

# Alternative performance measures 2021

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In its annual reports, interim reports and notices to investors and analysts, the Bell Food Group uses alternative performance measures that are not defined by the Accounting and Reporting Recommendations (Swiss GAAP ARR). It is the opinion of the Board of Directors and of the Group Executive Board that these indicators provide useful and relevant information about the Group's operating and financial performance. The alternative performance measures used by the Bell Food Group may not be comparable to similar indicators utilised by other companies. In this document, the alternative performance measures used by the Bell Food Group are explained and reconciled with the Swiss GAAP ARR key figures.

# Performance

## Development of volumes and income statement

The Bell Food Group compares the development of sales volume and selected income statement items to the previous year with regard to:

### → Exchange rate effects

The Bell Food Group calculates the exchange rate effects by translating the prior-year figures into CHF using the current average rates. The difference to the prior year's CHF values expresses the exchange rate effect.

### → Inorganic effects

Acquisitions and disposals of companies or parts of companies are summarised as inorganic effects. The effects of acquisitions on the current period are reported separately. The prior-year figures are adjusted for disposals. This adjustment is done on a pro rata basis from the date of acquisition or disposal.

### → Organic development

Organic development refers to the change from the previous year after adjustment to account for exchange rate effects and inorganic effects. As exchange rate developments do not have any effect on sales volumes, organic development is only adjusted for inorganic effects. Organic development expressed as a percentage is calculated on the basis of the reported prior-year figures.

in million kg				of which:		
	2021	2020	Δ	Exchange rate effect	Inorganic	Organic
<b>Sales volume</b>	<b>537.6</b>	<b>526.7</b>	<b>10.9</b>	<b>–</b>	<b>–5.7</b>	<b>16.5</b>
in % to 2020			2.1 %			3.1 %

  

in CHF million				of which:		
	2021	2020	Δ	Exchange rate effect	Inorganic	Organic
<b>Sales revenue</b>	<b>4 201.0</b>	<b>4 074.3</b>	<b>126.7</b>	<b>12.4</b>	<b>–18.0</b>	<b>132.3</b>
in % to 2020			3.1 %			3.2 %
<b>Net revenue</b>	<b>4 151.6</b>	<b>4 019.4</b>	<b>132.1</b>	<b>12.0</b>	<b>–17.0</b>	<b>137.2</b>
in % to 2020			3.3 %			3.4 %

The following inorganic effects are taken into account:

**2021:** no company acquisitions or sales took place in 2021. The inorganic effect results from the sale of the production facility in the previous year.

**2020:** sale of the Perbál production facility in Hungary as of the end of October 2020.

### Sales volume

Sales volume is reported in kilograms and equals the volumes that were sold.

### Sales revenue

Sales revenue equals the gross revenue from sale of goods, excluding other revenue and sales deductions.

in CHF million	2021	2020
<b>Sales revenue</b>	<b>4 201.0</b>	<b>4 074.3</b>
Other revenue	60.8	55.6
Sales deductions	-110.2	-110.4
<b>Net revenue</b>	<b>4 151.6</b>	<b>4 019.4</b>

### Subtotals in the income statement

Various subtotals used in the income statement are not prescribed by the Accounting and Reporting Recommendations (Swiss GAAP ARR) for an income statement prepared in accordance with the nature of expense method and are therefore defined as follows:

→ **Gross operating income**

Gross operating income is calculated as net revenue minus the cost of goods sold, including changes in inventory.

→ **EBITDA**

EBITDA is earnings before interest, taxes, depreciation and amortisation.

→ **EBIT**

EBIT is earnings before interest and taxes and is one of the Bell Food Group's core management ratios.

→ **EBT**

EBT is earnings before taxes.

### Margins

Margins are calculated as a percentage of net revenue.

	2021		2020	
	in CHF million	in %	in CHF million	in %
<b>Net revenue</b>	<b>4 151.6</b>	<b>100.0 %</b>	<b>4 019.4</b>	<b>100.0 %</b>
<b>Gross operating income</b>	<b>1 616.0</b>	<b>38.9 %</b>	<b>1 550.0</b>	<b>38.6 %</b>
<b>EBITDA</b>	<b>325.7</b>	<b>7.8 %</b>	<b>315.7</b>	<b>7.9 %</b>
<b>EBIT</b>	<b>162.4</b>	<b>3.9 %</b>	<b>155.6</b>	<b>3.9 %</b>
<b>EBT</b>	<b>154.1</b>	<b>3.7 %</b>	<b>147.0</b>	<b>3.7 %</b>
<b>Annual profit</b>	<b>127.4</b>	<b>3.1 %</b>	<b>118.6</b>	<b>3.0 %</b>

**Adjusted key performance indicators: EBITDA, EBIT, annual profit**

To improve comparability with other periods, reported EBITDA, EBIT and the annual profit are adjusted for once-off effects in periods in which once-off effects occurred.

