



18 AUGUST 2021

# Emmi half-year results 2021



# Disclaimer

This presentation contains forward-looking statements that are based on current assumptions and forecasts. These imply risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange and commodity price fluctuations, competitive product and pricing pressure and regulatory developments.

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# Welcome

“Our proven strategy, which is geared towards sustainable and profitable growth, coupled with the consistent development of our company and product portfolio with strong brand concepts, continues to bear fruit. Overall, we succeeded in growing profitably on a broad basis in a difficult and still volatile environment.

While we were able to outperform expectations and post strong growth internationally, as expected business in Switzerland settled at pre-crisis levels following the record first half of 2020, with continued significant losses in the food service and industrial customer businesses.

At the same time and against the backdrop of the recent floods and heat waves, our recently revised and expanded sustainability plans – which outline how we intend to develop our business over the long term with respect for nature and future generations – have further gained in importance.

For the full year, I am confident that we will achieve our annual targets, which have been adjusted slightly upwards in terms of sales, despite the continuing uncertainties with regard to economic developments and the further course of the pandemic.”

**Urs Riedener, Emmi CEO**



**Caring for the best dairy moments  
for generations to come.**

# Agenda

## 1. Strategy implementation

Urs Riedener, CEO

## 2. Half-year performance 2021

Ricarda Demarmels, CFO

## 3. Outlook

Urs Riedener, CEO

## 4. Q&A

Urs Riedener, CEO | Ricarda Demarmels, CFO



# Good, growth-driven performance

## Reliable Emmi business model

- Resilient and agile teams withstand coronavirus disruptions
- Power of diversified country portfolio as well as category and channel mix
- Integration in regional value chains as a key asset

## Good growth along strategic trajectory

- Strong organic growth of 3.7 %  
*driven by expectations-beating regained momentum in the international business*
- EBIT increased to CHF 129.4 million, EBIT margin to 6.9 %
- Emerging markets, brand concepts and strategic niches continue to drive growth  
*Recovery in food service sector in the USA, recent acquisitions with positive momentum*
- Expected set-back in Switzerland after record first half in 2020 due to the pandemic  
*Food service business remains below pre-crisis levels in Switzerland and Europe*

## Sticking to strategic growth path

- Expanded Emmi Sustainability Model aligned with netZERO 2050 agenda
- Confident outlook for 2HY/2021  
*in spite of ongoing uncertainties and rising global input costs*



# Consistent strategy implementation

reflected in positive, continuous growth of key business metrics

**CHF 1,883.6 million**  
Net sales *(previous year: CHF 1,773.5 million)*  
Organic growth: +3.7 %

**CHF 129.4 million**  
EBIT *(previous year: CHF 112.0 million)*  
EBIT margin: 6.9 % *(previous year: 6.3 %)*

## Financial strength

0.53x net debt/EBITDA  
31 December 2020: 0.43x

**CHF 98.7 million**

Net profit *(previous year: CHF 81.3 million)*  
Net profit margin: 5.2 % *(previous year: 4.6 %)*





# Reliable long-term performance

all half-year figures, in CHF million

	2021	2020	2019	2018 <sup>1)</sup>	2017
Net sales	<b>1,883.6</b>	1,773.5	1,663.3	1,674.8	1,600.2
Net sales increase in organic terms in %	<b>3.7</b>	2.0	1.6	2.4	-1.3
EBITDA	<b>186.4</b>	168.1	159.6	162.7	156.6
as % of net sales	<b>9.9</b>	9.5	9.6	9.7	9.8
EBIT	<b>129.4</b>	112.0	105.3	106.8	101.4
as % of net sales	<b>6.9</b>	6.3	6.3	6.4	6.3
Net profit	<b>98.7</b>	81.3	87.0	86.3 <sup>1)</sup>	77.6
as % of net sales	<b>5.2</b>	4.6	5.2	5.2	4.8
Headcount (full-time equivalents) as at 30 June	<b>8,862</b>	8,173	6,045	6,146	5,940

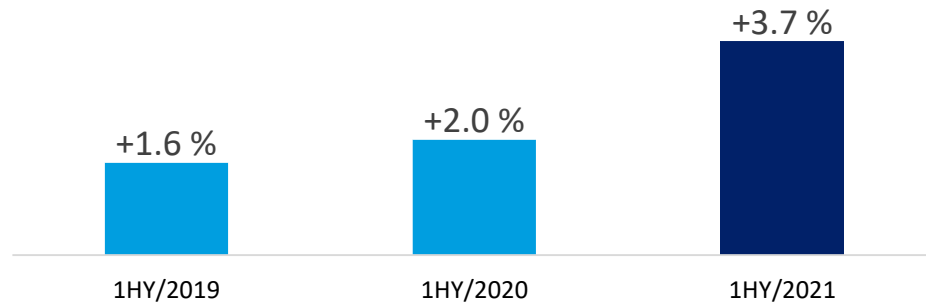
1) Adjusted for the gain from the sale of the minority interest in Icelandic Milk and Skyr Corporation "siggi's"



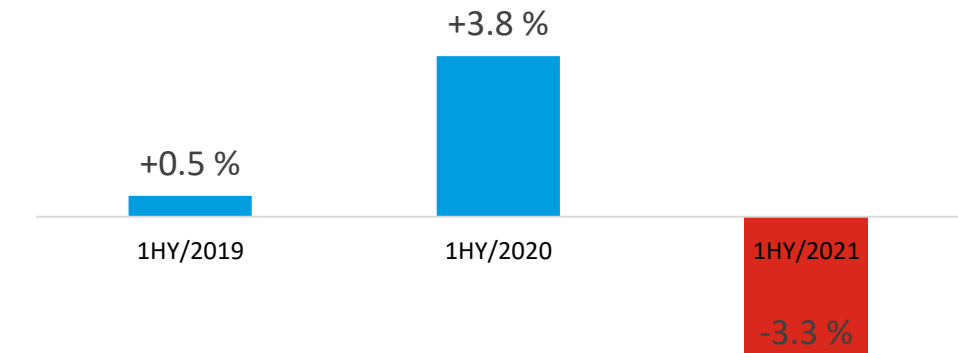
# Growth path in line with medium-term forecast

