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Media/Analyst conference 15.1.2018

Takeover offer for Hügli by Bell Food Group

Key points at a glance

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Transaction

Bell Food Group is acquiring a **majority stake** in **Hügli Holding AG**

Takeover offer made for remaining publicly traded shares

Acquisition price of CHF 915 per share corresponds to a premium of 14.4 %

Complementary markets & products

> No objections expected from **competition authorities**

Financing

Capital increase of around CHF 600 million to finance the acquisition, as well as the strategic investment programme already announced, and further growth in the convenience sector

Bond issue of around CHF 350 million for refinancing purposes

Key strategic rationale

In future, more than 25% of Bell Food Group's sales will be in the **high-margin convenience sector**

Becoming one of the **leading suppliers of convenience food in Europe**

Consistent implementation of group strategy

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- Strengthening leadership position in the traditional meat, poultry, and charcuterie segment
 - > Focus on efficiency and productivity gains
 - > Added value ranges and sustainability
- Expanding market share in the **high-growth, high-margin convenience sector**
 - > Strengthening **leadership position** in the European convenience food segment
 - > Organic and acquisition-fuelled growth
- **Significant strengthening of food service channel**
 - > Strategically important extension of reach in the convenience food segment and in international markets
 - > More attractive partner for many customers
- Expansion of presence in Europe
 - > Second geographical foothold alongside home market of Switzerland

Uncomplicated, rapid integration

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Integration

Simple integration of Hügli into Bell Food Group

Manage as **independent unit**

Hügli's **Group Management remains in place**, ensuring smooth integration

Bell is founding family's **preferred owner**

Synergies

Both **market and cost synergies**

Market: regional, customer base

Costs: procurement, production network, logistics, management

Value generation

Clear focus on market – emphasis on **convenience food**

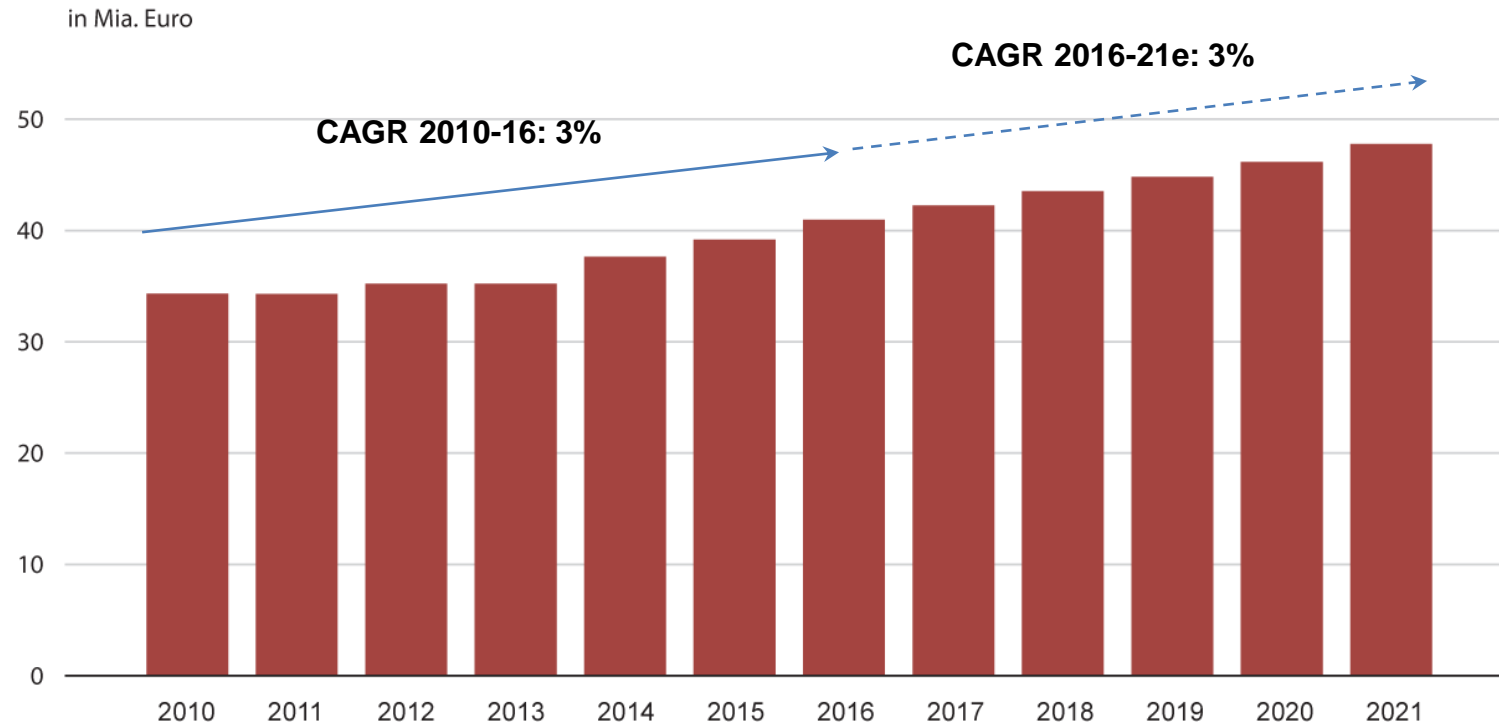
Medium-term **profit contribution** higher than pro rata dilution effect from capital increase