**Once-off effects**

The Bell Food Group defines once-off effects as expenses or income that are part of the operating result but only occur rarely. To improve comparability with other companies and periods, these indicators are adjusted for once-off effects. The tax consequences of once-off effects are not adjusted.

+ expenses / – income	2021	2020
	in CHF million	in CHF million
Restructuring expenses Eisberg site Villigen	+1.1	–
Exceptional costs for legal cases	–	+3.0
<b>Impact on EBITDA</b>	<b>+1.1</b>	<b>+3.0</b>
Valuation adjustment of tangible assets	+1.0	+1.8
<b>Impact on EBIT</b>	<b>+2.1</b>	<b>+4.8</b>
Release of deferred taxes	–	–5.8
<b>Impact on annual profit</b>	<b>+2.1</b>	<b>–1.0</b>

	2021		2020	
	in CHF million	% net revenue	in CHF million	% net revenue
<b>EBITDA reported</b>	<b>325.7</b>	<b>7.8 %</b>	<b>315.7</b>	<b>7.9 %</b>
<b>EBITDA adjusted</b>	<b>326.8</b>	<b>7.9 %</b>	<b>318.7</b>	<b>7.9 %</b>
<b>EBIT reported</b>	<b>162.4</b>	<b>3.9 %</b>	<b>155.6</b>	<b>3.9 %</b>
<b>EBIT adjusted</b>	<b>164.5</b>	<b>4.0 %</b>	<b>160.4</b>	<b>4.0 %</b>
<b>Annual profit reported</b>	<b>127.4</b>	<b>3.1 %</b>	<b>118.6</b>	<b>3.0 %</b>
<b>Annual profit adjusted</b>	<b>129.5</b>	<b>3.1 %</b>	<b>117.7</b>	<b>2.9 %</b>

# Capital structure

## Net financial liabilities / net debt ratio

Interest-bearing liabilities are defined as debts or financial liabilities and can be current and non-current in nature. Cash and cash equivalents and securities held for trading (current) are deducted from the financial liabilities to obtain the net financial liabilities (net debt).

Net financial liabilities divided by EBITDA equals the net debt ratio.

in CHF million	2021	2020
+ Current financial liabilities	195.0	5.8
+ Non-current financial liabilities	672.7	862.8
<b>Financial liabilities</b>	<b>867.7</b>	<b>868.7</b>
– Cash and cash equivalents	–185.3	–178.5
– Securities	–1.9	–2.0
<b>Net financial liabilities</b>	<b>680.5</b>	<b>688.1</b>
EBITDA reported	325.7	315.7
<b>Net debt ratio reported</b>	<b>2.1</b>	<b>2.2</b>
EBITDA adjusted	326.8	318.7
<b>Net debt ratio adjusted</b>	<b>2.1</b>	<b>2.2</b>

## Equity ratio

The ratio between total equity and total assets equals the equity ratio. In its financial reporting, the Bell Food Group also uses the term “self-financing” for equity. The equity ratio is also called the self-financing ratio.

in CHF million	2021	2020
Equity excl. minority interests	1 413.9	1 364.9
Minority interests	0.2	0.2
<b>Equity</b>	<b>1 414.1</b>	<b>1 365.1</b>
Total assets	2 798.3	2 744.9
<b>Equity ratio</b>	<b>50.5 %</b>	<b>49.7 %</b>

Under Swiss GAAP ARR, companies can choose how to treat goodwill on acquisitions:

- Capitalisation of goodwill and annual amortisation through profit and loss
- Offsetting of goodwill against equity

The Bell Food Group capitalises goodwill and amortises it over a maximum of 15 years in justified cases. Various companies offset goodwill against equity. To improve comparability with these companies, the Bell Food Group reports the following key indicators as if goodwill had been offset against equity. For this purpose, the remaining goodwill at the respective balance sheet date is deducted from total equity or total assets.

- EBIT and EBIT margin
- Profit and profit margin
- Equity and equity ratio

in CHF million	2021	2020
EBIT	162.4	155.6
+ Goodwill amortisation	25.3	26.6
<b>EBIT before goodwill amortisation</b>	<b>187.6</b>	<b>182.2</b>
- Financial result	-12.1	-11.6
+ Net income from associated companies	3.8	3.0
- Taxes	-26.7	-28.3
<b>Profit before goodwill amortisation</b>	<b>152.6</b>	<b>145.3</b>
Equity	1 414.1	1 365.1
- Goodwill offsetting	-162.4	-190.3
<b>Equity after goodwill offsetting</b>	<b>1 251.7</b>	<b>1 174.8</b>
Total assets	2 798.3	2 744.9
- Goodwill offsetting	-162.4	-190.3
<b>Total assets after goodwill offsetting</b>	<b>2 635.9</b>	<b>2 554.6</b>
Key indicators with goodwill offsetting		
<i>EBIT margin</i>	4.5 %	4.5 %
<i>Profit margin</i>	3.7 %	3.6 %
<i>Equity ratio</i>	47.5 %	46.0 %
<i>Return on equity</i>	12.6 %	12.4 %

# Operating investments

The Bell Food Group uses the term “operating investments” in its reporting. While investments in parts of the intangible assets (e.g. brands) are strategic or not directly operational in nature, the operating investments show the amount invested in the production capacities of the Bell Food Group. Operating investments therefore include investments in tangible assets and software.

