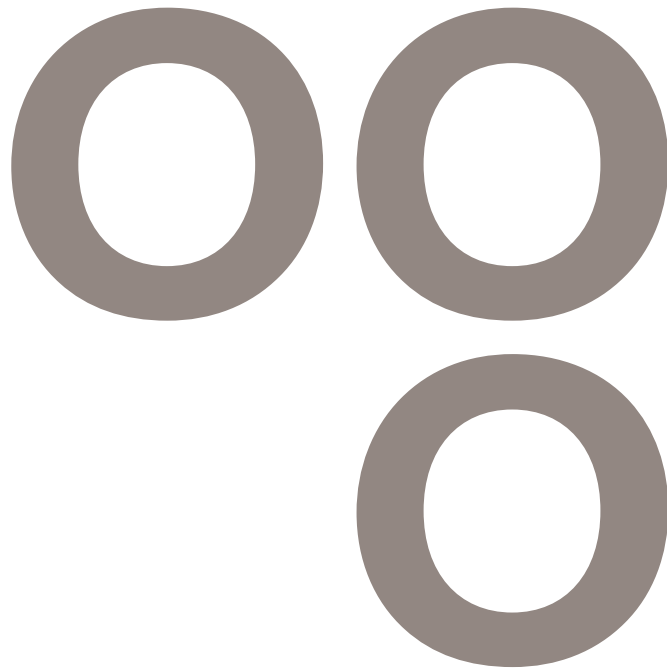


---

# Management report 2017





## **Corporate governance**

- 2 — Group structure
- 3 — Organisational chart
- 4 — Capital structure and shareholders' rights
- 5 — Board of Directors
- 6 — Members of the Board of Directors
- 8 — Members of the Group Executive Board
- 10 — Internal organisation and areas of responsibility
- 11 — Information channels and control instruments
- 13 — Participatory rights of shareholders
  - Change of control clause
  - Auditors
- 14 — Information policy

## **Compensation report**

- 15 — Introduction
  - The Compensation Committee
  - Basis and components of compensation
- 16 — The Board of Directors
- 17 — The Group Executive Board
- 18 — Loans, credits and pensions to members of the Board of Directors,  
the Group Executive Board and their related parties
  - Payments in 2017
- 19 — Report of the auditors on the compensation report

## **Financial reporting**

- 22 — Consolidated financial statements of the Bell Food Group
- 47 — Report of the statutory auditor on the consolidated financial statements
- 52 — Financial statements of Bell Food Group Ltd
- 55 — Report of the statutory auditor on the financial statements
  
- 60 — Contacts and publishing details

The Annual report 2017 consists of the Management report 2017 and the Corporate profile 2017. These are available as separate publications and can be downloaded from [www.bellfoodgroup.com/report-en](http://www.bellfoodgroup.com/report-en).

# Corporate governance

Bell Food Group Ltd follows the Swiss Code of Best Practice for Corporate Governance of economiesuisse and complies with the SIX Swiss Exchange Directive on Information relating to Corporate Governance (DCG). The corporate governance rules and regulations of Bell Food Group Ltd are based on Swiss law, the Articles of Association and the by-laws. The Board of Directors reviews the Articles of Association and by-laws at regular intervals and adjusts them to meet changed circumstances.

## Group structure

The company name of Bell Ltd was officially changed to Bell Food Group Ltd at the Annual General Meeting on 11 April 2017. Bell Food Group Ltd is the parent company of the Bell Food Group and has its registered office in Basel in Switzerland. It is listed on the SIX Swiss Exchange.

The shares were listed on the stock exchange mainly to access a broader capital market and to pay tribute to the broad customer base of the Bell Food Group.

Bell Food Group Ltd is the only listed company among the companies included in the consolidated financial statements. Its major shareholdings are listed in the notes to the consolidated financial statements on pages 43 and 44 by company name, domicile, sphere of activity, method of consolidation, capital stock and ownership interest.

## Shareholder structure and significant shareholders

The principal shareholder of the Bell Food Group Ltd is Coop Group Cooperative in Basel with a stake of around 66 percent. This cooperation has a history stretching back to 1913 when the public limited company Samuel Bell Söhne joined forces with the Association of Swiss Consumer Societies (now Coop). Coop listed a first and second tranche of 20 percent each of the shares on the stock exchange in 1995 and 1997, respectively.

As of 31 December 2017, Bell Food Group Ltd had 4,807 registered shareholders, of which 4,490 are natural persons and 317 legal entities. Measured by the number of shares held, the registered shares represent the shareholders as follows:

Number of shares	Number of shareholders	Number of shares
1 – 10	1,072	8,321
11 – 100	2,672	138,781
101 – 1,000	974	275,897
1,001 – 10,000	77	189,346
10,001 – 100,000	11	249,955
> 100,001	1	2,651,600

The number of shares pending registration on 31 December 2017 is 12.15 percent.

On 31 December 2017, the company was aware of the following significant shareholders holding more than 3 percent of the share capital:

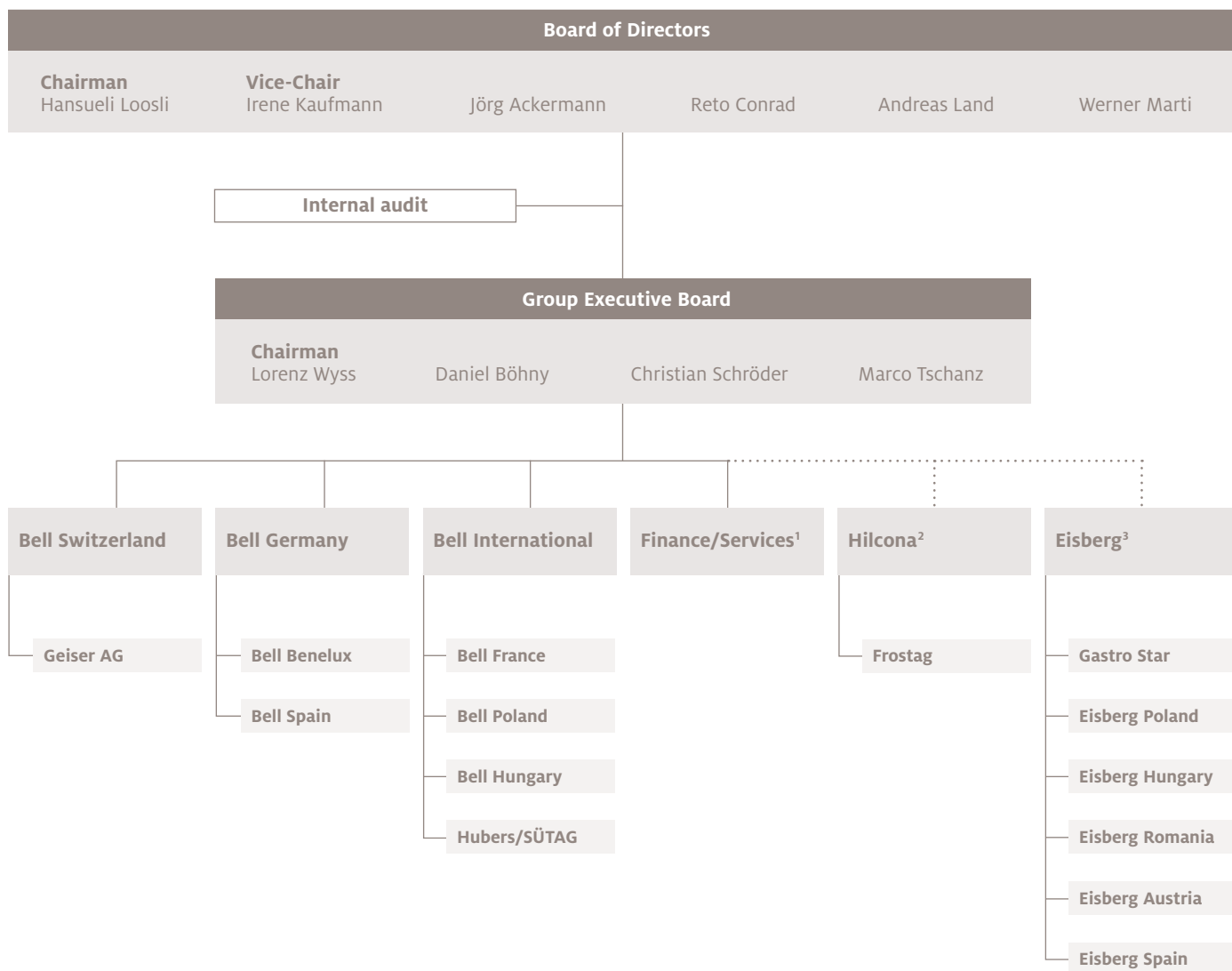
	Number of shares	Share
Coop Group Cooperative, Basel	2,651,600	66.29 %

During the reporting year, the company did not receive any disclosure notices pursuant to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) from significant shareholders or shareholder groups.

## Cross-shareholdings

There are no cross-shareholdings between Bell Food Group Ltd and other stock companies.

### Organisational chart



1 The Finance/Services Division is responsible for the whole Bell Food Group

2 Hilcona reports to its own board of directors

3 Eisberg reports to its own board of directors

## **Capital structure and shareholders' rights**

### **Capital structure**

The company's share capital is fully paid up and equates to CHF 2,000,000. It is divided into 4,000,000 registered shares with a nominal value of CHF 0.50 each.

The company has no outstanding convertible bonds, options or dividend-right certificates.

There is neither conditional nor authorised share capital.

On 15 January 2018, the Bell Food Group announced that it will request the Annual General Meeting to approve a share capital increase of CHF 600 million on 10 April 2018.

The capital structure and shares are described in detail on page 46.

### **Restriction of transferability and nominee entries**

The transfer of registered shares as property or usufruct requires the permission of the Board of Directors. The Board of Directors may delegate all or some of its powers in this regard. In order to be registered in the share register, buyers have to submit a declaration that the shares were bought in their own name and on their own behalf. The company can otherwise only refuse to register someone as a shareholder for good cause and if a single shareholder directly or indirectly acquires more than 5 percent of the share capital.

---

The Articles of Association of Bell Food Group Ltd can be downloaded at

[www.bellfoodgroup.com/statutes-en](http://www.bellfoodgroup.com/statutes-en)

The by-laws are available at

[www.bellfoodgroup.com/organisation-en](http://www.bellfoodgroup.com/organisation-en).

Status as of 31 December 2017 if nothing is stated to the contrary.

## Board of Directors

### Election and term of office

The Annual General Meeting elects the members of the Board of Directors, its Chair and the members of the Compensation Committee individually for a term of office up to the end of the next Annual General Meeting. The members of the Board of Directors and the Compensation Committee are nominated as recommended by the Chair. According to the Articles of Association, the Board of Directors must consist of a minimum of three members, and the Compensation Committee of at least two members. These members can be re-elected.

If a Board member turns 65 while in office, he or she must resign from the Board at the next Annual General Meeting.

### Composition of the Board of Directors

as of 31.12.2017

	Chairman of the Board of Directors	Member of the Board of Directors	Compensation Committee	Elected at AGM 2017
Hansueli Loosli	since 2009	since 2009	–	up to AGM 2018
Irene Kaufmann	–	since 2009	Member	up to AGM 2018
Jörg Ackermann	2001 – 2009	since 2000	–	up to AGM 2018
Reto Conrad	–	since 2017	–	up to AGM 2018
Andreas Land	–	since 2013	Chairman	up to AGM 2018
Werner Marti	–	since 2009	–	up to AGM 2018

In the reporting year, the Board of Directors consisted of six members. None worked for a company of the Bell Food Group in an executive capacity during the reporting period, or had done so in the previous three financial years. The members of the Board of Directors do not have any material business relationships with Bell Food Group Ltd or the Bell Food Group. The Coop Group Cooperative owns the majority of the shares and voting rights of Bell Food Group Ltd and is represented on the Board of Directors. There are customer and supplier relationships between the companies of the Coop Group and the Bell Food Group.

### Changes to the composition of the Board of Directors

Leo Ebnetter did not stand for re-election in the reporting year and left the Board of Directors after the Annual General Meeting on 11 April 2017.

The Annual General Meeting of 11 April 2017 elected Reto Conrad as a new member of the Board of Directors and for the first time elected Irene Kaufmann to the Compensation Committee.

Irene Kaufmann was elected as the new Vice-Chair at the constitutive meeting of the Board of Directors on 11 April 2017.

Jörg Ackermann has announced his retirement at the end of the current term of office. In mid-January 2018, the Board of Directors nominated Jean Gérard Villot and Philipp Wyss as new members of the Board and will propose them for election to the Annual General Meeting on 10 April 2018.

### Other activities in supreme management and administrative bodies

Outside of Bell Food Group Ltd, members of the Board of Directors may take part in the supreme management and administrative bodies of a maximum of twelve legal entities that are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, a maximum of three may be listed companies. Only positions in companies which neither control Bell Food Group Ltd nor are controlled by Bell Food Group Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate.

Board member mandates within the Bell Food Group are not disclosed in the annual report for companies that are fully consolidated by Bell Food Group Ltd.

## Members of the Board of Directors



### Hansueli Loosli

1955, Swiss citizen  
Chairman of the Board of Directors

#### Education and current position

Certified public accountant (federal diploma)  
Chairman of the Board of Directors of Coop Group Cooperative; since 2011

#### Other board member mandates

- Coop Mineraloel AG, Allschwil; Chairman
- Swisscom AG, Bern; Chairman
- Transgourmet Holding AG, Basel; Chairman

#### Other functions and offices

- Deichmann SE, Essen, Germany; Advisory Council

#### Professional career

- Chairman of the Executive Board; Coop Cooperative, Basel; 2001 – 2011
- Chairman of the Executive Board and the Group Executive Board; Coop Switzerland, Basel; 1997 – 2000
- Managing Director; Coop Zurich, Zurich; 1992 – 1997
- Director of Non-Food Procurement; Coop Switzerland, Wangen; 1992 – 1996
- Most recently Managing Director; Waro AG, Volketswil; 1985 – 1992
- Controller, Deputy; Director; Mövenpick Produktions AG, Adliswil; 1982 – 1985
- Head of Fiduciary Department; BBC AG, Baden; 1979 – 1982



### Irene Kaufmann

1955, Swiss citizen  
Vice-Chair of the Board of Directors,  
Member of the Compensation Committee

#### Education and current position

Dr. oec. publ.  
Vice-Chair of the Board of Directors of Coop Group Cooperative; since 2011

#### Other board member mandates

- Coop Mineraloel AG, Allschwil
- Coop Patenschaft für Berggebiete, Basel; Chair of the Board
- Dipl. Ing. Fust AG, Oberbüren
- HWZ Hochschule für Wirtschaft Zürich, Zurich
- Swiss Mobiliar Cooperative Company, Bern
- Schweizerische Mobiliar Holding AG, Bern
- Transgourmet Holding AG, Basel

#### Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; Chair of the Board of Trustees
- ETH Zürich Foundation, Zurich; Trustee
- Juventus schools Zurich, Zurich; Chair of the Board of Trustees

#### Professional career

- Chair of the Board of Directors; Coop Cooperative, Basel; 2009 – 2011
- Vice Chair of the Board of Directors; Coop Cooperative, Basel; 2000 – 2009
- Project management of consultancy assignments for public administration and operations with an emphasis on finance and organisation; Nabholz Consulting, Zurich; 1985 – 2008
- Audit and consulting mandates for private enterprises on behalf of Dr. Nabholz Treuhand AG, Zurich; 1980 – 2002



### Jörg Ackermann

1958, Swiss citizen  
Member of the Board of Directors

#### Education and current position

Business economist (School of Economics)  
Mandates for Coop Cooperative Basel; since 2008

#### Other board member mandates

- Coop-ITS-Travel AG, Wollerau
- Coop Patenschaft für Berggebiete, Basel
- Dipl. Ing. Fust AG, Oberbüren

