Financial contents

Group financial review

Business performance Bucher Industries recorded falls of 2.2% in order intake and 4.4% in sales in the reporting year. Adjusted for currency and acquisition effects, the decreases were 4.0% and 6.7% respectively. The reasons for the downward trend lay in the continuing decline in the market for agricultural machinery. Once again, Kuhn Group held up well in this difficult market environment but was nevertheless affected by the weakness in the market. Bucher Municipal defended its position in the European market for municipal vehicles, in which there was a dearth of major tenders. Bucher Hydraulics performed above the level of a generally flat market, which was characterised by pressure on prices. Bucher Emhart Glass delivered a pleasing performance in a stable market environment for glass-forming and inspection machinery. In varying market conditions, Bucher Specials achieved a pleasing increase in order intake and sales. The Group's order book remained sound, standing at CHF 727.7 million, a 5.7% increase on the previous year. Adjusted for currency and acquisition effects the increase was 2.5%. The order backlog at the end of the reporting year was around 3.7 months of the full-year sales (2015: 3.3 months). Compared with the previous year, the changes in the average exchange rates against the Swiss franc were as follows: EUR up 1.4%, USD up 2.4%, GBP down 9.1%, SEK up 0.3%, BRL down 3.4% and AUD up 1.2%.

Acquisitions As of 4 March 2016, Bucher Industries acquired a 100% equity holding in J. Hvidtved Larsen A/S (JHL) on behalf of the Bucher Municipal division. The company, established in 1915 and headquartered in Silkeborg, Denmark, is a technology leader in sewer cleaning and holds strong market positions in Scandinavia and Great Britain. For Bucher Municipal, the takeover of JHL represented the acquisition of highly specialised engineering know-how and technology in the area of sewer-cleaning equipment. On 19 September 2016, Bucher Industries acquired the operating activities of PakMor Waste Equipment Australia Pty Ltd, Sydney, on behalf of the Bucher Municipal division. The acquisition strengthened the presence of Bucher Municipal in the waste disposal segment in Australia. Since the date of acquisition, JHL and PakMor have generated revenues of CHF 51.7 million.

Net sales

CHF million	2016	2015	change in %
Net sales	2 380.4	2 490.4	−4.4%
Net sales adjusted for currencies	2 375.4	2 490.4	−4.6%
Net sales adjusted for acquisitions	2 328.7	2 490.4	−6.5%
Net sales adjusted for currencies and acquisitions	2 324.2	2 490.4	−6.7%

Operating performance The Group EBIT margin came to 7.1%, a fall of 1.2 percentage points on the previous year. The decrease in the margin was mainly the result of the decline in sales of agricultural machinery and one-off costs affecting Bucher Municipal and Bucher Emhart Glass. Adjusted for the one-off costs of CHF 9.0 million, the EBIT margin amounted to 7.5%. Group EBITDA fell by 11.4% to CHF 262.5 million, which resulted in an EBITDA margin of 11.0% (2015: 11.9%). Other operating expenses came to 13.5% (12.9%) of sales. Employment costs were adjusted as far as possible in line with capacity utilisation by way of flexible deployment of temporary staff. The ratio of employment costs to sales was 27.4% (26.0%).

Net financial items Net financial items amounted to negative CHF 8.7 million, compared with negative CHF 13.3 million in 2015. Net interest expense improved by CHF 5.6 million to negative CHF 6.7 million, the improvement being largely attributable to the repayment of high-interest financial liabilities in Brazil. The net gain of financial instruments was CHF 1.6 million, the same as the previous year's level. Changes in the fair value of financial instruments recognised in the fair value reserve in equity increased by CHF 0.5 million to CHF 4.7 million. The negative currency effect on the financial result amounted to CHF 2.7 million (2015: CHF 1.0 million) and is largely the result of foreign exchange losses on loans to Group entities. The Group's share of profit/(loss) of associates was a profit of CHF 0.6 million (CHF 0.4 million).

CHF million

	2016	2015
Interest expense on financial liabilities	–8.1	–14.1
Interest income on financial assets	1.4	1.8
Net interest expense	**–6.7**	**–12.3**
Net gain on financial instruments	1.6	1.4
Financial foreign exchange gains and losses	–2.7	–1.0
Share of profit/(loss) of associates	0.6	0.4
Other financial items	–1.5	–1.8
Net financial items	**–8.7**	**–13.3**

Tax rate and profit for the year Income tax expense decreased to CHF 42.2 million (2015: CHF 53.8 million) because of the lower profits from Group entities. Due to lower results in countries with higher tax rates, the effective tax rate of 26.3% was slightly below the previous year's level of 27.8%. Group profit for the year reached CHF 118.4 million, a decrease of 15.4% over the previous year. The return on sales was 5.0% (5.6%). As a result of the lower profit for the year, earnings per share decreased by 14.3% to CHF 11.73 (CHF 13.69).

Financial situation Net operating assets amounted to CHF 1 228.4 million, compared with CHF 1 217.2 million the previous year. Adjusted for currency and acquisition effects, the decrease was 5.3%. Systematic management of the working capital was a factor in this positive trend. The volume-related decrease in receivables and inventories was, in the main, offset by lower liabilities. At CHF 1 293.1 million, average net operating assets for the year are only slightly below the previous year's level. This development was largely due to investments and the high level of receivables and inventories at the beginning of the year; as a percentage of sales, the figure increased to 54.3%. As a consequence of the lower profitability and affected by acquisition effects, return on net operating assets (RONOA) after tax was 9.7%, still higher than the cost of capital yet below the long-range target of 16%. Investments of CHF 78.2 million were slightly below the previous year's level. The most important single projects were the expansion of Kuhn Group in Saverne, the renovation of the Bucher Hydraulics buildings in Klettgau and the expansion of the plant in India. Additional investments were made in machinery at various Group companies.

Return on net operating assets (RONOA) after tax

CHF million

	2016	2015
Trade receivables	389.5	428.5
Inventories	600.1	602.8
Property, plant and equipment	595.1	588.9
Intangible assets	246.4	205.6
Other operating receivables	83.7	68.1
Trade payables	– 215.6	– 220.7
Advances from customers	– 164.7	– 167.3
Provisions	– 72.9	– 62.3
Other operating liabilities	– 233.2	– 226.4
Net operating assets (NOA)	**1 228.4**	**1 217.2**
Net operating assets (NOA) average	1 293.1	1 295.7
Operating profit (EBIT)	169.3	207.1
Effective tax rate	26.3%	27.8%
Return on net operating assets (RONOA) after tax	**9.7%**	**11.5%**

Intangible assets increased to CHF 246.4 million (2015: CHF 205.6 million) because of acquisitions. Goodwill increased to CHF 137.8 million (CHF 113.5 million) because of acquisitions. The annual impairment tests of intangible assets were based on the cash flow projections of the individual cash-generating units. Based on the ongoing assessment of the outlook for the years ahead, the impairment test did not indicate any need for an impairment charge. The ratio of intangible assets to equity was 20.1% (17.8%), while that of goodwill to equity was 11.3% (9.8%). Equity increased by CHF 69.5 million to CHF 1 223.6 million at 31 December 2016. The increase was largely attributable to the Group profit of CHF 118.4 million and the positive currency effects of CHF 14.0 million, as opposed to a dividend of CHF 56.5 million. The equity ratio rose by 1.6 percentage points to 50.6% (49.0%) and the return on equity was 10.0% (11.9%). At the end of the year, the Group had cash and liquid assets of CHF 417.9 million to financial liabilities of CHF 356.5 million, leading to net liquidity of CHF 61.4 million. The increase in net liquidity by CHF 210.0 million since 30 June 2016 is mainly due to seasonal factors. A total of CHF 230.0 million was available in unused committed credit facilities. The syndicated loan facility amounting to CHF 200.0 million became due for repayment on 30 June 2016. The Group took advantage of the favourable financial situation and reduced the newly concluded syndicated loan facility to CHF 150.0 million. The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 31 December 2016.

Cash flow/free cash flow

CHF million

	2016	2015
Net cash flow from operating activities	**262.9**	**236.8**
Purchases of property, plant and equipment	−75.8	−74.9
Proceeds from sale of property, plant and equipment	4.8	2.9
Purchases of intangible assets	−2.4	−7.0
Operating free cash flow	**189.5**	**157.8**
Proceeds from sale of other financial assets	3.4	2.7
Acquisition	−50.7	−3.0
Acquisition of non-controlling interests	–	−2.3
Purchases of treasury shares	−7.4	−4.5
Proceeds from sale of treasury shares	5.4	2.9
Dividend received	0.1	0.3
Dividend paid	−56.5	−67.6
Free cash flow	**83.8**	**86.3**

Operational free cash flow amounted to CHF 189.5 million (2015: CHF 157.8 million). After deducting expenditure on acquisitions and dividends a positive free cash flow of CHF 83.8 million remained, which was only slightly below the positive result of the previous year. The decrease was the result of higher expenditure on acquisitions. This was almost offset by the lower commitment of capital in the free cash flow and a lower dividend.

Number of employees The number of employees increased by 0.9% year on year to 11 175 full-time equivalents at the reporting date. Adjusted for acquisitions, the full-time equivalents fell by 1.5%. On average for the year, the decrease was 2.0%, adjusted for acquisition effects it was 3.7%. Bucher Industries adopted a range of measures to adjust the number of employees to take account, as far as possible, of seasonal influences and local economic developments. However, the adjustments were not sufficient to offset the fall in sales of 4.4%. As a result, net sales per employee, at CHF 212 000, was slightly down on the previous year's figure of CHF 217 000. Adjusted for currency and acquisition effects, the decrease was 3.2%.

Shareholder value In a highly volatile stock market, the performance of Bucher's share price was positive, closing at CHF 250.75, above the previous year's figure of CHF 226.30. The 52-week high reached CHF 252.50, with a 52-week low of CHF 194.70. The company's market capitalisation reached CHF 2.6 billion at the year-end, representing a price/book ratio of 2.2. Earnings per share reached CHF 11.73, against CHF 13.69 a year earlier.

Dividend In keeping with a consistent dividend policy and in consideration of the Group profits achieved, the board of directors is proposing that the annual general meeting on 19 April 2017 approve payment of a dividend of CHF 5.00 per registered share. Based on the average share price of CHF 231.85 for 2016, the board's proposal represents a dividend yield of 2.2% (2015: 2.4%).

Consolidated balance sheet as per 31 December 2016

CHF million	Note	31 December 2016	31 December 2015
Cash and cash equivalents		390.6	346.2
Other financial assets	7	27.3	28.6
Trade receivables	3	389.5	428.5
Current income tax assets		24.9	21.5
Other receivables	3	53.4	48.6
Inventories	4	600.1	602.8
Current assets		**1 485.8**	**1 476.2**
Long-term receivables	3	8.4	2.8
Property, plant and equipment	5	595.1	588.9
Intangible assets	6	246.4	205.6
Other financial assets	7	11.5	12.9
Investments in associates	8	11.6	11.2
Deferred income tax assets	17	60.8	56.0
Non-current assets		**933.8**	**877.4**
Assets		**2 419.6**	**2 353.6**
Financial liabilities	9	40.7	26.0
Trade payables		215.6	220.7
Advances from customers		164.7	167.3
Provisions	10	58.5	50.5
Other liabilities	12	189.9	196.5
Current income tax liabilities		28.3	16.3
Current liabilities		**697.7**	**677.3**
Financial liabilities	9	315.8	359.2
Provisions	10	14.4	11.8
Other liabilities	12	20.1	18.7
Deferred income tax liabilities	17	51.4	51.7
Retirement benefit obligations	18	96.6	80.8
Non-current liabilities		**498.3**	**522.2**
Attributable to owners of Bucher Industries AG		1 187.9	1 116.0
Attributable to non-controlling interests		35.7	38.1
Equity		**1 223.6**	**1 154.1**
Liabilities and equity		**2 419.6**	**2 353.6**

Consolidated income statement for the year ended 31 December 2016

CHF million	Note	2016	%	2015	%
Net sales	1	**2 380.4**	**100.0**	**2 490.4**	**100.0**
Changes in inventories of finished goods and work in progress		−17.5		−14.7	
Raw materials and consumables used		−1 148.3		−1 232.2	
Employment costs	14	−652.2		−648.7	
Other operating income	15	20.3		22.7	
Other operating expenses	15	−320.2		−321.3	
Operating profit before depreciation and amortisation (EBITDA)		**262.5**	**11.0**	**296.2**	**11.9**
Depreciation	5	−73.8		−69.2	
Amortisation	6	−19.4		−19.9	
Operating profit (EBIT)		**169.3**	**7.1**	**207.1**	**8.3**
Share of profit/(loss) of associates	16	0.6		0.4	
Finance costs	16	−12.4		−15.9	
Finance income	16	3.1		2.2	
Profit before tax		**160.6**	**6.7**	**193.8**	**7.8**
Income tax expense	17	−42.2		−53.8	
Profit/(loss) for the year		**118.4**	**5.0**	**140.0**	**5.6**
Attributable to owners of Bucher Industries AG		118.7		138.3	
Attributable to non-controlling interests		−0.3		1.7	
Basic earnings per share in CHF	13	11.73		13.69	
Diluted earnings per share in CHF	13	11.71		13.65	

Consolidated statement of comprehensive income for the year ended 31 December 2016

CHF million

	2016	2015
Profit/(loss) for the year	**118.4**	**140.0**
Change in actuarial gains/(losses) on defined benefit pension plans	−10.5	−15.8
Income tax	2.9	3.1
Change in actuarial gains/(losses) on defined benefit pension plans net of tax	**−7.6**	**−12.7**
Items that will not be transferred subsequently to income statement	**−7.6**	**−12.7**
Change in fair value reserve	0.7	0.6
Transfer to income statement	–	–
Income tax	−0.2	−0.1
Change in fair value reserve net of tax	**0.5**	**0.5**
Change in cash flow hedge reserve	0.7	−6.4
Transfer to income statement	0.5	8.8
Income tax	0.2	−0.6
Change in cash flow hedge reserve net of tax	**1.4**	**1.8**
Change in currency translation reserve	14.0	−109.3
Transfer to income statement	–	–
Change in currency translation reserve	**14.0**	**−109.3**
Items that may be transferred subsequently to income statement	**15.9**	**−107.0**
Other comprehensive income	**8.3**	**−119.7**
Comprehensive income	**126.7**	**20.3**
Attributable to owners of Bucher Industries AG	128.3	21.1
Attributable to non-controlling interests	−1.6	−0.8

