Results for the first half of 2019

28 August 2019
Agenda

1. Welcome  
   Urs Riedener, CEO

2. Implementation of the strategy  
   Urs Riedener, CEO

3. Half-year results 2019  
   Ricarda Demarmels, CFO

4. Outlook  
   Urs Riedener, CEO
Welcome!
SECTION 2

Implementation of the strategy
Organic growth of 1.6 %

- Net sales CHF 1,663 million
  Decline of 0.7 %
  (organic: growth of 1.6 %)

- EBIT CHF 93.5 million
  Decline of 1.6 %
  EBIT margin 5.6 % (1HY18: 5.7 %)

- Net profit CHF 72.9 million
  Increase of 1.1 % *
  Net profit margin 4.4 % (1HY18, adjusted: 4.3 %*)

* Net profit 1HY18 adjusted for the non-recurring effect from the disposal of the minority stake in “siggis” amounting to CHF 56.9 million

First half of 2019, Results presentation, 28 August 2019
IMPLEMENTATION OF THE STRATEGY

CEO message

Strategic progress
• Strengthening of growth markets
• Strengthening of niche areas in desserts, organic, and goat’s milk
  • Laticínios Porto Alegre (Brazil)
  • Seymour (USA)
  • Leeb (Austria)
  • Pasticceria Quadrifoglio (Italy)

Solid operational performance
• Solid results in H1
• Two of three business divisions grow as planned
• Increasing resilience of product and company portfolio

Earnings forecast confirmed
• H2 forecasts confirmed, growth slightly revised
• Group sales 1.5 % to 2.5 % (previously 2 % to 3 %)
Key events 1/2

- **JAN**
  - Acquisition Seymour (USA)

- **FEB**
  - Sale of Emmi Frisch-Service AG
  - Ski sponsorship commitment

- **MAR**
  - Emmi is in the top ten in the GfK Reputation Rankings

- **APR**
  - New design for Emmi Caffè Latte
  - Emmi Sustainability Award
First half of 2019, Results presentation, 28 August 2019

**Key events 2/2**

1. **Unique culture Emmi Employee Event**
2. **Lean ERP rollout in Canada**
3. **Majority stake in Leeb**
4. **Majority stake in Laticínios Porto Alegre**
5. **100% of Emmi apprentices complete their certification**

**Timeline:**
- April: Unique culture Emmi Employee Event
- May: Lean ERP rollout in Canada
- May: Majority stake in Leeb
- June: Majority stake in Laticínios Porto Alegre
- June: 100% of Emmi apprentices complete their certification
Emmi’s strategic pillars

**Strategic pillars**
- Greater strength in Switzerland
- International growth
- Cost management

**Strategic niche areas**
- Desserts
- Organic
- Goat's milk
SECTION 2

Acquisitions
We are working on our portfolio

January
Purchase of the Seymour (USA) production site

February
Sale of Emmi Frisch-Service AG (CH)

May
Majority stake in Leeb and Hale (AUT)

June
Majority stake in Laticínios Porto Alegre (BRA)

July
Acquisition of Pasticceria Quadrifoglio (ITA)
Seymour production plant (USA)

• Expansion of experience in blue cheese production
• Extension of the value chain
• Access to new customers (retail trade and food service)
• Development of new products for increased differentiation
Majority stake in Laticínios Porto Alegre (Brazil)

• Strengthen presence in major growth market

• Majority stake (from 40 % to 70 %)

• Since acquiring initial stake in 2017, now no. 3 in the primary market of Minas Gerais (MG)

• Strategy: Strengthening of position in MG, geographic expansion, widening of product range
INTERNATIONAL GROWTH

Majority stake in Leeb (Austria)

- Strengthen product portfolio with organic goat’s milk and sheep’s milk
- Expand goat’s milk network
- Access to new customers (mainly eastern Europe)
- Increase in expertise and expansion of range of vegan dairy alternatives (Hale)
INTERNATIONAL GROWTH / NICHE DESSERTS

