



# Agreed sale of HSN Half year results 2024

Media and Investor Relations Call, 10am CET, 27.8.2024

# Agenda

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**Introduction**

**Jürg Oleas**  
**Chairman of the Board of Directors**

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**H1 2024 in brief**

**Ralph Siegl**  
**CEO and Delegate of the Board**

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**Financials**

**Thomas Freiburghaus**  
**CFO**

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**Questions**

**Via operator and/or chat**

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**Interview requests, questions**

**Marlène Betschart**  
**Head of Corporate Communications and IR**

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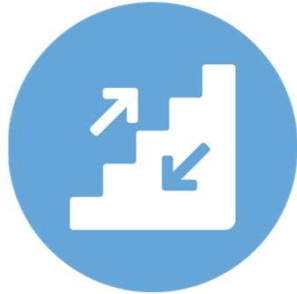
# Introduction

# H1 2024 in brief

## H1 2024 in brief



145.7m  
Net sales



6.1m  
EBITDA

0.3m  
Operating EBIT\*



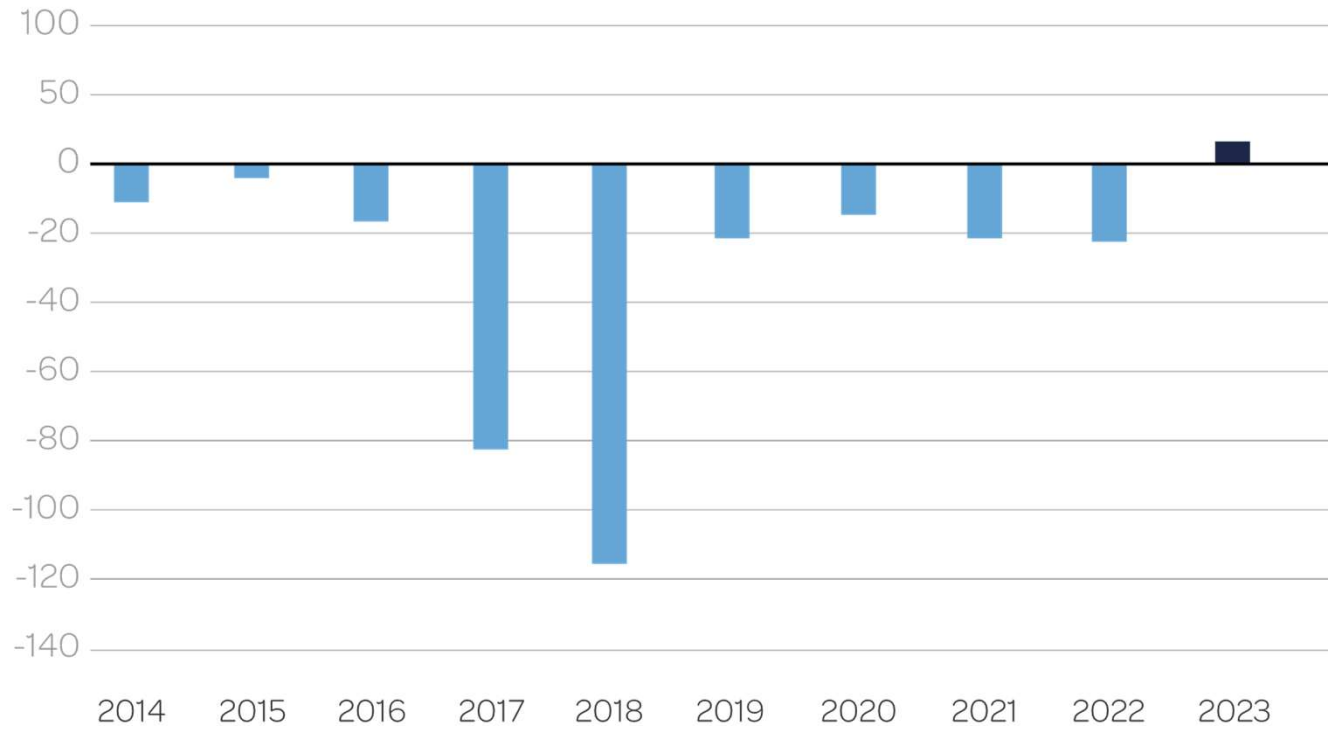
30.2%  
Margin

\* Without impairment losses on assets held for sale



## Free cash flow generated purely from operations

Without special effects (in CHFm)



