



Emmi Capital Markets Day 2022

«Steering our business to profitable growth»

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STEERING OUR BUSINESS TO PROFITABLE GROWTH

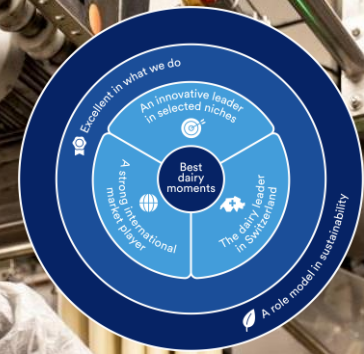
Overview

#1 Delivering sustainable value

#2 Business steering

#3 Financial guidance

#4 Key take-aways

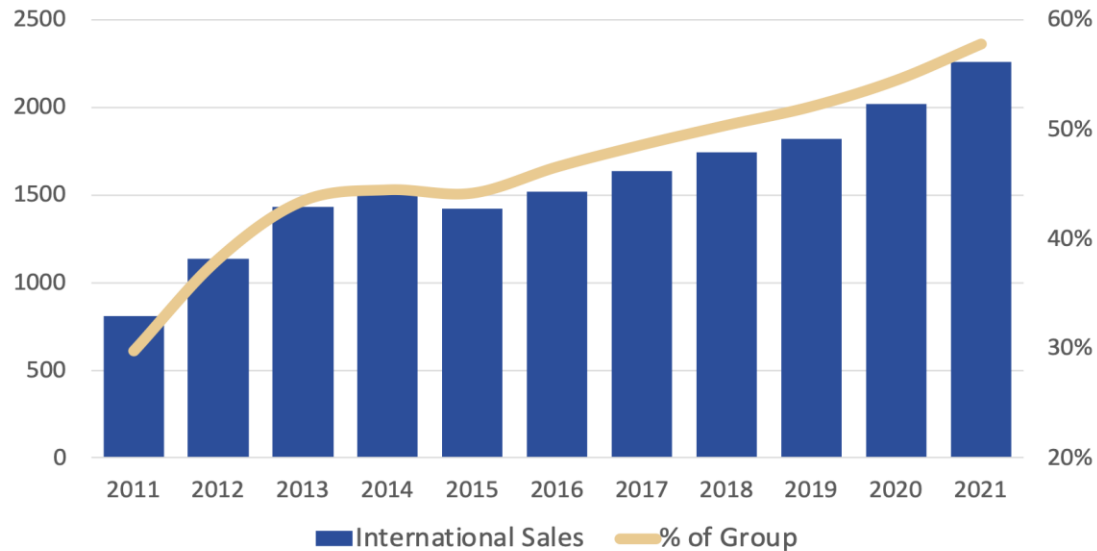


A man with glasses and a blue shirt is kneeling in a grassy field, holding a bunch of green leaves. A young child in a blue and white jacket is standing next to him, also holding the leaves. A brown and white cow is on the right, looking at the leaves. The background shows a blurred landscape with trees and hills.

#1

Delivering sustainable value

Internationalisation driving Group growth



International growth statistics

10-year CAGR of +11%

Total sales growing 3x to CHF 2.3 billion since 2011

Share of international sales doubling from 30% to 58%

Portfolio shift and diversification

Expanding internationally primarily by acquisition of **leadership positions** with potential for **growth and premiumisation**:

- **Niche categories** in developed markets
- **Value categories** with **trading-up** potential in selected emerging markets

