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# **Bell Food Group 2020 financial year**

## Good financial year for the Bell Food Group

Financial analysts' presentation

12.02.2021 | Bell Food Group 2020 financial year

# Overview of the 2020 financial year.

**“Thanks to our broadly supported business model and high productive capacity, we delivered a good result in spite of the coronavirus pandemic.”**



4'074

+ 2.7 %

Sales revenue\*

in CHF million

160.4

+ 7.6 %

EBIT\*

in CHF million

117.7

+ 12.1 %

Annual profit\*

in CHF million

6.50\*\*

+ CHF 1.00

Dividend

in CHF per share / \*\*2020 proposal

63

- 2

Locations

12'043

- 1,2 %

Headcount

FTE as of 31.12

-352

Reduction of  
plastic used for  
packaging

in tonnes

>2'000

Innovation

New products per year

\*Adjusted key figures according to the publication "Alternative performance indicators"

## Successful 2020 financial year for the Bell Food Group

- The broadly supported and sustainable business model and the high productive capacity ensured good operational progress
- The encouraging growth in the retail market more than compensated for the negative effects of the coronavirus pandemic on the food service and previously fast-growing to-go and fresh convenience ranges
- The business area Bell Switzerland reported substantial year-on-year growth for practically all product groups; changes to the product range / channel mix had a positive effect
- Excellent performance by Bell International: concentration of international business on air-dried ham and poultry had a positive effect on earnings
- Development of the business area Convenience was curbed by the coronavirus pandemic; decline in sales and profit could not be prevented

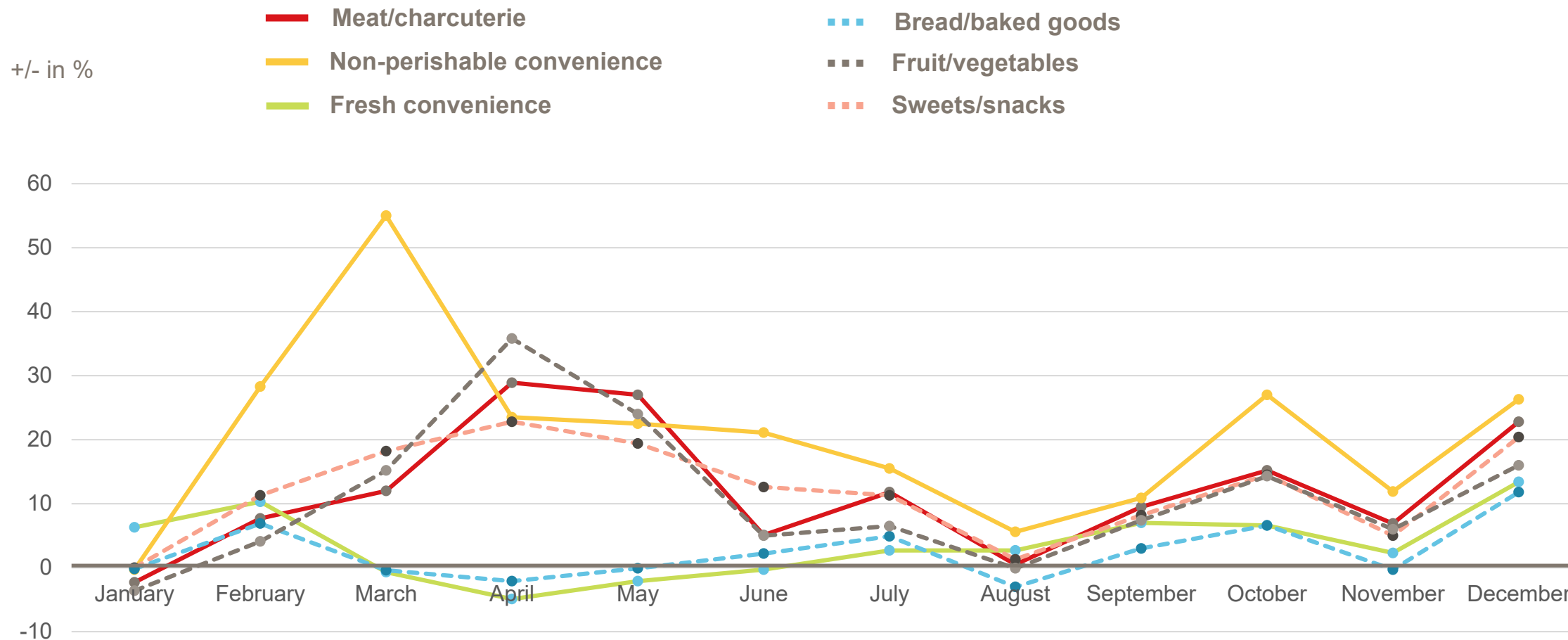
Operational progress  
at EBIT level

**+7.6 %**



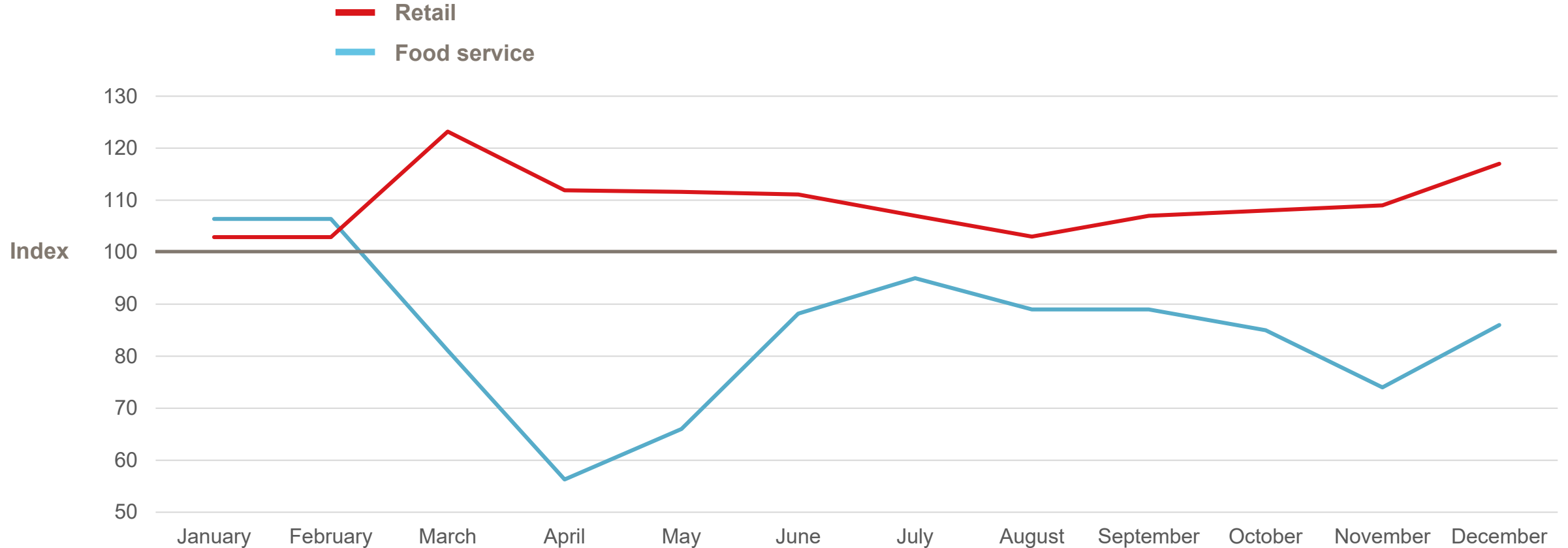
## Coronavirus pandemic – significant changes in demand, depending on product group

