

Media release

Basel, 25 May 2018

Ad hoc publicity

Bell Food Group announces final terms of the planned capital increase with subscription rights as well as results for the first quarter 2018

Bell Food Group AG («Bell Food Group» or the «Company») today announces the final terms of the planned capital increase with subscription rights to refinance the acquisition of Hügli Holding Aktiengesellschaft («Hügli»), to continue the previously announced strategic investment program in Swiss production facilities, and to make further growth investments in the convenience segment. The expected gross proceeds from the capital increase amount to approximately CHF 612.6 million.

On 10 April 2018, the General Meeting of Bell Food Group approved the proposal of the Board of Directors to increase the Company's existing share capital of CHF 2'000'000 divided into 4'000'000 registered shares with a nominal value of CHF 0.50 each by means of a rights offering to the existing shareholders through the issuance of up to 4,000,000 new registered shares with a nominal value of CHF 0.50 each. In the context of the capital increase, 2,285,712 new registered shares of these 4'000'000 registered shares will be offered to existing shareholders of Bell Food Group at an offer price of 268.00 per share. Existing shareholders will be allotted one subscription right for every registered share held on 28 May 2018 (after close of trading) to subscribe for new shares to be issued in the capital increase. 7 rights will grant the holder thereof the right to purchase 4 new shares at the offer price of CHF 268.00 each.

The offering and listing prospectus (Offering Memorandum) will be published today. The exercise period for the subscription rights will start on 29 May 2018 and end 6 June 2018 12:00pm noon (CEST). The subscription rights will be tradeable on SIX Swiss Exchange («SIX») from 29 May 2018 to 4 June 2018. The first trading day of the new registered shares is expected to be 8 June 2018.

Coop Group in Basel, which owns 66.3% of Bell Food Group, has committed to exercise its subscription rights in full, and to subscribe for the corresponding number of new shares of Bell Food Group.

Expected timetable of the capital increase with subscription rights

25 May 2018	<ul style="list-style-type: none"> Announcement of final terms of capital increase (before start of trading) Publication of offering and listing prospectus
28 May 2018	<ul style="list-style-type: none"> Record date for determination of existing shareholders for the entitlement of subscription rights Shareholders who acquire shares after the record date will acquire shares without entitlement to subscription rights
29 May 2018	<ul style="list-style-type: none"> Start of trading in subscription rights and start of the rights exercise period on SIX

4 June 2018	<ul style="list-style-type: none"> • End of rights trading period on SIX • Press release regarding the number of exercised subscription rights (after close of trading)
6 June 2018 (12:00 noon CEST)	<ul style="list-style-type: none"> • End of rights exercise period
On or about 8 June 2018	<ul style="list-style-type: none"> • First day of trading in the new shares • Settlement and delivery of the new shares against payment of the offer price

Results for first quarter 2018

In the context of the planned capital increase with subscription rights, Bell Food Group publishes the results for the first quarter 2018.

The period from 1 January 2018 to 31 March 2018 was mainly influenced by the Acquisition of Hügli, which was consolidated as of 1 January 2018. Net revenue increased by CHF 171.6 million, or 20.9%, from CHF 822.1 million in the first quarter of 2017 to CHF 993.7 million in the first quarter of 2018. Adjusted for currency effects, the growth amounted to CHF 150 million, or 18.4%. CHF 105 million of the increase in net revenue after adjustment for currency effects is attributable to the integration of Hügli. CHF 45 million (+5.6%) can be attributed to the growth of the existing organizational units, all of which contributed to this positive development.

Due to Hügli's higher gross profit margin, our Group-wide margin increased by 1.3%. However, Hügli's operational model is more personnel-intensive. After deduction of personnel costs, the margin increase is reduced: adjusted for currency effects and after deduction of such personnel costs, the contribution margin increased by CHF 34 million or 0.6%.

Our transport costs increased in light of our volume growth. We continued to intensively carry out maintenance work, as our production facilities are subject to increasingly strict quality requirements and certain of our Swiss plants are of an advanced age. The remaining operating costs were within budget.

EBITDA increased by CHF 11.4 million, or 22.7%, from CHF 50.2 million in the first quarter of 2017 to CHF 61.6 million in the first quarter of 2018.

