasonally variable profitability.

In 2013 Bucher Industries launched a tender offer to all the shareholders of Jetter AG. On 30 June 2014, the Group held 84.03% of the Jetter shares. The company was delisted from the Frankfurt stock exchange on 1 May 2014.

Outlook for 2014 The Group is not anticipating any fundamental change in the macroeconomic environment. However, depending on developments in the Ukraine and any enlargement of the crisis, the situation could change rapidly. Kuhn Group expects the slight decline in demand for agricultural machinery to continue in the second half of the year. However, the acquisition of the Brazilian company Montana will have a positive impact on sales. Kuhn Group therefore expects a slight year-on-year increase in sales and a moderate decline in the high level of profitability. Bucher Municipal is reckoning with a marked increase in sales and a modest improvement in operating profit for the 2014 financial year thanks to the major order from the city of Moscow. Bucher Hydraulics had a well-filled order book in mid-year which will help to sustain the positive business trend in the second half. Accordingly, the division expects a slight increase in sales and a further improvement in operating profit. Bucher Emhart Glass should continue to benefit from the lively market environment in the modernisation segment and anticipates an increase in sales and operating profit. Bucher Specials expects the buoyant mood in its markets to continue, while the acquisition of Jetter should have a positive effect on sales, but little impact on the division's operating profit. The division is looking forward to a strong increase in sales and operating profit. Overall, the Group anticipates sales growth and a moderate fall in profitability compared with the record high in 2013.

Niederweningen, 30 July 2014

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Consolidated financial statements

Consolidated balance sheet

CHF million

	30 June 2014	30 June 2013	31 December 2013
Cash and cash equivalents	262.7	314.5	423.1
Short-term investments	31.6	63.4	32.6
Trade receivables	553.3	518.9	437.5
Current income tax assets	26.5	25.3	10.4
Other receivables	64.1	55.5	50.6
Inventories	656.5	614.0	632.9
Current assets	**1 594.7**	**1 591.6**	**1 587.1**
Long-term receivables	6.8	4.8	3.3
Property, plant and equipment	595.0	533.0	569.7
Intangible assets	265.7	172.0	181.5
Other financial assets	32.7	33.5	33.0
Investments in associates	12.3	16.7	11.5
Deferred income tax assets	54.2	43.0	50.2
Non-current assets	**966.7**	**803.0**	**849.2**
Assets	**2 561.4**	**2 394.6**	**2 436.3**
Financial liabilities	334.1	198.0	283.4
Trade payables	273.9	275.3	261.2
Advances from customers	101.9	87.2	190.4
Provisions	74.4	63.7	60.3
Other liabilities	268.0	250.3	214.3
Current income tax liabilities	56.1	67.1	49.5
Current liabilities	**1 108.4**	**941.6**	**1 059.1**
Financial liabilities	181.9	345.3	172.4
Provisions	23.4	11.3	11.2
Other liabilities	25.1	18.3	12.6
Deferred income tax liabilities	62.6	49.2	54.5
Retirement benefit obligations	59.7	50.6	52.4
Non-current liabilities	**352.7**	**474.7**	**303.1**
Attributable to owners of Bucher Industries AG	1 060.9	943.5	1 030.2
Attributable to non-controlling interests	39.4	34.8	43.9
Equity	**1 100.3**	**978.3**	**1 074.1**
Liabilities and equity	**2 561.4**	**2 394.6**	**2 436.3**

Consolidated income statement

CHF million

January – June	2014	%	2013	%
Net sales	**1 469.0**	**100.0**	**1 409.9**	**100.0**
Changes in inventories of finished goods and work in progress	4.0		9.0	
Raw materials and consumables used	– 748.9		– 724.4	
Employment costs	– 362.6		– 340.8	
Other operating income	8.7		10.6	
Other operating expenses	– 183.7		– 182.5	
Operating profit before depreciation and amortisation (EBITDA)	**186.5**	**12.7**	**181.8**	**12.9**
Depreciation	– 34.7		– 32.7	
Amortisation	– 10.3		– 8.2	
Operating profit (EBIT)	**141.5**	**9.6**	**140.9**	**10.0**
Share of profit/(loss) of associates	1.3		0.6	
Finance costs	– 9.7		– 8.5	
Finance income	4.4		–	
Profit before tax	**137.5**	**9.4**	**133.0**	**9.4**
Income tax expense	– 41.0		– 37.9	
Profit/(loss) for the period	**96.5**	**6.6**	**95.1**	**6.7**
Attributable to owners of Bucher Industries AG	96.6		95.6	
Attributable to non-controlling interests	– 0.1		– 0.5	
Basic earnings per share in CHF	9.60		9.40	
Diluted earnings per share in CHF	9.55		9.36	

