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## First half of 2022

Bell Food Group remains on a path of growth

First half of 2022

11.08.2022 | Bell Food Group, first half of 2022



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# Overview of the first half of 2022

**«Given the major challenges along the procurement and value chain, we are satisfied with the result.»**



**2 111**

+6.2 %

Net revenue  
in CHF million

**63.0**

-4.0 %

EBIT  
in CHF million

Organic growth

**+6.2 %**

**12 859**

+4.0 %

Headcount  
FTE as of 30/06

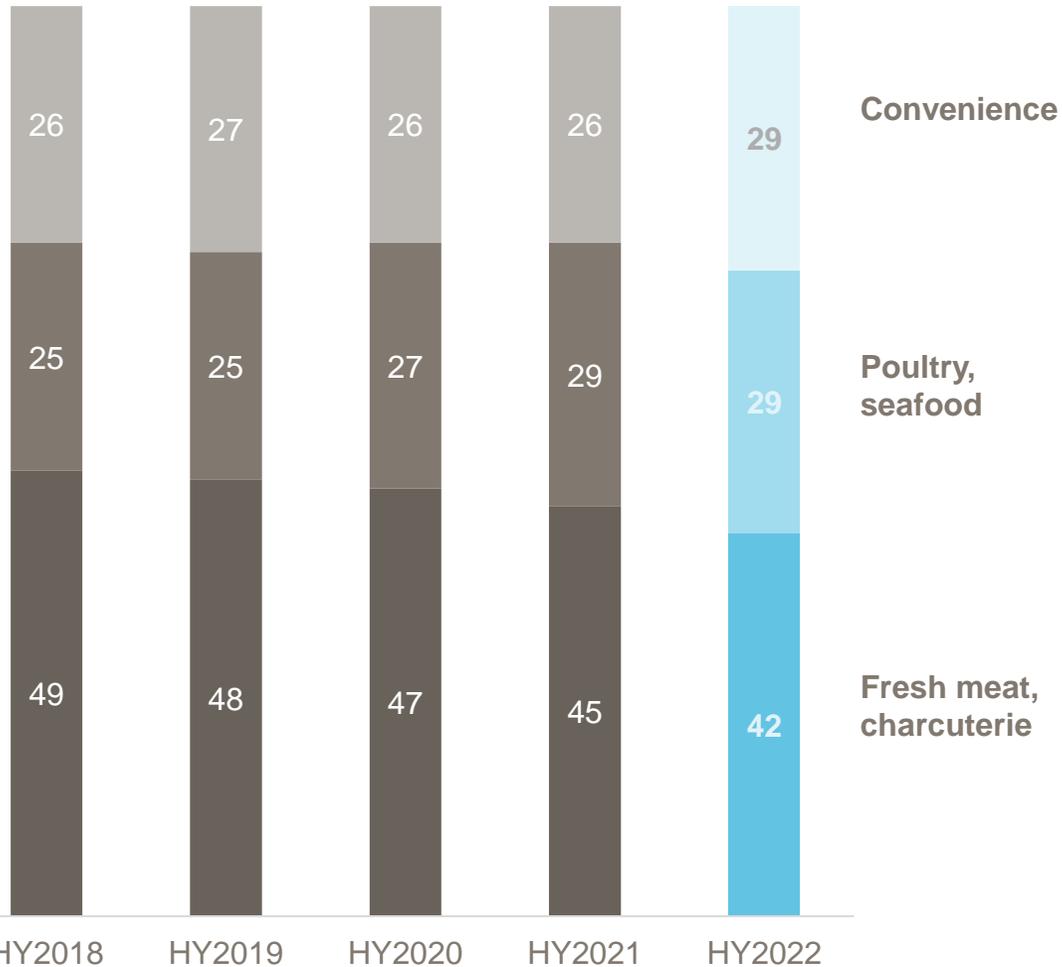
Adjusted key figures according to the publication «Alternative performance measures»



