
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 %

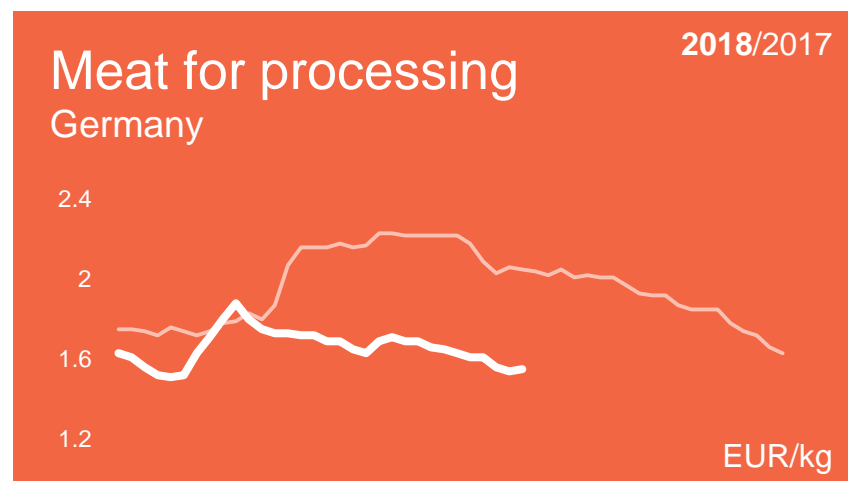
Production plants

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

Strengthening
of leading position in
traditional meat,
poultry and
charcuterie segment

2

Expansion of share
of high-growth and
high-margin
convenience market

3

Substantial
strengthening of
food services
channel

4

Expansion of
presence in Europe

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 Sleeuwijk/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

