



*“Kuhn’s i tech is a remarkable online service allowing us Kuhn partners to provide farmers with even faster and better service day and night.”*

Jacques Gabillet, Kuhn specialist dealer, managing director, Gabillet, France



## All the answers at a click

When time is of the essence and a farmer suddenly needs technical assistance, our dealer can find the answer right away: Kuhn's i tech online service is a competent resource there for him around the clock.

## Kuhn Group

**Activities** Kuhn Group is the world's leading manufacturer of specialised agricultural machinery for tillage, seeding, fertilisation, spraying, landscape maintenance, hay and forage harvesting, livestock bedding and feeding. Its wide range of products is tailored to suit the needs of all agricultural operations worldwide, including large farms and contractors. The division has production facilities located in France, the Netherlands, the USA and Brazil.

**Highlights** After adjustment for currency effects, Kuhn Group boosted order intake 42%, or 33% in Swiss francs to CHF 976 million. At CHF 851 million, sales fell 10% short of the previous year, 4% after adjustment for currencies. Despite significant currency effects and excluding the CHF 64 million impairment on goodwill in the previous year, operating profit still rose to CHF 78 million, an increase of 10%. Excluding one-off effects of the previous year, the operating profit margin improved from 7.5% to 9.2%. Kuhn Group accounted for 42% of Group sales (2009: 44%).

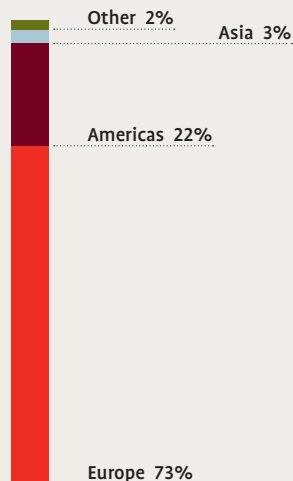
**Key figures**

CHF million

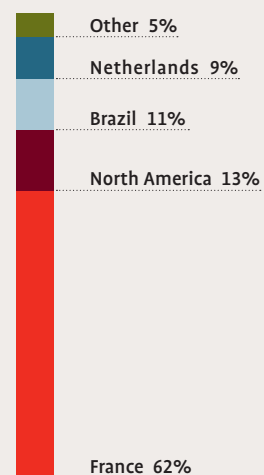
	2010	2009
Order intake	976.1	735.4
Net sales	851.2	948.4
Order book	356.8	246.0
Operating profit (EBITDA)	113.1	109.4
Operating profit (EBIT) before impairment	78.2	71.1
Operating profit (EBIT)	78.2	7.4
Number of employees at 31 December	3 593	3 152
Average number of employees during year	3 401	3 438

### Geographical analysis

Net sales



Number of employees



**Market development varied** Markets for specialised agricultural machinery developed differently both regionally and over time. The first half of the year was still impacted by dealers' excess inventories and uncertainty regarding the development of prices for agricultural products and equipment as well as by the availability of loans. These market conditions improved significantly during the second half of the year. The increase in prices for milk, wheat, maize and soy, in particular, had a positive impact on farmers' willingness to invest. Russia's ban on wheat exports due to the extreme drought contributed to higher prices. Recovery could already be clearly felt at the beginning of the year in North America. Milk farms profited from increasing milk prices and decreasing feed prices while price levels for meat-production operations remained stable. South America saw continued development following massive slumps in the previous year. Australia's spring brought an end to the multi-year drought, which was then followed by a summer of widespread flooding in some regions. The positive mood during the second half of 2010 translated into generally good order intake levels for dealers with deliveries scheduled for spring of this year.

**Demand picks up around the globe** This year Kuhn Group benefited from rising global demand. In local currencies, order intake rose 41.9%, 32.7% in Swiss francs, to CHF 976.1 million. The division's sales recovered during the second half of the year to end at CHF 851.2 million, only 4.2% short of 2009 after adjustment for currency effects. In Swiss francs the decline was 10.2% due to substantial currency effects. Brisk demand for livestock bedding and tillage machinery, in particular, contributed to the good business performance in Europe. Difficult market conditions during the first half of the year had the greatest impact on feed mixers required for raising cattle and sprayer sales. In the USA, the division benefited from a great improvement in the order situation across all product segments which led to good capacity utilisation. Overall demand in Brazil remained on a par with last year. Competition intensified until the middle of the year as a result of competitors' aggressive sales campaigns. They aimed to reduce sometimes excessive inventories. Despite unfavourable exchange rates and the drop in sales, the division still boosted its operating profit by 10.0% to CHF 78.2 million excluding impairment charges to goodwill of CHF 63.7 million in the previous year. The operating profit margin was 9.2%. A high level of cost awareness, austerity measures and ongoing optimisation of operational procedures also contributed greatly toward improving operating profit. Through targeted production management and close cooperation with dealers, the division kept inventories at the plants and in distribution channels at a normal level.

