



Bell Food Group

Operational progress in the 2019 financial year;
exceptional factors affected the result

Annual results media conference/Financial analysts' presentation
2019 financial year

13 February 2020 | Bell Food Group Ltd

Key facts at a glance.

Key facts at a glance

Results for the 2019 financial year

Sales revenue
in CHF million

4,078

- 1.6 %

Annual profit
in CHF million

49.6

- 44.5 %

Adjusted for
exceptionals
+ 15.9 %

Dividend*
in CHF per share

5.50

=

*2019 proposal

Locations

65

- 4



Number of
employees
FTE on 31/12

12,195

- 2.0 %



CO2 emissions
in kg/tonne of sales
volume

131

- 5.1 %



Innovation
New products per year

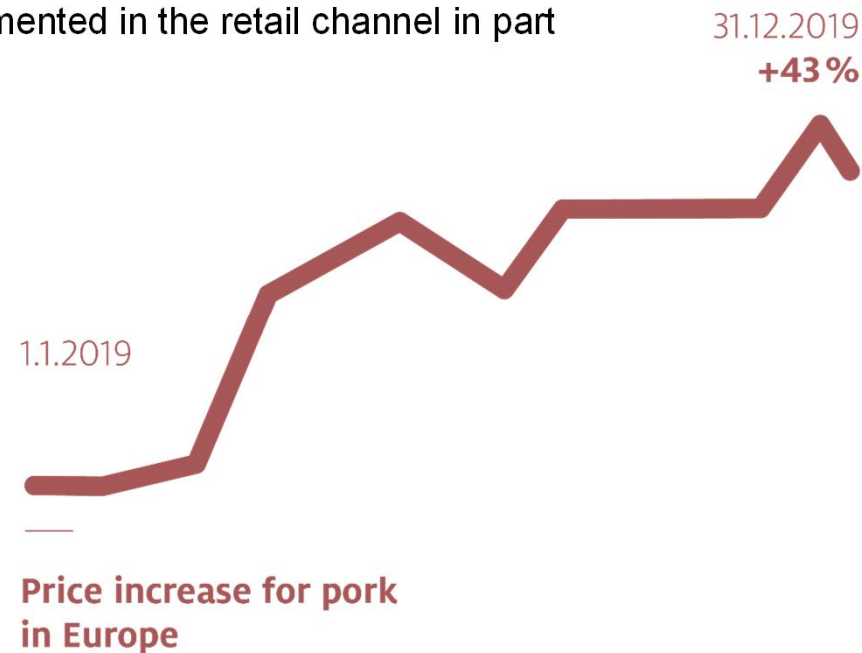
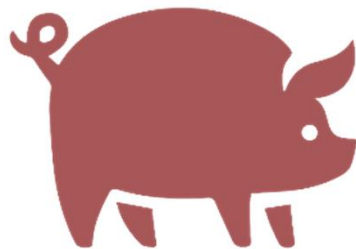
> 2,000



Important events.

Rising prices burden the Bell International business area

- Massive increase in prices for pork in Europe burden the results of Bell International
- Price increase triggered by the outbreak of African swine flu in Asia that reduced pig herds by some 40 % in China alone; these shortfalls are compensated with purchases from Europe, among others, which tightens supply
- Resulting price increases could only be implemented in the retail channel in part and with delay, after various price negotiations



Focus on air-dried ham

- Due to unsatisfactory earnings and dependence on raw material prices, exit from the German sausage business was decided and implemented
- Bell is focusing its portfolio on regional air-dried ham specialities from its own production in various countries
- Strong market position in air-dried ham expanded further with the commissioning of a new production plant for Serrano ham



New production capacity for the Convenience business area

- Production capacities for convenience products noticeably expanded in the DACH region (DE/AT/CH)
- Opening of Europe's most modern convenience facility in Marchtrenk/AT; manufacture of various convenience ranges for the Austrian and German markets
- Conversion of the facility at Bad Wünnenberg/DE into a production plant for fresh convenience products for the German market



Sustainability and consumption.

Sustainability and consumption

We take responsibility



We are **committed** to manufacturing ecological, animal-friendly and socially responsible products.



We respect the **environment** and handle **resources** carefully.



We are an **attractive employer** and are committed to our employees and our role in society.



