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Press release for the HOCHDORF Group AGM on 6 May 2016

HOCHDORF drives growth strategy forward

Hochdorf, 9 May 2016 – **The 345 shareholders attending the Annual General Meeting for HOCHDORF Holding Ltd approved all the proposals submitted by the Board of Directors. The dividend proposal of CHF 3.70 from capital investment reserves was therefore accepted. HOCHDORF also announced the construction of a new spray tower line for the production of infant formula in Sulgen.**

The AGM was led by Josef Leu, Chairman of the Board of Directors of HOCHDORF Holding Ltd, with 345 shareholders in attendance with a total of 641,378 votes (70.89 per cent of the votes).

All proposals submitted by the Board of Directors were approved by the shareholders. These included approval of the Annual Report for 2015, the Group accounts and the annual accounts for HOCHDORF Holding Ltd as of 31 December 2015, along with full support for the members of the Board of Directors and the senior management team.

Constant dividends

The shareholders also approved the proposal to maintain the dividend payment of CHF 3.70 per registered share from capital reserves. This is tax free for natural persons resident in Switzerland. The dividend is to be paid out on 12 May 2016.

Changes to the Board of Directors

Prior to the election of the Board of Directors, Josef Leu, Chairman of the Board of Directors, bade farewell to long-time board member Urs Renggli. The shareholders subsequently confirmed the appointment of all the board members standing for re-election. Dr Daniel Suter was elected to the Board of Directors to replace Urs Renggli. Josef Leu was re-elected as Chairman of the Board of Directors. The shareholders elected Dr Anton von Weissenfluh, Josef Leu and Niklaus Sauter onto the personnel and remuneration committee.

Dr Urban Bieri was elected as independent proxy for the period up to and including the date of the Annual General Meeting in 2017. The AGM confirmed Ernst & Young Ltd, Lucerne as the auditing agency for the same period.

Conditional capital increase request withdrawn

The conditional capital increase requested by the Board of Directors was withdrawn at the start of the Annual General Meeting. The agenda item was withdrawn on the basis of further analysis carried out since the agenda had been drawn up. "The withdrawal of this agenda item provides us with greater scope for action in our financing approach. One new option would be, for example, the approved capital increase,"

The HOCHDORF Group, based in Hochdorf, achieved a consolidated gross sales revenue of CHF 551.2 million in 2015. It is one of the leading foodstuff companies in Switzerland, employing 625 staff as of 31.12.2015. Made from natural ingredients including milk, wheat germ and oil seeds, the HOCHDORF products have been making an important contribution to our health and well-being from infancy into old age. Its customers include the food industry and the wholesale and retail sectors and its products are sold in over 90 countries. The shares are traded on the SIX Swiss Exchange in Zurich (ISIN CH0024666528).

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explained Josef Leu. The Chairman of the Board of Directors said the group had chosen the right path, which it hoped would lead to the successful implementation of forward integration. Implementing a transaction may also require the voting restriction currently in place to be raised from its current 5%, according to Dr Thomas Eisenring, CEO.

Forward integration and capacity extension

Dr Thomas Eisenring outlined the strategy for 2016 to 2020. The focus is on forward integration, to be pursued on two levels – product level and business model level. "By product-driven forward integration, we mean extending the range with products from the next processing level. On the level of business-model-driven forward integration, we are working towards integrating an existing company that is already successfully selling our products on the market," explained the HOCHDORF CEO. "Our aim is to substantially increase the HOCHDORF Group's profitability," said Dr Eisenring.

The Assembly welcomed the adaptation of the agenda, the actions of the Board of Directors and the HOCHDORF Group strategy explicitly.

The Chairman of the Board of Directors, Josef Leu, informed the AGM that capacity for producing infant formula at the Sulgen plant is to be increased. "The demand for Swiss-made infant formula is great and we want to meet this demand with the new spray tower line," said Josef Leu, explaining the investment decision. Over the next few years, the HOCHDORF Group is investing over CHF 80 million in Sulgen. The money will be spent on extending production and filling capacities for infant formula, as well as in warehouse logistics. This will create 65 new jobs for a 4-shift operation.

A good start to 2016

The HOCHDORF Group's CEO is pleased with the start to the 2016 business year. The production plants maintained excellent capacity levels in the first three months of the year. The amount of milk processed in Switzerland was around ten per cent higher than in the previous year. Despite difficult conditions on the international market, the aim is still to achieve the turnover objective of CHF 560 to 600 million and an EBIT prognosis of 3.8% to 4.0% in comparison to the production revenue.

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