

Media release from the HOCHDORF Group on the annual financial statement for 2007

A record year for business

Hochdorf, 3 April 2008 – In 2007, the HOCHDORF food group reported sharply higher profits and sales and achieved record results: the group net profit rose by 330% to reach CHF 8.9 million (previous year CHF 2.1 million); the EBIT was 139% higher at CHF 6.6 million (CHF 2.7 million), while sales rose 2.7% to CHF 328.0 million, despite the sale of the animal feed business on 1.1.2007. The share price advanced from CHF 118.5 to CHF 195 (+64.6%); a proposal will be made for the dividend to be doubled from 24% to 48%.

Adjusted by the figures for Multiforsa AG which was sold on 1.1.2007 (2006 sales: CHF 27.3 million), internal sales growth at HOCHDORF was in reality 12.3% compared to the 2.7% figure shown in the annual account statement. In 2007, group sales rose in particular because of the opportunity to process a significantly higher volume of milk: the figure in the previous year was 253 million kg but in 2007 a peak was reached at 295 million kg (+ 16.6%); this was a record in the 112-year history of the business.

The group's equity financing ratio rose in the year under review by 2.6 percentage points and now stands at 56.3% (53.7%). The company's market capitalization increased from CHF 71.1 million to CHF 117.0 million. The share quoted on the Berne stock exchange (HOCN) gained 64.6% in 2007.

In the year under review, HOCHDORF created 29 new jobs; as at 31 December, it employed 435 people at its three sites. 13 apprentices are also in training.

Dividend doubled and capital increase proposed

In line with the strong development of its business, HOCHDORF will be proposing a doubling of its dividend to 48% (24%) to the general meeting of May 16th. In addition, a capital increase in the ratio of 2 to 1 amounting to CHF 3 million will be proposed for immediate implementation, together with a further tranche of CHF 3 million in the form of approved capital. This is equivalent to a doubling of the shareholders' equity from CHF 6 million to CHF 12 million.

Looking forward, the HOCHDORF Group sees great growth potential for its products made in Switzerland because of the fast-growing world population and rising purchasing power on the export markets. With the end to milk quotas and other actions, the political background conditions for milk production in Switzerland are also becoming significantly better. The growth strategy adopted and the cost efficiency programs with an annualized savings potential of some CHF 15 million suggest that 2008 will be another good year.

The baby food export business is proving highly dynamic and is expected to rise from the present figure of 5651 tonnes to reach 22,000 tonnes in 2012. Business in milk components, wheat germ specialities, bakery products and functional foods for specific consumer groups also promises further growth. To cope with the expected increase in demand, the group has decided on an investment program of CHF 60 million for the next two years to increase capacity.

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The HOCHDORF Group with headquarters in Hochdorf operates three production sites and achieved consolidated gross sales worth CHF 328.0 million in 2007 with more than 435 employees. It is one of Switzerland's leading food production companies. Made from natural raw materials such as milk and wheat germ, HOCHDORF products have made a contribution to the health and wellbeing of persons of all ages – from babies to senior citizens – since 1895. Customers include the food industry, retail trade, bakeries and catering. Products are sold in over 40 countries.

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