#### Other functions and offices

- GS1 Schweiz, Bern
- H2 Energy AG, Zurich

#### Professional career

- Deputy Chairman of the Coop Executive Board, Head of Logistics/IT/Production; Coop Cooperative, Basel; 2004 – 2008
- Member of the Coop Executive Board, Head of IT/Production; Coop Cooperative, Basel; 2001 – 2003
- Member of the Executive Board, Head of IT/Production; Coop Switzerland, Basel; 1998 – 2001
- Head of Corporate Development; Coop Switzerland, Basel; 1997
- Managerial positions at Coop Winterthur, Winterthur:
  - Deputy Director; 1995 – 1996;
  - Head of Marketing, Member of the Executive Board; 1992 – 1994;
  - Head of Product Marketing and Logistics, Member of the Executive Board; 1989 – 1991;
  - Assistant to the Head of Customer Marketing; 1984 – 1988





### Reto Conrad

1966, Swiss citizen  
Member of the Board of Directors

#### Education and current position

Lic. oec. HSG  
Certified auditor (federal diploma)  
Head of IT/Production/Services,  
Coop Cooperative Basel; since 2017

#### Other board member mandates

- Coop-ITS-Travel AG, Volketswil; Chairman
- Coop Mineraloel AG, Allschwil
- Dipl. Ing. Fust AG, Oberbüren
- Marché Restaurants Schweiz AG, Lindau
- nettoShop AG, St. Gallen
- siroop Ltd, Zurich
- Société coopérative Centre de Formation du Léman, Jongy; Chairman
- update Fitness AG, Uzwil; Chairman

#### Other functions and offices

- Coop Meeting Centre, MuttENZ;  
Chairman of the Board of Trustees
- CPV/CAP Coop Pension Fund, Basel;  
Member of the Board of Trustees and the  
Investment Committee

#### Professional career

- Head of Finance/Services and member of the  
Executive Board; Coop Cooperative, Basel;  
2012 – 2016
- CFO and member of the Group Executive Board;  
Emmi Ltd., Lucerne; 2006 – 2012
- CFO and member of the Group Executive Board;  
Bachem Holding Ltd, Bubendorf; 2001 – 2005
- Various auditing positions; Pricewaterhouse-  
Coopers, Basel and  
San Francisco; 1992 – 2001
- Controller; UBS, Basel; 1990 – 1992



### Andreas Land

1956, German citizen  
Member of the Board of Directors,  
Chairman of the Compensation Committee

#### Education and current position

Certified business administrator (with a diploma  
from a university of applied sciences)  
Managing partner of Griesson-de Beukelaer  
GmbH & Co. KG; since 1997

#### Other board member mandates

- None

#### Other functions and offices

- None

#### Professional career

- CEO of Danone Biscuits North; Danone Group;  
Heerentals, Belgium; 1992 – 1997
- Managing Director of Bongrain Germany;  
Wiesbaden, Germany; 1989 – 1992
- Different positions with Effem GmbH, Verden,  
Germany; 1979 – 1989



### Werner Marti

1957, Swiss citizen  
Member of the Board of Directors

#### Education and current position

Attorney  
Law office;  
since 1988

#### Other board member mandates

- Alp Transit Gotthard AG, Lucerne; Chairman
- Billag AG, Fribourg; Chairman
- Other board member mandates with various  
SMEs

#### Other functions and offices

- None

#### Professional career

- Proprietary law office in Glarus; since 1988
- National Councillor of the canton of Glarus;  
1991 – 2008; in this position member of the  
Finance Commission (Chairman 2004/2005),  
the Commission for Communication, Transport  
and Telecommunications as well as various  
ad hoc commissions
- Price controller; 1996 – 2004
- Councillor of the canton of Glarus, Directorate  
of Internal Affairs (Directorate of the Economy);  
1990 – 1998
- Associate/partner in a law office; 1983 – 1987

## Members of the Group Executive Board

### Group Executive Board (Executive Board of Bell Food Group Ltd)

#### Composition of the Group Executive Board

The Group Executive Board consists of the Chairman of the Group Executive Board (CEO) and the Heads of the Bell International, Bell Germany and Bell Food Group Finance/Services (CFO) Divisions.

Member of the Group Executive Board	since
Lorenz Wyss	2011
Daniel Böhny	2015
Christian Schröder	2012
Marco Tschanz	2015

#### Other activities in supreme management and administrative bodies

Members of the Group Executive Board may take part in the supreme management or administrative bodies of no more than two legal entities which are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, no more than one may be a listed company. Only positions in companies which neither control Bell Food Group Ltd nor are controlled by Bell Food Group Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate. Mandates performed on the instructions of the company are not subject to this limit.

Board member mandates within the Bell Food Group are not disclosed in the annual report for companies that are fully consolidated by Bell Food Group Ltd.



#### Lorenz Wyss

1959, Swiss citizen  
Butcher; business diploma;  
Certified meat industry technician;  
Master of Business Administration ZFH

#### Education and current position

Chairman of the Group Executive Board (CEO);  
Head of Bell Switzerland Division;  
with the Bell Food Group since 2011;  
in this position since 2011

#### Board member mandates:

- Centravo Holding AG, Zurich
- GVFI International Ltd, Basel
- Proviande Cooperative, Bern

#### Professional career

- Managerial positions at Coop Cooperative, Basel:
  - Head of Category Management  
Fresh Products/Gastronomy; 2008 – 2011
  - Head of Food Procurement/Scheduling;  
2004 – 2008
  - Head of Purchasing Pool for Fresh Products;  
1998 – 2004
  - Market Group Head, Meat/Catering and  
Frozen Products; 1995 – 1998
- Managerial positions at Gehrig AG, Klus:
  - Head of Sales/Operations  
(Deputy Managing Director); 1992 – 1995
  - Technical Director; 1987 – 1991
  - Head of Operations/HR; 1983 – 1984
- Department Head at Jenzer AG, Arlesheim;  
1978 – 1981



### Daniel Böhny

1961, Swiss and Italian citizen  
Business economist

#### Education and current position

Head of Bell International Division  
Member of the Group Executive Board;  
with the Bell Food Group from 2004 to 2008  
and since 2015; in this position since 2015

#### Board member mandates:

- None

#### Professional career

- Co-Chairman of the Executive Board of Transgourmet Schweiz AG, Basel; 2013 – 2015
- Chairman of the Executive Board of Howeg Transgourmet Switzerland Ltd, Winterthur; 2009 – 2013
- Head of Poultry business unit and member of the Executive Board of Bell Schweiz AG, Basel; 2004 – 2008
- Managerial positions with Autogrill Schweiz AG, Zurich, and Autogrill SAS, Mulhouse, France; 2002 – 2004
- Managerial positions with Flughafen-Restaurant AG, Kloten; 1997 – 2002:
  - Chief Executive Officer; 2001 – 2002
  - Chief Operating Officer; 1999 – 2001
  - Chief Financial Officer; 1997 – 1999
- Chief Financial Officer/Chief Operating Officer, Koelliker Group, Oerlikon; 1990 – 1996



### Christian Schröder

1971, German citizen  
Business diploma

#### Education and current position

Head of Bell Germany Division  
Member of the Group Executive Board;  
with the Bell Food Group since 2009;  
in this position since 2012

#### Board member mandates:

- None

#### Professional career

- Head of Distribution/Marketing at Abraham Schinken GmbH, Germany; 2011 – 2012
- Head of Distribution/Marketing at Abraham GmbH, Germany; 2007 – 2011
- Managerial positions with the Reinert Group of Companies, Vermold, Germany:
  - Schinken-Einhaus GmbH (Friesoythe/Brunsbek/Lörrach): Managing Director; 2002 – 2007
  - Orig. Holst. Katenschinken GmbH: Managing Director; 2000 – 2001
- Managing Partner H. & C. Schröder Schinkenveredelung GmbH; 1994 – 1999



### Marco Tschanz

1975, Swiss citizen  
Certified business economist  
(university of applied sciences)  
Rochester-Bern Executive MBA

#### Education and current position

Head of Bell Finance/Services Division (CFO)  
Member of the Group Executive Board;  
with the Bell Food Group since 2014;  
in this position since 2015

#### Board member mandates:

- None

#### Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; member of the Board of Trustees and Chairman of the Investment Committee

#### Professional career

- Managerial positions with Swisscom:
  - Head of Swisscom's IT Cloud Programme; 2014
  - Head of Finance at Swisscom Switzerland; 2013 – 2014
  - Head of Controlling/CFO Network/IT and Wholesale; 2009 – 2013
  - Head of Controlling/CFO Private Customers; 2007 – 2009
  - Head of Controlling/CFO SMEs; 2006 – 2007
- Various managerial positions in the financial field; 2000 – 2006
- Auditing/project controlling at various companies; 1998 – 1999
- Head of HR and Finance at Marex AG, Bienne; 1995 – 1997

## Internal organisation and areas of responsibility

The Board of Directors of Bell Food Group Ltd defines the corporate strategy, issues the required instructions and oversees all the activities of the Bell Food Group, while the Group Executive Board is responsible for business operations. The Board of Directors reviews the business planning, in particular the annual, multi-year and investment plans as well as the corporate objectives. The Board also establishes opportunities and risks and initiates any measures that are required. The areas of responsibility of the Board of Directors and the Group Executive Board are set forth in detail in the by-laws. The by-laws are available on the Bell Food Group website at [www.bellfoodgroup.com/organisation-en](http://www.bellfoodgroup.com/organisation-en).

In addition to its non-transferable responsibilities and powers, the Board of Directors decides on mergers, litigation and contracts of special importance, capital investments in excess of CHF 5 million, and acquisitions and sales of real estate and companies. The Board determines the Bell Food Group's corporate structure and is responsible for hiring, discharging and overseeing company managers and executives. The Board defines the company's salary, social security and investment policies, and monitors their implementation. It also makes decisions concerning the company's representation in industry associations and interest groups, the granting of third party loans exceeding CHF 100,000 and guarantees in any amount.

With the exception of the Compensation Committee, the Group Board of Directors is responsible for the recommendations outlined in the *economiesuisse* guidelines regarding the function and remit of the individual committees of the Bell Food Group. This makes it easier to retain an overview and takes account of majority shareholder structures.

More information on the Compensation Committee is provided in the Compensation Report on page 15.

The Group Board of Directors meets at least seven times a year, usually once every two months. Meetings last between four and six hours. Special meetings to discuss strategic transactions and other transactions that might have a considerable impact are held as and when needed. The Chair of the Group Executive Board (CEO) and the Head of the Finance/Services Division Bell Food Group (CFO) are called in to participate in these meetings. No external advisors were engaged in the reporting year.

In 2017, the Board of Directors held seven ordinary meetings and one constituent meeting. The Board of Directors also hosted a one-day workshop on the new building and conversion projects at the Swiss sites. The attendance rate, including at the Annual General Meeting, was 100 percent.

In addition to the usual day-to-day business, the Board of Directors concentrated on the following subjects and projects in the reporting year:

- Complete takeover of Hilcona
- Acquisition of Frostag Food-Centrum AG in Landquart in Switzerland and takeover of the production facilities of the Spanish ham and charcuterie specialist Nobleza Ibérica
- New buildings and conversions at the Swiss locations as part of the investment programme for Switzerland (planning horizon until 2025) and the new building projects in Spain and Austria
- Sale of the Novak branch shops in the Czech Republic
- Preparation of the takeover of the controlling interest in Hügli Holding AG that was finalised on 15 January 2018 and announcement of a public offer to buy all outstanding shares of the company
- Review of the brand strategy and architecture and adoption of a new corporate design for the Bell Food Group
- Adoption of the revised sustainability strategy for the Bell Food Group

## Information channels and control instruments

The Group Executive Board regularly briefs the Board of Directors on the course of business. The Chairman of the Board of Directors is in close contact with the Group Executive Board and usually meets with the Chairman of the Group Executive Board once a month.

The Head of the Finance/Services Division Bell Food Group submits a management report (MIS) to the Board every month and prepares a report consisting of a consolidated and a division income statement, key indicators and analyses. Financial reporting is a permanent component of the Board meetings. Deviations are discussed and the measures that may be required are implemented.

### Internal control system

Bell Food Group operates a comprehensive internal control system (ICS) on the basis of the internationally acknowledged COSO framework ([www.coso.org](http://www.coso.org)); the ICS is an integral component of quality assurance (QA). It places particular emphasis on the financial security of business processes, as issues such as product safety, quality assurance and traceability are already covered by various standards (IFS, etc.). Besides the avoidance of any infractions of the law or instances of negligence, the main emphasis falls on asset protection within the production processes. Institutionalised assessments measure the quality of the internal control system. Every year, the results of these assessments are compiled in a report and binding measures are defined for the areas where potential for improvement has been identified.

### Internal audit

In addition to the statutory auditors, Internal audit monitors compliance with the guidelines and regulations as an independent instance on behalf of the Board of Directors and checks the expedience of control instruments and the organisational structure and procedures as well as the effectiveness of the internal control system. It accompanies the development of new business processes and modifications to existing business processes in a controlling or advisory function and supports the Group Executive Board in the achievement of its objectives by making recommendations for improvements to business processes. Internal audit pursues a risk-oriented approach to auditing. Findings are documented and communicated to the Chairman of the Board of Directors. The implementation of measures is monitored.

Internal audit coordinates its auditing activities and maintains a close exchange of information with the statutory auditors.

### Compliance

Bell Food Group Ltd has adopted the concept of all-inclusive integrity and compliance with the laws as a central tenet of its corporate culture. Management does not in any manner condone corruption or breaches of competition laws. A central compliance system for the whole Group designed to prevent, identify and react to compliance breaches was introduced. The focus falls on antitrust law and the Bell Food Group's preventive measures in this area. Employees at all relevant levels are retrained every year in order to improve their understanding of the topic of compliance. Awareness and knowledge of this topic should already exclude the potential for misconduct. The topic of integrity is constantly highlighted as part of an ongoing dialogue.

The Bell Food Group has its own Code of Conduct. This framework condenses many existing guidelines and describes the rules that are binding for the company and all its employees in their interaction with one another as well as with their business partners. The Code of Conduct can be accessed at [www.bellfoodgroup.com/code-en](http://www.bellfoodgroup.com/code-en).

### **Risk management**

Bell Food Group has applied structured risk management since 2009. As a food manufacturing company, the risk situation can be described as stable overall, whereby the Swiss and Liechtenstein companies of the Bell Food Group are less dependent on the economic environment than those in the rest of Europe. As part of the risk management process, the Board of Directors, Group Executive Board and Executive Boards of the country organisations assess the major risks every year.

The Bell Food Group generally defines risk as possible events or actions that could lead to a deviation from the defined objectives or strategy implementation. Positive deviations are seen as opportunities and negative deviations are deemed to be risks. Opportunities are integrated into the strategy process, while negative deviations are analysed during the risk management process. The risks are assessed for probability of occurrence and quantitative impact in the event of occurrence.

A full survey of the possible risks is done every three years. The risks that are relevant for the Bell Food Group are identified and measures are formulated if possible to reduce the probability of occurrence and/or the impact of the potential risks. Every measure is given a responsible owner. In the in-between years, the Board of Directors and Group Executive Board monitor the status of the measures and carry out current assessments. As part of the risk management process of the Bell Food Group, risks that could potentially cause a loss of more than a specified amount at EBIT level within three years are actively managed. The relevant amount of loss is CHF 5 million for the Bell Switzerland Division and CHF 1 million for the Bell Germany and Bell International Divisions as well as for Hilcona and Eisberg. Safeguards and measures are implemented to protect the company against risks that cannot be influenced or that can only be influenced to a limited extent.

In 2017, Bell Switzerland and Hilcona carried out a risk management audit. Management has identified a sudden increase in raw materials prices, shifts in agricultural policies and epidemics as major risks.

The financial market risks are limited to foreign currency exposure, in particular in the eurozone, but this does not exceed the threshold for large risks. A risk assessment was carried out for Eisberg in the reporting year for the first time. Management identified general business interruptions, e.g. caused by fire, as a potential risk.

Internal audit carried out general health checks to identify the operational risks associated with new acquisitions, and Management defined and implemented the required measures.

More information on risk assessment is provided on pages 27 and 28 of the Corporate profile.

