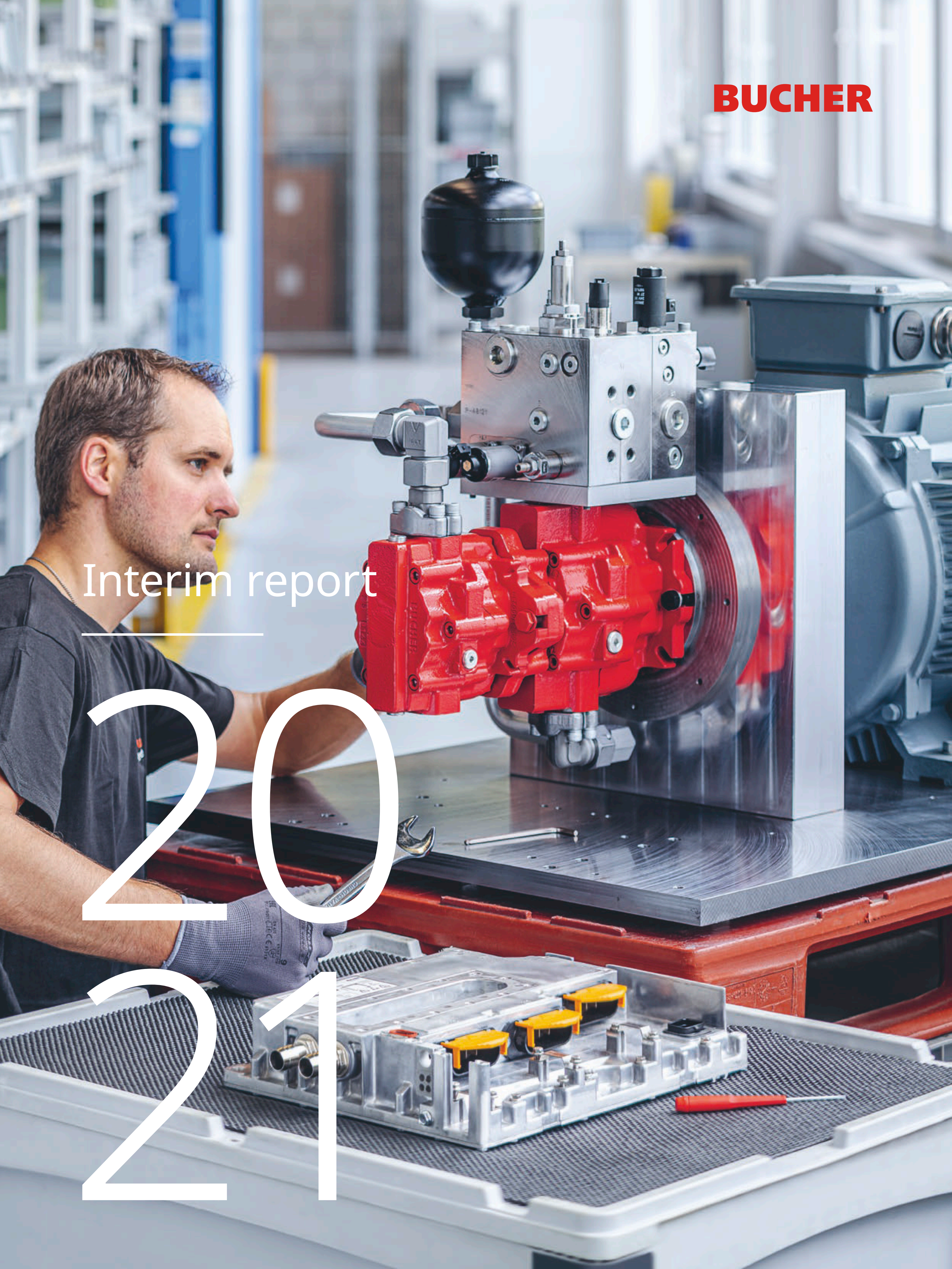
BUCHER

Interim report 2021



Cover picture Combining electronics, electric drives and hydraulics: with the acquisition of Mobile Drives, Bucher Hydraulics has reached another milestone on the path to electrohydraulic system solutions.

Contents

Report to shareholders

Dear Shareholders,

The first half of 2021 was very dynamic for Bucher Industries. The recovery that had begun in mid-2020, especially in the agricultural machinery market, intensified and expanded to the other markets. Demand also picked up in the project business for the beverage industry after having dropped sharply in the first half of 2020. Order intake rose substantially in all divisions and increased overall by 50%. While all sites were operational, certain restrictions caused by COVID-19 concerning operational processes and international travel remained in place. The divisions had been facing difficulties in the supply chain and in logistics since the start of the year, but these intensified toward the end of the period,

Philip Mosimann, Chairman of the Board of Directors, and Jacques Sanche, Chief Executive Officer

leading to delivery bottlenecks and longer delivery times in general. The divisions also found it increasingly difficult to recruit additional qualified employees, which in some instances prevented them from expanding capacities to the desired extent. Nevertheless, group sales rose markedly compared to the prior-year period, almost reaching the record level of 2019. All divisions contributed to these results except Bucher Emhart Glass, where the sales recovered with a delay. The order book is currently at a very high level. The operating profit margin rose substantially, due to the high level of capacity utilisation but also as a result of optimisation measures implemented in the prior year and lower travel and marketing costs caused by COVID-19. Operating profit and profit for the period practically doubled.

CHF million	January – June		Change in			Full year
	2021	2020	%	%[1]	%[2]	2020
Order intake	1’721.5	1’152.9	49.3	50.3	48.3	2’837.5
Net sales	1’607.8	1’356.7	18.5	18.7	17.9	2’740.7
Order book	1’209.3	778.8	55.3	56.7	53.5	1’081.4
Operating profit before depreciation and amortisation (EBITDA)	221.0	135.3	63.3			287.3
as % of net sales	13.7%	10.0%				10.5%
Operating profit (EBIT)	179.3	94.4	89.9			204.1
as % of net sales	11.2%	7.0%				7.4%
Profit for the period	137.9	68.1	102.5			151.9
as % of net sales	8.6%	5.0%				5.5%
Earnings per share in CHF	13.40	6.71	99.7			14.71
Operating free cash flow	– 8.2	– 25.3	67.6			313.1
Net cash/debt	328.9	77.5	324.4			403.8
Total assets	2’596.2	2’368.5	9.6			2’430.8
Equity	1’488.5	1’322.1	12.6			1’390.8
Equity ratio	57.3%	55.8%				57.2%
Return on equity (ROE)	15.8%	13.2%				10.9%
Net operating assets (NOA) average	1’078.5	1’207.9	– 10.7			1’150.7
Return on net operating assets (RONOA) after tax	25.1%	11.6%				13.5%
Number of employees at closing date[3]	13’404	12’412	8.0		6.8	12’598

