



Media release

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**Bell Group grew in first half of 2016;
takeover of Valais-based charcuterie specialist Cher-Mignon**

The Bell Group's sales strengthened by 26.2 % to CHF 1.6 billion. At CHF 119.8 million, EBITDA was up on the previous year by 32.4 %. The net profit after third-party interests rose by 13.3 % to CHF 36.2 million. Bell is also taking over Cher-Mignon, the Valais-based charcuterie specialist.

The first half of 2016 was dominated by the acquisitions of Huber and Eisberg, the effects of the majority takeover of Hilcona in May 2015 and the challenging conditions in the markets. The Bell Group's sales improved by 26.2 % or CHF 336 million to CHF 1.6 billion. This sales growth was mainly driven by the consolidation of the acquisitions. The poultry specialist Huber has been consolidated in the Group accounts since 1 March 2016, and Eisberg specialising in fresh convenience fruit and salads has been consolidated since 1 May 2016. In contrast to the previous year (only May and June), Hilcona's full half-year sales of CHF 276 million are consolidated in the Group accounts. Nominal sales were also affected by higher raw material prices and currency translation differences. The Bell Group's total sales volume for the first half was 191,928 tonnes (+59.5 %). This volume increase is explained by the acquisitions and the growth posted in Switzerland.

While effective cost management and the contributions from the acquired companies had a positive effect, higher costs for raw materials and fiercer competition continued to put pressure on the margins; but at CHF 119.8 million, EBITDA was still up 32.4 % or CHF 29.3 million on the prior-year period. EBIT also improved by CHF 15.6 million to CHF 61.0 million (+34.2 %). At CHF 36.2 million, the net profit after third-party interests was CHF 4.2 million higher than in the same period last year (+13.3 %).

Bell Switzerland increases sales volumes

The Swiss retail and food service markets were buffeted by the effects of shopping tourism and the unfavourable weather conditions in the first half of the year. Depending on the animal species, prices for raw materials also rose by up to 9 %. In spite of these difficult conditions, Bell Switzerland turned in a solid performance. Sales increased by 4.1 % to CHF 934 million (CHF +36.5 million) and sales volumes grew by 2.3 % to some 62,000 tonnes, mostly due to strong sales promotion measures. However, higher raw material prices and fiercer competition increased the pressure on the margins. The extension to the poultry plant in Zell (LU) was finished on time and was commissioned smoothly in June.

Challenging market environment for Bell Germany

Bell Germany is also confronted by a challenging and competitive market. Competitive pressure is increasing listing volatility, and raw material prices rose substantially in the second quarter in particular. These factors affected the results: sales contracted by 2.3 % (-5.9 % in local currency) to CHF 213

million, and sales volumes declined by 1.9 % to 32,551 tonnes. The branded goods business performed well – the brand concepts are successful and further progress was made with market penetration.

Construction on an additional plant for Spanish ham specialities close to Madrid is due to start at the beginning of 2017. When this facility is finished, the new annual capacity of more than one million hams will give Bell new opportunities for national and international marketing activities.

Measures introduced by Bell International show first results

Bell International's sales grew by 140.0 % to CHF 223 million in the first half. Sales volumes rose by more than 200 % to 54,476 tonnes. The main reason for this growth is the integration of Huber. The poultry specialist is doing well and the integration process is on course. Bell in France is working hard to improve its performance. The rationalisation of the product range and the focus on products with higher added value are showing the first results. Bell's business units in Poland and Hungary are on the right track. Organisational measures to sustainably improve the market success of the branch shops were implemented in the Czech Republic.

Hilcona achieves success through innovation

Hilcona, the specialist for fresh convenience food, can look back on a successful first half because of the above-average growth of its sales to retail customers in Switzerland. Hilcona posted sales of CHF 276 million and a sales volume of 47,150 tonnes. The company's capacity for innovation, in particular with regard to first-class ready-prepared meals and vegetarian products, is an important driver of its success. Further progress was also made in improving the operating efficiency. The integration of Eisberg's fresh convenience salads business in the Bell Group is proceeding according to plan. Eisberg is being merged organisationally under one management with Gastro Star, which has been part of the Hilcona Group since 2012.

Outlook

In the second half of 2016, the focus will continue to fall on the smooth integration of the acquired companies and the operational measures that were implemented to further strengthen Bell's operating efficiency and performance. Bell is convinced of the strengths of the Group and the successful implementation of its strategies and is prepared for the coming challenges. The further development of raw material prices and the sales markets as well as their effects on the results are, however, difficult to predict.

Takeover of Cher-Mignon

The Bell Group is taking over the Valais-based charcuterie specialist Cher-Mignon SA. With 25 employees and annual sales of some CHF 13 million, this company of great tradition is the leader in its segment. The parties have agreed to keep the purchase price confidential. All employees will be taken over.

This craft business has been making Valais dried-meat specialities such as Valais air-dried ham (PGI) and Valais air-dried bacon (PGI) for more than a century. Exquisite specialities have been lovingly crafted according to old family recipes for many generations in the drying plant in Chermignon at 1,200 metres

above sea level. The merger ensures the continuation of Cher-Mignon's manufacturing activities. For Bell Switzerland, this is the ideal way to expand its expertise in regional charcuterie specialities. With its plants in Basel, Gossau, Cheseaux-sur-Lausanne and Churwalden, Bell already offers a wide range of regional specialities from Basel, St. Gallen, the Vaudois and Graubünden.

About Bell

The Bell Group is one of the leading meat processors in Europe. Its range of products includes meat, poultry, charcuterie, seafood and convenience products. With the brands Bell, Abraham, ZIMBO, M^ossieur Polette and Hilcona, the Group meets a diversity of customer needs. Bell counts the retail and wholesale trade, food service sector and food processing industry among its customers. Some 9,500 employees generate sales of more than CHF 3.0 billion per year. Bell is listed on the Swiss stock exchange.

Key figures for Bell Group	HY2016	HY2015	+/-
Proceeds from sale of goods in CHF million	1,616	1,280	+26.2 %
Sales volume in tonnes	191,928	120,366	+59.5 %
EBITDA in CHF million as % of operating income	120 7.5 %	90 7.2 %	+32.4 %
EBIT in CHF million as % of operating income	61 3.8 %	45 3.6 %	+34.2 %
Half-year profit in CHF million as % of operating income	36 2.3 %	32 2.5 %	+13.3 %
Number of employees (FTEs)	9,710	8,262	+17.5 %

Segments

Proceeds from sale of goods in CHF million			
- Bell Switzerland*	934	897	+4.1 %
- Bell Germany*	213	218	-2.3 %
- Bell International*	223	93	-
- Hilcona Group*	276	88	-
- Consolidation	-29	-16	-

*incl. sales to other Bell divisions

Sales volume in tonnes			
- Bell Switzerland*	62,160	60,753	+2.3 %
- Bell Germany*	32,551	33,165	-1.9 %
- Bell International*	54,476	14,571	-
- Hilcona Group	47,150	14,457	-
- Consolidation	-4,409	-2,580	-

*incl. sales to other Bell divisions