

## Media release

*Ad-hoc release pursuant to Art. 53 of the Listing Rules*

# Emmi demonstrates stability and posts steady growth

*Lucerne, 26 January 2022* – Emmi has increased its annual sales to CHF 3,911.9 million in a continued volatile environment marked by the pandemic and rising input costs. The good growth of 5.6% (3.6% in organic terms) is testament to the effectiveness of Emmi's proven strategy, with a diversified product and country portfolio, differentiated brand concepts, high innovative strength and an agile organisation. Although the Swiss business contracted slightly as expected, strong momentum in the foreign markets and in strategic niches such as desserts remained intact in the second half of the year. Brand concepts such as Emmi Caffè Latte and Kaltbach cheese also further established their positions. The Board of Directors of Emmi AG is proposing Werner Weiss and Hubert Muff – members of the Management Board of Emmi's main shareholder ZMP – to succeed Thomas Oehen and Franz Steiger, who will not be standing for re-election at the General Meeting on 7 April 2022.

## Highlights

- Organic sales growth of 3.6% (2020: 1.9%) above own expectations (2% to 3%); acquisition effect 2.3%, currency effect -0.3%
- Strong organic sales growth was posted in the business divisions Americas (9.6%), Europe (5.2%) and Global Trade (11.5%); the business division Switzerland came in slightly better than expected (-2.2%) despite falling sales
- Dynamic development in the business division Americas, particularly in the US dessert business and the growth markets of Brazil, Mexico and Tunisia
- Strong sales growth was delivered in the business division Europe, driven by innovative Italian specialty desserts and brand concepts such as Emmi Caffè Latte and Kaltbach cheese
- Further expansion in strategic niches and acquisition of the Athenos business with feta cheese in the USA to reinforce the portfolio for specialty cheeses
- Sustainability: improved CDP climate rating (score of B) and consolidation above the industry average

Emmi will publish its detailed annual results 2021 and outlook for the current financial year at 7.00 a.m. on 4 March 2022.

2/9

## Key sales figures

in CHF million	Business division Switzerland	Business division Americas	Business division Europe	Business division Global Trade	Group
Sales 2021	1,649.8	1,478.7	662.0	121.4	<b>3,911.9</b>
Sales 2020	1,686.2	1,281.8	630.7	107.4	<b>3,706.1</b>
Change	-2.2%	15.4%	5.0%	13.1%	<b>5.6%</b>
of which acquisition effect*	-	7.4%	-1.7%	1.6%	<b>2.3%</b>
of which currency effect	-	-1.6%	1.5%	-	<b>-0.3%</b>
of which organic sales growth	-2.2%	9.6%	5.2%	11.5%	<b>3.6%</b>

\*Acquisition effects are accounted for by the following factors:

### Positive factors:

- Acquisition of Chäs Hütte Zollikon GmbH (Switzerland, 29 July 2020)
- Acquisition of Emmi Dessert USA (formerly Indulge Desserts Group, USA, 6 October 2020)
- Acquisition of the Athenos business (USA, 1 December 2021)

### Negative factors:

- Sale of Lácteos Caprinos S.A. (Spain, 18 December 2020)

Internal shifts in the distribution channels of certain customers also resulted in acquisition or divestment effects in the business divisions Americas, Europe and Global Trade. However, these shifts between individual business divisions did not have any impact on the organic growth sales at Group level.

Emmi generated net sales of CHF 3,911.9 million in 2021 (previous year: CHF 3,706.1 million) and growth of 5.6%. This is comprised of organic growth of 3.6%, a positive acquisition effect of 2.3% and a negative foreign currency effect of 0.3%. The organic growth of 3.6%, which slightly exceeded Emmi's expectations (2% to 3%), can be viewed as a strong performance given the ongoing uncertainties due to the pandemic. Once again, the balanced product and country portfolio, focus on interesting niche and strong brand concepts, combined with a high level of innovative strength, an agile organisation and a locally anchored supply chain, proved to be a winning formula.

