

Media release

Basel, 13 February 2018

Ad hoc publicity

The Bell Food Group continues its strategic growth

The Bell Food Group consistently pursued its adopted strategy in the 2017 financial year and continued to grow further. Proceeds from the sale of goods increased by 5.9 % to CHF 3.6 billion. Sales volume rose by 9.6 % to 453.8 million kilograms. Net profit improved by 5.9 % to CHF 106.5 million. The convenience business segment was strengthened further with the full takeover of Hilcona and Eisberg and the commencement of building work on a new convenience plant in Marchtrenk in Austria.

The Bell Food Group improved its sales revenue in the reporting year from CHF 3.4 billion to CHF 3.6 billion (+5.9 %). Sales volume grew by 9.6 % or 39.6 million kilograms to 453.8 million kilograms. In addition to the acquisitions over the past few years, this growth was also supported by operational progress in Switzerland, Germany and Poland. While the increase in raw material prices had a negative effect on the Bell Germany and Bell International divisions, the gross margins for the Hilcona and Eisberg business areas were on a par with the previous year thanks to their focus on product ranges with a higher margin. At CHF 149.7 million, EBIT was up on the previous year by 5.3 %. The annual profit increased by 5.9 % or CHF 5.9 million to CHF 106.5 million.

Rising raw material prices and competitive markets affect segment results

The **Bell Switzerland** division battled with a stagnating and partially declining market for meat and charcuterie products in 2017 as a result of persistently high shopping tourism and growing competition in the retail trade, among others. Holiday sales over Easter and Christmas lagged behind expectations, but the barbecue season was encouraging. In this environment, Bell Switzerland successfully expanded its market share and improved both its sales revenue and sales volume on the previous year.

The strong increase in raw material prices put pressure on the **Bell Germany** division's gross margins. But thanks to successful sales promotion measures, Bell Germany posted above-average growth in a slightly rising charcuterie market and gained market share in all product segments. The financial year 2017 was also a good year for the organisational unit in Spain, which is part of the Bell Germany division. Sales of Spanish charcuterie specialities increased in Germany as well as in other European countries.

The **Bell International** division once again posted growth in 2017, boosted by the good performance of the poultry specialist Hubers in Austria and Germany and the encouraging increase in sales volumes in Poland and Hungary. In France, the competitive environment in the stagnating charcuterie market and high raw material prices burdened the result. These negative effects could only be partially compensated by the progress made in cost management and productivity. The branch shops in the Czech Republic were sold at the end of March 2017.

Higher dividend

Due to the sound prospects for the future, an increase in the dividend from CHF 7 to CHF 8 per share will be proposed to the General Meeting. With this dividend adjustment, the Bell Food Group is increasing the payout ratio to 30 % as foreseen by the financial strategy.

Investments in convenience business segment and modernisation of infrastructure

The strategic expansion of the convenience business segment was continued in the reporting year with the full takeover of Hilcona and Eisberg and the acquisition of Frostag Food-Centrum AG in Landquart, a company specialising in pasta and vegetarian products. The Bell Food Group has also started with the construction of a specialised plant for fresh convenience products in Marchtrenk in the vicinity of Linz in Austria, which is scheduled for commissioning at the end of 2018. A new production facility for Serrano ham is currently being built in Fuensalida in the vicinity of Madrid. In April 2017, the Bell Food Group also acquired the production facilities of a specialist for the production of Jamón Ibérico and Spanish charcuterie in Extremadura.

Takeover of Hügli Holding AG

On 15 January 2018, the Bell Food Group announced its takeover of Dr. A. Stoffel Holding AG, the majority shareholder of the international food manufacturing company Hügli Holding AG. With the approval of the European Commission the condition for the completion of such purchase agreement has been fulfilled. The completion is expected to occur on 21 February 2018. At the same time, the Bell Food Group is making a public offer to buy all outstanding shares of Hügli Holding AG at CHF 915 per share. The corresponding offer prospectus shall - as planned - be published on 26 February 2018. Hügli will become part of the new Convenience business area, together with Hilcona and Eisberg. The takeover of Hügli, the purchase of the second tranche of the non-controlling shares in Hilcona, the investment plans for the Swiss production sites and further growth in the convenience segment will be financed with a combination of equity and borrowed capital. The bond for CHF 350 million that was floated at the end of January 2018 was received very well by the market.

Outlook

The Bell Food Group expects the relaxation in raw material prices seen in the second half of 2017 to continue in 2018, which will have a positive impact on margins. The company will be challenged again in the coming year by the intense competition in the European retail markets. With the acquisition of Hügli and the full takeover of the fresh convenience specialist Hilcona, the Bell Food Group is consistently pursuing its strategy of continued growth in terms of sales and income in the attractive convenience segment.

Key figures for Bell Food Group	2017	2016	+/-
Sales revenue in CHF m	3,589.0	3,390.2	+5.9 %
Operating income in CHF m	3,537.3	3,345.9	+5.7 %
Sales volume in million kg	453.8	414.3	+9.6 %
EBITDA in CHF m as % of net income	280.6 7.9 %	278.0 8.3 %	+0.9 %
EBIT in CHF m as % of net income	149.7 4.2 %	142.1 4.2 %	+5.3 %
Annual profit in CHF m as % of net income	106.5 3.0 %	100.6 3.0 %	+5.9 %
Number of employees (FTEs)	10,578	10,433	+1.4 %

Segments

Sales revenue in CHF m			
- Bell Switzerland*	1'960.5	1'907.2	+2.8 %
- Bell Germany*	477.2	446.2	+6.9 %
- Bell International*	610.4	524.6	+16.4 %
- Hilcona/Eisberg*	618.5	577.0	+7.2 %
- Consolidation	-78	-65	

*incl. sales with other divisions

Sales volume in million kg			
- Bell Switzerland*	125.5	124.1	+1.2 %
- Bell Germany*	72.4	67.8	+6.8 %
- Bell International*	159.3	131.5	+21.1 %
- Hilcona/Eisberg*	107.9	100.3	+7.6 %
- Consolidation	-11.3	-9.4	

*incl. sales with other divisions

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.