## Organic sales growth in the convenience growth sector

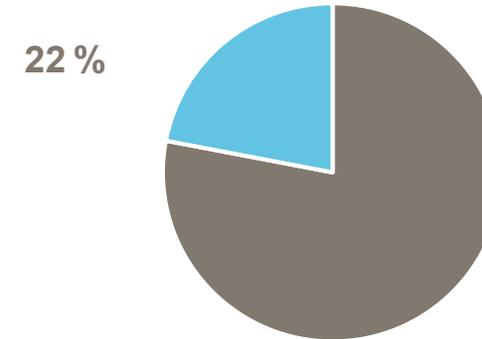
### Breakdown of sales by product group

in %



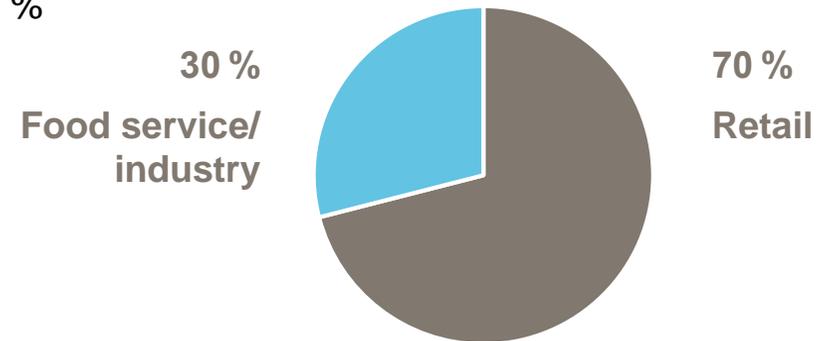
### Share of sales of vegetarian products

in %



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

in %



## Good result in a challenging market environment

### Bell Food Group

- The coronavirus situation has normalised as expected. Food service markets have improved substantially while retail sales have contracted; in this environment, the Group achieved pleasing organic sales growth.
- Massive inflation has pushed up procurement costs; the scope and pace cannot be foreseen, rapid price increases could not quite keep up with the increase in costs.
- EBIT is below the pandemic-driven previous year but above the pre-pandemic reference value for 2019.
- Half-year profit below the previous year, mainly due to currency effects.

### Business areas

- Bell Switzerland experiences a declining retail market and the gradual return of shopping tourism and cannot fully duplicate the excellent performance of the pandemic-driven previous year.
- Bell International succeeds in the market with encouraging organic growth; severe inflation, however, for energy and feed.
- Eisberg makes progress thanks to good business performance in Switzerland and Eastern Europe; the biggest challenge is the quality and availability of raw materials.
- Hilcona exploits growth momentum in the market and clearly outstrips the previous year thanks to growth in the food service segment as well as for pasta and sandwiches. Production capacities are being expanded.
- Hügli benefits from the recovery of the food service segment and gains market share thanks to successful marketing activities.



## Business areas of Bell Food Group

Bell Switzerland  
L. Wyss i.P.

Bell International  
Eisberg  
M. Tschanz i.P.

Hilcona  
M. Henck

Hügli  
Th. Bodenmann

Finance/Services  
X. Buro



# Business update for the business areas.

## Highlights

- Expected normalisation of the coronavirus situation meant that the record performance of the previous year could not be repeated
- Decline in retail sales and the gradual return of shopping tourism
- Marked recovery of the food service sales channel
- Change in the channel mix and inflation on a number of cost factors weighed on margins
- Further improvement in productivity
- In spite of challenging framework conditions, a good result that exceeds the pre-pandemic reference values for 2019



Successful barbecue marketing campaign 2022



Strong position in trendy slow-cooked products

## Highlights

- Gratifying organic growth posted in a contracting market
- Growth includes price increases, most of which could be successfully implemented due to massive inflation
- Strong inflation and persistent price hikes, in particular for energy and poultry feed, left a mark on performance
- Market share gained in poultry and customer portfolio optimized
- Strategic focus on air-dried ham and sustainable poultry proves its mettle; stable level of profitability reached in spite of severe market distortions



*New organic air-dried ham product range*



*Full range in the field of sustainable poultry*

## Highlights

- Good business development in the main markets of Switzerland and Eastern Europe; encouraging organic growth
- All country units contributed to the growth
- The new production facility in Marchtrenk (AT) substantially increased its utilisation and makes an important contribution to growth
- Procurement of raw materials is a very big challenge; the effects are being kept within bounds thanks to strong procurement expertise



