

**BELL  
FOOD  
GROUP**



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## **Bell Food Group**

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

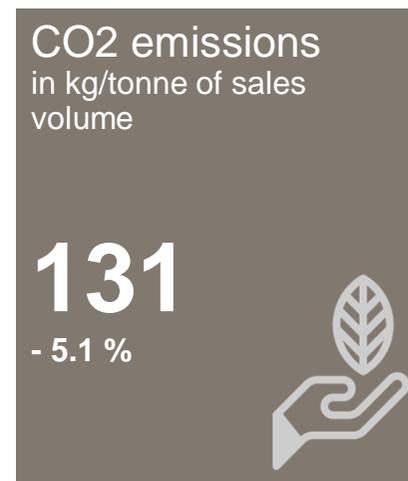
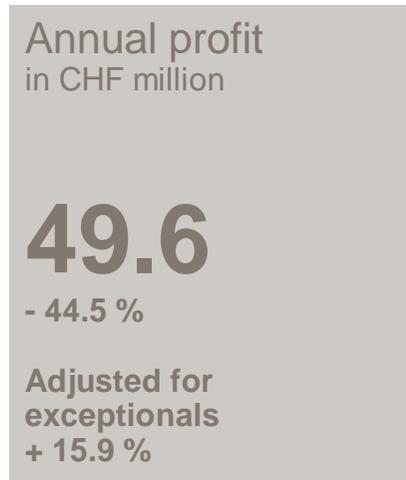
Annual results media conference/Financial analysts' presentation  
2019 financial year

13 February 2020 | Bell Food Group Ltd

# Key facts at a glance.

Key facts at a glance

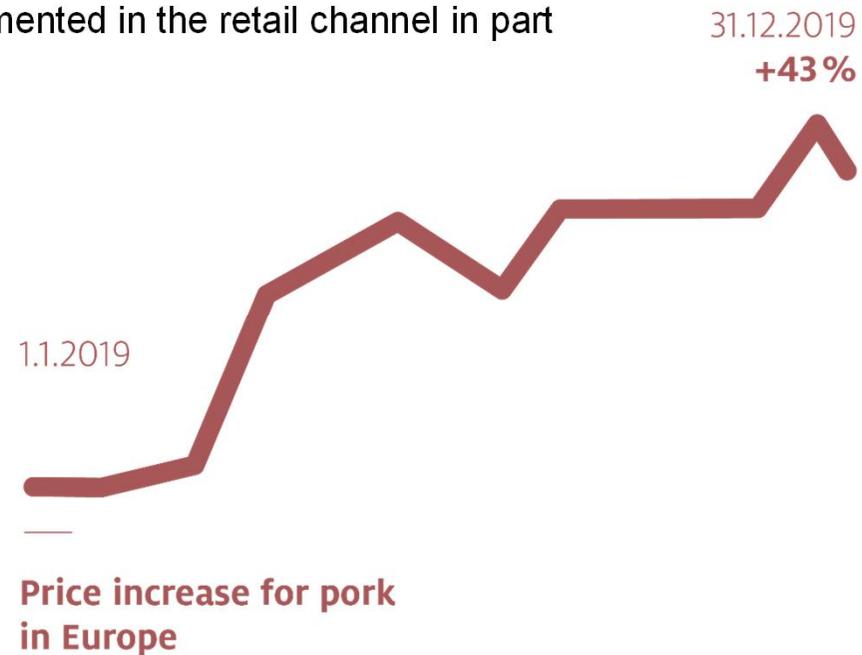
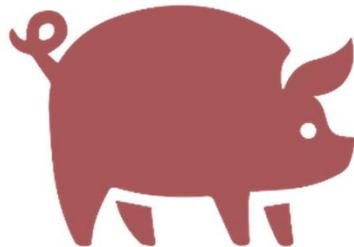
Results for the 2019 financial year



