BUCHER

Interim report 2008

Key figures

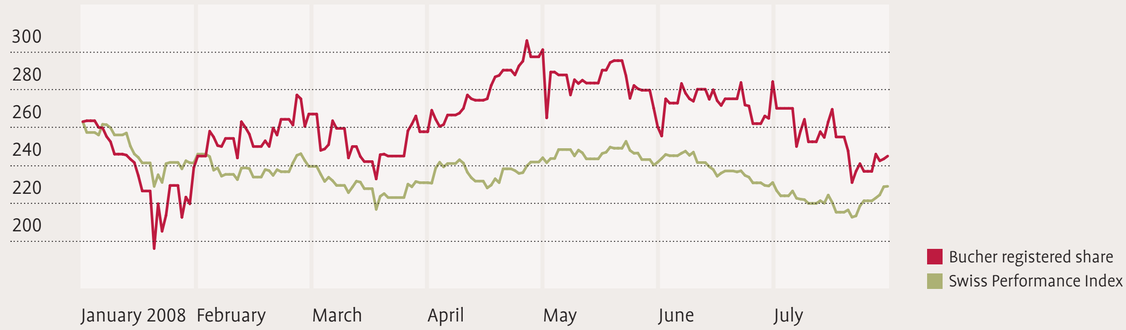
Group

CHF million	January – June 2008	January – June 2007	% change
Order intake	1 382.8	1 168.4	+ 18.3
Net sales	1 449.5	1 223.6	+ 18.5
Order book	785.2	568.1	+ 38.2
Operating profit before depreciation and amortisation (EBITDA)	163.0	120.8	+ 34.9
As % of net sales	11.2 %	9.9 %	
Operating profit (EBIT)	132.0	93.5	+ 41.2
As % of net sales	9.1 %	7.6 %	
Profit for the period	89.3	67.9	+ 31.5
As % of net sales	6.2 %	5.5 %	
Earnings per share in CHF	8.97	6.83	+ 31.3
Operating free cash flow	– 107.1	– 110.3	– 2.9
Net operating assets (NOA), average	768.2	625.5	+ 22.8
Net liquidity	– 144.6	19.7	
Total assets	2 157.6	1 922.9	+ 12.2
Equity	868.1	788.2	+ 10.1
Equity ratio	40.2 %	41.0 %	
Average number of employees	8 059	7 187	+ 12.1

Divisions

CHF million	Order intake January – June		Net sales January – June		Order book at 30 June		Operating profit (EBIT) January – June		Number of employees at 30 June	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Kuhn Group	489.5	384.8	607.8	497.4	198.3	103.7	66.0	45.5	3 415	2 971
Bucher Municipal	282.0	289.0	281.9	260.8	169.8	159.5	16.1	14.4	1 573	1 489
Bucher Process	94.5	86.6	85.4	63.3	77.2	64.0	6.4	2.0	579	529
Bucher Hydraulics	266.7	200.7	270.9	192.0	102.5	71.3	38.4	27.8	1 619	1 250
Emhart Glass	250.1	207.2	206.4	213.1	237.4	169.6	16.1	14.4	1 051	1 037
Other / consolidation	–	0.1	– 2.9	– 3.0	–	–	– 11.0	– 10.6	17	14
Total	**1 382.8**	**1 168.4**	**1 449.5**	**1 223.6**	**785.2**	**568.1**	**132.0**	**93.5**	**8 254**	**7 290**

Share price performance CHF



Bucher Industries continues strong growth

Dear Shareholder,

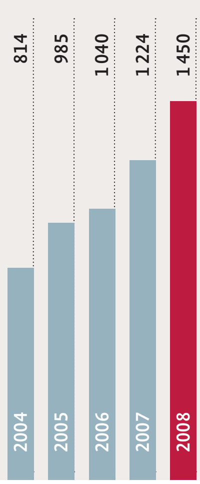
Bucher Industries continued its strong growth during the first half of 2008 despite adverse currency effects. Sales grew by 19 % to CHF 1 450 million. Order intake reached CHF 1 383 million, up 18 % on the same period last year. Capacity utilisation rates were high, buoyed by the continued good demand. Operating profit increased by 41 % to CHF 132 million, and the Group's profit for the period rose by 32 % to CHF 89 million.