Partial recovery in 2021 balances of outlier year 2020

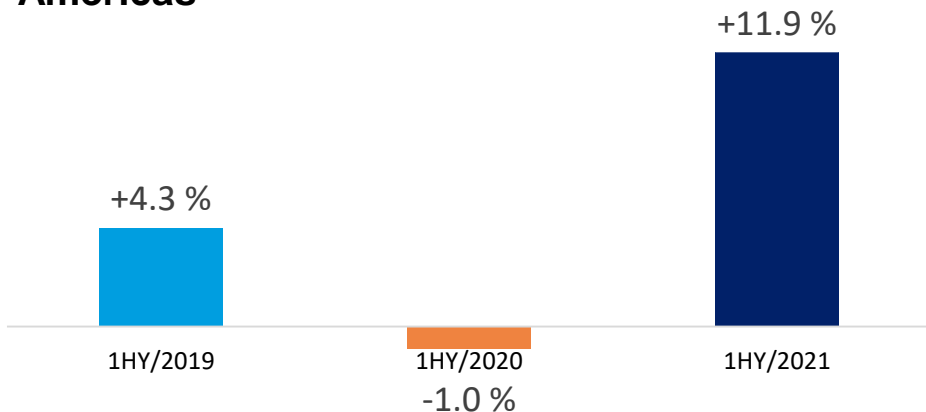
**Group\***



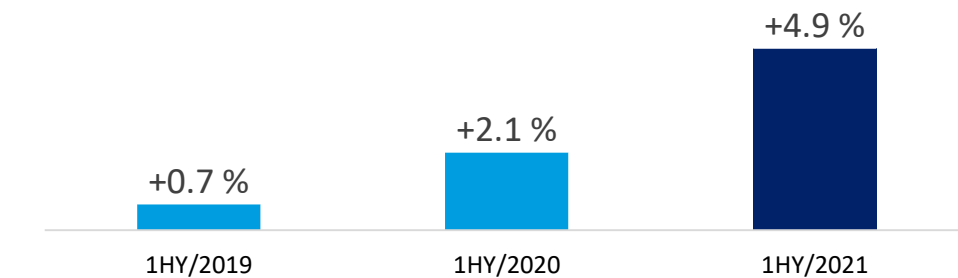
**Switzerland\***



**Americas\***

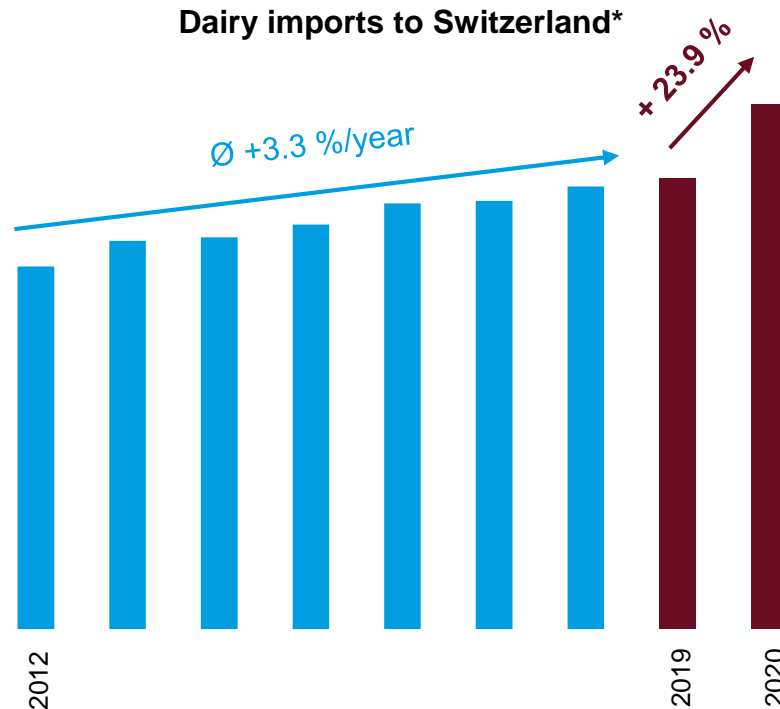


**Europe\***





# Switzerland: increased pressure from dairy imports



\*In million whole milk equivalent, incl. processed products



# Highlights 1HY/2021



## Growth in Brazil

New powder milk factory as basis for further growth in B2B and to strengthen the regional milk position of Laticínios Porto Alegre.



## Sustainability Model

Expanded approach with extended ambitious targets based on SBTi\* and Vision netZERO 2050.

*\*Science Based Targets initiative*



## “beleaf” & Swissness

Broader distribution and more regional added value as well as reduced eco-footprint thanks to switch to Swiss oats.



## Quillayes Surlat

Bundling of activities in logistics and administration, step-up of growth agenda as no. 4 in the Chilean dairy market.



## Dessert expertise

Strengthening of Emmi's dessert network; investment in a new manufacturing and innovation hub at Pasticceria Quadrifoglio conceived as Emmi's 1st “net zero” site.



## New Emmen cheese dairy

Start of construction at the original Emmi site of the CHF 50 million investment in the modern, regional and resource-saving production of Swiss cheese.





