

Press Release

Niederweningen, 30 July 2020

Good operating performance in difficult environment

Following a good start of the year, the situation deteriorated rapidly with the spread of the COVID-19 pandemic. Bucher Industries had to temporarily shut down production at several sites. Order intake and sales were markedly down on the very high prior-year figures. At the end of the reporting period, all sites were operational again, albeit some with certain restrictions. Despite the difficult conditions, the Group achieved a decent operating profit margin.

Group

CHF million	January - June		Change in			Full year 2019
	2020	2019	%	% ¹⁾	% ²⁾	
Order intake	1'153	1'449	-20.4	-15.7	-16.5	3'008
Net sales	1'357	1'661	-18.3	-13.8	-14.4	3'106
Order book	779	908	-14.2	-9.2	-9.9	1'019
Operating profit (EBITDA)	135	196	-31.0			368
<i>as % of net sales</i>	<i>10.0%</i>	<i>11.8%</i>				<i>11.9%</i>
Operating profit (EBIT)	94	155	-39.0			285
<i>as % of net sales</i>	<i>7.0%</i>	<i>9.3%</i>				<i>9.2%</i>
Profit for the period	68	122	-44.0			228
<i>as % of net sales</i>	<i>5.0%</i>	<i>7.3%</i>				<i>7.3%</i>
Earnings per share in CHF	6.71	11.77	-43.0			21.92
Operating free cash flow	-25	-72	64.9			163
Net cash/debt	78	2	n.a.			215
Total assets	2'369	2'517	-5.9			2'545
Equity	1'322	1'315	0.6			1'393
<i>Equity ratio</i>	<i>55.8%</i>	<i>52.2%</i>				<i>54.7%</i>
<i>Return on equity (ROE)</i>	<i>13.2%</i>	<i>18.0%</i>				<i>17.0%</i>
Net operating assets (NOA) average	1'208	1'200	0.6			1'214
<i>Return on net operating assets (RONOA) after tax</i>	<i>11.6%</i>	<i>20.4%</i>				<i>19.0%</i>
Number of employees at closing date	12'412³⁾	13'281	-6.5		-8.3	13'107

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and divestment effects

³⁾ 12'811 employees (FTEs), of whom 399 on short-time work

As expected, 2020 began with demand for Bucher Industries' products and services solid overall. From mid-March, however, the situation deteriorated rapidly with the spread of the COVID-19 pandemic also in Europe. The occasionally drastic measures adopted by the authorities worldwide led to severe operational constraints. The Group was therefore forced to temporarily shut down production at several sites. Some production sites were closed by official order of the authorities. In this difficult environment, the Group's order intake and sales were markedly down on the very high prior-year figures. The renewed appreciation of the Swiss franc against the major currencies had a negative impact of around 5 percentage points. Bucher Industries immediately initiated measures to safeguard liquidity and profitability. As production conditions normalised, the number of full-time equivalents on short-time work was reduced from 1'800 at the end of April to 400 at the end of June. This mainly affected employees in France, Germany, Switzerland, Italy and the UK. At the end of the reporting period, all of Bucher Industries' sites were operational again, albeit some with certain restrictions. Despite the difficult conditions, the Group achieved a decent operating profit margin. Operating profit and profit for the period declined by around 40%.

Well prepared for further challenges Bucher Industries has initiated various measures to safeguard liquidity. The Group increased its focus on the management of working capital, postponed investments and increased committed credit facilities by CHF 140 million to CHF 300 million. Net cash was higher than the previous year and stood at a pleasing CHF 78 million. The return on net operating assets (RONOA) after tax was 11.6%, significantly below the long-term target of 20%, but still exceeding the cost of capital. The equity ratio was 56%. Given this solid financial position, Bucher Industries is well prepared for further challenges.