- Operating **earnings contribution** from Hügli
- **Synergy contribution** for Bell Food Group

Bell Food Group retains its **dividend policy**

Convenience Food: A sustainable growth market

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Ready meals and soups

Sales of convenience products in Europe
Source: Statista, December 2017

Overview of Bell Food Group

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Sales volumes
in tonnes

414,260

+50.5%

Goods turnover
in CHF million

3,390

+20.3%

Annual profit
in CHF million

101

+6.1%

Goods turnover
by product group

Fresh meat **25%**

Charcuterie **31%**

Poultry **20%**

Seafood **5%**

Convenience **17%**

Other **2%**

Gross profit
in CHF million

1,233

+20.2%

EBITDA
in CHF million

278

+18.3%

Employees
in FTE

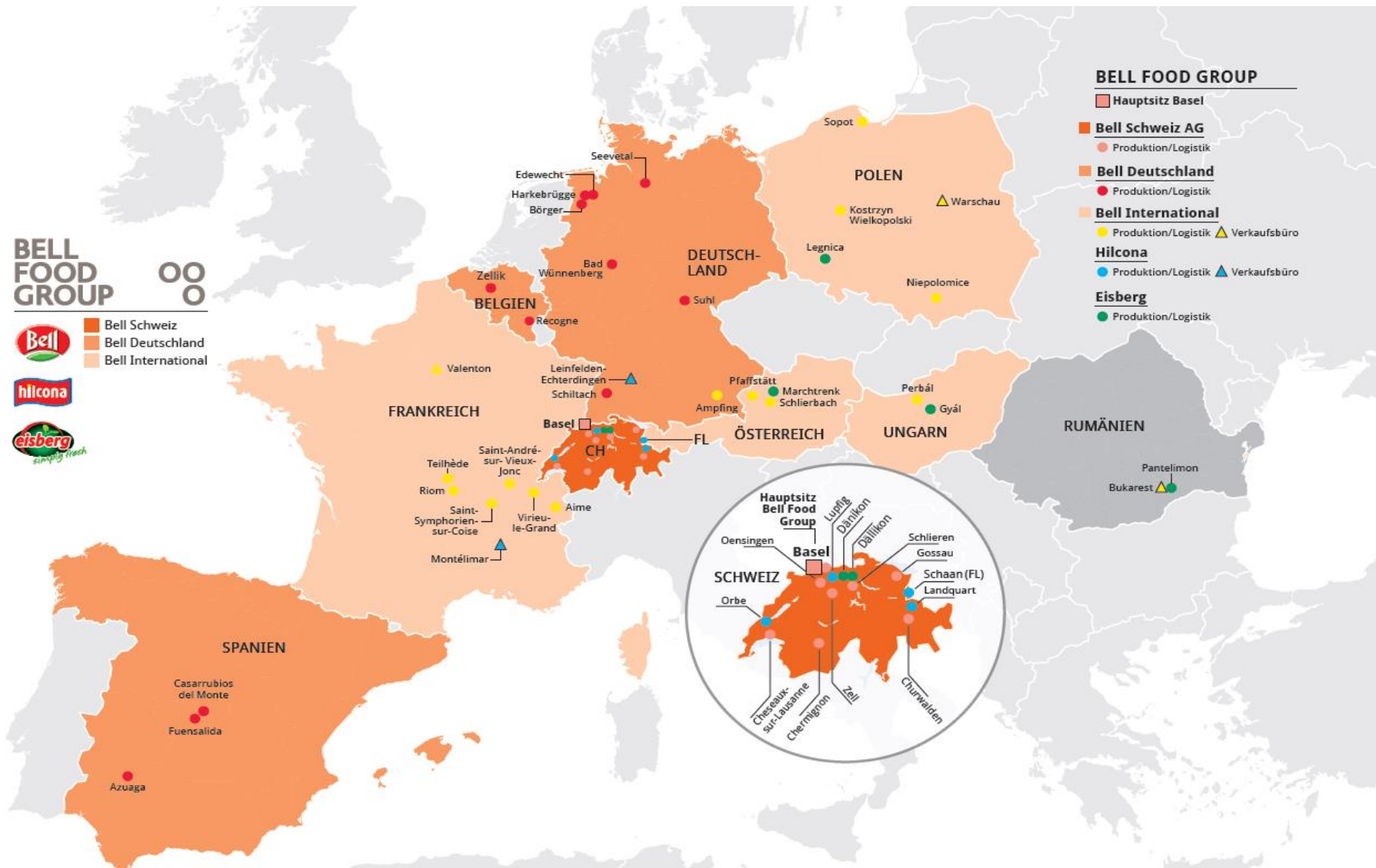
10,433

+20.0 %

Year 2016

Overview of Bell Food Group

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Clear strategic fit

