BUCHER

Press release

Niederweningen, 8 March 2016

2015: A challenging financial year

The 2015 financial year at Bucher Industries was affected by the strong Swiss franc, the sluggish performance of important markets, and geopolitical uncertainties. This challenging environment resulted in a decline of 11% in order intake and sales. The operating profit margin stood at 8.3% and group profit was CHF 140 million. The board of directors is proposing a dividend of CHF 5.50 per share to the annual general meeting of 15 April 2016.

Group

			Change in		
CHF million	**2015**	**2014**	**%**	**% 1)**	**% 2)**
Order intake	**2 440**	2 742	- 11.0	- 3.8	- 4.3
Net sales	**2 490**	2 806	- 11.2	- 4.4	- 4.9
Order book	**688**	789	- 12.7	- 5.4	- 5.4
Operating profit (EBITDA)	**296**	350	- 15.3		
as % of net sales	*11.9%*	*12.5%*			
Operating profit (EBIT)	**207**	257	- 19.5		
as % of net sales	*8.3%*	*9.2%*			
Profit/(loss) for the year	**140**	190	- 26.2		
as % of net sales	*5.6%*	*6.8%*			
Basic earnings per share in CHF	**13.69**	18.58	- 26.3		
Operating free cash flow	**158**	54	193.9		
Net cash/debt	**- 10**	- 85	87.8		
Total assets	**2 354**	2 605	- 9.6		
Equity	**1 154**	1 202	- 4.0		
Equity ratio	*49.0%*	*46.1%*			
Return on equity (ROE)	*11.9%*	*16.7%*			
Net operating assets (NOA), average	**1 296**	1 268	2.2		
Return on net operating assets (RONOA) after tax	*11.5%*	*15.8%*			
No. of employees at 31 December	**11 072**	11 554	- 4.2		
No. of employees on average during year	**11 486**	11 631	- 1.2		- 2.3

1) Adjusted for currency effects 2) Adjusted for currency and acquisition effects

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Market development Developments in the principal markets served by Bucher Industries showed regional variations. The clear slowdown in the agricultural machinery segment worsened from the middle of the reporting year, affecting not only arable farming but the dairy sector as well. The market for municipal vehicles and winter service equipment remained stable at a low level overall, with some positive impetus coming from Great Britain and the USA. Hydraulic system solutions were in particularly high demand in North America, but Europe felt the effects of a sluggish economy. Demand for glass forming machinery was brisk primarily in Central and South America, whereas winemaking equipment, industrial and automation solutions and the Swiss distributorship for tractors and agricultural machinery remained stable overall. By contrast, equipment for making fruit juice and beer was badly affected by project postponements.

Business performance This demanding market environment led to a decrease of 11% in both order intake and sales. Negative currency effects accounted for around 7% of this. Although Kuhn Group's agricultural machinery performed significantly better than the overall market thanks to good positioning in Europe and the USA, the division was unable to escape the effects of the sharp downturn in the agricultural sector. Geopolitical uncertainties in the CIS countries and financing difficulties resulted in the postponement of projects in the fruit juice processing equipment segment. Operating profit declined by 19% to CHF 207 million and the operating profit margin was 8.3%. Pressure from the competition and on margins together with some underutilisation of plants were influencing factors here. The group operating profit fell from the previous year's high level to CHF 140 million and the profit per share was CHF 13.69.

Financial situation In the reporting year, average net operating assets increased by CHF 28 million, but were CHF 108 million lower at year-end. The reduced profitability resulted in a return on net operating assets after tax (RONOA) of 11.5%, which was significantly higher than the cost of capital yet below the long-range target of 16%. Free cash flow improved by CHF 152 million and amounted to CHF 86 million. At the end of the reporting year, the group was practically debt-free, with net debt standing at only CHF 10 million. The equity ratio increased from 46% to 49%.