## Participatory rights of shareholders

Each share is entitled to one vote, whereby the right to vote is suspended for the treasury shares held by Bell Food Group Ltd.

According to the Articles of Association (Art. 12) and the Swiss Code of Obligations (OR 689), shareholders may be represented by another shareholder at the Annual General Meeting. Shareholders may also be represented by the independent proxy elected by the Annual General Meeting every year. The independent proxy exercises the proxy voting rights assigned to him by shareholders in accordance with instructions. If he has not received any instructions, he abstains from the vote. The independent proxy can also be appointed and given instructions electronically.

Shareholders or groups of shareholders who represent shares with a nominal value of 10 percent of the share capital may request that an item be added to the agenda. A request to add an item to the agenda must be submitted in writing at least 45 days prior to the meeting, specifying the subject to be discussed and the proposals.

Other participatory rights are governed by the Articles of Association of Bell Food Group Ltd. The Articles of Association are available on the Bell Food Group website at [www.bellfoodgroup.com/statutes-en](http://www.bellfoodgroup.com/statutes-en). The Swiss Code of Obligations applies where the Articles of Association do not provide sufficient regulation.

A total of 1,175 shareholders attended the 2017 Annual General Meeting. Together with the voting rights represented by the independent proxy, 2,989,809 shares or 74.75 percent of the share capital was represented at the Annual General Meeting. The minutes and voting results for the Annual General Meeting can be accessed on the Bell Food Group website at [www.bellfoodgroup.com/assembly-en](http://www.bellfoodgroup.com/assembly-en).

The date that is relevant for participation in the Annual General Meeting is published on the website of the Bell Food Group at [www.bellfoodgroup.com/agenda-en](http://www.bellfoodgroup.com/agenda-en).

Shareholders are not entitled to have certificates for registered shares printed out and delivered.

## Change of control clause

There are no statutory restrictions and regulations.

## Auditors

Auditors	PricewaterhouseCoopers; since 1998
Auditor in charge	Gerd Tritschler, auditor in charge since 2013
Term of mandate	The auditors are elected by the Annual General Meeting every year.

The Board of Directors oversees the activities of the external auditors. The auditors brief the Chairman of the Board of Directors on the results of their audit three times every year. They also report to all members of the Board once every year.

The performance of the auditors is assessed by the Chairman of the Board of Directors, the Chairman of the Group Executive Board (CEO) and the Head of the Bell Food Group Finance/Services Division (CFO) on the basis of comprehensive assessment criteria. The focus falls on the audit team's special qualifications, assertiveness, independence and interaction with our internal units. Other external factors also affect the assessment. The auditors are elected by the Annual General Meeting every year.

The activities of the statutory auditors comprise their legal and statutory obligations, including an evaluation of the existence of the internal control system (ICS).

**Auditors' and other fees**

in CHF thousand	2017	2016
Auditing services	1.082	1.258
Tax consulting	–	82
Legal services	69	440
<b>Total</b>	<b>1.151</b>	<b>1.780</b>

**Information policy**

Every year in February, Bell Food Group Ltd publishes an annual report on the results for the previous year. In August, it publishes an interim report on the results for the first half of the current year. Both reports provide information on the business operations and results of the Bell Food Group. The Bell Food Group also issues press releases regarding current developments and publishes news reports on its website.

The Bell Food Group website contains an archive with all annual reports, interim reports and ad hoc press releases.

Annual reports and interim reports: [www.bellfoodgroup.com/report-en](http://www.bellfoodgroup.com/report-en)  
 Press releases: [www.bellfoodgroup.com/mediarelease-en](http://www.bellfoodgroup.com/mediarelease-en)  
 Code of Conduct: [www.bellfoodgroup.com/code-en](http://www.bellfoodgroup.com/code-en)  
 Registration with distribution list for press releases: [www.bellfoodgroup.com/maillinglist-en](http://www.bellfoodgroup.com/maillinglist-en)

**Important dates**

Closing of accounts	31 December
Annual General Meeting of Bell Food Group Ltd	10 April 2018
Publication of results for first half of 2018	16 August 2018
Publication of 2018 results	February 2019

For more dates, see the Bell Food Group website at [www.bellfoodgroup.com/agenda-en](http://www.bellfoodgroup.com/agenda-en).

**Contacts**

Contact partners and contact options for obtaining further information on the Bell Food Group are provided on page 60 of this management report as well as on the website.

Corporate communication: [www.bellfoodgroup.com/contact-en](http://www.bellfoodgroup.com/contact-en)  
 Share register: [www.bellfoodgroup.com/shareregistry-en](http://www.bellfoodgroup.com/shareregistry-en)



---

# Compensation report

## Introduction

The compensation report sets out the discretionary competence and describes the compensation paid to the members of the Board of Directors and the Group Executive Board (Executive Board pursuant to Art. 23 of the Articles of Association) and provides information on the shares they hold in Bell Food Group Ltd.

The report complies with the provisions of the Ordinance against Excessive Compensation in Listed Corporations (VegüV) and the related provisions of the Swiss Code of Obligations. It essentially follows the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse* and the Directive on Information relating to Corporate Governance (DCG) of the SIX Swiss Exchange, and also takes account of the Articles of Association, the by-laws and the regulations of the Compensation Committee of Bell Food Group Ltd.

Articles of Association:

[www.bellfoodgroup.com/statutes-en](http://www.bellfoodgroup.com/statutes-en)

By-laws:

[www.bellfoodgroup.com/organisation-en](http://www.bellfoodgroup.com/organisation-en)

Unless stated otherwise, the compensation report refers to the 2017 financial year. Compensation payments are recognised when they occur.

## The Compensation Committee

The Annual General Meeting elects the members of the Compensation Committee individually. Only members of the Board of Directors are eligible.

The Compensation Committee comprises at least two members. Members of the Compensation Committee do not receive any separate fee as their payment is included in the normal Board member fee.

The Compensation Committee submits proposals on the type and amount of compensation to be paid to the members of the Board of Directors and the Group Executive Board for approval to the Group Board of Directors. These amounts must fall within the limits of the budget approved by the Annual General Meeting. The Group Executive Board may not participate in the discussion. The Compensation Committee annually revises and assesses the company's compensation system.

On 11 April 2017, the Annual General Meeting elected Andreas Land (Chairman) and Irene Kaufmann to serve as the members of the Compensation Committee until the next Annual General Meeting.

The Compensation Committee meets upon invitation of the Chairman as often as business requires, but at least once a year. Meetings last one to two hours on average. One meeting attended by all members of the Committee was held in the reporting year.

No external advisors were consulted.

## Basis and components of compensation

The compensation system of the Bell Food Group has been designed to attract and retain qualified and motivated specialists and managers. Compensation is determined by taking into account the interests of the employees, the Group and the shareholders.

At the recommendation of the Board of Directors, the Annual General Meeting approves in advance the maximum total amount to be paid in compensation to the Board of Directors and the Group Executive Board. The Annual General Meeting also consults on the compensation report for the previous financial year.

The members of the Board of Directors receive a fixed fee. This fee is at the lower end of the scale compared to other listed companies in Switzerland. Under Bell Food Group Ltd's compensation system, the members of the Group Executive Board receive a basic salary as well as a performance-related profit share (variable compensation).

On 19 April 2016, the Annual General Meeting approved the following maximum compensation payments for 2017:

Board of Directors:	CHF 500,000
Group Executive Board:	CHF 3,000,000

Under the employee share participation plan, all employees of the Bell Food Group as well as the members of the Board of Directors can buy shares of Bell Food Group Ltd at preferential conditions (discount of 20 %) and acquire a stake in the company. Employee shares may not be sold for a period of four years.

## The Board of Directors

The Annual General Meeting decides in advance on the maximum annual compensation to be paid to the Board of Directors for the next financial year.

Members of the Board of Directors receive an appropriate fixed fee for their activities. This fee depends on their function (Chairman, Vice-Chair, member) and is approved at its discretion by the Board of Directors as recommended by the Compensation Committee.

The fee is always paid in cash. Compensation includes a flat rate of 10 percent for expenses. The statutory social contributions (employee's share) are deducted from 90 percent of the basic fee.

### Basic fee

The fee payable to the members of the Board of Directors has been the same since 1 June 2013. The gross annual fee is:

Chairman	CHF 100,000
Vice-Chair	CHF 80,000
Members	CHF 70,000

### Special cases

Fees will be paid as follows:

- pro rata on resignation from the Board of Directors
- in the event of illness/accident: 100 percent

The Coop representatives on the Board of Directors of Bell Food Group Ltd work on a mandate basis. Their fees are paid directly to Coop.

### Variable compensation

The members of the Board of Directors do not receive any variable compensation.

### Share ownership

On 31 December 2016 and 2017, the members of the Board of Directors held the following (vested and unvested) shares of Bell Food Group Ltd:

Shares held by the Board of Directors as of 31 December (number)	2017			2016		
	Number of unvested shares	Number of vested shares	Total number of shares	Number of unvested shares	Number of vested shares	Total number of shares
Hansueli Loosli, Chairman	560	350	910	460	450	910
Irene Kaufmann, Vice-Chair	560	400	960	460	500	960
Jörg Ackermann, member	790	180	970	740	230	970
Reto Conrad, member	0	0	0	0	0	0
Andreas Land, member	0	400	400	0	400	400
Werner Marti, member	470	400	870	370	500	870

## The Group Executive Board

The Annual General Meeting approves in advance the maximum amount in compensation to be paid to the members of the Group Executive Board every year.

If additional members are appointed to the Group Executive Board after the approval of the budgeted amount, the total amount approved by the Annual General Meeting may be exceeded by a maximum of 50 percent pro rata until the next Annual General Meeting.

The members of the Group Executive Board receive a fixed basic salary and performance-related variable compensation for their work.

### Basic salary

The basic salary takes account of the individual's experience and skills and is based on an employment contract that is reviewed every year and amended, if necessary. Taking account of the remuneration paid by comparable companies, the Board of Directors determines the basic salary at its own discretion and within the limits of the maximum compensation approved by the Annual General Meeting. Comparable companies are companies in the food sector that are listed in Switzerland (small caps). In addition, the members of the Group Executive Board receive a fixed expenses allowance as well as a company car.

### Variable compensation

The members of the Group Executive Board receive a performance-related profit share. The variable component depends on the achievement of the internal budget objectives, the Group result before non-controlling interests and individual objectives. Achievement of the budget objectives counts 90 percent and the individual objectives 10 percent for the calculation of the profit share. The variable compensation may not be more than 25 percent of the basic salary and at least 50 percent of the profit share is paid out in the form of shares. The shares are issued with a discount of 20 percent and may not be sold for a period of four years. The variable compensation for the past financial year (cash payment and transfer of shares) is paid in April of the following year.

Variable compensation as a percentage of the basic salary upon 100 percent objective achievement	20 %
Maximum percentage of the basic salary	25 %
Basis for assessment	90 % Group result meets target before non-controlling interests 10 % individual objective achievement
Payment	50 % in shares of Bell Food Group Ltd with a discount of 20 % 50 % in cash
Decision	Board of Directors

### Share ownership

On 31 December 2016 and 2017, the members of the Group Executive Board held the following (vested and unvested) shares of Bell Food Group Ltd:

Shares held by the Group Executive Board as of 31 December (number)	2017			2016		
	Number of unvested shares	Number of vested shares	Total number of shares	Number of unvested shares	Number of vested shares	Total number of shares
Lorenz Wyss	670	420	1,090	310	780	1,090
Daniel Böhny	400	0	400	400	0	400
Christian Schröder	120	130	250	120	130	250
Marco Tschanz	0	370	370	0	370	370

### Contractual relationships

The employment contracts of the Group Executive Board are concluded for an indefinite period. The notice period for Group Executive Board employment contracts concluded for an indefinite period is 12 months, effective as of the end of a calendar month. Apart from those that apply to the employment relationship, there are no provisions on the prohibition of competition.

## Loans, credits and pensions to members of the Board of Directors, the Group Executive Board and their related parties

The Articles of Association make no provision for the granting of loans and credits to the members of the Board of Directors and/or the Group Executive Board. No such loans or credits are outstanding.

No loans, credits or payments were granted to related parties in 2017 and no payments were made to any former members of the Board of Directors. In the reporting year, a contractually owed minimum fee for project-related work was paid to a former member of the Group Executive Board. This was paid in cash.

## Payments in 2017

### Payments to the Board of Directors for 2016 and 2017

		Fixed salary in cash (gross)	Social contributions	Share subscription		Total CHF thousand
				Number	CHF thousand	
Hansueli Loosli, Chairman <sup>1</sup>	2016	100	-	-	-	100
	2017	100	-	-	-	100
Leo Ebnetter, Vice-Chairman <sup>1,2</sup>	2016	80	-	-	-	80
	2017	27	-	-	-	27
Irene Kaufmann, Vice-Chair <sup>1,4</sup>	2016	70	-	-	-	70
	2017	77	-	-	-	77
Reto Conrad, member <sup>1,3</sup>	2016	-	-	-	-	-
	2017	47	-	-	-	47
Jörg Ackermann, member <sup>1</sup>	2016	70	-	-	-	70
	2017	70	-	-	-	70
Andreas Land, member	2016	70	3	-	-	73
	2017	70	3	-	-	73
Werner Marti, member	2016	70	3	-	-	73
	2017	70	3	-	-	73
<b>Total to Board of Directors</b>	<b>2016</b>	<b>460</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>466</b>
	<b>2017</b>	<b>460</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>466</b>

1 Cash payment is forwarded to the giver of the mandate Coop

2 Left on 11 April 2017

3 Newly elected to the Board of Directors on 11 April 2017

4 Vice-Chair since 11 April 2017

### Payments to the Group Executive Board for 2016 and 2017

		Cash payment (gross)		Share subscription		Non-cash/ social contributions and employee benefits insurance CHF thousand	Total CHF thousand
		Fixed CHF thousand	Variable CHF thousand	Number	CHF thousand		
Lorenz Wyss, Chairman of the Group Executive Board (CEO)	2016	598	-	-	-	141	739
	2017	598	-	-	-	142	740
Other members of the Group Executive Board	2016	1 332	-	-	-	264	1 596
	2017	1 355	-	-	-	322	1 677
<b>Total to Group Executive Board</b>	<b>2016</b>	<b>1 930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405</b>	<b>2 335</b>
	<b>2017</b>	<b>1 953</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>464</b>	<b>2 417</b>

## Report of the auditors on the compensation report

### Report of the statutory auditor to the Annual General Meeting of Bell Food Group Ltd, Basel

We have audited the compensation report of Bell Food Group Ltd for the financial year ended 31 December 2017. The audit was limited to the information pursuant to Art. 14 to 16 of the Ordinance against Excessive Compensation in Listed Corporations (VegüV) provided in the tables on page 18 of the compensation report.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the compensation report in accordance with the requirements of Swiss law and the Ordinance against Excessive Compensation in Listed Corporations (VegüV). The Board of Directors is also responsible for adopting the compensation principles and determining the individual remuneration packages.

### Auditors' responsibility

Our responsibility is to express an opinion of the compensation report, based on our audit. We conducted our audit in accordance with the Swiss Auditing Standards. These require us to meet the professional rules of conduct and to plan and perform the audit to obtain reasonable assurance that the compensation report complies with the law and with Art. 14 to 16 VegüV.

An audit involves performing procedures to obtain audit evidence for the information on payments, loans and credits pursuant to Art. 14 to 16 VegüV contained in the compensation report. The procedures selected depend on the auditor's judgement. This includes an assessment of the risk of material – intentional or unintentional – misrepresentation in the compensation report. The audit also includes evaluating the appropriateness of the accounting methods applied to value the compensation components and an assessment of the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the compensation report of Bell Food Group Ltd for the financial year ended 31 December 2017 complies with the law as well as Art. 14 to 16 VegüV.

