

**BELL  
FOOD  
GROUP**



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# **The Bell Food Group Results for first half of 2018**

Financial analysts' presentation  
Results for first half of 2018

16 August 2018 | Bell Food Group Ltd

# Key facts at a glance.

Sales revenue  
in CHF million

**2,062.1**

+ 18.9 %

Sales volume  
in million kg

**268.3**

+ 19.9 %

Half-year profit  
in CHF million

**32.5**

- 17.7 %

Number of  
employees  
FTEs

**12,361**

+ 20.3 %



EBITDA  
in CHF million

**136.6**

+ 5.1 %

EBIT  
in CHF million

**55.2**

- 15.6 %

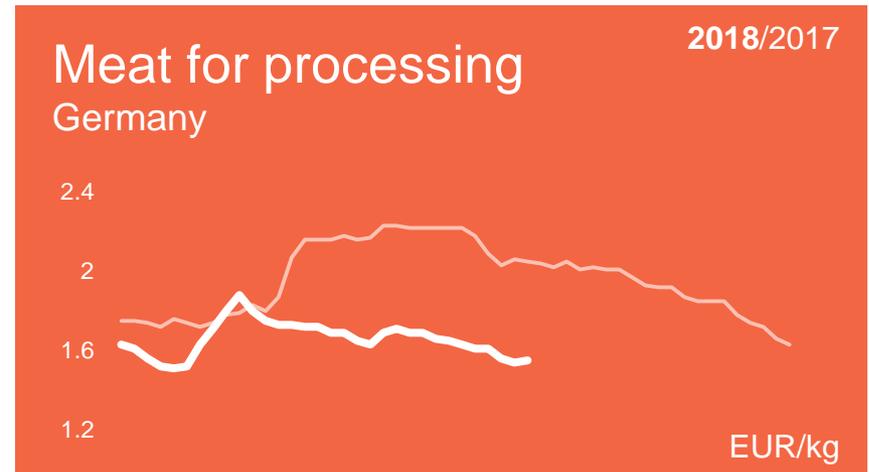
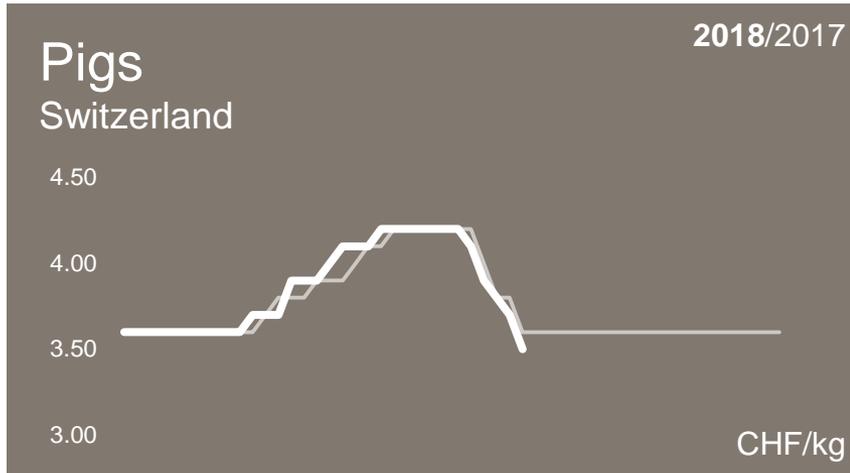
Production plants

