

Press release

Niederweningen, 27 October 2016

Downturn in agricultural equipment slows sales growth

In the first nine months of the current year, Bucher Industries recorded a year-on-year decline of 5% in order intake and sales. The downturn in the agricultural equipment segment continued and there was a lack of positive impetus in the market for municipal vehicles. The pleasing performance in the business with hydraulic components, machinery for the glass container industry and by the Bucher Specials companies was not sufficient to offset the decline in the Kuhn Group and Bucher Municipal divisions.

Group

CHF million	2016	2015	Change in		
			%	% ¹⁾	% ²⁾
January – September					
Order intake	1 693	1 783	-5.0	-5.5	-6.9
Net sales	1 800	1 891	-4.8	-5.4	-7.0
Order book	616	628	-1.9	-3.0	-6.5
Number of employees at 30 September	11 068	11 222	-1.4		-3.8

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Variable business performance In the first nine months of the reporting year, Bucher Industries recorded a fall in order intake and sales. Kuhn Group was significantly affected by the continued decline in the agricultural machinery market, the effect of which was particularly acute in North America. The European market for municipal vehicles slowed, mainly because of the lack of public tenders for large-scale projects, austerity measures affecting the public sector and uncertainty in the important British market following the Brexit vote. In addition, there was no major order to compare with that of the previous year from the city of Moscow. The hydraulic components segment and the business with machinery for the glass container industry turned in a pleasing performance, as did the Bucher Specials companies.

Group management Christina Johansson took over as CFO from Roger Baillod as planned on 1 October 2016. Roger Baillod will remain a member of Group management until the end of 2016 and continue to make his services available for project work.

Kuhn Group

CHF million			Change in	
January – September	2016	2015	%	% ¹⁾
Order intake	629	706	-10.8	-10.8
Net sales	735	846	-13.1	-13.3
Order book	261	281	-6.9	-8.2
Number of employees at 30 September	4 583	4 876	-6.0	

¹⁾ Adjusted for currency effects

Collapse of demand in North America In the light of the global decline in the prices of cereals, milk and meat and the worldwide fall in revenue for farmers, the market for agricultural machinery continued to weaken in the first nine months of the reporting year. This downward spiral in prices led to a sharp decline in investment in agricultural machinery. The slowdown in demand first seen in the arable sector also took hold in the dairy and meat industries. The impact on the North American market was greater than expected. In the important markets in France and parts of Germany, heavy spring rainfall resulted in poor harvests. In this challenging environment, Kuhn Group recorded a fall in order intake and sales. The division continued to implement its current wide-ranging programmes aimed at reducing costs and increasing efficiency. In doing so, Kuhn Group ensured that specialist expertise remained in place and invested further in product development in order to be ready for an eventual economic upturn.

Bucher Municipal

CHF million			Change in		
January – September	2016	2015	%	% ¹⁾	% ²⁾
Order intake	261	281	-7.2	-6.7	-12.6
Net sales	266	269	-1.1	-0.4	-12.2
Order book	106	106	-	-	-17.0
Number of employees at 30 September	1 769	1 588	11.4		-5.7

¹⁾ Adjusted for currency effects

²⁾ Adjusted for currency and acquisition effects

Difficult market environment In the European market for municipal vehicles there was a lack of large-scale orders. Uncertainty in the wake of the Brexit vote also had a noticeable impact on demand in the important British market for sweepers and sewer cleaners, and the weakness of the pound sterling acted as a further brake on business performance. The winter maintenance business was affected by the mild climate and the market for refuse collection vehicles in Australia showed a decline in line with the economic cycle. In this environment, Bucher Municipal saw a slight overall decline in order intake. Without taking into account the acquisition of the businesses with sewer-cleaning vehicles and refuse compactors, as well as the major order worth CHF 30 million from the city of Moscow in 2015, sales were at around the level achieved in the same period of last year.