PricewaterhouseCoopers AG

Gerd Tritschler

Audit expert  
Auditor in charge

Basel, 2 February 2018

Arsim Arslani

Audit expert



# Financial reporting

## **Consolidated financial statements of the Bell Food Group**

- 22 — Consolidated balance sheet
- 23 — Consolidated income statement
- 24 — Cash flow statement
- 25 — Statement of changes in equity
- 26 — Notes to the consolidated financial statements
- 45 — 5-year overview
- 46 — Share information
- 47 — Report of the statutory auditor on the consolidated financial statements

## **Financial statements of Bell Food Group Ltd**

- 52 — Balance sheet
- 53 — Income statement
- 54 — Notes
  - Appropriation of annual profit
- 55 — Report of the statutory auditor on the financial statements

- 60 — Contacts and publishing details

— All amounts have been rounded up or down individually

# Consolidated financial statements Bell Food Group

## Consolidated balance sheet

in CHF million	Note	31.12.2017	Share	31.12.2016	Share
Cash and cash equivalents	1	83.0		262.0	
Securities		2.1		5.7	
Trade accounts receivables	2	378.1		352.3 <sup>1</sup>	
Other receivables	3	46.0		38.0	
Inventories	4	353.2		303.5	
Accrued income and prepaid expenses	5	17.8		20.3	
<b>Current assets</b>		<b>880.3</b>	<b>42.1 %</b>	981.8	45.9 %
Financial assets	8	51.6		48.6	
Intangible assets	9	155.9		160.0	
Tangible assets	10	1 005.3		948.5	
<b>Non-current assets</b>		<b>1 212.7</b>	<b>57.9 %</b>	1 157.1	54.1 %
<b>Assets</b>		<b>2 093.0</b>	<b>100.0 %</b>	2 138.9	100.0 %
Current financial liabilities	11	213.9		11.5	
Trade accounts payable		183.6		202.9	
Other current liabilities	6	175.7		14.9	
Current provisions	12	3.6		11.2	
Accrued expenses and deferred income	7	119.9		110.0	
<b>Current liabilities</b>		<b>696.6</b>	<b>33.3 %</b>	350.6	16.4 %
Non-current financial liabilities	11	508.6		710.8	
Non-current provisions	12	103.5		99.6 <sup>1</sup>	
<b>Non-current liabilities</b>		<b>612.1</b>	<b>29.2 %</b>	810.5	37.9 %
<b>Liabilities</b>		<b>1 308.8</b>	<b>62.5 %</b>	1 161.1	54.3 %
Share capital		2.0		2.0	
Capital reserves		-217.0		-	
Retained earnings		980.7		908.1 <sup>1</sup>	
Translation differences		-85.9		-129.1	
Treasury shares		-2.2		-2.4	
Annual profit		106.5		100.6	
<b>Equity excl. minority interests</b>		<b>784.1</b>	<b>37.5 %</b>	879.2	41.1 %
Minority interests		0.2		98.6	
<b>Equity</b>		<b>784.3</b>	<b>37.5 %</b>	977.8	45.7 %
<b>Liabilities and equity</b>		<b>2 093.0</b>	<b>100.0 %</b>	2 138.9	100.0 %

<sup>1</sup> The prior-year figures have been restated – additional information see Statement of Changes in Equity.



## Consolidated income statement

in CHF million	Note	2017	Share	2016	Share
<b>Net revenue</b>	14/15	<b>3 537.3</b>	<b>100.0 %</b>	3 345.9	100.0 %
Cost of goods sold		2 226.7	62.9 %	2 113.0	63.2 %
<b>Gross operating income</b>		<b>1 310.7</b>	<b>37.1 %</b>	1 232.9	36.8 %
Personnel expenses	16	662.5	18.7 %	614.3	18.4 %
Rents		30.8		27.4	
Energy, auxiliary materials		67.2		62.2	
Repair and maintenance		85.1		75.8	
Transport		102.1		92.9	
Advertising		32.5		38.7	
Other operating expenses		49.9		43.6	
<b>Total operating expenses</b>		<b>1 030.1</b>	<b>29.1 %</b>	954.9	28.5 %
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>280.6</b>	<b>7.9 %</b>	278.0	8.3 %
Amortisation of intangible assets	9/19	7.2		7.6	
Amortisation of goodwill	9/19	20.1		21.8	
Depreciation of tangible assets	10/19	103.7		106.5	
<b>Earnings before interest and taxes (EBIT)</b>		<b>149.7</b>	<b>4.2 %</b>	142.1	4.2 %
Financial result	17	1.5		-8.6	
Net income from associated companies		3.0		3.1	
<b>Net profit before taxes (EBT)</b>		<b>154.2</b>	<b>4.4 %</b>	136.6	4.1 %
Taxes	18	37.3		22.3	
<b>Net profit after taxes</b>		<b>116.9</b>	<b>3.3 %</b>	114.3	3.4 %
Third-party interest in profit		10.4		13.7	
<b>Annual profit</b>		<b>106.5</b>	<b>3.0 %</b>	100.6	3.0 %
<b>Net profit per share (in CHF, diluted and undiluted)</b>	21	<b>26.68</b>		25.18	

## Cash flow statement

in CHF million	2017	2016
Net profit after taxes	116.9	114.3
Depreciation of tangible assets	103.7	98.3
Amortisation of intangible assets	27.2	26.0
Extraordinary depreciation	–	11.6
Non-cash income (-)/expenses (+)	-9.1	-2.1
Income (-)/loss (+) from sale of fixed assets	0.0	-0.5
Dividends from associated companies	0.4	0.5
Net income from associated companies	-3.0	-3.1
Income (-)/loss (+) from sale of investments	-0.3	–
Changes in provisions	2.6	-14.5
<b>Cash flow before changes to net current assets</b>	<b>238.3</b>	<b>230.5</b>
Increase (-)/decrease (+) in receivables	-16.0	8.1
Increase (-)/decrease (+) in inventory	-35.8	-19.8
Increase (-)/decrease (+) in accrued assets	1.6	-5.2
Increase (+)/decrease (-) in current liabilities	-49.4	46.6
Increase (+)/decrease (-) in accrued liabilities	22.5	-14.8
<b>Operating cash flow</b>	<b>161.3</b>	<b>245.5</b>
Investment (-)/divestment (+) of securities	3.6	-0.8
Investment in other companies and financial assets	-15.3	-280.6
Acquisition (+)/sale (-) of cash and cash equivalents	-1.1	20.7
Divestment of other companies and financial assets	0.4	1.3
Investment in intangible assets	-9.0	-6.7
Divestment of intangible assets	0.1	–
Investment in tangible assets	-116.4	-121.9
Divestment of tangible assets	2.7	3.9
<b>Cash flow from investing activities</b>	<b>-135.0</b>	<b>-384.0</b>
Proceeds from (+)/repayment of (-) current financial liabilities	0.0	-34.3
Proceeds from (+)/repayment of (-) non-current financial liabilities	-12.7	-20.1
Proceeds from (+) bonds	–	300.0
Acquisition (-)/sale (+) of minorities	-161.0	–
Investment (-)/divestment (+) in treasury shares	-0.1	-1.3
Dividend	-33.2	-32.5
<b>Cash flow from financing activities</b>	<b>-207.0</b>	<b>211.8</b>
<b>Cash flow balance</b>	<b>-180.7</b>	<b>73.3</b>
Cash and cash equivalents as of 1.1.	262.0	189.0
Effect of currency translation on cash and cash equivalents	1.8	-0.3
Changes in cash and cash equivalents	-180.7	73.3
Cash and cash equivalents as of 31.12.	<b>83.0</b>	262.0

## Statement of changes in equity

in CHF million	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares	Annual profit	Equity excl. minority interests	Minority interests	Equity
<b>Equity as of 1.1.2017</b>	<b>2.0</b>	<b>-</b>	<b>908.1</b>	<b>-129.1</b>	<b>-2.4</b>	<b>100.6</b>	<b>879.2</b>	<b>98.6</b>	<b>977.8</b>
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Acquisition minorities	-	-216.8	-	-	-	-	-216.8	-104.2	-321.0
Appropriation of annual profit	-	-	100.6	-	-	-100.6	-	-	-
Dividend	-	-	-28.0	-	-	-	-28.0	-5.2	-33.2
Additions/disposals of treasury shares	-	-0.2	-	-	0.1	-	-0.1	-	-0.1
Annual profit	-	-	-	-	-	106.5	106.5	10.4	116.9
Currency translation differences	-	-	-	43.2	-	-	43.2	0.6	43.8
<b>Equity as of 31.12.2017</b>	<b>2.0</b>	<b>-217.0</b>	<b>980.7</b>	<b>-85.9</b>	<b>-2.2</b>	<b>106.5</b>	<b>784.1</b>	<b>0.2</b>	<b>784.3</b>
Equity as of 1.1.2016	2.0	-	845.4	-121.0	-1.0	94.8	820.1	89.4	909.5
Changes due to corrections <sup>1</sup>	-	-	-4.1	-	-	-	-4.1	-	-4.1
Restated Equity as of 1.1.2016	2.0	-	841.3	-121.0	-1.0	94.8	816.0	89.4	905.4
Changes in scope of consolidation	-	-	-	-	-	-	-	0.2	0.2
Acquisition minorities	-	-	-	-	-	-	-	0.0	0.0
Appropriation of annual profit	-	-	94.8	-	-	-94.8	-	-	-
Dividend	-	-	-28.0	-	-	-	-28.0	-4.5	-32.5
Additions/disposals of treasury shares	-	-	0.0	-	-1.3	-	-1.3	-	-1.3
Annual profit	-	-	-	-	-	100.6	100.6	13.7	114.3
Currency translation differences	-	-	-	-8.1	-	-	-8.1	-0.2	-8.2
Equity as of 31.12.2016	2.0	-	908.1	-129.1	-2.4	100.6	879.2	98.6	977.8

<sup>1</sup> Restatement: Due to the replacement of an ERP system in the second half-year of 2017 incorrectly recorded assets had to be restated retrospectively. The affected assets are not included in the balance sheets as of 31 December 2017 and 31 December 2016. Therefore, the restatement does not have an impact on the consolidated income statements 2017 and 2016.

The non-distributable reserves amount to CHF 45.4 million (previous year: CHF 45.4 million).

## Consolidation and valuation principles

The consolidated financial statement has been revised for the year-end closing as of 31 December 2017. All figures are newly reported in millions with one decimal place. Deviations from this presentation are noted at the corresponding position. In addition, different notes have been revised. The prior year figures were adjusted to the new structure and correspond in their content to the presentation in the annual report 2016.

### Principles

The principles governing consolidation, valuation, structure and presentation comply with the entire Accounting and Reporting Regulations (Swiss GAAP ARR). They apply to all companies included in the scope of consolidation.

### Scope of consolidation

All companies of which Bell Food Group Ltd directly or indirectly owns more than 50 percent of the votes or exercises control under a contractual agreement are fully integrated into these consolidated financial statements. Investments where Bell Food Group owns more than 20 percent but less than 50 percent of the votes are measured and recognised in the balance sheet at the share of equity held. Investments equalling less than 20 percent are included in the balance sheet at the share price as of 31 December. If no share price is available, the investment is measured at cost minus a value adjustment if there was any impairment. An overview of the companies in which Bell Food Group has a stake and a description of the treatment of these associates in the consolidated financial statements are provided on page 43 of the annual report.

### Foreign currency translation

All company balance sheets in foreign currency are translated into Swiss francs at the year-end exchange rate as of 31 December. The income statements of these companies are translated at the average annual exchange rate. Translation differences between the opening and closing balance sheets and the differences arising from the use of different exchange rates in the balance sheet and the income statement are recognised without affecting profit and loss.

### Exchange rates

		2017	2016
Balance sheet	EUR 1	= CHF 1.1702	= CHF 1.0739
	CZK 1	= CHF 0.0458	= CHF 0.0397
	HUF 100	= CHF 0.3771	= CHF 0.3466
	PLN 1	= CHF 0.2802	= CHF 0.2435
	USD 1	= CHF 0.9757	= CHF 1.0188
Income statement	EUR 1	= CHF 1.1107	= CHF 1.0901
	CZK 1	= CHF 0.0422	= CHF 0.0403
	HUF 100	= CHF 0.3580	= CHF 0.3501
	PLN 1	= CHF 0.2609	= CHF 0.2500
	USD 1	= CHF 0.9821	= CHF 0.9893

### Consolidation of assets and liabilities, intra-Group sales and intra-Group profits

All intra-group assets and liabilities are set off and eliminated as part of the consolidation process. Differences resulting from applying different exchange rates to net investments in foreign companies are recognised in equity without affecting profit or loss. All intra-Group payables and receivables are set off and eliminated as part of the consolidation process. Elimination of intra-Group profits is deemed unnecessary, as the impact on the Group's income statement is insignificant.

### Capital consolidation and acquisition of companies

The capital is consolidated using the "purchase method", i.e. the capital of a company is set off against the purchase price on the purchase date, and the acquisition costs are added to the purchase price. Purchase price adjustments that depend on future results are estimated. If the final purchase price deviates from the estimate, the goodwill is adjusted correspondingly. The resulting goodwill is capitalised and amortised on a straight-line basis via the income statement. The depreciation period depends on the useful life that is assumed for the market potentials and synergies that gave rise to the goodwill. A maximum depreciation period of 15 years has been applied. Any negative goodwill is recognised in the income statement at the time of the initial consolidation.

**Transactions with minorities**

Transactions with minorities, that have no impact on the consolidation method, are recorded in the equity. The difference between the transaction price and the corresponding minority share value is recognised in the capital reserves. Transaction related costs are added to the transaction price. The takeover of the minority shares of Hilcona were recognised in the equity as of 1 September 2017.

**Valuation**

As a general rule, the historical cost method is used. Current assets are measured at the lower of cost or market value. Fixed assets are recognised at cost minus required depreciation. The liabilities are valued at nominal values. The same valuation principles apply to all consolidated companies.

**Cash and cash equivalents**

The cash and cash equivalents comprise fixed deposits and money market placements with a remaining term to maturity of less than 90 days.

**Securities**

The securities comprise marketable securities that are recognised in the balance sheet at the stock price as of 31 December.

**Receivables**

Identifiable and actual losses are charged to the income statement in the year in which they occur. Based on experience, the impairment for doubtful debts equals 1 percent of the accounts receivable. The total impairment amount is disclosed in the notes.

**Inventories**

The inventories are valued at production cost according to the first-in first-out (FIFO) method. Inventories with a very long ripening period are measured at the moving average cost for procurement. Any impairment loss on the purchase cost is taken into account. Warehousing risks that can be identified are also taken into account.

**Deferred taxes**

The deferred taxes are based on a balance sheet point of view, taking into account all future income tax effects.

The deferred taxes are recognised according to the "liability method" on all differences between the Swiss GAAP ARR values and the book values for taxation purposes. The deferred taxes are calculated on a yearly basis using the future tax rate that applies to the taxable entity on the reporting date. The applicable tax rates for the Bell Food Group are:

Switzerland	20.80 %
Principality of Liechtenstein	12.50 %
Germany	33.00 %
France	33.00 %
Austria	25.00 %
Other countries	25.00 %

Deferred tax assets relating to temporary differences and tax loss carry-forwards are only capitalised if it is likely that they can be set off against future taxable gains. There are no deferred tax assets.

**Other financial assets**

Other financial assets comprise non-listed securities that are recognised in the balance sheet at the lower of cost or market value.

**Tangible assets**

Tangible assets are measured at cost minus required depreciation and permanent impairment. Depreciation is done on a straight-line basis over the useful life of an asset. Valuation adjustments arise from foreign currency translations. Leased assets are capitalised during the consolidation process and are depreciated on a straight-line basis over the normal useful life of the asset. The corresponding liabilities are listed under "Financial liabilities". As part of major projects self-produced tangible assets can be activated if the expenses incurred can be separately recorded and measured and the tangible assets can be used for several years.

Within the framework of mergers and acquisitions the non-current assets are revalued. In this the cumulative purchase price and the cumulative depreciation of the acquired assets are calculated. In a next step, significant revaluations and devaluations of individual assets are made. In a final step the cumulative depreciations are adjusted in a way that the acquired assets are valued from a net perspective at the current value on the transfer date. Taking into account the remaining useful life, the depreciation period is adjusted to the Bell Food Group valuation principles. The acquired assets are disclosed on a gross basis in the corresponding balance sheet notes.