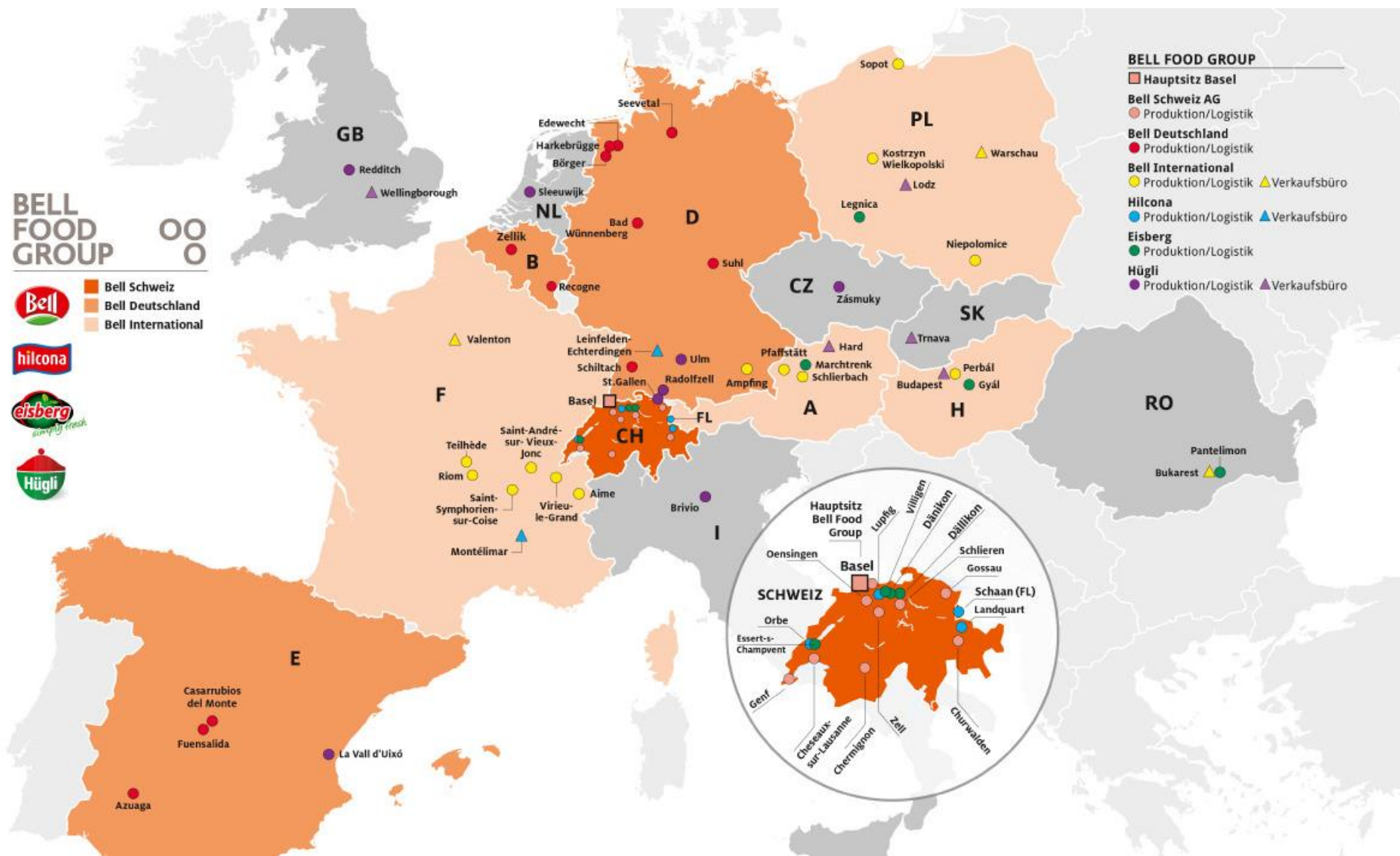


Increased marketing for food services

- 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.