**53**



# Most important influences on the results.

# Price trends for raw materials in first half of 2018



## Development of Bell Switzerland

### Development of Bell Switzerland (cumulated June 2018)

Sales  
Retail  
**- 0.6 %**

Sales  
Food services  
**+ 7.0 %**

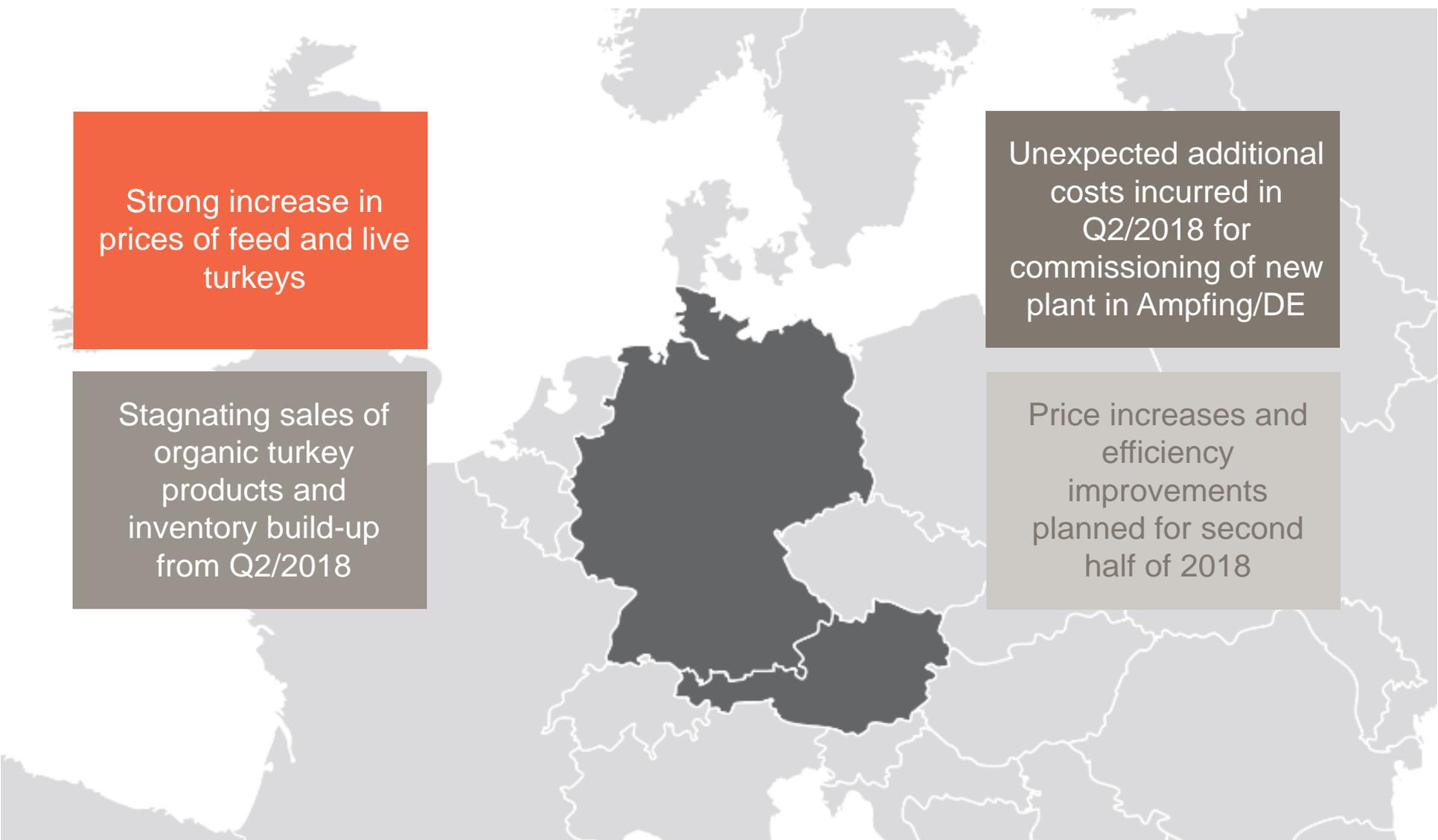
Sales  
Industry  
**+ 1.4 %**

Unexpected and substantial  
contraction in retail sales of  
fresh meat in May/June

