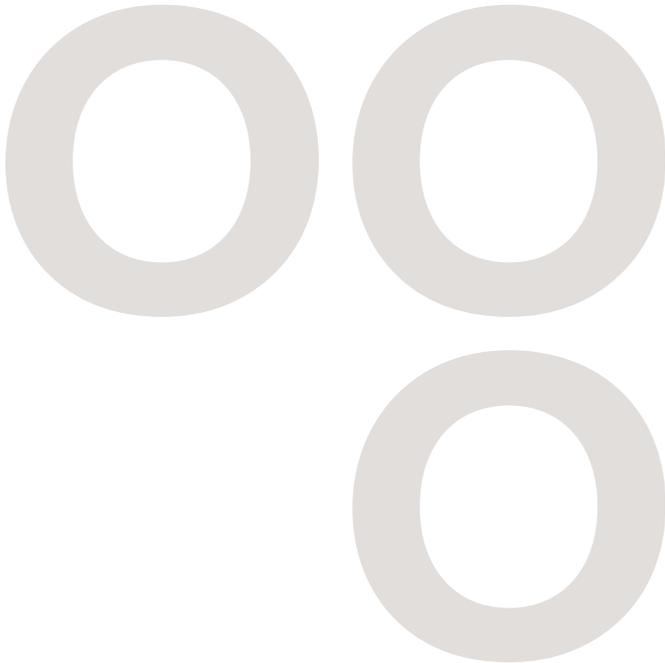

Annual Report 2018



Content

- 2 Who we are and what we do
- 3 Important events
- 4 Key figures
- 6 Share information
- 7 Multi-year overview
- 10 Editorial

Situation report

- 14 **Business activities**
 - Business
 - Brand management
 - Products and core markets
 - Customers and sales channels
 - Procurement and suppliers
 - Employees
 - Organisation
- 19 **Strategy**
 - Vision and values
 - Corporate strategies
 - Strategic objectives
- 21 **Corporate responsibility**
 - Sustainability organisation
 - Sustainability communication
 - Products and procurement
 - Environment and resources
 - Employees and society
- 25 **Business development**
 - Bell Food Group
 - Bell Switzerland
 - Bell Germany
 - Bell International
 - Convenience
 - Risk report
 - Investment in technology with a promising future
 - Outlook

Corporate governance

- 34 Group structure and shareholders
- 35 Organisational chart
- 36 Capital structure
- 37 Board of Directors
- 38 Members of the Board of Directors
- 40 Internal organisation and areas of responsibility
- 41 Information channels and control instruments of the Group Executive Board
- 43 Group Executive Board
- 44 Members of the Group Executive Board
- 45 Shareholders participation rights
- 46 Information policy

Compensation report

- 48 Introduction
- 48 Compensation policy and process
- 49 The Compensation Committee
- 49 Principles and elements of compensation paid to the Board of Directors
- 50 Principles and elements of compensation paid to the Group Executive Board
- 52 Payments in 2018
- 52 Loans, credits and pensions to members of the Board of Directors, the Group Executive Board and their related parties
- 53 Report of the statutory auditor on the compensation report

Financial reporting

- 56 **Consolidated financial statements of the Bell Food Group**
 - Consolidated balance sheet
 - Consolidated income statement
 - Cash flow statement
 - Statement of changes in equity
 - Notes to the consolidated financial statements
 - Report of the statutory auditor on the consolidated financial statements
- 86 **Financial statements of Bell Food Group Ltd**
 - Balance sheet
 - Income statement
 - Notes
 - Appropriation of available earnings and reserves
 - Report of the statutory auditor on the financial statements

Further information

- 94 Contacts and publishing details



Online
www.bellfoodgroup.com/report-en

Who we are and what we do

The Bell Food Group is one of the leading processors of meat and convenience products in Europe and is market leader in Switzerland. This company steeped in tradition was established in 1869 when Samuel Bell opened his first butcher's shop in the inner city of Basel.

Today, the product range includes fresh meat, poultry, charcuterie, seafood as well as ultra-fresh, fresh and non-perishable convenience products such as salads, sandwiches, pasta, sauces and dressings and spices. With the brands Bell, Eisberg, Hilcona and Hügli, the Group meets a diversity of customer needs. More than 12,000 employees in 15 countries work hard every day to prepare top-quality products that give much enjoyment to millions of consumers.

Important events 2018

603 million

Share capital increase

At the beginning of June 2018, the Bell Food Group carried out a share capital increase to finance the takeover of Hügli as well as future investments. The successful capital increase led to the addition of CHF 603 million to the cash and cash equivalents of the Bell Food Group. With a net debt ratio of 2.2 and an equity ratio of 47.5 percent, the Bell Food Group has a very solid financial footing.

→ More about this on page 25



Hügli joins the Bell Food Group

The Bell Food Group acquired Hügli Holding Aktiengesellschaft on 1 January 2018. With this acquisition, the Bell Food Group significantly expanded its position in the European convenience market.

→ More about this on pages 25 and 30



Takeover of Sylvain & CO

In May 2018, the Bell Food Group took over the salad and fruit specialist Sylvain & CO based in French-speaking Switzerland. With this acquisition, the Bell Food Group strengthened its position in French-speaking Switzerland and expanded both its product capacity and its product range.

→ More about this on pages 25 and 29



Result for 2018

In 2018, the Bell Food Group's sales revenue improved by 15.4 percent to CHF 4.1 billion while sales volume increased by 89.1 to 542.9 million kilograms. This growth is mainly due to the acquisitions as well as organic growth experienced in Switzerland, Germany, France and Poland. The measures that were implemented after a weak first half only partially compensated for the contraction in earnings in the second half.

→ More about this on pages 11, 25 and 26

5.50 CHF

Higher distribution

The Annual General Meeting will be asked to approve a distribution of CHF 5.50 per share. Owing to the higher number of shares, the distribution is CHF 2.5 million more than in the previous year. The distribution will be paid in full from the capital contribution reserves.

→ More about this on page 26



Investment in Mosa Meat

In July 2018, the Bell Food Group invested in the Dutch start-up company Mosa Meat. This company is the global leader in the production of cultured meat. The objective of the upcoming development phase is to successfully bring cultured beef to market by 2021.

→ More about this on page 31

Proceeds from sale of goods
in CHF million

4,143.2

↑ 15.4%

Equity
in CHF million

1,290.0

Share of total assets
47.5 % (previous year 37.5%)

Operating cash flow
in CHF million

323.7

↑ 100.7%

Gross profit
in CHF million

1,567.2

↑ 19.6%

Gross profit margin
38.6 %

Key figures

EBITDA
in CHF million

305.4

↑ 8.8%

EBIT
in CHF million

140.6

↓ 6.1%

Annual profit
in CHF million

89.3

↓ 16.1%

Adjusted for the
foreign currency effects
↓ **2.8 %**



Share price as of 31.12.2018
in CHF

305.0

- 1 Announcement of public tender offer for Hügli
2 Beginning of the subscription rights trade in connection with the capital increase
3 Publication of half-year results

**Locations of
the Bell Food Group**

- 54** production facilities
- 15** logistics platforms,
distribution companies
and further locations
- 15** countries



**Net investments in property,
plant and equipment**
in CHF million

216.9
↑ **91.0%**

Sales volume
in million kilograms

Fresh meat

55.4
↓ **0.1%**

Charcuterie

131.4
↑ **1.1%**

Poultry

157.4
↑ **3.3%**

Convenience

190.7
↑ **76.3%**

Seafood

7.3
↑ **3.1%**

Total

542.9
↑ **19.6%**



Training
in **16** different
professions



Number of employees
as of 31.12.2018
12,442 employees



The Bell Food Group's
employees represent
98 nationalities

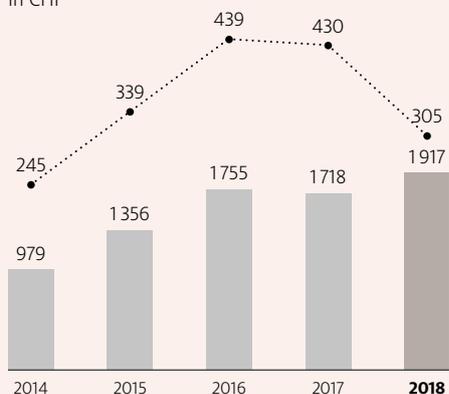


Proportion of women
40 percent

Share information

Market capitalisation & share price

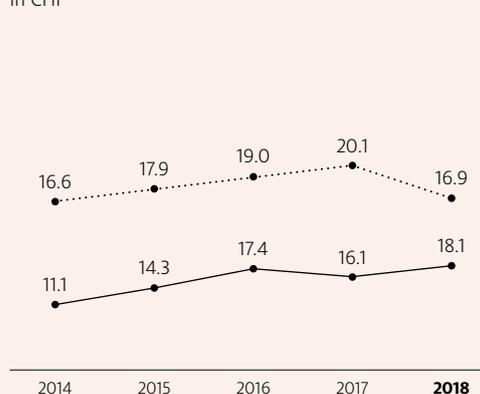
in CHF



■ Market capitalisation as of 31.12 in CHF million
 Share price as of 31.12

Key figures per share

in CHF

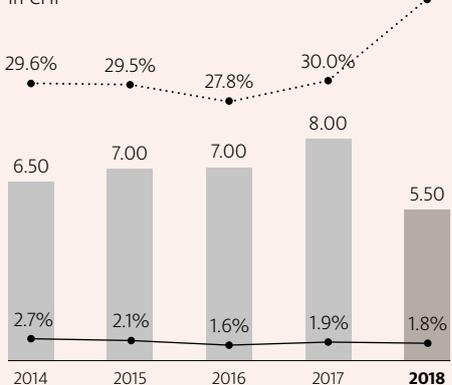


..... Earnings per share
 —●— Price/earnings ratio

For better comparability, the key figure profit per share was adjusted by the effect of the capital increase in 2018.

Distribution per share

in CHF



■ Dividend per share
 Distribution ratio
 —●— Dividend yield

As of 7 June 2018 the Bell Food Group Ltd performed a **capital increase**. 2,285,712 registered shares were issued.

Bell Food Group follows a **sustainable dividend policy** and intends to distribute 30% of the annual result annually. For 2018, a dividend of CHF 5.50 per share will be proposed to the Annual General Meeting. As a result of the increased number of shares, the total distribution amount will increase by approximately CHF 2.5 million compared to the previous year.

The **distribution** is to be made from the capital contribution reserves. Distributions from the capital contribution reserves are not subject to withholding tax and Swiss private investors benefit from an income tax-free distribution.

Capital structure as of 31.12

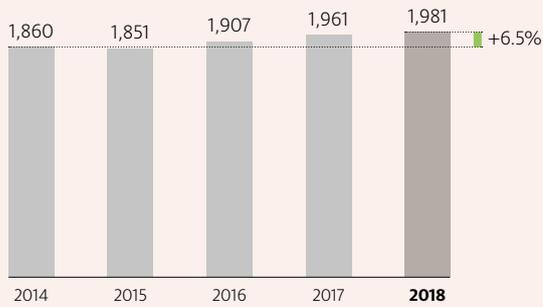
		2014	2015	2016	2017	2018
Share capital	CHF million	2.00	2.00	2.00	2.00	3.10
Divided into number of registered shares	Number in thousand	400	400	4,000	4,000	6,286
Nominal value per registered share	CHF	5.00	5.00	0.50	0.50	0.50

Share details

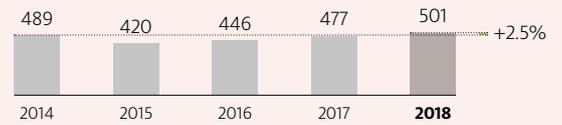
Securities number	31 596 632
ISIN	CH0315966322
Trade	SIX Swiss Exchange
Symbol SIX	BELL; Bell N; Bell.SW
Current share price	www.bellfoodgroup.com

Multi-year overview

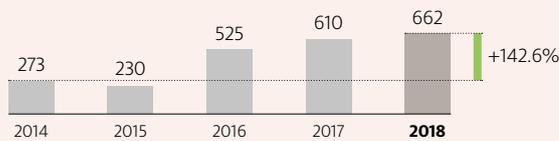
Sales revenue Bell Switzerland
in CHF million



Sales revenue Bell Germany
in CHF million



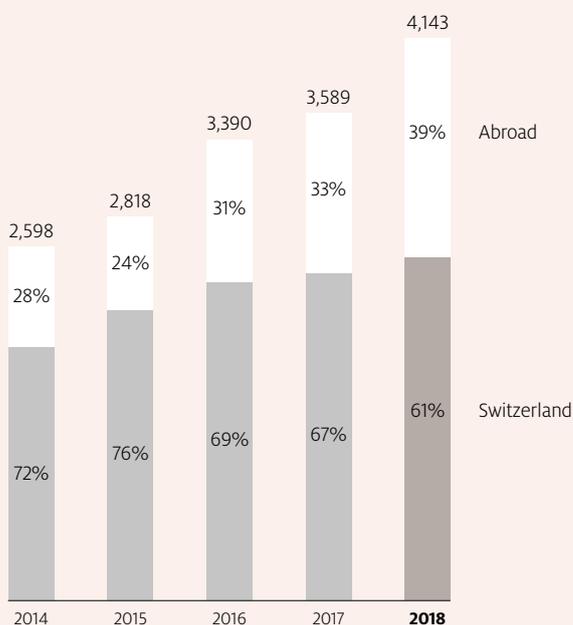
Sales revenue Bell International
in CHF million



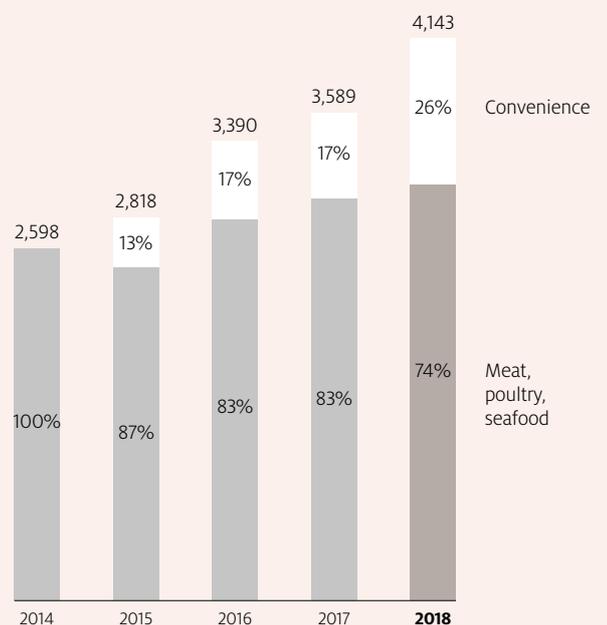
Sales revenue Convenience
in CHF million



Geographic distribution of sales revenue
in CHF million



Sales revenue by main products
in CHF million



Multi-year overview

Material acquisitions



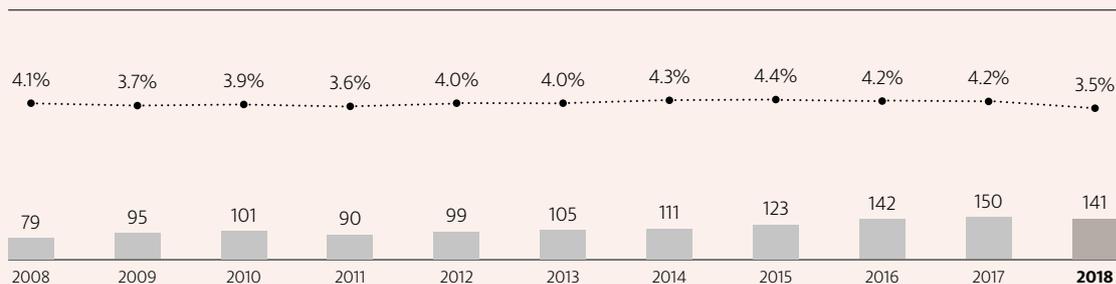
Gross operating income

in CHF million and in % of net revenue



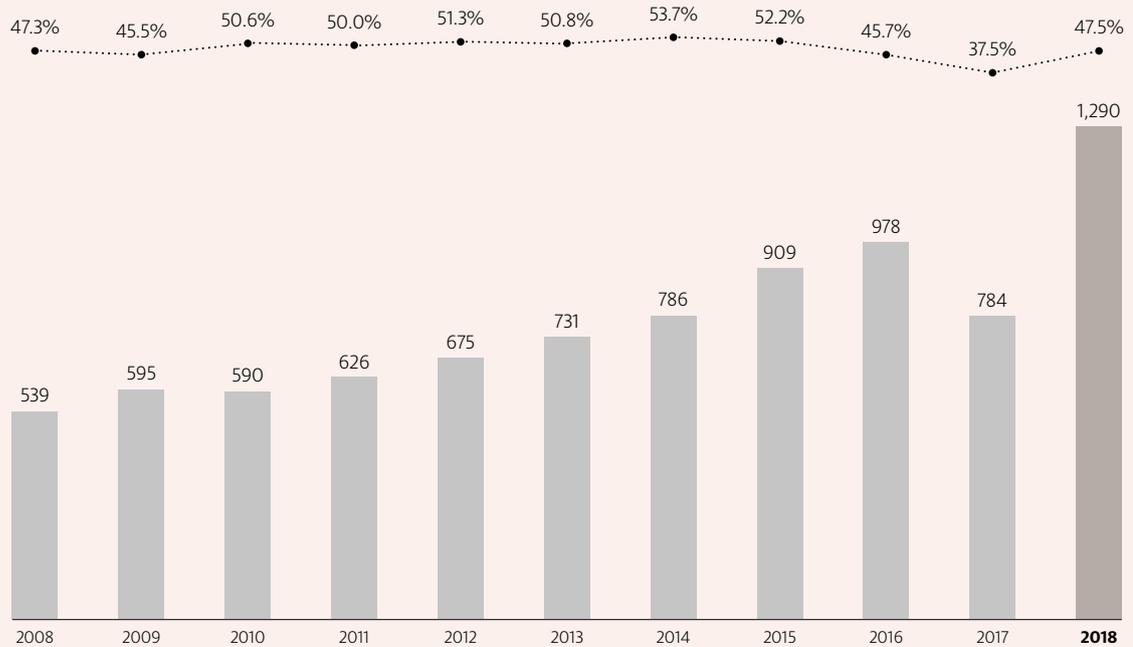
EBIT

in CHF million and in % of net revenue



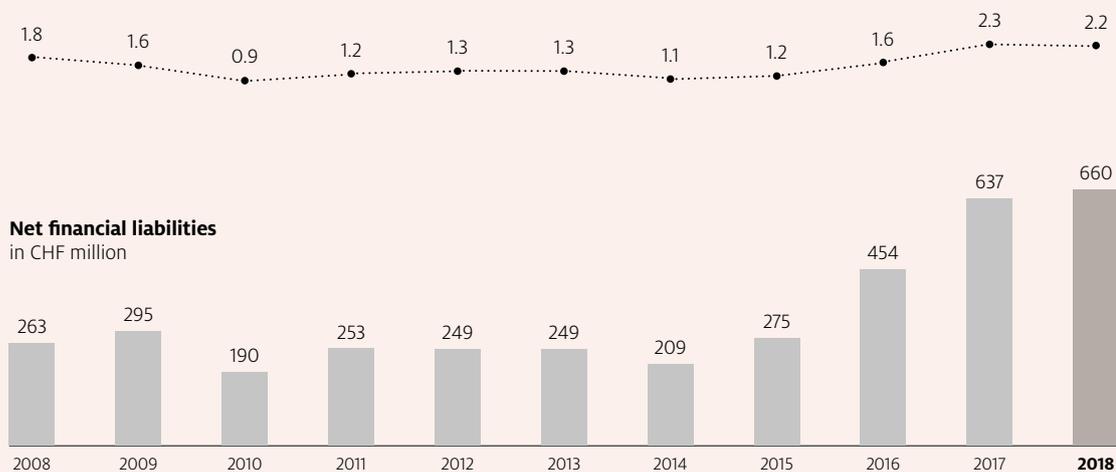
Equity

in CHF million and in % of total assets



Net debt ratio

Net financial liabilities/EBITDA



Editorial

Well positioned for the future in spite of a challenging 2018 financial year



Hansueli Loosli
Chairman of the Board of Directors



Lorenz Wyss
Chairman of the Group Executive Board

Dear Shareholders,

In the 2018 financial year, we continued our strategic growth in the Convenience segment in particular. The acquisitions of Hügli and Sylvain & CO substantially strengthened our position in this attractive and growing market. Currently, the Convenience business area already contributes around one-quarter of our sales revenue. This is an important step on the way to our goal of further increasing our share of the European convenience market through organic growth and acquisitions.

We made operational progress in our core business with meat and charcuterie products, even though some business units lagged behind our expectations in the first half. The measures that were promptly initiated demonstrated their effect in the second half of 2018. Although they managed to put a brake on the slide seen in the first half, the losses could not be fully compensated by the end of the year. The reason for this was the overall unsatisfactory Christmas business.

Bell Food Group improves sales revenue and sales volume

At CHF 4.1 billion, the Bell Food Group improved its sales revenue by 15.4 percent or CHF 554.1 million in the reporting year. Sales volume grew by 19.6 percent to 542.9 million kilograms (+89.1 million kg). This growth was driven by acquisitions as well as organic progress.

At CHF 1.6 billion, the gross profit from operating activities is up CHF 256.6 million on the previous year and the gross profit margin improved by 1.5 percentage points to 38.6 percent. This increase is explained by the bigger share of high value-added convenience products and currency and acquisition effects. In addition to the currency and acquisition effects, the rise in volumes and higher personnel expenses in the international poultry business also affected operating costs. In total, EBITDA increased by CHF 24.8 million to CHF 305.4 million. At CHF 164.7 million, depreciation and amortisation were up year-on-year

because of the acquisitions. This resulted in EBIT of CHF 140.6 million (-6.1 %, CHF -9.1 million). The Bell Food Group's financial result is encumbered by book-entry foreign currency effects of CHF 4.6 million. In contrast, foreign currency earnings of CHF 9.9 million were posted in the previous year. The difference is CHF 14.5 million. At CHF 89.3 million, the annual profit was 16.1 percent or CHF 17.2 million less than in the previous year. Adjusted for the foreign currency effects on the financial result, the contraction is 2.8 percent.

Varying segment development

In the reporting year, Bell Switzerland increased its sales revenue and sales volume and thus gained market share in a generally stable market for meat and sausage products. While the retail market remains under pressure, food service sales trended positively. The decline in the first half could be halted in the second half of the year by the countermeasures that were introduced promptly. A weak Christmas season, however, partly erased some of the progress made.

In Germany, the market for charcuterie products declined slightly. In this environment, Bell Germany posted higher sales revenue and a slightly higher sales volume, thus gaining market share. The country organisation in Spain, which in organisational terms belongs to the Bell Germany division, performed very well. Due to an unforeseen interruption of production at the German facility of Bad Wünnenberg in November, it is intended to open a production plant for fresh convenience products at this location in 2019. Parts of the current production programme will be transferred to the new convenience plant in Marchtrenk in Austria.

