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Solid profit growth in spite of higher raw material prices

The Bell Food Group's sales revenue improved by 7.3 percent to CHF 1.73 billion in the first half of 2017. At CHF 130 million, EBITDA was up 8.5 percent year-on-year. In the same period, the net profit after third-party interests increased by 9.1 percent to CHF 39.5 million.

The Bell Food Group's sales revenue improved by 7.3 percent or CHF 118 million to CHF 1.73 billion in the first half of 2017. This growth in sales revenue is largely due to last year's acquisition of Hubers, Eisberg, Geiser and Cher-Mignon. At 223,770 tonnes in total, the Bell Food Group's sales volume increased disproportionately compared to the sales revenue (+16.6 %, +31,842 t).

At CHF 65.4 million, EBIT was around CHF 4.4 million better than in the previous year. This solid half-year performance is very encouraging in view of the fact that raw material prices for pork have risen substantially in Germany, France and Eastern Europe.

The net profit after third-party interests was CHF 39.5 million, up by 9.1 percent (CHF +3.3 million) on the previous year. The financial statements do not yet reflect the complete takeover of the Hilcona Group that was announced in the first half. The sale of the branch shops in the Czech Republic and the related deconsolidation of ZIMBO Czechia s.r.o. at the end of March 2017 are, however, included in the financial statements.

Bell Switzerland: choppy start to the year followed by good start to the barbecue season
Bell Switzerland improved its sales revenue by CHF 29.0 million to CHF 962.7 million (+3.1 %). This growth is largely due to the acquisition of Geiser and Cher-Mignon in the previous year. Adjusted for acquisition effects, sales revenue grew by 0.3 percent.

Sales volume amounted to 63,056 tonnes in the first half of 2017 (+1.4 %, + 896 t). Sales volume adjusted for acquisition effects was slightly lower. This development can be attributed to a slow start to the year and unsatisfactory Easter business. The good start to the barbecue season made up for most of the deficit thanks to the fine spring weather.

Bell Germany: increase in sales could not compensate for higher raw material prices
Division Bell Germany increased its sales volume by 4.1 percent or 1,349 tonnes to 33,900 tonnes. Sales revenue improved by CHF 2.5 million (+1.2 %) to a total of CHF 215.0 million. Although the targeted volume growth cushioned the substantial increase in raw material prices, it could not be fully compensated. The negative effects were felt in the sausage segment in particular.

To further strengthen the air-dried ham segment, the foundation stone was laid for an additional Spanish ham specialities plant near Madrid in the first half of 2017. The Bell Food Group also acquired the production facilities of a Spanish specialist in Iberico charcuterie at the beginning of April 2017.

Bell International: acquisitions and volume increases deliver growth
Bell International improved its sales volume by 24,172 tonnes or 44.4 percent to 78,648 tonnes. This was largely due to the takeover of the Austrian poultry specialist Hubers in 2016 and the substantial increase in product sales in Poland. At CHF 292.8 million, sales revenue was up 31.0 percent or CHF 69.4 million on the previous year. These figures already include the sale of the branch shops in the Czech Republic at the end of March 2017.

Sharp increases in raw material prices led to a difficult situation in all the Division Bell International's relevant sausage and charcuterie markets. In France, the implementation of the previously decided reorganisation measures continued systematically. Hubers is doing very well and further expanded its market position in Austria and southern Germany. The extension to the turkey production plant in Bavaria is almost completed and can be commissioned in the third quarter of 2017, thus continuing our growth strategy for turkey production.

Hilcona: convenience market is still doing well
The complete acquisition of the Hilcona Group was announced at the end of May 2017. The new shareholder structure allows for a simplified management organisation and creates the conditions needed for further growth in the convenience market. The 2017 half-year results are not affected by the takeover as the transaction still has to be approved by the responsible competition authorities.

Thanks to the takeover of Eisberg in 2016 and Frostag Food-Centrum AG at the beginning of 2017, sales revenue for convenience products increased by CHF 26.5 million or 9.6 percent to CHF 302.0 million. Both Hilcona and Eisberg are performing in line with the high expectations.

The Bell Food Group is to invest EUR 30 million in a new production plant for convenience products in the vicinity of Linz in Austria. The ground-breaking ceremony is planned for September 2017 and the plant is expected to be commissioned in autumn 2018. With this new production plant, the Bell Food Group wants to take advantage of the great volume potential offered by the Austrian market.

Outlook

The Bell Food Group does not expect raw material prices for pork to fall substantially in Europe in the second half of the year. It will systematically continue its measures to reduce costs and focus on its chosen sales strategy.

Another focal point for the second half of 2017 is the approval of the complete takeover and integration of the Hilcona Group. The Bell Food Group assumes that the European convenience market will continue to grow and is therefore continuing to pursue its strategy in this sector.

It is also pressing ahead with the new building and renovation projects at the Swiss sites in Basel and Oensingen. Bell Schweiz AG will implement its investment programme in a forward-looking manner to ensure its long-term market success.