

Press release

Niederweningen, 2 February 2017

Sales trend influenced by slowdown in agricultural equipment

The 2016 business year at Bucher Industries was affected by a slowdown in the market for agricultural machinery. Sales fell by 4% and the order intake by 2%. For 2016 as a whole, the Group is expecting a substantial decline in the operating profit and Group profit margins.

Group

CHF million	2016	2015	Change in		
			%	% ¹⁾	% ²⁾
Order intake	2 386	2 440	-2.2	-2.3	-4.0
Net sales	2 380	2 490	-4.4	-4.6	-6.7
Order book	728	688	5.7	5.5	2.5
Number of employees at 31 December	11 175	11 072	0.9		-1.5

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Despite difficult market conditions, Group sales and order intake were only slightly below the previous year, partly thanks to acquisitions. The successful performance of the businesses with hydraulic components, machinery for the glass container industry and the specialist businesses, as well as the flat trend in municipal vehicles failed to compensate fully for the decline in specialised agricultural machinery at Kuhn Group. For the 2016 reporting year, the Group expects a significantly lower operating profit margin owing in particular to a marked decrease in sales of agricultural machinery and one-off costs in the municipal vehicles business.

Kuhn Group

CHF million	2016	2015	Change in	
			%	% ¹⁾
Order intake	935	1 009	-7.3	-7.3
Net sales	930	1 068	-12.9	-13.1
Order book	371	363	2.3	1.9
Number of employees at 31 December	4 731	4 830	-2.0	

¹⁾ Adjusted for currency effects

Continued market weakness The market for agricultural equipment declined for the third year in succession. Record harvests in the arable sector, overproduction of milk, which was also a consequence of the abolition of milk quotas in the European Union, as well as oversupply of meat led to a further decline in the prices of agricultural produce. In France, an important market for Kuhn Group, adverse weather conditions resulted in lower yields at harvest. These trends led to falling income for farmers worldwide and particularly cautious investment behaviour, above all in North America. Kuhn Group's order intake and sales showed a substantial downward trend as a result. The division is therefore expecting a sharp decline in operating profit and operating profit margin for 2016.

Bucher Municipal

CHF million	2016	2015	Change in		
			%	% ¹⁾	% ²⁾
Order intake	381	374	1.9	3.3	-8.0
Net sales	389	384	1.2	2.5	-10.8
Order book	104	85	22.8	24.4	0.3
Number of employees at 31 December	1 746	1 525	14.5		-3.1

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Challenging market environment The European market for municipal vehicles saw few major contracts put up for tender during the reporting year. The important British market was affected by uncertainties about the Brexit vote and the weakness of the pound sterling. Another mild winter dampened the business with winter maintenance equipment and refuse collection vehicles were affected by the weak economy in Australia. The acquisition of the sewer cleaning

vehicles and refuse compactor businesses more than compensated for the absence of the major order from the city of Moscow worth over CHF 30 million in 2015. In this challenging market environment, order intake and sales both showed modest gains. The operating profit margin was squeezed by considerable one-off costs in the reporting year and will therefore be significantly lower than the 2015 level.

Bucher Hydraulics

CHF million	2016	2015	Change in	
			%	% ¹⁾
Order intake	482	461	4.5	3.5
Net sales	475	461	3.0	2.0
Order book	82	75	9.9	8.9
Number of employees at 31 December	2 061	2 034	1.3	

¹⁾ Adjusted for currency effects

Stable market Bucher Hydraulics increased order intake and sales, outperforming the market, which remained generally stable but was affected by pricing pressure. The good performance was the result of successful collaboration with customers in the materials handling segment and in the business with industrial and lift hydraulics. Strong growth in the high-voltage switches segment also contributed to the positive trend. However, in the second half the division was no longer able to escape the effects of the downward trend in the agricultural equipment segment. The operating profit margin for 2016 should be slightly higher than the previous year.

Bucher Emhart Glass

CHF million	2016	2015	Change in	
			%	% ¹⁾
Order intake	351	400	-12.2	-12.8
Net sales	371	360	3.0	2.2
Order book	108	126	-14.6	-15.4
Number of employees at 31 December	1 757	1 819	-3.4	

¹⁾ Adjusted for currency effects

Stable market environment overall Demand for glass-forming and inspection machinery was stable overall, although the Chinese market was affected by the economic downturn and surplus capacity in the glass container industry. Nevertheless, the division recorded an increase in sales. Order intake was below the high level achieved the previous year for project-related reasons. Demand for Bucher Emhart Glass machinery in South America was good. The positive development of the spare parts business and the close cooperation with O-I also contributed to the pleasing performance. Demand for glass container forming machines sank to a low level in China. Nevertheless, the division expects the reporting year to show a slight increase in the operating profit margin compared with 2015.

Bucher Specials

CHF million	2016	2015	Change in	
			%	% ¹⁾
Order intake	289	238	21.4	20.9
Net sales	263	257	2.4	1.9
Order book	76	51	50.1	49.8
Number of employees at 31 December	817	802	1.9	

¹⁾ Adjusted for currency effects

Varying market sentiment Bucher Specials achieved a substantial increase in order intake in its diverse markets. Despite a low order book at the beginning of the reporting year, the division generated slightly higher sales. The performance of the business with winemaking equipment showed a slight improvement and the project business with beverage technologies picked up significantly. The Swiss distributorship for tractors and agricultural machinery, and Jetter, which specialises in automation solutions, held up well. The operating profit margin for 2016 should be significantly higher than the previous year.

Outlook for 2017 For the year in progress, the Group is expecting continuing economic uncertainties. Kuhn Group anticipates low prices for agricultural produce and low demand for machinery for the arable segment to continue. Rising milk prices could provide a slight stimulus

in demand for livestock bedding and feeding technology. The measures introduced in 2016 to improve profitability should bring an increase in Kuhn Group's operating profit in the current year. Bucher Municipal is expecting demand for municipal vehicles to remain stable. The absence of one-off costs that affected the result in 2016 and the concentration of sweeper production in Great Britain and Latvia should have a positive impact on operating profit. Bucher Hydraulics is anticipating a market trend similar to that of the previous year, while Bucher Emhart Glass expects brisk demand to continue in the project business. Bucher Specials is projecting slightly higher sales in beverage technologies and Jetter's automation solutions. Overall, the Group is expecting the current year to show a slight increase in sales and an improved operating profit margin.

Changes in the board of directors Ernst Bärtschi (65), who has served for twelve years as a member of the board, will not stand for re-election at the 2017 annual general meeting. We would like to express our gratitude for his valuable contribution to the success of the Group and wish him all the best for the future.

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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.