[1] Adjusted for currency effects [2] Adjusted for currency and acquisition effects
[3] 13’428 employees (FTEs), of whom 24 on short-time work (June 2020: 12’811 employees, of whom 399 on short-time work)

Significant increase in return on invested capital

The return on net operating assets (RONOA) was 25.1%, above the long-term target of 20% and therefore also significantly above the cost of capital of 8%. The high return is mainly attributable to the marked increase in the operating profit margin and the level of capital commitment, which remained low. Average net operating assets were reduced even further compared to the prior-year period thanks to higher inventory turns and higher operating liabilities. The good operating performance and lower dividend payment had a positive effect on free cash flow and thus on net cash/debt, which amounted to CHF 329 million. The equity ratio rose to 57%. The Group, with its long-term perspective and solid financial basis, remains committed to important strategic investments. The main focus has been on the construction projects of Kuhn Group in Russia, Bucher Municipal in the UK and Bucher Hydraulics in Germany. At the beginning of the reporting period, the Group invested further in external growth by acquiring Khor and Merk Process.

Focus on electrification and electrohydraulics

Bucher Hydraulics acquired the mobile electric drive technology business from Lenze Schmidhauser in Romanshorn in early July. Renamed Bucher Hydraulics Mobile Drives, this business unit develops and delivers frequency converters for mobile applications. With this acquisition, Bucher Industries is focusing more strongly on the trend towards electrification and positioning itself in the rapidly growing market for electrohydraulic solutions. The 30 employees will be organisationally integrated into Bucher Hydraulics in Switzerland. Integration of the business is proceeding according to plan.

Kuhn Group

Kuhn Group experienced exceptionally strong demand for machines and service parts, which was driven by multiple factors: high prices for agricultural products, the government support programmes for farmers in the previous year as well as overall favourable weather conditions. This resulted in a substantial upturn in North America, particularly in the arable sector, following several difficult years. In Europe, market conditions were good in both the arable sector and in the dairy and livestock industry. In Brazil, agricultural producers remained extremely eager to invest thanks to record-high margins. In this dynamic environment, the division saw order intake rise by 42%. At the same time, however, Kuhn Group also grappled with challenges in the supply chain and production. Compared to the prior-year period, where production was hampered by temporary site closures due to COVID-19, sales still rose by 25% and even surpassed the first half of 2019. The higher sales volume resulted in a substantially higher operating profit margin of 12.5%.

Bucher Municipal

Demand for Bucher Municipal products was good, in particular in key European markets. The division saw order intake rise by 32% over the prior-year period, with this positive trend driven largely by truck-mounted sweepers and the new line of modular "CityCat V20" compact sweepers in the two-cubic metre class. Orders for sewer cleaning vehicles also rose, which was partly attributable to the acquisition of the Australian company Spoutvac in autumn 2020. Bucher Municipal's production continued to be hampered by COVID-19 measures and problems in the supply chain. Procuring chassis, hydraulic components and batteries became increasingly difficult. Nevertheless, sales were up 19% over the hard-hit prior-year period and ended up at virtually the same high level as in 2019. Accordingly, the operating profit margin increased to 6.5% despite a difficult procurement environment.

Bucher Hydraulics

Developments in the hydraulics markets were extremely dynamic. Demand for Bucher Hydraulics components and solutions was exceptionally high in all key regions and segments. This trend was reinforced by the fact that customers were stocking up their orders due to the general increase in industry delivery times. The division saw order intake rise by 66% over the prior-year period and the order book hit a record high. Making the necessary adjustments to production capacities was extremely challenging, because, although new employees were added to the workforce, recruitment proved difficult. Nevertheless, sales were up 26% over the first half of 2020 and were only slightly lower than the record level of 2019. Thanks to higher sales and the low cost base, the operating profit margin came in at 13.5% and thus significantly higher than in the prior-year period.

Bucher Emhart Glass

Demand for glass container manufacturing equipment recovered in the first half of 2021 after having collapsed in 2020 due to COVID-19. While the gastronomic sector and major public events are still subject to restrictions in some countries, demand for glass containers rose again as the restrictions were eased in many regions of the world. Customers began more and more to approve projects and to invest in modernising their machines. Overall, the division's order intake rose by 75% compared to the very low level of the previous year, with a significant increase in orders for glass-forming machinery in particular. The recovery was reflected in sales, but with a delay. The capacity utilisation increased toward the end of the reporting period. Challenges were still posed by restrictions on travel, higher transport prices and bottlenecks in logistics, as well as the situation in Malaysia, where public authorities have imposed new restrictions due to COVID-19. In this environment, sales declined by 4% on the prior-year period, which still benefited from a very high order book. The operating profit margin increased substantially to 13.7%, in part due to a favourable product mix.

Bucher Specials

The easing of pandemic-related restrictions in the gastronomic sector and at major public events in many regions of the world had a positive impact on the business units of Bucher Specials serving the beverage industry. Demand at Bucher Vaslin picked up again in the northern hemisphere. At Bucher Unipektin, as well, order intake rose over the very low prior-year period. The performance of the two acquisitions in the areas of processing equipment for citrus fruits and vacuum belt drying technology was encouraging. The project business relating to equipment for core and stone fruit processing and beer filtration also showed signs of a recovery. Bucher Landtechnik surpassed last year's good business trend despite challenges in the supply chain. At Jetter, recovery in the glass industry was reflected in a significant increase in orders related to industrial automation. In this positive environment, Bucher Specials was able to increase its order intake by 41%. Sales grew by 8% year on year and ended the period roughly on a par with the first half of 2019. The operating profit margin also increased considerably to 7.9%.

Sustainability report 2020

At the end of June, Bucher Industries published its sustainability report 2020. The Group's focus was on protecting its employees in 2020, a year dominated by the pandemic. Despite the difficulties, the Group succeeded in launching products that enable customers to increase their productivity, work safely, lower costs and, at the same time, reduce their ecological footprint – our most powerful lever to contribute to a sustainable future. Examples given in the sustainability report 2020 include the "Husky Le", Bucher Municipal's fully electric liquid brine sprayer that was specially designed for the "CityCat V20e" all-electric compact sweeper; the "GobRadar" closed-loop control from Bucher Emhart Glass, which allows for more precise weight control during gob forming, thereby reducing losses in the manufacturing process and lowering the ecological footprint of each and every glass container; and the high-precision "ARA" sprayer launched by Bucher Landtechnik within the scope of a strategic partnership, which greatly reduces the use of herbicides. In 2020, the Group launched a review of the sustainability strategy during which its four pillars – "Customers", "Employees", "Environment" and "Compliance" – were confirmed. Bucher Industries uses the standards of the Global Reporting Initiative to report on sustainability. The sustainability report 2020 is available on the website.