# Proven and successful strategy

Strategic pillars

Strong domestic market



International Growth



Cost management



Strategic niches

Desserts



Goat's milk products



Organic



# Delivering innovation in growth fields



The new functional



Casual food



Plant-based alternatives



New coffee experiences



Food as it should be



Healthy hedonism



Individualisation



Green power





# Net sales by business division

**Group net sales of CHF 1,883.6 million**

1HY/2020: CHF 1,773.5 million

**Switzerland 42.5 %**

Net sales CHF 801.8 million

1HY/2020: CHF 828.8 million / 46.7 %

**Americas 37.7 %**

Net sales CHF 709.5 million

1HY/2020: CHF 598.6 million / 33.8 %

**Global Trade 3.3 %**

Net sales CHF 61.9 million

1HY/2020: CHF 54.2 million / 3.1 %

**Europe 16.5 %**

Net sales CHF 310.4 million

1HY/2020: CHF 291.9 million / 16.4 %

## Top 5 markets:



Switzerland



USA



Chile



Germany



Spain

# Sales growth by business division



## Switzerland

Organic -3.3 % 1HY/2020: +3.8 %

Food service share 8 %, org -9 % 1HY/2020: FS share 9 %, org -24 %

## Americas

Organic +11.9 % 1HY/2020: -1.0 %

Food service share 19 %, org +36 % 1HY/2020: FS share 12 %, org -37 %

## Europe

Organic +4.9 % 1HY/2020: +2.1 %

Food service share 4 %, org +7 % 1HY/2020: FS share 5 %, org -26 %

## Group

Organic +3.7 % 1HY/2020: +2.0 %

Food service share 12 %, org +13 % 1HY/2020: FS share 9 %, org -31 %

## Global Trade

Organic +14.3 % 1HY/2020: +2.1 %

Food service share 12 %, org +3 % 1HY/2020: FS share 13 %, org +1 %



# Net sales by product group

## Cheese 28.8 %

CHF 542.2 million

1HY/2020: CHF 510.5 million / 28.8 %

## Dairy products 30.1 %

CHF 566.5 million

1HY/2020: CHF 568.6 million / 32.1 %

## Other products and services 5.0 %

CHF 93.5 million

1HY/2020: CHF 89.4 million / 5.0 %



## Fresh products 26.6 %

CHF 501.5 million

1HY/2020: CHF 421.0 million / 23.7 %

## Fresh cheese 5.5 %

CHF 104.0 million

1HY/2020: CHF 105.2 million / 5.9 %

## Powder/concentrates 4.0 %

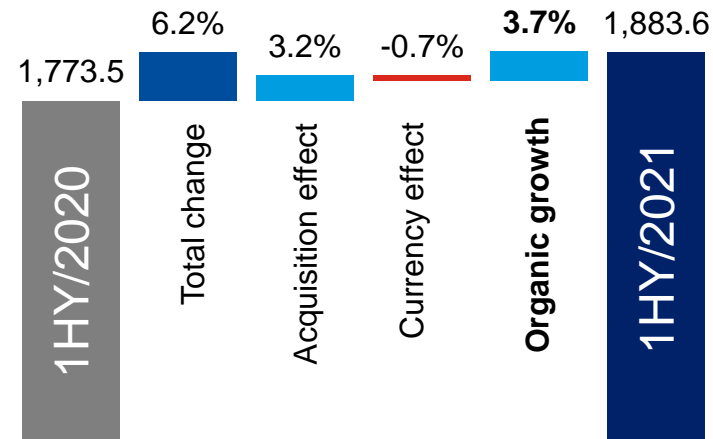
CHF 75.9 million

1HY/2020: CHF 78.8 million / 4.5 %

# Strong organic sales growth

## M&A steadily strengthening portfolio and performance

Emmi Group net sales in CHF million



### Emmi Group highlights

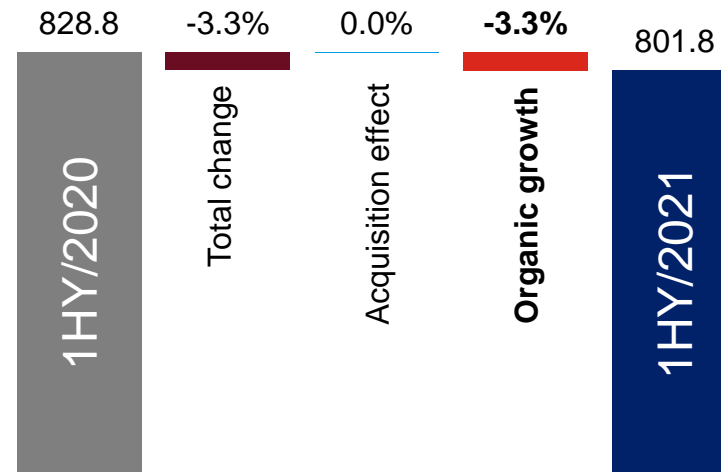
- Strong organic growth driven by regained broad-based momentum in international business and M&A from previous years; food service business overall below pre-crisis level
- Brand business driven by Emmi Caffè Latte and Kaltbach as well as Italian speciality desserts with growth in all markets
- Emmi Dessert USA\* exceeds expectations  
(\* formerly Indulge Desserts Group acquired in October 2020)
- Americas with major gains thanks to growth markets BRA, TUN, CHI and MEX and recovery in North America
- Europe advances driven by dessert companies in ITA and continued momentum with Emmi Caffè Latte and Kaltbach
- Switzerland with expected negative performance due to record half-year in 2020 due to the pandemic



# Anticipated sales performance

## Stabilisation after record half-year due to coronavirus

Net sales business division Switzerland in CHF million



### Dairy products

Sales of CHF 330.2 million, -3.8 % (org. -3.8 %)

- Volume decline in retail milk, cream and butter after record sales in 1HY/2020 due to pandemic
- Negative effects in food service business due to partial closures of restaurants

### Cheese

Sales of CHF 189.2 million, -5.2 % (org. -5.2 %)

- Growth with brands such as Kaltbach, Luzerner Rahmkäse and Le Petit Chevrier
- Decline in traditional cheese varieties
- Negative effect due to renewed significant increase in cheese imports

### Fresh products

Sales of CHF 172.4 million, +0.2 % (org. +0.2 %)

- Emmi Caffè Latte with strong growth
- Losses in yogurt business driven by manufacturing for retailers (DOB)

