

## Press release

Niederweningen, 28 April 2016

### Downturn in agricultural machinery industry affects business performance in the first quarter of 2016

In the first quarter of 2016 Group sales fell by 7% and order intake by 13%. The good overall business performance was unable to compensate for the downturn in both agricultural machinery and municipal vehicles.

#### Group

CHF million January – March	2016 <sup>1)</sup>	2015	Change in	
			%	% <sup>2)</sup>
Order intake	555	637	- 12.9	- 12.1
Net sales	603	649	- 7.1	- 7.0
Order book	647	731	- 11.5	- 11.3
Number of employees at 31 March	11 308	11 917	- 5.1	

<sup>1)</sup> Excluding JHL acquisition

<sup>2)</sup> Adjusted for currency effects

Overall, the main markets of Bucher Industries registered a slight downturn in Europe and a more significant one in America. There was some positive impetus from Asia, however. In this environment Bucher Industries recorded a year-on-year fall in order intake and sales. Kuhn Group was significantly affected by the continued decline in the agricultural machinery industry, yet still held up better than the market overall. The good overall performance of the other divisions was not enough to offset the decline both in agricultural machinery and municipal vehicles, the latter segment having to manage without the boost to sales provided by an order worth CHF 30 million from the city of Moscow the previous year. Currency effects had only a marginal impact on consolidation in Swiss francs.

**Kuhn Group**

CHF million January – March	2016	2015	Change in	
			%	% <sup>1)</sup>
Order intake	180	240	- 25.0	- 22.6
Net sales	292	332	- 12.1	- 11.8
Order book	255	333	- 23.3	- 22.6
Number of employees at 31 March	5 086	5 460	- 6.8	

<sup>1)</sup> Adjusted for currency effects

**Continued market slowdown** The market for agricultural machinery continued to be affected by low global cereal prices, by overcapacity and falling prices in the dairy sector. In the European Union the decline in the dairy sector was exacerbated by the decision to abolish the EU milk quotas. In North America, the agricultural machinery market saw another sharp fall in demand, especially in the arable farming, hay and forage harvesting and bedding and feeding segments. In this continuing challenging environment Kuhn Group recorded order intake and sales significantly below those of the same period in the previous year. Kuhn Group reinforced its strict cost control measures, production planning and management and kept inventories at a normal level, both with dealers and at its own plants.

**Bucher Municipal**

CHF million January – March	2016 <sup>1)</sup>	2015	Change in	
			%	% <sup>2)</sup>
Order intake	79	116	- 31.5	- 30.7
Net sales	73	83	- 11.9	- 10.7
Order book	90	129	- 29.7	- 28.8
Number of employees at 31 March	1 478	1 620	- 8.8	

<sup>1)</sup> Excluding JHL acquisition

<sup>2)</sup> Adjusted for currency effects

**Stable market** The market for municipal vehicles remained stable at a low level in the first quarter of 2016. Another mild winter in Europe had a significant adverse impact on the business with winter maintenance equipment. These conditions together with the weak economy and import restrictions in Russia influenced the business performance of Bucher Municipal. The reporting period did not benefit from the 2015 order from the city of Moscow. This had a negative impact on order intake amounting to CHF 30 million and on sales to CHF 6 million. In February 2016 the division announced the restructuring of its sweeper production. The rationalisation will entail a reduction of the workforce in Switzerland. The Swiss consultation

process was concluded in the reporting period and the social compensation plan agreed. On 1 March Aurelio Lemos took over as head of Bucher Municipal. He was previously managing director of Bucher Hydraulics Switzerland. The integration of JHL, the manufacturers of sewer-cleaning vehicles acquired in March, is proceeding as planned.