Strong market momentum In the first six months of 2008, demand remained brisk in all markets served by Bucher Industries. The financial market crisis, rising interest rates and the soaring energy and raw material prices did not affect momentum in the markets during the reporting period. With capacity utilisation remaining high throughout the supply chain, there were a few capacity bottlenecks and delays in delivery. The US dollar and British pound continued to weaken against the Swiss franc and euro.

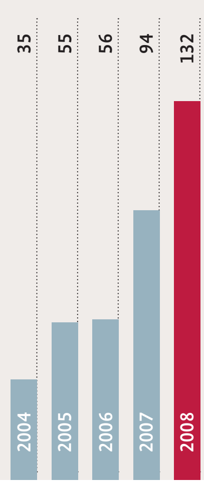
High sales growth During the first half of 2008, Bucher Industries grew sales by 18.5 % to CHF 1 449.5 million, up 22.8 % excluding currency effects. Monarch Hydraulics Inc., acquired at the beginning of the year, contributed CHF 36.8 million or 3.4 % to the growth. With the strong order book at the start of the year and the 18.3 % increase in order intake to CHF 1 382.8 million, capacities were fully utilised. All the divisions contributed to the solid business performance. Currency translation had the effect of reducing the margins on Swiss franc and euro zone exports. Nevertheless, operating profit was up 41.2 % to CHF 132.0 million compared with the same period last year. The EBIT margin rose from 7.6 % in the year-ago period to 9.1 %. As a result of foreign currency movements, finance income showed a net decline of CHF 12.7 million to negative CHF 0.4 million. Tax expense increased by CHF 5.3 million to CHF 36.7 million. Profit for the period reached CHF 89.3 million, up 31.5 % on the year-ago figure.

Solid financial position Net liquidity decreased year on year by CHF 164.3 million to negative CHF 144.6 million due to the acquisition of Monarch Hydraulics Inc., USA, and higher capital expenditure. With the Group's very good mid-year profit, increased

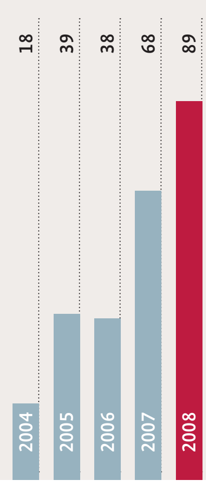
Net sales
CHF million



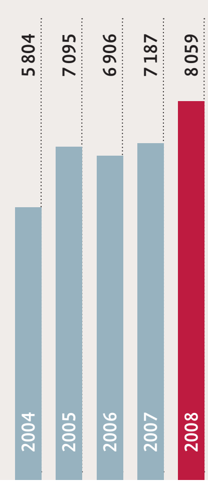
Operating profit (EBIT)
CHF million



Profit for the period
CHF million



Average number of
employees



dividend payments and negative currency effects, equity stood at CHF 868.1 million, resulting in an equity ratio of 40.2 %.

Kuhn Group The strong momentum in the market for specialised agricultural machinery was fuelled by attractive prices due to the growing demand for staple foods and increased cultivation of crops to produce bioenergy. Farmers' income remained at a good level despite higher costs for seeds, fertiliser and animal feed, coupled with rising fuel prices. All regions contributed to the upturn in sales, with the highest growth rates being recorded in Europe, in particular Eastern Europe and Russia, as well as Brazil. In this positive environment, Kuhn Group generated CHF 607.8 million in sales, up 22.2 % or currency-adjusted 27.6 %. Order intake rose by 27.2 % to CHF 489.5 million. Operating profit was 45.1 % ahead of the same period last year at CHF 66.0 million. High volume, combined with efficient and flexible production, more than compensated for the adverse movements in the US dollar and British pound.