CO₂ emissions

In kWh/tonne of sales

2017	136 ¹
2018	138 ¹
2019	131

¹ With Eisberg's recalculated consolidated consumption of natural gas



Water consumption

in m³/tonne of sales

2017	11.0
2018	11.6
2019	11.5



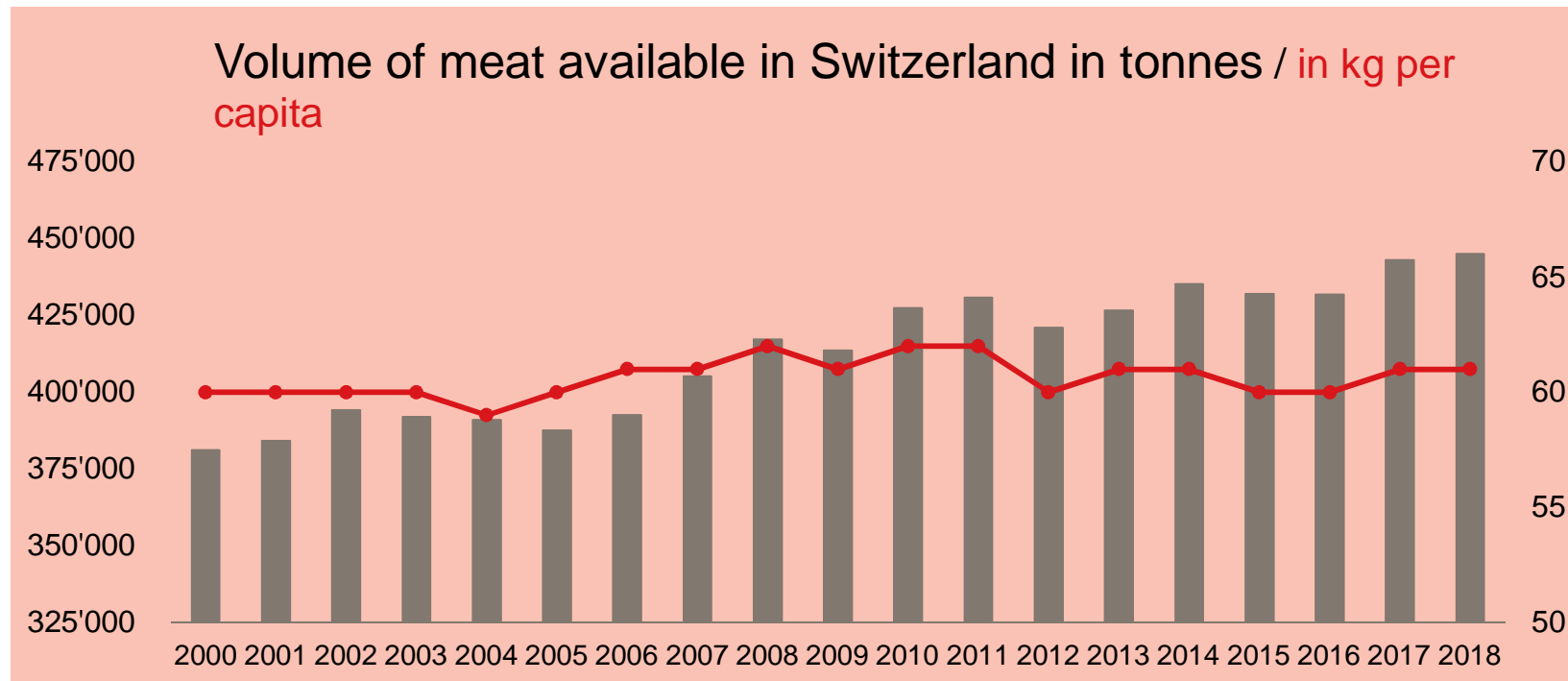
Electricity consumption

In kWh/tonne of sales

2017	581
2018	521
2019	493

Development of meat consumption

- > Volume of meat available to measure Swiss meat consumption
- > Bell's estimate for 2019 is around -1 %
- > Shopping tourism is not included in any figures



Source: Proviande

Performance of the business areas.

