



# ORIOR GROUP

## Half-year results 2017



22 August 2017

**Daniel Lutz, CEO**  
**Ricarda Demarmels, CFO**

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## CEO statement on the first half of 2017

- Successful first half thanks to the steadfast implementation of the ORIOR 2020 strategy.
- Strategically important step abroad has been successful: Culinor Food Group exceeds sales and profit expectations.

# Leading producer in the Benelux

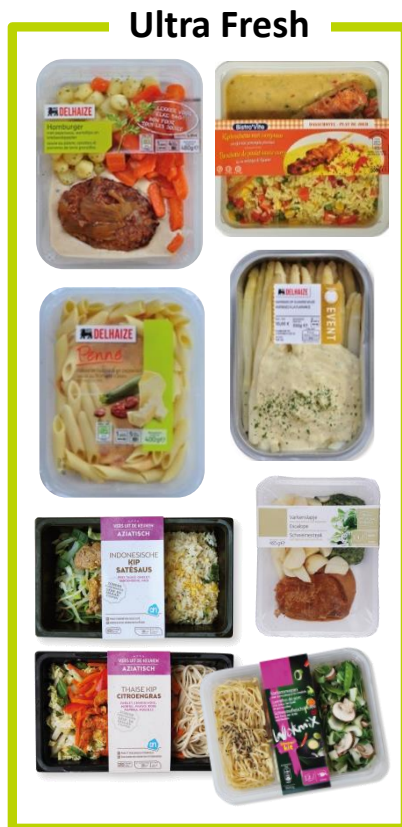
- Broad product portfolio and strong positioning in the attractive premium fresh convenience market.
- Operates four production sites and one logistics centre in Belgium.
- Outstanding portfolio of food service and retail clients.



culinor



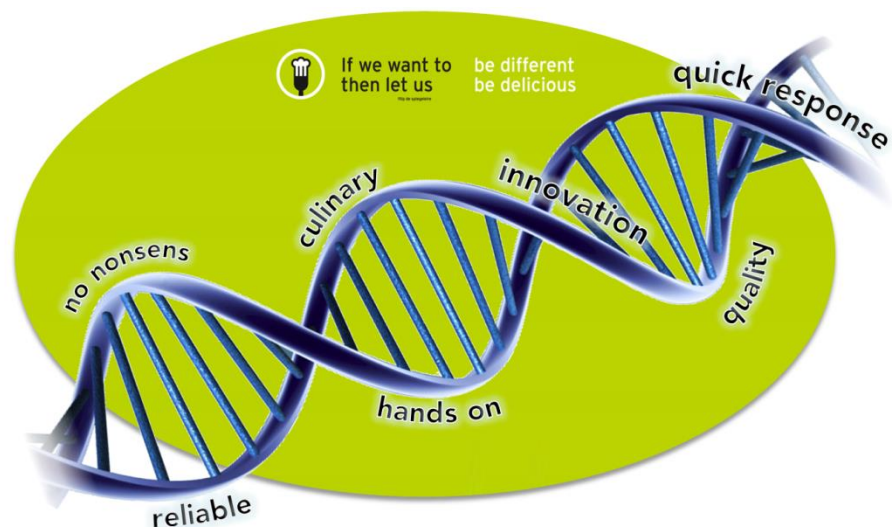
vaco's kitchen



## Common values unite

- Pioneer spirit, entrepreneurship and the constant pursuit of Excellence.
- Culinor CEO, Filip De Spiegeleire, appointed CEO of ORIOR Europe and a Management Board member of ORIOR AG.
- The entire management team at Culinor Food Group will remain with the company.












### DNA of Culinor Food Group



### Management team of Culinor Food Group



# ORIOR sites

<p><b>Culinor, Destelbergen</b> Production of oven and fresh prepared meals</p>			<p><b>Rapelli SA, Stabio</b> Deli specialities such as salami, cured ham and coppa</p>
<p><b>Culinor, Gent</b> Production of cuisson sous-vide, chef meals, menu components</p>			<p><b>Albert Spiess, Schiers</b> Bündner specialities such as Bündnerfleisch and Salsiz</p>
<p><b>Culinor, Destelbergen</b> Logistics center for packaging, transport, raw materials receiving</p>			<p><b>Möfag, Zuzwil</b> Fürstenländer specialities such as Mostbröckli and ham products</p>
<p><b>Vaco's Kitchen, Olen</b> Production of ultrafresh menus and sous-vide products</p>			<p><b>Fredag AG, Root</b> Chicken specialities, meat convenience, veggie/vegan</p>
<p><b>Vaco's Kitchen, Herselt</b> Production of ready meals and oven dishes</p>			<p><b>Le Patron, Böckten</b> Pâtes and terrines, prepared meals and ready-made meal components</p>
<p><b>ORIOR/Spieß Europe</b></p>			<p><b>Pastinella, Oberentfelden</b> Fresh, Italian-style pasta with and without fillings</p>

Note: Countries shaded with diagonal lines represent ORIOR's current export markets.

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- Strategically important step abroad has been successful: Culinor Food Group exceeds sales and profit expectations.
- Consistent focus on the strategic cornerstones of House of Innovation, brand strengthening and cost efficiency pays off once again.
- Swiss business performs as expected amid a continuing challenging environment.
- Solid financials and strong balance sheet.

# Agenda

## 1H 2017

- I. Highlights of first half 2017
- II. ORIOR Group's key figures
- III. Key figures by segment
- IV. Income statement, balance sheet and cash flow

## Update on ORIOR 2020 strategy

- I. Value-driving model
- II. Strategic cornerstones and overview of current projects and measures