Consolidated cash flow statement for the year ended 31 December 2016

CHF million	Note	2016	2015
Profit/(loss) for the year		**118.4**	**140.0**
Income tax expense	17	42.2	53.8
Net interest expense	16	6.7	12.3
Share of profit/(loss) of associates	16	−0.6	−0.4
Depreciation and amortisation	5, 6	93.2	89.1
Other operating cash flow items		1.5	2.4
Gain on sale of non-current assets	15	−0.8	−0.7
Interest received		1.3	1.6
Interest paid		−6.9	−11.7
Income tax paid		−31.2	−39.8
Change in provisions and retirement benefit obligations		14.0	−6.1
Change in receivables		44.6	24.3
Change in inventories		18.8	18.7
Change in advances from customers		−5.6	−12.5
Change in payables		−19.3	−23.1
Other changes in working capital		−13.4	−11.1
Net cash flow from operating activities		**262.9**	**236.8**
Purchases of property, plant and equipment	5	−75.8	−74.9
Proceeds from sale of property, plant and equipment		4.8	2.9
Purchases of intangible assets	6	−2.4	−7.0
Proceeds from sale of other financial assets		3.4	2.7
Acquisition	2	−50.7	−3.0
Dividend received	8	0.1	0.3
Net cash flow from investing activities		**−120.6**	**−79.0**
Purchases of treasury shares	13	−7.4	−4.5
Proceeds from sale of treasury shares		5.4	2.9
Proceeds from non-current financial liabilities		4.4	30.5
Repayment of non-current financial liabilities		−26.1	−1.9
Proceeds from current financial liabilities		29.2	14.1
Repayment of current financial liabilities		−44.2	−89.6
Acquisition of non-controlling interests		–	−2.3
Dividend paid		−56.5	−67.6
Net cash flow from financing activities		**−95.2**	**−118.4**
Effect of exchange rate changes		−2.7	−31.0
Net change in cash and cash equivalents		**44.4**	**8.4**
Cash and cash equivalents at 1 January		346.2	337.8
Cash and cash equivalents at 31 December		**390.6**	**346.2**

Consolidated statement of changes in equity for the year ended 31 December 2016

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 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 year		138.3					138.3	1.7	**140.0**
Other comprehensive income		–12.7		–106.8	0.5	1.8	–117.2	–2.5	**–119.7**
Comprehensive income		**125.6**		**–106.8**	**0.5**	**1.8**	**21.1**	**–0.8**	**20.3**
Change in treasury shares		0.6	–4.4				–3.8		**–3.8**
Share-based payments		4.7	1.2				5.9		**5.9**
Change in non-controlling interests		–1.3					–1.3	–1.0	**–2.3**
Dividend		–65.7					–65.7	–1.9	**–67.6**
Balance at 31 December 2015	**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 year		118.7					118.7	–0.3	**118.4**
Other comprehensive income		–7.6		15.3	0.5	1.4	9.6	–1.3	**8.3**
Comprehensive income		**111.1**		**15.3**	**0.5**	**1.4**	**128.3**	**–1.6**	**126.7**
Change in treasury shares		–	–7.4				–7.4		**–7.4**
Share-based payments		4.6	2.1				6.7		**6.7**
Dividend		–55.7					–55.7	–0.8	**–56.5**
Balance at 31 December 2016	**2.1**	**1 537.9**	**–17.7**	**–338.5**	**4.7**	**–0.6**	**1 187.9**	**35.7**	**1 223.6**

Notes to the consolidated financial statements

Group accounting policies

Organisation Bucher Industries AG is a public limited company incorporated in Switzerland whose shares are publicly traded on the SIX Swiss Exchange. Its registered office is in Niederweningen, Switzerland. The Group comprises five specialised divisions in industrially related areas of mechanical and vehicle engineering.

Basis of preparation The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Swiss law under the historical cost convention, except for certain assets and liabilities which are measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and are based on the group entities' separate financial statements made up to 31 December using uniform classification and measurement criteria (IFRS). All amounts are stated in millions of Swiss francs (CHF million), unless otherwise indicated. The policies set out below have been consistently applied to all the periods presented, unless otherwise stated. Where necessary, prior-year comparative information has been reclassified or extended from the previously reported consolidated financial statements to take into account any presentational changes.

Changes in accounting policies The new or revised standards and interpretations published by the International Accounting Standards Board (IASB) and implemented on 1 January 2016 had no significant impact on the consolidated accounts presented here. Published standards or interpretations that will only come into effect for the financial years from 1 January 2017 and beyond will not be applied at an earlier date.

Future standards not yet adopted The following new and revised standards and interpretations had been approved by the time the consolidated financial statements were authorised for issue by the board of directors.

Standard/Interpretation		Effective date	Planned application
New standards			
IFRS 9	Financial instruments	1 January 2018	2018
IFRS 15	Revenue from contracts with customers	1 January 2018	2018
IFRS 16	Leases	1 January 2019	2019
Revised standards			
Div.	Various amendments and annual improvements to IFRS/IAS		

Bucher Industries continually assesses the possible impact of the new and revised standards and interpretations. Bucher Industries has yet to complete its detailed analysis of the new IFRS 9 standard (financial instruments) and IFRS 15 (revenue from contracts with customers). However, they are not expected to have any significant effect on the consolidated financial statements. At the present, the impact of the new IFRS 16 standard (leases) on the assets, finances and earnings situation of Bucher Industries cannot be reliably assessed. The revised standards and interpretations are not expected to have a significant impact on the result or the financial situation.

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. All estimates and judgements are reviewed regularly. They are based on historical experience and expectations of future events. Actual outcomes may differ from these estimates. The consolidated financial statements will be modified as appropriate in the reporting year in which the circumstances change. Assumptions and estimates in the following areas have a significant influence on the consolidated financial statements.

- Impairment of non-financial assets, in particular in the assessment of the carrying value of goodwill items
- Formation of long-term provisions
- Determination of the amount of current and deferred income tax assets and liabilities
- Actuarial calculations of defined benefit obligations

More information is given in the group accounting policies and notes.

Basis of consolidation The consolidated financial statements incorporate the financial statements of Bucher Industries AG and all its Swiss and foreign group entities (subsidiaries) where the company exercises control by directly or indirectly holding more than 50% of the voting rights or has acquired control through contractual arrangements. Using the full consolidation method, all assets, liabilities, income and expenses of the consolidated entities are included in the consolidated financial statements. Subsidiaries acquired during the year are consolidated from the date on which control is transferred to the Group and those disposed of are deconsolidated from the date that control ceases. Equity and profit or loss attributable to non-controlling interests are presented as separate line items in the consolidated balance sheet and income statement. All intercompany balances, transactions, cash flows, realised and unrealised profits are eliminated in the consolidated financial statements. The acquisition method is used to account for business combinations. Under this method, the acquiree's assets, liabilities and contingent liabilities are measured at their fair values using uniform group accounting policies. Any excess of the cost of acquisition over the fair value of the net assets acquired is recorded as goodwill. Any negative difference is recognised directly in the income statement in the reporting period. For each merger, the non-controlling interests are either carried at fair value or according to the proportion of net assets. Upon acquisition of non-controlling interests in a fully consolidated entity, any difference between the purchase price and the carrying amount of such non-controlling interests is recognised directly in retained earnings. Transaction costs are booked as expenses in the income statement. Any reduction in ownership interest that does not result in a loss of control is also recognised in equity.

Associates Associates are those entities in which Bucher Industries has significant influence, but not control, over the financial and operating policy decisions. A significant influence can generally be assumed with voting rights of 20% to 50%. Investments in associates are initially recognised at cost. Cost comprises the proportionate net asset and any goodwill. As part of the subsequent valuation, the equity method is used to adjust the carrying amount of the interest for proportionate earnings, less the proportionate profit disbursement. Adjustments are made if there is any objective evidence of a permanent impairment in value.

Foreign currency translation The individual financial statements of each of the Group's foreign entities are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Within Bucher Industries, the functional currency is generally the local currency of the respective country. The consolidated financial statements are presented in Swiss francs, which is both the functional and presentation currency of Bucher Industries AG. For group entities that have a functional currency different from the Group's presentation currency, assets and liabilities are translated into Swiss francs at closing (middle) exchange rates at the date of the balance sheet, while items in the income statement and cash flow statement are translated at average exchange rates for the year (average of the twelve month-end middle exchange rates). Translation differences arising on consolidation are carried under other comprehensive income and are transferred to the income statement as profit or loss when a foreign operation is sold or liquidated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Realised and unrealised foreign currency translation gains and losses relating to operating activities are presented within operating profit, while those relating to financing transactions are presented within net financial items. Derivative financial instruments used to hedge foreign currency risk exposures associated with assets and liabilities and with expected future cash flows are measured at fair value, with changes in the fair value recognised in the income statement. Exceptions are transactions designated for hedge accounting where gains and losses are recognised in other comprehensive income.

Segment reporting Segments are defined using the management approach. 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. Assets, liabilities, income and expenses can be clearly allocated to the segments. Sales between segments are set on an arm's length basis.

Financial assets Financial assets are classified into the categories "held at fair value through profit or loss", "loans and receivables at amortised cost", "available-for-sale" and "held-to-maturity". The classification depends on the purpose for which the financial assets were acquired. All financial assets are initially recognised at fair value, plus transaction costs in the case of financial instruments not recognised in income at fair value. Purchases and sales are recognised on the date of payment and delivery (settlement date). Management assesses at each reporting date whether there is any indication that an asset may be permanently impaired. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

"Held at fair value through profit or loss" Subsequent to initial recognition, money market instruments and derivative financial assets are measured at fair value, with changes in fair value recognised in the income statement.

“Loans and receivables at amortised cost” These include non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest method. If they become impaired or uncollectible, they are provided for in the income statement.

“Available-for-sale” Available-for-sale financial assets are non-derivatives that are either designated in this category or cannot be classified in any of the other categories. These assets are generally carried at fair value. If their fair value cannot be reliably determined, they are recognised at cost. Unrealised gains or losses are recognised in other comprehensive income as the “net change in fair value reserve” until they are realised. Interest is calculated using the effective interest method and recognised in the income statement. When an asset is disposed of or determined to be permanently impaired, the cumulative gains or losses recognised in other comprehensive income are taken to the income statement for the period.

“Held-to-maturity” Held-to-maturity investments comprise assets with fixed maturity and fixed or determinable payments that the Group has the positive intention and ability to hold to maturity. These financial assets are measured at amortised cost using the effective interest method. Gains or losses on disposal, permanent impairment losses or amortisation are recognised in the income statement.

Cash and cash equivalents Cash and cash equivalents are defined as short-term, liquid financial investment that are readily convertible to defined cash amounts within a three month period and subject to insignificant risk of changes in value. These include cash on hand, post-office and bank balances as well as short-term time deposits. There are no restrictions on cash and cash equivalents.

Other financial assets Marketable short-term investments (balance-sheet assets, bonds, money market investments) are classified as “available-for-sale” and “held at fair value through profit or loss”. Fair value is determined by reference to quoted market prices. These assets include long-term investments (of less than 20%), long-term loans and other miscellaneous financial assets and are classified as “loans and receivables at amortised cost” or “available for sale”. Charges and credits to the income statement are recorded in finance income.

Receivables Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, net of specific provisions for known credit and country transfer risks. Allowances based on historical experience are made for risks associated with receivables not specifically identified as impaired. Provisions for impairment are included in other operating expenses.

Derivative financial instruments and hedging activities Derivative financial instruments, such as forward contracts and options, are used to hedge exposure to interest rate and foreign currency fluctuations. They are initially recognised in the balance sheet and subsequently remeasured at fair value based on quoted market prices at the reporting date. Unrealised gains and losses on contracts to hedge operating cash flows are taken to operating profit, while those on contracts to hedge financing activities are taken to finance income and finance costs. Derivative financial instruments are recorded as other receivables or other payables as applicable.

Hedge accounting The Group uses hedge accounting to hedge selected transactions within the meaning of IAS 39. In so doing, future cash flows with a high probability of occurrence are hedged using cash flow hedges. Fair value hedges and net investment hedges were not used. At the inception of the hedge, Group treasury identifies and documents transactions which are designated as a hedged item for hedge accounting purposes. The effectiveness of a hedge instrument in terms of the cash flow hedged is checked and documented both on the date it is concluded and also during the entire term of the hedge. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The non-effective portion is recorded in the income statement. Amounts accumulated in other comprehensive income are transferred to the income statement when the underlying transaction has been booked or the conditions for hedge accounting no longer apply.

Inventories Inventories are stated at the lower of cost and net realisable value. Cost is determined using either the weighted average or first-in, first-out method. The same method is used for inventories having a similar nature and use to the company. Where necessary, provision is made for all foreseeable losses on inventories of work in progress, goods and slow-moving items, with write-downs recognised in changes in inventories of finished goods and work in progress.

Property, plant and equipment Property, plant and equipment are stated at historical cost less accumulated depreciation. The different components are accounted for as separate items. Expenditure on improvements is capitalised. The costs of repairs, maintenance and replacements are charged to the income statement as they are incurred. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. Land is stated at cost and is not depreciated. The residual useful lives of property, plant and equipment are reviewed periodically. The Group has determined the following useful lives:

	Years
Buildings and Infrastructure	10–50
Plant and machinery	5–12
Furniture, fixtures and equipment	2–15

Low value assets are expensed directly to the income statement.

Intangible assets Goodwill, licences, patents, trademarks, customer lists, supplier relationships, software and similar rights are recognised as purchased intangible assets. Intangible assets are capitalised only if they will generate sustainable economic benefits. They are generally measured using the cost model. Intangible assets with finite useful lives are amortised on a straight-line basis over their expected residual lives, ranging from five to twenty years depending on the asset. Goodwill on acquisitions is not amortised, but is capitalised and tested for impairment annually or whenever there are indications of possible impairment. Expenditure on research activities is recorded as an expense in the period in which it is incurred. Development costs are capitalised and amortised over their useful lives only if the future economic benefits will be sufficient to recover the development costs and if the other criteria required by IAS 38 are met. Development costs that do not meet these criteria are expensed directly through the income statement.

Impairment of non-financial assets For goodwill, impairment is tested at least annually, while other assets are reviewed for impairment whenever there is an indication that they may be impaired. When there are indications of permanent impairment, the asset's recoverable amount is determined and compared with its current carrying amount. If the carrying amount exceeds the recoverable amount, the carrying amount is written down accordingly. Such impairment losses are recognised in the income statement. To enable impairment tests to be carried out on non-financial assets, these are consolidated as cash-generating units. Definition and differentiation vary from division to division. Goodwill is allocated to the cash-generating units or group of cash-generating units that are expected to benefit from the respective business combination. The recoverable amount of the cash-generating unit is determined on the basis of the value-in-use, which is influenced essentially by the cash flow projections, the discount rate before taxes (WACC) and the long-term growth rate. These calculations are based on the expected market trends and require the application of various assumptions and estimates. Actual cash flows may differ from those expected. Write-ups are performed if, in subsequent periods, the recoverable amount is higher than the book value. Assets are written up at most to the amount that would have resulted if the impairment had not been performed. Impairment losses on goodwill are not reversed.

Borrowing costs Borrowing costs for assets that require a substantial period of preparation until ready for their intended use are capitalised from the start of the construction phase until commissioning. The amount of borrowing costs to be capitalised depends on the actual costs incurred in connection with the borrowing of funds for the specific asset. All other borrowing costs are expensed on an accrual basis directly in the period they occur.

Discontinued operations and non-current assets held for sale Non-current assets or groups of non-current assets are reclassified as being held for sale if the associated carrying amount is mostly to be realised by the sale and not from continued use. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and any impairment losses are recognised in the income statement.

Financial liabilities Financial liabilities include short-term and long-term borrowings, trade payables and other payables. Financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation underlying this liability has been fulfilled, terminated or has expired.

Provisions A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required in the future to settle the obligation, and the amount can be reliably estimated. However, actual cash outflows and their timing may differ significantly depending on the outcome of events. Restructuring provisions are recognised only when the Group has a detailed formal plan for restructuring and has announced or already started to implement the restructuring plan. Future losses are not provided for. Provisions are valued at the cash value of the anticipated costs.