Consolidated statement of comprehensive income

CHF million

January – June	2014	2013
Profit/(loss) for the period	**96.5**	**95.1**
Change in actuarial gains/(losses) on defined benefit pension plans	−6.5	−1.2
Income tax	1.7	−0.5
Change in actuarial gains/(losses) on defined benefit pension plans, net of tax	**−4.8**	**−1.7**
Items that will not be transferred subsequently to income statement	**−4.8**	**−1.7**
Change in fair value reserve	0.3	0.7
Transfer to income statement	–	–
Income tax	−0.1	−0.2
Change in fair value reserve, net of tax	**0.2**	**0.5**
Change in cash flow hedge reserve	−6.0	2.4
Transfer to income statement	0.6	−2.2
Income tax	0.5	−0.5
Change in cash flow hedge reserve, net of tax	**−4.9**	**−0.3**
Change in currency translation reserve	−4.8	21.1
Transfer to income statement	–	–
Change in currency translation reserve	**−4.8**	**21.1**
Items that may be transferred subsequently to income statement	**−9.5**	**21.3**
Other comprehensive income	**−14.3**	**19.6**
Comprehensive income	**82.2**	**114.7**
Attributable to owners of Bucher Industries AG	83.2	114.0
Attributable to non-controlling interests	−1.0	0.7

Consolidated cash flow statement

CHF million

January – June	2014	2013
Profit/(loss) for the period	**96.5**	**95.1**
Income tax expense	41.0	37.9
Net interest expense	7.4	6.1
Share of profit/(loss) of associates	– 1.3	– 0.6
Depreciation and amortisation	45.0	40.9
Other operating cash flow items	3.3	3.3
Gain on sale of non-current assets and subsidiaries	– 0.8	– 4.0
Interest received	0.9	1.7
Interest paid	– 4.7	– 4.4
Income tax paid	– 50.3	– 29.1
Change in provisions and retirement benefit obligations	2.5	2.4
Change in receivables	– 119.3	– 99.4
Change in inventories	– 10.7	– 15.9
Change in advances from customers	– 89.2	– 129.1
Change in payables	33.8	74.3
Other changes in working capital	– 1.9	– 0.5
Net cash flow from operating activities	**– 47.8**	**– 21.3**
Purchases of property, plant and equipment	– 37.9	– 59.4
Proceeds from sale of property, plant and equipment	1.7	0.6
Purchases of intangible assets	– 3.7	– 1.0
Purchases of short-term investments and financial assets	– 0.9	– 5.9
Proceeds from sale of short-term investments and financial assets	2.3	1.1
Acquisition	– 57.2	– 33.8
Disposal	–	4.8
Dividend received	0.3	0.3
Net cash flow from investing activities	**– 95.4**	**– 93.3**
Purchases of treasury shares	– 2.2	–
Proceeds from sale of treasury shares	14.2	21.4
Proceeds from non-current financial liabilities	1.4	31.0
Repayment of non-current financial liabilities	– 0.9	– 5.7
Proceeds from current financial liabilities	102.6	64.2
Repayment of current financial liabilities	– 61.8	– 59.5
Acquisition of non-controlling interests	– 1.9	–
Dividend paid	– 67.7	– 50.9
Net cash flow from financing activities	**– 16.3**	**0.5**
Effect of exchange rate changes	– 0.9	4.0
Net change in cash and cash equivalents	**– 160.4**	**– 110.1**
Cash and cash equivalents at 1 January	423.1	424.6
Cash and cash equivalents at 30 June	**262.7**	**314.5**

