

HOCHDORF Group Press Release: Future Direction

The HOCHDORF Group is changing

Hochdorf, 11 September 2013 – On 1 June 2013 Dr Thomas Eisenring assumed the role of CEO of the HOCHDORF Group. There are some clear signs of change after his first 100 days at the helm.

In recent times there have been significant changes in the food industry and related areas. The HOCHDORF Group has to adjust to a different set of circumstances and make changes in terms of efficiency and cost savings, turnover and providing added value.

Great potential for efficiency and cost savings

The HOCHDORF Group is undertaking a meticulous analysis of its product and production mix. Thomas Eisenring, CEO of the HOCHDORF Group, offers the following assessment of the current situation: "We are already planning the transfer of products between the two Swiss plants to ensure more efficient processes."

The HOCHDORF Group intends to further centralise its logistics operation and run this directly from the sites, where possible. In future, 1,000 to 1,500 containers will be loaded directly at the loading bay in Sulgen, for instance.

For the new CEO is clear, that the company's organisational structures also need to change: "We want to adapt the organisational structures to our future requirements and to make them much simpler." Process flows will be tightened up at the same time. However, the restructuring process is still at the concept stage and has yet to be worked out in detail.

"We have now set the whole efficiency and cost saving process in motion," explained Eisenring. The CEO anticipates that implementing the current measures could make savings in the region of two to four million Swiss francs. The company should reach this point by the end of 2014.

Turnover potential

In the section of infant formula the HOCHDORF Group showed growth in turnover of 21.3 per cent in the first six months of the year. This rapid growth is essential to enable the plant built in Sulgen to produce infant formula to reach full capacity as soon as possible: "The modern plant in Sulgen was conceived with the future situation in Europe in mind. That is why we still have to pursue a volume strategy for infant formula," said Eisenring. The plant should be working at full capacity in 2014. "As soon as the tower is at full capacity, we will gradually change the focus of our strategy from volume to creating added value," he added. Eisenring is anticipating increasing margins during the course of 2014 and the company is aiming to generate turnover of between CHF 100 and 120 million with infant formula by 2016.

Added value in whey processing

In the first six months of the year the HOCHDORF Group processed around 20 per cent less milk compared to the same period in 2012. To offset this fall, the Group is producing significantly more whey. These whey products are mainly sold to the animal feed industry at present. "We have decided to embark on an added-value strategy for whey and to extend our whey production. The aim is to produce high-quality lactose and whey protein. These products achieve significantly higher added value on the market and can be used directly for producing infant formula," said Eisenring. This strategy first meets the company's own needs and means, that the products could then also be sold for profit. Investment of around CHF 4 million is required to enable these products to be manufactured. If all goes to plan, HOCHDORF anticipates additional revenue of around CHF 2 million for whey products in 2016.

Prospects for 2013 as a whole

Eisenring is positive about the revenue situation: "If the current trend continues, we are expecting a pleasing annual statement that is in line with the prevailing circumstances." The CEO expects the annual statement to show a significant improvement on the previous year and predicts that the 2013 figures could double within the next two years.

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