

## Press release

Niederweningen, 25 October 2018

### Demand remains robust

**Overall, in the first nine months of 2018, the positive trend in the markets of Bucher Industries continued. All five divisions made a contribution to the significant increase in both order intake and sales.**

### Group

| CHF million                         | January - September |        | Change in |                 |                 | Full year<br>2017 |
|-------------------------------------|---------------------|--------|-----------|-----------------|-----------------|-------------------|
|                                     | 2018                | 2017   | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | <b>2 357</b>        | 2 040  | 15.5      | 12.7            | 12.4            | 2 871             |
| Net sales                           | <b>2 253</b>        | 1 939  | 16.2      | 13.2            | 12.8            | 2 647             |
| Order book                          | <b>1 095</b>        | 831    | 31.8      | 27.7            | 27.0            | 960               |
| Number of employees at closing date | <b>12 850</b>       | 11 955 | 7.5       |                 | 4.9             | 12 108            |

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

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

The **overall positive market sentiment** and a continued good investment climate shaped the first nine months of 2018 for Bucher Industries. Demand in agriculture was up modestly throughout the world despite the economic and political tensions between the USA and China and the drought in parts of Europe. The markets of Bucher Municipal, Bucher Hydraulics and Bucher Emhart Glass saw greater demand year-on-year, which tapered off slightly towards the end of the period. For Bucher Specials the markets were overall positive. The stronger euro resulted in a positive translation effect of three percentage points for group sales. The acquisition of Bucher Hydraulics (Wuxi) Co., Ltd., formerly known as Wuxi Deli Fluid Technology Co., Ltd. was successfully completed in early August and had a minor impact on results.

## Kuhn Group

| CHF million                         | January - September |       | Change in |                 | Full year<br>2017 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-------------------|
|                                     | 2018                | 2017  | %         | % <sup>1)</sup> |                   |
| Order intake                        | 860                 | 793   | 8.4       | 6.1             | 1 138             |
| Net sales                           | 902                 | 807   | 11.8      | 9.3             | 1 076             |
| Order book                          | 409                 | 360   | 13.4      | 9.6             | 440               |
| Number of employees at closing date | 5 241               | 5 156 | 1.6       |                 | 5 235             |

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

**Regionally different markets** The market for agricultural machinery was shaped by various regional developments in the first nine months of 2018. Farmers in the USA continued to struggle with low prices for grain and milk. In addition, punitive Chinese tariffs negatively impacted the export of US agricultural products. As a result, the incomes of US farmers continued to decline, resulting in a low willingness to invest. In contrast, Brazil's farmers benefited from the favourable price development for soya beans due to the tariffs on US agricultural products. In addition, thanks to the government's newly defined subsidy programme, farmers began to invest more in agricultural machinery towards the end of the reporting period. The dairy and livestock sector in Europe was in generally good shape, with a significant upturn in the important market of France. The long-lasting and severe drought in some regions of Europe led to a sharp downturn in some areas in grain and animal feed production, while countries hit less by the drought benefited from higher wheat prices. Against this backdrop of regional differences, the division posted solid growth in order intake and sales.

## Bucher Municipal

| CHF million                         | January - September |       | Change in |                 | Full year<br>2017 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-------------------|
|                                     | 2018                | 2017  | %         | % <sup>1)</sup> |                   |
| Order intake                        | 419                 | 342   | 22.6      | 19.8            | 486               |
| Net sales                           | 371                 | 284   | 30.7      | 28.1            | 426               |
| Order book                          | 216                 | 162   | 33.4      | 29.7            | 165               |
| Number of employees at closing date | 2 208               | 1 965 | 12.4      |                 | 2 014             |

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

**Good sales trend at a high level** The good economic situation in Europe and Australia generated strong demand for municipal vehicles in the first three quarters of 2018. The need for sweeper and refuse collection vehicles saw a modest slowdown in growth in recent months, albeit at a high level. Demand for sewer cleaning vehicles rose sharply, with the ongoing successful integration of J. Hvidtved Larsen A/S (JHL) making a contribution. The market for winter maintenance equipment experienced a sharp upturn thanks to the snowy winter and the recovery of the Russian market. All business units operated at near capacity. Despite the strong rise in sales, the order book remained at a high level.