Year-on-year development of retail product groups in Switzerland



## Coronavirus pandemic – great distortions in retail and food service markets

### Year-on-year development of retail and food service markets



# Explanations for the 2020 financial year.



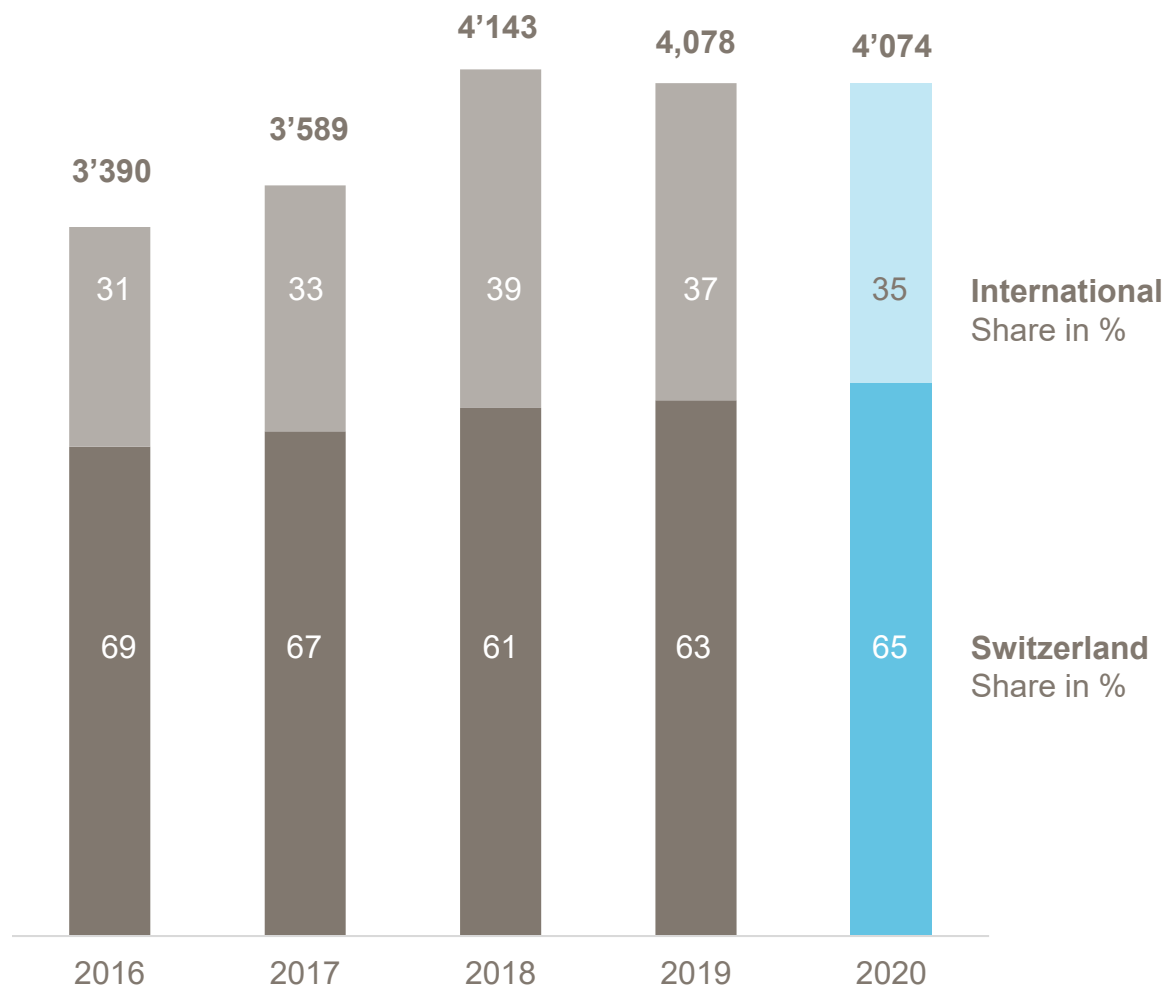
**“The Bell Food Group has a lot of substance and is very well financed: we are well equipped for the coming challenges.”**



## Sales development

### Sales revenue

in CHF million



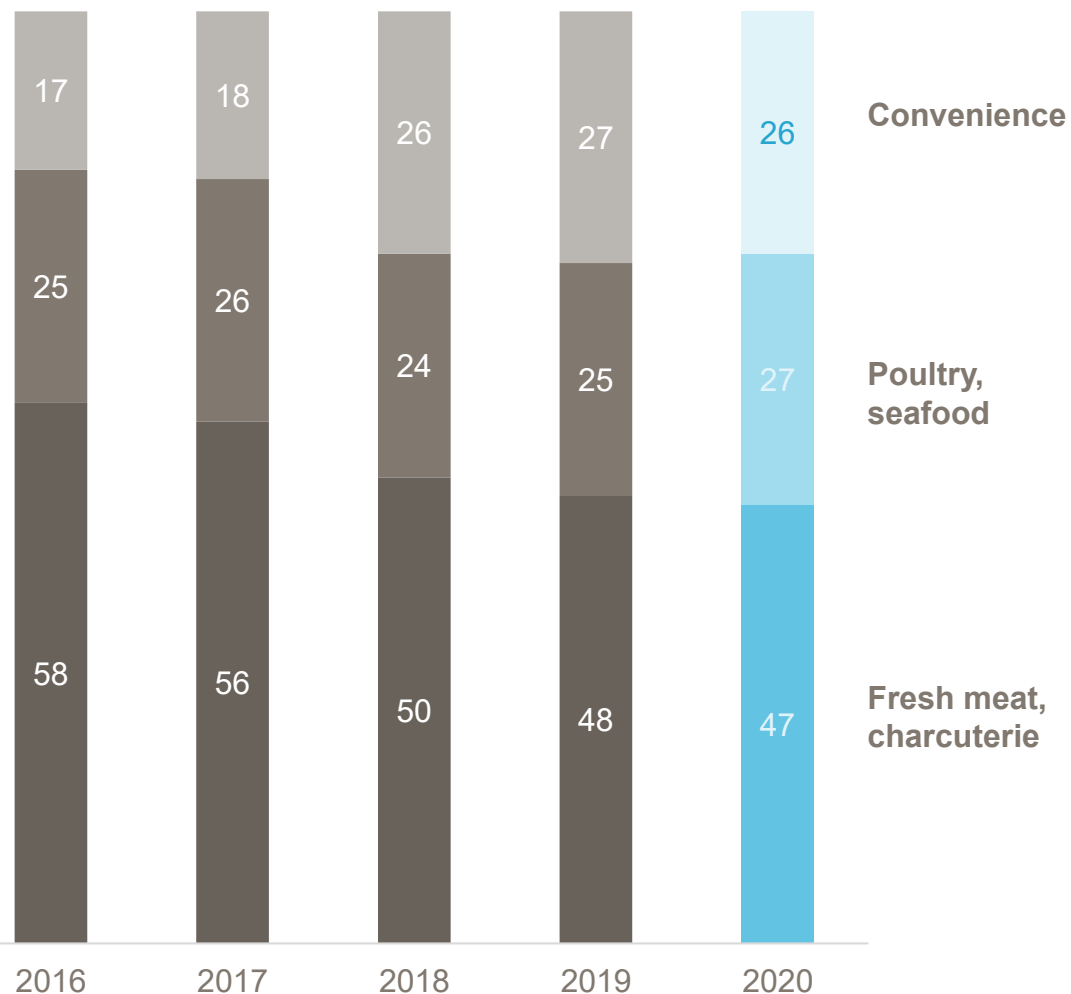
	2019	2020
<b>Sales revenue</b>	4'078.2	<b>4'074.3</b>
Currency effect		- 61.8
Inorganic		- 54.2
<b>Organic growth</b>		<b>112.1 +2.7 %</b>

