

HOCHDORF Group Press Release: Forward Integration in Baby Care

## Forward integration with Pharmalys Laboratories SA under examination

*Hochdorf, 25 July 2016* – HOCHDORF Holding Ltd previously announced the integration of downstream stages of the value creation stream as one of its strategic aims, particularly for the international market. In the area of Baby Care there is now mutual interest with Pharmalys Laboratories SA in pursuing an integration with the HOCHDORF Group. A Memorandum of Understanding has been signed to this effect.

HOCHDORF Holding Ltd does not currently supply the end consumer market in the Baby Care area through its subsidiary HOCHDORF Swiss Nutrition Ltd. This would change with a majority shareholding in Pharmalys Laboratories SA, based in Baar (ZG).

### Active in 42 countries

The Pharmalys Group has a staff of more than 500 direct and indirect employees around the world. The company markets infant nutrition under the Primalac brand; it also markets infant nutrition and cereals under the Swisslac brand. Its products are available in 42 countries in Europe, Asia, Africa and the Middle East. "We have achieved a very rapid growth in recent years with HOCHDORF products and we would like to continue in this vein. An integration can guarantee our access to the high-quality HOCHDORF products. In return HOCHDORF will receive direct access to consumers in our highly attractive markets," explained representative of the Pharmalys Group, Amir Mechria.

Pharmalys Laboratories SA is a company that has shown rapid growth: a HOCHDORF customer since 2008, Pharmalys expects to achieve sales of CHF 70 million this year with a two-figure increase in the EBIT Margins. The company is seeking to double its turnover and EBIT in the next two years.

Dr Thomas Eisenring, CEO of the HOCHDORF Group is delighted with the Memorandum of Understanding: "The HOCHDORF Group is striving towards forward integration in the area of infant nutrition. An association with one of our largest customers is exactly in keeping with our strategy. We have enjoyed excellent collaboration with Pharmalys for years," he said.

The next step will be to negotiate a purchase agreement. Adoption of the purchase agreement will depend on a variety of conditions. It may not be derived from either the Memorandum of Understanding or this press release that HOCHDORF Holding Ltd has acquired a minority or majority shareholding in Pharmalys Laboratories SA either now or in the future.

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