Outlook for 2021

The Group expects the economic recovery to continue throughout the remainder of the year. However, the uncertainties related to the pandemic are likely to persist. In addition, there are difficulties in procurement and logistics, combined with strong increases in both material and transport costs. The increasing shortage of skilled labour will also make it more difficult to boost capacities. Kuhn Group anticipates a positive development in its most important markets. Challenges related to production and the supply chain are expected to persist and lead to higher costs in the second half of the year. The division expects a marked rise in sales for 2021. The operating profit margin is also likely to be considerably higher thanks to good capacity utilisation and price increases. Bucher Municipal anticipates good demand and expects sales to increase. The full-year consolidation of Spoutvac, the Australian manufacturer of sewer cleaning vehicles, as well as the newly launched electrified products, particularly in the sweeper and winter maintenance equipment businesses, will also make a contribution. The operating profit margin should increase due to better utilisation of production capacities and efficiency gains. Bucher Hydraulics expects the dynamic momentum in the hydraulics markets to continue. Capacity utilisation will remain at a high level. For 2021, the division anticipates marked growth in sales and the operating profit margin, despite the challenges it faces in production. Bucher Emhart Glass expects demand to continue to rise and production capacity utilisation to be higher in the second half of the year. Given the low level of capacity utilisation in the first quarter, however, the division expects sales for the year as a whole to be down slightly on 2020. Thanks to the product mix, the operating profit margin is likely to be higher despite the fact that personnel and material costs will continue to rise over the course of the year. At Bucher Specials, ongoing restrictions will probably continue to cause a certain measure of restraint in the project business, however, uncertainties should diminish. The division expects significantly higher sales and an operating profit margin in the mid-to-high single-digit range thanks to the cost-savings measures put in place. Overall, the Group expects to see a substantial increase in sales, in the operating profit margin and in the profit for the year.

Niederweningen, 29 July 2021

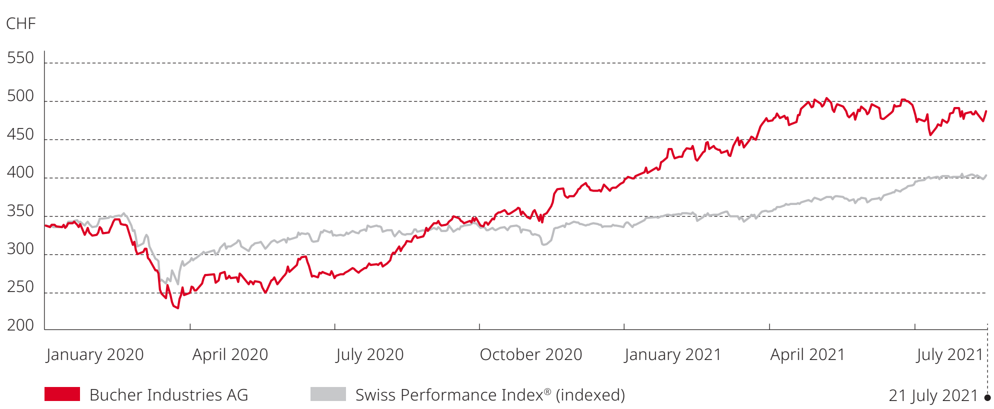
Philip Mosimann
Chairman of the Board of Directors

Jacques Sanche
Chief Executive Officer

Financial calendar

Release of third-quarter 2021 group sales	26 October 2021	6.00 a.m.
Release of 2021 group sales	27 January 2022	6.00 a.m.
Annual report 2021	2 March 2022	6.00 a.m.
Annual press conference	2 March 2022	9.00 a.m.
Annual analyst conference	2 March 2022	3.00 p.m.
Annual general meeting (Mövenpick Hotel, Regensdorf)	12 April 2022	3.30 p.m.
First trading date ex-dividend	14 April 2022	
Dividend payment	20 April 2022	
Release of first-quarter 2022 group sales	28 April 2022	6.00 a.m.
Sustainability report 2021	23 June 2022	6.00 a.m.
Interim report 2022	28 July 2022	6.00 a.m.
Conference call on the interim results 2022	28 July 2022	10.00 a.m.
Release of third-quarter 2022 group sales	27 October 2022	6.00 a.m.

Share price performance



Contact

Jacques Sanche, CEO
Manuela Suter, CFO

Bucher Industries AG
Murzlenstrasse 80
8166 Niederweningen, Switzerland
T +41 58 750 15 50

ir@bucherindustries.com
bucherindustries.com

Divisional reports

Bucher Industries comprises five specialised divisions in industrially related areas. The operations are geared towards fundamental human needs and have substantial worldwide growth and earnings potential. The Group's divisions are focused on specialised agricultural machinery, municipal vehicles, hydraulic components, manufacturing equipment for the glass container industry, equipment for the production of wine, fruit juice, beer and instant products, a Swiss distributorship for tractors and specialised agricultural machinery, as well as automation solutions.

Kuhn Group

CHF million	January – June		Change in			Full year
	2021	**2020**	**%**	**%[1]**	**%[2]**	**2020**
Order intake	607.7	426.7	42.4	48.1	46.8	1’290.3
Net sales	727.6	584.2	24.5	26.8	26.2	1’094.2
Order book	467.1	235.6	98.3	107.5	105.4	587.0
Operating profit (EBITDA)	108.3	68.5	58.1			125.1
as % of net sales	14.9%	11.7%				11.4%
Operating profit (EBIT)	91.0	51.3	77.4			90.9
as % of net sales	12.5%	8.8%				8.3%
Number of employees at closing date[3]	5’800	5’158	12.4		11.0	5’194

[1] Adjusted for currency effects [2] Adjusted for currency and acquisition effects
[3] 5’803 employees (FTEs), of whom 3 on short-time work (June 2020: 5’213 employees, of whom 55 on short-time work)

Very dynamic markets but challenges in production and the supply chain

Kuhn Group experienced exceptionally strong demand for machines and service parts in the first half of 2021, which was driven by multiple factors: high prices for agricultural products, the government support programmes for farmers in the previous year as well as overall favourable weather conditions. This resulted in a substantial upturn in North America, particularly in the arable sector, following several difficult years. In Europe, market conditions were at a good level in both the arable sector and in the dairy and livestock industry. In Brazil, agricultural producers remained extremely eager to invest thanks to record-high margins. In this dynamic environment, the division saw order intake rise by nearly half. At the same time, however, Kuhn Group also grappled with challenges in the supply chain and production. Finding additional qualified employees proved difficult, especially in the USA. Shortages of raw materials, components and freight containers caused inefficiencies in production and issues in customer deliveries. As a result, production capacities could only be partially adapted to the record-high order book. Nevertheless, compared to the prior-year period, where production was hampered by temporary site closures due to COVID-19, sales rose substantially and even exceeded the level of the first half of 2019. The higher sales volume resulted in a strong increase in the operating profit margin. Surging prices for raw materials, components and logistics were compensated by higher list prices.