In line with its own expectations, the Swiss home market recorded a year-on-year decline in sales, with organic sales down 2.2%. After organic growth of 1.4% in the previous year, in 2021 the retail sector experienced a general return to old consumer habits, including cross-border shopping. In addition, business in the food service sector and with industrial customers continued to be heavily impacted by the pandemic, and sales remained well below pre-crisis levels. On the other hand, a broad-based recovery took hold in the international business. In particular, companies with a higher proportion of food service business were largely able to post organic growth again following the decline in the previous year. Important growth markets such as Brazil, Mexico and Tunisia also made a strong contribution to the organic growth of the business division Americas (9.6%).

3/9

The pleasing organic growth of the business division Europe (5.2%) was driven in particular by the pleasing growth in sales of innovative Italian speciality desserts and brand concepts such as Emmi Caffè Latte and Kaltbach cheese.

As a strategic niche, the dessert business also performed especially well from a Group perspective. The Italian companies along with Emmi Dessert USA, which was acquired in the previous year, posted a strong increase in sales. In the case of our international brands, Emmi Caffè Latte kept up its positive momentum. In the home market of Switzerland and in all foreign markets, significant growth was achieved with differentiating brand concepts and strong innovations. The cave-aged Kaltbach cheese specialties continue to enjoy growing popularity, with equally strong growth in most markets.

#### **Personnel changes at Board of Directors level proposed**

As part of a long-term succession plan and as announced in April last year, Thomas Oehen-Bühlmann, a member since 2009 and Vice-Chairman since 2012, and Franz Steiger, a member since 2015, will not be standing for re-election to the Board of Directors of Emmi AG at the General Meeting on 7 April 2022. With their expertise and commitment, both have made a strong contribution to driving forward Emmi's strategic international expansion, consolidating its presence in its Swiss home market and developing attractive niche businesses.

In nominating Werner Weiss and Hubert Muff for the Board of Directors, Emmi is showing that it will stay true to its successful strategy of achieving steady business growth. Both are closely linked to the agricultural and farming sector and are members of the Management Board of Emmi's main shareholder Zentralschweizer Milchproduzenten (ZMP).

Committed to the long-term success of the company, the Board of Directors of Emmi is made up of individuals with a broad mix of expertise and backgrounds as well as national and international experience. It comprises three representatives each from agriculture and agribusiness and six members with complementary skills. The Board is currently made up of four women and five men.

## Business division Switzerland: pandemic-related decline in retail business

### Sales by product group: business division Switzerland

in CHF million	Sales 2021	Sales 2020	Difference 2021/2020	Acquisition effect	Currency effect	Organic growth
Dairy products	668.6	682.9	-2.1%	-	-	-2.1%
Cheese	416.2	434.2	-4.1%	-	-	-4.1%
Fresh products	339.2	341.3	-0.6%	-	-	-0.6%
Fresh cheese	101.4	106.3	-4.6%	-	-	-4.6%
Powder/concentrates	60.8	63.2	-3.8%	-	-	-3.8%
Other products/services	63.6	58.3	9.1%	0.6%	-	8.5%
<b>Total Switzerland</b>	<b>1,649.8</b>	<b>1,686.2</b>	<b>-2.2%</b>	<b>0.0%</b>	<b>-</b>	<b>-2.2%</b>

The business division Switzerland generated sales of CHF 1,649.8 million in 2021 (previous year: CHF 1,686.2 million), corresponding to a decline of 2.2%. This decrease was thus slightly lower than expected at the end of the first half (-2.5% to -3.5%). The sales situation was therefore better than in first half of the year, which recorded an organic decline in sales of 3.3%. The main driver of the negative sales performance over the year as a whole was the retail business. As expected, this segment lost sales compared with the atypical previous year characterised by pantry loading and border closures. The ongoing restrictions in the food service sector, combined with the continued subdued growth of business with industrial customers, likewise had a hampering effect on sales.