Performance of the business areas

Business areas of Bell Food Group

Bell Food Group

Sales in CHF billion

4.1

Locations

65

Employees

12,200

Bell Switzerland



Sales in CHF billion

2.0

Locations

13

Employees

3,400

Product ranges

**Fresh meat, poultry,
charcuterie, seafood**

Bell International



Sales in CHF billion

1.0

Locations

25

Employees

3,800

Product ranges

Poultry, charcuterie

Convenience



Sales in CHF billion

1.1

Locations

27

Employees

5,000

Product ranges

**Ultra-fresh, fresh and non-
perishable convenience products**



Bell Switzerland business area

- Market for meat and charcuterie products contracted slightly in 2019, both in the retail and food service sectors
- Marked improvement in earnings in spite of the difficult market environment
- Positive development of the product range mix; sales of products with high added value improved further
- Effective cost management and process optimisation measures had a positive impact
- Construction of new the deep-freeze store in Oensingen to start in spring 2020; commissioning planned for mid-2021

> Insourcing of storage capacity and improved profitability

Bell Switzerland



Sales in CHF billion

2.0

Locations

13

Employees

3,400

Product ranges

**Fresh meat, poultry,
charcuterie, seafood**



Bell International business area

- European market for charcuterie products marked by the strong rise in raw material prices and a contracting retail market in 2019
- Sale of the German sausage business reduced dependence on raw material prices
- Expansion of the good position in the air-dried ham segment with new product and packaging solutions
- Poultry market in Austria grew while the German market was stable due to turkey shortages
- Positive trend for Hubers continued; efficiency enhancement measures and infrastructure investments are having the required effect
- Encouraging sales growth for products meeting higher animal welfare standards, in particular organic labels

Bell International



Sales in CHF billion

1.0

Locations

25

Employees

3,800

Product ranges

Poultry, charcuterie



Convenience business area

- While the convenience market in Switzerland remains stable, the convenience segment in Europe is growing strongly
- Eisberg, Hilcona and Hügli divisions posted further growth and gained market share; earnings situation still encouraging
- Added value increased thanks to innovative products with a higher degree of convenience and freshness
- Investments in new production capacities in Marchtrenk and Bad Wünnenberg and in new technologies allow further exploitation of this growing market
- Launch of the plant-based "The Green Mountain Burger" in the retail channel planned for Q1/2020
- Additional synergies could be exploited within the business areas

Convenience



Sales in CHF billion

1.1

Locations

27

Employees

5,000

Product ranges

Ultra-fresh, fresh and non-perishable convenience products



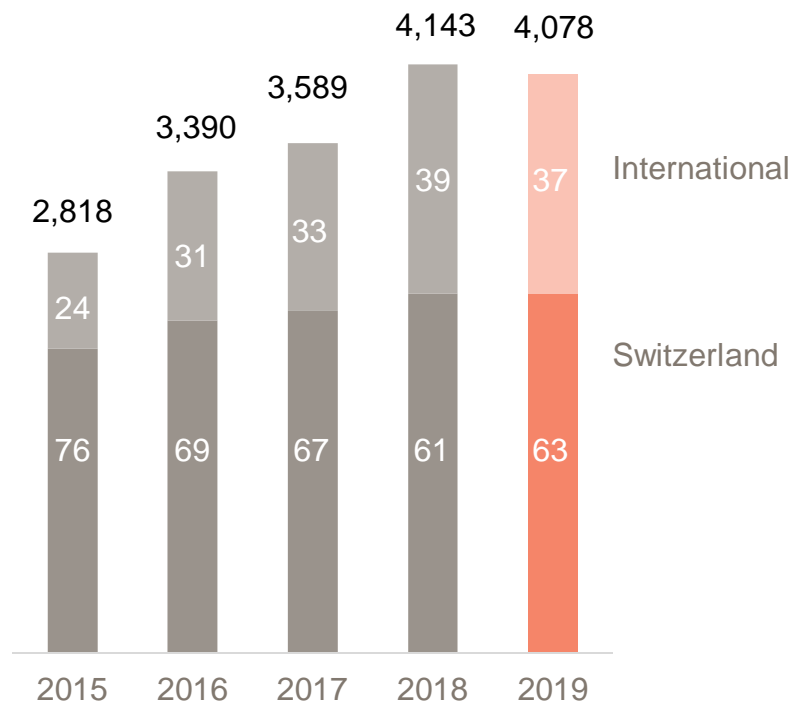
Comments about financial reporting.