Although meat production  
was adjusted quickly, high  
build-up of inventory

Other product groups  
posted good performance;  
efficient cost management

## Development of poultry business in Austria/Germany



Strong increase in prices of feed and live turkeys

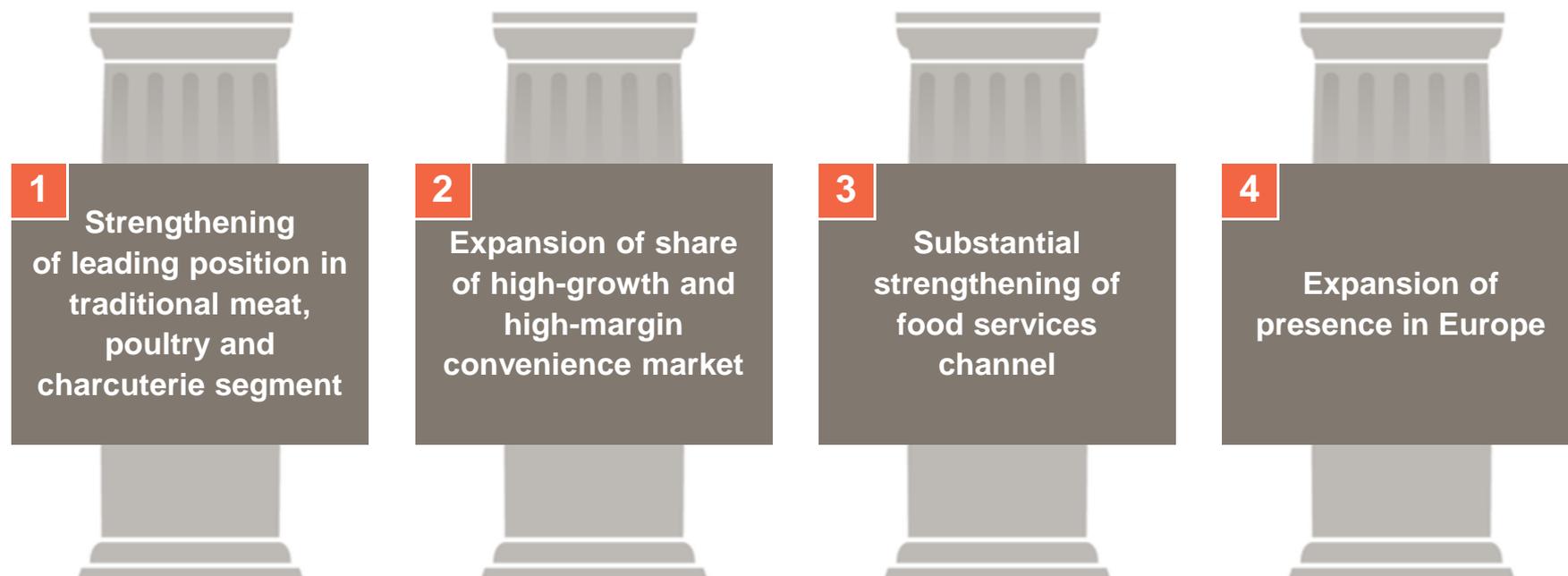
Stagnating sales of organic turkey products and inventory build-up from Q2/2018

Unexpected additional costs incurred in Q2/2018 for commissioning of new plant in Ampfing/DE

Price increases and efficiency improvements planned for second half of 2018

# Strategic directions of the Bell Food Group.

## Systematic implementation of Group strategy



## 1 Leading position

### Investment programme for Switzerland

- Car park and deep-freeze store projects in Oensingen are progressing well
- Renovation of cattle slaughterhouse on track; decision about implementation option in HY2/2018
- Other project scenarios in Oensingen are being developed; future projects in Basel have been deferred; review of investment volumes



### Charcuterie specialities

- Construction of new plant in Spain is on schedule
- Start of Iberico charcuterie sales from Azuaga in second half of 2018
- Further strengthening of brand product ranges; launch of new brand concepts in Q3/2018
- Increased marketing activities 2018/2019; 150th anniversary in 2019



## Integration of Hügli and Sylvain & CO

- Integration of Sylvain & CO is proceeding according to plan
- At Hügli exploitation of first synergy potentials, e.g. insourcing of dressings and spices
- Expansion of production capacity at Hügli site in Sleenwijk/NL



## New convenience plant in Marchtrenk/AT

- Construction is on schedule; commissioning planned for first quarter of 2019
- Europe's most modern convenience plant
- Additional floor was built for meat convenience products