The Bell International division once again improved its sales revenue and sales volume in the 2018 financial year. All business units of Bell International contributed to this growth. Because of higher personnel expenses and rising prices for feed, the poultry business in

Austria and Germany did not develop as planned. Sales of organic poultry in Germany also lagged behind expectations. The countermeasures that were introduced managed to partly halt the decline in the second half. The targeted price increases, however, could only be introduced in November 2018.

The Convenience business area that merges the activities of Eisberg, Hilcona and Hügli performed well in the reporting year. Sales revenue and sales volume growth were driven by the acquisitions of Hügli and Sylvain & CO as well as by operational progress. Hilcona can look back on a successful financial year and posted growth in all retail as well as food service markets. Eisberg saw positive sales revenue growth in the food service sector in particular. Hügli was integrated into the Bell Food Group as planned and met our expectations, even though the unusually weak year-end business had a negative impact on the result.

Higher distribution

A share capital increase was carried out in June 2018 in order to finance the acquisition of Hügli, other investment projects and strategic future projects to stimulate growth. For 2018, the Annual General Meeting will be asked to approve a distribution of CHF 5.50 per share. Owing to the higher number of shares, the distribution is CHF 2.5 million more than in the previous year. The distribution will be paid in full from the capital contribution reserve.

Investments in production infrastructure

The Bell Food Group invested CHF 217 million in the upgrading of its production infrastructure and a number of large construction projects in 2018. Hügli completed the construction of a new facility for the manufacture of chilled herb specialities in Werkendam in the Netherlands at the end of 2018. Various decentralised production processes can now be centralised at one location and production capacity can be almost doubled. A state-of-the-art convenience production facility was built in Marchtrenk and

will be commissioned in the first quarter of 2019. In future, fresh convenience products for the Austrian and German markets will be produced here. The building project for a new facility for the manufacture of Serrano ham in the vicinity of Madrid has entered its final phase. We expect this factory with an annual production capacity of around one million hams to be commissioned in the first half of 2019. As part of the investment programme in Switzerland, a new car park was commissioned in Basel in autumn 2018. The new building projects in Oensingen are in the final phase of planning.

With its investment in the Dutch start-up Mosa Meat, the world's leading manufacturer of cultured beef, the Bell Food Group secured direct access to a technology with significant future potential. The objective is to successfully bring cultured beef to market in the coming years. The Bell Food Group supports Mosa Meat in this process with its know-how as an international food enterprise.

Outlook 2019

The integration of Hügli and Sylvain & CO will be finalised in 2019. In 2018, the foundation for the exploitation of synergy potential was laid at Hügli, and this will make a substantial contribution to the result of the Convenience segment in 2019 and the following years. We expect the measures to improve the results across the Bell Food Group that were implemented in the reporting year to become fully effective in the 2019 financial year. At the same time, the new convenience facility in Marchtrenk will stimulate strategic growth in the Convenience segment. In order to utilise new opportunities for growth in Germany, it is intended to implement production facilities for fresh convenience products at Bad Wünnenberg from October 2019. This restructuring will trigger additional costs of around 10 million euros in 2019.

Even though the result for the 2018 financial year did not reach the levels of the previous year, strategic progress was made in many important areas. Together with the investments made and the available potential for synergies, we are very well positioned for the medium and long term.

We would like to thank all of you, our valued shareholders, for the trust you have placed in the Bell Food Group and for your support with the implementation of our strategic ambitions. We also owe a thank you to our employees for their great commitment and all our business partners for the good cooperation.

Hansueli Loosli
Chairman of the Board of Directors



Lorenz Wyss
Chairman of the Group Executive Board



10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Situation report

14 Business activities

- Business
- Brand management
- Products and core markets
- Customers and sales channels
- Procurement and suppliers
- Employees
- Organisation

19 Strategy

- Vision and values
- Corporate strategies
- Strategic objectives

21 Corporate responsibility

- Sustainability organisation
- Sustainability communication
- Products and procurement
- Environment and resources
- Employees and society

25 Business development

- Bell Food Group
- Bell Switzerland
- Bell Germany
- Bell International
- Convenience
- Risk report
- Investment in technology with a promising future
- Outlook

Business activities

Business

The Bell Food Group is one of the leading processors of meat and convenience products in Europe and market leader in Switzerland. The product range includes meat, poultry, charcuterie, seafood and convenience products such as salads, sandwiches, fresh meals, pasta, sauces and dressings, and spices. The Bell Food Group has 69 locations in 15 European countries. With the brands Bell, Eisberg, Hilcona and Hügli, the Bell Food Group meets the needs of its diverse customers in the retail, food service and food processing industry.

Brand management

We offer a diverse product portfolio serving a diversity of customer needs under the umbrella of the strategic brands Bell, Eisberg, Hilcona and Hügli. Brand management is aligned to the different brand values and the benefits that are relevant to the end consumer. The brands are clearly differentiated and positioned with regard to product groups and distribution channels. The strategic brands are supported by a number of supplementary brands for specific target groups. These include brands such as Abraham, Cenovis, Cher-Mignon, Hubers, Sanchez Alcaraz, Vogeley and Zimbo. The Bell Food Group also has great expertise in the manufacture of many different trade brands.

Our strategic brands

Bell One of the leading food brands in Switzerland offering a wide range of meat, poultry, charcuterie and seafood products. The full range of marketing tools is used for brand management: TV, print media, online, point-of-sale specials, sales promotion, etc. It is our objective to position Bell as a strategic meat brand in all the countries in which we are present. Now, the brand has also been launched in France, Belgium, Poland and Germany with a range of specialities and snacks. In the reporting year, a product range called Bell Professional focusing on the food service sector was launched in a number of countries. In 2019, the marketing activities will focus on the 150-year anniversary of the Bell brand in Switzerland.

Eisberg Eisberg is a leading brand for fresh salads and freshly cut fruit and vegetable selections, in particular in Eastern Europe. The replacement of the Gastro Star brand by Eisberg in the reporting year also substantially strengthened the brand in the important Swiss market.

Hilcona The Hilcona brand is known for first-class fresh and convenience products of the best quality that are as natural as possible. The brand offers fresh products and a comprehensive range of services to customers in the retail trade, food service sector and impulse trade. In Europe, the product range focuses on fresh pasta, muesli and menu components. In Switzerland, Hilcona offers a wide range of fresh convenience products.

Hügli Hügli focuses entirely on non-perishable convenience products that meet individual needs. With its tailor-made product concepts, Hügli services clients in the food service and retail markets as well as brand owners and customers in the food processing industry throughout Europe.

Products and core markets

Fresh meat, poultry, charcuterie and seafood

In our core market Switzerland, Bell produces and processes fresh beef, veal, pork and lamb. Our own meat production is supported with targeted purchases of meat ready for processing and game specialities from suppliers inside and outside Switzerland. We offer a complete range of self-service and over-the-counter products to the retail trade as well as special product ranges specifically developed for the food service and food processing industry. In Switzerland, Bell is the market leader or holds a leading position in most product groups.

In Switzerland and Austria, we have an integrated production process for poultry and control the entire value chain, from the egg to the final, ready-to-serve product. We are an important provider of chicken products with market leader Hubers Landhendl in Austria and Bell in Switzerland. Süddeutsche Truthahn AG is a relevant provider of top-quality regional turkey products in Bavaria. We are one of the

Our strategic brands



→
www.bell.ch
www.bell1869.com



→
www.eisberg.com



→
www.hilcona.com



→
www.huegli.com



Fifty years of tradition in taste

Valais air-dried ham and dried-meat specialities from Chermignon.

→

www.bellfoodgroup.com/cher-mignon-en

leading manufacturers of poultry for programmes with higher standards for animal welfare (e.g. organic) in the DACH region.

With several production plants in seven countries, Bell offers a wide range of charcuterie products from its own factories. These include scalded sausages, cured sausages, air-dried ham, cured meat products and dried meat. The range also includes a large number of specialities with protected geographical status such as Black Forest ham, Bündnerfleisch or Saucisson d'Auvergne. Bell Germany is the market leader for air-dried ham and a well-known provider of scalded and cured sausages and meat convenience products in its home market. In France and increasingly also in Spain, Bell is one of the emerging providers of regional cured sausage and air-dried ham specialities. We are an important provider of cured and scalded sausages in Poland and Hungary.

Bell is the **leading provider** of fish and seafood in Switzerland.

Bell Seafood is the leading provider of seafood in Switzerland. This agile and experienced unit very successfully markets fresh domestic and imported fish, crustaceans, seafood and frozen products. The product range is directed to self-service and over-the-counter sales by the Swiss retail trade as well as the food service sector.

Convenience

Eisberg specialises in the production of freshly cut salads and also offers a wide range of cut vegetable and fruit selections. The range is expanded by innovative products such as smoothie mixes and salad dressings. Eisberg is either the leader or a market determinant in the production of fresh salads in Switzerland and Eastern Europe.

Hilcona produces fresh, frozen and non-perishable convenience products and fresh meals, various pasta creations, sandwiches, tinned produce and many other products at Schaan (FL) and Orbe (CH). With the establishment of a centre of excellence for vegetarian products at Landquart (CH), Hilcona has strengthened its position in the production of vegetarian and vegan convenience products, in particular tofu made from organic Swiss soya. Hilcona is the market leader for convenience products in Switzerland and the market leader in fresh pasta in Germany and Austria. Hilcona also operates in France, Poland and the Benelux countries.

Hügli supplements the existing convenience range with non-perishable convenience products. These include soup, sauces, bouillon, seasoning mixes, dressings and dips, desserts, functional nutrition, chilled herbs and vegetarian and vegan products. Hügli provides deliveries to the food service sector, manufactures products for brand companies, the retail sector as well as the food processing industry and distributes its own brand products, primarily products certified to be organic. In its home markets of Switzerland and Germany, Hügli is a leading provider of non-perishable convenience products. Hügli also has production plants in Italy, Spain, the UK, the Netherlands and eastern Europe. The international network of production facilities is supplemented by its own sales organisations in Austria, Hungary, Slovakia and Poland.

Customers and sales channels

We service countless customers in the retail channel, food service sector and food processing industry. We deliver our products to retailers of different formats, from large supermarkets to speciality and convenience shops. Our customers in the food service sector include system caterers, industrial caterers, hotels, takeaways and traditional restaurants. For the food processing industry, we deliver specific components to other manufacturers of food products.



Tradition with foresight

On its 150th anniversary in 2019, Bell looks back on an exciting and eventful company history.

→

www.bell.ch/history

As a rule, we supply our customers in the food service sector through the wholesale cash and carry and delivery channels. The convenience sector is partly serviced by specialised sales organisations and internal logistics solutions.

Procurement and suppliers

For the Bell Food Group, quality management starts with the selection of the best raw materials. We prefer suppliers who meet our requirements for sustainable business practices. Sustainability is an explicit component of our procurement strategy, from the selection of our suppliers to the consumption of materials. Framework agreements are concluded with all important suppliers. As part of a comprehensive approach to supplier management, all suppliers are audited once a year.

For meat, elements such as farming and feeding methods are important criteria. The Bell Food Group has defined clear basic rules for the purchase of slaughter animals, meat and fish in corresponding guidelines. The route taken by the meat is fully documented and can be traced all the way from receipt of the raw materials to the individual consumer units.

Whenever possible, Eisberg obtains the raw materials for its salads from regional producers in the catchment area of its production plants. A team of Eisberg specialists assists all suppliers with on-site advice and support. Thanks to a strong network covering a number of countries, Eisberg can procure raw materials in its usual top quality even in times of adverse weather conditions.

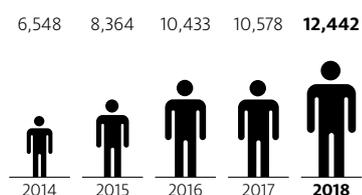
Hilcona grows its own raw materials through its subsidiary Hilcona Agrar. Where this is impossible, Hilcona works together with long-standing suppliers. 99 percent of its vegetables come from around 350 contract farmers in Switzerland and Liechtenstein. Only certified Swiss organic soya is used for the production of its tofu products.

Hilcona has
350 contract farmers.

A key element in the production of Hügli's high-quality food products is the use of raw materials in the right quality and suitable packaging materials. Hügli works closely with its long-standing and highly efficient suppliers, all of whom can guarantee compliance with these high standards and the year-long availability of processed raw materials.

Number of employees

(FTE) Bell Food Group



Employees

At the Bell Food Group, more than 12,000 employees drawn from 98 nationalities make sure that our wide range of products is distributed to the market fresh each day. The Bell Food Group offers jobs of many different descriptions, from food specialist to commercial specialist, from IT specialist to mechatronic specialist.

The Bell Food Group sees itself as a responsible employer. The HR strategy has been drawn up for the entire Group and sets out uniform processes, including for staff acquisition and development. Other focal threads include occupational health management and talent management. The Group's performance as an employer is measured by a number of key indicators as well as regular employee surveys.

Bell Food Group employees	2018	2017
Number of employees		
Average number of employees expressed as full-time equivalents ¹	12 442	10 578
Number of employees as of 31 December in persons	12 058	10 192
Number of employees as of 31.12		
Bell Switzerland	3 492	3 613
Bell Germany	1 690	1 437
Bell International	2 684	2 497
Convenience	4 576	2 645
Proportion of full-time employees	77%	78%
Proportion of part-time employees	23%	22%
Proportion of men	60%	62%
Proportion of women	40%	38%
Proportion of women in management	24%	24%
Number of nationalities	98	93
Age structure		
up to 30 years	19%	21%
31–50 years	53%	55%
aged 51 and over	28%	24%
Education and training		
Trainees	155	118
Number of training days	15 434	13 508

¹ Including temporary staff from third-party companies



The Bell Food Group's story

The evolution of the Swiss butchery Bell into the international Bell Food Group.



www.bellfoodgroup.com/story-en

Organisation

The Bell Food Group is the umbrella organisation of the Group. The Group is headquartered in Basel (CH), where the company was founded in 1869. Group management and the central organisational units are located at headquarters. The operating activities are primarily located decentrally in close proximity to the customers and markets.

The Bell Food Group is present in 15 European countries with its production facilities, logistics platforms and sales offices. It has over 53 production plants in eleven countries. In 2019, another two production facilities will be commissioned: the convenience plant in Marchtrenk (AT) and the ham facility in Fuenzalida (ES). The production facilities are specialised and focus on a defined range of products. The Bell Food Group also has regional facilities for the manufacture of local charcuterie specialities for important designations of origin.

The Bell business area comprises the divisions Bell Switzerland, Bell Germany and Bell International. Bell Switzerland with its production plants offers a complete range of meat, charcuterie, poultry and seafood. Bell Germany is an important provider of air-dried ham, cured sausages, scalded sausages and meat convenience products. Bell Germany sells the goods produced in the production plants in Germany, Spain and Belgium in more than 20 countries in Europe. Organisationally, the Bell Benelux sales organisation and the production plants in Spain specialising in Spanish charcuterie belong to Bell Germany. The activities in France, Poland, and Hungary as well as the poultry business in Austria and Germany are merged under the organisational umbrella of Bell International.

The Convenience business area consists of Eisberg, Hilcona and Hügli. Eisberg, a company specialising in the production of convenience salads, has production plants in Switzerland, Hungary, Poland, Romania and, from 2019, Austria. Some of the raw materials are procured through a purchasing office in Spain. Hilcona produces a wide range of fresh convenience products in its facilities at Schaan (FL), Orbe (CH) and Landquart (CH) and markets these products in Switzerland, Germany and other European countries. It is intended to open a fresh convenience plant in Germany in 2019. Hügli has over ten production plants in Switzerland, Germany, Italy, the Czech Republic, Spain, the UK and the Netherlands and is the biggest provider of non-perishable convenience products in Europe. The international network of production facilities is supplemented by its own sales organisations in Austria, Hungary, Slovakia and Poland.

More information about the organisation as well as the organisational chart of the Bell Food Group can be found in the chapter on corporate governance on pages 34 to 35.

Strategy

Code of Conduct

Framework for our detailed internal compliance guidelines:

→

www.bellfoodgroup.com/code-en

Vision and values

To achieve our vision of “Together to the top” and consistently implement our missions, we follow the collected rules of conduct that define our binding corporate guiding principles. The corporate guiding principles are rounded out by our code of conduct, the framework for our detailed internal compliance guidelines.

Each division contributes to the fulfilment of the vision with individual missions. Three missions designed to differentiate our company were defined for the Bell Food Group. Quality takes absolute precedence in everything that we do. With our highly refined craftsmanship and state-of-the-art production processes, we guarantee the best possible quality for the entire product portfolio. When it comes to sustainability, we want to serve as an example to our industry. We accept responsibility – for our products, the efficient use of resources and the protection of the climate as well as towards our employees and society. We consider sustainability aspects in all our decisions. With a broad range of top-quality, fresh food, we offer many a pleasurable experience to millions of consumers every day.

Corporate strategies

Our corporate strategies are derived from our vision, corporate guiding principles and missions. The three missions of quality, taste and sustainability apply to the entire Bell Food Group and are supplemented by additional, company-specific missions. The functional strategies serve as Group-wide guidelines when it comes to our sales markets, brands, production, procurement, finances, information technologies and employees while still providing sufficient leeway to accommodate company-specific and regional differences. As the foundation of our corporate conduct, sustainability and quality form an integral part of all other strategic concepts.





Convenience is gaining ground

The Convenience business area is one of the most important drivers of growth for the Bell Food Group.

→

www.bellfoodgroup.com/convenience-en

Strategic objectives

The Bell Food Group has defined four strategic directions for its future activities.

→ **Strengthening of the leading position in the traditional meat, poultry, charcuterie and seafood segment**

We want to apply our experience gained over 150 years to further strengthen our leading position in our traditional meat, poultry, charcuterie and seafood business. In doing so, we will focus on our core competencies of quality, taste and craftsmanship as well as sustainable production. As some markets are approaching the limits of their growth potential, we focus on selected investments and the ongoing optimisation of processes to improve productivity, create added value and enhance efficiency.

→ **Expansion of the share of the high-growth and high-margin convenience market**

The Bell Food Group intends to primarily exploit the opportunities for expansion offered by the high-growth and high-added value convenience market to gain market share organically and by way of acquisitions. By selectively expanding our production capacities, we service this market with modern and attractive products. As a competent partner, we help our customers develop this category further and offer consumers attractive everyday product solutions.

→ **Substantial strengthening of the food services channel**

For several product groups, more than half of consumption takes place away from home. Increasing convergence of the retail and food service markets can also be seen. We take advantage of the potential offered by the high-growth food service market in Europe by strengthening our penetration of this market and expanding our range of tailor-made product solutions. We consistently exploit the synergies within the Bell Food Group in our marketing activities.

→ **Expansion of the presence in Europe**

Many customers engage in international activities. As a result, they also prefer working together with internationally focused business partners. Other customers attach importance to the local origin of their products. With the expansion of our presence in Europe and our many decentralised production plants, we can offer tailor-made solutions to all our customers. Our international presence also enables us to take account of the divergent dynamics in the different European markets.

Corporate Responsibility

Resource consumption by the Bell Food Group

These figures apply for all companies that belonged to the Bell Food Group on the dates in question.



Electricity consumption

In kWh/tonne of sales

2016	622
2017	581
2018	521



Heat consumption

In kWh/tonne of sales

2016	504
2017	527
2018	519



CO₂ emissions

In kWh/tonne of sales

2016	184
2017	104
2018	116



Water consumption

In m³/tonne of sales

2016	11,6
2017	11,0
2018	11,6

It is our corporate responsibility to secure the long-term success of the Bell Food Group. For us as one of the leading processors and providers of meat, seafood and convenience products in Europe, this not only applies to the quality of our products. Our corporate responsibility is the foundation for our business success and naturally also a prerequisite for the satisfaction of our customers. To be successful in the long term, we have to gain the acceptance of all social groups who have a stake in the Bell Food Group. This means that we have to responsibly design the entire value chain.

It is our corporate responsibility to secure the **long-term success** of the Bell Food Group.

Our corporate responsibility is based on our sustainability strategy, which supports all our actions. The sustainability strategy was reviewed in 2017 and for the first time applies to all business areas of the Bell Food Group. It covers all the relevant fields of action and topics as well as the organisational framework conditions for implementation and control. Our sustainability strategy uses three pillars to classify our responsibilities: "products and procurement", "environment and resources" and "employees and society".

Sustainability organisation

The sustainability strategy is adopted by the Board of Directors. The Group and division management teams are responsible for its implementation. The specialist unit for quality management and sustainability plays a functional and advisory role. A sustainability officer who is responsible for objective achievement and the implementation of measures will be appointed for each division. Internally for each division, responsibilities are divided by pillar and subordinate objectives.

Sustainability communication

Sustainability as a topic is systematically approached on different levels in line with the three pillars and is integrated as a key component into the internal and external corporate communication processes. Communication is at the same time an integral component of the sustainability strategy. We will also establish a regular dialogue with the important stakeholders in all our markets. In the final instance, we want to integrate the value added to our products by our sustainability projects into our brand communication.

Further Information on Corporate Responsibility of the Bell Food Group:



www.bellfoodgroup.com/cr-en



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

Products and procurement

Our strategic focus on sustainability in the “products and procurement” area allows us to occupy areas of differentiation in advance and to generate competitive advantages. Particular attention in this regard is placed on the four focal areas of animal and vegetable raw materials, packaging, and materials and supplies.

Animal welfare has a high priority when it comes to our reputation as a meat processing company. In Switzerland, Austria and Germany, where we slaughter and butcher our own meat, the Bell Food Group sells a high proportion of meat certified to be from particularly animal-friendly farms. In Switzerland, around half of the slaughter animals come from farms that maintain a better standard of animal welfare. Consumers outside Switzerland are also becoming more sensitive about animal welfare on farms. We are the biggest provider of organic poultry in Austria and a leading provider of organic turkey in Germany. As the biggest provider of seafood in Switzerland, we continue to promote sustainable fishing methods. Bell Switzerland is a founder member of the WWF Seafood Group and 99 percent of Bell Seafood’s products come from sustainable sources that meet the criteria of the WWF.

We use regional and sustainably grown ingredients for our convenience products. At Hilcona, most of our vegetable raw materials are grown under contract in accordance with defined sustainability criteria. The minimum standard is certification of the farmers by SwissGAP.

Minimum standards have been defined for all critical raw materials. These include raw materials such as eggs, palm oil and vegetables. With these minimum standards, we can ensure compliance with social and environmental criteria.

Projects in 2018

→ **Launch of an organic product line at Bell France**

Currently, the new range of organic products developed by Bell France comprises ten products that are marketed under our own and under trade brands. Jambon sec au sel de Guérande, a new product that does not contain any additives, was introduced in October 2018.

→ **Sustainable poultry products for the Austrian market**

In Austria, Bell and Hubers maintain poultry rearing operations that meet the higher standards for animal welfare of the Swiss PAS guidelines (particularly animal-friendly stabling systems). The PAS guidelines prescribe access to a protected outside area, natural light and better perches. In the reporting year, PAS chicken was delivered for the first time to the Austrian market in cooperation with a large retailer.