## Bucher Hydraulics

| CHF million                         | January - September |       | Change in |                 |                 | Full year<br>2017 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-----------------|-------------------|
|                                     | 2018                | 2017  | %         | % <sup>1)</sup> | % <sup>2)</sup> |                   |
| Order intake                        | 540                 | 428   | 26.3      | 24.0            | 22.7            | 581               |
| Net sales                           | 471                 | 409   | 15.2      | 12.7            | 11.0            | 546               |
| Order book                          | 197                 | 101   | 94.7      | 91.7            | 85.8            | 118               |
| Number of employees at closing date | 2 809               | 2 262 | 24.2      |                 | 10.7            | 2 319             |

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

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

**High capacity utilisation and order book** Demand for hydraulic components in the main markets of Europe, North America and Asia remained extraordinarily high in the first nine months of 2018. The important market of Germany developed positively, although momentum slowed towards the end of the reporting period. Continuing high growth rates were recorded in the regions of North America and Asia. Growth in order intake was primarily seen in the segments materials handling, construction machinery and other mobile machinery. Although the division posted significantly higher sales in the reporting period, they did not increase as much as order intake due to the very high capacity utilisation. The consolidation of the joint venture Bucher Hydraulics (Wuxi) Co., Ltd. in early August already had a positive acquisition effect of two percentage points on sales.

## Bucher Emhart Glass

| CHF million                         | January - September |       | Change in |                 | Full year<br>2017 |
|-------------------------------------|---------------------|-------|-----------|-----------------|-------------------|
|                                     | 2018                | 2017  | %         | % <sup>1)</sup> |                   |
| Order intake                        | 357                 | 324   | 10.3      | 4.7             | 449               |
| Net sales                           | 328                 | 269   | 22.1      | 15.7            | 381               |
| Order book                          | 214                 | 163   | 31.0      | 24.4            | 177               |
| Number of employees at closing date | 1 652               | 1 623 | 1.8       |                 | 1 630             |

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

**Demand remains strong** Demand for glass containers was very high in the reporting period, and led to investments by glass container manufacturers in the modernisation of their production lines and expansion of capacity in most of the markets of Bucher Emhart Glass. Business with inspection machines also improved. This positive development was seen in the main markets of Europe and America, with the Chinese market also able to continue its upward trend. As a result, the division's order intake exceeded the already high previous-year level. The order book rose significantly year-on-year despite an encouraging rise in sales, ensuring a sustained high capacity utilisation.

## Bucher Specials

| CHF million                         | January - September |      | Change in |                 | Full year<br>2017 |
|-------------------------------------|---------------------|------|-----------|-----------------|-------------------|
|                                     | 2018                | 2017 | %         | % <sup>1)</sup> |                   |
| Order intake                        | 225                 | 192  | 16.9      | 14.2            | 275               |
| Net sales                           | 228                 | 211  | 8.2       | 5.8             | 272               |
| Order book                          | 77                  | 58   | 34.2      | 31.4            | 80                |
| Number of employees at closing date | 875                 | 887  | -1.4      |                 | 849               |

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

**Robust market trend overall** In the first nine months of 2018, developments in the markets of Bucher Specials varied. Despite a downturn in wine production in the main markets due to bad weather conditions in 2017, demand for wine-producing equipment was stable in the reporting period. The market for beverage technology improved year-on-year. In anticipation of an above-average apple harvest in Europe, investments were made in plants making apple juice. The

Swiss market for agricultural machinery was slightly subdued at a high level due to uncertainties surrounding the future direction of agricultural policy and exchange rate movements. In contrast, there was strong demand for Jetter's control systems driven in particular by the glass container industry.

## **Outlook for 2018**

For the current year, the Group expects market trends to remain positive overall, albeit with slowing growth momentum.

**Kuhn Group** continues to anticipate a global growth in agriculture. The operating profit margin of Kuhn Group is likely to be adversely impacted by low sales figures in the USA, the high cost of steel, and by the challenges with its supply chain and human resources. Against this background, Kuhn Group expects an increase in sales with an operating profit margin slightly below the level of the previous year.

At **Bucher Municipal**, production capacity will remain well utilised for the rest of the year due to a well-filled order book and continued robust order intake. A sharp increase year-on-year is therefore expected in sales and in the operating profit margin for the year as a whole.

**Bucher Hydraulics** anticipates that sales will continue to increase significantly. The operating profit margin, however, is likely to be below the previous year's high level. The reasons for this are the consolidation of the joint venture Bucher Hydraulics (Wuxi) Co., Ltd., additional costs due to very high capacity utilisation and higher material and employment costs.

**Bucher Emhart Glass** is forecasting a continued high level of demand and a significant increase in sales. Thanks to high capacity utilisation, the optimisation programmes launched in recent years and the good development in China, the division is confident of exceeding the long-term goal of an operating profit margin of 9%.

**Bucher Specials** anticipates its business units will perform well overall leading to higher sales and an improvement in the operating profit margin.

Overall the **Group** expects both sales and the profit for the year to increase for 2018 as a whole.

**Contact**

Jacques Sanche, CEO

Manuela Suter, CFO

Telephone +41 43 815 80 40

E-mail: [media@bucherindustries.com](mailto:media@bucherindustries.com)

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

**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 control systems for automation technology. The Group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). Please see [www.bucherindustries.com](http://www.bucherindustries.com) for further information