HOCHDORF BEST PARTNER

HOCHDORF Group Press Release

Unchanged dividends – new valuation of fixed assets

Hochdorf, 13 February 2013 – **The HOCHDORF Group has been unable to increase the turnover and revenue of the EBIT figures as expected. Following an internal analysis, the Board of Directors has therefore decided to carry out a non-cash value adjustment of the fixed assets of CHF 40 million. This measure has been warranted by the failure to reach the objectives in the past two difficult business years as well as with the relatively large difference between the stock exchange capitalisation and the balance sheet total.**

The expansion and capacity strategy of the HOCHDORF Group has suffered in recent years under unfavourable exchange-rate conditions as well as the capacity and efficiency problems linked to them. As a result, the financial goals could only be partially achieved and the Board of Directors has decided to check the valuation of the fixed assets.

Value adjustment requirement

Examination of the relevant balance sheet items shows a value adjustment requirement of around CHF 40 million. With this correction, production facilities of HOCHDORF Nutritec AG will also be amortised. The amortisation occurs in the Swiss GAAP FER financial statement and does not affect the financial statement under commercial law. Taking account of the cancellation of deferred taxes, the 2012 annual accounts in line with Swiss GAAP FER are charged with an extraordinary, non-cash expenditure of around CHF 35 million. After this new valuation the HOCHDORF Group has an equity ratio available in the region of 40%.

New valuation of the fixed assets leads to lower amortisations in the future

The HOCHDORF Group invested large amounts in new assets in recent years for the expansion in the areas of infant formula and wheat germ processing. Both areas will show increasing EBITDA in the future. In the area of milk ingredients, the Group expects continued stable results. The new valuation mainly occurs with older assets and parts of buildings that are not utilised to the necessary degree. The lower amortisations will lead to an improvement of the revenue status at EBIT level in the future.

Constant dividends

To provide a continuous dividend payment and with the conviction that higher revenues can be achieved in the future, the Board of Directors is submitting a constant dividend of CHF 3 per share to the AGM. The annual general meeting takes place on 17 May 2013 in Hochdorf.

The HOCHDORF group, based in Hochdorf, achieved a consolidated gross turnover of 346.0 million CHF (unchecked) in 2012. It is one of the leading foodstuff companies in Switzerland, employing 381 full-time staff as at 31 December, 2012. 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. Its customers include the food industry and retail sector and its products are sold in around 80 countries. The shares are traded on the SIX Swiss Exchange (ISIN CH0024666528).

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Detailed implications of the new valuation will be made available with the publication of the 2012 business report on 17 April 2013.

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