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# **The Bell Food Group continues its strategic growth**

Annual results media conference/financial analysts' presentation  
2017 financial year

13 February 2018 | Bell Food Group Ltd

# Key facts at a glance.

Sales revenue  
in CHF million

**3'589,0**

+ 5,9 %

Sales volume  
in million kg

**453,8**

+ 9,6 %

Annual profit  
in CHF million

**106,5**

+ 5,9 %

Number of  
employees  
FTEs

**10'578**

+ 1,4 %



Renewed  
growth posted  
for sales  
revenue and  
volume

Good annual  
performance  
in a difficult  
environment

Strategic  
development  
of convenience  
segment  
continues

Production plants

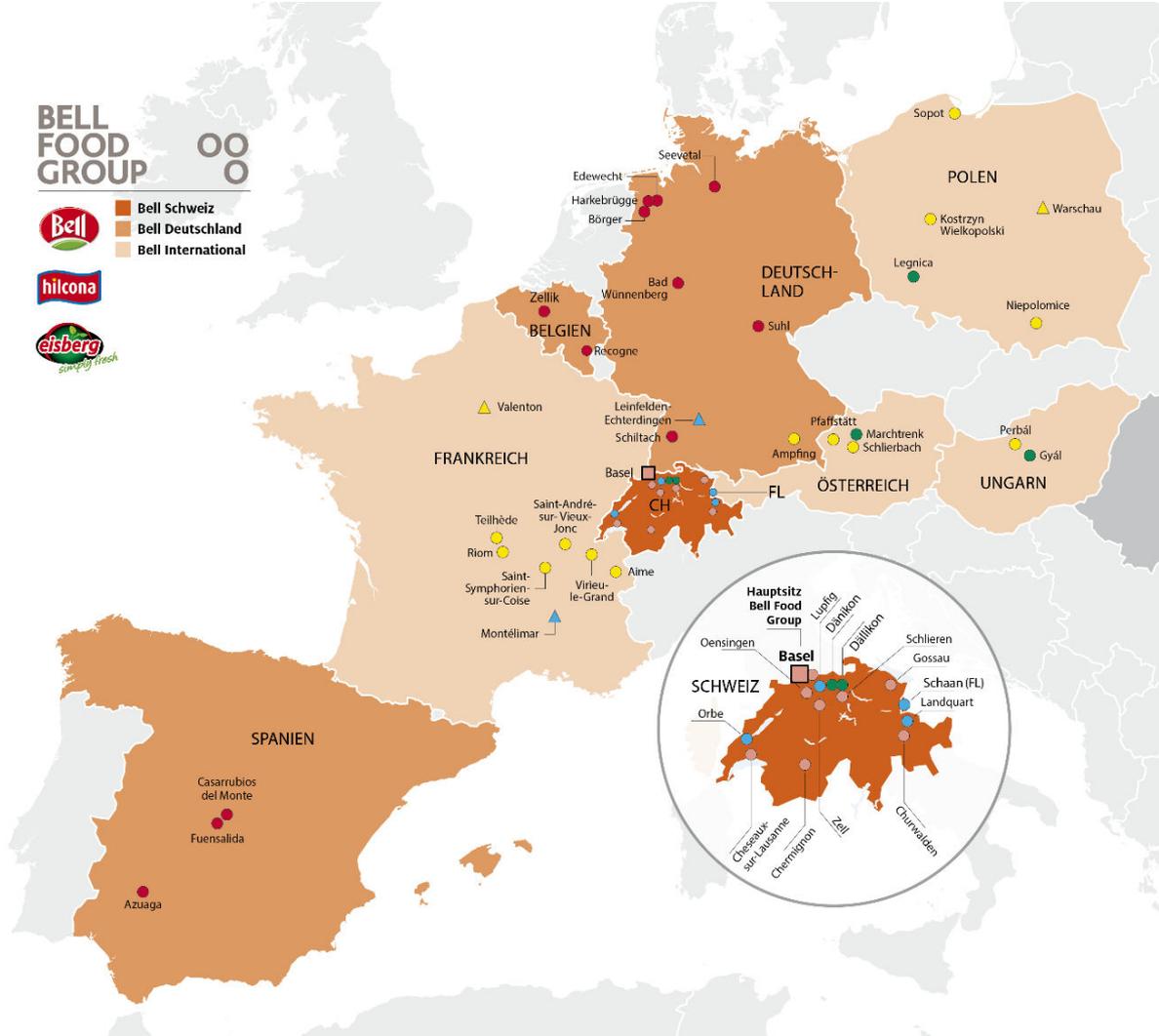
**43**

+ 2

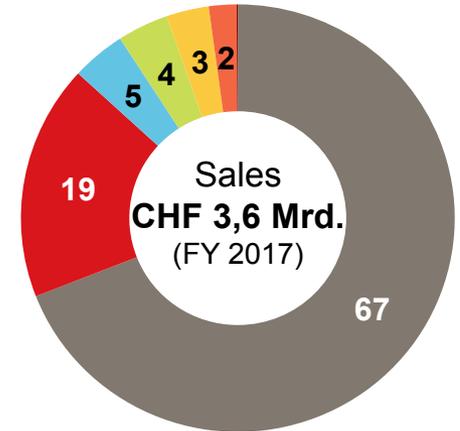


# Key facts at a glance

## Sales revenue by country



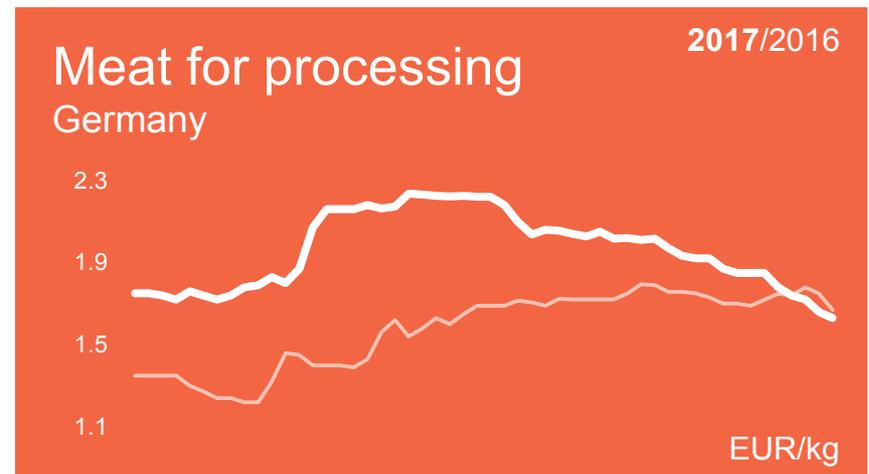
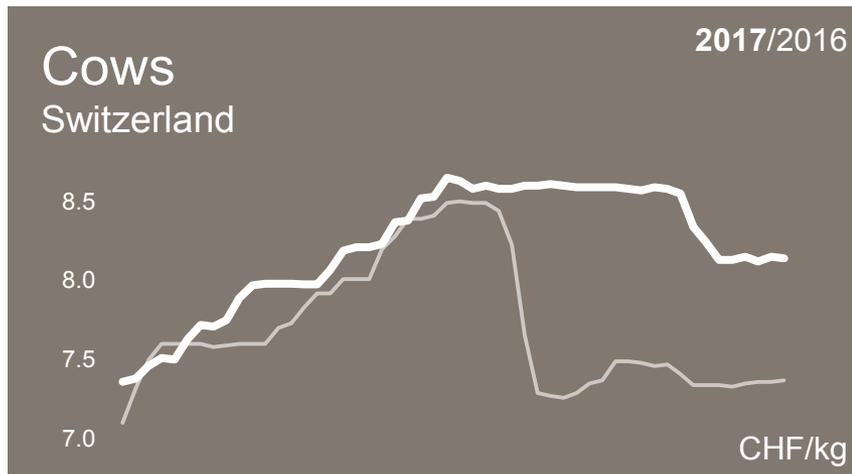
## Distribution of sales in %



- Switzerland
- Germany
- Austria
- Eastern Europe
- France
- Spain, Benelux
- Other (<0.1%)