Bucher Hydraulics

CHF million January – September	2016	2015	Change in	
			%	% ¹⁾
Order intake	362	351	3.0	1.5
Net sales	366	353	3.6	2.0
Order book	72	73	-1.7	-3.0
Number of employees at 30 September	2 053	2 036	0.8	

¹⁾ Adjusted for currency effects

Pleasant performance In the first nine months of the current financial year, the important markets for hydraulic system solutions and components in Europe and America showed an overall decline. Bucher Hydraulics held up well in the weakening business environment thanks to the excellent position it maintains in its markets, and recorded a year-on-year increase in both sales and order intake. Compared with the same period a year ago, there was particularly brisk demand for the division's innovative drives and systems from customers in the material handling, high-voltage switch and elevator hydraulics segments. The Bucher Hydraulics business with agricultural machinery was boosted by successful bids for series-production orders.

Bucher Emhart Glass

CHF million January – September	2016	2015	Change in	
			%	% ¹⁾
Order intake	272	300	-9.4	-10.8
Net sales	263	246	7.0	5.3
Order book	137	141	-2.5	-4.1
Number of employees at 30 September	1 754	1 827	-4.0	

¹⁾ Adjusted for currency effects

Good sales growth In the reporting period the market for glass-forming and inspection machinery in America and Europe remained stable at a good level. In China, beer consumption continued to fall, dampening demand for machinery for the glass container industry. Order intake at Bucher Emhart Glass was down in comparison with the strong performance in the same period of last year. Thanks to the pleasing order book in mid-year, the good collaboration with O-I and healthy demand for spare parts and services, the division was able to increase sales significantly. Capacity at the plants in Sweden and Malaysia was well utilised.

Bucher Emhart Glass and Vetropack decided to utilise the pilot plant for manufacturing tempered glass containers to implement a limited-scale market launch with first-time customers and small production lots.

Bucher Specials

CHF million January – September	2016	2015	Change in	
			%	% ¹⁾
Order intake	206	175	17.9	17.1
Net sales	207	209	-1.0	-1.8
Order book	50	36	40.8	40.3
Number of employees at 30 September	849	835	1.7	

¹⁾ Adjusted for currency effects

Buoyant project activity In the first nine months of the current year, the Bucher Specials companies turned in a pleasing performance overall. Demand for winemaking equipment remained roughly at the level of the same period of last year. Order intake of the project

business with beverage technologies for fruit juice and beer increased significantly. Sales performance remained slightly below that of the previous year due to the very low order book at the beginning of 2016. The Swiss distributorship for tractors and agricultural machinery showed a better performance compared with the general downward trend in the agricultural machinery industry. Jetter also demonstrated its expertise in industrial and mobile automation.

Group outlook for 2016 The difficult situation in the market for agricultural machinery, especially in Europe and North America, is likely to continue to have a negative impact through to the end of the year. Kuhn Group's programme of cost-saving measures will only offset the fall in revenue to a limited extent. The division therefore expects to see a sharp decline in operating profit year-on-year. Bucher Municipal is affected by a general decline in the market, as well as continuing uncertainty after the Brexit vote in Great Britain. The division is also carrying higher costs in the current year because the relocation and concentration of the manufacture of mass-produced sweepers in Latvia and Great Britain is progressing more quickly than planned. For these reasons, the division anticipates an operating profit margin in the mid-range single-digit percentage figures. Bucher Hydraulics expects a seasonal decline by the end of the year and Bucher Emhart Glass is likely to be affected by the downturn in China. Nevertheless, these divisions are anticipating moderate and slightly improved profitability respectively by comparison with 2015. Bucher Specials is likely to record a significantly higher operating profit margin. Overall, the Group is expecting a downturn in sales and a significant fall in operating profit and Group profit margins for the 2016 reporting year.

Conference call A conference call for financial analysts and media representatives will be held today at 10.00 am (CET).

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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). Please see www.bucherindustries.com for further information.