

## Media release

### Sales performance 2013

### Broad-based growth by Emmi in Switzerland and abroad

Lucerne, 6 February 2014 – In the 2013 financial year, Emmi generated net sales of CHF 3,298.2 million, which corresponds to an increase of 10.6%, thereby slightly exceeding its own targets. The good result is attributable to the strengthening of international business and the encouraging performance in the Swiss market, which saw organic growth for the first time since 2008, following various revisions. Success factors included Emmi Caffè Latte, Kaltbach and other cheese specialities in Switzerland and abroad, as well as the newly launched brands “Jogurtpur” (Pure Swiss Yogurt) and “good day” in Switzerland. Further positive effects were generated by recent acquisitions.

### Emmi Group net sales in 2013

In CHF million	Switzerland	International	Group
Net sales 2013	1,863.1	1,435.1	3,298.2
Net sales 2012	1,842.1	1,139.1	2,981.2
Change	1.1%	26.0%	10.6%
Acquisition effect	-0.3%	23.0%	8.6%
Currency effect	-	1.0%	0.4%
Organic growth	1.4 %	2.0 %	1.6 %

Emmi generated net sales of CHF 3,298.2 million in 2013, which corresponds to an increase of 10.6% on the previous year (CHF 2,981.2 million). In organic terms, i.e. adjusted for acquisition and currency effects, net sales at Group level rose by 1.6%. All product segments of Emmi's core business made positive contributions. Butter and milk powder exports to reduce excess milk in Switzerland fell, due to low milk volumes. This led to a decline in sales in the first half-year, which will, however, not have a significant impact on income. Adjusted for these exports, organic growth at Group level was 2.7%, which is at the upper end of our medium-term forecast of 2 to 3%.

Emmi's CEO Urs Riedener commented: “Group sales performed according to plan, and in Switzerland we even exceeded our expectations. The encouraging growth in our domestic market is a clear sign that we are steering our product portfolio in the right direction, and that we have set our priorities well. With the new organisation and creation of the Switzerland, Europe and Americas divisions that came into being on 1 January 2014, we took another important step towards further strengthening our business in Switzerland and abroad.”

In the **Swiss** market, net sales rose from CHF 1,842.1 million to CHF 1,863.1 million. It is highly encouraging to note that this was achieved despite a negative acquisition effect overall (negative effect from sale of Nutrifrais holding, positive effect from the acquisition of Käserei Studer) and despite the passing on of the frozen goods logistics business to third parties.

The increase of 1.1% is based on positive developments in the three high-turnover segments dairy products, cheese and fresh products. Emmi Caffè Latte again put in an excellent performance, with growth also being achieved by cheese specialities such as Kaltbach, Le Gruyère AOP and raclette cheese, and further momentum coming from the new “Jogurtpur” (Pure Swiss Yogurt) and “good day” product ranges. Adjusted for acquisitions, sales rose by 1.4%. Switzerland accounted for 56% of Group sales.

**In international business**, net sales were up 26.0% to CHF 1,435.1 million (2012: CHF 1,139.1 million), with several factors contributing to this development. Emmi Caffè Latte also performed well internationally, particularly in Austria, the UK and Spain. Exports of various cheese specialities including fondue and raclette increased, and the locally produced range in the USA, as well as Chile and Tunisia (cheese, fresh products, dairy products) also performed very well.

The international acquisition effect is attributable to the increase in the stake in the Spanish firm Kaiku (from 1 July 2012), the acquisition of the French firm Diprola (from 1 July 2012), the stake in the Dutch firm AVH Dairy Trade (from 1 January 2013), as well as the acquisitions of Käserei Studer (from 1 July 2013) and Rachelli (from 1 August 2013). In local currency and adjusted for acquisitions, growth amounted to 2.0%. As mentioned above, sales were inhibited by low butter and milk powder exports to decrease pressure, which fell by CHF 30 million versus 2012. Disregarding this irregular business, growth amounted to 4.8% (in local currency, adjusted for acquisitions). The share of the international business increased further to 44%.

#### Net sales performance by product group: Switzerland

In CHF million	Net sales 2013	Net sales 2012	Change	Acquisition effect	Organic growth
Dairy products	698.0	688.9	1.3%	-	1.3%
Cheese	541.7	529.5	2.3%	1.2%	1.1%
Fresh products	345.9	342.6	1.0%	-3.5%	4.5%
Fresh cheese	121.5	121.6	-0.1%	-0.5%	0.4%
Powder/concentrates	72.4	60.4	19.9%	-	19.9%
Other products and services	83.6	99.1	-15.6%	0.2%	-15.8%
<b>Total Switzerland</b>	<b>1,863.1</b>	<b>1,842.1</b>	<b>1.1%</b>	<b>-0.3%</b>	<b>1.4%</b>

In **dairy products** (milk, cream, butter), net sales were up 1.3% to CHF 698.0 million (2013: CHF 688.9 million). This is attributable to higher sales volumes and increased milk prices.

In the **cheese** segment, Emmi generated net sales of CHF 541.7 million in 2013 compared with CHF 529.5 million in the prior year, an increase of 2.3%. In addition to the Emmi Chäs Schiibe (cheese slices), higher sales of raclette cheese and of Kaltbach, Le Petit Chevrier and Luzerner Rahmkäse also had a positive impact. Losses were, however, experienced with Emmentaler AOC and with trade in cheeses not produced or matured by Emmi. The acquisition effect is

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attributable to the takeover of Käserei Studer AG. Organic growth (adjusted for acquisitions) amounted to 1.1%.