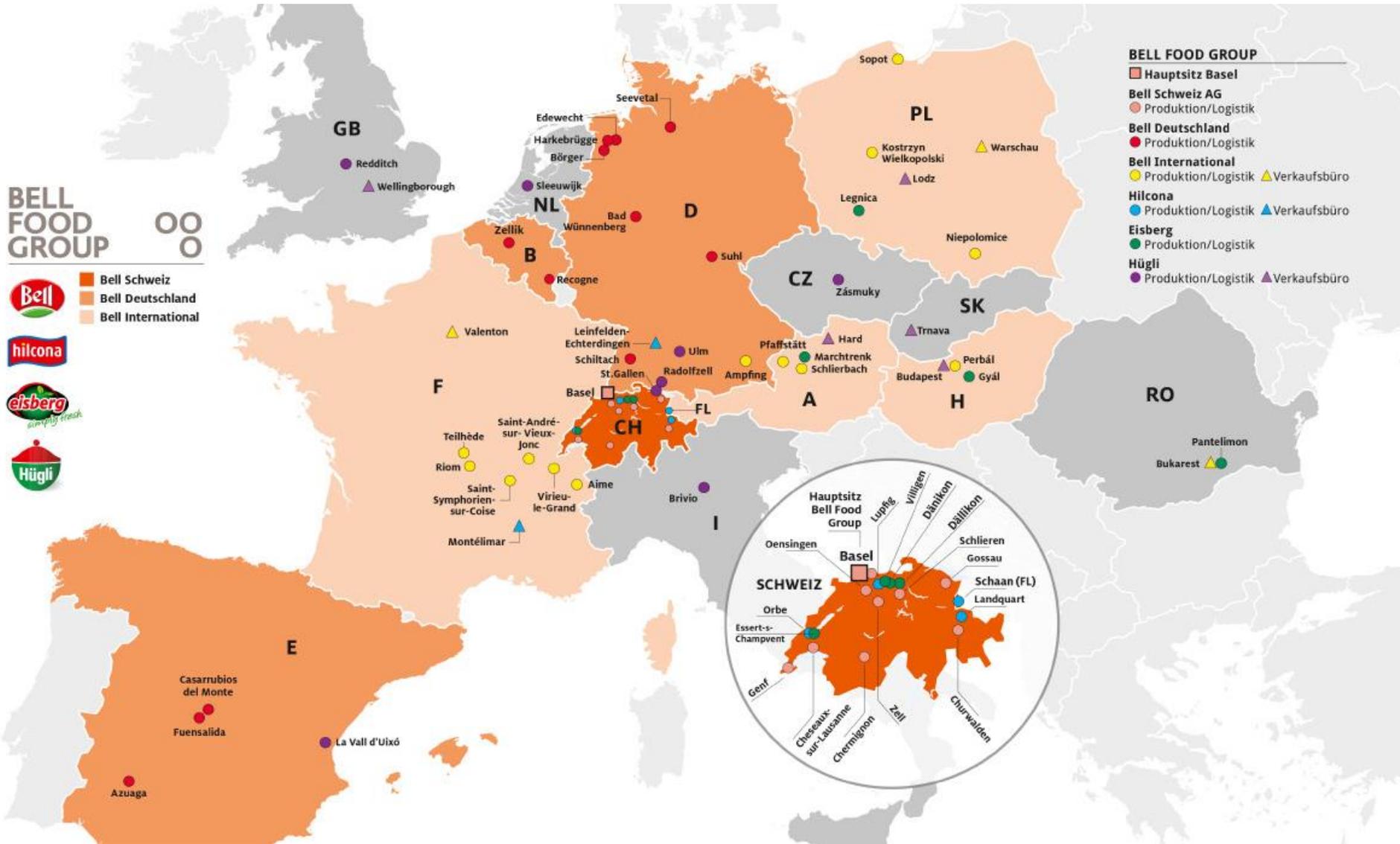


## Increased marketing for food services

- Roll-out of specific food services product range under the Bell Professional brand has started
- Exploitation of synergies in marketing activities, for example at trade fair appearances
- Consistent exploitation of potential within the Group



4 Expansion of presence



# Cultured meat – a tangible vision.

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Cultured meat – a tangible vision  
**Investment in Mosa Meat**

- Bell Food Group is participating in the next development phase of the start-up Mosa Meat, the global leader for cultured beef
- The objective is to bring cultured meat to market by 2021
- Cultured meat is an alternative to consumers who are re-evaluating their meat consumption for ethical reasons
- Opportunity to meet the global increase in demand for meat in a sustainable manner



