

Report to shareholders

Dear Shareholders

We are delighted to offer you this overview of the 2014 business year, which was a positive one. With our principal markets showing regional variations in trends, sales rose 4% and order intake was just above the previous year. With the exception of Kuhn Group, all divisions contributed to the growth in sales. At 9.2%, the operating profit margin was 1.5 percentage points lower than the record level attained the year before. However, Group profit for the year of CHF 190 million and earnings per share of CHF 18.58 were slightly below the record level achieved the previous year.

Market trend After several very good years, demand for agricultural machinery showed a marked decline against a background of falling cereal prices. The arable segment was particularly affected, while livestock farming made gratifying gains. The market for municipal vehicles and winter maintenance equipment remained at a low, though stable level. In the business with hydraulic systems, demand in North America picked up significantly, while the European market weakened again in the second half of the year. The business with glass-forming and inspection machinery showed wide regional variations, but remained stable overall. Demand for winemaking equipment and installations for processing fruit juice made pleasing progress. By contrast, the Swiss distributorship for tractors and agricultural machinery was unable to escape the full effects of the downturn in the market for agricultural machinery.

Business performance In the reporting year, the Group increased sales by 4% and order intake by 1% year on year. With the exception of Kuhn Group, all divisions contributed to this pleasing development. Kuhn Group suffered a fall in sales due to the worldwide slowdown in the agricultural machinery market. Bucher Municipal profited from a major order worth CHF 53 million from the city of Moscow. Bucher Hydraulics and Bucher Specials took advantage of the positive impetus in their respective markets to generate marked sales growth. Bucher Emhart Glass benefitted from the good cooperation with Owens-Illinois, which resulted in a particularly strong boost for the spare parts and service business. Operating profit of the Group of CHF 257 million was 10% down on the very high level attained the previous year. This trend was due to the expected slowdown at

Kuhn Group and the delays in implementing the strategic realignment at Bucher Emhart Glass. Lower profits in high-tax countries and positive one-off effects resulting from tax cases brought significantly reduced tax expenses, resulting in a pleasing profit for the year of CHF 190 million, against the record level of CHF 196 million attained the previous year. The average price per share was CHF 18.58.

Financial situation In the reporting year, the average net operating assets increased by CHF 207 million to CHF 1 268 million. This development was largely due to investments totalling CHF 185 million, of which CHF 116 million was committed to expansion of the production sites and CHF 66 million to the acquisition of Kuhn-Montana in Brazil. A return on net operating assets (RONOA) after tax of 15.8% almost met the high target of 16% set by the Group. The higher dividend and the investments and acquisitions resulted in a free cash flow of minus CHF 66 million. Bucher Industries successfully issued two bonds, each of CHF 100 million, to secure long-term refinancing of the existing bond of CHF 200 million, using favourable market conditions by lengthening the average maturity of its financial liabilities. Net debt stood at CHF 85 million and the equity ratio increased from 44% to 46%.

Acquisitions In March of the reporting year, Kuhn Group completed the acquisition of Montana Indústria de Máquinas S/A, Brazil, a manufacturer of large, self-propelled crop sprayers and fertiliser spreaders, and renamed the company Kuhn-Montana. The acquisition significantly strengthened Kuhn Group's market position in South America; the division began the process of operational integration without delay. The voluntary public tender offer to the shareholders of Jetter AG, Ludwigsburg, Germany, for the purchase of all the shares, which Bucher Industries launched at the end of September 2013, was completed in the reporting year. By the end of the reporting year, the Group held 96% of the share capital of Jetter AG.

Kuhn Group In the reporting year, Kuhn Group's principal markets showed a downward tendency due to faltering cereal prices. The market for tillage machinery in North America and Europe was particularly badly affected. Demand in France, Europe's biggest market, saw a significant decline. Despite this trend, Kuhn Group was able to maintain its business performance at an attractive level. Thanks to its strong position in dairy and livestock farming, the division was to some extent able to compensate for the decline in the arable segment. Accordingly, the decline in sales and order intake, at 2% and 3% respectively, was less pronounced than in the market as a whole. The operating profit margin, at 12.1%, was lower than the record level attained the previous year.

Bucher Municipal As in the previous year, the overall market environment for sweepers and winter maintenance equipment remained stable at a low level. Economy measures continued to be imposed by towns and cities in Europe, but the Australian market for refuse collection vehicles was similarly affected. The business with winter maintenance equipment still lacked positive momentum owing to several consecutive warm winters in Europe. Nevertheless, Bucher Municipal held its ground well, increasing both sales and order intake. This success was attributable above all to a follow-up major order worth CHF 53 million from the city of Moscow. In the reporting year, all sweepers and spreaders were delivered on time and at the end of the year all accounts receivable relating to the major order had been settled. Due to the impact of the weak winter maintenance business, the operating profit of CHF 32 million was somewhat lower than the high level of the previous year, which was boosted by a non-recurrent gain on the divestment of the hand-drier business.

Bucher Hydraulics Bucher Hydraulics can look back on a gratifying performance over the year as a whole. The various market segments of Bucher Hydraulics developed along different lines, but on the whole the trend was positive. Demand in the European markets was buoyant at the beginning of the reporting year, but fell back slightly towards the end of the year. Demand in North America was very lively, but in China it remained at a low level. The division once more demonstrated its proven expertise in the field of hydraulic system solutions, increasing order intake as well as sales. Demand was particularly lively in the construction machinery segment, which staged a welcome recovery, above all in Europe, but also in materials handling and industrial hydraulics. Thanks to its good market position and long-term serial orders, the division succeeded in keeping the effects of the downturn in the key agricultural machinery segment within bounds. Underpinned by its good market performance, the division was able to close the business year with an operating profit margin of 10.2%, a significant improvement on the previous year.

