

## **ORIOR delivers on expectations and demonstrates good stability thanks to broader operational footprint**

- Net sales increased by 3.4% to CHF 596.4 million
- Gross margin increased from 44.0% to 44.9%
- EBITDA increased to CHF 61.0 million; margin held at the good level of 10.2%
- EBIT increased in absolute and percentage terms and amounted to CHF 37.3 million, resulting in an EBIT margin of 6.3%
- Net profit slipped 1.0% year-on-year to CHF 31.5 million, due to exchange rate movements and tax effects
- Second tranche of Casualfood shares purchased; majority stake of 70%, full integration as an independent competence centre; results slightly better than expected
- Renewed increase in the dividend to CHF 2.32 per share
- Outlook for the 2020 fiscal year positive

**The internationally active Swiss food and beverage group ORIOR confirmed its resilience thanks to its broader operational footprint and delivered a good set of results for the 2019 fiscal year, in line with expectations. Key drivers were the purchase of a second tranche of Casualfood shares in September 2019, successful innovation, good brand management, and a steadfast focus on cost efficiency.**

ORIOR Group generated revenues of CHF 596.4 million in the 2019 fiscal year, which corresponds to an increase of 3.4% from the previous year. Organic growth amounted to -1.9%, at the lower end of the expected and communicated range. This decrease is attributed primarily to the deliberate termination of an unprofitable contract in the Convenience segment with an annual revenue volume of about CHF 8.2 million. Moreover, ORIOR Switzerland's revenues over the Easter and Christmas holidays were weaker in 2019 compared to the strong seasonal patterns in the previous year. The Refinement segment showed organic revenue growth thanks to innovation, a consistently strong brand performance and price mark-ups. The International segment also generated slightly higher organic revenues thanks to successful innovation. However, these positive developments were unable to offset the entire decline in revenues from the Convenience segment and the unfavorable comparison-base effect. Among the positive developments were the good performance in the Belgian market, pleasing growth at Albert Spiess – driven by intensified sales and marketing activities, the launch of a new brand concept and a rapid flow of innovation – and the solid course of business at Möfag. New business development with customers in the food service and other target segments were also pleasing. Acquisitions had a positive effect of 6.2% on revenues, which reflects the acquisition of Biotta in May 2018 and the purchase of the second tranche of Casualfood, which resulted in the first-time full consolidation of Casualfood as a standalone competence centre within the International segment from September 2019. As already observed during the first half of 2019, Casualfood continued to display agility and an uncomplicated, can-do spirit and ended the year slightly ahead of expectations. The currency translation effect on revenues was -0.9% and reduced reported revenues by CHF 5.0 million.

A broader operational footprint with new business units helped to strengthen the Group's gross profit margin. Despite the negative effect from higher meat prices, the gross profit margin rose by 82 basis points to 44.9%, resulting in a gross profit of CHF 267.6 million (previous year CHF 254.0 million). At the EBITDA line, this increase was diminished somewhat by the higher labor intensity of the new business activities.

Thanks to cost discipline, steadfast implementation of process improvement initiatives within the intra-disciplinary Champion Model and ongoing portfolio management efforts, the EBITDA margin remained at a good level of 10.2% and the corresponding EBITDA amounted to CHF 61.0 million (previous year CHF 58.6 million). EBIT rose by 4.9% to CHF 37.3 million. Due to negative currency translation and tax effects respectively the absence of the positive extraordinary items from the previous year, profit for the year amounted to CHF 31.5 million, slightly less than the bottom-line figure from the previous year (CHF 31.8 million).

Operating cash flow for the period under review amounted to CHF 57.1 million compared to CHF 52.7 million for the previous year. This substantial increase is attributed primarily to the new business activities and the optimisation of net working capital. The cash conversion cycle rose to an above-average level of 93.5%.

#### **ORIOR Convenience segment**

Revenues from the ORIOR Convenience segment, which consists of the Fredag, Le Patron, Pastinella and Biotta competence centres, did not quite meet expectations and declined by -1.8% to CHF 202.0 million (previous year CHF 205.7 million). The reported figure reflects a positive acquisition effect of 4.7% from the acquisition of Biotta as of mid-May 2018 and a negative organic growth rate of -6.5%. The main factors behind the negative growth were the termination of the aforementioned CHF 8.2 million contract, a high year-ago comparison base with an unusually high organic growth rate of 5.6%, and, in particular, the weaker Easter and Christmas holiday sales in 2019 as well as changes in sales promotion activities. Biotta is developing nicely: Considerable resources were invested in intensive process and workflow projects, the modernisation of its brand image, and in the reinforcement of its marketing and operations personnel, and these efforts clearly paid off. Moreover, the operational startup of the wood chip heating plant brought a first-of-its-kind project in Switzerland to a close and strengthened Biotta's image as a sustainability leader. Attention is also drawn to the successful launch of the new vegan specialities manufactured by Fredag in the heart of Switzerland, examples of which are veggie nugget products and burgers marketed under the "Happy Vegi Butcher" brand.