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 2013	**2.1**	**1 127.5**	**– 21.2**	**– 262.0**	**6.6**	**1.9**	**854.9**	**35.4**	**890.3**
Profit/(loss) for the period		95.6					95.6	– 0.5	**95.1**
Other comprehensive income		– 1.7		19.9	0.5	– 0.3	18.4	1.2	**19.6**
Comprehensive income		**93.9**		**19.9**	**0.5**	**– 0.3**	**114.0**	**0.7**	**114.7**
Change in treasury shares		12.6	3.9				16.5		**16.5**
Share-based payments		5.2	2.5				7.7		**7.7**
Dividend		– 49.6					– 49.6	– 1.3	**– 50.9**
Balance at 30 June 2013	**2.1**	**1 189.6**	**– 14.8**	**– 242.1**	**7.1**	**1.6**	**943.5**	**34.8**	**978.3**
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**

Notes to the consolidated financial statements

Financial position and results of operations In a generally positive market environment in the first half of 2014, Bucher Industries posted an order intake of CHF 1 322.4 million, a rise of 7.8%. Adjusted for currency, acquisition and disposal effects, the increase amounted to 6.1%. The negative currency effect was 3.1%. Combined with the solid order book at the beginning of the year, this ensured good capacity utilisation. Net sales came in at CHF 1 469.0 million, a rise of 4.2% over the high level at the same time last year. The positive net effect of acquisitions and disposals of 2.4% was nearly offset by negative currency effects of 2.5%. Compared with the previous year, the changes in average exchange rates of the relevant currencies against the Swiss franc were as follows: EUR down 0.5%, USD down 4.8%, GBP up 2.8% and SEK down 5.1%.

Bucher Industries took advantage of the positive development of business, marginally improving the very good results achieved a year ago. EBITDA increased by 2.6% to CHF 186.5 million (six months to 30 June 2013: CHF 181.8 million). The EBITDA margin reached 12.7% (12.9%). EBIT was CHF 141.5 million (CHF 140.9 million), which corresponded to an EBIT margin of 9.6% (10.0%). Finance income resulted largely from unrealised foreign exchange gains on valuations and hedges, as well as from interest income. Finance costs rose by CHF 1.2 million to CHF 9.7 million in connection with the acquisition in Brazil. Income tax expense was accrued using the average effective tax rates for the current financial year and amounted to CHF 41.0 million for the first half of 2014 (CHF 37.9 million). Income tax expense paid in the reporting period amounted to CHF 50.3 million (CHF 29.1 million). The increase is attributable to the higher tax burden in 2013 as well as advance payments for the current tax period. The tax rate was 29.8% (28.5%). The Group's profit for the period of CHF 96.5 million (CHF 95.1 million) represented 6.6% (6.7%) of net sales.

Net operating assets as of June 2014 were CHF 1 352.0 million, CHF 208.7 million higher than in previous year. Compared with the end of the 2013, the figure was CHF 271.2 million higher. Apart from an acquisition effect of around CHF 84 million, the contributors to this development were the seasonal increase in trade receivables as well as the reduction in advances from customers. The healthy profitability resulted in a return on net operating assets (RONOA) after tax of 17.4% (19.8%), significantly higher than the cost of capital and well above the long-range target of 16.0%.

The higher working capital and increase in investments of CHF 41.6 million resulted in a negative operating free cash flow of CHF 87.7 million. The most important individual projects were the expansion of Kuhn Group in North America and the Netherlands, as well as the construction of an extension at the Bucher Hydraulics plant in Grand Rapids, USA. Free cash flow was negative CHF 200.8 million. Contributing factors were the acquisition Montana with CHF 57.2 million and higher dividends with a total of CHF 67.7 million. The proceeds from sale of treasury shares of CHF 14.2 million through active management and exercise of employee options had a positive effect on free cash flow.