## Outlook for the second half of 2017

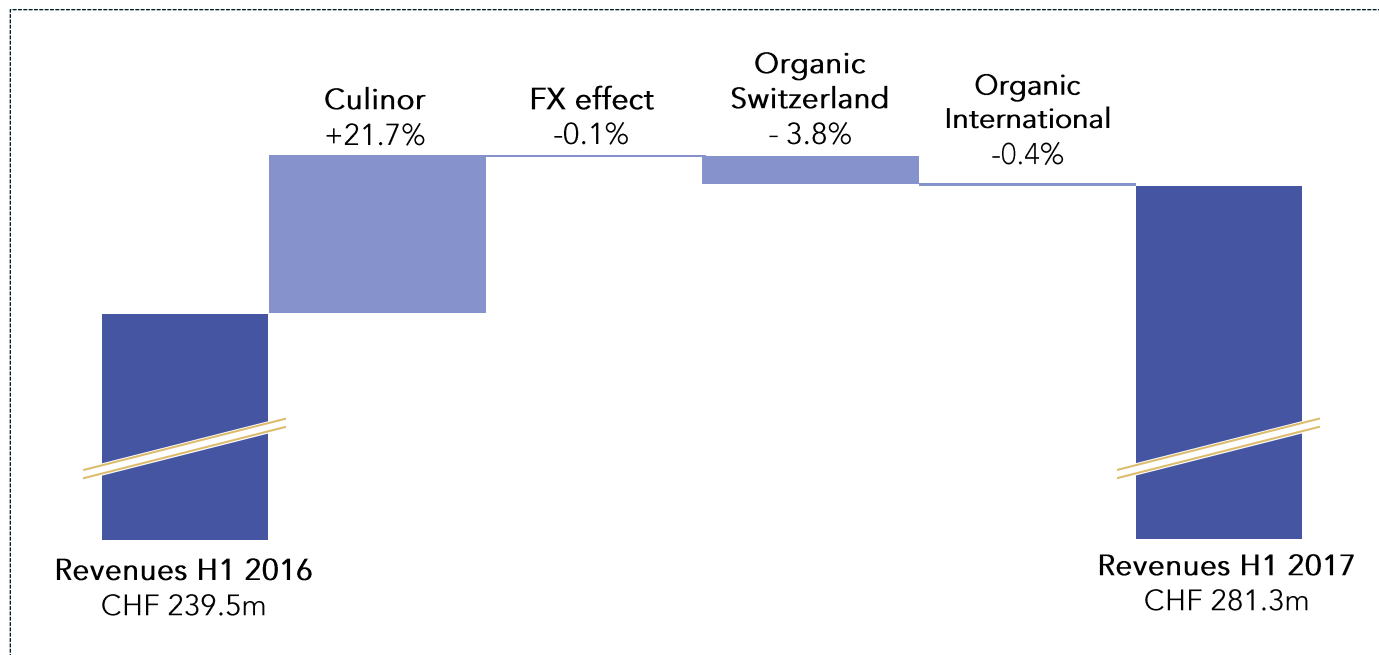
## Appendix



# Good 1H 2017 and further margin expansion

Revenues	EBITDA	Net profit	Cash flow
CHF 281.3m <b>+17.4%</b>	CHF 27.7m <b>+22.0%</b>	CHF 14.8m <b>+22.3%</b>	CHF 28.5m <b>+51.4%</b>
Attributable to Culinor Food Group acquisition	EBITDA margin <b>9.9%</b> +37 bps	Net profit margin <b>5.3%</b> +21bps	Cash conversion (Ø past 5 years) <b>71 %</b>

## Revenues +17.4%



- Culinor Food Group consolidated as of 1 September 2016.
- Strategically important step abroad a success: Culinor Food Group beats expectations again.
- ORIOR Switzerland in line with expectations
  - still challenging markets and competitive pressure high
  - H1 revenues also hit by delayed sales promotion campaigns and market consolidation activity.

# EBITDA +22.0%

CHF million	Jan – Jun 2017	Jan – Jun 2016	Δ in %
<b>Revenues</b>	<b>281.3</b>	<b>239.5</b>	+17.4%
Cost of sales	-163.9	-144.5	
<b>Gross operating profit</b> as a % of revenues	<b>117.4</b> 41.7%	<b>95.0</b> 39.7%	
OPEX	-89.7	-72.3	
<b>EBITDA</b> as a % of revenues	<b>27.7</b> 9.9%	<b>22.7</b> 9.5%	+22.0%
<b>Depreciation + amortization</b>	<b>-9.2</b>	<b>-7.3</b>	
<b>EBIT</b> as a % of revenues	<b>18.5</b> 6.6%	<b>15.5</b> 6.5%	+19.9%

- Gross margin increased by 206 basis points to 41.7%.
- EBITDA increased; acquisition effect, strict cost discipline, and operating efficiency.

# ORIOR segments

- Segment reporting with three segments: ORIOR Convenience, ORIOR Refinement and ORIOR International.
- The Corporate business unit is allocated among these three segments.

Convenience <i>Category pioneer</i>			Refinement <i>Strong, well-known brands</i>			International	
Fredag	Le Patron	Pastinella	Rapelli	Spiess	Möfag	Culinor	Export
							
							

# Convenience Segment

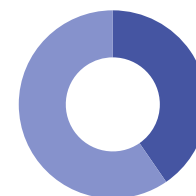
CHF million	Jan – Jun 2017	Jan – Jun 2016	Δ in %
<b>Net sales</b>	<b>89.9</b>	<b>95.4</b>	-5.8%
<b>EBITDA</b> as a % of revenues	<b>12.1</b> 13.5%	<b>12.2</b> 12.7%	-0.6%
<b>EBIT</b> as a % of revenues	<b>9.3</b> 10.3%	<b>9.1</b> 9.6%	+2.1%
<b>Capital expenditure</b>	<b>1.6</b>	<b>1.4</b>	

- Retail and food services markets remain challenging, competitive pressure and insourcing activity among retail customers.
- Stabilisation of pasta business thanks to concept and product innovation.
- EBITDA margin increased +70 bps
  - Portfolio mix strengthened and focus on core product groups.
  - Structural and process improvements, strict cost discipline.

## CONVENIENCE

as % of total group

**31.6%**



# Refinement Segment

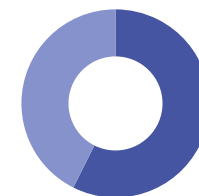
CHF million	Jan – Jun 2017	Jan – Jun 2016	Δ in %
<b>Net sales</b>	<b>139.9</b>	<b>144.8</b>	-3.4%
<b>EBITDA</b> as a % of revenues	<b>10.6</b> 7.6%	<b>10.5</b> 7.2%	+1.2%
<b>EBIT</b> as a % of revenues	<b>6.9</b> 4.9%	<b>6.3</b> 4.4%	+9.3%
<b>Capital expenditure</b>	<b>3.7</b>	<b>1.8</b>	

- Sales promotions pushed back into 2H 2017.
- Outperformed the market in most product categories.
- Successful rebranding of Rapelli.
- EBITDA margin increased +35 bps
  - Portfolio mix strengthened.
  - Structural and process improvements, strict cost discipline.

## REFINEMENT

as % of total group

**47.5%**



# International Segment

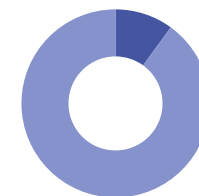
CHF million	Jan – Jun 2017	Jan – Jun 2016	Δ in %
<b>Net sales</b>	<b>58.6</b>	<b>7.8</b>	+651.5%
<b>EBITDA</b> as a % of revenues	<b>5.1</b> 8.6%	<b>0.1</b> 1.0%	
<b>EBIT</b> as a % of revenues	<b>2.4</b> 4.0%	<b>0.0</b> 0.4%	
<b>Capital expenditure</b>	<b>1.0</b>	<b>0.0</b>	

- Acquisition effect + 664.7%
  - Culinor Food Group beats expectations again; fully consolidated as of 1 September 2016
- FX effect – 1.5%
- Organic growth – 11.7%
  - Business model for exporting “Nature Gourmet specialties” retooled and adverse market/competitive conditions for Bündnerfleisch exports

## INTERNATIONAL

as % of total group

**20.9%**



# Net profit +22.3%

CHF million	Jan – Jun 2017	Jan – Jun 2016	Δ in %
<b>EBIT</b> as a % of revenues	<b>18.5</b> 6.6%	<b>15.5</b> 6.5%	+19.9%
<b>Net financial income/expense</b>	<b>-1.7</b>	<b>-0.8</b>	
<b>Pre-tax profit</b> as a % of revenues	<b>16.8</b> 6.0%	<b>14.6</b> 6.1%	
<b>Income taxes</b>	<b>-2.0</b>	<b>-2.5</b>	
<b>Net profit</b> as a % of revenues	<b>14.8</b> 5.3 %	<b>12.1</b> 5.1 %	+22.3%

- Net profit +22.3% and +21 basis-point improvement in net margin
- Earnings per share +22.7% to CHF 2.51



## Strong balance sheet and cash flow delivery

CHF million	30.06.17		30.06.16	
<b>Current assets</b>	<b>176.1</b>	32.7%	<b>146.0</b>	36.2%
<b>Property, plant and equipment</b>	<b>108.9</b>		<b>77.2</b>	
<b>Intangible assets</b>	<b>252.8</b>		<b>179.1</b>	
<b>Deferred tax assets</b>	<b>0.2</b>		<b>0.8</b>	
<b>Total assets</b>	<b>537.9</b>	100.0%	<b>403.1</b>	100.0%

CHF million	30.06.17		30.06.16	
<b>Total liabilities</b>	<b>284.4</b>	52.9%	<b>179.5</b>	44.5%
<b>Equity</b>	<b>253.5</b>	47.1%	<b>223.6</b>	55.5%
<b>Total liabilities and equity</b>	<b>537.9</b>	100.0 %	<b>403.1</b>	100.0%

- Equity ratio strengthened after acquisition of Culinor Food Group on 1.9.2016
  - Equity ratio of 47.1%, +2.8% vs. FY 2016 (44.3%)
- Further improvement in strong cash flow delivery to CHF 28.5m.
- Rigorous deleveraging:
- Pro forma annualised leverage at 2.06x

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## Outlook for the second half of 2017

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# Strategy ORIOR 2020 – goal: steady value creation



## Strategic pillars

House of Innovation

Brand strengthening and expansion

Agility and cost efficiency

The ORIOR responsibility

We are ORIOR

# House of Innovation

- Consumer insights: Identify new needs/trends at an earlier stage, gain a better understanding of hybrid consumers, food scouting.
- Concept innovation: New formats for established and new market niches, existing retail outlets and new sales channels, including new services.
- Category innovator thanks to competence centre model: Focus, flexibility and speed (30 day concept).
- Strengthen our innovation skills through the new organizational structure.