→ **Reduction of packaging material**

By changing its packaging design and film thickness, Hilcona saved around 26 tonnes of packaging material. Various projects are being implemented at Bell Germany, including switching from plastic to paper labels and reducing film thickness for several products. At Eisberg, the use of labels for beetroot and sweet corn has been completely discontinued by introducing a process of printing directly on film packaging.



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

Environment and resources

The sustainable and optimised use of resources such as water and energy is a relevant driver of our efforts to improve the Bell Food Group's environmental record. Various measures have been implemented to avoid or reduce the excessive use of these resources. We also want to increase the share of renewable energies.

In the areas of recycling and packaging, we aim to reduce the use of packaging material with different initiatives. Thanks to a standard monitoring concept, we can identify and continuously reduce large volumes of waste.

Projects in 2018

→ **Pilot project for a standard energy controlling system for the Bell Food Group**

The Bell Food Group accords a high priority to the effective management of resource consumption. By carefully monitoring consumption, deviations can be identified and eliminated quickly. A pilot project for the standardised controlling of resource consumption and a standard energy management system was successfully introduced at three locations in 2018. Roll-out to the first production facilities will start in 2019.

→ **New refrigeration plant at Hilcona in Orbe**

The old refrigeration plant was replaced by a new model at Hilcona's production facility in Orbe (CH). The new plant uses natural refrigerants and reduces energy consumption by more than 10 percent.

→ **Photovoltaic plant in Basel**

A photovoltaic plant was installed and commissioned for the new car park that was built in Basel. The plant's energy output is 230 kWp, which is used for Bell's neighbouring abattoir.

→ **Process heat is used sensibly**

A number of projects to recover process heat were implemented in the reporting year. By enlarging and optimising the process heat recovery plant, Bell's facility in Churwalden (CH) saved around 18,000 litres of heating oil in the reporting year. This is a reduction of 85 percent. Bell Germany replaced its old gas geyser for heating water at Edeweicht (DE) with a modern process heat recovery plant. This saves around 700,000 kWh of gas per year.

Employees and society

Sustainability begins with the recognition and development of employees. As an international corporation, the Bell Food Group is aware of its responsibility towards its employees and society as a whole. Active and sustainable involvement in societal issues is also an essential contributing factor towards the company's success.

For the Bell Food Group, education and training are important aspects of a responsible staff policy. In the Group, we offer basic training in 16 professions. The Bell Food Group also continuously reviews the possibilities of introducing training courses for additional professions and upgrading our existing training courses.

The health and safety of our employees is given the highest priority. Safety concepts with regular training courses and safety officers at every plant ensure that these concerns are met, always and everywhere.



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

Corporate tax responsibility is increasingly becoming a topic of debate in different social circles. Like all companies operating in a free market, the Bell Food Group also endeavours to continuously improve its efficiency and profitability. This includes a sensible and suitable process of tax planning. We accept the basic premise that tax optimisation is perfectly legitimate while aggressive tactics of tax optimisation should be questioned.

General principles governing our tax responsibility are outlined in the code of conduct. The topic of tax is part of the financial strategy. The financial strategy is the responsibility of the Board of Directors. The Bell Food Group executes Group-internal transactions at market conditions. We have developed our own transfer pricing model that fully complies with international legislation. The Bell Food Group pays its taxes where the economic substance is created. We do not have any legal entities that were established for the purpose of aggressive tax optimisation.

Projects in 2018

→ Bell Food Group employee survey

An employee survey for the whole Bell Food Group was carried out for the first time in spring 2018 (without Hügli, which joined the Group later). Reaction to the survey was very positive. Almost 60 percent of all employees took part. The survey measured general work satisfaction and commitment to the employer. The Bell Food Group was highly rated in both categories. The results also show, however, that there is still potential for improvement in some areas. These are now being reviewed following a defined process.

→ Workplace health management

Comprehensive workplace health management (WHM) was introduced at Bell Switzerland and Hilcona in 2018. The objective is to further improve the framework conditions for occupational health and to support employees suffering health problems. WHM helps employees and line managers to act in a responsible and health-conscious manner.

→ Attractive career and further education opportunities

Training and further education opportunities for the employees of the Bell Food Group were expanded further in the reporting year. More than 50 percent of key positions could be filled by internal candidates. This percentage should be increased further through targeted talent management. Individual training and further education measures were also actively supported at all levels.

Business development

The Bell Food Group continued its strategic growth in the Convenience segment in the 2018 financial year. The Convenience business area developed very well in the reporting year and now contributes around one-quarter of the Bell Food Group's sales revenue. The acquisitions of Hügli and Sylvain & CO considerably strengthened the Group's position in the high-growth and high-margin convenience market. This is another important step on the way to the Bell Food Group's goal to further increase its share of the European convenience market through organic growth and acquisitions.

The Bell Food Group also made operational progress in its core business with meat and charcuterie products in the reporting year. Some business units, however, lagged behind expectations in the first half of the year in particular. The measures to improve the results that were promptly introduced became effective in the second half of 2018, but in some respects later than expected. The decline in the first half could be halted but not fully compensated with these measures, mostly owing to disappointing Christmas sales.

Bell Food Group

The Bell Food Group's sales revenue grew by CHF 554.1 million or 15.4 percent to CHF 4.1 billion in 2018. The currency effect on revenue growth was around 1.2 percent. Sales volume grew by 19.6 percent to 542.9 million kilograms (+89.1 million kg). Some 17.4 percent of sales growth was driven by the acquisitions, while 2.2 percent was contributed by organic growth.

The Hügli and Sylvain & CO acquisitions were integrated into the consolidated financial statements in the reporting year. Sales revenue and sales volume were not impacted by any other material consolidated effects. The Convenience business area in particular posted encouraging organic growth. The Bell Germany division and the Bell International country organisations in France, Poland and Hungary also made operational progress and substantially improved their sales revenue in the reporting year.

At CHF 1.6 billion, the gross profit from operating activities is up CHF 256.6 million on the previous year and the gross profit margin improved by 1.5 percentage points to 38.6 percent. This improvement is due to the bigger share of high-added value convenience products as well as currency and acquisition effects. In addition to the currency and acquisition effects, the rise in volumes and higher personnel expenses in the international poultry business also affected operating costs. EBITDA, however, increased by CHF 24.8 million in total to CHF 305.4 million.

Owing to the acquisitions, depreciation and amortisation at CHF 164.7 million was CHF 33.7 million higher than in 2017. This resulted in EBIT of CHF 140.6 million, which is down CHF 9.1 million or 6.1 percent year-on-year. After a difficult first half, the promptly introduced measures to improve the result helped to stabilise the earnings situation in the second half of the year. However, the decline could not be entirely compensated, in part also because of an unsatisfactory Christmas season. The Bell Food Group's financial result is encumbered by book-entry foreign currency effects of CHF 4.6 million. In contrast, foreign currency earnings of CHF 9.9 million were posted in the previous year. The difference is CHF 14.5 million compared to the previous year. At CHF 89.3 million, the annual profit was CHF 17.2 million or 16.1% less than in the previous year. Adjusted for the foreign currency effects on the financial result, the contraction is 2.8 percent.

Balance sheet

The balance sheet as of 31 December 2018 reflects the material business developments in the past year. The net assets of Hügli and Sylvain & CO have been fully integrated. On 1 January 2018, 50.2 percent of Hügli was acquired. This resulted in new non-controlling shares that were continuously bought up during the business year. This process was finalised on 3 December 2018 and Hügli Holding Aktiengesellschaft was delisted from the Swiss stock exchange. As of 31 December 2018, the Bell Food Group owned 100% of Hügli. The purchase of the Hügli non-controlling shares was recognised in equity.

5.50_{CHF}

Higher distribution

The Annual General Meeting will be asked to approve a distribution of CHF 5.50 per share from the capital contribution reserve. Owing to the higher number of shares, the distribution payment is CHF 2.5 million more than in the previous year.

In 2018, the debt and equity financing of the Bell Food Group was restructured. In spring, new bonds with attractive interest rates were floated for CHF 350 million, and the Bell Food Group carried out a share capital increase for CHF 603 million in June. The funds that were raised have been used to date to finance the latest acquisitions, to repay a bond of CHF 175 million and to repay bank loans of Hügli for CHF 50 million. The remaining funds are earmarked for current investment projects and for strategic growth programmes. As a result, the Bell Food Group reports high cash and cash equivalents of CHF 243 million as of 31 December 2018. This provides the leeway required for the operating business and secures the funds needed for additional investments. At CHF 660 million, the net financial liabilities are up CHF 23 million on the previous year. The debt-to-equity ratio dropped from 2.3 to 2.2 and is still below the strategic target of 2.5. The equity ratio is 47.5 percent. As such, the Bell Food Group's balance sheet structure is very solid.

Distribution per share

The Bell Food Group pursues a sustainable dividend policy and aims to pay out 30 percent of its annual profit every year. With the share capital increase, 2,285,712 new registered shares were issued and CHF 603 million in liquid funds were generated. For 2018, the Annual General Meeting will be asked to approve a dividend of CHF 5.50 per share from the capital contribution reserve. Owing to the higher number of shares, the total dividend payment is CHF 2.5 million more than in the previous year.

As the dividend will be paid in full from the capital contribution reserve, it is not subject to withholding tax. Swiss private investors will also benefit from an income tax exemption.

Expansion and modernisation of production infrastructure

In 2018, CHF 216.9 million net were invested in property, plant and equipment. Of this amount, some CHF 108 million was used for regular renovation and replacement investments, while the remainder was used for expansion projects. This includes the two new facilities in Marchtrenk (AT) and Fuensalida (ES), the new car park in Basel (CH) and the new building in Werkendamm (NL). We expect the investment volume for 2019 to be between CHF 250 and 300 million. Of this amount, around CHF 140 million will be spent on replacements and renovation, while the remainder will be used for the new plants in Fuensalida (ES) and Marchtrenk (AT) as well as the start of the building projects in Switzerland.

The Bell Food Group made net investments in property, plant and equipment for CHF 216.9 million in the reporting year.



Samuel Bell 1869

The "Samuel Bell" product range of charcuterie classics from the 150-year history of Bell was launched in autumn 2018.

→

www.bell.ch/samuel-bell-en

Bell Switzerland

In 2018, the market for meat and meat products was stable in Switzerland. While cross-border shopping tourism continued to distort the Swiss retail market, the domestic hotel and food service business recovered noticeably. Bell Switzerland improved its sales revenue and sales volume in 2018 and gained market share. Sales volume increased by 0.1 percent to 125.7 million kilograms (+0.2 million kg). Sales revenue grew by CHF 21 million to CHF 1.98 billion (+1.1%). Measured against the development of the market as a whole, this growth was mostly generated in the food service sales market. This is traditionally a volume market for product ranges that offer smaller margins. In the second quarter of 2018, Bell Switzerland also suffered an unexpectedly fast and substantial decline in the sales volume for fresh meat, resulting in a high build-up of inventory. Thanks to the measures that were implemented promptly, the decline could be halted in the second half of the year. These measures included, among others, the adjustment of slaughter volumes, an effective cost management programme and strict inventory management. A weak Christmas season, however, partly erased some of the progress made. The launch of the "Samuel Bell 1869" product line with charcuterie classics from the 150-year history of Bell in autumn 2018 was very successful. This product range serves as the foundation for the anniversary activities planned for 2019.

With regard to the investment programme at the Basel and Oensingen sites, the first construction project was realised with the finalisation of the car park in autumn 2018. No other projects are currently pending in Basel. In Oensingen, further progress has been made with the projects for the new deep-freeze store and the renovation of the cattle slaughterhouse. The plans for a new car park to replace the parking spaces that were eliminated by the renovation of the slaughterhouse and to provide for the new jobs in Oensingen are in the final stage.

Bell Germany

Although the market for charcuterie products in Germany contracted slightly in 2018, it increased in value. Demand for higher-quality specialities has grown further. In contrast to the previous year, raw material prices for pork did not fluctuate wildly, but remained below the prices for 2017 on average. This exerted a certain amount of pressure on sales prices. In this market environment, Bell Germany successfully continued its volume strategy in 2018 and gained additional market share. As a result, sales volume increased by 0.2 percent to 72.6 million kilograms (+0.2 million kilograms) in 2018. Sales revenue improved by CHF 24.0 million (+5%) to CHF 501.1 million. The production facilities report good capacity utilisation. The focus is increasingly shifting to the further development of the product ranges and their added value. For example, the launch of the Bell Professional brand for food service customers was a success. The range comprises some 125 items and received a very good reception by the market. A speciality range was also launched for the first time for the retail channel under the Bell brand.

During an interruption in production at short notice at Bad Wünnenberg in Germany, a number of different production options were investigated. Taking account of the investment volume and potential for adding value, it is intended to open a production plant for fresh convenience products at Bad Wünnenberg in 2019. Parts of the former range of meat convenience products will be transferred to Marchtrenk in Austria. The surplus capacity at this modern convenience facility can be used very well for the production of meat convenience products. The time lapse caused by the transition to the new site concept will incur exceptional costs of around 10 million euros in 2019.

8.5%

Sales revenue growth for Bell International

The Bell International division increased its sales revenue to CHF 662.4 million in 2018.

Fresh convenience is an attractive and growing market in Germany in which manufacturers will position themselves in the next year or two. The Bell Food Group would like to further strengthen its position in this dynamic environment. By expanding its product range, the Bell Food Group can also offer customers in Germany an attractive and modern range of fresh convenience products. Sales activities have already kicked off and we expect to make the first deliveries in the fourth quarter of 2019.

The country organisation in Spain, which belongs to the Bell Germany division, performed well. Sales of Serrano ham and high-quality Spanish charcuterie specialities are continuing to rise in Germany and other European countries. The product range at our facility specialising in Iberico charcuterie in Azuaga (ES) was restructured and the sales launch in Europe was promising. The building of an additional plant for Spanish air-dried ham specialities in Fuensalida in the vicinity of Madrid with an annual drying capacity of some one million hams per year is on course. Commissioning is scheduled for the second half of 2019.

Bell International

The Bell International division once again improved its sales revenue and sales volume in the 2018 financial year. All business units of Bell International contributed to this growth. Sales volume grew 3.1 percent year-on-year to 164.2 million kilograms (+4.9 million kilograms). Sales revenue improved by CHF 52 million to CHF 662.4 million (+8.5%).

The poultry business of Hubers in Austria and Germany lagged behind expectations. Hubers suffered from rising personnel expenses and high feed prices, which could only be passed on to customers in part and with a delay. The expanded supply of organic turkey in Germany has not yet met with the required acceptance by consumers. Appropriate measures were initiated to counter this contraction. However, the required price increases could only be implemented in the market from November on. In addition to strict cost management, additional investments were approved to boost productivity at the new plant in Ampfing (DE) to the planned level. The automation of the internal logistics process, for example, will be considerably more advanced by mid-2019.

In a stagnating market environment for charcuterie products, Bell France achieved further operational progress in 2018. The adjustment of the product range to focus on products with a higher margin was continued consistently and successfully. In France, for example, demand for organic products and regional specialities has grown noticeably. The higher value added to the products is exploited by the broader use of the Bell brand and by targeted sales promotion measures. Appearances at trade shows, for example the internationally relevant SIAL trade fair, were used to cement recognition of the brand and to open up new sales channels in the domestic market and for exports. The positive trend will be supported further with the selective expansion of distribution channels and specialities product ranges.

Bell Poland and Bell Hungary performed in line with expectations and both of them posted positive growth in 2018. As these units have now also achieved a very good level of capacity use, the focus has shifted to strengthening the product range mix by adding higher-quality and higher-margin products. The added value is effectively communicated to customers with the targeted use of brands and sales promotion measures.

Convenience

The Convenience business area merges the activities of Eisberg, Hilcona and Hügli. The integration of Hügli and Sylvain & CO acquired in 2018 is proceeding according to plan. Business development is encouraging: in the reporting year, sales volume increased substantially by 76.5 percent to 190.4 million kilograms (+82.6 million kilograms). At CHF 1.1 billion, sales revenue was up CHF 455.6 million on the previous year (+73.7%). This growth was driven by the acquisitions as well as by operational progress.

Eisberg saw positive sales revenue growth in the food service and system catering sectors in particular. Business performance was stable in the retail markets in Switzerland and Poland and excellent in Hungary and Romania. Because of the extremely warm and dry summer, Eisberg was confronted with a strong increase in raw material prices in the reporting year, which could only be passed on to customers in part. The situation returned to normal again in autumn. Seen overall, Eisberg's business developed in line with expectations in 2018. Thanks to the

acquisition of Sylvain & CO, the Group substantially expanded its expertise in the field of organic and baby leaf salads. The construction of the new plant in Marchtrenk in Austria proceeded according to plan. Europe's most modern convenience facility will be commissioned in March 2019.

Business performance for the Convenience business area is very encouraging.

Hilcona can look back on 2018 as a very good year. In spite of the strong increase in raw material prices and the persistent trend towards lower-margin own brands, Hilcona posted substantial growth in all retail as well as food service markets. This growth was primarily driven by the high degree of innovation for the product portfolio as a whole. Trends such as 'to-go' and a bigger focus on freshness and health were implemented successfully into a number of new products for the retail market. In the food service segment, Hilcona is increasing its focus on individually tailored concept solutions and posted growth for its business with vegetarian and vegan products. It is intended to *open* a fresh convenience production plant in Germany in 2019.



Hügli at a glance

The specialist for non-perishable convenience products has been part of the Bell Food Group since 2018.



www.bellfoodgroup.com/huegli-en



Investment in Mosa Meat

The Bell Food Group is investing in the world's leading manufacturer of cultured beef.

→ www.bellfoodgroup.com/mosa-meat-en

The integration of Hügli into the Bell Food Group is proceeding as planned. First synergies with Group companies were already realised in the reporting year and additional synergies will be exploited in 2019 in particular. In a highly competitive European market environment, Hügli's sales volume remained stable year-on-year for all divisions. Business with customers in the food processing industry and the very competitive and volatile private label segment was positive. Country-specific differences are apparent in the food service sector, with the Benelux countries and eastern Europe performing very well but Germany, Austria and Switzerland failing to report any significant growth. Except for weak year-end sales, Hügli performed in line with our expectations in 2018. There were changes with regard to the locations and organisational structure in the reporting year. At the plant in Radolfzell (DE), a new mixing facility and a fully automated high bay warehouse were commissioned in 2018. Construction of the new Werkendam plant in the Netherlands was finalised at the end of 2018. This new facility will almost double the production capacity of this plant for chilled garlic and herb specialities. The facility in Ulm (DE) was sold at the end of 2018. The production capacity offered by this plant was no longer needed or could be outsourced to other locations. In organisational terms, the business segments within the two main sales markets of B2B and B2C were restructured so that each segment represents around half of turnover. The old structures were simplified and aligned even more precisely to the target markets.

The integration of Hügli is progressing as planned.

Risk report

Bell Food Group's business results and development are shaped by important external factors that can only be influenced by the company to a limited extent and therefore also harbour certain risks. Two of these important factors are the prices for raw materials and consumer behaviour.

Raw material prices

The cost of raw materials and supplies accounts for more than 60 percent of net earnings. Raw materials make up the biggest share by far. For animal raw materials, Bell's success is determined by the prices for cattle products and pork in Switzerland, and by the prices for pork and poultry in Europe. Market prices are highly volatile and can change at short notice due to availability, regulatory market intervention, speculation or short-term changes in consumer habits.

The inclusion of inflation in sales prices is difficult, in particular for charcuterie and poultry. Fierce competition in the processing and retail segments makes it even more difficult to increase sales prices quickly, while competitive pressure kicks in immediately when raw material prices fall. For plant raw materials, the effects of weather conditions on the harvest play an important role. Extremely hot and dry periods such as in summer 2018 have a huge impact on the availability, price and quality of plant raw materials, such as salads. To secure the procurement of the high-quality raw materials needed for our products, the Bell Food Group is constantly testing options for binding upstream services to the company more strongly.

70%

Growing meat consumption

The Food and Agriculture Organization of the United Nations expects global demand for meat to increase by 70 percent by 2050.

Consumer behaviour

In our markets, consumption largely depends on consumer sentiment and the development of purchasing power. In our core market Switzerland, the EUR/CHF exchange rate not only has a direct impact on the already pronounced shopping tourism, but also on the development of the economy and consumer sentiment. Reports about animal epidemics or food scandals can also have a strong impact on short-term consumption. These fluctuations differ according to country and cultural circles and are difficult to predict. In some markets, regulatory interference also causes noticeable changes in consumer behaviour. We defend ourselves against such risks by constantly adjusting our product ranges to market needs and placing the greatest emphasis on sustainability and the quality of our raw materials.

Investment in technology with a promising future

In July 2018, the Bell Food Group announced that it is investing EUR 2 million in the next development phase of the Dutch start-up Mosa Meat, the world's leading manufacturer of cultured beef. Mosa Meat has developed a technology for producing cultured meat from animal cells. The objective of the upcoming research phase is to successfully bring cultured beef mince to market by 2021. This will offer an alternative to consumers who are re-evaluating their meat consumption for ethical reasons. Based on calculations by the Food and Agriculture Organization of the United Nations (FAO), global demand for meat will increase by 70 percent until 2050. Current production methods will no longer be able to sustainably meet this increase in demand.

Outlook

The integration of Sylvain & CO and Hügli is progressing as planned. In 2018, the foundation for the exploitation of synergy potential was laid at Hügli, and this will make a substantial contribution to the result of the Convenience segment in 2019 and the following years. This primarily concerns the production of own brands, additional listings in intra-Group sales channels and the insourcing of ingredients such as spices, sauces and marinades.

The most modern convenience plant in Europe will be commissioned in Marchtrenk in Austria in March. Meat and fresh convenience products for the Austrian and German markets are produced in Marchtrenk. With this move, the Bell Food Group aims to strengthen its position in this high-growth market. The new plant for Spanish ham specialities in Fuensalida in the vicinity of Madrid will be commissioned in the second half of 2019. With this new building, Bell Spain will increase its drying capacity to around one million Spanish air-dried hams per year. It is intended to open a production plant for fresh convenience products at the German Bad Wünnenberg facility in 2019. The measures implemented in mid-2018 to improve the performance of Bell Switzerland and the poultry business in Austria and Germany delivered the first results in the second half of 2018. We expect to see the full effect of these measures and a further improvement in the results for these two units in 2019.

The growth strategy for the food service market will be continued in 2019. With the roll-out of the Bell Professional brand in Switzerland, we aim to expand the marketing activities in the food service channel with tailor-made products and concepts.

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Corporate governance

34	Group structure and shareholders
35	Organisational chart
36	Capital structure
37	Board of Directors
38	Members of the Board of Directors
40	Internal organisation and areas of responsibility
41	Information channels and control instruments of the Group Executive Board
43	Group Executive Board
44	Members of the Group Executive Board
45	Shareholders participation rights
46	Information policy

Corporate governance

Bell Food Group Ltd follows the Swiss Code of Best Practice for Corporate governance of *economiesuisse* and complies with the SIX Swiss Exchange Directive on Information relating to Corporate governance (DCG). The corporate governance regulations of Bell Food Group Ltd are based on Swiss law, the Articles of Association and the by-laws of the company. The Board of Directors reviews the Articles of Association and by-laws at regular intervals and adjusts them to meet changed circumstances.