Equity/treasury shares Retained earnings include amounts paid in by shareholders in excess of the par value of shares (share premium). Treasury shares are recorded as a deduction from equity. Realised gains or losses on the sale of treasury shares are also recognised in equity as a component of retained earnings. The same applies to the cost of share-based payments (share plans). Dividends are charged to equity in the period in which they are approved by the general meeting of shareholders.

Net sales/revenue recognition Revenues are measured at the fair value of the consideration received, net of value-added tax and sales deductions such as sales incentives, rebates and trade discounts. Bucher Industries books revenues when the amount can be reliably assessed and the likelihood of a future economic benefit is clear. The sale of goods and services is recognised when the service is rendered or when the risks and rewards of ownership have been transferred. The timing of the transfer depends, amongst other things, on specific contract criteria or the agreed international commercial terms (Incoterms). The rendering of services is based on agreements with the customer. Revenue from services rendered is recognised by reference to the stage of completion.

Interest income/dividend Interest income is recorded over the anticipated term, so that it reflects the effective income on an asset. Dividends are recorded if shareholders are able to assert a legal claim.

Income tax The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except where it relates to items recognised directly in other comprehensive income or in equity. In this case, the tax is also recognised in the corresponding account.

Current income tax Current income tax is calculated on the basis of the local tax laws enacted at the reporting date in the countries where the group entities operate and generate taxable income. Provision is made for all current tax liabilities. Taxes that are not based on taxable profit are charged to other operating expenses.

Deferred income tax In measuring deferred income tax assets and liabilities, the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements are determined at individual group entity level (balance sheet liability method). Deferred income tax assets and liabilities are measured and recognised using tax rates and laws that have been enacted or substantially enacted in the respective countries by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Potential tax benefits arising from tax losses carried forward and temporary differences are reviewed annually and recognised only to the extent that it is probable that they will be realised through future taxable profits against which the losses can be utilised. Assessing the probability of realising potential tax savings is based on planning data and requires assumptions and estimates to be made. Deferred tax liabilities connected with non-distributed profits for group companies and associated companies are taken into account unless the Group can fully determine the disbursement policy for the corresponding companies and if no dividend payments are to be expected in the foreseeable future, and also for the initial recognition of goodwill or of assets and liabilities that do not affect taxable profit.

Retirement benefits Bucher Industries operates a number of defined benefit and defined contribution pension plans. In the case of defined contribution plans, contributions are paid in on the basis of a statutory or contractual obligation, or on a voluntary basis. Apart from these contributions, there are no other payment obligations. Defined benefit obligations are calculated by independent actuaries using the projected unit credit method every one to three years, depending on the materiality of the pension plan. Actuarial calculations of defined benefit obligations are based on statistical and actuarial assumptions, such as expected inflation rates, future salary increases, probable turnover rates and life expectancies of plan members, as well as discount rates, which may deviate from actual future developments. Actuarial gains and losses are recognised to the full amount in other comprehensive income in the period in which they occur. The Group's contributions to past service costs and benefit entitlements arising from changes in the plans are charged to the income statement. Surpluses in pension schemes are only recognised when they are actually available to the Group in the form of future contributions or reductions in future contributions to the plan.

Share-based payment schemes comprise the Bucher Share Plan and the options awarded in previous years.

The Bucher Share Plan is a share-based, performance-related component of remuneration for the members of group management, senior managers in the divisions and selected specialists. The annual financial targets for the award of shares are set by the board of directors at the beginning of each financial year, taking into account the Group's long-term targets, results for the past year, budget for the current year and the general economic conditions. Awards are based on a percentage of basic salary as well as the achievement of the Group's annual financial "earnings per share" target. The shares awarded are calculated using the share price on the reporting date. The number of shares to be awarded to the members of group management is subject to the approval of the annual general meeting. This is granted retrospectively. The share price on the reporting date is taken as the best estimate for valuation of the plans. The costs are recognised in the income statement on an accrual basis. In the following year, the estimate is adjusted to take account of the share price at the date of approval through the income statement, with a corresponding entry in equity. The shares required for awards under the share plans are purchased in the open market and held by Bucher Beteiligungs-Stiftung, a consolidated employee share ownership trust.

Share option plans No share options have been granted since the 2010 financial year. Share options granted in respect of previous reporting years remain valid as originally provided and may be exercised at any time. One option entitles the holder to purchase one registered share of Bucher Industries AG. The options are not negotiable.

Leases A finance lease is defined as a lease that transfers substantially all the risks and rewards of ownership of an asset. Ownership may or may not eventually be transferred. An operating lease is a lease other than a finance lease. Bucher Industries enters into contracts both as lessor and lessee.

Group as lessee Assets held under finance leases in which Bucher Industries acts as lessee are, on initial recognition, capitalised at the lower of their fair value and the present value of the future minimum lease payments and are then depreciated over the shorter of their estimated useful lives and the lease term. The corresponding obligations are carried as liabilities. In the case of operating leases, payments are charged to the income statement on a straight-line basis over the lease term.

Group as lessor Assets held under finance leases in which Bucher Industries acts as lessor are recorded as receivables with a value equivalent to the amount of the net investment. Leasing income from finance leases is recognised according to the effective-interest-rate method over the lease term.

Government grants Grants from the government are recognised only where there is a reasonable assurance that all attached conditions will be complied with and the grant will be received. They are recognised at their fair value. They are recognised at their fair value. The grants are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Notes to the consolidated financial statements

1 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, a Swiss distributorship for tractors and agricultural machinery, and control systems for automation technology (Bucher Specials).

Segment information

CHF million	Net sales		Depreciation		Amortisation		Operating profit (EBIT)	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Kuhn Group	930.0	1 068.3	−32.4	−30.3	−8.9	−11.2	74.2	108.6
Bucher Municipal	389.2	384.4	−7.8	−7.3	−2.5	−0.6	14.5	32.5
Bucher Hydraulics	475.2	461.4	−17.3	−16.6	−2.2	−2.1	56.6	53.1
Bucher Emhart Glass	370.8	359.8	−9.5	−9.4	−3.1	−2.4	26.3	23.8
Bucher Specials	263.3	257.2	−3.1	−3.3	−2.7	−3.6	21.1	12.9
Reportable segments	**2 428.5**	**2 531.1**	**−70.1**	**−66.9**	**−19.4**	**−19.9**	**192.7**	**230.9**
Other/consolidation	−48.1	−40.7	−3.7	−2.3	–	–	−23.4	−23.8
Group	**2 380.4**	**2 490.4**	**−73.8**	**−69.2**	**−19.4**	**−19.9**	**169.3**	**207.1**

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 intersegment transactions. Intersegment sales amounted to CHF 11.5 million (2015: CHF 10.6 million) for Kuhn Group, CHF 3.1 million (CHF 3.6 million) for Bucher Hydraulics and CHF 33.4 million (CHF 26.3 million) for Bucher Specials. Intersegment sales in the other divisions were only marginal.

CHF million	Capital expenditure		Goodwill		Operating assets		Operating liabilities	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Kuhn Group	30.7	30.5	69.9	61.7	800.4	817.5	−369.1	−387.9
Bucher Municipal	5.0	9.2	20.8	5.1	294.4	227.3	−95.1	−86.0
Bucher Hydraulics	20.6	28.9	3.7	3.0	314.2	312.2	−62.0	−58.8
Bucher Emhart Glass	13.7	8.7	21.2	22.0	334.6	362.4	−111.1	−106.6
Bucher Specials	4.3	2.6	3.9	3.9	143.4	146.0	−55.1	−51.3
Reportable segments	**74.3**	**79.9**	**119.5**	**95.7**	**1 887.0**	**1 865.4**	**−692.4**	**−690.6**
Other/consolidation	3.9	2.0	18.3	17.8	27.8	28.5	6.0	13.9
Group	**78.2**	**81.9**	**137.8**	**113.5**	**1 914.8**	**1 893.9**	**−686.4**	**−676.7**

Operating assets include current and non-current receivables, inventories, property, plant and equipment and intangible assets. Operating liabilities comprise trade payables, advances from customers, other payables and provisions.

Reconciliation of segment results

CHF million	2016	2015
Segment operating profit (EBIT)	192.7	230.9
Other/consolidation	– 23.4	– 23.8
Operating profit (EBIT)	**169.3**	**207.1**
Share of profit/(loss) of associates	0.6	0.4
Finance costs	– 12.4	– 15.9
Finance income	3.1	2.2
Profit before tax	**160.6**	**193.8**

Reconciliation of segment assets

CHF million	2016	2015
Segment operating assets	**1 887.0**	**1 865.4**
Other/consolidation	27.8	28.5
Operating assets	**1 914.8**	**1 893.9**
Cash and cash equivalents and other financial assets – current	417.9	374.8
Other financial assets – non-current	11.5	12.9
Other assets	3.0	4.8
Investments in associates	11.6	11.2
Deferred income tax assets	60.8	56.0
Assets	**2 419.6**	**2 353.6**

Reconciliation of segment liabilities

CHF million	2016	2015
Segment operating liabilities	**– 692.4**	**– 690.6**
Other/consolidation	6.0	13.9
Operating liabilities	**– 686.4**	**– 676.7**
Financial liabilities – current liabilities	– 40.7	– 26.0
Financial liabilities – non-current liabilities	– 315.8	– 359.2
Other payables	– 5.1	– 5.1
Deferred income tax liabilities	– 51.4	– 51.7
Retirement benefit obligations	– 96.6	– 80.8
Liabilities	**– 1 196.0**	**– 1 199.5**

Net sales and assets by region

CHF million	Net sales		Property, plant and equipment and intangible assets	
	2016	**2015**	**2016**	**2015**
Switzerland	102.8	105.2	89.8	98.0
Germany	345.3	341.6	78.7	79.2
France	297.6	308.8	125.9	123.2
Rest of Europe	679.1	695.3	199.6	168.9
North America	476.2	575.9	156.7	157.7
Central and South America	133.1	129.7	91.4	76.5
Asia	210.6	208.5	76.6	77.8
Other	135.7	125.4	22.8	13.2
Total	**2 380.4**	**2 490.4**	**841.5**	**794.5**

Net sales have been allocated to the countries of destination.

2 Change in scope

Acquisitions J. Hvidtved Larsen A/S (JHL) As of 4 March 2016, Bucher Industries acquired a 100% equity holding in J. Hvidtved Larsen A/S (JHL) on behalf of the Bucher Municipal division. The company, established in 1915 and headquartered in Silkeborg, Denmark, is a technology leader in sewer cleaning and holds strong market positions in Scandinavia and Great Britain. For Bucher Municipal, the takeover of JHL represents the acquisition of highly specialised engineering know-how and technology in the area of sewer-cleaning equipment. The acquisition price was CHF 43.9 million, which was paid in its entirety from liquid funds. The value of the acquired trade receivables corresponded to the 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 15.9 million, which represents the entry into the markets and the synergy potential from the merger as well as the employees' expertise. Since the date of acquisition, JHL has generated revenues of CHF 50.1 million, an EBITDA margin of 1.2% and a company result of negative CHF 0.9 million. This is largely due to the negative impact of acquisition and integration costs. If the acquisition had been completed on 1 January 2016, the additional sales would have totalled CHF 58.2 million and the share of profit/(loss) for the period negative CHF 1.3 million. The acquisition costs totalling CHF 0.5 million were recognised in 2016, in the period they occurred, under other operating expenses.

Net assets acquired in J. Hvidtved Larsen A/S

CHF million	Fair value
	2016
Cash and cash equivalents	2.0
Trade receivables	6.2
Inventories	16.6
Property, plant and equipment	5.0
Intangible assets	24.1
Current financial liabilities	– 2.4
Trade payables	– 4.6
Advances from customers	– 4.5
Current other liabilities	– 6.3
Current income tax liabilities	– 0.8
Non-current financial liabilities	– 2.5
Deferred income tax liabilities	– 5.9
Other net assets	1.1
Net assets	**28.0**
Goodwill	15.9
Total purchase consideration	**43.9**
Cash and cash equivalents	– 2.0
Net cash flow on acquisitions	**41.9**

Other acquisitions On 19 September 2016, Bucher Industries acquired the operating activities of Pak-Mor Waste Equipment Australia Pty Ltd, Sydney on behalf of the Bucher Municipal division. The acquisition strengthens the presence of Bucher Municipal in the waste disposal segment in Australia. The purchase price of CHF 9.5 million comprises a cash component of CHF 8.8 million as well as deferred payments of CHF 0.7 million. The deferred payments will be due in the next two years. The fair value of the acquired net assets was CHF 9.5 million and essentially comprises inventories of CHF 1.7 million, property, plant and equipment of CHF 4.6 million and intangible assets of CHF 5.4 million. These will be fully amortised in the next few years.

Net assets and cash flow from acquisitions

CHF million	2016	2015
Current assets	27.7	–
Non-current assets	39.3	0.2
Current liabilities	–19.2	–0.1
Non-current liabilities	–10.3	0.2
Net assets	**37.5**	**0.3**
Goodwill	15.9	–0.3
Total purchase consideration	**53.4**	**–**
Cash and cash equivalents	–2.0	–
Deferred consideration	–0.7	–
Contingent consideration relating to previous years	–	0.1
Deferred consideration relating to previous years	–	2.9
Net cash flow on acquisitions	**50.7**	**3.0**

3 Receivables

CHF million	Current	Non-current	Total	Current	Non-current	Total
			2016			**2015**
Trade receivables	377.6	3.9	381.5	412.7	0.9	413.6
Notes receivable	11.9	–	11.9	10.0	–	10.0
Finance lease receivables	–	–	–	5.8	0.8	6.6
Trade receivables, net	**389.5**	**3.9**	**393.4**	**428.5**	**1.7**	**430.2**
Other receivables	37.0	4.2	41.2	32.7	1.0	33.7
Prepayments to suppliers	4.6	–	4.6	4.4	–	4.4
Derivative financial instruments	2.6	0.3	2.9	4.7	0.1	4.8
Accrued income	9.2	–	9.2	6.8	–	6.8
Other receivables	**53.4**	**4.5**	**57.9**	**48.6**	**1.1**	**49.7**
Receivables	**442.9**	**8.4**	**451.3**	**477.1**	**2.8**	**479.9**

Ageing analysis of trade receivables

CHF million	2016	2015
Trade receivables, gross	421.9	451.4
Amount provided for	−28.5	−21.2
Receivables, net	**393.4**	**430.2**
Not due	328.1	356.0
Not due, amount provided for	−6.0	−4.2
Past due, within 30 days	42.7	36.5
Past due, from 31 to 90 days	17.9	18.4
Past due, more than 90 days	33.2	40.5
Past due, amount provided for	−22.5	−17.0

The due dates of trade receivables are constantly monitored. The sum overdue relates to trade receivables whose agreed payment deadline has been exceeded.