- Growth achieved in the retail market largely compensated for the pandemic-driven decline in the fresh convenience, to-go and food service segments
- International share of sales dropped after the sale of production facilities and the pandemic-driven decline in food service

## Sales development

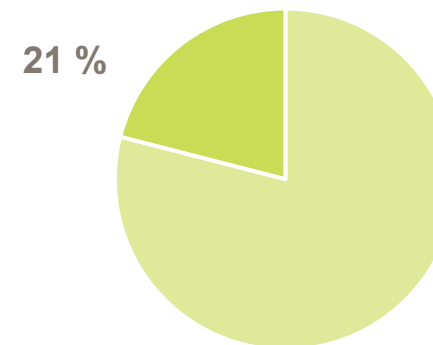
### Breakdown of sales by product group

in %



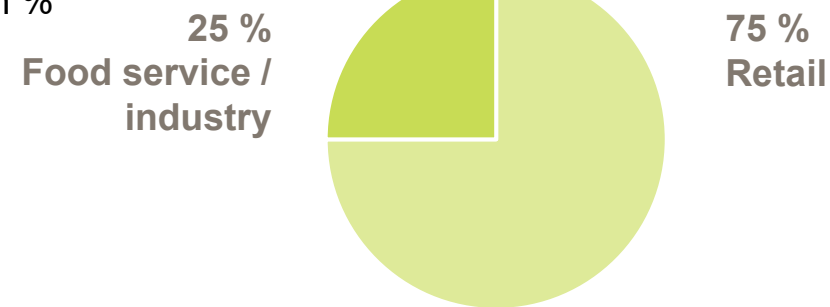
### Share of sales of vegetarian products