# Comments on the most important results.

## Income statement for first half of 2018



Operating income  
in CHF million

**2,020.0**

+ 18.0 %

Sales volume  
in million kg

**268.3**

+ 19.9 %

Gross profit  
in CHF million

**771.6**

+ 20.1 %

EBITDA  
in CHF million

**136.6**

+ 5.1 %

EBIT  
in CHF million

**55.2**

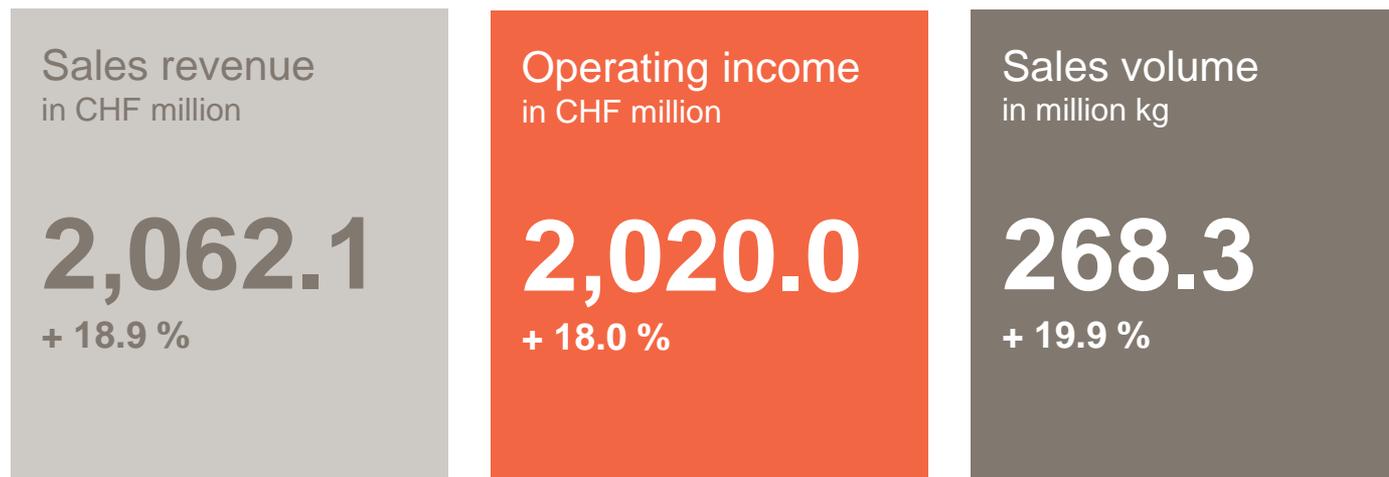
- 15.6 %

Half-year profit  
in CHF million

**32.5**

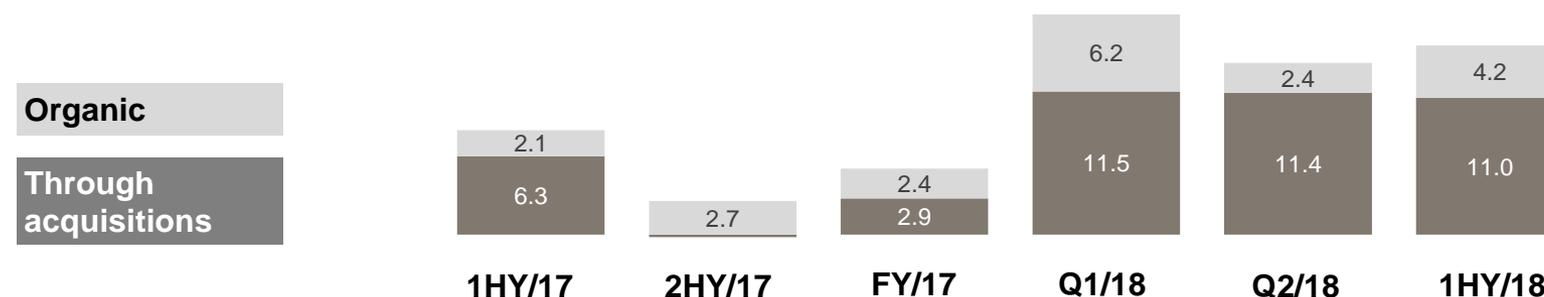
- 17.7 %

# Income statement for first half of 2018

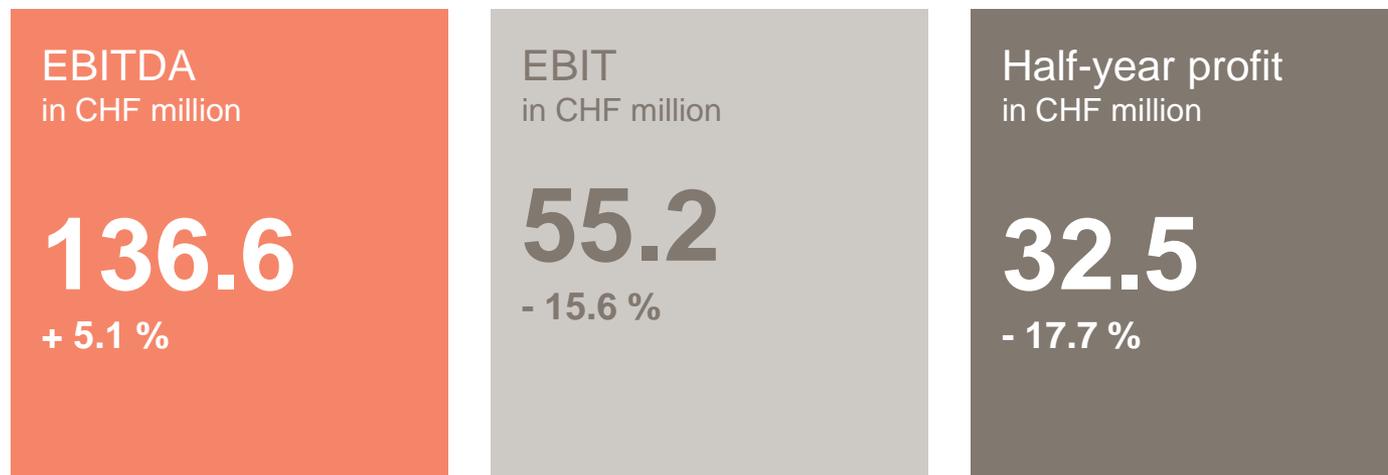


## Sales volume growth breakdown

in percent



## Income statement for first half of 2018



### Breakdown EBITDA/EBIT 2018 development compared to 2017 in CHF million

	Q1/18 YTD	April 18 YTD*	May 18 YTD	Q2/18 YTD
<b>EBITDA</b>	61.6	77.1	102.8	136.6
△ Previous year	+11.3	+5.1	+1.7	+6.6
<b>EBIT</b>	21.3	23.2	35.5	55.2
△ Previous year	+3.0	-5.9	-12.0	-10.2

\*Contraction in April 2018 was mostly because the Easter sales fell in March in 2018 rather than in April as in 2017.

