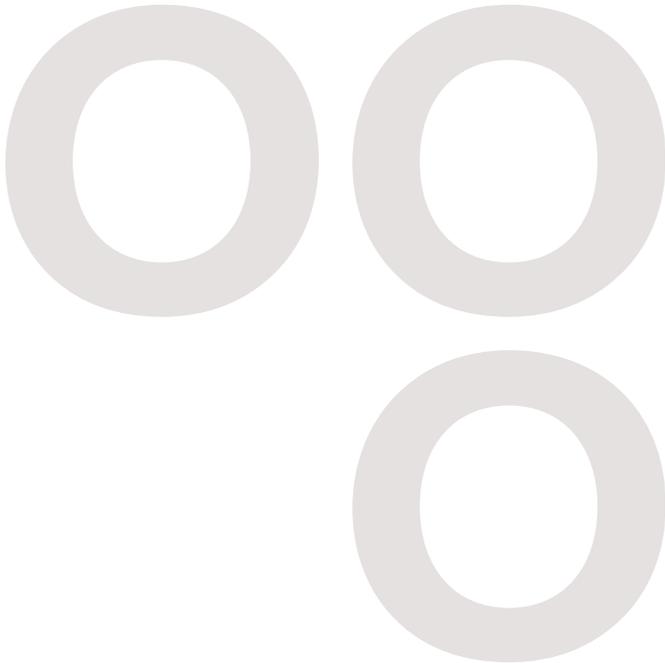

Annual Report 2019



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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 the 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 and seafood as well as ultra-fresh, fresh and non-perishable convenience products such as salads, sandwiches, pasta, sauces, 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 great pleasure to millions of consumers.

Bell Food Group

Sales in CHF billion

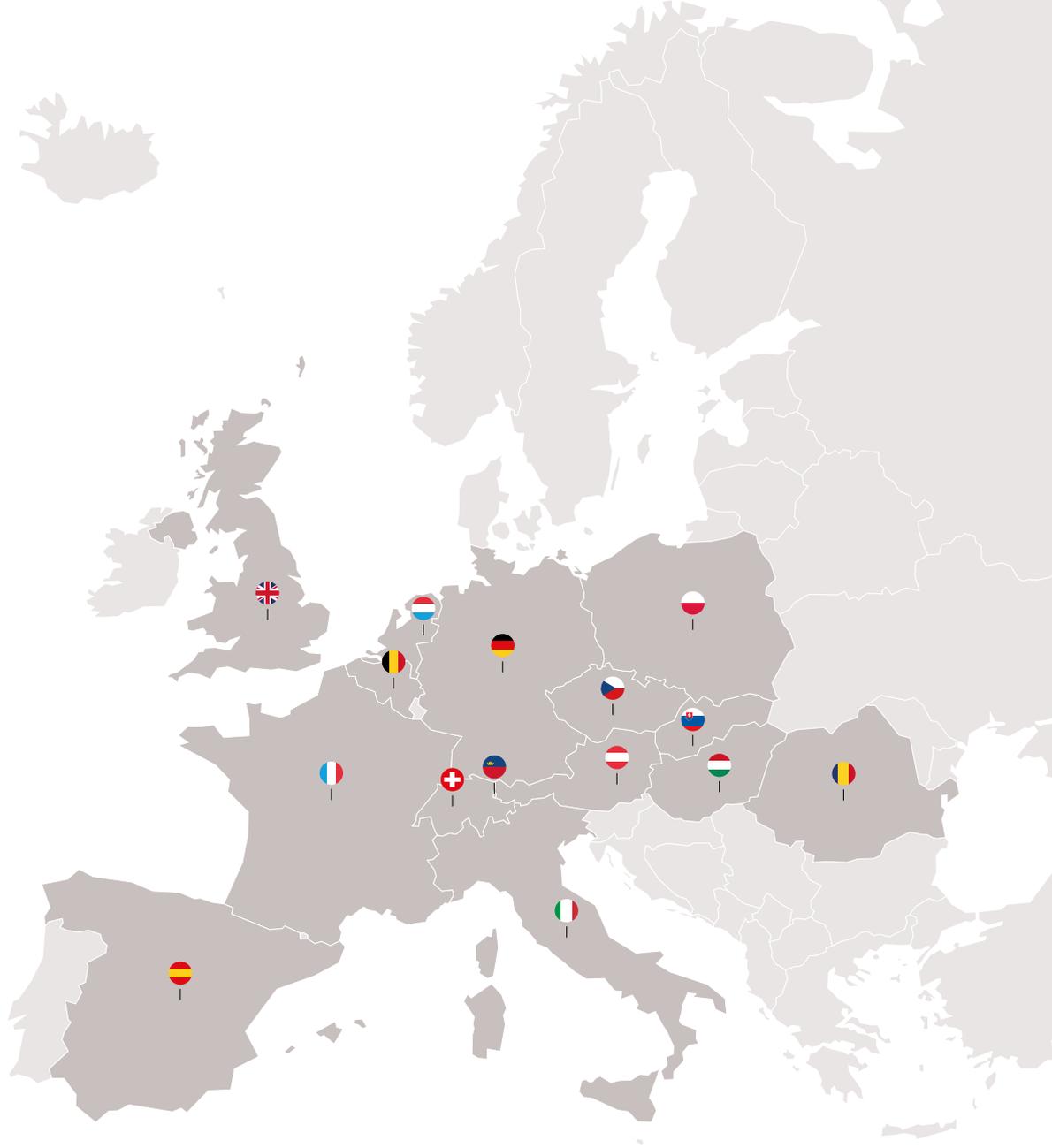
4.1

Locations

65

Employees

12,200



Business areas

Bell Switzerland



Sales in CHF billion

2.0

Locations

13

Employees

3,400

Product ranges

Fresh meat, poultry, charcuterie, seafood

Bell International



Sales in CHF billion

1.0

Locations

25

Employees

3,800

Product ranges

Poultry, charcuterie

Convenience



Sales in CHF billion

1.1

Locations

27

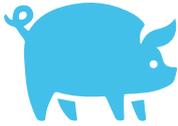
Employees

5,000

Product ranges

Ultra-fresh, fresh and non-perishable convenience products

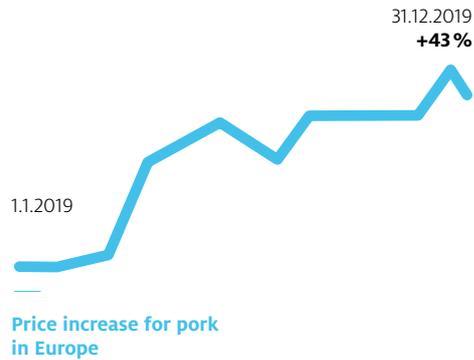
Important events 2019



Rising cost of raw materials burden the Bell International business area

Pork prices in Europe rose by more than 43 percent by the end of 2019. This was caused by the outbreak of African swine fever in Asia and the resulting increase in demand for European pork. In spite of starting negotiations immediately, price increases could only be implemented to a limited extent and with a delay.

→ More about this on pages 28 and 34



Focus Air-dried ham

The Bell Food Group announced its exit from the German sausage market at the end of June 2019. The plants in Suhl and Börger were sold at the end of July 2019. In Spain, Bell Germany opened a new production plant for Serrano ham in Fuensalida in June 2019. In future, Bell will focus on its portfolio of regional air-dried ham specialities from its own production in various countries.

→ More about this on pages 27, 28 and 32



New production capacity for the Convenience business area

In the reporting year, the Bell Food Group substantially expanded its production capacity for convenience products in the DACH region. The most modern convenience plant in Europe was opened in Marchtrenk in Austria in spring 2019. Here, products for Eisberg, Hilcona and Bell for the German and Austrian markets are produced under one roof for the first time. The facility in Bad Wünnenberg (DE) was converted into a fresh convenience plant for Hilcona and the new plant was commissioned at the end of 2019. Hilcona now has its first own production capacity in Germany.

→ More about this on page 33

27 %

Convenience share of Bell Food Group's sales revenue



Result for 2019: Operational progress and exceptional effects

Adjusted for divestments, acquisitions and currency effects, the Bell Food Group's sales revenue increased by 1.5 percent or CHF 61.4 million in 2019. Reported sales revenue dropped by CHF 65.0 million to CHF 4.1 billion (-1.6 %). The EBIT includes exceptional factors relating to the reorganisation of Bell Germany, the development of prices for raw materials and start-up costs for new facilities amounting to CHF 53.9 million in total.

→ More about this on pages 27 to 30

1.5 %

Organic increase in sales revenue of Bell Food Group

Sales revenue

in CHF million

2018	4 143
Currency effect	-57
Inorganic	-69
Organic	+61
2019	4 078

EBIT

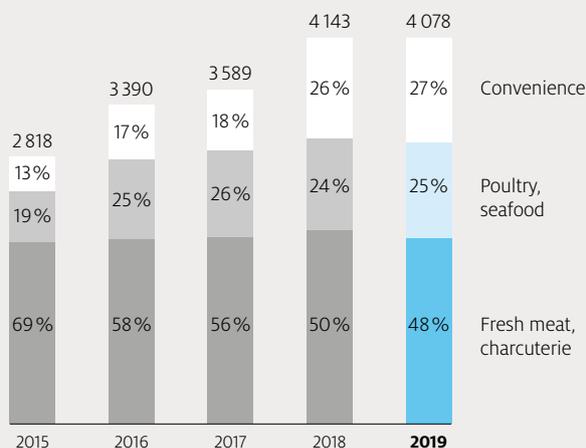
in CHF million

2018	141
Operational progress	+8
2019, adjusted	149
Exceptionals	-54
2019	95

Key figures

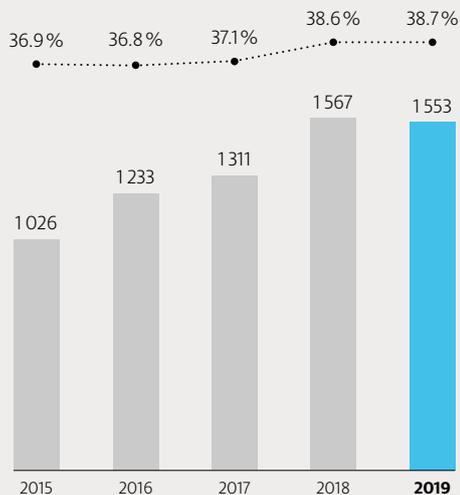
Sales revenue by main product groups

Sales revenue in CHF million



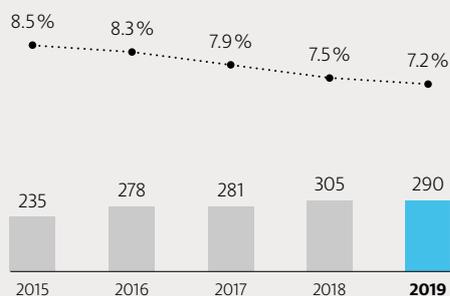
Gross operating income

in CHF million & in % of net revenue



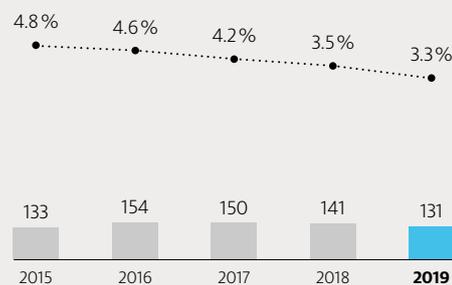
EBITDA¹

in CHF million & in % of net revenue



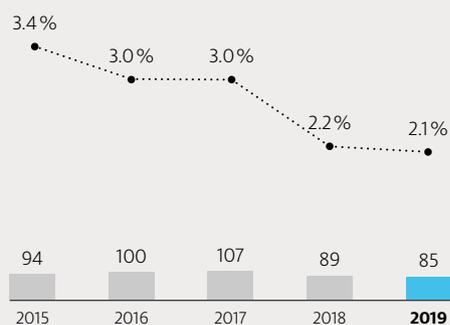
EBIT¹

in CHF million & in % of net revenue



Annual profit¹

in CHF million & in % of net revenue

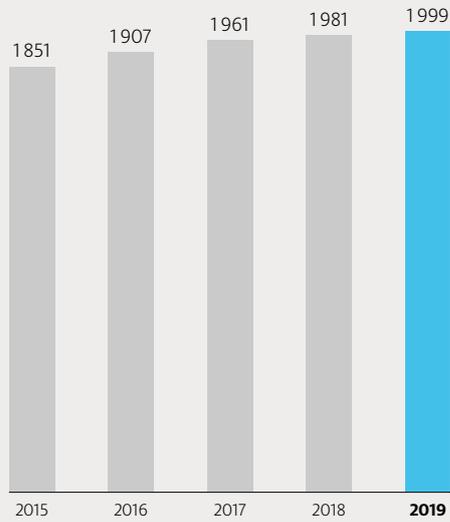


Non-recurring expenses

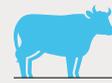
CHF million	2015	2016	2017	2018	2019
EBITDA					
Reported	235	278	281	305	282
Non-recurring expenses	-	-	-	-	8
Adjusted	235	278	281	305	290
EBIT					
Reported	123	142	150	141	95
Non-recurring expenses	10	12	-	-	35
Adjusted	133	154	150	141	131
Annual profit					
Reported	95	101	107	89	50
Non-recurring expenses	-1	-1	-	-	35
Adjusted	94	100	107	89	85

¹ Adjusted for non-recurring expenses.

Sales revenue Bell Switzerland
in CHF million



Sales volume by main product groups
in million kg



Fresh meat

55.0

↓ 0.7%



Charcuterie

107.4

↓ 18.2%¹



Poultry

162.1

↑ 3.0%

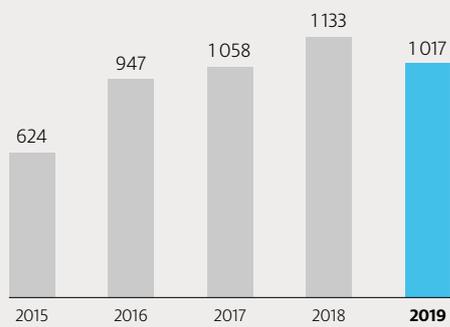


Seafood

7.6

↑ 3.7%

Sales revenue Bell International
in CHF million



Convenience

200.5

↑ 5.2%

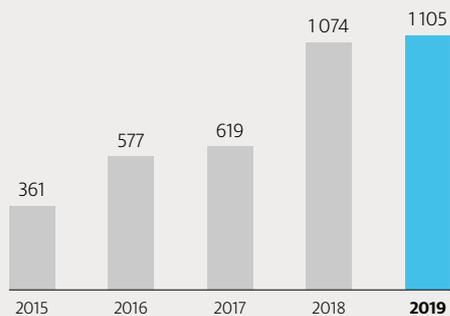
Total

532.7

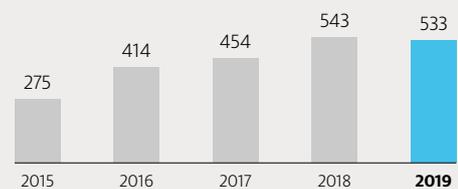
↓ 1.9%

¹ including sales shortfall due to sale of Bell Germany's sausage business

Sales revenue Convenience
in CHF million



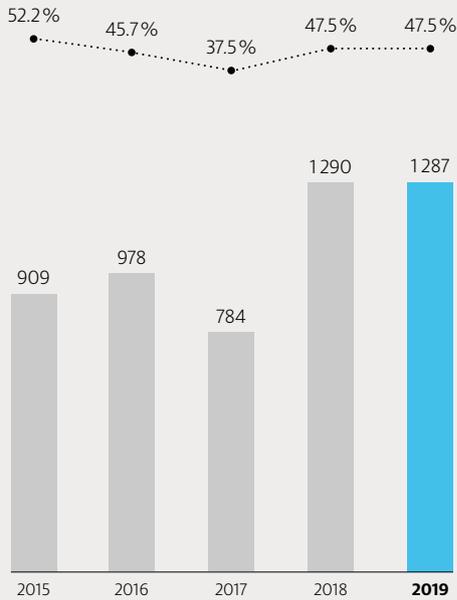
Sales volume for Bell Food Group
in million kg



Key figures

Equity

in CHF million & in % of total assets



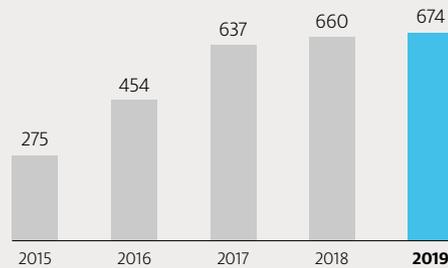
Net debt ratio

Net financial liabilities/EBITDA



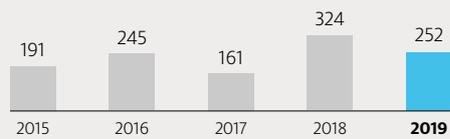
Net financial liabilities

in CHF million
Financial liabilities minus cash and cash equivalents and securities



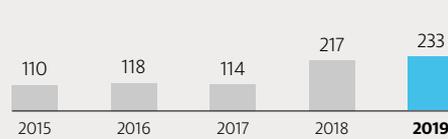
Operating cash flow

in CHF million



Net investments in tangible assets

in CHF million



Innovations
New products

>2,000



Innovation management
Employees in development and product management

>150



Workforce
Number of employees (FTE)

12,195



Proportion of women

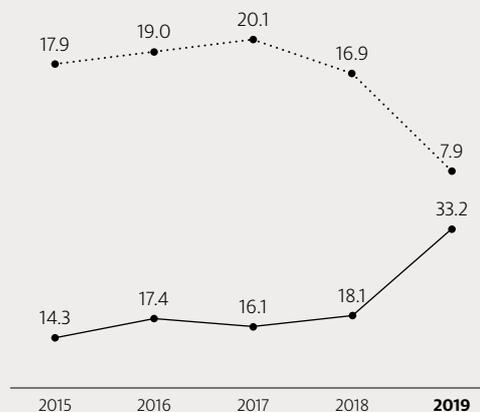
40%

Market capitalisation & share price in CHF



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

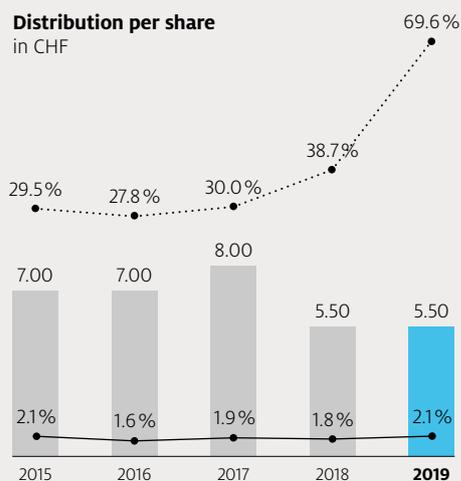
Key figures per share in CHF



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

The earnings per share for the previous years were adjusted by the effect of the capital increase in 2018 to improve comparability.