Bucher Municipal After the record year of 2007, demand for municipal vehicles remained stable at a high level through the first half of 2008. The mild winter dampened demand for winter maintenance equipment, while the Australian market for refuse collection vehicles slowed down slightly. Sales increased by 8.1 % or currency-adjusted 13.4 % to CHF 281.9 million, driven by the strong order book at the beginning of the year. At CHF 282.0 million, order intake was 2.4 % below the high year-ago level. Operating profit grew by 11.8 % to CHF 16.1 million. Supported by continuous improvements and the new assembly shop for truck mounted sweepers that came into operation in Ventspils, Latvia, the division stepped up its profitability once more. With the major order received from Thailand in July for 104 truck-mounted sweepers, Bucher Municipal continued to expand its position in the Asian market.

Bucher Process Rising consumption of quality wines worldwide and the recovery seen in the largest market, France, fuelled capital spending. Demand for efficient processing equipment was spurred by the high prices of apples and apple juice concentrate. The division posted sales of CHF 85.4 million, topping the year-ago figure by 34.9 % or currency-adjusted 36.4 %. This very strong growth was largely due to the smooth deliveries under the major order to supply fruit juice presses to China. Order intake was up 9.1 % to CHF 94.5 million. Driven by full capacity utilisation, operating profit climbed from CHF 2.0 million to CHF 6.4 million. During the reporting period, the division strengthened its local presence in Chile, integrating a small acquired manufacturing facility into its local distribution subsidiary.

Bucher Hydraulics Momentum in demand for hydraulic systems remained strong worldwide in the first half of the year. The USA was the only region where business activity slowed down noticeably in sectors other than agriculture. With its good foothold in diverse market segments and its strong position in Europe, the division increased sales by 41.1 % to CHF 270.9 million, posting encouraging growth in all segments. Adjusted for currency translation, this was an advance of 45.9 %. Monarch Hydraulics Inc., the US company acquired at the beginning of the year, contributed about half of the sales growth. Compared with the same period last year, order intake was up 32.9 % to CHF 266.7 million and the order book grew by 43.8 %. Operating profit improved by 38.1 % to CHF 38.4 million. The division continued its targeted capacity expansion and brought a new production shop into operation according to plan at a Swiss manufacturing facility.

Emhart Glass The glass container industry continued to expand capacities during the first six months of 2008. Emhart Glass generated CHF 206.4 million in sales of glass container manufacturing equipment, a decline of 3.1 % or currency-adjusted 1.9 % compared with the high figure a year ago. Order intake increased by 20.7 % to CHF 250.1 million, clearly exceeding the record high seen in the same period last year. Demand was particularly strong in the regions of Eastern Europe, the Middle East, Russia, South East Asia and China. The division enjoyed very high capacity utilisation in the first half of the year. Operating profit reached CHF 16.1 million, up 11.8 % year on year. The extension at the Malaysian assembly plant is going according to plan and will come into operation at the beginning of 2009. The division used the new R&D Centre in Windsor, USA, to develop targeted enhancements to the machines and optimise the glass forming process.

Outlook for 2008 The favourable trend in Bucher Industries' markets should carry on through the second half of the year. With the continued robust state of the markets and consequently good capacity utilisation rates, we expect to more than compensate for the adverse currency effects. For the full year, Kuhn Group, Bucher Process and Bucher Hydraulics anticipate double-digit percentage growth in sales, while Bucher Municipal and Emhart Glass predict single-digit growth rates. As a result, Bucher Industries expects to deliver a significant increase in sales and operating profit, with further improvement in profit for the year.

