

Media release

Basel, 13 February 2020

Ad hoc publicity

Bell Food Group made operational progress in the 2019 financial year; exceptional factors affected the result

The Bell Food Group made considerable progress in the 2019 financial year. Adjusted for various exceptional factors, the Bell Food Group posted operational growth. Joos Sutter and Thomas Hinderer are nominated as new members of the Bell Food Group Board of Directors.

The Bell Food Group generated sales revenue of CHF 4.1 billion (CHF -65.0 million, -1.6 %) in 2019. Adjusted for acquisitions and divestments, operational growth amounted to CHF 61.4 million (+1.5 %). The gross margin increased thanks to the shift in focus to products with higher added value. Reported EBIT amounted to CHF 95.3 million (CHF -45.3 million, -32.2 %). Taking account of all exceptionals amounting to CHF 53.9 million, EBIT for 2019 was CHF 149.1 million (CHF +8.5 million, +6.0 %).

All business areas contributed to the improved operating performance. This progress was achieved through increased sales of products with higher added value, effective cost management, process optimisations and the partial passing on of higher procurement costs. Synergies between the business areas could also be exploited.

As in the previous year, the financial result was burdened mainly by book-entry foreign currency effects of CHF -9.6 million (previous year CHF -4.6 million). The reported annual profit is CHF 49.6 million (CHF -39.7 million, -44.5 %). 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.

Overall, the Bell Food Group's balance sheet structure is very solid. Equity amounts to CHF 1.3 billion and the equity ratio is on a par with the previous year at 47.5 percent. The financial liabilities declined from CHF 903.6 million in the previous year to CHF 877.5 million.

In spite of the substantially lower corporate profit for 2019, the Board of Directors will ask the Annual General Meeting to approve the same distribution of CHF 5.50 per share. With this decision, the Board of Directors takes account of the various exceptionals. The distribution will be paid in equal parts as an ordinary dividend and from the capital contribution reserves.

Exceptionals in 2019 financial year

The reorganisation of the Bell Germany division, high prices for raw materials and start-up costs for the new facilities burdened the 2019 annual accounts with exceptionals amounting to CHF 53.9 million in total.

At the end of July 2019, the Bell Food Group sold the German plants in Suhl and Börger by way of a business transfer. This completed the exit from the German sausage business announced in June 2019. At the same time, the Bad Wünnenberg (DE) facility was converted into a manufacturing plant

for fresh convenience products for Hilcona. The reorganisation of the Bell Germany division generated costs of CHF 38.9 million.

Raw material prices for pork in Europe rose by more than 43 percent in 2019. This was caused by the outbreak of African swine fever in Asia and the resulting increase in demand for European pork in Asia. 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. This led to additional costs of some CHF 9 million in the Bell International business area.

Start-up costs for the new production plants generated additional costs of CHF 6.0 million in total, of which the lion's share concerned the commissioning of the new convenience facility in Marchtrenk in Austria in spring 2019.

Segment development

In a slightly contracting market for meat and sausages, the **Bell Switzerland business area** experienced an upswing in earnings in spite of lower sales volumes and made operational progress in the second half in particular. This was due to the shift in focus to product ranges with higher added value and effective cost management. The process optimisation measures launched in the previous year also took effect.

The reorganisation of Bell Germany and the strong increase in raw material prices for pork had a material effect on the performance of the **Bell International business area**. Adjusted for these exceptionals, the business area posted encouraging sales growth in 2019. 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. The new production facility for Serrano ham with a capacity of around 1 million hams per year was opened in summer 2019. The Bell Germany division will in future focus on its strong position in German and international air-dried ham products. In the Western/Eastern Europe division, the positive trend for the country units in France, Poland and Hungary continued. In the poultry division, the efficiency enhancement measures and investments in infrastructure are having the required effect.

In 2019, demand for ultra-fresh and ready-to-eat products dominated the convenience market. The **Convenience business area** profited from this trend with innovative product concepts. The Eisberg, Hilcona and Hügli divisions, which form part of this business area, posted above-average growth for product ranges with higher added value in particular. The innovations include, for example, the plant-based «The Green Mountain Burger» that will soon also be available in the retail sector in addition to the food service segment.

Outlook 2020

The Bell Food Group wants to achieve operational progress in all business areas in this financial year. Raw material prices are expected to remain volatile in Europe, so that the timely passing on of higher procurement costs to sales prices remains a decisive factor for business performance. Thanks to the new production capacities for air-dried ham and fresh convenience products, these attractive markets harbour further opportunities for growth.

Change in the Board of Directors of Bell Food Group Ltd

The Board of Directors of Bell Food Group Ltd has nominated Thomas Hinderer and Joos Sutter as new members of the Board of Directors. They will be proposed as replacements for the current Board member and Vice-Chair Irene Kaufmann and Board member Andreas Land at the Annual General Meeting on 17 March 2020. The current Board members are resigning from the Board of Directors of their own accord. The Board of Directors intends appointing Joos Sutter as the Vice-Chairman of the Board if he is elected.

Thomas Hinderer (61) has been the Chairman of the Management Board of Eckes AG, Nieder-Olm, Germany and CEO and Chairman of the Executive Board of the Eckes Granini Group since 2005. After 15 years, he will give up these positions of his own accord in July 2020 in order to take up new challenges. He previously worked in managerial positions with the Theo Müller Group in Germany (2001 to 2005) and with Bestfoods Germany (1992 to 2001), among others. In addition to his professional qualification as an industrial clerk, Thomas Hinderer completed a degree in business administration at a university of applied sciences. He has extensive and valuable experience in the international food manufacturing sector and in international trade.

Joos Sutter (55) has been Chairman of the Coop Cooperative, Basel and Coop's Head of Retail for the core supermarket business since 2011. From 1996, he worked in various managerial positions at the Coop Group, among others as Head of Trading at Coop Cooperative (2009 to 2011) and at Interdiscount (1999 to 2009). Joos Sutter studied business sciences at the University of St. Gallen and has been a certified auditor since 1994. He has extensive expertise in the areas of purchasing, logistics, IT and sales.

With both candidates, the Bell Food Group will gain very committed and experienced personalities.

About the Bell Food Group

The Bell Food Group is one of the leading meat processors and convenience specialists in Europe. Its range of products includes meat, poultry, charcuterie, seafood and convenience products. With the brands Bell, Eisberg, Hilcona and Hügli, the Group meets a diversity of customer needs. Its customers include the retail trade as well as the food service sector and the food processing industry. Around 12,500 employees generate annual revenues of around CHF 4 billion. The Bell Food Group is listed on the Swiss stock exchange.