Cash flow/free cash flow

CHF million

January – June	2014	2013
Net cash flow from operating activities	**– 47.8**	**– 21.3**
Purchases of property, plant and equipment	– 37.9	– 59.4
Proceeds from sale of property, plant and equipment	1.7	0.6
Purchases of intangible assets	– 3.7	– 1.0
Operating free cash flow	**– 87.7**	**– 81.1**
Purchases of short-term investments and financial assets	– 0.9	– 5.9
Proceeds from sale of short-term investments and financial assets	2.3	1.1
Acquisition	– 57.2	– 33.8
Disposal	–	4.8
Acquisition of non-controlling interests	– 1.9	–
Purchases of treasury shares	– 2.2	–
Proceeds from sale of treasury shares	14.2	21.4
Dividend received	0.3	0.3
Dividend paid	– 67.7	– 50.9
Free cash flow	**– 200.8**	**– 144.1**

At the end of the first half, the Group had cash and liquid assets of CHF 294.3 million and financial liabilities of CHF 516.0 million. Net debt on 30 June 2014 was CHF 221.7 million (30 June 2013: CHF 165.4 million). This will fall again significantly in the second half of the year due to seasonal reasons. Overall, the undrawn committed credit facilities amounted CHF 285.0 million. Bank loans totalling CHF 65.0 million became due for repayment in the first half of 2014. Bucher Industries repaid CHF 55.0 million and renegotiated the terms on a tranche of CHF 10.0 million. As part of the process of liquidity and interest rate management, the Group took advantage of short-term financing facilities, which resulted in a seasonal increase in short-term financial liabilities. In addition, the acquisition of Montana was partly financed by raising short-term funds on a temporary basis. The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 30 June 2014. Equity increased by CHF 26.2 million to CHF 1 100.3 million in the first half of 2014. The equity ratio was 43.0%, an decrease of 1.1 percentage points compared with December 2013. In view of its due date in October 2014, the bond issue of CHF 200 million was reclassified as a short-term financial liability. Thereof, the ratio of long-term debt to total debt was 35.3% (30 June 2013: 63.6%; 31 December 2013: 37.8%). Due to the acquisition of Montana, intangible assets rose to CHF 265.7 million, of which goodwill accounted for CHF 138.2 million, representing 12.6% of equity (30 June 2013: 7.7%).

CHF million

	30 June 2014	30 June 2013
Net tangible worth (equity less goodwill)	962.1	902.6
Gearing ratio (net debt to equity)	20.1%	16.9%
Return on equity (ROE)[1)]	19.0%	17.6%
Interest coverage ratio (EBITDA to net interest expense)[1)]	27.8	28.1
Debt payback period (net debt to EBITDA)[1)]	0.6	0.5

[1)] Rolling calculation from 1 July to 30 June.

Group accounting policies The unaudited financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) in general and with IAS 34 “Interim Financial Reporting” in particular. This interim report should be read in conjunction with the annual report 2013.

Changes in accounting policies The group accounting policies set out in the annual report 2013 have been applied consistently in preparing the interim report, except for the new or revised standards and interpretations published by the International Accounting Standards Board (IASB) and implemented on 1 January 2014. The changes had no significant effect on the interim report. Published standards or interpretations that will only come into effect for the financial years from 1 January 2015 and beyond will not be applied at an earlier date.

Future standards not yet adopted Bucher Industries is permanently assessing the possible impact of the new and revised standards and interpretations which will have to be adopted in the financial year starting 1 January 2015 and beyond. These changes are not expected to have a significant impact on the result or the financial situation of the Group.

Management’s assumptions and estimates The preparation of consolidated interim 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 adjusted as appropriate in the year in which the circumstances change. Any assumptions and estimates made by management in the consolidated interim financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2013. Income tax expense is accrued using the average effective tax rates for the current financial year.

Fair value disclosures of financial assets and liabilities Apart from financial liabilities with a fair value of CHF 524.0 million the book values approximate to the fair values. With the exception of contingent considerations from acquisitions of CHF 9.0 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: Kuhn Krause, USA, Bucher Hidráulica, Brazil, and Montana Indústria de Máquinas, Brazil. The increase of CHF 2.5 million is attributable primarily to the acquisition of Montana. Further information is disclosed on pages 20 and 21. During the reporting period, no reclassifications were undertaken between the different hierarchical levels and there were no changes to the valuation methods.

Segment reporting The Group comprises five specialised divisions in industrially related areas of mechanical and vehicle engineering. Although they are technologically related, the segments are quite distinct from each other in terms of products and sales markets. Responsibility for the management and performance of the segments is therefore decentralised. The following summary describes the operations of each of the reportable segments:

Kuhn Group is the world's leading manufacturer of specialised agricultural machinery for tillage, seeding, fertilisation, spraying, landscape maintenance, hay and forage harvesting, as well as livestock bedding and feeding.