Outlook for 2021

Kuhn Group anticipates a positive development in its most important markets, in particular in the arable sector, owing to high crop prices and adequate farm incomes. Challenges related to production and the supply chain are expected to persist and lead to higher costs in the second half of the year. The division expects a marked rise in sales for 2021. The operating profit margin is also likely to be considerably higher thanks to good capacity utilisation and price increases.

Bucher Municipal

CHF million	January – June		Change in			Full year
	2021	**2020**	**%**	**%1)**	**%2)**	**2020**
Order intake	298.0	225.4	32.2	28.9	25.2	460.3
Net sales	255.8	215.0	19.0	15.8	12.2	462.4
Order book	204.0	165.1	23.6	20.3	17.3	157.1
Operating profit (EBITDA)	21.9	12.5	75.2			37.5
as % of net sales	8.6%	5.8%				8.1%
Operating profit (EBIT)	16.6	7.8	112.8			27.6
as % of net sales	6.5%	3.6%				6.0%
Number of employees at closing date3)	2’348	2’309	1.7		–0.8	2’327

1) Adjusted for currency effects 2) Adjusted for currency and acquisition effects
3) June 2020: 2’314 employees, of whom 5 on short-time work

Recovery in sales and operating profit margin

Demand for Bucher Municipal products was good during the first half of 2021, in particular in key European markets. The division saw order intake rise markedly over the prior-year period, with this positive trend driven largely by truck-mounted sweepers and the new line of modular “CityCat V20” compact sweepers in the two-cubic metre class. Orders for sewer cleaning vehicles also rose, which was partly attributable to the acquisition of the Australian company Spoutvac in autumn 2020. In the winter business, demand for new equipment and spare parts recovered slightly following the late onset of winter in the 2020/2021 season. Demand for refuse collection vehicles was down from the very high prior-year period, which featured two major orders. Bucher Municipal’s production continued to be hampered by COVID-19 measures and problems in the supply chain. Procuring chassis, hydraulic components and batteries became increasingly difficult. Added to that were transport-related challenges and more complex logistics as a result of Brexit, which came into effect at the end of 2020. Nevertheless, production volumes rose, thanks to the employees’ strong commitment as well as regular communication with the business partners involved. Particularly as a result of the good performance in the sweeper and sewer cleaning vehicle businesses, sales rose significantly over the hard-hit prior-year period and were at virtually the same high level as in 2019. The operating profit margin increased accordingly despite a difficult procurement environment.

Outlook for 2021

Bucher Municipal anticipates good demand for the remainder of the year and expects sales to increase. The full-year consolidation of Spoutvac as well as the newly launched electrified products, particularly in the sweeper and winter maintenance equipment businesses, will also make a contribution. The operating profit margin should increase due to better utilisation of production capacities and efficiency gains.

Bucher Hydraulics

CHF million	January – June		Change in		Full year
	2021	**2020**	**%**	**%[1]**	**2020**
Order intake	429.1	258.5	66.0	66.5	561.0
Net sales	338.2	267.7	26.3	26.8	536.3
Order book	225.1	100.4	124.2	124.9	133.6
Operating profit (EBITDA)	56.8	36.3	56.5		80.9
as % of net sales	16.8%	13.6%			15.1%
Operating profit (EBIT)	45.8	25.4	80.3		59.1
as % of net sales	13.5%	9.5%			11.0%
Number of employees at closing date[2]	2’689	2’278	18.0		2’537

1) Adjusted for currency effects
2) 2’691 employees (FTEs), of whom 2 on short-time work (June 2020: 2’558 employees, of whom 280 on short-time work)

Very high capacity utilisation

Developments in the hydraulics markets were extremely dynamic in the first six months of 2021. Demand for Bucher Hydraulics components and solutions was exceptionally high in all key regions and segments. This trend was reinforced by the fact that customers were stocking up their orders due to the general increase in delivery times. The division saw order intake increase by more than half compared to the prior-year period and it more than doubled in China. The order book hit a record high. Making the necessary adjustments to production capacities was extremely challenging, because, although new employees were added to the workforce, recruitment proved difficult. Nevertheless, sales rose markedly over the first half of 2020 and were only slightly lower than the record level of 2019. The agricultural machinery, materials handling and construction machinery segments contributed significantly to this positive development. Thanks to higher sales, the low cost base and the optimisation measures implemented, the operating profit margin was significantly higher than in the prior-year period, despite the rising prices for materials and components, which were particularly noticeable in North America.

Focus on electrohydraulics

Bucher Hydraulics acquired the mobile electric drive technology business from Lenze Schmidhauser in Romanshorn in early July. Renamed Bucher Hydraulics Mobile Drives, this business unit develops and delivers frequency converters for mobile applications. With this acquisition, Bucher Industries is focusing more strongly on the trend towards electrification and positioning itself in the rapidly growing market for electrohydraulic solutions. The 30 employees will be organisationally integrated into Bucher Hydraulics in Switzerland. Integration of the business is proceeding according to plan.

Outlook for 2021

Bucher Hydraulics expects the dynamic momentum in the hydraulics markets to continue for the remainder of the year and for this to benefit all important segments and regions. Capacity utilisation will remain at a high level. For 2021, the division anticipates marked growth in sales and the operating profit margin, despite the challenges it faces in production.

Bucher Emhart Glass

CHF million	January – June		Change in		Full year
	2021	**2020**	**%**	**%[1)]**	**2020**
Order intake	234.6	134.2	74.8	70.6	316.7
Net sales	172.2	179.2	–3.9	–6.2	421.4
Order book	221.1	214.2	3.2	0.8	155.2
Operating profit (EBITDA)	28.2	19.7	43.1		53.3
as % of net sales	16.4%	11.0%			12.7%
Operating profit (EBIT)	23.7	15.1	57.0		44.3
as % of net sales	13.7%	8.4%			10.5%
Number of employees at closing date	1'565	1'694	–7.6		1'611

1) Adjusted for currency effects

Very good profitability despite slightly lower sales

Demand for glass container manufacturing equipment recovered in the first half of 2021 after having collapsed in 2020 due to COVID-19. While the gastronomic sector and major public events are still subject to restrictions in some countries, demand for glass containers rose again as the restrictions were eased in many regions of the world. Customers in North and South America, Europe and Australia began more and more to approve projects that they had postponed and to invest in modernising their machines. Demand recovered in China, but the recovery was at a low level and related mainly to parts for maintaining existing equipment. Overall, the division's order intake rose by well over half compared to the very low level of the previous year, with a significant increase in orders for glass-forming machinery in particular. On the other hand, demand for inspection machines was not as high. Project postponements in the previous year caused the recovery's impact on sales to be delayed. The capacity utilisation increased toward the end of the reporting period. Challenges were still posed by restrictions on travel, higher transport prices and bottlenecks in logistics, as well as the situation in Malaysia, where public authorities have imposed new restrictions due to COVID-19. In this environment, sales declined slightly on the prior-year period, which still benefited from a very high order book. The operating profit margin increased substantially due to a favourable product mix as well as the lower cost base attributable to reduced travel and trade show activities as well as capacity adjustments made in 2020.

