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Hügli's profits soar in 2013, positive outlook

Revenues up in 2013 by +13.1% to CHF 367.3 million

EBIT margin lifts to 8.0%

2013 profit up by +38.8% to CHF 20.8 million

Higher dividend of CHF 14.00 per share proposed

2014 outlook: Continued organic revenue growth, increase in EBIT margin

Excellent position on European foodstuffs market

Hügli's consolidated revenues increased by +13.1% to CHF 367.3 million, with the effect from acquisitions amounting to +9.6%, and +1.1% due to the positive changes in exchange rates. Organic revenue growth gained pace substantially in the second half of the year after a weak first six months (-0.2%), with a low basis for comparison, to +5.0% to result in a full-year figure of 2.4% in 2013. This growth means that we hold an excellent position compared to the stagnating or slightly falling developments in demand on the European foodstuffs market. Our largest segment Germany enjoyed particularly pleasing organic revenue growth of +4.9% in the face of a highly competitive market. Taken together with the acquired Vogeley revenues, revenues even grew by a total of +25.1%. In the segment Switzerland/Rest of Western Europe revenues were up by organic +1.4%, mostly driven by excellent growth in the UK. The other countries (Switzerland, Austria and Italy) all moved at around the previous year's level on highly demanding markets. In the Eastern Europe Segment, the Czech Republic headed the negative developments, and the positive growth in Poland and Hungary was not able to compensate for this. In total, the segment recorded a downturn of -6.8% in local currencies.

Varied growth in the sales divisions

In the sales divisions, two divisions recorded very positive growth: Brand Solutions (production of products for branded-goods companies) grew organically by +17.8% and the Consumer Brands division (production and sale of own branded products) grew organically by +5.0%. In both divisions, demand for products from organic agriculture was above average. The Food Industry division suffered perceptibly from the downturn in purchases by key accounts for consumer packages. However, business with flavor-adding semi-finished products enjoyed excellent growth, although it was only able to partially compensate for the downturn in consumer packages, resulting in revenues falling in total by an organic -4.4%. The Private Label division (organic -1.4%) was depressed by the in some cases temporary lack of production orders from major retailers. The largest division, Food Service, was able to record slight organic growth of +0.3% despite the continued reserved consumer behavior in the gastronomy segment. Germany and Hungary in particular fared well. The turnaround in Poland was particularly satisfactory, with the re-organised sales organisation recording high growth rates. Revenue growth in the Czech Republic was significantly lower than expectations. As a result of the successful integration of sales activities at the location in Germany from Vogeley, which was acquired in 2013, Food Service grew by a total of +22.8% year-on-year, and accounts for 45% of revenues with 40'000 customers, and it holds a central position in the Hügli Group.



Gross margin stabilised, profitability substantially increased

The prices for raw materials and packaging stabilised at a high level in mid-2013, which means that the gross margin was able to recover slightly in the second half of 2013 - for the first time in three years. Staff numbers increased as a result of the acquisition by 69 to a total of 1'321 FTEs as of the balance sheet date. It has been possible to cut operating expenses in both of the past two years thanks to excellent cost management, and these only increased during the fiscal year as a result of the revenues that were acquired in Germany. After a difficult previous year, it was possible to lift EBIT by +36.1% to CHF 29.3 million during 2013. The Group's EBIT margin improved from 6.6% in the previous year to 8.0% in 2013. As a result, this has returned to the normal zone, both in terms of the average figure over the past ten years, and also in terms of the low end of the strategic target corridor of 8%-9%. Hügli's consolidated profits improved significantly despite higher taxation by +38.8% to CHF 20.8 million. This resulted in a profit margin of 5.7% in fiscal year 2013.

Balance sheet structure solid, strong cash flow

The slight deterioration in financial indicators at the end of 2012 as a result of the acquisition improved again substantially in 2013 as a result of the cash flow from operating activities of CHF 40.2 million. It was possible to reduce net debt from CHF 86.8 million in the previous year to CHF 65.4 million, and thus to the lowest figure in the past nine years. At the same time, equity increased by CHF 11.4 million to CHF 136.9 million, which corresponds to an equity ratio of 53.4%. As anticipated, our net debt/EBITDA ratio also relaxed significantly from 2.6x in the previous year to 1.5x as of the end of 2013. In addition, the return on invested capital (ROIC) was also increased again substantially to 9.8%, with corresponding added value being recorded.

Higher dividends

The Board of Directors is proposing a higher dividend of CHF 14.00 (previous year: CHF 12.00) to the General Meeting on 21 May 2014. This corresponds to a disbursement ratio of 32%. This disbursement rate, which is once again in excess of the long-term corridor of 25% to 30%, shows Hügli's confidence that it will be able to further reinforce its profitability in the coming years.

Outlook 2014 -

Moderate organic revenue growth with increase in EBIT margin

Revenues in the first quarter of 2014 were up +0.3% in line with expectations, with the Brand Solutions division once again being the clear growth driver at +14.4%. Due to translation losses sales decreased slightly from CHF 97.6 Mio. in the previous year to CHF 97.3 Mio. Hügli enjoys an excellent position to avail of all of the opportunities that present themselves and to record profitable growth. This is the case even though the underlying economic conditions continue to be very demanding. We are forecasting moderate organic revenue growth in 2014 similar to the previous year and a further increase in the EBIT margin.



Key financial indicators	in CHF million	2013	2012	Change
Sales		367.3	324.8	+13.1%
EBITDA		42.8	33.6	+27.7%
as % of sales		11.7%	10.3%	
EBIT		29.3	21.5	+36.1%
as % of sales		8.0%	6.6%	
Net Group profit		20.8	15.0	+38.8%
as % of sales		5.7%	4.6%	
Cash flow from operations		40.2	23.8	+68.6%
Capital expenditure		-11.5	-30.3	-62.0%
		31. Dec.2013	31. Dec.2012	
Net operating assets		220.7	230.9	-4.4%
Equity		136.9	125.5	+9.0%
as % of total assets		53.4%	48.0%	
Net debt		65.4	86.8	-24.6%
Gearing		0.48	0.69	
Return on invest. capital ROIC		9.8%	7.8%	
Earnings per share (in CHF)		43.41	31.18	+39.2%
Gross dividend (in CHF)		14.00	12.00	+16.7%

Financial calendar

15 April 2014	7.30 a.m.	Media Release: 2013 Annual Report, Sales Q1 2014
	10.30 a.m.	Media / Analysts' Conference, Widder Hotel, Zurich
21 May 2014	4.30 p.m.	Annual General Meeting, Seeparksaal, Arbon
23 May 2014		Ex-dividend date
28 May 2014		Dividend payment (coupon no. 19)
20 August 2014	7.30 a.m.	Media Release: 2014 Half-Year Report

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Hügli published its 2013 Annual Report at 7.30 a.m. today online at:

<http://ir.huegli.com/en-us/investorrelations/reports.aspx>

Financial reports, information on corporate governance and on the Hügli share listed on the SIX Swiss Exchange (HUE / security no. 464795) can be retrieved from our Investor Relations website: <http://ir.huegli.com>

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 1'300 employees in 9 countries link Hügli directly with its customers, and generate annual sales of over CHF 360 million.

www.huegli.com