Niederweningen, 6 August 2008

Kurt E. Siegenthaler
Chairman of the board

Philip Mosimann
Chief executive officer

Consolidated financial statements

Consolidated balance sheet at 30 June 2008

	CHF million		%		%		%
		30 June 2008		30 June 2007		31 December 2007	
Assets	**Current assets**						
	Cash and cash equivalents	152.9	7.1	212.9	11.1	377.5	17.7
	Securities	86.6	4.0	125.6	6.5	114.8	5.4
	Trade receivables	563.3	26.1	497.2	25.9	480.9	22.6
	Other receivables	77.5	3.6	75.2	3.9	79.0	3.7
	Inventories	600.1	27.8	548.6	28.5	544.9	25.6
	Total current assets	**1 480.4**	**68.6**	**1 459.5**	**75.9**	**1 597.1**	**75.0**
	Non-current assets						
	Long-term receivables	35.0	1.6	15.9	0.8	16.5	0.8
	Deferred tax assets	36.0	1.7	29.6	1.6	36.1	1.7
	Investments in associates	17.5	0.8	14.3	0.7	16.3	0.8
	Other financial assets	39.2	1.8	17.7	0.9	30.4	1.4
	Property, plant and equipment	398.4	18.5	300.9	15.7	355.2	16.6
	Intangible assets	151.1	7.0	85.0	4.4	78.7	3.7
	Total non-current assets	**677.2**	**31.4**	**463.4**	**24.1**	**533.2**	**25.0**
	Total assets	**2 157.6**	**100.0**	**1 922.9**	**100.0**	**2 130.3**	**100.0**
Liabilities and equity	**Current liabilities**						
	Financial liabilities	217.1	10.1	184.3	9.6	178.1	8.4
	Trade payables	351.2	16.3	302.8	15.7	282.4	13.3
	Customer advances	126.1	5.8	81.8	4.3	217.7	10.2
	Income tax liabilities	24.6	1.1	34.3	1.8	42.0	2.0
	Provisions	71.9	3.3	90.2	4.7	73.7	3.4
	Other liabilities	240.5	11.2	225.9	11.7	217.6	10.2
	Total current liabilities	**1 031.4**	**47.8**	**919.3**	**47.8**	**1 011.5**	**47.5**
	Non-current liabilities						
	Financial liabilities	167.0	7.7	134.5	7.0	150.0	7.0
	Deferred tax liabilities	41.2	1.9	28.8	1.5	44.7	2.1
	Retirement benefit obligations	26.5	1.2	28.1	1.5	27.8	1.3
	Provisions	15.7	0.7	15.9	0.8	16.3	0.8
	Other liabilities	7.7	0.5	8.1	0.4	7.2	0.3
	Total non-current liabilities	**258.1**	**12.0**	**215.4**	**11.2**	**246.0**	**11.5**
	Equity						
	Attributable to shareholders of Bucher Industries AG	859.3	39.8	780.1	40.6	863.1	40.5
	Attributable to minority interests	8.8	0.4	8.1	0.4	9.7	0.5
	Total equity	**868.1**	**40.2**	**788.2**	**41.0**	**872.8**	**41.0**
	Total liabilities and equity	**2 157.6**	**100.0**	**1 922.9**	**100.0**	**2 130.3**	**100.0**

Consolidated income statement for the six months ended 30 June 2008

CHF million		%		%
	January – June 2008		**January – June 2007**	
Net sales	**1 449.5**	**100.0**	**1 223.6**	**100.0**
Changes in inventories of finished goods and work in progress	42.2	2.9	64.4	5.2
Material expenses	– 819.1	– 56.5	– 707.8	– 57.8
Personnel expenses	– 333.4	– 23.0	– 306.8	– 25.1
Other operating income	6.4	0.4	9.2	0.8
Other operating expenses	– 182.6	– 12.6	– 161.8	– 13.2
Operating profit before depreciation and amortisation (EBITDA)	**163.0**	**11.2**	**120.8**	**9.9**
Depreciation	– 26.0	– 1.8	– 22.5	– 1.9
Amortisation	– 5.0	– 0.3	– 4.8	– 0.4
Operating profit (EBIT)	**132.0**	**9.1**	**93.5**	**7.6**
Share of profit of associates	0.9	0.1	1.3	0.1
Interest expense	– 6.5	– 0.4	– 7.8	– 0.6
Finance income	– 0.4	– 0.1	12.3	1.0
Profit before tax	**126.0**	**8.7**	**99.3**	**8.1**
Income tax expense	– 36.7	– 2.5	– 31.4	– 2.6
Profit for the period	**89.3**	**6.2**	**67.9**	**5.5**
Attributable to shareholders of Bucher Industries AG	89.5		67.6	
Attributable to minority interests	– 0.2		0.3	
Basic earnings per share in CHF	8.97		6.83	
Diluted earnings per share in CHF	8.90		6.79	

