

ORIOR with good sales growth; Corona pandemic had a material impact on the product and channel mix as well as on profitability

- Revenues increased 2.8% to CHF 287.4 million;
+0.2% organic, +4.0% acquisition-driven and –1.4% currency translation effect.
- Food service revenues sharply lower; travel catering specialist Casualfood shut down almost completely during the lockdown.
- Business with food retailers and discounters with significant overperformance.
- Corona-related shifts in product and sales channel mix and non-recurring cost pressure profitability. EBITDA declined by CHF 4.9 million to CHF 23.5 million; EBITDA margin 8.2%.
- Net profit declined by CHF 5.7 million to CHF 8.3 million, additionally attributed to acquisition-related depreciation and positive income tax effects from the prior-year period.
- Outlook for the second half of 2020: Retail business should remain strong, stepwise recovery in food service, clear improvement in Group operating profit (EBITDA margin) compared to the first half of 2020.

ORIOR, the internationally active Swiss food & beverage group, presented good first-half 2020 results against the backdrop of Covid-19 – thanks to its broader operational footprint, flexible and agile structure, and market centricity as well as its good business development during the first two-and-a-half months of the fiscal year. Business was materially impacted by government guidelines and restrictions and the ensuing measures ORIOR implemented to protect the health of its employees and maintain its supply capabilities. The consequent changes in ORIOR's product and channel mix led to a surge in the retail business and a near-standstill in business at travel catering specialist Casualfood as well as sharp declines in other areas of the food service business.

ORIOR Group generated revenues of CHF 287.4 million in the first half of 2020, which corresponds to an increase of 2.8% from the prior-year period. Organic revenues increased 0.2%, which is notable considering the difficult situation. Organic growth was driven by the ORIOR Refinement and ORIOR International segments. Sharply higher demand in the retail sector due to changes in consumption needs as a result of government policy responses to the pandemic was the key factor for their growth. In addition, business with food service customers after the easing of lockdown restrictions in May was better than expected, albeit still at low levels. On the whole, the significant declines in food service revenues (restaurants, wholesale, take-away, event catering, canteens, schools, children's lunch services) were more than offset by the organic growth. Acquisitions had a positive effect of 4.0% on Group revenues, which reflects the purchase of the second tranche of Casualfood shares in the autumn of 2019 and the consequent full consolidation of the subsidiary. Currency translation had a negative effect of –1.4% on Group revenues.

EBITDA declined by CHF 4.9 million to CHF 23.5 million and the resulting EBITDA margin stood at 8.2%. This contraction is attributed on the one hand to non-recurring costs related to the many measures taken to safeguard the health of ORIOR employees and the company's supply capabilities. The implementation of these measures, ranging from additional safeguards in production areas and break rooms to structural and other changes at points of entry or in locker/changing rooms, entailed considerable – mostly non-recurring – additional costs. They also resulted in temporarily higher absentee rates (vulnerable workers) and slowed down certain operating processes. Public policy responses restricting the right to travel and freedom of movement led to shifts in consumption patterns that impacted both the product and the sales channel mix. There was a general increase in demand from retailers, especially for branded and core products in the refine-

ment, fresh pasta and veggie categories and for Biotta juices. Promotional activities and certain product lines were temporarily scaled back or halted. Meanwhile sales of ready meals declined, in part because of more homeoffice working and consumers had more time to cook their own meals. On the other hand, restaurants and other food establishments were forced to close during the lockdown and that led to the production stoppage of entire product groups. Thanks to its flexible and agile structure, ORIOR managed to realign its production activities in response to the changes in the product mix as well as the surge in demand from food retailers within a very short period of time, which, however, entailed additional costs during this phase of transition. The relatively lower-margin Refinement segment showed very good organic growth during this extraordinary crisis, while sales at the generally higher-margin Convenience segment declined due to the aforementioned changes in consumption needs and the sudden plunge in the food service business. These changes in the product and channel mix had an impact on the Group's profitability as well. Moreover, the near standstill at Casualfood, integrated into ORIOR Group as of the autumn of 2019, had an additional and material impact on all key figures of the income statement.

Quickly initiated cost-cutting measures, temporary measures such as short-time work, and the one-time insurance benefits received were unable to completely offset the above-mentioned negative factors. Operating profit (EBIT) was additionally impacted by acquisition-related depreciation. First-half EBIT amounted to CHF 10.0 million, a decline of CHF 7.4 million compared to the prior-year period. Net profit declined by CHF 5.7 million to CHF 8.3 million, which also reflects the absence of the positive non-recurring income tax effects from the prior-year period.