*Ready-made fresh salads in reusable bowls*

## Business area Hilcona – strong organic growth

### Highlights

- Growth momentum in the market exploited and substantial growth posted
- Growth in all product ranges, in particular in sandwiches and pasta
- Noticeable recovery of the food service channel
- Strong growth caused capacity bottlenecks at times
- Significant rise in procurement costs and limited availability of important raw materials



*Successful launch of «La Pasteria» range of premium pasta products*



*Huge market success with sandwiches prepared fresh every day*



*Pleasing development for plant-based meat alternatives*

## Business area Hügli – successful restart after the pandemic



### Highlights

- Marked recovery from the pandemic effects and substantial organic growth
- Revival of the important food service sales channel, particularly in the traditional food services sector, while changed consumer habits continue to affect system and event catering fields
- Market presence exploited to gain market share
- Market-induced decline in retail sales
- Growth is driven by products with a higher level of convenience and the range of Italian products



Launch of the new «Natuco» organic brand for retail segment



Expansion of the barbecue product range

# Explanations regarding the first half of 2022.

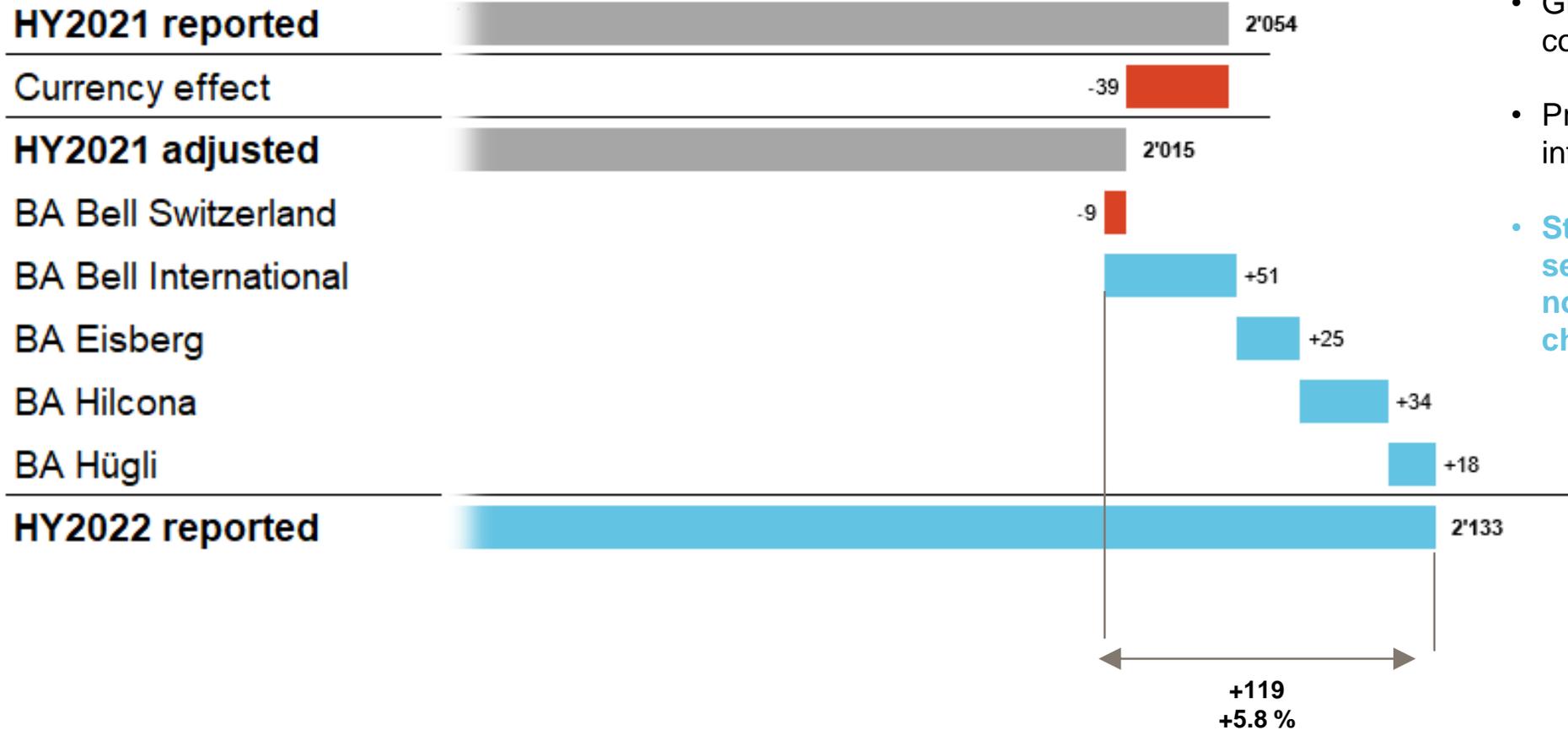
**«The scope and pace of inflation led to substantial cost hikes in all business areas. Although price increases were mostly implemented rapidly, they could not entirely keep up with inflation.»**