Kuhn Group

CHF million	January - June		Change in		Full year 2019
	2020	2019	%	% ¹⁾	
Order intake	427	440	-3.1	4.8	1'141
Net sales	584	679	-14.0	-8.1	1'177
Order book	236	214	10.1	18.3	411
Operating profit (EBITDA)	69	81	-14.9		135
<i>as % of net sales</i>	<i>11.7%</i>	<i>11.8%</i>			<i>11.5%</i>
Operating profit (EBIT)	51	62	-17.7		98
<i>as % of net sales</i>	<i>8.8%</i>	<i>9.2%</i>			<i>8.3%</i>
Number of employees at closing date	5'158²⁾	5'354	-3.7		5'188

¹⁾ Adjusted for currency effects

²⁾ 5'213 employees (FTEs), of whom 55 on short-time work

Good operating performance under very difficult conditions While Kuhn Group started the year off well, the division's market environment then deteriorated rapidly. The pandemic had a considerable impact on the demand in the gastronomic sector and disrupted production and supply chains, pushing down the prices for dairy products and meat. Especially in North America, prices for agricultural producers temporarily decreased markedly. For the arable sector, weather conditions were generally favourable, but prices remained at a low level. In Europe, COVID-19 added to the existing challenges and uncertainties. The market situation in Brazil remained good, thanks to the favourable conditions for farmers. In this regionally divergent environment, Kuhn Group's order intake was only slightly lower. The division's production in France had to be halted in mid-March. This happened during its most important production months. It therefore made a concerted effort to compensate for the constraints in production and deliver the machinery its customers required. Thanks to the outstanding support of many employees, Kuhn Group achieved good operational performance under these very difficult circumstances.

Bucher Municipal

CHF million	January - June		Change in			Full year 2019
	2020	2019	%	% ¹⁾	% ²⁾	
Order intake	225	263	-14.3	-9.2	-13.8	520
Net sales	215	260	-17.4	-12.5	-16.3	541
Order book	165	183	-9.6	-4.4	-8.2	159
Operating profit (EBITDA)	13	26	-52.7			55
<i>as % of net sales</i>	<i>5.8%</i>	<i>10.2%</i>				<i>10.2%</i>
Operating profit (EBIT)	8	22	-64.5			46
<i>as % of net sales</i>	<i>3.6%</i>	<i>8.5%</i>				<i>8.4%</i>
Number of employees at closing date	2'309³⁾	2'271	1.7		-6.9	2'370

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

³⁾ 2'314 employees (FTEs), of whom 5 on short-time work

Demand and supply chain impacted by lockdown After remaining stable at a high level in the first quarter of 2020, demand for Bucher Municipal products declined markedly in the second quarter. In addition to the shutdown of sites imposed by the authorities, problems also occurred in the division's supply chain, as key suppliers temporarily suspended their operations. Sales at Bucher Municipal declined significantly and the operating profit margin decreased accordingly.

Bucher Hydraulics

CHF million	January - June		Change in		Full year 2019
	2020	2019	%	% ¹⁾	
Order intake	259	301	-14.0	-10.5	564
Net sales	268	352	-23.9	-20.8	649
Order book	100	149	-32.6	-29.6	113
Operating profit (EBITDA)	36	56	-35.2		102
<i>as % of net sales</i>	<i>13.6%</i>	<i>15.9%</i>			<i>15.8%</i>
Operating profit (EBIT)	25	45	-43.8		81
<i>as % of net sales</i>	<i>9.5%</i>	<i>12.8%</i>			<i>12.5%</i>
Number of employees at closing date	2'278²⁾	2'864	-20.5		2'766

¹⁾ Adjusted for currency effects

²⁾ 2'558 employees (FTEs), of whom 280 on short-time work

Temporary reductions and closures among machinery manufacturers At Bucher Hydraulics, as well, demand in the first quarter of 2020 was at the same level as in the previous year, but fell substantially in the second quarter. Machinery manufacturers reduced their production or closed down operations for several weeks, leading to a corresponding decline in demand for hydraulic components. Demand stabilised or even recovered slightly towards the end of the first half-year, but remained well below the prior-year level. Against this backdrop, order intake and sales at Bucher Hydraulics were significantly lower. Thanks to capacity adjustments, the division's operating profit margin, although lower, was good given the circumstances.

Bucher Emhart Glass

CHF million	January - June		Change in			Full year 2019
	2020	2019	%	% ¹⁾	% ²⁾	
Order intake	134	311	-56.8	-54.3	-54.4	524
Net sales	179	258	-30.5	-26.4	-26.1	487
Order book	214	284	-24.6	-20.1	-19.5	271
Operating profit (EBITDA)	20	37	-46.5			74
<i>as % of net sales</i>	<i>11.0%</i>	<i>14.3%</i>				<i>15.3%</i>
Operating profit (EBIT)	15	32	-53.3			66
<i>as % of net sales</i>	<i>8.4%</i>	<i>12.5%</i>				<i>13.5%</i>
Number of employees at closing date	1'694	1'753	-3.4		-3.1	1'770