Pasticceria Quadrifoglio (Italy)

- Expand product portfolio of speciality desserts
- Access to new customers in food service thanks to broad expertise in artisanal production
- Addition of Italy’s leading sorbet drinks brand (Sorbissimo.com)
- Harness international marketing synergies
Half-year results 2019

SECTION 2

Veredelt von Höhle und Meister.
SALES GROWTH 2009 – 2018

Successful internationalisation

2008 2'671 625 2'046
2009 2'619 675 1'944
2010 2'684 732 1'952
2011 2'721 811 1'910
2012 2'981 1'395 1'842
2013 3'298 1'435 1'888
2014 3'404 1'516 1'793
2015 3'214 1'421 1'741
2016 3'259 1'518 1'731
2017 3'364 1'633 1'713
2018 3'457 1'744 1'663
2019 3'457 1'744 852

International
Schweiz

2019: balance sheet date 30 June
Sales by business division

Top 5 sales:
- Switzerland
- USA
- Spain
- Germany
- Italy

Group net sales in first half of 2019: CHF 1,663 million

Switzerland 48.7 %, CHF 811 million
(prior year CHF 830 million)

Americas 31.2 %, CHF 518 million
(prior year CHF 502 million)

Europe 16.8 %, CHF 280 million
(prior year CHF 288 million)

Global 3.3 %, CHF 54 million
(prior year CHF 55 million)
HALF-YEAR RESULTS 2019

Sales by product group

- **Dairy products**: 32%, CHF 522 million (prior year CHF 530 million)
- **Cheese**: 29%, CHF 488 million (prior year CHF 489 million)
- **Fresh cheese**: 5%, CHF 86 million (prior year CHF 87 million)
- **Powder/concentrates**: 4%, CHF 63 million (prior year CHF 57 million)
- **Fresh products**: 25%, CHF 417 million (prior year CHF 421 million)
- **Other products/services**: 5%, CHF 87 million (prior year CHF 91 million)
Group sales slightly below expectations

Sales in CHF million:

<table>
<thead>
<tr>
<th></th>
<th>Sales 2018</th>
<th>Acquisition effect</th>
<th>Currency effect</th>
<th>Organic growth</th>
<th>Sales 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1674.8</td>
<td>-0.9 %</td>
<td>-1.4 %</td>
<td>+1.6 %</td>
<td>1663.3</td>
</tr>
</tbody>
</table>
### Dairy products

**Sales CHF 335.4 million, +2.3 % (org. +3.2 %)**

- Higher sales quantities of milk and cream, lower sales of butter

### Cheese

**Sales CHF 193.8 million, -6.7 % (org. -1.3 %)**

- Decline in cheese varieties, mainly due to a continued increase in imports and the generally high price pressure in this segment
- Growth in speciality cheese such as Luzerner Rahmkäse, Scharfer Maxx and Le Petit Chevrier

### Fresh products

**Sales CHF 167.0 million, -2.8 % (org. -1.1 %)**

- Losses from private label products of retailers (yogurts and ice cream)
- Emmi Caffé Latte and Energy Milk posted pleasing growth

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**Dairy products**

<table>
<thead>
<tr>
<th>Sales 2018</th>
<th>Acquisition effect</th>
<th>Currency effect</th>
<th>Organic growth</th>
<th>Sales 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>830.3</td>
<td>-2.9 %</td>
<td>+0.0 %</td>
<td>+0.5 %</td>
<td>810.5</td>
</tr>
</tbody>
</table>

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**Swiss business posts good organic growth**

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First half of 2019, Results presentation, 28 August 2019
Considerable growth in Chile, Mexico and Tunisia

Sales in CHF million

Sales
2018
Acquisition
effect
Currency
effect
Organic
growth
Sales
2019
502.2
+1.5 %
-2.6 %
+4.3 %
518.4

Cheese
Sales CHF 217.2 million, +8.8 % (org. +2.8 %)
- Growth in the retail business of Mexideli, in Emmi Roth with Swiss cheese, in the goat’s cheese business in the US and in locally produced cheese in Chile
- Positive acquisition effect from the purchase of a blue cheese production site in the US

