

Press release

Bell Food Group announces public tender offer for Hügli

Significant expansion of Bell Food Group's position in the European convenience food market

- **Bell Food Group acquires majority stake in Hügli Holding AG and announces a public tender offer for the remaining shares**
- **Bell Food Group will generate more than a quarter of total pro forma revenue in the high-margin convenience sector, becoming a leading European provider in this market**
- **Acquisition price of CHF 915 per share corresponds to a premium of 14.4%**
- **Capital increase planned to raise around CHF 600 million to finance the acquisition and further growth investments in the convenience sector**
- **Bond issue of around CHF 350 million for refinancing purposes**
- **Changes to the Bell Food Group's Board of Directors: Jean Gérard Villot, current Chairman of the Board of Directors of Hügli Group, proposed as additional member, and Philipp Wyss, Vice-Chairman of the Executive Committee of Coop, proposed as successor to Jörg Ackermann, who is resigning.**

Basel, 15 January 2018 – Swiss company Bell Food Group, one of the leading meat processors and makers of convenience products in Europe, has acquired Dr. A. Stoffel Holding AG, the majority shareholder in internationally active food group Hügli. Stoffel Holding has a stake representing 50.2% and 65.0% of the voting shares in Hügli Holding AG, which is based in Steinach (SG). Bell Food Group is simultaneously making a public tender offer for the remaining publicly traded shares of Hügli Holding AG at a price of CHF 915 per share, which relative to the nominal value is the same price as applies to the majority stake bought from Stoffel Holding. The price corresponds to a takeover premium of 14.4% over the volume-weighted average price for the last 60 trading days prior to the announcement of the tender offer. The Board of Directors of Hügli Holding AG unanimously supports the offer and recommends that shareholders accept it.

With this combination, Bell Food Group is significantly expanding its position in the convenience products market. Around CHF 1 billion in revenues – more than a quarter of Bell Food Group's consolidated revenues – will in future be generated in the high-growth, high-margin convenience sector. Bell Food Group expects to realize substantial improvements in results in the medium term.

The takeover is being financed through a combination of equity and debt capital. To ensure an appropriate capital structure in the medium to long-term, Bell Food Group will propose to shareholders at the Annual General Meeting of 10 April 2018 that they approve a capital increase of around CHF 600 million. This will help finance the acquisition of Hügli, as well as the strategic investment programme in Swiss production facilities that has already been announced, and further growth investments in the convenience market. It is expected that placement of the new shares will be underwritten at the point in time when the definitive conditions are announced. Coop Group in Basel, which owns 66.3% of Bell Food Group, has already committed to exercise its subscription rights in full, and to subscribe for the corresponding number of new Bell Food Group AG shares.

Bell Food Group was the preferred future owner by the founding family of Hügli Group, which was established in 1935. Alexander Stoffel, the recently deceased grandson of the founder, was personally involved in the initial talks with Bell Food Group. Hügli Group, which develops, produces and markets soups, sauces and meat alternatives, generated revenues of CHF 385 million in 2016. The company employs approximately 1,500 people and operates 10 production plants in Switzerland, Germany, Italy, Spain, the Netherlands, the Czech Republic and the United Kingdom. The transaction is subject to approval from European competition authorities. The product portfolios and most important customer groups of Bell Food Group and Hügli are highly complementary, with virtually no overlaps, therefore no objections by the authorities are expected.

Following the recent 100% takeover of fresh convenience specialist Hilcona and salad provider Eisberg, the Bell Food Group thus continues to pursue its strategy of growth in the convenience sector, which offers attractive growth and margins. Hügli's range, which focuses mainly on convenience products with longer shelf-life, provides an ideal complement to Bell Food Group's existing range of fresh convenience products. The sales channels, which are focused on the retail and catering trades, are also largely complementary. Bell Food Group's position will be strengthened particularly in the food service market thanks to Hügli's direct distribution and experienced sales team. The acquisition also improves Bell Food Group's international presence in major European markets. Further potential comes from synergies in procurement, from the extension of the customer portfolio, and from the exchange of know-how in development and other technological areas.