in %



### Share of sales for retail and food service / industry

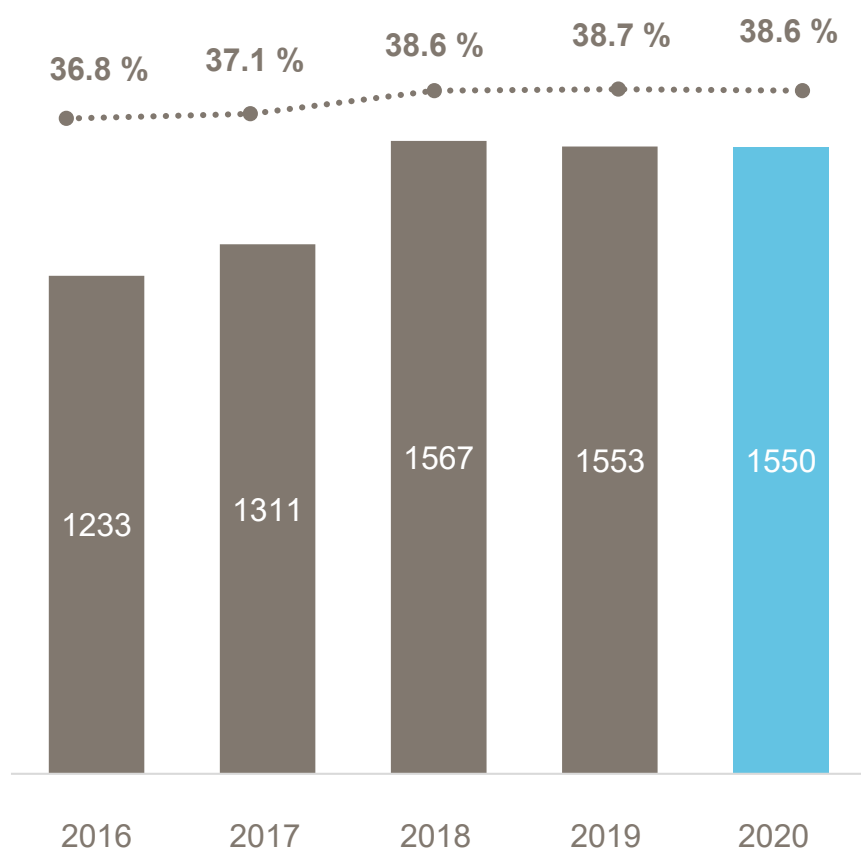
in %



## Development of gross income and EBIT

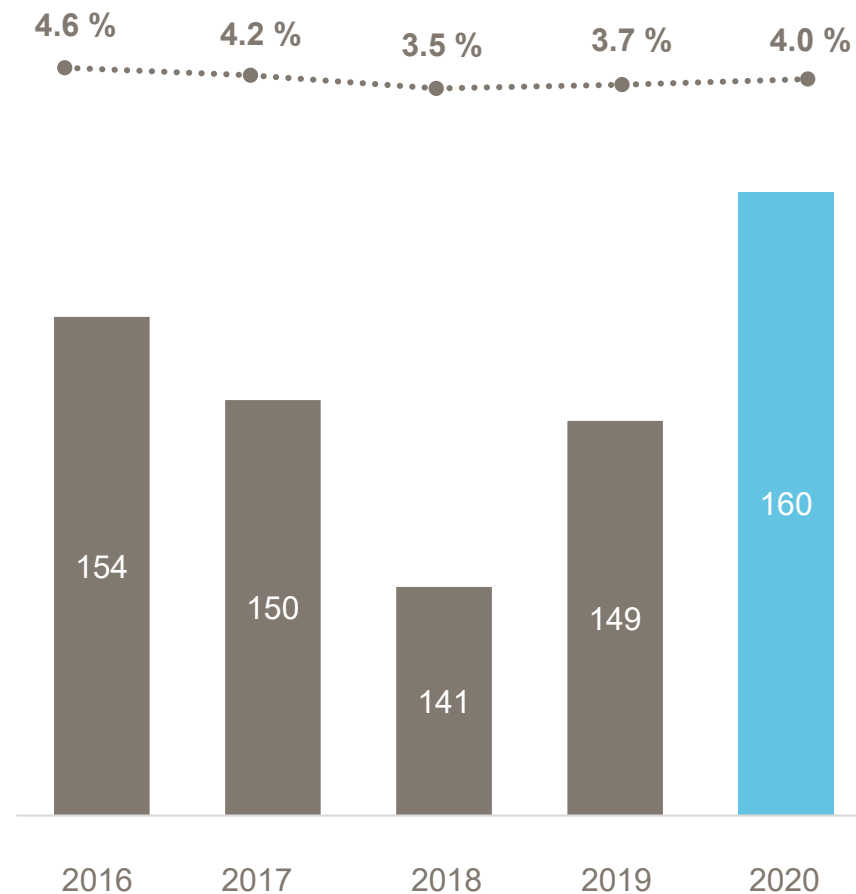
### Gross operating income

in CHF million and in % of net income



### EBIT\*

in CHF million and in % of net income



\* Adjusted key figures according to the publication "Alternative performance indicators"

## Reconciliation of the annual profit

	2019			2020		
<b>EBITDA reported</b>	<b>281.8</b>			<b>315.7</b>		
Reorganisation of Bell Germany		+11.5			-	
Raw material prices		+9.0			-	
Start-up costs		+6.0			-	
Exceptional costs for legal proceedings		-			+3.0	
<b>Impact on EBITDA</b>		<b>+26.5</b>			<b>+3.0</b>	
<b>EBITDA adjusted</b>			<b>308.3</b>			<b>318.7</b>
<b>EBIT reported</b>	<b>95.3</b>			<b>155.6</b>		
Reorganisation of Bell Germany		+27.4			-	
Valuation adjustment of tangible assets		-			+1.8	
<b>Impact on EBIT</b>		<b>+53.9</b>			<b>+4.8</b>	
<b>EBIT adjusted</b>			<b>149.1</b>			<b>160.4</b>
<b>Annual profit reported</b>	<b>49.6</b>			<b>118.6</b>		
Swiss tax reform		+1.5			-	
Release of deferred taxes		-			-5.8	
<b>Impact on annual result</b>		<b>+55.4</b>			<b>-1.0</b>	
<b>Annual profit adjusted</b>			<b>105.0</b>			<b>117.7</b>

- Profitability improved at all levels;  
EBITDA +3.4 %  
EBIT +7.6 %  
Annual profit +12.1 %

179

Share of  
total assets 6.6 %

Cash and cash  
equivalents

in CHF million

688

Net debt ratio 2.2x

Net financial  
liabilities

in CHF million

1'365

Share of  
total assets 49.7 %

Equity

in CHF million

- The liquidity of all Group companies was secured at all times
- Very steady equity ratio of 49.7 % and slightly higher net financial liabilities
- Bell Food Group has a very solid financial foundation and is ready for the future

274

+ 23.2

Operating cash  
flow\*\*

in CHF million

229

- 6.5 %

Investments in  
tangible assets /  
software

in CHF million

6.50\*

+ CHF 1.00

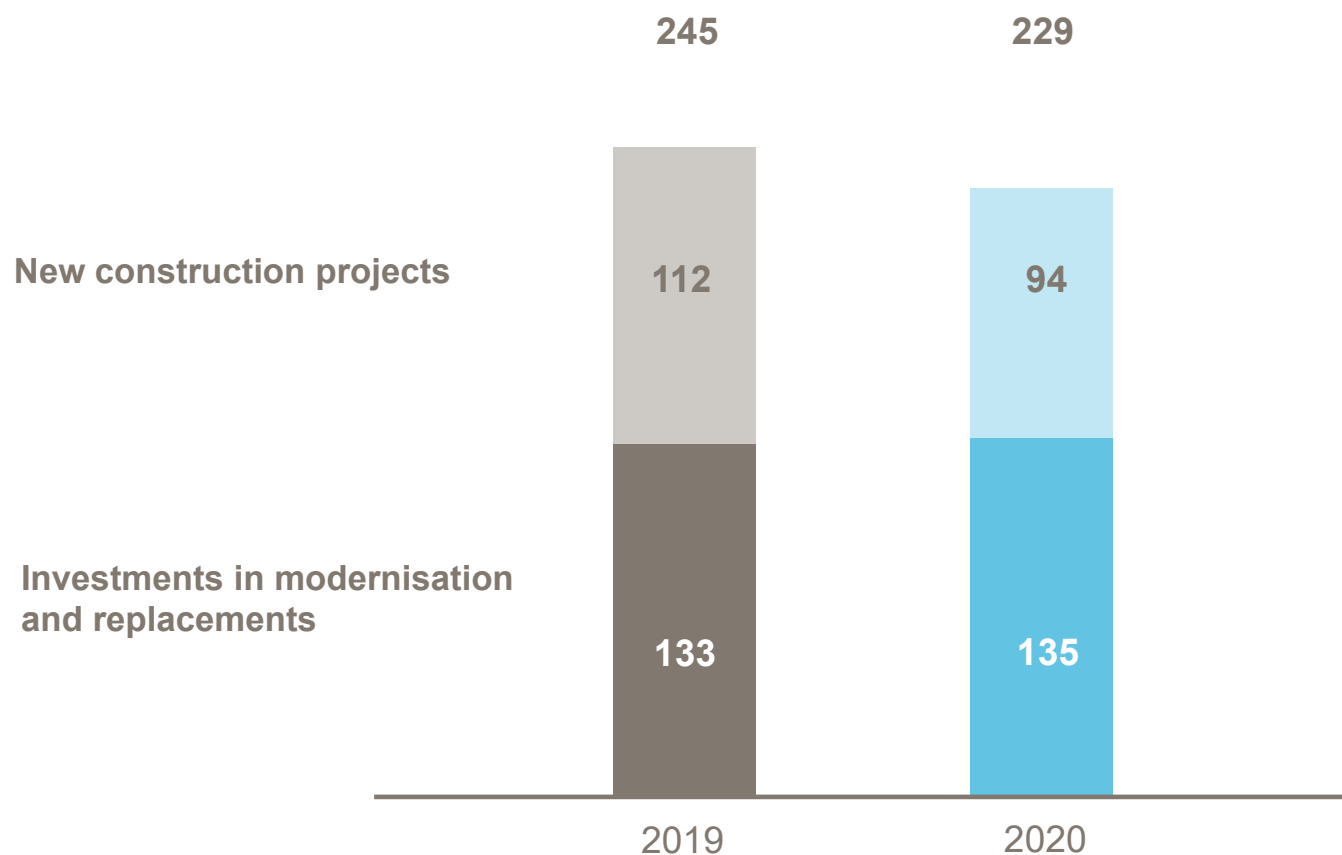
Dividend

in CHF per share / \* 2020  
proposal

## Investments

### Investments in tangible assets / software

in CHF million



- Investments for 2020 within the announced bandwidth of CHF 200 to 250 million
- Expected capex for tangible assets / software for 2021 up to CHF 290 million

