

**Group presentation**

# **Bucher Industries**

## **Technology group founded 1807**

- Industrial group in engineering and vehicle construction
  - Machines for the production of healthy fodder and food products
  - Municipal vehicles for safe roads and clean cities
  - Machines and plants for glass container production
  - Hydraulic components and solutions
  - Machines and components with superior service life and energy efficiency
- Strategy of technology and market leadership with opportunities of industry consolidation
- Mature user markets offer considerable growth and earnings potential at steady high cashflows
- Clear divisional structures with decentralized profit responsibility
- Group wide strategic and financial leadership

## Group portfolio

- Consists of industrially related divisions
- Has growth potential in sales and profits
- Generates continuously a positive free cashflow which we re-invest in our industrial activities
- We strive for worldwide market leadership by
  - product innovation
  - sales network and high service levels
  - good price/performance ratios for customers
  - taking advantage of industry consolidation
- Bucher Industries is a long term oriented industrial group

## Five market segments – five divisions

**Specialized agricultural  
machinery:**

**Kuhn Group**

**Municipal vehicles:**

**Bucher Municipal**

**Wine and fruit juice  
production plants:**

**Bucher Process**

**Hydraulic components:**

**Bucher Hydraulics**

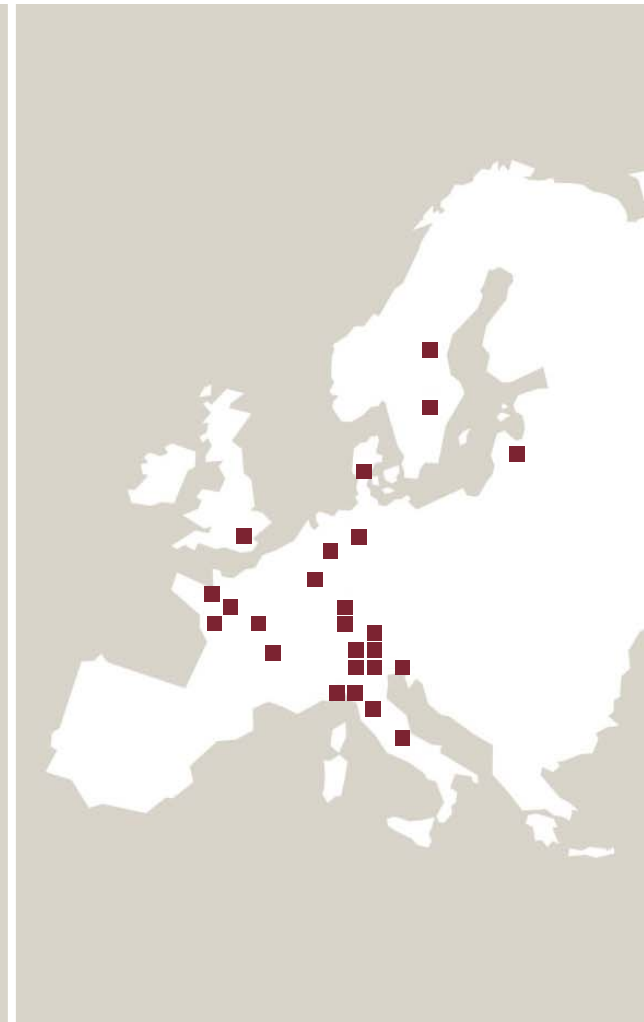
**Glass container  
production equipment:**

**Emhart Glass**

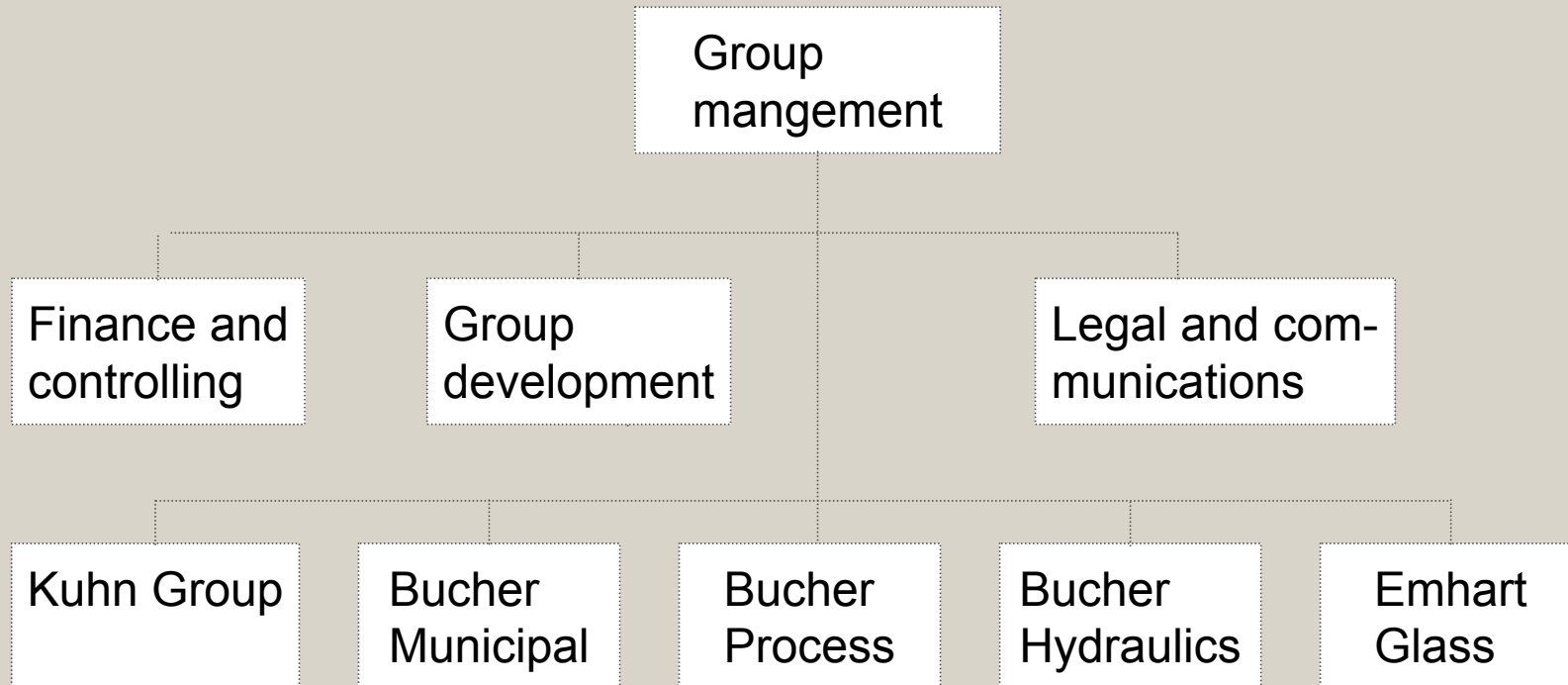
## No. 1 market positions

- Kuhn Group                      worldwide in fodder harvesting machinery
- Bucher Municipal              in Europe in street sweepers
- Bucher Process                worldwide in fruit juice and  
wine production plants
- Bucher Hydraulics            in Europe in special segments of hydraulics
- Emhart Glass                    worldwide in glass container production  
equipment

## Manufacturing sites worldwide



## Group structure

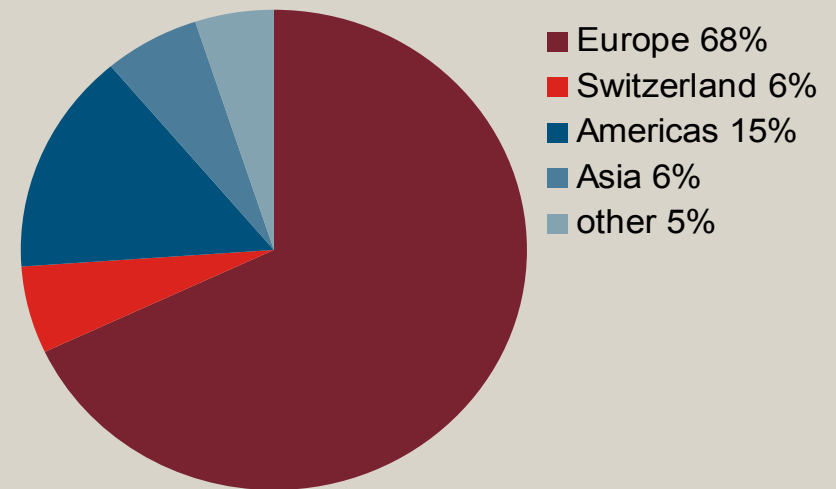
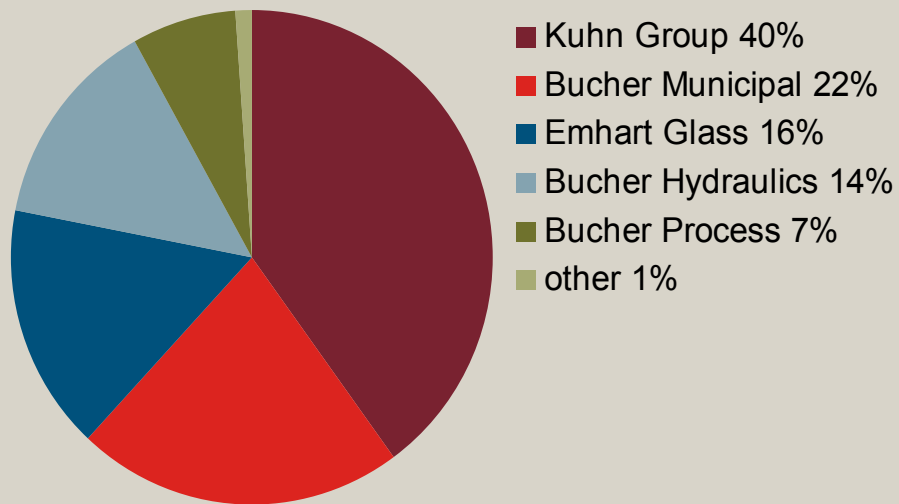


## Goals of the group

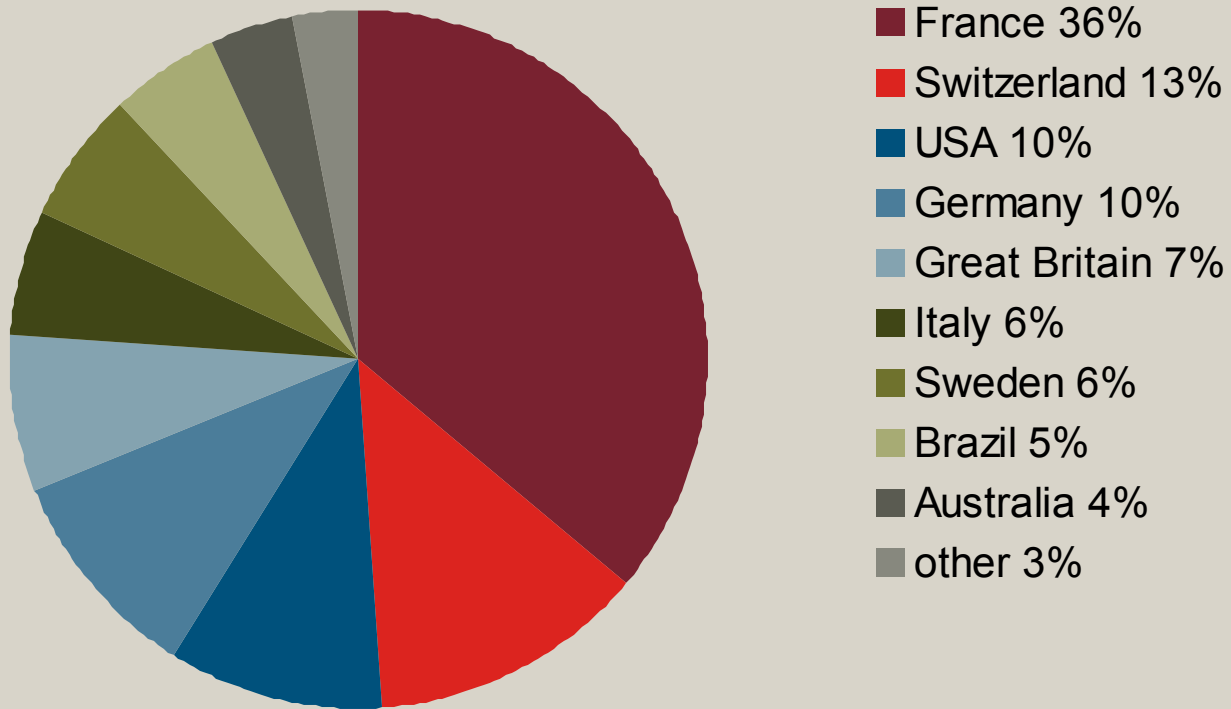
Group mid term goals	goals	2005	2004	2003	2002	2001
Operating result (EBITDA) – margin	<b>12%</b>	8.5	9.0	8.1	7.4	8.3
Operating result (EBIT) – margin	<b>8%</b>	6.0	5.6	3.8	2.3	4.7
Return on net operating assets after tax (RONOA)	<b>&gt;14%</b>	14.8	12.1	6.9	4.5	8.7