Bucher Municipal is the European and Australian market leader in municipal vehicles for cleaning and clearing snow from roads. Its range encompasses compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles.

Bucher Hydraulics is a leading international manufacturer of custom-made hydraulic systems. The wide range of products includes pumps, motors, valves, cylinders, power units, elevator drives and control systems with integrated electronics.

Bucher Emhart Glass is the world's leading supplier of advanced technologies for manufacturing and inspecting glass containers. Its portfolio consists of glass-forming and inspection machinery, systems, components, spare parts, advice and services for the glass container industry.

Bucher Specials comprises machinery and technologies for winemaking (Bucher Vaslin), technologies for processing fruit juice, instant products and beer as well as dewatering sewage sludge (Bucher Unipektin), a Swiss distributorship for tractors and specialised agricultural machinery (Bucher Landtechnik), and control systems for automation technology (Jetter).

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
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Kuhn Group	725.9	743.9	97.6	102.8	993.9	763.4	439.2	454.0
Bucher Municipal	189.7	167.6	10.0	12.1	241.0	241.6	98.3	95.5
Bucher Hydraulics	245.8	234.7	27.7	24.5	326.4	315.7	64.3	58.5
Bucher Emhart Glass	188.0	167.0	7.5	5.0	369.7	352.3	106.9	110.3
Bucher Specials	142.8	107.5	10.7	5.9	200.8	173.1	90.9	71.0
Reportable segments	**1 492.2**	**1 420.7**	**153.5**	**150.3**	**2 131.8**	**1 846.1**	**799.6**	**789.3**
Other/consolidation	– 23.2	– 10.8	– 12.0	– 9.4	34.5	31.1	14.7	7.1
Group	**1 469.0**	**1 409.9**	**141.5**	**140.9**	**2 166.3**	**1 877.2**	**814.3**	**796.4**

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, as well as consolidation adjustments for inter segment transactions. Inter segment sales amounted to CHF 8.0 million for Kuhn Group, CHF 2.0 million for Bucher Hydraulics and CHF 13.3 million for Bucher Specials. Intersegment sales in the other divisions were only marginal. These internal transactions were carried out at arm’s length, on normal commercial terms. Operating assets include current and non-current receivables, inventories, property, plant and equipment and intangible assets.

Reconciliation of segment results

CHF million

January – June	**2014**	**2013**
Segment operating profit (EBIT)	153.5	150.3
Other/consolidation	– 12.0	– 9.4
Group operating profit (EBIT)	**141.5**	**140.9**
Share of profit/(loss) of associates	1.3	0.6
Finance costs	– 9.7	– 8.5
Finance income	4.4	–
Profit before tax	**137.5**	**133.0**

Acquisitions and disposals

Montana Indústria de Máquinas S/A End of March 2014 Bucher Industries acquired a 100% equity holding in Montana Indústria de Máquinas S/A, São José dos Pinhais, near Curitiba, Brazil, on behalf of the Kuhn Group division. The company has a strong presence in Mato Grosso particularly, but also in other states, with holdings in large agricultural enterprises. It has a strong market position in self-propelled crop sprayer segment. The acquisition of Montana represents an excellent complement to the existing product portfolio of Kuhn Group in Brazil giving it access to customers in this important and growing segment of large agricultural enterprises. The combination of the current and future product portfolios of Kuhn and Montana makes Kuhn Group an attractive partner for the dealership network. The purchase price was CHF 65.0 million and comprises a cash component as well as deferred and contingent consideration. Possible obligations may be deducted from all components in the next five years. To determine the estimated contingent consideration, the expected future payments were discounted at the time of the acquisition. The payments totalling a maximum of CHF 9.7 million will take place over the next four years and are contingent on the annual sales targets. The cash and cash equivalents taken over amounted to CHF 4.3 million. The value of receivables acquired reflected their fair value. On the balance sheet date, the process to determine the fair values of identifiable assets, goodwill, liabilities and contingent liabilities was not yet completed. Based on the preliminary purchase price allocations, the goodwill from the acquisition was CHF 55.5 million. This goodwill represents the entry into the markets and the synergy potential from the merger as well as the employees' expertise. Montana has generated sales of CHF 17.8 million, an EBITDA margin of 9.3% and a result of negative CHF 0.9 million since the date of the acquisition. The result was significantly influenced by amortisation costs as well as additional expenses arising from the integration. In the financial year 2013 Montana's sales reached CHF 95.2 million, the EBITDA margin was 12.6% and the result negative CHF 0.3 million. The acquisition costs totalling CHF 1.2 million were recognised on an accrual basis in 2013 and 2014 under other operating expenses.