Dairy products
Sales CHF 138.0 million, -2.9 % (org. +5.2 %)
- Sales growth in Tunisia (milk and butter) and Chile (milk and cream)

Fresh products
Sales CHF 101.2 million, -2.6 % (org. +3.4 %)
- Growth with Italian dessert specialities in France and with Kaiku Caffè Latte in Spain
- Positive development in Chile, too, with yogurt and milkshakes
- Moderate growth in Spain (yogurts and yogurt drinks) slightly weakened the level of growth
Gläserne Molkerei puts brakes on growth

SALES DEVELOPMENT EUROPE

Sales in CHF million

Sales 2018: 287.6
Acquisition effect: +0.0%
Currency effect: -3.4%
Organic growth: +0.7%
Sales 2019: 279.9

Fresh products
Sales CHF 129.2 million, +3.5% (org. +7.0%)
- Pleasing growth in Emmi Caffè Latte in all European markets
- Continued positive development of Italian dessert specialities
- Slight decline in sales of Onken yogurts in the UK and Germany

Cheese
Sales CHF 54.7 million, -5.0% (org. -1.6%)
- Decline in exports of Emmentaler AOP to Italy
- Positive development of speciality cheese, such as Kaltbach in Germany

Dairy products
Sales CHF 46.8 million, -19.1% (org. -16.2%)
- Marked decline in sales at Gläserne Molkerei (combination of lower quantity of milk processed and lower price of organic milk)
SECTION 2

Other aspects of the Emmi strategy
Strategic initiatives

LeanERP
- ERP system for the subsidiaries
  - Streamline processes
  - Increase transparency (e.g. costs, processes)

procureNet 2.0
- Establish an international purchasing network
  - Improve purchasing conditions
  - Reduce complexity
  - Improve cooperation across countries and companies
  - Structure and harmonise processes more efficiently

EOE International
- Expand the cost-saving and efficiency-improvement programme worldwide
  - EOE has stood for operational excellence at Emmi for over ten years
  - We are working intensively and very successfully on avoiding waste
Emmi continues to make progress

- Emmi Caffè Latte Cold Brew and Colombia Edition
- Emmi Moments (dessert yogurt)
- Toni’s cream cheese
- Kaltbach Gold Germany

- Ski star Wendy Holdener
- Beach volleyball team Hüberli-Betschart
SECTION 2

Sustainability
Emmi commits itself to sustainability

- 25% less CO₂ emissions
- 20% less waste (refuse, food waste)
- 100% sustainable Swiss milk
- 100% supported employees
Emmi Sustainability Award

1st place: Together against food waste (CH)
- Online platform with a marketplace for surplus products
- Products can be ordered from a location and then sold at reduced prices in the factory shops or distributed free of charge to employees

2nd place: Redwood Hill (USA)
Minimising plastic in packaging
- Three-component pot (K3) comprising a thin polypropylene pot, stabilising cardboard wrap-around, and a plastic or aluminium lid
- Multipurpose with communication about sustainability topics on the reverse of the cardboard

3rd place: Mahdia (TUN)
Optimisation of water consumption
- Annual saving of 175,000 m³ of water and CHF 100,000
- Achieved by recovering cooling water
- Transfer of knowledge (EOE)
SECTION 3: HALF-YEAR RESULTS 2019

Half-year results
### Higher gross profit margin

<table>
<thead>
<tr>
<th></th>
<th>1HY19</th>
<th>1HY18</th>
<th>Δ in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,663.3</td>
<td>1,674.8</td>
<td>-0.7</td>
</tr>
<tr>
<td><strong>Gross operating profit</strong></td>
<td>604.9</td>
<td>604.5</td>
<td>0.1</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>36.4</td>
<td>36.1</td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>-447.0</td>
<td>-443.4</td>
<td>0.8</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>26.9</td>
<td>26.5</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>159.6</td>
<td>162.7</td>
<td>-1.9</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>9.6</td>
<td>9.7</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>-66.2</td>
<td>-67.8</td>
<td>-2.4</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>93.5</td>
<td>95.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>5.6</td>
<td>5.7</td>
<td></td>
</tr>
</tbody>
</table>