### Bucher Hydraulics

CHF million			Change in	
<b>January – March</b>	<b>2016</b>	<b>2015</b>	<b>%</b>	<b>% <sup>1)</sup></b>
Order intake	<b>132</b>	132	- 0.2	- 1.2
Net sales	<b>127</b>	121	5.0	3.9
Order book	<b>81</b>	86	- 6.4	- 7.6
Number of employees at 31 March	<b>2 027</b>	2 052	- 1.2	

<sup>1)</sup> Adjusted for currency effects

**Pleasing business performance** In the first quarter of 2016 Bucher Hydraulics succeeded in increasing sales despite the declining market for hydraulics in Europe and North America. Order intake remained at the previous year's level. In Europe the positive business performance was helped by new volume production contracts and individual orders in the agricultural machinery segment. Combined with the healthy demand in the material handling segment, this enabled Bucher Hydraulics to offset the downturn in hydraulic solutions for construction machinery. The division's two Swiss plants still have to contend with the effects of the strong Swiss franc and work is ongoing to deliver measures aimed at maintaining competitiveness.

### Bucher Emhart Glass

CHF million			Change in	
<b>January – March</b>	<b>2016</b>	<b>2015</b>	<b>%</b>	<b>% <sup>1)</sup></b>
Order intake	<b>91</b>	89	3.3	3.0
Net sales	<b>71</b>	73	- 2.8	- 3.1
Order book	<b>149</b>	103	44.5	44.0
Number of employees at 31 March	<b>1 805</b>	1 860	- 3.0	

<sup>1)</sup> Adjusted for currency effects

**Healthy demand** Performance remained stable in the markets for glass-forming machinery in America and in northern and southern Europe. In China there was a renewed increase in demand for glass containers following several slow years. In this market environment sales at

Bucher Emhart Glass were slightly below the level of the previous year. However, the division was able to end the quarter with a significantly higher order book compared with the same period in 2015. Order intake increased on the back of the positive business performance in Central and South America and by the spare parts business. In the reporting period Bucher Emhart Glass launched a new glass-forming machine with Western technology through Sanjin, its joint venture in China.

**Bucher Specials**

CHF million			Change in	
<b>January – March</b>	<b>2016</b>	<b>2015</b>	<b>%</b>	<b>% <sup>1)</sup></b>
Order intake	<b>82</b>	71	16.3	16.3
Net sales	<b>53</b>	51	5.4	5.6
Order book	<b>80</b>	90	- 11.9	- 12.0
Number of employees at 31 March	<b>849</b>	862	- 1.5	

<sup>1)</sup> Adjusted for currency effects

**Good business performance** The business performance of Bucher Specials developed well in the first three months of 2016, the division recording an increase in sales. Order intake actually showed a significant increase. The market for winemaking equipment developed briskly in France where it was boosted by the introduction of new subsidy programmes. Demand for Bucher Unipektin's beverage technologies for fruit juice and beer recovered and it was possible to implement some of the projects which had been postponed in the previous year. The business unit continues to be faced with strong competition and heavy pressure on prices due to the strength of the Swiss franc, and has responded with additional measures to reduce purchasing costs. The Swiss distributorship for tractors and agricultural machinery held up well despite the weak demand for farm equipment, and even increased its market share. The business with mobile and industrial automation also performed at a pleasing level.

**Outlook for 2016** For the year in progress, the Group is expecting the volatile economic climate to persist. Kuhn Group expects a further decline in demand to affect the arable sector as well as the dairy and meat sectors. Bucher Municipal is not anticipating any significant recovery and will also have to manage without a follow-up order from the city of Moscow, which brought in CHF 30 million the previous year. The acquisition of JHL sewage-cleaning vehicles will drive further sales growth. In Europe and the USA Bucher Hydraulics may see modest growth. The market launch of a new generation of inspection machines and the cooperation with O-I should boost demand at Bucher Emhart Glass. Bucher Specials expects the mood in the market to remain unchanged, though demand for equipment and technologies for processing fruit juice and beer should improve. Overall, the Group expects sales, operating profit and profit for the year on a par with the previous year.

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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](http://www.bucherindustries.com).