



28 August 2019

Results for the first half of 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



28 AUGUST 2019

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 "siggi's" amounting to CHF 56.9 million



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



Acquisition
Seymour (USA)



Sale of Emmi
Frisch-Service AG



Ski sponsorship
commitment



Emmi is in the top
ten in the GfK
Reputation
Rankings



New design for
Emmi Caffè Latte



Emmi Sustainability
Award



Key events 2/2



Unique culture
Emmi Employee
Event

Lean ERP rollout
in Canada

Majority stake in
Leeb

Majority stake in
Laticínios Porto
Alegre

100 % of Emmi
apprentices
complete their
certification

APR

MAY

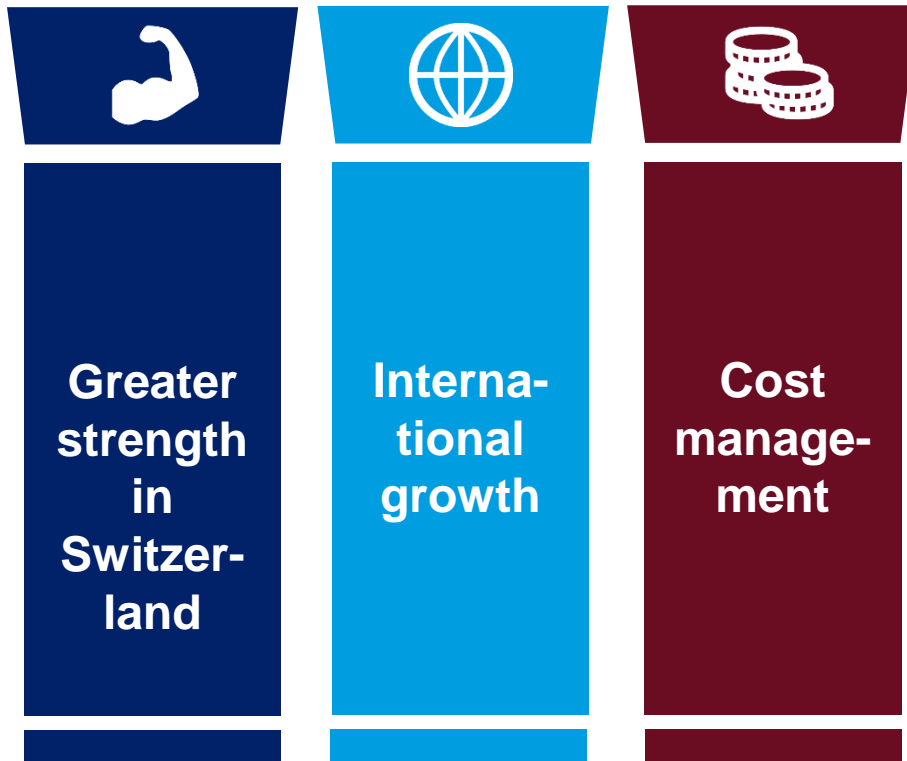
MAY

JUN

JUN

Emmi's strategic pillars

Strategic pillars



Strategic niche areas



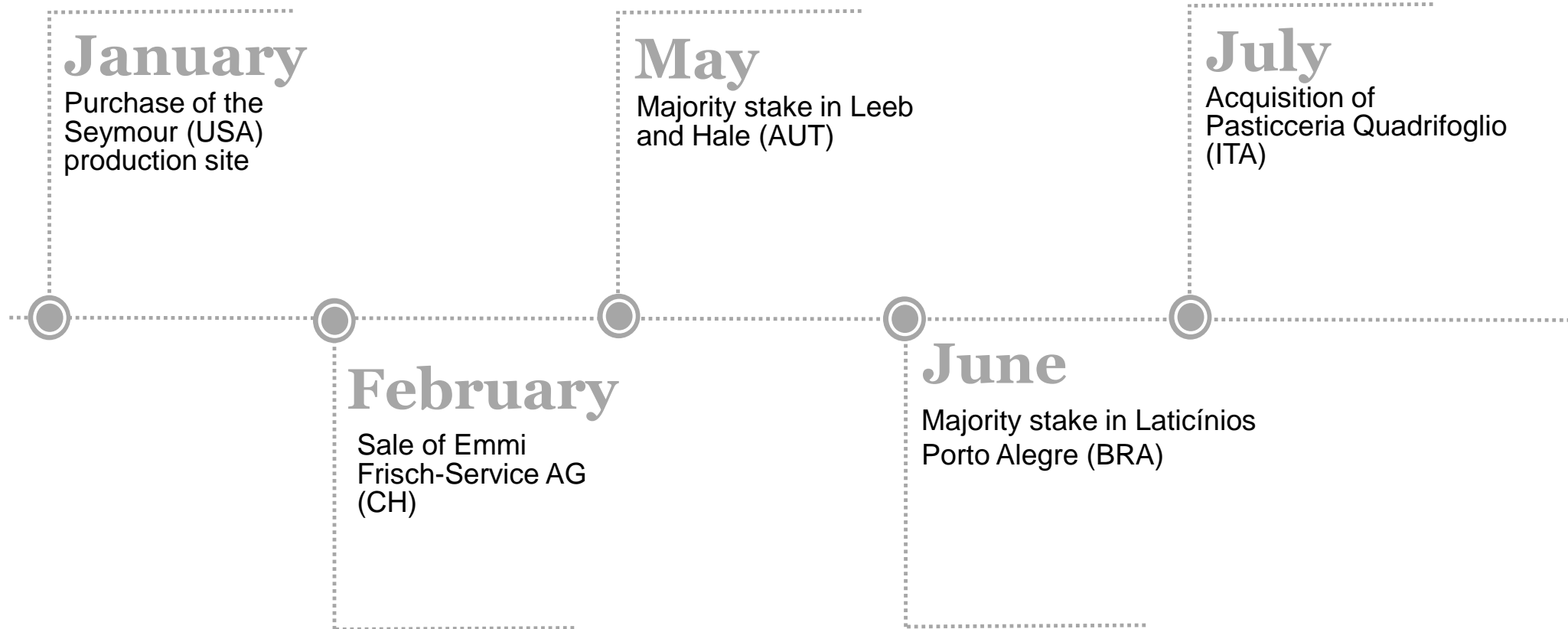


SECTION 2

Acquisitions



We are working on our portfolio



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



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)