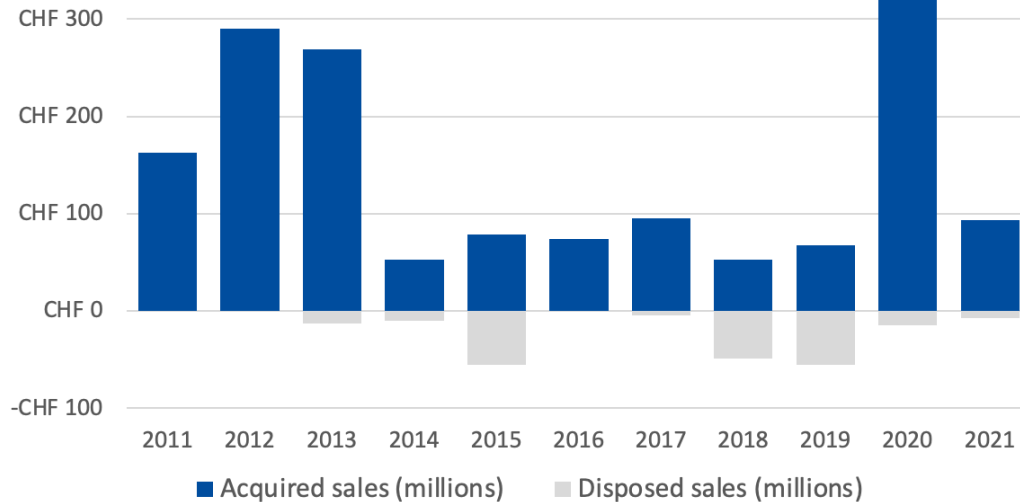
Achieve scale via acquisition and capex

Reduce dependency on domestic market

Top 5 markets



Continuous portfolio transformation



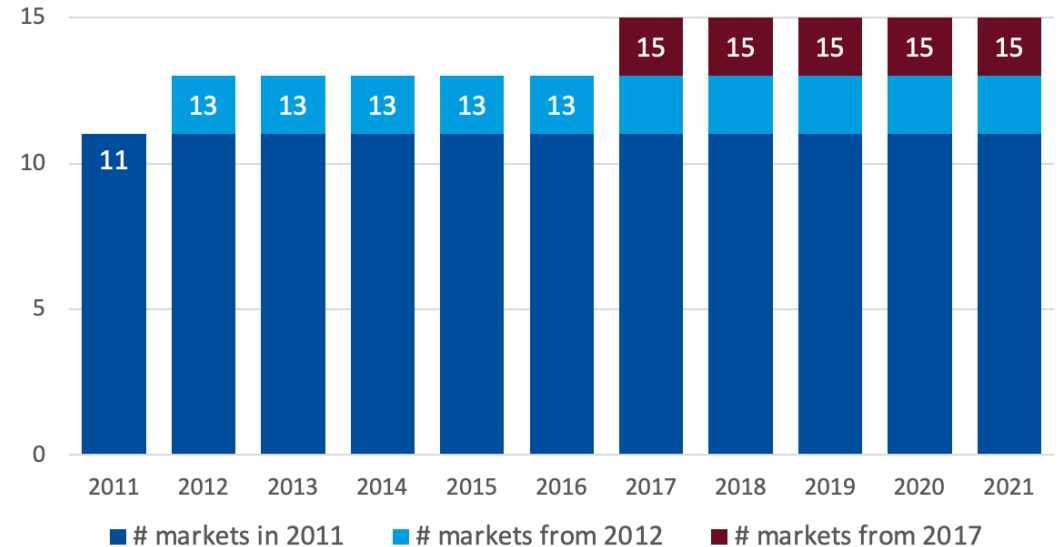
M&A knowhow & discipline

42 acquisitions and **13 disposals** since IPO

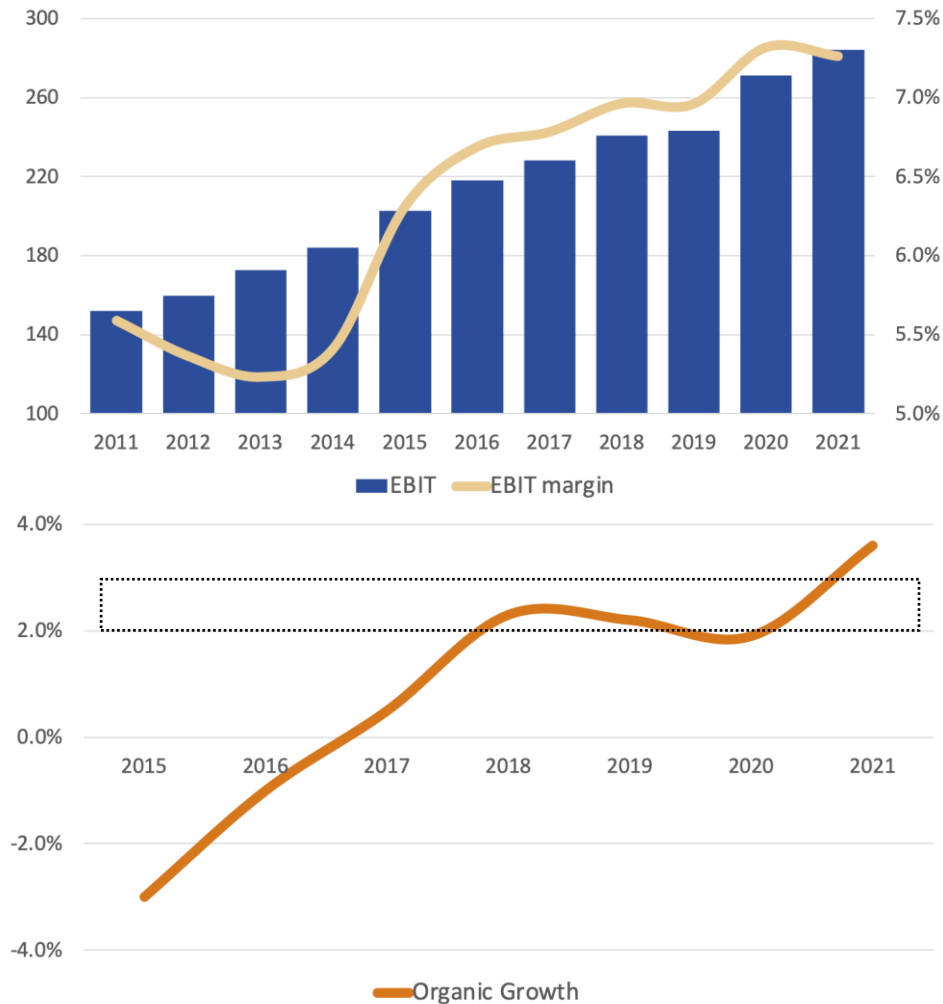
Constant portfolio streamlining, exiting low-margin low-growth businesses: CHF 200m sales since 2011