# Category results

## Delays in sales of Infant Nutrition



Net sales Infant Nutrition (CHFm)



Net sales Food Solutions (CHFm)



## Infant nutrition: International markets

- Deliveries postponed due to short-term change in major client's inventory policy
- Positive market signals and birth rates promise a significantly higher order rate in 2<sup>nd</sup> half year 2024
- Expansion of product portfolio (infant nutrition specialties), redesign of packaging (Bimbosan), new brand ambassador (Bimbosan)
- US market entry: promising market study, various leads





# Transformation plan

(HSN sale: subject to shareholder approval at an Extraordinary General Meeting)



## RECOVERY 2022-2023

Operational "recovery"  
of the current customer  
and product portfolio

## CONVERSION 2023-2024

Strategic expansion of  
the product portfolio into  
high-margin areas  
2023-2025



**DEVELOPMENT HSN**  
2025 – going forward  
AS Equity Partners

**DEVELOPMENT  
HOLDING**  
provisional debt-  
restructuring  
moratorium

2023: EBITDA BREAK EVEN

2024: OPERATING EBIT  
BREAK EVEN

## HSN business continues seamlessly

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- HSN achieved the operational turnaround in 2023 under difficult circumstances, transformation continues
- Sale of HSN the only realistic alternative given legacy debts
- Sale to AS Equity Partner: forward strategy & new and solid financial base for HSN
- HSN's operational business will continue without interruption, maintaining jobs and its important partnership with the Swiss dairy industry

## Transaction details on the sale of HSN to AS Equity Partners

In TCHF	30.06.2024
Total enterprise value	83,000
outstanding syndicate loan	-67,000
sales costs	-500
Net sales value of HSN	15,500

- HSN and its operational business will not be affected by the debt restructuring moratorium of HOCHDORF Holding.

### Effects on HOCHDORF Holding

- The proceeds from the sale will not be sufficient to cover the considerable legacy debt of HOCHDORF Holding, mainly the hybrid bond amounting to CHF 125 million and outstanding interest payments.
- As a result of the sale, HOCHDORF Holding had to fully write off the intercompany loans granted to HSN totalling CHF 182 million in the balance sheet as of 30 June 2024
- Accordingly, the holding is overindebted according to article 725b of the Swiss Code of Obligations and has applied for a provisional debt restructuring moratorium.

# Financials

## Key figures at a glance

in TCHF	30.06.2024	30.06.2023	%	31.12.2023	30.06.2022
Net sales from deliveries and services	145'742	154'170	-5.5%	307'840	145'715
thereof net sales Food Solutions	106'814	103'450	3.3%	204'721	118'301
thereof net sales Infant Nutrition	38'928	50'720	-23.3%	103'120	27'414
Gross operating profit	49'411	52'085	-5.1%	93'008	34'068
Gross operating profit margin*	30.2%	30.5%	-1.1%	30.8%	21.3%
EBITDA	6'097	6'662	-8.5%	7'831	-10'653
EBITDA margin*	3.7%	3.9%	-4.6%	2.6%	-6.7%
Operating EBIT	313	1'622	-80.7%	-3'864	-15'926
Operating EBIT margin*	0.2%	1.0%	-79.9%	-1.3%	-10.0%
Cash flow from operating activities	-5'976	-6'024	-0.8%	13'801	-12'355

