

The Bell Food Group is continuing to grow

- The Bell Food Group posted encouraging organic growth in the first half of 2022. Net revenue, after adjustment, rose by 6.2 percent to CHF 2.1 billion. This growth is attributed to the recovery of the convenience segment, the improved utilisation of the Marchtrenk (AT) facility and the rapid implementation of price increases in response to inflation.
- The coronavirus situation has normalised as expected. As a result, the food service channel recovered substantially while the high, pandemic-driven retail sales contracted slightly. The extraordinarily severe and rapid inflation was unexpected.
- The speedily implemented price increases could not entirely keep up with inflation. At CHF 63.0 million, EBIT is – after adjustment – only slightly below the previous year's record (CHF -2.6 million, -4.0 %). This result was made possible by the rapid implementation of price increases and immediate initiation of cost measures. EBIT was thus CHF 5.0 million higher than the pre-pandemic reference value for 2019.
- The Bell Food Group could not escape the negative currency developments. The half-year result was CHF 40.2 million, which, after adjustment, is CHF 10.9 million below the previous year.
- The convenience business areas Eisberg, Hilcona and Hügli benefited from the growth momentum in the food service market. This made up for the expected decline in the business area Bell Switzerland following the normalisation of the market. Bell International is well positioned in the market and posted gratifying organic growth, but lost sales volume in view of depressed consumer sentiment.
- The Bell Food Group adopted its new sustainability strategy 2022–2026 in the first half of 2022. The new strategy pursues ambitious objectives, and also takes account of the upstream and downstream value chains for the first time.

The Bell Food Group posted encouraging organic growth in the first half of 2022. At CHF 2.1 billion, net revenue was up CHF 126.0 million (+6.2 %) in adjusted terms year-on-year. «We can look back on a good first half of 2022,» says Lorenz Wyss, CEO of the Bell Food Group. «This is all the more encouraging as we had to cope with sharply rising inflation in the procurement market.» This was made possible not least by the rapid implementation of price increases.

Difficult framework conditions mastered

In spite of the challenging framework conditions, the Bell Food Group posted a good half-year result of CHF 40.2 million. The decline of CHF 10.9 million compared to the result for the previous year is primarily due to unfavourable currency developments in the first half of 2022. While a currency gain of CHF 3.7 million was reported in the previous year, the first half of 2022 saw a currency loss of CHF

5.1 million. The Bell Food Group's performance is therefore below the previous pandemic-induced record for 2021, but above the pre-pandemic reference value for 2019.

The operating business was dominated by the normalisation of the coronavirus situation and a sharp increase in inflation triggered by the Ukraine conflict. The normalisation of the coronavirus situation mainly prompted a substantial recovery of the convenience business areas Eisberg, Hilcona and Hügli with their strong focus on the food service and to-go segments. Due to falling retail sales, the business area Bell Switzerland, however, could not entirely duplicate the excellent performance of the pandemic years. The war in Ukraine sparked extraordinary inflation from the second quarter, which led to a rapid rise in procurement prices. These price hikes mainly affected energy and transport costs, but also pushed up prices for feed, packaging and auxiliary materials. In contrast to previous years, price increases could be implemented rapidly for the most part, but the higher sales prices could not keep pace with the extraordinary speed of inflation. In spite of successful price increases and further progress in productivity, EBIT was CHF 63.0 million, which is CHF 2.6 million (-4.0%) in adjusted terms lower than in the previous year.

In May 2022, the Bell Food Group successfully floated a bond of CHF 300 million with an interest rate of 1.55 percent and a term of seven years. The funds raised were used to refinance a bond maturing in May of CHF 175 million, and the remainder was channelled to the strategic investment programme in Switzerland. This refinancing transaction is reported in the balance sheet as at 30 June 2022. The cash and cash equivalents increased by some CHF 100 million compared to the previous year and amount to CHF 246.9 million. There has also been a shift from current to non-current financial liabilities. Net financial liabilities amount to CHF 739.2 million. Equity equals CHF 1.4 billion and accounts for 48.3 percent of total assets.

Business areas are performing well

The **business area Bell Switzerland** posted a good result under these challenging conditions, but as expected was unable to fully duplicate the excellent performance of the previous year. This is mainly due to the change in the channel mix caused by the post-pandemic decline in retail sales. Inflation on a number of cost factors also weighed on the margins. The **business area Bell International** reported gratifying organic growth and managed to hold on to or even expand its position in a contracting market. The severe inflation, in particular for feed and energy, presented a major challenge. The **business area Eisberg** made good progress on the back of its good performance in Switzerland and Eastern Europe. The waning of the pandemic effects meant that the new facility in Marchtrenk in Austria could increase its capacity utilisation. The quality and availability of raw materials presented a challenge. The **business area Hilcona** exploited the growth momentum in the market and posted an encouraging result. The main drivers of growth were the recovered food service channel and the sandwiches and pasta product categories. The **business area Hügli** also benefited from the recovery of the food service segment and made gratifying progress year-on-year. This growth was mainly driven by products with a higher degree of convenience and the Italian product range.

Adjustment of the organisational structure

On 1 May 2022, the Bell Food Group adjusted its top-level organisational structure. The business area Convenience was split into the three independent business areas of Eisberg, Hilcona and Hügli. With the current business areas Bell Switzerland and Bell International, the Bell Food Group now has five operational business areas. The organisational changes to the convenience activities allow a

more direct marketing approach and open up new opportunities for more efficiently exploiting the market potential in the emergent convenience business area.

Investment programme Switzerland

The investment programme in Switzerland remains on course. The construction of the deep-freeze warehouse in Oensingen has been completed. Following an installation and test phase, the warehouse will be commissioned in the first quarter of 2023. Construction work on the logistics centre and the slicer centre is proceeding according to plan. The building permit application for the new extension to the cattle slaughtering facility was submitted in the first half of 2022 and work has started on the excavations. The planning of the second expansion phase at Hilcona's headquarters in Schaan has started following the completion of the new production facility for non-perishable pasta in the second quarter of 2022. As part of the consolidation of its locations, Eisberg has started to transfer the activities at the Villigen location to other facilities. The Villigen facility will be closed by the end of 2022.

Sustainability strategy 2022–2026

The Bell Food Group's new sustainability strategy 2022–2026 with its eight defined strategic fields of action entered into force in the first half of 2022. Specific objectives were defined for each field of action. The revised strategy is substantially more ambitious. The upstream and downstream value chains have also been integrated into the strategy for the first time. The sustainability report 2021 provides an overview of the Bell Food Group's sustainability engagement and can be found at www.bellfoodgroup.com/cr-en.

Outlook

According to CEO Lorenz Wyss, the further course of the financial year will mostly be determined by «inflation and the coronavirus situation.» The procurement and price situation will remain tense for as long as the uncertain geopolitical situation persists. Lorenz Wyss: «We expect inflation to rise further in the second half of the year, which means that it will impact the annual result.» The development of the pandemic and its political effects are difficult to assess. If the expected new wave in autumn and winter does not trigger new lockdown measures, Wyss expects the normalisation of the channel mix to continue in the second half of the year.

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 and vegetarian products. With brands such as Bell, Eisberg, Hilcona and Hügli, the Group meets a range of customer needs. Its customers include the retail trade as well as the food service sector and the food processing industry. Some 12,000 employees generate annual sales of over CHF 4 billion. The Bell Food Group is listed on the Swiss stock exchange.