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**Media/Analyst conference 15.1.2018**

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# **Takeover offer for Hügli by Bell Food Group**

# Key points at a glance

## 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

## 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**

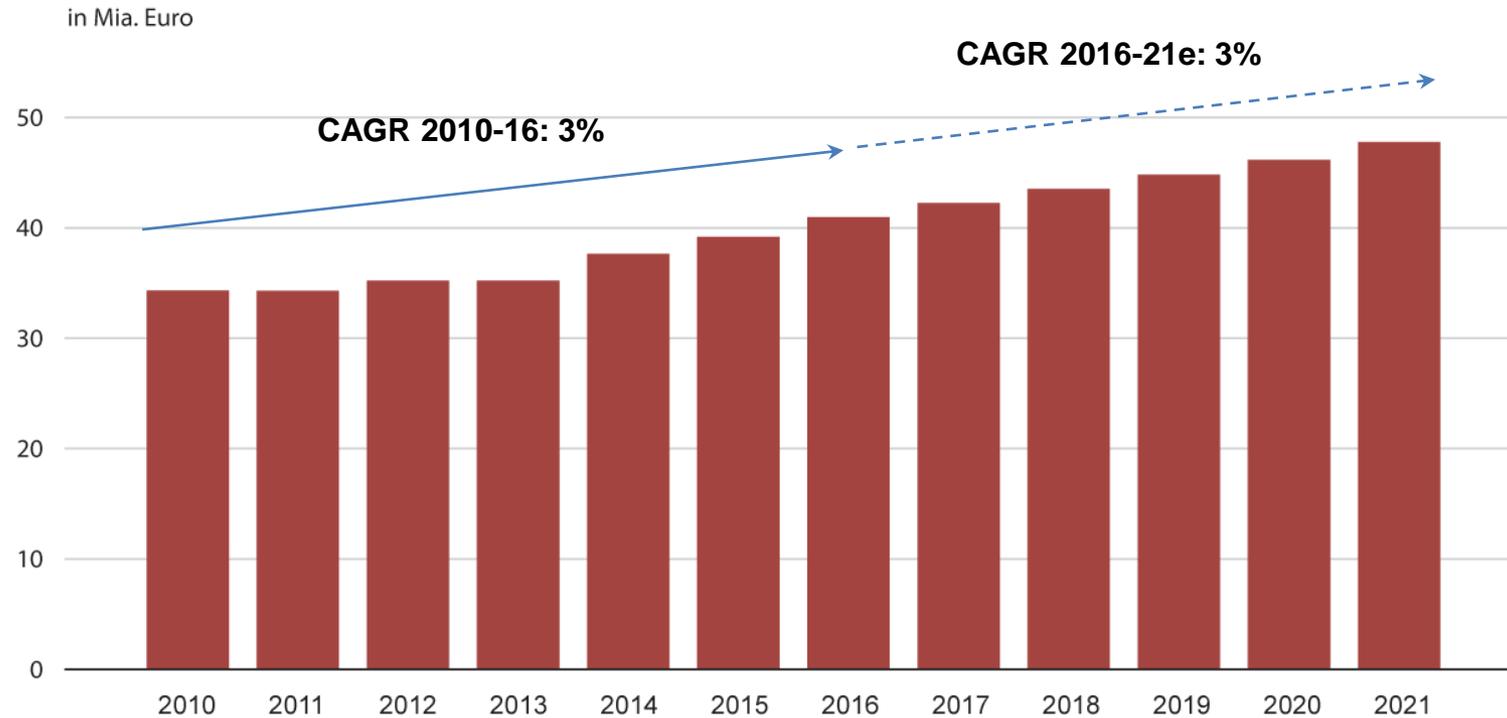
Medium-term **profit contribution** higher than pro rata dilution effect from capital increase