**Integrated acquisitions** Kuhn Group focused on integrating its acquisitions during the year under review. After incorporating the sprayers of Kuhn-Blanchard into the Kuhn dealer network in 2009, this year the focus was on introducing the division's methods and processes in the areas of product development, production systems and distribution. New staff were hired at Kuhn-Blanchard, formerly a family-run business, and the company benefited from the enormous industrial experience of Kuhn Group. The lively, intense exchange of information and ideas was eased by the manufacturing facilities of Kuhn-Huard and Kuhn-Audureau which are located nearby. Particularly positive was the great willingness of Kuhn-Blanchard staff to take over processes as quickly as possible. This made it possible to smoothly take over production planning and control system based on the Kuhn dealer network's rolling requirement planning. At Kuhn-Geldrop in the Netherlands, Kuhn processes were introduced and the takeover of the new product portfolio including balers and

#### Division management

Michel Siebert,  
division president

Jean-Luc Collin,  
production

Jeannot Hironimus,  
research and development

Dominique Schneider,  
finance and controlling

Roland Rieger,  
sales

Philippe Lang,  
supply chain

Hervé Arlot,  
Kuhn-Huard SA

Guy Rostoucher,  
Kuhn-Audureau SA

Dominique Devillers,  
Kuhn-Blanchard SAS

Didier Vallat,  
Kuhn-Geldrop B.V.

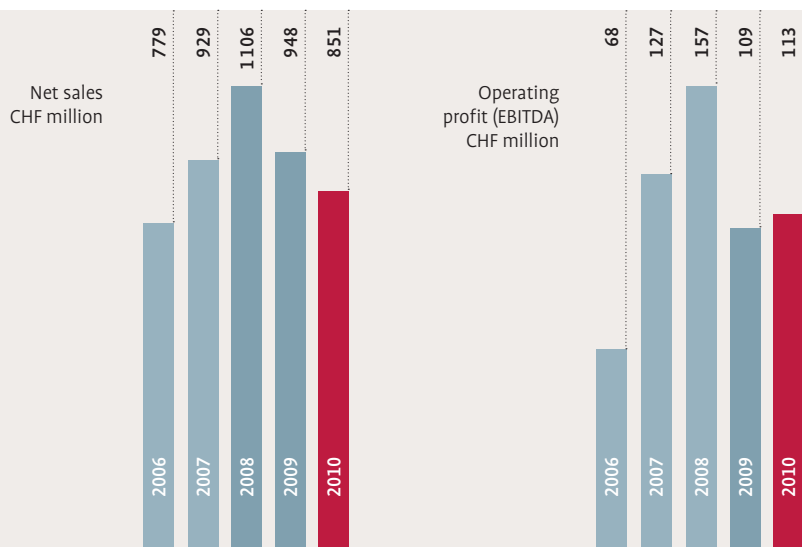
Thierry Krier,  
Kuhn North America, Inc.

Mario Wagner,  
Kuhn do Brasil S/A

At 8 March 2011

bale wrappers as well as other forage harvesting machinery into Kuhn's dealer network was pushed ahead. This challenging transition in the distribution network was successfully completed in late August of the year under review. The division began launching balers and bale wrappers in North America; thanks to Kuhn North America's strong ties, the first year yielded promising results.

**Product innovations** Consistency, continuity and innovation are key in product development. Kuhn Group therefore continued to renew the product portfolio during the year under review and introduced numerous new innovations in all ten product families. Kuhn Group has been putting the skills and customer proximity of the companies within the division to targeted use for several years. Typical examples of this include joint R&D projects in the area of livestock bedding between Kuhn Saverne and Kuhn North America or in the area of fertilisation between Kuhn Brazil and its long-term partner Rauch Landmaschinen GmbH, Germany. The results of this global R&D work became more concrete in 2010 with the launch of an innovative series of tractor-drawn mowers in North America and a high-tech fertiliser spreader in Brazil. Kuhn Group will intensify this successful global development strategy in future and use its expertise to create new generations of machines that satisfy the requirements of future customers. Work continued on the further development of the Isobus terminal at the Competence Centre Isobus (CCI) which was founded by Kuhn Group together with five other leading European agricultural machinery manufacturers. More and more companies are adding the CCI terminal's innovative design to their line of products.



**Partnership with Rauch** In February of this year, Kuhn Group intensified its long-term partnership with Rauch Landmaschinen GmbH through the acquisition of a 24% minority interest in the form of newly issued capital. This financial interest will create the best possible conditions for even closer cooperation, specifically for successful expansion to countries further afield like North and South America. Kuhn Group benefits from Rauch's expertise in the areas of fertiliser spreaders and pneumatic seed drills while Rauch can take advantage of the Kuhn Group's expertise in tillage, seeding and strong global distribution network. Rauch had 300 employees during the 2009/2010 business year and generated sales of EUR 42 million.

**Outlook for 2011** No changes will be made to the good long-term agricultural forecast. This was developed based on a growing world population, changing eating habits with increasing consumption of meat and dairy products as well as the need to increase the per-hectare yields of agricultural products. Together with these basic factors and prices for agricultural products which are expected to continue increasing during the year, Kuhn Group expects a positive market environment in its main regions: Western Europe, North America and South America. Eastern Europe, as well, is likely to see noticeable yet low-level recovery. During 2011, uncertainty is likely to stem not only from the climate's usual unpredictability but also exchange rates. In local currencies, Kuhn Group expects 2011 to bring a considerable rise in sales and a greater increase in operating profit.