On the commodity front, high poultry prices and the tight domestic supply of certain commodities remained a challenge, as had already been reported for the first half of 2019. Competition and the general market environment remain tough, one reason being retailers' efforts to streamline their product ranges or scale back their sales promotional activities.

#### **ORIOR Refinement segment**

In a year marked by high meat prices, the ORIOR Refinement segment, which consists of the Rapelli, Albert Spiess and Möfag competence centres, reported organic revenue growth of 1.3% to CHF 258.2 million. This growth was fueled by a steady stream of convincing innovations, a strong performance by strong brands, good sales trends with a number of customers, and the pass-through of high meat procurement costs. The Albert Spiess competence centre delivered a strong performance thanks to the further intensification of its sales and marketing activities and innovative new product launches, its new, broader brand concept with an even stronger regional claim, and to good progress on improvement throughout the value chain. Möfag delivered great success in all of its core product areas, fueled by compelling offerings and the positive volume growth in its main sales channels. Thanks to its two well-established, national "Rapelli" and "Ticinella" brands, effective sales activities and convincing innovations, Rapelli also delivered a solid set of results for the year.

Expectations that meat procurement prices would at least edge slightly lower during the fall of 2019 were not fulfilled – prices for pork and beef remained at high levels. This largely reflected the tight domestic supply of both commodities.

### **ORIOR International segment**

The ORIOR International segment consisting of the Culinor and Casualfood competence centres, Biotta's sister company Gesa and Spiess Europe, a platform for the final processing and distribution of Group products, increased its revenues by 15.9% to CHF 159.6 million. This growth rate consisted of a positive acquisition effect of 19.4%, reflecting the second stage of the Casualfood acquisition and its resulting first-time full consolidation from September 2019 as well as Biotta's German sister company Gesa, which joined the ORIOR family in mid-May 2018, a negative currency effect of -3.7%, and organic revenue growth of 0.2%. Positive factors were the steadfast focus on healthy growth and the International segment's resulting above-average contribution to Group profitability. Guided by its steady focus on healthy growth, Culinor performed particularly well in its domestic Belgian market and, as already observed during the first half of 2019, it made a substantial contribution to Group profits after factoring out non-recurring items. Business at Spiess Europe also showed a pleasing development. Casualfood, the newest member of ORIOR Group since September 2019, performed well and slightly exceeded expectations.

On the commodity front, the International segment experienced a slightly positive effect from the nascent normalisation of crop yields versus the previous year. The net effect of these developments was virtually neutral. Top performers in the International segment were the Belgian market, food service customers and the to-go channel; the Dutch market is in the throes of consolidation and this has created some temporary challenges.

### **Swiss GAAP FER Plus**

As announced earlier, ORIOR is presenting additional information with the publication of its full-year results for 2019 that is intended to allow investors and analysts to better evaluate ORIOR and its business development. FTEs, revenues by country, and revenues generated with the five largest customers are included in this additional set of information, which can be found in the 2019 annual report. Of particular note in this context is the change in the structure of the largest customers arising from ORIOR Group's broader positioning and corresponding diversification. The trend towards broader customer segmentation thus continues.

### **ORIOR 2025 strategy**

ORIOR Group's Executive Committee has initiated the 2025 strategy process together with the Board of Directors. As was already the case during the development of the ORIOR 2020 strategy, the new strategy will be developed and formulated in an interactive process involving the Board of Directors and key executives from throughout the company. Specialists for specific topics from across the company have also been appointed to the core strategy team. ORIOR's 2025 strategy will be presented to the public in June 2020.

### **First Sustainability Report based on GRI Standards**

ORIOR published its first Sustainability Report in accordance with the internationally recognised Global Reporting Initiative GRI together with its first-half results for 2019. This report described the company's comprehensive sustainability strategy and its related goals up to 2025. Initial measures and initiatives to anchor sustainability more firmly into the company's operations had already been launched by autumn 2019 and additional resources have been invested to ensure vigorous implementation. The next Sustainability Report will be published in August 2020 together with the first-half results for 2020, to allow any minor changes that might emerge from the strategy 2025 to be integrated into the updated Sustainability Report. Afterwards, from 2021 onwards, we plan to publish the annual Sustainability Report in the first half of the year.

### **Renewed increase in the dividend**

ORIOR is committed to maintaining a constant and predictable dividend distribution; its dividend has been steadily increased since its IPO in 2010. The Board of Directors will propose another increase in the dividend to CHF 2.32 per share at the Annual General Meeting on 31 March 2020. 50% of the proposed payout will be distributed from retained earnings and 50% from capital contribution reserves. This mix is required after the implementation of the Federal Act on Tax Reform and AHV Financing (STAF/TRAF) on 1 January 2020, which imposes a limitation on the distribution of payouts from tax-exempt capital contribution reserves.