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

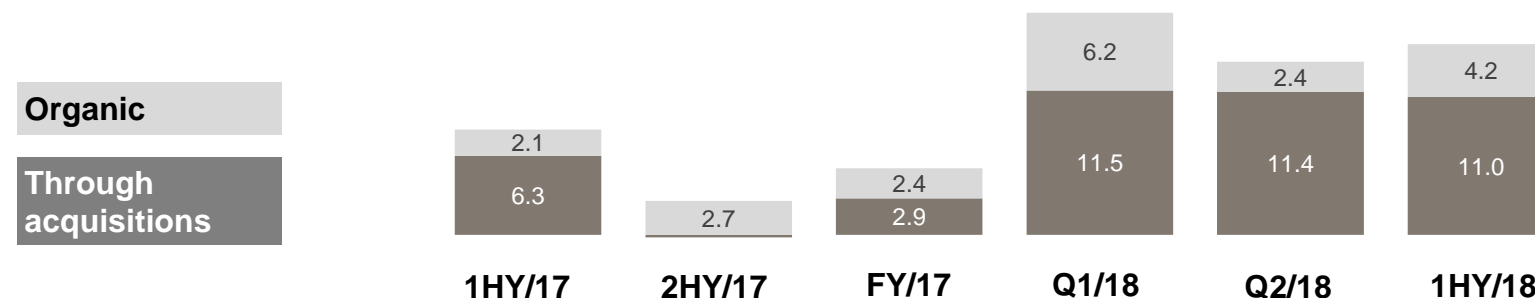
- 17.7 %

Income statement for first half of 2018

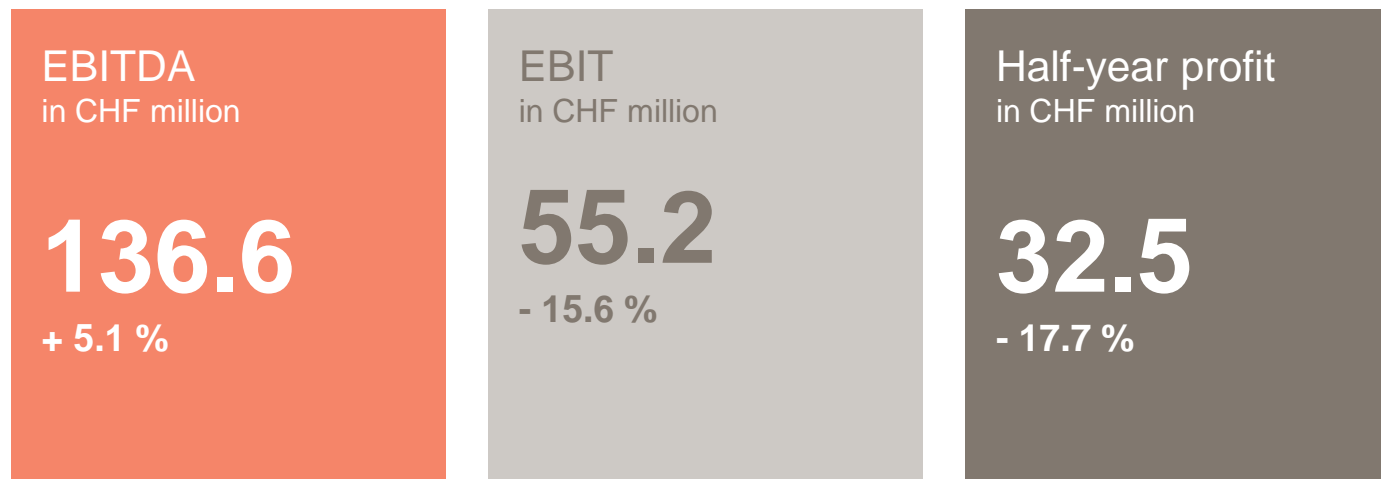


Sales volume growth breakdown

in percent



Income statement for first half of 2018



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

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

*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

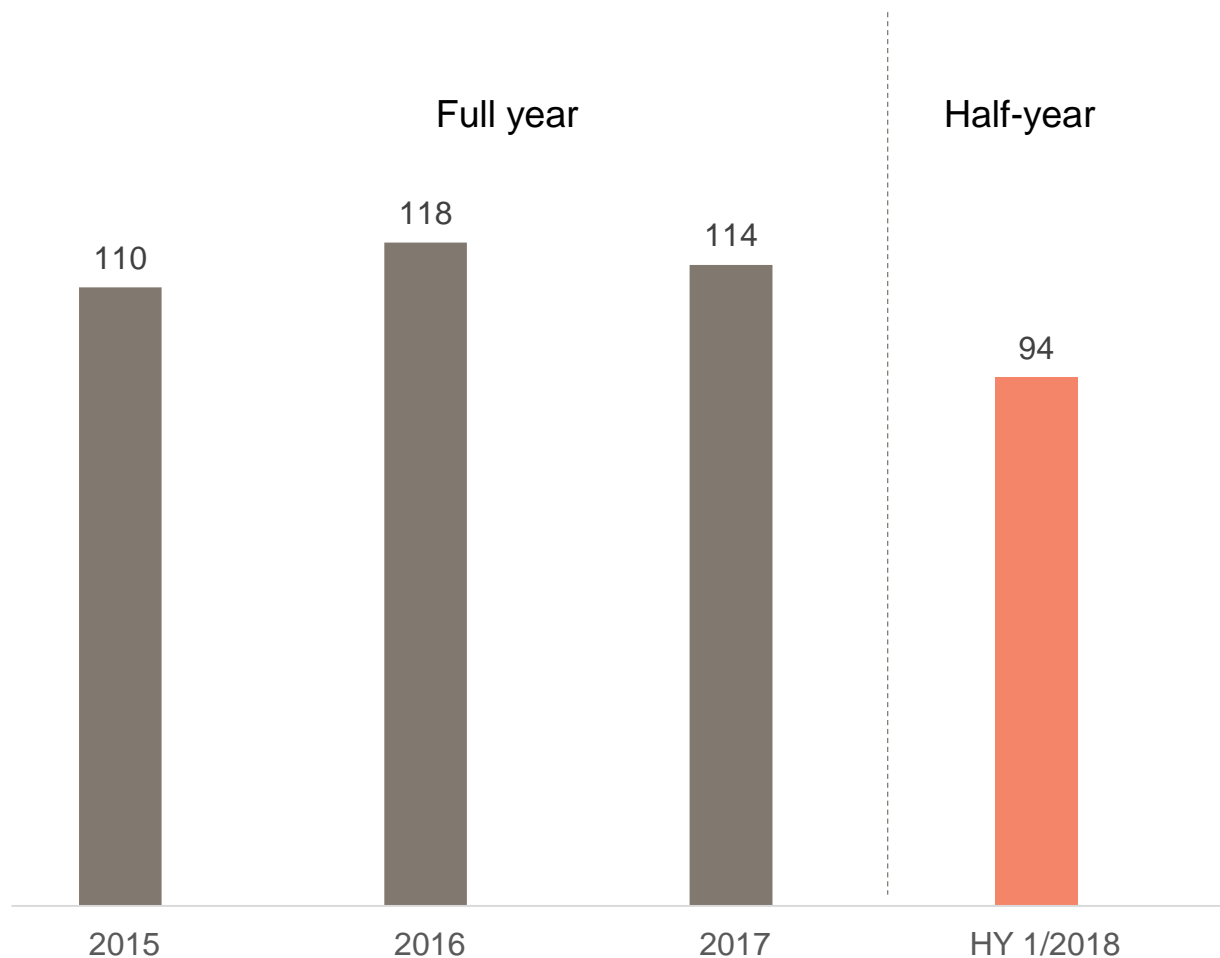
93.6

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
Total	64,6	130,9	81,3	16,8
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 %

Share price performance 2013-2018

30/06/2018

— Bell
— SPI

01/01/2013

31/07/2018

Segment details for first half of 2018.

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

BELL
FOOD
GROUP



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 and outlook

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