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



SECTION 2

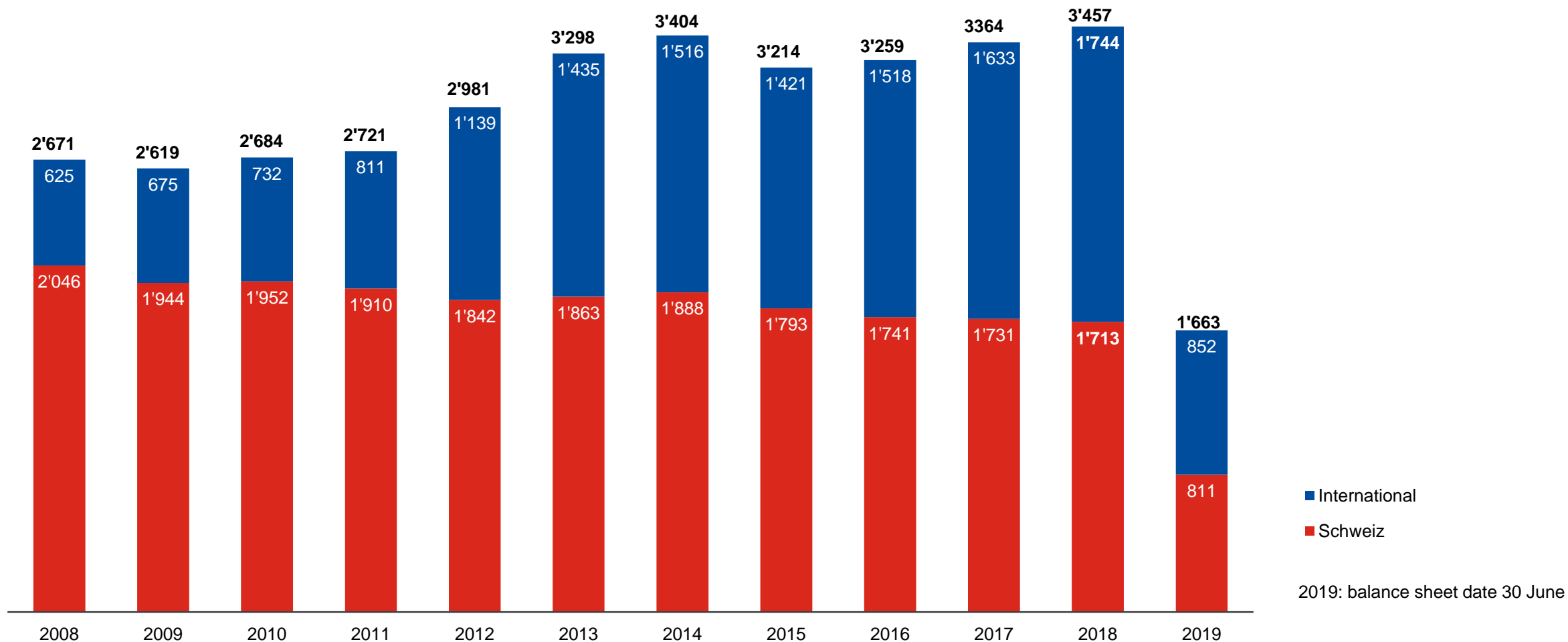