Consolidated cash flow statement for the six months ended 30 June 2008

CHF million

	January – June 2008	January – June 2007
Cash flow from operating activities before changes in working capital and provisions	**106.8**	**115.3**
Change in provisions	– 0.6	– 10.4
Change in working capital	– 149.2	– 175.9
Net cash flow from operating activities	**– 43.0**	**– 71.0**
Purchases of property, plant and equipment	– 64.7	– 40.0
Proceeds from sale of property, plant and equipment	1.0	1.8
Purchases of intangible assets	– 0.4	– 1.6
Proceeds from sale of intangible assets	–	0.5
Purchases of financial assets and securities	– 9.4	– 2.9
Proceeds from sale of financial assets and securities	25.7	10.5
Acquisition of subsidiaries	– 128.9	– 25.6
Acquisition of associates	– 1.4	–
Disposal of subsidiaries	–	1.2
Net cash flow from investing activities	**– 178.1**	**– 56.1**
Change in treasury shares	0.9	4.0
Proceeds from long-term financial liabilities	17.9	1.6
Repayment of long-term financial liabilities	– 0.7	– 0.6
Proceeds of short-term financial liabilities	71.9	44.1
Repayment of short-term financial liabilities	– 35.0	– 8.0
Dividend paid	– 49.8	– 24.8
Net cash flow from financing activities	**5.2**	**16.3**
Effect of exchange rate changes	– 8.7	6.7
Net change in cash and cash equivalents	**– 224.6**	**– 104.1**
Cash and cash equivalents at 1 January	377.5	317.0
Cash and cash equivalents at 30 June	**152.9**	**212.9**

Operating free cash flow / free cash flow

CHF million

	January – June 2008	January – June 2007
Net cash flow from operating activities	**– 43.0**	**– 71.0**
Purchases of property, plant and equipment	– 64.7	– 40.0
Proceeds from sale of property, plant and equipment	1.0	1.8
Purchases of intangible assets	– 0.4	– 1.6
Proceeds from sale of intangible assets	–	0.5
Operating free cash flow	**– 107.1**	**– 110.3**
Purchases of financial assets and securities	– 9.4	– 2.9
Proceeds from sale of financial assets and securities	25.7	10.5
Dividend paid	– 49.8	– 24.8
Acquisition of subsidiaries	– 128.9	– 25.6
Acquisition of associates	– 1.4	–
Disposal of subsidiaries	–	1.2
Free cash flow	**– 270.9**	**– 151.9**

Consolidated statement of changes in equity for the six months ended 30 June 2008