Movements in the provision for impairment of trade receivables

CHF million	2016	2015
Balance at 1 January	21.2	21.1
Exchange differences	0.6	−2.9
Provision for receivables impairment	9.3	6.8
Unused amounts reversed	−1.8	−2.2
Receivables written-off during the year as uncollectible	−0.8	−1.6
Balance at 31 December	**28.5**	**21.2**

4 Inventories

CHF million	2016	2015
Raw materials and consumables	155.2	144.1
Work in progress	147.4	154.9
Finished goods and goods for resale	297.5	303.8
Inventories	**600.1**	**602.8**
Change of write-downs	4.7	11.0

In the reporting period as in 2015, CHF 0.2 million was written off directly via the income statement.

5 Property, plant and equipment

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total
					2016
Cost at 1 January	594.5	508.4	204.2	18.9	1 326.0
Exchange differences	−2.0	−0.5	−3.0	–	−5.5
Acquisition/disposal of subsidiaries	6.4	6.4	1.5	–	14.3
Additions	14.2	15.7	16.7	29.2	75.8
Disposals	−7.1	−11.1	−12.0	−0.8	−31.0
Transfers	19.4	−7.5	6.8	−18.7	–
Cost at 31 December	**625.4**	**511.4**	**214.2**	**28.6**	**1 379.6**
Accumulated depreciation at 1 January	−232.8	−352.2	−152.1	–	−737.1
Exchange differences	0.9	1.4	1.8	–	4.1
Acquisition/disposal of subsidiaries	−2.5	−1.3	−0.9	–	−4.7
Disposals	5.3	10.8	10.9	–	27.0
Depreciation for the year	−24.1	−33.2	−16.5	–	−73.8
Transfers	−5.0	7.6	−2.6	–	–
Accumulated depreciation at 31 December	**−258.2**	**−366.9**	**−159.4**	**–**	**−784.5**
Net book value at 31 December	**367.2**	**144.5**	**54.8**	**28.6**	**595.1**
					2015
Cost at 1 January	603.9	506.6	218.5	51.8	1 380.8
Exchange differences	−44.9	−37.9	−15.7	−4.2	−102.7
Acquisition/disposal of subsidiaries	–	0.2	–	–	0.2
Additions	20.4	25.7	13.2	15.6	74.9
Disposals	−1.2	−11.1	−14.1	−0.8	−27.2
Transfers	16.3	24.9	2.3	−43.5	–
Cost at 31 December	**594.5**	**508.4**	**204.2**	**18.9**	**1 326.0**
Accumulated depreciation at 1 January	−227.2	−357.6	−161.2	–	−746.0
Exchange differences	14.8	26.8	11.5	–	53.1
Acquisition/disposal of subsidiaries	–	–	–	–	–
Disposals	0.5	10.6	13.9	–	25.0
Depreciation for the year	−20.9	−32.0	−16.3	–	−69.2
Accumulated depreciation at 31 December	**−232.8**	**−352.2**	**−152.1**	**–**	**−737.1**
Net book value at 31 December	**361.7**	**156.2**	**52.1**	**18.9**	**588.9**

The net book value of assets under finance leases amounted to CHF 16.2 million in the reporting year (2015: CHF 19.8 million).

6 Intangible assets

CHF million	Goodwill	Trademarks	Customer relation	Licences/ Patents	Other	Total
						2016
Cost at 1 January	202.0	39.0	64.1	170.5	21.2	496.8
Exchange differences	11.2	2.6	2.6	0.6	0.1	17.1
Acquisition/disposal of subsidiaries	15.9	9.1	18.7	1.6	1.6	46.9
Additions	–	–	–	2.4	–	2.4
Disposals	–	–	–	– 2.4	– 0.8	– 3.2
Cost at 31 December	**229.1**	**50.7**	**85.4**	**172.7**	**22.1**	**560.0**
Accumulated amortisation at 1 January	– 88.5	– 21.0	– 19.7	– 143.7	– 18.3	– 291.2
Exchange differences	– 2.8	– 0.6	– 0.7	– 0.6	0.1	– 4.6
Acquisition/disposal of subsidiaries	–	–	–	– 0.7	– 0.8	– 1.5
Disposals	–	–	–	2.4	0.7	3.1
Amortisation for the year	–	– 3.8	– 5.5	– 8.7	– 1.4	– 19.4
Accumulated amortisation at 31 December	**– 91.3**	**– 25.4**	**– 25.9**	**– 151.3**	**– 19.7**	**– 313.6**
Net book value at 31 December	**137.8**	**25.3**	**59.5**	**21.4**	**2.4**	**246.4**
						2015
Cost at 1 January	229.6	45.2	70.9	183.2	24.0	552.9
Exchange differences	– 27.3	– 6.2	– 6.8	– 18.7	– 2.4	– 61.4
Acquisition/disposal of subsidiaries	– 0.3	–	–	–	–	– 0.3
Additions	–	–	–	6.6	0.4	7.0
Disposals	–	–	–	– 0.6	– 0.8	– 1.4
Cost at 31 December	**202.0**	**39.0**	**64.1**	**170.5**	**21.2**	**496.8**
Accumulated amortisation at 1 January	– 96.3	– 18.8	– 15.8	– 150.2	– 18.9	– 300.0
Exchange differences	7.8	1.1	0.7	16.1	1.6	27.3
Acquisition/disposal of subsidiaries	–	–	–	–	–	–
Disposals	–	–	–	0.6	0.8	1.4
Amortisation for the year	–	– 3.3	– 4.6	– 10.2	– 1.8	– 19.9
Impairment charge	–	–	–	–	–	–
Accumulated amortisation at 31 December	**– 88.5**	**– 21.0**	**– 19.7**	**– 143.7**	**– 18.3**	**– 291.2**
Net book value at 31 December	**113.5**	**18.0**	**44.4**	**26.8**	**2.9**	**205.6**

In the reporting year, as in the previous year, no research and development costs were capitalised. Research and development costs mainly comprised expenditure to update and extend the divisions' product and service offerings and are included in raw materials and consumables used, employment costs, other operating expenses and depreciation of property, plant and equipment. Research and development costs of CHF 99.4 million (2015: CHF 96.1 million) were charged to the income statement.

Assessment of the recoverability of goodwill positions The management of Bucher Industries monitors the recoverability of goodwill positions at divisional level for Kuhn Group, Bucher Municipal, Bucher Hydraulics and Bucher Emhart Glass as well as for the individual business units of Bucher Specials. The cash-generating units at divisional and individual business unit level were consolidated as a consequence. Bucher Industries uses the discounted cash flow (DCF) method to assess the recoverability of goodwill, based on value in use. The calculations were based on the financial budgets for the next three years (2017–2019). These budgets take account of the latest management estimates regarding sales and prices as well as operating costs and are based on the assumption of no significant organisational changes. Cash flows beyond the budget period were estimated on the basis of prudently calculated growth rate projections. The growth rates and capital costs take account of specific weighted country and currency risks. The cost of equity was determined using the capital-asset pricing model.

Allocation of goodwill to cash-generating units

CHF million	Growth rates	WACC [1]	Goodwill	Growth rates	WACC [1]	Goodwill
	%	**%**	**2016**	**%**	**%**	**2015**
Kuhn Group	1.7	8.1	69.9	2.3	8.6	61.7
Bucher Municipal	1.4	7.2	20.8	1.6	7.5	5.1
Bucher Hydraulics [2]	0.5	6.7	22.0	1.1	7.3	20.8
Bucher Emhart Glass	1.1	6.7	21.2	1.5	7.1	22.0
Bucher Specials	0.0-0.3	5.8-6.6	3.9	0.2-1.6	6.0-7.1	3.9
Goodwill			**137.8**			**113.5**

1) Pre-tax
2) The goodwill is recognised in the Bucher Industries US holding company and for impairment testing was allocated in its entirety to the Bucher Hydraulics division.

Sensitivity analysis The sensitivity analysis conducted by management shows that in all cash-generating units neither a reduction of growth rates in the residual value to 0%, nor an increase in weighted average capital costs by 0.5% percentage points would affect the result of the impairment test.

7 Other financial assets

CHF million

	2016	2015
Money market investment	1.0	2.8
Bonds	26.3	25.8
Pension asset	1.3	1.1
Long-term loans	8.4	10.4
Other	1.8	1.4
Other financial assets	**38.8**	**41.5**
Current portion	27.3	28.6
Non-current portion	11.5	12.9

Changes in bond values are recognised in other comprehensive income and amounted to CHF 0.7 million (2015: CHF 0.6 million).

8 Investments in associates

CHF million

	2016	2015
Balance at 1 January	11.2	12.3
Exchange differences	−0.1	−1.2
Additions	–	–
Disposals	–	–
Share of profit/(loss)	0.6	0.4
Share of other comprehensive income	–	–
Dividends received	−0.1	−0.3
Balance at 31 December	**11.6**	**11.2**

Aggregated financial information – associates

CHF million

	2016	2015
Profit/(loss) for the year	2.0	1.5
Other comprehensive income	–	–
Comprehensive income	**2.0**	**1.5**

9 Financial liabilities

CHF million	2016	2015
Bonds and private placements	199.6	219.5
Other bank borrowings	116.5	117.8
Finance lease liabilities	13.6	17.2
Loans and other financial liabilities	26.8	30.7
Financial liabilities	**356.5**	**385.2**
Current portion	40.7	26.0
Non-current portion	315.8	359.2

Bonds

CHF million	Company	Term	Currency	Nominal value	Effective interest rate	Total 2016	Total 2015
Bond, Switzerland 0.625%	Bucher Industries AG	2014–2020	CHF	100.0	1.3% [1]	99.6	99.5
Bond, Switzerland 1.375%	Bucher Industries AG	2014–2024	CHF	100.0	1.4%	100.0	100.0
Bond, Brazil, CETIP + margin	Kuhn do Brasil S/A	2014–2017	BRL	80.0	15.3%	–	20.0
Bonds and private placements						**199.6**	**219.5**

[1] Additionally includes 0.6 percentage points from interest-rate forward contracts

The Group took advantage of the generally favourable financial situation and paid the bond placed in Brazil early, in August 2016.

Other bank borrowings include CHF 75.0 million (no change from previous year) in bilateral loans from committed credit facilities as well as CHF 41.5 million (2015: CHF 42.8 million) from uncommitted credit facilities. The syndicated loan facility amounting to CHF 200.0 million became due for repayment on 30 June 2016. The newly concluded syndicated loan facility was reduced to CHF 150.0 million. The term is five years. The bilateral loans bear interest at rates of between 0.75% and 1.37% and are due for repayment from 2017 to 2022. Undrawn committed credit facilities on 31 December totalled CHF 230.0 million (CHF 280.0 million).

The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 31 December 2016.

10 Provisions

CHF million	Warranties	Legal claims	Other	Total 2016	Total 2015
Balance at 1 January	37.4	17.6	7.3	62.3	77.7
Additional provisions	34.4	4.2	7.2	45.8	37.3
Unused amounts reversed	−2.7	−3.8	−1.1	−7.6	−8.0
Used during year	−27.4	−1.1	−0.8	−29.3	−34.8
Acquisition/disposal of subsidiaries	0.4	–	–	0.4	–
Exchange differences	−0.2	1.6	−0.1	1.3	−9.9
Balance at 31 December	**41.9**	**18.5**	**12.5**	**72.9**	**62.3**
Current portion	40.6	12.6	5.3	58.5	50.5
Non-current portion	1.3	5.9	7.2	14.4	11.8

A provisions for warranty claims is recognised when the products are sold and measured on the basis of historical data for the last two years. The timing of cash outflows depends on the dates when warranty claims are filed and/or the relevant cases settled. Warranty costs incurred are charged against the provision when paid.

The provision for legal claims covers risks associated with accidents, distribution rights and patents or other legal disputes. The resources required and timing of any cash outflows are difficult to predict and are usually recognised as short-term if a decision can be expected within a one-year period. However, depending on the course of the proceedings, it may be several years before an outflow of resources actually occurs.

Other provisions concern risks associated with the Group's industrial operations as well as costs from restructuring. Costs relating to the relocation of sweeper production to Latvia and Great Britain amounted to CHF 3.2 million in the reporting year, which included CHF 1.7 million as current provisions. Further provisions amounting to CHF 2.0 million concern the dismantling of the buildings in Niederweningen. These are recognised in their full amount in property, plant and equipment and will be written off during the remaining term of one-and-a-half years. Provisions of CHF 2.2 million were created for the restructuring measures at Bucher Emhart Glass in China. These essentially include estimated one-off costs for redundancy plans which will be paid out in the next two years.

11 Contingent liabilities and other committments

Contingent liabilities As in the previous year, contingent liabilities consisting of guarantees given in respect of goods sold and services provided amounted to CHF 0.9 million. The amount represents the maximum amount of the obligations assumed. It is not anticipated that any outflows of funds will arise from these contingent liabilities.

Other committments As in the previous year, the Group did not enter into any commitments to purchase plant and equipment. Commitments relating to operational leases are disclosed in note 22.

12 Other payables

CHF million

	2016	2015
Accruals and deferred income	124.9	133.0
Social security and pensions	22.7	24.0
Sales and capital tax liabilities	29.2	29.8
Derivative financial instruments	4.8	4.4
Other liabilities	28.4	24.0
Other payables	**210.0**	**215.2**
Current portion	189.9	196.5
Non-current portion	20.1	18.7

Accruals and deferred income mainly includes accruals for employment costs such as accrued holiday and overtime pay and variable remuneration, as well as accruals for commissions and contract-related liabilities.

13 Earnings per share

	2016	2015
Profit/(loss) attributable to owners of Bucher Industries (CHF million)	118.7	138.3
Average number of shares outstanding (undiluted)	10 118 625	10 106 029
Average number of shares outstanding (diluted)	10 137 303	10 135 083
Basic earnings per share (CHF)	11.73	13.69
Diluted earnings per share (CHF)	11.71	13.65
Dividend per registered share (CHF) [1)]	5.00	5.50
Total dividend (CHF million) [1)]	51.3	56.4

[1)] 2016: Proposed by the board of directors

The average number of shares outstanding is calculated on the basis of the number of shares issued, less the weighted average number of treasury shares held.

Share capital

		2016	2015
Par value	CHF	0.20	0.20
Outstanding shares	number	10 126 129	10 110 161
Treasury shares	number	123 871	139 839
In issue and ranking for dividend	**number**	**10 250 000**	**10 250 000**
Authorised but unissued	number	1 184 100	1 184 100
Issued share capital	CHF million	2.1	2.1

The share capital of Bucher Industries AG consists of one class of voting rights.

Treasury shares

CHF million	Number of shares	2016	Number of shares	2015
Balance at 1 January	139 839	12.4	149 450	9.2
Purchases of treasury shares	31 470	7.4	19 271	4.5
Sales of treasury shares	–	–	– 3 588	– 0.1
Reissued for share-based payment schemes	– 47 438	– 2.1	– 25 294	– 1.2
Balance at 31 December	**123 871**	**17.7**	**139 839**	**12.4**

14 Employment costs

CHF million	2016	2015
Wages and salaries	– 473.7	– 468.2
Share awards	– 2.0	– 2.3
Social security costs	– 80.6	– 79.5
Defined contribution costs	– 27.4	– 26.0
Defined benefit costs	– 15.4	– 12.0
Other employment costs	– 53.1	– 60.7
Employment costs	**– 652.2**	**– 648.7**

Other employment costs comprise incidental costs of staff recruitment, training and development as well as external staff costs.

