

Bell Ltd
Company profile

2013

— **Quality** is
our core competence

— We stand for
sustainable services

— Our **tradition** makes us rich
in experience

— Our products offer **taste**
and a zest for life



Bell – taste and a zest for life

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The Bell Group is one of the leading meat processors in Europe and is number one in Switzerland. Our products – fresh meat, charcuterie, poultry, special meats, seafood and convenience products – are synonymous with taste and a zest for life. 6,500 employees do their utmost every day to prepare top-quality products and satisfy the taste buds of millions of consumers. To achieve this goal we cooperate closely with our suppliers and distribution partners in the retail and wholesale trade, the food service sector and the food processing industry.

8

– 15

Moments of enjoyment

Our products guarantee a real treat, around the clock. The Bell employees in all our plants are dedicated to providing this experience.

Contents Management report 2013

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Together, the 2013 management report and the 2013 company profile form the 2013 annual report. These are available as separate publications or can be downloaded from www.bellfoodgroup.com.

Bell at a glance

Important events in 2013

Market environment in Switzerland and in Europe

Rising prices for raw materials and restrained consumer sentiment have a negative impact on sales and margins.

Seasonal business

Bad weather for the barbecue range in the first half of the year and below-average festive season business.

Expansion of production plant in Churwalden completed

Start of delivery of charcuterie specialities from Graubunden.

Organisational restructuring at Bell Schweiz AG

Functional structure that is closer to the market and enhances efficiency.

International organisation

Finalisation and implementation of the divisional structure of the Bell Group.

Unlocking of potential

First exploitation of synergies and potential within the Group.

Anuga food and beverage fair

First international appearance of the Bell Group with its new structure – optimum presentation of the international product ranges under one roof.

Board and management changes

Andreas Land is now a member of the Board of Directors; Christian Schröder is now a member of the Group Executive Board; new management team at Bell France.

Brand management

Successful relaunch of the strategic “Môssieur Polette” brand in France.

Sustainability

Adoption of a new Group-wide sustainability strategy.

Corporate strategy

Adoption of vision, corporate guiding principles and missions for the entire Bell Group.

Important key figures

The separate management report describes the financial performance of the Bell Group in detail.

Sales proceeds

in CHF thousand

2,620,490

Previous year
2,526,520



Operating income

in CHF thousand

2,597,788

Previous year
2,508,378



Number of employees

FTE

6,384

Previous year
6,248



Equity

in CHF thousand

731,458

Previous year
675,472



Sales by product group

in tonnes

Product group	
Fresh Meat	55,530
Poultry	28,864
Seafood	5,655
Charcuterie CH	31,945
Charcuterie Europa	95,805

Net capital expenditure in operating assets

in CHF thousand

85,527

Previous year
73,676



Share price as of 31.12.
in CHF

2013 ■
2012 ■

2,316

Previous year
2,005

+15.5%



EBITDA per share in CHF

476 +2.4%
465

EBIT per share in CHF

263 +5.8%
249

Net profit per share in CHF

192 +0.7%
191

Dividend per share in CHF

60 +0.0%
60

EBITDA

in CHF thousand

189,658

Previous year
185,138

EBIT

in CHF thousand

104'943

Previous year
99,145

Net profit

in CHF thousand

76,625

Previous year
75,849

➔ +2.4%

➔ +5.9%

➔ +1.0%

Number of production plants

27



27 production locations (=)
116 sales locations (+16)

Nationalities

73



Previous year
72

The Bell Group has an international profile: it is present in 11 countries, sells its products in around 25 countries, and employs people from 73 countries.

Gender distribution; share of women

in %

40



Share of women
in management 26 %
(previous year 19 %).



>
Hansueli Loosli
President of the Board of Directors

>>
Lorenz Wyss
Chairman of the Group Executive Board

Editorial

Focus as a success factor in a challenging environment

Dear Shareholders

For 2013, we planned to consistently exploit the synergies within the Group, enhance our efficiency even more, and streamline our brand management, all in order to further strengthen our position in spite of persistently difficult market conditions. Today, we can say that we made further progress along this road and achieved a satisfactory result.

—
We focus on responsible products and procurement, resource efficiency and climate protection, and pledge to be a good employer and neighbour.

Stable operating result

Sales volumes contracted year-on-year by 217,950 tonnes or 1.7 percent. A downturn in the seasonal business, some markets that are shrinking and the restructuring of our own product ranges were the main contributors to this decline. Because of higher prices for raw materials, sales were up by 3.7 percent on 2012 to CHF 2.62 billion. Earnings before interest, taxes and depreciation (EBITDA) improved by around CHF 4.5 million to CHF 190 million. Adjusted for exceptionals (around CHF 9 million in the previous year), EBITDA was almost CHF 3 million lower than in the previous year. This was mainly due to the increase in the cost of raw materials by as much as 30 percent in some cases and negative volume trends in certain charcuterie segments. The poultry and air-dried ham product groups on the other hand did very well. At CHF 76.6 million, the consolidated profit increased by 1.0 percent. However, at 2.9 percent, the return on sales is still good for our industry.