In the previous year, value adjustments of CHF 8.2 million on tangible assets were recognised in the income statement.

#### Useful life of non-current assets

in years	
Production and administration buildings	30 – 40
Machines and equipment	8 – 10
Installations	10 – 15
Vehicles	3 – 7
Furniture	5 – 10
IT hardware	4
Software	4
Trademarks	8
Goodwill	8 – 15

#### Intangible assets

Intangible assets comprise IT software, acquired trademarks and goodwill. Intangible assets are activated if they are identifiable, their costs can be reliably measured and there is a measurable value in use for several years.

As of 31 December 2017, no indicators were identified that lead to the assumption that the intangible assets were impaired in their value. In the previous year value adjustments of CHF 2.8 million on goodwill and CHF 0.6 million on other intangible assets were recognised in the income statement.

#### Rebates, refunds and cash discounts

Rebates, refunds and cash discounts are deducted directly from the corresponding asset class and the cost price is reduced accordingly.

#### Advance payments

Advance payments to suppliers are allocated to the corresponding asset class.

#### Liabilities

Trade payables and other liabilities are recognised at nominal value.

#### Financial liabilities

Financial liabilities are recognised at nominal value. Any financing costs are capitalised and reversed through the income statement over the term of the financial liability.

#### Provisions

Accruals and provisions are set up and measured in accordance with objective and economic principles, and risks are adequately accounted for. Provisions for deferred taxes are discussed in the "Deferred taxes" section.

In July 2014, the German Federal Cartel Office imposed a fine on Bell Germany of around EUR 100 million for alleged illegal price fixing in the years before the acquisition of Abraham and ZIMBO. In June 2017, the lawsuit was ceased and therefore the imposed fine is void. As the Bell Food Group did not believe this fine to be justified, either in fact or on the merits, no provisions were recognised in the balance sheet in the previous years.

**Pension liabilities**

Bell Food Group provides pension plans for the majority of its personnel in compliance with the respective country-specific legal provisions. The employees of Bell Schweiz AG belong to the CPV/CAP pension fund Coop.

The plans cover the economic consequences of old age, death or disability. Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary. Changes in the employer's contribution reserves as well as any economic impact of surpluses or deficits of pension schemes are recorded as personnel expenses. They affect net income.

**Capital reserves**

Since the 2017 financial year, the capital reserves are separately disclosed in the equity. Transaction results and dividends on treasury shares as well as transactions with minorities are allocated to this equity position.

**Employee participation plan**

Once a year, the board of directors of Bell Food Group Ltd may grant all employees of the Bell Food Group and the members of the Board of Directors of Bell Food Group Ltd the right to subscribe for a maximum of 100 shares at preferential conditions.

The members of the executive board and senior management can be paid half of their share in the participation plan in the form of Bell Food Group Ltd shares. The shares sold to the employees under this plan are charged to personnel expenses at the price that applies on the date of allocation. Under this plan, 6,553 shares were sold to employees in 2017 (prior year 8,912). A total of 5,413 shares were bought back at the prevailing price during 2017 (prior year 10,230).

**Net revenue and realisation of income**

Net revenue includes all income from the sale of meat, fish, poultry and convenience products (sale of goods) as well as income from the sale of slaughter products and by-products, logistics services for closely related parties and other income. Sales deductions, rebates, cash discounts and refunds to customers are deducted from the gross income. The income is recognised with the transfer of ownership rights and risks to the purchaser. In the case of logistics services, these are intermediary services for which only the value of the services actually rendered is reported as net revenue.

**Events occurring after the reporting period**

On 15 January 2018, Bell Food Group has acquired Dr. A. Stoffel Holding AG, the majority shareholder in internationally active food group Hügli. Dr. A. Stoffel Holding AG has a stake representing 50.2 percent and 65.0 percent of the voting shares in Hügli Holding AG, which is based in Steinach.

Bell Food Group is simultaneously making a public tender offer for the remaining publicly traded shares of Hügli Holding AG at a price of CHF 915 per share, which, relative to the nominal value, is the same price as applies to the majority stake bought from Dr. A Stoffel Holding AG. The price corresponds to a takeover premium of 14.4 percent over the volume-weighted average price for the last 60 trading days prior to the announcement of the tender offer.

The takeover of Hügli, the payment of the remaining purchase price of the minority shares of Hilcona, the strategic investment programme in Swiss production facilities that has already been announced and further growth investments in the convenience market is being financed through a combination of equity and debt capital. To ensure an appropriate capital structure in the medium to long-term, Bell Food Group will propose to shareholders at the Annual General Meeting of 10 April 2018 that they approve a capital increase of around CHF 600 million. In addition to the capital increase, Bell Food Group has issued new bonds in the nominal amount of around CHF 350 million.

No other events occurred before the approval of the consolidated financial statements of Bell Food Group Ltd by the Board of Directors on 2 February 2018. These consolidated financial statements are subject to approval by the General Meeting on 10 April 2018.

## Notes to the consolidated financial statements

in CHF million	31.12.2017	Share	31.12.2016	Share
<b>1. Cash and cash equivalents</b>				
Cash	0.6	0.7 %	1.4	0.5 %
Cash in banks	82.5	99.3 %	260.6	99.5 %
<b>Cash and cash equivalents</b>	<b>83.0</b>	<b>100.0 %</b>	262.0	100.0 %
<b>Cash and cash equivalents by currency</b>				
CHF	42.8	51.5 %	213.7	81.6 %
EUR	35.5	42.8 %	43.7	16.7 %
Other currencies	4.8	5.7 %	4.6	1.8 %
<b>Cash and cash equivalents by currency</b>	<b>83.0</b>	<b>100.0 %</b>	262.0	100.0 %
<b>2. Trade accounts receivables</b>				
Trade accounts receivables	382.0	101.0 %	356.2	101.1 %
Valuation adjustment	-3.9	-1.0 %	-4.0	-1.1 %
<b>Trade accounts receivables</b>	<b>378.1</b>	<b>100.0 %</b>	352.3	100.0 %
<b>3. Other receivables</b>				
Income taxes	0.4	0.9 %	1.2	3.0 %
Others	45.6	99.1 %	36.9	97.0 %
<b>Other receivables</b>	<b>46.0</b>	<b>100.0 %</b>	38.0	100.0 %
<b>4. Inventories</b>				
Raw materials and finished goods	325.0	92.0 %	277.2	91.3 %
Auxiliary materials	34.8	9.9 %	32.1	10.6 %
Valuation adjustment	-6.6	-1.9 %	-5.7	-1.9 %
<b>Inventories</b>	<b>353.2</b>	<b>100.0 %</b>	303.5	100.0 %
<b>5. Accrued income and prepaid expenses</b>				
Income taxes	0.0	0.2 %	0.0	0.1 %
Employees	1.8	9.9 %	5.1	25.2 %
Others	16.0	89.9 %	15.1	74.6 %
<b>Accrued income and prepaid expenses</b>	<b>17.8</b>	<b>100.0 %</b>	20.3	100.0 %
<b>6. Other current liabilities</b>				
Income taxes	4.7	2.7 %	8.0	53.3 %
Dividend	0.0	0.0 %	0.0	0.1 %
Others <sup>1</sup>	171.0	97.3 %	7.0	46.6 %
<b>Other current liabilities</b>	<b>175.7</b>	<b>100.0 %</b>	14.9	100.0 %
<sup>1</sup> As of 31 December 2017 the other current liabilities contain the remainder of the purchase price for the takeover of the minority share of 49% of Hilcona AG.				
<b>7. Accrued expenses and deferred income</b>				
Income taxes	18.9	15.7 %	26.6	24.2 %
Employees	34.6	28.9 %	26.8	24.3 %
Others	66.4	55.4 %	56.6	51.5 %
<b>Accrued expenses and deferred income</b>	<b>119.9</b>	<b>100.0 %</b>	110.0	100.0 %



in CHF million	Non-consolidated Investments	Loans	Assets from pension funds	Deferred tax assets	Other financial assets	Total
<b>8. Financial assets</b>						
<b>Net carrying amount as of 1.1.2017</b>	<b>44.9</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>48.6</b>
Changes in scope of consolidation	-	-	-	-	-0.1	-0.1
Investments	-	0.6	-	-	-	0.6
Divestments/dividends from associated companies	-0.4	-0.3	-	-	-0.1	-0.8
Revaluation	3.0	0.1	-	-	-	3.1
Reclassification	-	-	-	-	-	-
Currency translation differences	0.0	0.1	-	-	0.0	0.2
<b>Net carrying amount as of 31.12.2017</b>	<b>47.5</b>	<b>3.3</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>51.6</b>
Net carrying amount as of 1.1.2016	41.5	1.3	0.8	-	0.5	44.1
Changes in scope of consolidation	0.5	-	-	-	0.8	1.3
Investments	0.3	1.6	-	-	-	1.9
Divestments/dividends from associated companies	-0.5	-0.2	-0.8	-	-0.3	-1.8
Revaluation	3.1	-	-	-	-	3.1
Reclassification	-	-	-	-	-	-
Currency translation differences	-0.0	-0.0	-	-	-0.0	-0.0
Net carrying amount as of 31.12.2016	44.9	2.7	-	-	1.0	48.6

There are no loans outstanding to the corporate bodies.

## Notes to the consolidated financial statements

in CHF million	Goodwill	Trademarks, patents and licences	Software	Other intangible assets	Total
<b>9. Intangible assets</b>					
<b>Net carrying amount as of 1.1.2017</b>	<b>143.7</b>	<b>0.3</b>	<b>15.8</b>	<b>0.2</b>	<b>160.0</b>
Purchase price as of 1.1.2017	311.1	10.5	45.9	1.4	369.0
Changes in scope of consolidation	3.8	0.2	-0.2	-	3.8
Investments	-	0.0	9.0	-	9.0
Divestment/discontinuation	-	-	-0.2	-	-0.2
Reclassification	-	-	1.3	-0.2	1.1
Currency translation differences	20.0	0.7	1.5	0.1	22.2
<b>Purchase price as of 31.12.2017</b>	<b>334.9</b>	<b>11.3</b>	<b>57.3</b>	<b>1.4</b>	<b>404.9</b>
<b>Cumulative depreciation as of 1.1.2017</b>	<b>167.4</b>	<b>10.2</b>	<b>30.1</b>	<b>1.3</b>	<b>208.9</b>
Changes in scope of consolidation	-	-	-0.2	-	-0.2
Depreciation	20.1	0.1	7.0	0.0	27.2
Extraordinary depreciation	-	-	-	-	-
Cumulative depreciation on divestment/discontinuation	-	-	-0.1	-	-0.1
Reclassification	-	-	0.2	-	0.2
Currency translation differences	10.8	0.9	1.2	0.1	13.0
<b>Cumulative depreciation as of 31.12.2017</b>	<b>198.3</b>	<b>11.2</b>	<b>38.2</b>	<b>1.3</b>	<b>249.0</b>
<b>Net carrying amount as of 31.12.2017</b>	<b>136.6</b>	<b>0.2</b>	<b>19.1</b>	<b>0.0</b>	<b>155.9</b>
Net carrying amount as of 1.1.2016	23.5	0.4	12.3	0.6	36.8
Purchase price as of 1.1.2016	170.3	10.0	34.6	1.3	216.2
Changes in scope of consolidation	139.6	0.6	3.1	0.0	143.3
Investments	5.2	0.0	6.5	0.2	11.9
Divestment/discontinuation	-	-0.0	-1.6	-	-1.6
Reclassification	-	-	3.5	-0.0	3.4
Currency translation differences	-3.9	-0.1	-0.2	-0.0	-4.2
<b>Purchase price as of 31.12.2016</b>	<b>311.1</b>	<b>10.5</b>	<b>45.9</b>	<b>1.4</b>	<b>369.0</b>
<b>Cumulative depreciation as of 1.1.2016</b>	<b>146.8</b>	<b>9.6</b>	<b>22.3</b>	<b>0.7</b>	<b>179.3</b>
Changes in scope of consolidation	-	0.6	2.6	0.0	3.1
Depreciation	19.0	0.1	6.9	0.0	26.0
Extraordinary depreciation	2.8	-	0.0	0.6	3.4
Cumulative depreciation on divestment/discontinuation	-	-0.0	-1.6	-	-1.6
Reclassification	-	-	-	-	-
Currency translation differences	-1.1	-0.1	-0.1	-0.0	-1.4
<b>Cumulative depreciation as of 31.12.2016</b>	<b>167.4</b>	<b>10.2</b>	<b>30.1</b>	<b>1.3</b>	<b>208.9</b>
<b>Net carrying amount as of 31.12.2016</b>	<b>143.7</b>	<b>0.3</b>	<b>15.8</b>	<b>0.2</b>	<b>160.0</b>

in CHF million	Undeveloped land	Land and buildings	Installations	Machinery and equipment	Prepayments/assets under construction	Other tangible assets	Total
<b>10. Tangible assets</b>							
<b>Net carrying amount as of 1.1.2017</b>	<b>12.7</b>	<b>519.0</b>	<b>114.4</b>	<b>191.2</b>	<b>67.8</b>	<b>43.4</b>	<b>948.5</b>
Purchase price as of 1.1.2017	12.7	1 019.9	352.5	756.5	67.8	184.1	2 393.5
Changes in scope of consolidation <sup>1</sup>	0.4	21.6	0.1	7.8	–	–9.9	20.0
Investments	–	8.2	6.6	24.7	62.6	14.2	116.4
Divestment/discontinuation	–0.0	–2.8	–0.4	–9.0	–0.5	–8.0	–20.8
Reclassification	–6.9	34.6	16.4	27.3	–75.9	3.3	–1.1
Currency translation differences	0.8	25.2	0.9	23.2	1.6	4.4	56.0
Purchase price as of 31.12.2017	7.0	1 106.8	376.0	830.4	55.6	188.0	2 563.9
Cumulative depreciation as of 1.1.2017	–	500.9	238.1	565.3	–	140.7	1 445.0
Changes in scope of consolidation	–	3.1	0.1	3.8	–	–9.5	–2.4
Depreciation	–	28.6	18.0	41.8	–	15.3	103.7
Extraordinary depreciation	–	–	–	–	–	–	–
Cumulative depreciation on divestment/discontinuation	–	–1.6	–0.5	–8.4	–	–7.6	–18.1
Reclassification	–	0.2	1.4	–1.1	–	–0.7	–0.2
Currency translation differences	–	10.8	0.7	16.0	–	3.1	30.7
Cumulative depreciation as of 31.12.2017	–	542.1	257.7	617.4	–	141.4	1 558.7
<b>Net carrying amount as of 31.12.2017</b>	<b>7.0</b>	<b>564.7</b>	<b>118.3</b>	<b>213.0</b>	<b>55.6</b>	<b>46.6</b>	<b>1 005.3</b>
Finance lease included in the net carrying amount	–	–	–	0.9	–	0.1	1.0
Net carrying amount as of 1.1.2016	14.0	472.5	110.7	176.6	42.0	37.1	853.0
Purchase price as of 1.1.2016	14.0	932.8	323.5	673.5	42.0	152.7	2 138.4
Changes in scope of consolidation <sup>1</sup>	–	93.2	9.7	53.6	3.6	19.8	179.9
Investments	–0.1	15.7	7.8	28.8	55.0	14.6	121.9
Divestment/discontinuation	–1.1	–13.6	–3.7	–10.7	–	–6.3	–35.3
Reclassification	–	–4.5	15.3	14.3	–32.6	4.1	–3.4
Currency translation differences	–0.1	–3.6	–0.2	–3.1	–0.3	–0.8	–8.0
Purchase price as of 31.12.2016	12.7	1 019.9	352.5	756.5	67.8	184.1	2 393.5
Cumulative depreciation as of 1.1.2016	–	460.3	212.7	496.9	–	115.5	1 285.4
Changes in scope of consolidation	–	27.5	6.7	40.7	–	14.2	89.1
Depreciation	–	27.2	17.1	38.7	–	15.2	98.3
Extraordinary depreciation	–	1.8	3.8	0.3	–	2.2	8.2
Cumulative depreciation on divestment/discontinuation	–	–13.0	–3.3	–9.6	–	–6.0	–31.9
Reclassification	–	–1.6	1.2	0.3	–	0.1	–
Currency translation differences	–	–1.4	–0.1	–2.1	–	–0.6	–4.2
Cumulative depreciation as of 31.12.2016	–	500.9	238.1	565.3	–	140.7	1 445.0
Net carrying amount as of 31.12.2016	12.7	519.0	114.4	191.2	67.8	43.4	948.5
Finance lease included in the net carrying amount	–	3.6	–	0.1	–	0.0	3.7