# Performance of business areas.



## Business area Bell Switzerland

- Substantially higher retail sales overcompensated for the slump in food service sales
- Growth was mainly driven by the poultry, charcuterie and seafood product groups
- Successful seasonal business, in particular during the barbecue season and year-end festive period
- High productive capacity in spite of short-term changes in the product range and channel mix
- Very solid core business and better operating result than the previous year

2'080

+ 4.0 %

Sales revenue  
in CHF million

127

+ 2.0 %

Sales volume  
in million kg

78

+ 22.8 %

Investments in tangible  
assets / software  
in CHF million

## Bell Switzerland

Locations

13

Employees

3'504

Product ranges

**Meat, poultry,  
charcuterie, seafood**



## Business area Bell International

- All three divisions of this business area made operational progress and contributed to the improved results
- Strong organic growth in the air-dried ham and poultry business, driven by the retail market
- Raw material prices for relevant cuts decreased less than overall animal prices; the impact was contained thanks to optimised procurement and price management; the sale of the German sausage business reduced exposure to raw material prices
- Measures to enhance efficiency in the poultry business initiated last year have taken effect
- The location portfolio was streamlined by the sale of three production enterprises and one logistics company

### Bell International

Locations

**23**

Employees

**3'469**

Product ranges

**Poultry, charcuterie**

**978**

+ 5.6 % \*

Sales revenue  
in CHF million

**207**

+ 2.0 % \*

Sales volume  
in million kg

**39**

- 24.9 %

Investments in tangible  
assets / software  
in CHF million

\* Adjusted for foreign exchange and acquisition effects



## Business area Convenience

- Hitherto growth drivers, the food service segment as well as the to-go range in the retail segment were harshly affected by the coronavirus fallout; good development for fresh convenience, veggie and non-perishable convenience segments in the retail segment in the core market of Switzerland
- Loss of earnings in food service could not be compensated to the same extent
- The new production plants in Marchtrenk and Bad Wünnenberg laboured under the effects of the pandemic and have not yet achieved their planned volumes
- Product ranges and cost levels were immediately adjusted to new sales conditions but a decline in earnings could not be prevented
- Vegetarian ranges and meat alternatives were very successful

1'062

- 2.1 % \*

Sales revenue  
in CHF million

198

- 1.0 % \*

Sales volume  
in million kg

113

- 13.4 %

Investments in tangible  
assets / software  
in CHF million

\* Adjusted for foreign exchange and acquisition effects

## Convenience

Locations

27

Employees

5'070

Product ranges

Ultra-fresh, fresh and  
non-perishable convenience products



# Strategy 2021–2025

Leading in food – strategically expand our leading position.