# Most important influences on the results.

# Development of cost of raw materials

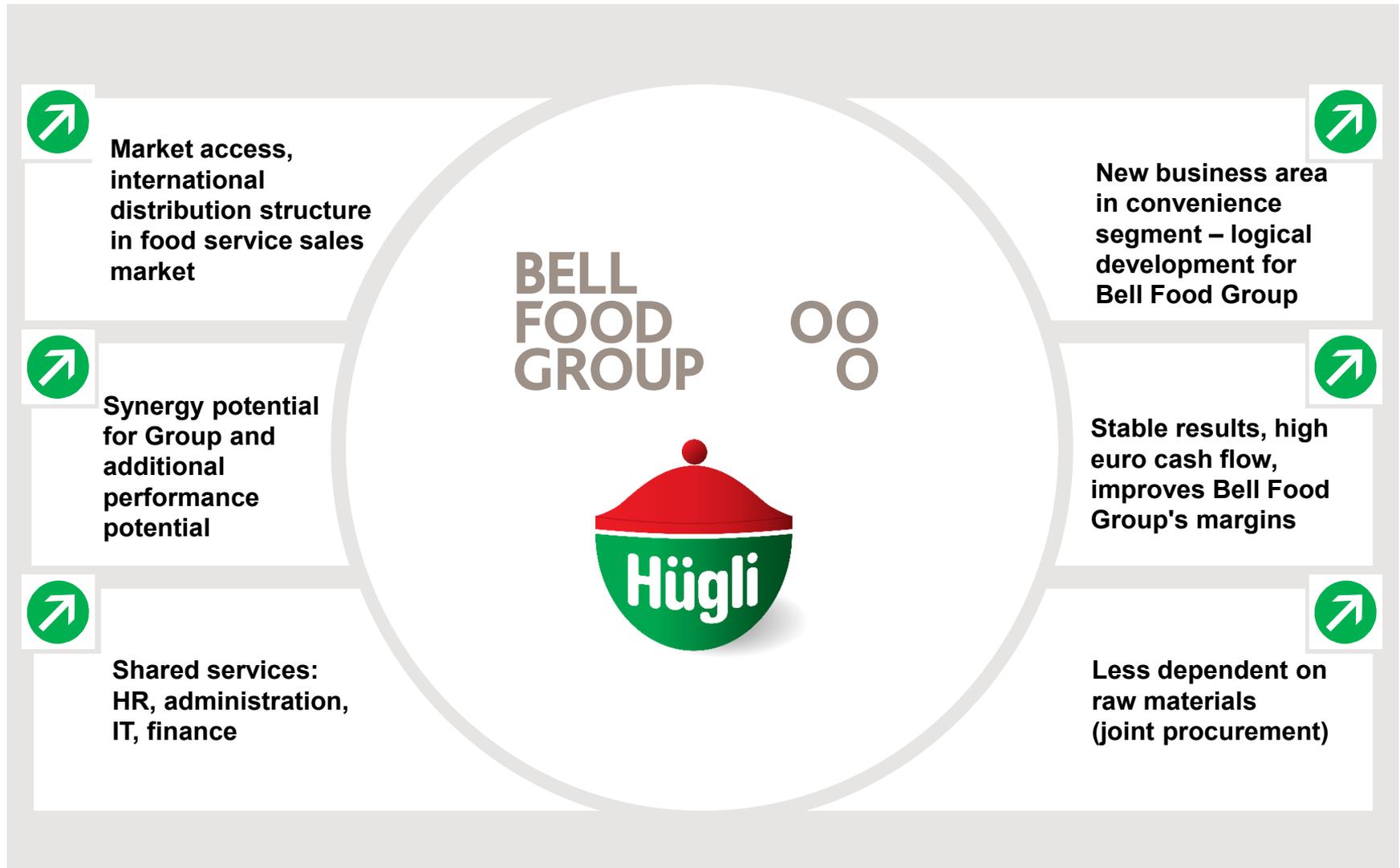


# Strategic directions of the Bell Food Group.

## Systematic implementation of the Group strategy

- **Strengthening of leading position in traditional meat, poultry and charcuterie segment**
  - > Focus on efficiency and productivity improvements
  - > Added-value product ranges and sustainability
- **Expansion of market share in high-growth and high-margin convenience segment**
  - > Strengthening of leading position in European convenience food segment
  - > Organic growth as well as growth through acquisitions
- **Significant strengthening of food service channel**
  - > Strategically important expansion of reach in convenience food segment and international markets
  - > Increased attraction as point of contact for many customers
- **Expansion of presence in Europe**
  - > Second geographic foothold in addition to home market Switzerland