Group structure and shareholders

Group structure

Bell Food Group Ltd is the parent company of the Bell Food Group and has its registered office in Basel in Switzerland. It is listed on the SIX Swiss Exchange. The shares were listed on the stock exchange with the main intention of accessing a broader capital market and to pay share earnings to the broad customer base of the Bell Food Group.

The major shareholdings included in the scope of consolidation of the Bell Food Group are listed in the notes to the consolidated financial

statements on pages 79 and 80 by company name, registered office, sphere of activity, method of consolidation, share capital and ownership interest. On 31 December 2018, Bell Food Group Ltd is the only listed company among the companies included in the consolidated financial statements. In the reporting year, the Bell Food Group took over Hügli Holding Aktiengesellschaft in Steinach, a company listed on the SIX Swiss Exchange that was delisted as of 3 December 2018.

The principal shareholder of Bell Food Group Ltd is Coop Group Cooperative in Basel with a stake of around 66 percent. This collaboration has a history stretching back to 1913 when the public limited company Samuel Bell Söhne joined forces with the Association of Swiss Consumer Societies (now Coop). Coop listed a first and second tranche of 20 percent each of the shares on the stock exchange in 1995 and 1997, respectively.

As of 31 December 2018, Bell Food Group Ltd had 6,335 registered shareholders, of which 5,928 are natural persons and 407 legal entities. Measured by the number of shares held, the shares recorded in the share register represent the shareholders as follows:

Number of shares	Number of registered shareholders	Number of shares recorded in share register
1 – 10	984	6,339
11 – 100	3 515	172,650
101 – 1,000	1 658	444,678
1,001 – 10,000	163	397,461
10,001 – 100,000	13	345,277
> 100,001	2	4,291,282

On 31 December 2018, Bell Food Group Ltd held 6,424 treasury shares. The number of shares pending registration on 31 December 2018 was 9.99 percent.

Significant shareholders

On 31 December 2018, Bell Food Group Ltd was aware of the following significant shareholders

holding at least three percent of the share capital:

	Number of shares	Share
Coop Group Cooperative, Basel	4,166,796	66.29 %

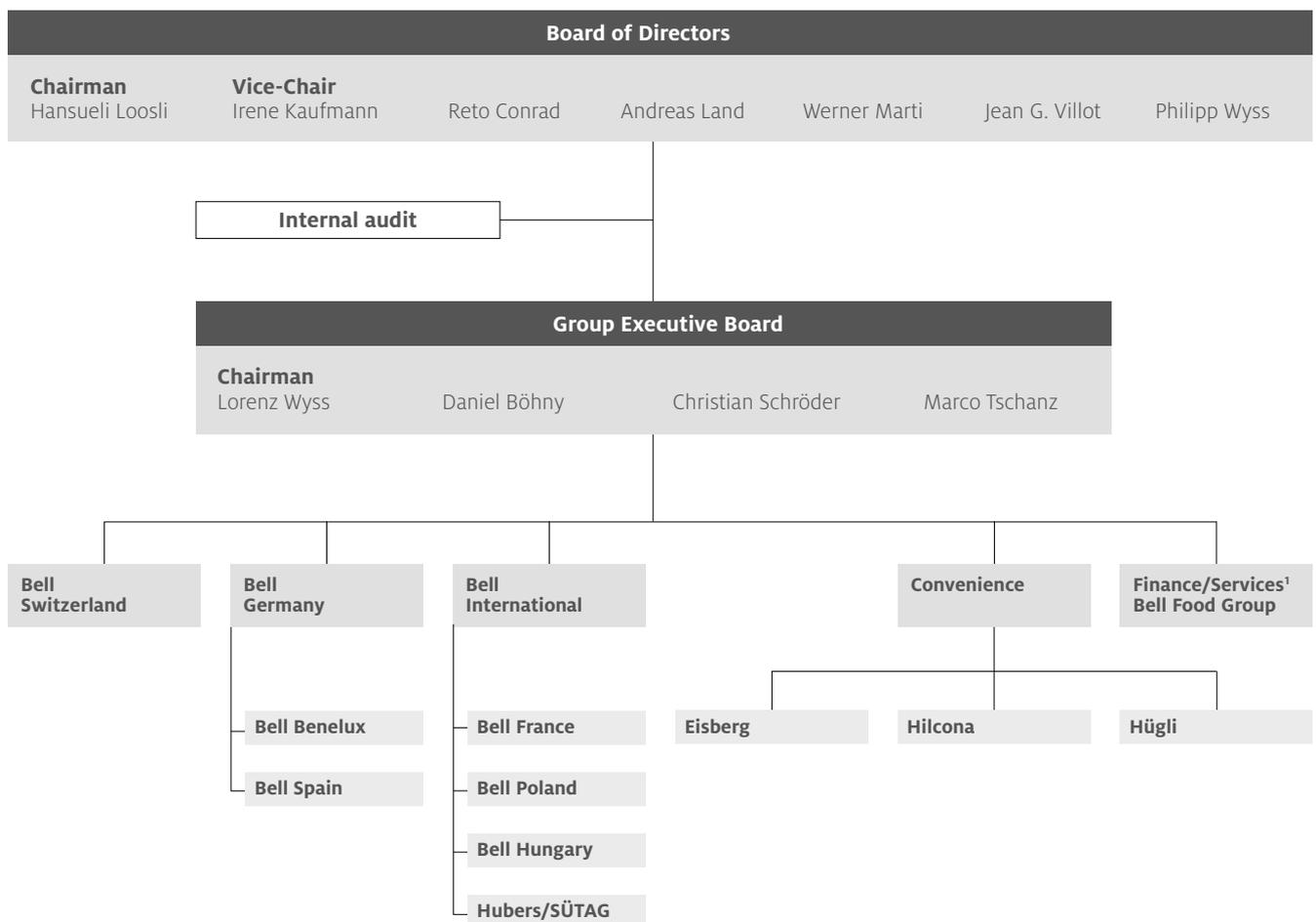
10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

During the reporting year, the company did not receive any disclosure notices pursuant to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) from significant shareholders or shareholder groups.

Cross-shareholdings

There are no cross-shareholdings between Bell Food Group Ltd and other stock companies.

Organisational chart as at 31 December 2018



¹ The Finance/Services division is responsible for the whole Bell Food Group

Changes to the Group structure from 1 July 2019

The business areas will be restructured at the top level of the Group on 1 July 2019. While the Bell Switzerland business area and the Convenience business area with the Eisberg, Hilcona and Hügli divisions will not see any changes, the current Bell Germany and Bell International units will be merged into a new business area known as Bell International. The IT unit will be separated from the Finance/ Services business area to form a new central business area. Within the Bell International business area, the current Bell International division will be renamed Bell Western/Eastern Europe division, comprising the Bell France, Bell Poland and Bell Hungary units. Given its size and independent marketing activities, Hubers/SÜTAG will, in future, form its own division.

The adjustment of the organisational structure will also strengthen the management structure. The Group Executive Board will consist of the heads of the business areas. The Bell Switzerland business area will continue to be managed by CEO Lorenz Wyss in personal union. The current CFO Marco Tschanz will take over as head of the new Bell International business area as well as the central IT business area. The Bell Food Group will be joined by Volker Baltes as head of the Convenience business area and Xavier Buro as CFO. Because of the changes to the corporate structure, the former members of the Group Executive Board Daniel Böhny and Christian Schröder will, in future, be division heads. These staff changes will take effect on 1 July 2019.

Capital structure

Share capital

The company's share capital is fully paid up and equates to CHF 3,142,856. It is divided into 6,285,712 registered shares with a nominal value of CHF 0.50 each.

More information about the shares can be found on page 6.

Authorised and conditional share capital

There is neither conditional nor authorised share capital.

Changes in capital

On 10 April 2018, the Annual General Meeting of Bell Food Group Ltd approved an increase in capital by way of a subscription rights offer and thus the increase of the company's share capital of CHF 2,000,000 was divided into 4,000,000 registered shares with a nominal value of CHF 0.50 each. In the context of the ordinary share capital increase, 2,285,712 new registered shares were issued. Since 7 June 2018, the company's share capital has amounted to CHF 3,142,856, divided into 6,285,712 registered shares with a nominal value of CHF 0.50 each.

Shares, participation and dividend-right certificates

All registered shares of Bell Food Group Ltd have a nominal value of CHF 0.50 each. Each share has one vote. However, shareholders can only exercise their voting rights if they are entered in the share register of Bell Food Group Ltd with voting rights. All registered shares are entitled to a dividend, except the treasury shares held by the company. Shareholders are not entitled to have certificates for registered shares printed out and delivered.

Bell Food Group Ltd has no outstanding participation certificates or dividend-right certificates.

Restriction of transferability and nominee entries

The transfer of registered shares as property or useable assets requires the permission of the Board of Directors. The Board of Directors may delegate all or some of its powers in this regard. In order to be registered in the share register, buyers have to submit a declaration that the shares were bought in their own name and on their own behalf. The company can otherwise only refuse to register someone as a shareholder for good cause and if a single shareholder directly or indirectly acquires more than five percent of the share capital.

Convertible bonds, bonds and options

Bell Food Group Ltd has no outstanding convertible bonds or options. Information about outstanding bonds is provided on page 69 of the notes to the consolidated financial statements.



The Articles of Association of Bell Food Group Ltd can be downloaded at www.bellfoodgroup.com/statutes-en.

The by-laws can be found at www.bellfoodgroup.com/organisation-en.

Status as of 31 December 2018 unless stated to the contrary.

Board of Directors

Members of the Board of Directors

Since the Annual General Meeting of 10 April 2018, the Board of Directors of the Bell Food Group has consisted of seven members. Prior to this, the Board of Directors consisted of six members.

Jörg Ackermann did not stand for re-election in the reporting year and left the Board of Directors after the Annual General Meeting on 10 April 2018. Jean G. Villot and Philipp Wyss were elected to the Board of Directors of Bell Food Group Ltd at the same Annual General Meeting.

Other activities and interests

None of the Board members worked for a company of the Bell Food Group in an executive capacity during the reporting period, or had done so in the previous three financial years. From 2011 to June 2018, Jean G. Villot served as Chairman of the Board of Directors of Hügli Holding Aktiengesellschaft acquired by Bell Food Group Ltd in the reporting year. The members of the Board of Directors do not have any material business relationships with Bell Food Group Ltd or the Bell Food Group. The Coop Group Cooperative owns the majority of the shares and voting rights of Bell Food Group Ltd and is represented by four members on the Board of Directors. There are customer and supplier relationships as well as other business relationships between the companies of the Coop Group and the Bell Food Group.

Regulations regarding the number of permitted activities

Outside of Bell Food Group Ltd, members of the Board of Directors may take part in the supreme management and administrative bodies of a maximum of twelve legal entities that are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, a maximum of three may be listed companies. Only positions in companies which neither control Bell Food Group Ltd nor are controlled by Bell Food Group Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate.

Board member mandates within the Bell Food Group are not disclosed in the annual report for companies that are fully consolidated with Bell Food Group Ltd.

Election and term of office

The Annual General Meeting elects the members of the Board of Directors, its Chair and the members of the Compensation Committee individually for a term of office up to the end of the next Annual General Meeting. The members of the Board of Directors and the Compensation Committee are nominated as recommended by the Chair. According to the Articles of Association, the Board of Directors must consist of a minimum of three members, and the Compensation Committee of at least two members. Re-election is possible.

The Annual General Meeting of Bell Food Group Ltd decided on 10 April 2018 to increase the maximum age for board members from 65 to 70 years. If a board member turns 70 while in office, he or she must resign from the Board at the next Annual General Meeting.

Composition of the Board of Directors

as of 31 December 2018

	Chairman of the Board of Directors	Member of the Board of Directors	Compensation Committee	Elected at AGM 2018
Hansueli Loosli	since 2009	since 2009	–	until AGM 2019
Irene Kaufmann	–	since 2009	Member	until AGM 2019
Reto Conrad	–	since 2017	–	until AGM 2019
Andreas Land	–	since 2013	Chairman	until AGM 2019
Werner Marti	–	since 2009	–	until AGM 2019
Jean G. Villot	–	since 2018	–	until AGM 2019
Philipp Wyss	–	since 2018	–	until AGM 2019

Members of the Board of Directors



Hansueli Loosli

1955, Swiss citizen
Chairman of the Board of Directors

Education and training
Certified public accountant (federal diploma)

Current position
Chairman of the Board of Directors of Coop Group Cooperative; since 2011

Other board member mandates

- Coop Mineraloel AG, Allschwil; Chairman
- Swisscom AG, Bern; Chairman
- Transgourmet Holding AG, Basel; Chairman

Other functions and offices

- Deichmann SE, Essen, Germany; Advisory Council

Professional career

- Chairman of the Executive Board; Coop Cooperative, Basel; 2001–2011
- Chairman of the Executive Board and the Group Executive Board; Coop Switzerland, Basel; 1997–2000
- Managing Director; Coop Zurich, Zurich; 1992–1997
- Director of Non-Food Procurement; Coop Switzerland, Wangen; 1992–1996
- Most recently Managing Director; Waro AG, Volketswil; 1985–1992
- Controller, Deputy; Director; Mövenpick Produktions AG, Adliswil; 1982–1985
- Head of Fiduciary Department; BBC AG, Baden; 1979–1982
- Audit Assistant; Intertest AG, Baden; 1978–1979
- Chief Accountant; Huba-Control AG, Würenlos; 1974–1978



Irene Kaufmann

1955, Swiss citizen
Vice-Chair of the Board of Directors
Member of the Compensation Committee

Education and training
Dr. oec. publ.

Current position
Vice-Chair of the Board of Directors of Coop Group Cooperative; since 2011

Other board member mandates

- Coop Mineraloel AG, Allschwil
- Coop Patenschaft für Berggebiete, Basel; Chair of the Board
- Dipl. Ing. Fust AG, Oberbüren
- HWZ Hochschule für Wirtschaft Zürich, Zurich
- Swiss Mobilier Cooperative Company, Bern
- Schweizerische Mobilier Holding AG, Bern
- Transgourmet Holding AG, Basel

Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; Chair of the Board of Trustees
- ETH Zürich Foundation, Zurich; Trustee
- Juventus schools Zurich, Zurich; Chair of the Board of Trustees

Professional career

- Chair of the Board of Directors; Coop Cooperative, Basel; 2009–2011
- Vice-Chair of the Board of Directors; Coop Cooperative, Basel; 2000–2009
- Project management of consultancy assignments for public administration and operations with an emphasis on finance and organisation; Nabholz Consulting, Zurich; 1985–2008
- Audit and consulting mandates for private enterprises on behalf of Dr. Nabholz Treuhand AG, Zurich; 1980–2002



Reto Conrad

1966, Swiss citizen
Member of the Board of Directors

Education and training
Lic. oec. HSG
Certified auditor (federal diploma)

Current position
Member of the Executive Board and Head of IT/Production/Services of Coop Cooperative Basel; since 2017

Other board member mandates

- Coop-ITS-Travel AG, Volketswil; Chairman
- Coop Mineraloel AG, Allschwil
- update Fitness AG, Uzwil; Chairman

Other functions and offices

- Coop Meeting Centre, MuttENZ; Chairman of the Board of Trustees
- CPV/CAP Coop Pension Fund, Basel; Member of the Board of Trustees and the Investment Committee
- Société coopérative Centre de Formation du Léman, Jongy; Chairman

Professional career

- Head of Finance/Services and member of the Executive Board, Coop Cooperative, Basel; 2012–2016
- CFO and member of the Group Executive Board; Emmi Ltd., Lucerne; 2006–2012
- CFO and member of the Group Executive Board; Bachem Holding Ltd, Bubendorf; 2001–2005
- Various auditing positions; PricewaterhouseCoopers, Basel and San Francisco; 1992–2001
- Controller; UBS, Basel; 1990–1992



Andreas Land

1956, German citizen
Member of the Board of Directors,
Chairman of the Compensation Committee

Education and training
Certified business administrator (with a diploma from a university of applied sciences)

Current position
Managing partner of Griesson – de Beukelaer GmbH & Co. KG; since 1997

Other board member mandates

- None

Other functions and offices

- None

Professional career

- CEO of Danone Biscuits North; Danone Group; Heerentals, Belgium; 1992–1997
- Managing Director of Bongrain Germany; Wiesbaden, Germany; 1989–1992
- Different positions with Effem GmbH, Verden, Germany; 1979–1989



Werner Marti

1957, Swiss citizen
 Member of the Board of Directors

Education and training
 Attorney-at-law

Current position
 Law office; since 1988

Other board member mandates

- Alp Transit Gotthard AG, Lucerne; Chairman
- Billag AG, Fribourg; Chairman
- Other board member mandates with various SMEs

Other functions and offices

- None

Professional career

- Proprietary law office in Glarus; since 1988
- National Councillor of the canton of Glarus; 1991–2008; in this position member of the Finance Commission (Chairman 2004/2005), the Commission for Communication, Transport and Telecommunications as well as various ad hoc commissions
- Price controller; 1996–2004
- Councillor of the canton of Glarus, Directorate of Internal Affairs (Directorate of the Economy); 1990–1998
- Associate/partner in a law office; 1983–1987



Jean G. Villot

1952, Swiss and French citizen
 Member of the Board of Directors

Education and training
 Dr. oec.

Current position
 None

Other board member mandates

- None

Other functions and offices

- None

Professional career

- Chairman of the Board of Directors; Hügli Holding Aktiengesellschaft, Steinach; 2010–2018
- CEO and Managing Director; Hügli Holding Aktiengesellschaft, Steinach; 2003–2010
- General Manager; Hügli Nahrungsmittel GmbH, Radolfzell, Germany; 1997–2002
- General Manager; Hügli Nahrungsmittel AG, Steinach; 1990–1997
- Independent business consultant; 1990
- Different positions with Prognos Ltd, Basel; 1980–1990, most recently member of the Executive Board
- Different positions with Michelin Reifenwerke AG, Karlsruhe, Germany; 1972–1974



Philipp Wyss

1966, Swiss citizen
 Member of the Board of Directors

Education and training
 Commercial specialist, butcher

Current position
 Deputy Chairman of the Executive Board and Head of Marketing/Procurement of Coop Cooperative Basel; since 2012

Other board member mandates

- AgeCore Ltd, Geneva
- Betty Bossi AG, Zurich; Chairman
- Casa del Vino SA, Zurich
- Eurogroup Far East Ltd., Hong Kong; Chairman
- Marché Restaurants Schweiz AG, Dietlikon; Chairman
- Weinkeller Riegger AG, Mellingen
- Transgourmet Holding AG, Basel
- Two Spice AG, Hergiswil
- Two Spice Trading AG, Hergiswil
- Yooji's AG, Hergiswil
- Zanini Vinattieri SA, Ligornetto

Other functions and offices

- GfM Swiss Marketing Association; Board member
- Biore Foundation, Risch; member of the Board of Trustees

Professional career

- Head of Retail/Head of Central Switzerland-Zurich Sales Region, Coop Cooperative, Basel and member of the Executive Board of Coop Group Cooperative, Basel; 2009–2011
- Head of Sales, Coop Central Switzerland-Zurich Region, Dietlikon; 2008–2009
- Head of Category Management Fresh Products/Restaurants, Coop Cooperative, Basel; 2004–2008
- Category Manager Meat, Fish, Fresh Convenience, Coop Cooperative, Basel; 1997–2003
- Senior Product Manager, Federation of Migros Co-operatives, Zurich; 1993–1997
- Head of Sales, Sempione Gehrig AG, Klus; 1990–1992

Internal organisation and areas of responsibility

The Board of Directors of Bell Food Group Ltd defines the corporate strategy, issues the required instructions and oversees all the activities of the Bell Food Group, while the Group Executive Board is responsible for business operations. The Board of Directors reviews the business planning, in particular the annual, multi-year and investment plans as well as the corporate objectives. The Board also identifies opportunities and risks and initiates any measures that are required. The areas of responsibility of the Board of Directors and the Group Executive Board are set forth in detail in the by-laws of the company. The by-laws are available on the Bell Food Group website at www.bellfoodgroup.com/organisation-en.

In addition to its non-transferable responsibilities and powers, the Board of Directors decides on mergers, litigation and contracts of special importance, capital investments in excess of CHF 5 million, and acquisitions and sales of real estate and companies. The Board determines the Bell Food Group's corporate structure and is responsible for hiring, discharging and overseeing company managers and executives. It adopts the corporate policy and associated objectives and strategies and monitors their implementation. It also makes decisions concerning the company's representation in industry associations and interest groups, the granting of third-party loans exceeding CHF 100,000 and guarantees in any amount.

With the exception of the Compensation Committee, the Group Board of Directors is responsible for the recommendations outlined in the *economiesuisse* guidelines regarding the function and remit of the individual committees of the Bell Food Group. This makes it easier to retain an overview and takes account of majority shareholder structures.

More information on the Compensation Committee is provided in the compensation report on page 49.

The Board of Directors meets at least seven times a year, usually once every two months.

Special meetings to discuss strategic transactions and other transactions that might have a considerable impact are held as and when needed. The Chair of the Group Executive Board (CEO), the Head of the Bell Food Group Finance/ Services division (CFO) as well as the heads and financial officers of Eisberg, Hilcona and Hügli are called in to participate in these meet-

ings. No external advisors were engaged in the reporting year.

Since March 2018, the Eisberg and Hilcona divisions and, since June 2018, the Hügli division have been informing the Board of Directors of Bell Food Group Ltd directly, which has led to an increase in the number of board meetings in the reporting year compared to previous years. In 2018, the Board of Directors held ten ordinary meetings, four extraordinary meetings and one constituent meeting. The extraordinary board meetings concerned the takeover of Hügli by way of a public offer and the capital increase carried out in the reporting year. The average duration of the ordinary meetings was six and a half hours. The extraordinary meetings lasted on average two hours. The attendance rate at board meetings was 93 percent.

In addition to the usual day-to-day business, the Board of Directors concentrated on the following subjects and projects in the reporting year:

- Takeover and integration of Hügli Holding Aktiengesellschaft and Sylvain & CO SA
- Investment in the Dutch start-up Mosa Meat and takeover of the assets of Grande Boucherie du Molard SA
- Investment programme for Bell's locations in Switzerland (planning horizon up to 2025) and realisation of the new building projects of Bell Spain and Eisberg Austria
- Preparation and implementation of the ordinary share capital increase and floating of two bonds
- In-depth discussion of business performance in the reporting year
- Adoption of the new quality strategy for Bell Food Group and sales market strategy for Eisberg
- Strategic decisions regarding implementation of the IT strategy at Bell Food Group
- Assessment of the location concept for a new fresh convenience plant in Bad Wünnenberg (DE)
- Execution of an employee survey for Bell Food Group
- Tender for external auditors

As a rule, the Board of Directors carries out a self-evaluation every two years during which the individual board members have to complete a questionnaire about the strategy, culture, competencies, organisation and governance.

The last self-evaluation took place in December 2018 and confirmed the Board's functionality.