Bucher Emhart Glass The market for glass-forming and inspection machinery remained stable overall, despite marked regional differences. The project business, particularly in Central and South America, was at a gratifyingly high level; in other regions it was stable, but in Eastern Europe investment was lacking. In China, too, demand continued to develop at a very subdued pace. By contrast, glass container manufacturers invested in the maintenance of existing installations. This led to pleasing expansion of the spare parts and service business, which was also underpinned by the good cooperation with Owens-Illinois. Bucher Emhart Glass generated significant sales growth in this environment. Operating profit was slightly lower than in the previous year and the operating profit margin came in at an unsatisfactory 3.9%. Certain parts of the division's strategic realignment project were delayed by about twelve months because customer projects were given priority. As a result, it has not yet been possible to achieve the required economies through transfer of component production. There were also write-downs on accounts receivables as well as higher start-up costs for the projects relating to the strategic realignment and cooperation with Owens-Illinois.

Bucher Specials Bucher Specials benefitted from a lively mood in the markets. The division increased order intake and sales at a double-digit rate, especially as a result of the consolidation of Jetter Automation Technology. While operating profit made gratifying progress, rising by about 11%, the operating profit margin fell slightly. Bolstered by subsidy programmes, wine producers – particularly in France, Spain and Italy – once again increased their investment in winemaking equipment. In the drinks technology segment, the business with fruit juice processing equipment profited from the backlog of investment in modernisation at fruit-juice producers. Major orders for beer filtration equipment were also successfully completed. The Swiss distributorship for tractors and agricultural machinery was confronted with the downturn in the market for agricultural machinery, but was able to hold its own well, experiencing only a slight decline in sales. Jetter's business with industrial and mobile automation solutions remained stable in line with expectations, passing breakeven point as planned thanks to a comprehensive range of measures.

Dividend In view of the virtually unchanged profit for the year in 2014 as well as a consistent dividend policy, the board of directors is proposing that the annual general meeting on 14 April 2015 approve payment of a dividend of CHF 6.50 per registered share, equivalent to last year's payout.

Board of directors and group management On 10 April 2014, the annual general meeting elected Valentin Vogt as a new member of the board of directors. Stefan Düring, head of Bucher Specials, was appointed as a new member of group management as of 1 January 2014, and Thierry Krier, head of Kuhn Group and successor to Michel Siebert, as of 1 October 2014.

On 8 December 2014, the Group announced the appointment of Dr. Jacques Sanche as the new CEO of Bucher Industries, with effect from the date of the annual general meeting in April 2016. At the same time, it will be proposed to the annual general meeting that the long-serving CEO, Philip Mosimann, be elected as chairman of the board to replace Rolf Broglie, who is stepping down. At this early stage, it has been possible to find, in Jacques Sanche, a well-suited and internationally experienced successor for the role of CEO. In addition to his studies in economics at the University of St. Gallen, where he acquired a doctorate, Jacques Sanche has gained a high level of understanding in the fields of technology and innovation as well as efficient production processes.

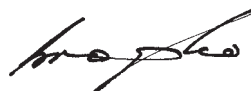
Thanks to our employees and partners Against a background of regional variations in market trends and a challenging economic environment, the Group produced a pleasing business performance. This success is not least down to our employees and their great efforts and expertise deployed on behalf of the Group across the world. This high level of commitment is what inspires the confidence of our customers, business partners and shareholders, who place their trust in the performance and reliability of our divisions on the basis of cooperative partnership. All our stakeholder groups contribute to the success of Bucher Industries and we owe them all a debt of gratitude.

Outlook for 2015 The Group does not anticipate any significant improvement in the economic situation during the current business year. Kuhn Group is reckoning with a further slight decline in the market for agricultural machinery. In the business with municipal vehicles, Bucher Municipal, does not expect that sales for 2015 will quite match the previous year, despite the follow-up order worth CHF 30 million from the city of Moscow for 2015. Bucher Hydraulics is anticipating a slight recovery in demand, while Bucher Specials expects demand to remain stable. Bucher Emhart Glass does not consider it likely that there will be any significant change in its markets and will concentrate on improving profitability. Without taking account of the impact of currency influences since mid-January of the current year, the Group's 2015 projections are for a slight drop in sales and an operating profit in the region of the 2014 level.

In mid-January 2015, the Swiss National Bank discontinued the minimum euro rate of CHF 1.20, which led to a massive appreciation of the Swiss franc against the Group's principal trading currencies. In view of the internationalisation of the Group's business over many years – with less than 10% of the workforce now employed in Switzerland – the exchange-rate shock mainly affects currency translation of sales and results. Profitability at the production plants in Switzerland also comes under pressure, which is why corrective measures have been initiated. With the exchange rates pertaining at the end

of February 2015, the negative currency effects on sales in Swiss francs will be over 10% and on operating profit around 15%, also due to one-off devaluation effects on balance sheets items. The operating profit margin should be around 0.5 percentage points down on the previous year's level because of currency effects.

Niederweningen, 5 March 2015



Rolf Broglie
Chairman of the Board



Philip Mosimann
Chief Executive Officer

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