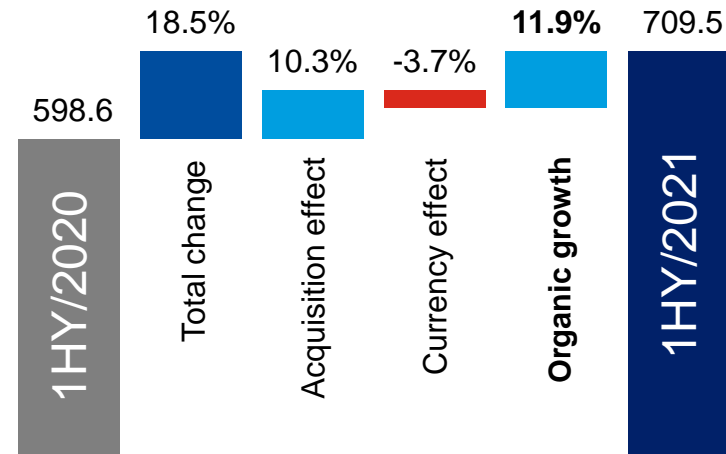




# Continued growth in emerging markets

## Recovery in North America

Net sales business division Americas in CHF million



### Cheese

Sales of CHF 269.9 million, +14.8 % (org. +18.9 %)

- Recovery in USA after slump in food service business due to the pandemic in 1HY/2020
- Growth with locally produced cheese in CHI and BRA and with imported cheese in FRA and MEX
- Growth in USA in cheese import business from Switzerland

### Dairy products

Sales of CHF 188.5 million, +7.7 % (org. +9.8 %)

- TUN with positive growth driven by price trends and boosted by improved milk availability

### Fresh products

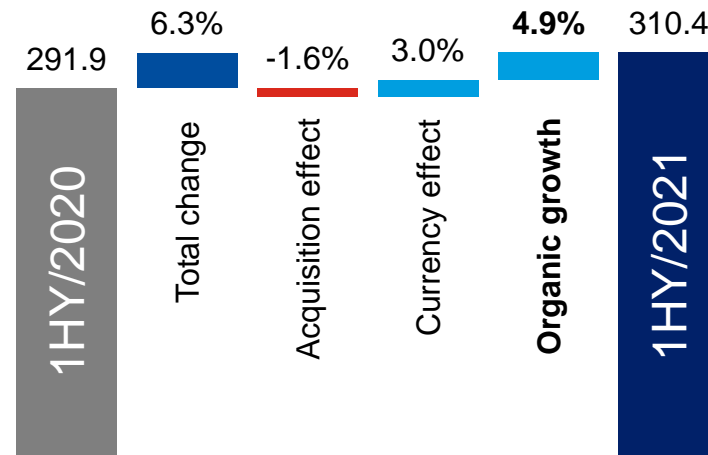
Sales of CHF 160.8 million, +66.4 % (org. +5.5 %)

- Strong (acquisitive) growth at Emmi Dessert USA
- Organic growth in yogurts and yogurt drinks in BRA, Ital. desserts in FRA and Emmi Caffè Latte in ESP
- High acquisition effect primarily due to Emmi Dessert USA



# Fresh products driving growth

Net sales business division Europe in CHF million



## Fresh products

Sales of CHF 150.7 million, +12.9 % (org. +11.1 %)

- Italian dessert specialties drive growth in all markets
- Growth from Emmi Caffè Latte in UK, Germany, Austria and Benelux

## Cheese

Sales of CHF 57.7 million, +6.5 % (org. +3.5 %)

- Positive momentum especially from Kaltbach cheese in all markets

## Dairy products

Sales of CHF 46.4 million, -5.3 % (org. -6.5 %)

- Negative performance at Gläserne Molkerei in Germany following exceptionally high pandemic-driven sales in 1HY/2020 and due to contract deferrals