\*\* Figures are presented before liquidation devaluation

\* In percent of production revenue

## Operating Profit and Loss – YTD 2024

in MCHF	30.06.2024	30.06.2023	Change Y/Y	30.06.2022
Net sales	145.7	154.2	-5.5%	145.7
Gross profit	49.4	52.1	-5.1%	34.1
Gross profit margin (in % of production revenue)	30.2%	30.5%	-1.1%	21.3%
Operational expenses	-43.3	-45.4	4.6%	-44.7
<b>EBITDA</b>	<b>6.1</b>	<b>6.7</b>	<b>-8.5%</b>	<b>-10.7</b>
<b>Operating EBIT</b>	<b>0.3</b>	<b>1.6</b>	<b>-80.7%</b>	<b>-15.9</b>
Financial expenses net	-0.4	-1.9	79.9%	-2.2
Income taxes (cost)	0.0	0.0	0.0%	0.3
Net profit	-0.1	-0.9	83.9%	-18.3

- Total net sales decreased due to delayed deliveries for Pharmalys.
  - Food Solution +3.2%
  - Infant Nutrition -23.1%
- Net sales decreased by 5.5% (8.4 MCHF) and gross margin decreased to 30.2% only by 1.1% compared to last year
- Decrease in OPEX thanks to energy savings stringent cost management.
- The positive EBITDA in 2024 confirms the operational turnaround reached in 2023.
- Positive operating EBIT despite revenue decline, due to improved profit margin in Infant Nutrition

\* Figures are presented before liquidation devaluation

## Profit and Loss – YTD 2024

in MCHF	30.06.2024	30.06.2023	Change Y/Y	30.06.2022
Net sales	145.7	154.2	-5.5%	145.7
Gross profit	49.4	52.1	-5.1%	34.1
Gross profit margin (in % of production revenue)	30.2%	30.5%	-1.1%	21.3%
Operational expenses	-43.3	-45.4	4.6%	-44.7
<b>EBITDA</b>	<b>6.1</b>	<b>6.7</b>	<b>-8.5%</b>	<b>-10.7</b>
<b>Operating EBIT</b>	<b>0.3</b>	<b>1.6</b>	<b>-80.7%</b>	<b>-15.9</b>
Liquidation devaluation	-141.3	0.0	-100.0%	0.0
<b>EBIT</b>	<b>-141.0</b>	<b>1.6</b>	<b>&gt;-100%</b>	<b>0.0</b>
Financial expenses net	-0.4	-1.9	79.9%	-2.2
Income taxes (cost)	0.0	0.0	0.0%	0.3
Net profit	-141.5	-0.9	>-100%	-18.3

The difference between the operating EBIT and EBIT is the liquidation devaluation (sale of HSN)

The net profit without liquidation devaluation would be -0.2 MCHF

Compared to 2022 the net profit shows a plus of 18.1 MCHF

## Cash flow (CF) statement – YTD 2024

### Positive OCF, despite increase in net working capital



in MCHF	30.06.2024	30.06.2023	Change in %
CF from operating activities before changes in working capital	2.3	6.0	-62.6%
Changes in net working capital	-8.2	-12.1	31.7%
<b>CF from operating activities</b>	<b>-6.0</b>	<b>-6.0</b>	<b>-0.8%</b>
CF from investing activities	-0.8	-1.2	33.6%
<b>Free cash flow</b>	<b>-6.7</b>	<b>-7.2</b>	<b>6.1%</b>
CF from financing activities	-1.8	4.8	-137.9%
<b>Net change in cash and cash equivalents</b>	<b>-8.6</b>	<b>-2.4</b>	<b>256.2%</b>
Cash and cash equivalents at Jan. 1	14.6	10.2	42.6%
<b>Cash and cash equivalents</b>	<b>6.0</b>	<b>7.8</b>	<b>-23.2%</b>

- Positive CF from operating activities.
- The reduction in networking capital changes is caused by higher accounts receivable balance in 2024. But significantly better compared to last year by 3.8 MCHF
- CAPEX spending focuses on modernization investments in Sulgen and energy efficiency.
- Available cash per 30.06.24 MCHF 16