Comments about financial reporting

Sales revenue and volume

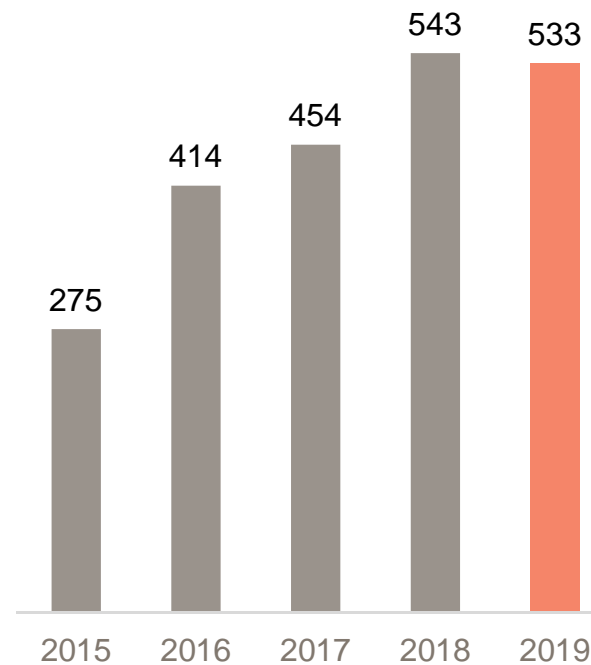
Sales revenue

in CHF million



Sales volume

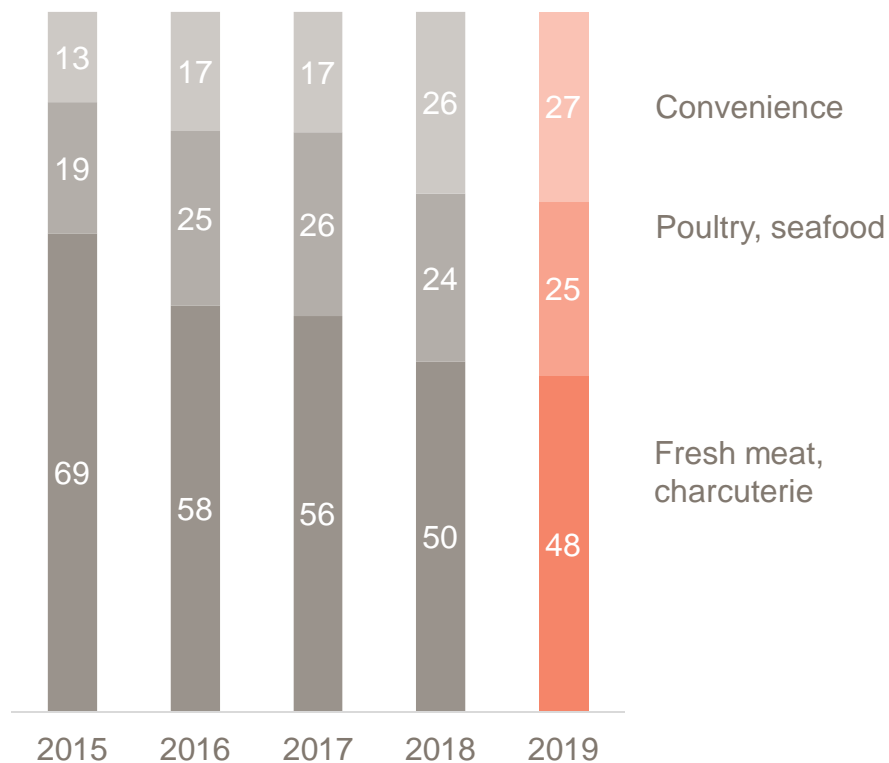
in million kg



Detail of sales revenue and gross profit

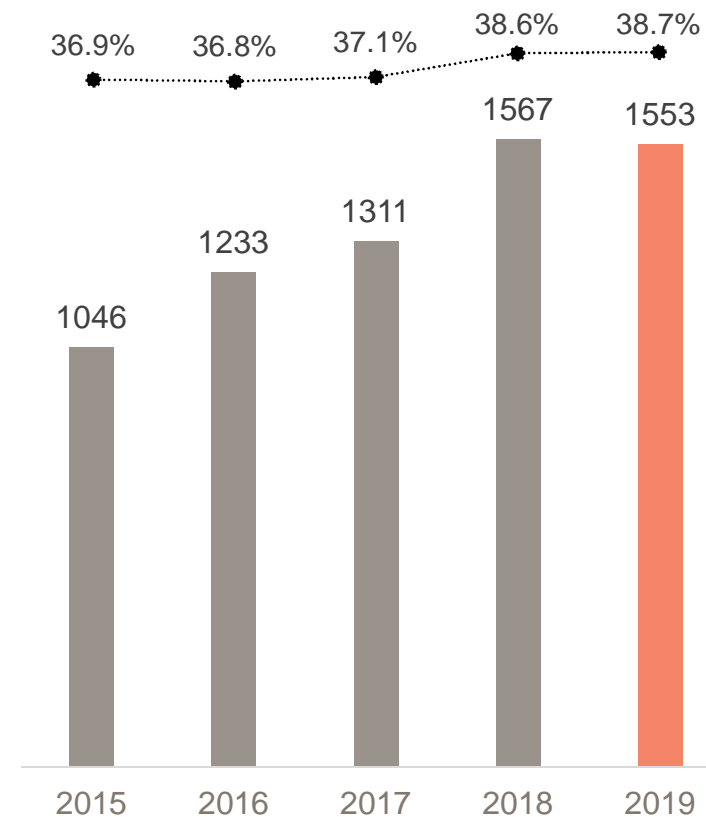
Breakdown of sales by product group

in %



Gross operating profit

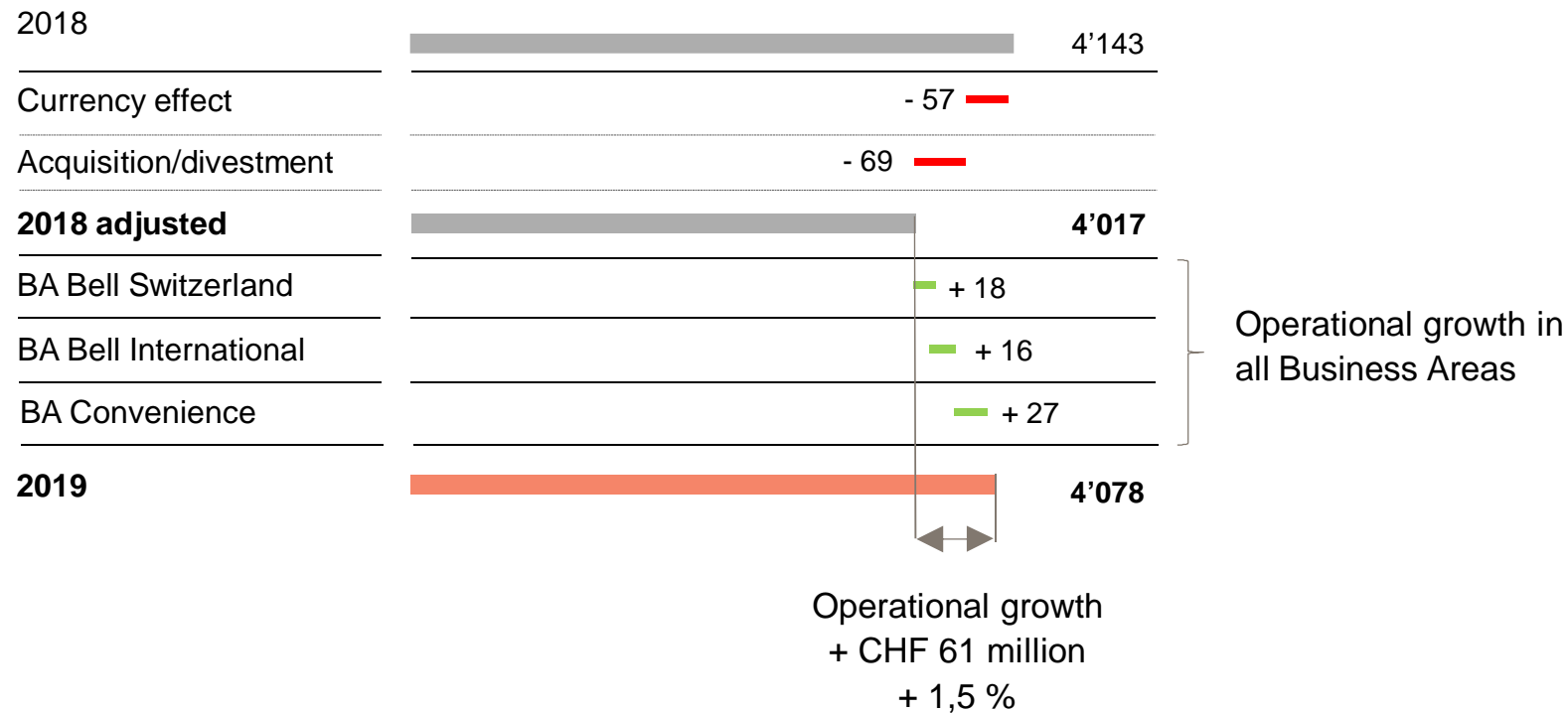
in CHF million and in % of net income



