

Alternative performance measures

In its annual reports, interim reports and notices to investors and analysts, the Bell Food Group uses alternative performance measures that are not defined by the Accounting and Reporting Recommendations (Swiss GAAP ARR). It is the opinion of the Board of Directors and of the Group Executive Board that these indicators provide useful and relevant information about the Group's operating and financial performance. The alternative performance measures used by the Bell Food Group may not be comparable to similar indicators utilised by other companies. In this document, the alternative performance measures used by the Bell Food Group are explained and reconciled with the Swiss GAAP ARR key figures.

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Performance

Development of volumes and income statement

The Bell Food Group compares the development of sales volume and selected income statement items to the previous year with regard to:

→ Exchange rate effects

The Bell Food Group calculates the exchange rate effects by translating the prior-year figures into CHF using the current average rates. The difference to the prior year's CHF values expresses the exchange rate effect.

→ Inorganic effects

Acquisitions and disposals of companies or parts of companies are combined as inorganic effects. The effects of acquisitions on the current period are reported separately. The prior-year figures are adjusted for disposals. This adjustment is done on a pro rata basis from the date of acquisition or disposal.

→ Organic development

Organic development refers to the change from the previous year after adjustment to account for exchange rate effects and inorganic effects. As exchange rate developments do not have any effect on sales volumes, organic development is only adjusted for inorganic effects. Organic development expressed as a percentage is calculated on the basis of the reported prior-year figures.

in million kg				of which:		
	1 st HY 2020	1 st HY 2021	Δ	Exchange rate effect	Inorganic	Organic
Sales volume	259.8	264.2	4.4	–	–3.5	7.9
in % to 1st HY 2020			1.7 %			3.0 %
in CHF million				of which:		
	1 st HY 2020	1 st HY 2021	Δ	Exchange rate effect	Inorganic	Organic
Sales revenue	1 995.3	2 054.1	58.8	16.9	–11.3	53.1
in % to 1st HY 2020			2.9 %			2.7 %
Net revenue	1 963.0	2 023.2	60.3	16.4	–10.7	54.6
in % to 1st HY 2020			3.1 %			2.8 %

The following inorganic effects are taken into account:

1st HY 2021: sale of the Perbál production facility in Hungary as of the end of October 2020.

1st HY 2020: no company acquisitions or sales took place in the first half of 2020.

Sales volume

Sales volume is reported in kilograms and equals the volumes that were sold.

Sales revenue

Sales revenue equals the gross revenue from sale of goods, excluding other revenue and sales deductions.

in CHF million	1 st HY 2021	1 st HY 2020
Sales revenue	2 054.1	1 995.3
Other revenue	25.9	26.1
Sales deductions	-56.8	-58.4
Net revenue	2 023.2	1 963.0

Subtotals in the income statement

Various subtotals used in the income statement are not prescribed by the Accounting and Reporting Recommendations (Swiss GAAP ARR) for an income statement prepared in accordance with the nature of expense method and are therefore defined as follows:

→ **Gross operating income**

Gross operating income is calculated as net revenue minus the cost of goods sold, including changes in inventory.

→ **EBITDA**

EBITDA is earnings before interest, taxes, depreciation and amortisation.

→ **EBIT**

EBIT is earnings before interest and taxes and is one of the Bell Food Group's core management ratios.

→ **EBT**

EBT is earnings before taxes.

Margins

Margins are calculated as a percentage of net revenue.

	1 st HY 2021		1 st HY 2020	
	in CHF million	in %	in CHF million	in %
Net revenue	2 023.2	100.0%	1 963.0	100.0%
Gross operating income	788.8	39.0%	760.8	38.8%
EBITDA	145.7	7.2%	137.8	7.0%
EBIT	64.7	3.2%	59.4	3.0%
EBT	65.6	3.2%	50.5	2.6%
Half-year profit	50.0	2.5%	34.9	1.8%

Adjusted key performance indicators: EBITDA, EBIT, half-year profit

To improve comparability with other periods, reported EBITDA, EBIT and half-year profit are adjusted for once-off effects in periods in which once-off effects occurred.

Once-off effects

The Bell Food Group defines once-off effects as expenses or income that are part of the operating result but only occur rarely. To improve comparability with other companies and periods, these indicators are adjusted for once-off effects. The tax consequences of once-off effects are not adjusted.

+ expenses/ – income	1 st HY 2021	1 st HY 2020
	in CHF million	in CHF million
No once-off effects on EBITDA	–	–
Impact on EBITDA	–	–
Valuation adjustment of tangible assets	+1.0	–
Impact on EBIT	+1.0	–
No further once-off effects	–	–
Impact on half-year profit	+1.0	–

	1 st HY 2021		1 st HY 2020	
	in CHF million	% net revenue	in CHF million	% net revenue
EBITDA reported	145.7	7.2%	137.8	7.0%
EBITDA adjusted	145.7	7.2%	137.8	7.0%
EBIT reported	64.7	3.2%	59.4	3.0%
EBIT adjusted	65.7	3.2%	59.4	3.0%
Half-year profit reported	50.0	2.5%	34.9	1.8%
Half-year profit adjusted	51.0	2.5%	34.9	1.8%