Consolidating & building profitable positions

Expansion into **attractive niches** and **leadership** positions followed by **integration and consolidation**
Focus now on upping **market relevance** and **portfolio differentiation** as category **innovation leader**



Acceleration in organic sales & profit growth



Transformation delivering results

Targeted transformational M&A to establish strong positions in attractive niches

Organic growth in sales and profitability

- Portfolio innovation and premiumisation
- Capex focused on growth and efficiency

Strong EBIT performance*


- Absolute growth of +90%
- 10-year CAGR of +6%
- Margin increase of 170bp

Organic sales growth recovery

- Reversal of negative trend
- Within medium-term guidance of 2-3%

* EBIT in Swiss francs, unadjusted for adverse foreign exchange rates over the period

Translating our strategy into sustainable value

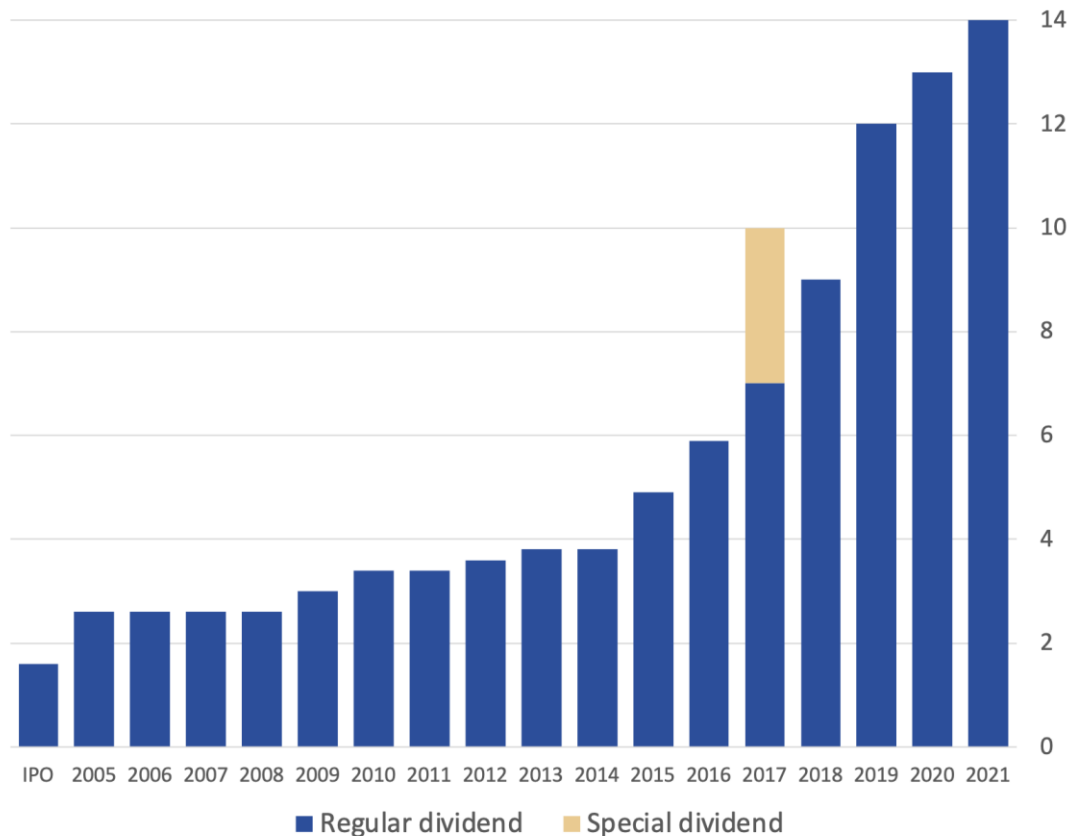
	2011-2021	2017-2021	
#1 Growth acceleration Innovation and differentiated brand concepts	+3.6 % +0.7 %	+3.8 % +2.1 %	Ø total growth per year Ø organic growth per year
#2 Portfolio transformation Transformation to higher growth and value by being an innovation leader in selected, attractive niches	+17bps	+12bps	Ø EBIT margin* growth per year
#3 Programmatic M&A Strong balance sheet, disciplined capex, strategic M&A	+4.0%	+2.9%	Ø acquisition growth per year
#4 Sustainability Responsible business model, creating value for people, communities and the planet			

