

Press release

Niederweningen, 30 July 2013

Solid first half

In a generally friendly market environment, Bucher Industries increased order intake by 14% to CHF 1 227 million in the first half of 2013. Sales were up 2% to CHF 1 410 million, while operating profit improved by 5% to CHF 141 million. Group profit for the period amounted to CHF 95 million, surpassing the figure for the same period of last year by 4%. For 2013 as a whole, the Group expects a modest increase in sales and a further improvement in operating profit and profit for the year.

Key figures, Group

CHF million January – June	2013	2012	Change in		
			%	% ²⁾	% ³⁾
Order intake	1 226.7	1 080.5	13.5	12.7	10.7
Net sales	1 409.9	1 380.7	2.1	1.2	-0.7
Order book	639.8	611.7	4.6	3.8	1.3
Operating profit before depreciation and amortisation (EBITDA) ¹⁾	181.8	171.1	6.3		
<i>As % of net sales</i>	<i>12.9%</i>	<i>12.4%</i>			
Operating profit (EBIT) ¹⁾	140.9	134.3	4.9		
<i>As % of net sales</i>	<i>10.0%</i>	<i>9.7%</i>			
Profit/(loss) for the period ¹⁾	95.1	91.1	4.4		
<i>As % of net sales</i>	<i>6.7%</i>	<i>6.6%</i>			
Earnings per share	9.40	9.21	2.1		
Operating free cash flow	-81.1	-90.4	10.3		
Net cash/debt	-165.4	-209.0	20.9		
Total assets ¹⁾	2 394.6	2 220.6	7.8		
Equity ¹⁾	978.3	835.1	17.1		
<i>Equity ratio¹⁾</i>	<i>40.9%</i>	<i>37.6%</i>			
<i>Return on equity (ROE)¹⁾</i>	<i>17.6%</i>	<i>21.0%</i>			
Net operating assets (NOA), average	1 015.8	908.7	11.8		
<i>Return on net operating assets (RONOA), after tax</i>	<i>19.8%</i>	<i>21.1%</i>			
Number of employees at 30 June	10 720	10 531	1.8		-0.9

¹⁾ 2012: retrospective restatement owing to first application of IAS19 "Employee benefits (revised)"

²⁾ Adjusted for currency effects

³⁾ Adjusted for currency, acquisition and disposal effects

Regional variations in market trends The positive economic development in North and South America continued, while the high level of debt and uncertainties affecting many European countries had a restraining effect on the business climate. China suffered a marked downturn in economic growth as a result of various government measures.

Pleasing business performance Bucher Industries achieved a marked increase in order intake, which was largely attributable to organic growth. Brisk demand for specialised agricultural machinery, municipal vehicles and hydraulic components made a particular contribution. Even without major orders at Bucher Municipal and Emhart Glass, which totalled CHF 69 million in the same period last year, Bucher Industries slightly increased sales. As a result of ongoing cost optimisation, operating profit increased and the EBIT margin reached 10%. Group profit for the period was also higher year on year.

Solid financial position The seasonal and volume-related increase in working capital was lower than in the same period of 2012. Higher investments and acquisitions in the reporting period resulted in a negative free cash flow on a par with the first half of 2012. Net debt at 30 June 2013 was significantly lower year on year and will undergo a further marked reduction towards the end of the current year. Despite higher net operating assets, return on net operating assets after tax was about 20%, significantly higher than the cost of capital and the long-range target of 16%. With high liquid assets and an equity ratio of around 41%, Bucher Industries has plenty of strategic scope.

Kuhn Group

CHF million January–June	2013	2012	Change in	
			%	% ²⁾
Order intake	517.0	439.3	17.7	16.9
Net sales	743.9	696.5	6.8	5.8
Order book	277.8	253.2	9.7	9.1
Operating profit (EBITDA) ¹⁾	122.0	104.9	16.3	
<i>As % of net sales</i>	<i>16.4%</i>	<i>15.1%</i>		
Operating profit (EBIT) ¹⁾	102.8	88.0	16.8	
<i>As % of net sales</i>	<i>13.8%</i>	<i>12.6%</i>		
Number of employees at 30 June	4 756	4 637	2.6	

¹⁾ 2012: retrospective restatement owing to first application of IAS19 "Employee benefits (revised)"

²⁾ Adjusted for currency effects

Agricultural engineering as growth driver Thanks to continued strong demand for agricultural produce and attractive prices, farmers' willingness to invest held firm in Kuhn Group's main markets. The division took full advantage of the favourable conditions, producing a further marked increase in order intake. Sales also improved. The high level of demand for tillage equipment in North America and seeding machinery in Brazil made an important contribution to the good performance. Sustained growth and good utilisation of capacity across the board enabled Kuhn Group to post a significant increase in operating profit and profitability.