- Gross profit margin +0.3 percentage points despite high price pressure and negative FX thanks to consistent work on the portfolio:
  - Strong brand concepts
  - Attractive niche areas
  - Rationalisation and productivity measures
- EBITDA and EBIT margins -0.1 percentage points mainly due to higher costs for logistics, energy and operating materials
### Higher costs for logistics, energy and operating materials

<table>
<thead>
<tr>
<th>in CHF million</th>
<th>1HY19</th>
<th>1HY18</th>
<th>Δ in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>231.4</td>
<td>232.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>13.9</td>
<td>13.9</td>
<td></td>
</tr>
<tr>
<td>Marketing and sales related expenses</td>
<td>63.3</td>
<td>63.2</td>
<td>0.2</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>3.8</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Occupancy expense, maint./repl./repair, leasing</td>
<td>34.0</td>
<td>33.9</td>
<td>0.1</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>2.0</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Energy, operating materials and supplies</td>
<td>36.3</td>
<td>31.3</td>
<td>16.1</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>2.2</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>Logistic expenses</td>
<td>54.9</td>
<td>51.5</td>
<td>6.6</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>3.3</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>27.1</td>
<td>31.4</td>
<td>-13.7</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>1.6</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>447.0</td>
<td>443.4</td>
<td>0.8</td>
</tr>
<tr>
<td>as % of net sales</td>
<td>26.9</td>
<td>26.5</td>
<td></td>
</tr>
</tbody>
</table>
### Slightly higher (adjusted) net profit margin

<table>
<thead>
<tr>
<th></th>
<th>1HY19</th>
<th>1HY18 published</th>
<th>1HY18 adjusted</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>93.5</td>
<td>95.0</td>
<td>95.0</td>
<td>-1.5</td>
</tr>
<tr>
<td>Gains from associated companies</td>
<td>-0.0</td>
<td>76.8</td>
<td>-1.4</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-3.0</td>
<td>-3.2</td>
<td>-3.2</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Earnings before taxes (EBT)</strong></td>
<td>90.5</td>
<td>168.7</td>
<td>90.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>-14.5</td>
<td>-35.8</td>
<td>-14.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Average tax rate in %</strong></td>
<td>16.0</td>
<td>21.2</td>
<td>16.0</td>
<td></td>
</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td>-3.1</td>
<td>-3.9</td>
<td>-3.9</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>72.9</td>
<td>129.0</td>
<td>72.1</td>
<td>0.8</td>
</tr>
</tbody>
</table>

| as % of net sales        | 4.4   | 7.7            | 4.3            |      |

- Net profit +1.1 %, +0.1 percentage point vs. PY (adjusted)
- Higher (adjusted) gains from associated companies
- Slightly improved financial result (higher net interest expenses, better foreign currency result)
- Expected tax rate of 16 % unchanged versus the previous year
- Lower proportion of minority stakes

* Adjusted for siggi’s
## Free cashflow reduced by investment activity

<table>
<thead>
<tr>
<th>in CHF million</th>
<th>1HY19</th>
<th>1HY18</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>103.2</td>
<td>119.9</td>
<td>-16.7</td>
</tr>
<tr>
<td>Investments in property, plant and equipment</td>
<td>-44.1</td>
<td>-26.8</td>
<td>-17.3</td>
</tr>
<tr>
<td>Investments in intangible assets</td>
<td>-0.2</td>
<td>-1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>2.8</td>
<td>3.1</td>
<td>-0.3</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>61.7</strong></td>
<td><strong>94.3</strong></td>
<td><strong>-32.6</strong></td>
</tr>
<tr>
<td>Cash flow from acquisition activities</td>
<td>-6.2</td>
<td>64.7</td>
<td>-70.9</td>
</tr>
<tr>
<td>Cash flow from financing activities and impact of currency translation</td>
<td>-149.4</td>
<td>-41.1</td>
<td>-108.3</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td><strong>-93.9</strong></td>
<td><strong>117.9</strong></td>
<td><strong>-211.8</strong></td>
</tr>
</tbody>
</table>
NET DEBT TREND