Information channels and control instruments of the Group Executive Board

The Chairman of the Group Executive Board (CEO) and the Head of the Finance/Services division (CFO) regularly report on business performance to the Board of Directors. The Chairman of the Board of Directors is in close contact with the Group Executive Board and usually meets with the CEO once a month.

The Head of the Bell Food Group Finance/Services division (CFO) submits a management report (MIS) to the Board every month and prepares a report consisting of a consolidated and a division income statement, key indicators and analyses. Financial reporting is a permanent component of the Board meetings. Deviations are discussed and the measures that may be required are implemented.

Internal control system

The Bell Food Group operates a comprehensive internal control system (ICS) based on the internationally acknowledged COSO framework (www.coso.org) that is an integral component of quality assurance (QA). This was restructured in 2017/2018 and implemented step by step at all units of the Bell Food Group. Controls focus even more sharply on asset protection and financial reporting. Institutionalised assessments measure the quality of the internal control system. Every year, the results of these assessments are compiled in a report and binding measures are defined for the areas where potential for improvement has been identified.

Internal audit

In addition to the statutory auditors, internal audit monitors compliance with the guidelines and regulations as an independent snapshot on behalf of the Board of Directors and checks the expedience of control instruments and the organisational structure and procedures as well as the effectiveness of the internal control system. It accompanies the development of new business processes and modifications to existing business processes in an administrative

or advisory function and supports the Group Executive Board in the achievement of its objectives by making recommendations for improvements to business processes. Internal audit pursues a risk-oriented approach to auditing. Findings are documented and communicated to the Chairman of the Board of Directors. The implementation of measures is monitored.

Internal audit coordinates its auditing activities and maintains a close exchange of information with the statutory auditors.

Compliance

Bell Food Group Ltd has adopted the concept of all-inclusive integrity and compliance with the laws as a central tenet of its corporate culture. Management does not, in any manner, condone corruption or breaches of competition laws. A central compliance system for the whole Group designed to prevent, identify and react to compliance breaches is in place. The focus falls on antitrust law and the Bell Food Group's preventive measures in this area. Employees at all relevant levels are regularly trained in order to improve their understanding of the topic of compliance. Awareness and knowledge of this topic should exclude the potential for misconduct. The topic of integrity is constantly highlighted as part of an ongoing dialogue.

The Bell Food Group has its own Code of Conduct. This framework condenses many existing guidelines and describes the rules that are binding for the company and all its employees in their interaction with one another as well as with their business partners. Data privacy is part of compliance and this topic was restructured in terms of content and personnel in 2018 in line with changed statutory framework conditions in the European Union. Data privacy guidelines were adopted, a white paper with standards, organisational charts, processes and recommendations was drawn up and intensive training courses to raise awareness of the topic were held. The data privacy guidelines and software tools were implemented and introduced throughout the Group. The Group companies carried out self-audits and Group-wide stress tests in preparation for information requests under the EU's General Data Protection Regulation.



The Code of Conduct can be accessed at www.bellfoodgroup.com/code-en.

Risk management

The Bell Food Group has applied structured risk management since 2009. As a food manufacturing company, the risk situation can be described as stable overall. As part of the risk management process, the Board of Directors, Group Executive Board and Executive Boards of the country organisations assess the major risks every year.

The Bell Food Group generally defines risk as possible events or actions that could lead to a deviation from the defined objectives or strategy implementation. Positive deviations are seen as opportunities and negative deviations are deemed to be risks. Opportunities are integrated into the strategy process, while negative deviations are analysed during the risk management process. The risks are assessed for probability of occurrence and quantitative impact in the event of occurrence.

A full survey of the possible risks is done every three years. The risks that are relevant for the Bell Food Group are identified and measures are formulated if possible to reduce the probability of occurrence and/or the impact of the potential risks. Every measure is given a responsible owner. In the intervening years, the Board of Directors and Group Executive Board moni-

tor the status of the measures and carry out current assessments. As part of the risk management process of the Bell Food Group, risks that could potentially cause a loss of more than a specified amount at EBIT level within three years are actively managed. The relevant amount of loss for these large risks is CHF 5 million for the Bell Switzerland division and CHF 1 million for the other divisions. Safeguards and measures are implemented to protect the company against risks that cannot be influenced or that can only be influenced to a limited extent.

In 2018, a new risk assessment was carried out for Hügli and a risk management audit was carried out for Bell Switzerland, Bell International, Hilcona and Eisberg. Management has identified a sudden increase in raw materials prices, epidemics, shifts in agricultural policies and changed consumer needs as major risks.

The financial market risks are limited to foreign currency exposure, in particular in the eurozone.

Internal audit carried out general health checks to identify the operational risks associated with new acquisitions, and management defined and implemented the required measures.

More information on risk assessment is provided on pages 30 and 31.

Group Executive Board

Members of the Group Executive Board

The Group Executive Board consists of the Chairman of the Group Executive Board (CEO) and the Heads of the Bell International, Bell Germany, Convenience and Bell Food Group Finance/Services (CFO) divisions. Lorenz Wyss,

CEO, is the ad interim Head of the new Convenience division set up in January 2018. There were no changes to the composition of the Group Executive Board in the reporting year.

Information about the changes to the composition of the Group Executive Board that will take effect on 1 July 2019 is provided on page 36.

Members of the Group Executive Board	since
Lorenz Wyss	2011
Daniel Böhny	2015
Christian Schröder	2012
Marco Tschanz	2015

Regulations regarding the number of permitted activities

Members of the Group Executive Board may take part in the supreme management or administrative bodies of no more than two legal entities that are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, no more than one may be a listed company. Only positions in companies which neither control Bell Food Group Ltd nor are controlled by Bell Food Group Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate.

Board member mandates within the Bell Food Group are not disclosed in the annual report for companies that are fully consolidated with Bell Food Group Ltd.

Compensation, shareholdings and loans

All information about the compensation paid to members of the Board of Directors and the Group Executive Board of Bell Food Group Ltd is provided in the compensation report, which starts on page 48.

Members of the Group Executive Board



Lorenz Wyss

1959, Swiss citizen
Chairman of the Group Executive Board (CEO)

Education and training

Butcher, business diploma, certified meat industry technician, Master of Business Administration ZFH

Current position

Head of Bell Switzerland division and head of Convenience division; with the Bell Food Group since 2011; in this position since 2011

Board member mandates:

- GVFI International AG, Basel
- Proviande Cooperative, Bern

Other functions and offices

- Hermann Herzer Foundation, Basel

Professional career

- Managerial positions at Coop Cooperative, Basel:
 - Head of Category Management Fresh Products/Gastronomy; 2008–2011
 - Head of Food Procurement/Scheduling; 2004–2008
 - Head of Purchasing Pool for Fresh Products; 1998–2004
 - Market Group Head, Meat/Catering and Frozen Products; 1995–1998
- Managerial positions at Gehrig AG, Klus:
 - Head of Sales/Operations (Deputy Managing Director); 1992–1995
 - Technical Director; 1987–1991
 - Head of Operations/HR; 1983–1984
- Department Head at Jenzer AG, Arlesheim; 1978–1981



Daniel Böhny

1961, Swiss and Italian citizen
Member of the Group Executive Board

Education and training

Business economist

Current position

Head of Bell International division; with the Bell Food Group from 2004 to 2008 and since 2015; in this position since 2015

Board member mandates:

- None

Other functions and offices

- None

Professional career

- Co-Chairman of the Executive Board of Transgourmet Schweiz AG, Basel; 2013–2015
- Chairman of the Executive Board of Howeg Transgourmet Switzerland Ltd, Winterthur; 2009–2013
- Head of Poultry business unit and member of the Executive Board of Bell Schweiz AG, Basel; 2004–2008
- Managerial positions with Autogrill Schweiz AG, Zurich, and Autogrill SAS, Mulhouse, France; 2002–2004
- Managerial positions with Flughafen-Restaurant AG, Kloten; 1997–2002:
 - Chief Executive Officer; 2001–2002
 - Chief Operating Officer; 1999–2001
 - Chief Financial Officer; 1997–1999
- Chief Financial Officer/Chief Operating Officer, Koelliker Group, Oerlikon; 1990–1996



Christian Schröder

1971, German citizen
Member of the Group Executive Board

Education and training

Commercial specialist

Current position

Head of Bell Germany division; with the Bell Food Group since 2009; in this position since 2012

Board member mandates:

- None

Other functions and offices

- None

Professional career

- Spokesman for the Executive Board of Abraham Holding GmbH; 2011–2012
- Head of Distribution/Marketing and Administration at Abraham GmbH, Germany; 2007–2011
- Managerial positions with the Reinert Group of Companies, Versmold, Germany; 2000–2007
- Managing Partner H. & C. Schröder Schinkenveredelung GmbH; 1994–1999



Marco Tschanz

1975, Swiss citizen
Member of the Group Executive Board (CFO)

Education and training

Certified business economist (university of applied sciences), Rochester-Bern Executive MBA

Current position

Head of Bell Finance/Services division; with the Bell Food Group since 2014; in this position since 2015

Board member mandates:

- Centravo Holding AG, Zurich
- Mosa Meat B.V., Maastricht, the Netherlands

Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; member of the Board of Trustees and Chairman of the Investment Committee

Professional career

- Managerial positions with Swisscom:
 - Head of the IT Cloud Programme Swisscom; 2014
 - Chief Financial Officer Swisscom Switzerland; 2013–2014
 - Head of Controlling/CFO Network/IT and Wholesale; 2009–2013
 - Head of Controlling/CFO Private Customers; 2007–2009
 - Head of Controlling/CFO SMEs; 2006–2007
- Various managerial positions in the financial field; 2000–2006
- Auditing/project controlling at various companies; 1998–1999
- Head of HR and Finance at Marex AG, Bienne; 1995–1997



The minutes and voting results for the Annual General Meeting can be accessed on the Bell Food Group website at www.bellfoodgroup.com/assembly-en.

Shareholders participation rights

Restrictions to voting rights and representation

Each share is entitled to one vote, whereby the right to vote is suspended for the treasury shares held by Bell Food Group Ltd. Voting rights can only be exercised if the shareholder is entered in the share register of Bell Food Group Ltd with voting rights.

According to the Articles of Association, shareholders may be represented by another shareholder at the Annual General Meeting. Shareholders may also be represented by the independent proxy elected by the Annual General Meeting every year. The independent proxy exercises the proxy voting rights assigned to him by shareholders in accordance with instructions. If he has not received any instructions, he abstains from the vote. The independent proxy can also be appointed and given instructions electronically.

A total of 1,274 shareholders attended the 2018 Annual General Meeting. Together with the voting rights represented by the independent proxy, 3,019,966 shares or 75.5 percent of the share capital was represented at the Annual General Meeting. The minutes and voting results for the Annual General Meeting can be accessed on the Bell Food Group website at www.bellfoodgroup.com/assembly-en.

Quorum

The Annual General Meeting constitutes a quorum regardless of the number of shares represented. Insofar as nothing to the contrary is prescribed by the law, the Annual General Meeting passes its resolutions and holds its elections by a relative majority of the share votes cast, with abstentions not counting as votes cast.

Invitation to the Annual General Meeting and minutes

The Board of Directors convenes the Annual General Meeting at least 20 calendar days before the date of the meeting by publishing an invitation in the Swiss Official Gazette of Commerce. Invitations can also be sent out by letter to all registered shareholders.

Shareholders or groups of shareholders who represent shares with a nominal value of 10 percent of the share capital may request that an item be added to the agenda. A request to add an item to the agenda must be submitted in writing at least 45 days prior to the meeting, specifying the subject to be discussed and the proposals.

Entries in share register

The shares with voting rights entered in the share register are entitled to vote at the Annual General Meeting. To ensure a proper procedure, the Board of Directors at its discretion defines a reference date for determining the voting rights, which is usually a few days prior to the Annual General Meeting. This date is published on the Bell Food Group's website at www.bellfoodgroup.com/agenda-en and is also mentioned in the invitation to the Annual General Meeting.

Change of control clause and defensive measures

There are no statutory restrictions and regulations.

Auditors

Auditors:
PricewaterhouseCoopers, Basel; since 1998

Auditor in charge:
Gerd Tritschler, auditor in charge since 2013

At the recommendation of the Board of Directors, the auditors are elected by the Annual General Meeting every year. Re-election is possible.

The Board of Directors oversees the activities of the external auditors. The auditors brief the Chairman of the Board of Directors on the results of their audit three times every year. They also report to all members of the Board once every year.

The performance of the auditors is assessed by the Chairman of the Board of Directors, the Chairman of the Group Executive Board (CEO) and the Head of the Bell Food Group Finance/

Services division (CFO) on the basis of comprehensive assessment criteria. The focus falls on the audit team's special qualifications, assertiveness, independence and interaction with our internal units. Other external factors also affect the assessment.

The activities of the statutory auditors comprise their legal and statutory obligations, including an evaluation of the existence of the internal control system (ICS).

Auditors' and other fees

in CHF thousands	2018	2017
Auditing services	1 270	1 082
Tax consulting	2	-
Legal services	-	69
Total	1 272	1 151

Information policy

Every year in February, Bell Food Group Ltd publishes an annual report on the results for the previous year. In August, it publishes an interim report on the results for the first half of the current year. Both reports provide information on the business operations and results of the Bell Food Group. Current developments are announced in media releases and notices published on the company's website.

The Bell Food Group website contains an archive with annual reports, interim reports and ad hoc press releases.

Annual reports and interim reports:

www.bellfoodgroup.com/report-en

Media releases:

www.bellfoodgroup.com/mediarelease-en

Code of Conduct:

www.bellfoodgroup.com/code-en

Registration with distribution list for media releases:

www.bellfoodgroup.com/maillinglist-en

Important dates

Closing of accounts	31 December
Annual General Meeting of Bell Food Group Ltd	16 April 2019
Publication of results for first half of 2019	14 August 2019
Publication of 2019 results	February 2020

For more dates, see the Bell Food Group website at www.bellfoodgroup.com/agenda-en.

Contacts

Contact partners and contact options for obtaining further information about the Bell Food Group are provided on page 94 as well as on the website.

Corporate communication:

www.bellfoodgroup.com/contact-en

Share register:

www.bellfoodgroup.com/shareregistry-en

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Compensation report

48	Introduction
48	Compensation policy and process
49	The Compensation Committee
49	Principles and elements of compensation paid to the Board of Directors
50	Principles and elements of compensation paid to the Group Executive Board
52	Payments in 2018
52	Loans, credits and pensions to members of the Board of Directors, the Group Executive Board and their related parties
53	Report of the auditors on the compensation report

Compensation report



Articles of Association:
www.bellfoodgroup.com/statutes-en

By-laws:
www.bellfoodgroup.com/organisation-en

Introduction

The compensation report sets out the discretionary competence and describes the compensation paid to the members of the Board of Directors and the Group Executive Board and provides information on the shares they hold in Bell Food Group Ltd.

The report complies with the provisions of the Ordinance against Excessive Compensation in Listed Corporations (VegÜV) and the related provisions of the Swiss Code of Obligations. It essentially follows the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by economiesuisse and SIX Swiss Exchange Directive on Information relating to Corporate Governance, and also takes account of the Articles of Association, the by-laws and the regulations of the Compensation Committee of Bell Food Group Ltd.

Articles of Association:

www.bellfoodgroup.com/statutes-en

By-laws:

www.bellfoodgroup.com/organisation-en

Unless stated otherwise, the compensation report refers to the 2018 financial year. Compensation payments are recognised when they occur.

Compensation policy and process

The compensation system of the Bell Food Group has been designed to attract and retain qualified and motivated specialists and managers. Compensation is determined by taking into account the interests of the employees, the Group and the shareholders.

At the recommendation of the Board of Directors, the Annual General Meeting annually approves in advance the maximum total amount to be paid in compensation to

the Board of Directors and the Group Executive Board. The Annual General Meeting also consults on the compensation report for the previous financial year.

The members of the Board of Directors receive a fixed fee with no variable components. This fee is at the lower end of the scale compared to other listed companies in Switzerland. Under Bell Food Group Ltd's compensation system, the members of the Group Executive Board receive a basic salary as well as a performance-related profit share (variable compensation).

In 2017, the Annual General Meeting approved maximum compensation payments of CHF 500,000 to the Board of Directors and CHF 3,000,000 to the Group Executive Board for 2018. An additional amount of CHF 300,000 for compensation payments to the Board of Directors was approved by the Annual General Meeting on 10 April 2018. This increase took account of the enlargement of the Board of Directors from six to seven members following the acquisition of Hügli Holding Aktiengesellschaft and to handle the increase in workload caused by the fact that the Eisberg and Hilcona divisions have been informing the Board of Directors of Bell Food Group Ltd directly since March 2018 and Hügli since June 2018.

The Annual General Meeting approved the following maximum compensation payments for 2018:

Board of Directors	CHF 800,000
Group Executive Board	CHF 3,000,000

Under the employee share participation plan, all employees of the Bell Food Group as well as the members of the Board of Directors can buy shares of Bell Food Group Ltd at preferential conditions (a discount of 20%) and acquire a stake in the company. Employee shares may not be sold for a period of four years.

The Compensation Committee

The Compensation Committee comprises at least two members. The Annual General Meeting elects the members of the Compensation Committee individually. Only members of the Board of Directors are eligible.

Members of the Compensation Committee do not receive any separate fee as their payment is included in the normal board member fee.

The Compensation Committee submits proposals on the type and amount of compensation to be paid to the members of the Board of Directors and the Group Executive Board for approval to the Group Board of Directors. These amounts must fall within the limits of the budget approved by the Annual General Meeting. The Group Executive Board may not participate in the discussion. The Compensation Committee annually revises and assesses the company's compensation system.

On 10 April 2018, the Annual General Meeting confirmed Andreas Land (Chairman) and Irene Kaufmann as members of the Compensation Committee until the next Annual General Meeting.

The Compensation Committee meets upon invitation of the Chairman as often as business requires, but at least once a year. Meetings last one to two hours on average. One meeting attended by all members of the Committee was held in the reporting year.

No external advisors were consulted.

Principles and elements of compensation paid to the Board of Directors

The Annual General Meeting decides in advance on the maximum annual compensation to be paid to the Board of Directors for the next financial year.

Members of the Board of Directors receive an appropriate fixed fee for their activities. This fee depends on their function (Chairman, Vice-Chair, member) and is approved at its discretion by the Board of Directors as recommended by the Compensation Committee.

The fee is always paid in cash. Compensation includes a flat rate of ten percent for expenses. The statutory social contributions (employee's share) are deducted from 90 percent of the basic fee.

Basic fee

The gross annual fee payable to the members of the Board of Directors is:

Chairman	CHF 150 000
Vice-Chair	CHF 130 000
Members	CHF 100 000

Special cases

Fees will be paid as follows:

- pro rata on resignation from the Board of Directors
- in the event of illness/accident: 100 percent

The Coop representatives on the Board of Directors of Bell Food Group Ltd work on a mandate basis. Their fees are paid directly to Coop.

Variable compensation

The members of the Board of Directors do not receive any variable compensation.

Share ownership

On 31 December 2017 and 2018, the members of the Board of Directors held the following (vested and unvested) shares of Bell Food Group Ltd:

Shares held by the Board of Directors as of 31 December (number)	2018			2017		
	Number of unvested shares	Number of vested shares	Total number of shares	Number of unvested shares	Number of vested shares	Total number of shares
Hansueli Loosli, Chairman	820	350	1 170	560	350	910
Irene Kaufmann, Vice-Chair	712	400	1 112	560	400	960
Reto Conrad, member	0	0	0	0	0	0
Andreas Land, member	100	500	600	0	400	400
Werner Marti, member	570	400	970	470	400	870
Jean G. Villot, member	234	0	234	–	–	–
Philipp Wyss, member	0	0	0	–	–	–

Principles and elements of compensation paid to the Group Executive Board

The Annual General Meeting approves in advance the maximum amount in compensation to be paid to the members of the Group Executive Board every year.

If additional members are appointed to the Group Executive Board after the approval of the budgeted amount, the total amount approved by the Annual General Meeting may be exceeded by a maximum of 50 percent pro rata until the next Annual General Meeting.

The members of the Group Executive Board receive a fixed basic salary and performance-related variable compensation for their work.

Basic salary

The basic salary takes account of the individual's experience and skills and is based on an employment contract that is reviewed every year and amended, if necessary. Taking account of the remuneration paid by comparable companies, the Board of Directors determines the basic salary at its own discretion and within the limits of the maximum compensation approved by the Annual General Meeting. Comparable companies are companies in the food sector that are listed in Switzerland (small caps). In addition, the members of the Group Executive Board receive a fixed expenses allowance as well as a company car.

Variable compensation

The members of the Group Executive Board receive a performance-related profit share. The variable component depends on the achievement of the internal budget objectives, the Group result before non-controlling interests and individual objectives. Achievement of the budget objectives counts for 90 percent and the individual objectives 10 percent for the

calculation of the profit share. The variable compensation may not be more than 24 percent of the basic salary and at least 50 percent of the profit share is paid out in the form of shares. The shares are issued with a discount of 20 percent and may not be sold for a period of four years. The variable compensation for the past financial year (cash payment and transfer of shares) is paid in April of the following year.

Variable compensation as a percentage of the basic salary upon 100 percent objective achievement	20 %
Maximum percentage of the basic salary	24 %
Basis for assessment	90 % Group result meets target before non-controlling interests 10 % individual objective achievement
Payment	50 % in shares of Bell Food Group Ltd with a discount of 20 % 50 % in cash
Decision	Board of Directors

Contractual relationships

The employment contracts of the Group Executive Board are agreed for an indefinite period. The notice period for Group Executive Board employment contracts agreed for an indefinite period is 12 months, effective as of the end of the calendar month. Apart from those that apply to the employment relationship, there are no provisions on the prohibition of competition.