Further progress on the road to an international brand

We consistently worked on strengthening our company under the umbrella brand of the Bell Group, both in our European markets and in Switzerland. Locally, we focus on our five strategic product brands: Bell, Abraham, Hoppe, ZIMBO and M^ossieur Polette. All of them represent our values: tradition, quality, taste and sustainability, and serve as the foundation for our vision of reaching the top, together. We have also adopted revised corporate guiding principles that set out the rules guiding our conduct on our way to the top.

In addition to the concentration on our brand management, we pushed ahead with projects to enhance our organisational efficiency. In Switzerland, both Procurement and Supply Chain Management as well as Sales and Marketing were separated from the individual divisions so that we can increase our focus on our customers and the market and unlock further potential for synergies. In Germany, we finalised the concentration of all central services at our headquarters in Seevetal, and at Bell Eastern Europe/Benelux, we restructured our product ranges to focus consistently on products with higher added value.

New strategic direction confirmed

Shortly before the end of the year, the Board of Directors for the first time adopted a general sustainability strategy for the whole Group as a keystone for our future business development. In the past few years, sustainability has become a much discussed topic in the media, among consumers and in political circles. The public at large is demanding answers from the business sector to questions such as how we intend to master challenges related to the conservation of resources or animal welfare. Bell's sustainability strategy is our answer to these questions. We focus on responsible products and procurement, resource efficiency and climate protection, and pledge to be a good employer and neighbour. In this way, we not only ensure our social acceptance, but also create added value for future growth.

Solid finances and performance

Financially speaking, the Bell Group is on a solid footing. Our equity ratio of 50.8 percent gives us stability and the flexibility we need for the company's future development. In the current challenging environment, we still managed to generate a cash flow (cash flow before changes to net current assets) of CHF 150 million and earn a profit of CHF 77 million. Given this success, we will ask the Annual General Meeting to approve the same dividend as in the previous year of CHF 60 for the 2013 financial year.

The Bell share continued its success of the past few years and firmed by 15.5 percent over the course of the year. The share's performance over the past few years is therefore in line with the performance of the equity markets. Investors also appreciate the solidity of our company, our reliable dividend policy and the substance of the Group.

Outlook

As there are no signs that the difficult environment will improve quickly, we will continue to rely on strengthening our product ranges, exploiting synergies in the international business and reaping the benefits of our measures to enhance efficiency. We expect the implementation of our sustainability strategy to generate added value that should also have a positive impact on the market and our earnings position in the medium term.

We can only successfully reach the top together with the support of our employees, suppliers, trading partners and shareholders. We owe all of you our thanks for everything that we have reached already. Together, we are laying the foundation for developing our existing potential and continuing to grow sustainably and profitably.

Hansueli Loosli
President of the Board of Directors

Lorenz Wyss
Chairman of the Group Executive Board

Moments of enjoyment

Our products guarantee a real treat, around the clock. The Bell employees in all our plants are dedicated to providing this experience.



05:00

07:00

08:00

09:00

A tasty start to the day –
with quality products from Bell



“I can answer for our meat – I know exactly where it comes from and always make sure that it’s of the best quality.”

————— **Adrian Nussbaumer** (35)
Deputy Head of the Oensingen Plant
With Bell since 1998

————— The quality of our products starts with the careful selection of the raw materials. We only work with certified suppliers who guarantee compliance with our requirements. Processing is done in our own master workshops by people who understand their craft and follow tried-and-tested recipes. This means that our customers can enjoy every bite.



📷 Fresh Meat Production at Bell in Oensingen (Switzerland)

08:00

09:00

10:00

11:00

12:00

Tasty snacks –
fresh products by Bell for every occasion

“We make our products fresh every day –
to ensure perfect enjoyment.”

Robert Flack (38)
Head Cured Sausages
Bell Switzerland
With Bell since 2003



📷 Manufacture of charcuterie products
by Bell in Basel (Switzerland)



— We have sausage and meat products for every taste and every occasion. Whether for a summer barbecue, a celebration party, a weekend meal or a sandwich on the go – with our wide range of products we can meet the needs of all our customers. Thanks to our flexibility our products are always fresh, for everyday meals as well as for special events.



:00

12:00

13:00

14:00

Taking the time to eat healthy food –
with Bell's wide range of products



📷 Staff restaurant at Bell in Basel (Switzerland)

“I like Bell – my job as well as the products,
with which we can prepare tasty and varied
dishes for our guests.”

Georges Egloff (49)
Head of Restaurant Charcuterie in Basel
With Bell since 2010



As a responsible employer we attach importance to the development and recognition of our staff. Safety and the health of our employees are just as important as ongoing further education and training. In our interaction with one another we rely on mutual respect, recognition, tolerance and consideration. At Bell we live these values. They are the reason why people from 73 countries can work together successfully and come up with solutions that meet the very diverse needs of our customers.



