

Hügli Holding AG

Bleichestrasse 31
CH-9323 Steinach
Tel. +41 71 447 22 50
Fax. +41 71 447 22 51
andreas.seibold@huegli.com



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Sustained sound organic sales growth Increase of operating result

The Hügli Group achieved sales of CHF 400.8 million in the financial year 2008. This corresponds to a growth rate of 16.0%, whereof impressive 11.1% are attributed to organic growth in local currencies, 8.5% to newly acquired companies and -3.6% to negative currency effects. Hügli's growth was again solidly supported by all geographic segments and divisions. The Group expects EBIT above that of the previous year and profit similar to last year.

Sales development is structured into geographical segments and customer segments / divisions as follows:

<u>Sales 2008</u>	<u>in million CHF</u>	<u>Growth in CHF</u>	<u>Growth in local currencies</u>
Germany	214.8	+7.8%	+11.6%
Switzerland / Rest of Western Europe	133.8	+33.0%	+39.1%
Eastern Europe	52.2	+14.6%	+9.4%
Group total	400.8	+16.0%	+19.6%
Division Food Service	165.8	+11.2%	+13.0%
Division Private Label	87.3	+22.3%	+24.3%
Division Industrial Foods	70.6	+42.2%	+52.8%
Division Health and Natural Food	55.3	+4.7%	+8.2%
Other	21.7	-2.9%	+0.5%
Group total	400.8	+16.0%	+19.6%

As anticipated, business in the second half of 2008 continued to develop substantially despite a difficult economic environment with an organic sales growth of 7.4%, after a fulminant first semester marked by cyclical sales and yielding an extraordinary rate of increase of 15.3%. The **Group's** organic growth of 11.1% in 2008 represents a further strengthening of Hügli's market position in all segments. Sales volume increased by 7.0%.

The individual **geographic segments** differed in their developments. Sales in the segment *Germany* rose organically by 11.6% in local currencies, supported by all divisions but most significantly by the Division Private Label that is particularly well positioned in the German market.



The segment *Switzerland / Rest of Western Europe* realised equally good organic sales of 11.1% with particularly favourable growth rates in the UK and Switzerland. New in the segment, the acquisitions of Ali-Big in Italy and Contract Foods in the UK contributed an acquisition-related increase of altogether CHF 25.9 million.

The previously strong growth segment *Eastern Europe* dropped back to an organic rate of increase of 9.4% owing to an extensive reorganisation that showed positive results already by the second semester of 2008. We are still confident that Eastern Europe will develop into one of the Group's significant economic pillars.

Within the breakdown into cross-national **customer segments** the *Food Service Division* – sales to hotels, restaurants, caterers, hospitals and other institutions – continued to achieve sound figures with an organic growth of 6.8%. Outstanding performances were realised by the country organisations in Switzerland, Germany and Austria. Overall, the entities in Poland and Slovakia, currently undergoing a turnaround, still do not meet our expectations. The company Ali-Big, besides attaining an acquisition-based growth of 6.2% in Italy, has in particular contributed the introduction of Italian specialities (antipasti, sauces) that are new to Hügli's portfolio and have been very well received throughout the market.

The *Private Label Division* – supplying big retailers under their own labels – succeeded throughout 2008 in making an actual jump in sales with 24.3%. The trend towards value products has further intensified both at the discount price level and in the premium private label segment. Apart from the listed sales to discounters and other retail chains, promotional sales have developed dynamically, with a particular emphasis on the first half of 2008.

The *Industrial Foods Division* – catering to the food industry with finished and semi-finished products – continued to perform almost on par with the successful previous year and in 2008 achieved an organic growth of 13.5%. Whereas business increased in the UK despite the economic crisis and grew over-proportionally in Switzerland, commercial customers in Germany exercised some restraint on orders. In its first 11 months with Hügli, the newly acquired company Contract Foods in the UK developed according to our expectations.

The *Division Health and Natural Food* – sales to the European organic and health food trade – reported a plus in sales of 8.2%. In the German health food market, which is declining for structural reasons, sales were static. The natural food trade, however, realised a further considerable sales increase above the general market trend. Drug stores and export trade also continued to develop very well.

As anticipated, the profit situation, after having been strongly weakened by high raw material prices in the first semester, improved significantly in the second semester. We expect for the entire year 2008 **EBIT** above the prior year and **earnings** approximately equal to the level in the previous year that was influenced by a nonrecurring financial income.



We can confirm the **medium-term objectives** thanks to our successful strategic positioning. The integration and reorganisation in Italy and the UK, although temporarily lowering profitability, as well as the restructuring in Eastern Europe are on track. The situation of raw material price increases, together with extraordinary volatilities, has abated at a higher level. Even beyond these circumstances, the difficult economic period and especially the deteriorating currency ratios make for a challenging environment. We continue to aim at a sales growth, which is widely diversified across all divisions, stands above the market level and amounts to at least 5% in local currencies, with a particular focus on profitability and an EBIT margin above 8%.

Detailed information on the financial year 2008 and the outlook for 2009 will be made public at the media and analysts' conference on 15 April 2009.

Agenda

15 April 2009	07:30 a.m.	Media Release: Annual Report 2008
	10:30 a.m.	Media/Analysts' Conference, Hotel Widder, Zurich
13 May 2009	04:30 p.m.	Annual Meeting, Seeparksaal, Arbon
07 August 2009		Reduction in par value
14 August 2009	07:30 a.m.	Media Release: Half-Year Report 2009

For further information:

Andreas Seibold, CFO, Tel. +41 71 447 22 50, andreas.seibold@huegli.com

www.huegli.com

The Hügli Group is one of the leading European groups that operate in development, production and marketing of dry blends such as soups, sauces, bouillons, prepared dishes and desserts. More than 1'300 employees in 9 countries connect Hügli directly with the customers, and achieve annual sales of about CHF 400 million. Hügli is headquartered in Steinach and generates more than 85% of its sales outside Switzerland.

The original of this Media Release is written in German. The German version prevails.