Distribution per share in CHF



■ Dividend per share
 Distribution ratio
 —●— Dividend yield

The earnings per share and price/earnings ratio differ substantially from the previous year due to non-recurring expenses.

For 2019, the Annual General Meeting **will be asked to approve a dividend distribution** of CHF 5.50 per share. This is a departure from the Bell Food Group's policy of distributing around 30 percent of the Group profit every year. Because of the exceptional results included in the Group result, the Board of Directors considers it appropriate to pay the same dividend. In the following years, the Bell Food Group intends to return to its usual distribution ratio.

Fifty percent of the dividend for 2019 will be paid from the capital contribution reserve. As distributions from capital contribution reserves are not subject to withholding tax, Swiss private investors will benefit from a tax-free payment.

Capital structure as of 31.12.

	2015	2016	2017	2018	2019
Share capital	2.00	2.00	2.00	3.10	3.10
Divided into number of registered shares	400	4 000	4 000	6 286	6 286
Nominal value per registered share	5.00	0.50	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

Editorial

The Bell Food Group makes operational progress in a challenging financial year



Hansueli Loosli
Chairman of the Board of Directors



Lorenz Wyss
Chairman of the Group Executive Board

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Dear shareholders,

The 2019 financial year was dominated by the setting of a strategic course and a difficult situation for raw material prices in Europe. Despite this challenging environment, the Bell Food Group made considerable operational progress, in particular during the second half of the year. The good news is that all business areas contributed to the improved operating performance. This is confirmation for us that we are moving in the right direction with our strategic course.

Assuming leadership

It is our objective to increase the Convenience business area's contribution to the total sales revenue of the Bell Food Group by some 50 percent in the medium term. Changes in consumer habits mean that the boundaries between retail, food service and out-of-home eating are becoming increasingly blurred and that more and innovative new nutrition concepts are needed. The traditional food service sector is also experiencing a shortage of qualified staff, so that holistic food solution concepts are gaining in importance. As the Bell Food Group wants to play a leading role in this trend, we are investing in new production technologies to ensure customer-specific solutions for the food service sector. With our companies Eisberg, Hilcona and Hügli, we already have strong brands offering a diverse product mix, excellent know-how in the development of products and packaging solutions, and innovative production technologies in the fresh and ultra-fresh convenience segments. We substantially expanded our convenience activities in 2019 with the commissioning of the state-of-the-art convenience facility in Marchtrenk in Austria and the conversion of the Bad Wünnenberg facility in Germany into a production plant for fresh convenience products. We aim to play a leading role in fresh

and ultra-fresh convenience in the still mostly unconsolidated European market. With the further exploitation of the attractive markets in Germany and Austria, we have laid the foundation for our strategic focus on the convenience business area.

Maintaining our strong position

In addition to the expansion of the Convenience business area, we intend to strengthen and further develop our leading position in the traditional charcuterie and meat segment. The process optimisation and cost efficiency measures introduced after a below-average prior-year performance have allowed us to make operational progress in Switzerland again in 2019. In a more or less saturated market, we wish to continue along this path and gain market share with an innovative product mix and processes and services that are optimally tailored to our customers and their needs. With our sustainability strategy we are committed to manufacturing ecological, animal friendly and socially responsible products. We have paved the way in Europe with the sale of the German sausage business. In the European charcuterie business, the focus now clearly falls on our strong position in the international market for air-dried ham and regional specialities.

International growth

Over the past 150 years, the Bell Food Group has gained an important market position in Switzerland. Although the opportunities for growth have not been exhausted, Switzerland is a highly developed market for us. For this reason, the Bell Food Group has for some years had strong international segments. We aim to grow in Europe. With our decentralised structure consisting of many small and medium-sized regional production plants, we can offer our

customers tailor-made solutions. Exports to countries outside Europe are constantly gaining in importance. In the reporting year, we successfully expanded our exports of Spanish and French charcuterie, convenience products and local specialities to Asia, and we aim to grow further in this area.

Reorganising the Bell Food Group

The reorganisation of the top management level of the Bell Food Group that was announced in December 2018 was implemented on 1 July 2019. The growth experienced in the past few years made it necessary to adjust the corporate structure. The Bell Food Group now comprises the business areas Bell Switzerland, Bell International, Convenience and Finance/Services. We are convinced that the new organisational structure gives us the best foundation for consistently pursuing our strategic objectives.

Operational progress in the reporting year

The Bell Food Group posted a decline in sales revenue and sales volume in 2019. Sales revenue dropped by CHF 65.0 million to CHF 4.1 billion. Adjusted for currency effects, acquisitions and divestments, organic growth amounted to CHF 61.4 million. At 532.7 million kilograms, sales volume was down 1.9 percent on the previous year. Organically, sales volume improved by 1.7 percent.

The reorganisation of the Bell Germany division, high prices for raw materials and start-up costs for the new facilities burdened the annual financial statement by CHF 53.9 million in total. Adjusted for these exceptional effects, the Bell Food Group achieved a pleasing operational growth at EBIT level of CHF 8.5 million. All business areas contributed to this improvement.



Consistent dividend distribution

In spite of the substantially lower annual profit for 2019, the Board of Directors will ask the Annual General Meeting to approve the same dividend distribution of CHF 5.50 per share, of which 50 percent will be paid from the capital contribution reserves. With this decision, the Board of Directors takes account of the various exceptional factors that impacted the annual result of the Bell Food Group.

Outlook

After the successful implementation of cost reduction and process optimisation measures in the reporting year, the focus for the Bell Switzerland business area will shift to the improvement of sales revenue and sales volume in 2020. For the Bell International business area, we expect raw material prices for pork to remain volatile in the coming year. As a result, we will continue the price negotiations with our customers that we started in the reporting year, and we are confident that we will be able to successfully process these negotiations. In the Convenience business area, we want to continue to grow in the coming year. Aside from Switzerland, the focus specifically falls on Germany and Austria. With the new production facilities in Marchtrenk (AT) and Bad Wünnenberg (DE), the Bell Food Group is ideally positioned to grow further in these markets.

Dear shareholders, thank you for the trust that you are placing in us. We are confident that we can reach our objectives and make further operational progress in the coming year. Special thanks are also due to our employees, who work hard for the Bell Food Group every day. And last but not least, we would like to thank our business partners and customers for the successful and respectful cooperation.

Hansueli Loosli
Chairman of the Board of Directors



Lorenz Wyss
Chairman of the Group Executive Board



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Situation report

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Business activities

Business

The Bell Food Group is one of the leading meat processors and convenience specialists in Europe. The company domiciled in Basel in Switzerland is the market leader in Switzerland as well as in some product segments in the different European countries. The product range includes meat, poultry, charcuterie and seafood as well as ultra-fresh, fresh and non-perishable convenience food products such as salads, sandwiches, fresh meals, pasta, sauces and dressings, menu components and spices. The Bell Food Group has 65 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, BRESC, Cher-Mignon, Hubers, Sanchez Alcaraz, Sylvain & CO, Stein's Best and Vogeley. The Bell Food Group also has great expertise in the manufacture of many different trade brands.

Our strategic brands

Bell Bell is one of the leading food brands in Switzerland and offers a wide range of meat, poultry, charcuterie and seafood. The full range of marketing tools is used for brand management: TV, print media, internet, point-of-sale specials and sales promotions. The Bell brand has now also been launched in France, Belgium, Poland and Germany with a range of specialities. 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 focus in Switzerland fell on Bell's 150th anniversary. The aspect of traditional charcuterie manufacture was emphasised with many measures, including a new product line called "Samuel Bell 1869".

Eisberg Eisberg is a leading brand for fresh salads and freshly cut fruit and vegetable selections, in particular in Eastern Europe. In the reporting year, a completely new packaging design for bagged salads was introduced. Product innovations are adding special momentum to brand management, e.g. the cold-pressed smoothies and juices that were launched at the end of 2019.

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. In the reporting year, Hilcona successfully entered the lucrative market for plant-based burgers with the launch of its "Green Mountain Burger".

Hügli Hügli is the specialist for non-perishable convenience products as well as for the food service and retail markets. In addition to traditional direct sales, Hügli is increasingly developing the opportunities offered for its tailored product concepts by the cash and carry segment. Product segmentation has been completely restructured and a completely new market image has been designed. Roll-out will take place in the current financial year.

Our strategic brands



www.bell.ch
www.bell1869.com



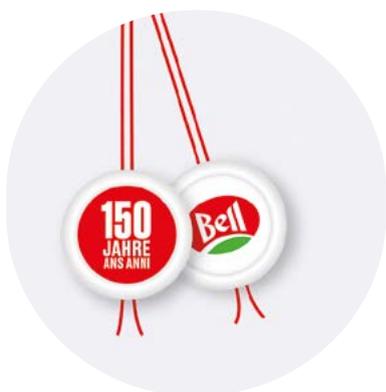
www.eisberg.com



www.hilcona.com



www.huegli.com



150 years of Bell

Bell celebrated its 150th anniversary in 2019. The history of our company is interesting and impressive.

→

www.bell.ch/chronicle

Products and core markets

Fresh meat, poultry, charcuterie and seafood

In our core market of 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 significant provider of top-quality regional turkey products in Bavaria. We are one of the leading manufacturers of poultry products from programmes with higher animal welfare standards in the DACH countries (Germany, Austria and Switzerland). Bell is thus one of the most important producers of organic poultry in Europe.

Bell is one of the most important **producers of organic poultry in Europe.**

Bell Seafood is the leading provider of seafood in Switzerland. This experienced unit very successfully markets fresh domestic and imported fish, crustaceans, seafood and frozen products. The product range mostly comes from sustainable sources and is aimed at self-service and over-the-counter sales by Swiss retailers 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. With eight production plants in Switzerland, Hungary, Poland, Romania and Austria, we are close to our customers and can guarantee perfectly fresh products. Eisberg is the leading provider in the production of freshly cut salads in Switzerland and Eastern Europe.

Hilcona produces fresh, frozen and non-perishable convenience products, such as fresh meals, various pasta creations, sandwiches, tinned food and many other products in its Schaan (FL) and Orbe (CH) facilities. The Landquart (CH) facility is the competence centre for vegetarian and vegan products, such as tofu made from organic Swiss soya and the plant-based "Green Mountain Burger" that was launched in the reporting year. Hilcona opened the first production plant for fresh convenience products in Germany at Bad Wünnenberg at the end of 2019. Hilcona is the leading supplier of convenience products in Switzerland and the market leader in fresh pasta in Germany and Austria. Hilcona also operates in France and the Benelux countries.

Hügli supplements the convenience range with non-perishable convenience products. These include soups, sauces, bouillons, seasoning mixes, dressings and dips, desserts, functional food, chilled herb products, menu components and vegetarian and vegan products. Most ranges are available as dry or liquid 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 the Czech Republic. The international network of production facilities is supplemented by its own sales organisations in Austria, Hungary, Slovakia and Poland.



100 % burger – 0 % meat

Hilcona successfully entered the market for plant-based burgers in 2019 with its “Green Mountain Burger” made from pea protein.

→

www.bellfoodgroup.com/greenmountain-en

Innovation management

The Bell Food Group offers a range of more than 20,000 products across all product groups. In addition to the standard product range, new developments and innovations play an important role. The Bell Food Group launches well over 2,000 new products every year, ranging from simple recipe adjustments such as a new marinade, a new pizza topping or a seasonal pasta filling to totally new product concepts that take longer to develop. Examples launched in the reporting year include the “Green Mountain Burger” by Hilcona, Bell’s slow-cooked range and Eisberg’s manufactured salads. Trends and consumer needs are identified by using tools such as food scouting and systematically integrated into the innovation process. Seasonal specialities also play an important role. Entire product lines are only sold during the barbecue season, for example.

As a rule, the individual divisions are responsible for the innovation process. However, for some product developments such as Bell’s new slow-cooked line, the specialists from Bell and Hilcona joined forces and combined their expertise in meat and convenience products.

Packaging is an important element in the innovation process, especially in the food sector. Factors such as product protection, shelf life, material usage and sustainability play an important role and are constantly monitored and adapted to customer requirements. New technologies are incorporated into this process as much as possible.

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 varying sizes, from large supermarkets to regional markets and speciality and convenience shops. Our customers in the food service sector include system caterers, industrial caterers, hotels, takeaways and traditional restaurants. As a rule, these customers are supplied through the wholesale cash and carry and delivery channels. The convenience sector is partly serviced by specialised sales organisations and internal logistics solutions. For the food processing industry, we deliver specific components to other manufacturers of food products.

Customer satisfaction

To ensure the sustainable success of our products and services, it is crucial for us to assess the quality of our services and identify the requirements of the market. In the past, the companies of the Bell Food Group used different methods to measure customer satisfaction. In the reporting year, a new, Group-wide system for measuring customer satisfaction with corresponding objectives was introduced. Customer satisfaction is now systematically measured every year on the basis of a standard online questionnaire. As this improves the comparability of the results, it is easier to evaluate them appropriately. The individual divisions are responsible for the implementation, which started in autumn 2019.

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.

Elements such as animal husbandry and feeding methods are important criteria in meat production. The Bell Food Group has defined clear basic rules for the purchase of slaughter animals, meat and fish in corresponding guidelines. Domestic sources are preferred, taking into account our own quality standards and availability. 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. The production plant that opened in Marchtrenk in Austria in 2019 contracted 18 local producers to deliver its raw materials. A team of Eisberg specialists assists all suppliers with on-site advice and support. Eisberg operates its own purchasing office in Spain, one of Europe's biggest production countries. Thanks to a strong procurement network covering a number of countries, Eisberg can meet demand in its usual top quality even in adverse weather conditions, such as in summer 2019.

Hilcona grows its own raw materials through its subsidiary Hilcona Agrar. Where this is impossible, Hilcona works together with long-standing suppliers. 60 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.

The Marchtrenk (AT) site obtains the lion's share of its raw materials from **regional producers**.

A key element in the production of Hügli's high-quality food products is the use of raw materials in the best 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.



Our employees make the difference

Employees from all divisions of the Bell Food Group provide interesting insights into their daily work.

→

www.bellfoodgroup.com/employees

Employees

At the Bell Food Group, more than 12,000 employees of 100 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 operational staff member.