18:00

19:00

20:00

21:00

Dinner with Bell –
relax and enjoy a tasty meal at the end of the day



“We use state-of-the-art technology to make sure that our top-quality products reach our customers safely and on time.”

Hubert Goepfert (53)
Electrician at Headquarters in Basel
With Bell since 1986



📷 Order Department at Bell in Basel (Switzerland)

Computer-controlled logistics and transport systems help us to cope with short order and delivery cycles and to execute orders in the fastest possible way. This is how we make sure that our goods reach the customer in top quality so that consumers can fully enjoy their taste.

> bellfoodgroup.com/moments

145 years' experience
5 divisions
27 locations
6'606 employees



Business overview

Our business

The Bell Group is one of the leading meat processors in Europe. Our range of products includes meat, poultry, charcuterie, seafood, choice specialities and convenience products. Bell's products are sold in more than 20 countries. As a full-service provider for the retail and wholesale trade, the food service sector and the food processing industry, Bell has been a byword for quality, taste and tradition since 1869.

Core markets

In our core market of Switzerland, we cover all product groups in the meat segment with a full range of products. In our own production plants, we slaughter, cut and process meat, poultry and seafood and manufacture a wide range of charcuterie products. Bell has a completely integrated production process for Swiss poultry and controls the entire value chain, from the egg to the final, ready-to-serve product. Internationally, we focus on top-quality regional charcuterie products in the air-dried ham, scalded and cured sausage, and meat convenience product groups.

Customers and sales channels

Our customers include the retail and wholesale trade, food service sector and food processing industry. As a rule, we supply the food service sector through the wholesale cash and carry and delivery channels. In the Czech Republic and Slovakia, we also service end customers directly through our butcher shops.

Locations and organisation

The Bell Group is represented in nine European countries with its production facilities, logistics platforms, shop-in-shop branches and sales branches. The production plants are specialised and focus on a specific range of products. We have independent production facilities for the manufacture of regional charcuterie specialities for the most important designations of origin.

Regional organisational structure

We are close to our customers everywhere in Europe. The divisional structure of the Bell Group reflects the partition into geographic regions. In addition to the four divisions Bell Switzerland, Bell Germany, Bell Eastern Europe/Benelux and Bell France, Division Bell Finance/Services provides services to the whole Group.

Brand management

With our five strategic product brands we meet a diversity of customer needs. We manage our brands to comply with our values of tradition, quality, taste and sustainability. In line with Bell's brand architecture, we offer a diverse brand portfolio under the umbrella of the five strategic product brands Bell, Abraham, Hoppe, ZIMBO and M^ossieur Polette. We have positioned these product brands by defining product groups, geographic deployment and distribution channels. We also have much expertise in the manufacture of many different trade brands.

With its production facilities, logistics platforms, shop-in-shop branches and sales branches, the Bell Group is represented in nine European countries.

Products and product ranges

Safe, high-quality meat products are our core business.

Fresh meat

In Switzerland, Bell produces and processes fresh beef, veal, pork and lamb. Our own meat production is supported with targeted purchases of meat ready for processing from suppliers inside and outside Switzerland. We offer a complete range of self-service and over-the-counter products to the retail trade as well as special product ranges specifically developed for major customers in the food service sector and food processing industry.

Poultry

Bell offers Swiss poultry from its own integrated production in all product ranges. These include whole chickens, poultry cuts and pre-cooked convenience products. The range is completed with selected poultry specialities from abroad.

Special meats

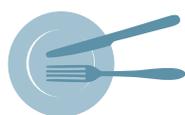
The product range also comprises a large selection of meat specialities. These include venison such as red deer and roe deer, wild boar as well as rabbit and ostrich.

Charcuterie

Thanks to more than 20 production plants in seven countries, Bell offers a wide range of charcuterie products from its own production. These include scalded sausages, cured sausages, air-dried ham, cured meat products and dried meat. The range also includes a large number of specialities with protected geographical status such as Black Forest ham, Serrano ham or Bündnerfleisch.

Seafood

Bell's Seafood Business Unit is the biggest fish specialist in Switzerland. It sells fresh domestic and imported fish as well as seafood for self-service and over-the-counter sale by the retail trade. Thanks to our own processing facilities, we can also offer seasonal products and products that involve a higher degree of preparation. In addition to top quality, we attach particular importance to the sustainable sourcing of seafood. Bell is a founder member of the WWF Seafood Group.



Distribution of sales by product group in percent

Fresh meat	33 %
International charcuterie	27 %
Swiss charcuterie	18 %
Poultry	14 %
Seafood	5 %
Other	3 %

Market position and customers

Switzerland

The Bell Group has its origins in Basel and is the leading Swiss meat processing company. Bell is the leader or a market determinant in most product groups. **Sales** amounted to CHF 1,845 million in 2013 while the **sales volume** reached 122,150 tonnes. Our customers include the retail and wholesale trade, food service sector and food processing industry.