**“Joyful, competent and responsible – our objective is to be one of the leading food companies in Europe.”**





## Bell Food Group Leading in food



**We love the good things.**



**We shape the future.**

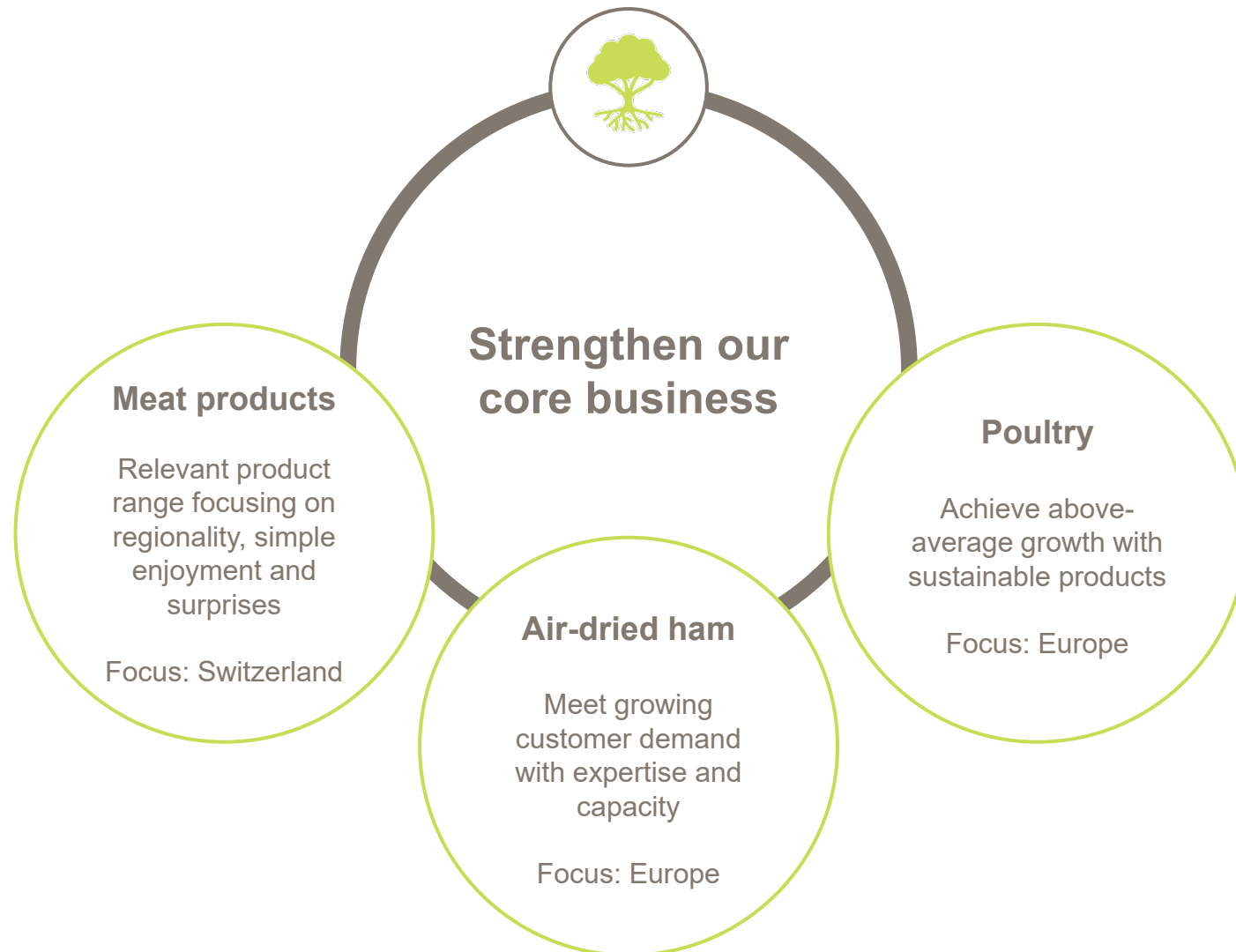


**We take responsibility.**

## The strategic thrusts for expanding our leading position



## The three focal topics for the “Strengthen our core business” strategic thrust





## Relevant meat products

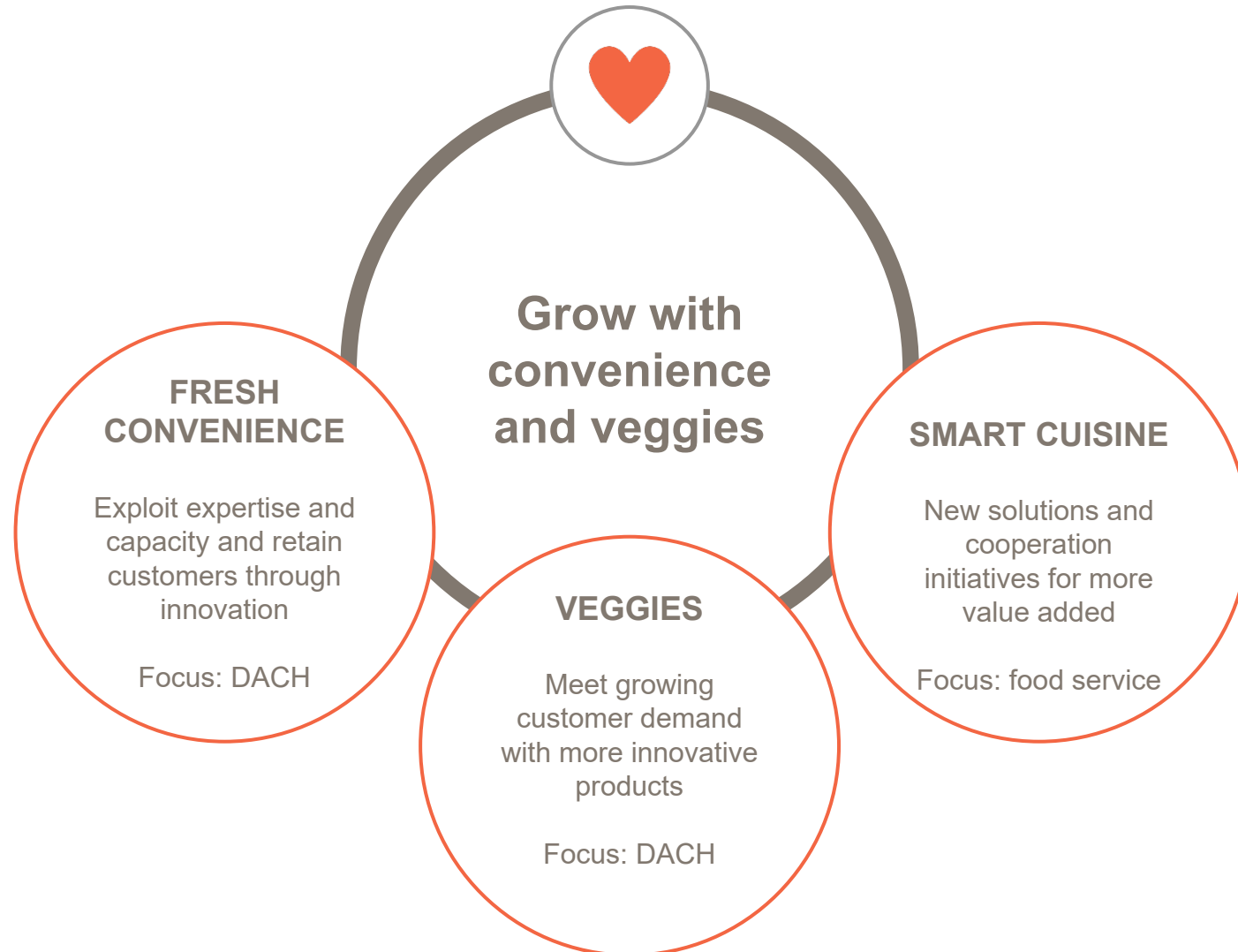
Strengthen our  
core  
business

Strengths  
Air-dried ham

- Strengthen our market position and profitability in the European market for air-dried ham
- Strengthen our market position in the growing segment for Spanish charcuterie specialties with our new plant in Fuensalida (ES)
- Use the strategically excellent position with intact perspectives thanks to a regional product portfolio with own production facilities in Spain, France, Germany
- Increase productivity, value added and efficiency through investments in existing production facilities
- Make operational improvements in raw material procurement



