

Media release

Basel, 16 August 2018

Ad hoc publicity

The Bell Food Group posted growth in the first half of 2018 with a lower half-year profit

The Bell Food Group's sales revenue improved by CHF 327.6 million to CHF 2.1 billion in the first half of 2018. At 268.3 million kilograms, sales volume is up by 19.9 percent on the prior-year period. EBITDA improved by CHF 6 million following the acquisition of Hügli. EBIT declined by CHF 10.2 million to CHF 55.2 million, primarily because growth was posted for product ranges offering smaller margins in Switzerland and for the poultry business of Bell International.

In the first half of 2018, the Bell Food Group improved its sales revenue by CHF 327.6 million or 18.9 percent to CHF 2.1 billion. At 268.3 million kilograms, sales volume is up 44.6 million kilograms (+19.9%) on the previous year. The growth is due to acquisitions, currency effects and organic growth.

At CHF 136.6 million, EBITDA for the first half of 2018 was CHF 6.6 million higher than in 2017. Following the acquisitions, depreciation and amortisation increased by a total of CHF 16.8 million, of which CHF 13.4 million relates to the integration of Hügli. In addition to depreciation for property, plant and equipment, this also includes the additional amortisation of goodwill. The Bell Food Group amortises goodwill over a period of eight to 15 years. EBIT was therefore down CHF 10.2 million on the previous year.

The low euro exchange rate resulted in a currency loss of CHF 1.4 million in the first half of 2018, compared to a currency gain of CHF 1.0 million in the prior-year period. At CHF 32.5 million, the profit after tax and non-controlling interests for the first half was CHF 7.0 million less than in the previous year.

Bell Switzerland grows and posts a contraction in earnings

In a dynamic environment with shrinking markets, Bell Switzerland posted slight growth for sales revenue and volume in the first half of 2018. Sales revenue improved by CHF 32.8 million or 3.4 percent to CHF 995.5 million. Sales volume grew by 1.3 percent to 63.8 million kilograms (+0.8 million kg).

Bell Switzerland mainly posted growth in the second quarter for product ranges and distribution channels offering smaller margins. Various price discounts in the retail and food service channel and weak Easter sales also had a negative impact on the operating result.

Bell Germany successfully continues volume strategy

The Bell Germany division continued its successful volume strategy in the first half of 2018. Sales volume increased by 10.0 percent to 37.3 million kilograms (+3.4 million kg) with targeted sales promotion measures. Sales revenue improved by CHF 38.1 million (+17.7%) to CHF 253.1 million.

Bell International increases sales volume

Bell International also continued to post volume growth. Sales volume rose by 2.2 million kilograms to 80.8 million kilograms (+2.8%), while sales revenue improved by CHF 36.1 million or 12.3 percent to CHF 328.9 million. The business units in France, Poland and Hungary saw positive growth in the first half of 2018 and EBIT also improved year-on-year.

The poultry business in Austria, however, lagged behind expectations. The gross profit margin shrank because of rising personnel expenses and high feed prices, which could only be passed on to customers in part and with some delay. Appropriate measures and price increases were initiated to counter this contraction. Further measures to enhance efficiency are also being implemented to take the extension to the turkey production facility in Ampfing, commissioned in the first quarter of 2018, to the desired productivity level.

Convenience segment continues to grow

The Bell Food Group continued its growth strategy in the high-margin and profitable Convenience business segment with the acquisitions of Hügli and Sylvain & CO on 1 January 2018. These acquisitions made a substantial contribution to the increase in sales volume by 71.0 percent to 91.7 million kilograms (+38.1 million kg) in the first half of 2018. At CHF 523.2 million, sales revenue was up CHF 221.2 million (+73.2%) on the previous year.

The integration of Hügli and Sylvain & CO is proceeding well, in line with expectations. The first synergy projects are being implemented and will show the first results by the end of 2018. Hilcona and Eisberg did well in the first half of 2018. Hilcona has a well-filled pipeline of innovative products and posted encouraging volume growth. In spite of the scarcity of high-quality raw materials on the Swiss market at the beginning of the year, Eisberg delivered a good result.

Outlook

The growth strategy adopted for the Convenience business segment is on schedule. In the second half of 2018, the focus will fall on expanding the market position in the convenience segment. The integration of Hügli is on track. Various synergy projects were implemented and will return the first results by the end of 2018.

The reorganisation measures at Bell Germany and Bell France got off to a good start and will be continued in the second half of 2018. Switzerland and Austria initiated a number of measures to counter the contraction in earnings experienced in the second quarter of 2018. This should ensure that the targeted improvement in the result can be achieved in the second half of the year.

Key figures for Bell Food Group	2018	2017	+/-
Sales revenue in CHF m	2,062.1	1,734.5	+18.9 %
Operating income in CHF m	2,020.0	1,712.5	+18.0 %
Sales volume in million kg	268.3	223.7	+19.9 %
EBITDA in CHF m as % of net income	136.6 6.8 %	130.0 7.6 %	+5.1 %
EBIT in CHF m as % of net income	55.2 2.7 %	65.4 3.8 %	-15.6 %
Half-year profit in CHF m as % of net income	32.5 1.6 %	39.5 2.3 %	-17.7 %
Number of employees FTE	12,361	10,275	+20.3 %

Segments

Sales revenue in CHF m			
- Bell Switzerland*	995.5	962.7	+3.4 %
- Bell Germany*	253.1	215.0	+17.7 %
- Bell International*	328.9	292.8	+12.3 %
- Convenience*	523.2	302.0	+73.2 %
- Consolidation	-38.6	-38.0	

*incl. sales with other divisions

Sales volume in million kg			
- Bell Switzerland*	63.8	63.1	+1.3 %
- Bell Germany*	37.3	33.9	+10.0 %
- Bell International*	80.8	78.6	+2.8 %
- Convenience*	91.7	53.6	+71.0 %
- Consolidation	-5.4	-5.5	

*incl. sales with other divisions

About Bell Food Group

The Bell Food Group is one of the leading processors of meat and convenience products in Europe. Its range of products includes meat, poultry, charcuterie, seafood, convenience products and fresh cut salads. With the brands Bell, Hilcona, Eisberg and Hügli, 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. Some 12'000 employees generate annual revenues of CHF 4 billion. Bell Food Group is listed on the Swiss stock exchange.

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