

Media release

Basel, 13 February 2019

Ad hoc publicity

**Strong growth with lower annual profit for the Bell Food Group in 2018;
Convenience business area contributes quarter of total sales revenue for first time**

The Bell Food Group's sales revenue rose by 15.4 percent to CHF 4.1 billion in 2018. Sales volume increased by 19.6% to 542.9 million kg. EBITDA grew by 8.8 percent to CHF 305 million. A weak first half, higher depreciation and amortisation and foreign currency effects led to a lower annual profit. At CHF 89.3 million, the annual profit was 16.1 percent less than in the previous year. Adjusted for foreign currency effects, profit is 2.8 percent lower than last year's.

The Bell Food Group boosted sales revenue in the 2018 financial year by 15.4 percent or CHF 554.1 million to CHF 4.1 billion. Sales volume rose by 19.6 percent to 542.9 million kilograms (+89.1 million kg). Growth occurred in particular in the Convenience business area. The acquisitions of Hügli and Sylvain & CO as well as operational progress substantially strengthened the Group's position in this attractive and growing market. By now, the Convenience business area contributes around one-quarter of the Group's sales revenue. The Bell Food Group also demonstrated organic growth in the core business with meat, poultry, seafood and charcuterie.

At CHF 1.6 billion, the gross profit from operating activities is CHF 256.6 million higher than last year's. The gross profit margin rose by 1.5 percentage points to 38.6 percent. This increase is explained by the bigger share of high value-added convenience products and foreign currency and acquisition effects.

In addition to the currency and acquisition effects, the rise in volumes and higher personnel expenses in the international poultry business also affected operating costs. In total, EBITDA increased by CHF 24.8 million to CHF 305.4 million. At CHF 164.7 million, depreciation and amortisation were up year-on-year because of the acquisitions. This resulted in EBIT of CHF 140.6 million (-6.1 percent, CHF -9.1 million). The Bell Food Group's financial result is encumbered by book-entry foreign currency effects. At CHF 89.3 million, the annual profit was 16.1 percent or CHF 17.2 million less than in the previous year. Adjusted for the foreign currency effects on the financial result, the contraction is 2.8 percent. The measures that were implemented after a weak first half demonstrated their effects in the second half of 2018. Although they managed to put a brake on the first half's slide, the losses could not be fully compensated by the end of the year due to generally unsatisfactory Christmas sales.

Segment development

In the reporting year, **Bell Switzerland** increased both its sales revenue and sales volume and thus gained market share in a generally stable market for meat products and sausages (charcuterie).

While the retail market remains under pressure, food service sales trended positively. The decline in the first half of the year was halted in the second half by the countermeasures that were introduced promptly. A weak Christmas season, however, wiped out some of the progress achieved.

In Germany, the market for charcuterie products declined slightly. In this environment, **Bell Germany** posted higher sales revenue, thus gaining market share. The country organisation in Spain, which in organisational terms belongs to the Bell Germany division, performed very well.

The **Bell International** division once again improved its sales revenue and sales volume in the 2018 financial year. All business units of Bell International contributed to this growth. Because of higher personnel expenses and rising feed prices, the poultry business in Austria and Germany did not develop as planned. Sales of organic poultry in Germany lagged behind expectations. Countermeasures managed to partly halt the decline in the second half of the year. The targeted price increases, in particular, could not be introduced until November 2018.

The Convenience business area, which merges the activities of Eisberg, Hilcona and Hügli, performed well in the reporting year. The growth of sales revenue and sales volume was driven by the acquisitions of Hügli and Sylvain & CO as well as by operational progress. Hilcona can look back on a successful financial year and posted growth in all retail and food service markets. Eisberg saw positive sales revenue growth in the food service sector in particular. Hügli was integrated into the Bell Food Group as planned and met its own expectations, even though an unusually weak year-end business ultimately had a negative impact on the result.

Higher distribution

A share capital increase was carried out in June 2018 in order to finance the acquisition of Hügli as well as for other investment projects and strategic future projects to stimulate growth. For 2018, the Annual General Meeting will be asked to approve a distribution of CHF 5.50 per share. Owing to the higher number of shares, the amount distributed is around CHF 2.5 million more than in the previous year. The distribution will be paid in full from the capital contribution reserves.

Outlook 2019

The integration of Hügli and Sylvain & CO will be finalised in 2019. The foundation for the exploitation of synergy potential was laid at Hügli in 2018. This should make a substantial contribution to the result of the Convenience segment in 2019 and the following years. At the same time, the new convenience facility in Marchtrenk, Austria will stimulate the Bell Food Group's strategic growth in the Convenience segment. In addition, the measures to improve results which were launched in the reporting year will demonstrate their effect throughout the year in 2019.

Key figures for the Bell Food Group	2018	2017	+/-
Sales revenue in CHF m	4,143.2	3,589.0	+15.4%
Net revenue in CHF m	4,059.4	3,537.3	+14.8%
Sales volume in million kg	542.9	453.8	+19.6%
Gross profit in CHF m as % of net revenue	1,567.2 38.6%	1,310.7 37.1%	+19.6%
EBITDA in CHF m as % of net revenue	305.4 7.5%	280.6 7.9%	+8.8%
EBIT in CHF m as % of net revenue	140.6 3.5%	149.7 4.2%	-6.1%
Annual profit in CHF m as % of net revenue	89.3 2.2%	106.5 3.0%	-16.1%
<i>Annual profit adjusted for foreign currency effects in CHF m</i>	<i>93.9</i>	<i>96.6</i>	<i>-2.8%</i>
Number of employees in FTE as of 31/12	12,442	10,578	+17.6%

Segments

Sales revenue in CHF m			
- Bell Switzerland*	1,981.5	1,960.5	+1.1%
- Bell Germany*	501.1	477.2	+5.0%
- Bell International*	662.4	610.4	+8.5%
- Convenience*	1,074.1	618.5	+73.7%
- Consolidation	-76.0	-77.5	

*incl. sales with other divisions

Sales volume in million kg			
- Bell Switzerland*	125.7	125.5	+0.2%
- Bell Germany*	72.6	72.4	+0.2%
- Bell International*	164.2	159.3	+3.1%
- Convenience*	190.4	107.9	+76.5%
- Consolidation	-10.0		-11.3

*incl. sales with other divisions

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 sales of around CHF 4 billion. The Bell Food Group is listed on the Swiss stock exchange.