

Press release

Niederweningen, 7 March 2017

Slowdown in agricultural machinery affects 2016 performance

The 2016 business performance of Bucher Industries was affected by a continuing decline in the important market for agricultural machinery. Sales were only 4% lower than the previous year, partly thanks to acquisition effects. The operating profit margin of 7.1% was affected by the decline in sales of agricultural machinery and by one-off costs in the municipal vehicles business. Profit for the year amounted to CHF 118 million. The board of directors will propose a dividend of CHF 5.00 per registered share to the annual general meeting on 19 April 2017.

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
Operating profit (EBITDA)	263	296	-11.4		
<i>as % of net sales</i>	<i>11.0%</i>	<i>11.9%</i>			
Operating profit (EBIT)	169	207	-18.3		
<i>as % of net sales</i>	<i>7.1%</i>	<i>8.3%</i>			
Profit/(loss) for the year	118	140	-15.4		
<i>as % of net sales</i>	<i>5.0%</i>	<i>5.6%</i>			
Earnings per share in CHF	11.73	13.69	-14.3		
Operating free cash flow	190	158	20.0		
Net cash/debt	61	-10	n.a.		
Total assets	2 420	2 354	2.8		
Equity	1 224	1 154	6.0		
<i>Equity ratio</i>	<i>50.6%</i>	<i>49.0%</i>			
<i>Return on equity (ROE)</i>	<i>10.0%</i>	<i>11.9%</i>			
Net operating assets (NOA), average	1 293	1 296	-0.2		
<i>Return on net operating assets (RONOA), after tax</i>	<i>9.7%</i>	<i>11.5%</i>			
Number of employees at 31 Dec.	11 175	11 072	0.9		-1.5
Average number of employees during year	11 251	11 486	-2.0		-3.7

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Market trends The agricultural machinery market, which is important for Bucher, was undergoing its longest and toughest global crisis in years as the worldwide slowdown which began in 2014 continued in 2016. The European market for municipal vehicles saw few major contracts up for tender. The various market segments relevant to hydraulic systems as well as the glass container industry remained stable overall. The markets of the specialist businesses showed diverse trends, but were rather positive overall.

Business performance The successful business with hydraulic components, with machinery for forming glass containers and with the specialist businesses failed to fully compensate for the decline in specialised agricultural machinery at Kuhn Group and stagnating demand for municipal vehicles. In this challenging business environment the order intake of the Group was CHF 2 386 million, 2% lower than the previous year. Sales were 4% lower at CHF 2 380 million, operating profit amounted to CHF 169 million and the operating profit margin decreased to 7.1%. The main reasons for the lower margin were a decline in the sales of agricultural machinery and one-off costs in the municipal vehicles business. Profit for the year amounted to CHF 118 million and earnings per share came in at CHF 11.73.

Financial situation Bucher Industries continues to be well financed. The Group invested CHF 129 million in organic growth and acquisitions in the reporting year. Net operating assets as a percentage of net sales increased by two percentage points to 54%. As a consequence of the lower profitability and the impact of acquisitions, return on net operating assets (RONOA) after tax was 9.7% and continued to be higher than the cost of capital. The positive free cash flow resulted in net liquidity of CHF 61 million. With an equity ratio of 51% and high liquid assets, the Group's financial independence and opportunities for further growth remain secure.

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
Operating profit (EBITDA)	116	150	-23.1	
<i>as % of net sales</i>	12.4%	14.1%		
Operating profit (EBIT)	74	109	-31.7	
<i>as % of net sales</i>	8.0%	10.2%		
Number of employees at 31 Dec.	4 731	4 830	-2.0	
Average number of employees during year	4 823	5 130	-6.0	

¹⁾Adjusted for currency effects

Decline in agricultural machinery market Kuhn Group was affected by the continuing global slowdown in the agricultural machinery market. Record harvests and overproduction of agricultural commodities, coupled with stagnating demand, resulted in falling income for farmers worldwide and particularly cautious investment behaviour, above all in North America. Year on year the order intake declined by 7% and sales by 13%. The operating profit margin decreased by two percentage points to 8.0%, mainly due to falling sales in North America. Kuhn Group responded by introducing a range of measures to adapt capacity.

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
Operating profit (EBITDA)	25	40	-38.5		
<i>as % of net sales</i>	6.4%	10.5%			
Operating profit (EBIT)	15	32	-55.4		
<i>as % of net sales</i>	3.7%	8.4%			
Number of employees at 31 Dec.	1 746	1 525	14.5		-3.1
Average number of employees during year	1 694	1 569	8.0		-3.0

¹⁾Adjusted for currency effects

²⁾Adjusted for currency and acquisition effects

Challenging market environment Bucher Municipal held its ground in the European market for municipal vehicles, though few major contracts were up for tender. In the important British market, the business performance slowed down because of uncertainties arising from the Brexit vote and the weakness of the pound sterling. In this challenging business environment the acquisition of the sewer cleaner and refuse compactor businesses enabled the division to increase its order intake by 2% and sales by 1% and compensated for the absence of the major order worth CHF 30 million from the city of Moscow received the previous year. The operating profit margin narrowed to 3.7%. The margin was affected by one-off costs totalling CHF 7 million for the ongoing concentration of sweeper production in Latvia and Great Britain, for the acquisition and integration of the businesses with sewer cleaners and refuse compactors, and for initiatives to improve quality.