1 The acquired fixed assets from Nobleza Ibérica (Asset Deal) are shown as "Changes in scope of consolidation".

## Notes to the consolidated financial statements

in CHF million	31.12.2017	Share	31.12.2016	Share
<b>11. Financial liabilities</b>				
Current accounts	3.8	0.5 %	4.0	0.6 %
Current bank loans	34.8	4.8 %	7.5	1.0 %
Leasing liabilities	0.3	0.0 %	0.0	0.0 %
Bonds	175.0	24.2 %	–	–
<b>Current financial liabilities</b>	<b>213.9</b>	<b>29.6 %</b>	<b>11.5</b>	<b>1.6 %</b>
Non-current bank loans	33.2	4.6 %	60.7	8.4 %
Leasing liabilities	0.4	0.1 %	0.1	0.0 %
Bonds	475.0	65.7 %	650.0	90.0 %
<b>Non-current financial liabilities</b>	<b>508.6</b>	<b>70.4 %</b>	<b>710.8</b>	<b>98.4 %</b>
<b>Financial liabilities</b>	<b>722.5</b>	<b>100.0 %</b>	<b>722.4</b>	<b>100.0 %</b>
<b>Maturity structure of financial liabilities</b>				
Due within one year	213.9	29.6 %	11.5	1.6 %
Due within two years	0.3	0.0 %	176.1	24.4 %
Due within three years and later	508.3	70.4 %	534.7	74.0 %
<b>Financial liabilities</b>	<b>722.5</b>	<b>100.0 %</b>	<b>722.4</b>	<b>100.0 %</b>
<b>Financial liabilities by currency</b>				
CHF	720.0	99.7 %	719.4	99.6 %
EUR	2.4	0.3 %	2.8	0.4 %
Other currencies	0.1	0.0 %	0.2	0.0 %
<b>Financial liabilities</b>	<b>722.5</b>	<b>100.0 %</b>	<b>722.4</b>	<b>100.0 %</b>
<b>Interest rates</b>				
Bank loans in CHF	1.25 % – 2.95 %		1.45 % – 2.75 %	
Bank loans in EUR	3.10 % – 5.00 %		3.10 % – 3.50 %	
Leasing liabilities	1.75 % – 5.00 %		1.45 % – 3.50 %	

<b>Bonds</b>				
Bond type	Bond with reopening option			
Nominal amount	CHF 175 million			
Securities number	21 226 729/ISIN CH0212267295			
Interest rate	1.00 percent			
Term	5 years			
Maturity	16 May 2018 at nominal value			
Bond type	Bond with reopening option			
Nominal amount	CHF 175 million			
Securities number	21 226 733/ISIN CH0212267337			
Interest rate	1.75 percent			
Term	9 years			
Maturity	16 May 2022 at nominal value			
Bond type	Bond with reopening option			
Nominal amount	CHF 300 million			
Securities number	31 251 268/ISIN CH0312512681			
Interest rate	0.625 percent			
Term	9 years			
Maturity	24 March 2025 at nominal value			

in CHF million	Employee benefits	Deferred taxes	Earn-out provisions <sup>1</sup>	Restructuring	Other provisions	Total
<b>12. Provisions</b>						
<b>Provisions as of 1.1.2017</b>	<b>24.2</b>	<b>68.9</b>	<b>0.8</b>	<b>–</b>	<b>17.0</b>	<b>110.9</b>
Changes in scope of consolidation	0.1	0.2	–	–	–0.5	–0.2
Creation	1.4	7.8	–	–	2.4	11.6
Release/utilisation	–3.5	–4.1	–0.8	–	–1.5	–9.8
Reclassification <sup>2</sup>	–0.2	–	–	–	–6.5	–6.7
Currency translation differences	0.5	0.6	–	–	0.2	1.3
<b>Provisions as of 31.12.2017</b>	<b>22.6</b>	<b>73.3</b>	<b>–</b>	<b>–</b>	<b>11.1</b>	<b>107.1</b>
Current	1.0	–	–	–	2.6	3.6
Non-current	21.6	73.3	–	–	8.6	103.5
Provisions as of 1.1.2016	23.3	77.7	–	–	15.8	116.8
Changes due to corrections <sup>3</sup>	–	–1.1	–	–	–	–1.1
Restated provisions as of 1.1.2016	23.3	76.6	–	–	15.8	115.7
Changes in scope of consolidation	1.7	6.7	–	–	0.9	9.2
Creation	0.4	–0.0	42.6	–	3.1	46.1
Release/utilisation	–1.0	–14.3	–41.8	–	–2.7	–59.9
Reclassification	0.0	–	–	–	–0.0	–
Currency translation differences	–0.1	–0.1	–	–	–0.0	–0.2
Provisions as of 31.12.2016	24.2	68.9	0.8	–	17.0	110.9
Current	0.9	–	0.8	–	9.6	11.2
Non-current	23.4	68.9	–	–	7.4	99.6

1 Purchase price payments that are conditional on the achievement of defined objectives (earn-out) were agreed for the acquisitions in 2016.

2 In 2017 provisions for holiday and overtime have been reclassified to accrued expenses and deferred income.

3 The prior-year figures have been restated – additional information see Statement of Changes in Equity.

in CHF million

### 13. Company acquisitions/sales

2017	Frostag Food-Centrum AG	Zimbo Czechia s.r.o.	Iberian charcuterie specialist <sup>1</sup>	Hilcona AG <sup>2</sup>
Type of transaction	Takeover	Sale	Asset Deal	Takeover of minorities
Effective date of transaction	1.2017	3.2017	3.2017	8.2017
Participation quota	100%	100%	n/a	100%
Cash and cash equivalents	0.0	–1.1	–	–
Trade accounts receivables	1.7	–0.7	–	–
Inventories	1.7	–0.3	–	–
Tangible assets	15.8	–1.1	7.7	–
Trade accounts payable	3.0	–2.3	–	–
Financial liabilities	13.4	–0.8	–	–

1 Takeover of fixed assets (Asset Deal) of Nobleza Ibérica S.A. as of 31 March 2017.

2 Takeover of minority share of 49% of Hilcona AG without change of consolidation method.

2016	Hubers	Eisberg	Geiser AG	Cher-Mignon SA
Type of transaction	Takeover	Takeover	Takeover	Takeover
Effective date of transaction	3.2016	5.2016	10.2016	10.2016
Participation quota	100%	100%	100%	100%
Cash and cash equivalents	14.0	1.7	3.6	1.5
Trade accounts receivables	47.9	11.1	5.0	2.3
Inventories	14.2	2.1	3.1	3.6
Tangible assets	59.0	21.6	8.0	2.1
Trade accounts payable	35.3	8.4	4.0	0.9
Financial liabilities	–	7.7	–	–

## Notes to the consolidated financial statements

in CHF million	2017	Change	2016
<b>14. Net revenue</b>			
<b>Sales by country</b>			
Switzerland, Liechtenstein	2 413.2	3.1%	2 340.3
Germany	670.5	16.8%	573.8
France	120.5	3.5%	116.4
Austria	166.0	20.3%	138.0
Benelux	43.0	-15.4%	50.9
Spain	29.1	5.4%	27.6
Eastern Europe	126.0	0.5%	125.3
Other countries	20.7	16.1%	17.8
<b>Sales by country</b>	<b>3 589.0</b>	<b>5.9%</b>	<b>3 390.2</b>
<b>Sales by product group</b>			
Fresh meat	881.7	2.4%	860.8
Charcuterie	1 099.1	5.8%	1 039.1
Poultry	774.3	13.1%	684.4
Meat specialties	15.6	-5.2%	16.5
Seafood	168.3	0.8%	167.0
Convenience	627.5	8.8%	576.7
Other sales	22.6	-50.6%	45.8
<b>Sales by product group</b>	<b>3 589.0</b>	<b>5.9%</b>	<b>3 390.2</b>
<b>Sales by customer</b>			
Third parties	1 658.4	9.4%	1 515.5
Related companies of Coop Group	1 929.8	3.0%	1 873.8
Other related companies	0.8	-11.1%	0.9
<b>Sales by customer</b>	<b>3 589.0</b>	<b>5.9%</b>	<b>3 390.2</b>
<b>Reconciliation to net revenue</b>			
Other operating income	80.3	5.0%	76.5
Sales reductions	-132.1	9.3%	-120.8
<b>Net revenue</b>	<b>3 537.3</b>	<b>5.7%</b>	<b>3 345.9</b>

in CHF million

**15. Segment reporting**

	Bell Switzerland	Bell Germany	Bell International	Hilcona/ Eisberg	Consolidation	Bell Food Group
<b>2017</b>						
Volume in million kg	125.5	72.4	159.3	107.9	-11.3	<b>453.8</b>
Sales	1 960.5	477.2	610.4	618.5	-77.5	<b>3 589.0</b>
Net investments in tangible assets	47.0	13.7	23.6	29.4	-	<b>113.7</b>
Average headcount on basis of full-time equivalents	3 587	1 663	2 667	2 662	-	<b>10 578</b>
<b>2016</b>						
Volume in million kg	124.1	67.8	131.5	100.3	-9.4	414.3
Sales	1 907.2	446.2	524.6	577.0	-64.8	3 390.2
Net investments in tangible assets	63.6	9.8	22.0	23.0	-	118.4
Average headcount on basis of full-time equivalents	3 524	1 447	2 989	2 473	-	10 433

Notwithstanding the additional recommendations for listed companies (Swiss GAAP FER 31), the Board of Directors of Bell Food Group Ltd will not publish any detailed segment results in the interest of the shareholders for the following reasons:

**1. Conclusions about price structure**

The product range of the Bell Food Group is differentiated according to segment. Whilst in the Bell Switzerland segment a broad range of fresh meat, poultry, seafood and charcuterie is marketed, the range in the other segments is restricted to the following specific groups of goods: charcuterie, poultry and convenience. It would be easy to draw conclusions about the price structure in these groups of goods if segment results were published. This would be a considerable competitive disadvantage for the Bell Food Group.

**2. Damage to negotiating position**

The European market is characterised by a small number of market players in the procurement and sales market. At the same time there are a number of processors/producers. The Bell Food Group is one of the few companies in the sector that publishes its results and financial figures. The disclosure of detailed segment results would result in a clear weakening of the Bell Food Group's negotiating position with buyers and suppliers in comparison with the competitors.

## Notes to the consolidated financial statements

in CHF million	2017	Change	2016
<b>16. Personnel expenses</b>			
Wages and salaries	424.0	7.1 %	396.0
Social contribution	64.6	6.7 %	60.5
Pension expenses	28.7	1.1 %	28.4
Third-party wages	127.3	12.9 %	112.8
Other personnel expenses	18.0	8.2 %	16.6
<b>Personnel expenses</b>	<b>662.5</b>	<b>7.8 %</b>	<b>614.3</b>

in CHF million	Excess/insufficient cover	Economic share of the Bell Food Group		Δ vs. prior year/affecting current result	Contributions concerning the period	Pension expenses in personnel expenses	
		31.12.2017	31.12.2017			31.12.2016	2017
<b>Employee benefits</b>							
Company's pension fund foundation	-	-	-	-	-	-	-0.8
Pension schemes w/o excess/insufficient cover	-	-	-	-	29.6	29.6	29.8
Pension schemes with excess cover <sup>1</sup>	0.8	-	-	-	0.6	0.6	0.1
Pension schemes with insufficient cover	-	-	-	-	-	-	-
Pension schemes without assets	-	-22.6	-24.2	1.5	-	-1.5	-0.7
<b>Employee benefits</b>	<b>0.8</b>	<b>-22.6</b>	<b>-24.2</b>	<b>1.5</b>	<b>30.2</b>	<b>28.7</b>	<b>28.4</b>

<sup>1</sup> The excess cover was taken from the annual financial statements of the pension schemes, that were drawn up in accordance with Swiss GAAP FER 26. Since the financial statements for 31.12.2017 were not available when this annual report was written, the last available financial statements were used. It is assumed that there has been no significant change in the excess cover since the last financial statements.



in CHF million	2017	Change	2016
<b>17. Financial result</b>			
Interest income	0.2		0.4
Income (+)/loss (-) from securities	1.3		0.8
Income (+)/loss (-) from foreign currency transactions	9.9		1.1
Income (+)/loss (-) from sale of investments	0.3		-
Other financial expenses	-1.2		-0.9
Interest expenses	-9.0		-10.1
<b>Financial result</b>	<b>1.5</b>		<b>-8.6</b>

in CHF million	2017	Change	2016
<b>18. Taxes</b>			
Paid taxes and changes in the tax liabilities	33.6		36.7
Changes in deferred taxes	3.7		-14.3
<b>Taxes</b>	<b>37.3</b>	<b>66.9%</b>	<b>22.3</b>
Net profit after taxes	116.9		114.3
Non-tax-deductible expenses	11.4		13.0
Taxes included in net profit after taxes	37.3		22.3
<b>Net profit before taxes (EBT)</b>	<b>165.6</b>		<b>149.6</b>
Applicable average tax rate	19.2%		19.8%
Calculated income taxes on net profit before taxes	31.8		29.6
Influence of different tax rates and tax jurisdictions	-1.7		-
Influence of non-capitalisation of deferred taxes	7.3		6.9
Impact of tax recognition of value adjustment to group loans	-		-12.1
Other taxes and taxes not relating to the period	-0.2		-2.1
<b>Taxes (as reported)</b>	<b>37.3</b>	<b>66.9%</b>	<b>22.3</b>

in CHF million	2017	2016
<b>19. Non-recurring and infrequent expenses (+) and income (-)</b>		
Non-recurring and irregular expenses/income included in the operating expenses:		
<b>Special effects</b>	<b>Position</b>	
Extraordinary depreciation of tangible and intangible assets	Depreciation	8.8
Extraordinary depreciation of goodwill	Depreciation	2.8
Impact of tax recognition of valuation adjustment to group loans	Taxes	-12.1

## Notes to the consolidated financial statements

in CHF million	2017		2016	
	Number in pieces	Value	Number in pieces	Value
<b>20. Treasury shares</b>				
<b>Balance as of 1.1.</b>	6 918	2.4	5 600	1.0
Acquisitions	5 413	2.4	10 230	4.3
Disposals	-6 553	-2.5	-8 912	-2.9
<b>Balance as of 31.12.</b>	<b>5 778</b>	<b>2.2</b>	6 918	2.4

On 19 April 2016, the ordinary Shareholders' Meeting of Bell Food Group Ltd approved a 10-for-1 split of the registered share with a nominal value of CHF 5.00. The stock split was carried out on 2 May 2016 (ex-date 28 April 2016). The share capital of Bell Food Group Ltd following the stock split is still CHF 2,000,000, now consisting of 4,000,000 registered shares with a nominal value of CHF 0.50. For ease of legibility the information on the treasury shares for 2016 is set out as if the share split had taken place on 1.1.2016.