* EBIT restated for years before 2020, based on changes to consolidation and valuation principles with respect to goodwill in 2020 and adjusted for non-recurring effects in years 2020, 2014, 2013 & 2012

Creating consistent value for shareholders

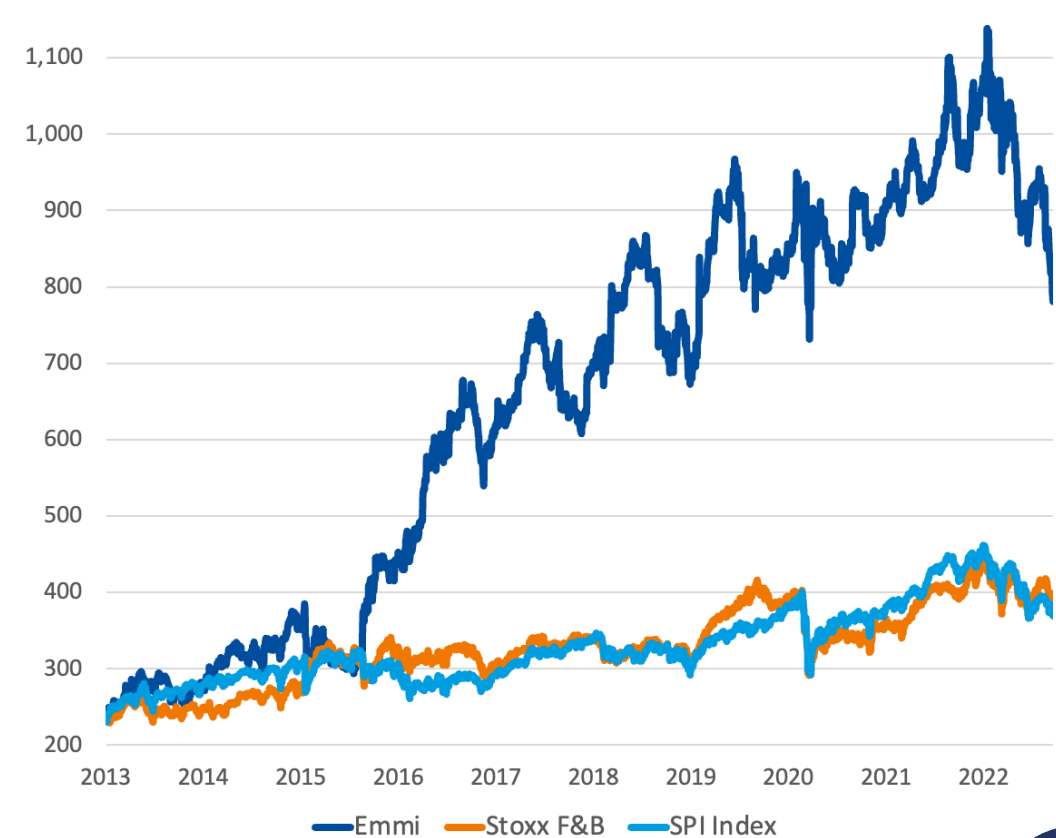
Dividend reflecting strong profit growth