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Market access, existing international distribution structure in food service sales market



Group synergy potential and additional capabilities



Shared services: HR, administration, IT, finance



New business area in the convenience sector – logical progression for BFG



Stable results, high cash flow in EUR, increases BFG's margin



Lower raw material dependencies (joint purchasing)

Substantial strengthening in convenience sector and overall expansion of range

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Complementary product portfolios



Meat

- Fresh meat
- Poultry
- Seafood
- Charcuterie

Ultra-fresh convenience

- Salad meals
- Chopped salads, fruits and vegetables

Fresh convenience

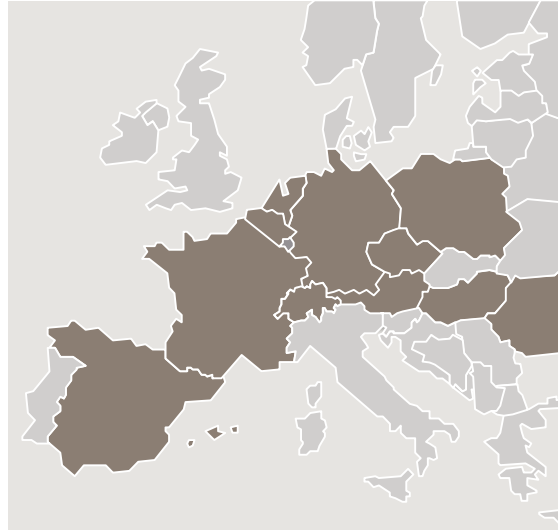
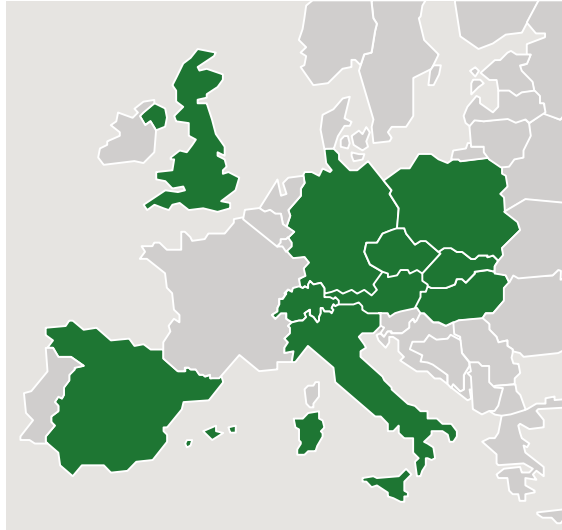
- Pasta
- Sandwiches
- Ready meals
- Pizza

