

## Media release

*Ad hoc announcement pursuant to Art. 53 LR*

# Emmi on track with good annual result

**Lucerne, 29 February 2024 – The Emmi Group performed well in a continuously challenging market environment and achieved broad-based organic growth of 3.5% in 2023. Adjusted for negative currency and acquisition effects, sales rose by 0.3% to CHF 4,242.4 million. The consistent focus on strategic markets and attractive niches contributed to the positive organic development. The Emmi Group was able to significantly improve its annual result thanks to considerable progress – particularly in the strategic niche of chilled premium desserts in the US and Italy as well as in important growth markets such as Chile and Mexico –, the ongoing portfolio transformation and the consistent implementation of efficiency programmes. The adjusted EBIT of CHF 295.4 million and the adjusted net profit margin of 5.0% were at the upper end of the target range. For the 2024 financial year, the Emmi Group anticipates subdued organic sales growth of 1% to 2% in the near term, but further improved EBIT results (CHF 295 million to CHF 315 million) and net profit margin (5.0% to 5.5%). Emmi also confirms its medium-term objectives.**

- Organic sales growth at Group level 3.5% (previous year: 7.0%), negative currency effect 2.2%, negative acquisition effect 1.0%
- Organic growth in divisions Switzerland (3.8%) and Americas (5.7%), slight organic decline in division Europe (0.4%)
- EBIT adjusted for the one-time loss from the divestment of Gläserne Molkerei at CHF 295.4 million at the upper end of the target range (CHF 275 million to CHF 295 million) and 11.0% higher than in the previous year (CHF 266.1 million), adjusted EBIT margin 7.0% (previous year: 6.3%)
- Adjusted net profit of CHF 212.4 million, up 9.3% on the previous year (CHF 194.3 million), adjusted for the one-time loss on the divestment of Gläserne Molkerei and the profit from the sale of the minority interest in Ambrosi, adjusted net profit margin of 5.0% (previous year: 4.6%), also at the upper end of the target range (4.5% to 5.0%)
- Progress in ongoing portfolio transformation and focus on profitable growth: the divestment of Gläserne Molkerei and the sale of the minority interest in Ambrosi resulted in a one-time loss of CHF 37.2 million at EBIT level and CHF 26.1 million at net profit level
- 7th Sustainability Report published; progress in employee development, sustainable dairy farming and reduction of own greenhouse gas emissions
- Proposal for a dividend increase of 6.9% to CHF 15.50 per share (previous year: CHF 14.50) with an adjusted payout ratio of 39% (previous year: 40%)
- Outlook for 2024: organic sales growth of 1% to 2%, EBIT of CHF 295 million to CHF 315 million, net profit margin of 5.0% to 5.5%

“With our robust business model, clear strategy and significant operational improvements in our foreign markets, we were able to assert ourselves in a challenging inflation-driven market environment and achieve a positive annual result for 2023. With far-sightedness, responsible action and innovative strength, we made important progress in line with our growth priorities in strategic markets and niches,” says Ricarda Demarmels, CEO of the Emmi Group.

## Key figures Emmi Group

in CHF million	2023	2023 adjusted*	2022	2022 adjusted**
<b>Net sales</b>	<b>4,242</b>		4,230	
Sales growth in %	0.3		8.1	
Net sales increase in organic terms in %	3.5		7.0	
Acquisition effect in %	-1.0		2.1	
Currency effect in %	-2.2		-1.0	
<b>Earnings before interest and taxes (EBIT)</b>	<b>258.2</b>	<b>295.4</b>	253.0	266.1
as % of net sales	6.1	7.0	6.0	6.3
<b>Net profit</b>	<b>186.3</b>	<b>212.4</b>	182.5	194.3
as % of net sales	4.4	5.0	4.3	4.6
Investments in fixed assets (excl. acquisitions)	145.1		206.2	
as % of net sales	3.4		4.9	
Headcount (full-time equivalents) as at 31.12.	9,346		9,368	

\* Adjusted for non-recurring effects of CHF 37.2 million at EBIT level and CHF 26.1 million at net profit level. In the year under review, these resulted from the divestment of Gläserne Molkerei and the sale of the minority interest in Ambrosi S.p.A.

\*\* The adjustment effect in the previous year relates to an impairment of non-current assets at Gläserne Molkerei. This amounts to CHF 13.1 million at EBIT level and CHF 11.8 million at net profit level.