Eastern Europe/Benelux

Bell Eastern Europe/Benelux is a relevant supplier of cured sausages, scalded sausages and trade products. With a **sales volume** of 20,350 tonnes, **sales** for 2013 amounted to CHF 187 million. Local charcuterie specialities are manufactured in two plants, one in Poland and one in Hungary. In the Czech Republic and Slovakia we operate around 100 Novak butcher shops. In the Benelux countries we focus on trading activities. Our customers include the full spectrum – the retail and wholesale trade, bulk consumers and end consumers.

Germany

Bell Germany is the market leader in the air-dried ham segment and an important supplier of cured sausages, scalded sausages and meat convenience products. In 2013, **sales** reached CHF 483 million with a **sales volume** of 62,650 tonnes. Bell Germany sells its products manufactured in several production plants through the retail and wholesale trade as well as to bulk consumers and the food processing industry in more than 20 countries in Europe.

France

Bell France is a relevant supplier of cured sausage and ham specialities and posted **sales** of CHF 106 million and a **sales volume** of 12,800 tonnes for 2013. Several production plants in the Auvergne, Lyon and Savoy manufacture top-quality regional cured sausage and air-dried ham specialities which we sell through the retail and wholesale trade and to bulk consumers.

Our suppliers

Bell's quality requirements start with the selection of the best raw materials. Important criteria for animals include elements such as farming, feeding methods and breed. Bell has defined clear basic rules for the purchase of slaughter animals, meat and fish in corresponding guidelines. The route taken by the meat is fully documented and can be traced all the way from receipt of the raw materials to the individual consumer units.



Key figures for employees

6,606

people work for Bell:
3,513 in Switzerland
3,093 in Europe

73

nations are represented
at the Bell Group.

15

Training in more than
15 professions

Our employees

Some 6,500 employees of the Bell Group make sure that there is a wide range of fresh meat, poultry, charcuterie, seafood products and convenience foods ready to be distributed to the market fresh each day.

Staff development

For Bell, education and training are important aspects of a responsible staff policy. In the Group, we offer basic training in more than 15 professions, from meat specialist to commercial specialist, from IT specialist to mechatronic specialist. Bell also continuously reviews the possibilities of introducing training courses for additional professions and upgrading the existing training courses. We make sure that every employee is in a position to meet the requirements of the job, and we build on the strengths and interests of our employees. Our talent management concept was developed to identify employee potential and promote this potential with targeted measures geared to employees' needs and their level of responsibility.

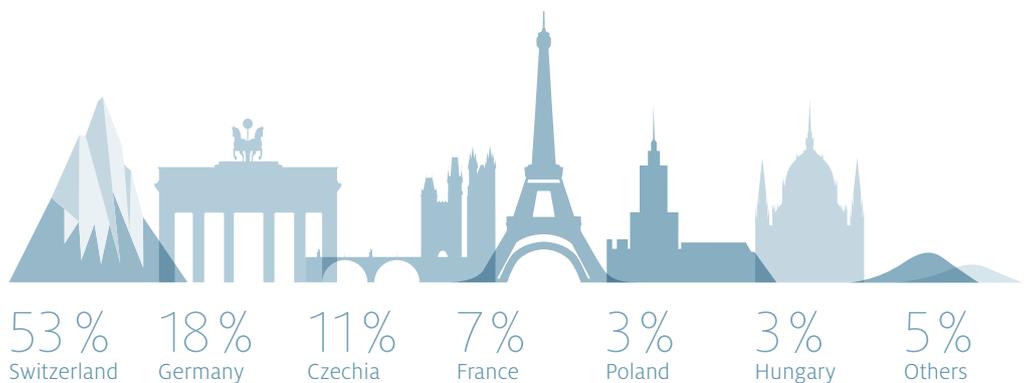
Dialogue with employees

To maintain the ongoing dialogue, employees have access to a number of contact persons. In addition to the direct line manager, all employees have a contact in the HR department. Some locations also have an employee representation council. Our internal communication tools such as the intranet and employee magazine serve as additional platforms for the promotion of a dialogue culture.

Occupational safety

The health and safety of employees play a central role. Safety concepts and safety officers at every plant ensure that these concerns are met, always and everywhere.

Structure employees (FTEs) by country



trust
efficiency freshness
Quality

is our core competence

control

zest for life

first-class

freshness

flavour

Our products offer

taste

and a zest for life

culture

innovation

ecological

precious

We stand for

sustainable

services

responsibility

nature

Our

naturalness

impassionate

tradition

rooted

makes us rich in experience

trust

experience

freshness

honest

Our strategy

Reaching the top, together

The values that we live by

Taste

Eating well ensures quality of life

Tradition

More than 140 years from a small butchery in Basel Old Town to a leader in the food processing industry

Quality

Fresh every day – perfect every day – everywhere every day

Sustainability

Serving as an example and accepting responsibility

Our strategy is founded on the four basic values that guide our entrepreneurial actions. **Quality** takes absolute precedence in everything that we do. We build on the **tradition** of a company founded on a craft profession that has grown into a market leader on the strength of many decades of experience and a focus on constant development and innovation. This success is thanks to our products that offer **taste** and enjoyment to consumers in many parts of Europe. We are also committed to providing **sustainable services** in the best interests of our customers, suppliers, employees, shareholders and the public at large.