## Sales development – gratifying organic growth

### Sales revenue

in CHF million



- Growth driven by the revived convenience segment
- Price increases due to severe inflation
- **Strong recovery for the food service segment – normalisation of the retail channel**

## Business areas – new structure for the business areas stands the test

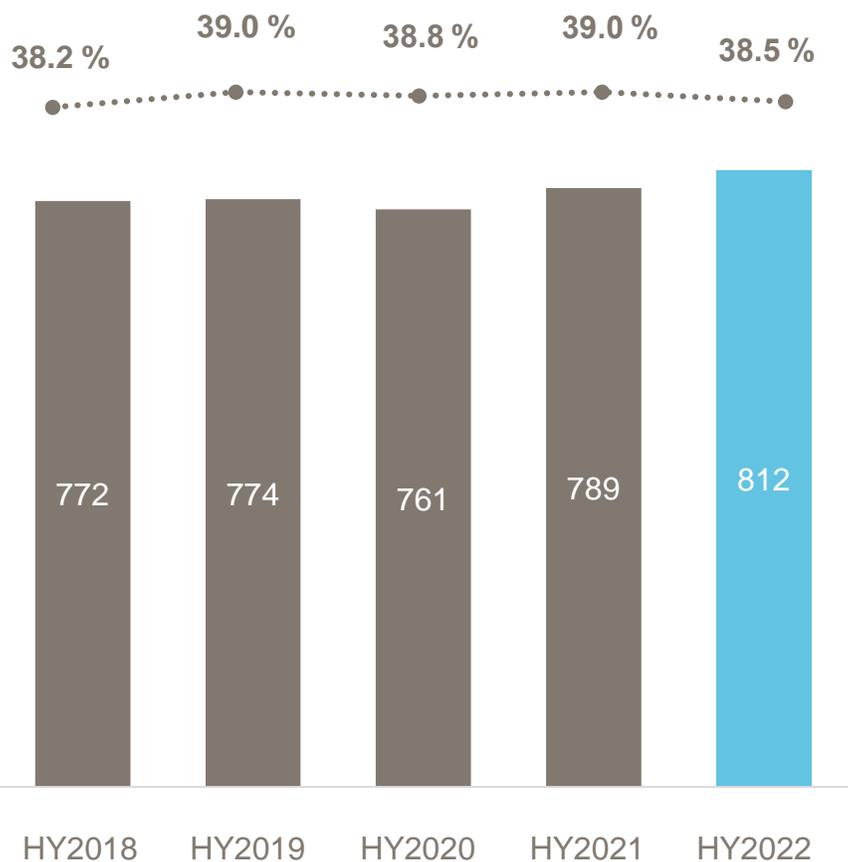
	 Employees FTE as at 31/12	 Locations	 Revenue in CHF million	 Growth drivers
<b>Bell Switzerland</b>	<b>3 663</b>	<b>13</b>	<b>1 044</b>	<b>-0.7 %</b> Post-pandemic normalisation
<b>Bell International</b>	<b>3 527</b>	<b>20</b>	<b>517</b>	<b>+11.0 %</b> Price increases
<b>Eisberg</b>	<b>2 156</b>	<b>10</b>	<b>163</b>	<b>+17.6 %</b> New Marchtrenk plant, price increases
<b>Hilcona</b>	<b>1 917</b>	<b>6</b>	<b>261</b>	<b>+15.1 %</b> Sandwiches and pasta, price increases, food service
<b>Hügli</b>	<b>1 597</b>	<b>14</b>	<b>191</b>	<b>+10.7 %</b> Food service