- 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

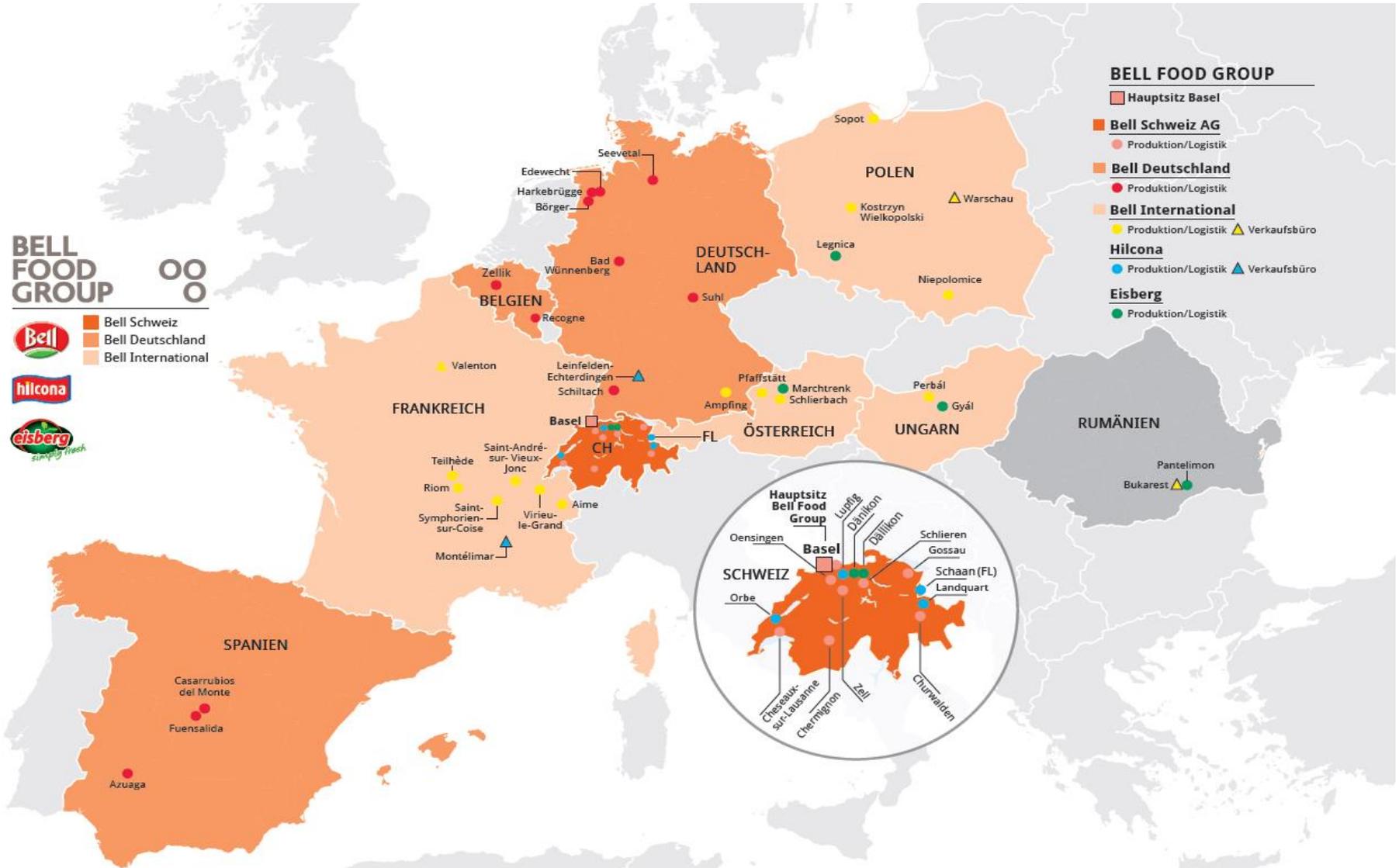
**10,433**

+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

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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

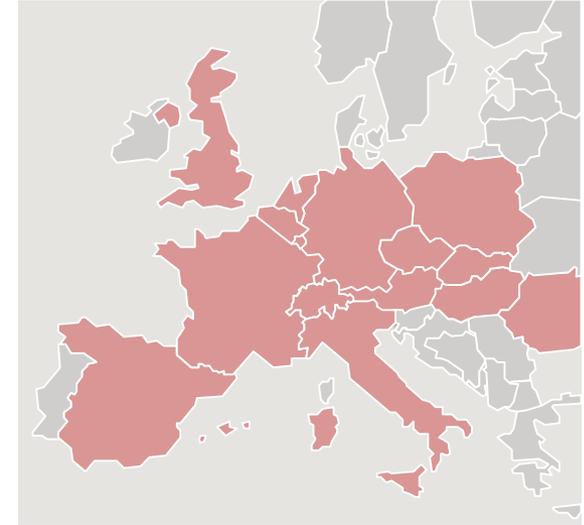
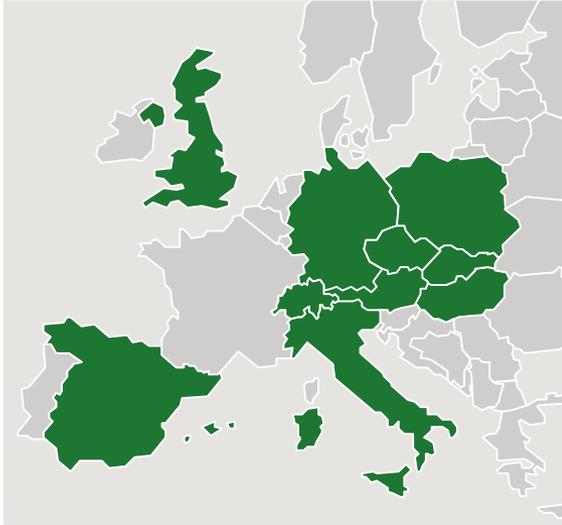
- Pasta
- Sandwiches
- Ready meals
- Pizza