# Net sales by divisions and regions

CHF 1948 m



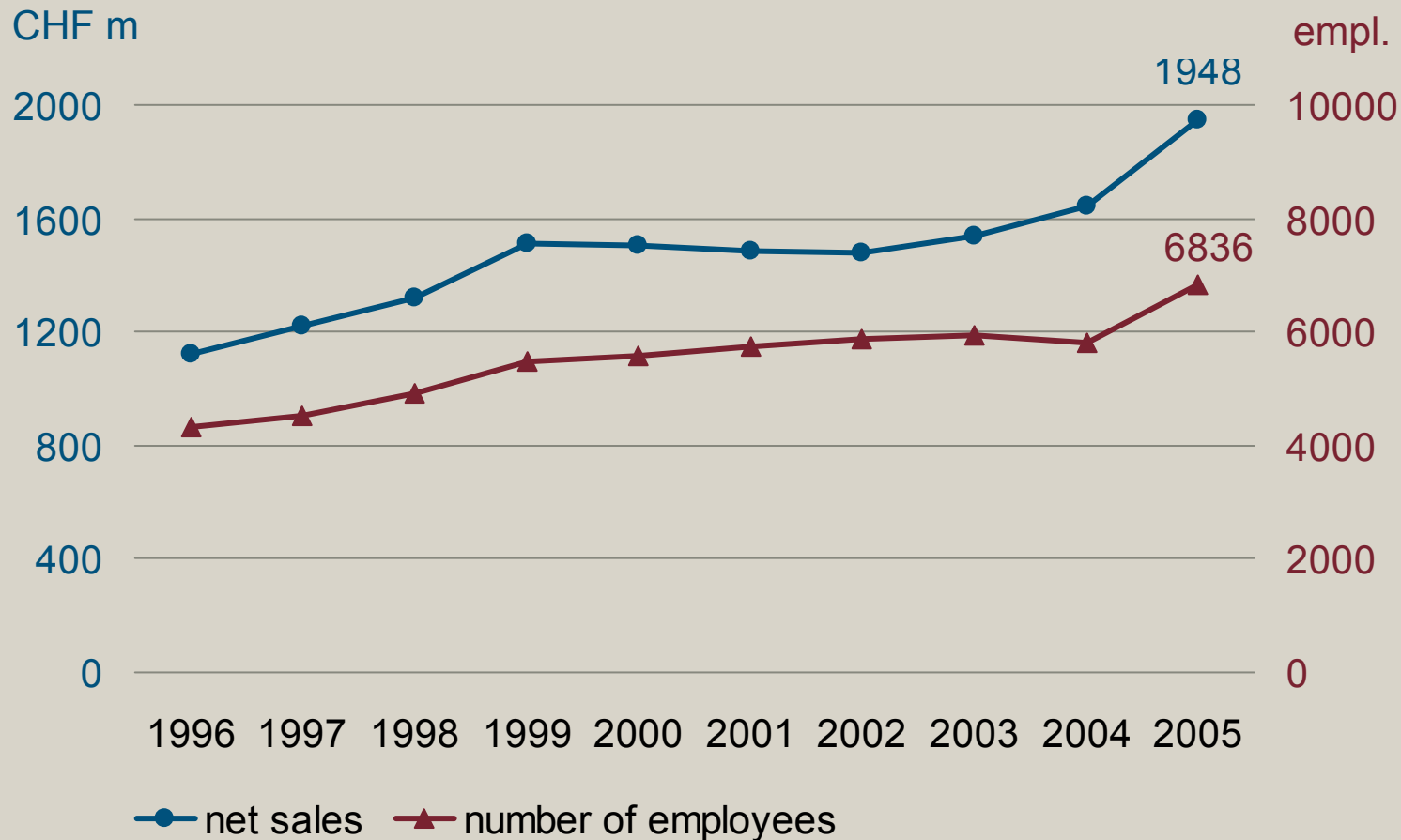
## Number of employees by regions 2005



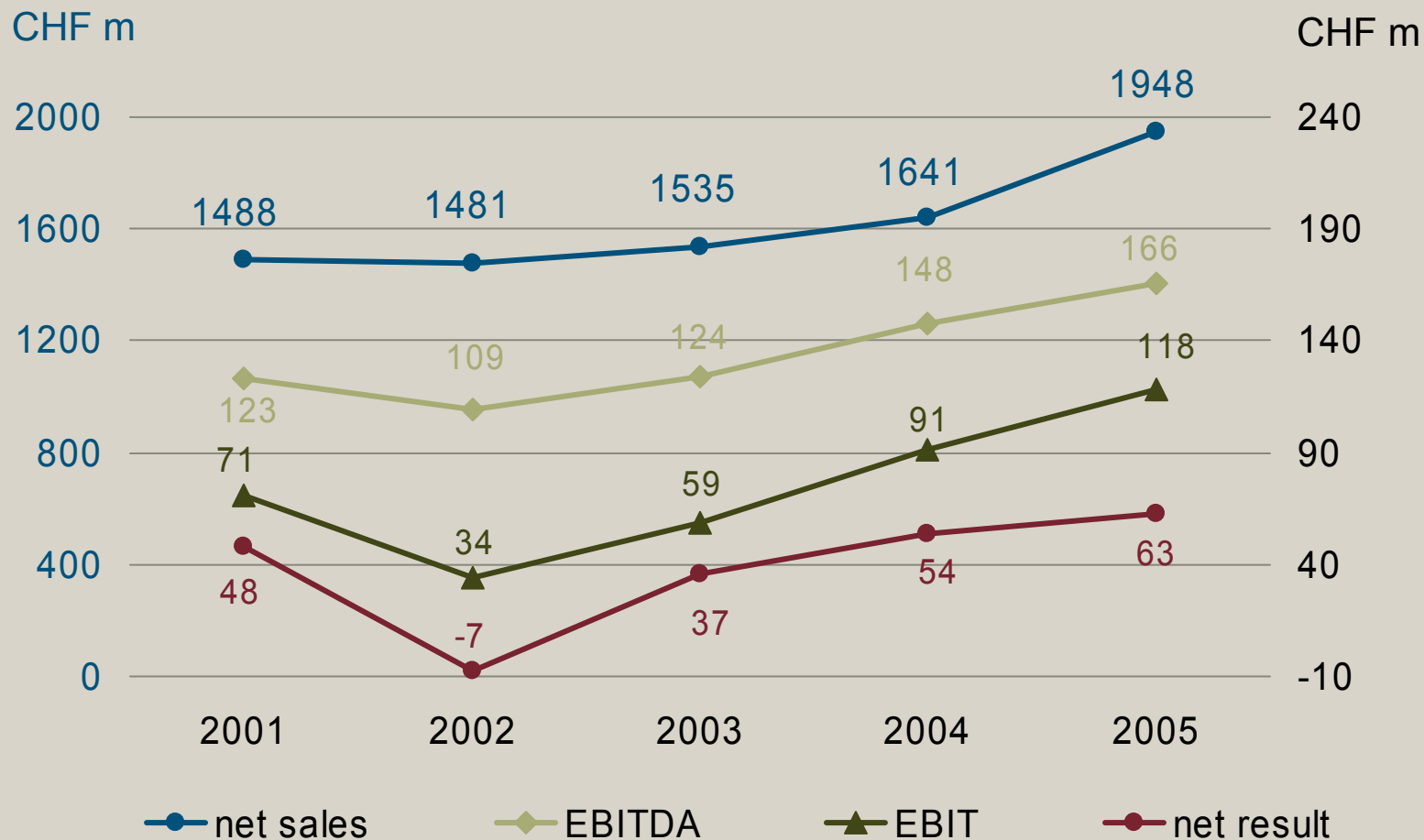
## Number of employees

	<b>2005</b>	<b>2004</b>	% change
<b>At year end</b>	6 874	5 782	+18.9
Without acquisitions	5 810		+0.5
<b>Average during year</b>	6 836	5 795	+18.0
Without acquisitions	5 897		+1.8

## Net sales and number of employees



## Net sales and results



## Spotlights 2005

- New milestone in turnover and result
- Group turnover rose by 19% to CHF 1 948 million; increase due equally to internal growth and acquisitions
- Four out of five divisions increased their operating result
- Excluding the effect of acquisitions, order intake practically at the very high level seen a year ago (-1%)
- Strategic strengthening of the Kuhn Group and Bucher Municipal divisions through acquisitions (Kuhn Metasa and Johnston)
- Positive financial results influenced by effect of currency
- Net result 58% over preceding year at CHF 86 million

## Spotlights 2005 (continued)

- Increase of operating results
  - EBITDA by 13% to CHF 166 million
  - EBIT by 29% to CHF 118 million
  - EBIT margin improved from 5.6% to 6.0%
- RONOA of 14.8% despite increase in net assets
- Earnings per share increased from CHF 5.51 to CHF 8.70
- Solid balance sheet
  - Net cash position of CHF 69 million despite acquisitions in 2005
  - Goodwill amounts to only 7% of shareholders' equity
  - Equity ratio of 38%

## Key figures

<b>CHF million</b>	<b>2005</b>	<b>2004</b>	<b>Change %</b>
Incoming orders	1 946.6	1 793.2	+8.6
Net sales	1 948.2	1 640.9	+18.7
Order book	523.7	480.3	+9.0
Operating result (EBITDA)	166.4	147.8	+12.6
in % of net sales	8.5%	9.0%	
Operating result (EBIT)	117.8	91.2	+29.2
in % of net sales	6.0%	5.6%	
Net result	86.1	54.4	+58.3
in % of net sales	4.4%	3.3%	

## Investment for the future

<b>CHF million</b>	<b>2005</b>	<b>2004</b>
Development expenses	63.4	54.1
Capital expenditure	51.7	36.6

## Results by divisions

CHF million	2005		2004	
	EBIT	EBIT- margin	EBIT	EBIT- margin
Kuhn Group	65.0	8.4%	58.8	8.3%
Bucher Municipal	18.2	4.2%	6.1	2.2%
Bucher Process	8.4	5.9%	5.4	4.1%
Bucher Hydraulics	26.7	9.9%	20.9	8.6%
Emhart Glass	16.6	5.2%	18.4	6.9%
others/consolidation	-17.1		-18.4	
<b>Bucher Industries</b>	<b>117.8</b>	<b>6.0%</b>	<b>91.2</b>	<b>5.6%</b>

# Kuhn Group Mower conditioner

**BUCHER**



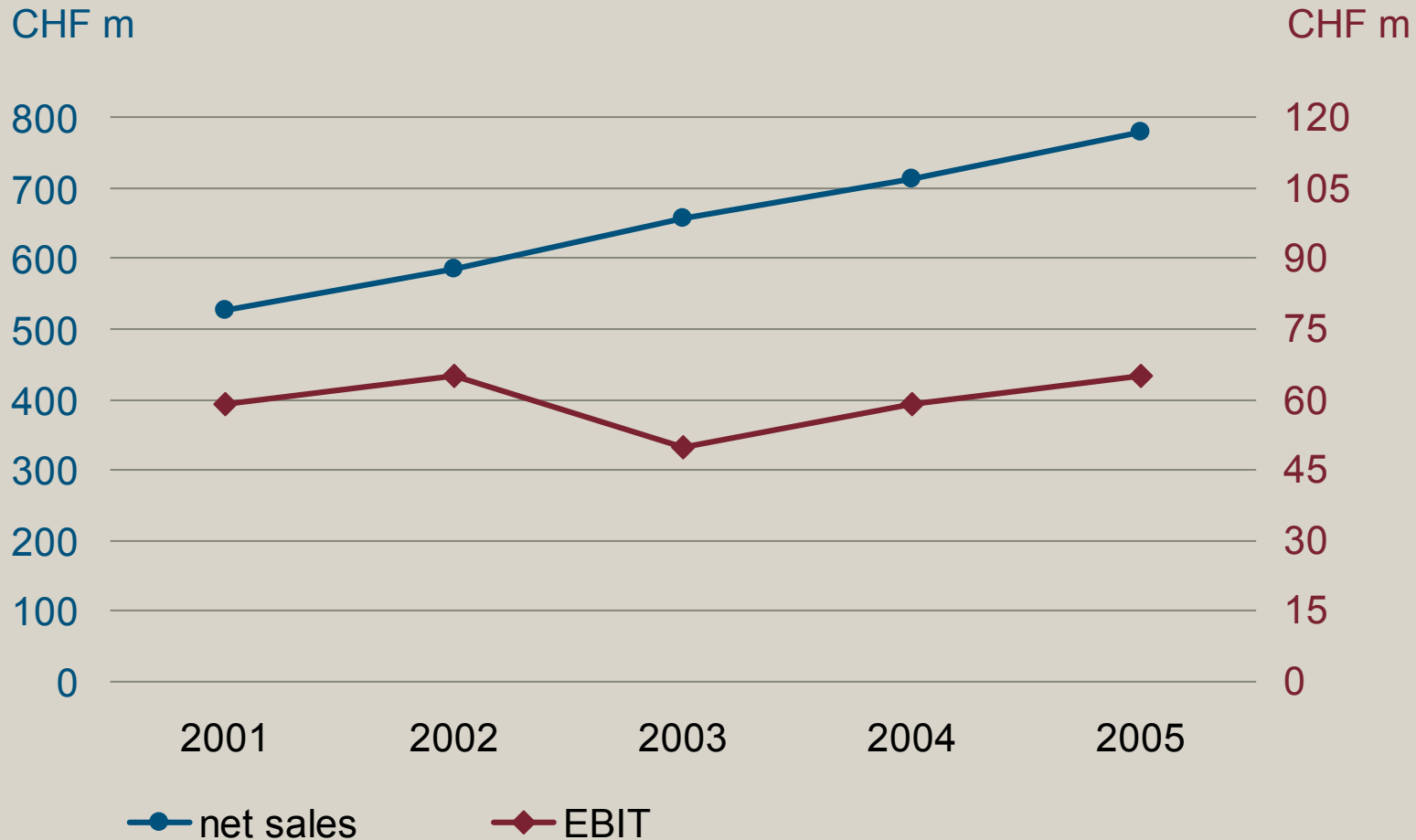
# Kuhn Group Precision seed drills

**BUCHER**



# Kuhn Group

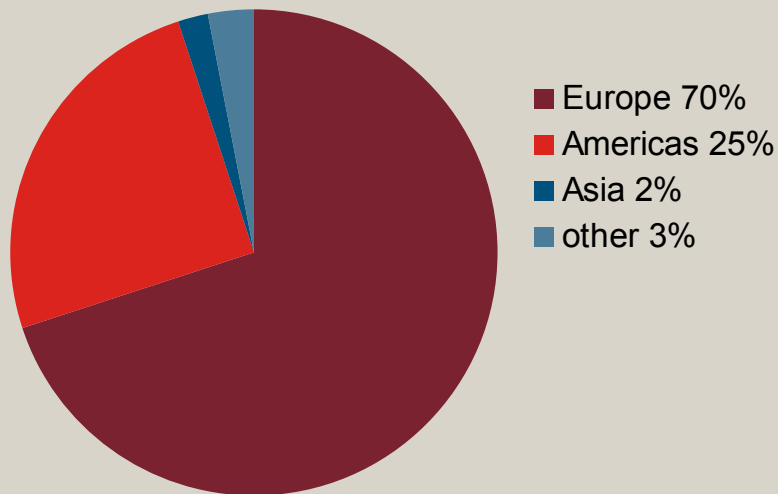
## Net sales and EBIT



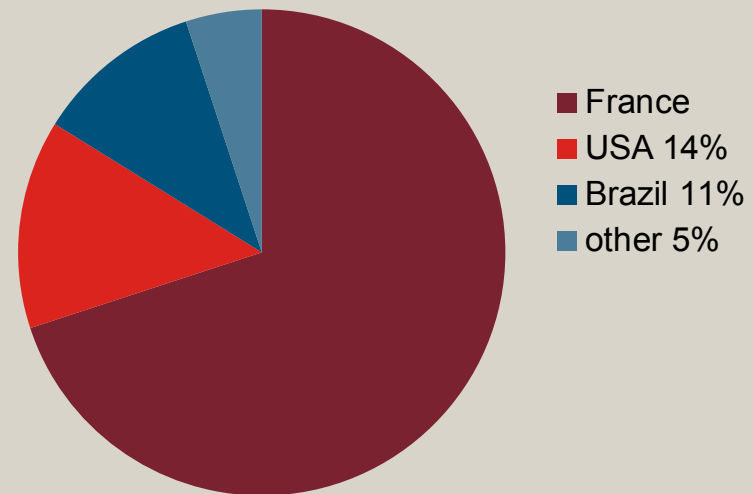
# Kuhn Group

## Net sales and number of employees

Net sales



Number of employees



## **Kuhn Group Market position**

- worldwide leading manufacturer of specialized agricultural machinery under one single brand name
- specialist in fodder harvesting, soil preparation machinery, drills, sprayers and feed-mixers
- market shares: 5 to 40% worldwide
- main competitors: Kverneland (NO), Krone (DE), Claas (DE), Pöttinger (AT), Amazone (DE), and other German, French and Italian manufacturers

