



*“Roadshows bring new sweeper models to market quickly. Provided free of charge, Bucher’s demo machines and personal instruction are an invaluable help to us.”*

Jan Rhodén, managing director, Ströman Maskin AB, Sweden



**Hands-on testing for a sure choice**  
Our dealers invite their customers to a roadshow: Bucher's experts demonstrate the latest generation of sweepers, giving customers the opportunity to experience the technical merits of each model hands-on and be sure they are choosing the right machine.

## Bucher Municipal

**Activities** Bucher Municipal is a world leading supplier of municipal vehicles for cleaning and removing snow from public and private areas. Its range of products encompasses compact and truck mounted sweepers, winter maintenance equipment and refuse collection vehicles. The division has production facilities located in Switzerland, Germany, the UK, Italy, Denmark, Latvia, Australia and South Korea.

**Highlights** In a contracting market environment, Bucher Municipal was able to hold its own and increase its market share. Sales declined 4% to CHF 373 million yet this translated to a 1% increase after adjustment for currencies and divestments. Order intake amounted to 381 million which exceeded that of the previous year by 3%, 6% after adjustment for currencies and divestments. Despite high pressure on margins as a result of the drop in demand, the division still boosted its operating profit from CHF 15 million to CHF 27 million, whereby the previous year was impacted by restructuring costs of CHF 10 million. Bucher Municipal accounted for 18% of Group sales (2009: 18%).

### Key figures

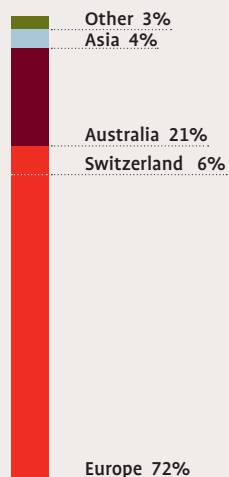
CHF million

	2010	2009 <sup>1)</sup>
Order intake	380.6	371.0
Net sales	373.0	386.6
Order book	88.6	81.3
Operating profit (EBITDA)	35.2	22.9
Operating profit (EBIT)	27.3	15.0
Number of employees at 31 December	1334	1318
Average number of employees during year	1346	1375

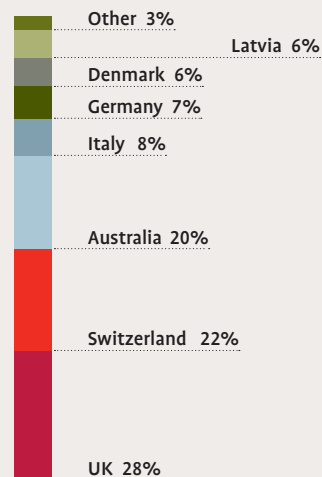
<sup>1)</sup> Excluding Bucher Landtechnik (transferred to Bucher Specials)

### Geographical analysis

Net sales



Number of employees



**Weaker market environment** After the market had already contracted by more than 20% in 2009, the enormous national debt of European countries and communities triggered another 8% drop in demand for sweepers in Europe. During the year under review, government budgets had not yet been hit by the brunt of the announced austerity measures. Competitive pressure increased nevertheless and competition for projects with public tenders was fierce. On a positive note, the long, hard winter of 2009/2010 as well as the early, severe onset of winter toward the end of the year under review revived demand for winter maintenance equipment. The impact of strong currency fluctuations differed. While exports from the plant in the UK benefited from the weak British pound, the strong Swiss franc put a damper on exports from Switzerland. This disadvantage could at least be mitigated in part by larger procurement volumes from the euro zone.

**Business performance** In a contracting market environment, Bucher Municipal was able to hold its own and increase its market share. The main markets in Europe, Australia and North America all declined to the same degree. Nevertheless, order intake rose 2.6%, 6.1% after adjustment for currencies and divestments, to CHF 380.6 million. There was a 3.5% drop in sales to CHF 373.0 million. After adjustment for currencies and divestments, however, the division increased its sales by 0.5%. The divestment concerned the project business for airport snow sweepers and snow blowers which was sold in spring 2010. Thanks to flexible production capacities and the modular spreader line, the division profited from two consecutive, harsh winters and set a new record in terms of the number of units delivered. The major order from the city of St. Petersburg, Russia, a hotly-contested order for 88 spreaders and snowploughs, contributed to the good results for winter maintenance equipment. Based on its good experiences, the city of Berlin placed a follow-up order for 24 small CityCat 2020 sweepers. Toward the end of the year under review, demand tapered off slightly. The order book of CHF 88.6 million exceeded that of the previous year by 9.0%. Operating profit rose from CHF 15.0 million to CHF 27.3 million. The previous year was impacted by restructuring costs of CHF 10.0 million. Despite adverse currency movements and fierce pressure from the competition, the division still achieved an operating profit margin of 7.3% which clearly attests to the division's enormous efforts to achieve cost leadership.

**Next generation of sweepers** After intense research and development work, the division successfully launched its new generation of two sweeper models during the year under review. The new sweepers are modular in design and sufficiently standardised so that as many parts as possible can be shared throughout the same product family. The new 1 m<sup>3</sup> compact sweepers, the Bucher Schörling CityCat 1000 and the Johnston CN 100, were presented to the international dealers of Bucher Municipal in spring 2010. The new CityFant 6000 was approved for sale in autumn. Several demonstration vehicles were delivered to various countries during the year under review and customer resonance was high. The new generation of sweepers not only meets customers' expectations in terms of user friendliness, environmental friendliness and sustainability but also the division's own requirements for cost efficient manufacturing. Other features of the new generation include high suction capacity combined with low noise generation, high cost effectiveness, ease of serviceability and maintenance as well as reliability.