## Balance sheet and cash flow for first half of 2018



Cash and cash  
equivalents  
in CHF million

**265.8**

Share of total assets  
+ 9.7 %

Non-current assets  
in CHF million

**1,537.3**

Share of total assets  
55.8 %

Net financial  
liabilities  
in CHF million

**696.7**

Equity  
in CHF million

**1,247.5**

Share of total assets  
45.3 %

Net investments in  
property, plant and  
equipment  
in CHF million

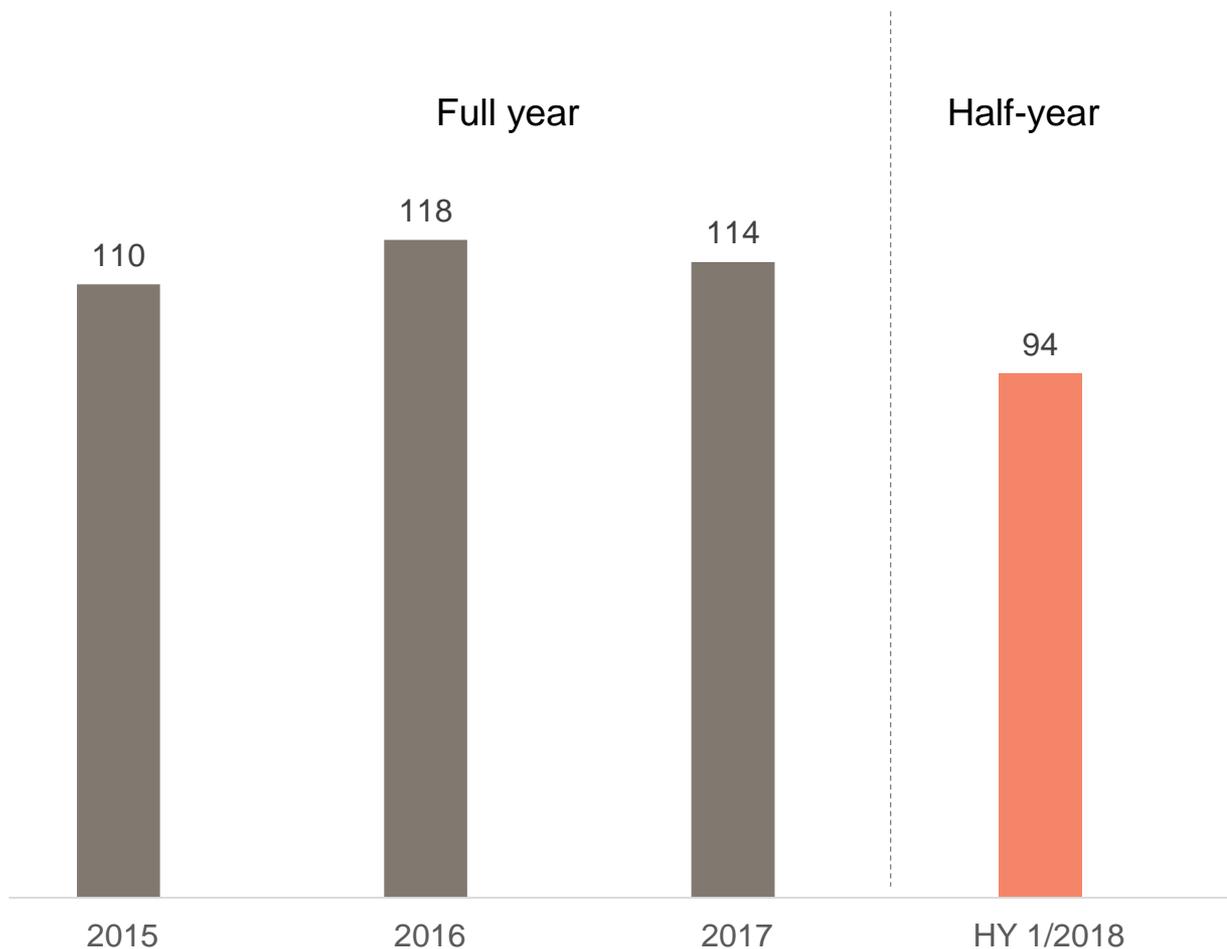
**93.6**

Operating cash flow  
in CHF million

**160.9**

## Comments on the most important results

# Investments



**Net investments in property, plant and equipment**  
in CHF million

- Total expected CAPEX 2018 around CHF 200-250 million
- Expected CAPEX from 2019 around CHF 250-300 million because of various construction projects

### **New bond**

A bond for CHF 350 million floated at attractive conditions at the end of January 2018 was received very well by the market.

> CHF 200 m / 6 years until 2024 / 0.375 %

> CHF 150 m / 10 years until 2028 / 0.750 %

### **Acquisition of Hügli non-controlling interests (status as at 23/05/2018)**

In response to its purchase offer, the Bell Food Group was offered 212,927 Hügli bearer shares (97.56 % of the bearer shares). All registered and bearer shares held by the Bell Food Group and other persons acting in concert with it as agreed account for 99.23 % of Hügli's voting rights and 98.90 % of its share capital.

### **Rights issue by the Bell Food Group**

99.15 % of the subscription rights for new registered shares were exercised. The Bell Food Group's share capital thus increased by CHF 1,142,856 to CHF 3,142,856, divided into 6,285,712 registered shares with a par value of CHF 0.50 each.

## Depreciation, amortisation, recognition of goodwill

- **Goodwill from acquisitions is amortised over 8 to 15 years.**
- **Goodwill from acquisitions of controlling interests in other companies is recognised in equity.**

> HY2018 Goodwill from takeover of Hügli non-controlling shares

- **Depreciation of tangible assets**

> Share of depreciation in first half of 2018 relating to Hügli consolidation  
Property, plant and equipment CHF 7.4 m and goodwill CHF 6 m

	HY 17	FY 17	HY 18	HY18/HY17
Amortisation of goodwill	9,9	20,1	16,3	6,4
Amortisation of intangible assets	3,9	7,2	4,3	0,4
Deprecation of fixed assets	50,8	103,7	60,8	10,0
<b>Total</b>	<b>64,6</b>	<b>130,9</b>	<b>81,3</b>	<b>16,8</b>
Influence consolidation Hügli	-	-	13,4	13,4

