

## Media release

*Ad hoc announcement pursuant to Art. 53 LR*

### Respectable overall result for 2022

## Emmi is growing along its strategic priorities and proves robust

Lucerne, 1 March 2023 – Emmi remains on its growth trajectory in a challenging environment, achieving record sales of CHF 4,230.0 million. The broad-based organic growth of 7.0% reflects the company's rigorous strategy implementation and its differentiated market positions with innovative brand concepts and a well-diversified country and product portfolio. The positive sales performance was bolstered by the ongoing momentum in international markets, strategic niches and with brand concepts such as Emmi Caffè Latte, as well as a dynamic Swiss domestic market. Further progress in the transformation of the portfolio, accelerated efficiency programmes and responsible sales price increases limited the impact of the massive rise in input costs on results. Adjusted EBIT of CHF 266.1 million and the adjusted net profit margin of 4.6% were within the communicated range. For financial year 2023, Emmi anticipates organic sales growth of 3% to 4%, EBIT of between CHF 275 million and CHF 295 million, and a net profit margin of 4.5% to 5.0%.

- Organic sales growth of 7.0% (previous year: 3.6%), acquisition effect +2.1%, currency effect -1.0%
- Organic growth in the divisions Americas 13.1%, Europe 6.7% and Switzerland 2.9%
- Impairment of non-current assets at Gläserne Molkerei of CHF 13.1 million as a result of structural market changes
- Adjusted EBIT of CHF 266.1 million (previous year: CHF 284.1 million), adjusted EBIT margin of 6.3% (previous year: 7.3%)
- Adjusted net profit of CHF 194.3 million (previous year: CHF 216.7 million), adjusted net profit margin of 4.6% (previous year: 5.5%)
- Further progress in the transformation of the portfolio with the integration of the Athenos business in the area of speciality cheeses (USA) and the announced sale of the stake in Ambrosi (Italy)
- Sustainability: Launch of the "KlimaStaR Milk" industry initiative in Switzerland and accession to the international "Pathways to Dairy Net Zero" initiative
- Proposal to increase the dividend to CHF 14.50 per share (previous year: CHF 14.00) with an adjusted distribution rate of 40% (previous year: 35%)
- Outlook for 2023: Organic sales growth of 3% to 4% and EBIT forecast of between CHF 275 million and CHF 295 million

"Thanks to our robust business model and the extraordinary commitment of our teams, we achieved a respectable overall result with significant improvements in the second half of the year, despite the numerous challenges facing all of us throughout 2022. Moreover, we have made further progress in our ongoing efforts to hone and refine our strategy," says Ricarda Demarmels, CEO of the Emmi Group.

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### Respectable result with record sales

Emmi generated net sales of CHF 4,230.0 million in 2022 (previous year: CHF 3,911.9 million), exceeding the CHF 4 billion mark for the first time. The sales growth of 8.1% (previous year: 5.6%) comprised organic growth of 7.0%, a positive acquisition effect of 2.1% and a negative foreign currency effect of 1.0%. The price-driven organic growth exceeded own expectations (5% to 6%). With its broad-based geographical presence and a balanced brand, category and customer portfolio, as well as an enhanced strategy, Emmi successfully weathered the volatile, heavily inflation-driven environment and defended volumes. More detailed information on Emmi's sales performance can be found in the [media release dated 25 January 2023](#).

The focused strategy, geared towards long-term profitable growth, as well as attractive brand and niche businesses and the highly agile, locally anchored organisation, provided a solid foundation for sound growth and a respectable overall result within the expected range, with significant improvements in the second half of the year. **Gross profit** increased by CHF 53.2 million to CHF 1,483.1 million (previous year: CHF 1,429.9 million). Factors that made a positive contribution to this result included the strong organic growth and the seamless integration of Athenos, the leading feta business in the key market of the USA. By contrast, the negative foreign currency effects overall and the marked increase in input costs caused by inflation, further exacerbated by the war in Ukraine, had a negative impact on the gross profit margin of 35.1% (previous year: 36.6%). This development was mitigated by means of accelerated efficiency programmes and responsible sales price increases in the second half of the year.