CHF million	Share capital	Share premium reserve	Retained earnings	Currency translation reserve	Treasury shares	Fair value reserve	Attributable to shareholders of Bucher Industries AG	Attributable to minority interests	Total equity
Balance at 1 January 2007	**2.1**	**70.6**	**660.7**	**–9.1**	**–32.6**	**25.0**	**716.7**	**7.8**	**724.5**
Change in currency translation reserve				19.9			19.9		**19.9**
Change in fair value of financial instruments						–3.1	–3.1		**–3.1**
Net income and expense recognised directly in equity				**19.9**		**–3.1**	**16.8**		**16.8**
Profit for the period			67.6				67.6	0.3	**67.9**
Total recognised income and expense for the period			**67.6**	**19.9**		**–3.1**	**84.4**	**0.3**	**84.7**
Change in treasury shares			2.4		1.4		3.8		**3.8**
Dividend			–24.8				–24.8	–	**–24.8**
Balance at 30 June 2007	**2.1**	**70.6**	**705.9**	**10.8**	**–31.2**	**21.9**	**780.1**	**8.1**	**788.2**
Balance at 1 January 2008	**2.1**	**70.6**	**809.4**	**–6.0**	**–29.6**	**16.6**	**863.1**	**9.7**	**872.8**
Change in currency translation reserve				–42.0			–42.0	–0.3	**–42.3**
Change in fair value of financial instruments						–7.1	–7.1		**–7.1**
Net income and expense recognised directly in equity				**–42.0**		**–7.1**	**–49.1**	**–0.3**	**–49.4**
Profit for the period			89.5				89.5	–0.2	**89.3**
Total recognised income and expense for the period			**89.5**	**–42.0**		**–7.1**	**40.4**	**–0.5**	**39.9**
Change in treasury shares			4.3		1.3		5.6		**5.6**
Dividend			–49.8				–49.8	–0.4	**–50.2**
Balance at 30 June 2008	**2.1**	**70.6**	**853.4**	**–48.0**	**–28.3**	**9.5**	**859.3**	**8.8**	**868.1**

Foreign currency exchange rates

	Income statement average rates		Balance sheet closing rates	
	January – June 2008	**January – June 2007**	**30 June 2008**	**30 June 2007**
1 EUR	1.6100	1.6308	1.6056	1.6553
1 GBP	2.0854	2.4161	2.0266	2.4559
1 USD	1.0505	1.2248	1.0185	1.2257
1 BRL	0.6186	0.5974	0.6394	0.6350
1 AUD	0.9705	0.9905	0.9808	1.0421
100 SEK	17.1100	17.7200	16.9500	17.8900

Notes to the consolidated financial statements

Financial position and results of operations Net operating assets increased by CHF 288.9 million over the year-end figure to CHF 980.9 million (30 June 2007: CHF 753.9 million), mainly due to the acquisition of Monarch Hydraulics Inc., USA, and the sales-related increase in receivables and inventories, coupled with the seasonal reduction in customer advances. Together with the higher dividend payment and increased borrowings, the growth in net assets contributed to the decline of CHF 308.8 million in net liquidity since the end of 2007 to negative CHF 144.6 million (30 June 2007: CHF 19.7 million). Equity decreased by CHF 4.7 million to CHF 868.1 million during the first half of the year. The equity ratio was 40.2 %, down 0.8 % on the year-ago figure. The ratio of long-term debt to total debt was 43.5 % (30 June 2007: 42.2 %, 31 December 2007: 45.7 %). Intangible assets amounted to CHF 151.1 million, of which goodwill on acquisitions accounted for CHF 111.3 million (31 December 2007: CHF 61.0 million). The addition of CHF 50.3 million was attributable to the acquisition of Monarch Hydraulics Inc. Goodwill represented 12.8 % of equity (31 December 2007: 7.0 %). Operating free cash flow was negative CHF 107.1 million (30 June 2007: negative CHF 110.3 million), primarily resulting from the substantial seasonal and sales-related increase in operating working capital. Sales for the first six months were up 18.5 % to CHF 1 449.5 million (CHF 1 223.6 million). Organic growth was 19.4 %, while acquisitions contributed 3.4 % and currency translation had a negative impact of 4.3 %. The rising energy and raw material prices and the adverse effects of foreign currency movements were more than compensated by operational improvements and high capacity utilisation rates in all divisions. EBITDA rose by 34.9 % to CHF 163.0 million (CHF 120.8 million), improving the EBITDA margin from 9.9 % to 11.2 %. EBIT grew by CHF 38.5 million to CHF 132.0 million, lifting the EBIT margin by 1.5 percentage points to 9.1 %. Finance income of negative CHF 0.4 million (CHF 12.3 million) mainly reflected the adverse foreign exchange movements and higher gains on the sale of securities. Income tax expense was accrued based on the estimated average effective tax rates for the current financial year and amounted to CHF 36.7 million for the first half of 2008 (CHF 31.4 million); the tax rate was 29.1 % (31.6 %). The Group's profit for the period of CHF 89.3 million (CHF 67.9 million) represented 6.2 % (5.5 %) of net sales.