# 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



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Important events

## 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.



**CO<sub>2</sub> emissions**

In kWh/tonne of sales



<sup>1</sup> With Eisberg's recalculated consolidated consumption of natural gas



**Water consumption**

in m<sup>3</sup>/tonne of sales



**Electricity consumption**

In kWh/tonne of sales



## 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**



## Performance of the business areas

### 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

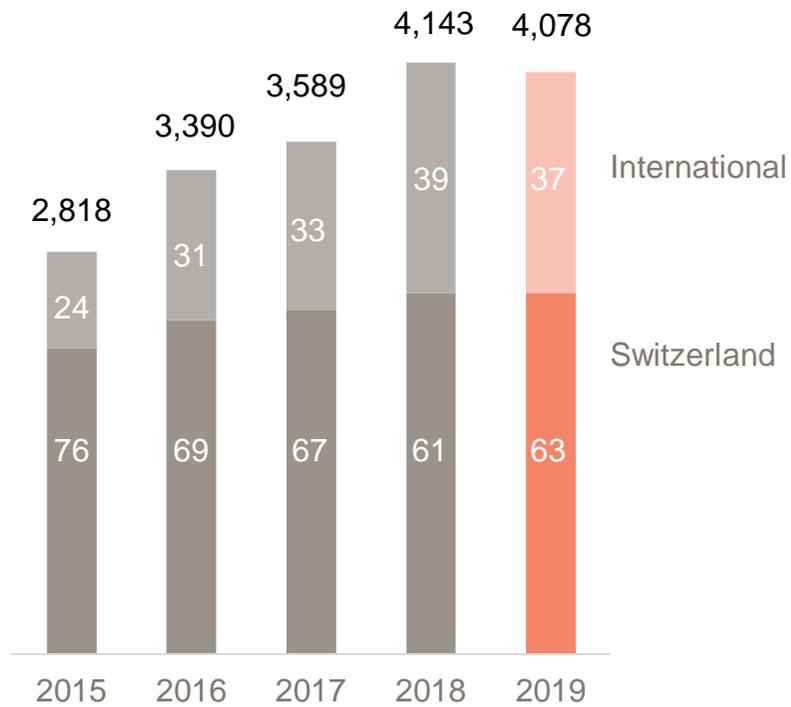
**Ultra-fresh, fresh and non-perishable convenience products**



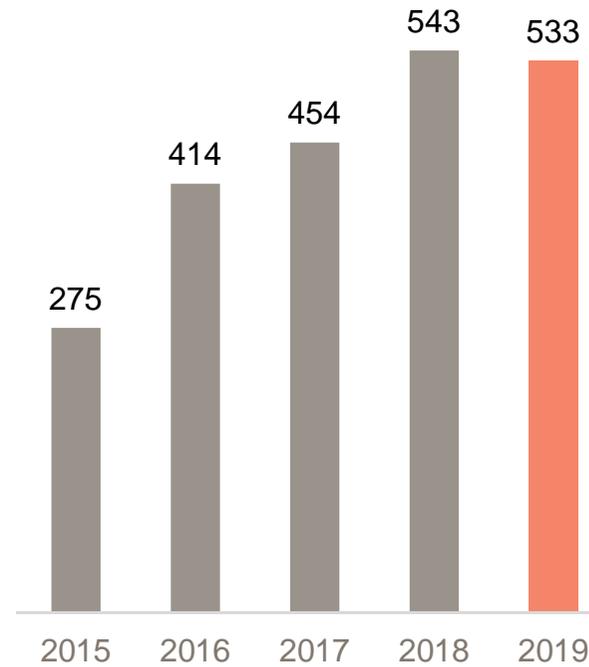
# Comments about financial reporting.