## Kuhn Group

### Complete product range under one brand

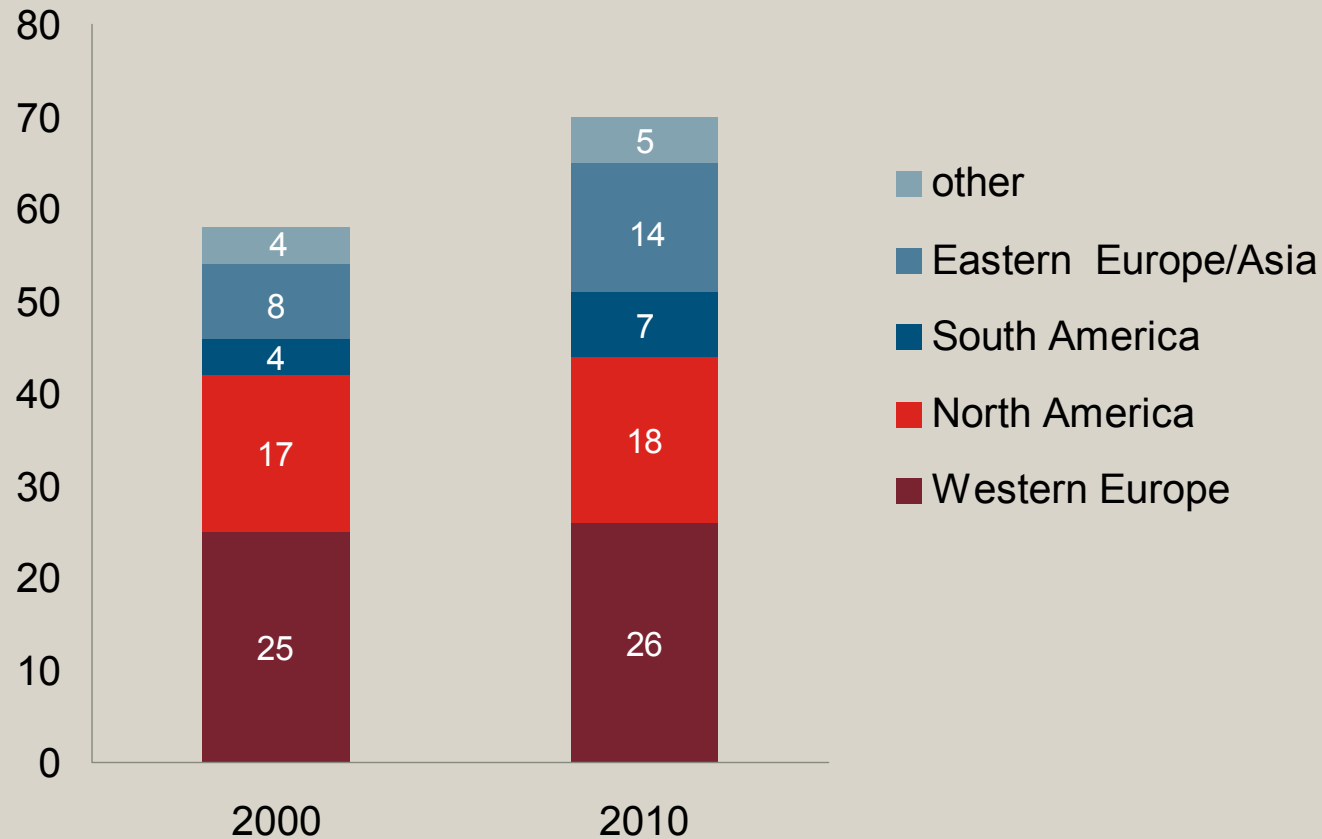
Competitors	fodder harvesting				hedge cutters	feed mixers	soil equipment		seeders		sprea- ders	spray- ers	trac- tors	harvesters selfpropelled
	mowers	tedders	rakes	balers			animated	non-animated	drilling	precision				
Kuhn Group														
John Deere														
CNH		Kuhn												
AGCO														
Claas													Renault	
Krone														
Amazone														
Pöttinger														
Kverneland														
Kardi														
Exel														
Lemken														
Horsch														
Väderstad														
Kongskilde														
Lely														
Sulky														
Monosem														

# Kuhn Group

## Long-term market growth

agricultural machinery and tractor markets worldwide

CHF Mia.



## **Kuhn Group Spotlights 2005**

- Sales increase of 9% above the market again
- Continuation of the strong growth in North America and Eastern Europe
- Difficult climatic conditions due to drought and storms in the South of the USA, Brazil and Western/Southern Europe
- Rise in agricultural production costs and uncertainties in agricultural policy
- EBITDA operating result practically at the previous year's value despite charges due to Kuhn Metasa and Kuhn Nodet
- Entry with Kuhn Metasa into the important growth market of Latin America; temporarily weak demand situation in Brazil

# Kuhn Group Outlook 2006

- Variable trend of demand expected
  - North America stabilized at a high level
  - Continuing growth in Eastern Europe
  - Weakening in Western Europe
  - Slow recovery in South America
- Uncertainty of farmers caused by EU agricultural policy remains noticeable
- Product and sales initiatives as well as exploitation of the low-cost supply by Kuhn Metasa
- Development of action plans at Kuhn Nodet
- Slight turnover reduction and operating result in the region of the previous year expected

# Bucher Municipal Truck mounted sweepers



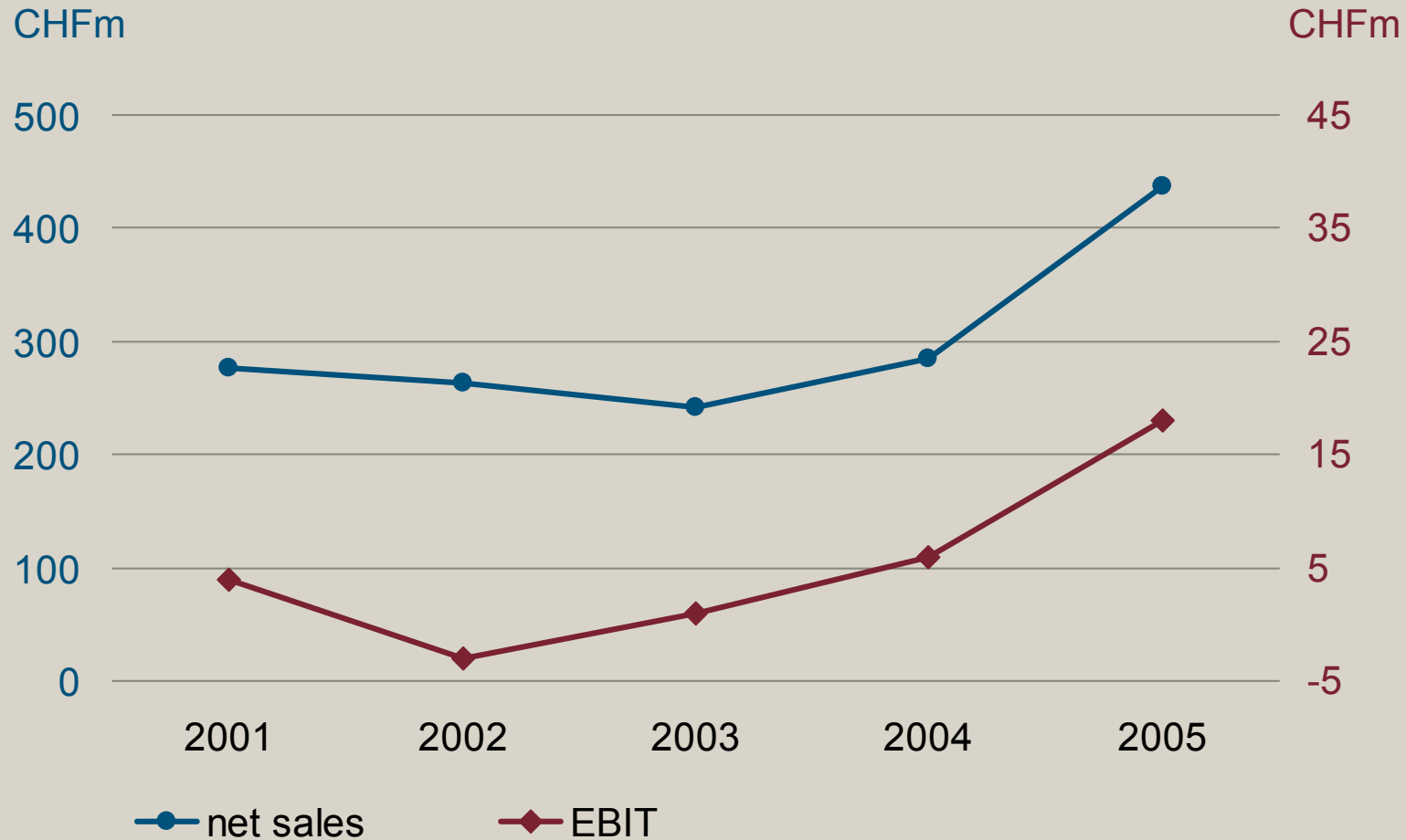
# Bucher Municipal Truck mounted sweepers



# Bucher Municipal Refuse collection vehicle



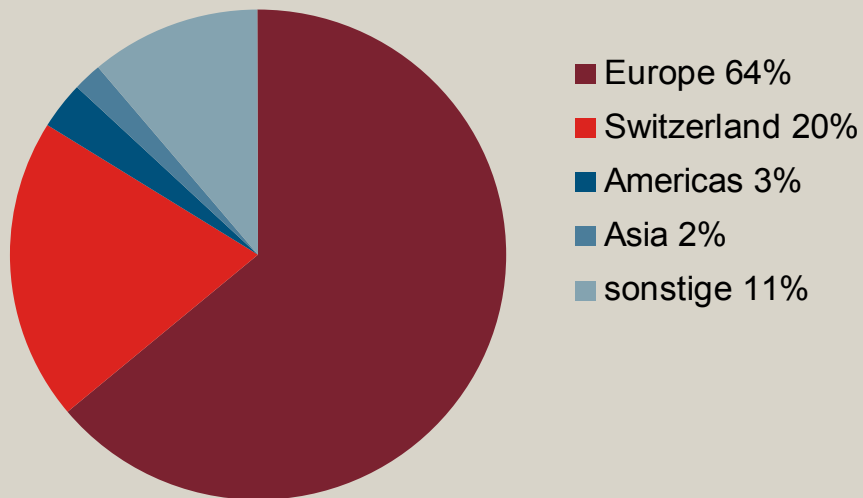
# Bucher Municipal Net sales and EBIT



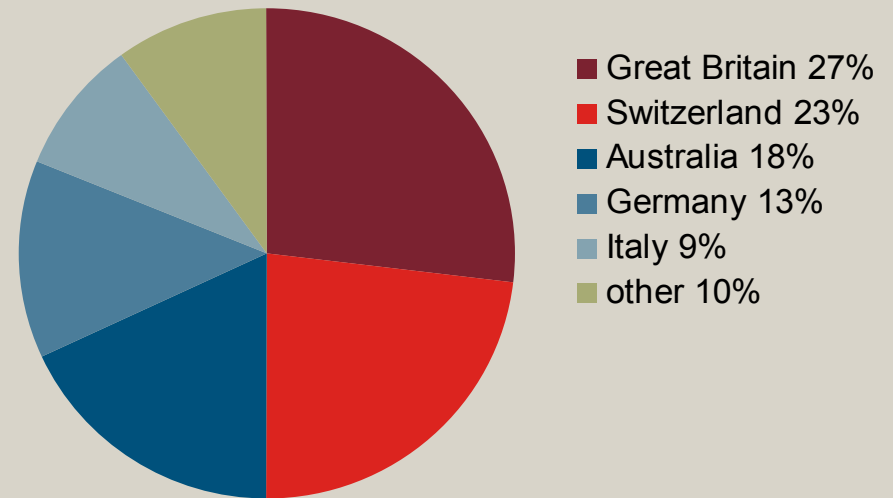
# Bucher Municipal

## Net sales and number of employees

Net sales



Number of employees



## **Bucher Municipal Market position**

- leading manufacturer for compact and truck mounted sweepers, large snow clearing equipment for roads and airports in Europe
- market shares in municipal vehicles and spreaders: 10 to 30%
- complete product line for municipalities
- main competitors: Schmidt (DE), Ravo (NL), Elgin (USA), Scarab (UK), Hako (DE), Boschung (CH) and Faun (DE)

## Bucher Municipal Complete product range

competitors	sweepers						airport			spreaders		vehicles		
	1m <sup>3</sup>	2m <sup>3</sup>	4m <sup>3</sup>	5m <sup>3</sup>	6m <sup>3</sup>	8m <sup>3</sup>	SB	SS	RWS	mounted	towed	3.5t	5t	6t
<b>Bucher (CH)</b>														
<b>Johnston (UK)</b>														
Schmidt (D)														
Boschung (CH)														
Hako (D)														
Aebi MFH (CH)														
Faun (D)														
Elgin (USA)														
Scarab (UK)														
Epoke (DK)														
Acomctis (F)														

SB = snow blowers  
 SS = snow sweepers  
 RWS = runway sweepers

## **Bucher Municipal Spotlights 2005**

- Competitive market environment continued
  - Cost-saving pressure in public spending
  - Hard-fought large tenders with challenging conditions
  - Industry not running at full capacity
- Upturn in the winter service business; large tenders nevertheless lower than last year as expected
- Pleasing internal growth of 4%
- Market share gained in municipal vehicles and airport equipment
- Assembly plant in Latvia with around 50 truck-mounted sweepers
- Relocation of components from Switzerland and Germany to Eastern Europe

## **Bucher Municipal Spotlights 2005 (continued)**

- Successful acquisition of Johnston
  - Turnover of CHF 142 million from 1 April 2005 (whole year CHF 189 million)
  - Badwill of CHF 4 million after deduction of the costs of acquisition and adjustments to Bucher standard
  - Very pleasing operating result
- Main Johnston markets in Europe are complementary
- Market entry in Australia and North America
- Strategy and integration
  - Dual brand management of Bucher Schörling and Johnston
  - Use of economies of scale at the cost leader in sweepers
  - Creation of highly efficient centres of excellence
  - Implementation costs of around CHF 8 million

# Bucher Municipal Outlook 2006

- Overall unchanged market environment expected
  - Stable demand in the major markets
  - High pricing pressure due to intense competition
  - Large tenders in line with last year
  - Backlog in winter service may lead to overcapacities and increased pricing pressure
- Phased implementation of the Bucher Schörling and Johnston integration plan
- Forced expansion of the assembly plant in Latvia
- Sales increase due to full-year consolidation of Johnston (last year 9 months)
- Operating result at level of last year (lapse of badwill)