\* Figures are presented before liquidation devaluation



## Operating balance sheet (assets) – YTD 2024

### Lower cash level in conjunction with seasonal inventory build-up



in MCHF	30.06.2024	%	31.12.2023	%	Change in %
Cash & cash equivalents	6.0	2.2%	14.6	5.4%	-58.8%
Accounts receivable	49.9	18.0%	49.6	18.3%	0.6%
Inventory	40.2	14.5%	25.4	9.4%	58.0%
Other	9.8	3.5%	6.6	2.4%	49.3%
<b>Current assets</b>	<b>105.8</b>	<b>38.1%</b>	<b>96.1</b>	<b>35.4%</b>	<b>10.1%</b>
Property plant & equipment	127.8	46.0%	132.1	48.6%	-3.3%
Financial fixed assets	42.5	15.3%	42.0	15.5%	1.1%
Other	1.5	0.5%	1.4	0.5%	2.4%
<b>Total fixed assets</b>	<b>171.7</b>	<b>61.9%</b>	<b>175.6</b>	<b>64.6%</b>	<b>-2.2%</b>
<b>Total assets</b>	<b>277.6</b>		<b>271.7</b>		<b>2.1%</b>

#### Comments

- The increase in current assets is driven by the seasonal inventory build-up.
- Decrease in PP&E reflects the regular depreciation of fixed assets.

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## Balance sheet (assets) – YTD 2024

### Lower cash level in conjunction with seasonal inventory build-up



in MCHF	30.06.2024	%	31.12.2023	%	Change in %
Cash & cash equivalents	0.5	0.4%	14.6	5.4%	-96.7%
Accounts receivable	0.0	0.0%	49.6	18.3%	-100.0%
Inventory	0.0	0.0%	25.4	9.4%	-100.0%
Assets held for sale	135.0	99.1%	0.0	0.0%	100.0%
Other	0.2	0.1%	6.6	2.4%	
<b>Current assets</b>	<b>135.7</b>	<b>99.6%</b>	<b>96.1</b>	<b>35.4%</b>	<b>41.1%</b>
Property plant & equipment	0.0	0.0%	132.1	48.6%	-100.0%
Financial fixed assets	-0.1	-0.1%	42.0	15.5%	-100.3%
Other	0.7	0.5%	1.4	0.5%	-48.9%
<b>Total fixed assets</b>	<b>0.6</b>	<b>0.4%</b>	<b>175.6</b>	<b>64.6%</b>	<b>-99.7%</b>
<b>Total assets</b>	<b>136.2</b>		<b>271.7</b>		<b>-49.9%</b>