Share ownership

On 31 December 2017 and 2018, the members of the Board of Group Executive Board held the following (vested and unvested) shares of Bell Food Group Ltd:

Shares held by the Group Executive Board as of 31 December (number)	2018			2017		
	Number of unvested shares	Number of vested shares	Total number of shares	Number of unvested shares	Number of vested shares	Total number of shares
Lorenz Wyss	778	520	1 298	670	420	1 090
Daniel Böhny	480	0	480	400	0	400
Christian Schröder	120	130	250	120	130	250
Marco Tschanz	388	570	958	0	370	370

Payments in 2018

Payments to the Board of Directors for 2017 and 2018

		Fixed salary in cash (gross)	Social contributions	Share subscription		Total CHF thousand
				Number	CHF thousand	
Hansueli Loosli, Chairman ¹	2017	100	–	–	–	100
	2018	150	–	–	–	150
Irene Kaufmann, Vice-Chair ¹	2017	77	–	–	–	77
	2018	130	–	–	–	130
Jörg Ackermann, member ²	2017	70	–	–	–	70
	2018	28	–	–	–	28
Reto Conrad, member ¹	2017	47	–	–	–	47
	2018	100	–	–	–	100
Andreas Land, member	2017	70	3	–	–	73
	2018	100	–	–	–	100
Werner Marti, member	2017	70	3	–	–	73
	2018	100	6	–	–	106
Jean G. Villot, member ³	2017	–	–	–	–	–
	2018	73	3	–	–	76
Philipp Wyss, member ^{1,3}	2017	–	–	–	–	–
	2018	73	–	–	–	73
Total to Board of Directors	2017	460	6	–	–	466
	2018	753	8	–	–	761

1 Cash payment is forwarded to the mandate granter Coop.

2 Left on 10 April 2018.

3 Newly elected to the Board of Directors on 10 April 2018.

Payments to the Group Executive Board for 2017 and 2018

		Cash payment (gross)		Share subscription		Non-cash/ social contri- butions and employee benefits insurance CHF thousand	Total CHF thousand
		Fixed CHF thousand	Variable CHF thousand	Number	CHF thousand		
Lorenz Wyss, Chairman of the Group Executive Board (CEO)	2017	598	–	–	–	142	740
	2018	607	–	–	–	168	775
Other members of the Group Executive Board	2017	1 355	–	–	–	322	1 677
	2018	1 382	–	–	–	287	1 669
Total to Group Executive Board	2017	1 953	–	–	–	464	2 417
	2018	1 989	–	–	–	455	2 444

Loans, credits and pensions to members of the Board of Directors, the Group Executive Board and their related parties

The Articles of Association make no provision for the granting of loans and credits to the members of the Board of Directors and/or the Group Executive Board. No such loans or credits are outstanding.

No loans, credits or payments were granted to related parties in 2018 and no payments were made to any former members of the Board of Directors.

Report of the statutory auditor on the compensation report

Report of the statutory auditor to the General Meeting of Bell Food Group Ltd, Basel

We have audited the remuneration report of Bell Food Group Ltd for the year ended 31 December 2018.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Bell Food Group Ltd for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Gerd Tritschler

Audit expert
Auditor in charge

Basel, 4 February 2019

Arsim Arslani

Audit expert

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Financial reporting

56 Consolidated financial statements of the Bell Food Group

Consolidated balance sheet
Consolidated income statement
Cash flow statement
Statement of changes in equity
Notes to the consolidated financial statements
Report of the statutory auditor on the consolidated financial statements

86 Financial statements of Bell Food Group Ltd

Balance sheet
Income statement
Notes
Appropriation of available earnings and reserves
Report of the statutory auditor on the financial statements

Consolidated financial statements of the Bell Food Group

Consolidated balance sheet

in CHF million	Note	31.12.2018	Share	31.12.2017	Share
Cash and cash equivalents	1	242.8		83.0	
Securities		1.1		2.1	
Trade accounts receivables	2	424.4		378.1	
Other receivables	3	50.5		46.0	
Inventories	4	412.6		353.2	
Accrued income and prepaid expenses	5	17.8		17.8	
Current assets		1 149.1	42.3 %	880.3	42.1 %
Financial assets	8	53.4		51.6	
Intangible assets	9	272.1		155.9	
Tangible assets	10	1 243.5		1 005.3	
Non-current assets		1 569.0	57.7 %	1 212.7	57.9 %
Assets		2 718.2	100.0 %	2 093.0	100.0 %
Current financial liabilities	11	3.7		213.9	
Trade accounts payable		243.7		183.6	
Other current liabilities	6	22.2		175.7	
Current provisions	12	5.0		3.6	
Accrued expenses and deferred income	7	142.0		119.9	
Current liabilities		416.6	15.3 %	696.6	33.3 %
Non-current financial liabilities	11	899.8		508.6	
Non-current provisions	12	111.8		103.5	
Non-current liabilities		1 011.6	37.2 %	612.1	29.2 %
Liabilities		1 428.2	52.5 %	1 308.8	62.5 %
Share capital		3.1		2.0	
Capital reserves		251.0		-217.0	
Retained earnings		1 055.3		980.7	
Translation differences		-107.0		-85.9	
Treasury shares	19	-2.3		-2.2	
Annual profit		89.3		106.5	
Equity excl. minority interests		1 289.4	47.4 %	784.1	37.5 %
Minority interests		0.5		0.2	
Equity		1 290.0	47.5 %	784.3	37.5 %
Liabilities and equity		2 718.2	100.0 %	2 093.0	100.0 %

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Consolidated income statement

in CHF million	Note	2018	Share	2017	Share
Net revenue	14/15	4 059.4	100.0 %	3 537.3	100.0 %
Cost of goods sold		2 492.2	61.4 %	2 226.7	62.9 %
Gross operating income		1 567.2	38.6 %	1 310.7	37.1 %
Personnel expenses	16	808.3	19.9 %	662.5	18.7 %
Rents		42.6		30.8	
Energy, auxiliary materials		77.8		67.2	
Repair and maintenance		102.5		85.1	
Transport		127.6		102.1	
Advertising		40.0		32.5	
Other operating expenses		63.0		49.9	
Total operating expenses		1 261.8	31.1 %	1 030.1	29.1 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		305.4	7.5 %	280.6	7.9 %
Amortisation of intangible assets	9	8.7		7.2	
Amortisation of goodwill	9	32.7		20.1	
Depreciation of tangible assets	10	123.3		103.7	
Earnings before interest and taxes (EBIT)		140.6	3.5 %	149.7	4.2 %
Financial result	17	-14.7		1.5	
Net income from associated companies		1.8		3.0	
Net profit before taxes (EBT)		127.8	3.1 %	154.2	4.4 %
Taxes	18	34.6		37.3	
Net profit after taxes		93.2	2.3 %	116.9	3.3 %
Third-party interest in profit		3.9		10.4	
Annual profit		89.3	2.2 %	106.5	3.0 %
Net profit per share (in CHF, diluted and undiluted)¹	20	16.89		26.68	

¹ Adjusted for the effect of the capital increase, earnings per share for the 2017 financial year amounting to CHF 20.13. Further information can be found in Note 20 – Earnings per share.

Cash flow statement

in CHF million	2018	2017
Net profit after taxes	93.2	116.9
Depreciation of tangible assets	123.3	103.7
Amortisation of intangible assets	41.5	27.2
Extraordinary depreciation	–	–
Non-cash income (-)/expenses (+)	8.9	-9.1
Income (-)/loss (+) from sale of tangible assets	-1.1	0.0
Dividends from associated companies	0.4	0.4
Net income from associated companies	-1.8	-3.0
Income (-)/loss (+) from sale of investments	–	-0.3
Changes in provisions	1.9	2.6
Increase (-)/decrease (+) in receivables	7.8	-16.0
Increase (-)/decrease (+) in inventory	2.5	-35.8
Increase (-)/decrease (+) in accrued income and prepaid expenses	2.9	1.6
Increase (+)/decrease (-) in current liabilities	39.3	-49.4
Increase (+)/decrease (-) in accrued liabilities	4.9	22.5
Operating cash flow	323.7	161.3
Investment (-)/divestment (+) of securities	0.9	3.6
Investment in other companies and financial assets	-237.9	-15.3
Acquisition (+)/sale (-) of cash and cash equivalents	16.3	-1.1
Divestment of other companies and financial assets	0.9	0.4
Investment in intangible assets	-7.3	-9.0
Divestment of intangible assets	0.0	0.1
Investment in tangible assets	-219.0	-116.4
Divestment of tangible assets	3.2	2.7
Cash flow from investing activities	-442.9	-135.0
Proceeds from (+)/repayment of (-) current financial liabilities	-82.6	0.0
Proceeds from (+)/repayment of (-) non-current financial liabilities	–	-12.7
Proceeds from (+) bonds	350.0	–
Repayment of (-) bonds	-175.0	–
Proceeds from (+) capital increases	603.2	–
Acquisition (-)/sale (+) of minorities	-380.9	-161.0
Investment in (-)/divestment of (+) treasury shares	-1.0	-0.1
Dividend	-32.1	-33.2
Cash flow from financing activities	281.6	-207.0
Cash flow balance	162.4	-180.7
Cash and cash equivalents as of 01.01.	83.0	262.0
Effect of currency translation on cash and cash equivalents	-2.6	1.8
Changes in cash and cash equivalents	162.4	-180.7
Cash and cash equivalents as of 31.12.	242.8	83.0

Statement of changes in equity

in CHF million	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares	Annual profit	Equity excl. minority interests	Minority interests	Equity
Equity as of 01.01.2018	2.0	-217.0	980.7	-85.9	-2.2	106.5	784.1	0.2	784.3
Changes in scope of consolidation	-	-	-	-	-	-	-	84.7	84.7
Capital increase	1.1	602.0	-	-	-	-	603.2	-	603.2
Acquisition minorities	-	-133.1	-	-	-	-	-133.1	-87.8	-220.9
Appropriation of annual profit	-	-	106.5	-	-	-106.5	-	-	-
Dividend	-	-	-31.9	-	-	-	-31.9	-0.2	-32.1
Additions/disposals of treasury shares	-	-0.9	-	-	-0.1	-	-1.0	-	-1.0
Annual profit	-	-	-	-	-	89.3	89.3	3.9	93.2
Currency translation differences ¹	-	-	-	-21.1	-	-	-21.1	-0.3	-21.4
Equity as of 31.12.2018	3.1	251.0	1 055.3	-107.0	-2.3	89.3	1 289.4	0.5	1 290.0
Equity as of 01.01.2017	2.0	-	908.1	-129.1	-2.4	100.6	879.2	98.6	977.8
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Acquisition minorities	-	-216.8	-	-	-	-	-216.8	-104.2	-321.0
Appropriation of annual profit	-	-	100.6	-	-	-100.6	-	-	-
Dividend	-	-	-28.0	-	-	-	-28.0	-5.2	-33.2
Additions/disposals of treasury shares	-	-0.2	-	-	0.1	-	-0.1	-	-0.1
Annual profit	-	-	-	-	-	106.5	106.5	10.4	116.9
Currency translation differences	-	-	-	43.2	-	-	43.2	0.6	43.8
Equity as of 31.12.2017	2.0	-217.0	980.7	-85.9	-2.2	106.5	784.1	0.2	784.3

¹ In 2018 the cumulative tax effects on currency differences of CHF 9.1 million on group loans with equity character were reclassified to translation differences.

The non-distributable reserves amount to CHF 53.3 million (previous year: CHF 45.4 million).

Notes to the consolidated financial statements

Consolidation principles

Basis of accounting

The principles governing consolidation, valuation, structure and presentation comply with the entire Accounting and Reporting Regulations (Swiss GAAP ARR). They apply to all companies included in the scope of consolidation.

Scope of consolidation

All companies of which Bell Food Group Ltd directly or indirectly owns more than 50 percent of the votes or exercises control under a contractual agreement are fully integrated into these consolidated financial statements. Investments where Bell Food Group owns more than 20 percent but less than 50 percent of the votes are measured and recognised in the balance sheet at the share of equity held. Investments equalling less than 20 percent are included as financial assets in the balance sheet at the share price as of 31 December. If no share price is available, the investment is measured at cost minus a value adjustment if there was any impairment. An overview of the companies in which Bell Food Group has a stake and a description of the treatment of these associates in the consolidated financial statements are provided on page 79 of the annual report.

Foreign currency translation

All company balance sheets in foreign currency are translated into Swiss francs at the year-end exchange rate as of 31 December. The income statements of these companies are translated at the average annual exchange rate. Translation differences between the opening and closing balance sheets and the differences arising from the use of different exchange rates in the balance sheet and the income statement are recognised without affecting profit and loss.

Exchange rates

		2018	2017
Balance sheet	EUR 1	= CHF 1.1269	= CHF 1.1702
	CZK 1	= CHF 0.0438	= CHF 0.0458
	HUF 100	= CHF 0.3511	= CHF 0.3771
	PLN 1	= CHF 0.2620	= CHF 0.2802
	USD 1	= CHF 0.9842	= CHF 0.9757
Income statement	EUR 1	= CHF 1.1550	= CHF 1.1107
	CZK 1	= CHF 0.0450	= CHF 0.0422
	HUF 100	= CHF 0.3622	= CHF 0.3580
	PLN 1	= CHF 0.2711	= CHF 0.2609
	USD 1	= CHF 0.9778	= CHF 0.9821

Method of consolidation

Consolidation of assets and liabilities, intra-group sales and intra-group profits

All intra-group assets and liabilities are set off and eliminated as part of the consolidation process. Differences resulting from applying different exchange rates to net investments in foreign companies are recognised in equity without affecting profit or loss. All intra-group payables and receivables are set off and eliminated as part of the consolidation process. Elimination of intra-group profits is deemed unnecessary, as the impact on the Group's income statement is insignificant.

Capital consolidation and acquisition of companies

The capital is consolidated using the "purchase method", i.e. the capital of a company is set off against the purchase price on the purchase date, and the acquisition costs are added to the purchase price. Purchase price adjustments that depend on future results are estimated. If the final purchase price deviates from the estimate, the goodwill is adjusted correspondingly. The resulting goodwill is capitalised and amortised on a straight-line basis via the income statement. The depreciation period depends on the useful life that is assumed for the market potentials and synergies that gave rise to the goodwill. A maximum depreciation period of 15 years has been applied. Any negative goodwill is recognised in the income statement at the time of the initial consolidation.

Transactions with minorities

Transactions with minorities, that have no impact on the consolidation method, are recorded in the equity. The difference between the transaction price and the corresponding minority share value is recognised in the capital reserves. Transaction related costs are added to the transaction price. The takeover of the minority shares of Hilcona as of 1 September 2017 and the step-by-step purchase of the minority shares of Hügli in 2018 were completely recognised in equity.

Valuation principles

General valuation principles

As a general rule, the historical cost method is used. Current assets are measured at the lower of cost or market value. Tangible assets are recognised at cost minus required depreciation. The same valuation principles apply to all consolidated companies.

Cash and cash equivalents

The cash and cash equivalents comprise fixed deposits and money market placements with a remaining term to maturity of less than 90 days.

Securities

The securities comprise marketable securities that are recognised in the balance sheet at the stock price as of 31 December.

Receivables

Identifiable and actual losses are charged to the income statement in the year in which they occur. Based on previous experience, the impairment for doubtful debts equals 1 percent of the accounts receivable. The total impairment amount is disclosed in the notes.

Inventories

The inventories are valued at production cost according to the first-in first-out (FIFO) method. Inventories with a very long ripening period are measured at the moving average cost for procurement. Any impairment loss on the purchase cost is taken into account. Warehousing risks that can be identified are also taken into account.

Other financial assets

Other financial assets comprise non-listed securities that are recognised in the balance sheet at the lower of cost or market value.

Tangible assets

Tangible assets are measured at cost less rebates, refunds and discounts received. Depreciation is calculated using the straight-line method over the useful life of the asset. Permanent impairments are recognised in the corresponding period.

Useful life of tangible assets	in years
Production and administration buildings	30 – 40
Machines and equipment	8 – 10
Installations	10 – 15
Vehicles	3 – 7
Furniture	5 – 10
IT hardware	4

Leased assets are capitalised during the consolidation process and are depreciated on a straight-line basis over the normal useful life of the asset. The corresponding liabilities are listed under "Financial liabilities". As part of major projects self-produced fixed assets can be capitalised, if the expenses incurred can be separately recorded and measured and the fixed assets can be used for several years.

Within the framework of mergers and acquisitions the non-current assets are revalued. In this the cumulative purchase price and the cumulative depreciation of the acquired assets are determined. In a next step, significant revaluations and devaluations of individual assets are made. In a final step the cumulative depreciations are adjusted in a way that the acquired assets are valued from a net perspective at the current value on the transfer date. Taking into account the remaining useful life, the depreciation period is adjusted to the Bell Food Group valuation principles. The acquired assets are disclosed on a gross basis in the corresponding balance sheet notes.

Intangible assets

Intangible assets comprise software, accrued costs and prepayments, acquired trademarks and goodwill. Intangible assets are capitalised if they are identifiable, their costs can be reliably measured and there is a measurable value in use for several years. Intangible assets are measured at cost less rebates, refunds and discounts received. Amortisation is calculated using the straight-line method over the useful life of the asset.

Useful life of intangible assets	in years
Software	4
Trademarks	8
Goodwill	8 – 15

Impairment

Non-current assets are tested for impairment annually if there are indications of a sustained decline in value. The recoverable amount is calculated using a discounted cash flow (DCF) model and taking into account updated assumptions from the multi-year plan regarding the expected business trend. If the carrying amount exceeds the recoverable amount, an impairment is recognised in the income statement. As of the balance sheet date no impairments were recorded.

Liabilities and accruals

Trade payables, other liabilities and accruals are recognised at nominal value.

Financial liabilities

Financial liabilities are recognised at nominal value. Any financing costs are capitalised and reversed through the income statement over the term of the financial liability.

Provisions

Provisions are set up and measured in accordance with objective and economic principles, and risks are adequately accounted for.

Deferred income taxes

Deferred income taxes are based on a balance sheet point of view, taking into account all future income tax effects. Deferred income taxes are recognised according to the "liability method" on all differences between Swiss GAAP FER values and the book values for taxation purposes. Deferred income tax assets and liabilities are offset if they relate to the same taxable entity. Deferred income taxes on currency differences resulting from the valuation of group loans with equity character are shown in equity. The change in all deferred taxes is recognised in the income statement. No deferred tax assets are recognised for loss carry forwards.

The amount to be accrued annually is calculated on the basis of the future tax rate applicable to the respective taxable entity on the balance sheet date. The applicable tax rates for the Bell Food Group are as follows:

Switzerland	20.80 %
Principality of Liechtenstein	12.50 %
Germany	33.00 %
France	33.00 %
Austria	25.00 %
Other countries	25.00 %

Pension liabilities

Bell Food Group provides pension plans for the majority of its personnel in compliance with the respective country-specific legal provisions. The plans cover the economic consequences of old age, death or disability. Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary. Changes in the employer's contribution reserves as well as any economic impact of surpluses or deficits of pension schemes are recorded as personnel expenses.

Capital reserves

Since the financial year 2017, the capital reserves have been disclosed separately in the equity. Transaction results and dividends on treasury shares as well as transactions with minorities are allocated to this equity position.

In addition, a capital increase of Bell Food Group Ltd took place on 7 June 2018. The share premium and the costs associated with the capital increase are shown in the capital reserves.

Employee participation plan

Once a year, the board of directors of Bell Food Group Ltd may grant all employees of the Bell Food Group and the members of the board of directors of Bell Food Group Ltd the right to subscribe for a maximum of 100 shares at preferential conditions.

The members of the executive board and senior management can be paid half of their share in the participation plan in the form of Bell Food Group Ltd shares. The shares sold to the employees under this plan are charged to personnel expenses at the price that applies on the date of allocation.

Net revenue and realisation of income

Net revenue includes all income from the sale of meat, fish, poultry and convenience products (sale of goods) as well as income from the sale of slaughter products and by-products, logistics services for closely related parties and other income. Sales deductions, rebates, cash discounts and refunds to customers are deducted from the gross income. The income is recognised with the transfer of ownership rights and risks to the purchaser. In the case of logistics services, these are intermediary services for which only the value of the services actually rendered is reported as net revenue.

Events after the reporting period

There were no events after the balance sheet date requiring disclosure.

Notes to the consolidated financial statements

1. Cash and cash equivalents

in CHF million	31.12.2018	Share	31.12.2017	Share
Cash	0.4	0.2 %	0.6	0.7 %
Cash in banks	242.1	99.7 %	82.5	99.3 %
Fixed deposits	0.2	0.1 %	–	0.0 %
Cash and cash equivalents	242.8	100.0 %	83.0	100.0 %

Cash and cash equivalents by currency

	31.12.2018	Share	31.12.2017	Share
CHF	153.8	63.3 %	42.8	51.5 %
EUR	82.9	34.2 %	35.5	42.8 %
Other currencies	6.1	2.5 %	4.8	5.7 %
Cash and cash equivalents by currency	242.8	100.0 %	83.0	100.0 %

2. Trade accounts receivables

in CHF million	31.12.2018	Share	31.12.2017	Share
Trade accounts receivables	429.1	101.1 %	382.0	101.0 %
Valuation adjustment	–4.7	–1.1 %	–3.9	–1.0 %
Trade accounts receivables	424.4	100.0 %	378.1	100.0 %

3. Other receivables

in CHF million	31.12.2018	Share	31.12.2017	Share
Income taxes	0.3	0.5 %	0.4	0.9 %
Others	50.2	99.5 %	45.6	99.1 %
Other receivables	50.5	100.0 %	46.0	100.0 %

4. Inventories

in CHF million	31.12.2018	Share	31.12.2017	Share
Raw materials and finished goods	352.4	85.4 %	325.0	92.0 %
Auxiliary materials	69.6	16.9 %	34.8	9.9 %
Valuation adjustment	–9.4	–2.3 %	–6.6	–1.9 %
Inventories	412.6	100.0 %	353.2	100.0 %

5. Accrued income and prepaid expenses

in CHF million	31.12.2018	Share	31.12.2017	Share
Income taxes	1.8	10.2 %	0.0	0.2 %
Employees	1.9	10.9 %	1.8	9.9 %
Others	14.0	79.0 %	16.0	89.9 %
Accrued income and prepaid expenses	17.8	100.0 %	17.8	100.0 %

6. Other current liabilities

in CHF million	31.12.2018	Share	31.12.2017	Share
Income taxes	6.5	29.4 %	4.7	2.7 %
Dividend	0.0	0.1 %	0.0	0.0 %
Others ¹	15.7	70.5 %	171.0	97.3 %
Other current liabilities	22.2	100.0 %	175.7	100.0 %

¹ As of 31 December 2017, the other current liabilities include the remainder of the purchase price for the takeover of the minority share of 49% of Hilcona AG.

7. Accrued expenses and deferred income

in CHF million	31.12.2018	Share	31.12.2017	Share
Income taxes	19.1	13.5 %	18.9	15.7 %
Employees	41.5	29.2 %	34.6	28.9 %
Others	81.3	57.3 %	66.4	55.4 %
Accrued expenses and deferred income	142.0	100.0 %	119.9	100.0 %

8. Financial assets

in CHF million	Non consolidated Investments	Loans	Assets from pension funds	Deferred tax assets	Other financial assets	Total
Net carrying amount as of 01.01.2018	47.5	3.3	–	–	0.7	51.6
Changes in scope of consolidation	–	–	–	–	0.0	0.0
Investments	–	–	–	–	1.1	1.1
Divestments/dividends from associated companies	–0.4	–0.4	–	–	–0.5	–1.3
Revaluation	1.8	–	–	–	–0.0	1.8
Reclassification	–	–	–	–	0.2	0.2
Currency translation differences	–0.0	–0.1	–	–	–0.0	–0.1
Net carrying amount as of 31.12.2018	49.0	2.9	–	–	1.6	53.4
Net carrying amount as of 01.01.2017	44.9	2.7	–	–	1.0	48.6
Changes in scope of consolidation	–	–	–	–	–0.1	–0.1
Investments	–	0.6	–	–	–	0.6
Divestments/dividends from associated companies	–0.4	–0.3	–	–	–0.1	–0.8
Revaluation	3.0	0.1	–	–	–	3.1
Reclassification	–	–	–	–	–	–
Currency translation differences	0.0	0.1	–	–	0.0	0.2
Net carrying amount as of 31.12.2017	47.5	3.3	–	–	0.7	51.6

There are no loans outstanding to the corporate bodies.