	2017	2016
<b>21. Net profit per share</b>		
Number of shares as of 31.12.	4 000 000	4 000 000
Average time-weighted number of outstanding shares	3 992 136	3 993 782
Annual profit	in CHF thousands 106 507	100 582
<b>Net profit per share</b>	in CHF, diluted and undiluted <b>26.68</b>	25.18

For the calculation of the net profit per share the treasury shares are not considered. No options, convertible bonds or similar are outstanding. Therefore, there is no difference between the diluted and undiluted ratio.

in CHF million	Related companies of Coop Group		Other related companies		Total	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<b>22. Transactions with related parties</b>						
<b>Balance sheet</b>						
Trade accounts receivables	146.0	143.1	0.5	0.6	146.5	143.7
Other receivables	–	–	–	–	–	–
Accrued income and prepaid expenses	0.1	–0.0	–	–	0.1	–0.0
Financial assets	–	–	–	–	–	–
Trade accounts payable	8.4	9.0	0.8	0.2	9.3	9.2
Other current liabilities	–	–	–	–	–	–
Accrued expenses and deferred income	13.1	9.7	–	–	13.1	9.7
Financial liabilities	–	–	–	–	–	–
<b>Income statement</b>						
	2017	2016	2017	2016	2017	2016
Net revenue	1 900.8	1 847.4	22.7	21.1	1 923.5	1 868.4
Cost of goods sold	24.0	25.5	6.7	5.8	30.7	31.3
Personnel expenses	1.2	1.1	–	–	1.2	1.1
Rents	7.0	5.6	–	–	7.0	5.6
Energy, auxiliary materials	2.3	1.8	–	–	2.3	1.8
Repair and maintenance	2.0	0.1	–	–	2.0	0.1
Transport	0.6	0.6	0.0	0.0	0.6	0.6
Advertising	6.3	9.0	–	–	6.3	9.0
Other operating expenses	1.3	1.1	–0.1	–0.1	1.2	0.9
Financial result	–0.0	0.1	–	0.0	–0.0	0.1

#### Description of transactions with companies of the Coop Group

Bell has a supply and purchase agreement with Coop. The contract is valid for an indefinite period and can be terminated at the end of any year by giving 12 months' notice. The supply of products to Coop is carried out at market conditions in consideration of Coop's purchase volume. Sales reductions include a bonus based on volume and sales figures, which is agreed annually in advance by means of a business plan.

#### Description of transactions with other related companies

In the column «Other related companies» all transactions with companies are disclosed for which either Bell Food Group or Coop Group have a participation between 20 and 50 percent and therefore a significant influence.

## Notes to the consolidated financial statements

in CHF million		31.12.2017	31.12.2016
<b>23. Non-current and contingent liabilities</b>			
<b>Unrecognised leasing liabilities</b>			
		<b>2.8</b>	1.9
Due within one year		1.1	0.8
Due within two years		0.8	0.6
Due within three years and later		0.9	0.5
<b>Obligations from long-term contracts with third parties</b>		<b>34.5</b>	27.3
Due within one year		5.2	4.0
Due within two years		6.5	3.9
Due within three years and later		22.8	19.4
<b>Obligations from long-term contracts with related companies</b>		<b>1.4</b>	1.9
Due within one year		0.5	0.5
Due within two years		0.5	0.5
Due within three years and later		0.5	0.9
<b>Total amount of guarantees, warranties and mortgages in favour of third parties</b>		<b>1.6</b>	54.9
<b>Total amount of mortgaged assets at legal book values</b>		<b>63.2</b>	115.9
<b>Contingent liabilities</b>		<b>-</b>	107.4

in CHF million		Contract value		Positive replacement value		Negative replacement value	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<b>24. Derivative financial instruments</b>							
<b>Underlying</b>	<b>Purpose</b>						
Foreign currencies	Hedging	-	-	-	-	-	-
Interests	Hedging	-	8.1	-	-	-	0.3
<b>Derivative financial instruments</b>		<b>-</b>	<b>8.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>
of which recognised in balance sheet				-	-	-	-

## Notes to the consolidated financial statements

### 25. Significant shareholdings of the Bell Food Group

Below, all significant shareholdings of the Bell Food Group are listed. Inactive companies or certain companies with insignificant impact on the consolidated balance sheet (share of the assets smaller than 1%) or consolidated income statement (share of the annual profit smaller than 1%) are not listed.

in CHF million							Group share in % as of 31.12.	
Company	Domicile	Sphere of activity		Capital stock		2017	2016	
<b>Bell Switzerland</b>								
Bell Food Group Ltd	Basel (CH)	Management	■	CHF 2.0		100.0%	100.0%	
Bell Schweiz AG	Basel (CH)	Fresh meat, charcuterie, poultry, seafood	■	CHF 20.0		100.0%	100.0%	
Geiser AG	Schlieren (CH)	Fresh meat, charcuterie	■	CHF 0.5		100.0%	100.0%	
Cher-Mignon SA	Chermignon (CH)	Charcuterie	■	CHF 1.5		100.0%	100.0%	
<b>Bell Germany</b>								
Bell Deutschland Holding GmbH	Seevetal (DE)	Management	■	EUR 0.0		100.0%	100.0%	
Bell Deutschland GmbH & Co. KG	Seevetal (DE)	Charcuterie	■	EUR 1.0		100.0%	100.0%	
Bell Production Services GmbH & Co. KG	Seevetal (DE)	Charcuterie	■	EUR 0.1		100.0%	100.0%	
Bell Schwarzwälder Schinken GmbH	Schiltach (DE)	Charcuterie	■	EUR 0.0		100.0%	100.0%	
Bell España Alimentación S.L.U. <sup>1</sup>	Casarrubios del Monte (ES)	Charcuterie	■	EUR 0.6		100.0%	100.0%	
Abraham Benelux S.A.	Libramont-Chevigny (BE)	Charcuterie	■	EUR 1.3		100.0%	100.0%	
Bell Verwaltungs GmbH	Seevetal (DE)	Management	■	EUR 0.0		100.0%	100.0%	
Interfresh Food GmbH	Seevetal (DE)	Management	■	EUR 0.1		100.0%	100.0%	
Bell Benelux Holding N.V.	Zellik (BE)	Management	■	EUR 5.3		100.0%	100.0%	
Bell Benelux N.V.	Zellik (BE)	Trade	■	EUR 0.6		100.0%	100.0%	
Bell Nederland B.V.	Houten (NL)	Trade	■	EUR 2.7		100.0%	100.0%	
Bell Logistics N.V.	Zellik (BE)	Logistics	■	EUR 2.4		100.0%	100.0%	
<b>Bell International</b>								
Bell France Holding SAS	Teilhède (FR)	Management	■	EUR 20.0		100.0%	100.0%	
Bell France SAS	St-André-sur-Vieux-Jonc (FR)	Charcuterie	■	EUR 1.2		100.0%	100.0%	
Salaison Polette & Cie SAS	Teilhède (FR)	Charcuterie	■	EUR 2.6		100.0%	100.0%	
Maison de Savoie SAS	Aime (FR)	Charcuterie	■	EUR 1.6		100.0%	100.0%	
Saloir de Mirabel SARL	Riom (FR)	Charcuterie	■	EUR 0.2		100.0%	100.0%	
Saloir de Virieu SAS	Virieu-le-Grand (FR)	Charcuterie	■	EUR 1.2		100.0%	100.0%	
Val de Lyon SAS	St-Symphorien-sur-Coise (FR)	Charcuterie	■	EUR 1.0		100.0%	100.0%	
H.L. Verwaltungs-GmbH	Pfaffstätt (AT)	Management	■	EUR 0.3		100.0%	100.0%	
Hubers Landhendl GmbH	Pfaffstätt (AT)	Poultry	■	EUR 0.1		100.0%	100.0%	
Süddeutsche Truthahn AG	Ampfing (DE)	Poultry	■	EUR 6.2		100.0%	100.0%	
Brütere Schlierbach GmbH	Pettenbach (AT)	Poultry	■	EUR 0.6		95.0%	95.0%	
Frisch Express GmbH	Pfaffstätt (AT)	Logistics	■	EUR 0.0		100.0%	100.0%	
VTE-Beteiligungs GmbH + Co. KG	Ampfing (DE)	Management	■	EUR 3.3		100.0%	100.0%	
Bell Polska Sp. z o.o.	Niepołomice (PL)	Charcuterie	■	PLN 10.0		100.0%	100.0%	
ZIMBO Perbal Húsipari Termelő Kft.	Perbál (HU)	Charcuterie	■	HUF 400.0		99.8%	99.8%	
ZIMBO Czechia s.r.o. <sup>2</sup>	Prag-Holešovice (CZ)	Trade	■	CZK 30.0		–	100.0%	

■ Fully consolidated

○ Consolidation at equity

## Notes to the consolidated financial statements

### 25. Significant shareholdings of the Bell Food Group (continuation)

in CHF million						Group share in % as of 31.12.	
Company	Domicile	Sphere of activity		Capital stock		2017	2016
<b>Hilcona/Eisberg</b>							
Hilcona AG <sup>3</sup>	Schaan (FL)	Convenience	■	CHF 27.0		100.0 %	51.0 %
Hilcona Gourmet SA	Orbe (CH)	Convenience	■	CHF 0.6		100.0 %	100.0 %
Hilcona Feinkost GmbH	Leinfelden-Echterdingen (DE)	Convenience	■	EUR 0.0		100.0 %	100.0 %
Frostag Food-Centrum AG <sup>4</sup>	Landquart (CH)	Convenience	■	CHF 1.5		100.0 %	–
Eisberg Holding AG	Dänikon (CH)	Management	■	CHF 0.7		100.0 %	100.0 %
Gastro Star AG	Dällikon (CH)	Convenience	■	CHF 0.1		100.0 %	100.0 %
Eisberg Schweiz AG <sup>5</sup>	Dänikon (CH)	Convenience	■	CHF 2.0		–	100.0 %
Eisberg Hungary Kft.	Gyál (HU)	Convenience	■	HUF 167.0		100.0 %	100.0 %
Eisberg Spolka z o.o.	Legnica (PL)	Convenience	■	PLN 3.5		100.0 %	100.0 %
Eisberg srl	Pantelimon (RO)	Convenience	■	RON 0.4		100.0 %	100.0 %
E.S.S.P. España 2000 SL	Aguilas (ES)	Convenience	■	EUR 0.0		100.0 %	100.0 %
<b>Equity investments</b>							
Centravo Holding AG	Zürich (CH)	By-products	○	CHF 2.0		30.1 %	30.1 %
GVFI International AG	Basel (CH)	Meat trade	○	CHF 3.0		25.7 %	25.7 %
Baltic Vianco OÜ	Rõuge Vald (EE)	Livestock trading	○	EUR 0.8		33.3 %	33.3 %

■ Fully consolidated

○ Consolidation at equity

1 Change of name of Sanchez Alcaraz S.L.U. in Bell España Alimentación S.L.U.

2 Sale of ZIMBO Czechia s.r.o. in March 2017

3 Takeover of minorities of Hilcona AG in August 2017

4 Takeover of Frostag Food-Centrum AG in January 2017

5 Merger of Eisberg Schweiz AG and Gastro Star AG in January 2017

## 5-year overview

in CHF million	2017	2016	2015	2014	2013
<b>Income statement</b>					
Third parties	1 658.4	1 515.5	1 110.5	1 139.8	1 199.4
Related companies of Coop Group	1 929.8	1 873.8	1 701.5	1 439.0	1 400.2
Other related companies	0.8	0.9	5.8	19.0	20.9
<b>Sales</b>	<b>3 589.0</b>	<b>3 390.2</b>	<b>2 817.8</b>	<b>2 597.8</b>	<b>2 620.5</b>
Growth in % compared to prior year	5.9%	20.3%	8.5%	-0.9%	3.7%
<b>Net revenue</b>	<b>3 537.3</b>	<b>3 345.9</b>	<b>2 780.7</b>	<b>2 578.0</b>	<b>2 597.8</b>
<b>Gross operating income</b>	<b>1 310.7</b>	<b>1 232.9</b>	<b>1 025.8</b>	<b>850.1</b>	<b>835.1</b>
in % of Net revenue	37.1%	36.8%	36.9%	33.0%	32.1%
<b>EBITDA</b>	<b>280.6</b>	<b>278.0</b>	<b>235.1</b>	<b>196.2</b>	<b>189.7</b>
in % of Net revenue	7.9%	8.3%	8.5%	7.6%	7.3%
<b>EBIT</b>	<b>149.7</b>	<b>142.1</b>	<b>123.0</b>	<b>111.2</b>	<b>104.9</b>
in % of Net revenue	4.2%	4.2%	4.4%	4.3%	4.0%
<b>Net profit after taxes</b>	<b>116.9</b>	<b>114.3</b>	<b>102.3</b>	<b>87.8</b>	<b>76.6</b>
in % of Net revenue	3.3%	3.4%	3.7%	3.4%	3.0%
<b>Balance sheet</b>					
Current assets	880.3	981.8	809.9	706.3	671.3
Non-current assets	1 212.7	1 157.1	933.9	759.3	768.8
Liabilities	1 308.8	1 161.1	834.3	678.7	708.6
Equity	784.3	977.8	909.5	787.0	731.5
<b>Balance sheet total</b>	<b>2 093.0</b>	<b>2 138.9</b>	<b>1 743.8</b>	<b>1 465.7</b>	<b>1 440.1</b>
Equity ratio	37.5%	45.7%	52.2%	53.7%	50.8%
Return on equity	11.9%	12.6%	13.0%	12.0%	11.3%
<b>Financial liabilities</b>					
Financial liabilities	722.5	722.4	468.8	362.6	373.6
./ Cash and cash equivalents	-83.0	-262.0	-189.0	-146.8	-115.0
./ Securities	-2.1	-5.7	-4.8	-6.1	-9.3
<b>Net financial liabilities</b>	<b>637.4</b>	<b>454.7</b>	<b>275.0</b>	<b>209.8</b>	<b>249.3</b>
Debt ratio	2.3	1.6	1.0	1.1	1.3
<b>Employees</b>					
Average headcount	FTE 10 578	10 433	8 364	6 548	6 384

## Share information

		2017	2016	2015	2014	2013
<b>Share details</b>						
Share price as of 31.12.	CHF	429.50	438.75	339.00	244.80	231.60
Year's high	CHF	479.75	449.00	340.00	257.50	235.00
Year's low	CHF	405.00	320.14	220.00	195.00	198.50
Average daily trading volume	Number	1 647	1 580	1 590	1 070	740
<b>Market capitalisation</b>						
Year's end	CHF m	1 718.0	1 755.0	1 356.0	979.2	926.4
Year's high	CHF m	1 919.0	1 796.0	1 360.0	1 030.0	940.0
Year's low	CHF m	1 620.0	1 280.6	880.0	780.0	794.0
<b>Ratios per share</b>						
Equity	CHF	196.0	219.8	205.6	197.3	183.6
EBITDA	CHF	70.1	69.6	58.9	49.2	47.6
EBIT	CHF	37.4	35.6	30.8	27.4	26.3
Annual profit	CHF	26.6	25.2	23.8	22.0	19.2
Price-earnings ratio	Closing price/Annual profit	16.1	17.4	14.3	11.1	12.0
Payout	CHF	8.00	7.00	7.00	6.50	6.00
Payout ratio	Payout/Annual profit	30.0%	27.8%	29.5%	29.6%	31.2%
Dividend yield	Payout/Closing price	1.9%	1.6%	2.1%	2.7%	2.6%
<b>Capital structure as of 31.12.</b>						
Share capital	CHF m	2.0	2.0	2.0	2.0	2.0
Divided into number of registered shares	Number	4 000 000	4 000 000	400 000	400 000	400 000
Nominal value per registered share	CHF	0.50	0.50	5.00	5.00	5.00
<b>Changes in capital</b>						
Treasury shares	Number	5 778	6 918	560	1 227	1 571
Shares recorded in share register	Number	3 513 900	3 572 529	358 203	364 835	360 441
Registered shareholders	Number	4 807	4 425	3 922	4 054	4 039
<b>Share specification</b>						
Securities number		31 596 632				
ISIN		CH0315966322				
Trade		SIX Swiss Exchange				
Symbol SIX		BELL; Bell N; Bell.SW				
Current share price		www.bellfoodgroup.com				



## Report of the statutory auditor on the consolidated financial statements

### Report of the statutory auditor to the General Meeting of Bell Food Group Ltd., Basel

#### Opinion

We have audited the consolidated financial statements of Bell Food Group Ltd and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, cash flow statement and statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 22 to 44) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

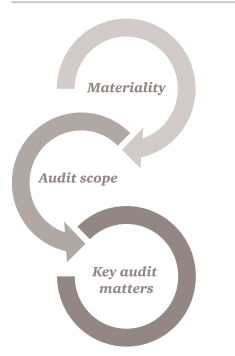
#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview



Overall Group materiality CHF 7,000,000

We concluded full scope audit work at ten Group companies in six countries. These Group companies represented 94 % of the Group's sales revenue.