Our ambition, our vision, is to be “the best”, with regard to our range of products, our skills, our market success and our reputation. We know that we cannot do this alone and we do not want to. Together with our internal and external partners, we strive towards making this vision a reality in our everyday operations.

In the 2013 financial year, we reviewed our strategies and expanded our mission as outlined by our brand values in a new corporate philosophy. This defines how we want to reach our vision, together. We also reviewed our business strategies relevant to our competitive position. These concern our markets, brands, production and logistics processes, procurement, finance, information technology and personnel. In view of the growing awareness of sustainability issues in all areas, we have for the first time formulated a sustainability strategy that encompasses all individual areas.

Our sustainability strategy is based on three pillars: our responsibility for products and procurement, the conservation of resources and the protection of the climate, and our role as employer and a member of the communities in which we operate. Implemented consistently, this strategy should help to improve our sales and productivity, optimise our use of resources, and enhance our credibility. For Bell, sustainability will become an essential driver of growth as well as a successful tool for market and brand differentiation.

Our ambition, our vision, is to be “the best”, with regard to our range of products, our skills, our market success and our reputation.



Our corporate guiding principles



diverse Together we achieve convincing targets

We are players on the international, national, regional and local stages

We build on the individual strengths of our employees

We offer our employees a wealth of development and career progression opportunities



close Together we come closer to one another

We know our customers and speak their language

We take customer concerns seriously

We offer round-the-clock services

We ourselves are passionate customers of our company



Together
we create
added value



innovative Together we shape our future

We are initiators and multipliers of new sustainable services

We facilitate effective and fast processes by combining skills and discretionary competence

We inspire the courage to be creative and the will for change

We measure ourselves against the best and pay attention to detail

We use new technologies to design intelligent solutions

We are a learning organisation



partnership Together we create trust

We agree objectives and measures

We act in compliance with defined customer and supplier principles, internally and externally

We find solutions as part of a constructive dialogue

We consistently implement decisions

We lead by example

We act responsibly and in a socially acceptable manner

We reward success



reputation Together we create added value

We have a reputation for freshness and quality

We are uniquely committed to sustainability in all its dimensions: economic, ecological and social

We set the standards for service and customer guarantees

We communicate proactively and effectively

What we build on

Our strategic brands

Bell

One of the leading food brands in Switzerland offering a wide range of meat, poultry, charcuterie and seafood products
www.bell.ch

Abraham

One of the strongest ham brands in Europe and the market leader in Germany
www.abraham.de

Hoppe

Provider of meat and vegetal convenience foods
www.hoppe-genuss.de

ZIMBO

Umbrella brand for charcuterie products with a strong market position in Germany and Eastern Europe
www.zimbo.de

Môssieur Polette

Umbrella brand for top-quality French cured sausage and ham specialities
www.mossieurpolette.fr

Sales market strategy

Our future sales market strategy is still being developed and will be finalised during the first half of 2014. The objective of this strategy is to define which product ranges and brands are offered to which customer groups in which geographical markets. We want to consistently align our strategy to market needs and at the same time exploit the opportunities and synergies offered by the Group's wide range of products.

Brand strategy

As far as our brand strategy is concerned, we have been working under the name of the parent company Bell Ltd since 2012. Group membership is expressed by name and corporate identity. At product level, we focus on five strategic brands, i.e. Bell, Abraham, Hoppe, ZIMBO and Môssieur Polette, which are supplemented by complementary brands and licensed brands.

Production and logistics strategy

We are also revising our production and logistics strategy, which will determine the future orientation of our production locations, production programmes, capacity planning, technologies and all logistical aspects.

Procurement strategy

Given the fact that the cost of materials used for our products represent around 70 percent of sales and our markets are sometimes very volatile, our procurement strategy is of central importance. It is currently being developed and will focus on the availability of materials in the quality and quantity needed by us in the national and international contexts.

Financial strategy

Our financial strategy aims to improve the company's profitability and productive capacity and ensure our freedom of action. This includes key indicators on profitability and stability as well as objectives for improving shareholder value.

IT strategy

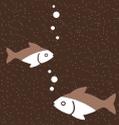
Information technology creates the framework needed for the professional and flexible implementation of the business strategy. Our IT strategy focuses on supporting and enabling the business processes of the Bell Group in an optimised manner, as cost-efficiently as possible and in compliance with all statutory requirements by providing the necessary specialist know-how, IT services, product selection and standardisation processes.

Personnel strategy

The personnel strategy comprehensively analyses the complex situation of our international company and its around 6,500 employees. It defines the objectives of personnel marketing and recruitment, training and compensation, to questions related to the social partnership, our information processes and the harmonisation policy of the Bell Group. It also formulates the code of conduct and management principles that are binding for all employees and line managers and serve as the foundation for our belief that staff interaction should be guided by a spirit of partnership.

