Hügli Holding AG

Media Release 15 April 2015, 7.30 a.m.

Solid growth, significantly improved earnings

- **Sales up +3.6% in 2014 (+2.6% in CHF) to CHF 377 million**
- **EBIT improved by +10.2%, EBIT margin increases from 8.0% to 8.6%**
- **2014 Group profit up by +12.5% to CHF 23.4 million**
- **Higher dividend of CHF 16.00 per share proposed**
- **High organic sales growth of +9.2% in Q1 2015**
- **2015 outlook: Excellent operating performance will be neutralised due to translation to Swiss Francs; Sales and EBIT in 2015 are thus expected to be on a par with 2014**

European foodstuffs market is challenging

The Group's sales grew organically by +3.6%, primarily due to higher sales quantities (price effects +0.8%). Sales in Swiss Francs were depressed by negative currency translation effects and lifted by +2.6% to CHF 377 million. In view of the stagnating market for foodstuffs in Europe, we believe that this is comparatively good performance. Our largest segment of Germany enjoyed particularly pleasing organic sales growth of +7.3% with the support of all our sales divisions. The geographic segment of Switzerland/Rest of Western Europe segment was -1.9% down on the previous year. This figure was depressed in particular by the Food Service division (out of home market) in Switzerland, Austria and Italy. After growth of +7.0% in the previous year the UK suffered a temporary setback as a result of the loss of a key account. The sales downturn in the Eastern Europe segment totaled -0.8% with Food Service providing convincing growth, however listing sales were lost in food retail.

Varied acceleration in the sales divisions

While the difficult market environment slowed the general growth of all of our divisions, the Private Label division (food retail) recorded accelerated growth, in particular as a result of the temporary absence on the market of a major competitor. This led to sales increasing by +10.7% on the whole. The high-growth division Brand Solutions (products for brand companies, increasingly in organic quality) once again recorded excellent growth of +7.1%, however it was not possible to match the extraordinarily rapid growth enjoyed in the previous year (+17.8%). The Food Industry division turned around after two difficult years, and recorded organic growth of +0.7% in 2014. The largest division, Food Service, had to battle lower consumption on the out of home market in Western Europe, in particular in the gastronomy segment. Growth slowed to +0.3%. In the Consumer Brands division, the organic segment supported Hügli's brand business, recording organic growth of +2.8%.

Acquisition of EDEN and granoVita brands as of 1 January 2015

Hügli has significantly reinforced its natural food sector by acquiring primaVita's brand business. The two primary brands acquired were EDEN and granoVita, which are both strong, well-established brands, standing for more than 100 years of competence in healthy nutrition. EDEN has been the organic pioneer for sales of natural foodstuffs since 1883 and offers a wide range of vegetarian and vegan products. The granoVita brand stands for excellent flavor and top quality products without additives.

From 2015 annual sales of EUR 19 million will be recorded thanks to these acquisitions, and synergies within a strong corporate group will be exploited. This transaction underscores Hügli's aim of growing further on its core, consolidating markets. The merger reinforces sales competence and our position on a highly interesting market, and it offers additional potential to record profitable and sustainable growth.

Gross margin stable, profitability increases disproportionately
Prices for raw materials and packaging have stabilised at a higher level since mid-2013 after having increased substantially in the previous two years. It has thus been possible to keep the gross margin for the products sold stable at the prior year's level. As a result of the excellent order book and the associated expansion of our warehouse for finished goods, coupled with insourcing Vogeley production, the increase in our total operating revenues was significantly higher than sales compared to the previous year. The Group's staff grew by +4.3% or 57 employees year-on-year to a total of 1'378 full-time positions. Both our currency-adjusted personnel expenses were up by +4.1% and our other operating expenses lifted by +4.5%, increasing at a disproportionately lower rate than total operating revenues. Our projects to improve efficiency (lean management) at various sites made a major contribution in this regard.
EBIT thus enjoyed above-average growth of +10.2% to a total of CHF 32.3 million. The EBIT margin of 8.6% is in the middle of the strategic target corridor of 8%-9%. Interest expenses were lower once again, which allowed consolidated profits to lift by +12.5% to CHF 23.4 million. This resulted in a profit margin of 6.2% in fiscal year 2014.

Strong balance sheet, improved profitability
The balance sheet continues to be very solid. Our net current assets increased based on higher total operating revenues. This was mostly due to the higher inventories of finished goods. Our cash flow was also more than sufficient for our higher investments in machinery and equipment, which meant that we could use our free cash flow to repay liabilities to banks. Net debt fell by CHF -9.0 million to CHF 56.4 million, which corresponds to a low net debt to EBITDA ratio of 1.2x. At the same time, equity increased by CHF 13.3 million to CHF 150.2 million, which corresponds to an equity ratio of total assets of 56.8%. In addition, the return on invested capital (ROIC) was also increased again from 9.8% to 10.9%, which thus increased the amount of added value once again.