## Operating balance sheet (liabilities) – YTD 2024

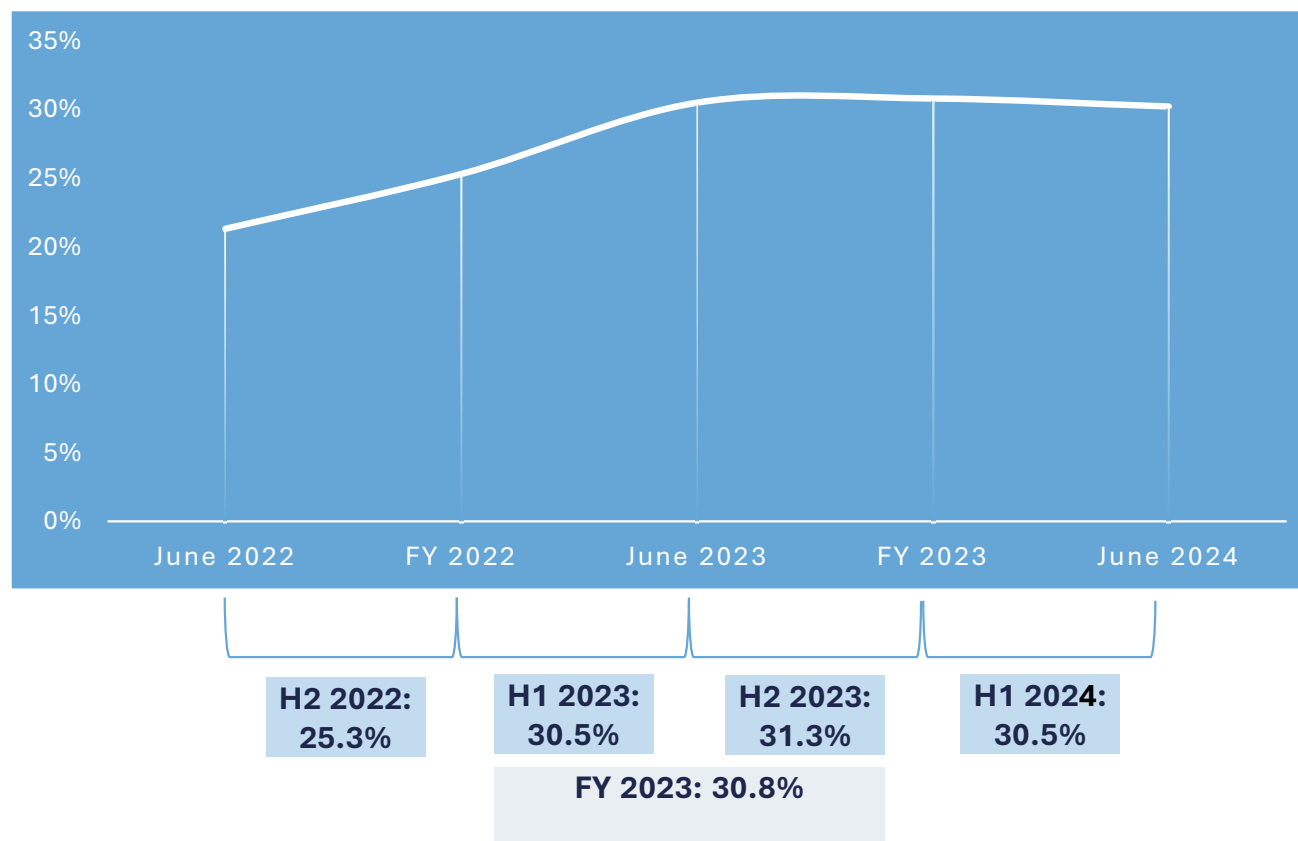
in MCHF	30.06.2024	%	31.12.2023	%	Change in %
Accounts payable	20.7	7.4%	21.2	7.8%	-2.7%
Short-term financial liabilities	0.1	0.0%	0.1	0.0%	-50.8%
Other	25.2	9.1%	17.8	6.6%	41.4%
<b>Total short-term liabilities</b>	<b>45.9</b>	<b>16.5%</b>	<b>39.2</b>	<b>14.4%</b>	<b>17.2%</b>
Long-term financial liabilities	67.0	24.1%	67.0	24.7%	0.0%
Long-term provisions	7.0	2.5%	7.6	2.8%	-7.8%
Deferred tax accruals	0.0	0.0%	0.0	0.0%	0.0%
<b>Total long-term liabilities</b>	<b>74.0</b>	<b>26.7%</b>	<b>74.6</b>	<b>27.5%</b>	<b>-0.8%</b>
<b>Total equity</b>	<b>157.6</b>	<b>56.8%</b>	<b>157.9</b>	<b>58.1%</b>	<b>-0.2%</b>
<b>Total liabilities</b>	<b>277.6</b>		<b>271.7</b>		<b>2.1%</b>

\* Figures are presented before liquidation devaluation

## Balance sheet (liabilities) – YTD 2024

in MCHF	30.06.2024	%	31.12.2023	%	Change in %
Accounts payable	0.4	0.3%	21.2	7.8%	-98.1%
Short-term financial liabilities	0.0	0.0%	0.1	0.0%	-100.0%
Liabilities held for sale	119.5	87.7%	0.0	0.0%	100.0%
Other	-74.0	-54.3%	17.8	6.6%	-515.0%
<b>Total short-term liabilities</b>	<b>45.9</b>	<b>33.7%</b>	<b>39.2</b>	<b>14.4%</b>	<b>17.2%</b>
Long-term financial liabilities	0.0	0.0%	67.0	24.7%	-100.0%
Long-term provisions	0.0	0.0%	7.6	2.8%	-99.8%
Deferred tax accruals	0.0	0.0%	0.0	0.0%	0.0%
<b>Total long-term liabilities</b>	<b>0.0</b>	<b>0.0%</b>	<b>74.6</b>	<b>27.5%</b>	<b>-100.0%</b>
<b>Total equity</b>	<b>16.3</b>	<b>11.9%</b>	<b>157.9</b>	<b>58.1%</b>	<b>-89.7%</b>
<b>Total liabilities</b>	<b>136.2</b>		<b>271.7</b>		<b>-49.9%</b>