Notes to the consolidated financial statements

9. Intangible assets

in CHF million	Goodwill	Trademarks, patents and licences	Software	Prepayments and accumu- lated costs ¹	Other intangible assets	Total
Net carrying amount as of 01.01.2018	136.6	0.2	15.6	3.5	0.0	155.9
Purchase price as of 01.01.2018	334.9	11.3	53.8	3.5	1.4	404.9
Changes in scope of consolidation	147.2	0.0	16.7	–	0.0	163.9
Investments	–	0.0	4.1	3.2	0.0	7.3
Divestment/discontinuation ²	–	–	–5.5	–	–	–5.5
Reclassification	–	–	8.8	–3.3	–	5.5
Currency translation differences	–10.5	–0.3	–1.1	–0.0	–0.0	–12.0
Purchase price as of 31.12.2018	471.6	11.0	76.9	3.4	1.4	564.2
Cumulative depreciation as of 01.01.2018	198.3	11.2	38.2	–	1.3	249.0
Changes in scope of consolidation	–	0.0	14.9	–	0.0	14.9
Depreciation	32.7	0.1	8.6	–	0.0	41.5
Extraordinary depreciation	–	–	–	–	–	–
Cumulative depreciation on divestment/discontinuation ²	–	–	–5.5	–	–	–5.5
Reclassification	–	–	0.3	–	–	0.3
Currency translation differences	–6.8	–0.4	–1.0	–	–0.0	–8.2
Cumulative depreciation as of 31.12.2018	224.3	10.9	55.5	–	1.4	292.0
Net carrying amount as of 31.12.2018	247.3	0.1	21.3	3.4	0.0	272.1
Net carrying amount as of 01.01.2017	143.7	0.3	14.5	1.3	0.2	160.0
Purchase price as of 01.01.2017	311.1	10.5	44.6	1.3	1.4	369.0
Changes in scope of consolidation	3.8	0.2	–0.2	–	–	3.8
Investments	–	0.0	6.8	2.2	–	9.0
Divestment/discontinuation	–	–	–0.2	–	–	–0.2
Reclassification	–	–	1.3	–	–0.2	1.1
Currency translation differences	20.0	0.7	1.5	–	0.1	22.2
Purchase price as of 31.12.2017	334.9	11.3	53.8	3.5	1.4	404.9
Cumulative depreciation as of 01.01.2017	167.4	10.2	30.1	–	1.3	208.9
Changes in scope of consolidation	–	–	–0.2	–	–	–0.2
Depreciation	20.1	0.1	7.0	–	0.0	27.2
Extraordinary depreciation	–	–	–	–	–	–
Cumulative depreciation on divestment/discontinuation	–	–	–0.1	–	–	–0.1
Reclassification	–	–	0.2	–	–	0.2
Currency translation differences	10.8	0.9	1.2	–	0.1	13.0
Cumulative depreciation as of 31.12.2017	198.3	11.2	38.2	–	1.3	249.0
Net carrying amount as of 31.12.2017	136.6	0.2	15.6	3.5	0.0	155.9

1 The asset category "prepayments and accumulated costs" has been added to the intangible asset schedule. Prior year figures have been adjusted accordingly.

2 In the financial year 2018, inventories were carried out. As a result, various assets with a net book value of zero were derecognised with no effect on the income statement.

10. Tangible assets

in CHF million	Undeveloped land	Land and buildings	Installations	Machinery and equipment	Prepayments/assets under construction ¹	Other tangible assets	Total
Net carrying amount as of 01.01.2018	7.0	564.7	118.3	213.0	55.6	46.6	1 005.3
Purchase price as of 01.01.2018	7.0	1 106.8	376.0	830.4	55.6	188.0	2 563.9
Changes in scope of consolidation ³	1.4	132.5	2.6	138.1	5.1	32.2	311.8
Investments	7.5	19.7	5.7	34.3	134.4	17.4	219.0
Divestment/discontinuation ²	–	–21.6	–53.9	–58.9	–0.2	–32.6	–167.2
Reclassification	2.3	13.1	4.5	31.1	–56.8	0.3	–5.5
Currency translation differences	–0.5	–15.8	–0.5	–16.0	–2.8	–3.1	–38.7
Purchase price as of 31.12.2018	17.8	1 234.7	334.5	959.0	135.3	202.1	2 883.2
Cumulative depreciation as of 01.01.2018	–	542.1	257.7	617.4	–	141.4	1 558.7
Changes in scope of consolidation	–	40.7	1.8	74.7	–	25.1	142.4
Depreciation	–	33.9	18.5	52.5	–	18.3	123.3
Extraordinary depreciation	–	–	–	–	–	–	–
Cumulative depreciation on divestment/discontinuation ²	–	–20.7	–53.8	–58.5	–	–32.2	–165.2
Reclassification	–	–0.5	0.3	–0.5	–	0.5	–0.3
Currency translation differences	–	–6.3	–0.4	–10.2	–	–2.3	–19.2
Cumulative depreciation as of 31.12.2018	–	589.3	224.2	675.4	–	150.8	1 639.8
Net carrying amount as of 31.12.2018	17.8	645.3	110.2	283.6	135.3	51.3	1 243.5
Finance lease included in the net carrying amount	–	–	–	0.6	–	0.1	0.7
Net carrying amount as of 01.01.2017	12.7	519.0	114.4	191.2	67.8	43.4	948.5
Purchase price as of 01.01.2017	12.7	1 019.9	352.5	756.5	67.8	184.1	2 393.5
Changes in scope of consolidation ³	0.4	21.6	0.1	7.8	–	–9.9	20.0
Investments	–	8.2	6.6	24.7	62.6	14.2	116.4
Divestment/discontinuation	–0.0	–2.8	–0.4	–9.0	–0.5	–8.0	–20.8
Reclassification	–6.9	34.6	16.4	27.3	–75.9	3.3	–1.1
Currency translation differences	0.8	25.2	0.9	23.2	1.6	4.4	56.0
Purchase price as of 31.12.2017	7.0	1 106.8	376.0	830.4	55.6	188.0	2 563.9
Cumulative depreciation as of 01.01.2017	–	500.9	238.1	565.3	–	140.7	1 445.0
Changes in scope of consolidation	–	3.1	0.1	3.8	–	–9.5	–2.4
Depreciation	–	28.6	18.0	41.8	–	15.3	103.7
Extraordinary depreciation	–	–	–	–	–	–	–
Cumulative depreciation on divestment/discontinuation	–	–1.6	–0.5	–8.4	–	–7.6	–18.1
Reclassification	–	0.2	1.4	–1.1	–	–0.7	–0.2
Currency translation differences	–	10.8	0.7	16.0	–	3.1	30.7
Cumulative depreciation as of 31.12.2017	–	542.1	257.7	617.4	–	141.4	1 558.7
Net carrying amount as of 31.12.2017	7.0	564.7	118.3	213.0	55.6	46.6	1 005.3
Finance lease included in the net carrying amount	–	–	–	0.9	–	0.1	1.0

1 The increase of the position "Prepayments/assets under construction" is mainly attributable to construction projects in Austria, Spain and Switzerland.

2 In the financial year 2018, inventories were carried out. As a result, various assets with a net book value of zero were derecognised with no effect on the income statement.

3 Tangible assets acquired from asset deals are shown as "changes in scope of consolidation".

Notes to the consolidated financial statements

11. Financial liabilities

in CHF million	31.12.2018	Share	31.12.2017	Share
Current accounts	3.7	0.4 %	3.8	0.5 %
Current bank loans	0.0	0.0 %	34.8	4.8 %
Leasing liabilities	0.0	0.0 %	0.3	0.0 %
Bonds	–	–	175.0	24.2 %
Current financial liabilities	3.7	0.4 %	213.9	29.6 %
Non-current bank loans	74.3	8.2 %	33.2	4.6 %
Leasing liabilities	0.5	0.1 %	0.4	0.1 %
Bonds	825.0	91.3 %	475.0	65.7 %
Non-current financial liabilities	899.8	99.6 %	508.6	70.4 %
Financial liabilities	903.5	100.0 %	722.5	100.0 %
Maturity structure of financial liabilities				
Due within one year	3.7	0.4 %	213.9	29.6 %
Due within two years	34.7	3.8 %	0.3	0.0 %
Due within three years and later	865.1	95.7 %	508.3	70.4 %
Financial liabilities	903.5	100.0 %	722.5	100.0 %
Financial liabilities by currency				
CHF	901.7	99.8 %	720.0	99.7 %
EUR	1.7	0.2 %	2.4	0.3 %
Other currencies	0.1	0.0 %	0.1	0.0 %
Financial liabilities	903.5	100.0 %	722.5	100.0 %
Interest rates				
Bank loans in CHF	0.70 % – 3.05 %		1.25 % – 2.95 %	
Bank loans in EUR	3.10 % – 5.00 %		3.10 % – 5.00 %	
Leasing liabilities	1.75 % – 5.00 %		1.75 % – 5.00 %	

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Bonds

Bond type	Bond with reopening option
Nominal amount	CHF 175 million
Securities number	21 226 733 / ISIN CH0212267337
Interest rate	1.75 percent
Term	9 years
Maturity	16 May 2022 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	39 867 890 / ISIN CH0398678901
Interest rate	0.375 percent
Term	6 years
Maturity	1 February 2024 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 300 million
Securities number	31 251 268 / ISIN CH0312512681
Interest rate	0.625 percent
Term	9 years
Maturity	24 March 2025 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 150 million
Securities number	39 867 891 / ISIN CH0398678919
Interest rate	0.750 percent
Term	10 years
Maturity	1 February 2028 at nominal value

Notes to the consolidated financial statements

12. Provisions

in CHF million	Employee benefits	Deferred taxes	Contingent purchase price payments	Restructuring	Other provisions	Total
Provisions as of 01.01.2018	22.6	73.3	–	–	11.1	107.1
Changes in scope of consolidation	0.7	2.7	10.0	–	4.1	17.5
Creation	2.4	2.6	–	–	4.5	9.6
Release/utilisation	–2.3	–2.4	–	–	–3.0	–7.7
Reclassification ¹	0.1	–9.1	–	–	–0.1	–9.1
Currency translation differences	–0.3	–0.2	–	–	–0.2	–0.7
Provisions as of 31.12.2018	23.2	67.0	10.0	–	16.5	116.7
Current	1.4	–	–	–	3.6	5.0
Non-current	21.9	67.0	10.0	–	13.0	111.8
Provisions as of 01.01.2017	24.2	68.9	0.8	–	17.0	110.9
Changes in scope of consolidation	0.1	0.2	–	–	–0.5	–0.2
Creation	1.4	7.8	–	–	2.4	11.6
Release/utilisation	–3.5	–4.1	–0.8	–	–1.5	–9.8
Reclassification ²	–0.2	–	–	–	–6.5	–6.7
Currency translation differences	0.5	0.6	–	–	0.2	1.3
Provisions as of 31.12.2017	22.6	73.3	–	–	11.1	107.1
Current	1.0	–	–	–	2.6	3.6
Non-current	21.6	73.3	–	–	8.6	103.5

1 In 2018, the cumulative tax effects on currency differences of CHF 9.1 million on group loans with equity character were reclassified to equity (translation differences).

2 In 2017, provisions for holiday and overtime have been reclassified to accrued expenses and deferred income.

Contingent purchase price payments are related to acquisitions. Provisions for seniority gifts represent the majority of the other provisions.

13. Company acquisitions/sales

The companies acquired or sold by the Bell Food Group in the current financial year or in the previous year had the following significant balance sheet items at the time of acquisition/disposal:

in CHF million				
2018	Hügli Group	Molard	Sylvain & CO SA	
Type of transaction	Takeover	Asset deal	Takeover	
Effective date of transaction	01.2018	04.2018	05.2018	
Participation quota	50.22%	n/a	100%	
Cash and cash equivalents	10.8	-	5.5	
Trade accounts receivables	61.1	-	9.3	
Inventories	72.1	0.5	0.9	
Tangible assets	160.1	0.6	8.8	
Trade accounts payable	45.6	-	6.5	
Financial liabilities	83.7	-	5.1	

During 2018 the remaining minority share of 49.78 % of Hügli Holding Aktiengesellschaft has been taken over without change of consolidation method. Since December 2018, Bell Food Group holds 100 % of the shares of Hügli Holding Aktiengesellschaft.

2017	Frostag Food-Centrum AG	Zimbo Czechia s.r.o.	Iberian charcuterie specialist ¹	
Type of transaction	Takeover	Sale	Asset deal	
Effective date of transaction	01.2017	03.2017	03.2017	
Participation quota	100%	100%	n/a	
Cash and cash equivalents	0.0	-1.1	-	
Trade accounts receivables	1.7	-0.7	-	
Inventories	1.7	-0.3	-	
Tangible assets	15.8	-1.1	7.7	
Trade accounts payable	3.0	-2.3	-	
Financial liabilities	13.4	-0.8	-	

¹ Takeover of fixed assets (asset deal) of Nobleza Ibérica S.A. as of 31 March 2017.

In August 2017, the takeover of minority shares of 49 % of Hilcona AG took place without a change of consolidation method.

Notes to the consolidated financial statements

14. Net revenue

in CHF million	2018	Change	2017
Sales by country			
Switzerland, Liechtenstein	2 524.7	4.6 %	2 413.2
Germany	927.6	38.3 %	670.5
Austria	205.2	23.6 %	166.0
France	139.8	16.0 %	120.5
Benelux	73.9	71.8 %	43.0
Poland	70.0	19.0 %	58.8
Hungary	47.9	30.5 %	36.7
Spain	39.4	35.5 %	29.1
Great Britain	33.8		-
Czech Republic	23.7	62.0 %	14.6
Romania	15.4	17.1 %	13.2
Italy	10.4	> 100 %	4.7
Other countries	31.3	67.3 %	18.7
Sales by country	4 143.2	15.4 %	3 589.0
Sales by product group			
Fresh meat	890.4	1.0 %	881.7
Charcuterie	1 139.5	3.7 %	1 099.1
Poultry	830.4	7.2 %	774.3
Meat specialities	5.2	-66.7 %	15.6
Seafood	179.2	6.5 %	168.3
Convenience	1 082.4	72.5 %	627.5
Other sales	16.1	-29.0 %	22.6
Sales by product group	4 143.2	15.4 %	3 589.0
Sales by customer			
Third parties	2 152.2	29.8 %	1 658.4
Related companies of Coop Group	1 990.1	3.1 %	1 929.8
Other related companies	0.9	8.0 %	0.8
Sales by customer	4 143.2	15.4 %	3 589.0
Reconciliation to net revenue			
Other operating income	73.5	-8.5 %	80.3
Sales deductions	-157.3	19.1 %	-132.1
Net revenue	4 059.4	14.8 %	3 537.3

15. Segment reporting

		Bell Switzerland	Bell Germany	Bell International	Convenience	Consolidation	Bell Food Group
2018							
Volume	in million kg	125.7	72.6	164.2	190.4	-10.0	542.9
Sales	in CHF million	1 981.5	501.1	662.4	1 074.1	-76.0	4 143.2
Net investments in tangible assets	in CHF million	43.3	38.8	23.1	111.7	-	216.9
Headcount	FTE	3 492	1 690	2 684	4 576	-	12 442
2017							
Volume	in million kg	125.5	72.4	159.3	107.9	-11.3	453.8
Sales	in CHF million	1 960.5	477.2	610.4	618.5	-77.5	3 589.0
Net investments in tangible assets	in CHF million	47.0	13.7	23.6	29.4	-	113.7
Headcount	FTE	3 645	1 667	2 706	2 647	-	10 664

In the financial year 2018, the segment "Hilcona/Eisberg" was renamed to "Convenience". The acquired companies of the Hügli Group and Sylvain & CO SA were assigned to this segment.

Notwithstanding the additional recommendations for listed companies (Swiss GAAP FER 31), the Board of Directors of Bell Food Group Ltd will not publish any detailed segment results in the interest of the shareholders for the following reasons:

1. Conclusions about price structure

The product range of the Bell Food Group is differentiated according to segment. Whilst in the Bell Switzerland segment a broad range of fresh meat, poultry, seafood and charcuterie is marketed, the range in the other segments is restricted to the following specific groups of goods: charcuterie, poultry and convenience. It would be easy to draw conclusions about the price structure in these groups of goods if segment results were published. This would be a considerable competitive disadvantage for the Bell Food Group.

2. Damage to negotiating position

The European market is characterised by a small number of market players in the procurement and sales market. At the same time there are a number of processors/producers. The Bell Food Group is one of the few companies in the sector that publishes its results and financial figures. The disclosure of detailed segment results would result in a clear weakening of the Bell Food Group's negotiating position with buyers and suppliers in comparison with the competitors.

Notes to the consolidated financial statements

16. Personnel expenses

in CHF million	2018	Change	2017
Wages and salaries	522.6	23.3%	424.0
Social contribution	81.9	26.8%	64.6
Pension expenses	34.4	20.0%	28.7
Third-party wages	148.2	16.4%	127.3
Other personnel expenses	21.3	18.3%	18.0
Personnel expenses	808.3	22.0%	662.5

Employee benefits

in CHF million	Excess/ insufficient cover	Economic share of the Bell Food Group		Change from previous year		Contributions related to the period	Pension expenses in personnel expenses	
		31.12.2018	31.12.2018	31.12.2017	not affecting profit ² 2018		affecting profit 2018	2018
Company's pension fund foundation	-	-	-	-	-	-	-	-
Pension schemes w/o excess/ insufficient cover	-	-	-	-	-	32.1	32.1	29.6
Pension schemes with excess cover ¹	1.2	-	-	-	-	0.7	0.7	0.6
Pension schemes with insufficient cover	-	-	-	-	-	-	-	-
Pension schemes w/o assets	-	-23.2	-22.6	-1.0	1.6	-	1.6	-1.5
Employee benefits	1.2	-23.2	-22.6	-1.0	1.6	32.8	34.4	28.7

1 The excess cover was taken from the annual financial statements of the pension schemes that were drawn up in accordance with Swiss GAAP FER 26. Since the financial statements for 31.12.2018 were not available when this annual report was written, the last available financial statements were used. It is assumed that there has been no significant change in the excess cover since the last financial statements.

2 Payments, currency conversions and changes in scope of consolidation

17. Financial result

in CHF million	2018	2017
Interest income	1.1	0.2
Income (+)/loss (-) from securities	-0.2	1.3
Income (+)/loss (-) from foreign currency transactions	-4.6	9.9
Income (+)/loss (-) from sale of investments	-	0.3
Other financial expenses	-1.3	-1.2
Interest expenses	-9.8	-9.0
Financial result	-14.7	1.5

18. Taxes

in CHF million	2018	2017
Paid taxes and changes in tax liabilities	34.3	33.6
Changes in deferred taxes	0.2	3.7
Taxes	34.6	37.3
Net profit after taxes	93.2	116.9
Non-tax-deductible expenses	9.3	11.4
Taxes included in net profit after taxes	34.6	37.3
Net profit before taxes (EBT)	137.0	165.6
Applicable average tax rate	20.1%	19.2%
Calculated income taxes on net profit before taxes	27.5	31.8
Influence of different tax rates and tax jurisdictions	-	-1.7
Influence of non-capitalisation of deferred taxes	6.9	7.3
Other taxes and taxes not relating to the period	0.1	-0.2
Taxes (as reported)	34.6	37.3

Notes to the consolidated financial statements

19. Treasury shares

in CHF million	2018		2017	
	Number in pieces	Value	Number in pieces	Value
Balance as of 01.01.	5 778	2.2	6 918	2.4
Acquisitions	8 490	3.0	5 413	2.4
Disposals	-7 844	-2.9	-6 553	-2.5
Balance as of 31.12.	6 424	2.3	5 778	2.2

20. Net profit per share

	2018	2017 R	2017
Number of shares as of 31.12.	6 285 712		4 000 000
Average time-weighted number of outstanding shares	5 290 277	5 291 978	3 992 136
Annual profit	89 333	106 507	106 507
Net profit per share	16.89	20.13	26.68

in CHF thousands

in CHF, diluted and undiluted

For the calculation of the net profit per share the treasury shares are not considered. No options, convertible bonds or similar are outstanding. Therefore there is no difference between the diluted and undiluted ratio.

As of 7 June 2018, the Bell Food Group Ltd performed a capital increase. 2,285,712 registered shares were issued. For better comparability of the key figure profit per share the time-weighted number of outstanding shares as of 31 December 2017 was adjusted by the effect of the capital increase (1,299,842 shares). The adjusted key figure is presented in column 2017 R.

21. Transactions with related parties

Transactions with:	Related companies of Coop Group		Other related companies		Total	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
in CHF million						
Balance sheet						
Trade accounts receivables	149.7	146.0	0.9	0.5	150.6	146.5
Other receivables	-	-	-	-	-	-
Accrued income and prepaid expenses	0.0	0.1	-	-	0.0	0.1
Financial assets	-	-	-	-	-	-
Trade accounts payable	12.0	8.4	6.6	0.8	18.5	9.3
Other current liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	6.2	13.1	-	-	6.2	13.1
Financial liabilities	-	-	-	-	-	-
Income statement						
Net revenue	1 951.0	1 900.8	17.1	22.7	1 968.1	1 923.5
Cost of goods sold	24.3	24.0	8.1	6.7	32.4	30.7
Personnel expenses	1.9	1.2	-	-	1.9	1.2
Rents	7.9	7.0	-	-	7.9	7.0
Energy, auxiliary materials	2.7	2.3	-	-	2.7	2.3
Repair and maintenance	2.6	2.0	-	-	2.6	2.0
Transport	0.5	0.6	0.0	0.0	0.5	0.6
Advertising	4.4	6.3	-	-	4.4	6.3
Other operating expenses	1.8	1.3	-0.1	-0.1	1.7	1.2
Financial result	-	-0.0	-0.0	-	-0.0	-0.0

Description of transactions with companies of the Coop Group

Bell has a supply and purchase agreement with Coop. The contract is valid for an indefinite period and can be terminated at the end of any year by giving 12 months' notice. The supply of products to Coop is carried out at market conditions in consideration of Coop's purchase volume. Sales reductions include a bonus based on volume and sales figures, which is agreed annually in advance by means of a business plan.

Description of transactions with other related companies

In the column "other related companies" all transactions with companies are disclosed for which either Bell Food Group or Coop Group have a participation between 20 and 50 percent and therefore a significant influence.

Notes to the consolidated financial statements

22. Non-current and contingent liabilities

in CHF million	31.12.2018	31.12.2017
Unrecognised leasing liabilities	5.0	2.8
Due within one year	2.9	1.1
Due within two years	1.6	0.8
Due within three years or later	0.6	0.9
Obligations from long-term contracts with third parties	44.3	34.5
Due within one year	9.5	5.2
Due within two years	8.5	6.5
Due within three years or later	26.3	22.8
Obligations from long-term contracts with related companies	0.9	1.4
Due within one year	0.5	0.5
Due within two years	0.5	0.5
Due within three years or later	–	0.5
Total amount of guarantees, warranties and pledges in favour of third parties	0.2	1.6
Total amount of mortgaged assets at book values	69.4	63.2
Contingent liabilities¹	10.0	–

¹ The Bell Food Group is involved in legal proceedings and investigations related to the business operations. As of the balance sheet date, the Bell Food Group does not expect any significant negative financial implications for the company. Therefore no provisions were recognised.