## Bucher Process Wine production equipment



reception of vintage



pressing



concentration



filtration

# Bucher Process Fruit juice production plant



reception lines



mills



hydraulic presses



filtration units



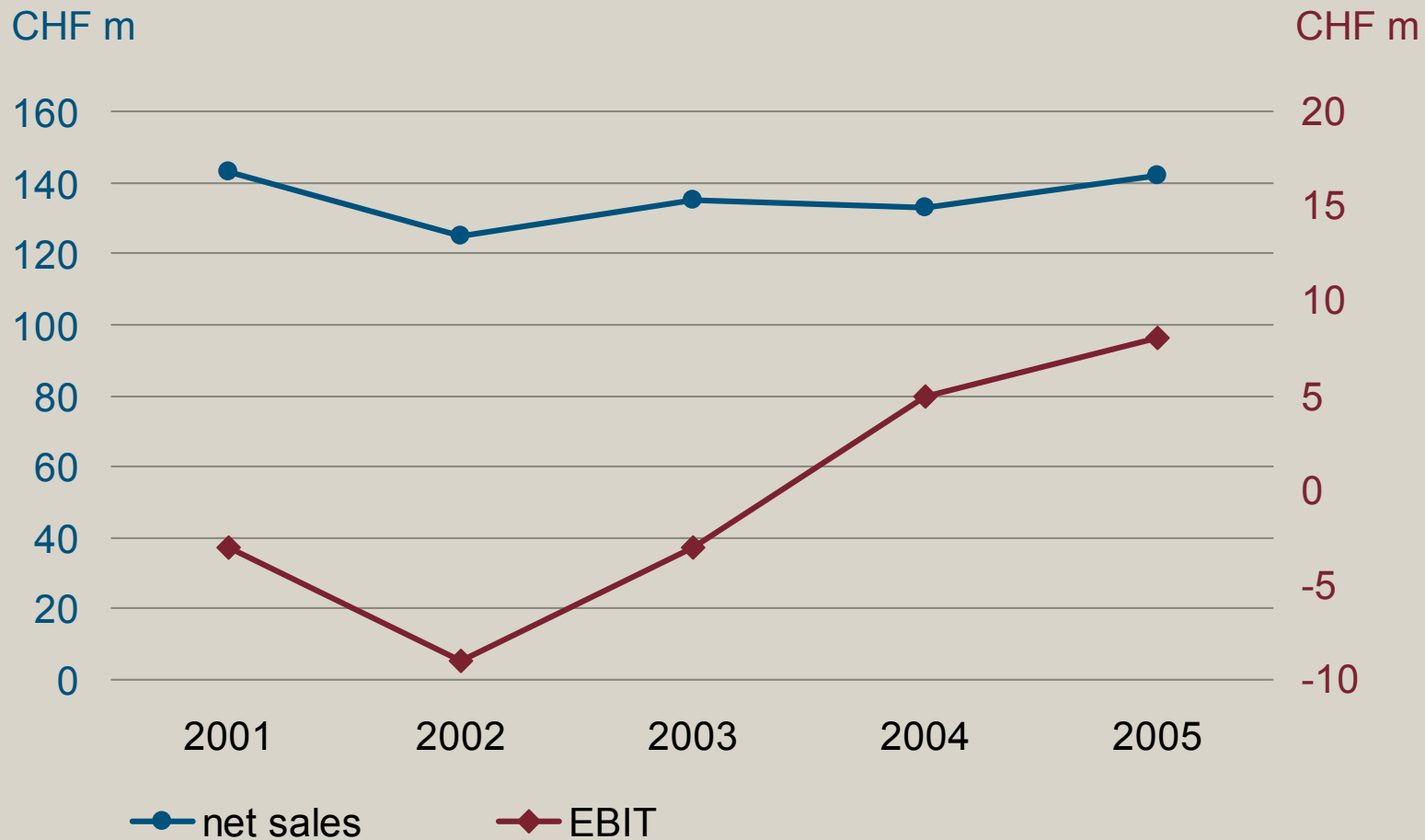
adsorber systems



evaporators

# Bucher Process

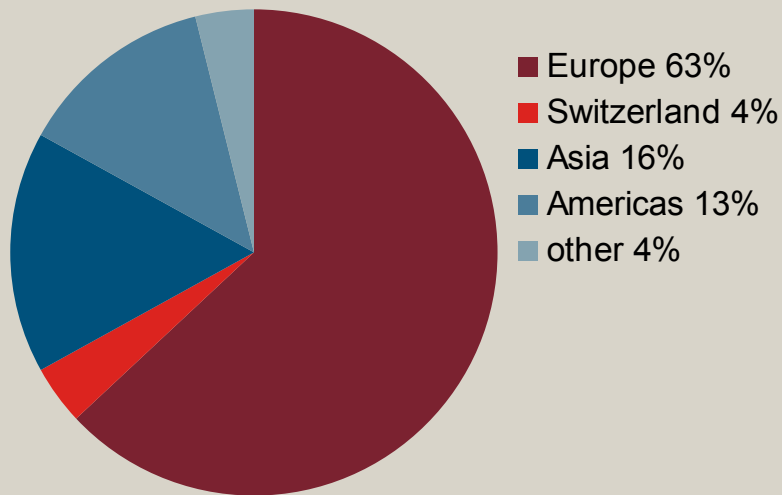
## Net sales and EBIT



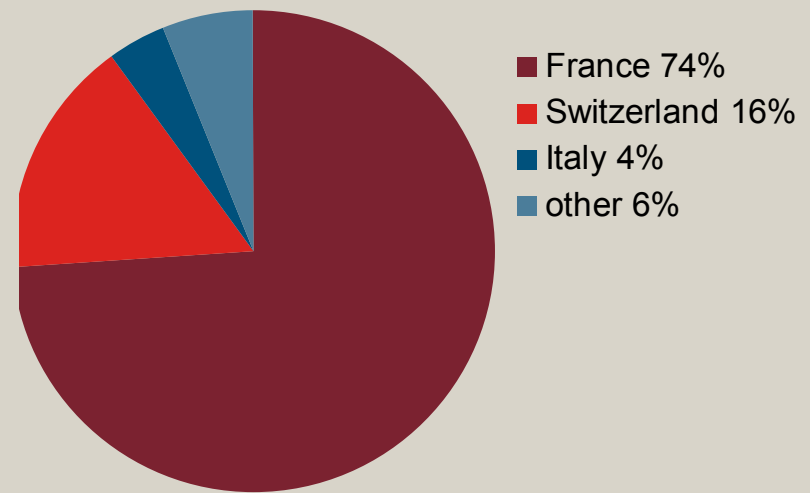
# Bucher Process

## Net sales and number of employees

Net sales



Number of employees

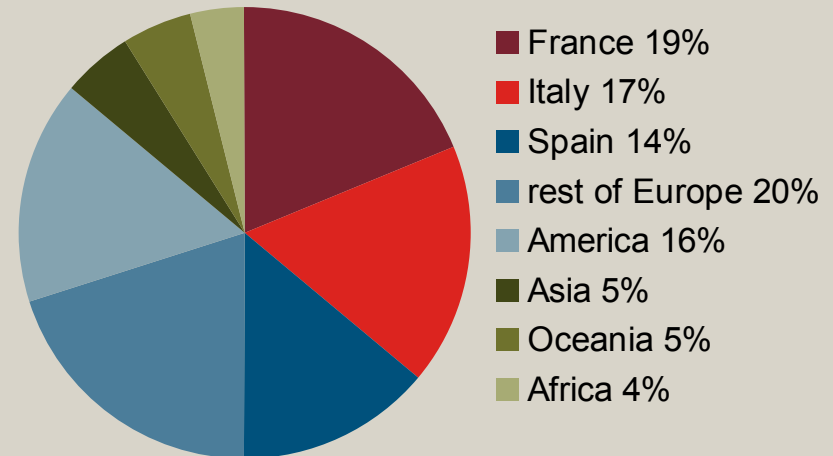
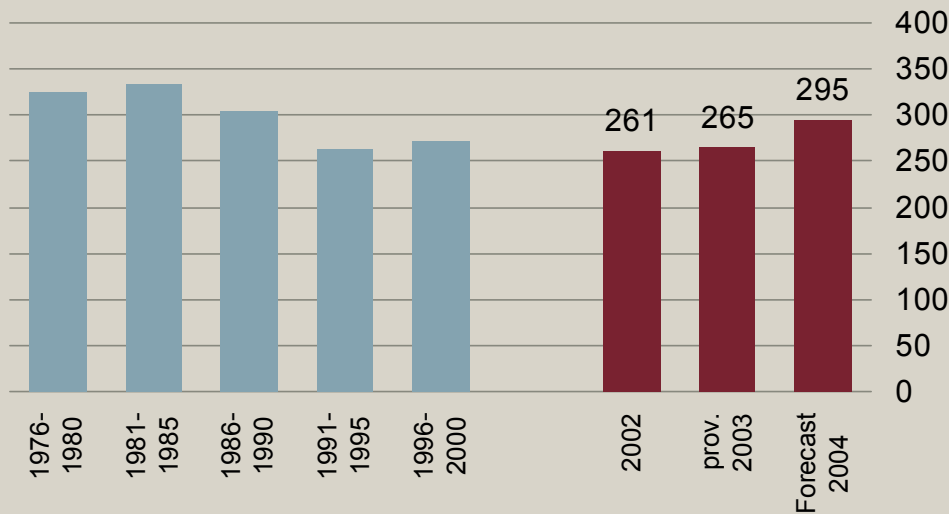


## **Bucher Process Market position**

- worldwide market leader in fruit juice production plants for apples, berries and vegetables
- worldwide market leader in wine production plants from grape reception to fermentation
- market shares: 35 to 50% worldwide
- application of process technologies for production of vegetable and pharmaceutical ingredients
- main competitors: Flottweg (DE), GEA (DE), Unipectin (CH) and Filtrox (CH) for fruit juice plants; Pera (FR), Della Toffola (IT), Diemme (IT), Velo (IT) and other Italian and German manufacturers for wine production plants

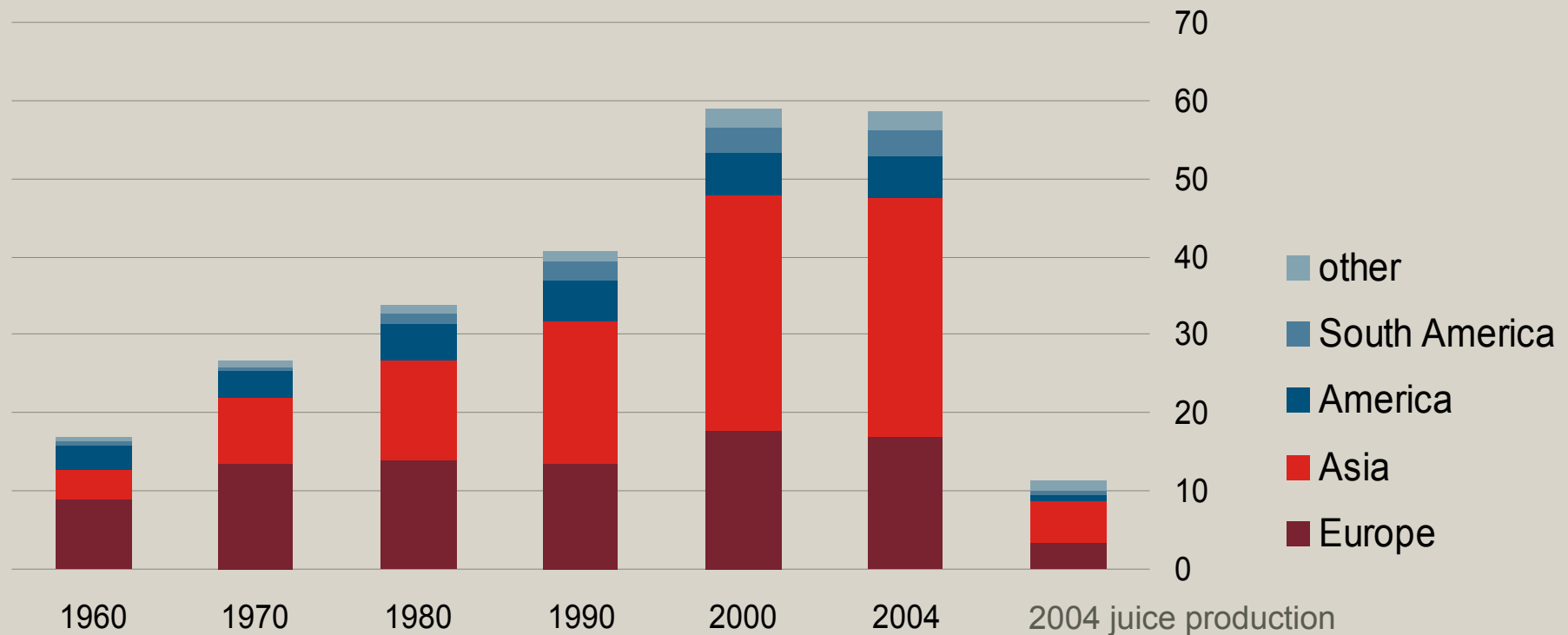
## Bucher Process World production of wine

million hl



# Bucher Process

## World apple production 1960 - 2004



Juice production: approx. 70% concentrate, 20% fresh juice, 10% cider

# Bucher Process Spotlights 2005

- Variable market trend
  - Worldwide decrease of demand in wine production equipment with massive competitive pressure particularly in large wine production plants
  - Brisk demand at high level in fruit juice production plants in China, upturn in Europe and USA
- Breakthrough with new applications of drying plants (meat processing, sewage sludge dewatering)
- High level of product innovation in grape and fruit presses strengthen market position
- Improvement of operational efficiency
- Turnaround completed

## Bucher Process Outlook 2006

- Continuation of variable market development
  - Persistent downward trend in wine production equipment with high competitive pressure
  - Higher fruit juice concentrate prices stimulate backup investment and in some cases new investments
- Pressing ahead with market entry in sewage sludge dewatering and freeze-drying
- New products provide positive impulses
- Slight sales increase and further improvement of the operating result is expected

## Bucher Hydraulics Customer markets



construction machines



material handling



agricultural equipment



municipal vehicles

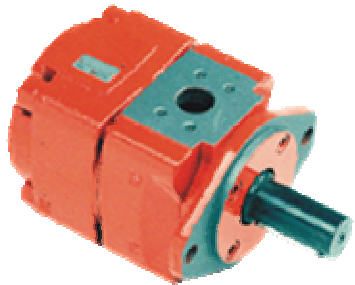


waste disposal

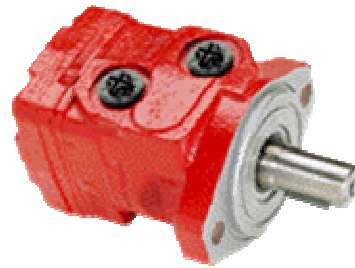


industrial applications

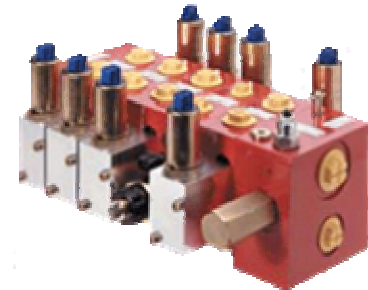
## Bucher Hydraulics Hydraulic components