On the other hand, Emmi Caffè Latte once again had a positive impact. Other brand concepts, such as Emmi Jogurtpur, also performed well. In addition, the higher milk price benefiting producers supported the sales development. The business division Switzerland accounted for 42.2% of Group sales (previous year: 45.5%).

The largest segment, **dairy products** (milk, cream and butter), recorded an organic drop in sales of 2.1%. Although the negative trend levelled off in the second half of the year, the negative effects had the upper hand over the year as a whole. The primary factors here were the normalisation of demand in the retail trade and the ongoing restrictions in the food service business.

The **cheese** segment also posted a considerable organic decline of 4.1%. This fall chiefly related to traditional variety cheeses in the retail business, which had posted exceptionally high growth in the previous year due to the pandemic. The further increase in cheese imports also limited sales growth in this segment. On the other hand, it is pleasing to note that Emmi speciality cheeses such as Kaltbach and Luzerner Rahmkäse continued to grow even under these difficult conditions.

In the **fresh products** segment, there was a comparatively small organic decline in sales of 0.6%. The decline in sales of yogurts (private label products of retailers) and ice cream in particular was partially offset by the continued positive performance of Emmi Caffè Latte, Emmi Energy Milk and Emmi Jogurtpur.

5/9

While the organic decline (4.6%) in the **fresh cheese** segment was again chiefly attributable to the retail business, the main reason for the decline (3.8%) in the **powder/concentrates** segment was the sluggish business with industrial customers, primarily as a result of the pandemic. The **other products/services** segment was the only segment to record organic growth (8.5%). This pleasing result was thanks to the positive momentum in the vegan products business, where the products of the vegan brand Beleaf, among others, posted gains.

## Business division Americas: momentum across the board

### Sales by product group: business division Americas

in CHF million	Sales 2021	Sales 2020	Difference 2021/2020	Acquisition effect	Currency effect	Organic growth
Cheese	573.3	527.1	8.8%	1.1%	-1.4%	9.1%
Dairy products	381.8	353.4	8.0%	-	-1.7%	9.7%
Fresh products	329.0	226.1	45.5%	39.8%	-1.4%	7.1%
Fresh cheese	72.6	62.3	16.6%	-	-6.7%	23.3%
Powder/concentrates	32.2	21.1	52.7%	-	-10.9%	63.6%
Other products/services	89.8	91.8	-2.1%	-0.4%	1.0%	-2.7%
<b>Total Americas</b>	<b>1,478.7</b>	<b>1,281.8</b>	<b>15.4%</b>	<b>7.4%</b>	<b>-1.6%</b>	<b>9.6%</b>

*The business division Americas includes the Emmi Group companies in the USA, Chile, Spain (excluding Lácteos Caprinos), Tunisia, Brazil, Chile, France, Mexico and Canada.*

Sales in the business division Americas improved from CHF 1,281.8 million in the previous year to CHF 1,478.7 million. The overall growth of 15.4% was due to the acquisition of Emmi Dessert USA and the Athenos feta cheese business, coupled with high organic growth of 9.6%. The negative currency effects resulted primarily from the devaluation of the Brazilian real and the US dollar.

However, the slightly flatter growth compared with the first half of the year exceeded our own expectations (7% to 9%). In addition to the growth markets of Brazil, Mexico and Tunisia, the US companies in particular – and especially Emmi Dessert USA, which was acquired in the previous year – achieved significant growth. The business division Americas accounted for 37.8% of Group sales (previous year: 34.6%).

6/9

In the **cheese** segment, Emmi generated organic growth of 9.1%, primarily reflecting the recovery in the food service business following the pandemic-related decline in sales in the previous year. A large part of this growth derives from the USA with an increase in both locally produced and imported cheese from Switzerland, such as Kaltbach. Growth was additionally recorded in Canada (including Kaltbach), Mexico, France and Brazil.

