

Press release

Niederweningen, 5 March 2015

Continued growth in 2014

For the 2014 business year, Bucher Industries increased sales by 4% to CHF 2.8 billion and order intake by 1% to CHF 2.7 billion. The operating profit margin fell to 9.2%, while profit for the year reached CHF 190 million, almost as high as the previous year's record level. The board of directors will propose an unchanged dividend of CHF 6.50 per share to the annual general meeting on 14 April 2015.

Group

CHF million	2014	2013	Change in		
			%	% ¹⁾	% ²⁾
Order intake	2 742.1	2 718.2	0.9	2.3	- 0.4
Net sales	2 805.6	2 690.8	4.3	5.8	2.7
Order book	788.9	850.4	- 7.2	- 6.2	- 6.4
Operating profit (EBITDA)	349.8	371.1	- 5.7		
<i>As % of net sales</i>	<i>12.5%</i>	<i>13.8%</i>			
Operating profit (EBIT)	257.2	287.1	- 10.4		
<i>As % of net sales</i>	<i>9.2%</i>	<i>10.7%</i>			
Profit/(loss) for the year	189.7	196.2	- 3.3		
<i>As % of net sales</i>	<i>6.8%</i>	<i>7.3%</i>			
Basic earnings per share in CHF	18.58	19.64	- 5.4		
Operating free cash flow	53.7	91.7	- 41.4		
Net cash/debt	- 85.0	-0.1	n.a.		
Total assets	2 604.5	2 436.3	6.9		
Equity	1 201.6	1 074.1	11.9		
<i>Equity ratio</i>	<i>46.1%</i>	<i>44.1%</i>			
<i>Return on equity (ROE)</i>	<i>16.7%</i>	<i>20.0%</i>			
Net operating assets (NOA), average	1 268.0	1 061.3	19.5		
<i>Return on net operating assets (RONOA), after tax</i>	<i>15.8%</i>	<i>19.3%</i>			
Number of employees at 31 December	11 554	10 916	5.8		1.2
Number of employees, annual average	11 631	10 788	7.8		4.2

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and disposal effects

Market trends After several very good years in succession, demand for agricultural machinery showed a marked decline against a background of falling cereal prices worldwide. The arable segment was particularly affected, while livestock farming made gratifying gains. The market for municipal vehicles and winter maintenance equipment remained stable at a low level. Demand for hydraulic systems picked up noticeably in North America, but slowed in Europe during 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 developed well.

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 good performance. 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, while Bucher Hydraulics and Bucher Specials took advantage of the positive impetus in its markets, generating marked sales growth. The good cooperation between Bucher Emhart Glass and O-I (Owens-Illinois) was apparent in the strong growth shown by the spare parts and service business. Group operating profit reached CHF 257 million, a 10% fall against the very high level achieved the previous year. This trend was due to the expected slowdown at Kuhn Group and delays in implementing the realignment of Bucher Emhart Glass. The gratifying profit for the year of CHF 190 million, which was only CHF 6 million below the record level attained the previous year, was attributable to the good operating performance, as well as to lower profits in high-tax countries and positive one-off effects from tax cases. Earnings per share came in at CHF 18.58.

Financial situation In the reporting year, net operating assets increased by CHF 207 million to CHF 1 268 million. This development was largely due to the expansion of production sites and the acquisition of the Brazilian company Kuhn-Montana. A return on net operating assets (RONOA) after tax of 15.8% almost met the high target of 16% set by the Group. In order to secure refinancing of the existing bond of CHF 200 million, Bucher Industries successfully issued two bonds, each of CHF 100 million, and thereby secured favourable market conditions. Net debt stood at CHF 85 million and the equity ratio increased from 44% to 46%.

Kuhn Group

CHF million	2014	2013	Change in		
			%	% ¹⁾	% ²⁾
Order intake	1 221.4	1 261.7	- 3.2	- 1.2	- 5.3
Net sales	1 261.9	1 285.8	- 1.9	0.2	- 4.6
Order book	454.1	482.2	- 5.8	- 4.4	- 4.8
Operating profit (EBITDA)	195.5	229.8	- 14.9		
<i>As % of net sales</i>	<i>15.5%</i>	<i>17.9%</i>			
Operating profit (EBIT)	152.7	191.2	- 20.1		
<i>As % of net sales</i>	<i>12.1%</i>	<i>14.9%</i>			
Number of employees at 31 December	5 207	4 699	10.8		-
Number of employees, annual average	5 227	4 754	9.9		1.6

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Decline in demand Kuhn Group's principal markets declined 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. As a result, the decline in sales of 2% and order intake of 3% was less marked than in the market as a whole. Operating profit margin of 12.1% was down on the record margin of the previous year.

Bucher Municipal

CHF million	2014	2013	Change in		
			%	% ¹⁾	% ²⁾
Order intake	415.6	393.5	5.6	6.7	7.1
Net sales	418.7	383.2	9.3	10.5	11.1
Order book	100.7	104.2	- 3.4	- 3.3	- 3.2
Operating profit (EBITDA)	39.9	40.1	- 0.5		
<i>As % of net sales</i>	<i>9.5%</i>	<i>10.5%</i>			
Operating profit (EBIT)	32.2	33.1	- 2.7		
<i>As % of net sales</i>	<i>7.7%</i>	<i>8.6%</i>			
Number of employees at 31 December	1 557	1 523	2.2		2.2
Number of employees, annual average	1 582	1 488	6.3		6.6

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and disposal effects

Stable market environment 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, and the Australian market for refuse collection vehicles was similarly affected. The business with winter maintenance equipment was adversely affected by several consecutive warm winters in Europe. Despite these conditions, Bucher Municipal held its ground well, significantly increasing both sales and order intake. This success was attributable above all to a major follow-up order worth CHF 53 million from the city of Moscow. 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 in addition to other factors was boosted by a non-recurrent gain of CHF 4 million on the disposal of the hand-drier business.