# Portfolio transformation



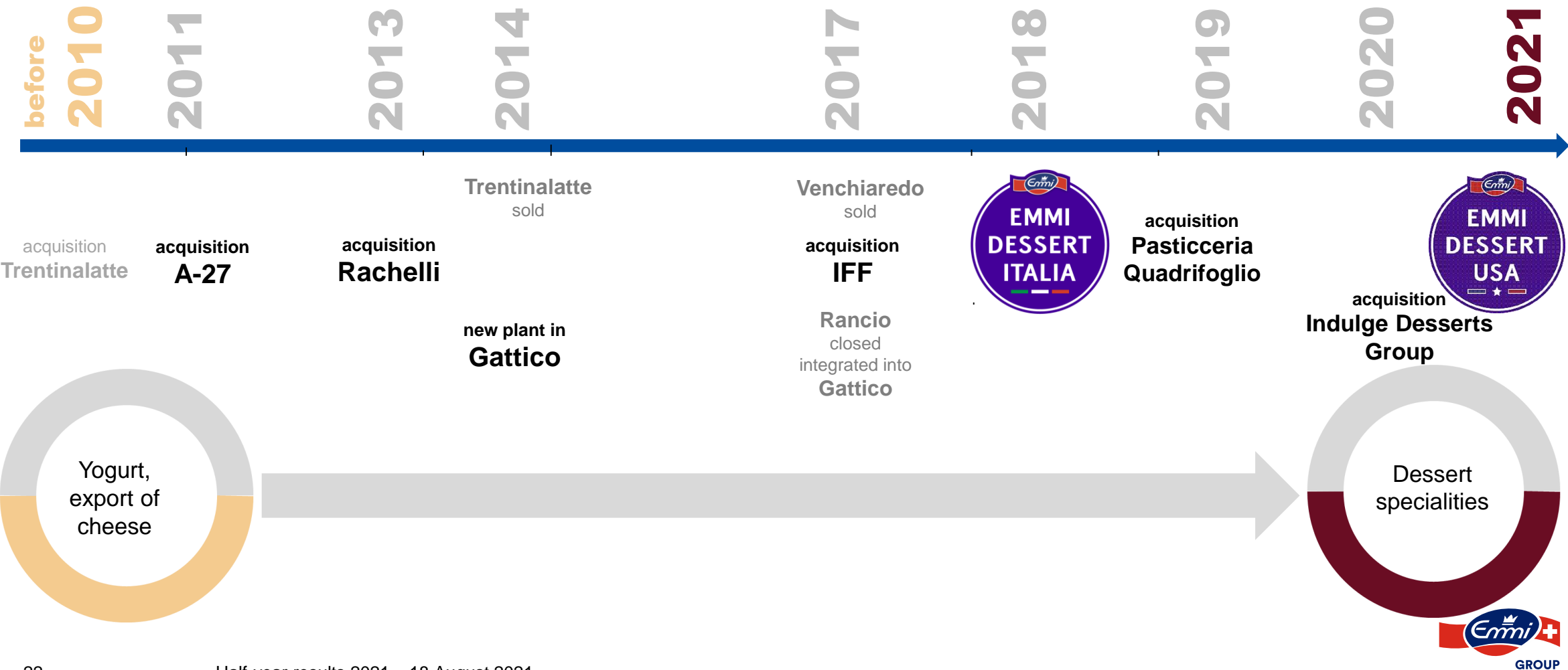


# Successful internationalisation and transformation



# Strategic development of profitable niches

Specialised manufacturers connected to a strong network as with desserts



# Strategic portfolio development & reshaping

## RACHELLI

*the ultimate indulgence experience*

## SORBISSIMO

*the refreshing end to a meal*

## BONTÀ DIVINA

*everyday indulgence*

## DOLCE ITALIA

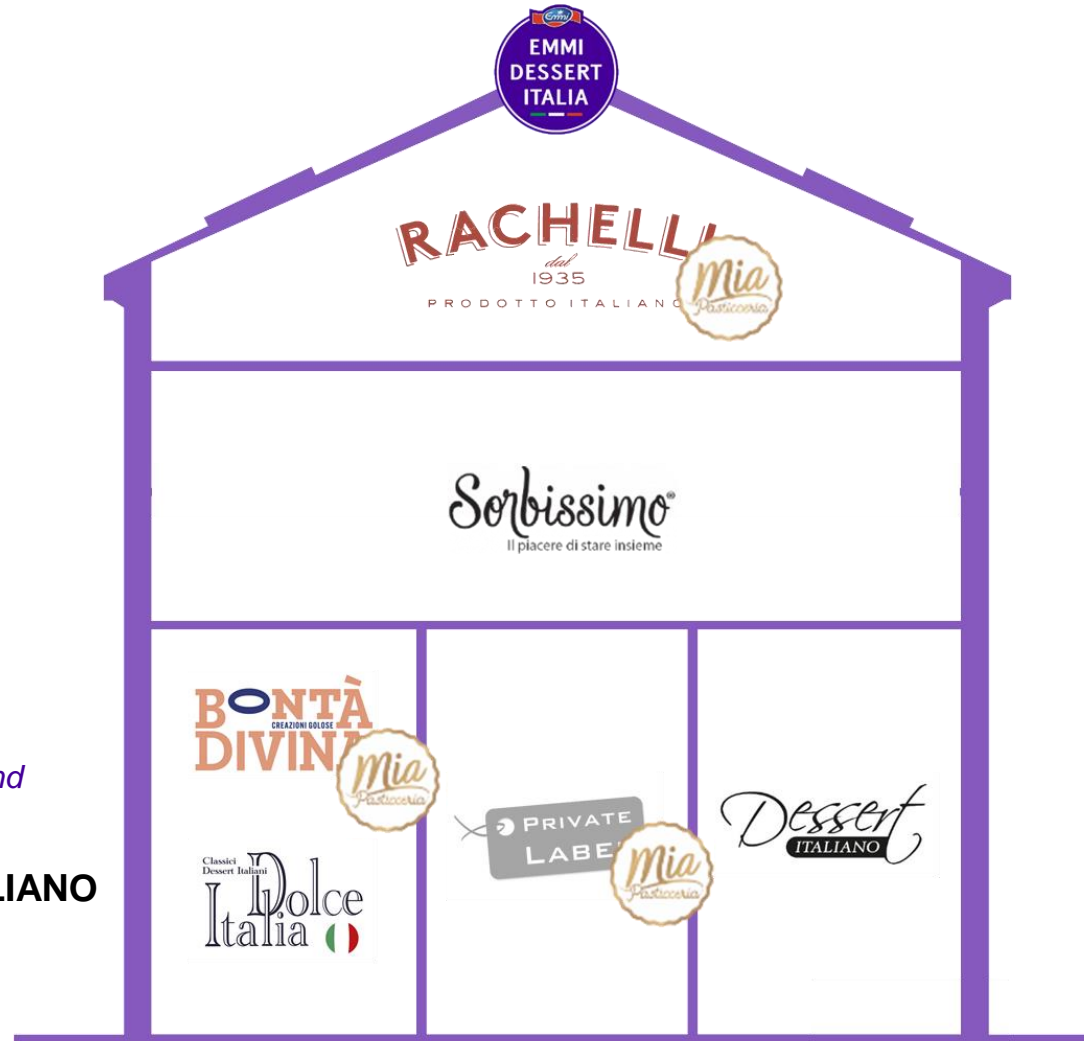
*a trustworthy brand*

## PRIVATE LABEL

*quality and value*

## DESSERT ITALIANO

*basic promise*





# Unlocking the US dessert market



**EMMI DESSERT USA**

**RETAIL**

- Supermarket
- Club & convenience stores
- Distributors
- E-commerce



**FOODSERVICE**

- Restaurant Chains
- Industries (e.g. airlines)
- Distributors







**EMMI DESSERT ITALIA**

**RETAIL**

- Supermarket
- Club size Supermarket
- Discount
- Distributors



PASTICCERIA DAL 1978

**FOODSERVICE**

- Restaurant Chains
- In Store Bakery
- Cash & Carry



A photograph of a woman with long brown hair and a young child in a field of tall purple lupine flowers. The woman is holding a flower stem, and the child is reaching out to touch it. The scene is outdoors with many similar flowers in the background.

HALF-YEAR RESULTS 2021

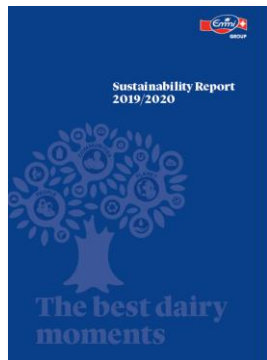
# Focus our sustainability plans on future generations



# Caring for our heritage

**We care for  
the best dairy moments  
for generations to come.**

We are strengthening our commitment in the areas that are of long-term material importance to us and our stakeholders:  
**employees**, **communities** and **the planet**.