Kuhn Group

CHF million	2015	2014	Change in %	% [1]	% [2]
Order intake	**1 009**	1 221	- 17.4	- 9.2	- 10.3
Net sales	**1 068**	1 262	- 15.3	- 7.5	- 8.5
Order book	**363**	454	- 20.1	- 12.9	- 12.9
Operating profit (EBITDA)	**150**	196	- 23.2		
as % of net sales	*14.1%*	*15.5%*			
Operating profit (EBIT)	**109**	153	- 28.9		
as % of net sales	*10.2%*	*12.1%*			
No. of employees at 31 December	**4 830**	5 207	- 7.2		
No. of employees on average during year	**5 130**	5 227	- 1.9		- 5.0

[1] Adjusted for currency effects [2] Adjusted for currency and acquisition effects

Challenging market environment The global decline in the agricultural sector worsened from the middle of the reporting year, particularly in arable farming and then also in the dairy sector. This challenging market environment saw a marked decrease in order intake and sales, although thanks to its good positioning in Europe and the USA the division performed better than the overall market. With cost-cutting measures and the ongoing improvement to processes and workflows Kuhn Group recorded a pleasing operating profit margin of 10.2%. This was achieved without compromising on investment in product development and infrastructure. Effective planning of production volumes allowed inventories to be maintained at a normal level.

Bucher Municipal

CHF million	2015	2014	Change in %	% [1]
Order intake	**374**	416	- 10.1	- 3.7
Net sales	**384**	419	- 8.2	- 2.1
Order book	**85**	101	- 15.8	- 9.8
Operating profit (EBITDA)	**40**	40	1.0	
as % of net sales	*10.5%*	*9.5%*		
Operating profit (EBIT)	**32**	32	0.9	
as % of net sales	*8.4%*	*7.7*		
No. of employees at 31 December	**1 525**	1 557	- 2.1	
No. of employees on average during year	**1 569**	1 582	- 0.8	

[1] Adjusted for currency effects

Greater profitability In the reporting year, the market for sweepers and winter maintenance equipment remained stable at a low level. Order intake and sales fell only slightly once adjusted for currency effects. Performance was bolstered by a follow-up order worth CHF 30 million from the city of Moscow, though this was CHF 23 million less than that of the previous year. High levels of demand from private service providers in Great Britain and the USA looking to renew their vehicle fleets was a further factor contributing to sales performance. The market for refuse collection vehicles in Australia slumped as a result of the subdued economic climate. The division defended its market position successfully, recording an operating profit margin of 8.4%, thanks primarily to good capacity utilisation in Great Britain and stringent cost discipline.

Bucher Hydraulics

			Change in	
CHF million	**2015**	**2014**	%	% 1)
Order intake	**461**	485	- 4.8	- 0.6
Net sales	**461**	475	- 2.9	1.3
Order book	**75**	78	- 4.1	- 0.2
Operating profit (EBITDA)	**72**	68	5.1	
as % of net sales	*15.6%*	*14.4%*		
Operating profit (EBIT)	**53**	49	9.5	
as % of net sales	*11.5%*	*10.2%*		
No. of employees at 31 December	**2 034**	2 043	- 0.4	
No. of employees on average during year	**2 043**	2 026	0.8	

1) Adjusted for currency effects

Good business performance Bucher Hydraulics saw a moderate increase in sales in local currencies during the reporting year. In North America, demand in areas of application involving mobile hydraulics was particularly brisk, whereas it fell overall in Europe. The division succeeded in countering the strong downward trend in the agricultural equipment segment, both with new business in innovative system solutions and with products currently in series production. As a result of good operating performance the division was able to increase its operating profit margin to 11.5%. The basis for this success was the consistent implementation of measures to increase efficiency, the very strict cost control measures imposed at all production sites and innovations.