23. Derivative financial instruments

in CHF million	Contract value		Positive replacement value		Negative replacement value	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Underlying						
	Purpose					
Foreign currencies	Hedging	0.5	–	0.0	–	–
Interests	Hedging	–	–	–	–	–
Derivative financial instruments		0.5	–	0.0	–	–
of which recognised in balance sheet		–	–	–	–	–

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

24. Significant shareholdings of the Bell Food Group

Below, all significant shareholdings of the Bell Food Group are listed. Inactive companies or certain companies with insignificant impact on the consolidated balance sheet (share of the assets smaller than 1%) or consolidated income statement (share of the annual profit smaller than 1%) are not listed.

in million					Group share in % as of 31.12.	
Company	Domicile	Sphere of activity		Capital stock as of 31.12.2018	2018	2017
Bell Switzerland						
Bell Food Group Ltd ¹	Basel (CH)	Management	■	CHF 3.1	100.0%	100.0%
Bell Schweiz AG	Basel (CH)	Fresh meat, charcuterie, poultry, seafood	■	CHF 20.0	100.0%	100.0%
Geiser AG	Schlieren (CH)	Fresh meat, charcuterie	■	CHF 0.5	100.0%	100.0%
Cher-Mignon SA ²	Chermignon (CH)	Charcuterie	■		–	100.0%
Bell Germany						
Bell Deutschland Holding GmbH	Seevetal (DE)	Management	■	EUR 0.0	100.0%	100.0%
Bell Deutschland GmbH & Co. KG	Seevetal (DE)	Charcuterie	■	EUR 1.0	100.0%	100.0%
Bell Production Services GmbH & Co. KG	Seevetal (DE)	Charcuterie	■	EUR 0.5	100.0%	100.0%
Bell Schwarzwälder Schinken GmbH	Schiltach (DE)	Charcuterie	■	EUR 0.0	100.0%	100.0%
Bell España Alimentación S.L.U.	Casarrubios del Monte (ES)	Charcuterie	■	EUR 0.6	100.0%	100.0%
Abraham Benelux S.A.	Libramont-Chevigny (BE)	Charcuterie	■	EUR 1.3	100.0%	100.0%
Bell Verwaltungs GmbH	Seevetal (DE)	Management	■	EUR 0.0	100.0%	100.0%
Interfresh Food GmbH	Seevetal (DE)	Management	■	EUR 0.1	100.0%	100.0%
Bell Benelux Holding N.V.	Zellik (BE)	Management	■	EUR 5.3	100.0%	100.0%
Bell Benelux N.V.	Zellik (BE)	Trade	■	EUR 0.6	100.0%	100.0%
Bell Nederland B.V.	Houten (NL)	Trade	■	EUR 2.7	100.0%	100.0%
Bell Logistics N.V.	Zellik (BE)	Logistics	■	EUR 2.4	100.0%	100.0%
Bell International						
Bell France Holding SAS	Teilhède (FR)	Management	■	EUR 20.0	100.0%	100.0%
Bell France SAS	St-André-sur-Vieux-Jonc (FR)	Charcuterie	■	EUR 1.2	100.0%	100.0%
Salaison Polette & Cie SAS	Teilhède (FR)	Charcuterie	■	EUR 2.6	100.0%	100.0%
Maison de Savoie SAS	Aime (FR)	Charcuterie	■	EUR 1.6	100.0%	100.0%
Saloir de Mirabel SARL	Riom (FR)	Charcuterie	■	EUR 0.2	100.0%	100.0%
Saloir de Virieu SAS	Virieu-le-Grand (FR)	Charcuterie	■	EUR 1.2	100.0%	100.0%
Val de Lyon SAS	St-Symphorien-sur-Coise (FR)	Charcuterie	■	EUR 1.0	100.0%	100.0%
H.L. Verwaltungs-GmbH	Pfaffstätt (AT)	Management	■	EUR 0.3	100.0%	100.0%
Hubers Landhendl GmbH	Pfaffstätt (AT)	Poultry	■	EUR 0.1	100.0%	100.0%
Süddeutsche Truthahn AG	Ampfing (DE)	Poultry	■	EUR 6.2	100.0%	100.0%
Brütere Schlierbach GmbH	Pettenbach (AT)	Poultry	■	EUR 0.6	95.0%	95.0%
Frisch Express GmbH	Pfaffstätt (AT)	Logistics	■	EUR 0.0	100.0%	100.0%
VTE-Beteiligungs GmbH + Co. KG	Ampfing (DE)	Management	■	EUR 3.3	100.0%	100.0%
Bell Polska Sp. z o.o.	Niepołomice (PL)	Charcuterie	■	PLN 10.0	100.0%	100.0%
ZIMBO Perbal Húsipari Termelő Kft.	Perbál (HU)	Charcuterie	■	HUF 400.0	99.8%	99.8%

■ Fully consolidated

○ Consolidation at equity

¹ As of 7 June 2018, the Bell Food Group Ltd performed a capital increase. The share capital has been increased by CHF 1.1 million.

² Merger of Cher-Mignon AG in Bell Schweiz AG in January 2018

Notes to the consolidated financial statements

24. Significant shareholdings of the Bell Food Group (continuation)

in million						Group share in % as of 31.12.	
Company	Domicile	Sphere of activity		Capital stock as of 31.12.2018	2018	2017	
Convenience							
Hilcona AG	Schaan (FL)	Convenience	■	CHF 1.0	100.0 %	100.0 %	
Hilcona Gourmet SA	Orbe (CH)	Convenience	■	CHF 0.6	100.0 %	100.0 %	
Hilcona Feinkost GmbH	Leinfelden-Echterdingen (DE)	Convenience	■	EUR 0.0	100.0 %	100.0 %	
Frostag Food-Centrum AG	Landquart (CH)	Convenience	■	CHF 1.5	100.0 %	100.0 %	
Eisberg Holding AG	Dänikon (CH)	Management	■	CHF 0.7	100.0 %	100.0 %	
Gastro Star AG	Dällikon (CH)	Convenience	■	CHF 0.1	100.0 %	100.0 %	
Eisberg Hungary Kft.	Gyál (HU)	Convenience	■	HUF 167.0	100.0 %	100.0 %	
Eisberg Spolka z o.o.	Legnica (PL)	Convenience	■	PLN 3.5	100.0 %	100.0 %	
Eisberg srl	Pantelimon (RO)	Convenience	■	RON 0.4	100.0 %	100.0 %	
E.S.S.P. España 2000 SL	Aguilas (ES)	Convenience	■	EUR 0.0	100.0 %	100.0 %	
Sylvain & CO SA ³	Champvent (CH)	Convenience	■	CHF 0.1	100.0 %	-	
Dr. A Stoffel Holding AG ⁴	Steinach (CH)	Management	■	CHF 1.0	100.0 %	-	
Hügli Holding AG ⁴	Steinach (CH)	Management	■	CHF 0.5	100.0 %	-	
Hügli Nahrungsmittel AG ⁴	Steinach (CH)	Convenience	■	CHF 1.1	100.0 %	-	
Hügli Nahrungsmittel-Erzeugung GmbH ⁴	Hard (AT)	Convenience	■	EUR 0.8	100.0 %	-	
Hügli Nahrungsmittel GmbH ⁴	Radolfzell (DE)	Convenience	■	EUR 25.5	100.0 %	-	
Granovita S.A. ⁴	La Vall d'Uixó (ES)	Convenience	■	EUR 0.5	100.0 %	-	
Hügli UK Ltd. ⁴	Redditch (UK)	Convenience	■	GBP 0.0	100.0 %	-	
Bresc B.V. ⁴	Sleeuwijk (NL)	Convenience	■	EUR 0.0	89.0 %	-	
Ali-Big Industria Alimentare s.r.l. ⁴	Brivio (IT)	Convenience	■	EUR 0.1	100.0 %	-	
Hügli Food s.r.o. ⁴	Zásmuky u Kolína (CZ)	Convenience	■	CZK 80.0	100.0 %	-	
Hügli Food Élelmiszeripari Kft. ⁴	Budapest (HU)	Convenience	■	HUF 3.0	100.0 %	-	
Hügli Food Polska sp. z o.o. ⁴	Lódz (PL)	Convenience	■	PLN 0.1	100.0 %	-	
Hügli Food Slovakia s.r.o. ⁴	Trnava (SK)	Convenience	■	EUR 0.0	100.0 %	-	
Equity investments							
Centravo Holding AG	Zürich (CH)	By-products	○	CHF 2.0	29.7 %	29.7 %	
GVFI International AG	Basel (CH)	Meat trade	○	CHF 3.0	24.8 %	24.8 %	
Baltic Vianco OÜ	Rõuge Vald (EE)	Livestock trading	○	EUR 0.8	33.3 %	33.3 %	

■ Fully consolidated

○ Consolidation at equity

³ Acquisition of Sylvain & CO SA in May 2018

⁴ Acquisition of 50.22% of Hügli Group in January 2018. Takeover of minority share until December 2018. As of balance sheet date, Bell Food Group holds 100% of Hügli Group.

Report of the statutory auditor on the consolidated financial statements

Report of the statutory auditor to the General Meeting of Bell Food Group Ltd, Basel

Opinion

We have audited the consolidated financial statements of Bell Food Group Ltd and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, cash flow statement and statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 56 to 80) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

	Overall Group materiality: CHF 6,400,000
	We concluded full scope audit work at twelve Group companies in six countries. These Group companies represented 90 % of the Group's sales revenue.
	<p>As key audit matter the following area of focus has been identified:</p> <p>Impairment of goodwill</p>

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6,400,000
How we determined it	5 % of net profit before taxes (EBT)
Rationale for the materiality benchmark applied	We chose net profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, net profit before taxes is a generally accepted benchmark for materiality considerations.

We agreed with the Chairman of the Board of Directors and the Group Executive Board that we would report to them misstatements above CHF 640,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We planned our audit by determining the materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Key audit matter	How our audit addressed the key audit matter
<p>We consider the assessment of the impairment of goodwill, which is amortised on a straight-line basis over a period of between 8 and 15 years, to be a key audit matter for the following reasons:</p> <ul style="list-style-type: none"> – As of 31 December 2018, goodwill amounting to CHF 247.3 million represents a significant asset category. – The impairment of goodwill depends on the extent to which the expected future returns are achieved. – If there are indicators of impairment of non-current assets, including goodwill, the Group Executive Board performs an impairment test. This involves making significant assumptions concerning future business results. <p>Please refer to the consolidation and valuation principles and note 9 'Intangible assets' on page 66.</p>	<p>In light of the Group Executive Board's chosen approach, we focussed first on the identification of impairment indicators. We performed the following audit procedures:</p> <ul style="list-style-type: none"> – We discussed with the Group Executive Board the results and forecasts for each sub-group/company and we read the minutes of the meetings of the Board of Directors in order to identify indicators of any impairment. – Additionally, we conducted a critical examination of the Group Executive Board's assumptions and assessments and we compared these with the figures approved by the Board of Directors. – Further, we gained an understanding of the budgeting process. <p>Secondly, we performed the following audit procedures as part of the impairment testing:</p> <ul style="list-style-type: none"> – We compared the figures approved by the Board of Directors in the 2019 budget and the multi-year plan with the data used for the impairment test. We compared the business results in the year under review with the assumptions for the forecasts prepared in the prior year. – We conducted plausibility checks on the discount rate used, the investments, the forecasted changes in the net working capital and the assumed growth prospects – also with the help of external sources. In addition, we tested the sensitivity analyses made on the key assumptions. – We also checked the mathematical accuracy of the calculation. <p>We consider the approach adopted by the Group Executive Board to be an appropriate and adequate basis for assessing the impairment of goodwill.</p>

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gerd Tritschler

Audit expert
Auditor in charge

Basel, 4 February 2019

Arsim Arslani

Audit expert

Financial statements of Bell Food Group Ltd

Balance sheet

in CHF million		31.12.2018	Share	31.12.2017	Share
Cash and cash equivalents		123.2		8.9	
Securities		1.1		2.0	
Other receivables		0.1		0.1	
Other receivables from Group companies		24.2		89.8	
Accrued income and prepaid expenses		2.0		1.3	
Current assets		150.5	6.5 %	102.1	6.1 %
Financial assets	Loans to Group companies	959.0		832.9	
	Other financial assets	1.3		0.2	
Investments	Controlling interests	1 184.0		735.6	
	Non-controlling interests	10.2		10.2	
Non-current assets		2 154.5	93.5 %	1 578.9	93.9 %
Assets		2 305.1	100.0 %	1 680.9	100.0 %
Current financial liabilities		–		175.0	
Trade accounts payable		0.2		0.3	
Other current payables		1.0		161.3	
Other current payables to Group companies		109.2		158.4	
Accrued expenses and deferred income		27.4		44.8	
Current liabilities		137.9	6.0 %	539.7	32.1 %
Non-current financial liabilities		835.0		475.0	
Non-current liabilities		835.0	36.2 %	475.0	28.3 %
Liabilities		972.9	42.2 %	1 014.7	60.4 %
Share capital		3.1		2.0	
Statutory capital reserve					
Reserves from capital contribution ¹		602.6		–	
Other capital reserves		9.0		–	
Legally required retained earnings		10.0		10.0	
Free retained earnings		624.5		558.3	
Treasury shares		–2.3		–2.2	
Annual profit		85.2		98.1	
Equity		1 332.2	57.8 %	666.2	39.6 %
Liabilities and equity		2 305.1	100.0 %	1 680.9	100.0 %

¹ The stated reserves from capital contributions have not yet been approved by SFTA.

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Income statement

in CHF million	2018	2017
Income from investments	87.6	90.8
Other financial income	23.4	19.3
Other income	2.9	2.9
Total income	113.9	113.0
Administrative expenses	7.3	3.7
Other operating expenses	6.7	1.0
Valuation adjustments to financial investments	0.2	-
Financial expenses	14.4	9.4
Expenses	28.6	14.1
Annual profit before taxes	85.3	98.9
Taxes	0.0	0.7
Annual profit after taxes	85.2	98.1

Notes

Information on accounting policies

The annual financial statements are drawn up in accordance with the principles of commercial accounting and financial reporting set forth in the Swiss Code of Obligations. The principles prescribed by law are applied. Assets and liabilities in foreign currency are translated into Swiss francs at the exchange rate on the reporting date. The exchange rates listed on page 60 of the Group report are applied.

Investments in other companies and loans are recognised in the balance sheet at purchase price, taking account of any value adjustments. Securities are measured at the stock exchange price on the reporting date.

in CHF million	2018	2017
Total amount of guarantees, warranties and pledges in favour of third parties ¹	1.2	–
Significant shareholdings	pages 79–80	
Ownership interests and options held and allocated by the Board of Directors and Executive Board	page 50 ff.	
Information on issued bonds	page 69	
Information on treasury shares	page 76	
Principal shareholders: Coop Group Cooperative, Basel	66.29%	66.29%

¹ The company is jointly and without limitation liable for all obligations arising from the VAT group (taxes, interest, any fines) as well as for cash pooling within the Bell Food Group.

Information and explanations to the annual financial statements

The number of full-time equivalents is below 10.

Taxes

Capital taxes are included in the income statement under “other operating expenses”. Only income taxes are reported as a separate item in the non-operating section.

Events after the reporting period

There were no events after the balance sheet date requiring disclosure.

Appropriation of available earnings and reserves

Proposal of the Board of Directors for the appropriation of available earnings and reserves

The Board of Directors proposes to the General Meeting the following distribution from reserves from capital contribution after reclassification to free retained earnings (CHF 5.50 per share):

in CHF	2018	2017
Dividend distribution from profit		
Annual profit	85 220 598	98 135 369
Distribution to shareholders	–	32 000 000
Allocation to free retained earnings	85 220 598	66 135 369
Total appropriation	85 220 598	98 135 369
Distribution from reserves from capital contribution		
Reserves from capital contribution as at 31.12.2018	602 604 683	–
Distribution to shareholders	34 571 416	–
Balance carried forward reserves from capital contribution as at 31.12.2018	568 033 267	–
Total distribution (CHF 5.50/share, previous year CHF 8.00/share)	34 571 416	32 000 000

Report of the statutory auditor on the financial statements

Report of the statutory auditor to the General Meeting of Bell Food Group Ltd, Basel

Opinion

We have audited the financial statements of Bell Food Group Ltd which comprise the balance sheet as at 31 December 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 86 to 88) as at 31 December 2018 comply with Swiss law and the articles of incorporation.

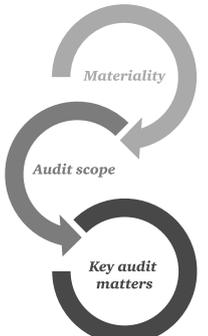
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

	<p>Overall materiality: CHF 4,000,000</p> <hr/> <p>We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.</p> <hr/> <p>As key audit matter the following area of focus has been identified:</p> <p>Impairment of investments in and loans to Group companies</p>
---	--

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 4,000,000
How we determined it	0.3 % of net assets (rounded)
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because the Company primarily holds equity investments in and grants loans to Group companies.

We agreed with the Chairman of the Board of Directors and the Group Executive Board that we would report to them misstatements above CHF 400,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments in and loans to Group companies

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2018, the Company recorded investments in Group companies in the amount of CHF 1,194 million and loans to Group companies in the amount of CHF 959 million. These two items represent a significant share (93%) of total assets. Testing the value of investments and loans for impairment involves scope for judgement in assessing the assumptions concerning future business development. There is a risk that impairment of these items could have a significant impact on the financial statements.</p> <p>Further details regarding the investments and loans can be found in the 'Information on accounting policies' and the notes contain detailed information on the shareholdings.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> – We tested the valuation of each investment and loan on the basis of the local shareholders' equity, the results for the year and the future budget. – We checked the related budget process and the approval given by the Board of Directors. – We also discussed with the Group Executive Board the results and forecasts for each company and read the minutes of the meetings of the Board of Directors in order to identify any indicators of potential impairment. <p>We consider the approach adopted by the Group Executive Board to identify potential indicators of impairment of the investments in and loans to Group companies to be an appropriate and adequate basis for the impairment testing of such investments and loans.</p>

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

10	Editorial
13	Situation report
33	Corporate governance
47	Compensation report
56	Consolidated financial statements of the Bell Food Group
86	Financial statements of Bell Food Group Ltd

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gerd Tritschler

Arsim Arslani

Audit expert
Auditor in charge

Audit expert

Basel, 4 February 2019

Contacts and publishing details



Online
www.bellfoodgroup.com/report-en

Latest news

Additional up-to-date information on the Bell Food Group is available on the internet at www.bellfoodgroup.com.

Contacts

Headquarters

Bell Food Group Ltd • Elsässerstrasse 174 • 4056 Basel • Switzerland
Tel. +41 58 326 2000 • Fax +41 58 326 2100
info@bellfoodgroup.com • www.bellfoodgroup.com

Share Register

Bell Food Group Ltd • Elsässerstrasse 174 • 4056 Basel • Switzerland
Tel. +41 58 326 2020 • Fax +41 58 326 2119
share.registry@bellfoodgroup.com

Compliance

Michael Gloor • Chief Compliance Officer • Bell Food Group Ltd • Elsässerstrasse 174 • 4056 Basel • Switzerland
Tel. +41 58 326 2754 • Fax +41 58 326 2100
michael.gloor@bellfoodgroup.com
www.bellfoodgroup.com

Corporate Communication

Bell Food Group Ltd • Elsässerstrasse 174 • 4056 Basel • Switzerland
Tel. +41 58 326 3030 • Fax +41 58 326 2114
media@bellfoodgroup.com

Bell Switzerland

Bell Schweiz AG • Elsässerstrasse 174 • 4056 Basel • Switzerland
Tel. +41 58 326 2626 • Fax +41 58 326 2100
info@bellfoodgroup.com • www.bellfoodgroup.com

Bell Germany

Bell Deutschland Holding GmbH • Brookdamm 21 • 21217 Seevetal • Germany
Tel. +49 40 768005 0 • Fax +49 40 768005 301
info.de@bellfoodgroup.com • www.bellfoodgroup.com

Bell International

Bell France Holding SAS
Champ Saint-Pierre • 63460 Teilhède • France
Tel. +33 473 64 3131 • Fax +33 473 64 3140
info.fr@bellfoodgroup.com • www.bellfoodgroup.com

Bell Polska Sp. z o.o.

Ul. Mokra 11 • 32-005 Niepolomice • Poland
Tel. +48 12 28100 34 • Fax +48 12 28100 38
info.pl@bellfoodgroup.com • www.bellfoodgroup.com

ZIMBO Perbál Húsipari Termelő Kft.
Ipari Park 5 • 2074 Perbál • Hungary
Tel. +36 26 570 500 • Fax +36 26 570 021
info.hu@bellfoodgroup.com • www.bellfoodgroup.com

Hubers Landhendl GmbH
Hauptstrasse 80 • 5223 Pfaffstätt • Austria
Tel. +43 7742 3208 0 • Fax +43 7742 3208 44
office@huberslandhendl.at • www.huberslandhendl.at

Eisberg

Eisberg Holding AG
Feldstrasse 12 • 8114 Dänikon • Switzerland
Tel. +41 44 847 2000 • Fax +41 44 847 3420
holding@eisberg.com • www.eisberg.com

Hilcona

Hilcona AG
Bendererstrasse 21 • 9494 Schaan • Principality of Liechtenstein
Tel. +41 58 895 95 95 • Fax +423 232 02 85
info@hilcona.com • www.hilcona.com

Hügli

Hügli Holding AG
Bleichstrasse 31 • 9323 Steinach • Switzerland
Tel. +41 71 447 2211 • Fax +41 71 447 2998
info@huegli.com • www.huegli.com

Publishing details

General information

The language in this report is as far as possible gender neutral, but in the interest of readability only the masculine form may have been used. All terms used refer to people of both genders.

All amounts have been rounded individually.

Print deadline

4 February 2019

Forward-looking statements

The half-year report includes certain forward-looking statements. These statements are based on assumptions and estimates as well as information available to the Bell Food Group at the editorial deadline, which means that actual results and events could deviate substantially from the expectations included or implied in the forward-looking statements.

Our half-year report is published in German, together with French and English translations. The printed German version shall prevail at all times. Additional printed copies of the half-year report are available at our head office or can be ordered via the Internet. The half-year report can also be downloaded at www.bellfoodgroup.com/report-en.

Published by

Bell Food Group Ltd
Elsässerstrasse 174
4056 Basel
Switzerland

Realisation

Davide Elia, Bell Food Group Ltd,
Head of Corporate Marketing/Communication

Fabian Vetsch, Bell Food Group Ltd,
Manager Corporate Communication

Concept, design

Phorbis Communications AG

Printing

Werner Druck & Medien AG, Basel