15 Other operating income and expenses

CHF million	2016	2015
Own work capitalised	0.3	0.3
Gain on sale of non-current assets	0.8	0.7
Other income	19.2	21.7
Other operating income	**20.3**	**22.7**
Energy, maintenance and repairs	– 92.2	– 98.4
Charges, taxes, levies and consulting fees	– 36.5	– 35.9
Marketing and distribution costs	– 104.5	– 111.3
Insurance expenses	– 6.7	– 7.0
Operating leasing expenses	– 10.8	– 10.4
Miscellaneous operating expenses	– 69.5	– 58.3
Other operating expenses	**– 320.2**	**– 321.3**

Other operating income comprises revenue from sales of goods and services that are outside the normal course of the Group's business. Miscellaneous operating expenses include operating foreign exchange items and changes in necessary provisions for operating liabilities that cannot be charged to an appropriate expense account.

16 Net financial items

CHF million	2016	2015
Interest expense on financial liabilities	– 8.1	– 14.1
Financial foreign exchange gains and losses	– 2.7	–
Other finance costs	– 1.6	– 1.8
Finance costs	**– 12.4**	**– 15.9**
Interest income on financial assets	1.4	1.8
Net gain on financial instruments	1.6	1.4
Financial foreign exchange gains and losses	–	– 1.0
Other finance income	0.1	–
Finance income	**3.1**	**2.2**
Share of profit/(loss) of associates	0.6	0.4
Net financial items	**– 8.7**	**– 13.3**
Of which financial items relating to:		
Financial instruments; at amortised cost	– 10.5	– 17.0
Financial instruments; fair value through profit or loss	1.0	3.3
Financial instruments; available-for-sale	0.2	–

In the reporting year, as in the previous year, no disposals on the sale of "available-for-sale" securities were effected, which would have led to a realisation, nor were any borrowing costs capitalised.

17 Income tax expense

The reconciliation is based on the tax rates applicable in the respective tax jurisdictions. The applicable tax rate represents the weighted average of the tax rates. As the Group operates in various countries, the weighted average tax rate may vary from period to period to reflect the profits in the respective countries and the impact of any changes in tax rate.

Effective income tax expense

CHF million	2016	2015
Current income tax	–51.3	–50.9
Deferred income tax	9.1	–2.9
Income tax expense	**–42.2**	**–53.8**
Reconciliation:		
Profit before tax	160.6	193.8
Weighted average tax rate	27.7%	29.9%
Theoretical income tax charge	**–44.5**	**–57.9**
Utilisation of unrecognised tax loss carryforwards	0.7	3.1
Reassessment of tax loss carryforwards with tax asset adjustment	0.4	–1.1
Changes in valuation allowances on losses and on deferred tax assets	–2.4	–5.2
Expenses not deductible for tax purposes/income not subject to tax	0.9	3.9
Under/(over) provided in prior years	–1.4	–
Other differences	4.1	3.4
Effective income tax expense	**–42.2**	**–53.8**
Effective tax rate	26.3%	27.8%

Deferred income tax

CHF million	Assets	Liabilities	Assets	Liabilities
		2016		**2015**
Property, plant and equipment	0.6	–28.8	0.6	–27.9
Other non-current assets	2.8	–33.2	3.3	–27.4
Inventories	34.9	–3.4	34.9	–5.9
Other current assets	3.8	–7.2	3.0	–6.5
Provisions	6.5	–3.3	5.4	–4.4
Other liabilities	35.6	–5.6	28.7	–6.0
Tax loss carryforwards	6.7	–	6.5	–
Deferred income tax	**90.9**	**–81.5**	**82.4**	**–78.1**
Offset amounts	–30.1	30.1	–26.4	26.4
Deferred income tax assets/liabilities	**60.8**	**–51.4**	**56.0**	**–51.7**

Movements in deferred income tax

CHF million	Assets	Liabilities	Assets	Liabilities
		2016		2015
Balance at 1 January	56.0	−51.7	63.8	−57.2
Transfer from income tax liabilities	0.1	−0.1	0.3	−0.3
Charged/credited to income statement	–	9.1	−3.6	0.7
Charged/credited to other comprehensive income	2.7	0.2	2.6	−0.2
Acquisition/disposal of subsidiaries	–	−7.5	–	0.2
Exchange differences	2.0	−1.4	−7.1	5.1
Balance at 31 December	**60.8**	**−51.4**	**56.0**	**−51.7**

In the reporting period, current income tax of CHF 0.6 million (2015: CHF 0.5 million) arising from the sale of treasury shares was recognised directly in equity. The tax expenses in other comprehensive income amounted to CHF 2.9 million (CHF 2.4 million) and were allocated to “Change in actuarial gains/(losses) on defined benefit pension plans”, “Change in fair value reserve” and “Change in cash flow hedge reserve”. In the statement of deferred tax liability, withholding tax and other taxes to be incurred by group entities on future dividends are not taken into account when the respective funds were committed to long-term reinvestments and no payout is planned.

Tax loss carryforwards

CHF million	2016	2015
Tax loss carryforwards	103.0	99.5
Of which recognised in deferred income tax	−41.8	−26.5
Unrecognised tax loss carryforwards	**61.2**	**73.0**
Of which expiring:		
Within 1 year	0.2	–
From 1 to 5 years	26.6	47.1
More than 5 years	0.8	7.9
Available indefinitely for offset	33.6	18.0
Tax effect on unrecognised tax loss carryforwards	14.7	11.8

18 Retirement benefits

Most employees are covered by pension schemes in accordance with the relevant national regulations. The majority of these pension schemes are defined contribution plans. The Group also operates a number of defined benefit plans. The largest pension scheme is that in Switzerland, covering 82% of the retirement benefit obligations and 89% of the plan assets. The “international plans” category mainly comprises the plans in North America (7% of the retirement benefit obligations, 4% of the plan assets) and France (5% of the retirement benefit obligations, 6% of the plan assets).

Swiss plan The Angestellten-Pensionskasse Bucher Schweiz (Bucher Switzerland employee pension fund, APK) has the legal form of a semi-autonomous foundation and is subject to the minimum legal requirements for pension schemes, which are governed by the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The supreme governing body is the foundation board, which comprises equal numbers of employee and employer representatives. The foundation covers all underwriting risks except death and invalidity, which are separately reinsured. Contributions to the pension scheme are funded by employee and employer contributions, the latter bearing at least 50% of the necessary contribution. In the event of a deficit, additional contributions can be levied from both employer and employee to make up the shortfall. The risks covered are chiefly demographic (life expectancy) and financial (discount rate, future salary increases and rates of return on plan assets) in nature. These risks are regularly reassessed by the foundation board.

Interational plans – North America The pension scheme is governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which set minimum standards. The provisions were updated by the Pension Protection Act of 2006. This requires that the annual contributions ensure plan assets sufficient to meet the expected obligations. Plan members are insured against the economic consequences of old age, invalidity and death. Contributions are funded entirely by the employer. The plan was closed to new members as of 31 July 2004. Employee pension entitlements were frozen as of 31 July 2005. In addition, there is a defined benefit plan for healthcare provision during retirement for employees who are at least 55 years old and have been employed by the company for more than ten years when they reach the age of 65. Funding is provided principally by the employer. Employees pay part of the premium, based on their length of service with the company.

International plans – France The occupational pension scheme is based on various regulations and company agreements. The plan provides a basic entitlement to benefit payments at the onset of the insured event old age. The plans are funded internally by the employer. The Group also has schemes for employee anniversaries, which qualify as a further long-term benefit for employees.

Funding of defined benefit plans

CHF million	Swiss	International	Total	Swiss	International	Total
			2016			**2015**
Fair value of plan assets	318.8	40.7	359.5	300.4	48.9	349.3
Present value of funded obligations	– 372.1	– 62.0	– 434.1	– 343.8	– 63.6	– 407.4
Funding surplus/(deficit)	**– 53.3**	**– 21.3**	**– 74.6**	**– 43.4**	**– 14.7**	**– 58.1**
Present value of unfunded obligations	–	– 22.0	– 22.0	–	– 22.7	– 22.7
Surplus/(deficit)	**– 53.3**	**– 43.3**	**– 96.6**	**– 43.4**	**– 37.4**	**– 80.8**

Movements in defined benefit obligations and plan assets

CHF million	Fair value of plan assets	Present value of retirement obligation	Impact of minimum funding requirement/ asset ceiling	Total	Total
				2016	**2015**
Balance at 1 January	**349.3**	**–430.1**	**–**	**–80.8**	**–69.2**
Current service cost		–13.6		–13.6	–13.0
Service cost related to plan amendments		–		–	2.8
Interest income/(expense)	3.8	–5.2	–	–1.4	–1.4
Administration expenses, taxes and premium paid	–0.4			–0.4	–0.4
Defined benefit expense recognised in profit or loss	**3.4**	**–18.8**	**–**	**–15.4**	**–12.0**
Return on plan assets (excluding interest based on discount rate)	13.7			13.7	–2.5
Actuarial gains/(losses) arising from changes					
– in demographic assumptions	–	0.7		0.7	6.9
– in financial assumptions	–	–14.8		–14.8	–15.0
Experience gains/(losses)	–	–10.1		–10.1	–5.2
Change in actuarial gains/(losses) on defined benefit pension plans in other comprehensive income	**13.7**	**–24.2**	**–**	**–10.5**	**–15.8**
Employer contributions	8.8			8.8	12.3
Employee contributions	4.5	–4.5		–	–
Benefits paid	–11.9	13.2		1.3	1.0
Plan curtailments/settlements	–7.7	7.7		–	–
Exchange differences	–0.6	0.6		–	2.9
Balance at 31 December	**359.5**	**–456.1**	**–**	**–96.6**	**–80.8**

Categories of plan assets

CHF million	Swiss	International	Total	%	Swiss	International	Total	%
				2016				**2015**
Equities	108.4	10.0	118.4	32.9	106.0	16.6	122.6	35.1
Bonds	111.3	5.0	116.3	32.4	108.4	4.0	112.4	32.2
Assurances	3.8	23.0	26.8	7.4	–	22.3	22.3	6.4
Property	70.4	–	70.4	19.6	64.9	0.5	65.4	18.7
Cash	1.0	0.3	1.3	0.4	0.7	4.5	5.2	1.5
Other assets	23.9	2.4	26.3	7.3	20.4	1.0	21.4	6.1
Plan assets	**318.8**	**40.7**	**359.5**	**100.0**	**300.4**	**48.9**	**349.3**	**100.0**

The shares and bonds are mainly listed investments.

Breakdown of defined benefit obligations by category

CHF million	Swiss	International	Total	Swiss	International	Total
			2016			**2015**
Obligation active insured members	250.0	47.6	297.6	247.9	44.9	292.8
Obligation former members with vested benefits	–	16.7	16.7	–	21.8	21.8
Obligation members receiving pensions	124.9	19.7	144.6	101.5	19.6	121.1
Obligation taxes and risk sharing	–2.8	–	–2.8	–5.6	–	–5.6
Defined benefit obligations	**372.1**	**84.0**	**456.1**	**343.8**	**86.3**	**430.1**
Term of obligations in years (duration)	16.3	13.2	15.7	16.3	13.7	15.8

Actuarial assumptions

Weighted averages in %	Swiss	International		Swiss	International	
			2016			**2015**
Discount rate	0.6	2.1	0.9	0.8	2.8	1.2
Future salary increases	1.0	1.4	1.0	1.0	1.9	1.1
Future pension increases	–	0.7	0.1	–	1.0	0.1
Inflation rate	1.0	2.2	1.2	1.0	2.3	1.3

For the 2017 business year, contributions for defined benefit pension plans are expected to total CHF 14.2 million (2015: CHF 15.1 million).

Sensitivity analysis A change in the parameters, under the same conditions, would otherwise result in the following increases/(decreases) in pension liabilities.

CHF million		Swiss	International	Total	Swiss	International	Total
				2016			**2015**
Discount rate:	+25 basis points	–14.4	–2.2	–16.6	–13.3	–2.6	–15.9
Discount rate:	–25 basis points	15.4	2.4	17.8	14.2	2.9	17.1
Future salary increases:	+100 basis points	0.9	0.1	1.0	1.3	0.1	1.4
Future salary increases:	–100 basis points	–0.9	–0.1	–1.0	–1.3	–	–1.3
Life expectancy:	+1 year	3.9	0.9	4.8	3.3	0.7	4.0

19 Share-based payments/share option plan

Bucher Share Plan Eligible employees were awarded a total of 6 002 shares for the reporting year (2015: 8 508 shares). The shares awarded and valuation are calculated using the share price of CHF 250.75. The valuation totalled CHF 1.5 million (CHF 1.9 million).

Share option plans Share options granted in respect of previous years may be exercised at any time. One option entitles the holder to purchase one registered share of Bucher Industries AG. The average share price for options exercised was CHF 231.90 (2015: CHF 232.90).

Movements in the number of share options outstanding

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
		2016		**2015**
Outstanding options at 1 January	71 884	153.5	89 580	146.8
Exercised	– 37 484	143.0	– 17 696	119.7
Expired	–	–	–	–
Outstanding options at 31 December	**34 400**	**164.5**	**71 884**	**153.5**
Option expiry date:				
Year 2016	–	116.0	9 900	116.0
Year 2017	12 600	221.0	19 800	221.0
Year 2018	10 800	149.0	19 300	149.0
Year 2019	11 000	115.0	22 884	115.0

20 Related party transactions

Remuneration of directors and members of group management

CHF million	2016	2015
Salaries	– 5.6	– 5.5
Post-employment benefits	– 1.2	– 1.3
Share awards	– 1.3	– 1.4
Key management remuneration	**– 8.1**	**– 8.2**

Salaries include variable remuneration, fees and expense allowances paid in cash. For the reporting year, group management members were awarded 3 417 registered shares with a par value of CHF 0.20 each in Bucher Industries AG (2015: 4 506 registered shares) under the share plans. No directors, group management members or persons connected with them received any additional remuneration, fees or loans during the year. At year-end, there were no loans outstanding to the company's governing bodies. Directors' fees were paid in the form of cash and shares.

Year-end balances and transactions with related parties

CHF million	2016	2015
Receivables from pension funds	1.3	1.1
Receivables from associates	0.2	0.1
Payables to pension funds	−6.4	−10.1
Payables to associates	−1.3	−1.2

In 2016, products worth CHF 31.1 million (2015: CHF 32.5 million) were purchased from associates. The sales generated with associates amounted to CHF 1.0 million as in the previous year, and other expenditure with associated companies CHF 0.5 million.

21 Pledged assets

The book value of assets pledged or assigned to secure the Group’s obligations was CHF 7.6 million (2015: CHF 4.6 million).

22 Leasing

Finance leases, lessor In the reporting period the outstanding receivables from leases of CHF 6.6 million were paid in full. The receivables were related to one-off lease contracts for inspection machinery between Bucher Emhart Glass and a major customer.