Comments about financial reporting  
**Sales revenue and volume**

**Sales revenue**  
in CHF million

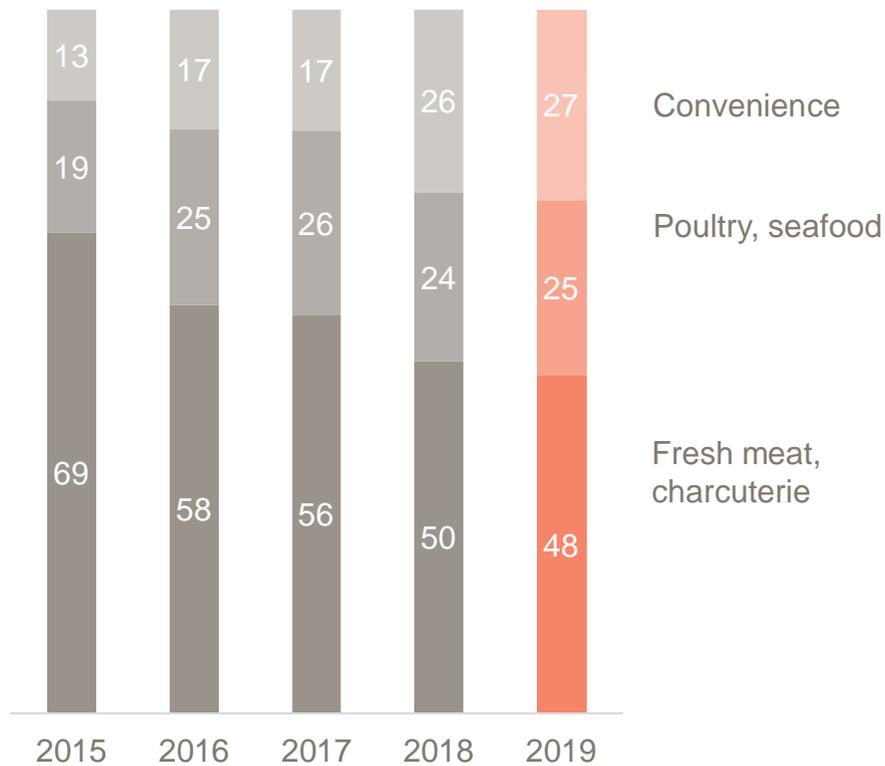


**Sales volume**  
in million kg

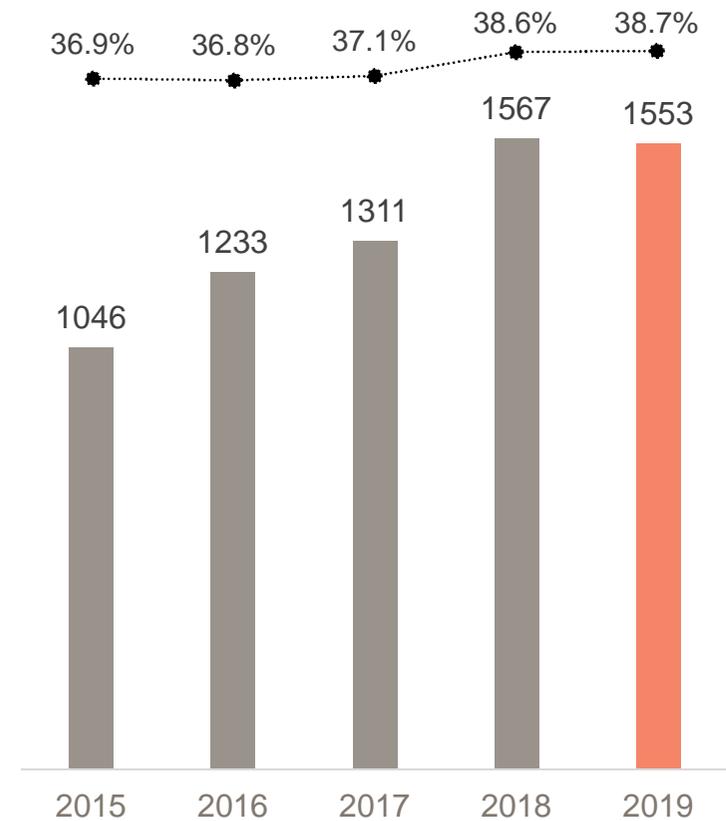


## Detail of sales revenue and gross profit

### Breakdown of sales by