Steady value creation

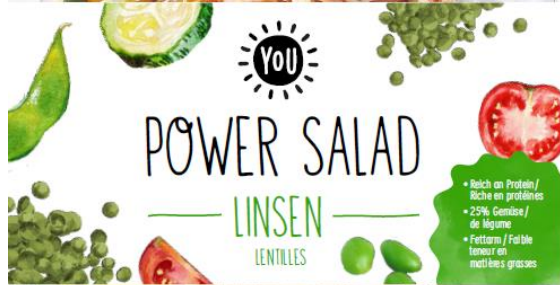
## An overview of current projects and measures

- Innovation Champions: 3-year pipeline 2016-2018 per competence centre
- Innovation Controlling established
- Successful launch of new concepts and seasonal specialties





# POWER SALAD



Rich in protein – 25% vegetables – low in fat

# MY ENERGY BEEF



**100% Switzerland**

**100% Beef**

**36% Proteins**

**3% Fat**





# Albert® Spiess

SEIT 1906



Die Bündner Trockenfleisch Spezialitäten  
handgelegt in der Frischeschale.

## NEU

Bündner  
Spezialitäten –  
sichtbar frisch







NEW

# LUGANIGHE TICINESI

## Terroir



*Specialità grill con ingredienti tipici del nostro territorio*  
*Grill-Spezialitäten mit typischen, einheimischen Tessiner Zutaten*  
*Spécialités à griller avec des ingrédients typiques du Tessin*





culinor



## Brand strengthening and expansion

- Better differentiation of core brands and increase brand awareness.
- Take advantage of modern communication tools to reach out to consumers more effectively and efficiently (Facebook, digital communications, etc.).
- Greater focus on in-store concepts that enable direct interaction with consumers at points-of-sale (impulse purchases).
- Selectively build and expand Group marketing capabilities (Champion Model).

Steady value  
creation

## An overview of current projects and measures

- Rapelli's new visual identity a success; continued high brand and marketing investments
- Additional marketing spending; further increase in 1H 2017
- La Bottega di Mario opened in Zurich





**La Bottega di Mario** – Nüscherstrasse 6 – 8001 Zürich  
Tel. 044 227 19 22 – [info@labottegadimario.ch](mailto:info@labottegadimario.ch) – [www.labottegadimario.ch](http://www.labottegadimario.ch)  
Ein Betrieb der Segmüller Collection, Carlton Zürich AG, Bahnhofstrasse 41, 8001 Zürich

## Agility and cost efficiency

- Strengthen competence centre model: Flat hierarchies shorten decision-making processes and bring us closer to customers and consumers.
- Leverage Group strengths to improve operating performance (Champion Model):
  - ✓ Achieve efficiency gains thanks to new common systems, processes and optimization projects
  - ✓ Create value through know-how thanks to the functional Champion Model
- Steadily optimize production and process workflows
- Ongoing portfolio optimization

Steady value creation

## An overview of current projects and measures

- Champion Model; innovation, sourcing, sales with Retail customers, sales with Food Service customers, quality management, web
- Plant development planning; expansion at Möfag
- Head of Supply Chain Excellence since Q2 2017
- Introduction of an automated invoicing system



# The ORIOR responsibility (sustainability)

- Sustainability is part of our core business and the foundation of Excellence in Food.
- We embrace responsibility throughout the value chain.
- Sustainable procurement of raw materials, environmental responsibility, and humane treatment of farm animals (animal welfare).
- Further reduction of food & non-food waste, energy consumption and wastewater at our production plants. Reduction of packaging for consumers.
- Continuous renewal of product range with products that have natural ingredients and no artificial additives, and recipes with reduced levels of sodium and sugar.
- Competent employees who constantly receive training and development.