Finance leases, lessee

CHF million	Minimum lease payments	Finance lease liabilities	Minimum lease payments	Finance lease liabilities
		2016		2015
Within 1 year	3.8	3.4	3.9	3.5
From 1 to 5 years	8.0	7.6	11.0	10.3
More than 5 years	2.8	2.6	3.7	3.4
Balance at 31 December	**14.6**	**13.6**	**18.6**	**17.2**
Finance charge	−1.0	–	−1.4	–
Finance lease liabilities	**13.6**	**13.6**	**17.2**	**17.2**

Operating leases, lessor

CHF million

	2016	2015
Within 1 year	0.9	–
From 1 to 5 years	1.3	–
More than 5 years	–	–
Minimum lease payments	**2.2**	**–**

Minimum lease payments from non-redeemable operating lease contracts relate to hiring contracts for equipment to customers of the newly acquired business of PakMor Waste Equipment Australia Pty Ltd, Sydney.

Operating leases, lessee

CHF million

	2016	2015
Within 1 year	7.0	6.6
From 1 to 5 years	11.6	9.1
More than 5 years	9.7	10.9
Minimum lease payments	**28.3**	**26.6**

The Group has entered into operating leases for the use of buildings, items of machinery and vehicles.

23 Financial risk management

The Group's international operations expose it to a variety of financial risks, such as credit, liquidity and price or market risks. Group financial risk management is based on internally formulated guidelines and responsibilities. These include criteria for general financial risk management in specific areas such as management of interest, exchange rate and counterparty risks, as well as the use of derivative financial instruments. With the exception of the management of credit risks, financial risk management is the responsibility of the central treasury function. Group treasury identifies and assesses financial risks and hedges these in close collaboration with the Group's operational units. The risk management process as implemented also includes regular reporting on the development of financial risks.

Credit risk Credit risk arises from the possibility of partial or total default on contractual payments and/or performance obligations. It also includes exposure to losses in the value of financial items due to deterioration in credit quality or counterparty risks under financial contracts. Each of the individual businesses is responsible for operational credit risk as part of their receivables management. They determine the credit terms and monitor payment from customers, taking into account their past payment history (for existing customers) and an analysis of their credit quality (for new and existing customers). In the reporting year, the credit risk on trade receivables was limited due to the Group's diversified customer base. Its customers operate in different industries spread across diverse geographical areas worldwide as shown in the segment reporting in note 1. As a result, the Group had no cluster risk. In addition, credit risk was minimised by security in the form of credit insurance, advance payment schemes, letters of credit and bank guarantees. Further details of receivables, the calculation of the provision for impairment and movements in the provision are set out in note 3. Bucher Industries invested its free cash and cash equivalents in the form of short-term money-market investments with banking institutions that have a very good international risk rating. The Group had no concentration of credit risk associated with receivables from banks. Its banking relationships included relationships with local banks so they were widely spread geographically. In addition, it also made short-term financial investments in marketable securities with high credit ratings. The maximum credit risk is stated in the consolidated balance sheet through the carrying amounts of financial assets.

Liquidity risk Bucher Industries defines liquidity risk as the risk that the Group and/or any of its subsidiaries may not have sufficient financial resources available to meet all of the payment obligations at any time. In order to anticipate and manage liquidity requirements, Group treasury conducts short- to medium-term liquidity planning in coordination with the businesses' finance departments to forecast future cash flows and financial commitments in each currency. The calculated liquidity requirements are always matched with existing credit facilities so that appropriate measures can be taken in good time to ensure the ability to meet current and future financial obligation. The necessary funds are raised as and when required in the money and capital markets.

Liquidity analysis Maturity analysis shows the contractual cash flows, including interest and redemption payments. The contractual payments are measured from the earliest possible date on which Bucher Industries could be required to pay. Future variable interest payments are calculated at the rates valid on 31 December.

CHF million	Within 1 year	From 1 to 5 years	More than 5 years	Total	Carrying amount
					2016
Trade payables	– 215.6	–	–	**– 215.6**	– 215.6
Other liabilities	– 20.9	– 2.9	– 4.6	**– 28.4**	– 28.4
Financial liabilities	– 43.6	– 207.1	– 124.2	**– 374.9**	– 356.5
Non-derivative financial instruments	**– 280.1**	**– 210.0**	**– 128.8**	**– 618.9**	**– 600.5**
Currency contracts – assets	400.6	51.3	–	**451.9**	
Currency contracts – liabilities	– 402.4	– 51.4	–	**– 453.8**	
Derivative financial instruments	**– 1.8**	**– 0.1**	**–**	**– 1.9**	**– 1.9**
					2015
Trade payables	– 220.7	–	–	**– 220.7**	– 220.7
Other liabilities	– 15.4	– 3.5	– 5.1	**– 24.0**	– 24.0
Financial liabilities	– 32.3	– 254.6	– 125.4	**– 412.3**	– 385.2
Non-derivative financial instruments	**– 268.4**	**– 258.1**	**– 130.5**	**– 657.0**	**– 629.9**
Currency contracts – assets	410.2	36.9	–	**447.1**	
Currency contracts – liabilities	– 409.6	– 37.1	–	**– 446.7**	
Derivative financial instruments	**0.6**	**– 0.2**	**–**	**0.4**	**0.4**

Market risk Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. Market risk may reduce the valuation of assets and liabilities and/or profit and loss items because of changes in risk factors, such as foreign exchange rates and interest rates. Interest rate and exchange rate risk exposures are regularly quantified using a value-at-risk – as well as a net-asset-value-at-risk – approach. These are analysed by means of risk simulations and then reported to group management.

Foreign currency risk As the Group operates internationally, Bucher Industries is mainly exposed to the risk of changes in the exchange rates of the euro, US dollar, British pound and Swedish krona in its most important sales and procurement markets. Individual subsidiaries' cash inflows and outflows denominated in foreign currencies are hedged by Group treasury using appropriate financial instruments based on the respective underlying transactions. Hedging transactions are entered into only with financial institutions that have solid credit ratings. In the reporting period foreign exchange profits of CHF 0.1 million (2015: foreign exchange losses of CHF 8.2 million) were reclassified from other comprehensive income to the income statement. The Group has investments in foreign operations, whose assets and liabilities are exposed to foreign currency translation risk arising on translation into the Group's presentation currency (Swiss francs). The following exchange rates were used to translate the principal currencies in the Group into Swiss francs:

1 CHF	Income statement average rates		Balance sheet closing rates	
	2016	2015	2016	2015
1 EUR	1.0903	1.0752	1.0739	1.0835
1 GBP	1.3413	1.4761	1.2543	1.4763
1 USD	0.9897	0.9663	1.0188	0.9952
1 BRL	0.2846	0.2947	0.3130	0.2513
1 AUD	0.7341	0.7254	0.7357	0.7273
1 CNY	0.1490	0.1538	0.1467	0.1535
1 SEK	0.1154	0.1151	0.1124	0.1179
1 RUB	0.0148	0.0157	0.0167	0.0134

Interest and price risk Interest risks result from changes in market interest rates which have an impact on the profit or loss for the year and the market values of the financial instruments. The risk of a change in interest rates is constantly monitored and managed. Where necessary, interest rate forwards are used to hedge specific interest risks. As in the previous year, interest expense of CHF 0.6 million was reclassified from other comprehensive income to the income statement as part of hedge accounting.

Sensitivity analysis Value at risk (VaR) and net asset value at risk (NAVaR) are measures used to quantify the impact of likely future changes in the value of financial items on profit/(loss) for the year (transaction risk) and consolidated equity (translation risk) respectively. VaR and NAVaR show the maximum loss in value of a portfolio that could arise with a given probability (confidence level) over a specific holding period. The portfolio comprises the defined risk positions on financial items. The potential loss reported is assessed and analysed in the context of the Group's defined risk capacity. Based on this analysis, financial items are either restructured or hedged using financial derivatives where necessary. The following VaR and NAVaR figures are based on a confidence level of 90% and a holding period of 30 days (VaR) and one year respectively (NAVaR).

CHF million

	2016	2015
Currency risk	– 9.7	– 23.8
Interest risk	– 2.2	– 4.8
Correlation effect	7.2	14.4
VaR–transaction risk	**– 4.7**	**– 14.2**
NAVaR–translation risk	**– 84.4**	**– 104.5**

The reduction in the transaction risk was mainly due to the marked decrease in exchange-rate and interest-rate volatilities. In addition, the shortening of the residual terms of the fixed-interest financial liabilities had a mitigating effect on the interest risk. The correlation effect in relation to the overall transaction risk was 61% (2015: 50%). The increase was attributable to a high level of diversification of the foreign-currency portfolio and lower correlations against the Swiss franc. The decrease in the translation risk was primarily due to the reduction in foreign-currency exchange rate volatilities and the likewise high correlation effect.

Capital management The Group may manage its capital structure either by adjusting the amount of dividends or by initiating share buy-back programmes, issuing new shares and raising or repaying debt. With the continuous monitoring of the indicators listed below, Bucher Industries ensures that the appropriate and necessary equity measures are taken in a timely manner if required.

	2016	2015
Interest coverage ratio (EBITDA to net interest expense)	39.2	24.1
Debt payback period (net debt to EBITDA)	– 0.2	–
Gearing ratio (net debt to equity)	– 5.0%	0.9%
Equity ratio (equity to total assets)	50.6%	49.0%
Quick ratio (current assets less inventory to current liabilities)	127.0%	129.0%

Carrying amounts/financial assets and liabilities by category

CHF million	Available-for-sale	At fair value through profit or loss	At amortised cost	Held for hedge accounting	Carrying amount	Carrying amount
					2016	**2015** [1]
Cash and cash equivalents	–	390.6	–		390.6	346.2
Other financial assets	26.5	1.0	10.0		37.5	40.4
Trade receivables	–	–	393.4		393.4	430.2
Other receivables	–	–	41.2		41.2	33.7
Trade payables		–	–215.6		–215.6	–220.7
Other liabilities		–	–28.4		–28.4	–24.0
Financial liabilities		–	–356.5		–356.5	–385.2
Non-derivative financial instruments	**26.5**	**391.6**	**–155.9**		**262.2**	**220.6**
Currency contracts – assets		1.2		1.7	2.9	4.8
Currency contracts – liabilities		–4.1		–0.7	–4.8	–4.4
Derivative financial instruments		**–2.9**		**1.0**	**–1.9**	**0.4**

[1] The values for the previous year were allocated to the various categories in the same order of magnitude as in the present reporting period. Other financial assets to the value of CHF 26.0 million were available for sale and CHF 0.3 million in currency contracts was held for hedge accounting.

Fair values With the exception of the financial liabilities with a fair value of CHF 368.9 million (2015: CHF 396.9 million), the book values are roughly equivalent to the fair values. With the exception of contingent considerations from acquisitions, 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. The valuation is based primarily on specific data from the Kuhn-Montana, Brazil, and Bucher Hidráulica, Brazil, acquisitions (level 3) and is made using contractually agreed formulas.

Contingent considerations (level 3) To determine the fair values, future payments are discounted at the balance sheet date, using projections based on financial budgets approved by management. Dependent on the achievement of targets, payments are budgeted for Kuhn-Montana until 2017 and for Bucher Hidráulica until 2018. For Kuhn-Montana as for Bucher Hidráulica, the payments have an upper limit, and the maximum amount that can be paid out is CHF 2.5 million (2015: CHF 4.2 million). As in the previous year, liabilities were valued at nil, so there was no change to the value in the reporting period (decrease of CHF 3.4 million).

24 Events after the reporting date

On 24 February 2017, the board of directors approved the consolidated financial statements for publication, subject to formal approval by the annual general meeting on 19 April 2017.

25 Group companies

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest in % 2016	2015
Bucher Industries Ltd, Niederweningen	CH	CHF	2 050 000	O	S		
Bucher-Guyer Ltd, Niederweningen	CH	CHF	10 000 000	O	S	100	100
Bucher Industries France SAS, Entzheim	FR	EUR	225 072 400	O	S	100	100
Bucher Beteiligungen GmbH, Klettgau	DE	EUR	4 500 000	O	S	100	100
Bucher Beteiligungsverwaltung AG, Munich	DE	EUR	50 000	O	S	100	100
Bucher Beteiligungs-Stiftung, Niederweningen	CH	CHF	250 000	O	S	100	100
Bucher BG Finanz Ltd, Steinhausen	CH	EUR	21 591 000	O	S	100	100
Kuhn Germany GmbH, Freiburg	DE	EUR	4 000 000	O	S	100	100
Bucher Immobilien AG, Langendorf	CH	CHF	200 000	O	S	100	100
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3 380 000	O	S	100	100
Bucher Industries US Inc., Enfield CT	US	USD	10 000 000	O	S	100	100
Bucher Management Ltd., Kloten	CH	CHF	6 600 000	O	S	100	100
Bucher Sudamerica Participações Ltda., São Paulo	BR	BRL	1 000	O	S	100	100
Kuhn Group SAS, Saverne	FR	EUR	200 100 000	O	S	100	100
Bucher (China) Investment Pty Ltd., Beijin	CN	CNY	6 769 000	O	S	100	–
Bucher Industries Danmark ApS, Them	DK	DKK	51 000	O	S	100	–
JHL Holding A/S, Silkeborg	DK	DKK	8 827 300	O	S	100	–
Kuhn SA, Saverne	FR	EUR	19 488 000	KG	P D	100	100
Kuhn Blanchard SAS, Chéméré	FR	EUR	2 000 000	KG	P D	100	100
Kuhn-Geldrop B.V., Geldrop	NL	EUR	15 000 000	KG	P D	100	100
Contifonte SA, Saverne	FR	EUR	48 000	KG	P D	100	98
Kuhn North America, Inc., Brodhead WI	US	USD	10 000	KG	P D	100	100
Kuhn Krause, Inc., Hutchinson KS	US	USD	4 462 000	KG	P D	100	100
Kuhn do Brasil S/A, Passo Fundo	BR	BRL	220 077 811	KG	P D	100	100
Kuhn-Montana Indústria de Máquinas S/A, São José	BR	BRL	230 000 000	KG	P D	100	100
Kuhn-Montana Argentina S/A, Casilda	AR	ARS	350 000	KG	D	100	100
Kuhn MGM SAS, Monswiller	FR	EUR	2 000 000	KG	P D	100	99
Kuhn-Audureau SA, La Copechagnière	FR	EUR	4 070 000	KG	P D	100	100
Kuhn-Huard SA, Châteaubriant	FR	EUR	4 800 000	KG	P D	100	100
Kuhn Farm Machinery Inc., Sainte Madeleine	CA	CAD	150 000	KG	D	100	100
Kuhn Farm Machinery Ltd., Telford	GB	GBP	100 000	KG	D	100	100
Kuhn Farm Machinery Pty Ltd, Warragul VIC	AU	AUD	100 000	KG	D	100	100
Kuhn Ukraine Sarl, Kiev	UA	UAH	650 000	KG	D	100	100
Kuhn Ibérica SA, Huesca	ES	EUR	100 000	KG	D	100	100
Kuhn Italia Srl., Melegnano	IT	EUR	520 000	KG	D	100	100
Kuhn Maschinen-Vertrieb GmbH, Schopsdorf	DE	EUR	300 000	KG	D	100	100
Kuhn Maszyny Rolnicze Sp.z.o.o., Suchy Las	PL	PLN	3 536 000	KG	D	100	100
Kuhn Vostok LLC, Moscow	RU	RUB	10 000 000	KG	D	100	100
Kuhn Parts SAS, Monswiller	FR	EUR	5 000 000	KG	D	100	100
Kuhn Argentina, Buenos Aires	AR	ARS	500 000	KG	D	100	100
Kuhn Tianjin Farm Machinery Ltd., Tianjin	CN	CNY	5 045 000	KG	D	100	100