Group accounting policies The unaudited financial statements for the six months ended 30 June 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) in general and with IAS 34 "Interim Financial Reporting" in particular. The policies set out in the annual report 2007 have been applied consistently, with the exception of the following changes from 1 January 2008: in January 2008, the IASB published revisions to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". Bucher Industries has early adopted the revised standards IFRS 3R and IAS 27R prospectively. Since 1 January 2008, the Group applies IFRIC Interpretation 14, but its adoption had no impact on the interim financial statements.

Acquisitions On 1 January 2008, Bucher Industries acquired the net assets of Monarch Hydraulics Inc., Grand Rapids, Michigan, USA, for CHF 127.6 million in an asset deal. Monarch Hydraulics Inc. is a leading manufacturer of sophisticated hydraulic drive solutions and has been integrated into the Bucher Hydraulics division. The full purchase price was paid in cash and allocated to assets and liabilities as follows: CHF 10.2 million to receivables, CHF 10.2 million to inventories, CHF 21.2 million to property, plant and equipment, CHF 30.0 million to intangible assets and CHF 3.8 million to liabilities. The gross value of receivables of CHF 10.2 million represented their fair value. All the receivables were considered fully collectible. Based on the provisional purchase price allocation, goodwill amounted to CHF 58.7 million, which is tax deductible. Monarch Hydraulics was included in the interim financial statements of Bucher Industries at provisional values at the date of acquisition. In the period from 1 January to 30 June 2008, Bucher Monarch Hydraulics Inc. generated EBITDA of CHF 3.9 million and EBIT of CHF 1.9 million on sales of CHF 36.8 million. Amortisation of the capitalised intangible assets resulting from the purchase price allocation had an adverse impact of CHF 1.2 million on operating profit. On 29 May 2008, Bucher Industries acquired the assets of Industrial y Comercial Neptuno S.A., Chile, for CHF 1.3 million in an asset deal. The full purchase price was paid in cash and allocated to the following assets: CHF 0.3 million to receivables, CHF 0.1 million to inventories, CHF 0.3 million to property, plant and equipment, and CHF 0.6 million to intangible assets. The receivables were acquired at fair value. There was no goodwill on this acquisition. The purchase price allocation has been finalised and the acquisition included in the accounts at final values. The business has been integrated into the Bucher Process division. The acquisition costs of CHF 1.1 million for both companies were recognised in other operating expenses.

Events after the balance sheet date No events have occurred since the balance sheet date that are significant to an understanding of this interim report.

The consolidated interim financial statements include estimates and assumptions that affect reported amounts at the date of the financial statements. If in the future such estimates and assumptions deviate from the actual circumstances, reported amounts will be restated as appropriate in the year in which the circumstances change.

Financial calendar

Release of third quarter 2008 Group sales	24 October 2008	
Release of 2008 Group sales	2 February 2009	
Annual press conference	19 March 2009	9.00 am
Annual analyst conference	19 March 2009	2.30 pm
Mailing of annual report 2008	25 March 2009	
Annual general meeting (Mövenpick Hotel, Regensdorf)	16 April 2009	4.00 pm
Dividend payment	21 April 2009	
Release of first quarter 2009 Group sales	28 April 2009	
Interim report 2009	11 August 2009	
Release of third quarter 2009 Group sales	29 October 2009	

Contact

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