Half-year results 2019



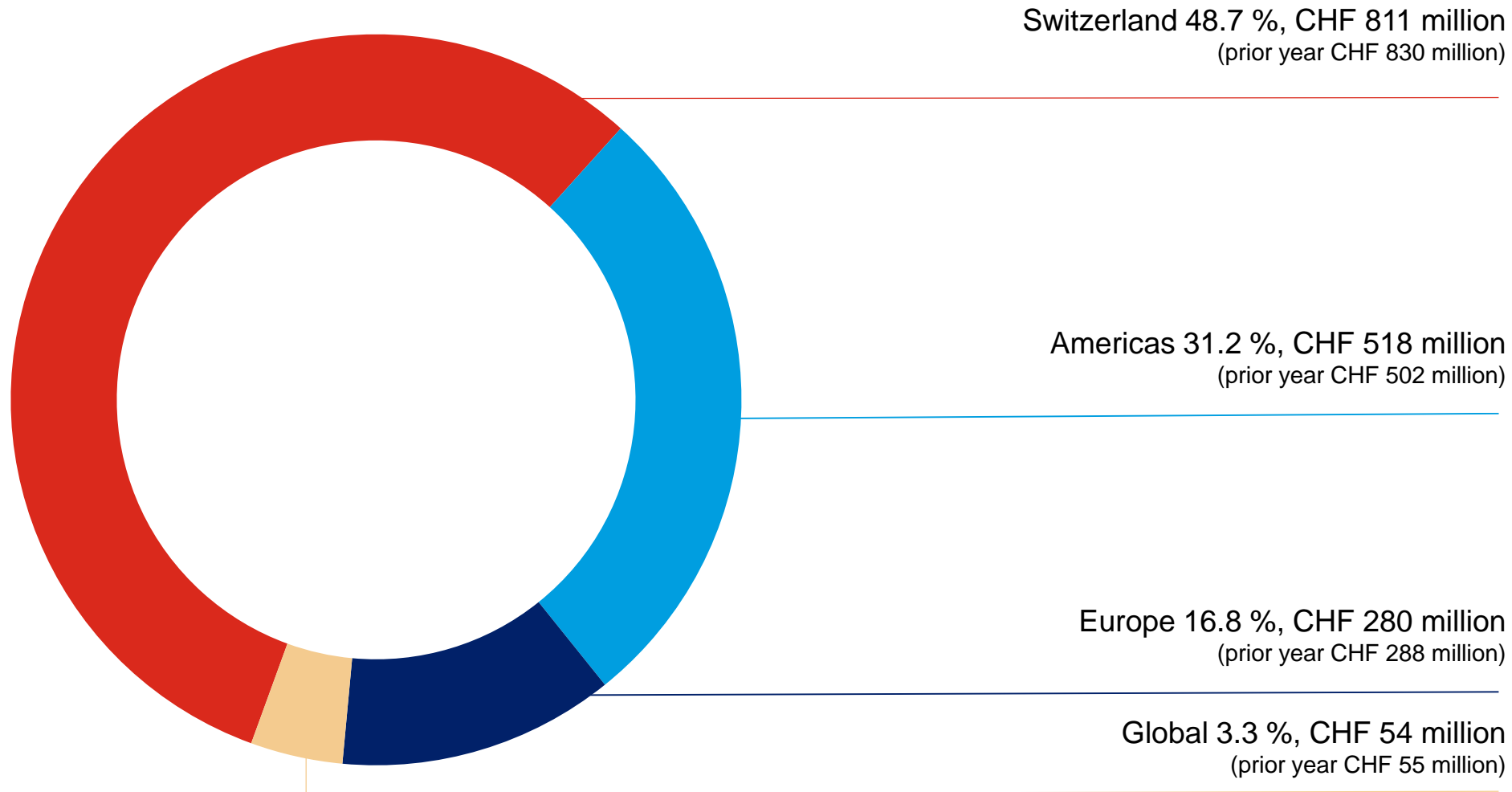

KALTBACH

Veredelt von
Höhle und Meister.