## Gross operating margin stable despite lower than budgeted IN

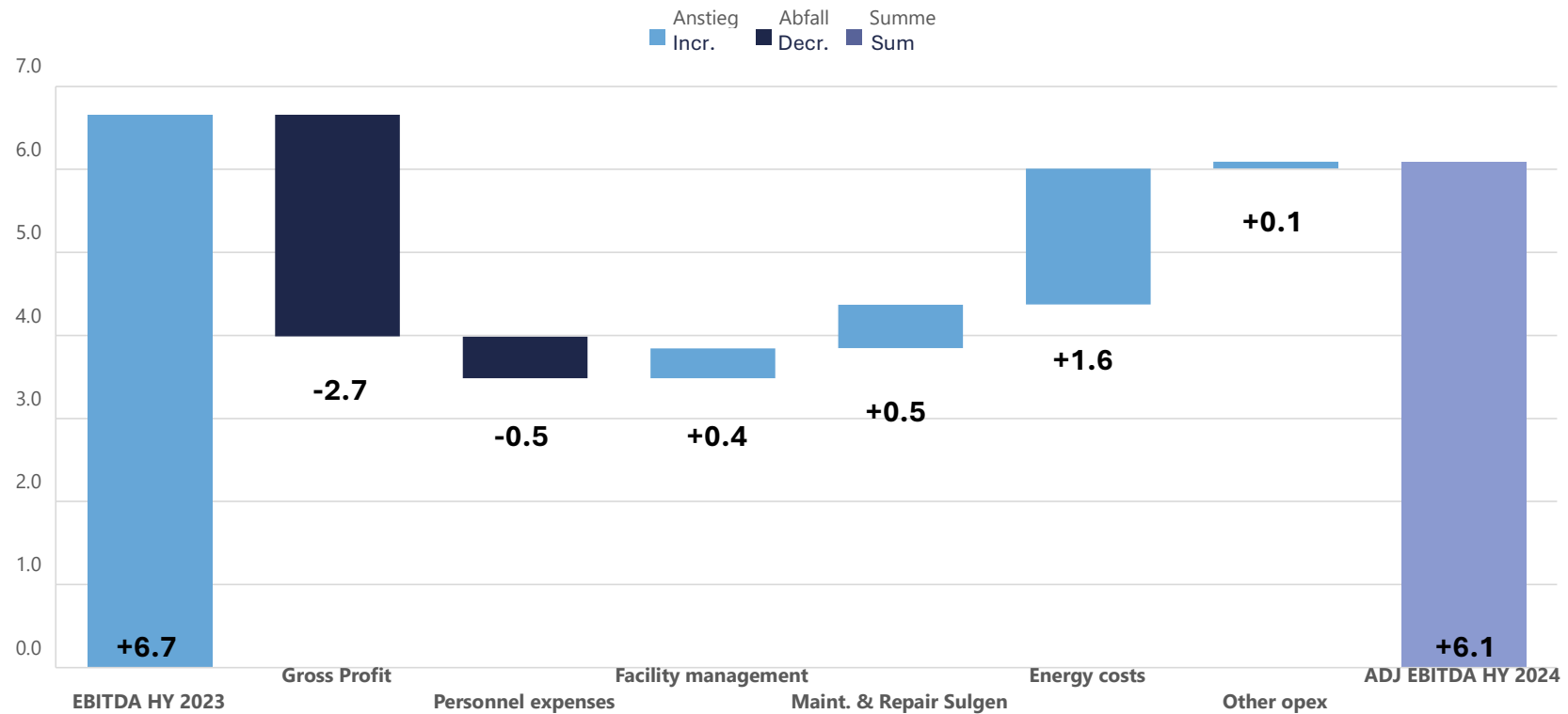


### Main drivers:

- Gross margin remains stable in 2024 despite the delay of Infant Nutrition sales.
- Currently we count on a catch-up effect in the second half 2024.

