

Press release for the HOCHDORF group: After just 11 months building time

## The new spray tower is already up and running

Hochdorf, 2.12.2009 – The HOCHDORF group's new Spray Tower 8 has recently started running under "production conditions". The first few tonnes of milk have been successfully processed. The next step is to undertake various fine-tuning procedures before infant formula production begins in spring 2010. The new spray tower line is vitally important if HOCHDORF is to meet rapidly increasing international demand for Swiss-made infant formula.

So far, construction of the new Spray Tower Line 8 in Sulgen has been a success story. The first shovel of earth was dug at the beginning of December 2008, with the structure erected at the end of July. The first start-up went off as planned last week. This is no mean feat for a CHF 60 million project. Little wonder then that Karl Gschwend, Managing Director at HOCHDORF Nutritec AG, is sounding pleased: "What is impressive about the new Spray Tower Line 8 for infant formula is that its implementation was so fast, exactly on schedule – and with no compromises made on its hygienic design." This means that from spring 2010 the HOCHDORF group will have an ultra-modern spray tower for producing infant formula and low-fat milk powder with a performance of over three tonnes of dry mass per hour. "Due to the many enquiries and orders we have received, we should be able to surpass the high capacity targets we have set ourselves for the first year of production," says Damian Henzi, CEO of the HOCHDORF group.

### Monthly sales record for infant formula

The growing demand for HOCHDORF infant formula is also reflected by the fact that in September 2009, in the midst of an economic crisis, the HOCHDORF group sold almost 700 tonnes of infant formula – the highest monthly figures in its history. HOCHDORF Nutricare AG specialises in infant formula exports and, since its foundation in 2006, it has built up a customer base in 21 countries. Nutricare delivers products to Asia (including China and Taiwan), Africa (such as Algeria and Uganda), the Middle East (including Qatar and Dubai) and to European countries (such as Spain, Holland and Russia).

### Milk market

The HOCHDORF group welcomes the negotiations between Switzerland and the EU over future agricultural free trade, which, with a potential 500 million consumers, opens up real prospects for milk producers and processors. It is also broadly in agreement with the work and decisions of the milk trade association and supports a time-limited general commitment to quantity management. However, HOCHDORF also believes that Swiss milk prices today are strongly influenced by the international market, since 75% of milk quantities are subject to the open market. Countries with a quota system are faced with the same or even greater problems than those of Swiss milk producers and processors.

### 2009 projections

The current financial year is drawing to a close. For the end of 2009, the HOCHDORF group is expecting a slight reduction in milk production and turnover, mainly due to lower milk prices and world market prices. On an operational level, it is expecting significantly improved results. However, the overall company results will be negative due to the exceptional restructuring costs (including the merger of HOCHDORF Nutrition AG into HOCHDORF Nutrifood AG) and the turbulent situation on the milk market. The HOCHDORF group is expecting increased turnover again and positive company results for the 2010 financial year.

Contact: Christoph Hug, Corporate Communications HOCHDORF group,  
Tel: 041 914 65 62 / 079 859 19 23, christoph.hug@hochdorf.com

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The HOCHDORF group, based in Hochdorf, achieved a consolidated gross turnover of CHF 392.5 million in 2008. It is one of the leading foodstuffs companies in Switzerland, employing 402 full-time staff as of 31.12.2008. Made from natural ingredients such as milk and wheat germ, HOCHDORF products have been contributing to our health and wellbeing since 1895 – from babies to senior citizens. Our customers include the food industry, the retail industry, bakeries and the catering trade. Our products are sold in over 60 countries. The HOCHDORF group is quoted on the Bern stock exchange.

**HOCHDORF Holding AG**  
Siedereistrasse 9  
Postfach 691  
CH-6281 Hochdorf  
Tel. +41 41 914 65 65  
Fax +41 41 914 66 66  
hochdorf@hochdorf.com  
www.hochdorf.com