Outlook for 2021

Bucher Emhart Glass expects demand to continue to rise in the coming months and production capacity utilisation to be higher in the second half of the year. Given the low level of capacity utilisation in the first quarter, however, the division expects sales for the year as a whole to be down slightly on 2020. Thanks to the product mix, the operating profit margin is likely to be higher despite the fact that personnel and material costs will continue to rise over the course of the year.

Bucher Specials

CHF million	January – June		Change in			Full year
	2021	**2020**	**%**	**%[1]**	**%[2]**	**2020**
Order intake	178.8	126.8	41.0	39.7	31.8	261.1
Net sales	148.8	137.3	8.4	7.5	7.1	273.2
Order book	105.7	71.5	47.8	46.3	26.0	70.0
Operating profit (EBITDA)	14.0	6.8	105.9			12.0
as % of net sales	9.4%	5.0%				4.4%
Operating profit (EBIT)	11.7	4.6	154.3			6.9
as % of net sales	7.9%	3.4%				2.5%
Number of employees at closing date[3]	941	908	3.6		2.0	868

[1] Adjusted for currency effects [2] Adjusted for currency and acquisition effects
[3] 960 employees (FTEs), of whom 19 on short-time work (June 2020: 967 employees, of whom 59 on short-time work)

Higher order intake in all business units

During the first six months of 2021, pandemic-related restrictions in the gastronomic sector and at major public events were eased in many regions of the world, which had a positive impact on the business units of Bucher Specials serving the beverage industry. After plummeting in the previous year, demand at Bucher Vaslin picked up again in the northern hemisphere. In this positive environment, an increase in orders was reported, particularly in the US and Italian markets. Signs of a recovery became apparent at Bucher Unipektin as well. Order intake rose versus the very low prior-year period. The performance of the two acquisitions made in 2020 and 2021 in the areas of processing equipment for citrus fruits and vacuum belt drying technology was encouraging. Project business relating to equipment for core and stone fruit processing and beer filtration also showed signs of a recovery. After-sales services developed well, as customers continue to invest in equipment maintenance and retrofitting. The Swiss market for agricultural machines proved robust. Bucher Landtechnik surpassed last year’s good business trend despite challenges in the supply chain. At Jetter, the recovery in the glass industry had a positive impact. Orders related to industrial automation rose considerably from a low level, and demand for mobile automation was also up. Order intake at Bucher Specials grew strongly in this positive environment. Sales also saw year-on-year growth and ended the period roughly on a par with the first half of 2019. The operating profit margin increased substantially as well.

Outlook for 2021

The restrictions still in place due to COVID-19 will probably continue to cause a certain measure of restraint in investment decisions in the cyclical project business. All in all, however, the uncertainties should diminish. Sales are likely to recover at Bucher Vaslin, Bucher Unipektin and Jetter, while at Bucher Landtechnik the positive performance of the previous year is expected to continue. Overall, Bucher Specials expects significantly higher sales and an operating profit margin in the mid-to-high single-digit range thanks to the cost-savings measures put in place.

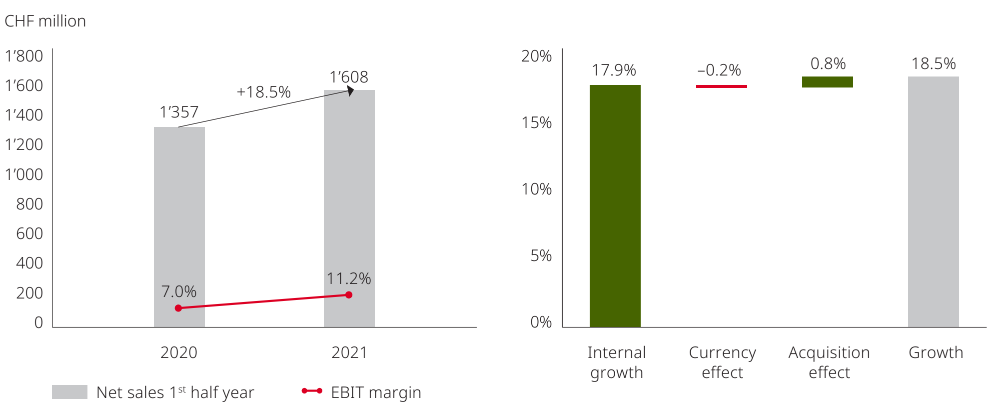
Financial report

The first half of the year was characterised by high capacity utilisation, but also by challenges in the supply chain and logistics. In addition to the increase in volume, cost optimisation programmes and lower travel and marketing costs contributed to the high operating profit margin and the significantly improved return on net operating assets. The financial position remained very solid.

Financial review

Performance

Significantly higher margin with a marked upturn in sales



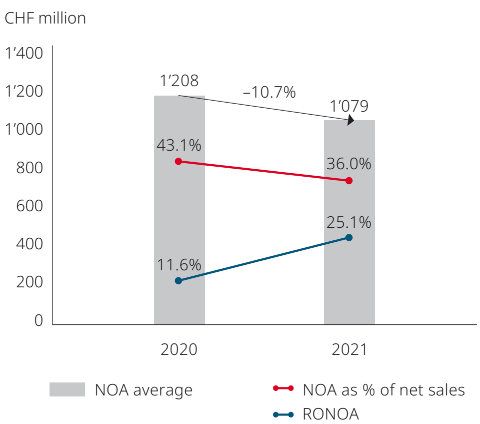
Very dynamic first half year The strong demand for Bucher Industries' products and services was reflected in the significant increase in order intake of 49.3%. However, the first half of the year was also characterised by challenges in the supply chain and logistics. This led to delivery bottlenecks and generally longer delivery times. Accordingly, net sales increased with a delay by 18.5%, but were within reach of the record-high level of 2019 thanks to the recovery. The order book is at a very high level and corresponds to 4.9 months' sales. The offsetting currency effects mainly from the euro and the US dollar almost neutralised each other. Compared with the first half of 2020, the changes in the average exchange rates against the Swiss franc were as follows: EUR +2.6%, USD –6.4%, GBP +3.1%, SEK +8.1% and BRL –16.1%.