## Development of gross operating income and EBIT – rising procurement costs

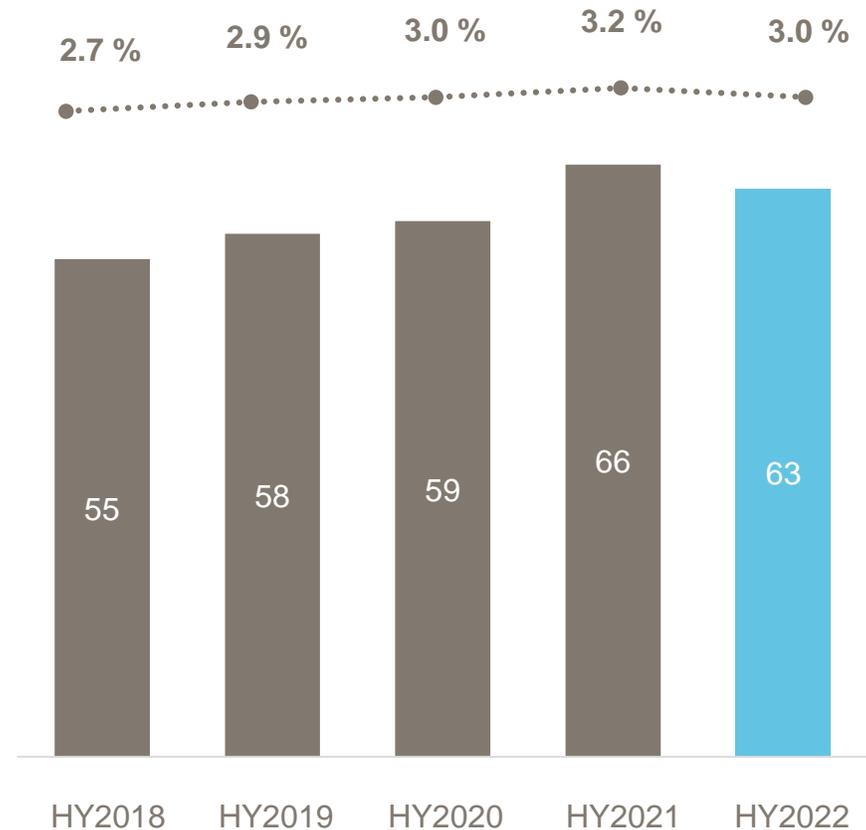
### Gross operating income

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 measures»

## Income statement – currency effects weigh on the half-year result

in CHF million

	reported				adjusted			
	HY2021	HY2022	Δ	%	HY2021	HY2022	Δ	%
<b>Gross profit</b>	788.8	812.2	+23.4	3.0%	788.8	812.2	+23.4	3.0%
<b>EBITDA</b>	145.7	143.7	-2.1	-1.4%	145.7	143.7	-2.1	-1.4%
<b>EBIT</b>	<b>64.7</b>	<b>63.0</b>	<b>-1.6</b>	<b>-2.5%</b>	<b>65.7</b>	<b>63.0</b>	<b>-2.6</b>	<b>-4.0%</b>
<b>Financial result</b>	-0.3	-9.9	-9.6		-0.3	-9.9	-9.6	
<i>of which interest</i>	-4.0	-4.8	-0.8		-4.0	-4.8	-0.8	
<i>of which exchange rate effects</i>	3.7	-5.1	-8.8		3.7	-5.1	-8.8	
<b>Result from associates</b>	1.2	1.0	-0.2		1.2	1.0	-0.2	
<b>Taxes</b>	15.5	13.9	-1.6		15.5	13.9	-1.6	
<b>in profit</b> Third-part interest	0.0	-0.0	-0.0			-0.0		
<b>HY result</b>	<b>50.0</b>	<b>40.2</b>	<b>-9.9</b>	<b>-19.8%</b>	<b>51.0</b>	<b>40.2</b>	<b>-10.9</b>	<b>-21.3%</b>

