Report to shareholders

Dear Shareholders,

The 2012 financial year brought a marked increase in sales and operating profit, despite the difficult market environment.

The performance of the various market segments of Bucher Industries presented a mixed picture. Specialised agricultural machinery benefitted from rising prices for agricultural produce. The markets for municipal vehicles and equipment for the glass container industry remained stable, while demand for hydraulic components fell off, particularly in the second half of the year. At Bucher Specials, differing market trends offset each other, resulting in overall levels in line with those of 2011. In this market environment, Bucher Industries was able to increase sales by 12%, posting an operating profit margin (EBIT) of 8.8% of net sales. Group profit for the year was CHF 154 million, equivalent to earnings per share of CHF 15.34.

Market development In the reporting year, specialised agricultural machinery profited from the general increase in farm incomes. The European market for municipal vehicles remained at a low level due to continuing spending cutbacks in cities and municipalities. Demand for machinery for the glass container industry also remained at the previous year's level. At Bucher Hydraulics, the market environment weakened further, above all in the second half of the year. The construction machinery and industrial hydraulics segments were particularly affected by this trend. After the marked currency effects in previous years, the influence of exchange rates in the reporting year was marginal, not least thanks to the measures adopted by the Swiss National Bank to maintain the stability of the Swiss franc against the euro.

High sales growth Bucher Industries achieved sales growth of 12%. All areas of activity contributed to this success, particularly Kuhn Group and Bucher Municipal. Order intake was below the high level of 2011 owing to the absence of major orders and the weaker market environment in hydraulic components. A high degree of flexibility enabled Kuhn Group and Bucher Municipal to profit from regional increases in demand, while keeping costs well under control in the divisions where volumes were showing a tendency to stagnate. This led to a 21% rise in operating profit and an operating profit margin of 8.8%. Net financial items improved thanks to interest savings and positive currency effects. Increased realisation of profits in countries with higher tax rates led to a slightly higher tax rate of 28.8%. Group profit for the year increased by 21% to CHF 154 million, corresponding to earnings per share of CHF 15.34.

Solid financial situation Bucher Industries invested CHF 96 million in the reporting year, mainly in internal growth. Major projects included capacity expansion and the renewal and modernisation of capital equipment. Net operating assets increased in absolute figures, improving by 2 percentage points to 35% of net sales. The return on net operating assets amounted to 16.8%. Together with the higher profit for the year, operating free cash flow also showed a marked increase. As a result of lower expenditure on acquisitions and on the share buy-back programme, free cash flow and net liquidity both increased substantially. The Group ended the year with liquid funds of CHF 480 million, net debt of CHF 19 million and a healthy equity ratio of 41%.

Sustainability The Group published its first sustainability report in 2012. It was based on the internationally recognised guidelines of the Global Reporting Initiative (GRI) and received Application Level C certification. The environmental key figures, based on data first gathered in 2011, provide added transparency and follow in a long tradition at Bucher Industries of careful management of resources and environmental integrity. The findings of the report will flow directly into the operations of Group companies. The 2012 sustainability report will be published at the end of June 2013. The sustainability reports from Bucher Industries are available on the Group's website.

Extension of the product range In the reporting year, Bucher Hydraulics closed a gap in its product portfolio by the addition of advanced hydraulic cylinder technologies. The division agreed to acquire Ölhydraulik Altenerding Dechamps & Kretz & Co. KG in Erding, Germany. The company has 250 employees and in the last business year generated sales of CHF 42 million. Bucher Unipektin, the independent business with equipment for fruit juice processing, acquired the engineering business of Filtrox Group, a world leader in the field of beer filtration. The company has 35 employees and average annual sales of around CHF 30 million in recent years. Both acquisitions were completed in February 2013. Bucher Municipal strengthened its product range in the winter maintenance business by purchasing assets from the Italian company Assaloni.com S.p.A., whose telescopic snow ploughs are highly regarded in Europe and North America.

Kuhn Group Kuhn Group's main markets developed well overall in the reporting year, although certain cereal-producing regions, particularly southern and mid-western parts of the USA, suffered severe drought. The dry conditions and crop shortfalls led to a sharp rise in maize and wheat prices on the world markets. Farmers profited from this situation, particularly in Western Europe and Brazil. Milk and meat prices also rose on strong demand. In this market environment, Kuhn Group achieved marked growth in sales. Order intake came in slightly above the high level recorded the previous year. Operating profit and the operating profit margin both showed substantial increases. In North America, Kuhn Krause, which specialises in tillage equipment and was acquired in May 2011, achieved particularly high growth rates and operated at the limits of its capacity in the reporting year. This led to the construction of a new assembly shop and warehouse. Kuhn Group also invested in expansion of its European logistics centre for spare parts and service and began construction work on the Kuhn Centre for Progress in France, a technology, demonstration and training centre for agricultural methods, techniques and future trends.

Bucher Municipal In Europe, Bucher Municipal's main market, cities and municipalities are continuing their austerity programmes and no major contracts were offered for tender. Overall market volume remained at the same low level as in the previous years. However, Bucher Municipal still produced a record performance in the reporting year. The division achieved marked sales growth. The major order from the city of Moscow, received in 2011 and worth CHF 62 million, contributed CHF 50 million to the sales figures in the reporting year. Fulfilling such a huge order pushed capacity utilisation to the limits in Switzerland, Italy, Latvia and Great Britain in the first half of 2012. Order intake was lower than the high level of the previous year, which was boosted by the major order. The division achieved a marked improvement in operating profit and the operating profit margin was 9.3%, an all-time high. In the second half of the year, the division readjusted to the normal, lower level of the market and announced the merger of its three plants in Great Britain at the main site in Dorking. Operations at the single site in Dorking are set to start up in 2014.

