Hügli Holding AG

Bleichestrasse 31
CH-9323 Steinach

Media Release 17 May 2010, 07.30 a.m.

Hügli sells a non-strategic product line in the Czech Republic
Profitability of core business beyond expectations

In keeping with its strategic focus on the core business, Hügli has signed an agreement that specifies the take-over of the operating business of the product line "chocolate-based spreads" as per 15 May 2010 by a German industrial group, which specialises in this domain. The staff employed in the Czech Republic will be retained and integrated in the fast growing core business.

Based on the positive development of the core business, a higher profitability can be forecasted for the year 2010. Overall, in 2010 sales are considered to attain a level comparable to the previous year's, EBIT is anticipated to increase by around +10% and group profit expected to rise by around +20%, including the extraordinary income from the disinvestment.

In 1999, the Hügli Group had taken over a domain "chocolate-based spreads" at the production site Zasmuky as part of its market entry acquisition in the Czech Republic. This product line had never constituted a component of the strategic core product portfolio. It contributed considerably to the building up and development of the site, however. The domain, which has presently been sold, comprises all machinery and equipment used for this product line, the production know-how, the client base, a brand as well as the inventory of raw materials and finished products. Moreover, the purchasing party will carry on the existing delivery contracts with customers. The staff will be further employed under hitherto prevailing conditions in the core business of customised dry blends, the production plant and equipment of which will again be markedly expanded in the course of this year.

The transfer of economic assets and the existing contracts will be effected as per 15 May 2010. Subsequently, the production will gradually be carried over to the purchasing party's production plant until the end of July 2010, at the latest.

This disinvestment will deliver an anticipated extraordinary book profit of around CHF 2 million in the financial year 2010, which will represent in particular the payment for the self-developed intangible assets (know-how, client base) as well as the acquired and already fully depreciated assets (brand, goodwill).
The presently sold product line had until now contributed an annual CHF 18 million to Group sales. The financial assets freed up by the disinvestment will be re-invested in substantial development projects.

Based on the positive development of the core business an altogether higher profitability is anticipated for the year 2010. The organic sales growth developed as expected, from January to April 2010 with a growth rate of +6.3%. For the entire year, we forecast organic growth of +5%, which – considering the impact of negative currency effects and disinvestment – corresponds to sales stated for 2010 that stand at the previous year's level. Owing to operational improvements in the core business we nevertheless expect an increase of EBIT of around +10%, which, along with the extraordinary profit from the disinvestment, accords with a rise of group profit by around +20%.

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Agenda

19 May 2010	04.30 p.m.	Shareholders' Meeting, Seeparksaal, Arbon
21 May 2010		ex dividend date
27 May 2010		Dividend payment
13 August 2010	07.30 a.m.	Media release: Half-Year Report 2010

www.huegli.com

The Hügli Group is one of the leading European groups that operate in development, production and marketing of customised dry blends such as soup, sauces, bouillons, dry ready meals, desserts and functional foods. More than 1400 employees in 9 countries connect Hügli directly with the customers, and achieve annual sales of about CHF 390 million (GBP 240 million). Hügli is headquartered in Steinach, Switzerland and generates more than 85% of its sales outside of its home country.

The original of this Media Release is written in German. The German version is binding.