

ORIOR looks back on an operationally successful and strategically direction-setting year

- Revenues increased by 6.9% to CHF 576.7 million.
- EBITDA increased 4.9% to CHF 58.6 million; EBIT increased 15.5% to CHF 35.6 million.
- Group net profit up 25.8% to CHF 31.8 million.
- Acquisition of Swiss organic pioneer Biotta gave ORIOR a strong foothold in the growing niche of premium organic beverages and further strengthened its international business.
- Entry into a highly specialised niche of the very dynamic food service to-go segment; gradual acquisition of Casualfood will strengthen the Group's food service competence and innovation power.
- Election of new directors proposed.
- Renewed increase in the dividend to CHF 2.24 per share proposed.

Strategically and operationally successful year 2018

The internationally active Swiss food and beverage group ORIOR presents an operationally successful and strategically direction-setting 2018. Its good operating performance was well supported by all segments. ORIOR has optimally positioned itself for the future with its acquisition of Biotta, a pioneering Swiss organic juice producer, and the purchase of an initial interest in Casualfood, a pioneer in the small-format, food service to-go market for travellers.

ORIOR Group generated revenues of CHF 576.7 million in the reporting period, which corresponds to an increase of 6.9% from the previous year. Factoring out the effect of the Biotta acquisition (+3.9%) and the positive currency translation effect of 0.9%, organic sales growth amounted to 2.1%. The Group's broadly based growth was supported by every segment: thanks to efforts on the core strategic pillars – innovation in particular – and the shared progress made in implementing various initiatives, action plans and concepts by the intradisciplinary ORIOR Champion Groups. Particular attention is drawn to the pleasing developments in the retail and food service channels as well as to the Convenience segment's exceptionally good performance. Negative impacts from the volatile raw materials situation, where prices for beef and poultry were unusually high, and from the low yields in fruit and vegetables and unrelenting high pricing and competitive pressure were not completely offset by the above positive developments. The gross profit margin receded 53 basis points to 44.0%. EBITDA rose by 4.9% to CHF 58.6 million (previous year CHF 55.8 million) thanks to cost discipline, portfolio management and improved productivity and sustainability metrics, resulting in an EBITDA margin of 10.2%. Factoring out acquisition-related and extraordinary items, the EBITDA margin stood at 10.3%, nearly unchanged from the prior-year level of 10.4%. EBIT rose by 15.5% year-on-year to CHF 35.6 million, fuelled in particular by a good operating performance and the amortisation of intangibles related to past acquisitions. Net profit increased from CHF 25.3 million in the previous year to CHF 31.8 million. Besides the aforementioned positive EBIT effects, this net profit growth was primarily driven by optimised financing structures, favourable exchange-rate impacts and positive non-recurring income tax effects.

Operating cash flow for the period under review amounted to CHF 52.7 million compared to CHF 55.7 million in the previous year. This change is largely due to the seasonality of Biotta's business with inventories peaking at year-end for harvest-related reasons and to the higher cost of inventory items at the Refinement segment. Cash conversion stood at 90.0%.

ORIOR Convenience segment

The ORIOR Convenience segment with the Fredag, Le Patron, Pastinella and Biotta centres of competence performed well during the year under review and delivered a 14.1% increase in revenues to CHF 205.7 million. A primary driver of this growth was on the one hand the acquisitive growth of 8.5% related to the consolidation of Biotta, a specialist producer of wholesome organic vegetable and fruit juices, as of mid-May 2018. On the other hand, the existing competence centres generated very good organic growth of 5.6%. Attention here is drawn to the pleasing food service business as well as to product and concept innovations – first and foremost regional products, vegetarian specialities and fresh al dente pasta. The gross margin edged slightly lower primarily because of the rising costs of raw materials. A hot and dry summer reduced yields in vegetables and fruits and the growing demand for poultry going back numerous years led to an increase in these procurement costs that we could not pass through to customers.

ORIOR Refinement segment

The ORIOR Refinement segment with the Rapelli, Albert Spiess and Möfag competence centres delivered a good performance – considering the volatile meat prices – with revenues coming in at CHF 255.0 million. Compared to the CHF 251.5 million in revenues from the previous year, this corresponds to organic growth of 1.4%. This good performance was supported by almost every sales channel and both the food service and retail channels reported year-on-year growth. The impressive growth of new products, for example “myEnergy” branded snack products, ranked among the segment’s highlights for the year. Sales of its traditional branded products continued to grow as well, led by “Ticinella’s” strong momentum over the year. Attention is also drawn to the positive developments with organic products and specialities such as Bündnerfleisch carpaccio and with ham and bacon creations. Challenging conditions on the raw materials front were particularly evident in the Refinement segment and weighed on its profitability, which retreated in all three of the segment’s units. Volatile and high prices for pork and beef, market consolidation and intense competition leading to pressure on selling prices were the main reasons for the reduced profitability.

ORIOR International segment

The ORIOR International segment includes the centre of competence Culinor, the Biotta subsidiary Gesa and the Swiss export activities targeting neighbouring countries, generated revenues of CHF 137.7 million, which corresponds to an increase of 10.4% from the previous year. The two main drivers of this growth were Biotta’s German subsidiary Gesa, which joined the ORIOR family in mid-May 2018 and lifted segment revenues by 4.8%, and a positive currency translation effect of 3.9%. The International segment achieved organic growth of 1.6% despite stiff competition and pressure on prices. Disciplined efforts to optimise the portfolio mix by focusing on products with sustainable margins and the launch of appealing innovations such as the “PURE” convenience line in Belgium contributed to the good sales trends and fully offset the announced withdrawal from a substantial but low-margin mashed potato contract. The hot, dry summer was challenging as it diminished crops and yields in vegetables used to produce juice in Germany, which had a negative impact on the gross profit margin.