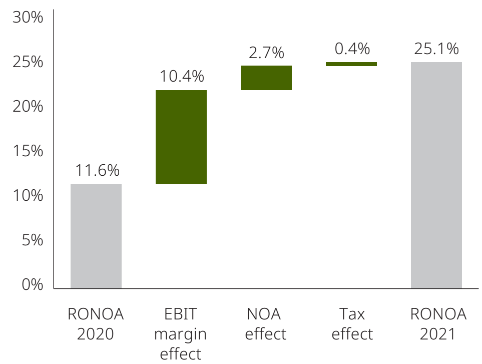
Operating performance positively influenced by high utilisation and low cost base The operating profit margin was 11.2%. Higher sales volumes, cost optimisation programmes implemented in the previous year, lower travel and marketing costs as a result of COVID-19 and positive currency effects from unhedged foreign currency items contributed to the good result. On the other hand, there were higher material costs, which could be partially offset by price increases, as well as higher production and logistics costs. Bringing the number of employees into line with capacity utilisation could only be achieved with a delay. Adjusted for acquisitions, the number of full-time equivalents at closing date increased by 6.8%. Adjusted for acquisitions and the reported short-time work, the increase in average full-time equivalents was only 1.5%.

Net profit doubled Compared with the first half of 2020, the net profit increased by CHF 69.8 million to CHF 137.9 million, or 8.6% of net sales. The financial result amounted to CHF 3.5 million and was influenced by the low interest rate environment and positive currency effects. The income tax expense was accrued on the basis of the expected effective tax rates for the current financial year and amounted to CHF 44.9 million. The effective tax rate of 24.6% was in line with the first half of 2020.

Invested capital

Significant increase in return (RONOA) on net operating assets (NOA)



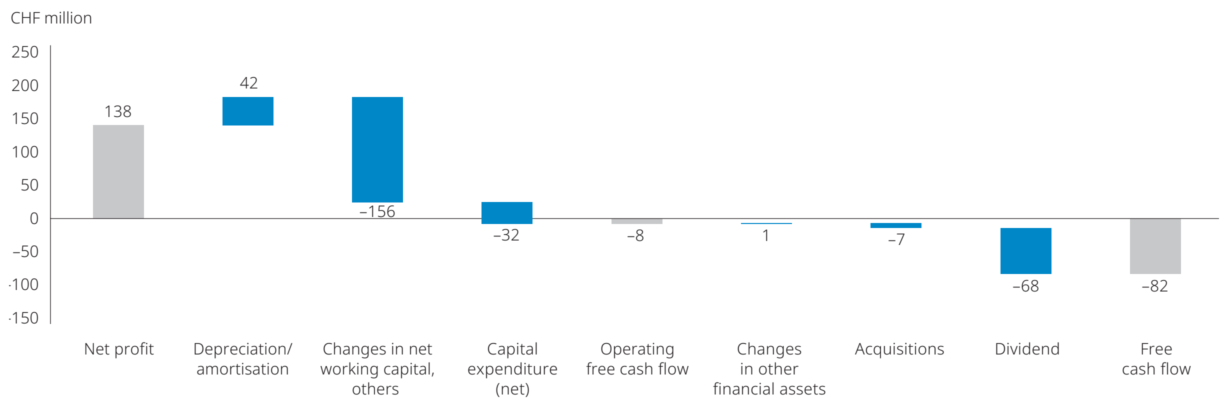


The return on net operating assets significantly exceeds the cost of capital The return on net operating assets (RONOA) after tax was 25.1%, above the long-term target of 20% and thus also well above the cost of capital of 8%. The high return is mainly due to the significant increase in the operating profit margin. Compared with the first half of 2020, the average net operating assets decreased by 10.7%. The reduction is due to higher inventory turns, higher operating liabilities and increased advances from customers. Compared with year end 2020, closing net operating assets increased by CHF 173.8 million as of the reporting date, as a result of the high growth and due to seasonal factors.

Strategic investments in internal and external growth Investments in the expansion of the production infrastructure and in the modernisation of production facilities amounted to CHF 32.6 million. The main focus was on the construction projects of Kuhn Group in Russia, Bucher Municipal in the UK and Bucher Hydraulics in Germany. Expenditure for research and development amounted to CHF 59.2 million and included the development of digital solutions for precision farming, the electrification of municipal vehicles, the development of innovative electrohydraulic subsystems and the “End to End” glass forming. At the beginning of the reporting period, additional investments were made in external growth with the two acquisitions Khor and Merk Process. The consideration for the companies acquired amounted to CHF 11.9 million and the cash flow from acquisitions was CHF 7.2 million. The acquired companies have generated net sales of CHF 3.3 million since the acquisition dates.

Financing and risk management

Free cash flow



Negative free cash flow due to seasonal factors The negative free cash flow amounted to CHF 82.1 million and thus improved by CHF 45.3 million. The improvement is due in particular to the good operating performance, the lower payments in connection with acquisitions and the lower dividend payment. On the other hand, there was a stronger seasonal increase in net working capital.

CHF million	January – June 2021	January – June 2020	Full year 2020
Profit for the period	**137.9**	**68.1**	**151.9**
Depreciation and amortisation	41.7	40.9	83.2
Changes in net working capital	– 176.8	– 108.4	133.4
Other changes	20.5	2.4	11.2
Purchases of property, plant and equipment and intangible assets	– 32.6	– 29.2	– 72.2
Proceeds on disposal of non-current assets	1.1	0.9	5.6
Operating free cash flow	**– 8.2**	**– 25.3**	**313.1**
Changes in other non-current financial assets	1.3	1.1	0.6
Acquisitions	– 7.2	– 18.3	– 31.3
(Purchase)/sale of treasury shares	–	– 2.8	– 2.8
Dividend paid/received	– 68.0	– 82.1	– 81.9
Free cash flow	**– 82.1**	**– 127.4**	**197.7**
Net cash/debt	328.9	77.5	403.8
Net cash/debt average	347.8	107.3	186.3

Solid financial position At mid-year, the Group held cash and liquid assets of CHF 498.4 million compared with financial liabilities of CHF 169.5 million. Net cash thus amounted to CHF 328.9 million and was significantly higher than in the previous year. At mid-year, an additional CHF 250.0 million was available in unused committed credit facilities. Compared with the previous year, these were reduced by CHF 50.0 million. The financial covenants are reviewed every six months. All credit terms were complied with on the reporting date of 30 June 2021. The equity ratio was 57.3%. This solid financial position continues to secure Bucher Industries' flexibility and to lay the foundation for further growth.