Effects on sales revenue

Sales revenue

in CHF million



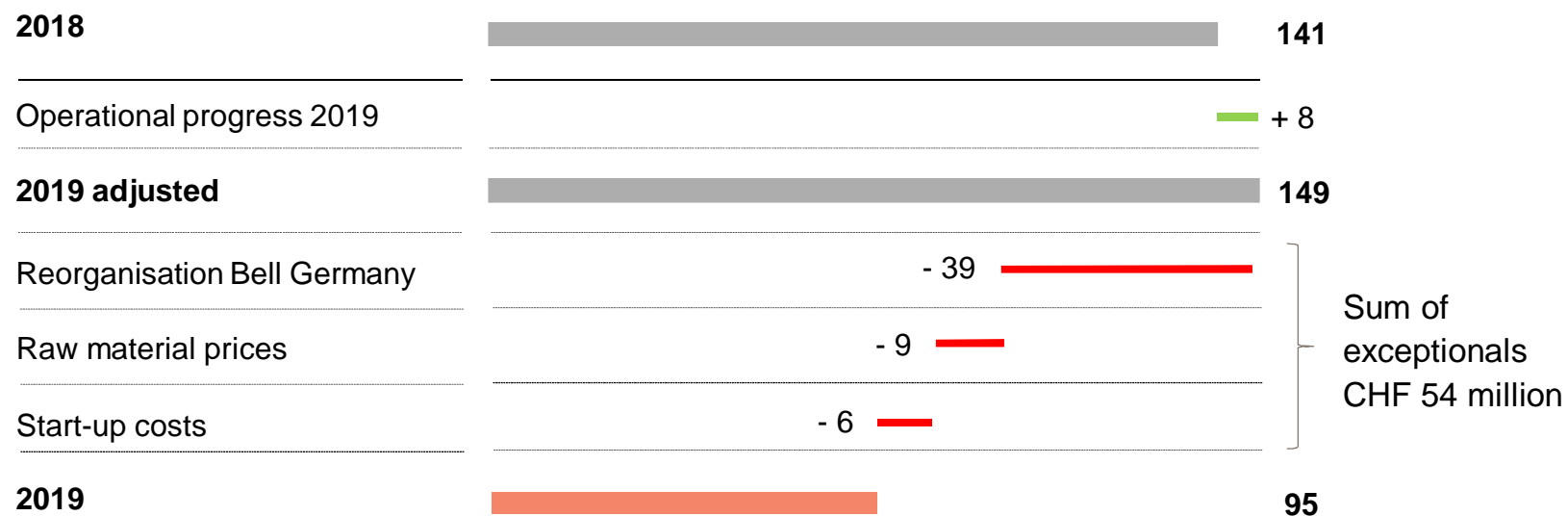
Acquisition/divestment:

- sale of the two German sausage plants in Suhl and Börger (as of 31.07.2019)
- idleness Bad Wünnenberg
- + full-year consolidation of Sylvain&CO (first consolidation as of 01.05.2018)

Operational progress

EBIT

in CHF million



Comments about financial reporting

Income statement



	2019		2018
	Reported figures	Adjusted figures	Reported figures
in CHF million			
EBIT	95,3	149,1	140,6
Financial result	-19,1	-19,1	-14,7
<i>thereof foreign exchange losses</i>	-9,6	-9,6	-4,6
<i>thereof other financial expenses</i>	-9,4	-9,4	-10,1
Net income from associated companies	3,0	3,0	1,8
Taxes	-29,7	-29,7	-34,6
Third-party interest in profit	0,1	0,1	-3,9
Annual profit	49,6	103,5	89,3

Details on the segments.