After deducting personnel expenses of CHF 556.5 million (previous year: CHF 534.8 million) and other operating expenses of CHF 556.3 million (previous year: CHF 509.5 million), **earnings before interest, taxes, depreciation and amortisation (EBITDA)** were down CHF 15.4 million year on year, at CHF 379.3 million. The significant rise in the costs of logistics, energy and operating materials due to inflation could only be partially offset. The **EBITDA margin** therefore fell from 10.1% in the previous year to 9.0%.

The market for organic dairy products in Germany has been particularly hard hit by the impact of inflation on consumer sentiment and the accompanying loss of purchasing power. This, in turn, has led to structural market changes, placing strain on the business of Gläserne Molkerei and resulting in an impairment of CHF 13.1 million. **Depreciation and amortisation** climbed as a result, up by CHF 15.7 million to CHF 126.4 million. **Earnings before interest and taxes (EBIT)**, adjusted for the aforementioned impairment, fell by CHF 18.0 million to CHF 266.1 million. The adjusted **EBIT margin** was 6.3% (previous year: 7.3%).

Adjusted **net profit** was CHF 194.3 million (previous year: CHF 216.7 million). The adjusted **net profit margin** was 4.6% (previous year: 5.5%).

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## Key figures

in CHF million	2022	2022 adjusted*	2021
<b>Net sales</b>	<b>4,230</b>		3,912
Sales development in %	8.1		5.6
Net sales increase in organic terms in %	7.0		3.6
Acquisition effect** in %	2.1		2.3
Currency effect in %	-1.0		-0.3
<b>Earnings before interest and taxes (EBIT)</b>	<b>253.0</b>	<b>266.1</b>	284.1
as % of net sales	6.0	6.3	7.3
<b>Net profit</b>	<b>182.5</b>	<b>194.3</b>	216.7
as % of net sales	4.3	4.6	5.5
<b>Investment in fixed assets (excl. acquisitions)</b>	<b>206.2</b>		152.6
as % of net sales	4.9		3.9
<b>Headcount (full-time equivalents) as at 31.12.</b>	<b>9,368</b>		9,230

\* The adjustment effect in the year under review relates to an impairment of non-current assets at Gläserne Molkerei. This amounts to CHF 13.1 million on EBIT and CHF 11.8 million on net profit. There were no significant non-recurring effects in the previous year.

\*\* Acquisition effects on sales are accounted for by the acquisition of the Athenos business (USA, 1 December 2021).

## Broad-based growth

International business continued to display high momentum, with organic growth of 13.1% in the division Americas and 6.7% in the division Europe. The growth markets of Brazil, Mexico and Chile, along with the USA and Spain, showed particularly significant growth. Thanks to successful brand concepts and recovered momentum in the food service and industrial customer sectors, business in the domestic Swiss market also recorded pleasing organic growth of 2.9%.

Activities in strategic niches once again proved to be a major growth driver, particularly ready-to-drink coffee with the flagship brand Emmi Caffè Latte, which made further gains in all European markets as well as in Switzerland. Premium desserts also continued to record dynamic growth, with innovative Italian dessert creations that are created in Emmi's dessert network of specialist manufacturers in Italy and in the USA and distributed internationally. The vegan brands Beleaf in Switzerland and Begetal in Spain have further established themselves among plant-based dairy alternatives.

The speciality cheese business could not quite achieve the pandemic-related record levels seen in previous years. In the counter segment in Europe in particular, which is an important channel for Emmi, consumer sentiment in many countries has become more restrained, exacerbated by the negative impact of the strong Swiss franc.

By contrast, thanks to the seamless integration of Athenos, the leading feta range in the USA, Emmi was able to further consolidate both its position in this segment as well as in the most significant foreign and key market for Emmi. As part of the transformation of its portfolio, Emmi also announced the sale of its minority stake in the Italian cheese specialist Ambrosi S.p.A., which was no longer a strategic priority.

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### **Responsible business model**

Focusing on the Emmi sustainability model based on a net-zero reduction pathway, Emmi made further progress in its work to decarbonise its energy supply. Thanks to a greater volume of renewable electricity, additional photovoltaic systems and district heating, along with more intensive reduction measures, own greenhouse gas emissions (Scope 1 and 2) saw a 10% decline compared with the previous year. The commissioning of a pioneering solar thermal system in Langnau, a project initiated together with partners to realise an ecosystem centred around a wood-fired power plant in Dagmersellen, and a photovoltaic system installed on the roof of the Quillayes Surlat cheese dairy in Chile are emblematic of Emmi's commitment in this area.