# Emmi sustainability framework



We provide a place where everyone feels welcome, valued and inspired and offer growth opportunities for all our employees.

## 2027 TARGETS



- 100% of Emmi employees have a development plan in place
- 50% of all vacancies filled by internal candidates

## SUPPORTING SDGs



We create positive social impact and shared value while making sustainable dairy the norm.



## Sustainable Dairy

- 100% of Emmi's global milk suppliers produce to an above-average local standard
- Development of the Swiss Industry Standard



We aim to achieve netZERO by 2050 while driving circularity across our operations.



## Reducing Emissions

- 60% reduction in own GHG emissions
- 25% reduction in emissions along the value chain
- Vision netZERO 2050



## Reducing Waste

- 100% recyclable packaging
- 50% reduction in rubbish and food waste
- No waste to landfill



## Reducing Water Use

- 50% reduction in own water use in risk areas
- 15% reduction in non-risk areas
- Reduced water use in the value chain



## FOR THE BENEFIT OF OUR STAKEHOLDERS



Our People



Consumers



Customers



Society



Shareholders



Planet



# Driving change



## 'Future Leaders' programme

Emmi Dessert Italia

- Launch of 3-year international '**Talent & Experience**' programme
- Promote development opportunities and career paths for young talent within the Emmi Group
- Consolidate the skills of young graduates at technical, professional and cross-functional level



## Vitalait Foundation

Vitalait, Tunisia

- Foundation to **promote regional milk production**
- Improving working conditions and earning opportunities of smallholders
- Expert advice and funding to **advance sustainable practices**
- So far, over **1,800 farmers** have been trained, including many women.



## Circular economy

Emmi CAFFÈ LATTE

- Pilot project in the UK to switch to **recyclable polypropylene (rPP)**.
- **Provide disposal information** on pack to increase recycling rates
- Goal: **100 % recyclable packaging by 2027** for Emmi CAFFÈ LATTE range



HALF-YEAR RESULTS 2021

# Performance 2021

Ricarda Demarmels, CFO



# Consistent portfolio development pays off

## Diversified company, portfolio and product mix

in CHF million	2021	2020	Δ in % /bps
Net sales	1,883.6	1,773.5	6.2
Gross profit	699.8	639.9	9.4
as % of net sales	37.2	36.1	+107 bps
Total operating expenses	-515.3	-473.8	8.7
as % of net sales	27.4	26.7	+64 bps
EBITDA	186.4	168.1	10.9
as % of net sales	9.9	9.5	+42 bps
Depreciation and amortisation	-57.0	-56.1	1.7
<b>EBIT</b>	<b>129.4</b>	<b>112.0</b>	<b>15.5</b>
as % of net sales	6.9	6.3	+55 bps

Substantial increase in gross profit margin boosted by acquisition effect of Emmi Dessert USA and organic performance (*company and product mix, measures to increase productivity and in procurement*)

Higher operating expenses due to acquisition effects and higher marketing and sales costs (*return to a normal level*) as well as rising input costs (*especially packaging, logistics*)

Significant increase in EBIT and EBIT margin boosted by growth in gross profit

# Acquisition effects and higher input costs

in CHF million	2021	2020	Δ in % /bps
Personnel expenses	<b>268.8</b>	246.4	9.1
as % of net sales	<b>14.3</b>	13.9	+37 bps
Marketing and sales-related expenses	<b>67.7</b>	59.8	13.2
as % of net sales	<b>3.6</b>	3.4	+22 bps
Occupancy expense, maintenance & repair, leasing	<b>38.6</b>	35.9	7.3
as % of net sales	<b>2.0</b>	2.0	+2 bps
Energy, operating material and supplies	<b>40.8</b>	37.8	8.1
as % of net sales	<b>2.2</b>	2.1	+4 bps
Logistics expenses	<b>61.7</b>	57.4	7.6
as % of net sales	<b>3.3</b>	3.2	+4 bps
Other operating expenses	<b>37.7</b>	36.5	3.3
as % of net sales	<b>2.0</b>	2.1	-6 bps
<b>Total operating expenses</b>	<b>515.3</b>	<b>473.8</b>	<b>8.7</b>
<b>as % of net sales</b>	<b>27.4</b>	<b>26.7</b>	<b>+64 bps</b>

Increase in personnel expenses primarily due to the acquisition effect of Emmi Dessert USA and to organic factors

Marketing and sales expenses rise to “normalised” pre-coronavirus level

Other operating expense items mirror in total the growth of net sales

# Significantly higher net profit margin

in CHF million

	2021	2020	Δ in % /bps
EBIT	129.4	112.0	15.5
Income from associates and joint ventures	3.1	-0.4	n/a
Financial result	-4.2	-7.7	55.4
Earnings before taxes (EBT)	128.2	103.9	23.4
Income taxes	-21.2	-17.2	23.4
average tax rate as % of EBT	16.5	16.5	-
Profit including minority interests	107.1	86.8	23.4
as % of net sales	5.7	4.9	+79 bps
Minority interests	-8.4	-5.4	53.9
<b>Net profit</b>	<b>98.7</b>	<b>81.3</b>	<b>21.4</b>
as % of net sales	5.2	4.6	+65 bps

Improved income from associates primarily due to impact of coronavirus in prior-year period

Lower net financial expenses mainly attributable to favourable exchange rates – normalisation expected in 2HY/2021

Tax rate expected to be stable for the full year vs prior year

Higher minority interests due to successful performance of companies with minority interests and acquisition of Indulge Desserts Group (*now Emmi Dessert USA*) in the USA