The Bell Food Group defines itself as a dynamic international food producer with regional roots. As a responsible employer, we promote the personal development of our employees. The HR strategy has been drawn up for the entire Group and sets out uniform processes, including staff acquisition and development. Other focal threads are 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	2019	2018
Number of employees		
Average number of employees expressed as full-time equivalents ¹	12 195	12 442
Number of employees as of 31 December in persons	11 960	12 058
Number of employees as of 31 December		
Bell Switzerland	3 383	3 492
Bell International	3 775	4 374
Convenience	5 037	4 576
Proportion of full-time employees	74 %	77 %
Proportion of part-time employees	26 %	23 %
Proportion of men	60 %	60 %
Proportion of women	40 %	40 %
Proportion of women in management	24 %	24 %
Number of nationalities	100	98
Age structure		
up to 30 years	20 %	19 %
31–50 years	53 %	53 %
51 and above	27 %	28 %
Education and training		
Trainees	155	155
Number of training days	12 689	15 434

¹ including temporary staff from third-party companies

Organisation

The Bell Food Group is the umbrella organisation of the company. The Group is headquartered in Basel (CH), where the company was founded in 1869. Group management and the central units are located at headquarters. The operating activities are primarily located decentrally in close proximity to the customers and markets. The Bell Food Group's organisation is supplemented by a number of competence centres. Specialists from the different divisions are involved in these topic-specific competence centres. They are responsible for the transfer of know-how, the identification and exploitation of synergies, and the optimisation of cross-organisational processes.

The Bell Food Group is present in 15 European countries with its production facilities, logistics platforms and sales offices. The individual 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. In the context of the reorientation of Bell Germany, the two production facilities in Börger and Suhl were sold by way of a business transfer in the reporting year. At the same time, two new production plants were commissioned, i.e. the convenience plant in Marchtrenk (AT) and the air-dried ham facility in Fuensalida (ES). The Bad Wünnenberg (DE) facility previously used for the manufacture of meatballs was converted into a production plant for fresh convenience products for Hilcona. The first deliveries of the new product ranges were made at the end of 2019.

The business areas of the Bell Food Group were restructured on 1 July 2019. This restructuring was made necessary by the substantial growth experienced in the past few years. The Bell Food Group now comprises the business areas Bell Switzerland, Bell International, Convenience and Finance/Services. This put the final touch to the reorganisation of the top management level that was announced in December 2018. While the Bell Switzerland business area did not undergo any changes, the former Bell Germany and Bell International units were merged into the new Bell International business area. The Convenience business area consists of the previously independently managed Eisberg, Hilcona and Hügli divisions.

The Bell Switzerland business area with its production plants offers a complete range of meat, poultry, charcuterie and seafood. Meat production and maturation are centralised in Basel for pork and in Oensingen for beef. Poultry and seafood are each processed in an individual plant. Large-scale charcuterie production is located in Basel, while small manufacturing plants prepare regional specialities in Churwalden, Gossau, Chermignon and Chesaux. The facilities in Schlieren and Geneva focus on food service product ranges.

The Bell International business area consists of the Bell Germany, Bell Western/Eastern Europe and Hubers/Süttag divisions. Following the sale of the sausage business, the Bell Germany division now focuses on its strong position in the segment for German and international air-dried ham products. Organisationally, the Bell Benelux sales organisation and the production plants in Spain specialising in Spanish charcuterie belong to Bell Germany. Production plants for regional air-dried ham specialities are located in Seevetal (DE), Edewecht (DE), Schiltach (DE) and Recogne (BE). In Spain, Bell has two production plants for Serrano ham in Fuensalida and Casarrubios del Monte as well as a plant specialising in Iberian charcuterie products in Azuaga.

The Bell Western/Eastern Europe division bundles the activities in France, Poland and Hungary. In France, Bell produces various regional cured sausage and air-dried ham specialities at its plants in Teilhède, Riom, Saint-Symphorien-sur-Coise, Virieu-le-Grand, Aime and Saint-André-sur-Vieux-Jonc. Charcuterie specialities such as kielbasa and Hungarian salami are produced at Niepołomice in Poland and Perbál in Hungary.

The Hubers/Süttag division comprises the poultry business in Austria and Germany. The Pfaffstätt facility in Austria specialises in the slaughtering and cutting of chickens, while turkeys are slaughtered and cut at the Ampfing facility in Germany.

The Convenience business area consists of the Eisberg, Hilcona and Hügli divisions. Eisberg is a company specialising in the production of convenience salads; it has production plants in Switzerland and in Austria, Hungary, Poland and Romania. 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 in Schaan (FL), Orbe (CH), Landquart (CH) and Bad Wünnenberg (DE) and markets these products in Switzerland, Germany and other European countries. 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 36 to 37.

Strategy



Successful, together

The Bell Food Group attends important trade fairs such as Anuga 2019 with a single stand.

→

www.bellfoodgroup.com/anuga-en

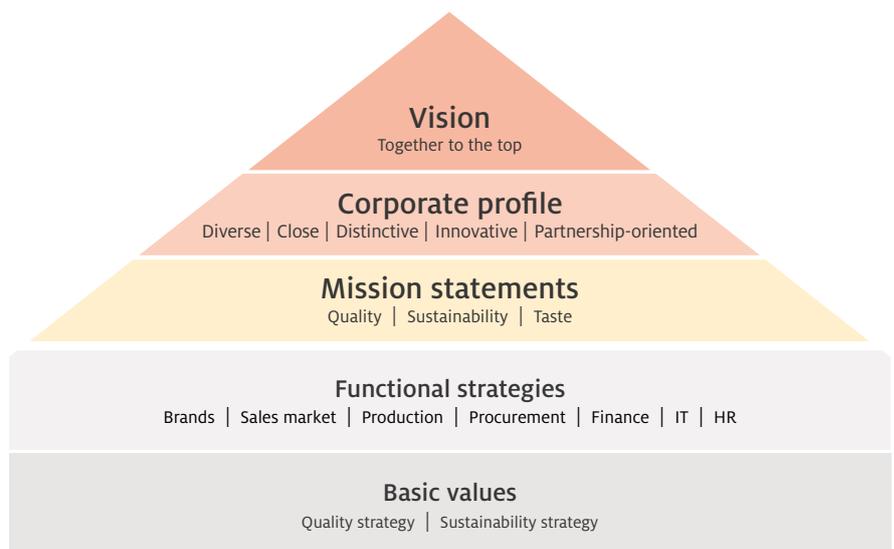
Vision and values

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 has its own individual missions that contribute to the fulfilment of our overall vision. 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 and fresh food, we offer many a pleasurable experience to millions of consumers every day.

Functional strategies

Our functional strategies (superordinate corporate strategies) are derived from our vision, corporate guiding principles and missions. The three missions of quality, sustainability and taste 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 basis of our corporate conduct, sustainability and quality form an integral part of all strategic considerations.





A glimpse behind the scenes

Our website offers an interesting insight into the world of the Bell Food Group.

→ www.bellfoodgroup.com/stories-en

Strategic thrusts

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

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

We want to use the experience we have gained over 150 years to further strengthen our leading position in the traditional meat, poultry, charcuterie and seafood business segment. 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 are focusing on segments with intact perspectives that can achieve critical mass. We use selected investments and ongoing process optimisation to focus on improving productivity, adding value and efficiency.

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

The Bell Food Group primarily intends to 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**

In some product groups, more than half of the products are consumed outside the home. Increasing convergence of the retail and food service markets can also be seen. We are taking 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 and concept solutions. We consistently exploit the synergies within the Bell Food Group in our marketing activities.

→ **Expansion of geographic presence**

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 maturities of the European markets and to take advantage of additional opportunities for growth. We can also strengthen the export of our specialities to countries outside Europe.

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

2017	581
2018	521
2019	493



Heat consumption (incl. waste heat)

In kWh/tonne of sales

2017	495 ¹
2018	465 ¹
2019	429

¹ With Eisberg's recalculated consolidated consumption of natural gas



CO₂ emissions

In kWh/tonne of sales

2017	136 ¹
2018	138 ¹
2019	131

¹ With Eisberg's recalculated consolidated consumption of natural gas



Water consumption

In m³/tonne of sales

2017	11.0
2018	11.6
2019	11.5

More information about the Bell Food Group's corporate responsibility at:



www.bellfoodgroup.com/cr-en

It is our corporate responsibility to secure the long-term success of the Bell Food Group. As one of the leading processors and suppliers of meat, seafood and convenience products in Europe, the quality of our products is not our only concern. Our corporate responsibility is the foundation for our business success and naturally also a prerequisite for the satisfaction of our customers. This means that we have to responsibly design the entire value chain. We take responsibility for society by continuously optimising our consumption of resources.

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 support 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 has been 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 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 also have to 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.

Our sustainability report was redesigned in the reporting year and published on our website at the end of November 2019. The report was standardised and follows the Global Reporting Initiative (GRI) guidelines in terms of structure and contents. A separate, standardised sustainability report that also adheres to the GRI criteria will be published for the first time in spring 2020.



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

Products and procurement

Our strategic focus on sustainability in the area of “products and procurement” 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 largest provider of organic chicken in Austria and a leading provider of organic turkey in Germany. We promote sustainable fishing methods as the biggest provider of seafood in Switzerland. 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 also 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. We ensure compliance with social and environmental criteria through these minimum standards.

Projects in 2019

→ Promotion of poultry production in accordance with the PAS standard

Around 97 percent of our Swiss poultry is reared in accordance with the PAS (particularly animal-friendly stabling systems) guidelines as a minimum. With its “Poultry House PAS Plus” pilot project, Bell wants to raise PAS husbandry in Switzerland to a new level of sustainability. The objective is to ensure better animal welfare with the installation of larger outside areas that can be used throughout the year, the reduction of emissions via exhaust air filters, and the achievement of complete energy neutrality by doing without fossil fuels and using solar energy and an efficient process heat recovery plant. The ground-breaking ceremony for the pilot house in the vicinity of Bern took place in September 2019. In Austria, Hubers has been producing PAS chicken for the Swiss market for the past 2.5 years. The PAS production was expanded in the reporting year and new customers in the Austrian retail sector were acquired.

→ Reduction of plastic packaging

The reduction of plastic and packaging materials is a topic of key importance for the Bell Food Group. A new competence centre was established for this purpose in the reporting year. A number of projects are currently being implemented. With these projects, the Bell Food Group saved a total of around 91 tonnes of plastic in 2019.

→ Tradition with added value

The “Original Simmentaler” association is committed to the preservation and promotion of the traditional Swiss Simmentaler cattle. As a traditional dual-purpose breed offering good meat and milk, Simmentaler cattle are ideally suited to Switzerland’s grassland-based agriculture and therefore also meet Bell’s sustainability criteria. Bell Switzerland played a key role in the establishment and development of the association and also supports the launch of milk and meat products in the Swiss retail sector.



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.

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

Projects in 2019

→ **Roll-out of a standard energy controlling system for the Bell Food Group**

Following the successful conclusion of the pilot project in 2018, the roll-out of a standard energy management system for all production plants of the Bell Food Group started in the reporting year. 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, and important information for increasing efficiency measures can be gathered. All plants of the Bell Food Group should have a standard energy management system by 2024.

→ **Expansion of the use of waste heat**

For a production company such as the Bell Food Group, the efficient use of waste heat and process heat harbours great potential, both from the economic and environmental points of view. The Bell Food Group already uses a number of heat recovery systems at many of its sites. The following projects were implemented in 2019.

→
Bell France started with the installation of new heat recovery systems at two plants. After the commissioning of the heat pumps in mid-2020, this will save around 500 MWh in fossil fuels.

→
At Bell Switzerland, a pilot project for a new heat pump has been finalised and installation will be carried out in 2020. The new heat pump is expected to save around 1,900 MWh in fossil fuels every 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. We offer basic training in 21 professions within our companies. 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 are 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.

A new Group-wide HR strategy defining uniform values and objectives for all HR topics within all companies of the Bell Food Group was introduced in the reporting year. The HR strategy is based on the two pillars "processes" and "employer/employees". Different focal topics and strategic directions were defined for each of these two pillars. They were used to define a number of measures that will be implemented in accordance with a detailed plan and time schedule. Suitable tools will be used to evaluate the effect of these measures.

Responsible fiscal policy

The Bell Food Group applies sensible and appropriate 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.

→ Promotion of employees

The Bell Food Group accords a high priority to the development of its employees. In the reporting year, a systematic talent management programme was implemented with the objective to recognise employees' potential and to develop them in their current or future positions in order to retain their services in the long term.

→ Focus on basic training

As a training company, the Bell Food Group recognises its responsibility for providing attractive basic training. In Switzerland, Germany and Austria, the Bell Food Group offers basic training in 21 professions for 155 apprentices. We aim to constantly improve the quality of training and increase the number of apprenticeships. The current training concept of Bell Switzerland was revised and expanded in 2019 and a new campaign for recruiting apprentices was launched. To promote an international exchange among apprentices, a multi-day apprentice event was held in autumn 2019 where the apprentices worked in teams to develop specific improvement projects across the entire Group.

→ Commitment to eliminate food waste

The Bell Food Group has declared the elimination of food waste along the entire value chain to be a focal topic that should be continuously expanded in the coming years. Various projects for the reduction of food waste in the production process were implemented or launched in the reporting year, such as the project to reduce cutting losses in Harkebrügge (DE) and the food waste project launched by Eisberg in Switzerland. The Bell Food Group also works together with organisations such as "Tischlein deck dich" and Caritas to address this topic in the downstream process.



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

Projects in 2019

→ Excellent working conditions

Bell Switzerland and Hilcona were awarded the "Friendly Work Space" label by the Health Promotion Switzerland foundation in September 2019. Hilcona received this label for the first time, while it was awarded to Bell Switzerland for the second time in the reporting year after successful reassessment in a follow-up to 2016. The "Friendly Work Space" label is awarded to companies who have implemented an operational health management system in compliance with the quality standards of Health Promotion Switzerland.

Business development

The 2019 financial year was dominated by strong increases in raw material prices for pork in Europe, the organisational restructuring of

Bell Germany, the commissioning of the most modern fresh convenience plant in Europe in Marchtrenk in Austria and operational progress.

Operational progress

in CHF million	First half	Second half	2019
EBIT 2019 reported	11.0	84.3	95.3
Reorganisation of Bell Germany	37.0	1.9	38.9
of which non-recurring expenses ¹	35.0	0.4	35.4
of which cost of idleness for Bad Wünnenberg	2.0	1.5	3.5
Raw material prices	6.0	3.0	9.0
Start-up costs	4.0	2.0	6.0
Exceptionals	47.0	6.9	53.9
EBIT 2019 adjusted	58.0	91.1	149.1
EBIT 2018	55.2	85.4	140.6
Operational progress	+2.8	+5.7	+8.5

¹ See page 78 for details of the non-recurring expenses.

Operational progress

In spite of difficult circumstances, the Bell Food Group achieved further operational progress in the reporting year. This amounted to an operational progress of CHF 2.8 million in the first half of the year and the operational situation improved even more in the second half of the year. This resulted in operational EBIT growth of CHF 8.5 million. All divisions contributed to the improvement in earnings. This confirms that the Bell Food Group is moving in the right direction with its strategic focus and the measures that have been implemented.

Reorganisation of the Bell Germany division

The German charcuterie and sausage market is marked by a very large number of processing companies and a substantially smaller number of suppliers and customers. This results in fierce competition among the processing companies. As a small provider with a market share of less than one percent, the Bell Food Group had a subordinate position in the German sausage market and correspondingly weak perspectives. The Bell Food Group therefore announced its exit from the German sausage business in June 2019. Following the approval by the responsible competition authority, the German plants in Suhl and Börger were sold by way of a business transfer to the Zur Mühlen Group.

At the same time, the facility in Bad Wünnenberg was converted into a fresh convenience plant for Hilcona and the new plant was commissioned at the end of 2019. The reorganisation of the Bell Germany division has burdened the result of the Bell Food Group by CHF 38.9 million in non-recurring expenses and costs of idleness for Bad Wünnenberg. The reorganisation of Bell Germany and the building of the new production plant for Serrano ham in Fuensalida (ES) laid the foundation for shifting the focus to international and German air-dried ham specialities and strengthened the position of Bell Germany in the highly competitive German charcuterie market.

Development of raw material prices in the Bell International business area

The outbreak of African swine fever in several Asian countries led to a strong rise in demand for European pork in Asia. As a result, the price for pork in Europe rose by more than 43 percent in 2019 and reached an all-time high by the end of the year. Raw material prices rose most strongly in the first half and last quarter of the year. Given the intense competition in the European charcuterie and sausage market, price increases could only be implemented in part and with a delay, even though negotiations were initiated immediately. As a result, the cost increases for raw materials could only be compensated in part, so that the situation regarding raw material prices burdened the result of the Bell Food Group by some CHF 9.0 million in the current financial year.

Start-up costs

Total start-up costs amounted to CHF 6.0 million in 2019. The lion's share of these costs related to the commissioning of the Marchtrenk (AT) facility in Spring 2019. In order to focus management capacity on the first production hall and to meet customers' expectations regarding delivery dates, the opening of the second production hall that was planned for late summer 2019 was postponed until the end of 2019. This delay resulted in additional start-up costs in the second half of 2019.