Jetter AG At the end of September 2013, Bucher Industries presented a voluntary public tender offer to the shareholders of Jetter AG, Ludwigsburg, Germany, for the purchase of all shares at a price of EUR 7.00 per share. At the end of the 2013, Bucher Industries held a 77.35% interest in Jetter AG. Through the purchase of further shares, the stake increased to 84.03% during the reporting period. The increase in the controlling interest led to a change in non-controlling interests in the statement of equity in the amount of CHF 1.4 million. The difference between the purchase price and the pro-rata carrying amount of CHF 0.5 million was recognised in retained earnings. The company was delisted from the Frankfurt Xetra exchange as of 30 April 2014.

CHF million	Fair value on acquisition	Fair value on acquisition	Disposal
	2014	**2013**	**2013**
Cash and cash equivalents	4.3	5.4	–
Current trade receivables	11.1	10.6	–
Current other receivables	5.7	2.1	–
Inventories	14.5	11.7	– 0.8
Property, plant and equipment	23.5	23.2	– 0.1
Intangible assets	32.1	15.1	–
Other financial assets	0.7	–	–
Deferred income tax assets	4.0	0.4	–
Current financial liabilities	– 15.8	– 3.8	–
Trade payables	– 12.5	– 6.2	–
Advances from customers	– 1.0	– 2.2	–
Current provisions	– 12.3	– 0.8	0.1
Current other liabilities	– 12.4	– 3.6	0.1
Current income tax liabilities	–	– 0.3	–
Non-current financial liabilities	– 1.4	– 8.1	–
Non-current provisions	– 11.6	–	–
Non-current other liabilities	– 8.5	–	–
Deferred income tax liabilities	– 10.9	– 2.3	–
Retirement benefit obligations	–	– 1.8	–
Net assets	**9.5**	**39.4**	**– 0.7**
Goodwill	55.5	–	–
Gain on disposal	–	–	– 4.1
Total purchase consideration	**65.0**	**39.4**	**– 4.8**
Cash and cash equivalents	– 4.3	– 5.4	–
Contingent consideration	– 2.7	–	–
Deferred consideration	– 0.8	– 0.2	–
Net cash flow on acquisition/disposal	**57.2**	**33.8**	**– 4.8**

Foreign exchange rates

1 CHF	Income statement average rates January – June		Balance sheet closing rates 30 June	
	2014	**2013**	**2014**	**2013**
1 EUR	1.2200	1.2257	1.2156	1.2338
1 GBP	1.4862	1.4455	1.5167	1.4393
1 USD	0.8895	0.9345	0.8901	0.9433
1 BRL	0.3879	0.4562	0.4052	0.4269
1 AUD	0.8106	0.9424	0.8362	0.8707
1 CNY	0.1442	0.1510	0.1434	0.1537
100 SEK	13.5900	14.3200	13.2500	14.0600

Event after the reporting period

No significant events occurred after the reporting date.

The consolidated interim financial statements were authorised for issue by the board of directors on 25 July 2014. When the consolidated financial statements were finalised on 25 July 2014, 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 2014 group sales	27 October 2014	
Release of 2014 group sales	3 February 2015	
Annual press conference	5 March 2015	9.00 am
Annual analyst conference	5 March 2015	2.00 pm
Publication of annual report 2014	5 March 2015	
Annual general meeting (Mövenpick Hotel, Regensdorf)	14 April 2015	3.30 pm
First trading date ex-dividend	16 April 2015	
Dividend payment	20 April 2015	
Release of first quarter 2015 group sales	30 April 2015	
Publication of sustainability report 2014	30 June 2015	
Conference call on interim results 2015	30 July 2015	
Publication of interim report 2015	30 July 2015	

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