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BUHLER INDUSTRIES INC. (BUI-T, \$7.17)

Ben Cherniavsky (604) 659-8244

ben.cherniavsky@raymondjames.ca

Industry Tractor Sales Keep Growing In February—Albeit at a Slower Pace

Stock Price		\$7.17
= Stock Rating	MARKET PERFORM	3
= 6-12 Month Target		\$7.05
Dividend Yield		2.0%
Target Total Return		0.3%
Market Capitalization (mln)		\$179

	EPS	P/E
09/04A	\$0.42	17.0x
= 09/05E	\$0.47	15.2x
= 09/06E	\$0.53	13.6x

We are maintaining our MARKET PERFORM rating and \$7.05 target price on Buhler common shares. Last week, the Association of Equipment Manufacturers (AEM) released its farm equipment sales data for February, one of the least seasonally significant months of the year. In the United States, sales of row crop tractors rose 6% to 1,220 units while 4WD tractors sales fell 3% to 158 units—effecting a net increase of 5% for the heavy tractor categories that Buhler markets. In Canada, row crop tractor sales increased by 50 units (to 184) while 4WD tractor sales fell by roughly 30 units (to a mere 12 units). This resulted in a net increase of 10% for these two tractor categories. We expect industry sales to pick up with the coming spring selling season. In light of this, our outlook for Buhler remains largely unchanged. We like the company's long-term prospects based on: (i) the prevailing industry momentum; (ii) its impressive record of shareholder value creation; (iii) its strong financial position, and (iv) its competitively priced product offering. However, we continue to rate the stock MARKET PERFORM because we believe it is fully priced at this point in time. Notably, Buhler common shares trade at a P/E multiple of roughly 15.0 our F2005 EPS estimate of \$0.47, compared to an average of 13.5x 2005E for the OEM peer group.