In of **dairy products**, Tunisia was the major driver behind the organic growth of 9.7% thanks to easing milk shortages and a positive price trend. But Brazil also made a significant positive contribution, where the start-up of a new factory for UHT milk helped boost sales.

Organic growth of 7.1% was achieved in the **fresh products** segment. Positive contributions were made in particular by Emmi Dessert USA, acquired in the previous year, by Brazil with yogurts and by France with Italian speciality desserts. The further growth of Emmi Caffè Latte in Spain and France is also pleasing.

In the **fresh cheese** segment (organic: 23.3%) growth in Brazil and the recovery in Mexideli's trading business were the main factors. The high organic growth of 63.6% in the **powder/concentrates** segment was due to the start-up of a new factory for milk powder in Brazil. In the **other products/services** segment, the organic decline of 2.7% was primarily due to the business with import licences in the USA, while Mexideli's trading goods business recorded significant growth as a result of the recovery in the food service sector.

## Business division Europe: brand concepts and dessert specialties drive growth

### Sales by product group: business division Europe

in CHF million	Sales 2021	Sales 2020	Difference 2021/2020	Acquisition effect	Currency effect	Organic growth
Fresh products	329.4	289.6	13.7%	-0.7%	1.8%	12.6%
Cheese	128.5	129.2	-0.5%	-1.3%	1.1%	-0.3%
Dairy products	94.8	99.0	-4.3%	-2.6%	0.9%	-2.6%
Fresh cheese	37.5	40.8	-8.1%	-10.9%	0.9%	1.9%
Powder/concentrates	37.3	44.4	-16.0%	-	0.8%	-16.8%
Other products/services	34.5	27.7	24.3%	-	1.3%	23.0%
<b>Total Europe</b>	<b>662.0</b>	<b>630.7</b>	<b>5.0%</b>	<b>-1.7%</b>	<b>1.5%</b>	<b>5.2%</b>

*The business division Europe includes the Emmi Group companies in Germany, Italy, the Netherlands, the UK, Austria and Lácteos Caprinos in Spain (sold on 18 December 2020).*

The business division Europe generated sales of CHF 662.0 million, up 5.0% on the previous year's figure of CHF 630.7 million. Adjusted for acquisition and currency effects, this resulted in strong organic growth of 5.2%. The pace of growth picked up again in the second half of the year, slightly exceeding our own forecast for the year as a whole (3% to 5%), which had been adjusted at the end of the first half.

7/9

The growth drivers in the business division Europe continue to be innovative Italian speciality desserts and Emmi Caffè Latte, which was reflected in strong growth in the fresh products segment. In addition to the sale of Lácteos Caprinos in Spain in December 2020, the negative acquisition effects originated from shifts in the distribution channels of certain customers to the business divisions Americas and Global Trade. The business division Europe accounted for 16.9% of Group sales (previous year: 17.0%).

The largest segment in terms of sales, **fresh products**, achieved very pleasing organic growth of 12.6%. The growth drivers were Italian speciality desserts and Emmi Caffè Latte, with significant growth across all European markets.

Lower sales of Swiss cheese varieties and fondue, particularly in the Netherlands, the UK and Italy, led to a small drop in organic sales of 0.3% in the **cheese** segment. By contrast, Kaltbach cheese turned in a positive performance, growing in all European markets.

The organic decline in sales of 2.6% in the **dairy products** segment was primarily the result of the drop in sales at Gläserne Molkerei in Germany. In the previous year, demand for these products had increased sharply due to the pandemic, but this trend returned to normal in the year under review.