### Non-perishable convenience

- Soups
- Sauces
- Desserts
- Ingredients

# European footprint

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Expansion of  
European presence

# Organisatorische Eingliederung

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

# 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**

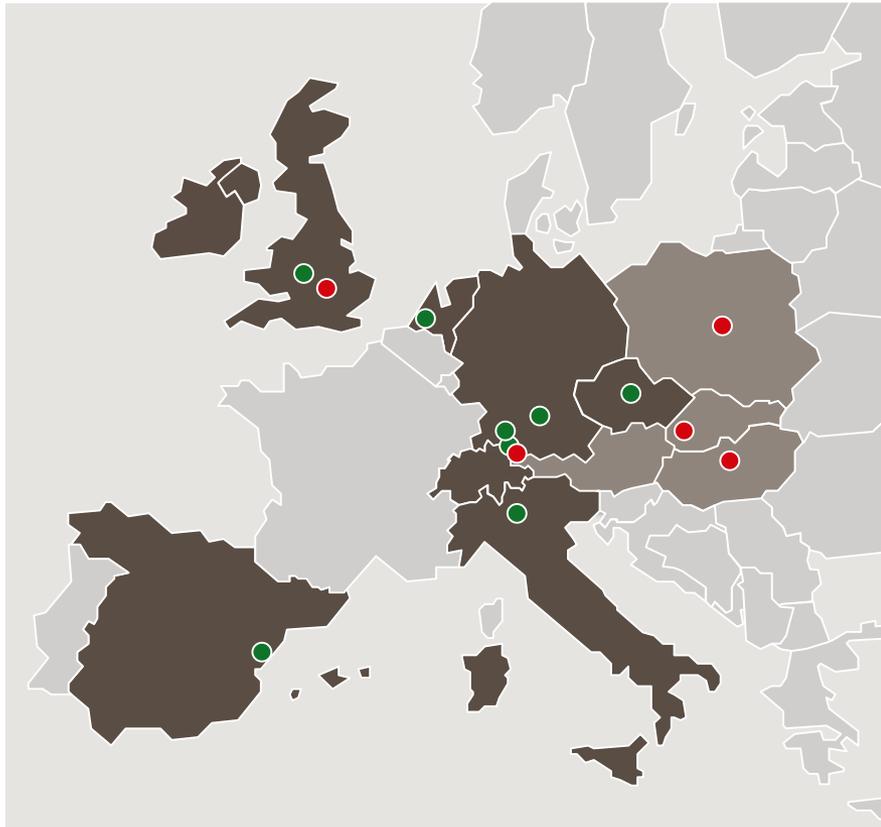
# BFG: the Hügli founding family's preferred owner

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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 – Zásmuky site
- Spain – La Vall d'Uixó site
- Netherlands – Sleeuwijk site