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Servicess

Company, place of incorporation	Country	Currency	Share capital	Division	Activities			Group interest in %	
								2016	2015
Bucher Municipal Ltd, Niederweningen	CH	CHF	10 000 000	BM	P	D	S	100	100
Bucher Municipal GmbH, Hanover	DE	EUR	3 000 000	BM		D		100	100
Bucher Municipal Ltd., Seoul	KR	KRW	350 000 000	BM	P	D		100	100
Bucher Municipal SIA, Ventspils	LV	EUR	3 630 400	BM	P	D		100	100
Giletta S.p.A., Revello	IT	EUR	1 250 000	BM	P	D		60	60
Arvel Industries Sàrl, Coudes	FR	EUR	200 000	BM	P	D		60	60
Tecvia Eurl, Lyon	FR	EUR	38 112	BM		D		60	60
Maquiasfalt SL, Madrid	ES	EUR	30 000	BM		D		60	60
Giletta LLC, Kaluga	RU	RUB	420 000	BM	P	D		60	60
Gmeiner GmbH, Wernberg-Köblitz	DE	EUR	26 000	BM	P	D		60	60
Johnston Sweepers Ltd., Dorking	GB	GBP	8 000	BM	P	D		100	100
Beam A/S, Them	DK	DKK	5 000 000	BM	P	D		100	100
Johnston North America Inc., Mooresville NC	US	USD	500 000	BM	P	D		100	100
Bucher Municipal Pty Ltd., Clayton North	AU	AUD	5 901 000	BM	P	D		100	100
J. Hvidtved Larsen A/S, Silkeborg	DK	DKK	6 500 000	BM	P	D	S	100	–
J. Hvidtved Larsen Australia Pty Ltd., Sydney	AU	AUD	1	BM		D		100	–
J. Hvidtved Larsen AB, Eslöv	SE	SEK	500 000	BM		D		100	–
J. Hvidtved Larsen UK Ltd, Coalville	GB	GBP	1	BM		D		100	–
J. Hvidtved Larsen US Inc., Chicago IL	US	USD	10 000	BM		D		100	–
Bucher Hydraulics GmbH, Klettgau	DE	EUR	4 000 000	BH	P	D		100	100
Bucher Hydraulics Dachau GmbH, Dachau	DE	EUR	30 000	BH	P	D		100	100
Bucher Hydraulics SAS, Rixheim	FR	EUR	200 000	BH		D		100	100
Bucher Hydraulics Ltd., Nuneaton	GB	GBP	10 000	BH		D		100	100
Bucher Hydraulics AG, Neuheim	CH	CHF	1 200 000	BH	P	D		100	100
Suzhou Bucher Hydraulics Co., Ltd., Wujiang	CN	CNY	13 640 000	BH	P	D		100	100
Bucher Hydraulics Remscheid GmbH, Remscheid	DE	EUR	25 000	BH	P	D		100	100
Bucher Hidrolik Sistemleri Tic. Ltd. Sti., Istanbul	TR	TRY	219 000	BH		D		100	100
Bucher Hydraulics KK, Tokyo	JP	JPY	10 000 000	BH		D		85	85
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300 000	BH	P	D		100	100
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1 500 000	BH	P	D		100	100
Bucher Hydraulics Ltd., New Delhi	IN	INR	28 600 000	BH	P	D		100	100
Bucher Hydraulics Inc., Grand Rapids	US	USD	12 473 000	BH	P	D		100	100
Bucher Hydraulics Corp., London	CA	CAD	75 000	BH	P	D		100	100
Bucher Hydraulics Erding GmbH, Erding	DE	EUR	25 000	BH	P	D		100	100
Bucher Hidráulica Ltda., Porto Alegre	BR	BRL	6 830 000	BH	P	D		100	100

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities			Group interest in %	
								2016	2015
Emhart Glass SA, Steinhausen	CH	CHF	10 000 000	BEG		D	S	100	100
Emhart Glass Manufacturing Inc., Elmira NY	US	USD	1 000	BEG	P			100	100
Emhart Glass Sdn Bhd., Ulu Tiram Johor	MY	MYR	500 000	BEG	P			100	100
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30 000 000	BEG	P			100	100
Emhart Glass GmbH, Leipzig	DE	EUR	50 000	BEG			S	100	100
Emhart Glass Inc., Windsor CT	US	USD	2	BEG			S	100	100
Emhart Glass International SA, Steinhausen	CH	CHF	100 000	BEG			S	100	100
Emhart Glass Japan Co Ltd., Kawasaki	JP	JPY	10 000 000	BEG			S	100	100
Emhart Glass Ltd., Manchester	GB	GBP	1 838 000	BEG			S	100	100
Emhart Glass Pte. Ltd., Singapore	SG	SGD	1	BEG			S	100	100
Emhart Glass S.r.l., Savona	IT	EUR	320 000	BEG			S	100	100
Shandong Sanjin Glass Machinery Co. Ltd., Zibo	CN	CNY	72 000 000	BEG	P	D		63	63
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2 400 000	BSp	P	D		100	100
Bucher Vaslin S.r.l., Romans d'Isonzo	IT	EUR	100 000	BSp		D		100	100
Bucher Vaslin North America, Inc., Sebastopol CA	US	USD	88 000	BSp		D		100	100
Bucher Vaslin Sudamérica, Santiago de Chile	CL	CLP	92 400 000	BSp	P	D		100	100
Bucher Unipektin Ltd., Niederweningen	CH	CHF	600 000	BSp	P	D		100	100
Beijing Bucher Unipektin Equipment Co. Ltd, Beijing	CN	CNY	3 098 895	BSp		D		100	100
Bucher-Alimentech Ltd., Auckland	NZ	NZD	3 000	BSp		D		100	100
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36 336	BSp		D		100	100
Bucher Filtrox Systems AG, St.Gallen	CH	CHF	500 000	BSp	P	D		100	100
Bucher Landtechnik AG, Niederweningen	CH	CHF	4 000 000	BSp		D		100	100
Jetter AG, Ludwigsburg	DE	EUR	3 241 061	BSp	P	D		100	100
futronic GmbH, Tettnang	DE	EUR	260 000	BSp	P	D		100	100

Report of the statutory auditor

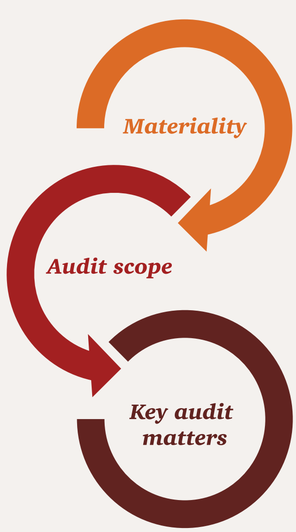
to the annual general meeting of Bucher Industries AG, Niederweningen

Opinion We have audited the consolidated financial statements of Bucher Industries AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the consolidated financial statements (pages 68 to 111) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



- Overall Group materiality: CHF 9.5 million

- We concluded full scope audit work at 32 reporting units in various countries.
- Our audit scope addressed 85% of net sales and 80% of the total assets of the Group.
- Additionally, individually defined audit procedures and reviews were concluded at other reporting units in various countries, which cover a further 2% of net sales and 8% of the total assets of the Group.

As key audit matter the following area of focus has been identified:
- Impairment testing of goodwill

Audit scope We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; For example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

- **Overall Group materiality**
  CHF 9.5 million

- **How we determined it** 5% of the average profit before tax over the three years

- **Rationale for the materiality benchmark applied** We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark. To account for the volatility of the business environment, a three-year average was chosen for the materiality calculation.

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.475 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill was deemed a key audit matter for the following reasons: Goodwill of CHF 137.8 million represents a significant amount on the balance sheet. Significant judgement is required to determine the assumptions relating to future business results and to determine the discount rate to be applied to forecasted cash flows. Please refer to pages 74 and 78 (notes to the consolidated financial statements, accounting principles for the consolidated financial statements) and pages 89 and 90 (notes to the consolidated financial statements, explanations of the consolidated financial statements).	Impairment testing is based on a process defined by the Board of Directors that makes use of the budgets approved by the Board of Directors and the Group's medium-term plans. As part of the process, Management estimates the cash flows for the cash-generating units concerned. Based on the evidence obtained from our audit, we did not note any deviations from the process defined by the Board of Directors and from the requirements relating to the impairment testing of goodwill and the disclosure of impairment in the financial statements. We compared the consistency of the assumptions presented on pages 89 and 90 of the consolidated financial statements with the revenue and cost forecasts of Management. We compared the discount rate with the cost of capital of the Group, taking into account currency-specific aspects. Further, we tested the sensitivity analyses for the key assumptions. We noted no inconsistencies with regard to the assumptions used, which were in line with our expectations.

Other information in the annual report The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Bucher Industries AG and our auditor's reports thereon. Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Christian Kessler	Fabian Schläpfer
Audit expert	Audit expert
Auditor in charge	

Zurich, 27 February 2017

Balance sheet of Bucher Industries AG at 31 December 2016

CHF million	Note	2016	2015
Cash and cash equivalents		116.9	70.5
Other receivables		23.1	124.1
Accrued income		11.9	11.9
Current assets		**151.9**	**206.5**
Financial assets			
Loans		577.8	504.8
Investments		811.4	765.7
Intangible assets		0.3	0.1
Non-current assets		**1 389.5**	**1 270.6**
Assets		**1 541.4**	**1 477.1**
Interest-bearing liabilities			
Loans and other bank borrowings	2	20.0	–
Other interest-bearing liabilities	2	126.9	92.7
Other liabilities		11.0	10.1
Accruals and deferred income		5.4	7.7
Current liabilities		**163.3**	**110.5**
Interest-bearing liabilities			
Bonds and private placements	2	200.0	200.0
Loans and other bank borrowings	2	314.5	339.0
Other liabilities		0.4	–
Provisions		4.5	0.1
Non-current liabilities		**519.4**	**539.1**
Share capital	5	2.1	2.1
Statutory reserve		70.6	70.6
Distributable reserve		611.8	526.8
Retained earnings		86.7	72.3
Profit/(loss) for the year		87.5	155.7
Equity		**858.7**	**827.5**
Liabilities and equity		**1 541.4**	**1 477.1**

Income statement of Bucher Industries AG for the year ended 31 December 2016

CHF million

	2016	2015
Income from investments	63.5	166.1
Royalty income	13.5	13.3
Administrative expenses	−5.9	−5.9
Impairment charges	−0.3	4.0
Operating profit (EBIT)	**70.8**	**177.5**
Finance costs	−65.4	−161.9
Finance income	87.4	140.7
Profit before tax	**92.8**	**156.3**
Income tax expense	−5.3	−0.6
Profit/(loss) for the year	**87.5**	**155.7**

Notes to the financial statements of Bucher Industries AG

General These financial statements of Bucher Industries AG, incorporated in Niederweningen, have been prepared in accordance with the provisions of Swiss accounting law (title 32 of the Swiss Code of Obligation. The main valuation principles applied, other than those prescribed by law, are described in the following. In accordance with art. 961d, para. 1 of the Swiss Code of Obligations, Bucher Industries AG did not present additional data in the notes or cash flow statement, referring instead to the consolidated financial statements of Bucher Industries AG for the relevant information. The company does not have any employees.

Cash pooling To ensure group-wide financial balance, Group companies are integrated into Bucher Industries AG's cash pooling. The cash-pool accounts are recognised at par value and recorded in other receivables and other interest-bearing liabilities.

Derivative financial instruments are shown in other receivables and other payables, and are used to hedge exposure to interest rate and foreign currency fluctuations. They are initially recognised in the balance sheet and subsequently remeasured at fair value based on quoted market prices at the reporting date. Changes in fair value are recognised in the income statement.

Investments are recognised at amortised cost, net of write-downs in impairment charges. To evaluate an impairment the carrying amount is compared with the recoverable amount. Investments which are considered an economic unit within the company, in the management and assessment of the business, were consolidated as a valuation unit. Information on the investments held, directly and indirectly, by Bucher Industries AG is given in the list of group companies on pages 109 to 111 of the annual report.

Interest income/dividend Interest income is recorded over the anticipated term, so that it reflects the effective income on an asset. Dividends are recognised in investment income at the time of the legal claim.

Royalty income consists of fees charged to group companies for the use of brand names.

1 Positions with group companies

CHF million

	2016	2015
Other receivables	17.8	118.1
Accrued income	11.8	11.8
Financial assets	577.8	504.8
Interest-bearing liabilities	−126.9	−92.7
Other liabilities	−3.8	−4.0
Accruals and deferred income	−3.4	−3.5
Loans and other bank borrowings	−229.9	−234.5

2 Interest-bearing liabilities

Interest-bearing liabilities essentially include significant bonds, bank borrowings as well as loans and cash pool accounts with group companies. Further information on bonds is given on page 92 of the annual report.

3 Assets and liabilities based on observable market data

CHF million

	2016	2015
Derivative financial instruments – assets	10.3	11.9
Derivative financial instruments – liabilities	–11.3	–10.1
Assets and liabilities based on observable market data	**–1.0**	**1.8**

4 Contingent liabilities

The company has mainly incurred contingent liabilities to cover group companies' obligations to banks in respect of credit and cash pool agreements. The maximum exposure was CHF 188.1 million (2015: CHF 254.8 million). The amount claimed at the reporting date was CHF 39.5 million (CHF 59.6 million). Bucher Industries AG is jointly liable for the VAT group of Bucher-Guyer AG as part of group taxation arrangements.

5 Share capital

Bucher Industries AG has authorised but unissued capital representing a maximum of 1 184 100 registered shares of CHF 0.20 each, which is reserved for the exercise of warrants or conversion rights attached to bonds and of options under rights issued to shareholders. The registered shares are widely held by public shareholders.

Significant shareholders and their investments A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.2% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the share capital reduction in June 2012. The essence of the shareholders' agreement and the number of shares held by individual Group members have not been published. At the reporting date, Bucher Beteiligungs-Stiftung held 1.2% of the issued share capital, the voting rights attached to such shares being suspended in accordance with article 659a paragraph 1 of the Swiss Code of Obligations. According to disclosure notifications submitted to Bucher Industries AG and SIX Swiss Exchange, Black Rock Inc., New York, USA, holds, directly or indirectly via various subsidiaries, a stake in the registered share capital of Bucher Industries AG of more than 3% each. Up to the date of approval of the company's financial statements, the board of Bucher Industries AG was not aware of any other shareholders, or groups of shareholders subject to voting agreements, who held more than 3% of the total voting rights.

Directors' interests in shares

	Number of shares	
	2016	**2015**
Philip Mosimann, chairman	66 174	63 916
Anita Hauser, deputy chairman	439 743	439 511
Ernst Bärtschi	567	628
Claude R. Cornaz	3 465	5 866
Michael Hauser	604 835	604 636
Heinrich Spoerry	3 453	3 254
Valentin Vogt	4 333	3 129
Board of directors	**1 122 570**	**1 120 940**

As part of their honoraria, the board of directors were allocated 1 674 shares (2015: 1 564 shares) worth CHF 0.4 million (CHF 0.4 million). The directors did not hold any share options on 31 December 2016. Further information is given in the remuneration report on pages 59 to 61.

