Report to shareholders

Dear Shareholders,

Following the massive slump in the previous year the Group's main markets underwent predominantly positive development in the 2010 financial year, albeit with regional differences. The Group boosted its earning power although sales did not attain last year's level. In addition, significant currency fluctuations had an adverse impact on the Group's key figures in Swiss francs.

During the year under review Bucher Industries achieved an order intake of CHF 2 217 million. This amounted to a 23% rise; adjusted for currencies the figure was 30%. Sales of CHF 2 034 million were 5% down year-on-year; adjusted for currencies they barely exceeded the previous year's level. The order book rose 31%, adjusted for currencies 40%, on the previous year's very low level to CHF 663 million and ensures healthy capacity utilisation in the first few months of this year. Operating profit rose 36% to CHF 151 million, excluding impairment charges of CHF 86 million in the previous year, and the operating profit margin rose from 5.2% to 7.4%. The improvement in operating profit and net financial items resulted in a good profit for the year of CHF 98 million.

Recovery in demand Early on in the year under review Bucher Industries' main markets in North America and Asia started a swift recovery, whilst demand in Western Europe did not pick-up until the second half of the year. Development in the southern hemisphere markets varied, and in Eastern Europe they remained at a low level. Overall, agricultural products and hydraulic components benefited from a positive environment. The glass container industry recovered sharply towards the end of 2010. On the other hand, pressure on municipal vehicle markets increased once more because of the high level of public sector debt in Europe and the USA and accompanying budget cuts. The strong currency fluctuations with the major weakness of the Euro and the US dollar vis-à-vis the Swiss franc and Swedish krona had an adverse impact on export margins and a clearly negative effect in translation to Swiss francs.

Strengthened profitability In this environment the Group achieved sales of CHF 2 034 million in 2010. Sales were 5.1% below, or adjusted for currencies barely above, the previous year's level. The acquisition and disposal effect on sales was negligible at minus 0.3%. Order intake rose sharply by 23.3%, adjusted for currencies 30.4%, to CHF 2 217 million. The order book rose by 30.7%, adjusted for currencies 39.8%, to CHF 663 million. Kuhn Group, Bucher Hydraulics and Emhart Glass in particular contributed towards the positive order trends. The rising demand had a positive effect on the employment situation and it was possible to suspend short-time work. The Group's personnel capacities rose 10.0% to 7 899 employees at the end of the year. Thanks to the restructuring implemented in the previous year and continued high discipline in spending in all business activities, the Group achieved an operating profit of CHF 151 million in spite of the charges adjusted for currencies. Excluding extraordinary impairment charges in the previous year of CHF 86 million, this equates to an increase of 35.5% and an improvement in operating profit margin from 5.2% to 7.4%. The currency hedging undertaken during the year contributed greatly to the improved operating profit and net financial items. Overall, profit for the year improved by CHF 122 million to CHF 98 million.

Sound financial position Thanks to systematic implementation of the action plans to lower costs and to improve liquidity the Group was able to successfully overcome the financial crisis and had net liquidity of CHF 19 million at the end of the year. This very pleasing result was mainly attributable to an increase in the Group's profit for the year and the reduction in working capital. Following a deliberately cautious approach to investments in the previous year these rose by 12.5% to CHF 66 million. It was possible to exceed once again the previous year's already high operating free cash flow of CHF 183 million with a figure of CHF 202 million. This healthy financial situation made it possible to reduce the financial debt by CHF 94 million. Despite the positive profit for the year equity fell as a result of the translation of the foreign currency book values by CHF 45 million to CHF 748 million. Equity ratio amounted to 37.7% compared with 37.3% in the previous year.

Long-term industrial focus The Group also persisted with its long-term industrial focus in the year under review. Consolidation of existing operations through organic growth is the main priority here. Just like the previous year, which was beset by crises, there were no investment cutbacks in product innovation and state-of-the-art manufacturing equipment and the divisions used their opportunities on the market for the launch of new products. In addition to internal growth the Group further strengthened its position in several markets with a range of targeted acquisitions. Kuhn Group expedited the integration of the previous years' acquired businesses with sprayers and balers and successfully completed the transfer of baler distribution channels to the Kuhn dealer network. This year the division continued to consolidate its long-term partnership with German company Rauch Landmaschinen GmbH in the field of fertiliser spreaders and pneumatic seed drills by acquiring a 24% interest. Because this participation resulted from an increase in capital considerable financial means were assigned to the company which will be used for its further development. Another investment concerned the new production site for Bucher Hydraulics in Neuheim, Switzerland, with around 4 000 m^2 in additional production space. The site became operational in June last year after a construction period of approximately one year. With the takeover of operations of Swiss-based Unipektin Engineering AG which specialises in fruit juice preparation, activities were supplemented to include fruit juice processing equipment in the field of juice preparation. Both operations are continued under the new name Bucher Unipektin. The Swiss distributorship for tractors and agricultural machinery was realigned and took over the entire Kuhn product range on 1 September 2010. At the start of the year Bucher Vaslin, the winemaking equipment business, announced the additional purchase of Sutter wine presses with the corresponding global spare parts and service business.

Kuhn Group benefited from a global rise in demand for modern agricultural machinery. Order intake rose by 32.7%, adjusted for currencies 41.9%, to CHF 976 million. Sales of CHF 851 million were down 10.2%, adjusted for currencies 4.2%, below the previous year's level. Based on the good development in the second six months the order book rose by 45.0%, adjusted for currencies 56.5%, to CHF 357 million. After demand had already recovered in North America in the first six months, the markets in Western Europe followed suit in the second half of the year with rising prices for milk, wheat, corn and soy. Despite unfavourable currency trends and sales below the previous year's level, the division increased operating profit by 10.0% to CHF 78 million, excluding impairment charges. High cost awareness, the implemented austerity measures and continued optimisation of operating processes contributed greatly to this success. Thanks to excellent production management and close cooperation with its dealers, the division was able to maintain inventories in the plants and sales channels at a normal level.