Performance of the Bell Food Group

The Bell Food Group generated sales revenue of CHF 4.1 billion in 2019. This is down 1.6 percent or CHF 65.0 million on the previous year. The operational growth of the sales revenue was CHF 61.4 million (+1.5 %). Sales volume developed in a similar way. Sales volume for the Bell Food Group for 2019 was 532.7 million kilograms, which is 10.2 million kilograms (-1.9 %) less than in the previous year. Sylvain & CO is included in these revenue and volume figures for a full financial year for the first time. Operationally, sales volume was up 1.7 percent or 9.1 million kilograms on the previous year.

This operational revenue growth is broadly supported by the different divisions of the Bell Food Group. As a result, the adjusted gross operating income increased year-on-year by CHF 38.4 million to CHF 1.6 billion. The bigger share of products with higher added value meant that the gross margin could be improved in 2019.

Adjusted for all exceptionals, the operating costs were up slightly from the previous year. This increase was mainly driven by volume and inflation effects relating to personnel, transport and energy expenses. This cost development is, however, in line with our expectations. Reported EBITDA is burdened by the exceptionals described above and amounts to CHF 281.8 million.

5.50_{CHF}

Taking account of the various exceptional effects, the Board of Directors proposes the same dividend distribution in spite of the company's lower reported profit.

Performance Bell Food Group	2018	2019	+/-	of which:		
				Currency	Acquisition/ divestment	Operational
Sales volume in million kg	542.9	532.7	-10.2	-	-19.4	9.1
in % to 2018			-1.9%			1.7%
Sales revenue in CHF m	4 143.2	4 078.2	-65.0	-57.3	-69.0	61.4
in % to 2018			-1.6%			1.5%

At CHF 159.2 million, depreciation adjusted for the reorganisation of Bell Germany is slightly below the previous year (CHF -5.5 million). This is explained on the one hand by the elimination of fully amortised goodwill items, while depreciation also increased because of higher investments in tangible assets. Taking account of all exceptionals, EBIT amounted to CHF 149.1 million, which corresponds to an operational progress of CHF 8.5 million or 6.0 percent on the previous year. The exceptionals have reduced the EBIT by CHF 53.9 million. Reported EBIT amounted to CHF 95.3 million (-32.2%).

As in the previous year, the euro-Swiss franc exchange rate led to negative foreign currency effects that burdened the financial result by CHF -9.6 million (previous year: CHF -4.6 million). The effects of Swiss voters' acceptance of the corporate tax initiative and changes to the rates for corporate income tax in several cantons are included in the position "Taxes". The change in deferred taxes resulted in a one-off increase in tax expenses of CHF 1.5 million. Adjusted for all exceptionals, the annual profit of CHF 103.5 million (CHF +14.2 million) is up 15.9 percent on the previous year. Without these exceptionals amounting to CHF 53.9 million, the reported annual profit is CHF 49.6 million.

Balance sheet

The balance sheet as at 31 December 2019 does not contain any material changes compared to the end of 2018. Equity amounts to CHF 1.3 billion and the equity ratio is 47.5 percent (previous year: 47.5%). The financial liabilities declined from CHF 903.6 million in the previous year to CHF 877.5 million. This decline includes early repayment of bank loans in the amount of CHF 26.2 million. After deduction of cash and securities, the net financial liabilities amount to CHF 673.6 million. The net debt ratio (net financial liabilities/EBITDA) is 2.4. Overall, the Bell Food Group's balance sheet structure is very solid.

Financial statements of Bell Food Group Ltd and dividend distribution

Bell Food Group Ltd made value adjustments to group loans and investments in the 2019 financial year. The non-recurring costs for value adjustments reduced the result of Bell Food Group Ltd in its financial statements prepared in accordance with the Swiss Code of Obligations to CHF 9.7 million.

For 2019, the Annual General Meeting will be asked to approve a dividend distribution of CHF 5.50 per share. This is a departure from the Bell Food Group's policy of distributing around 30 percent of the Group profit every year. Because of the exceptionals included in the Group result, the Board of Directors considers it appropriate to pay the same dividend as last year. The distribution ratio for the 2019 financial year therefore increases to 69.6 percent

CHF 233 M

In the reporting year, the Bell Food Group made net investments of CHF 232.5 million in tangible assets.

(previous year: 38.7%). 50 percent of the total distribution of CHF 34.6 million will be paid from the capital contribution reserve. The remaining 50 percent will be paid from the annual profit of Bell Food Group Ltd (CHF 9.7 million) and the voluntary retained earnings (CHF 7.6 million). In the following years, the Bell Food Group intends to return to its usual distribution ratio.

Expansion and modernisation of production infrastructure

The Bell Food Group invested CHF 232.5 million in tangible assets in 2019. Some CHF 147 million was spent on regular renewals and replacements. The remaining amount was invested in various expansion and new construction projects. These include the newly opened production facilities in Marchtrenk (AT) and

Key investment projects 2019

Project	Reason	Total investment volume	Investment volume 2019
Recommissioning Marchtrenk (AT)	Ultra-modern plant for developing the Austrian and German convenience markets	139	59
Production facility Fuensalida (ES)	Production facility for Serrano ham with a capacity of around 1 million hams per year	51	15
Conversion Bad Wünnenberg (DE)	Conversion into a manufacturing facility for convenience products for Hilcona	17	12
Renewals and replacements	Regular renewals and replacement investments in production infrastructure	–	147

Fuensalida (ES) and the conversion of the Bad Wünnenberg (DE) plant. The Bell Food Group expects the investment volume for the coming year to be CHF 250 million, of which some CHF 160 million will be spent on regular renewals and replacements. The

remainder will be used for further construction projects relating to the modernisation of Hilcona's head office in Schaan (FL) and the construction of a new deep-freeze warehouse in Oensingen (CH).

Bell Switzerland

In Switzerland, the market for meat and charcuterie contracted slightly in 2019, both in the retail and food service sectors. While cross-border shopping tourism did not increase in 2019, it remains a relevant factor. The industry organisation Proviande estimates that around 10 percent of the meat products consumed in Switzerland are purchased in our neighbouring countries. Private consumption of poultry and seafood trended positively, and sales of Swiss poultry in particular were very encouraging.

In this difficult market environment, the Bell Switzerland business area saw a pronounced upwards trend for earnings, in spite of lower sales volumes. At 124.0 million kilograms, sales volume for 2019 was 1.6 million kilograms or 1.3 percent lower than in the previous year. Sales revenue rose by CHF 17.9 million to CHF 2.0 billion (+0.9%) in 2019. In spite of an unsatisfactory beginning, Bell Switzerland posted growth during the rest of the year and achieved operational progress.

The product range mix developed well and sales of products with higher added value increased. An example is the "Samuel Bell 1869" product line of top-quality charcuterie specialities that was launched in celebration of Bell Switzerland's 150th anniversary. Effective cost management and the process optimisation measures initiated in the previous

year also had a positive effect on the course of business. Meat production could react at shorter notice to the needs of the market, thus optimising the cost-intensive warehousing process.

The seasonal business was patchy. As in the previous year, Easter sales were weak. After a slow start to the barbecue season due to bad weather, sales of barbecue products recovered in the second half of the season. However, the initial losses could not be compensated in full. Christmas sales were satisfactory after the weak previous year.

With regard to the Swiss investment programme, the construction projects in Oensingen progressed further in 2019. The new car park will be finished by the end of 2020. Planning for a new deep-freeze warehouse and the new construction of the abattoir is in the final phase, and we expect construction to begin in the course of next year. Planning for the Holinden site (packaging/commissioning) has started and the project is expected to be realised from 2021.

Thanks to various measures, the seafood and charcuterie departments in Basel can remain in their current premises for the medium term. Planning for these two departments is expected to start in 2026. The cutting plant will remain in the current premises in the medium term.

Bell Switzerland business area	2018	2019	+/-	of which:		
				Currency	Acquisition/ divestment	Operational
Sales volume in million kg	125.7	124.0	-1.6	-	-	-1.6
in % to 2018			-1.3%	-	-	-1.3%
Sales revenue in CHF million	1 981.5	1 999.4	17.9	-	-	17.9
in % to 2018			0.9%	-	-	0.9%

Bell International

As part of the reorganisation of the Bell Food Group, the former Bell International and Bell Germany divisions were merged into the new Bell International business area on 1 July 2019. The Bell International business area now consists of the Bell Germany division, the Bell Western/Eastern Europe division comprising the country units in France, Poland and Hungary, and the Hubers/Süttag division.

The European market for charcuterie products was dominated by the strong increase in raw material prices for pork. Given the competition in the European retail sector, all market participants found it difficult to implement price increases. In spite of starting negotiations immediately, price increases could only be implemented in part. At 213.0 million kilograms, sales volume for the Bell International business area declined by 8.1 percent (-18.8 million kilograms) on the previous year. Sales revenue contracted by CHF 116.0 million (-10.2 %) and amounted to CHF 1.0 billion. The reorganisation of the Bell Germany division had a noticeable effect on this contraction. The sale of the sausage business and the conversion of the Bad Wünnenberg facility eliminated around CHF 88.4 million in sales revenue. Adjusted for these exceptionals, the Bell International business area's sales volume increased by 2.6 million kilograms (+1.1 %). Adjusted sales revenue rose by CHF 15.0 million (+1.3 %).

Following the reorganisation in Germany and the commissioning of the Serrano production facility in Fuensalida (ES), the Bell Germany division will focus on its strong position in the air-dried ham segment. In the Western/Eastern Europe division, the positive trend for the country unit in France continued. Restructuring measures and changes to the product range mix demonstrated their effects and led to an improved operating result. The country units in Poland and Hungary successfully continued their product strategy for local charcuterie specialities.

The poultry markets in Austria and Germany developed differently in 2019. While the German market for turkey was dominated by the reduced availability of domestic turkey and high raw material prices, raw material availability and sales of chicken in Austria were good. The positive trend for Hubers continued in the reporting year. The measures to improve efficiency and investments in production infrastructure at Pfaffstätt (AT) had a positive effect. With the relocation of the production of poultry convenience products to the new production site in Marchtrenk (AT), this segment will be significantly expanded in future. Sales of products meeting higher animal welfare standards such as organic poultry and turkey raised in accordance with the Swiss PAS standard (particularly animal-friendly stabling systems) developed well.

Bell International business area	2018	2019	+/-	of which:		
				Currency	Acquisition/divestment	Operational
Sales volume in million kg	231.7	213.0	-18.8	-	-21.4	2.6
in % to 2018			-8.1%	-	-	1.1%
Sales revenue in CHF million	1 133.1	1 017.1	-116.0	-42.5	-88.4	15.0
in % to 2018			-10.2%	-	-	1.3%



Taste factory

In February 2019, Frostag Food Centrum AG became the Hilcona Taste Factory – a competence centre for hand-made and vegetarian convenience products.

→

www.bellfoodgroup.com/taste-en

Convenience

In the convenience segment, ultra-fresh and ready-to-eat products posted above-average growth rates. The Convenience business area increased its sales volume in 2019 by 4.0 per cent to 199.9 million kilograms (+7.7 million kilograms). At CHF 1.1 billion, sales revenue adjusted for currency and acquisition effects was up CHF 27.8 million on the previous year (+2.6 %). The main contributor to this growth were volume increases for the Eisberg and Hügli divisions. Thanks to innovative product concepts, market shares were gained in the Swiss and Central European retail markets.

In spite of a stable to slightly declining market environment in Switzerland, the Eisberg division had a very successful 2019 with strong growth in Poland, Hungary and Romania. Sylvain & CO, which was acquired in 2018, developed very well and gained market share in Switzerland. The added value increased thanks to innovative products with a higher degree of convenience, such as salad bowls and shakers. Performance was dampened by the hot and dry summer, which led to higher raw material prices and the reduced availability of top-quality salads and vegetables from Europe.

The Hilcona division did well in an increasingly competitive environment. It successfully compensated high raw material prices and the loss of a big customer in the reporting year by launching new and innovative product ranges.

The trend towards high-quality and fresh convenience products continued in 2019. In Switzerland and Germany, Hilcona focused on convenience products made partially by hand such as sandwiches and pasta for the retail and food service markets. In 2019, Hilcona entered the growing market for plant-based burgers with the successful launch of its “Green Mountain Burger”. Hilcona reoriented its business in Germany with the commissioning of the new production facility for fresh convenience products in Bad Wünnenberg at the end of 2019 and the delisting of low-margin product ranges. In Austria, the launch of muesli and pasta manufactured in the new production facility in Marchtrenk went well. Hilcona has adopted an investment concept for various modernisation and optimisation projects at its head office in Schaan for the coming years. Hilcona started with the construction of a new production building in October 2019.

Hügli benefited from synergy effects within the Group in 2019 and expanded its manufacture of product components for other divisions of the Bell Food Group. At the end of 2019, Hügli took over the bottling of spices for Coop’s own production line Sunray. Hügli’s food service sales also increased throughout Europe. The main trend in 2019 moved towards fresh and liquid products such as soups, sauces and dressings, and pastes. The Bresc production facility for the manufacture of chilled herb products that was opened in Werkendam (NL) at the end of 2018 performed well.

Convenience business area	2018	2019	+/-	of which:		
				Currency	Acquisition/ divestment	Operational
Sales volume in million kg	190.4	199.9	9.4	-	1.8	7.7
in % to 2018			5.0%	-	-	4.0%
Sales revenue in CHF million	1 074.1	1 105.0	30.9	-15.4	18.5	27.8
in % to 2018			2.9%	-	-	2.6%

Risk report

The 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 revenue. 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. In the reporting year, the strong increase in raw material prices for pork in Europe had a significant impact on the performance of the Bell International business area.

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 difficult to increase sales prices quickly, while competitive pressure usually kicks in faster 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 2019 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.

Consumer behaviour

In our markets, consumption largely depends on consumer sentiment and the development of purchasing power. In our core market Switzerland, the euro-Swiss franc 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.

In the context of the climate debate, the consumption of meat is increasingly discussed in critical terms in some sectors of the media and the public. In this regard, public attention is increasingly turning towards the topics of sustainability and animal welfare. This trend has noticeably accelerated in the reporting year and also has an impact on the Bell Food Group. We counter these risks by consistently implementing the objectives of our sustainability strategy and actively accepting our responsibility for people, animals and the environment along the entire value chain.

Outlook

In a stable to declining market environment, the implementation of process optimisation measures and effective cost management allowed the Bell Switzerland business area to improve its earnings situation. In 2020, the focus will fall on the acquisition of new retail and in particular food service customers.

We expect the upwards trend for raw material prices for pork in Europe to continue in 2020. For the performance of the Bell International business area, it will therefore be of key importance that the negotiations launched regarding the implementation of price increases for our customers are successful.

The Bell Germany division will also focus on the continued implementation of the reorganisation and the strengthening of its high-margin air-dried ham product ranges. In the poultry business in Austria and Germany, we aim to further drive the integration of the value chain as demonstrated in Switzerland and to engage in targeted activities to gain more fatteners for turkey raised in Germany.

We expect the growth trend in the convenience segment to continue in the coming year, with demand for innovative food solutions increasing further. With the existing production capacities in Switzerland and Liechtenstein and the new manufacturing facilities that were commissioned in Germany and Austria in 2019, we are excellently equipped to continue our above-average growth in the convenience segment.