Operating cash flow for the period under review amounted to CHF 9.6 million (H1 2019: CHF 20.8 million). This contraction reflects the lower earnings and insured benefits that will not be paid out until July 2020. The cash conversion ratio of 40.9% for the period was therefore also well below the multi-year average (H1 2019: 73.3%).

ORIOR Convenience segment

The Convenience segment, which consists of the Fredag, Le Patron, Pastinella and Biotta competence centres, reported revenues of CHF 95.2 million, which represents a decline of – 3.9% from the prior-year period. All four competence centres began the year on a positive note and the outlook for the months to follow was promising. That abruptly changed with the restrictions and guidelines issued by government officials in response to the coronavirus outbreak, which led to significant declines in food service sales as well as shifts in consumption patterns as people had more time to cook. Fredag and Le Patron, the two competence centres that generate a large share of their total revenues in the food service business, were materially impacted by these developments. Fredag nevertheless experienced good growth in the retail channel and its business with customers in the restaurant industry was better than expected as restrictions were eased, whereas Le Patron's revenues from ready meals plunged due to the shifts in consumption needs, in addition to the absence of event-related catering revenues and the slow resumption of business with canteens and schools late in the reporting period. Pastinella and Biotta juices generated very good revenues – thanks in part to their low exposure to the food service business. Ultimately, the additional revenues with the retail industry were unable to completely offset the significant drop in this segment's revenues from food service and ready-made products.

As for raw materials, the segment was challenged by high prices for Swiss poultry and the tight supply of special raw materials (e.g. organically grown raw materials) – partly attributable to the increase in demand from retailers.

ORIOR Refinement segment

The ORIOR Refinement segment with the Rapelli, Albert Spiess and Möfag competence centres achieved very good organic growth of 3.7% to CHF 131.9 million in the first half of 2020, to which all three competence centres contributed. The key driver was sharply higher demand in the retail and discounter channels, even though promotional activities and product lines were occasionally scaled back at short notice. The very good performance of branded and core product groups and general trends distinguished by a preference for re-

gional and organic products – which have gained even more momentum because of the coronavirus – were able to more than offset these reductions in promotional activities and product lines. Thanks to their strong regional appeal and “terroir specialties”, Rapelli and Albert Spiess additionally profited from the greater numbers of Swiss who vacationed or made short trips in Switzerland. Möfag generates a much smaller share of its over-all revenues with food service customers and demand for its products from discounters was also sharply higher, so it likewise performed very well in the first half.

As for raw materials, the expected high prices in view of the significantly higher levels of demand – especially for organic and regional products – were pushed even higher by the tight supply of Swiss raw materials.

ORIOR International segment

The ORIOR International segment with the Culinor and Casualfood competence centres, Biotta’s sister company Gesa, and Spiess Europe, a distribution platform, increased its revenues to CHF 74.8 million compared to CHF 67.3 million in the prior-year period. This growth of +11.1% consists of an acquisition effect of +16.6% from the acquisition of Casualfood as of the autumn of 2019, good organic growth of +0.3% considering the extraordinary situation, and a clearly negative currency effect of –5.8%. The reporting period started off very well; afterwards, the rapid global outbreak of the coronavirus and subsequent lockdowns with an almost complete standstill of the airline industry hit Casualfood, a company specialising in travel catering, hard. Almost all of its sales outlets had to be closed. Rail and air traffic has slowly resumed since June 2020 and Casualfood’s points of sale are also gradually being reopened. In the Benelux food service and retail markets, the situation was similar to that in Switzerland. The Culinor Food Group, ORIOR’s specialist for freshly prepared meals and meal components, generated strong growth with home delivery solutions and specialty products for the retail channel developed in collaboration with renowned chefs. At the same time, food service revenues in the Benelux (including schools and system gastronomy) plunged, and sales of ready meals declined due to the restrictions imposed on freedom of movement and travel and the ensuing shift in consumption patterns (employees working from home, more time to cook). Gesa, Biotta’s sister company specialised in organic vegetable juices for the B2B market, and Spiess Europe delivered very good results for the period under review.

On the commodity front, there were no changes or notable extraordinary effects.

Key Group initiatives

The presentation of the ORIOR 2025 strategy has been postponed due to the extraordinary situation in the wake of the corona pandemic. The ongoing strategy process is being interactively developed with the Top50, key executives and specialists from throughout ORIOR Group, and approved in stages by the Board of Directors, which is closely involved in the process. The ORIOR 2025 strategy will be presented to investors on 9 November 2020. It will also cover the increasingly important issue of sustainability and the somewhat broader ESG issues (Environmental, Social and Governance). Both are the focus of key Group initiatives that are being vigorously pursued. The current focus is on firmly anchoring sustainability issues in the company’s planning and implementation processes as well as in the daily operations and the general mindsets of its employees. Talent management, clean label, energy strategy and packaging optimisation are other projects that we are working on. ORIOR intends to provide a detailed overview concerning ESG when it publishes its 2020 annual report. A key element of management strategy as well as the ORIOR 2025 strategy is “New Normal,” a key strategic initiative that was launched in the spring of 2020. Besides taking measures to sustain if not improve the company’s operating performance levels and cost-efficiency, we are also conducting a detailed analysis of our financial and organisational structures under this initiative and will make the necessary changes to ensure their future-readiness and create fresh momentum for sustainable growth beyond today’s horizons.