The Kuhn Centre for Progress development project and the expansion of the European logistics centre for spare parts and service are progressing according to plan. Both centres at the division's main site in Saverne are due for completion and start-up in the second half of the year.

Bucher Municipal

CHF million January–June	2013	2012	Change in %		
			%	% ²⁾	% ³⁾
Order intake	183.6	164.2	11.8	12.0	12.8
Net sales	167.6	203.6	-17.7	-17.5	-17.0
Order book	111.0	115.3	-3.7	-3.7	-4.5
Operating profit (EBITDA) ¹⁾	15.6	23.1	-32.5		
<i>As % of net sales</i>	<i>9.3%</i>	<i>11.4%</i>			
Operating profit (EBIT) ¹⁾	12.1	20.0	-39.5		
<i>As % of net sales</i>	<i>7.2%</i>	<i>9.8%</i>			
Number of employees at 30 June	1 477	1 464	0.9		-0.3

¹⁾ 2012: retrospective restatement owing to first application of IAS19 “Employee benefits (revised)”

²⁾ Adjusted for currency effects

³⁾ Adjusted for currency, acquisition and disposal effects

Growth impetus in main market In the first half, order intake for municipal vehicles made gratifying progress and exceeded expectations, particularly in the main market of Europe. Southern Europe saw the first major contracts in quite some time offered for tender. The winter maintenance business profited from the long, cold winter. As expected, sales fell back from the very high level reached in the same period of 2012, which was strongly influenced by the major order worth CHF 50 million from the city of Moscow.

During the reporting period, Bucher Municipal sold its hand-drier business in Australia, taken over as part of the Johnston Sweepers acquisition in 2005, and made a gain of CHF 4 million on the disposal. Consolidation of the three Johnston Sweepers production plants in Dorking, Great Britain, is well advanced, and the operational merger of the production lines in Dorking is due to begin in the third quarter of the current year. Construction of a production facility for the winter maintenance business, a joint project with a local sales partner in Kaluga, Russia, is also on schedule.

Bucher Hydraulics

CHF million January–June	2013	2012	Change in %		
			%	% ²⁾	% ³⁾
Order intake	232.7	208.5	11.6	10.6	3.6
Net sales	234.7	220.8	6.3	5.3	-2.5
Order book	65.7	58.5	12.3	11.1	-5.2
Operating profit (EBITDA) ¹⁾	33.7	30.8	9.4		
<i>As % of net sales</i>	<i>14.3%</i>	<i>13.9%</i>			
Operating profit (EBIT) ¹⁾	24.5	22.1	10.9		
<i>As % of net sales</i>	<i>10.4%</i>	<i>10.0%</i>			
Number of employees at 30 June	1 905	1 727	10.3		-2.8

¹⁾ 2012: retrospective restatement owing to first application of IAS19 "Employee benefits (revised)"

²⁾ Adjusted for currency effects

³⁾ Adjusted for currency, acquisition and disposal effects

Building a global presence Trends in Bucher Hydraulics' markets showed regional variations. The construction machinery and industrial hydraulics market segments were particularly affected by the general cooling of economic activity in Western Europe and falling demand in China, caused by government measures to restrain construction activity. The North American market, by contrast, continued to enjoy brisk demand. Thanks to its strong positioning, broad customer structure and the acquisition of Ölhydraulik Altenerding, Erding, the division achieved marked growth in order intake and sales, and also increased operating profit.

The integration of Ölhydraulik Altenerding, following the acquisition in February 2013, is proceeding well. The company has already been renamed Bucher Hydraulics Erding. The division reached another milestone in the realisation of its globalisation strategy with the acquisition of Eco Sistemas, Porto Alegre, Brazil. The new site offers globally active customers a local, engineering, product, sales and service platform.