Hügli's net assets were completely integrated in our balance sheet at 31 March 2018, which led to an increase in the balance sheet total of CHF 541.5 million, or 25.9%, from CHF 2,093.0 million as at 31 December 2017 to CHF 2,634.5 million as at 31 March 2018. The Acquisition of Hügli was the reason for the increase in minority interests from CHF 0.2 million as at 31 December 2017 to CHF 81.9 million as at 31 March 2018. Moreover, the payment of the second tranche of the purchase price for completing the acquisition of Hilcona and the issuance of bonds in the amount of CHF 350 million had a major influence on the balance sheet. Consequently, our net financial liabilities increased by CHF 452.2 million, or 70.9%, from CHF 637.4 million as at 31 December 2017 to CHF 1,089.6 million as at 31 March 2018, and our equity ratio decreased from 37.5% to 32.9%. We continue to maintain our strategic goal of an equity ratio of more than 40%.

Following the repayment of the CHF 175 million bond due May 2018 and the gross proceeds from the Offering of approximately CHF 612.6 million, we are approaching our targeted equity ratio.

Furthermore, we expect to acquire the remaining minority shares in Hügli during the course of 2018 which, once completed, will be reflected in our equity. We are targeting a net debt to EBITDA ratio of 2.5x.

Segment information

Market intensity and the associated pressure on margins continued to increase in Switzerland. Bell Switzerland's sales increased by 2% in the first quarter of 2018. Sales in the retail channel were stable. Growth was primarily realized in the wholesale and food processing channels, where lower margins apply. The Easter business was lower than expected as a result of adverse weather conditions; however, the barbecue season started well.

Bell Germany's sales increased as a result of targeted activities. This was offset by price reductions caused by lower raw material prices, which reduced Bell Germany's net revenue.

Volume growth continued within Bell International. The French, Polish and Hungarian Bell entities recorded positive growth in the first quarter of 2018. Competitive pressure on Hubers, our poultry specialist, intensified. Sales volumes developed steadily, but increased quality requirements led to higher maintenance and personnel costs.

Within our convenience segment, consisting of Hilcona/Eisberg and Hügli, we recorded a substantial increase in sales compared to the first quarter of 2017 as a result of the Acquisition of Hügli. The integration of Hügli is proceeding as expected: we identified areas of synergy potential and initiated concrete first steps. Hilcona/ Eisberg is developing according to our expectations.

Acquisitions

In April 2018, we acquired Service Gastronomie Molard in Geneva, Switzerland by way of an asset deal. We thereby expanded our position as a supplier of restaurants and hotels.

On 25 April 2018, we announced that Eisberg, a subsidiary of Bell Food Group, acquired full ownership of Sylvain & CO SA, a family business with its registered office in Essert-sous-Champvent in the canton of Vaud, Switzerland, which is a leading provider of ultra-fresh convenience products in Switzerland. With 180 employees, Sylvain & CO SA is specialized in the production of fresh and ready-to-eat salads, vegetables and fruit and in 2017 generated revenues of approximately CHF 40 million.

Outlook

Raw material prices for pork are developing in accordance with our expectations. Due to the Acquisition of Hügli, we will generate one quarter of our total sales in the high-margin convenience sector going forward. The integration of Hügli is proceeding as planned.

Key Figures

In million CHF	Q1 2018		Q1 2017		Δ
Net revenue	993.7		822.1		171.6
Gross profit	377.5	38.0%	301.80	36.7%	75.7
Personnel expenses	199.1		161.3		37.8
Contribution margin after personnel expenses	178.4	18.0%	140.5	17.1%	37.9
Other operating expenses	116.8		90.3		26.5
EBITDA	61.6	6.2%	50.2	6.1%	11.4

	31-Mar-2018		31-Dec-2017	4
Balance sheet total	2,634.5		2,093.0	541.5
Equity excl. minority interests	784.8		784.1	0.7
Minority interests	81.9		0.2	81.7
Total equity	866.7	32.9%	784.3	37.5%
Bonds ¹	1,000.0		650.0	350.0
Bank loans ²	237.7		68.0	169.7
Other financial liabilities	4.4		4.5	-0.1
- cash and cash equivalents	-150.5		-83.0	-67.5
- Securities	-2.0		-2.1	0.1
Net financial liabilities	1,089.6		637.4	452.2

¹ of which CHF 175 million are due for repayment in May 2018

² 2018: incl. short-term bridge financing

Furthermore, settlement of the public tender offer of Bell Food Group for all remaining publicly traded bearer shares of Hugli will take place today. All publications of Bell Food Group in connection with the public tender offer are available on its website www.bellfoodgroup.com/publictenderoffer.

About the Bell Food Group

The Bell Food Group is one of the leading meat processors and convenience specialists in Europe. Its range of products includes meat, poultry, charcuterie, seafood, convenience products and salads. With the brands Bell, Hilcona and Eisberg, the Group meets a diversity of customer needs. Its customers include the retail trade as well as the food service sector and the food processing industry. More than 10,000 employees generate annual revenues of CHF 3.6 billion. The Bell Food Group is listed on the Swiss stock exchange.

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