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Corporate governance

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Corporate governance

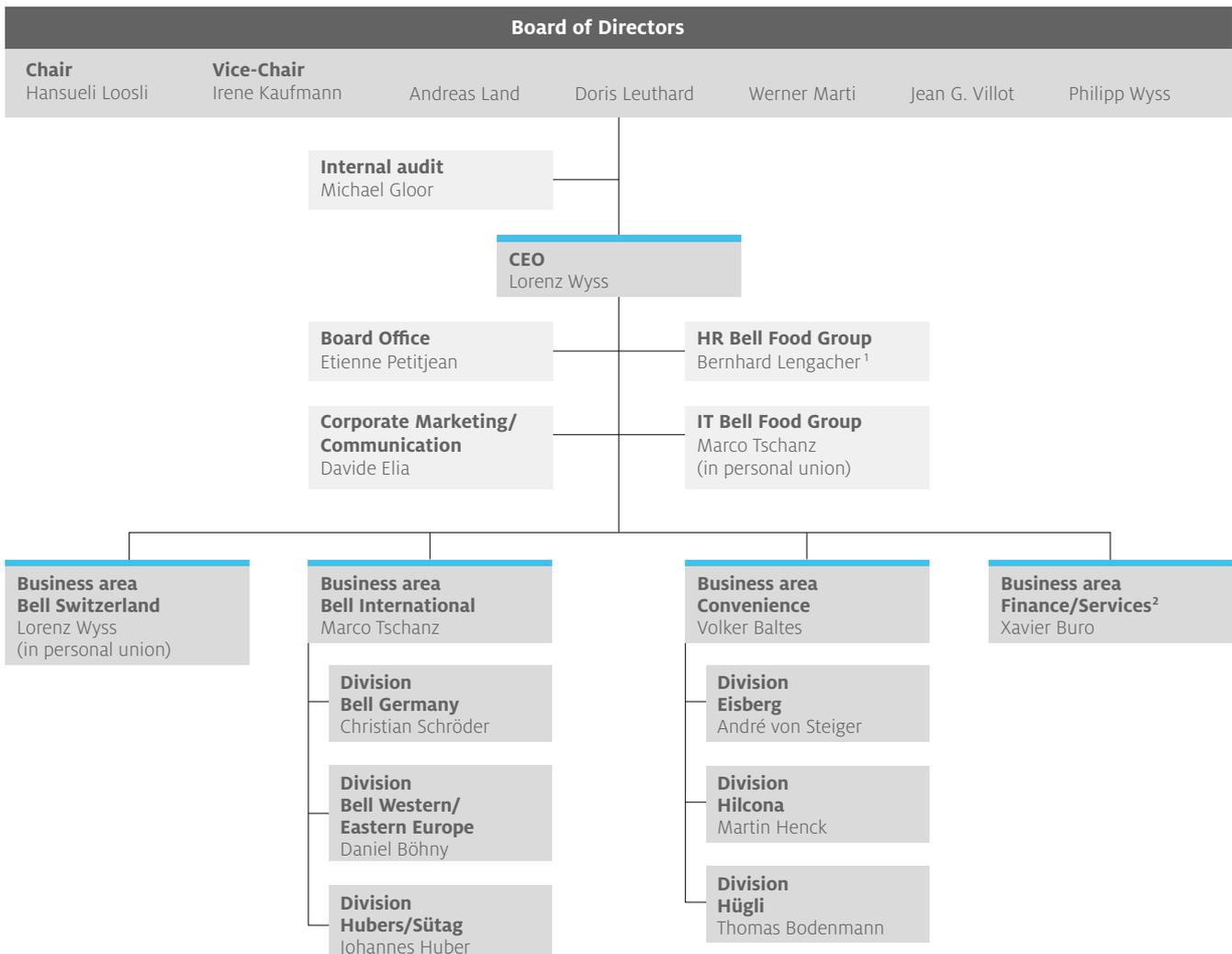
Bell Food Group Ltd follows the Swiss Code of Best Practice for Corporate Governance of economiesuisse and complies with the SIX Swiss Exchange Directive on Information relating to Corporate Governance (DCG). The corporate governance regulations of Bell Food Group Ltd are based on Swiss law, the Articles of Association and the organisational regulations. The Board of Directors reviews the Articles of Association and organisational regulations at regular intervals and adjusts them in line with 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 mainly to access a broader capital market and to pay tribute to the broad customer base of the Bell Food Group.

Organisational chart as at 31 December 2019



Group Executive Board

¹ From 1 January 2020.

² The Finance/Services business area is responsible for the whole Bell Food Group.

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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 83 and 84 by company name, domicile, sphere of activity, method of consolidation, capital stock and group share. Bell Food Group Ltd is the only listed company among the companies included in the consolidated financial statements.

Bell Food Group Ltd is a holding company. It is responsible for the management of the Bell Food Group, which consists of the business areas Bell Switzerland, Bell International, Convenience and Finance/Services. The latter exercises its function for the whole Group. The Board of Directors has delegated the operational management to the Group Executive Board, which consists of the CEO and the heads of the business areas.

The business areas were restructured at top management level on 1 July 2019. While the Bell Switzerland and Convenience business areas did not undergo any changes, the former Bell Germany and Bell International units were merged into the new Bell International business area. The IT unit was hived off from the Finance/Services business area to form a new central business unit. Within the Bell International business area, the name of the Bell Inter-

national division was changed to Bell Western/Eastern Europe division. Given its size and independent marketing activities, Hubers/Süttag has functioned as an independent division since 1 July 2019. In the context of the organisational restructuring, the management structure was also adjusted and strengthened with additional managers. Information about the composition of the Group Executive Board can be found on page 46.

Shareholders

The principal shareholder of Bell Food Group Ltd is Coop Group Cooperative in Basel with a stake of around 66 percent. This cooperation 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 2019, Bell Food Group Ltd had 6,490 registered shareholders, of which 6,079 are natural persons and 411 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	1 161	7 149
11–100	3 517	173 793
101–1,000	1 644	457 981
1,001–10,000	150	352 649
10,001–100,000	16	366 972
> 100,001	2	4 291 282
Total	6 490	5 649 826

On 31 December 2019, Bell Food Group Ltd held 11,037 treasury shares. The number of shares pending registration on 31 December 2019 is 10.11 percent.



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.

Unless stated otherwise, status as of 31 December 2019.

Significant shareholders

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.

On 31 December 2019, Bell Food Group Ltd was aware of the following significant shareholders holding more than three percent of the share capital:

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

Cross-shareholdings

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

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. There is neither conditional nor authorised share capital.

Changes in capital

There were no changes in capital in the reporting year. The Annual General Meeting of Bell Food Group Ltd approved an ordinary share capital increase by way of a subscription right offer on 10 April 2018. As part of the ordinary share capital increase executed on 7 June 2018, 2,285,712 new registered shares were issued and the share capital was increased from CHF 2.0 million (4,000,000 registered shares with a nominal value of CHF 0.50 each) to CHF 3,142,856.

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.

Information about the shares can be found on page 9.

Restriction of transferability and nominee entries

The transfer of registered shares as property or usufruct 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 the bonds is provided on page 71 of the notes to the consolidated financial statements.

Board of Directors

Members of the Board of Directors

The Board of Directors of the Bell Food Group consists of seven members.

Reto Conrad did not stand for re-election in the reporting year and left the Board of Directors after the Annual General Meeting on 16 April 2019. Doris Leuthard was elected to the Board of Directors of Bell Food Group Ltd at the same Annual General Meeting.

Composition of the Board of Directors

as of 31.12.2019

	Nationality	Year of birth	Function	Compensation Committee	Assumption of office
Hansueli Loosli	CH	1955	Chair	–	AGM 2009
Irene Kaufmann	CH	1955	Member	Member	AGM 2009
Andreas Land	DE	1956	Member	Chair	AGM 2013
Doris Leuthard	CH	1963	Member	–	AGM 2019
Werner Marti	CH	1957	Member	–	AGM 2009
Jean G. Villot	CH, FR	1952	Member	–	AGM 2018
Philipp Wyss	CH	1966	Member	–	AGM 2018

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 did so in the previous three financial years. From 2011 to June 2018, Jean G. Villot served as Chair of the Board of Directors of Hügli Holding Aktiengesellschaft that was acquired by Bell Food Group Ltd in 2018. 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 that neither control 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.

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 by the Board of Directors 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.

Members of the Board of Directors



Hansueli Loosli

Education and training

Certified public accountant (federal diploma)

Current position

Chair of the Board of Directors of Coop Group Cooperative; since 2011

Other board member mandates

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

Other functions and offices

- Deichmann SE, Essen, Germany; Advisory Council

Professional career

- Chair of the Executive Board; Coop Cooperative, Basel; 2001–2011
- Chair 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; Interrest AG, Baden; 1978–1979
- Chief Accountant; Huba-Control AG, Würenlos; 1974–1978



Irene Kaufmann

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 Mobiliar Cooperative Company, Bern
- Schweizerische Mobiliar Holding AG, Bern
- Transgourmet Holding AG, Basel

Other functions and offices

- CPV/CAP Coop Pension Fund, Basel; Chair of the Board of Trustees
- ETH Zurich 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



Andreas Land

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



Doris Leuthard

Education and training

Attorney-at-law

Current position

Various board member mandates

Other board member mandates

- Coop Group Cooperative, Basel
- Transgourmet Holding AG, Basel

Other functions and offices

- Europa Forum Luzern; Co-Chair
- Ulrico Hoepli Foundation, Zurich; Chair of the Board of Trustees
- Swiss Digital Initiative Foundation, Geneva; designated Chair
- Umweltpreis der Wirtschaft, Lucerne; Jury Chair

Professional career

- Federal Councillor; 2006–2018; in this position, head of the Federal Department of Economic Affairs (2006–2010) and the Federal Department of Environment, Transport, Energy and Communications (2010–2018), Vice-President of the Swiss Confederation (2009 and 2016), President of the Swiss Confederation (2010 and 2017)
- Leader of the Swiss Christian Democratic People's Party (CVP); 2004–2006
- Deputy leader of the Swiss Christian Democratic People's Party (CVP); 2001–2004
- National Councillor of the canton of Aargau; 1999–2006
- Grand Councillor of the canton of Aargau; 1997–2000
- Partner at Fricker Attorneys-at-Law, Wohlen; 1991–2006



Werner Marti

Education and training
 Attorney-at-law

Current position
 Law office; since 1988

Other board member mandates

- Alp Transit Gotthard AG, Lucerne; Chair
- 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 (Chair 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

Education and training
 Dr. oec.

Current position
 None

Other board member mandates

- None

Other functions and offices

- None

Professional career

- Chair 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

Education and training
 Commercial specialist, butcher

Current position
 Deputy Chair 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; Chair
- Casa del Vino SA, Zurich
- Eurogroup Far East Ltd., Hong Kong; Chair
- Marché Restaurants Schweiz AG, Dietlikon; Chair
- Weinkeller Riegger AG, Mellingen
- Transgourmet Holding AG, Basel
- Two Spice AG, Zurich
- 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 is responsible for the strategic and financial management of the Bell Food Group and supervises the persons entrusted with the conduct of business. It may pass resolutions on all matters that are not reserved by law or the Articles of Association to the General Meeting. The Board of Directors has delegated certain tasks to the Compensation Committee. The Board of Directors is responsible for observing the recommendations outlined in the *economiesuisse* guidelines regarding the function and remit of any other committees. 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 51.

The Board of Directors 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 the operating business. The Board of Directors reviews 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 organisational regulations.

The organisational regulations 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.

The Board of Directors usually meets seven times a year, every second month. Special meetings to discuss strategic transactions and other transactions that might have a considerable impact are held as and when needed. As a rule, the meetings are attended by the CEO and the CFO. The heads of the Bell International and Convenience business areas and other members of management are invited to attend discussions on specific topics as needed. No external advisors were engaged in the reporting year.

In 2019, the Board of Directors held seven ordinary meetings, one extraordinary meeting and one constitutive meeting. Ordinary meetings lasted seven and a half hours on average. The extraordinary meeting lasted two hours. The attendance rate at Board meetings was 94 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:

- Sale of the sausage business in Germany and the new strategic concept for the Bell Germany division
- Conversion of Bad Wünnenberg into a convenience facility
- Investment programme for Bell's locations in Switzerland (planning horizon until 2029) and commissioning of the new building projects of Bell Spain and Eisberg Austria
- Various integration projects
- In-depth discussion of business performance in the reporting year
- Revision of the organisational regulations of the Bell Food Group
- Adoption of the new HR strategy for the Bell Food Group and sales market strategy for Bell Switzerland

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.



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

The data privacy statement can be found at www.bellfoodgroup.com/privacy-en.

Information channels and control instruments of the Group Executive Board

The CEO and CFO regularly report about the course of business to the Board of Directors. The Chair of the Board of Directors is in close contact with the Group Executive Board and usually meets with the CEO once a month.

The 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 recognised COSO framework (www.coso.org), which is an integral component of quality assurance (QA). This was restructured and standardised in 2018, and implemented step by step at all units of the Bell Food Group in 2019. 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 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 instance 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 a controlling 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 Chair 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 condone corruption or breaches of competition laws in any form. A central compliance system for the whole Group designed to prevent, identify and react to breaches is in place. The focus falls on anti-trust 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 early on 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.

Risk management

The Bell Food Group applies structured risk management. 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 carried out 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 in-between years, the Board of Directors and Group Executive Board monitor 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 business area 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 2019, a new risk assessment was carried out for Bell Switzerland, Bell International, Eisberg and Hilcona and a risk management audit was carried out for Hügli. 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 page 34.

Group Executive Board

Members of the Group Executive Board

The Group Executive Board consists of the CEO and the heads of the Bell International, Convenience and Finance/Services business areas.

The business areas were restructured at top management level and the management structure strengthened on 1 July 2019. The former CFO Marco Tschanz took over as head of the new Bell International business area as well as the central IT business unit on

1 July 2019. On the same date, Volker Baltes took over as head of the Convenience business area and Xavier Buro joined the Bell Food Group as new CFO. The Bell Switzerland business area continues to be managed by CEO Lorenz Wyss in personal union. Because of the organisational changes, Daniel Böhny and Christian Schröder left the Group Executive Board on 1 July 2019.

Information about the organisational structure of the Bell Food Group can be found on pages 19 and 20.

Composition of the Group Executive Board as of 31.12.2019

	Nationality	Year of birth	Function	Appointment to Group Executive Board
Lorenz Wyss	CH	1959	Chair (CEO)	April 2011
Volker Baltes	DE	1963	Member	July 2019
Xavier Buro	CH	1969	Member (CFO)	July 2019
Marco Tschanz	CH	1975	Member	March 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 that neither control 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 by 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 that starts on page 49.

Members of the Group Executive Board



Lorenz Wyss

Education and training

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

Current position

Chief Executive Officer (CEO) and Head of Bell Switzerland business area; with the Bell Food Group since 2011; in this position since 2011

Board member mandate

- 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



Volker Baltes

Education and training

Business diploma

Current position

Head of Convenience business area; with the Bell Food Group since 2019; in this position since 2019

Board member mandate

- None

Other functions and offices

- None

Professional career

- Business Executive Officer Chilled Culinary Nestlé Deutschland AG and Chair of the Executive Board of Herta GmbH, Germany; 2013–2019
- Managerial positions with Campofrío Food Group, Germany; 2011–2013
 - General Manager Germany, Austria, Scandinavia and member of the International Leadership team; 2012–2013
 - General Manager Germany and Austria; 2011–2012
- General Manager Yakult Honsha Co, Germany; 2003–2011
- Managerial positions with Campbell Soup Company, Germany; 1999–2003
- Various managerial positions with Dr. Oetker, Germany; 1990–1998



Xavier Buro

Education and training

Certified business economist (university of applied sciences)

Current position

Head of Finance/Services business area (CFO); with the Bell Food Group since 2019; in this position since 2019

Board member mandate

- None

Other functions and offices

- F&B – Food and Beverage Services GmbH, Riedstadt; Supervisory Board

Professional career

- Member of the Executive Board Finance Transgourmet Central and Eastern Europe, Transgourmet/Selgros, Riedstadt, Germany; 2014–2019
- Member of the Executive Board Finance Fegro/Selgros, Neu-Isenburg, Germany; 2012–2013
- Member of the Management Board of Finance/Services OU projects, Coop Cooperative, Basel; 2008–2012
- Project manager OU projects Management Board Finance/Services, Coop Cooperative, Basel; 2003–2008
- Senior Consultant, eBusiness and Operational Transformation Advisor BearingPoint Zurich; 2000–2003
- Associate Director, Corporate Sourcing Business Analyst UBS AG, Basel; 1999–2000
- Corporate Sourcing Analyst International Mobility Programme UBS AG, New York and Stamford, USA; 1997–1999
- Retail Banking Client Advisor UBS AG, Sion; 1995–1997
- Project Contracts, Control and Business Information Zyma SA, Nyon; 1994–1995



Marco Tschanz

Education and training

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

Current position

Head of Bell International business area and Head of IT Bell Food Group; with the Bell Food Group since 2014; in this position since 2019

Board member mandate

- 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 Chair of the Investment Committee

Professional career

- Head of Finance/Services (CFO) Bell Food Group Ltd, Basel, 2014–2019
- 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 1,526 shareholders attended the 2019 Annual General Meeting. Together with the voting rights represented by the independent proxy, 4,741,260 shares or 75.4 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 ten 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 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.

Statutory auditor

KPMG AG, Basel; since 2019

Auditor in charge:

Reto Benz, auditor in charge since 2019

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

The Board of Directors oversees the activities of the statutory auditor. The auditors brief the Chair 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 statutory auditor is assessed by the Chair of the Board of Directors, the CEO and the Head of the Bell Food Group Finance/Services business area (CFO) on the basis of comprehensive assessment criteria. The focus falls on the audit team's technical competence, assertiveness, independence and interaction with our internal units. Other external factors also affect the assessment.

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

Auditors' and other fees¹ in CHF thousand	2019	2018
Auditing services	850	1,270
Tax consulting	68	2
Legal services	115	-
Total	1,033	1,272

¹ Since 2019, the external audit has been carried out by KPMG AG, Basel. In 2018 PricewaterhouseCoopers, Basel, was responsible for the audit.

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 all annual reports, interim reports and ad hoc press releases.

Annual reports and interim reports:
www.bellfoodgroup.com/report-en.

Press releases:
www.bellfoodgroup.com/mediarelease-en.

Code of Conduct:
www.bellfoodgroup.com/code-en.

Registration with distribution list
for press releases:
www.bellfoodgroup.com/maillinglist-en.

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Compensation report

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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 Remuneration in Listed Companies Limited by Shares (ERCO) 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 the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange (DCG), and also takes account of the Articles of Association, the by-laws and the regulations of the Compensation Committee of Bell Food Group Ltd.