Bell Switzerland business area

Key facts

- Slightly contracting sales volumes due to falling sales in the retail channel and the weak first half
- Increase in sales revenue and gross profit due to further increase in domestic meat production (mostly poultry) and optimised product range mix
- Measures implemented in 2018 and efficient cost management led to a substantial improvement in the result
- Higher net investments in infrastructure modernisation and automation

Sales revenue
in CHF million

1,999.4
+ 0.9 %

Sales volume
in million kg

124.0
- 1.4 %

Employees
FTE

3,383
- 3.1 %

Net investments
in property, plant
and equipment
in CHF million

57.5
+ 32.8 %

Bell International business area

Key facts

- Merger of the international activities in one business area showed results
- Decline in sales revenue/volume explained by the changes at Bell Germany; reorganisation of this unit finalised
- The poultry business of Hubers recovered noticeably in the first half; sales of corn-fed poultry and organic poultry in particular improved substantially
- Changes in the product range mix boosted the operational result for Bell France
- Country units in Poland and Hungary successfully continued their product strategy for regional charcuterie specialities

Sales revenue
in CHF million

1,017.1
- 10.2 %

Sales volume
in million kg

213.0
- 8.1 %

Employees
FTE

3,775
- 13.7 %

Net investments
in property, plant
and equipment
in CHF million

48.2
- 22.1 %

Convenience business area

Key facts

- Rise in sales revenue and volume due to organic growth and the full-year consolidation of Sylvain & CO
- Start of Eisberg's new production facility in Marchtrenk/AT and the takeover of production in Bad Wünnenberg led to higher investments and employee numbers
- Eisberg division posted good earnings thanks to strong growth in Poland, Hungary and Romania
- Hilcona holds its own in an increasingly competitive segment
- Integration of Hügli meets ambitious expectations and synergy potential is consistently exploited

Sales revenue
in CHF million

1,105.0
+ 2.9 %

Sales volume
in million kg

199.9
+ 5.0 %

Employees
FTE

5,037
+ 10.1 %

Net investments
in property, plant
and equipment
in CHF million

126.8
+ 13.5 %

Comments about the balance sheet, cash flow and investments.