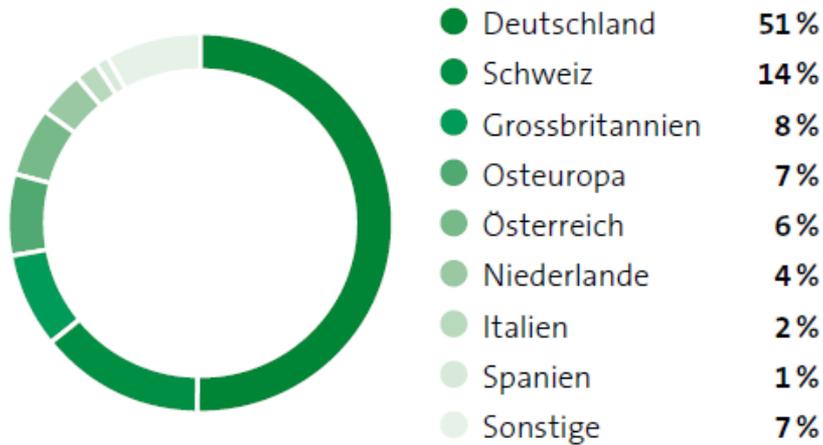
## ● Distribution companies

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

# Focus on Europe and dry blend products

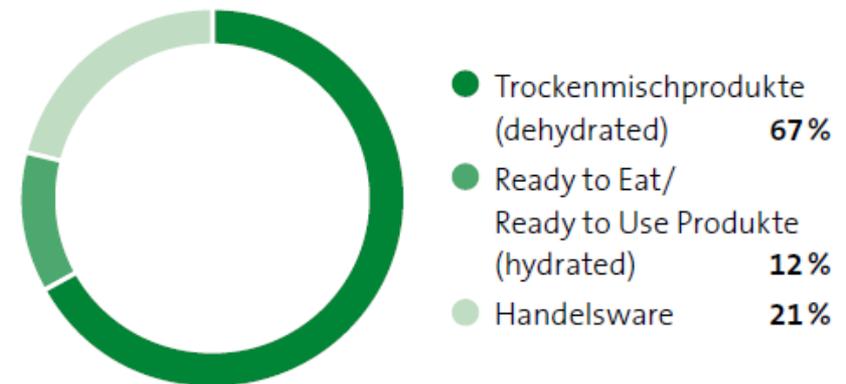
## Umsatz nach Absatzländern 2016 (Kundenstandort)

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

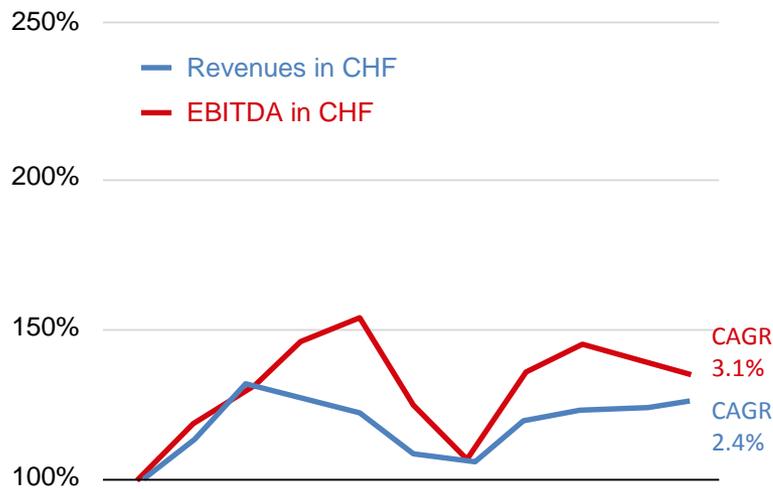
Our own brands for the trade

## FOOD INGREDIENTS

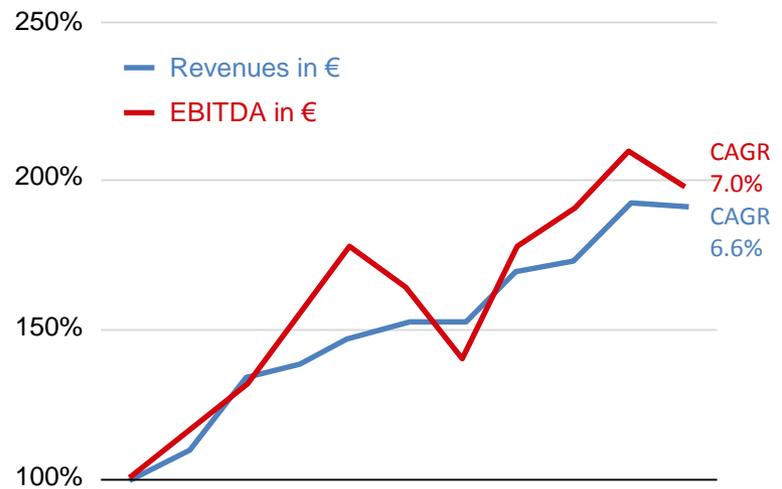
Food processing industry

# Hügli Group – profitable growth

## 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**

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**Expansion and strengthening of  
convenience food segment**