product group in %



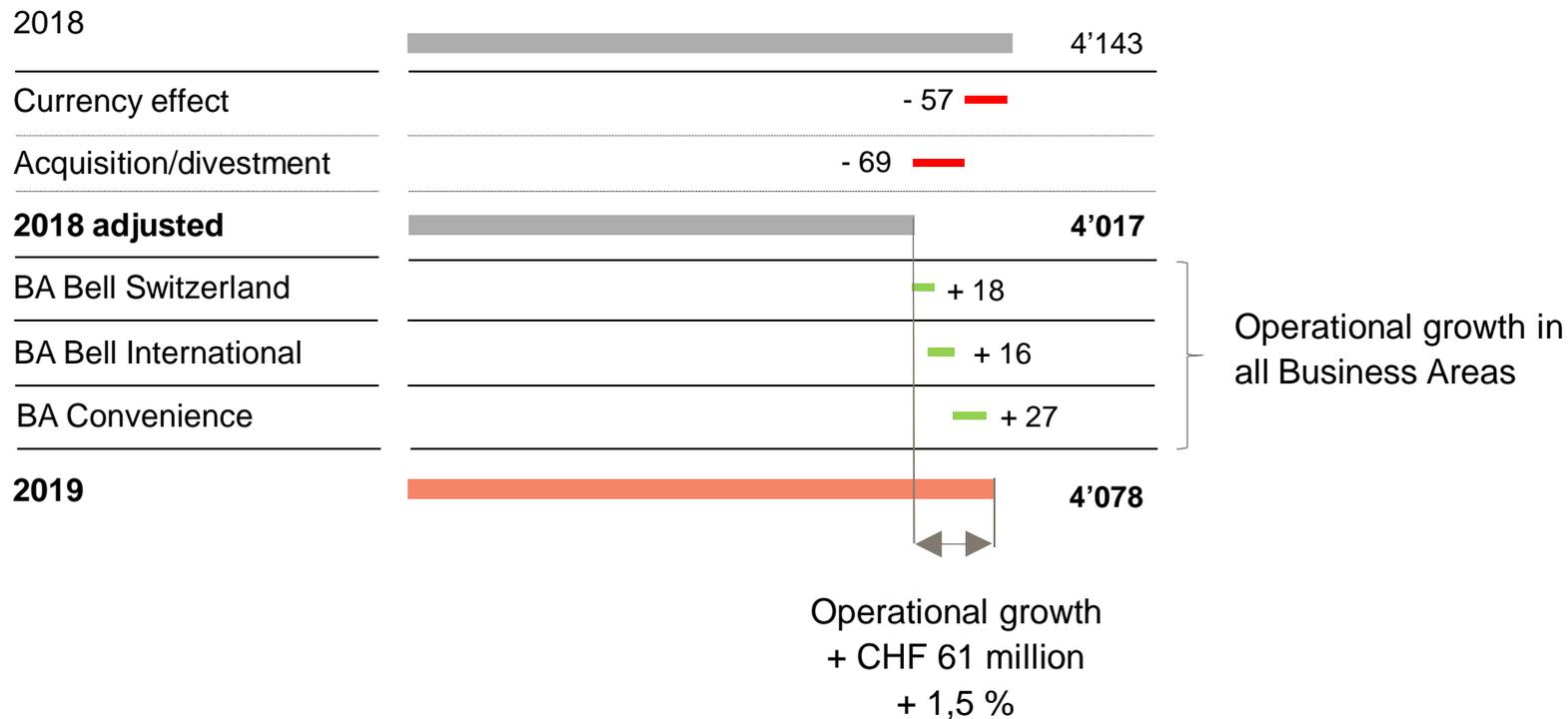
### Gross operating profit in CHF million and in % of net income



Comments about financial reporting  
**Effects on sales revenue**

**Sales revenue**

in CHF million



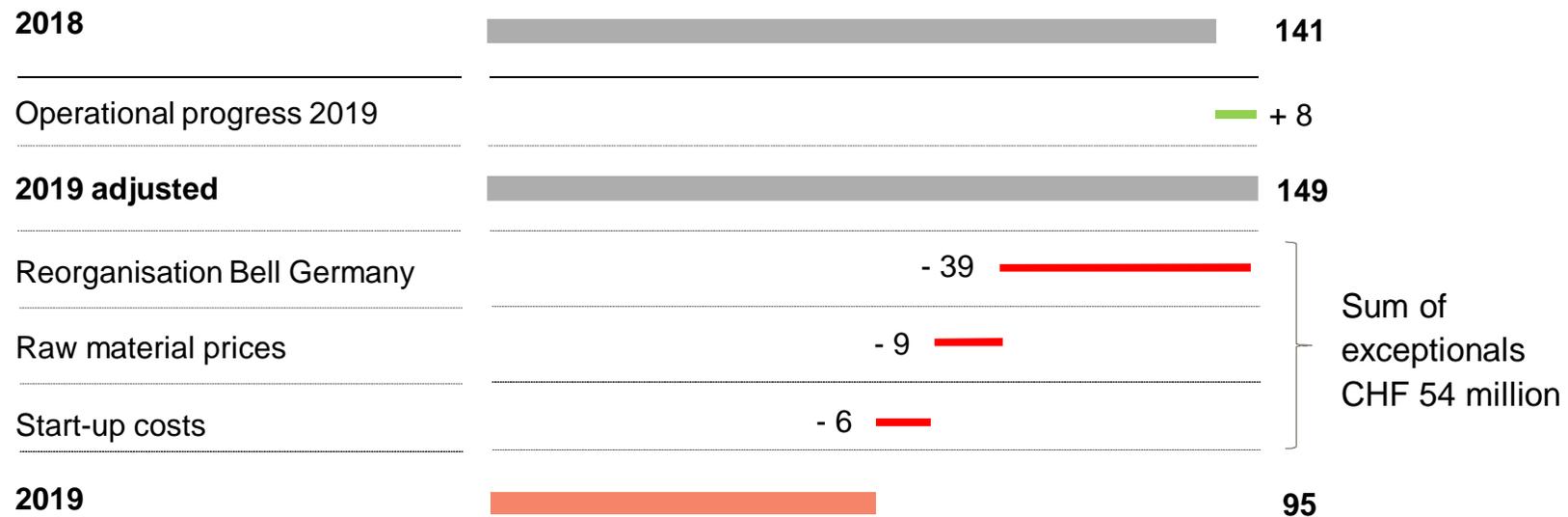
Acquisition/divestment:

- 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)

Comments about financial reporting  
**Operational progress**

**EBIT**

in CHF million



Comments about financial reporting  
**Income statement**

	2019		2018
	Reported figures	Adjusted figures	Reported figures
in CHF million			
<b>EBIT</b>	<b>95,3</b>	<b>149,1</b>	<b>140,6</b>
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
<b>Annual profit</b>	<b>49,6</b>	<b>103,5</b>	<b>89,3</b>

# 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

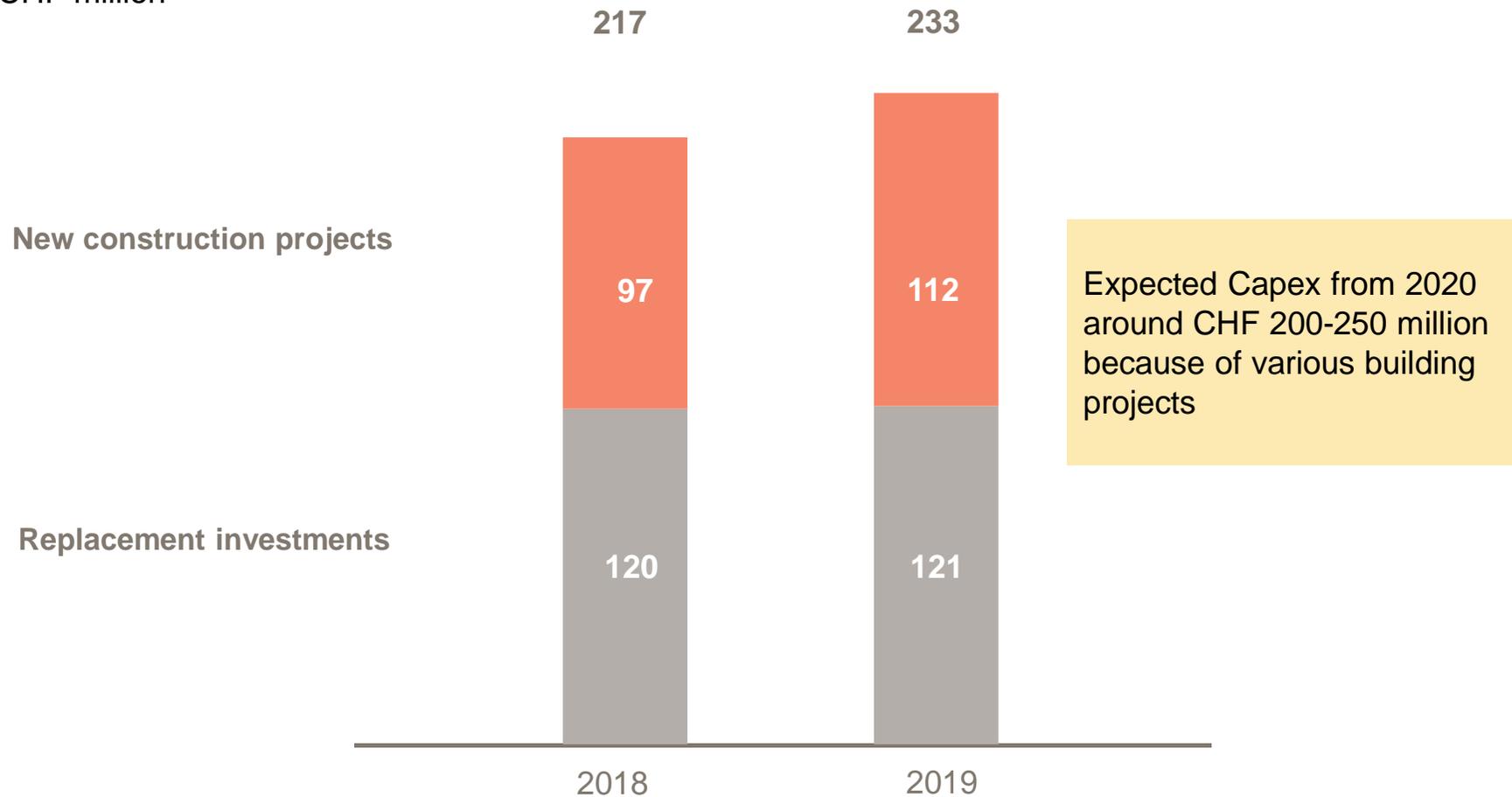
**232.5**

+ 7.2 %

## Investments

### Capex for property, plant and equipment

in CHF million



# 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)**

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