## The three focal topics for the “Grow with convenience and veggies” strategic thrust



## Anything but boring veggies

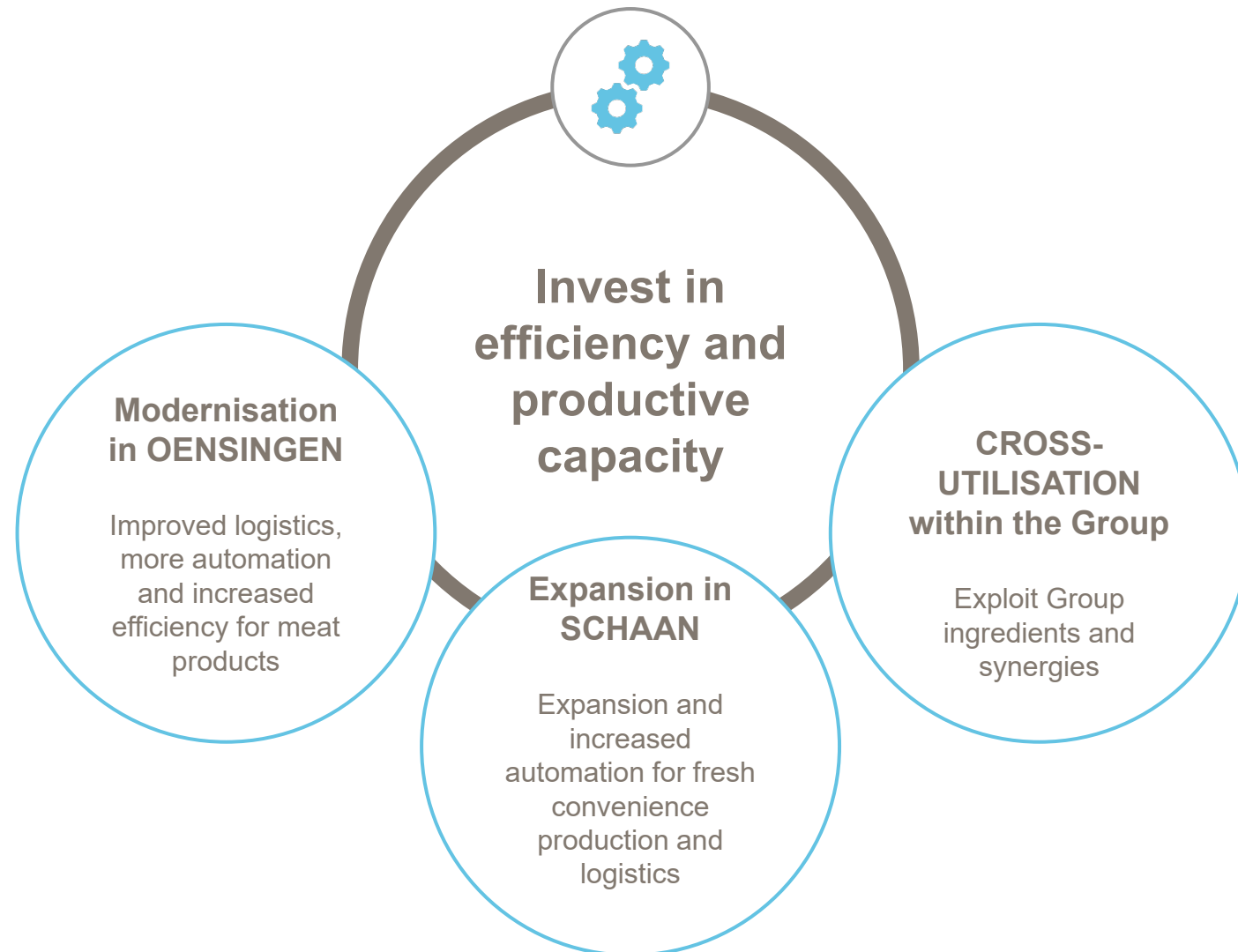
Grow  
with  
conve-  
nience  
and  
veggies

Anything  
but  
boring  
veggies

- Exploitation of opportunities in the high-growth and high-added-value market for fresh convenience and vegetarian products
- Organic growth, in particular by increasing utilisation of the new plants in Marchtrenk and Bad Wünnenberg
- Expansion of vegetarian ranges and meat alternatives
- Product range differentiation by developing new product solutions, increasing the degree of convenience and introducing additional product ranges
- Exploitation of existing know-how in vegetarian culinary art and product development



## The three focal topics for the “Invest in efficiency and productive capacity” strategic thrust





## Modernisation of the Oensingen site

Invest in  
efficiency  
and productive  
capacity

Modernisation of  
the Oensingen  
site





## Modernisation of the Oensingen site

Invest in  
efficiency  
and productive  
capacity

Modernisation of  
the Oensingen  
site

- Modernisation and expansion of infrastructure at the Oensingen site
- New facilities for cutting, packaging and picking of products
- Highly automated deep-freeze store using 50 % less energy
- Facility services such as central technology and parking garage
- Long-term performance capacity in the core business with meat products in the main market Switzerland
- Advantages over national and international competitors:
  - > Increased process optimisation for more efficiency
  - > Unique internal and external logistics services
  - > More sustainability with regard to resource consumption



## Expertise

Systematic and best quality  
and constant improvement

- 98 % of all animal and 92 % of all plant-based raw materials **come from Europe**
- In Switzerland, around half of slaughter animals come from programmes with **higher animal welfare standards**

## Sense of responsibility

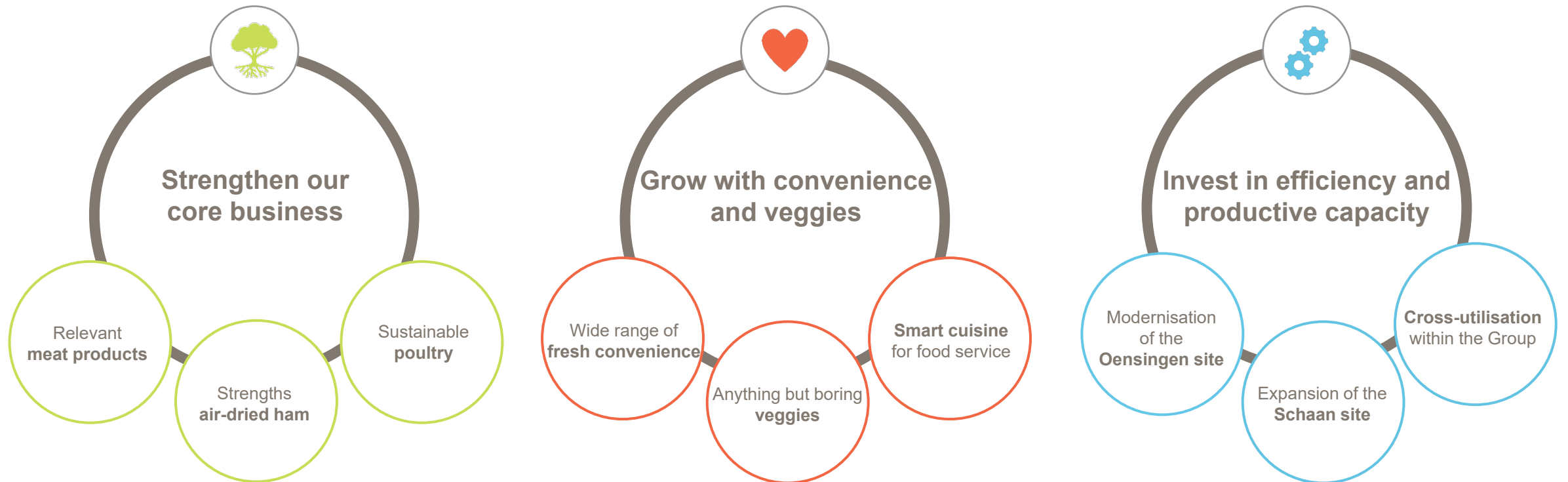
Acceptance of our responsibility for the environment  
and society

- **Reduction** in plastic by 352 tonnes thanks to innovative packaging solutions
- 56 % of energy are procured from **renewable** sources

## Joy

Committed employer and  
satisfied employees

- 73 % of all employees are covered by collective bargaining agreements; first **social partnership** in the convenience segment in Switzerland
- Bell Food Group offers **basic training** in 21 professions