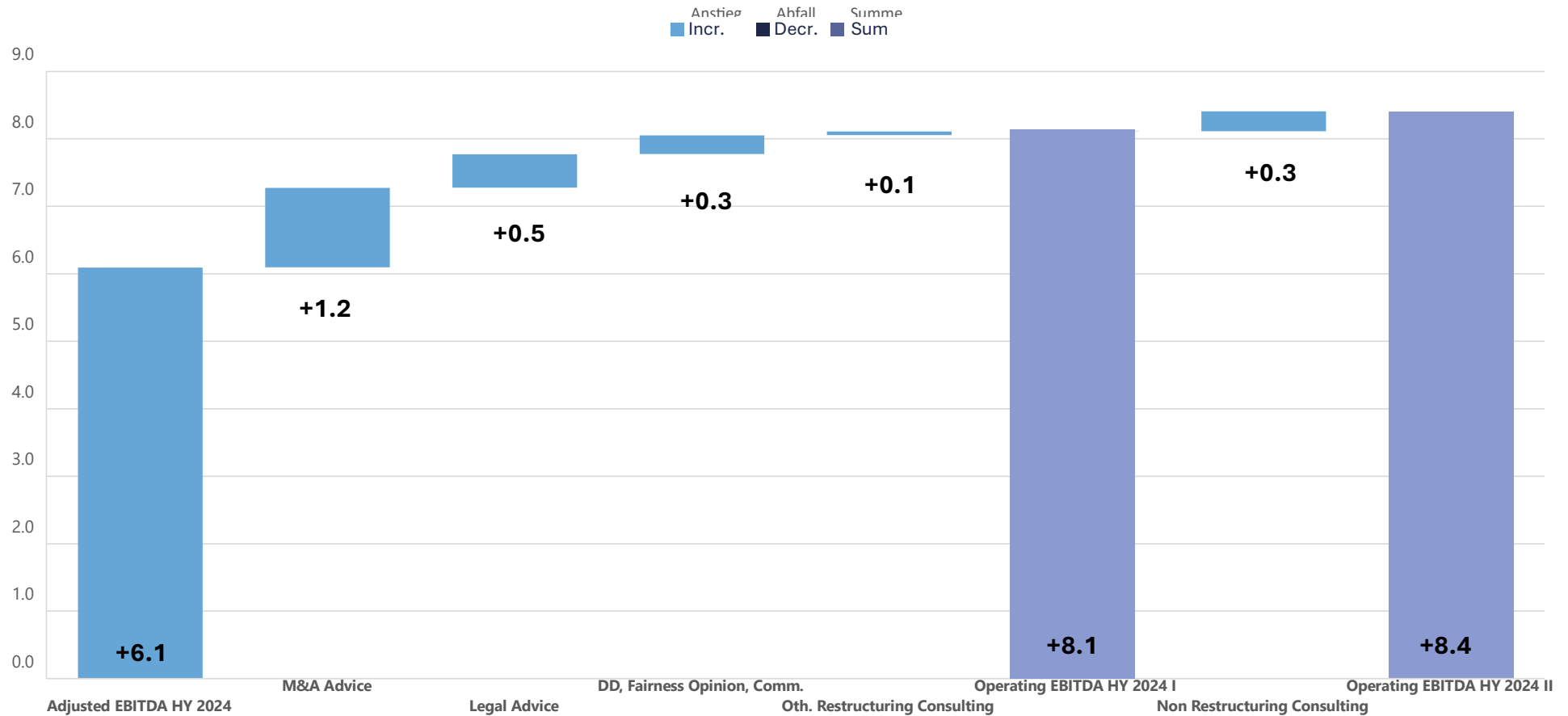
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# EBITDA bridge 2023 vs. adjusted EBITDA 2024 (MCHF)



\* Figures are presented before liquidation devaluation

# Adjusted EBITDA bridge 2024 vs. operating EBITDA 2024 (MCHF)



\* Figures are presented before liquidation devaluation

# Questions



## Disclaimer & contact details

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