Proposals of the Board of Directors
The Board of Directors is proposing a higher dividend of CHF 16.00 per share (previous year: CHF 14.00) to the General Meeting on 20 May 2015. This corresponds to a disbursement ratio of 33%. In addition, the annulment of article 5, the opting-up, is proposed as part of the statutory revision that mainly comprises the implementation of legal norms provided by the "Ordinance Against Excessive Compensation in Listed Stock Companies" (OaEC). The increased statutory threshold that entails the obligation to make a public offer for the purchase of more than 49% of voting rights is thus waived. The basic rule of article 32 of the "Swiss Federal Act on Stock Exchanges and Securities Trading" BEHG will therefore apply going forward. It provides that a purchasing party that acquires more than 33 1/3% of voting rights of a listed company is subject to the obligation to make a purchase offer for all listed shares of the company.

Dynamic start in Q1 2015

The organic sales growth in Q1 2015 was high with +9.2% when compared to the previous year's weak period. Including the acquisition, sales grew by an additional CHF 5.8 million. The massive negative currency effect of -9.6% slowed down sales in Swiss Francs, which increased only by +4.7% to CHF 101.9 million.

Outlook 2015 -
Exchange rates thwart high operating growth

Good organic growth in the range of +6% is forecasted for 2015. In addition, the acquisition at the start of 2015 will boost sales by another +5%. The organic EBIT growth rate should increase slightly faster than sales. The planned contributions to earnings from the acquisition in its first year of integration will however not be material due to one-off costs.

The Swiss Franc exchange rates which have applied since the middle of January 2015 are substantially lower than the 2014 figures in the currencies that are relevant for Hügli, in particular the Euro. As a result, sales and income recorded outside Switzerland, around 80% of Hügli Group, will be translated to Swiss Franc at a lower rate (currency translation effect). Given the current exchange rates, we have to assume that the new exchange rates will have a negative impact of over -10% on our good operating revenues in local currencies, which means that we are forecasting our reported sales and EBIT in 2015 to be on a comparable level to 2014.

Key financial indicators *in CHF million*	**2014**	**2013**	**Change**
Sales	377.0	367.3	+2.6%
EBITDA	45.9	42.8	+7.1%
as % of sales	12.2%	11.7%	
EBIT	32.3	29.3	+10.2%
as % of sales	8.6%	8.0%	
Net Group profit	23.4	20.8	+12.5%
as % of sales	6.2%	5.7%	
Cash flow from operations	31.9	40.2	-20.7%
Cash flow from investments	-16.1	-11.5	+39.9%
	31 Dec.2014	**31 Dec.2013**	
Net operating assets	228.6	220.7	+3.6%
Equity	150.2	136.9	+9.7%
as % of total assets	56.8%	53.4%	
Net debt	56.4	65.4	-13.8%
Gearing	0.38	0.48	
Return of invest. capital ROIC	10.9%	9.8%	
Earnings per share (in CHF)	48.79	43.41	+12.4%
Gross dividend (in CHF)	16.00	14.00	+14.3%

Agenda

15 April 2015	7.30 a.m.	Media Release: 2014 Annual Report, Sales Q1 2015
	10.30 a.m.	Media/Analysts' Conference, Widder Hotel, Zurich
20 May 2015	4.30 p.m.	Shareholders' Meeting, Seeparksaal, Arbon
22 May 2015		Ex-dividend date
27 May 2015		Dividend payment (coupon no. 20)
19 August 2015	7.30 a.m.	Media Release: 2015 Half-Year Report

For further information:
Andreas Seibold, CFO, Tel. +41 71 447 22 50, andreas.seibold@huegli.com
Hügli Holding AG, Bleichestrasse 31, CH-9323 Steinach

Hügli published its 2014 Annual Report at 7.30 a.m. today online at:
http://www.huegli.com/en/investor-relations/results-reports/
Additional financial details, information on corporate governance and Hügli shares which are listed on the Swiss Stock Exchange (SIX Swiss Exchange: HUE / Securities Number 464795) can be found at our Investor Relations website: http://www.huegli.com/en/investor-relations/

Hügli – Culinary expertise. Creativity. Speed.
Hügli was founded in Switzerland in 1935. Today it is one of the leading European food 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 specialties. 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 more than CHF 370 million.