Strong balance sheet

- High cashflow capacity
- Equity ratio of 61.9%
- Leverage of 0.29x
- Strong balance sheet to fund further acquisitions

2015 – 2018: Balance sheet date as of year-end; 2019: balance sheet date 30 June
Outlook
OUTLOOK FOR PRODUCT INNOVATIONS

Cheese, snacks and protein

Emmi Cheese Selection

• Switzerland: Fromagerie d’Emmi, everything that is just Emmi is being switched – mainly AOP and the grated cheese business

Emmi Break

• A new sub-brand for snack products
• “Protein Break” cheese bar

Other innovations

• New variety of Emmi Energy Milk High Protein (caramel) and all drinks are now lactose-free
• Protein pops, new variety of Pudding: toffee nut
• Good Day: new vitamin D milk
Established concepts

Brand concepts
- Emmi Caffè Latte: Strengthening and expansion of the product range, establishment of premium specialities (cold brew, etc.)

Focus on growth markets and niche areas
- Chile, Mexico and Tunisia
- Acquisitions
  * Brazil, US and organic goat’s milk Leeb
  * Potential for growth and profit
Integration of acquired companies

The smooth integration of new companies will be the focus in the second half of the year (after approval from the competition authorities).
THE MARKET ENVIRONMENT IN 2019

Influential factors

<table>
<thead>
<tr>
<th>Positive</th>
<th>Switzerland</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Successful innovations</td>
<td>• Org. growth via trend concepts such as Roth, Kaltbach, Caffè Latte</td>
</tr>
<tr>
<td></td>
<td>• Brand development</td>
<td>• Markets: USA, Tunisia, Chile, Mexico, Brazil</td>
</tr>
<tr>
<td></td>
<td>• Trend-based product concepts</td>
<td>• Growth in niche areas</td>
</tr>
<tr>
<td></td>
<td>• Emmi Operational Excellence</td>
<td>• Emmi Operational Excellence (Tunisia, Spain, USA, Chile, Italy)</td>
</tr>
<tr>
<td></td>
<td>• Strong customer focus</td>
<td></td>
</tr>
<tr>
<td>Limiting</td>
<td>• Strong price pressure</td>
<td>• Situation of organic milk in Germany impacting Gläserne Molkerei</td>
</tr>
<tr>
<td></td>
<td>• Problems relating to capacity utilisation and profitability at customers and competitors</td>
<td>considerably</td>
</tr>
<tr>
<td></td>
<td>• New production capacities open up constantly</td>
<td>• Cost trend for raw materials, energy, logistics, staff</td>
</tr>
<tr>
<td></td>
<td>• The strong Swiss franc makes imports advantageous</td>
<td>• Milk shortage in Tunisia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Macroeconomic upheavals</td>
</tr>
</tbody>
</table>
OUTLOOK FOR 2019 AS A WHOLE

Emmi confirms earnings forecast

Organic growth, earnings targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Group</td>
<td>1.5 % to 2.5 %</td>
</tr>
<tr>
<td>Sales Division Switzerland</td>
<td>0 % to 0.5 %</td>
</tr>
<tr>
<td>Sales Division Americas</td>
<td>4 % to 6 %</td>
</tr>
<tr>
<td>Sales Division Europe</td>
<td>-1 % to 1 %</td>
</tr>
</tbody>
</table>

(Figures assume constant exchange rates and raw milk prices)

*Net profit margin excluding non-recurring effects

EBIT in CHF million

215 to 220

Net profit margin*

4.7 % to 5.2 %
Thank you for your attention.