Group management's interests in shares and share options

		Number of shares		Number of options	
		2016	**2015**	**2016**	**2015**
Jacques Sanche	CEO	409	n.a.	–	–
Christina Johansson	CFO	450	n.a.	–	–
Roger Baillod		12 015	9 485	–	4 200
Stefan Düring	Bucher Specials	1 679	1 399	1 200	1 200
Martin Jetter	Bucher Emhart Glass	3 891	4 403	1 200	1 200
Thierry Krier	Kuhn Group	1 658	1 255	–	–
Aurelio Lemos	Bucher Municipal	152	n.a.	–	–
Daniel Waller	Bucher Hydraulics	13 575	11 380	–	7 200
Group management		**33 829**	**27 922**	**2 400**	**13 800**

		Number of options			
Grant year		**2009**	**2008**	**2007**	**Total**
Exercise price (CHF)		115.00	149.00	221.00	
Stefan Düring	Bucher Specials	1 200	–	–	**1 200**
Martin Jetter	Bucher Emhart Glass	–	–	1 200	**1 200**
Group management		**1 200**	**–**	**1 200**	**2 400**

No share options have been granted since the 2010 financial year. Share options with a term of ten years granted in respect of previous reporting years remain valid as originally provided and can be exercised at any time. Each option entitles the holder to purchase one share. Further information is given in the remuneration report on pages 59 to 61.

Board of directors' proposal

Appropriation of retained earnings

CHF	2016	2015
Retained profit carried forward as at January 1	228 035 469	188 919 613
Transfer to distributable reserve	– 85 000 000	– 50 000 000
Dividend	– 56 375 000	– 66 625 000
Profit/(loss) for the year	87 481 676	155 740 856
Retained earnings available for distribution	**174 142 145**	**228 035 469**

Board of directors' proposal

CHF	2016	2015
Retained earnings available for distribution	174 142 145	228 035 469
Transfer to distributable reserve	– 40 000 000	– 85 000 000
Dividend	– 51 250 000	– 56 375 000
Balance to be carried forward	**82 892 145**	**86 660 469**

Report of the statutory auditor

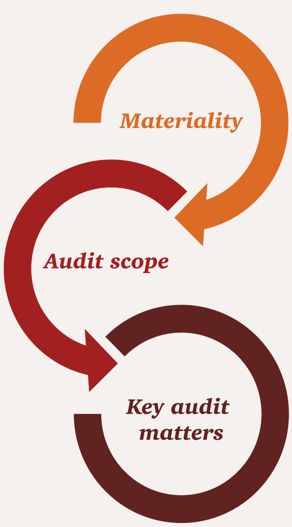
to the annual general meeting of Bucher Industries AG, Niederweningen

Opinion We have audited the financial statements of Bucher Industries AG, which comprise the balance sheet as at 31 December 2016, income statement and notes for the year then ended, including a summary of significant accounting policies. In our opinion, the financial statements (pages 116 to 121) as at 31 December 2016 comply with Swiss law and the company's articles of incorporation.

Basis for opinion We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



- Overall materiality: CHF 9.5 million

- We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:
- Impairment of equity investments

Audit scope We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

- **Overall materiality** CHF 9.5 million
- **How we determined it** 0.62% of total assets
- **Rationale for the materiality benchmark applied** We chose total assets as the benchmark because, in our view, it is a relevant benchmark for a holding company, and it is a generally accepted benchmark for holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.475 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of equity investments

Key audit matter	How our audit addressed the key audit matter
Impairment testing of equity investments was deemed a key audit matter. Equity investments recognised on the balance sheet at CHF 811.4 million or 53% of the balance sheet total represent a significant portion of the assets. The valuations of the companies are calculated using the intrinsic value respectively the capitalisation of earnings or discounted cash flow (DCF) methods, which require significant judgement in determining the parameters such as the capitalisation rate. Please refer to page 118 (notes to the financial statements) and pages 109 to 111 of the annual report.	In identifying the potential need for impairment of equity investments, Management follows a predefined impairment testing process. We compared the carrying amount of the investments in the year under review with the respective pro-rata share of the investee's equity respectively with the investee's enterprise value calculated using the capitalisation of earnings or discounted cash flow (DCF) methods. We performed plausibility checks on the assumptions used by Management concerning the long-term growth rates and margins. We compared the discount rate with the cost of capital of the Group, taking into account the currency-specific particularities. Our audit results support the assumptions made by Management in assessing the impairment of equity investments.

Responsibilities of the Board of Directors for the financial statements The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Christian Kessler Audit expert Auditor in charge	Fabian Schläpfer Audit expert

Zurich, 27 February 2017

Five-year summary

Group

CHF million

		2016	2015	2014	2013	2012
Order intake		2 386.1	2 439.5	2 742.1	2 718.2	2 490.4
Net sales		2 380.4	2 490.4	2 805.6	2 690.8	2 609.0
Order book		727.7	688.4	788.9	850.4	795.3
Operating profit before depreciation and amortisation (EBITDA)		262.5	296.2	349.8	371.1	306.9
as % of net sales		11.0%	11.9%	12.5%	13.8%	11.8%
Operating profit (EBIT)		169.3	207.1	257.2	287.1	231.7
as % of net sales		7.1%	8.3%	9.2%	10.7%	8.9%
Net financial items		−8.7	−13.3	−13.2	−11.4	−12.6
Income tax expense		−42.2	−53.8	−54.3	−79.5	−63.1
as % of profit before tax		26.3%	27.8%	22.3%	28.8%	28.8%
Profit/(loss) for the year		118.4	140.0	189.7	196.2	156.0
as % of net sales		5.0%	5.6%	6.8%	7.3%	6.0%
Capital expenditure		78.2	81.9	116.3	136.6	96.5
Operating free cash flow		189.5	157.8	53.7	91.7	105.4
Research and development costs		−99.4	−96.1	−102.4	−90.5	−80.8
Total assets		2 419.6	2 353.6	2 604.5	2 436.3	2 259.4
Cash and liquid assets		417.9	374.8	369.2	455.7	480.3
Receivables		467.8	498.6	565.8	498.5	458.7
Inventories		600.1	602.8	668.7	632.9	582.1
Investments and other financial assets – non-current		23.1	24.1	43.7	44.5	50.5
Property, plant and equipment		595.1	588.9	634.8	569.7	478.0
Intangible assets		246.4	205.6	252.9	181.5	159.3
Current liabilities		697.7	677.3	873.9	1 059.1	906.5
Non-current liabilities		498.3	522.2	529.0	303.1	462.6
Total liabilities		1 196.0	1 199.5	1 402.9	1 362.2	1 369.1
of which interest-bearing		356.5	385.2	454.2	455.8	499.7
Net cash/debt		61.4	−10.4	−85.0	−0.1	−19.4
Equity		1 223.6	1 154.1	1 201.6	1 074.1	890.3
Equity ratio		50.6%	49.0%	46.1%	44.1%	39.4%
Return on equity (ROE)		10.0%	11.9%	16.7%	20.0%	18.3%
Net working capital		413.0	450.3	472.6	416.0	347.5
Net operating assets (NOA) average		1 293.1	1 295.7	1 268.0	1 061.3	969.6
Return on net operating assets (RONOA) after tax		9.7%	11.5%	15.8%	19.3%	17.0%
Number of employees at 31 December [1]		11 175	11 072	11 554	10 916	10 166
Average number of employees during year [1]		11 251	11 486	11 631	10 788	10 383
Net sales per employee	CHF 1 000	212	217	241	250	251

[1] Expressed as full-time equivalents

Addresses

Bucher Group – www.bucherindustries.com

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

Bucher Management AG
Flughafenstrasse 90 8058 Zurich Switzerland
Phone +41 43 815 80 80 Fax +41 43 815 80 81
info@bucherindustries.com www.bucherindustries.com

Kuhn Group, specialised agricultural machinery – www.kuhn.com

Kuhn SA
4, Impasse des Fabriques 67706 Saverne France
Phone +33 388 01 81 00 Fax +33 388 01 81 01

Kuhn-Huard SA
Rue du Québec 44142 Châteaubriant France
Phone +33 240 55 77 00 Fax +33 240 55 77 10

Kuhn-Audureau SA
Rue Quanquèse 85260 La Copechagnière France
Phone +33 251 41 47 00 Fax +33 251 41 41 03

Kuhn-Blanchard SAS
24 rue de Nantes 44680 Chéméré France
Phone +33 240 21 30 24 Fax +33 240 64 80 11

Kuhn-Geldrop B.V.
Nuenenseweg 165 5667 KP Geldrop The Netherlands
Phone +31 40 28 93 300 Fax +31 40 28 53 215

Kuhn North America, Inc.
1501 West Seventh Avenue Brodhead, WI 53520-0167 USA
Phone +1 608 897 21 31 Fax +1 608 897 25 61

Kuhn Krause, Inc.
305 S. Monroe St. Hutchinson, KS 67504 USA
Phone +1 620 663 61 61 Fax +1 620 622 59 03

Kuhn do Brasil S/A
Rua Arno Pini 1380 99050-130 Passo Fundo, RS Brazil
Phone +55 54 3316 6200 Fax +55 54 3316 6250

Kuhn-Montana Indústria de Máquinas S/A
Rua Francisco Dal Negro No. 3.400
83025-320 São José dos Pinhais, PR Brazil
Phone +55 41 2102 0200 Fax +55 41 2102 0230

Bucher Municipal, municipal vehicles – www.buchermunicipal.com

Bucher Municipal AG
Murzlenstrasse 80 8166 Niederweningen Switzerland
Phone +41 44 857 22 11 Fax +41 44 857 22 49

Bucher Municipal GmbH
Schörlingstrasse 3 30453 Hanover Germany
Phone +49 511 21 49 0 Fax +49 511 21 49 115

Bucher Municipal SIA
Ganibu iela 105 3601 Ventspils Latvia
Phone +371 6 366 10 50 Fax +371 6 366 10 51

Bucher Municipal Ltd
258, Seohaean-Ro, Siheung SI,
Gyeonggi-Do 15086 Korea
Phone +82 31 498 89 61 Fax +82 31 498 89 85

Johnston Sweepers Ltd
Curtis Road Dorking, Surrey RH4 1XF United Kingdom
Phone +44 1306 88 47 22 Fax +44 1306 88 41 51

Johnston North America
105 Motorsports Road Mooresville, NC 28115 USA
Phone +1 704 658 1333 Fax +1 704 658 1377

Beam A/S
Salten Skovvej 4–6 8653 Them Denmark
Phone +45 86 84 76 00 Fax +45 86 84 77 34

Bucher Municipal Pty Ltd
65–73 Nantilla Road Clayton North, 3168 Victoria Australia
Phone +61 3 9271 64 00 Fax +61 3 9271 64 80

Giletta S.p.A.
Via A. De Gasperi, 1 12036 Revello Italy
Phone +39 0175 258 800 Fax +39 0175 258 825

Gmeiner GmbH
Daimlerstrasse 18 92533 Wernberg-Köblitz Germany
Phone +49 9604 93 26 70 Fax +49 9604 93 26 749

J. Hvidtved Larsen A/S
Lillehøjvej 15 8600 Silkeborg Denmark
Phone +45 86 82 12 11 Fax +45 86 80 25 80

Bucher Hydraulics, hydraulic components – www.bucherhydraulics.com

Bucher Hydraulics GmbH
Industriestrasse 1 79771 Klettgau Germany
Phone +49 7742 85 20 Fax +49 7742 71 16

Bucher Hydraulics Erding GmbH
Albert-Einstein-Strasse 12 85435 Erding Germany
Phone +49 8122 9713-0 Fax + 49 8122 9713-27

Bucher Hydraulics AG
Industriestrasse 15 6345 Neuheim Switzerland
Phone +41 41 757 03 33 Fax +41 41 755 16 49

Bucher Hydraulics AG Frutigen
Schwandistrasse 25 3714 Frutigen Switzerland
Phone +41 33 672 61 11 Fax +41 33 672 61 03

Bucher Hydraulics S.p.A.
Via P. Colletta, n. 5 42124 Reggio Emilia Italy
Phone +39 0522 9284 11 Fax +39 0522 5132 11

Bucher Hydraulics, Inc.
1363 Michigan Street, NE Grand Rapids, MI 49503 USA
Phone +1 616 458 13 06 Fax +1 616 458 16 16

Bucher Hydraulics Pvt. Ltd
Plot No. 6 Sector 5 IMT Manesar Gurgaon 122050 India
Phone +91 124 47 00 100 Fax +91 124 40 39 499

Suzhou Bucher Hydraulics Co. Ltd
168 Shexing Road
Foho New & Hi-tech Industrial Development Zone
215214 Wujiang City, Jiangsu China
Phone +86 512 6322 1299 Fax +86 512 6322 1033

Bucher Hidráulica Ltda.
Rua Berto Cirio, 1420, São Luis
92420-030 Canoas – RG Brazil
Phone +55 51 3361 3512 Fax +55 51 3341 2210

Emhart Glass, manufacturing equipment for the glass container industry – www.bucheremhartglass.com

Emhart Glass SA
Hinterbergstrasse 22 6330 Cham Switzerland
Phone +41 41 749 42 00 Fax +41 41 749 42 71

Emhart Glass Sweden AB
Universitetsallén 1 85121 Sundsvall Sweden
Phone +46 60 199 100 Fax +46 60 199 261

Emhart Glass Sdn Bhd
20, Jalan Mahir 5 Taman Perindustrian Cemerlang
81800 Ulu Tiram, Johor Malaysia
Phone +607 863 11 22 Fax +607 863 77 17

Emhart Glass Manufacturing Inc.
74 Kahler Road North Horseheads, NY 14845 USA
Phone +1 607 735 2600 Fax +1 607 735 2601

Emhart Glass Inc. Emhart Glass Research Center
123 Great Pond Drive Windsor, CT 06095 USA
Phone +1 860 298 7340 Fax +1 860 298 7395

Shandong Sanjin Glass Machinery Co Ltd
577 Xinglu Road Zhoucun District
255300 Zibo, Shandong China
Phone +86 533 618 17 17 Fax +86 533 618 17 18

Emhart Glass GmbH
Weissenfelser Strasse 69a 04229 Leipzig, Germany
Phone +49 341 250773 20 Fax +49 341 250773 21

Bucher Specials

Bucher Vaslin SA
Rue Gaston Bernier 49290 Chalonnes-sur-Loire France
Phone +33 241 74 50 50 Fax +33 241 74 50 52
www.buchervaslin.com

Bucher Vaslin Sudamérica
Neptuno 1339 – Quinta Normal Santiago Chile
Phone +56 2 773 3960 Fax +56 2 773 3960

Bucher Unipektin AG
Murzlenstrasse 80 8166 Niederweningen Switzerland
Phone +41 44 857 23 00 Fax +41 44 857 23 41
www.bucherunipektin.com

Bucher Landtechnik AG
Murzlenstrasse 80 8166 Niederweningen Switzerland
Phone +41 44 857 26 00 Fax +41 44 857 24 12
www.bucherlandtechnik.ch

Jetter AG
Gräterstrasse 2 71642 Ludwigsburg Germany
Phone +49 7141 2550 486 Fax +49 7141 2550 484
www.jetter.de

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