This combination with Bell Food Group, whereby Hügli will be operated as an independent business unit, ensures the continuation of Hügli's successful business model. The two companies are linked by similar histories, cultures and philosophies of quality. They also follow comparable international growth strategies. To ensure continuity, the Bell Food Group intends to propose that its Annual General Meeting on 10 April 2018 elects Jean Gérard Villot, current Chairman of the Board of Directors of Hügli Group, as an additional member of the Board of Directors of Bell Food Group AG.

“As well as strengthening our traditional areas of business, the acquisition of Hügli marks an important milestone in our growth strategy in the convenience sector,” says Hansueli Loosli, Chairman of the Board of Directors of Bell Food Group. “We are proud that Hügli’s founding family has chosen us as the new owner. We believe this combination has great potential to benefit our customers, employees and shareholders.”

The pre-announcement of the public tender offer was published today and can be seen on the Bell Food Group’s website at www.bellfoodgroup.com. A summary of the main provisions of the transaction agreement will be included in the public offer prospectus, which is expected to be published on 26 February 2018. The offer period is scheduled to begin on 13 March 2018 and end on 25 April 2018. The subsequent extension period is planned to run from 3 May 2018 to 17 May 2018. The transaction is expected to close at the end of May 2018. Once the public tender offer is completed, it is planned to delist Hügli’s shares.

In addition to the announced capital increase, Bell Food Group plans to issue new bonds in the nominal amount of around CHF 350 million during the second half of January. These will be used primarily to refinance the second tranche for the buy-out of the minorities in Hilcona, for early refinancing of the CHF 175 million bond due in May 2018, and for general corporate purposes. UBS Investment Bank has been mandated as sole advisor for the overall financing.

Bell Food Group expects EBITDA for the 2017 financial year to be around the previous year’s level, and net profit to be higher than in 2016. The Board of Directors will propose to the Annual General Meeting to approve an increase in the dividend of CHF 1 to CHF 8 per share. Bell Food Group will report its detailed annual results on 13 February 2018.

Change on the Board of Directors of Bell Food Group AG

The Board of Directors of Bell Food Group AG has nominated Philipp Wyss as a new Member of the Board of Directors. He is being proposed for election by the 2018 Annual General Meeting as the replacement for Jörg Ackermann. Jörg Ackermann has been a Member of the Board of Directors since 2000 and served as Chairman from 2001 to 2009. Jörg Ackermann is stepping down from the Board at his own request.

Philipp Wyss (50) is Vice-Chairman of the Executive Committee of Coop and has headed Coop’s Marketing/Purchasing Business Unit since 2012. He joined Coop in 1997 as Category Manager for Meat, Fish and Fresh Convenience. Working in various roles at Coop, Philipp Wyss gained substantial experience in category management of fresh products and in retail sales. His roles included being Head of the Retail Business Unit between 2009 and 2011, when he was responsible for all of Coop’s sales activities. Before working for Coop, he had various management jobs in the food sector.



About Bell Food Group

The Bell Food Group is one of the leading processors of meat and convenience products in Europe. Its offering includes meat, poultry, charcuterie, seafood, convenience products and cut salads. With its Bell, Hilcona and Eisberg brands, the Group covers a wide variety of customer needs. Its customers include the retail, food service and food industries. With around 10,000 employees it generates annual revenues of CHF 3.4 billion. The Bell Food Group is listed on the Swiss stock market.

About Hügli

Hügli was founded in Switzerland in 1935 and is now one of Europe's leading food companies for dry blends in the convenience segment, including soups, sauces, bouillons, desserts, functional food and delicatessen specialities. Hügli supplies kitchens in the food service sector (Food Service), provides products for brand companies and food retailers (Customer Solutions), supplies flavour-adding semi-finished products to food producers (Food Ingredients), and distributes its own, mainly organic, brands to consumers (Consumer Brands). With more than 1,500 employees in 11 countries, the company generates annual sales of around CHF 385 million (EUR 340 million).