## Key figures for shares in first half of 2018

Share price  
in CHF on 30/06

**317.50**

Average daily  
trading volume  
in number of shares –  
first half

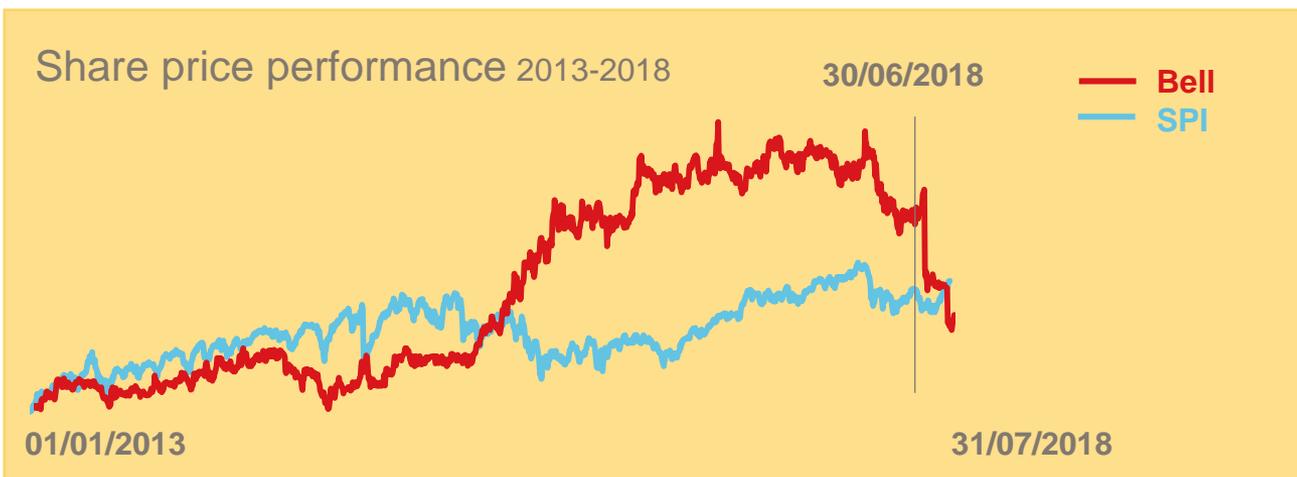
**5,328**  
+ 3,459

Registered  
shareholders  
as of 30/06

**5,615**  
+ 873

Market  
capitalisation  
in CHF million as of  
30/06

**1,996**  
+ 8.8 %



# Segment details for first half of 2018.

## Division Bell Switzerland

Sales revenue  
in CHF million

**996.0**

+ 3.4 %

Sales volume  
in million kg

**63.8**

+ 1.4 %

Employees  
FTE

**3,754**

- 2.1 %

Production plants  
Number

**12**

+ 1

## Division Bell Germany

Sales revenue  
in CHF million

**253.0**

+ 17.7 %

Sales volume  
in million kg

**37.3**

+ 10.0 %

Employees  
FTE

**1,615**

+ 7.2 %

Production plants  
Number

**10**

=



Segment details for first half of 2018  
Division Bell International

Sales revenue  
in CHF million

**329.0**

+ 12.3 %

Sales volume  
in million kg

**80.8**

+ 2.8 %

Employees  
FTE

**2,667**

+ 5.7 %

Production plants  
Number

**10**

=



# Hilcona/Eisberg

Sales revenue  
in CHF million

**523.0**

+ 73.2 %

Sales volume  
in million kg

**91.7**

+ 71.0 %

Employees  
FTE

**2,662**

+ 66.6 %

Production plants  
Number

**21**

+ 12



# Financial strategy and outlook.

## Lorenz Wyss, CEO

- Key facts at a glance
- Most important influences on the results
- Strategic directions of the Bell Food Group
- Cultured meat – a tangible vision

## Marco Tschanz, CFO

- Comments on the most important results
- Details on the segments
- Financial strategy and outlook

## Lorenz Wyss, CEO

- Summary and outlook for 2018
- Questions & answers

# Summary and outlook for 2018/2019.

## Summary

- The Bell Food Group continued to grow organically and through acquisitions in the first half of 2018
- Overall results were burdened by earnings contraction in Switzerland and for the international poultry business
- Successful development of strategy for convenience segment

## Outlook

- Continuation of operational progress in Germany and France
- Implementation of targeted measures to improve results in Switzerland and Austria
- Timely exploitation of the synergy potential released by the Hügli integration
- Consistent pursuit of strategic directions