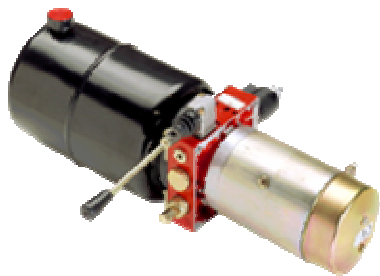
pumps



motors



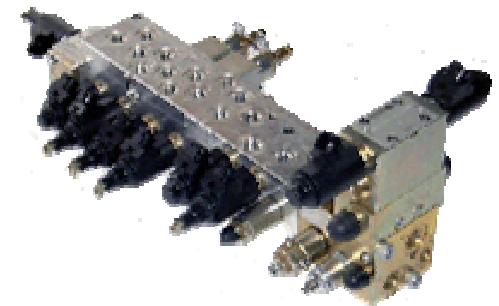
valves



power units

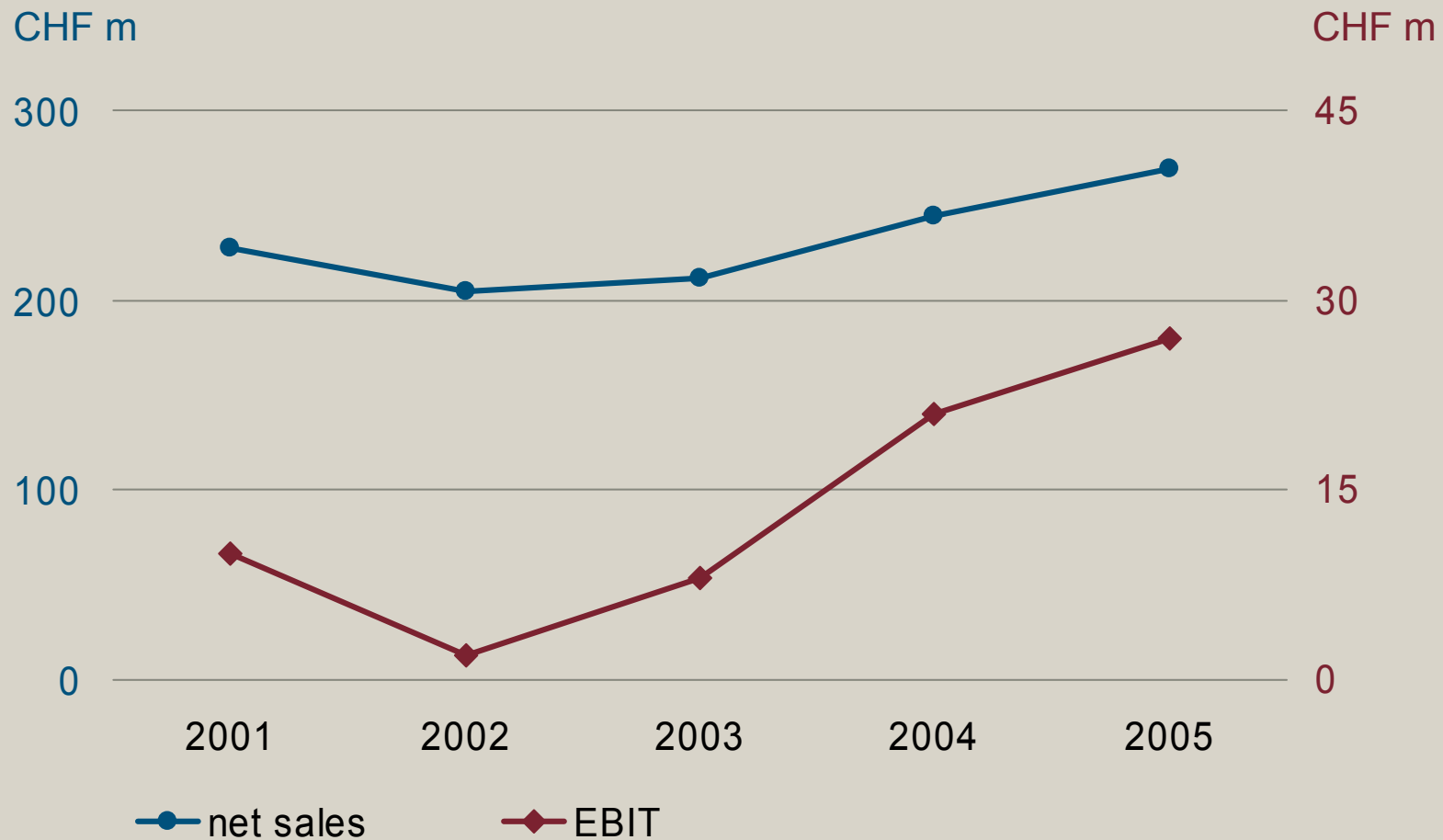


electronics



system solutions

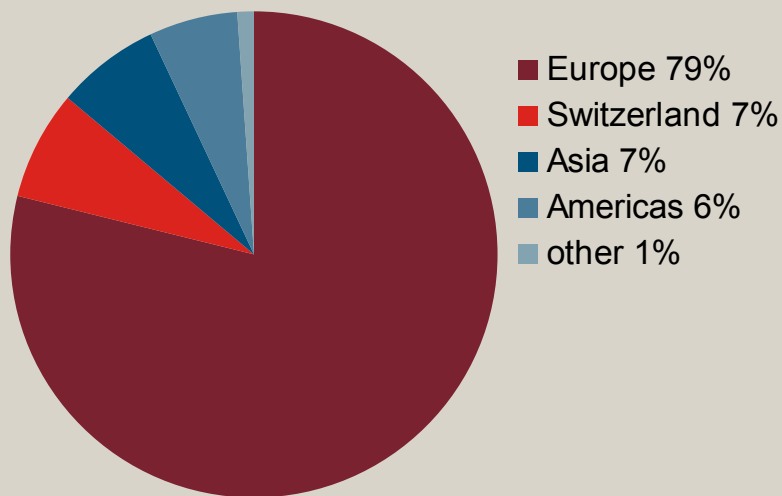
# Bucher Hydraulics Net sales and EBIT



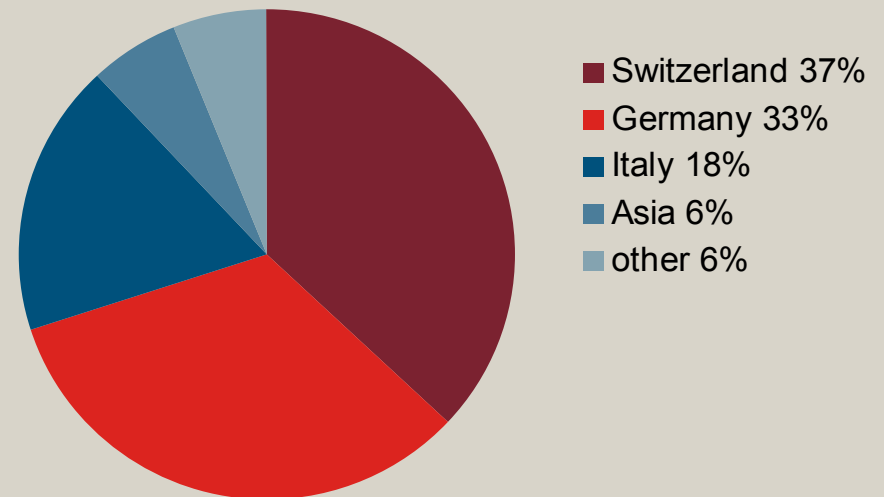
# Bucher Hydraulics

## Net sales and number of employees

Net sales



Number of employees



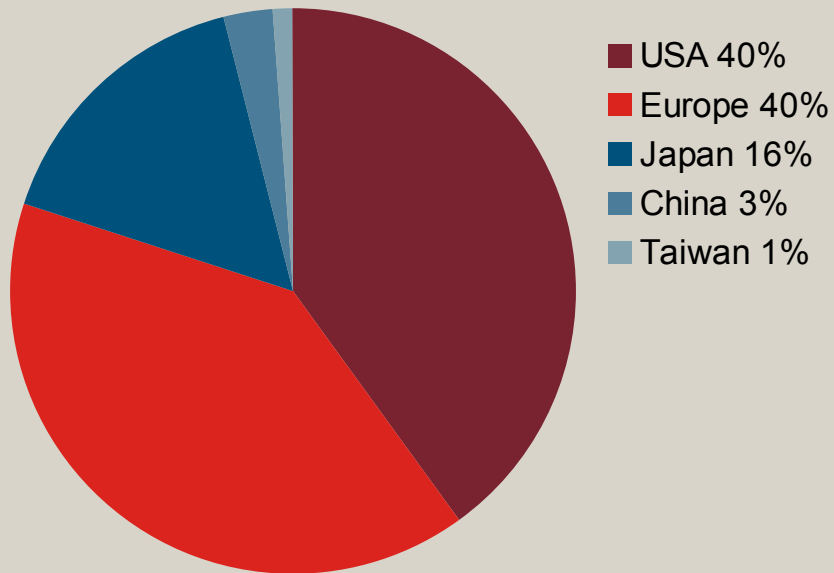
## **Bucher Hydraulics Market position**

- market leader in selected segments of mobile, industrial and elevator hydraulics in Europe
- market shares: 10 to 20% in these selected segments
- focused on customer specific solutions
- main competitors: Bosch-Rexroth (DE), Sauer Danfoss (USA), Parker Hannifin (USA), Eaton Vickers (USA), Hydac (DE), Husco (USA), Denison (USA) and a large number of small German and Italian manufacturers

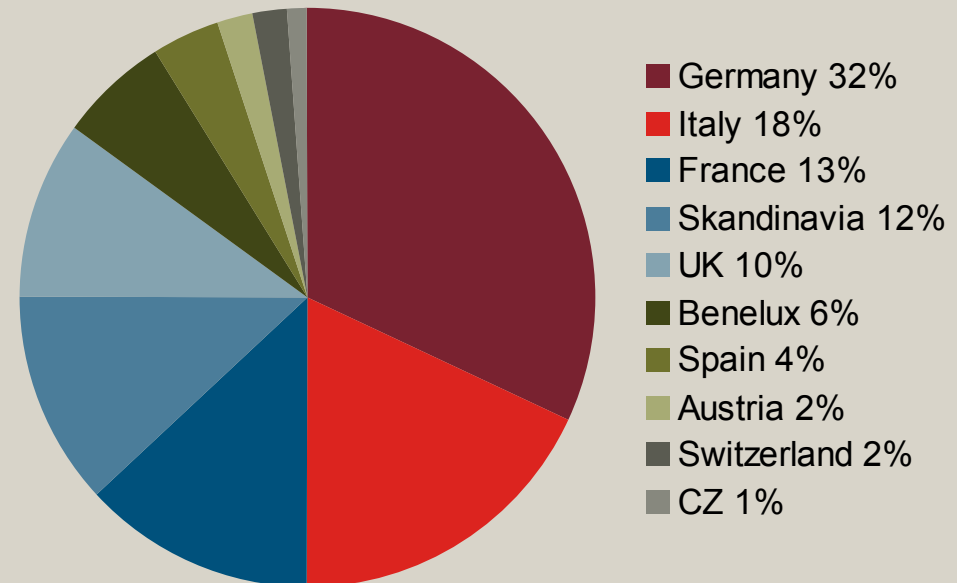
# Bucher Hydraulics

## Hydraulic market

World EUR 16 bn

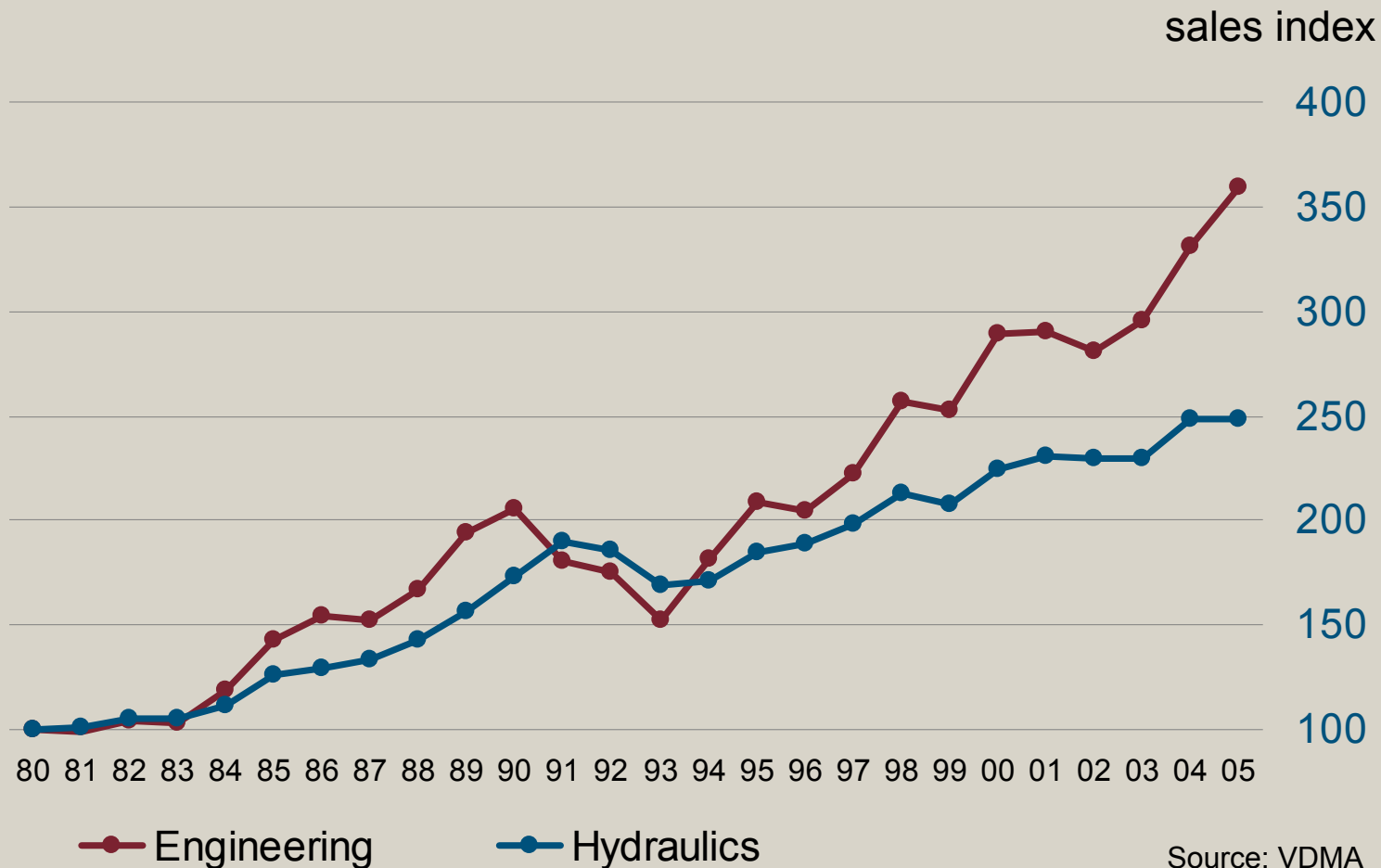


Europe EUR 6 bn



# Bucher Hydraulics

## Growth hydraulics and engineering



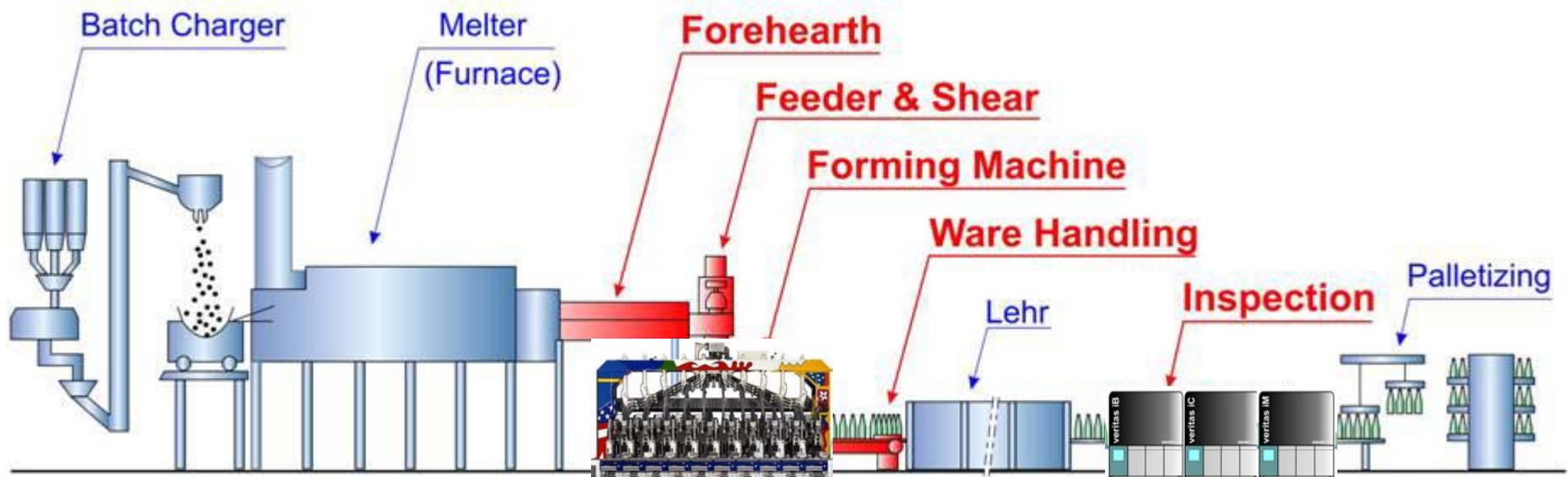
# Bucher Hydraulics Spotlights 2005

- New milestone in turnover, result and profitability
- Economically favourable market environment
  - Stabilization in the second half of the year after strong first half
  - High demand in mobile hydraulics from Europe and USA
  - Increase in demand for wind energy plants
  - Strong second half in hydraulic elevators
- Successful implementation of serial production of new valve systems in agricultural machinery
- Extension of the system technology, modernization of standard components and new generation of load control valves
- High year-round capacity usage
- Expansion of the presence in Spain, Portugal, USA, China