Dividend per share in CHF



Share price significantly beating market

Indices rebased to Emmi share price as at 31.12.2012; All data to 16.09.2022



Prudent capital allocation



STRONG BALANCE SHEET

Net Debt Ratio 1.4x*

Cash Conversion Ratio 75% to 80%**



DISCIPLINED CAPEX

"Market place" concept focusing on strategic growth and return on invested capital



STRATEGIC M&A

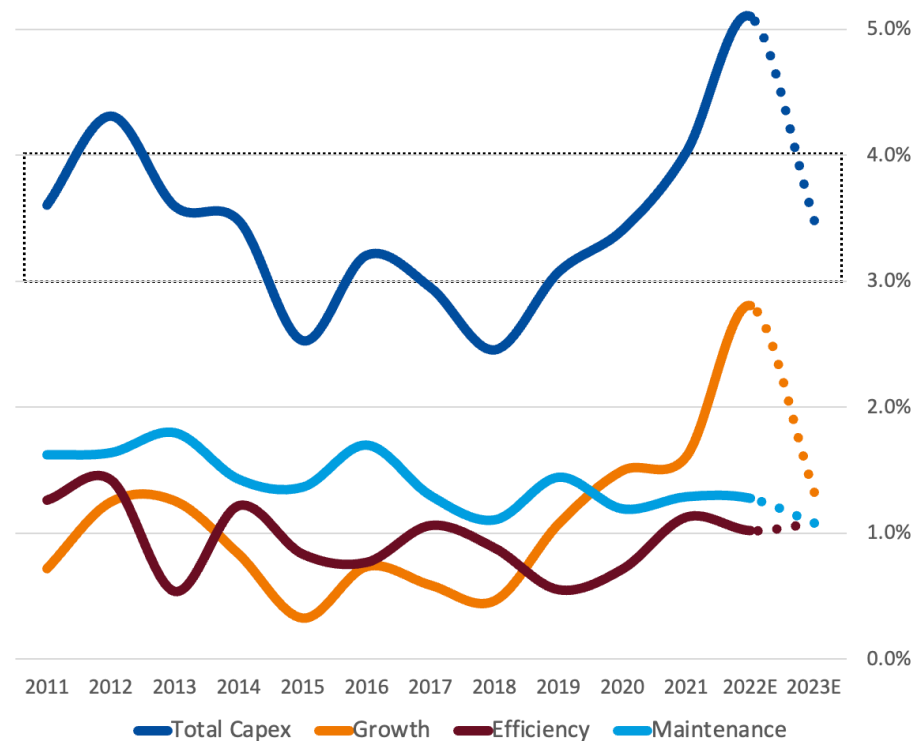
Expanding and strengthening our existing positions primarily along our focus platforms



Disciplined Capex for must-win opportunities

Recent ramp-up of investments in strategic growth markets and niches expected to normalise in 2023

Capex as % net sales



Focus Platform Premium Chilled Desserts

Efficiency, sustainability, growth and differentiation

Optimizing our Dessert production footprint in Italy; realizing synergies, efficiencies, and enabling differentiated growth opportunities (glass)



Must-Win Markets CH & USA | Focus Platform Specialty Cheese

Efficiency, sustainability, growth and differentiation

CH | Investment in modern, resource-efficient cheese plant in Emmen and expansion of Studer specialty cheese plant in Hefenhofen; USA | Investment in new cheese conversion facility and expansion distribution capacity in Stoughton Wisconsin



Must-Win Market CH | Focus Platform Ready-to-Drink Coffee

Growth, differentiation and securing of market-leading position

Investment in a PET-bottle production facility for coffee drinks and protein drinks



Must-Win Market Brazil

Growth, diversification and securing a market-leading position

Investment in a new milk powder and UHT plant



Goat Milk Products Niche

Investment in a modern, new goat milk powder production facility

Clearly defined acquisition strategy

Objectives

Strengthen Group by:

- **Reinforcing core markets** outside of Switzerland
- **Bolstering core businesses** supporting portfolio transformation
- **Enhancing key financial parameters:** growth, margin and cash profile

Requirements

Leading market positions

with top tier brands and differentiated product offerings

High value creation potential with:

1. **Above-market growth**
2. **Synergy potential**
e.g. distribution, knowhow, cost, capital
3. **Innovation potential**
4. **Strong leadership team**