**Expansion of Bucher Schörling Baltic** The division expanded its component and assembly plant in Latvia with the addition of hopper and chassis manufacturing facilities. The capital investment of CHF 6 million mainly covered the building expansion, a factory nearly 3000 m<sup>2</sup> in size, as well as machines for the new manufacturing processes metalwork and painting.

#### Division management

Michael Häusermann,  
division president

Jürg Hauser,  
finance und controlling

Stefan Söhlemann,  
Bucher Schörling

Coen van Rosmalen,  
Johnston Sweepers Ltd.

Peter Rhodes,  
Beam A/S

David Waldron,  
MacDonald Johnston Ltd.

Michael Häusermann (ad interim),  
Winter maintenance

Guido Giletta,  
Giletta S.p.A.

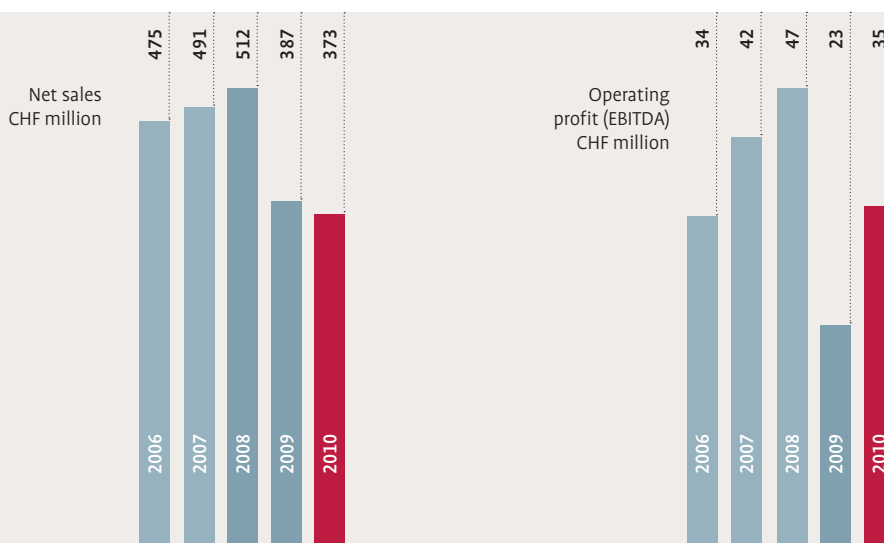
Wilfried Müller,  
Gmeiner GmbH

At 8 March 2011

During stage one of expansion, chassis and hopper manufacturing for the new 1 m<sup>3</sup> sweeper was launched and the welding shop took up operations in the new factory. The new paint shop has been operating successfully since the start of the current year. Production in the other metalwork facility with laser cutting, forming and rolling processes is scheduled to start mid-year. By expanding its own production capacities, the division can ensure not only the high quality of the components it produces but also timely delivery and price stability.

**Bucher Municipal celebrates 10 years in Korea** In 2000 the division founded an assembly plant in South Korea which then received approval from the Korean government to participate in public tenders five years later. This small, efficient plant manufactures Bucher Schörling truck mounted sweepers predominantly intended for the Asian market. While some 90% of the components were originally produced in Europe, today 100% of the components can be manufactured in Korea and surrounding Asian countries.

**Streamlined range of winter maintenance equipment** Bucher Municipal took another step toward improved efficiency during the year under review. The division focused its range of winter maintenance equipment on series-produced spreaders and snowploughs and sold its project business for airport snow sweepers and Rolba snow blowers to Swiss-based Zaugg AG in Eggwil. While projects caused sales figures to fluctuate greatly, this activity enabled the division to generate CHF 18 million in sales in 2009 with 36 employees. Those employees in Niederweningen affected by the sale had the opportunity to switch to the sweeper segment and continue working in comparable positions.



**Product innovation and sustainability** Despite the adverse financial situation of the public sector, demand from cities and municipalities for low-emission, even emission-free municipal vehicles is rising steadily. After taking an in-depth look at this situation in 2010, Bucher Municipal has chosen to focus on reducing dust and noise generation as well as alternative drive concepts using hybrid, electric and fuel cell drive systems. Future development work will focus on implementing these engine concepts in practical, economical solutions for operators. The insights gained from the experimental deployment of the hydrogen-powered CityCat H<sub>2</sub> sweeper with a fuel-cell system in the city of Basel will play a large role in these efforts.

**Outlook for 2011** High levels of debt in countries and municipalities have prompted various authorities to announce efforts to cut costs, radically in some cases, some of which have already been implemented. Sweeper projects, in particular, are impacted by these measures. Demand for winter maintenance equipment is less likely to be impacted since it is vital to the safety of motorists and cyclists. The launch of the new generation of sweepers and expansion of cost-effective manufacturing of core components in the Latvian plant should help reduce market and currency effects. Bucher Municipal therefore expects 2011 sales to decline slightly and the operating profit margin to be on a par with the previous year.