## Good annual result in a challenging market environment

In a market environment that remained challenging and in some cases highly inflationary, the Emmi Group increased its annual sales to CHF 4,242.4 million in 2023 (previous year: CHF 4,230.0 million). The sales growth of 0.3% is comprised of an organic increase of 3.5%, a negative currency effect of 2.2% and a negative acquisition effect of 1.0%. This broad-based, price-driven organic growth is thus in the middle of the Group's own guidance range for the financial year. The Emmi Group was able to make further progress thanks to the focused implementation of the strategy, the differentiated market positions, innovative brands and the diversified product and country portfolio. More information on the sales development can be found in the [media release dated 25 January 2024](#).

The positive annual result for 2023 is due in particular to the strategy geared towards long-term profitable growth, attractive brand and niche businesses and the highly agile, regionally anchored organisation, which enabled significant operational improvements at various companies. The Emmi Group was thus able to achieve a sound result at the upper end of its own guidance range. **Gross profit** increased to CHF 1,555.2 million (previous year: CHF 1,483.1 million) despite negative currency effects and the negative acquisition effect resulting from the divestment of Gläserne Molkerei. The **gross profit margin** increased to 36.7% (previous year: 35.1%). In addition to organic growth, the increase primarily reflects the ongoing portfolio transformation and the operational progress made by several foreign companies such as Quillayes Surlat in Chile, Emmi Dessert US and Emmi Dessert Italy. Consistently implemented efficiency programmes, strict cost discipline and responsible price increases, which took effect after a delay, also supported this.

Personnel expenses rose due to inflation-driven increases in salary costs to CHF 566.1 million (previous year: CHF 556.5 million). The significant increase in other operating expenses to the

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adjusted figure – in order to take account of the loss resulting from the divestment of Gläserne Molkerei – of CHF 582.8 million (previous year: CHF 556.3 million) is primarily attributable to significantly higher energy costs driven by the market. On the other hand, higher expenses for marketing and sales as well as maintenance and repairs were offset by significantly lower logistics costs. Adjusted **earnings before interest, taxes, depreciation and amortisation (EBITDA)** thus amounted to CHF 413.0 million (previous year: CHF 379.3 million). The **EBITDA margin** therefore rose from the previous year's 9.0% to the adjusted figure of 9.7% in the period under review.

Depreciation and amortisation decreased from CHF 126.4 million to CHF 117.6 million in the period under review. However, excluding the non-recurring effect from the impairment of Gläserne Molkerei in the previous year, there was a slight increase of CHF 4.3 million. As a result, adjusted **earnings before interest and taxes (EBIT)** amounted to CHF 295.4 million. Compared to the adjusted previous year (CHF 266.1 million), this represents an increase of 11.0%. The resulting adjusted **EBIT margin** of 7.0% was also significantly above the prior-year adjusted margin of 6.3%.

Adjusted for the loss on the divestment of Gläserne Molkerei and the profit on the sale of the minority interest in Ambrosi, **net profit** came to CHF 212.4 million, exceeding the adjusted prior-year figure of CHF 194.3 million by 9.3%. On the basis of the adjusted figures, the **net profit margin** also improved significantly from 4.6% in the previous year to 5.0% in the period under review.

In line with a consistent **dividend policy** and on the basis of the positive result and solid balance sheet, the Board of Directors proposes an increase in the dividend of 6.9% to CHF 15.50 per share (previous year: CHF 14.50).

### Continuous portfolio transformation

As part of its ongoing and consistent portfolio transformation and its focus on profitable, strategic markets and niches, Emmi announced the divestment of Germany-based Gläserne Molkerei GmbH on 6 July 2023 and completed the sale on 14 August 2023. This non-recurring effect impacted 2023 EBITDA and EBIT by CHF 37.2 million and net profit by CHF 28.9 million. Excluding the positive tax effect, the transaction resulted in a net outflow of cash and cash equivalents of CHF 11.5 million. On 3 July 2023, the sale of the non-strategic minority interest in Ambrosi S.p.A., which had already been announced in 2022, was also completed. This non-recurring effect had a positive impact on net profit of CHF 2.8 million and also led to a net inflow of cash and cash equivalents of CHF 27.1 million.