In **fresh products**, Emmi posted net sales growth of 1.0% to CHF 345.9 million, compared with CHF 342.6 million in 2012. Positive factors included the growth of Emmi Caffè Latte, as well as the newly launched “Jogurtpur” and the lactose-free range “good day” (yogurts, drinks, drinking milk), while the declines in milk-based beverages and the sale of the Nutrifrais stake as per the end of March put pressure on sales. Organic growth, i.e. adjusted for disposals, amounted to a strong 4.5%.

In **fresh cheese**, net sales remained almost stable at CHF 121.5 million (prior year: CHF 121.6 million). Mozzarella prices fell as a result of significant import pressure, but the volume sold increased. Organic growth, adjusted for the disposal of Nutrifrais, amounted to 0.4%.

Net sales of **powder/concentrates** increased by 19.9% to CHF 72.4 million from the prior year's CHF 60.4 million. The reason for this was growth in the industrial business.

Net sales of **other products and services** fell, as expected, by 15.6% to CHF 83.6 million (prior year: CHF 99.1 million). This was due to the abandonment of low-margin frozen goods logistics services. There was also a decline in the trade business.

#### Net sales performance by product group: International

In CHF million	Net sales 2013	Net sales 2012	Change		Acquisition effect	Currency effect	Organic growth
Cheese	517.0	466.8	10.7%		8.4%	-	2.3%
Fresh products	474.7	388.9	22.1%		19.0%	1.2%	1.9%
Dairy products	283.8	154.0	84.3%		83.6%	3.4%	-2.7%
Fresh cheese	53.2	46.4	14.7%		-	2.4%	12.3%
Powder/concentrates	25.2	25.1	0.8%		32.8%	0.2%	-32.2%
Other products and services	81,2	57,9	40.1%		21.1%	0.7%	18.3%
<b>Total</b>	<b>1,435.1</b>	<b>1,139.1</b>	<b>26.0%</b>		<b>23.0%</b>	<b>1.0%</b>	<b>2.0%</b>

Net sales of **cheese** in 2013 amounted to CHF 517.0 million compared with CHF 466.8 million in the prior year, corresponding to a 10.7% increase. Exports of Le Gruyère AOP and Kaltbach cheese performed well, while the Emmentaler business declined. In the US, Emmi's largest international market for cheese, sales of locally produced cheese both from Emmi Roth USA and Cypress Grove Chèvre saw double-digit increases, while exports from Switzerland saw single-digit growth. The acquisition effect is based on the purchase of Diprola. Organic growth, i.e. adjusted for currency effects and acquisitions, was 2.3%.

**Fresh products** grew by 22.1% to CHF 474.7 million from CHF 388.9 million the previous year. The Italian desserts from A-27 and Emmi Caffè Latte made a positive contribution, while the Onken yoghurts and the business of Trentinalatte in Italy saw slight declines. The acquisition effect is attributable to the increase in the stake in Kaiku and the acquisition of Rachelli. Kaiku performed very well in Tunisia and Chile. In organic terms, net sales increased by 1.9%.

**Dairy products** posted net sales of CHF 283.8 million, in comparison with CHF 154.0 million the previous year. The growth of 84.3% is due above all to the acquisition effect generated by Kaiku. Growth was however held back by the sharp decline in butter exports to reduce excess milk, resulting in an organic decline of 2.7%.

Net sales of **fresh cheese** rose 14.7% to CHF 53.2 million from the previous year's figure of CHF 46.4 million. This is attributable to the collaboration with Venchiaredo in Italy. In organic terms, the increase was 12.3%.

Net sales of **powder/concentrates** increased by 0.8% in 2013 to CHF 25.2 million, from the prior year's CHF 25.1 million. The decline in milk powder exports led to negative sales effects, while the stake in the Dutch firm AVH Dairy Trade made a positive contribution. In organic terms, the decline was 32.2%.

Net sales of **other products and services** fell by 40.1% to CHF 81.2 million (prior year: CHF 57.9 million). Acquisition effects were generated by Kaiku, AVH and Rachelli. Organic growth amounted to 18.3%.

## Outlook

For the first half of 2014, raw material prices are expected to be stable, or slightly higher in certain cases, and Emmi also anticipates slightly higher prices for packaging. In Switzerland, retail tourism is set to stagnate or even fall slightly, while import pressure remains high. Slightly improved consumer behaviour can be expected in the US, Emmi's most important international market, while growth is anticipated in the emerging markets Chile and Tunisia. Consumer sentiment remains muted in Southern Europe, in Italy and France in particular, while Spain is showing clear signs of stabilisation. Emmi does not expect to see any major changes in the Central European states, and is also anticipating a stable currency situation overall. Strong brand concepts in and from Switzerland, specialities produced locally abroad, continued development of recent acquisitions and consistently strict cost management, including in foreign markets, will make positive contributions to Emmi's performance in 2014.

**For further information, please refer to the analysts' and media conference on 26 March 2014, where detailed figures on the Emmi Group's performance in financial year 2013 and the outlook for 2014 will be published.**

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## About Emmi

Emmi is the largest Swiss milk processor and one of the most innovative premium dairies in Europe. In Switzerland, the company focuses on the development, production and marketing of a full range of dairy and fresh products as well as the production, ageing and trade of primarily Swiss cheeses. Outside Switzerland, Emmi concentrates on brand concepts and specialities in European and North American markets. The primary focus in fresh products is on lifestyle, convenience and health products. In the cheese business, Emmi positions itself as the leading company worldwide for Swiss cheese. Emmi's customers are the retail trade, the hospitality and food service sector and the food industry. In 2012, Emmi posted net sales of CHF 2,981 million and an adjusted net profit of CHF 90.3 million. Net sales amounted to CHF 3,298 million in 2013. As at 31 December 2013, the company employed some 5,100 people (full-time equivalents).