Thank you

This crisis is broad and challenging. The society we live in, the economy and the entire world have been affected in unprecedented ways and this crisis will challenge us for some time to come. Daniel Lutz, CEO of ORIOR Group: “I thank all ORIOR employees for the remarkable achievements and for ensuring compliance with all

the emergency orders and measures that were imposed during this extraordinary time. The general operating environment and working conditions were and are anything but normal. This has required perseverance, strength, and identification. So far, we have mastered this crisis well. You have earned my admiration and respect.”

ORIOR Group's key figures for the first half of 2020

in CHF thousand	Jan – Jun 2020	Jan – Jun 2019	Δ in kCHF	Δ in %
Net sales	287 414	279 640	+7 774	+2.8%
EBITDA	23 474	28 419	-4 945	-17.4%
<i>as % of net sales</i>	8.2%	10.2%		
EBIT	10 031	17 423	-7 392	-42.4%
<i>as % of net sales</i>	3.5%	6.2%		
Profit for the period	8 310	13 967	-5 657	-40.5%
<i>as % of net sales</i>	2.9%	5.0%		
Operating cash flow	9 602	20 827	-11 225	-53.9%
<i>Cash conversion in %</i>	40.9%	73.3%		
Net debt/ EBITDA ratio	2.87x	2.45x		
<i>Equity ratio</i>	19.3%	23.2%		
Dividend per share in CHF	2.32	2.24		
Stock market capitalisation in CHF m	507.7	537.7		
Avg. number of employees (FTE)	2 050¹	1 601		

¹ Increase driven by acquisition of majority stake in Casualfood.

Outlook

Considering the volatile situation surrounding the coronavirus, it is very difficult to give reliable outlook for the 2020 fiscal year. Based on our realistic expectations, we anticipate a good course of business in the second half under the given circumstances. Assuming the general situation with respect to the corona pandemic is stable, the extraordinary effects the pandemic has had on our business activities should continue to subside. The food service business should continue to recover, given the travel restrictions that are still in place and the resulting greater number of domestic tourists in Switzerland's holiday regions. Nevertheless, the situation is still far from normal. We expect a substantial recovery in many channels of the food service business by the end of the year, but hardly any improvement in other areas of the food service industry, event catering for example. In view of the extraordinary situation facing the world today, the travel industry is likely to recover at a much slower pace. Casualfood, thanks to its agile and flexible business model specialising in small and micro outlets as well as mobile food vending stands, is ideally positioned to benefit from the resumption of travel activity. From today's perspective, we expect Casualfood to have at least half of its outlets up and running again by the end of 2020. The retail business is expected to be a strong performer in the second half too, but growth is likely to level off somewhat. On the product front, we expect the trends towards organic and regional products to continue and that sales of ready-made meals will remain sluggish in the second half (as employees continue to work from home). We are working on specifically defined measures and initiatives to improve the company's efficiency and cost base. At the same time, the costs incurred to protect our employees and ensure our supply capability, factoring out the non-recurring expenses, will be lower. Despite the ongoing situation with the coronavirus, we expect operating profitability (EBITDA margin) to rise above the level of 8.2% reported for the first half of the year. Looking beyond the current year, we are very optimistic regarding 2021 and expect good growth rates and a further improvement in the EBITDA margin.

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

Today, Wednesday, 19 August 2020, 10.00 a.m. (CEST), CEO Daniel Lutz and CFO Andreas Lindner will discuss the 2020 interim 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: 156179 (please state your name and organisation)

Between 2:00 and 3:00 p.m. (CEST) Management will be available to answer all your questions in English.

Please call: +41 44 308 65 13.

Download links:

[Half Year Report 2020](#)

[Alternative Performance Measures Half Year 2020](#)

[Presentation on 2020 interim results](#)

[ORIOR Sustainability Report 2019](#)

[Image gallery](#)

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Investor calendar

19 August 2020: Publication of Half Year Results for 2020

10 March 2021: Publication of Full Year Results and Annual Report 2020

26 April 2021: Annual General Meeting 2021

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.

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 Half Year 2020", which is available on <https://orior.ch/en/financial-reports>, defines these alternative performance measures.