Non-perishable convenience

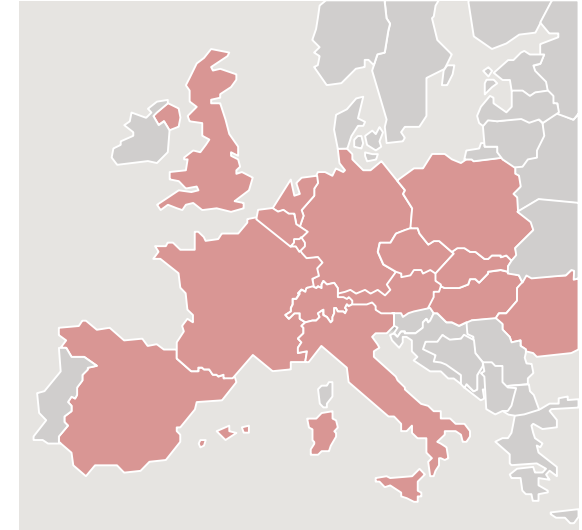
- Soups
- Sauces
- Desserts
- Ingredients

European footprint

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Expansion of
European presence

Organisatorische Eingliederung

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Unternehmensebene

Gruppe	<div><div>BELL FOOD GROUP</div><div><div>OO</div><div>O</div></div></div>						
Divisionen	<div><div>Bell Schweiz</div><div><div>> Bell Schweiz</div><div>> Geiser AG</div></div></div>	<div><div>Bell Deutschland</div><div><div>> Bell Deutschland</div><div>> Bell Benelux</div><div>> Bell Spanien</div></div></div>	<div><div>Bell International</div><div><div>> Bell Frankreich</div><div>> Bell Polen</div><div>> Bell Ungarn</div><div>> Hubers/SÜTAG</div></div></div>	<div><div>Hilcona</div><div><div>> Hilcona Liechtenstein/ Schweiz</div><div>> Hilcona Deutschland</div><div>> Frostag</div></div></div>	<div><div>Eisberg</div><div><div>> Gastro Star</div><div>> Eisberg Polen</div><div>> Eisberg Ungarn</div><div>> Eisberg Rumänien</div><div>> Eisberg Österreich</div><div>> Eisberg Spanien</div></div></div>	<div><div>Hügli</div><div><div>> Food Service</div><div>> Customer Solutions</div><div>> Consumer Brands</div><div>> Food Ingredients</div></div></div>	<div><div>Finanzen/Services</div></div>

Hügli remains Hügli

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- Hügli remains an **independent company**
- **Continuation** of successful **business model** with proven distribution organisation
- **The Hügli brand** is being retained, strengthened by **further expansion** of the company within the BFG Group, plus resulting distribution synergies
- Similar **corporate cultures** and **philosophies of quality**
- Similar and complementary **international growth strategies**