Capital structure

Net financial liabilities

Interest-bearing liabilities are defined as debts or financial liabilities and can be current and non-current in nature. Cash and cash equivalents and securities held for trading (current) are deducted from the financial liabilities to obtain the net financial liabilities (net debt).

in CHF million	1 st HY 2021	1 st HY 2020
+ Current financial liabilities	185.0	4.4
+ Non-current financial liabilities	682.7	863.9
Financial liabilities	867.7	868.3
- Cash and cash equivalents	-148.4	-142.7
- Securities	-2.1	-1.9
Net financial liabilities	717.2	723.7

Equity ratio

The ratio between total equity and total assets equals the equity ratio. In its financial reporting, the Bell Food Group also uses the term "self-financing" for equity. The equity ratio is also called the self-financing ratio.

in CHF million	1 st HY 2021	1 st HY 2020
Equity excl. minority interests	1 385.4	1 272.8
Minority interests	0.2	0.2
Equity	1 385.6	1 272.9
Total assets	2 764.9	2 627.0
Equity ratio	50.1 %	48.5 %

Under Swiss GAAP ARR, companies can choose how to treat goodwill on acquisitions:

- Capitalisation of goodwill and annual amortisation through profit and loss
- Offsetting of goodwill against equity

The Bell Food Group capitalises goodwill and amortises it over a maximum of 15 years in justified cases. Various companies offset goodwill against equity. To improve comparability with these companies, the Bell Food Group reports the following key indicators as if goodwill had been offset against equity. For this purpose, the remaining goodwill at the respective balance sheet date is deducted from total equity or total assets.

- EBIT and EBIT margin
- Profit and profit margin
- Equity and equity ratio

in CHF million	1 st HY 2021	1 st HY 2020
EBIT	64.7	59.4
+ Goodwill amortisation	12.7	13.4
EBIT before goodwill amortisation	77.3	72.8
- Financial result	-0.3	-9.9
+ Net income from associated companies	1.2	1.0
- Taxes	-15.5	-15.6
Profit before goodwill amortisation	62.7	48.3
Equity	1 385.6	1 272.9
- Goodwill offsetting	-178.6	-201.9
Equity after goodwill offsetting	1 207.0	1 071.1
Total assets	2 764.9	2 627.0
- Goodwill offsetting	-178.6	-201.9
Total assets after goodwill offsetting	2 586.3	2 425.2
Key indicators with goodwill offsetting		
<i>EBIT margin</i>	3.8 %	3.7 %
<i>Profit margin</i>	3.1 %	2.5 %
<i>Equity ratio</i>	46.7 %	44.2 %

Liquidity

Operating cash flow and free cash flow

Operating cash flow and free cash flow are important measures for the Bell Food Group. These are calculated as follows:

in CHF million	1 st HY 2021	1 st HY 2020
Operating cash flow	131.0	86.1
Change in net current assets	-5.1	36.1
Operating free cash flow	125.9	122.2
Investment in intangible assets	-7.0	-5.1
Divestment of intangible assets	-	0.0
Investment in tangible assets	-103.0	-97.6
Divestment of tangible assets	0.4	1.5
Net investment in tangible and intangible assets	-109.6	-101.1
Operating free cash flow	16.3	21.1
Change in net current assets	5.1	-36.1
Investment (-)/divestment (+) of securities	-	-0.1
Investment in other companies and financial assets	-11.1	0.0
Acquisition (+)/sale (-) of cash and cash equivalents	-	-
Divestment of other companies and financial assets	0.2	0.2
Net investment in securities, financial assets and other companies	-10.9	0.1
Free cash flow	10.4	-14.9
<i>Operating cash flow before change in net current assets as % of net revenue</i>	6.2 %	6.2 %
Increase (-)/decrease (+) in receivables	22.1	42.6
Increase (-)/decrease (+) in inventory	-28.4	-32.8
Increase (-)/decrease (+) in accrued income and prepaid expenses	-15.1	-8.4
Increase (+)/decrease (-) in liabilities	-10.9	-78.2
Increase (+)/decrease (-) in accrued expenses and deferred income	37.3	40.6
Change in net current assets	5.1	-36.1

Operating cash flow before change in net current assets

The operating cash flow can be influenced by fluctuations of the net current assets and is therefore adjusted for this impact. For example, these fluctuations can be put down to pure reporting-date effects. Market-driven decisions – in particular regarding inventories – can also affect the multi-year comparison. The operating cash flow before change in net current assets is expressed in relation to the net revenue.

Operating free cash flow

The operating free cash flow is derived from the operating cash flow before change in net current assets minus net investments in tangible and intangible assets. It shows the amount remaining for changes in net current assets, net investments in securities, financial assets and other companies, and for settling the claims of lenders and shareholders. The operating free cash flow is expressed in relation to the net financial liabilities.

Free cash flow

The free cash flow represents the cash flow that is available for settling the claims of lenders and shareholders. It is derived from the operating free cash flow minus the changes in net current assets and net investments in securities, financial assets and other companies.