Unless stated otherwise, the compensation report refers to the 2019 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).

The Annual General Meeting approved the following maximum compensation payments for 2019:

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 with a discount of 20 percent 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 who are elected individually by the General Meeting. Only members of the Board of Directors are eligible.

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 16 April 2019, the Annual General Meeting confirmed Andreas Land (Chair) and Irene Kaufmann as members of the Compensation Committee until the next Annual General Meeting.

The Compensation Committee meets upon invitation of the Chair 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.

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

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 (Chair, 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 10 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:

Chair	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.

Payments to the Board of Directors (audited) 2019 in CHF thousand	Basic fee in cash (gross)	Employer contributions to social insurance	Total
Hansueli Loosli, Chair ¹	150		150
Irene Kaufmann, Vice-Chair ¹	130		130
Reto Conrad, member ^{1,2}	29		29
Andreas Land, member	100		100
Doris Leuthard Hausin, member ^{1,3}	71		71
Werner Marti, member	100	6	106
Jean G. Villot, member	100	4	104
Philipp Wyss, member ¹	100		100
Total to Board of Directors in 2019	780	10	789

1 Fee is paid to the Coop Group Cooperative.

2 Resigned from the Board of Directors on 16 April 2019.

3 Elected to the Board of Directors on 16 April 2019.

Payments to the Board of Directors (audited) 2018 in CHF thousand (previous year)	Basic fee in cash (gross)	Employer contributions to social insurance	Total
Hansueli Loosli, Chair ¹	150		150
Irene Kaufmann, Vice-Chair ¹	130		130
Jörg Ackermann, member ^{1,2}	28		28
Reto Conrad, member ¹	100		100
Andreas Land, member	100		100
Werner Marti, member	100	6	106
Jean G. Villot, member ³	73	3	76
Philipp Wyss, member ^{1,3}	73		73
Total to Board of Directors in 2018	753	9	761

1 Fee is paid to the Coop Group Cooperative.

2 Resigned from the Board of Directors on 10 April 2018.

3 Elected to the Board of Directors on 10 April 2018.

Share ownership

The members of the Board of Directors are not obliged to hold shares of Bell Food Group Ltd. They are, however, free at all times to buy shares on the open market. They can also participate in the employee share participation

plan of the Bell Food Group and buy shares at the same conditions as the employees.

On 31 December 2018 and 2019, the members of the Board of Directors held the following shares of Bell Food Group Ltd:

Shares held by the Board of Directors as of 31.12. (number)	2019			2018		
	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, Chair	920	300	1 220	820	350	1 170
Irene Kaufmann, Vice-Chair	812	400	1 212	712	400	1 112
Reto Conrad, member	N/A	N/A	N/A	0	0	0
Andreas Land, member	200	500	700	100	500	600
Doris Leuthard Hausin, member	0	0	0	N/A	N/A	N/A
Werner Marti, member	670	300	970	570	400	970
Jean G. Villot, member	234	0	234	234	0	234
Philipp Wyss, member	0	0	0	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 a 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) as well as the companies of the Coop Group. 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 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 concluded for an indefinite period. The notice period for Group Executive Board employment contracts concluded for an

indefinite period is 12 months, effective as of the end of a calendar month. There are no provisions on the prohibition of competition beyond the employment relationship.

Payments to the Group Executive Board (audited) 2019 in CHF thousand	Cash payment (gross) Basic salary	Variable compensation	Variable compensation in shares	Employer contributions to social insurance	Total
Lorenz Wyss	617	0	0	182	798
Other members of the Group Executive Board ¹	1 485	0	0	400	1 885
Total to the Group executive Board in 2019	2 102	0	0	581	2 683

¹ Volker Baltes and Xavier Buro joined the Group Executive Board on 1 July 2019. Daniel Böhny and Christian Schröder left the Group Executive Board on the same date.

Payments to the Group Executive Board (audited) 2018 in CHF thousand	Cash payment (gross) Basic salary	Variable compensation	Variable compensation in shares	Employer contributions to social insurance	Total
Lorenz Wyss	607	0	0	168	775
Other members of the Group Executive Board	1 382	0	0	287	1 669
Total to the Group executive Board in 2018	1 989	0	0	455	2 444

Share ownership

The members of the Group Executive Board are not obliged to hold shares of Bell Food Group Ltd. They are, however, free at all times to buy shares on the open market. They can

also participate in the employee share participation plan of the Bell Food Group.

On 31 December 2018 and 2019, the members of the Group Executive Board held the following shares of Bell Food Group Ltd:

Shares held by the Group Executive Board as of 31.12. (number)	2019			2018		
	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	1 031	369	1 400	778	520	1 298
Volker Baltes ¹	0	100	100	N/A	N/A	N/A
Daniel Böhny ¹	N/A	N/A	N/A	400	0	400
Xavier Buro ¹	0	100	100	N/A	N/A	N/A
Christian Schröder ¹	N/A	N/A	N/A	120	130	250
Marco Tschanz	488	570	1 058	388	570	958

¹ Volker Baltes and Xavier Buro joined the Group Executive Board on 1 July 2019. Daniel Böhny and Christian Schröder left the Group Executive Board on the same date.

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 2019 and no payments were made to any former members of the Board of Directors, the Group Executive Board and their related parties.

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 accompanying remuneration report of Bell Food Group Ltd for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labelled “audited” on pages 52 and 54 of the remuneration report.

Responsibility of the Board of Directors

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 for the year ended 31 December 2019 of Bell Food Group Ltd complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Carolin Widenmayer
Licensed Audit Expert

Basel, 4 February 2020

Important dates

Closing of accounts
31 December

Annual General Meeting of Bell Food Group Ltd
17 March 2020

Publication of results for first half of 2020
13 August 2020

Publication of results for 2020
February 2021

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 98 as well as on the website.

Corporate communication:
www.bellfoodgroup.com/contact-en.

Share register:
www.bellfoodgroup.com/shareregistry-en.

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Consolidated financial statements of the Bell Food Group

Consolidated balance sheet

in CHF million	Note	31.12.2019	Share	31.12.2018	Share
Cash and cash equivalents	1	202.0		242.8	
Securities		1.9		1.1	
Trade accounts receivable	2	403.1		424.4	
Other receivables	3	55.0		50.5	
Inventories	4	426.3		412.6	
Accrued income and prepaid expenses	5	15.6		17.8	
Current assets		1 103.9	40.7 %	1 149.1	42.3 %
Financial assets	8	57.0		53.4	
Intangible assets	9	248.5		272.1	
Tangible assets	10	1 302.6		1 243.5	
Non-current assets		1 608.2	59.3 %	1 569.0	57.7 %
Assets		2 712.0	100.0 %	2 718.2	100.0 %
Current financial liabilities	11	13.3		3.7	
Trade accounts payable		264.2		243.7	
Other current liabilities	6	18.4		22.2	
Current provisions	12	6.4		5.0	
Accrued expenses and deferred income	7	153.9		142.0	
Current liabilities		456.2	16.8 %	416.6	15.3 %
Non-current financial liabilities	11	864.2		899.8	
Non-current provisions	12	104.4		111.8	
Non-current liabilities		968.6	35.7 %	1 011.6	37.2 %
Liabilities		1 424.7	52.5 %	1 428.2	52.5 %
Share capital		3.1		3.1	
Capital reserves		216.0		251.0	
Retained earnings		1 144.6		1 055.3	
Translation differences		-123.0		-107.0	
Treasury shares	21	-3.3		-2.3	
Annual profit		49.6		89.3	
Equity excl. minority interests		1 287.1	47.5 %	1 289.4	47.4 %
Minority interests		0.2		0.5	
Equity		1 287.3	47.5 %	1 290.0	47.5 %
Liabilities and equity		2 712.0	100.0 %	2 718.2	100.0 %

Consolidated income statement

in CHF million	Note	2019	Share	2018	Share
Net revenue	15/16	4 013.0	100.0 %	4 059.4	100.0 %
Cost of goods sold		2 460.5	61.3 %	2 492.2	61.4 %
Gross operating income		1 552.5	38.7 %	1 567.2	38.6 %
Personnel expenses	17	818.5	20.4 %	808.3	19.9 %
Rents		42.3		42.6	
Energy, auxiliary materials		76.0		77.8	
Repair and maintenance		98.8		102.5	
Transport		126.4		127.6	
Advertising		39.6		40.0	
Other operating expenses		69.0		63.0	
Total operating expenses	20	1 270.7	31.7 %	1 261.8	31.1 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		281.8	7.0 %	305.4	7.5 %
Amortisation of intangible assets	9	8.3		8.7	
Amortisation of goodwill	9	27.4		32.7	
Depreciation of tangible assets	10/20	150.9		123.3	
Earnings before interest and taxes (EBIT)		95.3	2.4 %	140.6	3.5 %
Financial result	18	-19.1		-14.7	
Net income from associated companies		3.0		1.8	
Net profit before taxes (EBT)		79.2	2.0 %	127.8	3.1 %
Taxes	19	29.7		34.6	
Net profit after taxes		49.5	1.2 %	93.2	2.3 %
Third-party interest in profit		-0.1		3.9	
Annual profit		49.6	1.2 %	89.3	2.2 %
Net profit per share (in CHF, diluted and undiluted)	22	7.90		16.89	

Consolidated cash flow statement

in CHF million	Note	2019	2018
Net profit after taxes		49.5	93.2
Depreciation of tangible assets	10	123.5	123.3
Amortisation of intangible assets	9	35.6	41.5
Extraordinary depreciation	20	27.4	-
Other non-cash income (-)/expenses (+)		14.4	8.9
Income (-)/loss (+) from sale of tangible assets		-0.2	-1.1
Dividends from associated companies		0.4	0.4
Net income from associated companies		-3.0	-1.8
Income (-)/loss (+) from sale of investments		-	-
Increase (+)/decrease (-) in provisions		3.2	1.9
Increase (-)/decrease (+) in receivables		7.9	7.8
Increase (-)/decrease (+) in inventory		-24.1	2.5
Increase (-)/decrease (+) in accrued income and prepaid expenses		2.1	2.9
Increase (+)/decrease (-) in current liabilities		17.0	39.3
Increase (+)/decrease (-) in accrued expenses and deferred income		-2.1	4.9
Operating cash flow		251.6	323.7
Investment (-)/divestment (+) of securities		-0.7	0.9
Investment in other companies and financial assets		-4.7	-237.9
Acquisition (+)/sale (-) of cash and cash equivalents		-	16.3
Divestment of other companies and financial assets		0.5	0.9
Investment in intangible assets		-10.2	-7.3
Divestment of intangible assets		0.1	0.0
Investment in tangible assets		-215.9	-219.0
Divestment of tangible assets		3.5	3.2
Cash flow from investing activities		-227.5	-442.9
Proceeds from (+)/repayment of (-) current financial liabilities		0.2	-82.6
Proceeds from (+)/repayment of (-) non-current financial liabilities		-26.2	-
Proceeds from (+) bonds		-	350.0
Repayment of (-) bonds		-	-175.0
Proceeds from (+) capital increases		-	603.2
Acquisition (-)/sale (+) of minorities		-0.2	-380.9
Investment in (-)/divestment of (+) treasury shares		-1.4	-1.0
Dividend		-34.7	-32.1
Cash flow from financing activities		-62.2	281.6
Cash flow balance		-38.1	162.4
Cash and cash equivalents as of 01.01.		242.8	83.0
Effect of currency translation on cash and cash equivalents		-2.7	-2.6
Changes in cash and cash equivalents		-38.1	162.4
Cash and cash equivalents as of 31.12.		202.0	242.8

Consolidated 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 01.01.2019	3.1	251.0	1 055.3	-107.0	-2.3	89.3	1 289.4	0.5	1 290.0
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Acquisition minorities	-	-	-	-	-	-	-	-0.2	-0.2
Appropriation of annual profit	-	-	89.3	-	-	-89.3	-	-	-
Dividend	-	-34.5	-	-	-	-	-34.5	-0.1	-34.7
Additions/disposals of treasury shares	-	-0.5	-	-	-1.0	-	-1.4	-	-1.4
Annual profit	-	-	-	-	-	49.6	49.6	-0.1	49.5
Currency translation differences	-	-	-	-16.0	-	-	-16.0	-0.0	-16.0
Equity as of 31.12.2019	3.1	216.0	1 144.6	-123.0	-3.3	49.6	1 287.1	0.2	1 287.3
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	-	-	-	-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

The non-distributable reserves of Bell Food Group Ltd amount to CHF 1.6 million (previous year: CHF 1.6 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 Recommendations (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 acquisition 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 83 and 84 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

		2019	2018
Balance sheet	EUR 1	= CHF 1.0854	= CHF 1.1269
	CZK 1	= CHF 0.0427	= CHF 0.0438
	HUF 100	= CHF 0.3284	= CHF 0.3511
	PLN 1	= CHF 0.2550	= CHF 0.2620
	USD 1	= CHF 0.9662	= CHF 0.9842
	GBP 1	= CHF 1.2757	= CHF 1.2598
	RON 1	= CHF 0.2269	= CHF 0.2416
Income statement	EUR 1	= CHF 1.1126	= CHF 1.1550
	CZK 1	= CHF 0.0433	= CHF 0.0450
	HUF 100	= CHF 0.3421	= CHF 0.3622
	PLN 1	= CHF 0.2589	= CHF 0.2711
	USD 1	= CHF 0.9939	= CHF 0.9778
	GBP 1	= CHF 1.2678	= CHF 1.3056
	RON 1	= CHF 0.2345	= CHF 0.2482

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 arising from the use of different exchange rates in translating the financial statements of subsidiaries denominated in foreign currencies 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.

Capital consolidation

Capital consolidation is performed using the “purchase method”. This means that assets and liabilities are valued at their current values at the time of acquisition. The revalued net assets are offset against the purchase price, whereby 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. The maximum depreciation period is 15 years in justified cases. 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 equity with no impact on profit or loss. 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 acquisition cost or market value. Tangible assets are recognised at acquisition 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 maturation 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 acquisition cost or market value.

Tangible assets

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

Assets under finance leases are capitalised and depreciated over their regular useful lives. 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 at their current values. 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 the individual assets are made to their current value. 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 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 acquisition cost less rebates, refunds and discounts received. Amortisation is calculated using the straight-line method over the useful life of the asset. Goodwill positions are amortised over a maximum of 15 years in justified cases.

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

Impairment

The recoverability of non-current assets is subject to an annual assessment if there are indications of impairment. 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.

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

A provision is recognised if the obligation is a present legal or constructive obligation that relates to a past event and will probably result in an outflow of resources. The amount of the obligation must be reliably estimable.

If the occurrence of a present obligation is unlikely, the obligation is reported as a contingent liability in the notes to the consolidated financial statements.

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 ARR 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:

	2019	2018
Switzerland	14.50 %	20.80 %
Liechtenstein	12.50 %	12.50 %
Germany	28.00 %	33.00 %
France	33.00 %	33.00 %
Austria	25.00 %	25.00 %
Other countries	25.00 %	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. An economic benefit is not capitalised.

Capital reserves

Since the financial year 2017 the capital reserves are disclosed separately in equity. Transaction results, dividends on treasury shares, transactions with minorities and distribution from capital contribution reserves of the Bell Food Group Ltd 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 with a discount.