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency, acquisition and divestment effects

Strong uncertainty among manufacturers of glass containers Demand for glass container manufacturing equipment plummeted in the first half of 2020. The significant decline in the consumption of beverages in glass containers caused considerable uncertainty among Bucher Emhart Glass' customers and resulted in project postponements. In China, the decline in demand was even more pronounced than in other regions. In this environment, the division saw order intake fall by more than half compared to the exceptionally high level of the prior-year period. Also, travel restrictions made it impossible for sales staff and service technicians to visit customers on site. In China, Bucher Emhart Glass continued to adapt capacities and reduce headcount. Overall, sales and the operating profit margin declined markedly.

Bucher Specials

CHF million	January - June		Change in			Full year 2019
	2020	2019	%	% ¹⁾	% ²⁾	
Order intake	127	164	-22.4	-20.2	-21.6	324
Net sales	137	145	-5.6	-3.4	-5.3	316
Order book	72	91	-21.8	-19.3	-21.0	82
Operating profit (EBITDA)	7	8	-17.1			25
<i>as % of net sales</i>	5.0%	5.6%				7.8%
Operating profit (EBIT)	5	6	-23.3			20
<i>as % of net sales</i>	3.4%	4.1%				6.2%
Number of employees at closing date	908 ³⁾	971	-6.5		-10.1	948

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

³⁾ 967 employees (FTEs), of whom 59 on short-time work

Difficulties in the beverage industry The business units of Bucher Specials serving the beverage industry saw a major drop in demand. Bucher Vaslin was hit by the long lockdown of public and economic life in its main markets of France, Italy, Spain and the USA. Project postponements by customers also caused a very strong decline in order intake at Bucher Unipektin. In contrast, sales developed positively, primarily due to the strong order book at the beginning of the reporting period. The business trend for Bucher Landtechnik was positive, despite the uncertainties still present in Switzerland's agricultural market. Jetter felt the decreasing demand at Bucher Emhart Glass. In this difficult environment, order intake at Bucher Specials was strongly reduced. Sales and the operating profit margin also declined.

Outlook 2020

The Group anticipates a gradual recovery in business performance in the second half of the year. The outlook is based on the assumption that all production sites are operational, albeit with certain restrictions related to employee health protection measures. Overall, uncertainties remain high and visibility severely limited, however. **Kuhn Group** expects prices in the arable sector to persist at a low level and the consumption of dairy products and meat to be dampened by the global economic crisis. Farm income in general is therefore likely to remain under pressure, especially in North America. For 2020, the division expects a decline in sales in line with the first six months of the year. The operating profit margin is likely to be lower than

in the reporting period due to seasonal effects. **Bucher Municipal** is anticipating an improved market climate for the remainder of the year. For this reason, the division is expecting sales in the second half to recover as compared to the reporting period. The operating profit margin for the full year is likely to figure in the mid-single-digit range. **Bucher Hydraulics** expects the hydraulics market to gradually stabilise in the second half of the year. However, the uncertainties for machinery manufacturers remain high. The division expects the sales decline for 2020 to be comparable to that in the first half of the year. Despite the substantial decline in sales, a high single-digit operating profit margin is anticipated. **Bucher Emhart Glass** expects demand to recover only very slowly over the remainder of the year. Sales should recover in the second half of the year compared to the first half thanks to a good order book. The operating profit margin is likely to be in line with that of the reporting period. **Bucher Specials** expects the difficult environment in the beverage industry to persist due to ongoing uncertainties. For the year as a whole, the division anticipates a marked decline in sales as compared to 2019. The operating profit margin should remain positive, thanks to various cost-savings initiatives. Despite the existing uncertainties, the **Group** expects to see a sales decline for the whole year in line with the first half of the year, an operating profit margin in the mid-single-digit range and a corresponding profit for the year.

The interim report as well as the investor relations handout for the results for the first half of 2020 are available on bucherindustries.com under "Financial reports".



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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 company's shares are traded on the SIX Swiss Exchange (SIX: BUCN). For further information, please visit bucherindustries.com.

Additional performance measures: Internally and externally Bucher Industries uses key figures that are not defined by Swiss GAAP FER. The composition and calculation of the individual key figures are to be found on bucherindustries.com/en/additional-performance-measures.