Targets

Acquisitions should:

1. Possess **active pipeline of opportunities** within strategic focus platforms and must-win markets
2. Expand **dessert hub** in Europe and the USA
3. Extend **specialty cheese** expertise internationally
4. Strengthen **new product concepts**

Strict M&A criteria to ensure success



STRATEGIC FIT

Enabling Emmi group companies to **leap forward** in achieving our **long-term goals**;
Accelerating strategic growth in our **existing geographies** and along our **focus platforms**

CULTURAL FIT

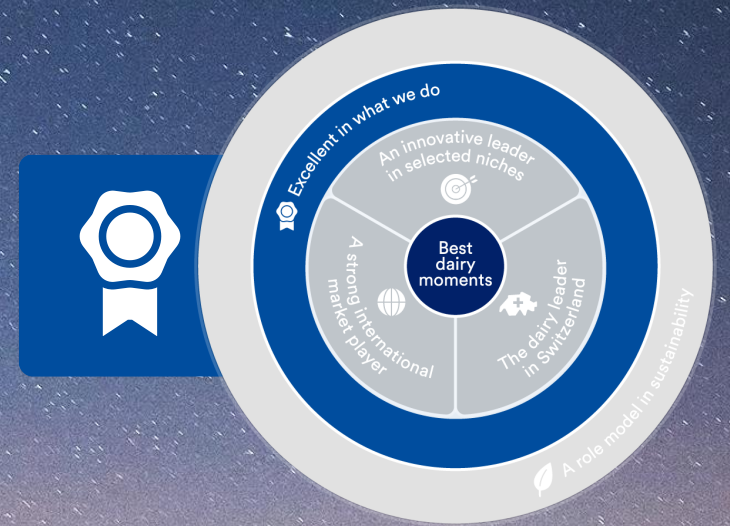
Management team with **strong track record** and **matching entrepreneurial values**;
Ability to collaborate and devise plan to successfully **integrate new company** into group

FINANCIAL FIT

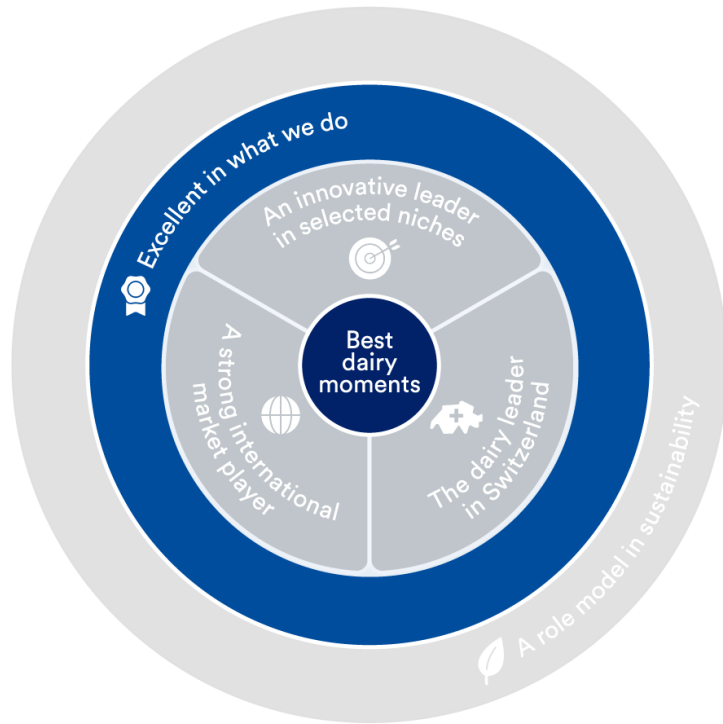
Demonstrable **growth momentum**;
Sustainable profitability with **margin accretion** for relevant group companies;
In line with our **return on invested capital targets** and conservative balance sheet policy

#2

Business steering



Excellent in what we do: Value Drivers



Through **excellent cross-functional action and leadership**, we strive to become a benchmark within our industry in selected fields

Four Value Drivers support us in our ongoing Group-wide transformation. They are the backbone of our long-term success:



Proactive VUCA* mindset

✓ Critical for survival and success

Strategic thinking and planning

Organisation must remain aligned with long-term objectives

Operational agility and financial flexibility

Organisation needs to adapt as fast as volatile environment
Strong balance sheet can exploit VUCA opportunities

