

Media release

Ad hoc announcement pursuant to Art. 53 LR

Emmi reports good result for the first half of 2023

Lucerne, 18 August 2023 – In a market environment which remains challenging, the Emmi Group increased its half-year sales by 4.3% to CHF 2,103.4 million. The broad-based organic growth of 6.5% is attributable to the consistent implementation of strategy and differentiated market positions with innovative brand concepts as well as the diversified country and product portfolio. Thanks to operational advances – particularly in the strategic niche of chilled premium desserts in the USA and in important growth markets such as Chile and Mexico – together with the continuing recovery in the food service business, Emmi recorded a clear improvement year on year. EBIT was CHF 138.5 million, with an EBIT margin of 6.6%. With its ambition to be a role model for sustainability, Emmi published its seventh Sustainability Report outlining its multi-year sustainability commitment. In the course of the ongoing portfolio transformation, Emmi disposed of Gläserne Molkerei. Adjusted for the one-off loss on this disposal, Emmi confirms the expectations for full-year 2023 for organic sales growth, EBIT and net profit margin announced on 1 March 2023.

- Broad-based, price-driven organic sales growth of 6.5%, currency effect of -2.2%, no acquisition effects
- Organic growth in the divisions: Switzerland 6.0%, Americas 9.6% and Europe 2.0%
- Growth along strategic priorities in strategic niches such as ready-to-drink coffee or chilled premium desserts, and markets such as Switzerland, Chile, the USA, Spain, Brazil and Mexico
- EBIT of CHF 138.5 million, EBIT margin of 6.6%
- Net profit of CHF 97.8 million, net profit margin of 4.6%
- Publication of seventh Sustainability Report with positive overall development: progress in employee development, sustainable dairy, and reduction of greenhouse gas emissions and waste
- Disposal of Gläserne Molkerei in the course of ongoing portfolio transformation, one-off loss of around CHF 38 million at EBIT level and of around CHF 30 million at net profit level in the second half-year
- Unchanged outlook for 2023: organic sales growth of 3% to 4%, EBIT adjusted for one-off loss on disposal of between CHF 275 million and CHF 295 million, and adjusted EBIT margin of 4.5% to 5.0%

“Thanks to the extremely focused work and tremendous commitment demonstrated by our teams, we are pleased to show the improvement we were striving for after a challenging year in 2022 and report a good half-year result in 2023. Despite a persistently difficult market environment, we were able to inspire with our innovations, differentiated concepts and strong brands such as Emmi Caffè Latte, consistently develop our portfolio in line with our strategy, and continue our long-standing sustainability work with focus and discipline,” says Ricarda Demarmels, CEO of the Emmi Group.

2/7

Key figures

in CHF million	1HY 2023	1HY 2022	1HY 2021
Net sales	2,103	2,016	1,884
of which division Switzerland	857	808	802
of which division Americas	848	798	668
of which division Europe	338	348	352
of which division Global Trade	60	62	62
Change in sales in %	4.3	7.1	6.2
of which organic growth in %	6.5	5.4	3.7
of which acquisition effect in %	-	2.3	3.2
of which currency effect in %	-2.2	-0.6	-0.7
EBIT	138.5	108.6	129.4
as % of net sales	6.6	5.4	6.9
Net profit	97.8	78.1	98.7
as % of net sales	4.6	3.9	5.2

Growth along strategic priorities

In a continuing challenging market environment characterised by persistently high input costs, the Emmi Group increased its half-year sales to CHF 2,103.4 million (previous year: CHF 2,016.5 million). Sales growth of 4.3% comprises organic growth of 6.5% and a negative currency effect of 2.2%. As expected, price-driven organic growth in the first half-year exceeded our forecast for the full year (3% to 4%) and confirms the consistent implementation of strategy and focus on differentiated market positions with innovative brand concepts as well as the diversified country and product portfolio.

For most strategic niches, Emmi reported good organic growth. In ready-to-drink coffee, Emmi continued to make major gains with Emmi Caffè Latte and reached the young target group Generation Z with Fun Latte. In chilled premium desserts in the USA, Emmi recorded strong growth thanks to high product quality, innovative strength and clear customer focus. In the specialty cheese sector, pressure on exports from Switzerland remains high, but encouraging growth was still achieved at the Group level thanks to the performance of the Swiss home market as well as Chile, Mexico and the USA. However, performance in the area of plant-based milk alternatives is challenging.

