



Media Release 29 January 2013, 07.30 a.m.

## Hügli records stable revenues and lower earnings in 2012

- Sales in local currencies due to demanding conditions down by -0.6% when compared to 2011
- Widely diverging developments of sales divisions
- Gross margin loss caused by increased raw materials prices depresses earnings
- Forecast 2012: EBIT margin slightly below expected target corridor of 7% to 8%
- Forecast 2013: Sales growth of +10.0% (incl. acquisition effect) and EBIT growth above this value

Sales development broken down by sales divisions and geographical segments:

<u>Sales 2012</u>	<u>in million CHF</u>	<u>Change in %</u>	
		<u>in CHF</u>	<u>in local currency</u>
Food Service	133.3	-4.7%	-2.8%
Private Label	70.9	+1.9%	+4.1%
Brand Solutions	44.2	+7.7%	+8.0%
Food Industry	35.8	-8.6%	-9.2%
Consumer Brands	40.2	-4.6%	-2.0%
<b>Group total</b>	<b>324.8</b>	<b>-2.2%</b>	<b>-0.6%</b>
Germany	172.6	-1.3%	+1.0%
Switzerland / Rest of Western Europe	117.8	-2.4%	-2.8%
Eastern Europe	34.4	-5.6%	-1.2%
<b>Group total</b>	<b>324.8</b>	<b>-2.2%</b>	<b>-0.6%</b>

Hügli was faced with a slowdown of sales growth already in the first half of 2012. H1 was followed by an unexpectedly weak third quarter with results that stood massively below those in the same period in 2011. In the fourth quarter, however, growth rates were again positive, and the slump experienced in the late summer is therefore considered a one-off effect.

The sales divisions showed widely diverging developments. Sales attained in the food retail trade within the Private Label division increased in local currencies by +4.1%, a result mainly carried by the sales organisations in Germany and the UK. The Brand Solutions division achieved an even better sales development of +8.0% with products for branded companies. In particular, Health & Nutrition in the UK succeeded in further expanding its market share and scoring a proper jump in sales. At the same time, the sale of organic products to large natural food sales companies under their own brands grew favourably.

The Food Industry division was faced with a difficult year, in which several large customers in the food industry reduced the volume of orders due to their own problems in sales. This led to a decline of sales of -9.2%. Snack Seasonings was the only segment to show a promising tendency.



Sales in the Consumer Brands division were depressed by a shrinking market of health food stores and fell by -2.0%. Nevertheless, the well-received organic brands “Natur Compagnie” and “Ernteseegen” again continued on their growth paths as in the past years.

The Food Service division operates in eight countries. It suffered sales losses of overall -2.8% in local currencies. The reorganisation of sales structures in Italy had a particularly devastating effect on sales. In Italy, sales dropped by approximately one third. In Eastern Europe, the difficult conditions in the “out of home” market (school and industrial canteens) slowed down further growth. The three largest sales markets Germany, Switzerland and Austria mostly achieved slight growth despite the depressed gastronomy and hotel sectors.

Overall, the largest country segment Germany again achieved a little sales growth of +1.0% (previous year: +1.2%) in local currencies. This development reflects the demanding economic conditions still prevalent in the food industry as well as a general slowdown in the markets. These conditions further aggravate the already intensive price competition, and as a result, the price increases of raw materials can be passed on only to some extent. The Swiss market is additionally burdened by the strong Swiss Franc, which affects both the export industry and the tourism regions, and causes sales to decline.

As in the previous year, UK recorded the strongest sales development, confirming that the expansion of this production site is progressing well.

Eastern Europe, on the other hand, suffered a severe slump in sales in the second half of the year. It was caused by a drop in large orders in the Private Label division, particularly in the Czech Republic. Thus, the entire financial year had to cope with a sales decrease of -1.2%, although sales had grown +5.5% in the first half of the year.

Sales growth in local currencies of -0.6% was depressed by translation losses of -1.6% due to the further aggravated situation of foreign currency to CHF, mainly caused by the EUR (-2.2% when compared to the previous year). Recorded sales dropped from CHF 332.0 million in the previous year to CHF 324.8 million in the financial year 2012.

The sales development did not match expectations, and the gross margin – due to increased raw materials costs – totalled lower in the first half of 2012 than in the same period in 2011. We anticipate the EBIT margin for the financial year 2012 to stand slightly below the target corridor of 7% to 8% projected for that year, and therefore below the previous year’s value of 8.6%.

We are confident that in the already begun financial year 2013 we will see a moderate organic sales growth and increase of earnings. In the context of the take-over of sales activities of Vogeley Group as per 01.01.2013, which will step up Food Service sales in Germany by more than CHF 24 million, we anticipate an overall sales growth of approximately +10%. The raw materials costs stabilised at a high level, causing the gross margin loss to hit its bottom in the first half of 2012. In addition, the modern production machinery, process optimisations and cost management form promising prerequisites for the future. Based on this, we expect EBIT to grow by more than +10%.

Detailed information on the financial year 2012 and the Q1 2013 sales report will be published at the media and analysts' conference on 17 April 2013.



For further information:

Andreas Seibold, CFO, Tel. +41 71 447 22 50, [andreas.seibold@huegli.com](mailto:andreas.seibold@huegli.com)

Hügli Holding AG, Bleichstrasse 31, CH-9323 Steinach

**Financial calendar**

17. April 2013	07.30 a.m.	Media release: Annual Report 2012, Sales Q1 2013
	10.30 a.m.	Media / Analysts' Conference, Widder Hotel, Zurich
15. May 2013	04.30 p.m.	Annual General Meeting, Seeparksaal, Arbon
20. August 2013	07.30 a.m.	Media release: Half-Year Report 2013

This information and further financial details as well as the annual report, information on corporate governance and Hügli shares, can be found at our Investor Relations website: <http://ir.huegli.com>  
Hügli is listed on the Swiss Stock Exchange (SIX Swiss Exchange: HUE / ISIN: CH0004647951).

***Hügli – one group, many teams, one goal***

*Hügli was founded in Switzerland in 1935. Today it is one of the leading European companies for the development, production and marketing of dry blends in the convenience segment such as soups, sauces, bouillons, ready to serve meals, desserts, functional food as well as Italian specialities. Hügli caters to the kitchens of the professional out of home market (Food Service), manufactures products for brand companies (Brand Solutions) as well as for food retailers (Private Label). With its flavour-adding semi-finished products, Hügli partners with food manufacturers (Food Industry) and sells own brands, mostly of organic quality, to consumers (Consumer Brands). More than 1'200 employees in 9 countries link Hügli directly with its customers, and generate annual sales of around CHF 325 million.*

***[www.huegli.com](http://www.huegli.com)***