### Responsible business model

Responsible action has been firmly anchored in the business model of the Emmi Group for generations. Together with its partners, Emmi developed a science-based catalogue of criteria for sustainable milk outside Switzerland in 2023. In Switzerland, the first year of the "KlimaStaR Milch" industry initiative saw the identification of climate protection levers for a more sustainable Swiss dairy industry. On its path to net zero by 2050, the Emmi Group has also pushed ahead with the use of renewable energies and, as a founding member of RecyPac, is committed to the circular economy of plastic packaging and beverage cartons throughout Switzerland. Ultimately, 57% of all Emmi Group employees have an individual development plan. More information on the long-

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standing commitment to sustainability can be found in the [seventh Sustainability Report of the Emmi Group](#).

### **Continuity in governance and management**

The Annual General Meeting elected Urs Riedener as the new Chairman of the Board of Directors on 1 April 2023. Emmi would like to thank the Chairman Konrad Graber who stepped down, for his tireless efforts to secure a strategically sound set-up for the Emmi Group as well as for the many years of successful collaboration. In addition, Nadja Lang joined as a member of the Board of Directors on 1 April 2023. In the year under review, the former CFO Ricarda Demarmels took over from Urs Riedener as CEO of the Emmi Group on 1 January 2023. The Group Management was completed with Sacha D. Gerber as the new Chief Financial Officer on 1 June 2023 and Raffael Payer as the new Chief Marketing Officer on 1 October 2023, making it ideally positioned for the future.

### **Increasing result expected for 2024 despite clouded consumer sentiment**

The Emmi Group expects the general economic conditions to remain challenging in 2024. Economic uncertainties – characterised by persistently high inflation rates and input costs, negative exchange-rate effects and geopolitical tensions – have led to a downturn in consumer sentiment in many markets relevant to Emmi. For 2024, most of these markets expect subdued economic growth, some even with recessionary tendencies. This market environment is also expected to influence Emmi's sales growth in the short term. The Emmi Group will therefore continue to act with the usual discipline and prudence in order to counter the ongoing pressure on margins. In addition, the Group will continue to implement efficiency and cost-saving programmes, as well as responsible sales price increases where necessary, and maintain its ongoing portfolio transformation in line with strategic priorities.

For the 2024 financial year, Emmi expects organic sales growth of 1% to 2%, which is below the medium-term expectations of 2% to 3% due to the uncertainties surrounding volume development. In Switzerland, organic growth is expected to be between 0% and 1% in line with medium-term expectations. In international business, organic sales growth of 2% to 4% is expected in the division Americas and 0% to 1% in the division Europe. In many foreign markets, the loss of purchasing power caused by the high inflation rates of the past two years temporarily led to a downturn in consumer sentiment. In addition, the strong Swiss franc is hampering business with Swiss export products. Emmi therefore expects organic sales growth in the divisions Americas and Europe in the short term in 2024 to fall short of medium-term expectations. At the EBIT level, Emmi expects rising earnings in the range from CHF 295 million to CHF 315 million and the net profit margin increasing between 5.0% and 5.5% thanks to further operational improvements and its ongoing portfolio transformation. Emmi also confirms the medium-term goals for organic growth, net profit margin, ROIC and the payout ratio.

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**2024 guidance**

- Organic sales growth for the Group: 1% to 2%
- Organic sales growth division Switzerland: 0% to 1%
- Organic sales growth division Americas: 2% to 4%
- Organic sales growth division Europe: 0% to 1%
- EBIT: CHF 295 to CHF 315 million
- Net profit margin: 5.0% to 5.5%

**Medium-term guidance**

- Organic sales growth for the Group: 2% to 3%
- Organic sales growth division Switzerland: 0% to 1%
- Organic sales growth division Americas: 4% to 6%
- Organic sales growth division Europe: 1% to 3%
- Net profit margin: 5.5% to 6.0%
- Return on invested capital (ROIC): Trend towards improvement
- Payout ratio: 35% to 45%

Emmi will publish its half-year results for 2024 at 7.00 a.m. on 14 August 2024.

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### **Downloads and further information**

- [Online Annual Report and Summary Report for 2023](#)
- [Presentation of annual results 2023](#)
- [Media release on annual sales 2023 \(25 January 2024\)](#)
- [Alternative performance indicators](#)
- [Emmi Media Corner](#)

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### **About Emmi**

Emmi is the leading manufacturer of high-quality dairy products in Switzerland. The roots of the company 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 operating, 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 57 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 2023.