3/7

Sales performance by division

Division Switzerland

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Dairy products	337.7	323.0	4.5%	-	-	4.5%
Fresh products	190.9	177.0	7.9%	-	-	7.9%
Cheese	190.4	182.2	4.5%	-	-	4.5%
Fresh cheese	59.1	52.1	13.5%	-	-	13.5%
Powder/concentrates	41.1	38.3	7.2%	-	-	7.2%
Other products/services	37.6	35.5	5.9%	-	-	5.9%
Total	856.8	808.1	6.0%	-	-	6.0%

Division Switzerland achieved net sales of CHF 856.8 million and organic growth of 6.0%. Key brands such as Emmi Caffè Latte, Emmi Energy Milk, Jogurtpur and Aktifit in the fresh products segment and Gerber and Luzerner Rahmkäse in the cheese segment continued to make their mark, and the ongoing recovery of the food service business also had a positive effect.

Division Americas

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Cheese	310.5	307.1	1.1%	-	-2.8%	3.9%
Dairy products	223.6	212.3	5.3%	-	-4.5%	9.8%
Fresh products	187.0	159.0	17.6%	-	-4.9%	22.5%
Fresh cheese	47.9	47.1	1.7%	-	-1.5%	3.2%
Powder/concentrates	22.6	19.0	18.7%	-	-4.5%	23.2%
Other products/services	56.9	54.1	5.2%	-	0.7%	4.5%
Total	848.5	798.6	6.2%	-	-3.4%	9.6%

Division Americas generated sales of CHF 848.5 million and organic growth of 9.6%. Besides the USA and Spain, other important growth markets such as Chile, Mexico and Brazil also propped up organic growth. The dessert business in the USA and the market in Chile performed particularly well after a decline in sales in the previous year due to operational delivery difficulties.

Division Europe

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Fresh products	178.0	178.7	-0.4%	-	-5.4%	5.0%
Cheese	54.2	59.5	-8.7%	-	-4.5%	-4.2%
Dairy products	47.2	50.5	-6.5%	-	-4.4%	-2.1%
Fresh cheese	23.6	21.3	10.5%	-	-5.2%	15.7%
Powder/concentrates	16.2	19.6	-17.1%	-	-3.9%	-13.2%
Other products/services	18.5	18.5	-0.2%	-	-4.7%	4.5%
Total	337.7	348.1	-3.0%	-	-5.0%	2.0%

4/7

Division Europe reported modest growth, with sales of CHF 337.7 million and organic growth of 2.0%, reflecting the challenging economic environment. Positive factors included sales of Emmi Caffè Latte and fresh goat's cheese at Bettinehoeve, while sales performance was hampered by the export business with cheese from Switzerland and the goat's milk powder business in the Netherlands.

Division Global Trade

in CHF million	Sales 1HY 2023	Sales 1HY 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Cheese	28.2	30.3	-6.9%	-	-	-6.9%
Fresh products	17.5	18.2	-3.9%	-	-	-3.9%
Powder/concentrates	13.9	11.9	17.1%	-	-	17.1%
Dairy products	0.5	0.8	-30.7%	-	-	-30.7%
Other products/services	0.3	0.5	-54.7%	-	-	-54.7%
Total	60.4	61.7	-2.1%	-	-	-2.1%

Division Global Trade reported sales of CHF 60.4 million and an organic decline in sales of 2.1%. Due to the discontinuation of the Russian business and lower sales in the Asian region, the cheese segment is declining. The growth in the powder segment reflects the rise in exports of surpluses of skimmed-milk powder from Switzerland.

More information on sales performance can be found in the [Emmi Half-year Report 2023](#).

Improved result thanks to recovery in international markets

The market environment remained challenging for Emmi in the first half of 2023. Input costs increased for longer than expected and are at a historically high level. Nevertheless, thanks to operational advances – particularly in the strategic niche of chilled premium desserts in the USA and in the important growth market of Chile – as well as continuing strong performance in Mexico and the ongoing recovery of the food service business, Emmi managed to improve significantly on the first half of 2022 and reach the level seen the year before last. The consistently implemented efficiency and cost-saving programmes as well as responsible sales price increases also had a supporting effect. This largely offset the significant rise in input costs and compensated to a large extent for the margin losses suffered in the same period last year.

Gross profit in the first half-year 2023 was CHF 775.4 million (previous year: CHF 707.4 million) and the gross profit margin was 36.9% (previous year: 35.1%). Due to high input costs, especially in the area of energy, operating expenses rose to CHF 583.6 million (previous year: CHF 545.8 million). Earnings before interest and taxes (EBIT) were CHF 138.5 million, an increase on the prior-period figure of CHF 108.6 million. The EBIT margin rose accordingly to 6.6% (previous year: 5.4%). Emmi reported net profit of CHF 97.8 million (previous year: CHF 78.1 million) and a net profit margin of 4.6% (previous year: 3.9%).