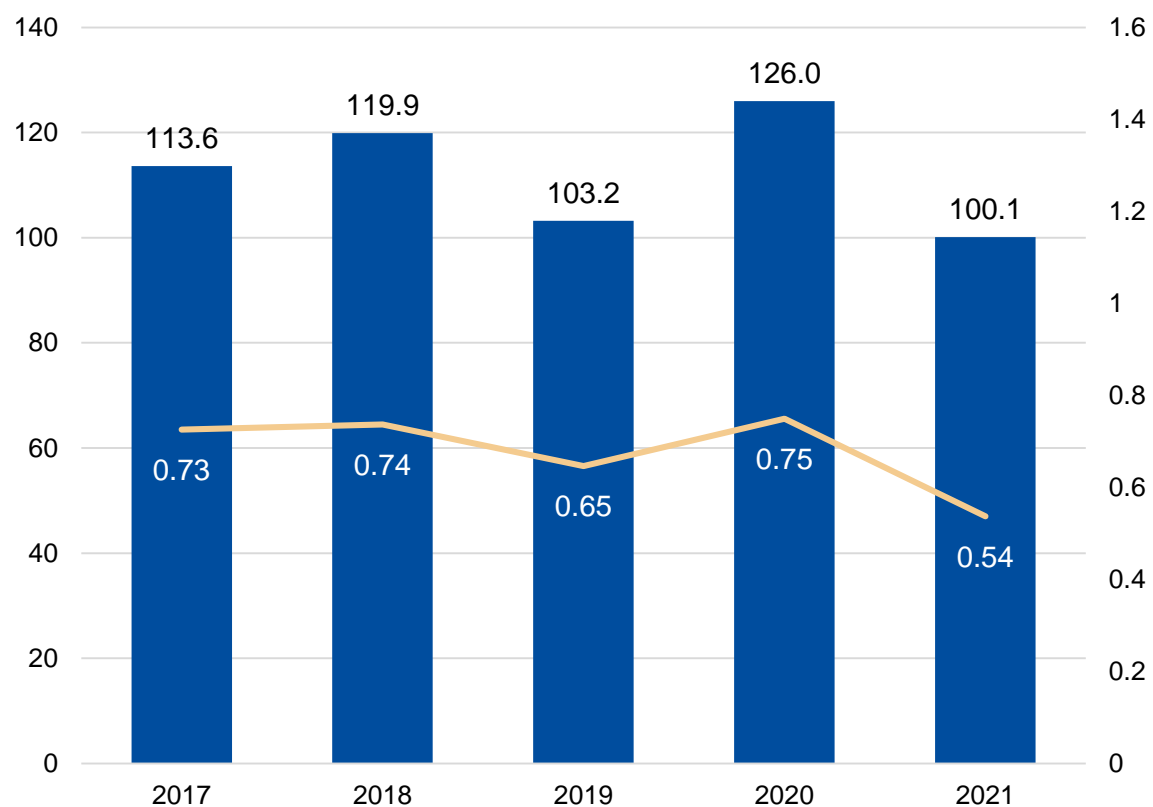
Significant increase in net profit and net profit margin



# Temporarily lower cash conversion

in CHF million

as % EBITDA



Temporarily lower cash conversion due to higher inventory build-up compared with previous year  
*(extraordinarily low inventories due to coronavirus in 1HY/2020, especially in Switzerland)*

Normalisation expected by the end of the year

■ Cash flow from operating activities

— Operating cash conversion

*Cash flow from operating activities in relation to EBITDA*

# Value creating investments in our future

## Growth investments (PY 44 %)

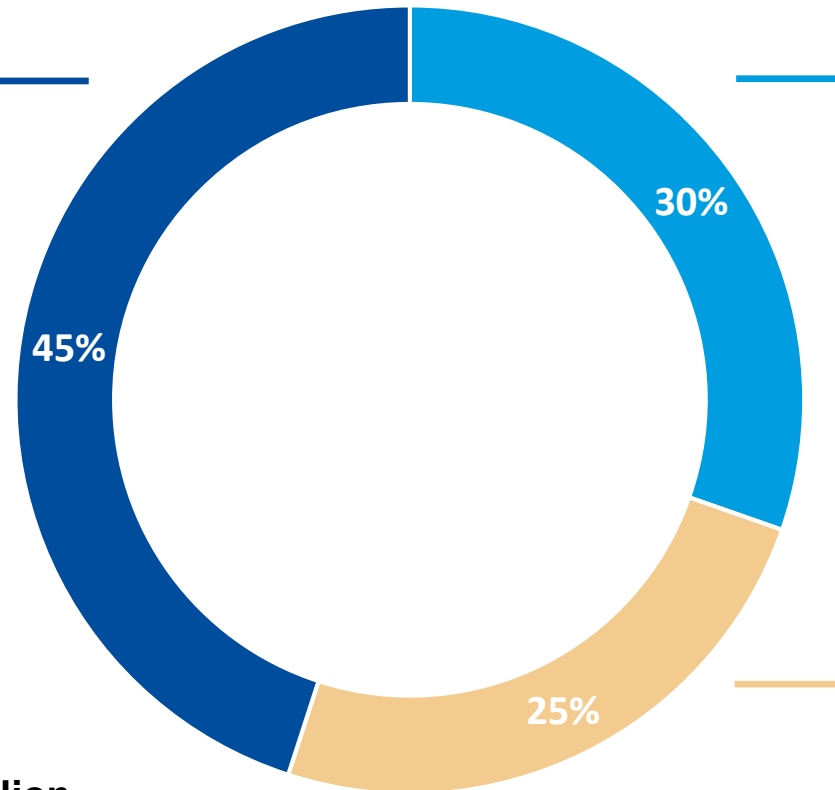
- Expansion of production at Studer cheese dairy (Hefenhofen, CH)
- PET bottling plant (Ostermundigen, CH)
- Goat's milk powder production (NL)
- Vegan spreadable fat production (USA)
- UHT milk production (BRA)

## Replacement investments (PY 35 %)

- New cheese dairy (Emmen, CH)
- Refurbishment of ice water plant (Emmen, CH)
- Roof renovation of production site (Suhr, CH)
- Replacement of milk heating line (Dagmersellen, CH)