### Key figures for ORIOR Group – financial year 2019

in kCHF	2019	Δ in %	2018
<b>Net sales</b>	<b>596 350</b>	+3.4%	<b>576 650</b>
<b>EBITDA</b>	<b>61 031</b>	+4.2%	<b>58 573</b>
<i>EBITDA as % of net sales</i>	<i>10.2%</i>		<i>10.2%</i>
<b>EBIT</b>	<b>37 322</b>	+4.9%	<b>35 578</b>
<i>EBIT as % of net sales</i>	<i>6.3%</i>		<i>6.2%</i>
<b>Profit for the year</b>	<b>31 494</b>	-1.0%	<b>31 819</b>
<i>Profit for the year as % of net sales</i>	<i>5.3%</i>		<i>5.5%</i>
<b>Cash flow from operating activities</b>	<b>57 093</b>	+8.3%	<b>52 717</b>
<i>Cash Conversion in %</i>	<i>93.5%</i>		<i>90.0%</i>
<b>Net debt / EBITDA ratio</b>	<b>2.47</b>		<b>2.46</b>
<i>Equity ratio</i>	<i>21.4%</i>		<i>22.5%</i>
<b>Dividend per share in CHF</b>	<b>2.32</b>		<b>2.24</b>
Stock market capitalisation	583.3		519.4
<b>Av. number of employees (FTE)</b>	<b>2 295</b>		<b>1 630</b>

### Appointment of Vice Chairman

The Board of Directors of ORIOR AG appointed Markus R. Neuhaus, Dr. iur., Vice Chairman of the Board of Directors. Markus R. Neuhaus, Dr. iur., was elected to the Board of Directors of ORIOR AG for the first time at the Annual General Meeting on 11 April 2019 and was appointed Chairman of the Audit Committee at the subsequent constitutive meeting of the Board of Directors.

### Outlook

We expect 2020 to be a good year for ORIOR with every business segment contributing to organic growth. The expanded scope of our operations has enhanced both our stability and our resilience. The general market environment will remain challenging, but our pipeline is full of strong arguments for our products, concepts and services. Meanwhile, we continue to work ceaselessly on developing and refining our human resources as well as our common values and our efficiency within the framework of our Champion Model and other projects. With the goals given in our sustainability strategy we will also be able to create and capture new sales opportunities and/or save costs. In June 2020 we will present our ORIOR 2025 strategy.

The third stage of the Casualfood acquisition is planned for the autumn of 2020. The “Smartseller” joint venture first announced in early 2020 will be introduced and gradually perfected at two or three locations, as communicated in that announcement. Another highlight will be the launch of the “Happy Vegi Butcher” brand in retail channels across Switzerland during the first quarter of this year. On the whole we anticipate operating profitability (EBITDA margin) to match the healthy level achieved in 2019. We are confident. It will be a good year for ORIOR.

The quantitative and qualitative guidance for the current year given with the interim results for 2019 can be found in the presentation.

**Invitation to teleconference (in German only, documents in English available)**

Today, Wednesday, 26 February 2020, 10.00 a.m. (CET), CEO Daniel Lutz and CFO Andreas Lindner will discuss the 2019 annual results in a conference call.

You are invited to join the conference call by dialing the following number:

Telephone: +41 58 262 07 11, PIN: 441576 (please state your name and organisation)

*Between 3:00 and 4:00 p.m. (CET) Management is pleased to answer all your questions in English.*

*Please call: +41 44 308 65 13.*

**Download links:**

[Annual Report 2019](#)

[Alternative Performance Measures Full Year 2019](#)

[Presentation on 2019 results](#)

[Image gallery](#)

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**Investor calendar**

23 March 2020: Share register closing date

31 March 2020: Annual General Meeting of Shareholders

2 April 2020: Ex-date

6 April 2020: Pay date

19 August 2020: Publication of half-year results for 2020

**ORIOR – Excellence in Food**

*ORIOR is an internationally active Swiss food and beverage group that combines craftsmanship with a pioneering spirit and thrives on entrepreneurship and strong values. The delightful world of ORIOR consists of well-established companies and brands with leadership positions in growing niche markets in Switzerland and abroad.*

*ORIOR's goal is to steadily create value for all stakeholders. Market intimacy, strong partnerships, and a lean, agile group structure and the intradisciplinary ORIOR Champion Model provide the framework from which ORIOR is shaping and driving the market landscape with innovative products, concepts and services. Motivated employees who take pride in their work and who assume responsibility for themselves and for what they do are the key for creating the extraordinary.*

*We are striving for uniqueness and offer best quality in order to surprise our consumers time and again with enjoyable food moments. Our ambition is nothing less than **Excellence in Food**.*

*In the 2019 financial year ORIOR Group achieved sales of CHF 596.4 million with approximately 2300 employees. ORIOR is listed on the SIX Swiss Exchange (ORON, ISIN CH0111677362, LEI 5067 0020 I84Z A17K 9522). Further information is available at [www.orior.ch](http://www.orior.ch).*

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**Note to performance measures**

*ORIOR uses alternative performance measures in this media release which are not defined by Swiss GAAP FER. These alternative performance measures provide useful and relevant information regarding the operative and financial performance of the Group. The document "Alternative Performance Measures Full Year 2019", which is available on <https://orior.ch/en/financial-reports>, defines these alternative performance measures.*