Successful internationalisation



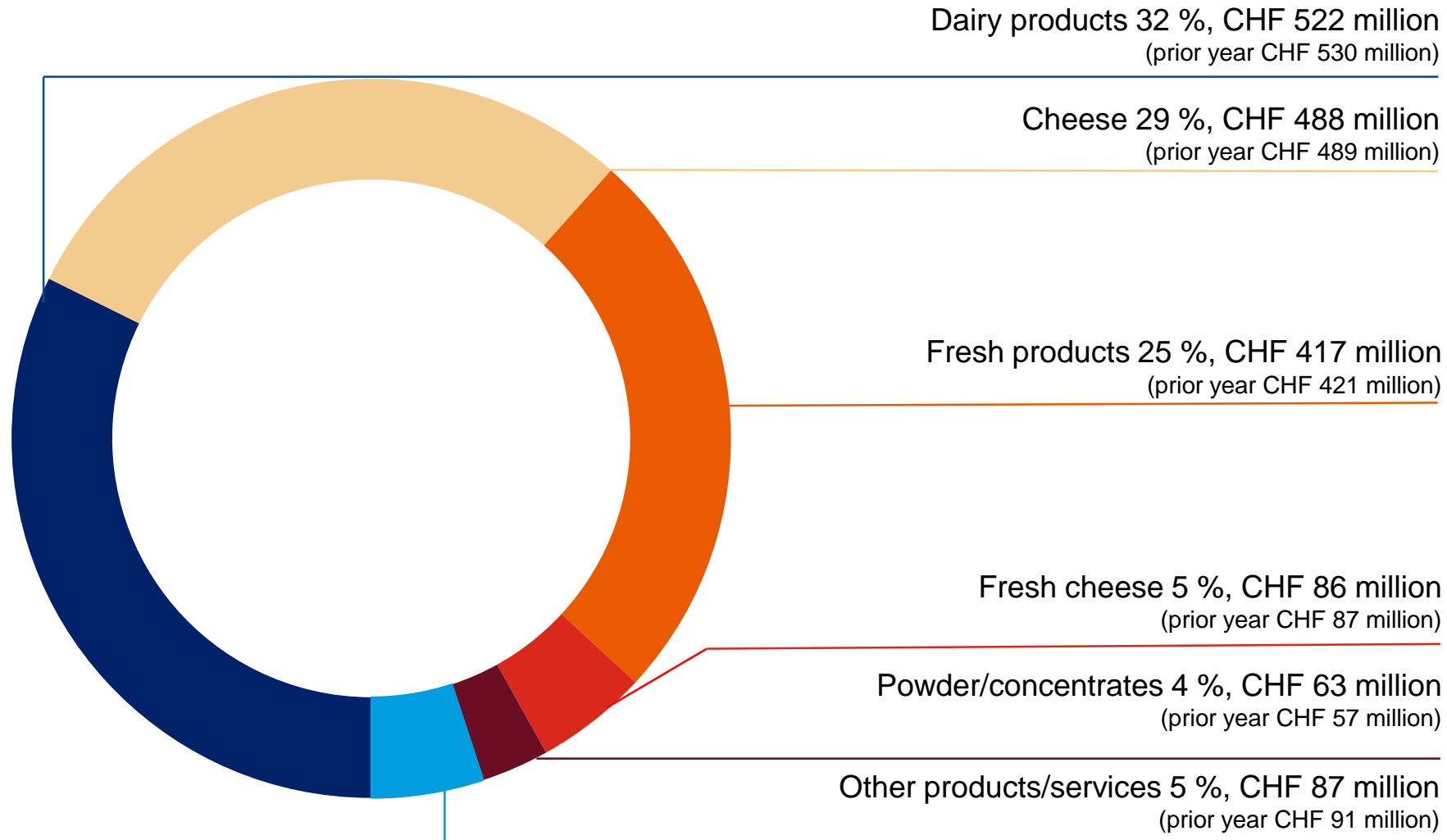
Sales by business division



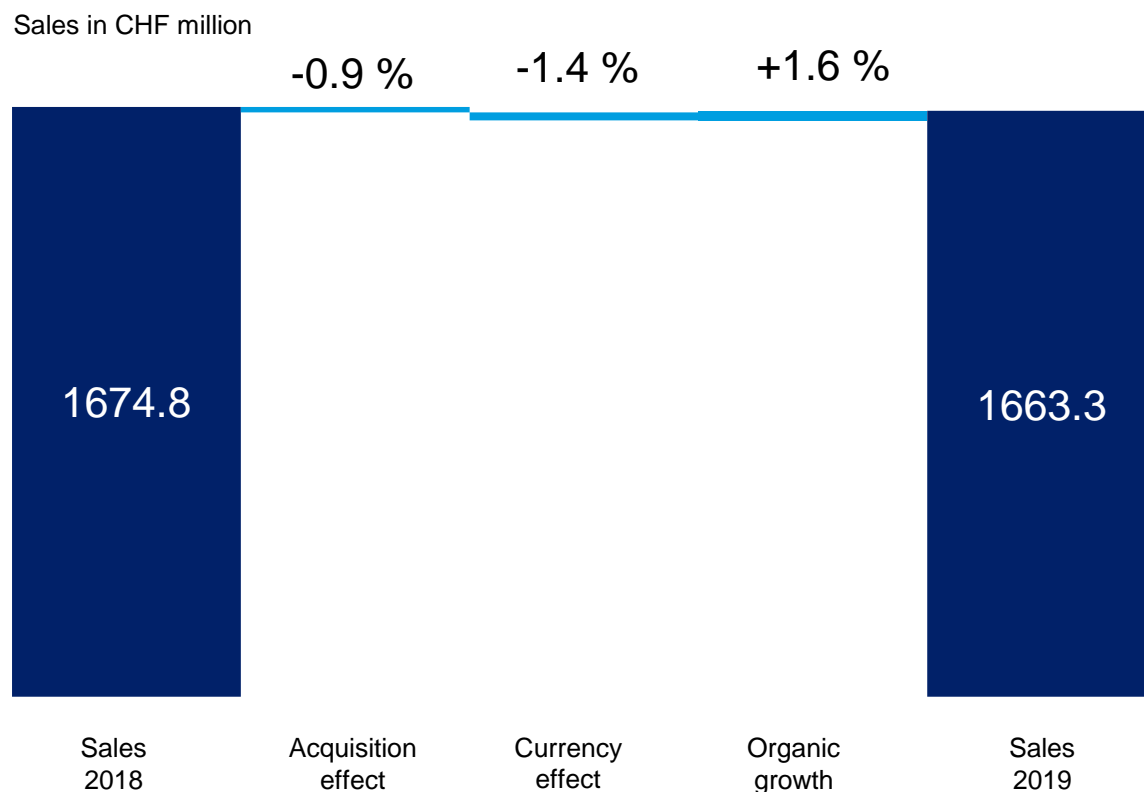
Top 5 sales:

- Switzerland
- USA
- Spain
- Germany
- Italy

Sales by product group

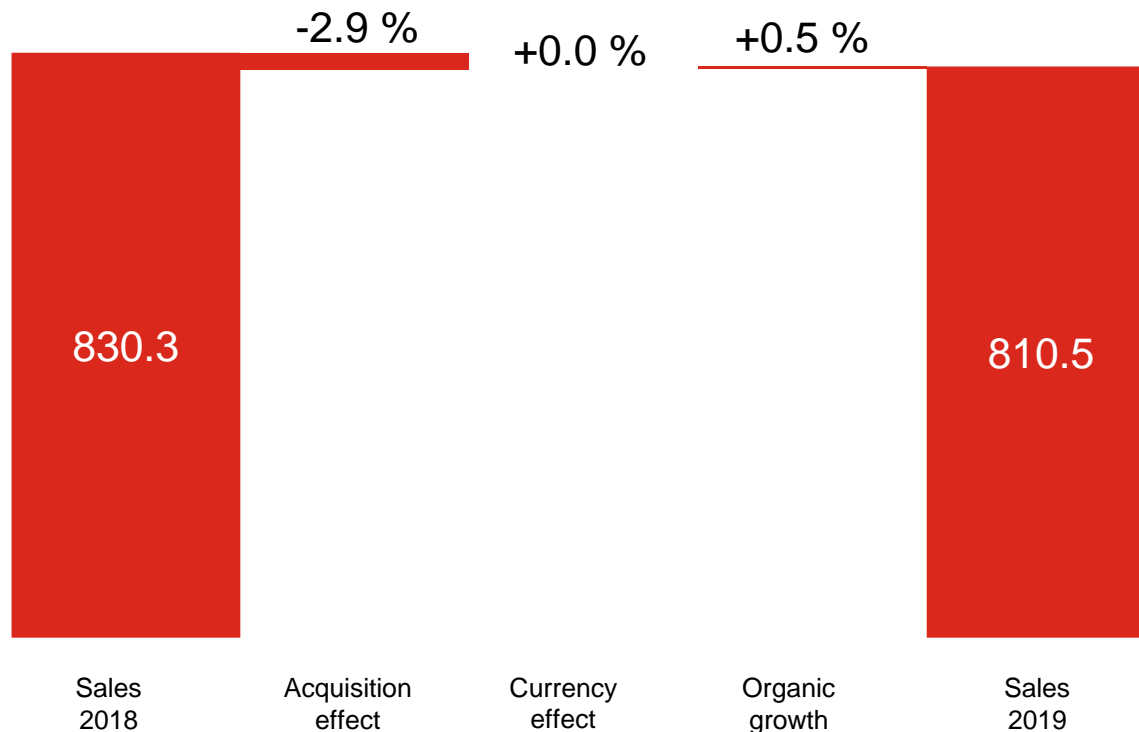


Group sales slightly below expectations



Swiss business posts good organic growth

Sales in CHF million



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

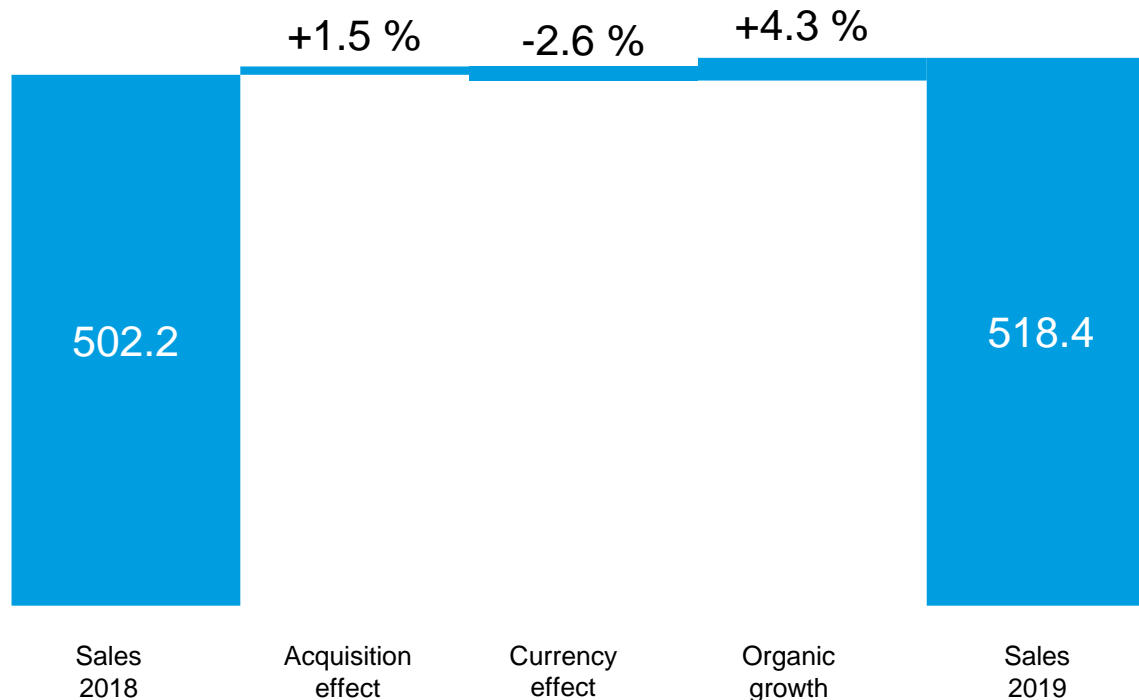
Fresh products

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

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

Considerable growth in Chile, Mexico and Tunisia

Sales in CHF million



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)