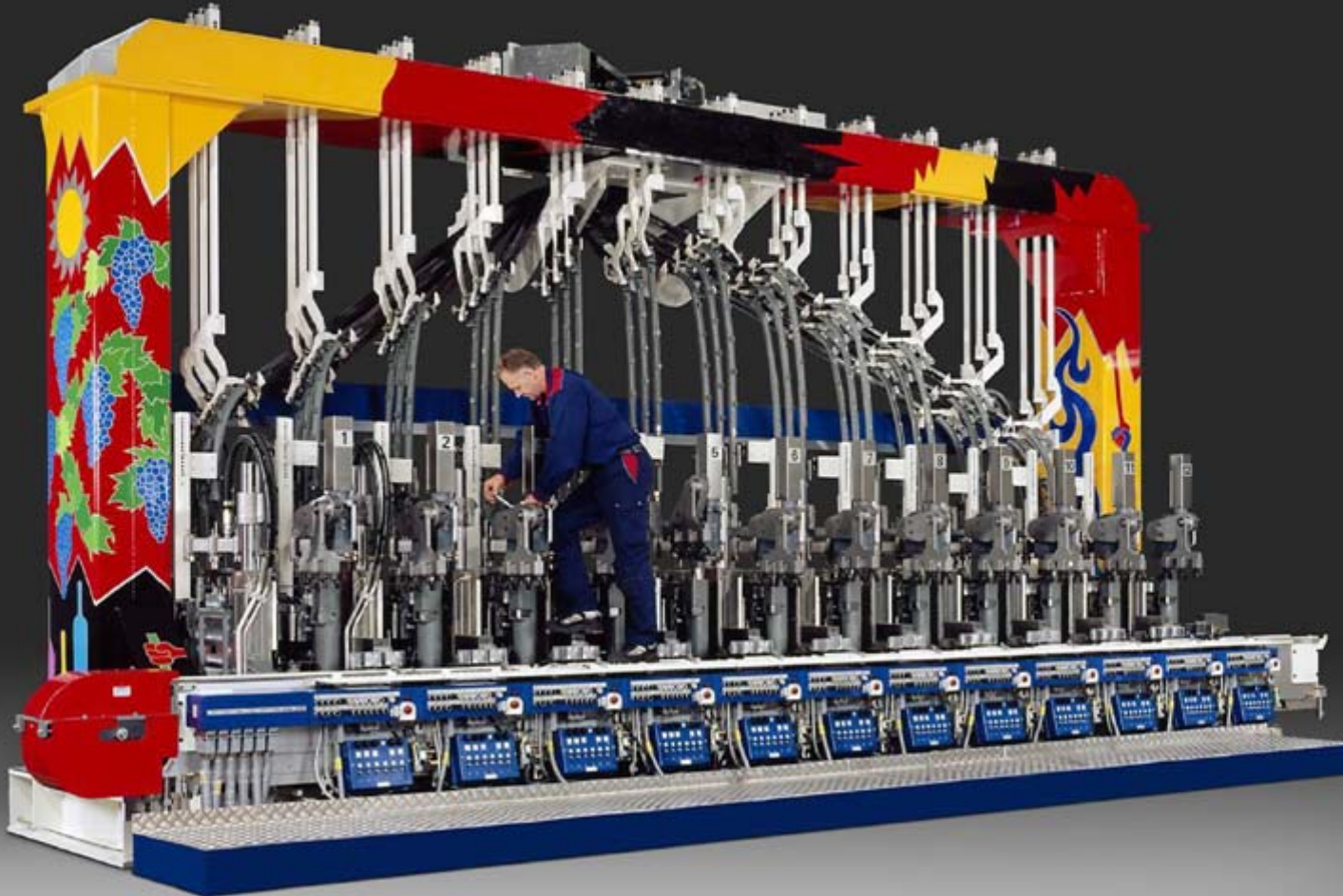
# Bucher Hydraulics Outlook 2006

- Stabilization of demand at high level
  - Slight weakening in Germany
  - Increase in other countries of Europe, the USA and in China
  - Expansion in India through acquisition of Sterling Fluids Ltd, New Dehli for distribution and local production
- Implementation of serial production of the new generation of directional control valves in the second half of the year
- Development and expansion of ultra-modern, automated production and assembly cells suitable for high-wage countries
- Further increase in sales and operating result in the region of last year

## Emhart Glass Glass container production plant

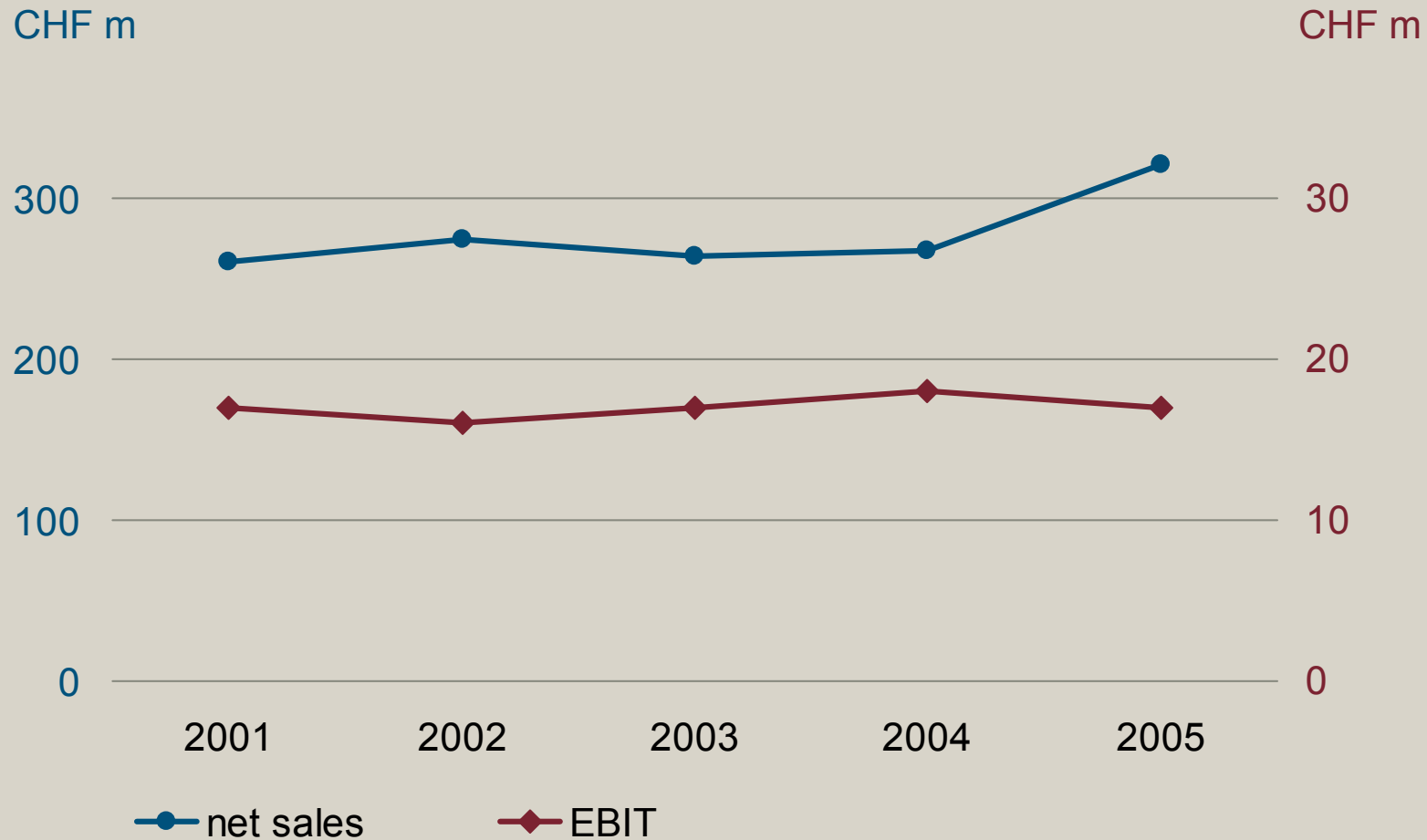


# Emhart Glass Technology- and innovationleader



# Emhart Glass

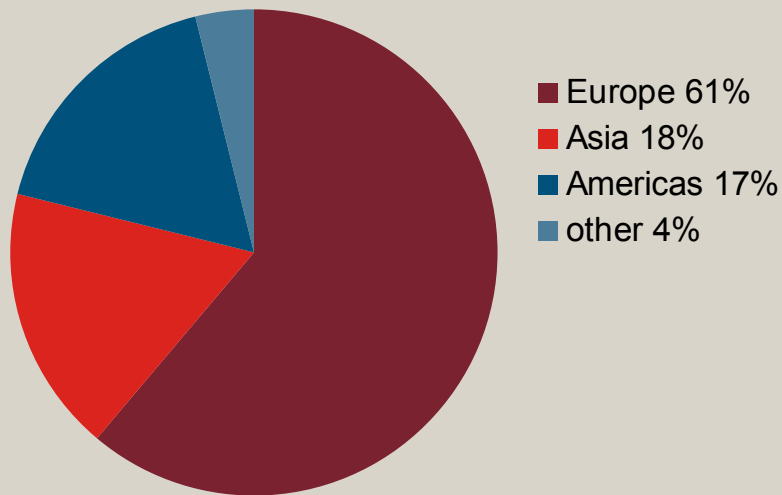
## Net sales and EBIT



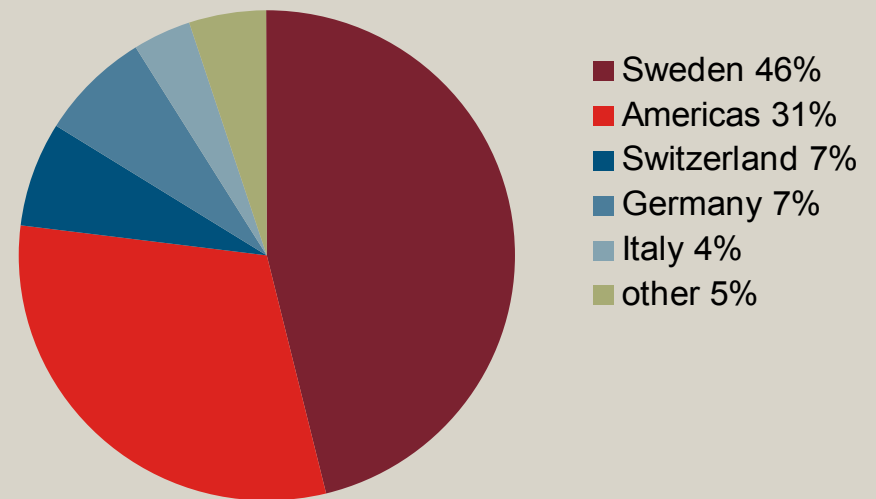
# Emhart Glass

## Net sales by and number of employees

Net sales



Number of employees

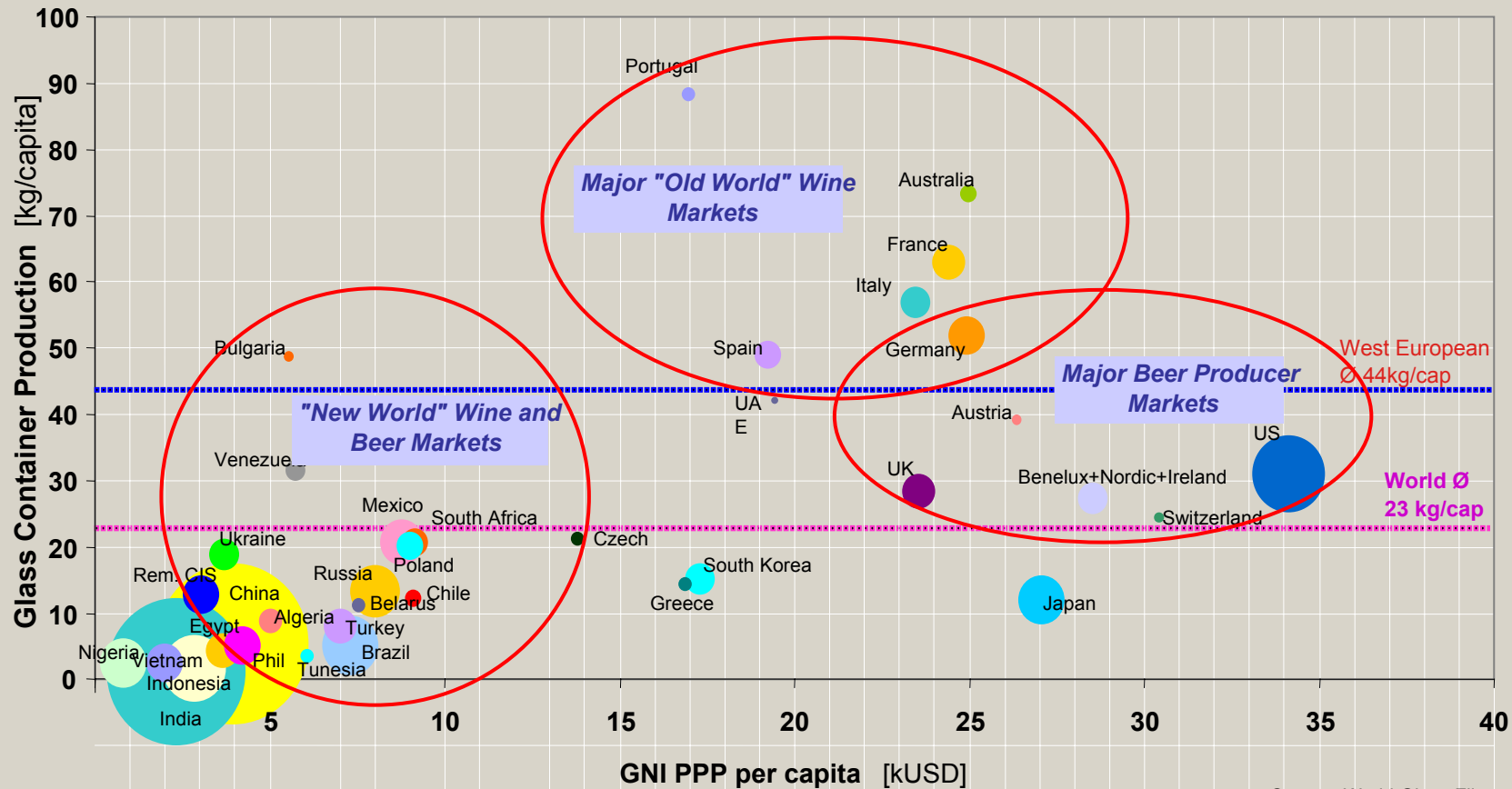


## Emhart Glass Market position

- worldwide largest supplier of machinery, parts and services for container glass production plants
- market shares: 45% worldwide for forming machines and services; 25% worldwide for inspection equipment
- main competitors: Owens-Illinois (USA), Heye International (DE), Bottero (IT), BDF (IT), Sklostroj (CZ) for glass forming machinery; Saint Gobain Cinematique (FR), MSC (FR) for inspection machinery

## Emhart Glass Glass consumption per capita

The high correlation between GNI and glass consumption fosters growth in Eastern Europe & Asia.