“Our strategy provides the foundation for the next phase of our company's development.”

Hansueli Loosli
Chairman of the Board of Directors



Exploiting Group-
wide synergy potential
to lay the foundation
for continued
profitable growth

Status report

On course in a difficult environment

At CHF 2.62 billion, the Bell Group's sales for 2013 were up 3.7 percent from the previous year. This development is mainly due to the increase in raw material prices. The total sales volume dropped by 1.7 percent to 217,951 tonnes.

Conditions remained difficult in the 2013 financial year. Prices for raw materials rose considerably in many of our markets or remained at already high levels. This led to a total increase in product costs of around 7 percent. Competition in the food retail sector has intensified further, which puts additional pressure on sales prices. Sales of seasonal products were rather average, also as a result of bad weather.

Higher raw material prices pushed the gross profit margin down from 33 to 32.1 percent. By constantly expanding the range of products with items with higher added value and removing unprofitable items, Bell improved the gross profit in Swiss francs by some CHF 8 million and partially compensated for the negative price and volume effects. Earnings before interest, taxes and depreciation (EBITDA) improved by around CHF 4.5 million to CHF 190 million. Adjusted for exceptions (approximately CHF 9 million in the previous year), EBITDA was down almost CHF 3 million from the previous year. The consolidated profit was CHF 76.6 million, which is 1.0 percent above the profit for 2012 and, generally speaking, a satisfactory result in a difficult market environment.

Bell Switzerland

Reorganisation of business units allows unlocking synergy potential

—
Sales
CHF 1,845 M.
+5.0 %

—
Sales volume
122,150 t
-0.3 %

Raw material prices in Switzerland increased by up to 30 percent, which put enormous pressure on margins. The weak barbecue season due to poor weather in the first half of the year and the rather feeble year-end business had a particularly negative impact on the result for the Charcuterie Business Unit, where the pressure on margins is very noticeable. The repositioning of special offers in the retail trade also affected volume trends. In addition, shopping tourism to our neighbouring countries increased further from an already high level. We counteract these factors by streamlining our product ranges and perfecting our processes in order to achieve sustainable productivity increases. We recorded encouraging growth for the poultry business.

Total meat production in Switzerland declined. Domestic slaughter volumes contracted considerably for pork in particular and the considerable increase in the price of pork due to lower supply depressed sales. Beef prices also rose in reaction to a strong increase in demand for Swiss beef that could not be met by the falling supply. In contrast, domestic slaughter volumes for poultry rose noticeably once again by around 5 percent. The lower domestic output overall in 2013 was covered by imports. We estimate that per capita meat consumption in Switzerland has remained stable.

Meat production by Bell Switzerland was in line with the development of the market as a whole and reached around 98,500 tonnes (-1.9 %) for slaughter animals (beef, veal, pork, lamb). For poultry, production was up by 2.6 percent to 25,787 tonnes. Swiss poultry remained in strong demand and increasingly pushed out foreign imports, also in the convenience segment and the food service sector.

The reorganisation of Bell Switzerland with the detachment of the Procurement/Supply Chain Management and Sales/Marketing Business Units from the former divisions allows us to unlock synergy potential, improve the efficiency of our business processes and provide more purposeful customer support.

Our building projects in Churwalden and Cheseaux-sur-Lausanne to expand our production capacities for regional charcuterie specialities are progressing according to plan.

Reorganisation of central services in Seevetal finalised

—
Sales
CHF 483 M.
-1.6 %

—
Sales volume
62,650 t
-6.1 %

Bell Germany

The self-service sausage market in Germany was very weak in 2013 and sales fell by 4 percent. At 7 percent, the drop was biggest for cured sausages. In the scalded sausage, cured sausage and convenience segments, we were unable to escape the market-driven losses. Under pressure of the continued reorganisation of our product ranges and a rather unsatisfactory Bratwurst season, volumes were down substantially from the previous year for all customer and sales channels. The air-dried ham product group on the other hand performed very well – we managed to buck the market trend to record notable volume and value growth and expanded our position as category leader in the German market.

The production plant in Spain, which is part of Bell Germany in organisational terms, can look back on a very encouraging financial year. Volumes improved considerably year-on-year, mainly thanks to the international business, while the home market also reported a positive trend.

The administration office in Bochum was closed in March 2013 and all central services were amalgamated at the headquarters in Seevetal. The integration of the IT systems was also finalised in autumn 2013 and will start to bear the expected fruit from 2014. With these measures, Bell Germany has combined comprehensive production know-how and the strengths of renowned manufacturers under one roof. The bundling of the sales activities, optimisation of the product range and focus on strong core brands allow us to exploit sales synergies.

Positive trend is noticeable – new sales strategy in implementation

—
Sales
CHF 187 M.
+2.8 %

—
Sales volume
20,350 t
+2.3 %

Bell Eastern Europe/Benelux

The development of Bell Eastern Europe/Benelux is very encouraging. In Poland, we can look back on a positive financial year. Thanks to an optimised product mix, we posted an above-average increase in sales and increased the added value. Capacity utilisation at our plant in Niepolomice is excellent and the sales volume exceeded 8,000 tonnes for the first time. We are currently considering an expansion in production capacity.