Finally, Emmi launched the "KlimaStaR Milk" industry initiative in Switzerland and joined the international "Pathways to Dairy Net Zero" initiative. In cooperation with over 100 private, public and scientific organisations, efforts are being accelerated to develop evidence-based methods for reducing greenhouse gas emissions in milk production.

### **Continuity in terms of strategy, renewal in leadership and proposal for dividend increase**

As announced, Ricarda Demarmels started in her new post as CEO of the Emmi Group at the beginning of this year. With this change, Emmi is ensuring continuity in leadership and strategic direction. The Board of Directors would like to thank her predecessor, Urs Riedener, for his outstanding work over the last roughly 15 years. "Urs Riedener led Emmi successfully into a new era," notes Konrad Graber, Chairman of the Board of Directors.

The Board of Directors of Emmi AG has furthermore confirmed the nomination of Urs Riedener as its Chairman and successor to Konrad Graber, who will not be standing for re-election at the General Meeting on 13 April 2023. At the same time, the Board of Directors is proposing Nadja Lang to succeed Alexandra Post Quillet, who is also stepping down from her role (see [media release dated 25 January 2023](#)).

Thomas Morf, Chief Marketing Officer and member of Group Management, is leaving the company. Emmi will provide information about his successor in due course. The Board of Directors and Group Management would like to thank Thomas Morf for his service and for the valuable contribution he made to the further development of the Emmi Group over the past five years.

Given the strong position and solid prospects, and in the interests of a continuous dividend policy and dividend development, the Board of Directors is additionally proposing to increase the dividend by 3.6% to CHF 14.50 per share (previous year: CHF 14.00).

### **Positive outlook for 2023 in a volatile environment**

The outlook for 2023 remains subject to economic uncertainty and recessionary risks. Emmi will continue to take its usual forward-looking approach, tackle the sustained cost pressure with intensive productivity measures and responsible sales price increases, and also continue to drive forward its ongoing strategic development.

For financial year 2023, Emmi is anticipating organic sales growth of 3% to 4% at Group level. In Switzerland, organic growth is likely to be 1% to 2%, despite ongoing pressure exerted by imports.

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Internationally, in a challenging environment marked by recessionary trends, Emmi forecasts price-supported sales growth in the division Americas and in the division Europe of 6% to 8% and 3% to 5%, respectively.

In order to protect the earnings base in light of the expected continuing negative input cost trend, Emmi will rigorously pursue initiatives to increase profitability and implement responsible sales price increases. Despite ongoing high cost pressure, the manufacturer of premium dairy products is striving for a result at EBIT level of between CHF 275 million and 295 million and a net profit margin of between 4.5% and 5.0%. Emmi also confirms the medium-term goals for organic growth, net profit margin, ROIC and distribution rate.

#### **2023 forecast**

- Net sales increase in organic terms for the Group: 3% to 4%
- Net sales increase in organic terms for the division Switzerland: 1% to 2%
- Net sales increase in organic terms for the division Americas: 6% to 8%
- Net sales increase in organic terms for the division Europe: 3% to 5%
- EBIT: CHF 275 million to CHF 295 million
- Net profit margin: 4.5% to 5.0%

#### **Medium-term forecast**

- Net sales increase in organic terms for the Group: 2% to 3%
- Net sales increase in organic terms for the division Switzerland: 0% to 1%
- Net sales increase in organic terms for the division Americas: 4% to 6%
- Net sales increase in organic terms for the division Europe: 1% to 3%
- Net profit margin: 5.5% to 6.0%
- Return on invested capital (ROIC): improving trend
- Distribution rate: 35% to 40%

Emmi will publish its half-year results for 2023 at 7.00 a.m. on 18 August 2023.

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## **Downloads and further information**

- [Online Annual Report and Summary Report for 2022](#)
- [Alternative performance measures](#)
- [Presentation of annual results 2022](#)
- [Media release on annual sales 2022 \(25 January 2023\)](#)
- [Emmi Media Corner](#)
- [CV of Ricarda Demarmels](#)

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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 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 more than 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.