- Rapidly rising inflation impedes the implementation of price rounds
- In spite of massive inflation, EBIT is only slightly below the prior-year record
- The decline in half-year profit is mostly due to contrasting foreign currency effects
- **Excluding these currency effects, the half-year result is slightly below the previous year with an adjusted decline of CHF 2.1 million**

## Balance sheet and cash flow – bond issue affects the balance sheet

246.9

Share of  
total assets 8.6 %

Cash and cash  
equivalents

in CHF million

739.2

+ CHF 58.7 m  
compared to 31/12/2021

Net financial  
liabilities\*

in CHF million

1 382.4

Share of  
total assets 48.3 %

Equity\*

in CHF million

1.6

Operating  
free cash flow\*

in CHF million

106.2

Operational  
investments

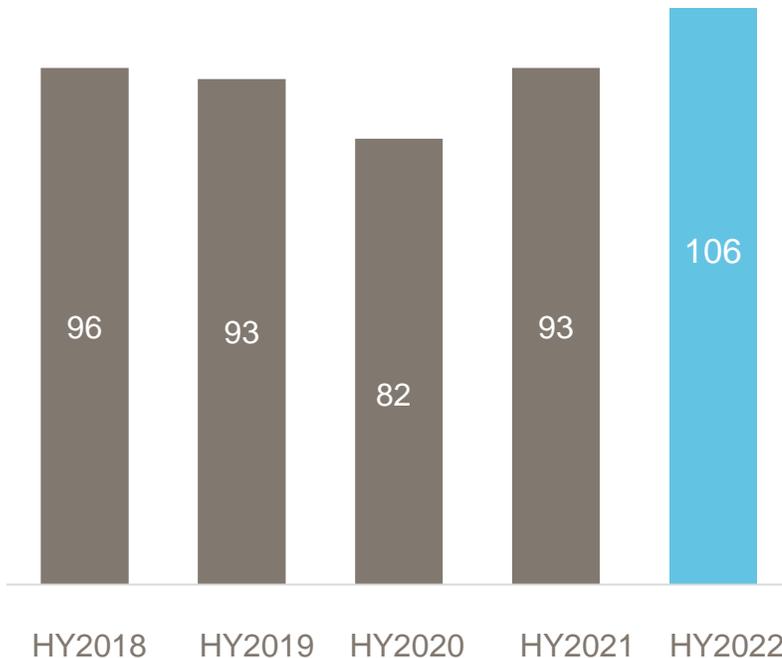
in CHF million

- Successful bond issue;  
CHF 300 million, 7 years at 1.55 %
- Operating free cash flow remains positive in spite of  
high investments
- **The successful bond issue leads to a balance  
sheet extension; this reduces the equity ratio and  
increases net financial liabilities**