## An overview of current projects and measures

- Sustainability reporting with monthly reviews/measures incl. reduction in food and packaging waste
- Health management incl. relevant leadership courses
- Launch of ORIOR Campus
- Continual renewal of product range

Steady value creation



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# Outlook for the second half of 2017

## Environment & market

- Switzerland:
  - Market environment remain challenging; market consolidation and intense competitive pressure
  - Structural challenges in retail and food service markets
  - Raw materials prices generally expected to trend sideways
- Europe
  - Good growth potential
  - Raw materials prices expected to increase

## ORIOR focus

- Consistent execution of ORIOR 2020 strategy
- Continued high level of investment in innovation and brands
- Further progress with cost efficiency and agility

## Outlook

- Differentiated new products, concepts and packaging designs and innovation throughout the value chain
- Further improvement in our operational performance and efficiency
- Second half of 2017 expected to be good

*Coming soon*

New brand visuals for Ticinella, new branding for Pastinella, autumn creations, e.g. field kitchen products, Le Patron's Christmas range

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## Convenience (CH) – category pioneers



### Fredag

- Pioneer and leader in fast growing vegan and vegetarian categories
- Inventor and leader of tofu production and innovation
- Strong competence in poultry convenience for retail and food service

### Le Patron

- Inventor and innovation driver of ultra-fresh ready to eat meals
- High premium ultra-fresh pasta sold in Shop-in-shop concepts
- Pioneer and leader in pâtés and terrines

### Pastinella

- Strong competence in filled and unfilled fresh pasta production
- Leader in premium chilled pasta creations
- Inventor of gluten/lactose-free chilled pasta and pasta ranges for dieters and people with food intolerances



## Refinement (CH) – strong heritage brands



### Rapelli

- Modern character with a hint of history
- Mastri Salumieri
- Ticino Specialities
- Top-level brand awareness in Switzerland
- Since 1929

### Albert Spiess

- The finest raw ingredients
- Bündnerfleisch = GGA brand article
- Pure mountain air and time-honoured tradition
- Highest-lying meat-curing facility in Europe
- Since 1906

### Möfag

- Traditional Swiss recipes
- Cleanroom technology
- Innovative / flexible / customer-oriented
- Handles small volumes very efficiently
- Time to market
- Since 1978



# ORIOR International



## Culinor Food Group

- Broad product portfolio and strong positioning in the attractive premium fresh convenience market.
- Leading producer of traditional local cuisine and trendsetter of innovative specialities.
- Pioneer spirit, entrepreneurship and the constant pursuit of Excellence.
- Close to customers and the market; passion for culinary delights and indulgence.
- Modern systems and processes with a variety of technologies for producing premium fresh convenience food.

## Export

- Sales office ORIOR/Spiess Europe in Haguenau (F) serves as the export platform for distribution in the EU.
- Bündnerfleisch “Albert Spiess of Switzerland” is our most popular export product.
- The vegetarian “Nature Gourmet” products are exclusively produced and marketed by Tofutown.



# Share information

<b>Listing</b>	<b>SIX Swiss Exchange</b>
<b>Security number</b>	<b>11167736</b>
<b>ISIN code</b>	<b>CH011 1677 362</b>
<b>Ticker</b>	<b>ORON</b>

**Share price on 18.08.2017** CHF 73.25

<b>Dividend</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Payout ratio <i>in %</i>	43.6	47.0	44.6	46.2	42.3	40.5
Dividend per share <i>in CHF</i>	2.09	2.03	2.00	1.97	1.95	1.93

→ ORIOR's attractive dividend policy was confirmed in the ORIOR 2020 strategy and a steady increase in the absolute dividend in coming years is targeted

## **Shareholders who own more than 3% of ORIOR AG share capital (10.02.2017)**

Ernst Göhner Stiftung (CH)	10.46%
UBS Fund Management AG (CH)	6.21%
Schroders Plc (GB)	4.88%
Rolf U. Sutter / Gruppe (CH)	3.37%
Swisscanto Fondsleitung (CH)	3.28%

<b>Stock information / data</b>		<b>30.06.17</b>	<b>30.06.16</b>
Share price on 31.06.	in CHF	76.20	65.90
High	in CHF	86.00	68.00
Low	in CHF	64.80	52.00
Market cap	CHF million	451.5	390.5
Earnings per share	in CHF	2.51	2.05
Operating cash flow per share	in CHF	4.82	3.17
Shareholders' equity per share	in CHF	42.93	37.77

## **Calendar**

01.03.18	Publication of 2017 Full year results
12.04.18	8th Annual General Meeting

Our ambition:  
**Excellence in Food**

We are **striving** for **uniqueness**  
and offering **best quality**  
in order to **surprise**  
our **consumers** time and again  
with **enjoyable**  
**food moments.**