5/7

Ongoing strategy implementation and portfolio transformation

As part of the ongoing consistent portfolio transformation and focus on profitable, strategic markets and niches, Emmi announced the disposal of Gläserne Molkerei GmbH, located in north-eastern Germany, on 6 July 2023, which was completed on 14 August 2023. This transaction has not yet had any impact on the half-year financial statements. In the second half-year, however, it will result in a one-off loss of around CHF 38 million in EBIT and CHF 30 million in net profit. The negative cash impact of the transaction amounts to approximately CHF 10 million.

The goat's milk powder business in Etten-Leur in the Netherlands now operates as Emmi Nutritional Solutions (ENS). At the same time, Emmi is pooling its resources and bringing the teams of the three Dutch subsidiaries closer together, resulting in a more powerful and agile organisation with a strong market focus.

Finally, the sale of the non-strategic minority interest Ambrosi was completed on 3 July 2023. In the second half-year, this sale will result in a one-off gain of CHF 3 million in net profit. However, the transaction will not affect EBIT.

Progress in implementing the Emmi sustainability model

With its ambition to be a role model in the area of sustainability, a key pillar of its strategy, Emmi made further progress in implementing its sustainability model, which it has been pursuing with consistency and purpose for many years. The Group has now published its seventh Sustainability Report, which reaffirms Emmi's long-term commitment and highlights the progress it has made, particularly in the areas of employees, the environment and society, as well as in the focus area of sustainable dairy. Emmi is also committed beyond its own core business, for example in the development of a catalogue of criteria for sustainable milk outside Switzerland. The co-initiated resource project "KlimaStaR Milch", which aims to make the Swiss dairy industry more competitive with respect to climate protection, food competition and competition for land, also got off to a successful start.

Continuity in supervision and management

The Annual General Meeting elected Urs Riedener as the new Chairman of the Board of Directors last April. Emmi would like to thank outgoing Chairman Konrad Graber for his tireless efforts to secure a strategically sound footing for the Emmi Group over his many years of successful collaboration. Former CFO Ricarda Demarmels succeeded Urs Riedener from within the company's own ranks as CEO of the Emmi Group at the start of the year. Sacha D. Gerber as new Chief Financial Officer from 1 June 2023 and Raffael Payer as new Chief Marketing Officer from 1 October 2023 complete Group Management.

Confirmation of 2023 outlook adjusted for divestments

Adjusted for the aforementioned non-recurring effects from the disposal of Gläserne Molkerei and the sale of Ambrosi, Emmi reaffirms its outlook and expects organic sales growth of 3% to 4% at Group level for 2023 as a whole. Division Switzerland continues to face a highly competitive market, with import and price pressure exacerbated by the strength of the Swiss franc, and Emmi is forecasting organic sales growth of between 2% and 3% (previously: 1% to 2%). In its international business, Emmi expects organic growth of 6% to 8% (unchanged) in division Americas and lower

6/7

organic growth of 0% to 1% (previously: 3% to 5%) in division Europe due to the challenging economic environment.

Adjusted for non-recurring effects, Emmi also confirms its outlook for EBIT (CHF 275 million to CHF 295 million) and the net profit margin (4.5% to 5.0%). Emmi is also sticking to its medium-term guidance.

Outlook for financial year 2023

- Organic sales growth, Group: 3% to 4%
- Organic sales growth, division Switzerland: 2% to 3% (previously: 1% to 2%)
- Organic sales growth, division Americas: 6% to 8%
- Organic sales growth, division Europe: 0% to 1% (previously: 3% to 5%)
- Adjusted EBIT: CHF 275 million to 295 million
- Adjusted net profit margin: 4.5% to 5.0%

Emmi will publish its 2023 annual sales on 25 January 2024 at 7:00 am and its detailed 2023 annual results and outlook for financial year 2024 on 29 February 2024 at 7:00 am.

7/7

Downloads and further information

- [Emmi Half-year Report 2023](#)
- [Alternative performance indicators](#)
- [Presentation on Emmi half-year results 2023](#)
- [Emmi Media Corner](#)

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About Emmi

Emmi is the leading manufacturer of high-quality dairy products in Switzerland. Its roots date back to 1907, when it was founded by dairy farmer cooperatives in the Lucerne region. With its focused strategy, innovative products and brand concepts established in Switzerland and beyond, such as Emmi Caffè Latte and Kaltbach cheese, Emmi has grown into an internationally active, listed group (EMMN) with a strong local presence in 14 countries.

Emmi's business model is traditionally based on a careful approach to nature, animals and people. In this way, Emmi creates the best dairy moments, today and for generations to come, while also contributing to value creation in rural regions. The company distributes its quality products in around 60 countries and manufactures these at over 50 of its own production sites in eleven countries. With more than 9,000 employees, around 70% of whom work outside Switzerland, the Emmi Group generated sales of CHF 4.2 billion in 2022.