## Investments – for a productive future

### Operational investments

in CHF million

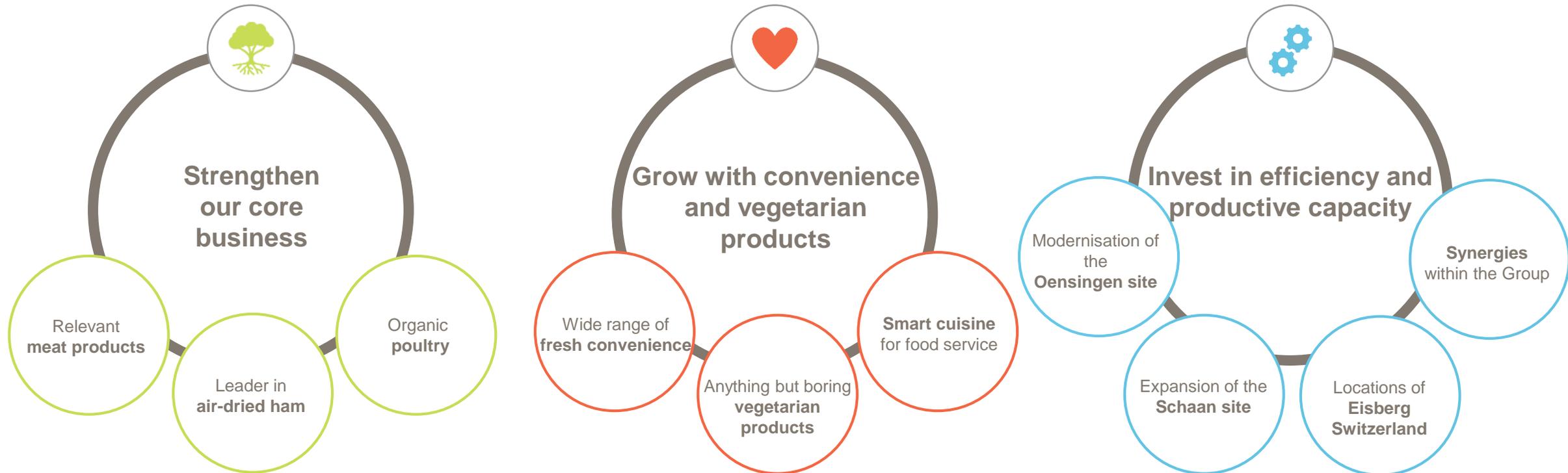


- Higher investment costs due to the planned major projects
- Some inflation effects noticeable, but cushioned by the overall budget
- Expected capex as at the end of 2022 below the average annual guidance of CHF 300 million
- **Investments in our infrastructure to strengthen the core business in Switzerland and sustainably secure important drivers of revenue in the long term**

# Strategy 2021–2025

Leading in food – strategically expand our leading position.

Wir gestalten  
Zukunft.



> Secure long-term earning power and productive capacity

## Bell Switzerland investment programme – deep-freeze warehouse

Modernisation  
of the  
Oensingen  
location

New  
deep-freeze  
warehouse

- New deep-freeze warehouse with space for some 34 000 pallets; climate control at -24°
- Already at full capacity; around 60% by Bell and 40% by external customers
- Construction is mostly finalised; programming and testing from May 2022; cooling to start in Q1/2023 and stocking in Q2/2023

### Important benefits:

- Reduction of decentralised, external and internal warehouses from eight to one central warehouse
- Fully automated conveyor technology allows a higher turnaround of goods
- Acclimatisation with radio wave technology for defrosting within 40 minutes instead of two days as before
- Total reduction in energy consumption of around 50 %
- Twice the volume with the same number of employees



## Bell Switzerland investment programme – beef abattoir

Modernisation  
of the  
Oensingen  
location

New  
abattoir

- New beef abattoir
- Increase in capacity from 650 to 1 000 animals per day; considerable process optimisation
- Construction work has started; commissioning is planned for 2025

### Important benefits

- Building measures ensure improved animal welfare during unloading and herding, reduction in noise and optimised ventilation and lighting conditions
- Reduced energy consumption and use of rain water for the cleaning of transport vehicles and stables
- Gentle cooling of carcasses by moving them through three climate zones for improved meat quality
- Increase in productivity from 60 animals/hour to 120 animals/hour (international standard)



Modernisation  
of the  
Oensingen  
location

Slicing centre

- Transfer of the charcuterie slicing activities from Basel and Cheseaux and concentration at the new slicing centre in Oensingen
- Construction work has started; commissioning is planned for 2025

### Important benefits:

- Reduction of slicing facilities from 16 to eight highly productive lines – allows lines to be managed more efficiently
- Automated conveyor technology and intralogistics reduce the previous manual work processes
- Ideal spacing for longer lines; allows the use of new technologies for quality assurance and automation