✗ What no longer works

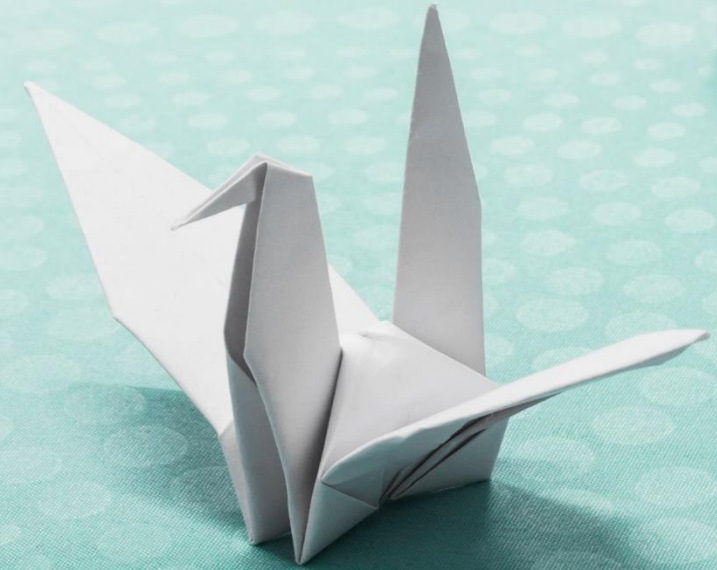
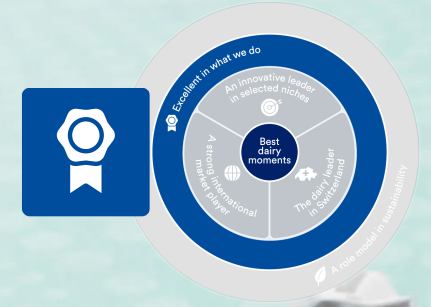
Traditional approach

Precise forecasts and planning give false sense of security

Underestimating uncertainty

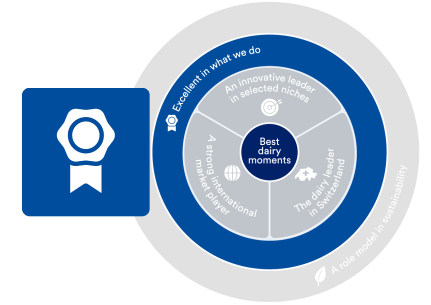
Adherence to old model prevents action to counter threats

**VUCA = volatile, uncertain,
complex and ambiguous*



Excellence in business steering

Value driver and decisive competitive factor in a VUCA world



Increased power in VUCA world

- Execution
- Foresight
- Responsiveness



Stable fundamental objectives ("north stars") promotes effective business orientation
High responsiveness and flexible resource allocation are critical competitive factors
Anticipation of external factors is prerequisite for speed and effectiveness of actions

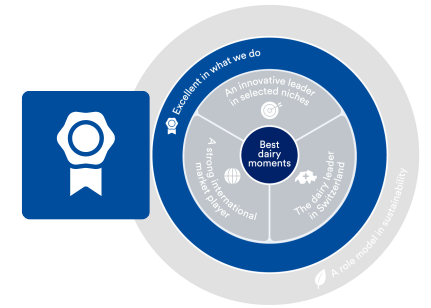


Integrated performance management
combining strategy and financial management and fostering transformational leadership



Steering Model 2.0
Capital Management
"Market place" concept focusing on strategic growth and return on invested capital

Intensifying efforts to raise ROIC



Starting from a solid base

Solid 10% ROIC in recent years

	2017	2018	2019	2020	2021
ROIC	10.2%	10.5%	10.4%	10.5%	9.9%

Note: High growth capex in 2021 and large acquisition (Athenos) last December



Taking it to the next level

Laser focus on KPIs

- Growth (organic sales)
- Profitability (EBIT margin, portfolio shift)
- Capital Efficiency (ROIC)

KPI enablers used by all levels of management in all divisions and all entities:

- Emmi Growth Fields
- Emmi Portfolio Management
- Emmi Capital Management concept
- Emmi Business Steering 2.0