Direction-setting strategic move by the Group

In mid-May 2018 ORIOR acquired Biotta, a pioneering Swiss producer of organic beverages, a move that gave it a presence in the growing premium niche of organic beverages while strengthening its international business and diversifying its overall product, market and customer portfolios. ORIOR increased its share capital by nearly 10% in March 2018 to finance part of this acquisition, utilising the existing authorised share capital. In the fall ORIOR successfully realised its long-planned entry into the very dynamic food service to-go market by acquiring an initial 35% interest in Casualfood and moved another step closer to consumers. Casualfood is a pioneer for small-format food outlets – primarily at airports in Germany, where it operates fresh food islands and snackmobiles under its own brand concepts for travellers – and thus enhances the existing innovation skills and food service competence of the entire ORIOR Group. It is planned to acquire a majority interest in the fall of 2019, after which Casualfood will be fully consolidated. The Board of Directors

and the Executive Committee have decided that after ORIOR acquires a majority interest in Casualfood, it will not be represented on ORIOR's Executive Committee as initially planned but rather on the new Extended Executive Committee, which was formed on 1 January 2019.

New management structure

Management structures were strengthened throughout the growing organisation; the current Executive Committee (former Management Board) has been supported by a new executive body – the Extended Executive Committee – since 1 January 2019, primarily to strengthen the further strategic development of the entire Group. The established Swiss Management Committee (former Extended Management Team) will continue to ensure the successful development of the Swiss business. The intradisciplinary ORIOR Champion Model will play a key role here.

Transition to Swiss GAAP FER

The company switched its accounting standards from IFRS to Swiss GAAP FER as of 31 December 2018. The most significant changes concern the reporting of pension-fund liabilities and the treatment of intangible assets and goodwill. The reasons for switching to Swiss GAAP FER are the increasing complexity of IFRS and the significant additional administrative burden and costs associated with IFRS. ORIOR's firm commitment to financial reporting transparency in accord with the principle of "true and fair" has not changed with this decision.

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 2.24 per share at the Annual General Meeting on 11 April 2019. The dividend will be paid out from capital contribution reserves and is therefore exempt from withholding tax.

Key figures for ORIOR Group – financial year 2018

in CHF thousand	2018	Δ in %	2017 ¹ Restated ²
Revenues	576'650	+6.9%	539'394
EBITDA	58'573	+4.9%	55'838
<i>in % of revenues</i>	<i>10.2%</i>		<i>10.4%</i>
Adj. EBITDA	59'325	+6.2%	55'838
<i>Adj. EBITDA in % of revenues</i>	<i>10.3%</i>		<i>10.4%</i>
EBIT	35'578	+15.5%	30'812
<i>in % of revenues</i>	<i>6.2%</i>		<i>5.7%</i>
Profit for the year	31'819	+25.8%	25'285
<i>in % of revenues</i>	<i>5.5%</i>		<i>4.7%</i>
Operating cash flow	52'717	-5.3%	55'676
<i>Cash conversion in %</i>	<i>90.0%</i>		<i>99.7%</i>
Dividend per share in CHF	2.24		2.17
Market capitalisation as per year-end	519.4		457.1

¹ Restated prior year figures due to change from IFRS to Swiss GAAP FER.

² Restatement.

Change in the Board of Directors

Dominik Sauter, a member of the Board of Directors of ORIOR AG, will not be standing for re-election. As the representative of EGS Beteiligungen AG, he helped guide ORIOR past many milestones during his six years of service on the Board of Directors. The Board of Directors will propose the election of entrepreneur Monika Schüpbach as a new director at the Annual General Meeting on 11 April 2019. The Board of Directors will also propose the election of Markus Voegeli, an internationally experienced CEO, CFO and entrepreneur, to fill the seat vacated in June of 2018 when Josef Ming resigned.

As announced in October 2018, Prof. Dr. Edgar Fluri, Vice Chairman of the Board of Directors, will not be standing for re-election after nine years of service to ORIOR. We are deeply grateful to Mr. Fluri for his many years of valuable service on the board, including as Vice Chairman of the Board and as Chairman of the Audit Committee. The Board of Directors has nominated financial expert Dr. iur. Markus R. Neuhaus as his successor. ORIOR plans to name Mr. Neuhaus the Chairman of the Audit Committee.

Outlook

General conditions remain very challenging. We expect renewed volatility in raw material prices in the current year and unrelenting fierce competition that will keep prices under pressure. We will continue to steadfastly develop and implement initiatives and measures under the ORIOR 2020 strategy during 2019. We will also further strengthen our brands and maintain our focus on innovation and new product concepts and services. Group-wide projects that enhance our agility and improve our productivity and efficiency will be pursued as well. The ongoing development of the Biotta group and the expected second stage of the acquisition of Casualfood will create additional, novel business opportunities. In summary, we are confident that we can create further sustainable value for our stakeholders in 2019.

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

Today, 4 March 2019 at 10:00 am (CET), ORIOR management will host a conference call to discuss the details. We cordially invite you to participate in the conference call.

- Telephone number: +41 58 262 07 11
- Please state your name and organisation
- PIN-Code: 859289

Between 3:00 and 4:00 pm (CET) Management is pleased to answer all your questions in English. Please call: +41 44 308 65 13.

Download Links

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Contact

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Investor Calendar

11 April 2019: Annual General Meeting ORIOR AG
19 August 2019: publication half year results and half year report 2019



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 2018 financial year ORIOR Group achieved sales of CHF 576.7 million with approximately 1630 employees. ORIOR is listed on the SIX Swiss Exchange (ORON, ISIN CH011 1677 362, LEI 5067 0020 I84Z A17K 9522). Further information is available at www.orior.ch.