The members of the executive board and senior management are 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	31.12.2019	Share	31.12.2018	Share
Cash	0.4	0.2 %	0.4	0.2 %
Cash in banks	201.2	99.6 %	242.1	99.7 %
Fixed deposits	0.4	0.2 %	0.2	0.1 %
Cash and cash equivalents	202.0	100.0 %	242.8	100.0 %

Cash and cash equivalents by currency

	31.12.2019	Share	31.12.2018	Share
CHF	133.9	66.3 %	153.8	63.3 %
EUR	60.1	29.8 %	82.9	34.2 %
Other currencies	8.0	3.9 %	6.1	2.5 %
Cash and cash equivalents by currency	202.0	100.0 %	242.8	100.0 %

2. Trade accounts receivable

in CHF million	31.12.2019	Share	31.12.2018	Share
Trade accounts receivable	408.4	101.3 %	429.1	101.1 %
Valuation adjustment	-5.2	-1.3 %	-4.7	-1.1 %
Trade accounts receivable	403.1	100.0 %	424.4	100.0 %

3. Other receivables

in CHF million	31.12.2019	Share	31.12.2018	Share
Income taxes	1.0	1.8 %	0.3	0.5 %
Others	54.0	98.2 %	50.2	99.5 %
Other receivables	55.0	100.0 %	50.5	100.0 %

4. Inventories

in CHF million	31.12.2019	Share	31.12.2018	Share
Raw materials and finished goods	365.2	85.7 %	352.4	85.4 %
Auxiliary materials	72.9	17.1 %	69.6	16.9 %
Valuation adjustment	-11.8	-2.8 %	-9.4	-2.3 %
Inventories	426.3	100.0 %	412.6	100.0 %

5. Accrued income and prepaid expenses

in CHF million	31.12.2019	Share	31.12.2018	Share
Income taxes	0.1	0.6 %	1.8	10.2 %
Employees	2.0	12.9 %	1.9	10.9 %
Others	13.5	86.5 %	14.0	79.0 %
Accrued income and prepaid expenses	15.6	100.0 %	17.8	100.0 %

6. Other current liabilities

in CHF million	31.12.2019	Share	31.12.2018	Share
Income taxes	8.1	44.0 %	6.5	29.4 %
Dividend	0.0	0.0 %	0.0	0.1 %
Others	10.3	56.0 %	15.7	70.5 %
Other current liabilities	18.4	100.0 %	22.2	100.0 %

7. Accrued expenses and deferred income

in CHF million	31.12.2019	Share	31.12.2018	Share
Income taxes	12.0	7.8 %	19.1	13.5 %
Employees	44.2	28.7 %	41.5	29.2 %
Others	97.6	63.5 %	81.3	57.3 %
Accrued expenses and deferred income	153.9	100.0 %	142.0	100.0 %

8. Financial assets

in CHF million	Investments in associated companies	Loans	Assets from pension funds	Deferred tax assets	Other financial assets	Total
Net carrying amount as of 01.01.2019	49.0	2.9	–	–	1.6	53.4
Changes in scope of consolidation	–	–	–	–	–	–
Investments	–	0.5	–	–	1.1	1.6
Divestments/dividends from associated companies	–0.4	–0.3	–	–	–0.2	–0.8
Revaluation	3.0	–0.0	–	–	–	3.0
Reclassification	–	–0.2	–	–	–	–0.2
Currency translation differences	–0.0	–0.0	–	–	–0.0	–0.0
Net carrying amount as of 31.12.2019	51.6	2.9	–	–	2.5	57.0
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	–	–0.1	–	–	–0.0	–0.1
Net carrying amount as of 31.12.2018	49.0	2.9	–	–	1.6	53.4

Notes to the consolidated financial statements

9. Intangible assets

in CHF million	Goodwill	Trademarks, patents and licences	Software	Prepayments and accumu- lated costs	Other intangible assets	Total
Net carrying amount as of 01.01.2019	247.3	0.1	21.3	3.4	0.0	272.1
Purchase price as of 01.01.2019	471.6	11.0	76.9	3.4	1.4	564.2
Changes in scope of consolidation	-	3.7	-	-	-	3.7
Investments	-	0.2	5.8	3.5	0.7	10.2
Divestment/discontinuation	-	-0.0	-0.9	-0.0	-0.0	-1.0
Reclassification	-	-	5.0	-3.2	-	1.9
Currency translation differences	-8.6	-0.3	-1.1	-0.0	-0.1	-10.0
Purchase price as of 31.12.2019	463.0	14.6	85.6	3.6	2.0	568.9
Cumulative depreciation as of 01.01.2019	224.3	10.9	55.5	-	1.4	292.0
Changes in scope of consolidation	-	0.4	-	-	-	0.4
Depreciation	27.4	0.2	8.0	-	0.0	35.6
Extraordinary depreciation	-	-	0.0	-	-	0.0
Cumulative depreciation on divestment/discontinuation	-	-0.0	-0.9	-	-0.0	-0.9
Reclassification	-	-	-	-	-	-
Currency translation differences	-5.4	-0.4	-0.9	-	-0.0	-6.8
Cumulative depreciation as of 31.12.2019	246.2	11.1	61.7	-	1.3	320.3
Net carrying amount as of 31.12.2019	216.7	3.5	23.9	3.6	0.7	248.5
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 ¹	-	-	-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 ¹	-	-	-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

¹ 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.

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10. Tangible assets

in CHF million	Undeveloped land	Land and buildings	Installations	Machinery and equipment	Prepayments/ assets under construction	Other tangible assets	Total
Net carrying amount as of 01.01.2019	17.8	645.3	110.2	283.6	135.3	51.3	1 243.5
Purchase price as of 01.01.2019	17.8	1 234.7	334.5	959.0	135.3	202.1	2 883.2
Changes in scope of consolidation	–	–	–	–	–	–	–
Investments	–	28.1	12.2	50.6	124.3	20.6	235.8
Divestment/discontinuation	–	–51.6	–4.6	–66.8	–0.2	–17.6	–140.8
Reclassification	–0.1	59.3	6.9	50.5	–126.4	7.9	–1.9
Currency translation differences	–0.7	–15.3	–0.6	–14.6	–3.1	–3.0	–37.1
Purchase price as of 31.12.2019	17.0	1 255.3	348.4	978.7	129.9	210.1	2 939.2
Cumulative depreciation as of 01.01.2019	–	589.3	224.2	675.4	–	150.8	1 639.8
Changes in scope of consolidation	–	–	–	–	–	–	–
Depreciation	–	33.1	18.6	53.5	–	18.4	123.5
Extraordinary depreciation	–	14.6	–	11.9	–	0.9	27.4
Cumulative depreciation on divestment/discontinuation	–	–50.8	–4.6	–65.5	–	–16.6	–137.5
Reclassification	–	–	–0.1	0.1	–	–0.0	–0.0
Currency translation differences	–	–5.4	–0.4	–8.7	–	–2.1	–16.6
Cumulative depreciation as of 31.12.2019	–	580.8	237.7	666.7	–	151.4	1 636.6
Net carrying amount as of 31.12.2019	17.0	674.4	110.7	312.0	129.9	58.7	1 302.6
Finance lease included in the net carrying amount	–	–	–	0.5	–	0.1	0.6
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	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 ¹	–	–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 ¹	–	–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

1 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.

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11. Financial liabilities

in CHF million	31.12.2019	Share	31.12.2018	Share
Current accounts	4.0	0.5 %	3.7	0.4 %
Current bank loans	9.4	1.1 %	0.0	0.0 %
Leasing liabilities	0.0	0.0 %	0.0	0.0 %
Bonds	–	–	–	–
Current financial liabilities	13.3	1.5 %	3.7	0.4 %
Non-current bank loans	39.0	4.4 %	74.3	8.2 %
Leasing liabilities	0.2	0.0 %	0.5	0.1 %
Bonds	825.0	94.0 %	825.0	91.3 %
Non-current financial liabilities	864.2	98.5 %	899.8	99.6 %
Financial liabilities	877.5	100.0 %	903.5	100.0 %
Maturity structure of financial liabilities				
Due within one year	13.3	1.5 %	3.7	0.4 %
Due within two years	0.8	0.1 %	34.7	3.8 %
Due within three years or later	863.4	98.4 %	865.1	95.7 %
Financial liabilities	877.5	100.0 %	903.5	100.0 %
Financial liabilities by currency				
CHF	876.4	99.9 %	901.7	99.8 %
EUR	1.1	0.1 %	1.7	0.2 %
Other currencies	0.1	0.0 %	0.1	0.0 %
Financial liabilities	877.5	100.0 %	903.5	100.0 %
Interest rates				
Bank loans in CHF	0.53 % – 2.10 %		0.70 % – 3.05 %	
Bank loans in EUR	3.10 % – 5.00 %		3.10 % – 5.00 %	
Leasing liabilities	1.75 % – 5.00 %		1.75 % – 5.00 %	

In 2019 non-current bank loans in the amount of CHF 26.2 million were paid back before maturity.

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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

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12. Provisions

in CHF million	Employee benefits	Deferred taxes	Contingent purchase price payments	Restructuring	Other provisions	Total
Provisions as of 01.01.2019	23.2	67.0	10.0	-	16.5	116.7
Changes in scope of consolidation	-	-	-	-	-	-
Creation	0.6	11.4	0.3	1.7	5.4	19.4
Release/utilisation	-2.7	-9.6	-	-	-3.6	-15.9
Reclassification	-	0.0	-	-	0.4	0.4
Currency translation differences ¹	-0.3	-9.4	-	-0.0	-0.2	-9.9
Provisions as of 31.12.2019	20.8	59.4	10.3	1.6	18.6	110.8
Current	1.3	-	-	1.6	3.5	6.4
Non-current	19.4	59.4	10.3	-	15.1	104.4
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	0.1	-	-	-	-0.1	-
Currency translation differences ¹	-0.3	-9.4	-	-	-0.2	-9.8
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

¹ Currency translation differences include the cumulative tax effects on currency differences on group loans with equity character, which are reported in equity (translation differences). Amount in 2019: CHF 9.1 million / 2018: CHF 9.1 million.

Employee benefits

The provisions for employee benefits correspond to the economic share (liability) of Bell Food Group on the corresponding balance sheet date in accordance with note 17 – Employee benefits.

Contingent purchase price payments

Contingent purchase price payments are related to acquisitions.

Restructuring

The provision for restructuring is related to the non-recurring expenses for the reorganisation of Bell Germany. Further information see note 20 – Non-recurring expenses for the reorganisation of Bell Germany.

Other provisions

Provisions for seniority gifts represent the majority of the other provisions. The calculation is company-specific and takes into account various uncertainty factors.

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13. Company acquisitions/sales

The companies acquired 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:

in CHF million				
2019		MicroPast International AG		
Type of transaction		Takeover		
Effective date of transaction		05.2019		
Participation quota		100%		
Cash and cash equivalents		-		
Trade accounts receivable		0.1		
Inventories		-		
Patents		3.3		
Tangible assets		-		
Trade accounts payable		-		
Financial liabilities		-		
2018		Hügli-Gruppe	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 receivable		61.1	-	9.3
Inventories		72.1	0.5	0.9
Patents		-	-	-
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.

14. Sale of German sausage business

On 24 June 2019 Bell Food Group announced the sale of its German sausage business. The German plants in Suhl and Börger were sold to the Zur Mühlen Group at the end of July 2019 in the form of a transfer of operations following approval by the relevant competition authorities. The parties have agreed not to disclose the purchase terms.

In organisational terms, the German sausage business belongs to the Bell International segment and contributed to the net revenue of this segment as follows:

in CHF million	2019	2018
Net revenue	46.4	83.0

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15. Net revenue

in CHF million	2019	Share	2018	Share
Sales by country				
Switzerland, Liechtenstein	2 562.2	63 %	2 524.7	61 %
Germany	810.8	20 %	927.6	22 %
Austria	217.7	5 %	205.2	5 %
France	135.8	3 %	139.8	3 %
Poland	79.9	2 %	70.0	2 %
Benelux	57.7	1 %	73.9	2 %
Hungary	52.2	1 %	47.9	1 %
Spain	38.2	1 %	39.4	1 %
Great Britain	33.8	1 %	33.8	1 %
Czech Republic	22.6	1 %	23.7	1 %
Romania	16.5	0 %	15.4	0 %
Italy	10.7	0 %	10.4	0 %
Other countries	40.0	1 %	31.3	1 %
Sales by country	4 078.2	100 %	4 143.2	100 %
Sales by product group				
Fresh meat	886.8	22 %	890.4	21 %
Charcuterie	1 024.2	25 %	1 139.5	28 %
Poultry	840.8	21 %	830.4	20 %
Seafood	182.9	4 %	179.2	4 %
Convenience	1 113.5	27 %	1 082.4	26 %
Other sales	30.0	1 %	21.2	1 %
Sales by product group	4 078.2	100 %	4 143.2	100 %
Sales by customer				
Third parties	2 057.6		2 152.2	
Related companies of Coop Group	2 020.0		1 990.1	
Other related companies	0.7		0.9	
Sales by customer	4 078.2		4 143.2	
Reconciliation to net revenue				
Other revenue	59.8		73.5	
Sales deductions	-125.0		-157.3	
Net revenue	4 013.0		4 059.4	

16. Segment reporting

		Bell Switzerland	Bell International	Convenience	Consolidation	Bell Food Group
2019						
Volume	in million kg	124.0	213.0	199.9	-4.2	532.7
Sales	in CHF million	1 999.4	1 017.1	1 105.0	-43.3	4 078.2
Net investments in tangible assets	in CHF million	57.5	48.2	126.8	-	232.5
Headcount	FTE	3 383	3 775	5 037	-	12 195
2018						
Volume	in million kg	125.7	231.7	190.4	-4.9	542.9
Sales	in CHF million	1 981.5	1 133.1	1 074.1	-45.5	4 143.2
Net investments in tangible assets	in CHF million	43.3	61.9	111.7	-	216.9
Headcount	FTE	3 492	4 374	4 576	-	12 442

As of 1 July 2019, the business areas were reorganised into Bell Switzerland, Bell International and Convenience. The new organisational structure is reflected accordingly in the segment reporting. The previous year's figures have been adjusted accordingly.

Notwithstanding the complementary recommendation for listed companies (Swiss GAAP ARR 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.

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17. Personnel expenses

in CHF million	2019	2018
Wages and salaries	540.3	522.6
Social contribution	85.2	81.9
Pension expenses	33.9	34.4
Third-party wages	136.3	148.2
Other personnel expenses	22.8	21.3
Personnel expenses	818.5	808.3

Employee benefits

in CHF million	Excess/ insufficient cover 31.12.2019	Economic share of the Bell Food Group		Change from previous year		Contributions related to the period 2019	Pension expenses in personnel expenses	
		31.12.2019	31.12.2018	not affecting profit ² 2019	affecting profit 2019		2019	2018
Company's pension fund foundation	–	–	–	–	–	–	–	–
Pension schemes w/o excess/insufficient cover	–	–	–	–	–	11.5	11.5	32.1
Pension schemes with excess cover ¹	7.9	–	–	–	–	23.3	23.3	0.7
Pension schemes with insufficient cover	–	–	–	–	–	–	–	–
Pension schemes w/o assets	–	–20.8	–23.2	–1.5	–0.9	–	–0.9	1.6
Employee benefits	7.9	–20.8	–23.2	–1.5	–0.9	34.8	33.9	34.4

1 As the annual financial statements of the pension funds according to Swiss GAAP ARR 26 as at 31.12.2019 were not yet available at the time of preparation of this annual report, the excess cover was either derived from the last available financial statements or an estimate of the excess cover was made together with the pension fund. An economic benefit is not capitalised.

2 Payments, currency conversions and changes in scope of consolidation.

18. Financial result

in CHF million	2019	2018
Interest income	0.3	1.1
Income (+)/loss (-) from securities	0.0	-0.2
Income (+)/loss (-) from foreign currency transactions	-9.6	-4.6
Other financial expenses	-1.1	-1.3
Interest expenses	-8.7	-9.8
Financial result	-19.1	-14.7

19. Taxes

in CHF million	2019	2018
Paid taxes and changes in tax liabilities	27.9	34.3
Changes in deferred taxes	1.8	0.2
Taxes	29.7	34.6
Net profit after taxes	49.5	93.2
Non-tax-deductible expenses	24.3	9.3
Taxes included in net profit after taxes	29.7	34.6
Net profit before taxes taking into account the non-tax-deductible expenses	103.5	137.0
Applicable average tax rate	15.2%	20.1%
Calculated income taxes on net profit before taxes	15.8	27.5
Adjustment of deferred taxes due to tax reform and AHV Financing Switzerland	1.5	-
Influence of non-capitalisation of deferred taxes	12.2	6.9
Other taxes and taxes not relating to the period	0.2	0.1
Taxes (as reported)	29.7	34.6

Tax assets from losses carried forward are not capitalised in the Bell Food Group. The deferred tax assets for unused tax losses carried forward amount to CHF 60.2 million as of 31 December 2019 (previous year: CHF 48.1 million).

Tax reform and AHV financing in Switzerland

The position "Tax Reform and AHV Financing" (STAF) refers to the Swiss referendum adopted on 19 May 2019. As a result of this vote, various tax privileges (e.g. taxation as a holding, mixed or domiciliary company) will be abolished from 1 January 2020. At the same time, various cantons provide compensatory measures and profit tax rate reductions for all companies in order to soften the loss of tax privileges.

The Bell Food Group valued the deferred taxes of all concerned companies with the future income tax rates in 2019. Only those cantons have been taken into account which have already decided to adjust the income tax rates. This revaluation led to an increase of tax provisions affecting the net income with CHF 1.5 million.

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20. Non-recurring expenses for the reorganisation of Bell Germany

The division Bell Germany was realigned and restructured in the 2019 financial year. As part of the reorganisation of Bell Germany, the sausage business was sold and the Bad Wünnenberg site was converted into a fresh convenience business for Hilcona. The organisational realignment of Bell Germany laid the foundation for focusing on German raw ham specialities and strengthened the position of Bell Germany in the highly competitive German charcuterie market. This reorganisation resulted in non-recurring expenses of CHF 35.4 million.

in CHF million	Note	2019	2018
Non-recurring expenses included in:			
Personnel expenses		5.1	-
Other operating expenses		2.9	-
Impact on EBITDA		8.0	-
Depreciation	9/10	27.4	-
Impact on EBIT		35.4	-

21. Treasury shares

in CHF million	2019		2018	
	Number in pieces	Value	Number in pieces	Value
Balance as of 01.01.	6 424	2.3	5 778	2.2
Acquisitions	10 000	2.6	8 490	3.0
Disposals	-5 387	-1.6	-7 844	-2.9
Balance as of 31.12.	11 037	3.3	6 424	2.3

The purchases of treasury shares were settled at an average transaction price of CHF 257.45 (previous year: CHF 349.52). The average transaction price of the disposals amounted to CHF 299.39 (previous year: CHF 365.93).