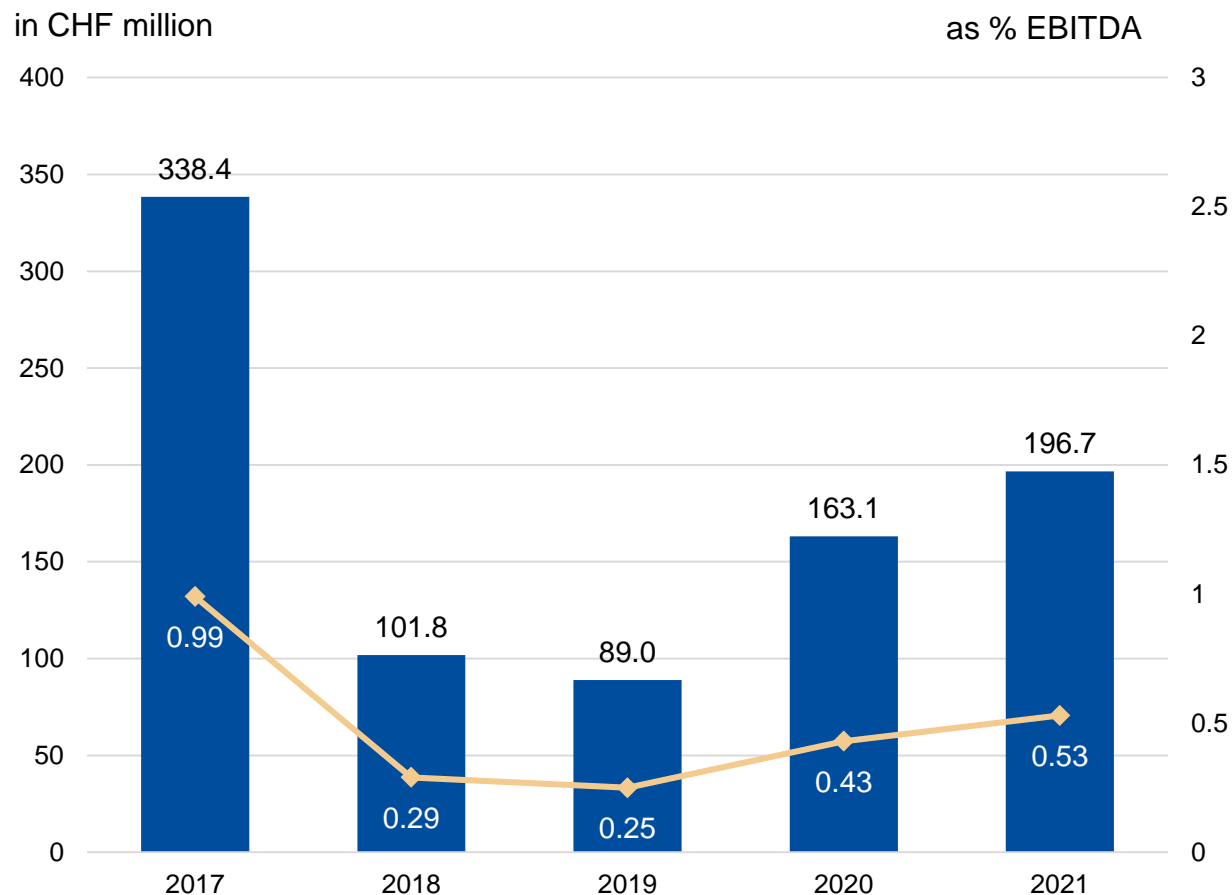
## Rationalisation investments (PY 21 %)

- New cheese dairy (Emmen, CH)
- Automation of warehouse processes (Moudon, CH)
- Logistics management system (Emmen, CH)
- Aseptic tanks (TUN)



Investments 1HY/2021: CHF 60.1 million

# Strong balance sheet and low debt level



Low debt to EBITDA ratio of 0.53

Balance sheet offers potential for further growth

Net debt  
Net debt ratio  
*Net debt in relation to EBITDA*

2017 to 2020: balance sheets as at 31 December  
2021: balance sheet as at 30 June



HALF-YEAR RESULTS 2021

# Outlook

Urs Riedener, CEO



# Outlook

## Switzerland

- Promote brand concepts and innovations
- Further optimise product range and channel mix
- Maintain cost discipline and invest in differentiation
- Challenges: fragile recovery of food service and industrial customer sector; high price pressure; increased cross-boarder shopping tourism and rising input costs



## International

- Strengthen Emmi network and brand concepts
- Continue to drive organic growth and portfolio transformation in emerging markets
- Maintain momentum in strategic niche business
- Compensate for sluggish recovery in food service sector with expansion in other/new channels
- Challenges: business uncertainties and unstable macroeconomic development; inflationary pressure and rising input costs; strained labour market in North America and price increases for exports from Switzerland



## Focal points for Emmi

- Further strengthen culture, commitment and networks within the Emmi family
- Drive differentiation and portfolio transformation
- Consistently develop the innovation pipeline
- Focus on costs and agile harnessing of opportunities
- Align initiatives for long-term business development with Emmi sustainability model



## Assumptions

- Stable overall economic performance in line with forecast recovery path
- No fundamental setbacks in pandemic containment in our core markets
- Stabilisation of food service and industrial customer sector in Europe incl. Switzerland





# Unchanged results, slightly higher organic growth

## Organic growth, earnings targets

Sales Group	2.0 % to 3.0 %
Sales Switzerland	-2.5 % to -3.5 %
Sales Americas	7 % to 9 %
Sales Europe	3 % to 5 %
EBIT in CHF million	275 to 290
Net profit margin	5.2 % to 5.7 %

Figures are based on the assumption of a rapid recovery from the COVID-19 situation as well as constant exchange rates and raw milk prices.



# Unchanged medium-term forecast

## Organic growth, earnings targets

Sales Group	2 % to 3 %
Sales Switzerland	0 % to 1 %
Sales Americas	4 % to 6 %
Sales Europe	1 % to 3 %
Net profit margin	5.5 % to 6.0 %







HALF-YEAR RESULTS 2021

Q&A

Urs Riedener, CEO | Ricarda Demarmels, CFO







THE BEST  
**DAIRY  
MOMENTS**

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FOR GENERATIONS  
**TO COME**

**Thank you  
for your attention!**