# Hügli acquisition.





### Meat

- Fresh meat
- Poultry
- Seafood
- Charcuterie



### Super fresh convenience

- Prepared salads
- Ready-cut salads, fruit and vegetables



### Fresh convenience

- Pasta
- Sandwiches
- Ready-to-serve meals
- Pizzas



### Long-life convenience

- Soups
- Sauces & dressings
- Desserts
- Ingredients

# Expansion of European presence



Expansion of European presence and access to new markets  
in Italy and UK

# Investment programme for Switzerland.

## Oensingen site

- Car park for Bell plants in Oensingen
- Deep-freeze store
- Renovation of cattle slaughterhouse
- Project for Holinden site in preparation



## Basel site

- Car park for Bell site at Neudorfstrasse
- Seafood activities



# Comments on the most important results.

## Income statement 2017



Operating income  
in CHF million

**3'537,3**

+ 5,7 %

Sales volume  
in million kg

**453,8**

+ 9,6 %

Gross profit  
in CHF million

**1'310,7**

+ 6,3 %

EBITDA  
in CHF million

**280,6**

+ 0,9 %

EBIT  
in CHF million

**149,7**

+ 5,3 %

Annual profit  
in CHF million

**106,5**

+ 5,9 %

# Sales development by product group

 Sales volume  
in million kg       Sales revenue  
in CHF million

## Meat/charcuterie



## Seafood



## Poultry



## Convenience



## Balance sheet and cash flow 2017



Cash and cash equivalents  
in CHF million

**83**

Share of total assets  
4 %

Non-current assets  
in CHF million

**1'212,7**

Share of total assets  
57,9 %

Net financial liabilities  
in CHF million

**637,4**

Debt-to-equity ratio  
2,3

Equity  
in CHF million

**784,3**

Share of total assets  
37,5 %  
(previous year 45,7 %)

Net investments in property, plant and equipment  
in CHF million

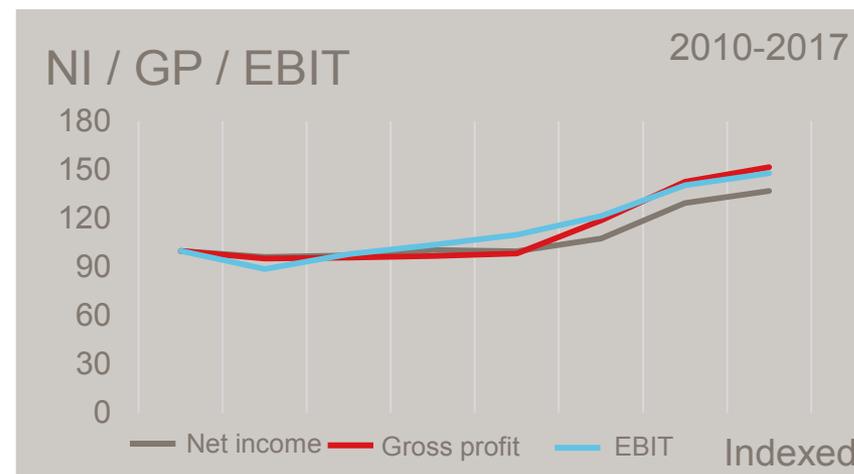
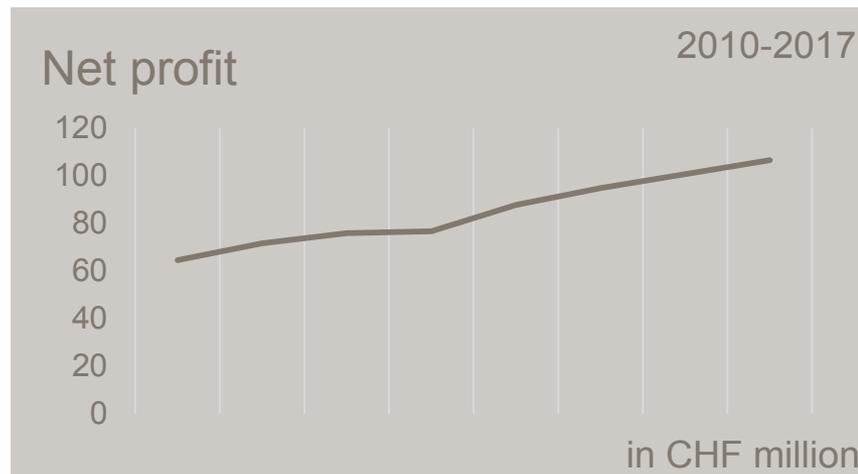
**113,7**