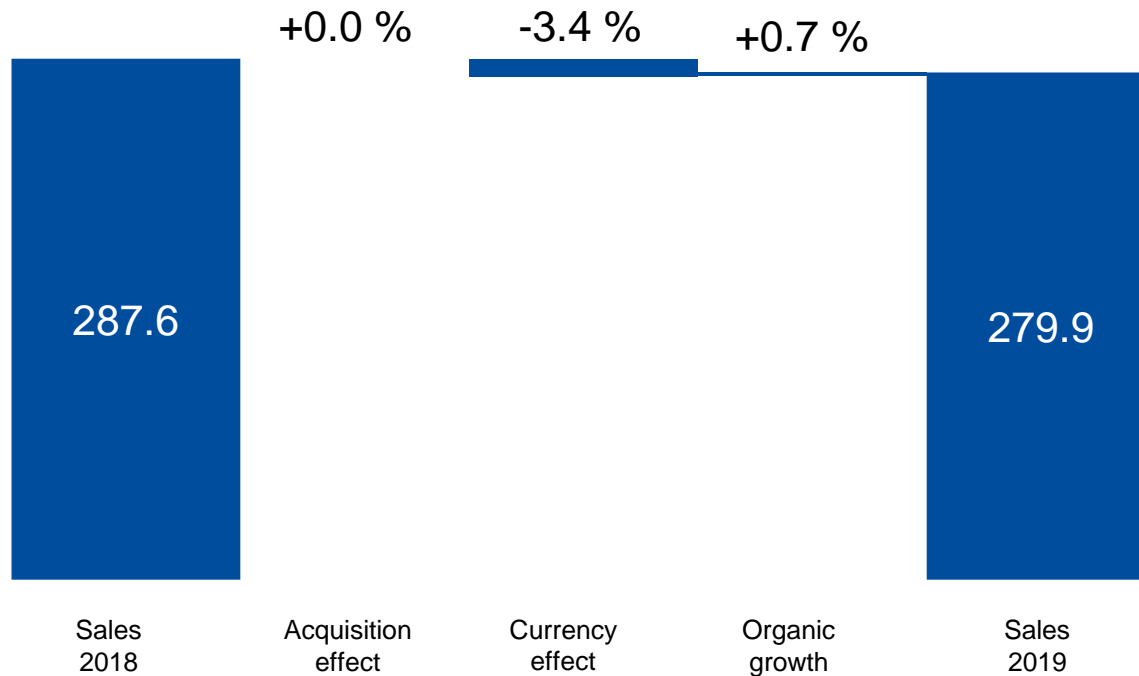
Fresh products

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 in CHF million



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

Toni's

*= Gemacht in der =
Innerschweiz *

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



Higher gross profit margin

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

- 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

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

Slightly higher (adjusted) net profit margin

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

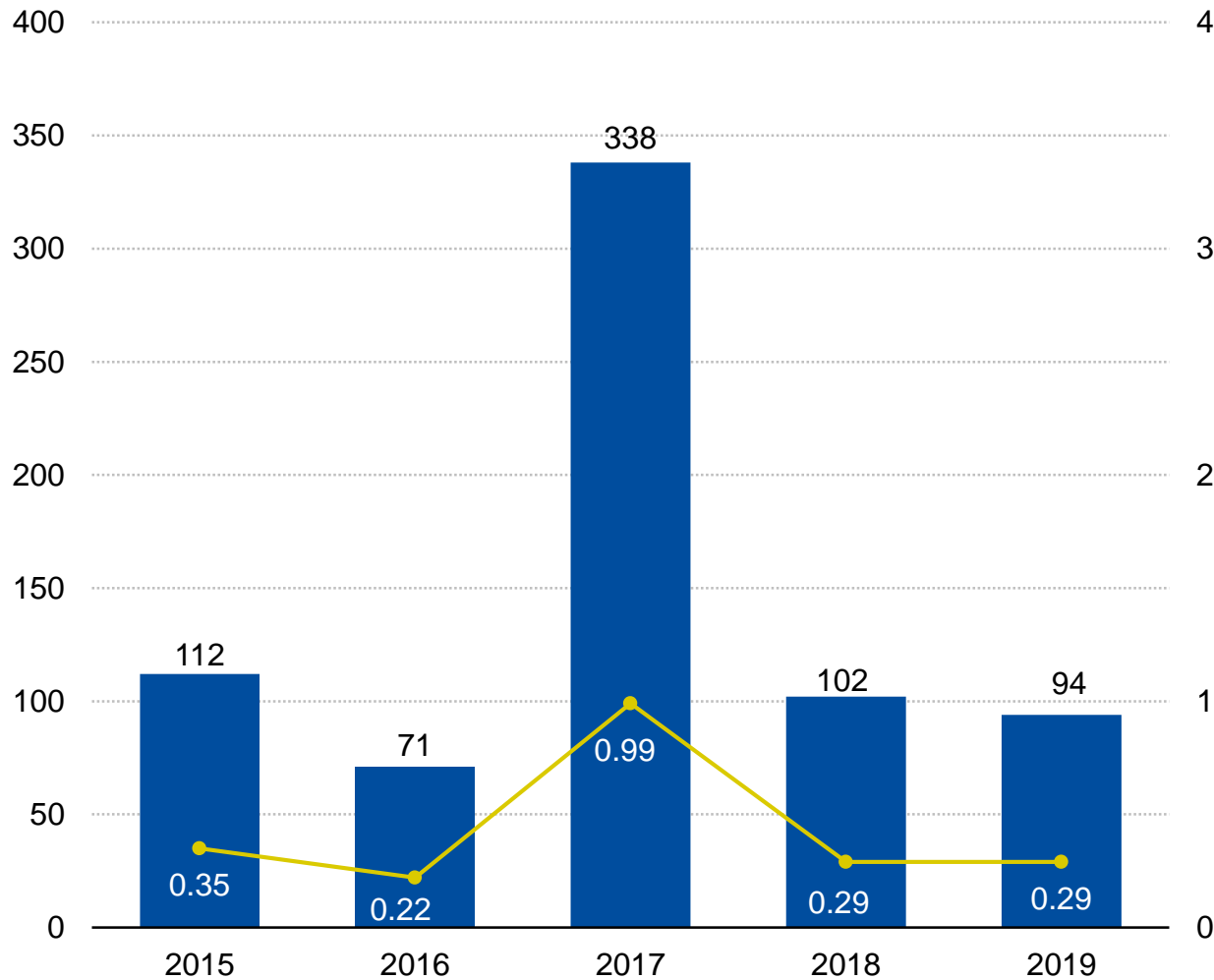
* Adjusted for siggi's

Free cashflow reduced by investment activity

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

Strong balance sheet

in CHF million



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

■ Nettoschulden
—●— Nettoschulden-/EBITDA-Quote