In Hungary, however, the weak economy affected purchasing power and therefore also the Hungarian meat market. In this difficult environment, we nevertheless managed to take market share away from our competitors. Sales volume grew by approximately 3.6 percent to around 6,250 tonnes. We are also working on promising new product concepts that will contribute much added value and a high degree of differentiation. At the same time, we are continuing to optimise our organisational structure, processes and product ranges.

The Novak Business Unit now manages 116 branch shops in the Czech Republic and Slovakia and business remains satisfactory. We will withdraw the butcher shops in Romania in 2014 as the market proved to be unattractive.

Bell Benelux noticed the growing reluctance of consumers to spend money in the markets. We are optimising our product portfolio in order to exploit the potential for top-quality specialities and clearly communicate their added value. This will also support the reorientation of Bell Benelux as a regional Bell sales organisation with fewer trading activities.

Stronger with a new brand strategy and a new management team

Sales

CHF 106 M.
+8.9 %

Sales volume

12,800 t
+1.8 %

Well positioned in a difficult environment.

Bell Frankreich

Our cured sausage and ham ranges sold very well in France in 2013. However, it remains a central challenge to introduce the price increases in the market made necessary by the high prices for raw materials.

In order to establish a homogeneous and comprehensive brand identity, the brand articles produced in France are now all sold under the M^ossieur Polette umbrella brand. The new strategy was welcomed by the market and strengthened our position in the French market. Philippe Polette, the former head of the Polette plants, left the Bell Group as planned and Daniel Pagniez took over as general manager at the end of the year. The new management team was strengthened with additional members.

Assessment of risks, market environment and outlook

Bell's market environment is shaped by important factors that can only be influenced by the company to a limited extent and therefore also harbour certain risks. Two of these important factors are the prices for raw materials and consumer behaviour.

Raw material prices

The cost of raw materials and supplies accounts for around 70 percent of sales. The raw materials required for processing (slaughter animals or meat ready for processing) make up the biggest share by far. Market prices are highly volatile for various reasons, including availability, regulatory market intervention, speculation or short-term changes in consumer habits. The inclusion of inflation in sales prices presents an enormous challenge, in particular for charcuterie. Fierce competition in the processing and retail segments makes it even more difficult to increase sales prices quickly.

As we do not expect things to become easier on the raw material markets, Bell is constantly testing options for binding upstream services to the company more strongly with different cooperation models in order to ensure that our growing requirements regarding the quality of raw materials can be met.

Economy/purchasing power/consumption

Consumption largely depends on consumer sentiment and the development of purchasing power. Animal epidemics or food scandals that attract the attention of the media can also have a strong impact on short-term consumption. These fluctuations differ according to country and cultural circles and are difficult to forecast. We defend ourselves against such risks by constantly adjusting our product ranges to market needs and placing the greatest emphasis on the quality of our raw materials.

Outlook for 2014

As the 2013 scenario where we saw several negative market influences colliding is unlikely to repeat itself in 2014, we are expecting the framework conditions to improve slightly in the current financial year. In 2014, we will continue cementing our structures and processes, some of which are new. They already started to impact our efficiency and market performance in the past financial year and their effect will strengthen this year. We will also continue to exploit potential and synergies within the Group.

We are laying down other strategic tracks with the development and implementation of our competition-relevant business strategies, in particular in sales, logistics, production and procurement. Our efforts centre on the needs of our customers and markets.

We are consistently continuing to streamline our product ranges, focusing mainly on products with high added value and reducing the number of articles. In doing so, we want to strengthen our market performance and expand our market service with concepts for innovative and distinctive products that add much value.



Corporate Responsibility

Sustainability topics relevant to Bell

Field of action “responsible production and procurement”

- Animal welfare
- Critical additives/ingredients
- Rejection of genetically modified organisms
- Climate relevance of meat consumption /soy
- “Feed no food”
- Use of antibiotics and multiresistant germs
- Sustainable fishing methods
- Sustainable aquaculture
- Social procurement criteria

Field of action “resource efficiency and climate protection”

- Energy consumption
- Water consumption
- Fuel consumption/CO₂
- Waste/recycling
- Packaging

Field of action “good employer and social engagement”

- Bell as a reliable employer
- Bell as an attractive employer
- Bell as promoter and enabler
- Social engagement

As a leading meat-processing company in Europe, we have a far-reaching responsibility for all our actions. This concerns not only the quality of our products. It is also the foundation for our business success and naturally also a prerequisite for the satisfaction of our customers. To be successful in the long run, we have to responsibly design the entire value chain, from the conditions in which the animals we process are kept and our slaughter and production processes to the employment conditions of our staff, the efficient husbanding of resources and the way in which we interact with everybody who is interested in our work, whether well meaning or critical.