The **fresh cheese** segment recorded organic growth of 1.9%, which reflects a partial recovery in sales of fresh goat's cheese at Bettinehoeve in the Netherlands following the slump in the previous year (high share of sales in the food service sector). Sales generated with **powder/concentrates** decreased organically by a significant 16.8%, mainly due to the goat's milk powder business in the Netherlands, where challenges in overseas logistics had a negative impact on sales. The organic growth of 23.0% in the **other products/services** segment came primarily from rising sales of vegan products. In addition to encouraging growth in the existing vegan product businesses in Austria and Germany, the launch of the vegan brand Beleaf also propped up organic growth.

## Business division Global Trade: pleasing export business

### Sales by product group: Global Trade

in CHF million	Sales 2021	Sales 2020	Difference 2021/2020	Acquisition effect	Currency effect	Organic growth
Cheese	55.2	48.8	13.0%	3.4%	-	9.6%
Fresh products	34.8	35.9	-3.0%	-	-	-3.0%
Powder/concentrates	26.6	18.5	43.8%	-	-	43.8%
Dairy products	2.5	2.6	-2.3%	-	-	-2.3%
Other products/services	2.3	1.6	43.8%	-	-	43.8%
<b>Total Global Trade</b>	<b>121.4</b>	<b>107.4</b>	<b>13.1%</b>	<b>1.6%</b>	<b>-</b>	<b>11.5%</b>

The business division Global Trade primarily comprises direct sales from Switzerland to customers in countries where Emmi has no subsidiaries. These include the Asian and Eastern European markets, most South American countries and the Arabian Peninsula. Global Trade accounted for 3.1% of Group sales (previous year: 2.9%).

Sales of the business division Global Trade amounted to CHF 121.4 million compared with CHF 107.4 million in the previous year, representing growth of 13.1% (11.5% in organic terms). The **cheese** segment recorded organic growth of 9.6%, driven in particular by a pleasing performance by Kaltbach. Ongoing travel restrictions hampered sales growth in the **fresh products** segment, resulting in an organic decline in sales of 3.0%. The growth in the **powder/concentrates** segment reflects the rise in exports of surpluses of skimmed-milk powder.

### Outlook

Despite significantly higher inflation rates worldwide and a sharp rise in input costs, the earnings forecasts communicated in March 2021 and confirmed in August remain valid. Emmi is currently anticipating an operating profit at EBIT level and a net profit margin in the middle of the targeted ranges.

Emmi will publish its detailed annual results 2021 and outlook for the current financial year at 7.00 a.m. on 4 March 2022.



9/9

## Downloads and further information

- [Media release on the half-year results 2021](#)
- [Reports and presentations](#)
- [Alternative performance measures \(APM\)](#)
- [General images relating to Emmi](#)
- [Image of Werner Weiss](#)
- [Image of Hubert Muff](#)

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## About Emmi

Emmi is the leading Swiss milk processor. The company dates back to 1907, when it was founded by 62 dairy farming cooperatives around Lucerne. Over the past 20 years, Emmi has grown into an international, listed group. It has for many years pursued a successful strategy based on three pillars: strengthening its Swiss domestic market, international growth and cost management. Throughout its corporate history, Emmi's keen awareness of its responsibility to society, animal welfare and the environment has been fundamental to its mission.

In Switzerland, Emmi manufactures a comprehensive range of dairy products for its own brands and private label products for customers, including leading exports such as Emmi Caffè Latte and Kaltbach. In other countries, its products – mainly speciality products – are manufactured locally. Alongside cow's milk, it also processes goat's and sheep's milk.

In Switzerland, the Emmi Group has 25 production sites. Abroad, Emmi and its subsidiaries have a presence in 14 countries, 8 of which have production facilities. Emmi exports products from Switzerland to around 60 countries. Its business activities focus on the Swiss domestic market as well as western Europe and the American continent. Of the annual sales of CHF 3.9 billion – around 10% of which stem from organic products – just over 40% are generated in Switzerland and the remainder in international business. Emmi employs over 9,000 people worldwide, around 70% of whom work at locations outside Switzerland.