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
Operating profit (EBITDA)	76	72	5.8	
<i>as % of net sales</i>	16.0%	15.6%		
Operating profit (EBIT)	57	53	6.6	
<i>as % of net sales</i>	11.9%	11.5%		
Number of employees at 31 Dec.	2 061	2 034	1.3	
Average number of employees during year	2 039	2 043	-0.2	

¹⁾Adjusted for currency effects

Good performance in stable market environment Bucher Hydraulics increased its order intake by 5% and sales by 3%. The operating profit margin surpassed the high value achieved the previous year, reaching 11.9%. The good performance was the result of successful collaboration with customers in the materials handling and industrial and lift hydraulics segments. A strong performance in the niche segment of high-voltage switches also contributed to sales growth. In the agricultural equipment segment the division profited from serial orders at the beginning of the year, but in the second half was unable to escape the

effects of the downward trend. Exports from both Swiss plants continued to be affected by the strength of the Swiss franc.

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
Operating profit (EBITDA)	39	36	9.3	
<i>as % of net sales</i>	10.5%	9.9%		
Operating profit (EBIT)	26	24	10.5	
<i>as % of net sales</i>	7.1%	6.6%		
Number of employees at 31 Dec.	1 757	1 819	-3.4	
Average number of employees during year	1 782	1 837	-3.0	

¹⁾Adjusted for currency effects

Improving profitability Bucher Emhart Glass increased sales in 2016 by 3%. For project-related reasons order intake was 12% lower than the high level achieved the previous year. Healthy demand for technologically advanced machinery for the manufacture of glass containers in Central America, the positive trend in the spare parts business and the close cooperation with O-I were the main factors contributing to the sales growth. In China, by contrast, demand for glass-forming machinery fell to a low level because of the cyclical downturn and surplus capacity in the glass container industry. This trend had a negative impact on the profitability of the joint venture with Sanjin, necessitating restructuring measures. A provision of CHF 2 million was set aside in the reporting year to cover the costs. Nevertheless, the division increased the operating profit margin from 6.6% to 7.1% compared with the previous year.

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
Operating profit (EBITDA)	27	20	35.9	
<i>as % of net sales</i>	<i>10.2%</i>	<i>7.7%</i>		
Operating profit (EBIT)	21	13	63.6	
<i>as % of net sales</i>	<i>8.0%</i>	<i>5.0%</i>		
Number of employees at 31 Dec.	817	802	1.9	
Average number of employees during year	849	844	0.6	

¹⁾Adjusted for currency effects

Diverse market trends Bucher Specials achieved a 21% increase in order intake compared with the previous year. By comparison, sales growth was only 2% because some of the projects ordered will not be delivered until 2017. The operating profit margin exceeded the previous year's level by three percentage points, reaching 8.0%. The business with winemaking equipment posted modest growth, although the market weakened slightly owing to the fall in wine production worldwide. The project business with beverage technologies showed a marked recovery. The Swiss distributorship for tractors and agricultural machinery was also affected by the worldwide slowdown in the farming sector, but held up well, successfully defending its market position. Jetter, specialists in automation solutions, also posted a good business performance. Bucher Specials reported significantly improved profitability thanks to better capacity utilisation and the introduction of measures to increase efficiency and control costs.

Outlook for 2017 For the year in progress, the Group is reckoning with continuing economic uncertainties. Kuhn Group is expecting prices for arable crops to remain stable at a low level. 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 have a positive impact on Kuhn Group in the current year. Bucher Municipal is foreseeing demand for municipal vehicles to remain stable. The absence of the one-off costs arising in 2016 and the

concentration of sweeper production in Great Britain and Latvia should have a positive effect on profitability. Bucher Hydraulics is expecting its markets to develop along the same lines as in 2016, while Bucher Emhart Glass is anticipating demand in the project business to remain lively. Bucher Specials is projecting 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.

Dividends The board of directors will propose a dividend of CHF 5.00 per registered share to the annual general meeting on 19 April 2017. This proposal is in keeping with a consistent dividend policy and takes account of the Group profit for 2016. The dividend paid in 2016 was CHF 5.50 per share.

Annual general meeting The annual general meeting of Bucher Industries AG will take place on 19 April 2017 at 3.30 pm in the Mövenpick Hotel, Regensdorf. The board of directors will propose to the annual general meeting that the chairman Philip Mosimann and the serving members of the board of directors and the remuneration committee be re-elected. Ernst Bärtschi (65), who has served as a member of the board of directors and the audit committee since 2005, will not stand for re-election at the 2017 annual general meeting. Further proposals are set out in the invitation to the annual general meeting, which will be sent to shareholders on 17 March 2017. Shareholders registered in the company's share register on 12 April 2017 will be entitled to vote at the annual general meeting. Shares traded on or after 13 April 2017 are not entitled to vote at the annual general meeting 2017. Shares traded on or after 21 April 2017 are not entitled to a dividend. The dividend will be paid out as of 25 April 2017. Bucher Industries' 2016 annual report will be available for download as of 7 March 2017 and the invitation to the annual general meeting as of 17 March 2017 from www.bucherindustries.com. The 2016 annual report will be available in printed form as of 7 March 2017.

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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.