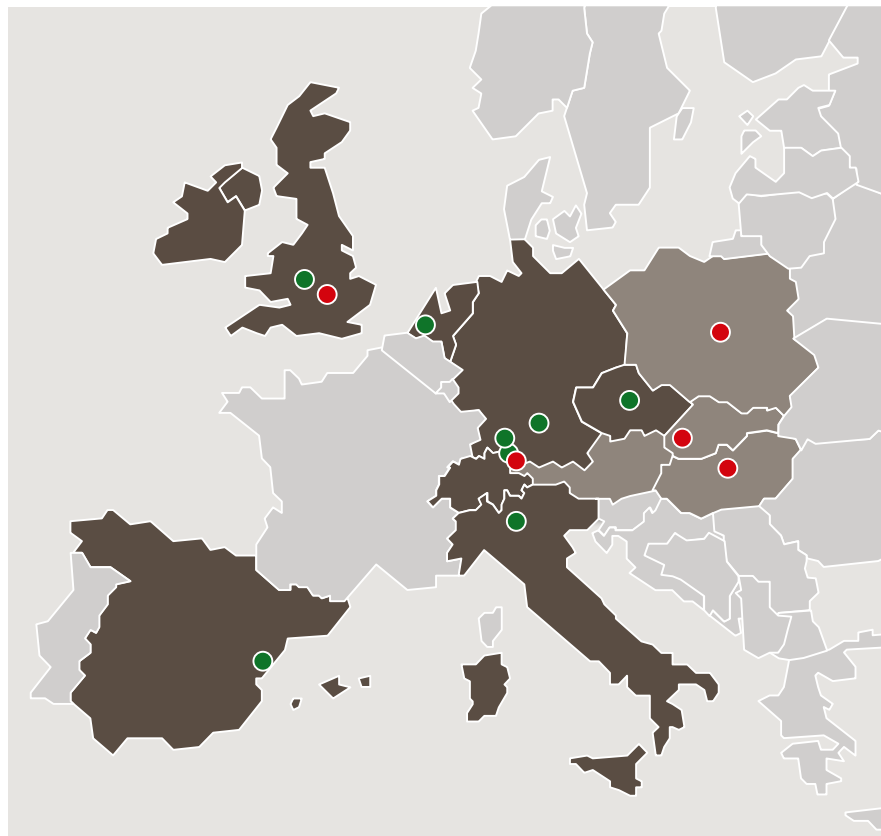
BFG: the Hügli founding family's preferred owner

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- **Alexander Stoffel** was personally involved in initial talks with the new preferred owner, Bell Food Group
- **Perfect fit:** industrial, commercial and cultural
- Managed as **an independent business unit** within Bell Food Group
- A Swiss succession arrangement with an **industrial owner**
- **Continuation and expansion** of successful **business model**

Production and distribution locations



● Production locations

- Switzerland – Steinach and St. Gallen sites
- Germany – Radolfzell sites(2)
Neuburg an der Kammel and Ulm
- United Kingdom – Redditch site
- Italy – Brivio site
- Czech Republic – Zášmuky site
- Spain – La Vall d'Uixó site
- Netherlands – Sleenwijk site

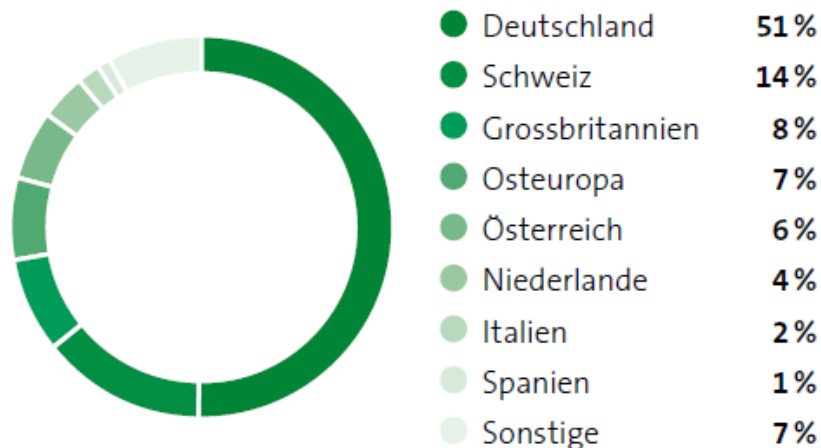
● Distribution companies

- Austria – Hard
- Slovakia – Trnava
- Poland – Lodz
- Hungary – Budapest
- UK – Wellingborough