22. Net profit per share

	2019	2018
Number of shares as of 31.12.	6 285 712	6 285 712
Average time-weighted number of outstanding shares	6 276 570	5 290 277
Annual profit	49 612	89 333
Net profit per share	7.90	16.89

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.

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23. Transactions with related parties

Transactions with	Related companies of Coop Group		Other related companies		Total	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
in CHF million						
Balance sheet						
Trade accounts receivable	143.8	149.7	0.8	0.9	144.5	150.6
Other receivables	-	-	-	-	-	-
Accrued income and prepaid expenses	0.1	0.0	-	-	0.1	0.0
Financial assets	-	-	-	-	-	-
Trade accounts payable	13.1	12.0	6.5	6.6	19.6	18.5
Other current liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	6.4	6.2	-	-	6.4	6.2
Financial liabilities	-	-	-	-	-	-
Income statement						
Net revenue	1 988.4	1 951.0	12.3	17.1	2 000.8	1 968.1
Cost of goods sold	28.3	24.3	8.7	8.1	36.9	32.4
Personnel expenses	1.9	1.9	-	-	1.9	1.9
Rents	7.7	7.9	-	-	7.7	7.9
Energy, auxiliary materials	2.8	2.7	-	-	2.8	2.7
Repair and maintenance	2.4	2.6	-	-	2.4	2.6
Transport	0.5	0.5	-	0.0	0.5	0.5
Advertising	5.8	2.7	-	-	5.8	2.7
Other operating expenses	3.8	3.5	-0.1	-0.1	3.7	3.4
Financial result	-0.0	-	-	-0.0	-0.0	-0.0

Description of transactions with companies of the Coop Group

There is 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.

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24. Non-current and contingent liabilities

in CHF million	31.12.2019	31.12.2018
Unrecognised leasing liabilities	3.1	5.0
Due within one year	1.9	2.9
Due within two years	0.9	1.6
Due within three years or later	0.3	0.6
Obligations from long-term contracts with third parties	55.8	44.3
Due within one year	8.9	9.5
Due within two years	7.6	8.5
Due within three years or later	39.3	26.3
Obligations from long-term contracts with related companies	4.7	0.9
Due within one year	0.5	0.5
Due within two years	0.5	0.5
Due within three years or later	3.8	-
Total amount of guarantees, warranties and pledges in favour of third parties	0.2	0.2
Total amount of mortgaged assets at book values	8.7	69.4
Contingent liabilities¹	10.0	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.

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25. Derivative financial instruments

in CHF million		Contract value		Positive replacement value		Negative replacement value	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Underlying	Purpose						
Foreign currencies	Hedging	-	0.5	-	0.0	-	-
Interests	Hedging	-	-	-	-	-	-
Derivative financial instruments		-	0.5	-	0.0	-	-
of which recognised in balance sheet		-	-	-	-	-	-

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26. 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 31.12.2019		2019	2018
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%
Bell International							
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 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, Bell Food Group Ltd performed a capital increase. The capital stock was increased by CHF 1.1 million.

Notes to the consolidated financial statements

26. 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 31.12.2019	2019	2018	
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 ²	Landquart (CH)	Convenience	■			100.0%	
Eisberg Holding AG	Dänikon (CH)	Management	■	CHF 0.7	100.0%	100.0%	
Eisberg AG ³	Dällikon (CH)	Convenience	■	CHF 0.1	100.0%	100.0%	
Eisberg Österreich GmbH	Marchtrenk (AT)	Convenience	■	EUR 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 ⁴	Champvent (CH)	Convenience	■	CHF 0.1	100.0%	100.0%	
Dr. A Stoffel Holding AG ⁵	Steinach (CH)	Management	■			100.0%	
Hügli Holding AG ⁵	Steinach (CH)	Management	■	CHF 0.5	100.0%	100.0%	
Hügli Nahrungsmittel AG ⁵	Steinach (CH)	Convenience	■	CHF 1.1	100.0%	100.0%	
Hügli Nahrungsmittel-Erzeugung GmbH ⁵	Hard (AT)	Convenience	■	EUR 0.8	100.0%	100.0%	
Hügli Nahrungsmittel GmbH ⁵	Radolfzell (DE)	Convenience	■	EUR 25.5	100.0%	100.0%	
Granovita S.A. ⁵	La Vall d'Uixó (ES)	Convenience	■	EUR 0.5	100.0%	100.0%	
Hügli UK Ltd. ⁵	Redditch (UK)	Convenience	■	GBP 0.0	100.0%	100.0%	
Bresc B.V. ⁵	Sleeuwijk (NL)	Convenience	■	EUR 0.0	100.0%	89.0%	
Ali-Big Industria Alimentare s.r.l. ⁵	Brivio (IT)	Convenience	■	EUR 0.1	100.0%	100.0%	
Hügli Food s.r.o. ⁵	Zásmuky u Kolína (CZ)	Convenience	■	CZK 80.0	100.0%	100.0%	
Hügli Food Élelmiszeripari Kft. ⁵	Budapest (HU)	Convenience	■	HUF 3.0	100.0%	100.0%	
Hügli Food Polska sp. z o.o. ⁵	Lódz (PL)	Convenience	■	PLN 0.1	100.0%	100.0%	
Hügli Food Slovakia s.r.o. ⁵	Trnava (SK)	Convenience	■	EUR 0.0	100.0%	100.0%	
Investments in associated companies							
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

² Merger of Frostag Food-Centrum AG in Hilcona AG retroactively as of 1 January 2019.

³ Name change from Gastro Star AG to Eisberg AG as of 1 January 2019.

⁴ Acquisition of Sylvain & CO SA in May 2018.

⁵ Acquisition of 50.22% of Hügli in January 2018. Takeover of minority share until December 2018.

As of the balance sheet date, Bell Food Group holds 100% of Hügli.

As of 1 January 2019, Dr. A. Stoffel Holding AG was merged with Hügli Holding AG.

Report on the Audit of the Consolidated Financial Statements

Statutory Auditor's Report to the General Meeting of Bell Food Group AG, Basel

Opinion

We have audited the consolidated financial statements of Bell Food Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows 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 58 to 84) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated results of operations 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Revenue recognition

Valuation of goodwill

Key audit matters are those matters that, in our professional judgment, 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.

Revenue recognition

Key Audit Matter	Our response
<p>Revenue is recognized when the risks and rewards resulting from the sale of the products have been transferred to the buyer. – Revenue is presented net after deduction of sales reductions, which primarily include customer bonuses based on volume and price.</p> <p>Net sales from goods and services form a significant basis for the valuation of the Group's business performance. Consequently, they are at the center of internal targets and of the expectations of the public, financial analysts, institutional investors, major creditors and other interested parties regarding the evolution of the business. Net sales from goods and services represent a significant position in the income statement, which is why they are of great relevance for the Group.</p> <p>Consequently, we have focused our audit in this area on the existence of revenue transactions as well as on the correct recording of customer bonuses.</p>	<p>In the context of our audit, we have evaluated the appropriateness of the accounting principles in relation with the Group's revenue recognition. Among other things, we have performed the following audit procedures in order to evaluate the appropriateness of the revenue recognition:</p> <ul style="list-style-type: none"> – Analysis of the revenue recognition process and the accounting on an accrual basis, and assessment of whether the value flows are completely and properly reflected in the books. In this regard, we have identified the key controls concerning revenue recognition and subsequently examined their effectiveness based on samples. We have involved our IT specialists in order to support our audit procedures. – Reconciliation of revenues and sales reductions with the Coop Group's companies with the counterparty. – Examination, based on samples, whether the customer bonuses based on volume and price are presented completely and properly. In this regard, we have reconciled the agreements with key customers with the calculations of the bonuses and the actual values recognized. – Examination of the existence of the revenues by comparing, based on samples, the invoices, corresponding orders and evidence of the transfer of risks to the customers. In this regard, we have also examined whether the sales transactions shortly before the balance sheet date are recognized in the appropriate period. <p>Moreover, we have examined whether the accounting principles regarding revenue recognition have been described and disclosed appropriately.</p>

For further information on revenue recognition, refer to the following:

- Valuation principles, p. 63
- 15. Net revenue, p. 74

Valuation of goodwill

Key Audit Matter	Our response
<p>Goodwill is part of the balance sheet caption Intangible assets and, with CHF 216.7 million (2018: CHF 247.3 million) represents a significant element of the consolidated financial statements. It is carried at the lower of amortized cost or market value. Group Management annually assesses whether there is any indication of impairment. If there are no indications, no further reviews are carried out.</p> <p>If there is any indication of impairment, the Group Management examines, based on a Discounted-Cash-Flow ("DCF") model, whether value adjustments need to be made. In this regard, it compares the carrying values with the recoverable amounts.</p> <p>The assessment of the valuation involves significant judgment, in particular regarding the estimated future cash flows, the long-term growth rates and the discount rates. Consequently, the assessment of the valuation of goodwill was a focus area of our audit.</p>	<p>In the context of our audit, we have, among other things, critically examined Group Management's assessment whether there are any indications of impairment by means of discussions with the Group Management and by reviewing the minutes of the meetings of the Board of Directors, the annual financial statements and business plans. In this regard, we have also obtained an understanding of the budgeting process.</p> <p>In case of indications of impairment, we have assessed the valuations that have been performed. In particular, we have carried out the following audit procedures:</p> <ul style="list-style-type: none"> – We have assessed whether a methodologically correct valuation procedure had been selected and whether the calculations are understandable and mathematically correct. – We have assessed the accuracy of the forecast figures by performing a retrospective comparison of the forecast and actual figures and reconciled the forecast figures applied with the multiannual plans that have been approved by the Board of Directors. – We have critically examined the key assumptions, including the growth rate and the discount rate, by comparison with publicly available information as well as on the basis of our assessment of the economic outlook. – We have examined the established sensitivity analyses prepared on the most important assumptions. <p>Moreover, we have critically assessed the applied useful lives and examined the correctness of the depreciation charges made.</p> <p>We have involved our valuation specialists in order to support our audit procedures.</p>

For further information on the valuation of goodwill, refer to the following:

- Valuation principles, p. 63
- 9. Intangible assets, p. 68

Other Matter

The consolidated financial statements of Bell Food Group AG for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 4 February 2019.

Responsibility 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 skepticism 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- 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.

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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 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 para. 1 item 3 CO and the 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.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Carolin Widenmayer
Licensed Audit Expert

Basel, 4 February 2020

Financial statements of Bell Food Group Ltd

Balance sheet

in CHF million		31.12.2019	Share	31.12.2018	Share
Cash and cash equivalents		50.9		123.2	
Securities		1.8		1.1	
Other receivables		0.0		0.1	
Other receivables from Group companies		54.2		24.2	
Accrued income and prepaid expenses		1.6		2.0	
Current assets		108.6	4.9 %	150.5	6.5 %
Financial assets	Loans to Group companies	896.0		959.0	
	Other financial assets	2.4		1.3	
Investments	Controlling interests	1 206.7		1 184.0	
	Non-controlling interests	10.2		10.2	
Non-current assets		2 115.3	95.1 %	2 154.5	93.5 %
Assets		2 223.9	100.0 %	2 305.1	100.0 %
Current financial liabilities		7.0		–	
Trade accounts payable		0.1		0.2	
Other current payables		0.1		1.0	
Other current payables to Group companies		36.3		109.2	
Accrued expenses and deferred income		9.5		27.4	
Current liabilities		53.0	2.4 %	137.9	6.0 %
Non-current financial liabilities		865.0		835.0	
Non-current liabilities		865.0	38.9 %	835.0	36.2 %
Liabilities		918.0	41.3 %	972.9	42.2 %
Share capital		3.1		3.1	
Statutory capital reserve					
	Reserve from capital contributions	568.1		602.6	
	Other capital reserves	8.3		9.0	
Legally required retained earnings		10.0		10.0	
Voluntary retained earnings		710.0		624.5	
Treasury shares		–3.3		–2.3	
Annual profit		9.7		85.2	
Equity		1 305.9	58.7 %	1 332.2	57.8 %
Liabilities and equity		2 223.9	100.0 %	2 305.1	100.0 %

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Income statement

in CHF million	2019	2018
Income from investments	97.5	87.6
Other financial income	21.1	23.4
Other income	3.0	2.9
Total income	121.5	113.9
Administrative expenses	2.5	7.3
Other operating expenses	0.7	6.7
Valuation adjustments to financial assets	98.0	0.2
Financial expenses	9.7	14.4
Expenses	110.9	28.6
Annual profit before taxes	10.6	85.3
Taxes	0.9	0.0
Annual profit after taxes	9.7	85.2

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 62 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	2019	2018
Total amount of guarantees, warranties and pledges in favour of third parties ¹	1.2	1.2
Significant shareholdings	Pages 83 – 84	
Ownership interests and options held and allocated by the Board of Directors and Executive Board	Page 50 ff.	
Information on issued bonds	Page 71	
Information on treasury shares	Page 79	
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 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 of Shareholders the following distribution for the 2019 financial year:

in CHF	before use	Dividend distribution to shareholders	after use
Annual profit	9 672 073	-9 672 073	-
Reserves from capital contributions	568 068 599	-17 285 708	550 782 891
Voluntary retained earnings	709 968 355	-7 613 635	702 354 720
Dividend distribution to shareholders		34 571 416	
Distribution per share in CHF		5.50	

The distribution from the reserves from capital contributions will be made after reclassification to the voluntary retained earnings (CHF 2.75 per share). The amount of the dividend payment depends on the number of shares entitled to dividend at the time of payment. No dividends are paid on treasury shares.

Report on the Audit of the Financial Statements

Statutory Auditor's Report to the General Meeting of Bell Food Group AG, Basel

Opinion

We have audited the financial statements of Bell Food Group AG, which comprise the balance sheet as at 31 December 2019, the income statement for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 90 to 92) for the year ended 31 December 2019 comply with Swiss law and the company's 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Valuation of investments and loans to group companies

Key audit matters are those matters that, in our professional judgment, 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.

Valuation of investments and loans to group companies

Key Audit Matter	Our response
<p>As at 31 December 2019, Bell Food Group AG reported investments of CHF 1'216.9 million (previous year: CHF 1'194.2 million) and loans to group companies of CHF 896.0 million (previous year: CHF 959.0 million). Both captions thus represent a significant part of the assets.</p> <p>The investments and loans are stated at the lower of cost or market value. Management annually assesses whether there is any indication of impairment regarding the investments and the loans to group companies. If there are no indications, no further reviews are carried out.</p> <p>If there is any indication of impairment, Management examines, among other things, based on a Discounted-Cash-Flow ("DCF") model, whether there is a need for value adjustments regarding the investments and potentially the loans to group companies. In this regard, it compares the carrying values with the recoverable amounts.</p> <p>The assessment of the valuation involves significant judgment, in particular regarding estimated future cash flows, long-term growth rates and discount rates. Consequently, the assessment of the valuation was a focus area of our audit.</p>	<p>In the context of our audit, we have, among other things, critically evaluated Group Management's assessment whether there is any indication of impairment, in particular by means of discussions with Group Management and by reviewing the minutes of the meetings of the Board of Directors, the annual financial statements and business plans. In this regard, we have also obtained an understanding of the budgeting process.</p> <p>In case of indications of impairment, we have assessed the valuations made and performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> - We have assessed whether a methodologically correct valuation procedure had been selected and whether the calculations are understandable and mathematically correct. <p>If the DCF model was used for the valuation, we have also performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> - We have assessed the accuracy of the forecast figures by performing a retrospective comparison of the forecast and actual figures and reconciled the forecast figures applied with the multiannual plans that have been approved by the Board of Directors. - We have critically examined the key assumptions, including the growth rate and the discount rate, by comparison with publicly available information as well as on the basis of our assessment of the economic outlook. <p>When using the DCF model, we have involved our valuation specialists in order to support our audit procedures. If the recoverable amount was lower than the carrying value, we verified that a corresponding value adjustment was recognized.</p>

For further information on investments and loans to group companies, refer to the following:

- Information on accounting policies, p. 92

Other Matter

The financial statements of Bell Food Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 4 February 2019.

Responsibility 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 skepticism 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.
- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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 available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Carolin Widenmayer
Licensed Audit Expert

Basel, 4 February 2020

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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.

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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 2020

Forward-looking statements

The annual 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 annual 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 annual report are available at our head office or can be ordered via the Internet. The annual report can also be downloaded at www.bellfoodgroup.com/report-en.

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