Source: World Glass File, various

## Emhart Glass Spotlights 2005

- Strong sales increase after record level of order intake in 2004
- Regional variation in market trend
  - Weakening in Europe, the USA and Japan
  - Bankruptcy of a major customer in the USA (Chapter 11)
  - Rise in demand in Eastern Europe, the Middle East and South America
- Order intake 12% over last year not taking into account the extraordinary major orders of CHF 80 million
- Course of business with components and spare parts above the good value from last year
- Operating result weighed down by the settlement of a legal dispute from the year 1999 and higher R&D expenses

## Emhart Glass Spotlights 2005 (continued)

- Thermally strengthened glass containers innovation project
  - 2004: Feasibility proven at German glass works
  - 2005: Production of 100 000 thermally strengthened glass containers with development costs of CHF 4.6 million
  - 2006: Production of an NIS prototype machine, R&D expenses CHF 6 m.
  - 2006/7: Intensive test phase of the forming and inspection process
  - 2008/9: Start of marketing
- Analyses of the 100 000 glass containers are promising
- Methods for the inspection of the thermally strengthened glass containers with new technologies
- Approx. 20 patents issued or applied to date for this project

# Emhart Glass Outlook 2006

- Stabilization of market trend
  - Continued weakening in Western Europe, the USA and Japan
  - Positive demand continues in Eastern Europe incl. Russia, the Middle East and South America
  - Stable business with components and spare parts
- Major orders could stimulate the business
- Price war in inspection machines cannot be ruled out
- Development of prototype machine for thermally strengthened glass containers by end of 2006 with increased R&D expenses
- Turnover below the very high value of last year, affected by major orders
- Improvement of operating result expected

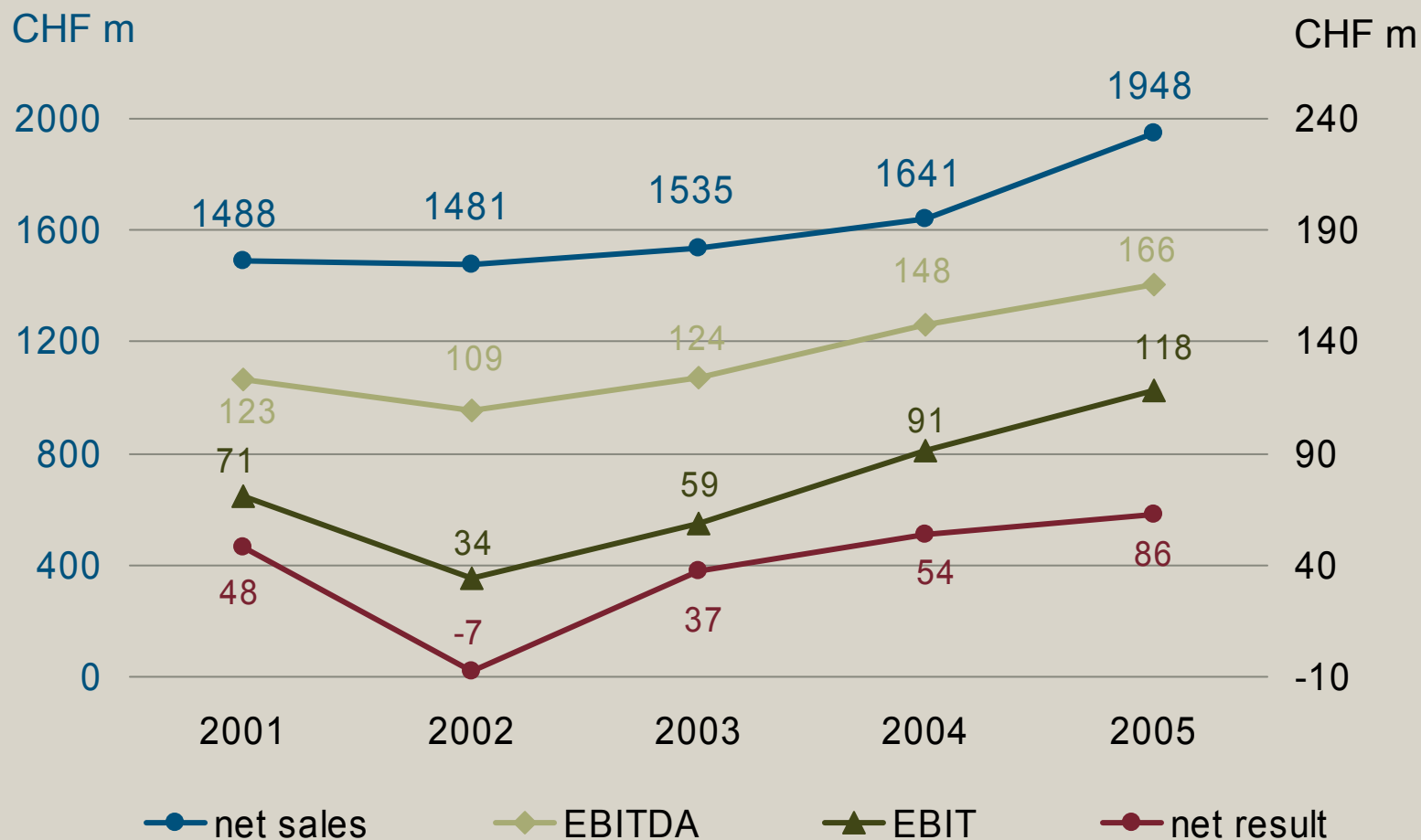
## Short and medium-term group strategy

- Strengthening of the existing five divisions by adjustment of the measures towards the achievement of the group goals
- Continued concentration on increasing the profitability in all divisions and business units
- Integration of the acquisitions at Kuhn Group and Bucher Municipal
- Implementation of the innovation strategy at Emhart Glass
- Expansion of Bucher Hydraulics and Bucher Process by extension of the product range and the examination of targeted acquisitions
- Maintenance of a solid balance sheet and liquidity to allow rapid action and ensure autonomy

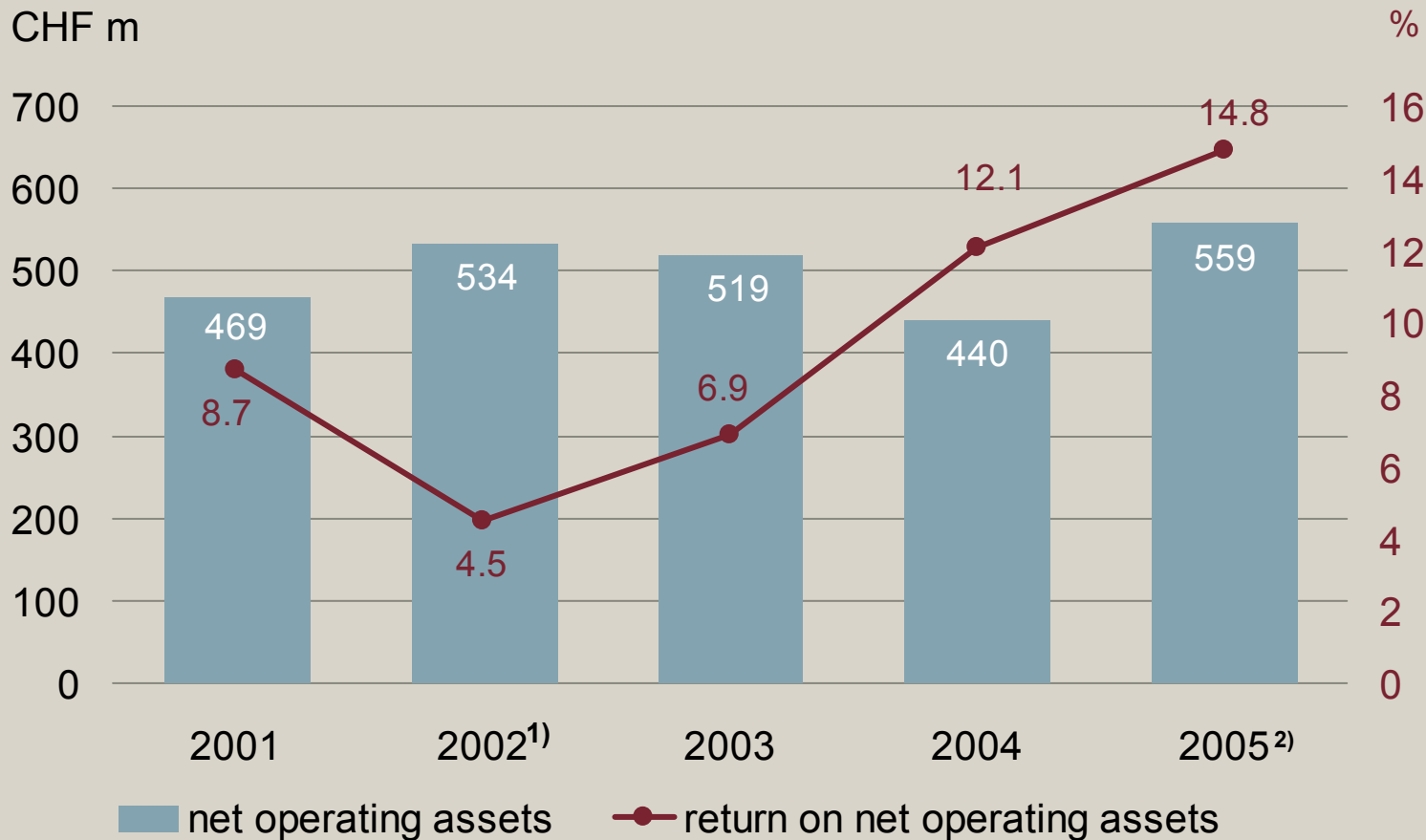
## Group outlook 2006

- Overall favourable market environment with the exception of the agricultural machinery sector and wine production equipment
- Slow recovery of the agricultural sector in South America; positive effect of the full-year consolidation of Johnston
- Increased effect of currency fluctuations due to the growth outside continental Europe
- Operating result affected by
  - Lapse of Emhart Glass legal dispute and Bucher Municipal integration costs
  - Additional Bucher Municipal integration costs and expenses for profitability measures at Kuhn Nodet
- Bucher Industries expects turnover, operating result and net result in the region of last year's figures

## Net sales and results



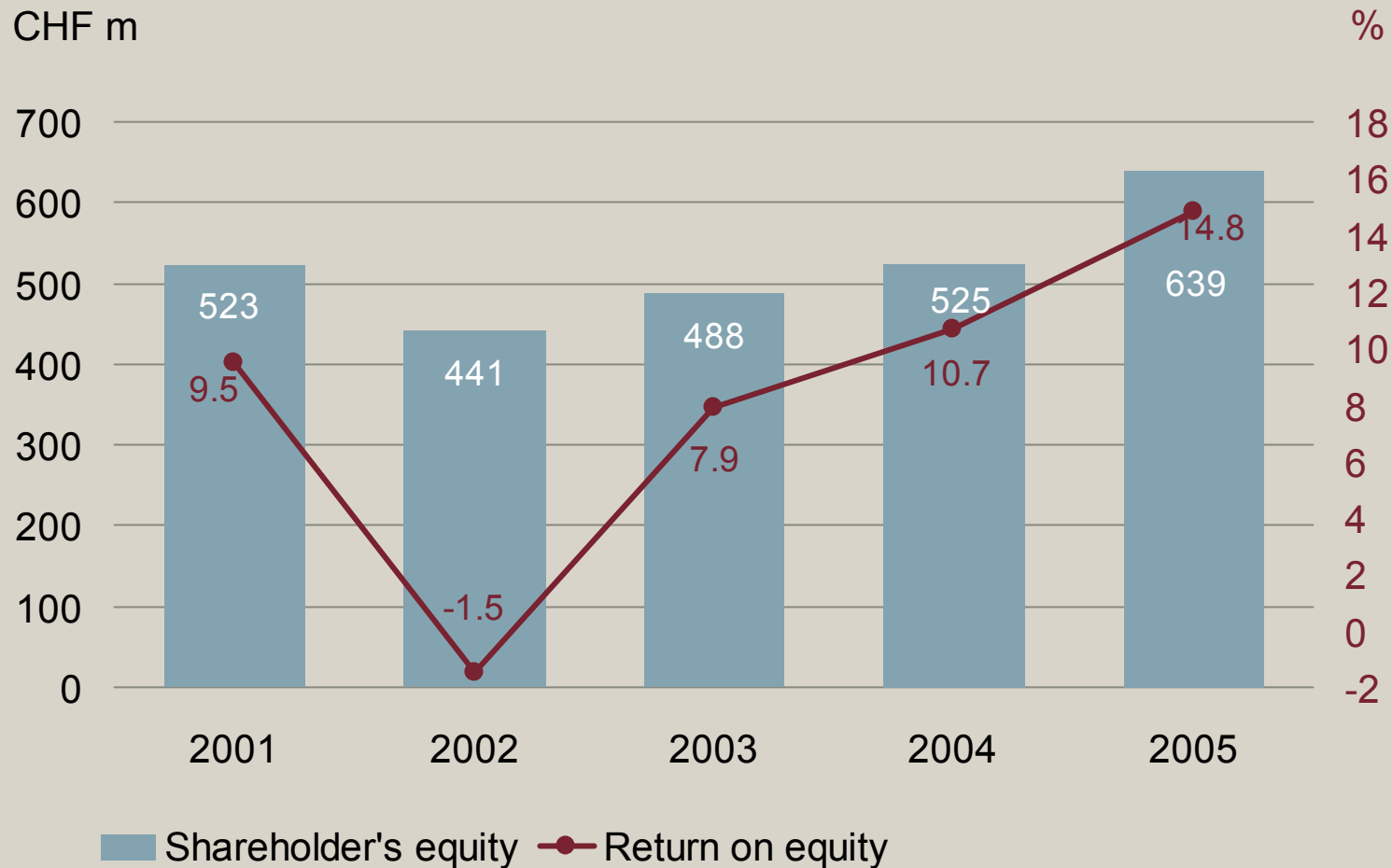
# Net operating assets (NOA) and return on net operating assets (RONOA)