Balance sheet and cash flow 2019

Cash and cash
equivalents
in CHF million

202.0

Share of total assets
7.5 %

Net financial
liabilities
in CHF million

673.6

Net debt ratio
2.4 x

Equity
in CHF million

1,287.3

Share of total assets
47.5 %

Operating cash flow
in CHF million

251.6

- 22.3 %

Net investments in
property, plant and
equipment
in CHF million

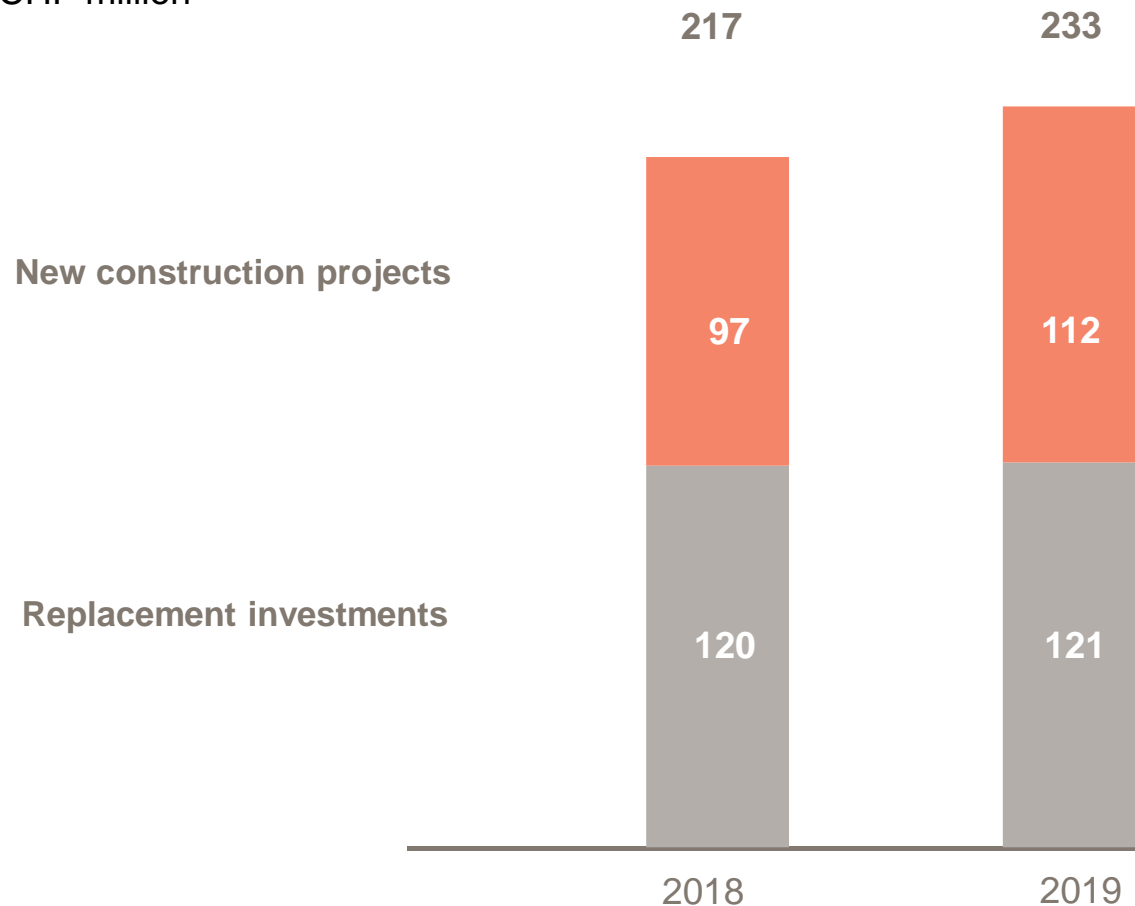
232.5

+ 7.2 %

Investments

Capex for property, plant and equipment

in CHF million



Expected Capex from 2020 around CHF 200-250 million because of various building projects

Outlook 2020 and strategic directions of the Bell Food Group.

Key focal points 2020

Bell Food Group

- Operational progress for all business areas

Bell Switzerland business area

- Secure earnings situation in spite of the challenging market environment
- Acquire new customers in the retail and food service segments

Bell International business area

- Raw material price increases expected to continue; further efforts to pass on higher procurement costs to sales prices
- Growth in high-margin air-dried ham product ranges
- Further integration of the value chain in the poultry business

Convenience business area

- Achieve further growth with new production options
- Offer more added value to customers with innovative product ranges and food solutions



Outlook 2020 and strategic directions of the Bell Food Group

Systematic implementation of Group strategy

1

Strengthening of the leading position in the core business
meat/poultry/
charcuterie/seafood



Investments in infrastructure and automation by Bell Switzerland and Bell International

2

Expansion of share in the high-growth and high-margin convenience market



Investments in infrastructure and innovation

Outlook 2020 and strategic directions of the Bell Food Group

Systematic implementation of Group strategy

3

Substantial
strengthening of
the food services
channel



 **MICROPAST**°

Sous-vide

Implementation of "smart cuisine" and new technologies

4

Expansion of the
geographic
presence



Expansion of convenience market presence in D-A-CH countries and expansion of exports (mainly to Asia)

Disclaimer



This document constitutes neither an offer to sell nor an invitation to buy securities. It is neither an offer, a public offering nor a prospectus within the meaning of Articles 3 and 35 et seq. of the Federal Law on Financial Services (FIDLEG) nor a listing prospectus within the meaning of the listing rules of SIX Swiss Exchange. Copies of this document may not be sent to or from jurisdictions or distributed in any other way where this is restricted or prohibited by law.

Should it be determined that this document constitutes an offer, a public offering, a prospectus, a basic information sheet or a similar communication pursuant to FIDLEG, please note that Bell Food Group AG has evaluated, summarised and presented the information available with the necessary care. This document also contains certain forward-looking statements. **Such forward-looking statements, plans, objectives, estimates and strategies are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, financial condition, development or other aspects of the Company relevant to investors to differ (possibly materially) from those explicitly or implicitly assumed and/or presented in these statements, plans, objectives, estimates and strategies. In light of these uncertainties, such forward-looking statements plans, objectives, estimates and strategies should not and cannot be relied upon.**

Bell Food Group AG assumes no liability and no obligation whatsoever to update such forward-looking statements, plans, objectives, estimates and strategies vis-à-vis investors or the wider public or to adapt them to future events or developments.