Focus on Europe and dry blend products

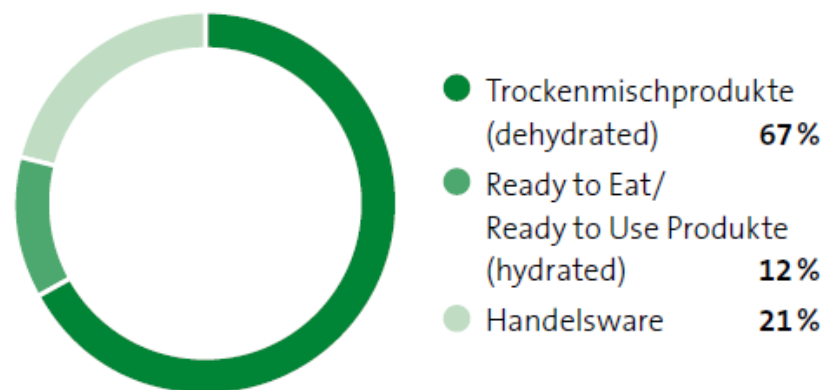
Umsatz nach Absatzländern 2016 (Kundenstandort)

in %



Produktgruppen 2016

in %



Market-focused distribution organisation

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FOOD SERVICE

Large-scale users and catering

CUSTOMER SOLUTIONS

Food retailers, brand proprietors,
food manufacturers

CONSUMER BRANDS

Our own brands for the trade

FOOD INGREDIENTS

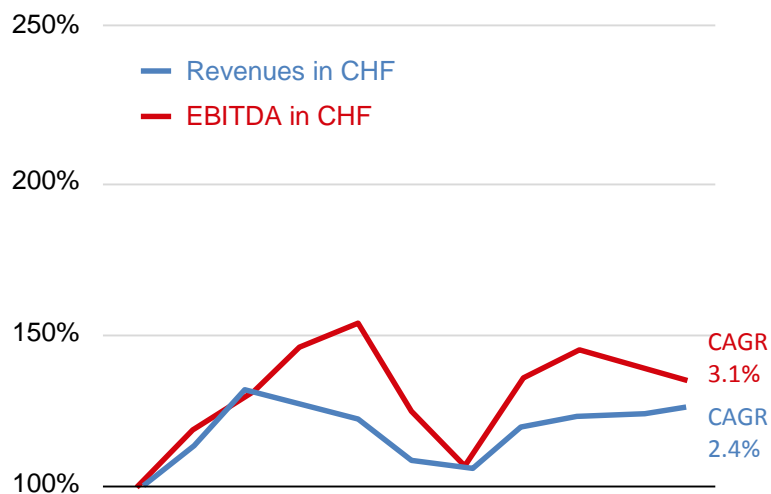
Food processing industry

Hügli Group – profitable growth

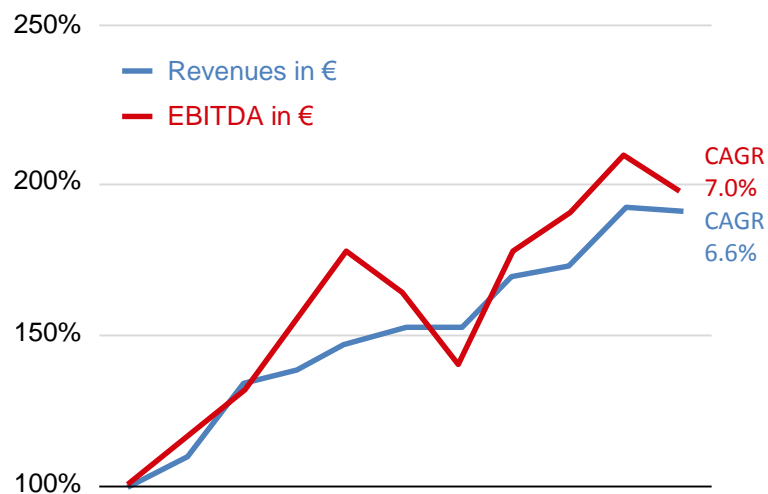
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Indexed performance in CHF: 2007–2016