Consolidated financial statements

Consolidated income statement

CHF million	January – June		January – June		Full year	
	2021	**%**	**2020**	**%**	**2020**	**%**
Net sales	**1'607.8**	**100.0**	**1'356.7**	**100.0**	**2'740.7**	**100.0**
Changes in inventories of finished goods and work in progress	51.6		25.9		–26.0	
Raw materials and consumables used	–854.7		–713.1		–1'368.7	
Employment costs	–421.4		–381.8		–747.2	
Other operating income	10.7		8.9		28.0	
Other operating expenses	–173.0		–161.3		–339.5	
Operating profit before depreciation and amortisation (EBITDA)	**221.0**	**13.7**	**135.3**	**10.0**	**287.3**	**10.5**
Depreciation	–39.4		–39.0		–79.2	
Amortisation	–2.3		–1.9		–4.0	
Operating profit (EBIT)	**179.3**	**11.2**	**94.4**	**7.0**	**204.1**	**7.4**
Share of profit/(loss) of associates	1.7		0.6		1.2	
Finance costs	–1.3		–3.9		–7.0	
Finance income	3.1		0.8		1.9	
Profit before tax	**182.8**	**11.4**	**91.9**	**6.8**	**200.2**	**7.3**
Income taxes	–44.9		–23.8		–48.3	
Profit for the period	**137.9**	**8.6**	**68.1**	**5.0**	**151.9**	**5.5**
Attributable to owners of Bucher Industries AG	137.0		68.5		150.4	
Attributable to minority interests	0.9		–0.4		1.5	
Basic earnings per share in CHF	13.40		6.71		14.71	
Diluted earnings per share in CHF	13.40		6.71		14.71	

Consolidated balance sheet

CHF million

	30 June 2021	30 June 2020	31 December 2020
Cash and cash equivalents	462.9	290.3	514.7
Other financial assets	35.5	34.4	36.4
Trade receivables	488.5	450.6	408.4
Other receivables, prepayments and accrued income	99.9	114.4	76.2
Inventories	786.0	766.5	686.6
Current assets	**1'872.8**	**1'656.2**	**1'722.3**
Receivables	7.5	8.7	7.7
Property, plant and equipment	625.0	608.3	616.2
Intangible assets	15.3	20.4	16.1
Other financial assets	3.9	3.2	3.6
Investments in associates	13.5	11.9	11.7
Deferred income tax assets	58.2	59.8	53.2
Non-current assets	**723.4**	**712.3**	**708.5**
Assets	**2'596.2**	**2'368.5**	**2'430.8**
Financial liabilities	34.8	112.8	12.6
Trade payables	312.2	227.6	238.9
Advances from customers	133.9	107.2	247.9
Provisions	70.0	54.0	66.4
Other liabilities, accruals and deferred income	328.4	324.0	250.8
Current liabilities	**879.3**	**825.6**	**816.6**
Financial liabilities	134.7	134.4	134.7
Provisions	11.1	10.6	10.7
Other liabilities	15.0	12.7	11.5
Deferred income tax liabilities	19.6	23.1	20.0
Pension benefit obligations	48.0	40.0	46.5
Non-current liabilities	**228.4**	**220.8**	**223.4**
Total liabilities	**1'107.7**	**1'046.4**	**1'040.0**
Share capital	2.1	2.1	2.1
Treasury shares	–5.9	–6.9	–6.9
Retained earnings	1'473.0	1'309.4	1'376.1
Attributable to owners of Bucher Industries AG	**1'469.2**	**1'304.6**	**1'371.3**
Attributable to minority interests	19.3	17.5	19.5
Equity	**1'488.5**	**1'322.1**	**1'390.8**
Liabilities and equity	**2'596.2**	**2'368.5**	**2'430.8**

Consolidated cash flow statement

CHF million	January – June 2021	January – June 2020	Full year 2020
Profit for the period	**137.9**	**68.1**	**151.9**
Income tax expense	44.9	23.8	48.3
Share of (profit)/loss of associates	– 1.7	– 0.6	– 1.2
Other net financial result	– 1.8	3.1	5.1
Depreciation and amortisation	41.7	40.9	83.2
Other operating cash flow items	2.8	– 2.2	– 2.0
Gain on sale of property, plant and equipment	– 0.6	– 0.5	– 0.5
Interest received	0.8	0.8	1.4
Interest paid	– 0.2	– 0.3	– 2.5
Income tax paid	– 26.1	– 20.9	– 56.0
Change in provisions and pension benefit obligations	2.4	– 0.8	18.6
Change in receivables	– 79.7	– 20.0	55.5
Change in inventories	– 72.9	5.8	86.9
Change in advances from customers	– 124.4	– 135.2	1.7
Change in payables	100.7	35.5	– 5.3
Other changes in net working capital	– 0.5	5.5	– 5.4
Net cash flow from operating activities	**23.3**	**3.0**	**379.7**
Purchases of property, plant and equipment	– 31.4	– 27.4	– 69.0
Proceeds on disposal of non-current assets	1.1	0.9	5.6
Purchases of intangible assets	– 1.2	– 1.8	– 3.2
Purchases of other financial assets	– 0.4	–	– 0.5
Disposal of other financial assets	1.7	2.1	1.1
Acquisitions	– 7.2	– 18.3	– 31.3
Dividend received	0.1	–	0.2
Net cash flow from investing activities	**– 37.3**	**– 44.5**	**– 97.1**
(Purchases)/sale of treasury shares	–	– 2.8	– 2.8
Proceeds from/(repayment of) non-current financial liabilities	– 1.5	5.1	5.1
Proceeds from/(repayment of) current financial liabilities	21.8	– 4.6	– 104.9[1)]
Dividend paid	– 68.1	– 82.1	– 82.1
Net cash flow from financing activities	**– 47.8**	**– 84.4**	**– 184.7**
Effect of exchange rate changes	10.0	– 9.5	– 8.9
Net change in cash and cash equivalents	**– 51.8**	**– 135.4**	**89.0**
Cash and cash equivalents at 1 January	514.7	425.7	425.7
Cash and cash equivalents at closing date	**462.9**	**290.3**	**514.7**

1) incl. repayment of bond CHF –100.0 million

Consolidated statement of changes in equity

CHF million	Share capital	Treasury shares	Retained earnings				Attributable to owners of Bucher Industries AG	Minority interests	Total equity
			Offset goodwill	Currency translation reserve	Cash flow hedge reserve	Other retained earnings			
Balance at 1 January 2021	**2.1**	**–6.9**	**–254.5**	**–134.1**	**2.4**	**1'762.3**	**1'371.3**	**19.5**	**1'390.8**
Profit for the period						137.0	**137.0**	0.9	**137.9**
Change in currency translation reserve				36.8			**36.8**	0.5	**37.3**
Change in cash flow hedge reserve					–2.0		**–2.0**	–	**–2.0**
Share-based payments		1.0				0.3	**1.3**		**1.3**
Goodwill offset			–8.7				**–8.7**		**–8.7**
Dividend						–66.5	**–66.5**	–1.6	**–68.1**
Balance at 30 June 2021	**2.1**	**–5.9**	**–263.2**	**–97.3**	**0.4**	**1'833.1**	**1'469.2**	**19.3**	**1'488.5**
Balance at 1 January 2020	**2.1**	**–6.5**	**–237.6**	**–79.0**	**1.0**	**1'694.1**	**1'374.1**	**18.8**	**1'392.9**
Profit for the period						68.5	**68.5**	–0.4	**68.1**
Change in currency translation reserve				–42.4			**–42.4**	–0.6	**–43.0**
Change in cash flow hedge reserve					–1.3		**–1.3**	–	**–1.3**
(Purchase)/sale of treasury shares		–2.8					**–2.8**		**–2.8**
Share-based payments		2.4				–1.6	**0.8**		**0.8**
Goodwill offset			–10.5				**–10.5**		**–10.5**
Dividend						–81.8	**–81.8**	–0.3	**–82.1**
Balance at 30 June 2020	**2.1**	**–6.9**	**–248.1**	**–121.4**	**–0.3**	**1'679.2**	**1'304.6**	**17.5**	**1'322.1**