## Bell Switzerland investment programme – logistics centre

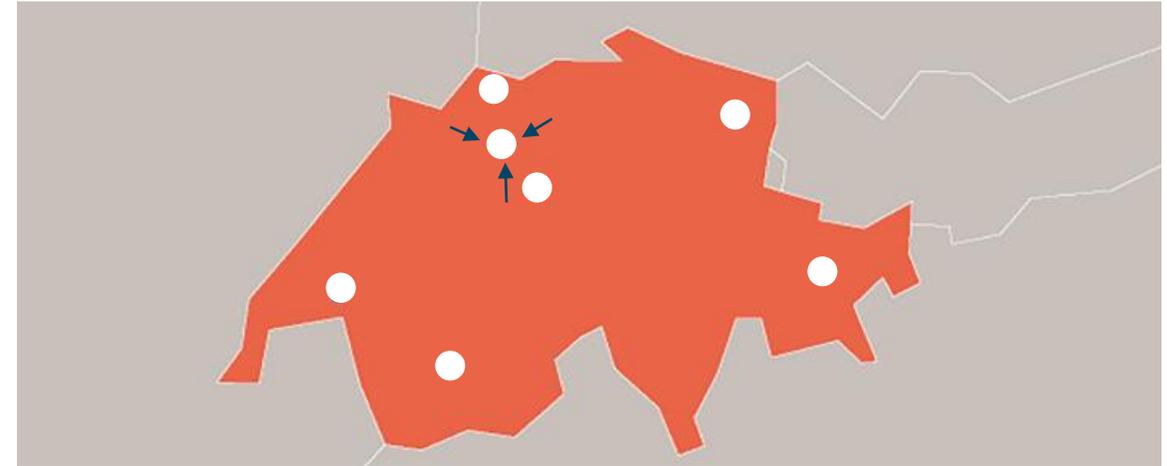
Modernisation  
of the  
Oensingen  
location

Central  
logistics and  
picking

- New building for centralised logistics and picking at the Oensingen location
- Picking operations of six locations are concentrated in the new facility in Oensingen
- Construction work has started; commissioning is planned for 2025

### Important benefits:

- The only logistics centre for deliveries of several product groups commissioned by branches in Switzerland
- Concentration in one location allows a higher throughput and more efficient maintenance
- Very short order-delivery frequency – shops have half a day more time for ordering, reducing liquidation/food waste at the customer
- Standardisation of production planning in order to optimise inventories and production batches



Expansion of  
the poultry  
facility in  
Pfaffstätt

Extension of the  
washing facility  
for crates

Expansion of the  
administration  
building

- The current production infrastructure is at full capacity thanks to strong growth in the past few years
- Expansion of capacity and improvement of efficiency through various expansions, conversions and renovations 2022–2023

Current status of work:

- New access road/roundabout built
- Expansion of the administration building; to be completed in September 2022
- Moving of the crate washing facility to the new building (in construction), followed by the expansion of rooms and deboning
- Expansion of the delivery cold room and warehouse; to be completed in September 2022



# ESG and sustainability engagement

## We take responsibility.

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### Climate neutrality

GHG neutral in Scope 1-2 by 2035  
and in Scope 1-3 by 2050

< 1 %

### Food waste

Operational food waste by 2026

> 50 %

### Packaging

Recyclability of packaging by 2026

-10 %

### Water consumption

Reduction of water consumption in  
non-risk areas by 2026

> 60 %

### Animal welfare labels

Animal raw materials from  
Switzerland certified by an animal  
welfare label by 2026

> 370 million

### Organic sales

Sales of organic products  
in CHF million by 2026

# Outlook.

## Outlook for 2022 financial year – development of the framework conditions is unclear

### Bell Food Group

- The future development of the market will predominantly depend on what happens with the coronavirus situation in the second half and whether the expected new wave in autumn and winter will bring new lockdown measures. If not, the Bell Food Group assumes that normalisation of the channel mix will continue in the second half of 2022.
- The procurement and price situation is likely to remain tense in the second half. For as long as uncertain geopolitical situations persist, it can be assumed that inflation will increase further for raw materials, packaging materials and energy. For the Bell Food Group, this means a further hike in production costs, which will again affect the result in the second half of 2022.