As key audit matter the following area of focus has been identified:

Impairment of goodwill

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	CHF 7,000,000
<b>How we determined it</b>	5 % of net profit before taxes (EBT)
<b>Rationale for the materiality benchmark applied</b>	We chose net profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, net profit before income taxes is a generally accepted benchmark for materiality considerations.

We agreed with the Chairman of the Board of Directors and the Group Executive Board that we would report to them misstatements above CHF 700,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment of goodwill

### Key audit matter

We consider the assessment of the impairment of goodwill, which is amortised on a straight-line basis over a period of between eight and 15 years, to be a key audit matter for the following reasons:

- As of 31 December 2017, goodwill amounting to CHF 136.6 million represents a significant asset category.
- The impairment of goodwill depends on whether the expected future returns are achieved.
- If there are indicators of impairment of non-current assets, including goodwill, the Group Executive Board performs an impairment test. This involves making significant assumptions concerning future business results.

The Group Executive Board did not identify any goodwill impairment indicators in the year under review. There were therefore no grounds to test individual goodwill items for impairment.

Please refer to the «Consolidation and valuation principles» (page 26) and note 9 «Intangible assets» (page 32).

### How our audit addressed the key audit matter

In light of the Group Executive Board's chosen approach, we focussed on the identification of impairment indicators. We performed the following audit procedures:

- We discussed with the Group Executive Board the results and forecasts for each sub-group/company and we read the minutes of the meetings of the Board of Directors and of the Group Executive Board in order to identify indicators of any impairment.
- Additionally, we conducted a critical examination of the Group Executive Board's assumptions and assessments and we compared these with the figures approved by the Board of Directors.
- Lastly, we gained an understanding of the budgeting process.

We consider the approach adopted by the Group Executive Board to be an appropriate and adequate basis for assessing the impairment of goodwill.

## Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gerd Tritschler

Arsim Arslani

Audit expert  
Auditor in charge

Audit expert

Basel, 2 February 2018

# Financial statements Bell Food Group Ltd

## Bell Food Group Ltd – Balance sheet

in CHF million		31.12.2017	Share	31.12.2016	Share
Cash and cash equivalents		8.9		160.3	
Securities		2.0		1.8	
Other receivables		0.1		0.1	
Other receivables from Group companies		89.8		21.7	
Accrued income and prepaid expenses		1.3		2.5	
<b>Current assets</b>		<b>102.1</b>	<b>6.1%</b>	186.4	13.5%
Financial assets	Loans to Group companies	832.9		771.0	
	Other financial assets	0.2		0.0	
Investments	Controlling interests	735.6		415.6	
	Non-controlling interests	10.2		10.2	
<b>Non-current assets</b>		<b>1 578.9</b>	<b>93.9%</b>	1 196.8	86.5%
<b>Assets</b>		<b>1 680.9</b>	<b>100.0%</b>	1 383.2	100.0%
Current financial liabilities		175.0		0.0	
Trade accounts payable		0.3		1.1	
Other current payables		161.3		0.9	
Other current payables to Group companies		158.4		129.9	
Accrued expenses and deferred income		44.8		4.6	
<b>Current liabilities</b>		<b>539.7</b>	<b>32.1%</b>	136.5	9.9%
Non-current financial liabilities		475.0		650.0	
Non-current provisions		–		0.8	
<b>Non-current liabilities</b>		<b>475.0</b>	<b>28.3%</b>	650.8	47.0%
<b>Liabilities</b>		<b>1 014.7</b>	<b>60.4%</b>	787.3	56.9%
Share capital		2.0		2.0	
Legally required retained earnings		10.0		10.0	
Free retained earnings		558.3		481.3	
Treasury shares		–2.2		–2.4	
Annual profit		98.1		105.0	
<b>Equity</b>		<b>666.2</b>	<b>39.6%</b>	595.9	43.1%
<b>Liabilities and equity</b>		<b>1 680.9</b>	<b>100.0%</b>	1 383.2	100.0%

**Bell Food Group Ltd – Income statement**

in CHF million	2017	2016
Income from investments	90.8	103.8
Other financial income	19.3	121.9
Other income	2.9	3.4
<b>Total income</b>	<b>113.0</b>	<b>229.2</b>
Administrative expenses	3.7	2.5
Other operating expenses	1.0	0.4
Valuation adjustments to financial investments	–	106.6
Financial expenses	9.4	13.9
<b>Expenses</b>	<b>14.1</b>	<b>123.4</b>
<b>Annual profit before taxes</b>	<b>98.9</b>	<b>105.8</b>
Taxes	0.7	0.8
<b>Annual profit after taxes</b>	<b>98.1</b>	<b>105.0</b>

## Bell Food Group Ltd – Notes

### Information on accounting policies

The annual financial statements are drawn up in accordance with the principles of commercial accounting and financial reporting set forth in the Swiss Code of Obligations. The principles prescribed by law are applied. Assets and liabilities in foreign currency are translated into Swiss francs at the exchange rate on the reporting date. The exchange rates listed on page 26 of the Group report are applied.

Investments in other companies and loans are recognised in the balance sheet at purchase price, taking account of any value adjustments. Securities are measured at the stock exchange price on the reporting date.

in CHF million	2017	2016
Total amount of guarantees, warranties and mortgages in favour of Group companies <sup>1</sup>	–	–
Total amount of mortgaged assets at legal book values	–	–
Obligations from long-term contracts with third parties		
Due within one year	–	0.0
Due within two years	–	0.0
Due within three years and later	–	1.2
Significant shareholdings	page 43 f.	
Ownership interests and options held and allocated by the Board of Directors and Group Executive Board	page 15 ff.	
Information on issued bonds	page 31	
Treasury shares according to statement on changes in equity	page 25	
Principal shareholders: Coop Group Cooperative, Basel	66.29 %	66.29 %

<sup>1</sup> The company is jointly and without limitation liable for all obligations arising from the VAT group (taxes, interest, any fines) as well as for cash pooling within the Bell Food Group.

### Information and explanations to the annual financial statements

The number of full-time equivalent is below ten.

#### Taxes

Capital taxes are included in the income statement under "Other operating expenses". Only income taxes are reported as a separate item in the non-operating section.

#### Events occurring after the reporting period

On 15 January 2018, Bell Food Group has acquired Dr. A. Stoffel Holding AG, the majority shareholder in internationally active food group Hügli. Dr. A. Stoffel Holding AG has a stake representing 50.2 percent and 65.0 percent of the voting shares in Hügli Holding AG, which is based in Steinach. Bell Food Group is simultaneously making a public tender offer for the remaining publicly traded shares of Hügli Holding AG.

The takeover of Hügli is being financed through a combination of equity and debt capital. To ensure an appropriate capital structure in the medium to long-term, Bell Food Group will propose to shareholders at the Annual General Meeting of 10 April 2018 that they approve a capital increase.

## Appropriation of annual profit

Proposals of the Board of Directors to the General Meeting

in CHF	2017	2016
<b>Appropriation of annual profit</b>		
Annual profit	98 135 369	104 996 910
CHF 8 dividend per share (previous year: CHF 7 dividend per share)	32 000 000	28 000 000
Transfer to free retained earnings	66 135 369	76 996 910
<b>Total appropriation</b>	<b>98 135 369</b>	<b>104 996 910</b>



## Report of the statutory auditor on the financial statements

### Report of the statutory auditor to the General Meeting of Bell Food Group Ltd., Basel

#### Opinion

We have audited the financial statements of Bell Food Group Ltd which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 52 to 54) as at 31 December 2017 comply with Swiss law and the articles of incorporation.

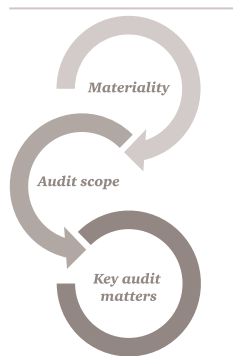
#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview



Overall materiality: CHF 3,000,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Impairment of investments in and loans to Group companies

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall materiality</b>	CHF 3,000,000
<b>How we determined it</b>	0.5 % of net assets
<b>Rationale for the materiality benchmark applied</b>	We chose net assets as the benchmark because the Company primarily holds equity investments in and grants loans to subsidiaries.

We agreed with the Chairman of the Board of Directors and the Group Executive Board that we would report to them misstatements above CHF 300,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment of investments in and loans to Group companies

### Key audit matter

As at 31 December 2017, the Company recorded investments in Group companies in the amount of CHF 735.6 million and loans to Group companies in the amount of CHF 832.9 million.

These two items represent a significant share (93 %) of total assets.

Testing the value of investments and loans for impairment involves scope for judgement in assessing the assumptions concerning future business development.

There is a risk that impairment of these items could have a significant impact on the financial statements.

Further details regarding the investments and loans can be found in the «Information on accounting policies» (page 54) and page 44 contains detailed information on the shareholdings.

### How our audit addressed the key audit matter

We performed the following audit procedures:

- We tested the valuation of each investment and loan on the basis of the local shareholders' equity, the results for the year and the budget.
- We checked the related budget process and the approval given by the Board of Directors.
- We also discussed with the Group Executive Board the results and forecasts for each company and read the minutes of the meetings of the Board of Directors and the Group Executive Board in order to identify any indicators of potential impairment.

We consider the approach adopted by the Group Executive Board to identify potential indicators of impairment of the investments in and loans to Group companies to be an appropriate and adequate basis for the impairment testing of such investments and loans.

## Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gerd Tritschler

Arsim Arslani

Audit expert  
Auditor in charge

Audit expert

Basel, 2 February 2018

# Contacts and publishing details



Online  
[www.bellfoodgroup.com/report-en](http://www.bellfoodgroup.com/report-en)

## Latest news

Additional information on the annual report and up-to-date information on the Bell Food Group is available on the internet at [www.bellfoodgroup.com](http://www.bellfoodgroup.com).

## Contacts

### Headquarters

Bell Food Group Ltd • Elsässerstrasse 174 •  
4056 Basel • Switzerland  
Tel. +41 58 326 2000 • Fax +41 58 326 2100  
[info@bellfoodgroup.com](mailto:info@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Share Register

Bell Food Group Ltd • Elsässerstrasse 174 •  
4056 Basel • Switzerland  
Tel. +41 58 326 2020 • Fax +41 58 326 2119  
[share.registry@bellfoodgroup.com](mailto:share.registry@bellfoodgroup.com)

### Compliance

Michael Gloor • Chief Compliance Officer •  
Bell Food Group Ltd • Elsässerstrasse 174 •  
4056 Basel • Switzerland  
Tel. +41 58 326 2754 • Fax +41 58 326 2100  
[michael.gloor@bellfoodgroup.com](mailto:michael.gloor@bellfoodgroup.com)  
[www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Corporate Communication

Bell Food Group Ltd • Elsässerstrasse 174 •  
4056 Basel • Switzerland  
Tel. +41 58 326 3030 • Fax +41 58 326 2114  
[media@bellfoodgroup.com](mailto:media@bellfoodgroup.com)

### Brand websites

[www.bell.ch](http://www.bell.ch)  
[www.bell1869.com](http://www.bell1869.com)  
[www.zimbo.de](http://www.zimbo.de)  
[www.abraham.de](http://www.abraham.de)  
[www.monsieurpolette.fr](http://www.monsieurpolette.fr)  
[www.eisberg.com](http://www.eisberg.com)  
[www.cher-mignon.ch](http://www.cher-mignon.ch)  
[www.hilcona.com](http://www.hilcona.com)

### Bell Switzerland

Bell Schweiz AG • Elsässerstrasse 174 •  
4056 Basel • Switzerland  
Tel. +41 58 326 2626 • Fax +41 58 326 2100  
[info@bellfoodgroup.com](mailto:info@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Bell Germany

Bell Deutschland Holding GmbH • Brookdamm 21 •  
21217 Seevetal • Germany  
Tel. +49 40 768005 0 • Fax +49 40 768005 301  
[info.de@bellfoodgroup.com](mailto:info.de@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Bell Benelux Holding N.V.

Z.3 Doornveld 70 • 1731 Zellik • Belgium  
Tel. +32 2 4816 676 • Fax +32 2 4816 679  
[info.be@bellfoodgroup.com](mailto:info.be@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Bell International

Bell France Holding SAS  
Champ Saint-Pierre • 63460 Teilhède • France  
Tel. +33 473 64 3131 • Fax +33 473 64 3140  
[info.fr@bellfoodgroup.com](mailto:info.fr@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Bell Polska Sp. z o.o.

Ul. Mokra 11 • 32-005 Niepolomice • Poland  
Tel. +48 12 28100 34 • Fax +48 12 28100 38  
[info.pl@bellfoodgroup.com](mailto:info.pl@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### ZIMBO Perbál Húsipari Termelő Kft.

Ipari Park 5 • 2074 Perbál • Hungary  
Tel. +36 26 570 500 • Fax +36 26 570 021  
[info.hu@bellfoodgroup.com](mailto:info.hu@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### ZIMBO CZECHIA s.r.o.

Na Zátorách 8 • 170 00 Praha 7, Holesovice •  
Czech Republic  
Tel. +420 266 712048 • Fax +420 266 712047  
[info.cz@bellfoodgroup.com](mailto:info.cz@bellfoodgroup.com) • [www.bellfoodgroup.com](http://www.bellfoodgroup.com)

### Hubers Landhendl GmbH

Hauptstrasse 80 • 5223 Pfaffstätt • Austria  
Tel. +43 7742 3208 0 • Fax +43 7742 3208 44  
[office@huberslandhendl.at](mailto:office@huberslandhendl.at) • [www.huberslandhendl.at](http://www.huberslandhendl.at)

### Hilcona

Hilcona AG  
Bendererstrasse 21 • 9494 Schaan •  
Principality of Liechtenstein  
Tel. +41 58 895 95 95 • Fax +423 232 02 85  
[info@hilcona.com](mailto:info@hilcona.com) • [www.hilcona.com](http://www.hilcona.com)

### Eisberg

Gastro Star AG  
Hüttenwiesenstrasse 4 • 8108 Dällikon • Switzerland  
Tel. +41 44 847 5555 • Fax +41 44 847 5566  
[info@gastrostar.ch](mailto:info@gastrostar.ch) • [www.gastrostar.ch](http://www.gastrostar.ch)

### Eisberg Holding AG

Feldstrasse 12 • 8114 Dänikon • Switzerland  
Tel. +41 44 847 2000 • Fax +41 44 847 3420  
[holding@eisberg.com](mailto:holding@eisberg.com) • [www.eisberg.com](http://www.eisberg.com)

## Publishing details

### 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.

All amounts have been rounded individually.

### Print deadline

2 February 2018

### 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 Food Group 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.

It can be downloaded from our website at:

– **German version:**  
[www.bellfoodgroup.com/report-de](http://www.bellfoodgroup.com/report-de)

– **French version:**  
[www.bellfoodgroup.com/report-fr](http://www.bellfoodgroup.com/report-fr)

– **English version:**  
[www.bellfoodgroup.com/report-en](http://www.bellfoodgroup.com/report-en)

### Published by

Bell Food Group Ltd  
Elsässerstrasse 174  
4056 Basel  
Switzerland

### Realisation

Davide Elia, Bell Food Group Ltd,  
Head of Corporate Marketing/Communication

Fabian Vetsch, Bell Food Group Ltd,  
Manager Corporate Communication

### Concept, design

Phorbis Communications AG

### Photos

Philipp Jeker, Zurich  
Thies Rätzke Photography, Hamburg

### Printing

Werner Druck & Medien AG, Basel