Bucher Emhart Glass

CHF million	2015	2014	Change in %	% 1)
Order intake	**400**	367	8.9	20.8
Net sales	**360**	389	- 7.6	2.0
Order book	**126**	95	32.8	48.5
Operating profit (EBITDA)	**36**	28	29.0	
as % of net sales	*9.9%*	*7.1%*		
Operating profit (EBIT)	**24**	15	56.6	
as % of net sales	*6.6%*	*3.9%*		
No. of employees at 31 December	**1 819**	1 890	- 3.8	
No. of employees on average during year	**1 837**	1 894	3.0	

1) Adjusted for currency effects

Pleasing performance overall The markets served by Bucher Emhart Glass remained largely unchanged during the reporting year. Beer producers in Central and South America invested in the production of glass containers, triggering a high level of demand. In Europe, project business was still at a moderate level, and in China the market remained at a low level owing to overcapacity. Sales of inspection machinery declined after successive good years, while the spare parts business held up well. Bucher Emhart Glass increased order intake significantly after currency adjustments. The operating profit margin increased significantly to 6.6% and is the result of measures taken to realign the division.

Bucher Specials

CHF million	2015	2014	Change in %	% 1)
Order intake	**238**	299	- 20.6	- 16.1
Net sales	**257**	305	- 15.5	- 11.2
Order book	**51**	73	- 30.5	- 26.6
Operating profit (EBITDA)	**20**	35	- 42.9	
as % of net sales	*7.7%*	*11.4%*		
Operating profit (EBIT)	**13**	27	- 52.4	
as % of net sales	*5.0%*	*8.9%*		
No. of employees at 31 December	**802**	793	1.1	
No. of employees on average during year	**844**	840	0.5	

1) Adjusted for currency effects

Difficult market environment Bucher Specials saw a sharp fall in sales and order intake during the reporting year. Operating profit fell accordingly. Competitive pressure increased with regard to equipment for making fruit juice and beer, and several projects were postponed because of the uncertain economic situation and financing difficulties. Underutilised capacities and massive currency effects had a negative impact on operations in Switzerland. The very brisk demand for winemaking equipment seen last year returned to normal in the reporting year. Despite negative currency effects, the Swiss distributorship for tractors and agricultural machinery performed well by passing on currency advantages to its customers without delay. The business with industrial and mobile automation solutions performed in line with expectations.

Outlook for 2016 For the year in progress, the Group is expecting the volatile economic climate to persist. Kuhn Group again expects a decline in demand to affect the arable sector as well as the dairy and meat sectors. Bucher Municipal is counting on a stable market environment, but will also have to manage without a follow-up order from the city of Moscow, which brought in CHF 30 million the previous year. However, this effect should be more than compensated for by the acquisition of JHL, a leading manufacturer of sewer-cleaning vehicles. For Bucher Hydraulics there are prospects of moderate growth in Europe and the USA, except in agricultural machinery. The market launch of a new generation of inspection machines and the cooperation with O-I should boost demand at Bucher Emhart Glass. Bucher Specials expects the mood in the market to remain unchanged, though demand for equipment and technologies for processing fruit juice and beer should improve. Including the acquisition of JHL, the Group expects for 2016 sales, operating profit and profit for the year on a par with the previous year.

Dividends In consideration of a consistent dividend policy, the board of directors is proposing that the annual general meeting on 15 April 2016 approve payment of a dividend of CHF 5.50 per share. The dividend per share for the previous year was CHF 6.50.

Annual general meeting The annual general meeting of Bucher Industries AG will take place on 15 April 2016 at 3:30 pm in the Mövenpick Hotel, Regensdorf. The board of directors will propose to the annual general meeting that the serving members of the board and remuneration committee be re-elected, with Philip Mosimann as chairman of the board of directors. After 20 years' service as a member of the board, Rolf Broglie, the present chairman, will not be standing for re-election. Further proposals are set out in the invitation to the annual general meeting, which will be sent to shareholders on 16 March 2016. Shareholders who are recorded with voting rights in the share register of Bucher Industries AG on 11 April 2016 are entitled to take part in the annual general meeting. All shareholders recorded in the share register on 18 April 2016 rank for dividend. The dividend will be paid out as of 21 April 2016.

Bucher Industries' 2015 annual report is available for download as of today and the invitation to the annual general meeting as of 16 March 2016 from www.bucherindustries.com. The 2015 annual report will be available in printed form as of 8 March 2016.

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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 production of wine, fruit juice and instant products. The group's shares are traded on the SIX Swiss Exchange (SIX: BUCN). Please see www.bucherind.com for further information.