2015 – 2018: Balance sheet date as of year-end;
2019: balance sheet date 30 June



SECTION 4

Outlook

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

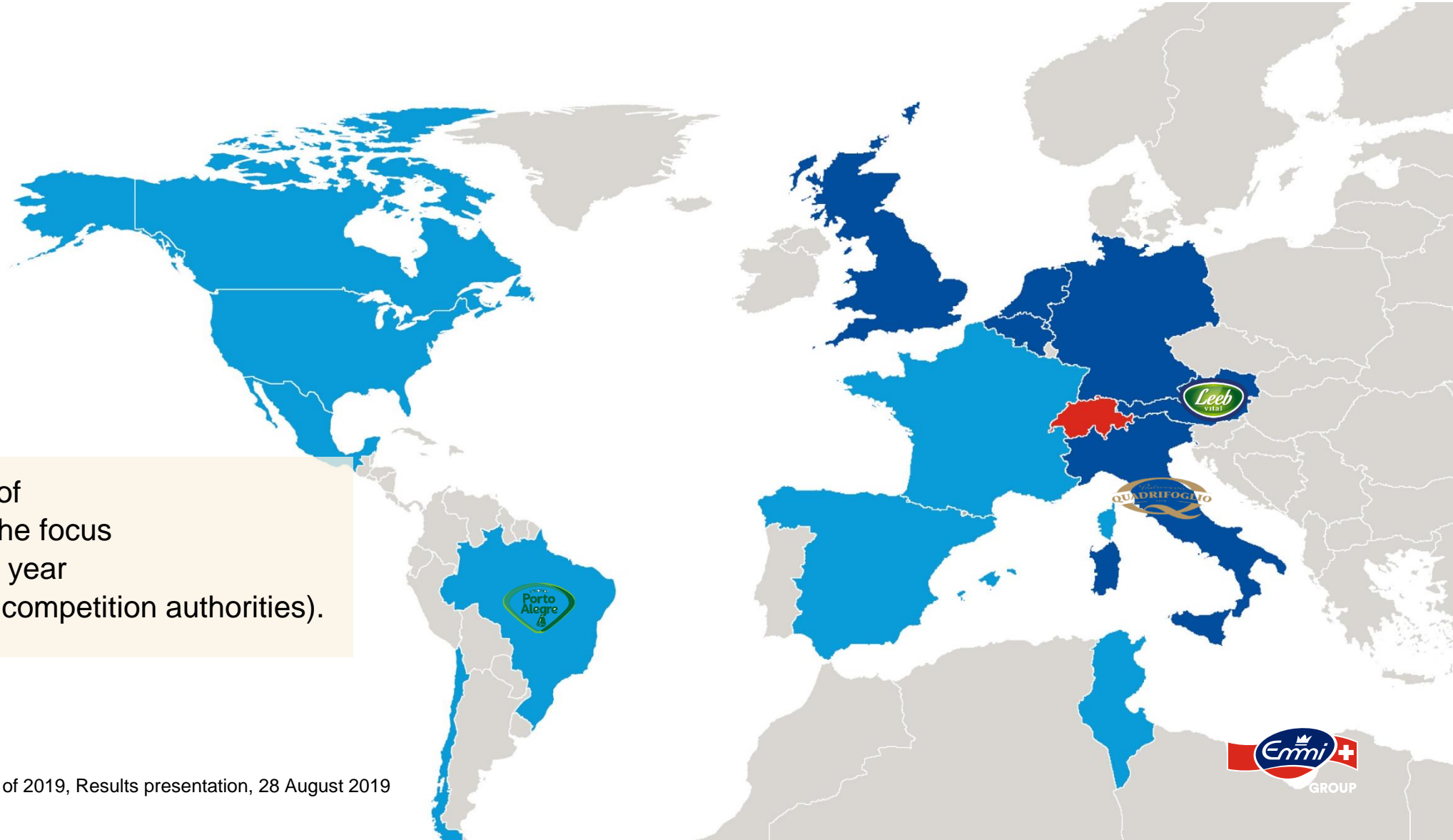
- Emmi Caffè Latte: Strengthening and expansion of the product range, establishment of premium specialities (cold brew, etc.)



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).

Influential factors

Positive	Switzerland <ul style="list-style-type: none">• Successful innovations• Brand development• Trend-based product concepts• Emmi Operational Excellence• Strong customer focus	International <ul style="list-style-type: none">• Org. growth via trend concepts such as Roth, Kaltbach, Caffè Latte• Markets: USA, Tunisia, Chile, Mexico, Brazil• Growth in niche areas• Emmi Operational Excellence (Tunisia, Spain, USA, Chile, Italy)
Limiting	<ul style="list-style-type: none">• Strong price pressure• Problems relating to capacity utilisation and profitability at customers and competitors• New production capacities open up constantly• The strong Swiss franc makes imports advantageous	<ul style="list-style-type: none">• Situation of organic milk in Germany impacting Gläserne Molkerei considerably• Cost trend for raw materials, energy, logistics, staff• Milk shortage in Tunisia• Macroeconomic upheavals

Emmi confirms earnings forecast

Organic growth, earnings targets

Sales Group (previously 2 % to 3 %)	1.5 % to 2.5 %
Sales Division Switzerland	0 % to 0.5 %
Sales Division Americas	4 % to 6 %
Sales Division Europe (previously 1 % to 3 %)	-1 % to 1 %
EBIT in CHF million	215 to 220
Net profit margin*	4.7 % to 5.2 %

(Figures assume constant exchange rates and raw milk prices)

*Net profit margin excluding non-recurring effects





Thank you for your attention.

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