Bucher Municipal noticed the high national debt in the main sales countries with the associated local savings programmes. In Europe the market for municipal vehicles shrank a further 8% having already contracted by more than 20% in the previous year. A positive development was good demand for winter maintenance equipment because of the long, hard winter. The division held its ground in this environment characterised by rising competitive pressure and achieved sales of CHF 373 million. Compared with the previous year's level the decline was 3.5%; adjusted for currencies 2.1%. Order intake rose by 2.6%, adjusted for currencies and disposals 6.1%, to CHF 381 million. The order book of CHF 89 million exceeded the previous year by 9.0%. The strong monetary turmoil had a range of effects. Whilst the plant in the UK benefited from the favourable price of the British pound for exports, the high Swiss franc stifled exports from Switzerland. The high margin pressure could be alleviated by operational measures. In this tense market environment the division was able to raise operating profit from CHF 15 million to CHF 27 million despite the decline in sales. In the previous year it was weighed down by restructuring costs of CHF 10 million.

Bucher Hydraulics managed to take advantage of the unexpectedly strong upturn in the main markets of Europe, the USA, India and China thanks to great flexibility. The high dynamism in the markets in the first half of the year weakened in the second six months to a sustainable extent. The division increased order intake by 39.8%, adjusted for currencies 46.6%, to CHF 387 million. Sales of CHF 371 million exceeded the previous year's level by 16.1%; adjusted for currencies 21.7%. Bucher Hydraulics managed the increase in sales primarily with temporary personnel capacities as well as targeted permanent positions. The order book once more equated to normal order book totals for approximately two months. With good utilisation of manufacturing capacities and the measures implemented in the previous year for lowering costs, in the main it was possible to absorb the negative impacts of the strong Swiss franc. The division achieved a pleasing operating profit of CHF 37 million. At 10% there was a double-digit operating profit margin once more.

Emhart Glass was still affected greatly by the downturn in the year under review. The investment level in late-cycle, capital-intensive business with machines for the manufacture and inspection of glass containers achieved a ten-year low in 2010. Project activity of Emhart Glass did not pick up again until the second half of the year. In this difficult market environment the division achieved sales of CHF 259 million which equaled a decline of 14.6%; adjusted for currencies 6.7%. From autumn 2010 the order intake improved clearly and rose for the year under review by 22.7%, adjusted for currencies 34.0%, to CHF 285 million. The division continued to streamline its structures in 2010 and closed the plant in Italy, which entailed restructuring costs of CHF 5 million. With two main plants in Sweden the massive 13% rise in the Swedish krona compared with the euro had a clear impact on profitability. Overall, operating profit of CHF 3 million barely broke even.

Bucher Specials The three independent businesses of Bucher Specials developed differently last year. Good business in wine production equipment mainly resulted from product innovations and the European subsidy programme. Business in the Swiss distributorship for tractors and agricultural machinery remained steady. The good development in these two independent businesses could almost compensate for the heavy decline in fruit juice processing equipment. In this market the environment was characterised by low prices for fruit juice concentrate and over-investments in the previous years. Bucher Specials' sales therefore fell by 0.4% to CHF 187 million. Adjusted for currencies this was a 3.4% increase. The order intake of CHF 188 million rose on the previous year's level by 3.3%; adjusted for currencies by 7.3%. The operating profit fell 14.0% to CHF 9 million due to the weak sales situation in the fruit juice business.

Dividend Based on the profit for 2010 and the improved prospects for 2011 as well as the desired consistent dividend policy, the board of directors proposes to the annual general meeting of 14 April 2011 a dividend of CHF 3.00 per registered share. The dividend paid last year was CHF 2.00.

Board of directors and group management At the 2011 general meeting of shareholders Thomas W. Hauser is resigning as director and deputy chairman of the board of directors having reached the regulatory age limit. The board of directors proposes that the annual general meeting elects Michael Hauser as new director for a term of three years. In addition, the term of office of Ernst Bärtschi is expiring. The board of directors proposes his re-election for a further three-year term. The board of directors would like to thank Thomas W. Hauser for the many dedicated years of work for Bucher Industries.

Many thanks to our employees and partners The Group's enhanced performance last year would not have been possible without the great dedication, commitment and strong will to succeed on the part of all employees. We know that this is not simply a matter of course in difficult times, in particular. Our customers, business partners and shareholders also supported us with their spirit of professionalism and competence. The good cooperation and reliability of all stakeholders form the basis for a continued, successful future of our company. We would like to express our thanks to you all.

Philip Mosimann
Chief Executive Officer

Outlook for 2011 Bucher Industries expects that during the current year the positive business development will continue in Kuhn Group and Bucher Hydraulics and that Emhart Glass can benefit from stronger demand. For Bucher Municipal the Group anticipates to see a further decline in the market based on the weak financial situation in the public sector. Bucher Specials is likely to benefit from the sustained healthy market trend for wine production equipment and recovering demand in the fruit juice business. Whilst prospects for growth are good in local currencies, there is much uncertainty in terms of foreign exchange rates. Effects of exchange rate fluctuations could therefore influence growth and improvement of results. Considering stable exchange rates the Group expects to see an overall continuation of growth in sales and profit.

Niederweningen, 16 March 2011

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Rolf Broglie
Chairman of the Board