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Sales growth of +13.1% in 2013, earnings clearly improved

- Sales increase in 2013 by +13.1% to CHF 367.3 million
- Sales division Brand Solutions as growth driver
- Successful integration of acquired Vogeley sales activities
- Organic sales growth of +2.4% owing to good dynamic in H2
- Forecast 2013: EBIT growth clearly over-proportional compared to sales
- Outlook 2014: moderate organic sales growth and over-proportional EBIT growth

Sales 2013	million CHF	Change to previous year in %	
		in CHF	organic
Food Service	163.7	+ 22.8%	+ 0.3%
Private Label	70.9	0.0%	- 1.4%
Brand Solutions	52.1	+ 19.8%	+ 17.8%
Food Industry	36.2	+ 1.2%	- 4.4%
Consumer Brands	43.9	+ 7.3%	+ 5.0%
Other	0.5		
Group total	367.3	+ 13.1%	+ 2.4%
Germany	216.0	+ 25.1%	+ 4.9%
Switzerland/Rest of Western Europe	119.3	+ 1.3%	+1.4%
Eastern Europe	32.0	- 7.0%	- 6.8%
Group total	367.3	+ 13.1%	+ 2.4%

Diverging sales development in the sales divisions

Hügli Group sales grew by +13.1% to CHF 367.3 million. The acquisition effect totals +9.6% while +1.1% are due to positive currency development. After a weak first half of the year (-0.2%), organic sales development gained considerable dynamic in the second half with +5.0%, attaining an accumulated 2.4%. The comparison relates, however, to an exceptionally weak H2 2012.

Among the sales divisions, Brand Solutions (manufacturing of products for brand companies) with an organic +17.8%, as well as the Consumer Brands division (production and sales of Hügli's own brands) with organic +5.0% developed very positively. Brand Solutions was able to grow considerably in all of its three product segments Classic, Organic and Health & Nutrition. Consumer Brands profited particularly from the demand for our own organic brands.

The Food Industry division suffered greatly in its consumer packs segment as major customers were repositioning themselves and cutting their order quantities. The business with flavour-adding semi-finished products, on the other hand, developed well. Nevertheless, it could not offset the sales slump entirely, letting organic sales drop by -4.4%.



The Private Label division (organic -1.4%) was under pressure, in part due to temporarily decreasing production orders from food retailers in the Czech Republic and Poland, whereas retail trade customers in Western Europe developed positively. As a result of a portfolio concentration, the division disposed of some unprofitable sales.

The largest division, Food Service, achieved a small organic growth of +0.3% in spite of consumers' ongoing reserved out of home consumption (gastronomy). Very good results were attained in particular by Germany, Hungary and Slovakia. The turnaround in Poland was especially pleasing due to high growth rates achieved by the newly restructured sales organisation. Negative results were recorded chiefly in the Czech Republic. Based on the successful integration of the acquired Vogeley sales activities, Food Service has grown +22.8% overall when compared to the previous year. With its sales contribution of 45% that is based on 40'000 customers, the division holds a central position within the Hügli Group.

Germany shows strong growth dynamic

Germany, the largest country segment, enjoyed a successful development with strong organic growth of +4.9% in local currencies. After a sluggish previous year (+1.0%), all sales channels in Germany developed positively throughout, some even outstandingly well. Including the acquired Vogeley sales, Germany recorded an overall growth of +25.1%.

The geographic segment Switzerland/Rest of Western Europe again profited from the good sales development in the UK and achieved a total sales plus of organic +1.4%. Owing to a cool down on the markets and an intensified competition, the countries Switzerland, Austria and Italy attained results in line with the previous year's scope.

In the Eastern Europe segment, the negative course was set by the Czech Republic due to the absence of substantial Private Label orders on the one hand, and the receding sales figures of Food Service activities on the other. The segment recorded an overall drop of -6.8% in local currencies.

Profit situation

Based on the altogether good sales development, on synergy effects gained by the integration of Vogeley as well as improvements in the cost structure, we anticipate for the financial year 2013 an increase of EBIT clearly above +13% and an overall sustained gross margin.

Outlook

CEO Thomas Bodenmann on the outlook: "We will continue implementing our growth strategy. We thereby aim to grow 5% each year in the medium-term, achieving growth both organically and through further acquisitions. In addition, we will focus on products with a high margin and improve the profit situation on the whole by the advancement of processes and an efficient cost management."

For the financial year 2014, we expect most European markets to remain depressed by the economic situation, in which growth can only be achieved by gains in market shares and through market consolidation. Given that raw materials prices remain stable at a high level, Hügli forecasts moderate organic sales growth, and based on the measures taken, a comparably over-proportional EBIT growth.



Detailed information on the financial year 2013 and the sales figures of Q1 2014 will be published at the media and analysts' conference on 15 April 2014.

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>

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Financial calendar

15 April 2014	7.30 a.m.	Media release: Annual Report 2013, 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
20 August 2014	7.30 a.m.	Media release: Half-Year Report 2014

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.

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