Indexed performance in €: 2007–2016



Transaction overview

Structure

- **Acquisition of Dr. A. Stoffel Holding AG** and thus of 50.2% of the capital and 65.0% of the voting rights of Hügli Holding AG
- **Public purchase offer** for remaining publicly traded bearer shares of Hügli Holding AG

Purchase price

- **CHF 915 net in cash** per Hügli Holding AG share (premium of **14.4% of volume-weighted average price** for the last 60 trading days prior to announcement)
- Purchase price: **CHF 443.8 million for 100% of the equity capital**; implied enterprise value: CHF 516 million
- Implied multiplier: **~12.2 x EBITDA 2017E** (before synergies, consensus)

Financing

- Acquisition financing secured by **bridging loan** (to **end-2018**)
- Refinancing of bridging loan through a **combination of equity capital** (capital increase) and **debt capital** (bond issues)
- **Commitment from** majority shareholder **Coop: full exercise of subscription rights**
- Approval of the **capital increase** by Bell Food Group shareholders

Transaction overview

Conditions

- Approval by **European competition authorities**
- Approval of **capital increase** by shareholders of Bell Food Group

Timing

- **Completion of the acquisition** of Dr. A. Stoffel Holding AG expected to be completed by the end of February 2018
- **Publication of the takeover prospectus** expected on 26 February 2018
- **Offer period** expected to begin on March 13, 2018
- **Completion of public tender offer** expected at the end of May 2018
- **Completion of capital increase** expected after expiry of extension period as of June 2018

Highlights

- Significant **expansion in the high-growth, high-margin convenience segment**
- **Strengthening of food service distribution channel**
- **Strengthening of both companies' international market position**
- Expected **margin and revenue synergies** thanks to shared marketing

Financing concept and use of funds

- Issue of **new bonds worth around CHF 350 million** primarily for
 - Financing 2nd tranche of full takeover of Hilcona
 - Refinancing CHF 175 million of due bonds (May 2018)
 - Financing requirements for general operational purposes
- **Equity capital increase** worth CHF 600 million for
 - Financing Hügli acquisition
 - Equity capital part of financing investment programme plus further growth in convenience sector
- Possible raising of further **debt capital in the form of bonds** depending on future financing needs

Financing concept and use of funds

Financing objectives

- **Balanced combination** of equity and debt capital to fund the group's future growth
- Strengthen Bell Food Group's **equity capital base** and credit rating benchmarks
- Net debt/EBITDA
(pro forma) of <2x after capital increase
- Create a **solid balance sheet structure** for
 - Successful implementation of **investment program** CH & abroad
 - Further **organic and acquisition-driven growth in the convenience and specialities sectors**

Long-term financing strategy of Bell Food Group

- **Balanced capital structure** with solid equity base, and bonds with a long-term, diversified maturity profile
- **Equity ratio >40%**
- **Pay out ratio of approx. 30%**

Next financial communications

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- Bell Food Group expects EBITDA for the **financial year 2017** to be on a par with the previous year's level and earnings for the year as a whole to be higher than in the previous year.
- In addition, the Board of Directors will propose to the Annual General Meeting a **dividend** increase by CHF 1 to CHF 8 per share.
- **Goodwill** from the acquisition of Hilcona's minority interest is offset against equity.

Bell Food Group's annual media conference on 13 February 2018

Hügli sales report on 31 January 2018

Summary

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- Consistent **continuation of Bell Food Group's strategic focus** to reinforce its **leading position** in the **convenience food** sector
- **Rapid, streamlined integration**
Preferred owner, matching cultures and quality standards
- **Substantial improvement in earnings** expected for Bell Food Group
- Former Chairman of the Board of Directors of the Hügli Group, **Jean Gérard Villot**, proposed as an additional member of the Board of Directors of Bell Food Group

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Takeover offer for Hügli Holding AG

**Expansion and strengthening of
convenience food segment**