

HOCHDORF group press release: Half-year results for 2009

Record turnover and sales – but only a small profit

Hochdorf, 20. August 2009 – The HOCHDORF food stuffs group achieved a record turnover of CHF 202.3 million in the first six months of 2009. The company's figures were influenced by the persistently low world market price for milk powder, the merger of HOCHDORF Nutrition Ltd. into HOCHDORF Nutrifood Ltd. and the related divestment of three business areas, and by the effects of the economic crisis. The HOCHDORF group produced a small profit of approximately CHF 0.35 million (CHF 4.4 million for the quarter).

In the first half of 2009, it was possible to completely clear the very high levels of stock left over at the end of 2008. This clearance of stock is the main reason for the record turnover of CHF 202.3 million (CHF 199.6 million for the quarter; +1.3%) and record sales of 48,378 tons (41,273; +17.2% for the quarter). Unfortunately, exceptionally severe warehouse depreciation continued to undermine the company's performance, although it did make a small profit of CHF 0.35 million.

Key figures

The HOCHDORF group processed a total of 188.3 million kg of milk (-5.7%) in the first six months of 2009. Operating costs were reduced by -7.7% compared to the previous year. Lower processing quantities and energy prices (oil and gas) were significant contributory factors, as well as the cost efficiency programmes introduced in the previous year. Operating costs still remain unaffected by the lower personnel costs brought about by the merger of HOCHDORF Nutrition Ltd. into HOCHDORF Nutrifood Ltd. These measures will only start to have an impact in the second half of the year.

Due to lower quantities and the still high level of operating costs, the EBITDA margin fell to 3.5% (4.8% for the quarter) compared to the strong performance of the previous year. The EBIT likewise fell and stands at 0.7% (2.6% for the quarter) of the production revenue. Compared to the previous year, the group's cash flow and earned capital also fell to CHF 5.6 million (CHF 11.7 million for the quarter) or 2.82% of the net sales revenue (5.97% for the quarter).

Showing up well in the crisis

The current economic crisis affected the food stuffs group because our customers also drastically reduced their own stock and so ordered far less in the first half of the year. "It was especially in the area of baby foods and the chocolate industry that we felt the negative volume effects. But we remain confident that both segments will perform well in the second half of the year," explained Damian Henzi, CEO of the HOCHDORF group. The volume of exports to China, in particular, has increased greatly compared to the previous year.

Prospects for the year as a whole

So far, work on the new spray tower line 8 at the Sulgen site is on schedule. The first test runs will take place at this state-of-the-art facility for baby foods production from October. Transfer to full production is expected by March 2010 at the latest.

Given our projections for milk production, orders and cost levels for the second half of the year, the HOCHDORF group remains cautiously optimistic about the prospect of a satisfactory performance for the financial year 2009 as a whole. Damian Henzi is in no doubt: "The strong demand for our high-quality 'Made in Switzerland' products underlines my belief that we will improve upon the financial performance of the previous year."

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

The HOCHDORF group, based in Hochdorf, achieved a consolidated gross turnover of 392.5 million CHF (+19.7% compared to the previous year). It is one of the leading foodstuff companies in Switzerland, employing 402 full-time staff as at 31 December, 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's shares are traded at the Berne 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