Operating cash flow  
in CHF million

**161,3**

- 34,3 %

## Long-term view



# Comments on the most important results

## Key figures for shares 2017

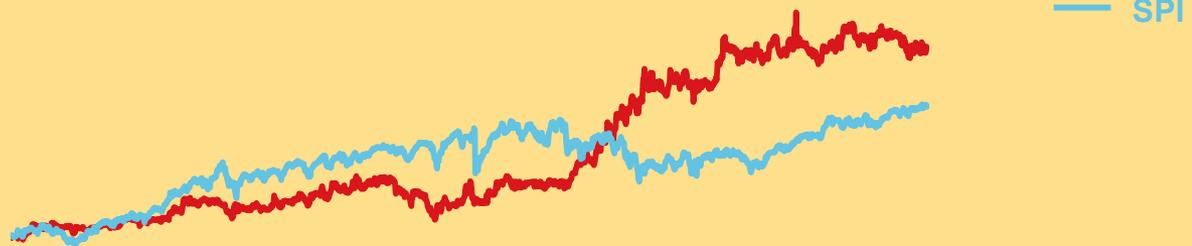
Share price  
in CHF on 31.12.

**429,50**

- 2,1 % (since 1.1.2017)  
+ 26,7 % (since 1.1.2016)  
+ 75,4 % (since 1.1.2015)

Share price performance 2012-2017

31.12.2017



01.01.2012

Ø Average daily  
trading volume  
in number of shares  
per day

**1'647**

+ 67

Dividend\*  
in CHF per share

**8**

+ 1

\*2017 proposal

Registered  
shareholders

**4'807**

+ 382

Market capitalisation  
in CHF million as of  
31.12.