In order to meet all these demands, we adopted an own sustainability strategy for the Bell Group for the first time in 2013. It covers all the relevant fields of action and topics as well as the organisational framework conditions for implementation and control. By actively accepting and shaping our corporate responsibility, we not only ensure acceptance of our activities, but can also distinguish ourselves in the market and gain long-term competitive advantages.

Fields of action and sustainability topics

The new sustainability strategy divides our responsibilities into three fields of action: our product responsibility, our responsibility for resource efficiency and climate protection, and our responsibility as an employer and towards society. Each of these topics was comprehensively analysed and assessed with regard to their current as well as future social relevance and their importance for the Bell Group of today and tomorrow.

Our responsibilities in three fields of action



The strategic focus for each field of action was also defined as the basis for selecting projects for all Bell-relevant sustainability topics.

Given our responsibility for products and procurement, we want to identify and manage reputation risks at an early stage, eliminate them if possible and clearly communicate our position externally. Whenever possible, we will combine sustainability performance with consumer benefits in order to create real product-related added value and generate additional sales. For risk topics that we as a single company can neither solve nor convert into a customer benefit, flagship projects should underline Bell's claim to leadership.

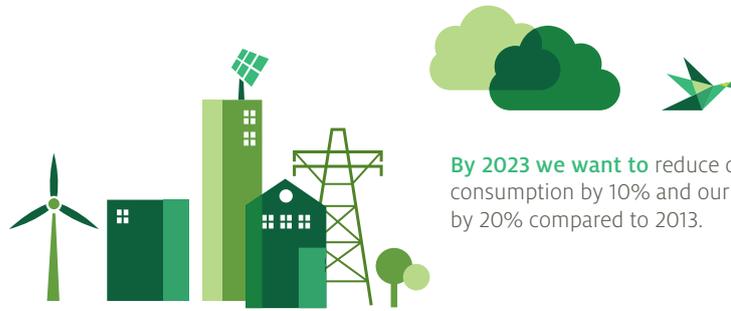
The focus on resource efficiency and climate protection should be applied to optimise the costs for energy and other raw materials, as well as particularly innovative projects that support our claim as a leader in sustainability. In the long term, this also includes very ambitious projects such as the definition of minimum animal welfare standards for the entire Bell Group, which we want to implement by 2023. These minimum standards will generally be stricter than the animal protection standards prescribed by law.

To live up to our responsibility as a good employer, our personnel strategy focuses on the recognition and development of our staff. Sustainability aspects that increase our attractiveness as an employer should be integrated. Extended social engagement related to food knowledge underlines our role as sustainability leader. With training courses and knowledge platforms for consumers, we want to specifically counter food waste in private households and promote the use of all parts of the animal with recipes that focus on taste.

The implementation of the sustainability strategy is supported by suitable organisational structures and cross-Group sustainability communication.

By 2023 we want to implement minimum criteria for animal welfare for the entire Bell Group that are generally stricter than most statutory, country-specific standards.





By 2023 we want to reduce our electricity consumption by 10% and our heat consumption by 20% compared to 2013.

Meat production from sustainable labels

(Bell Switzerland only) in %



Meat from slaughter animals
Own slaughtering

52 %



Poultry

Own slaughtering;
incl. Swiss BTS-Program

100 %



Seafood

52 %

Sustainability organisation

The new Projects and Sustainability specialist unit is a cross-divisional unit that reports directly to the Chairman of the Group Executive Board. A member of the Executive Board is also responsible for each of the three fields of action, supported by a specialist and various committees. Together with the CEO, they form the Sustainability Steering Committee, which regularly reviews projects and approves new proposals.

Sustainability communication

The topic of sustainability should be approached systematically on three levels. It will be a central component of the internal and external corporate communication policies. In addition, a regular dialogue with the material stakeholders should be established in all our markets, e.g. with the WWF on the topic of seafood and packaging in Switzerland or with the German Animal Welfare Association on animal welfare in Germany. In the final instance, we want to integrate the value added to our products by our sustainability projects into our brand communication.

To live up to our responsibility as a good employer, our personnel strategy focuses on the recognition and development of our staff.

 bellfoodgroup.com

By 2023 we want to increase the recoverables ratio by 10% and reduce the amount of waste by 25% in our Swiss production plants.



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Latest news

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Imprint

General information

The language in this report is as far as possible gender neutral, but in the interest of readability only the masculine form may have been used. All terms used refer to people of both genders.

Alle Werte einzeln gerundet.

Editorial deadline

20.02.2014

Forward-looking statements

The annual report includes certain forward-looking statements. These statements are based on assumptions and estimates as well as information available to Bell on the editorial deadline, which means that actual results and events could deviate substantially from the expectations included or implied in the forward-looking statements.

Our annual report is published in German, together with French and English translations. The printed German version shall prevail at all times. Additional printed copies of the annual report are available at our head office or can be ordered via the Internet. The annual report can also be downloaded at www.bellfoodgroup.com/report.

Additional information on the annual report and up-to-date information on the Bell Group is available on the Internet at www.bellfoodgroup.com.

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