

HOCHDORF Group press release: Half-year results for 2015

## Good operational results generated

*Hochdorf, 19 August 2015* – The HOCHDORF Group processed 421.4 million kg of milk, whey, permeate, and cream in the first half of the year (previous year: 255.9 million kg; +64.7%). The Group generated gross sales revenue of CHF 284.3 million (previous year: CHF 220.7 million; +28.8%). The strong growth in these numbers was due to the acquisitions made in late 2014. Without them, volume and turnover figures would have been slightly below the previous year. At the start of the year, it was announced that EBIT would come in at 2.8-3.0% of production revenue. This range has now been increased to 3.2-3.8%.

For the first time, volume and turnover figures include Uckermärker Milch GmbH and Marbacher Ölmühle GmbH, which were acquired in late 2014. As a result, comparison with previous year figures is less meaningful. HOCHDORF processed 421.4 million kg of milk, whey, permeate, and cream in the Group as a whole – a significantly higher quantity of liquid than in the previous year (255.9 million kg; +64.7%). Gross sales revenue came in at CHF 284.3 million. Turnover was somewhat lower than originally expected, which is attributable to currency effects and to international milk prices, which fell sharply and suddenly and in some cases led to lower product prices. The HOCHDORF Group as a whole sold 125,767 tonnes of product (+150.6% compared to the previous year).

### Good results

In terms of income, the gross profit margin came in at 22.3%, which was above the figure for the previous year (21.9%). In absolute terms, gross profit of CHF 63.8 million was generated (+22.8% compared to the previous year). The Group increased EBITDA from CHF 13.8 million to CHF 15.5 million (+12.5%). EBIT came in at CHF 10.7 million, which was likewise slightly ahead of the previous year's figure (CHF 10.2 million; +4.9% compared to the previous year). Net profit stood at CHF 4.1 million (CHF 6.3 million; -34.3% compared to the previous year), with the decline attributable solely to currency effects. Overall, the Group has performed very well under difficult markets conditions, achieving results that exceeded our expectations.

### Major currency effects

HOCHDORF estimates the negative impact of the currency turmoil on the HOCHDORF Group as at 30 June 2015 to be CHF -20.8 million in terms of turnover, meaning roughly CHF 4.8 million with regard to income. However, these figures depend on further exchange rate developments. The abolition of the minimum rate is impressive confirmation that HOCHDORF took the right step with the foreign expansion undertaken in 2014. The investments in Uckermärker Milch GmbH and Marbacher Ölmühle GmbH are proving to be right in at least two ways: New markets are opening, and the strong Swiss franc does not affect these markets. The only impact is the translation difference when converting local balance sheets into the Group's reporting currency.

### Dairy Ingredients area

In Switzerland, the quantity of liquid purchased and processed fell in the first half of the year by -7.5% to 212,258 tonnes. A total of 183,135 tonnes of fresh milk (including commissioned orders) were

---

The HOCHDORF Group, based in Hochdorf, achieved a consolidated gross sales revenue of CHF 428.7 million in 2014. It is one of the leading foodstuff companies in Switzerland, employing 573 staff as of 31/12/2014. Made from natural ingredients such as milk, wheatgerm and oil seeds, HOCHDORF products have been contributing to our health and wellbeing since 1895 – from babies to senior citizens. Its customers include the food industry and the wholesale and retail sectors. Its products are sold in around 80 countries. The shares are traded on the SIX Swiss Exchange in Zurich (ISIN CH0024666528).

**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

delivered. The greatest share of the decline was attributable to fewer commissioned drying orders and the decline in milk permeate. Overall, the Dairy Ingredients Switzerland business area generated turnover of CHF 118.3 million (-10.0% compared to the previous year). The decline in turnover was due to lower prices for raw materials, which were passed on to customers, and to lower amounts of milk.

HOCHDORF Baltic Milk UAB (Lithuania) processed more milk (40.8 million kg; +54.6%) than at any other time in its history. Overall HOCHDORF Baltic Milk generated gross sales revenue of CHF 15.2 million (-14.4% compared to the previous year). The lower turnover is mainly attributable to the appreciation of the franc against the euro, as well as the discontinuation of the milk-exchange deal. The remainder of the decline is due to lower milk prices and correspondingly lower product prices.

In the first half of the year, Uckermärker Milch GmbH processed 168.3 million kg of milk, permeate, and cream to make curd, butter, and milk powder (-7.8% compared to the previous year). It generated gross sales revenue of CHF 87.9 million (-22.0% compared to the previous year; CHF 112.6 million). The lower turnover was due to currency effects, lower milk quantities, and, compared to the previous year, considerably lower milk prices.