Investments can be presented gross or net. Net investments are calculated by deducting the respective divestments from the investments in the various categories of non-current assets. The Bell Food Group uses a gross presentation in its reporting on operating investments.

The term “investments” is defined as additions to fixed assets in the balance sheet. However, a distinction must be made between investments in the balance sheet and investments in the cash flow statement of the Bell Food Group. While the investments in the balance sheet describe the addition to the corresponding category of non-current assets, the investments in the cash flow statement show the amount spent on investments in the form of cash and cash equivalents. Consequently, the investments from a balance sheet perspective usually differ from the investments in the cash flow statement because, for example, part of the investments of the current financial year will only be paid in the following year or investments of the previous year were paid in the current financial year.

As a result, the Bell Food Group distinguishes between operating investments from a balance sheet and a cash flow statement perspective. The terms “operating investments on the balance sheet” and “cash-effective operating investments” are also used as a proxy. The guidance on investments published by the Bell Food Group refers to operating investments on the balance sheet.

in CHF million	2021	2020
	Investments	Investments
Goodwill	–	–
Trademarks, patents and licences	0.0	0.0
a) Software	5.5	4.1
b) Prepayments and accumulated costs	13.0	13.6
Other intangible assets	0.0	0.7
<b>Intangible assets (balance sheet)</b>	<b>18.5</b>	<b>18.4</b>
<b>Intangible assets (cash flow statement)</b>	<b>18.5</b>	<b>18.4</b>
Undeveloped land	0.1	–
Land and buildings	21.1	18.1
Installations	6.8	14.8
Machinery and equipment	32.9	41.2
Prepayments/assets under construction	147.9	121.5
Other tangible assets	13.7	16.0
<b>Tangible assets (balance sheet)</b>	<b>222.5</b>	<b>211.7</b>
<b>Tangible assets (cash flow statement)</b>	<b>220.4</b>	<b>214.3</b>
a) Software	5.5	4.1
b) Prepayments and accumulated costs	13.0	13.6
Tangible assets	222.5	211.7
<b>Operating investments (balance sheet)</b>	<b>241.0</b>	<b>229.4</b>
<b>Operating investments (cash flow statement)</b>	<b>238.9</b>	<b>232.0</b>

# Liquidity

## Operating cash flow before change in net current assets & Operating free cash flow

The operating cash flow can be influenced by fluctuations of the net current assets and is therefore adjusted for this impact. For example, these fluctuations can be put down to pure reporting-date effects. Market-driven decisions – in particular regarding inventories – can also affect the multi-year comparison.

in CHF million	2021	2020
Operating cash flow	293.5	246.0
+ Change in net current assets	-1.2	28.0
<b>Operating cash flow before change in net current assets</b>	<b>292.3</b>	<b>274.0</b>
- Operating investments	-238.9	-232.0
+ Divestment of tangible assets	1.8	14.0
+ Divestment of intangible assets	0.6	0.5
<b>Operating free cash flow</b>	<b>55.7</b>	<b>56.4</b>

Operating free cash flow is operating cash flow before change in net current assets less operating investments plus divestments of tangible and intangible assets. A positive operating free cash flow means that the operating investments were financed by the company's business activities and that the remaining amount is available for other investment and financing activities.

## Free cash flow

Free cash flow represents the cash flow available for the settlement of obligations to providers of debt and equity. It is calculated from the operating cash flow less the cash flow from investing activities (no limitation to operating investments).

in CHF million	2021	2020
+ Operating cash flow	293.5	246.0
- Cash flow from investing activities	-246.6	-225.7
<b>Free cash flow</b>	<b>46.9</b>	<b>20.4</b>

## Change in net current assets

The change in net current assets is composed of the following items:

in CHF million	2021	2020
Increase (-)/decrease (+) in receivables	11.7	8.9
Increase (-)/decrease (+) in inventory	-30.1	-2.6
Increase (-)/decrease (+) in accrued income and prepaid expenses	-3.3	-3.9
Increase (+)/decrease (-) in liabilities	4.9	-50.9
Increase (+)/decrease (-) in accrued expenses and deferred income	18.0	20.6
<b>Change in net current assets</b>	<b>1.2</b>	<b>-28.0</b>