Emhart Glass

CHF million January–June	2013	2012	Change in %	
			%	% ²⁾
Order intake	165.8	161.0	3.0	1.1
Net sales	167.0	174.3	-4.2	-6.0
Order book	110.0	123.5	-10.9	-12.5
Operating profit (EBITDA) ¹⁾	11.2	9.8	14.3	
<i>As % of net sales</i>	<i>6.7%</i>	<i>5.6%</i>		
Operating profit (EBIT) ¹⁾	5.0	4.3	16.3	
<i>As % of net sales</i>	<i>3.0%</i>	<i>2.5%</i>		
Number of employees at 30 June	1 894	2 073	-8.6	

¹⁾ 2012: retrospective restatement owing to first application of IAS19 “Employee benefits (revised)”

²⁾ Adjusted for currency effects

Strategic realignment on course In the first half, demand for manufacturing and inspection equipment for glass containers picked up, though the Chinese market was an exception. The spare parts business performed well overall. Against this background, order intake at Emhart Glass was slightly above the previous year’s level. The new inspection machines made a significant contribution to this growth. Sales were down on the level for the same period a year ago, which was boosted by a major order worth CHF 19 million from India. Thanks to the strategic realignment of the division and the adjustments to capacities in the USA, Europe and Asia already implemented, Emhart Glass achieved improved profitability.

In close collaboration with Emhart Glass, the Sanjin joint venture in China developed a completely new inspection machine as well as a glass forming machine, which is attractive both technically and in terms of cost. Both machines were successfully launched onto the Chinese market. Another milestone was the cooperation agreement signed with Owens-Illinois, Inc., USA, which enters into force as of September of the current year. As a result, Emhart Glass should add annual sales worth around CHF 50 million in stages up to 2015.

Bucher Specials

CHF million January–June	2013	2012	Change in %		
			%	% ²⁾	% ³⁾
Order intake	127.6	107.4	18.8	18.1	10.6
Net sales	107.5	96.1	11.9	11.4	-0.7
Order book	75.3	61.2	23.0	22.0	13.4
Operating profit (EBITDA) ¹⁾	7.7	7.5	2.7		
<i>As % of net sales</i>	<i>7.2%</i>	<i>7.8%</i>			
Operating profit (EBIT) ¹⁾	5.9	6.0	-1.7		
<i>As % of net sales</i>	<i>5.5%</i>	<i>6.3%</i>			
Number of employees at 30 June	623	565	10.3		3.5

¹⁾ 2012: retrospective restatement owing to first application of IAS19 “Employee benefits (revised)”

²⁾ Adjusted for currency effects

³⁾ Adjusted for currency and acquisition effects

Lively market environment Bucher Specials achieved a marked increase in order intake and sales in the reporting period, while operating profit was slightly below the level for the same period last year. In the main market of France, a tangible recovery did not gather momentum until the release of previously announced subsidies around the middle of the second quarter. Demand for equipment for processing fruit juice and dewatering sewage sludge also developed well. The Swiss distributorship for tractors and agricultural machinery also increased its market share with CNH tractors, Kuhn agricultural machinery and Weidemann yard loaders and telescopic loaders.

Sustainability report 2012

Today, in addition to the interim report for 2013, the Group is publishing its second sustainability report online. It is the first such report to draw on data from two reporting years, 2011 and 2012. For the first time, it presents key data from the divisions as well as the Group. The key indicators showed little change year on year, despite the marked rise in Group sales. The analysis and the conclusions drawn from the data were further developed internally as part of a long-term orientation. Employees also took part in various initiatives involving sustainability projects, also covered in the report. The Bucher sustainability report can be accessed at <http://www.bucherindustries.com/en/node/558>.

Outlook for 2013 The Group is assuming that the economic upturn in the USA will continue. On the other hand, it does not expect a reversal of the recessionary tendencies in Europe. Kuhn agricultural machinery should continue to prove a cornerstone of growth and income. The pleasing development of business at Bucher Municipal should continue in the second half of the year. Bucher Hydraulics could outperform the market thanks to the acquisition of Bucher Hydraulics Erding, Germany, which manufactures special cylinders. The division is also taking advantage of the continuing economic upturn in the North American market. At Emhart Glass, the stable market trend is unlikely to change in the second half of the year, although recovery in China may not emerge until the fourth quarter. Bucher Specials is counting on a stronger second half due to seasonal factors. Overall, the Group expects a modest increase in sales and a further improvement in operating profit and net profit.

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Simply great machines

Bucher Industries is a global technology group with leading market positions in speciality areas of mechanical and vehicle engineering. The company's operations include specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry and for production of wine, fruit juice and instant products. The group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). Please see www.bucherindustries.com for further information.