#### **Baby Care area**

For the first time since 2006, gross sales revenue was unable to be increased, but instead remained approximately the same. The Baby Care area generated gross sales revenue of CHF 50.0 million (-5.4% compared to the previous year; CHF 52.8 million). The somewhat lower turnover is due to the currency situation and capacity bottlenecks. Quality and product safety are the most important elements associated with the sale of infant formula. This was borne in mind in connection with the projects to maximise capacity. As a result, production has not yet been able to be maximised to the expected extent.

Plans for renovation work at the dried milk plant of Uckermärker Milch GmbH are proceeding on schedule. Collaboration with the local authorities went well. HOCHDORF expects to be able to begin manufacturing infant formula in Prenzlau in late 2016.

#### **Cereals & Ingredients area**

The Cereals & Ingredients Switzerland area generated gross sales revenue of CHF 8.7 million, which was slightly below the previous year (CHF 9.3 million; -6.4%). This decline is attributable to the current currency situation. Sold product volume rose in comparison with the previous year.

In terms of sales, the collaboration with the team at Marbacher Ölmühle GmbH was expanded in the first half of the year. Initial synergies have been implemented in sales. Other synergies will result from the dissolution of HOCHDORF Deutschland GmbH in the second half of the year and from the sale of these products by the sales staff at Marbacher Ölmühle, as well as from Switzerland.

In the first half of the year, Marbacher Ölmühle GmbH (Germany) generated gross sales revenue of CHF 3.7 million. Integration work in the HOCHDORF Group is proceeding well. In terms of sales, the company is pursuing forward and backward integration. Intermediaries are being eliminated where possible and sensible.

#### **HOCHDORF South Africa Ltd formed**

HOCHDORF South Africa Ltd was formed on 31 May 2015 as a production company. The company will manufacture chocolate exclusively for the African market. HOCHDORF expects to gain from this even greater expertise in the area of developing specific ingredients for the chocolate industry.

## Outlook

“Despite the strong franc, we are optimistic about the second half of the year. We will continue to push ahead with ongoing projects and in so doing concentrate on those with high potential for added value. The focus of this will be on forward integration,” said Dr Thomas Eisenring, CEO of the HOCHDORF Group.

HOCHDORF expects somewhat lower milk quantities compared to the previous year and for this reason will process more whey and buttermilk. As a result of the abolishment of the quota, the Group expects somewhat higher quantities of milk for processing at its plants in Lithuania and Germany.

Despite currency effects and the low prices for milk products internationally, the HOCHDORF Group continues to assume that gross sales revenue for 2015 will come in at CHF 580 million to CHF 620 million. By contrast, the Group has raised the EBIT target as a percentage of production revenue: “Currently, we anticipate EBIT at 3.2-3.8% of production revenue,” said Eisenring.

## Key figures for the HOCHDORF Group as at 30 June 2015 (consolidated and unchecked)

CHF 1,000	1.1.15 – 30.06.15	1.1.14 – 30.06.14	Change
Processed milk, whey, and permeate in million kg	421.4	255.9	+64.7%
Quantity produced (including cream) in tonnes	126,995	53,821	+136.0%
Quantity sold, in tonnes	125,767	50,179	+150.6%
Gross sales revenue	284,297	220,656	+28.8%
Earnings before interest, taxes, deprecia- tion and amortisation (EBITDA)	15,503	13,779	+12.5%
<i>as % of production revenue</i>	<i>5.4%</i>	<i>5.8%</i>	
Earnings before interest and taxes (EBIT)	10,682	10,187	+4.9%
<i>as % of production revenue</i>	<i>3.7%</i>	<i>4.3%</i>	
Net profit	4,117	6,268	-34.3%
<i>as % of production revenue</i>	<i>1.4%</i>	<i>2.6%</i>	
Staffing levels as at 30 June	581	371	+58.5%
Gross sales revenue per employee	489.3	594.8	-17.7%
	<b>30.06.2015</b>	<b>31.12.2014</b>	
Balance sheet total	322,702	331,109	-2.5%
thereof shareholders' equity	151,699	143,168	+6.0%
as % of the balance sheet total	47.0	43.2	
<b>Share details</b>	<b>30.06.2015</b>	<b>31.12.2014</b>	
Share price (in CHF)	154	138	+11.6%
Market capitalisation	178,509	147,787	+20.8%

The full Letter to Shareholders can be found at <http://www.hochdorf.com/en/investors/> → Financial reporting.

Contact: Dr Christoph Hug, Head of Corporate Communications, HOCHDORF Group,  
Tel: +41 (0)41 914 65 62 / +41 (0)79 859 19 23, [christoph.hug@hochdorf.com](mailto:christoph.hug@hochdorf.com)