Notes to the consolidated financial statements

1. Information on this report

General information Bucher Industries AG is a public limited company incorporated in Switzerland whose shares are publicly traded on SIX Swiss Exchange. Its registered office is in Niederweningen, Switzerland. The Group comprises five specialised divisions in industrially related areas of mechanical and vehicle engineering.

Basis of preparation The unaudited condensed financial statements for the six months ended 30 June 2021 have been prepared in accordance with the entire Swiss GAAP FER accounting and reporting recommendations in general and Swiss GAAP FER 31 “Complementary recommendation for listed companies” in particular. As the interim consolidated financial statements do not include all the disclosures contained in the annual consolidated financial statements, this interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

Significant management assumptions and estimates The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent assets and liabilities at the date of the financial statements. All estimates and judgements are reviewed regularly. They are based on historical experience and assumptions about future events. Actual outcomes may differ from these estimates. The consolidated financial statements are adjusted in the reporting period in which the circumstances change. The assumptions underlying the evaluation of the economic benefits or economic obligations of the pension plans were reassessed. Income tax is accrued using the expected average effective tax rates for the current financial year. Apart from these, management made no new assumptions or estimates in the interim consolidated financial statements compared with the consolidated financial statements for the year ended 31 December 2020.

Performanace measures not defined by Swiss GAAP FER Internally and externally the Group uses additional performance measures that are not defined by Swiss GAAP FER. The composition and calculation of the individual performance measures are set out here: bucherindustries.com/en/additional-performance-measures

2. Segment reporting

The Group comprises five divisions: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for the production of wine, fruit juice, beer and instant products, a Swiss dealership for tractors and specialised agricultural machinery, as well as automation solutions (Bucher Specials).

Segment information

CHF million	Net sales			Operating profit (EBIT)			Net operating assets (NOA)		
	January – June			January – June			30 June	31 December	
	2021	2020	%	2021	2020	%	2021	2020	%
Kuhn Group	727.6	584.2	24.5	91.0	51.3	77.4	386.6	226.5	70.7
Bucher Municipal	255.8	215.0	19.0	16.6	7.8	112.8	240.6	228.3	5.4
Bucher Hydraulics	338.2	267.7	26.3	45.8	25.4	80.3	282.4	267.8	5.5
Bucher Emhart Glass	172.2	179.2	–3.9	23.7	15.1	57.0	136.5	154.0	–11.4
Bucher Specials	148.8	137.3	8.4	11.7	4.6	154.3	84.4	78.1	8.1
Reportable segments	**1'642.6**	**1'383.4**	**18.7**	**188.8**	**104.2**	**81.2**	**1'130.5**	**954.7**	**18.4**
Other/consolidation	–34.8	–26.7	–30.3	–9.5	–9.8	3.1	23.3	25.3	–7.9
Group	**1'607.8**	**1'356.7**	**18.5**	**179.3**	**94.4**	**89.9**	**1'153.8**	**980.0**	**17.7**

The performance of each of the divisions is evaluated on the basis of operating profit, which is measured the same way for management reporting as in the consolidated financial statements. The figures reported in "Other/consolidation" comprise the results of the holding, finance and management companies, the economic effects of the pension plans of foreign subsidiaries as well as consolidation adjustments for intersegment transactions. Intersegment sales of the divisions were not significant.

Reconciliation of segment results

CHF million		
January – June	**2021**	**2020**
Segment operating profit (EBIT)	188.8	104.2
Other/consolidation	–9.5	–9.8
Operating profit (EBIT)	**179.3**	**94.4**
Share of profit/(loss) of associates	1.7	0.6
Finance costs	–1.3	–3.9
Finance income	3.1	0.8
Profit before tax	**182.8**	**91.9**

3. Changes in the group structure

Acquisition of Khor Industrial Ltda. and Merk Process GmbH In January 2021, Bucher Industries acquired a 100% interest in Khor Industrial Ltda., Tuparendi, Brazil, and a 100% interest in Merk Process GmbH, Laufenburg, Germany. Khor Industrial Ltda. is a leading manufacturer of commodity trailers, such as grain carts, and primary tillage equipment, and was integrated into Kuhn Group. Merk Process GmbH produces vacuum belt drying equipment mainly for the food industry and was integrated into the Bucher Unipektin business unit. The purchase consideration for these companies amounted to CHF 11.9 million and the cash flow from acquisitions amounted to CHF 7.2 million. The acquisitions resulted in goodwill of CHF 8.7 million, which was offset with equity.

4. Events occurring after the balance sheet date

Changes in the group structure At the begininning of July 2021, Bucher Industries completed the acquisition of the mobile electric drive technology business of Lenze Schmidhauser in Romanshorn. Renamed Bucher Hydraulics Mobile Drives, this business unit develops and delivers frequency converters for mobile applications. It is expected to generate sales of CHF 15 million over the next twelve months and was acquired in an asset deal. The 30 employees who are primarily working in engineering and sales will be organisationally integrated into Bucher Hydraulics in Switzerland.

Publication of the interim consolidated financial statements The interim consolidated financial statements were authorised for issue by the board of directors on 27 July 2021. When the consolidated financial statements were finalised on 27 July 2021, neither the board of directors nor the group management was aware of any events that would have a material impact on the financial statements presented.

Publisher
Bucher Industries AG

Bucher Management AG
Flughafenstrasse 90
8058 Zurich, Switzerland
T +41 58 750 15 00

info@bucherindustries.com
bucherindustries.com

Design
MetaDesign AG, Zurich, Switzerland

Production
NeidhartSchön AG, Zurich, Switzerland

Printing and finishing
Druckmanufaktur.com AG, Urdorf, Switzerland

Picture
Jorma Müller, Zurich, Switzerland
Tobias Siebrecht, Zurich, Switzerland

This interim report is a translation. In case of discrepancies, the German version prevails.

29 July 2021

Interim report 2021

Bucher Industries AG
Murzlenstrasse 80
8166 Niederweningen, Switzerland
T +41 58 750 15 00

info@bucherindustries.com
bucherindustries.com