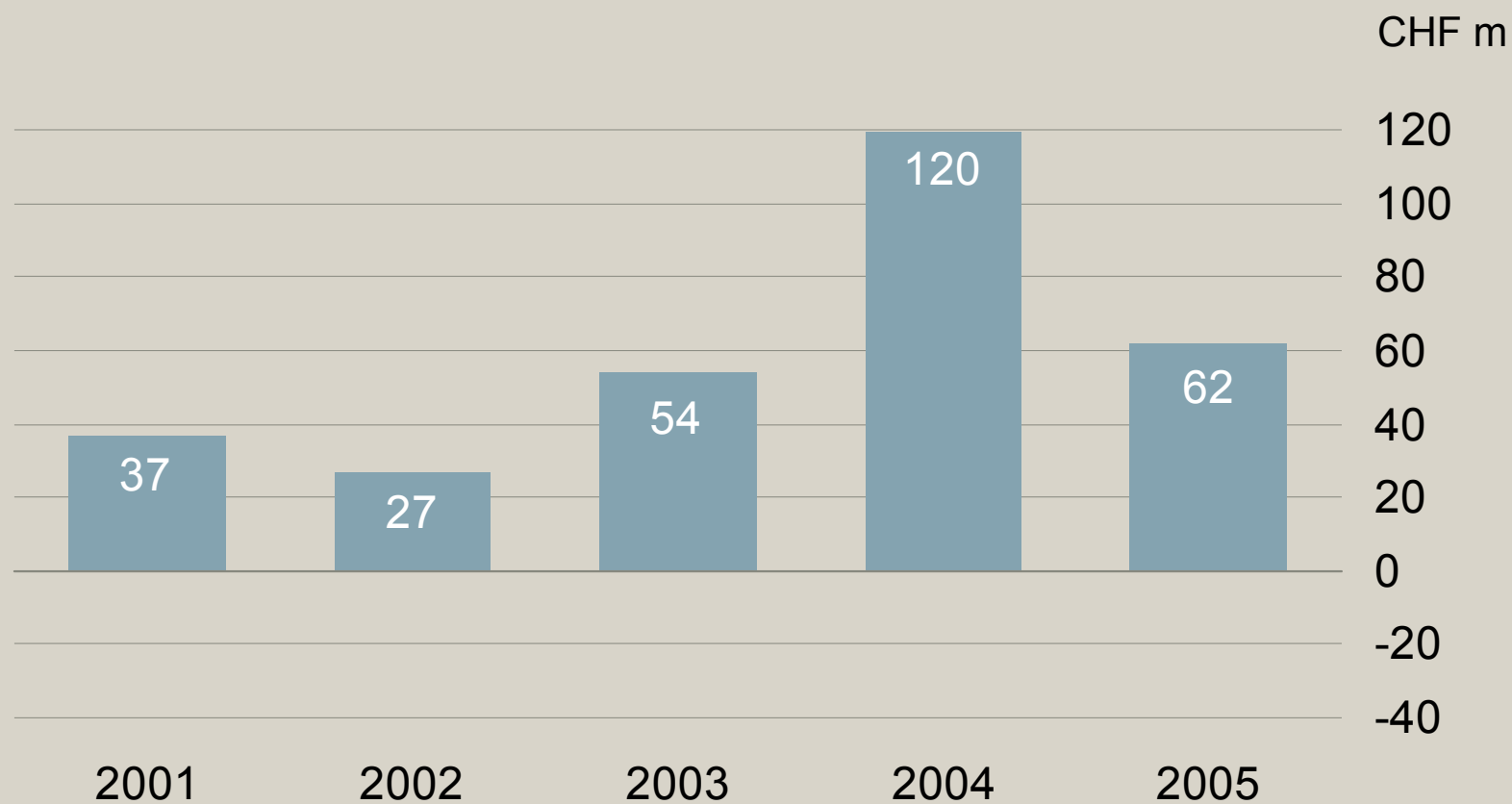
1) with standard tax rate 35%

2) thereof acquisitions CHF 83 million

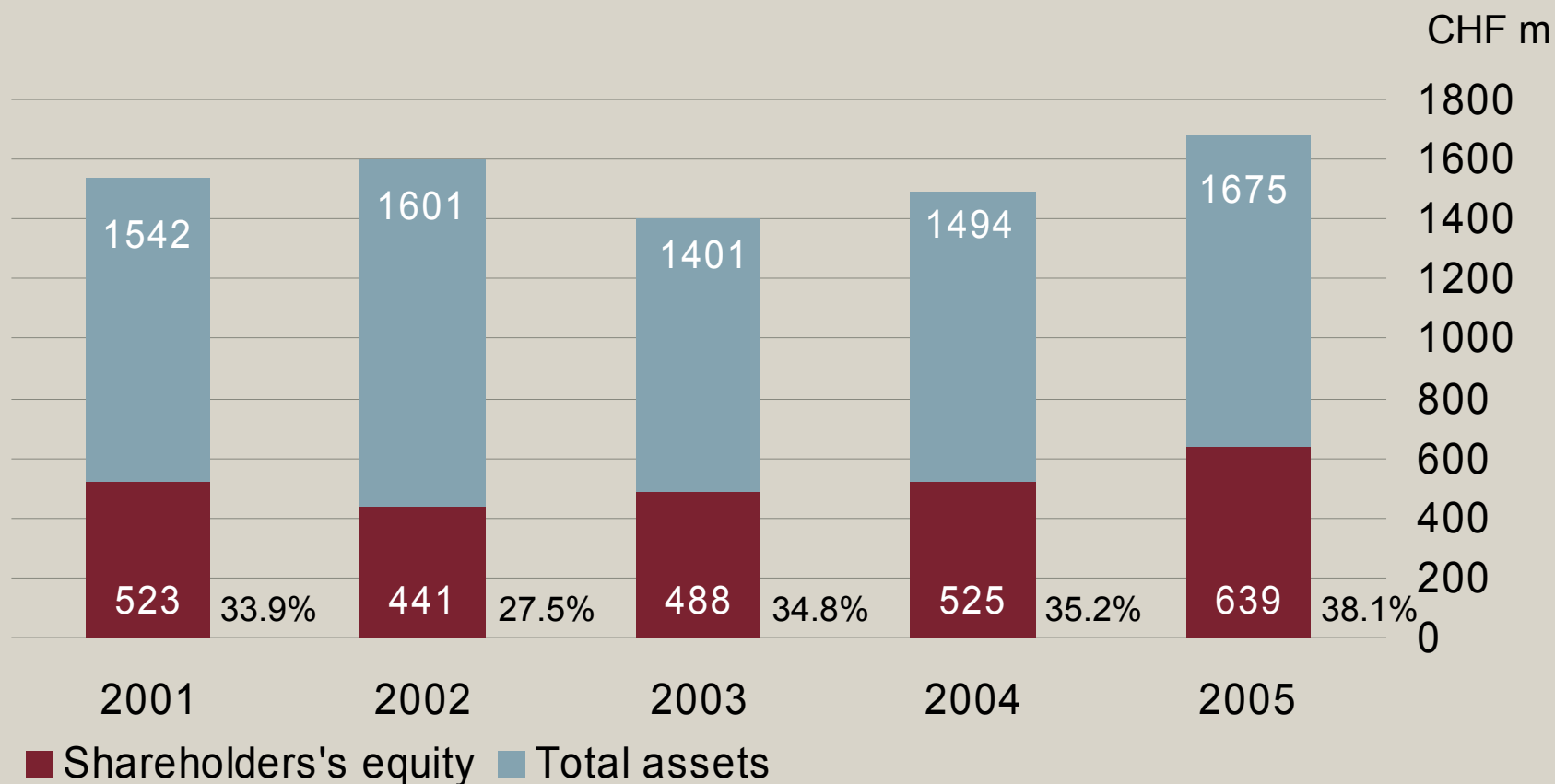
## Shareholders' equity and return on equity (ROE)



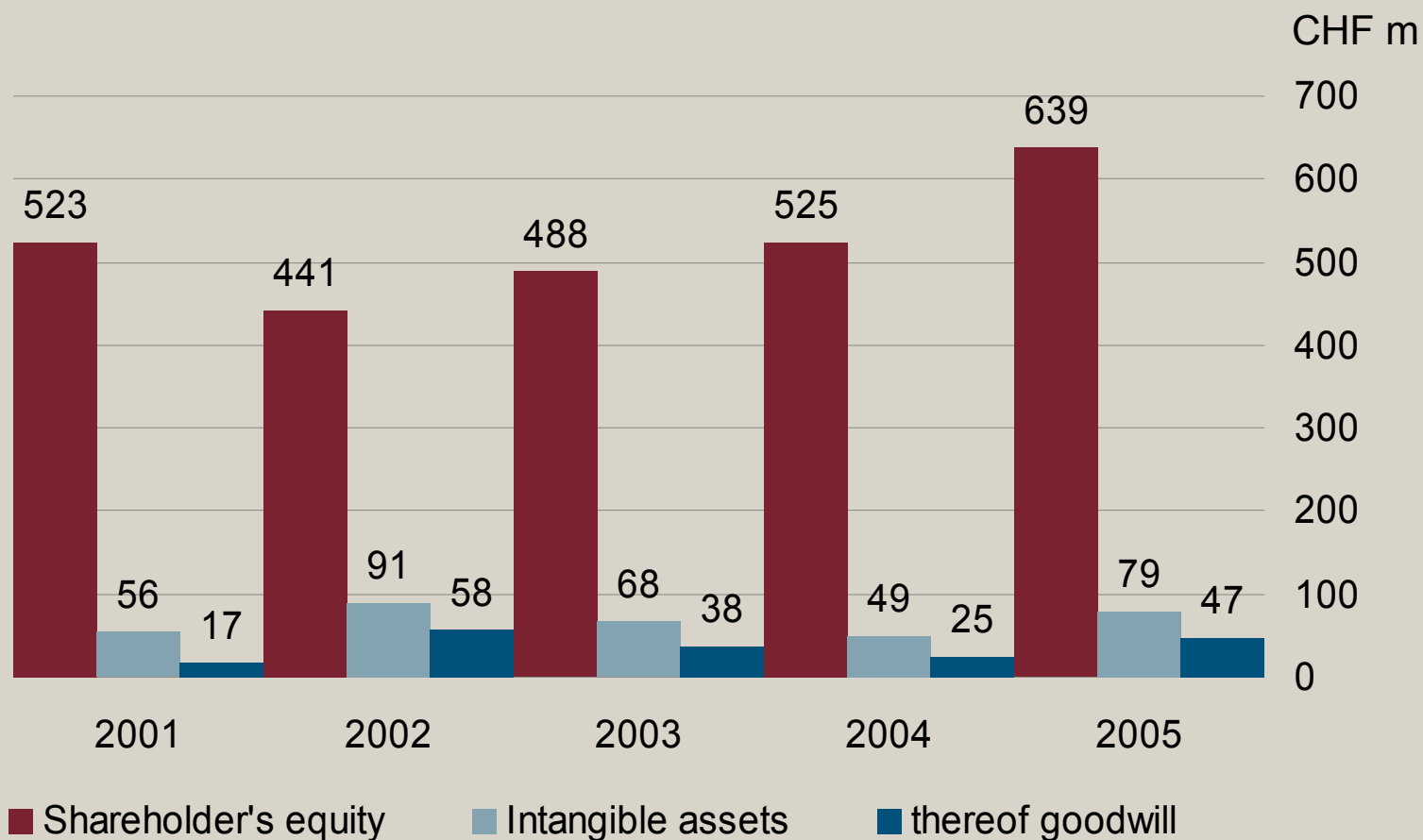
## Operating free cash flow



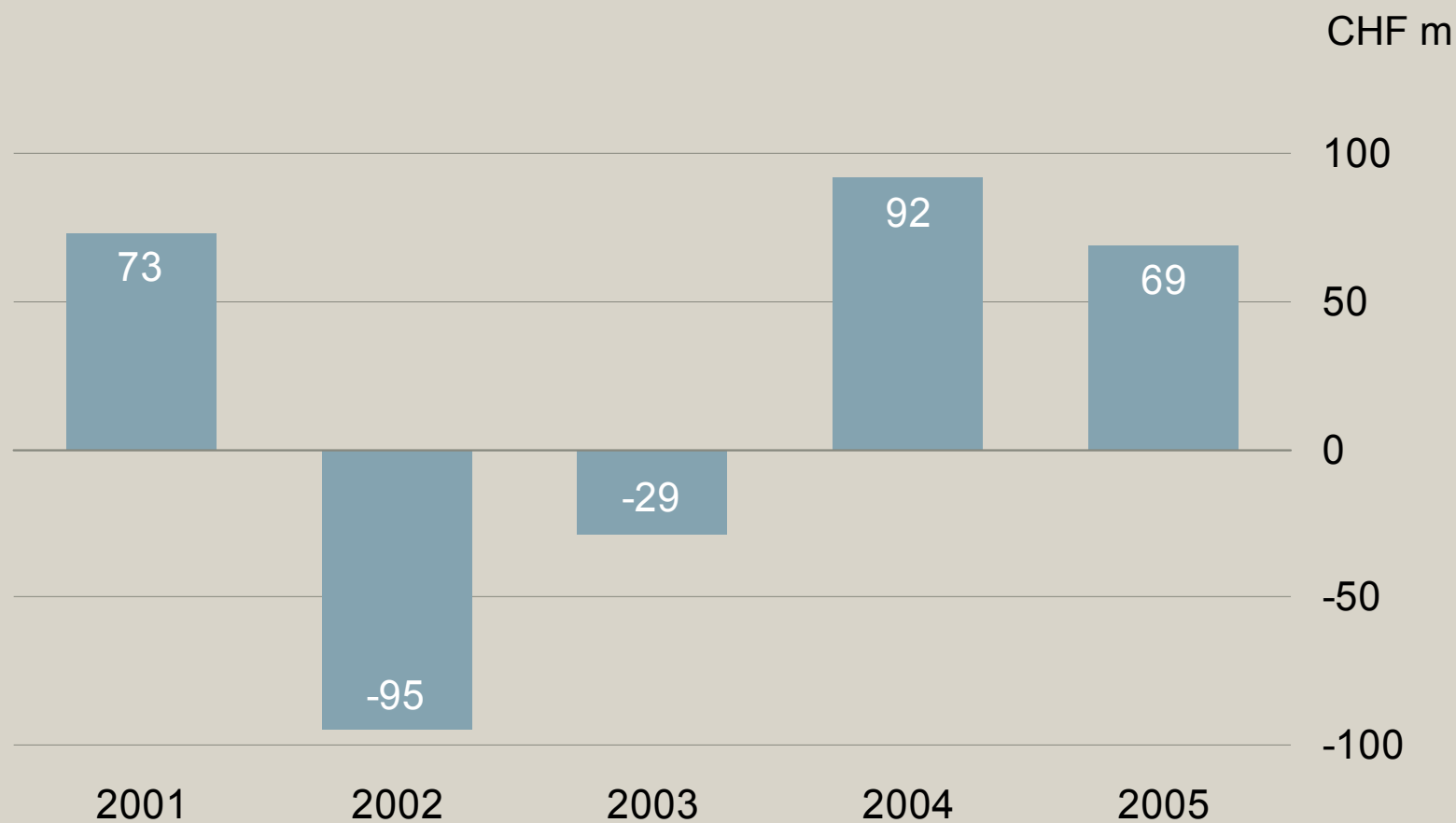
## Shareholders' equity and total assets



## Shareholders' equity / Intangible assets



## Net liquidity / net debt



# Shareholders' equity and market capitalization

