



Media release

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Bell Group does well in the first half of 2014

The Bell Group remains on course in a difficult market environment. Sales rose by 0.6 percent to CHF 1.28 billion. As both EBITDA and EBIT could be raised, the half-year profit improved by CHF 3.4 million or 13.6 percent to CHF 27.9 million.

The Bell Group remains on course in a difficult market environment with sagging markets everywhere in Europe. Even though sales volume is down slightly at 105,707 tonnes, sales improved by 0.6 percent to CHF 1.28 billion. At CHF 411.7 million, the gross profit is up around CHF 13 million on the previous year. The operating result (EBITDA) is also better and improved by CHF 2.7 million on the first half of 2013 to CHF 81.6 million. In the same period, the net profit increased by 13.6 percent to CHF 27.9 million. Supporting the positive earnings trend in Switzerland, the other markets also showed improvement, but high prices for raw materials and negative market developments continue to pose serious challenges.

Bell Switzerland posts a strong second quarter

Sales volume contracted by 1.4 percent on the previous year to 60,600 tonnes. While the first quarter did not meet expectations, Bell posted substantially better results for the second quarter because Easter was later and the barbecue season started on a positive note thanks to good weather. Higher prices for raw materials and the full-year effect of the price increases on charcuterie products introduced in July 2013 led to an increase in sales of 2.6 percent on the previous year. Bell expects prices for beef for processing to remain high, but prices for pork should ease slightly in the second half of the year. A comprehensive process optimisation programme was launched to improve the operating costs, and the first effects are expected in 2015. Construction of the new building in Cheseaux is progressing according to plan and production can start at the beginning of 2015.

Bell Germany makes progress in a difficult market environment

Bell Germany considerably outperformed the market as a whole, which declined by around 5 percent for the relevant product groups in the first half. At 31,650 tonnes, sales volume was down 1.3 percent on the previous year, but is still better than the total market. Air-dried ham is a good example of a segment where Bell Germany managed to buck the downward trend of the market and posted volume as well as sales growth. This positive performance was mainly driven by increased sales of air-dried ham from the Mediterranean region, such as Spanish Serrano ham. The restructuring of the sausage and convenience product ranges is continuing, but thanks to the launch of attractive new products, Bell also managed to improve its market position in these segments. With the relaunch of the strategic brands Abraham and ZIMBO, Bell enhanced its requirements as to product quality. Following the bundling of its business activities in the first half of 2014, Bell Germany made continuous operating progress, also because it successfully



harmonised its processes and standardised its IT systems. Programmes to further reduce the operating expenses were also started for Bell Germany. As in Switzerland, the first results of these measures are expected in 2015.

Different developments for Bell Eastern Europe/Benelux

Bell Eastern Europe/Benelux is seeing very different trends. Bell Poland improved its sales volume by another 5 percent on 2013. The production plants in Poland are working at full capacity and further volume increases are not possible in the existing plants. The Board of Directors therefore decided to expand production capacity in the growing Polish market. The situation is more difficult for Bell Hungary, where sales volume dropped 4.4 percent on the previous year in the first half. Important new listings only became effective in June and will lead to progress in the second half. Although Bell Benelux also posted a considerable volume decline, the added value and thus the earnings situation could be improved substantially. The branch shops in the Czech Republic and Slovakia came under stronger market pressure in the first half of 2014.

Bell France: consolidation because of high raw material prices

Sales volume for France was down on the previous year by 350 tonnes or 5.5 percent. It should be added, though, that strong growth was posted in the past few years, sometimes also to the debit of the margins. As the volume decline resulted from the discontinuation of product ranges where margins are very small, the gross profit for the first half of 2014 is on a par with the previous year. Bell is also investing in the distribution of the "Môssieur Polette" brand.

Outlook

The market and framework conditions remain difficult. Depending on the weather, the economy and the development of raw material prices, Bell expects to be able to further improve its results on the previous year in the second half of 2014.

On 15 July, the German Cartel Office imposed a fine on Bell for around EUR 100 million for alleged illegal price fixing in the years before the acquisition of Abraham and ZIMBO. As Bell does not believe this fine to be justified, either in fact or on the merits, it has filed a timely appeal.



Key figures for Bell Group

	HY2014	HY2013	+/-
Sales in CHF thousand	1,277,256	1,270,268	+0.6 %
- Bell Switzerland*	917	894	+2,6 %
- Bell Germany*	237	245	-3,0 %
- Bell Eastern Europe/Benelux*	85	94	-9,4 %
- Bell France*	49	51	-3,1 %
*in CHF millions; incl. sales with other Bell Divisions			
Sales volume in tonnes	105,707	107,574	-1.7 %
- Bell Switzerland*	60'582	61'454	-1,4 %
- Bell Germany*	31'643	32'074	-1,3 %
- Bell Eastern Europe/Benelux*	9'675	10'023	-3,5 %
- Bell France*	5'887	6'231	-5,5 %
*in tonnes; incl. sales volume with other Bell Divisions			
EBITDA in CHF thousand	81,564	78,868	+3.4 %
as % of net income	6.4 %	6.3 %	
EBIT in CHF thousand	39,085	36,193	+8.0 %
as % of net income	3.1 %	2.9 %	
Half-year profit	27,881	24,545	+13.6 %
as % of net income	2.2 %	2.0 %	
Investments in production facilities in CHF thousand	44,867	34,445	+30.3 %
Number of employees FTE	6,274	6,193	+1.3 %
- Switzerland	3,326	3,318	
- Europe	2,948	2,875	