**1'718**

- 2,1 %

# Details on the segments.

Sales revenue  
in CHF million

**1'960**

+ 2,8 %

Sales volume  
in million kg

**125,5**

+ 1,2 %

Employees  
FTEs

**3'587**

+ 1,7 %

Production plants  
Number

**12**

=

# Division Bell Germany

Sales revenue  
in CHF million

**477**

+ 6,9 %

Sales volume  
in million kg

**72,4**

+ 6,8 %

Employees  
FTEs

**1'663**

+ 14,9 %

Production plants  
Number

**11**

+ 1



## Division Bell International

Sales revenue  
in CHF million

**610**

+ 16,4 %

Sales volume  
in million kg

**159,3**

+ 21,1 %

Employees  
FTEs

**2'667**

- 10,7 %

Production plants  
Number

**10**

=



Details on the segments  
**Hilcona/Eisberg**

Sales revenue  
in CHF million

**618**

+ 7,2 %

Sales volume  
in million kg

**107,9**

+ 7,6 %

Employees  
FTEs

**2'662**

+ 7,6 %

Production plants  
Number

**10**

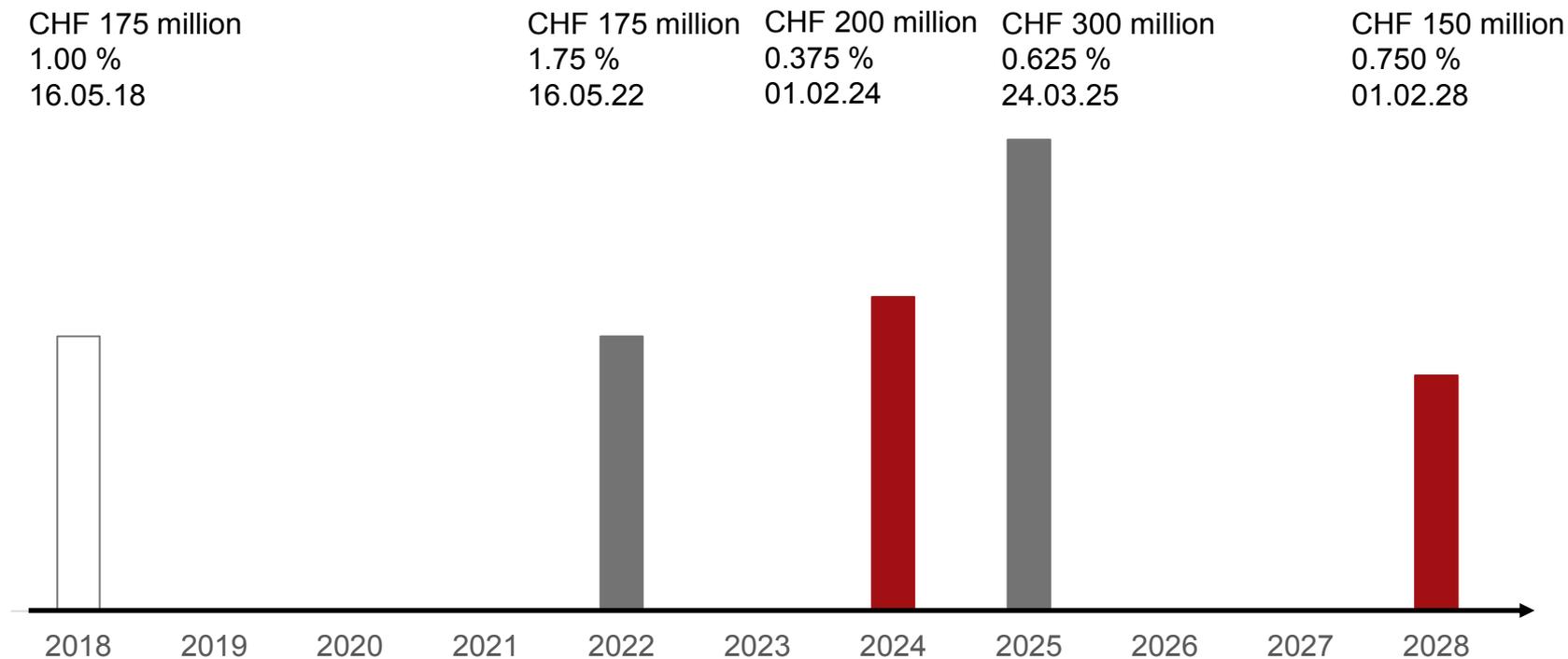
+ 1



# Financial strategy and outlook.

- **Goodwill from acquisitions is amortised over 8 to 15 years.**
- **Goodwill from acquisitions of controlling interests in other companies is recognised in equity.**
  - > 2017 Goodwill from takeover of remaining 49 % in Hilcona
  - > 2018 Goodwill from takeover of remaining Hügli shares
- **Strategic target for equity ratio > 40 %**

## Maturity profile for bonds



On 1 February 2018, Bell will have outstanding bonds of CHF 1,000 million. After repayment of the bond maturing on 16 May 2018, this amount will be reduced to CHF 825 million.

-  Maturing in May 2018
-  Current bond
-  New bond in two tranches on 01.02.2018

## Financial strategy and dividends to shareholders

### Capital structure

- **Sensible combination of equity and borrowed capital** to finance the Group's future growth
- Strengthening of **equity base** and credit metrics of the Bell Food Group
- **Net debt / EBITDA** (pro forma) of **< 2 ×** after capital increase

### Long-term financing strategy for the Bell Food Group

- **Balanced capital structure** with solid equity base and bonds with long-term, diversified maturity profile
- **Equity ratio > 40 %**
- **Net debt / EBITDA ~2,5 ×**

### Dividend policy

- **Increase in dividend by CHF 1 to CHF 8 per share** will be proposed to AGM
- Target: **payout ratio of approx. 30 %**

# Summary and outlook for 2018.

## Summary and outlook

- In a difficult environment, growth was posted again for sales revenue, sales volume and annual profit; increased dividend payment.
- Strategic further development of convenience business area with full takeover of Hilcona/Eisberg and construction of new convenience plant in Austria.
- Investments in Switzerland and Spain to improve efficiency and productivity and to strengthen meat product ranges with added value.
- For 2018, we expect conditions for raw material prices to be better, but competition will remain fierce in the European retail market.
- Fast integration of Hügli in order to exploit market and cost synergies.