Bucher Hydraulics

CHF million	2014	2013	Change in		
			%	% ¹⁾	% ²⁾
Order intake	484.5	451.8	7.2	8.3	7.4
Net sales	475.4	453.3	4.9	5.9	5.1
Order book	78.2	69.1	13.2	14.2	14.2
Operating profit (EBITDA)	68.4	61.6	11.0		
<i>As % of net sales</i>	<i>14.4%</i>	<i>13.6%</i>			
Operating profit (EBIT)	48.5	42.4	14.4		
<i>As % of net sales</i>	<i>10.2%</i>	<i>9.4%</i>			
Number of employees at 31 December	2 043	1 984	3.0		3.0
Number of employees, annual average	2 026	1 939	4.5		4.5

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Pleasing performance The various market segments served by 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. North America profited from positive momentum, whereas in China the market remained at a low level. The division can look back on a gratifying business performance over the year as a whole, with increases in both order intake and sales. The operating profit margin of 10.2% was a clear improvement on the previous year. 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. Bucher Hydraulics succeeded in keeping the effects of the downturn in the key agricultural machinery segment within bounds thanks to its good market position and long-term serial orders.

Bucher Emhart Glass

CHF million	2014	2013	Change in	
			%	% ¹⁾
Order intake	367.0	354.1	3.6	4.8
Net sales	389.2	346.6	12.3	13.5
Order book	95.1	118.7	- 19.9	- 19.0
Operating profit (EBITDA)	27.6	28.5	- 3.2	
<i>As % of net sales</i>	<i>7.1%</i>	<i>8.2%</i>		
Operating profit (EBIT)	15.2	16.7	- 9.0	
<i>As % of net sales</i>	<i>3.9%</i>	<i>4.8%</i>		
Number of employees at 31 December	1 890	1 864	1.4	
Number of employees, annual average	1 894	1 913	- 1.0	

¹⁾ Adjusted for currency effects

Delayed realignment In the reporting year, the market for glass-forming and inspection machinery remained stable overall, with wide regional variations. In Central and South America, the project business was at a gratifyingly high level, in other regions stable; there was no investment activity at all in Eastern Europe. By contrast, glass container manufacturers invested in the maintenance of existing installations, which combined with the effect of the good cooperation with O-I resulted in a pleasing performance by the spare parts and service business. 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 a year because customer projects were given priority. As a result, it has only been possible to achieve a part of the required economies through transfer of component production. There were also specific write-downs on accounts receivable as well as higher start-up costs for the projects relating to the strategic realignment and cooperation with O-I.

Bucher Specials

CHF million	2014	2013	Change in		
			%	% ¹⁾	% ²⁾
Order intake	299.3	257.1	16.4	17.1	- 0.5
Net sales	304.5	244.0	24.8	25.6	8.0
Order book	72.9	76.2	- 4.3	- 3.9	- 3.9
Operating profit (EBITDA)	34.7	29.1	19.2		
<i>As % of net sales</i>	<i>11.4%</i>	<i>11.9%</i>			
Operating profit (EBIT)	27.1	24.4	11.1		
<i>As % of net sales</i>	<i>8.9%</i>	<i>10.0%</i>			
Number of employees at 31 December	793	785	1.0		1.0
Number of employees, annual average	840	631	33.1		33.1

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Good performance Bucher Specials benefitted overall from a lively mood in the markets. Underpinned 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 was bolstered by 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 held its own well, experiencing only a slight decline in sales. The business with industrial and mobile automation solutions remained stable in line with expectations, passing breakeven point thanks to a comprehensive range of measures. The division increased order intake and sales at a double-digit rate, primarily as a result of the full-year consolidation of Jetter. While operating profit made gratifying progress, rising by about 11%, the operating profit margin fell slightly.

Outlook for 2015 The Group does not anticipate any significant improvement in the economic situation during the current business year. Kuhn Group expects the market for agricultural machinery to show a further slight decline. In the business with municipal vehicles, sales at Bucher Municipal are likely to be significantly lower than the previous year, despite the follow-up order worth CHF 30 million from the city of Moscow that was received in February 2015. Bucher Hydraulics is anticipating a slight recovery in demand, while Bucher Specials expects that business will 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. Accordingly, without taking account of the impact of currency influences since the middle of January of the current year, the Group's 2015 projections are for a slight drop in sales and operating profit on a par with 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.

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.

Annual general meeting The annual general meeting of Bucher Industries AG will take place on 14 April 2015 at 3:30 pm in the Mövenpick Hotel, Regensdorf. The board of directors is proposing to the annual general meeting that the chairman and serving members of the board of directors be re-elected. It is proposed that Claude Cornaz and Anita Hauser be re-elected and Valentin Vogt newly elected to the compensation committee. Further proposals are set out in the invitation to the annual general meeting, which will be sent to shareholders on 20 March 2015. Shareholders with voting rights, recorded in the share register of Bucher Industries AG on 8 April 2015 are entitled to take part in the annual general meeting. All shareholders recorded in the share register on 15 April 2015 rank for dividend. The dividend will be paid out as of 20 April 2015.

Bucher Industries' 2014 annual report is available for download as of today and the invitation to the annual general meeting as of 20 March 2015 from www.bucherindustries.com. The 2014 annual report will be available in printed form as of 5 March 2015.

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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 wine and fruit juice production, as well as automation technology. The group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). For further information please visit www.bucherindustries.com.