> Secure long-term earning power and productive capacity



# Strategy 2021–2025

## Impact on financial planning.

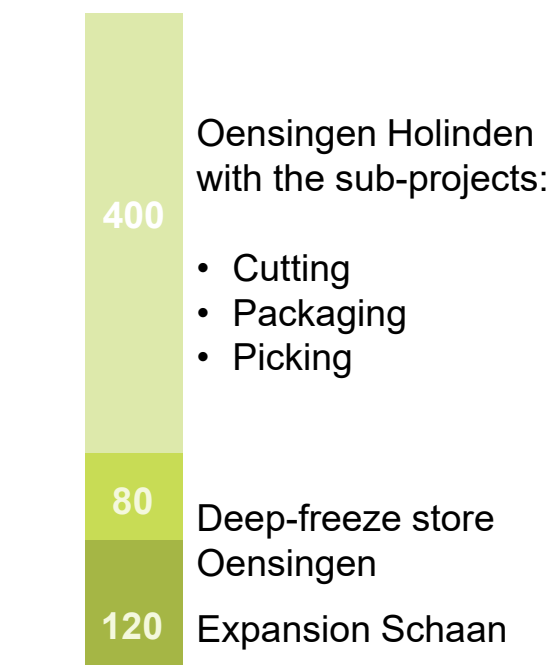
## Investments 2021-2025 and impact on the income statement

### Investments 2021-2025: CHF 1'400 million

2021-2024: CHF 290 million p.a.

2025: CHF 230 million

#### Major investment CHF 600 million



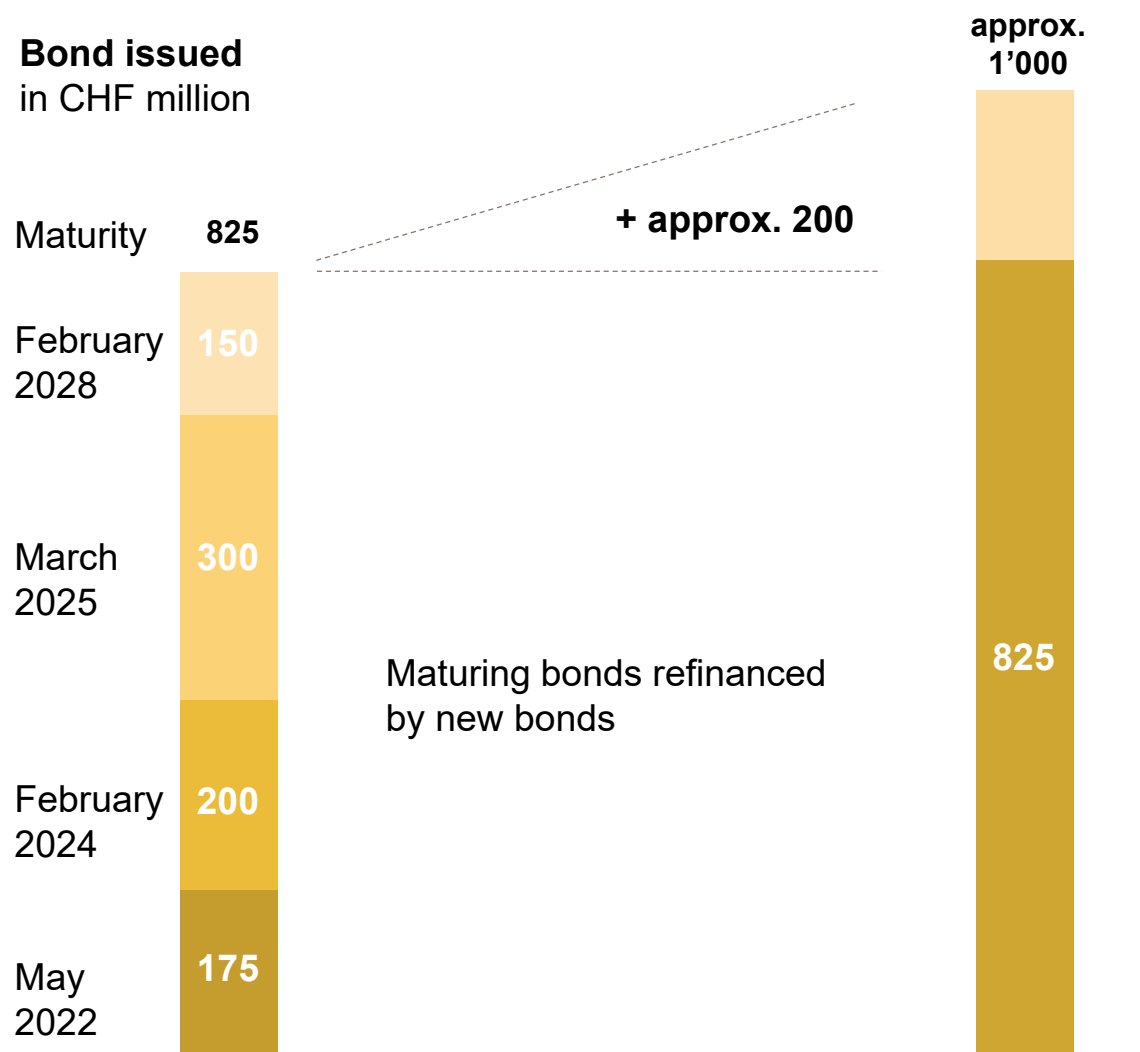
### Statement

Investments needed to maintain and expand medium- and long-term competitiveness

### Impact on the income statement

- Higher level of depreciation for renovations and replacement investments
- Once-off start-up costs expected
- Additional costs compensated by medium-term growth potential across the entire Bell Food Group as well as efficiency enhancements (automation and centralisation)

## Financing and distribution to shareholders



### Financing

- Financing requirement will be met by increasing the bonds to CHF 1 billion
- Affordable thanks to the stable cash flow outlook and very solid equity base
- Expected equity ratio is constantly >45 % until 2025
- Medium-term net debt ratio of maximum 2.5x
- Objective: long-term debt financing with a diversified maturity profile

### Dividend distribution to shareholders

- No change to the dividend policy
- Distribution ratio of around 30 %
- Distribution from reserves from capital contributions if possible and permissible

# Outlook.

## Outlook for the 2021 financial year

### Bell Food Group

- The coronavirus pandemic will also affect performance in the current year 2021; careful crisis management is continued in order to limit the fallout
- Further operational progress are to be achieved for all business areas
- The pursuit of the long-term strategic objectives is to be continued in spite of the expected difficult framework conditions

### Business area Bell Switzerland

- Securing of the earnings situation thanks to reaction and production capacity
- Strict and effective management of large investment projects

### Business area Bell International

- Further operational progress are to be achieved for all business areas
- Focus still is on air-dried ham and poultry as well as successful initiatives to improve efficiency and performance

### Business area Convenience

- Benefit from the expected recovery of the food service and to-go segment during the course of the year with the help of the strategic direction and the high powers of innovation
- Offer more added value to customers with innovative product ranges and food solutions



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