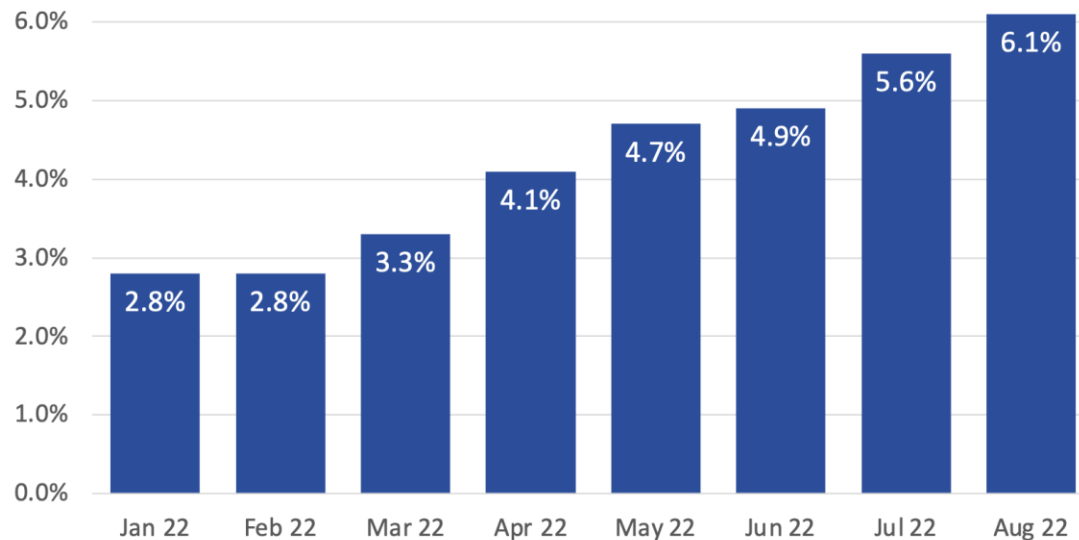
#3 Financial Guidance

Five decisive steps to navigate perfect storm



Cumulative impact of sales price increases

Indicative Emmi Group year-to-date price effects per month



#1

Proportionate and ongoing sales price increases
Rapid and transparent cost pass-through

#2

Intensification of efficiency and cost-saving initiatives
incl. procurement, integration of entire value chain

#3

Structural and organisational adjustments
Exploiting synergies, simplifying structures

#4

Consistent strategy implementation
Focused portfolio transformation

#5

Vigilant for VUCA opportunities
Strong balance sheet provides financial flexibility

Confirmed FY 2022 guidance

Financial parameters

Full-year targets 2022

Organic Sales Growth

+5% to +6%

of which: Switzerland

+0.5% to +1.5%

Americas*

+10% to +12%

Europe*

+6% to +8%

EBIT (CHF million)

265 to 280

Net profit margin

4.5% to 5.0%

Please note that the above forecasts assume a further recovery in the pandemic situation and constant exchange rates and raw milk prices

*(including the transfer of the companies in France from division Americas to division Europe effective 1 January 2022)



Enhanced mid-term guidance

Addition of ROIC

Financial parameters

Medium-term targets

Organic Sales Growth

+2% to +3%

of which: Switzerland

±0% to +1%

Americas

+4% to +6%

Europe

+1% to +3%

Net profit margin

5.5% to 6.0%

Return on invested capital (ROIC)

Improving trend

Dividend payout ratio

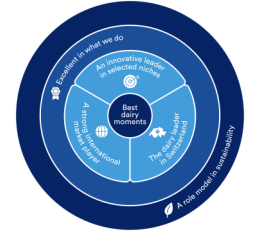
35% to 45%



#4

Key take-aways





Key take-aways

#1 Emmi has a long successful track record of international expansion, entering attractive niches and leader positions via acquisition, then growing organically supported by growth investments. **Emmi knows how to identify, devise and roll out value-added concepts and to premiumise its entire product range**, all in a targeted and prudent manner. In this way, **Emmi has grown profitably and created exceptional shareholder value.**

#2 Emmi is embracing the challenge of a VUCA world, ready to tackle the headwinds and exploit the opportunities. **Emmi has set targets at all management levels to drive strategic growth, profitability and capital efficiency** and has devised and implemented group-wide enablers focused on organic growth, EBIT margin and ROIC – namely Emmi Growth Fields, Emmi Portfolio Management, Emmi Steering Model 2.0 and the Emmi Capital Management concept.

#3 Emmi confirms all guidance and adds a medium-term ROIC improvement goal, and is **confident in its ability to create value in the short, medium and long term** for all stakeholders.

Strategic continuity

Building on strong business momentum



Emmi has the right strategy

**Emmi is ready to capitalize
on the investments already made**

**Emmi will build on its
strong business momentum**