A plant was also closed in Australia and its activities were transferred to the main site in Melbourne. Bucher Municipal is now operating its winter maintenance business under a single management and plans to increase its interest in Giletta S.p.A., Italy, from 50% to 60% by incorporating Gmeiner GmbH, Germany, in spring 2013.

Bucher Hydraulics Bucher Hydraulics faced a progressive weakening of the market environment during the reporting year. In Western Europe and China, the construction machinery and industrial hydraulics segments were particularly affected by the slowdown, whereas agricultural machinery, materials handling and special applications developed positively. The US market experienced a marked increase in demand. The division benefitted from the high level of the order book at the beginning of the reporting year, as well as from innovative projects for major customers which entered series production. Nevertheless, sales were only slightly higher than the previous year's level and order intake declined. Operating profit and the operating profit margin improved compared with 2011. The division created two centres of expertise in the reporting year, one in Switzerland and one in Germany, each under a single management. The new set-up will facilitate optimisation of efficiency, productivity and capacity utilisation in both countries. Bucher Hydraulics also completed construction of a new factory building in Klettgau, including state-of-the-art production cells.

Emhart Glass After a weak first quarter, demand recovered to around the level of the previous year. There were considerable regional variations in the demand trend. Europe experienced slight growth, while demand in the US market remained at the previous year's level. Growth also levelled off in China due to the more subdued business climate. The shift of emphasis towards growth markets in the emerging economies of Asia, the Middle East and South America increased cost pressure and accelerated the trend towards simpler machines. In this environment, Emhart Glass achieved sales growth. Order intake fell, although the previous year's level had been influenced by a major order worth CHF 40 million from India. Owing to marked quarterly fluctuations in the project business, production planning was difficult. In addition, capacity was not fully utilised in the first quarter. In November 2012, Emhart Glass announced plans to gear its production to market changes and transfer a significant part of its production capacity from Europe to Asia. In future the division will produce high-end machines in Europe and simpler, standard machines in Asia. These measures will result in nonrecurring restructuring costs of up to CHF 13 million, of which CHF 9 million was recognised in the reporting year. Contrary to initial assessments, this led to a marginally positive operating profit.

Bucher Specials In the reporting year, developments in the various market segments presented a varied picture. While demand for winemaking equipment in the main market of France declined further because of the premature announcement of subsidies for 2013, demand in Western Europe generally remained subdued. By contrast, the market recovered in the USA. Bucher Unipektin's business with equipment for processing fruit juice developed well, thanks to attractive prices for apple juice concentrate, though there were no major orders such as those secured the previous year. By acquiring Filtrox Engineering, Bucher Unipektin gained entry to the worldwide beer filtration market. The Swiss distributorship for tractors and agricultural machinery took advantage of the favourable market environment. Overall, sales at Bucher Specials were marginally higher than the previous year's level and order intake declined slightly because of the absence of major orders. However, thanks to effective cost-cutting measures, it was possible to achieve a significant rise in operating profit.

Dividend In view of the Group profit for the year, the stable outlook for the current business year and a consistent dividend policy, the board of directors proposes that the annual general meeting on 11 April 2013 approve payment of a higher dividend of CHF 5.00 per registered share. The dividend in 2012 was CHF 4.00.

Board of directors and group management The terms of office of board members Rolf Broglie and Anita Hauser will expire at the 2013 annual general meeting of shareholders. The board of directors proposes their re-election for a further three-year term. The term of office of Thomas W. Bechtler will also expire in April 2013. After 25 successful years on the Group's board, Thomas W. Bechtler will not stand for re-election. On behalf of all the employees and business partners of Bucher Industries, we would like to thank Thomas W. Bechtler for his outstanding contribution to the Group's development.

Reduction of the share capital In the course of the share-buy back programme, which was concluded in February 2012, Bucher Industries repurchased a total of 315 900 registered shares. The annual general meeting of 12 April 2012 approved the reduction of the share capital of Bucher Industries through cancellation of the repurchased registered shares. The capital reduction was duly carried out on 27 June 2012. The share capital of Bucher Industries AG now stands at CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each.

Many thanks to our employees and partners In an economic environment characterised by many uncertainties and wide seasonal variations, the Group produced a good result. This was achieved thanks to the outstanding efforts of all our employees and business partners. Our down-to-earth corporate culture, combining tenacity and building for the long term, with professionalism, commitment and the identification of staff with our products and services, is the soundest reason we have for taking a confident view of our present position and future prospects. Fairness in all our dealings with customers, suppliers, business partners and shareholders is another important principle. To you all, and especially to our employees, we owe a great debt of gratitude. You have our respect and the trust necessary to stand together in meeting whatever challenges the future holds.

Outlook for 2013 The macroeconomic environment is unlikely to undergo any fundamental changes in the current business year. The Western industrial economies, above all Europe and the USA, should continue to tackle the high levels of indebtedness and adopt measures to stimulate economic growth. On the other hand, the economies of Asia and South America should continue to grow. Looking at Bucher Industries' markets, we expect the upward trend in the agricultural machinery segment to be sustained, although with lower growth rates than in the previous year. In the other business areas, we are cautiously anticipating that demand will attain roughly the same level as in the previous year. At Bucher Municipal, it will not be possible to compensate for the effect of the major order from the city of Moscow, which boosted sales by CHF 50 million in the reporting year. At Bucher Hydraulics and Bucher Specials, the acquisitions will make a significant contribution to sales growth. The ongoing efforts to improve profitability, particularly at Emhart Glass, will have a positive impact. Overall, the Group expects a marginal increase in sales and somewhat higher profitability.

Niederweningen, 14 March 2013

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer