One Group. Many Teams. One Goal.

Annual Report 2012

Key Figures in brief

324.8

M. CHF **SALES.** DECREASE OF –2.2 % TO PREVIOUS YEAR.

33.6

M. CHF **EBITDA**. DECREASE OF –15.8 % TO PREVIOUS YEAR (39.8 M. CHF).

21.5

M. CHF **EBIT**. IN 2011 THE OPERATING PROFIT WAS 28.5 M. CHF THAT CORRESPONDS TO A MINUS OF –24.3 %.

15.0

M. CHF **GROUP NET PROFIT**. DECREASE OF –22.9 % TO PREVIOUS YEAR.

125.5

M. CHF **SHAREHOLDERS' EQUITY** THAT CORRESPONDS TO AN EQUITY RATIO OF 48.0 %.

86.8

M. CHF **NET DEPT**. THE NET DEPT IN THE PREVIOUS YEAR AMOUNTED TO 69.9 M. CHF.

31.18

CHF NET PROFIT **PER BEARER SHARE.** IN THE PREVIOUS YEAR THIS AMOUNT WAS CHF 40.51.

12.2

PERCENTAGE **RETURN ON EQUITY**.

1'252

EMPLOYEES (FTES). THAT MEANS A DECREASE OF 46 FTES TO 2011.

One Group. Many Teams. One Goal.

Hügli was founded in Switzerland in 1935. Today it is one of the leading European companies for the development, production and marketing of dry blends in the convenience segment such as soups, sauces, bouillons, ready to serve meals, desserts, functional food as well as Italian specialities. Hügli caters to the kitchens of the professional out of home market, manufactures products for brand companies, food industry as well as for food retailers. With its flavour-adding semi-finished products, Hügli partners with food manufacturers and sells ownbrands, mostly of organic quality, to consumers.

••• Content

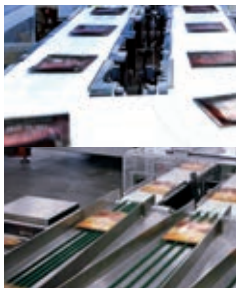
THE HÜGLI GROUP/ EDITORIAL

2/6

Brief description of Hügli Group, Key figures, History, Vision, Mission, Objectives, Structures, Commentary on the financial year 2012

DIVISIONS/ PRODUCTION

9/20



Comments on the development of divisions and the production

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Development of the geographic segments

CORPORATE GOVERNANCE

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FINANCIAL REPORTING

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Financial report, Consolidated Financial Statements and Financial Statements of Hügli Holding AG

One Group. One Goal ••• The Hügli Group

••• Our History

The principal firm was established in Arbon, Switzerland, in 1935 by the industrial entrepreneur Beat Stoffel. He was prompted by the future Group's name giver Otto Hügli, who was the company's first manager and a gifted product developer. The first steps of expansion took the firm in 1959 around Lake Constance to Hard in Austria and in 1964 to Radolfzell in Germany. Today, Hügli has 750 employees and is one of most important employers in the Lake Constance area. The expansion was taken further in 2000, when the Group acquired a new production site in Zasmuky, Czech Republic. From Zasmuky, Hügli has been developing the Group's sales and distribution business in other Eastern European countries, in Poland in 2002, in Slovakia in 2003 and in Hungary in 2005. The most recent geographical expansions occurred through the acquisition of specialised production sites in 2007 at the Southern foot of the Alps in Brivio, Italy, and in 2008 in Redditch, in the heart of the United Kingdom.

••• Our Vision

We want to work only in markets and production areas, in which we can excel in the performance of relevant services for our clients. The service to customers is the main focus of the thinking and conduct of all our employees.

••• Our Mission

Hügli specialises in the creative development and efficient production of foods in the convenience segment, primarily comprising of soups, sauces, bouillons, seasonings, instant meals, desserts and Italian specialities. Sales and distribution concentrate on selected countries, in which Hügli can offer customers a higher quality than the competitors. A production located in the customers' vicinity and direct marketing addressed to professional customers form the core of the Group's strategy. Hügli aims to heighten the customer benefit with better products – and these are recognised not least by their flavour. It goes without saying that Hügli stands for the highest production quality, which is periodically confirmed through an external quality certification.

••• Our Objectives

Hügli's strategy has a long-term focus on sustainable growth. The Group wants to grow overproportionally and achieve sales growth of above 5 % on the long term. Potential company acquisitions are taken into consideration periodically as they round off the product line, and production technology, and serve the market development in a new country. The sale of own products is a main objective while the product line is supplemented with selected trade goods in line with customer needs. Growth is to be broadly achieved throughout all sales divisions. Hügli is committed to its economic and social responsibility towards its stakeholders – employees, business partners, shareholders and investors – and strives to achieve an adequate return on the invested capital through sustainable growth, continuous process improvement and consistent cost management. This is the best foundation for a steadily and solidly growing company that is rooted locally and active all across Europe.

••• Strategic Objectives

Group

GROWTH ABOVE MARKET LEVEL/ OVER-PROPORTIONAL **INCREASE OF EBIT**

Countries

DEVELOPMENT OF EXISTING MARKETS/EVALUATION OF FURTHER DISTRIBUTION COUNTRIES

Divisions

BALANCED **GROWTH** THROUGHOUT **ALL SALES DIVISIONS**

••• Core Competencies

Markets

SELECTED PRODUCTS IN **NICHE MARKETS**

Customers

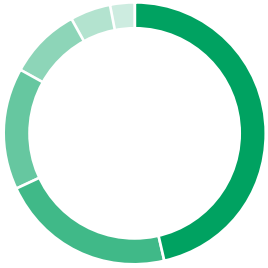
CUSTOMER-ORIENTED PRODUCTION AT FIVE LOCATIONS

Employees

MOTIVATING HÜGLI CULTURE: **THE EMPLOYEE AS ENTREPRENEUR**

Personnel 2012

in %/Number of full-time positions



- Germany **47 %/586**
- Eastern Europe **22 %/272**
- Switzerland **15 %/190**
- United Kingdom **9 %/108**
- Italy **5 %/60**
- Austria **3 %/36**

Total: 100 %/1'252

••• Our Divisional Sales and Distribution Structure

The Group consists in five specialised sales and distribution divisions which cater for differing customer needs.

Food Service ••• The largest division concentrates on the customer segments restaurants, hotels, canteens and similar institutions. Sales and distribution are effected through Hügli's sales offices. In this area of business depending on product segment and country Huegli is number 2 or 3 in Europe. A comprehensive sales organisation with over 250 vendors in 8 countries reaches more than 40'000 customers directly. Outstanding own products are combined with selected trade specialities, with which Hügli can supply customers with a well-balanced product line for a high standard cuisine.

Private Label ••• The Hügli Group is one of the biggest Private Label Retail producers of dry blended meals in Europe. Hügli manufactures own brands of several leading retail food trade organisations. The market share of these products has in the past years been consistently increasing, thanks to a very good price-performance-ratio.

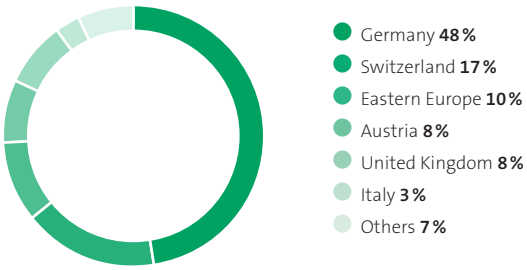
Brand Solutions ••• The customers of the Brand Solutions Division are marketing and sales organisations with own brands. We produce for these customers consumer packages under their own brands, beside the Hügli core product line also in the range of dressings, liquid sauces, slimming and dietary products as well as sports nutrition. In addition to the manufacturing of brand products ready for sale, Hügli offers a comprehensive range of productrelated services in culinary art, trends and technology.

Food Industry ••• The Food Industry Division supplies a large number of well-known customers of the food processing industry with semi-finished products and in the sense of outsourcing as well as with consumer packages. In the offered product segments of compounds, flavours and snack seasonings customers profit from Hügli's extensive know-how and innovative product development. The shortest possible reaction time and high flexibility are a must for our customers. Hügli Food Industry does not sell products only, it also sells solutions.

Consumer Brands ••• The Consumer Brands Division sells Hügli's own brands such as Heirler, Cenovis, Neuco, Natur Compagnie or Erntesegen to health food stores, natural food stores, as well as to the food retail trade. The product line comprises of products manufactured by Hügli within the product groups of soups, sauces, bouillons, seasonings and ready-to-serve meals, as well as a range of merchandise consisting mainly of dairy products, oils, delicatessen articles and substitute meat products, mostly of organic quality. The Tellofix and Oscho brands are sold via various distribution channels directly to end customers.

Sales based on location of customers 2012

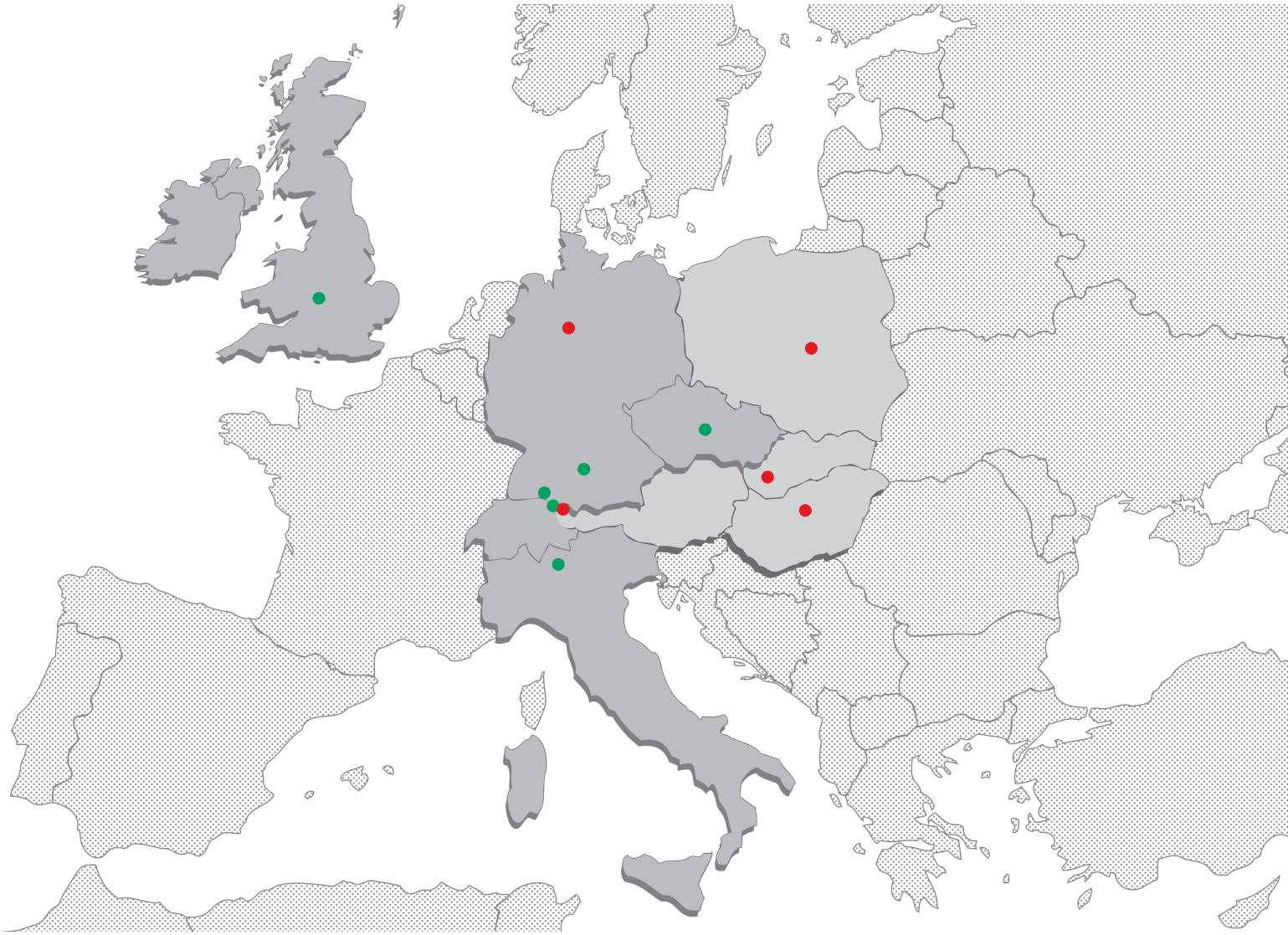
in %



Product groups 2012

in %

••• Well positioned in Europe



Production sites
- ••• Switzerland – site Steinach and St. Gallen
- ••• Germany – site Radolfzell (2) and Neuburg/Kammel
- ••• United Kingdom – site Redditch
- ••• Italy – site Brivio
- ••• Czech Republic – site Zásmuky

Sales companies
- ••• Austria – Hard
- ••• Slovakia – Trnava
- ••• Poland – Lodz
- ••• Hungary – Budapest
- ••• Germany – Hameln

2012 is a year of transition for Hügli, bringing lower income but a positive outlook

••• **Dear Readers,**

Revenues in 2012 lower in local currencies by –0.6 % in demanding environment. Loss of gross margin due to increase in prices for raw materials that weakens earnings. EBIT margin of 6.6 % lower than forecast target bandwidth of 7 % to 8 %. 2012 profits of CHF 15.0 million down 23 % year-on-year. Proposed disbursement of CHF 12.00 per share (previous year: CHF 15.50). Outlook 2013: Revenue growth of +10 % and above-average EBIT growth.

Demanding underlying conditions on the European foodstuffs market ••• In the first half of 2012 Hügli was already confronted with a slowdown in sales growth, which culminated in an unexpectedly poor Q3, which was significantly lower than the previous year. However, the fourth quarter brought positive growth rates again, which means that we believe the downturn in summer to be a one-off factor. Revenue growth in local currency of –0.6 % was due to the continued deterioration in the CHF exchange rate of –1.6 % was mostly caused by the Euro (–2.2 % year-on-year). The sales disclosed fell from CHF 332.0 million in the previous year to CHF 324.8 million in financial year 2012.
In Switzerland, the strong Franc left deep scars in our customers' order books. As a supplier, we had to accept their lower export sales. In the eurozone, growth in demand was generally weak, which caused individual yet key providers to engage in more intense price competition. There are often opportunities to make purchases in this type of environment. Hügli used this type of purchase opportunity by acquiring the Vogeley Group's sales activities in Germany. This acquisition reinforces Hügli's already excellent position on the German Food Service market.
In the UK we are enjoying double-digit percentage growth, however with unsatisfactory profitability, which we are concertedly rectifying.
In Eastern Europe, the current situation is similar to that in the eurozone, i.e., a mix of weak demand, including due to insecure underlying government conditions and more intense price competition.

Varied growth in the sales divisions ••• Growth in the sales divisions was highly varied. Revenues with food retail in the Private Label division were up by +4.1 % in local currency, and this growth was primarily driven by the sales organizations in Germany and the UK. Revenues with products for branded goods companies in the Brand Solutions division enjoyed even better growth, up 8.0 %. We were able to further expand market shares, in particular in the Health & Nutrition segment in the UK, and we recorded a leap in sales. At the same time sales of organic products to major organic food distribution companies using their brands enjoyed pleasing growth.
The year was negative in the Food Industry division, where some major customers in the foodstuffs industry cut their order quantities significantly as a result of their own sales problems, which led to sales falling by –9.2 %.
The Consumer Brands division also lost –2.0 % of its sales, and was impacted by the slumping natural food store market. On the other hand, the organic brands that we have successfully launched ("Natur Compagnie" and "Erntesegen") have continued their successful on-track growth that they have been enjoying for several years.
The Food Service division, which operates in eight countries, suffered a downturn in sales in local currency of –2.8 %. The slump in sales had a particularly major impact in Italy as a result of the reorganisation of the sales structure. In addition, the changed underlying government conditions for institutional out-of-home catering (including in school catering) in Eastern Europe also slowed further growth for the time being. The three largest sales countries, Germany, Switzerland and Austria have succeeded in recording slight growth on the whole despite a downturn in the markets for catering and the hotel sector.

Thomas Bodenmann, CEO (left) and Dr Jean Gérard Villot, Chairman of the Board of Directors (right)

Earnings depressed by increases in prices for raw materials ••• Germany is the largest segment and recorded slight sales growth in local currency of +1.0 % (previous year: +1.2 %). This reflects the continued demanding economic environment in the foodstuff industry and the general cooldown on the markets. The EBIT margin fell from 10.6 % in the previous year to 8.5 %. This was primarily depressed by increases in the prices for raw materials, which we were only partially able to pass on as a result of the intense price competition.

In the country segment for Switzerland/Rest of Western Europe, where sales were down in local currency by –2.8 %, in particular the massive slump in revenues in Italy depressed figures, whereas the UK once again recorded strong revenue growth. Switzerland suffered from the strong Franc, which impacted both exporting industrial customers as well as gastronomy in tourist regions. EBIT fell in all countries, mostly due to the lower gross margin, and totaled in a EBIT margin of 5.0 % on the whole, compared to 8.3 % in the previous year.

The Eastern Europe segment suffered lower sales in the second half of the year as a result of the removal of major private label orders, which means that sales were –1.2 % lower over the year as a whole. However, the EBIT margin increased from –0.2 % to 2.9 % as a result of excellent cost management. This is the first step on the path to constant profitability increases.

Downturn in operating results and profits ••• The Hügli Group's operating result (EBIT) fell in 2012 by –24.3 % to CHF 21.5 million. More than half of this downturn in EBIT was due to the loss of gross margins, and also to the downturn in sales and negative exchange rate differences. This was the case although it was possible to further reduce personnel and other operating expenses in financial year 2012 as a result of consistent cost management.
The downturn in the EBIT margin to 6.6 % is clearly lower than expectations and also lower than the long-term average of 8.0 % recorded in the last ten years.
Consolidated profits fell correspondingly by –22.9 % to CHF 15.0 million, which corresponds to a profit margin of 4.6 %.

Continued solid financial ratios despite acquisition ••• Hügli acquired intangible assets on 1 January 2013 – namely brand rights, recipes and the sales operations of the Vogeley Group in Germany. Net debt increased from CHF 69.9 million in the previous year to CHF 86.8 million. Equity increased by CHF 5.8 million to CHF 125.5 million, however the equity ratio fell as a result of the shift on the balance sheet from 50.5 % in the previous year to a still very solid 48.0 %. The temporary slight deterioration in financial indicators will improve again substantially in 2013 as a result of the forecast excellent cash flow situation.

Lower dividends ••• The Board of Directors is proposing a dividend of CHF 12.00 (previous year: CHF 15.50) to the General Meeting on 15 May 2013. This corresponds to a disbursement ratio of 38 %. This disbursement rate, which is in excess of the long-term corridor of 25 % to 30 % shows Hügli's confidence that it will be able to reinforce its earnings strength again in the coming years.

Outlook 2013: Revenue growth of +10 % and above-average EBIT growth ••• Hügli enjoys an excellent position to avail of all of the opportunities that present themselves and to record profitable growth. This is the case even though the underlying economic conditions continue to be very demanding and the increasing savings efforts in European countries are also impacting our sales markets.
For 2013 as a whole, we are forecasting sales to grow by around +10 % in total to around CHF 357 million. Prices for raw materials have stabilised at a high level, and this fact, coupled with further advances in process optimisation and tight cost management form additional foundations to increase our earnings strength and increasing EBIT by an above-average amount compared to sales.

Steinach, March 2013

Dr Jean Gérard Villot
Chairman of the Board of Directors

Thomas Bodenmann
CEO, President of the Group Executive Management

Many Teams ••• Divisions and Production

133
M. CHF **SALES**
DIVISION
FOOD SERVICE

71
M. CHF **SALES**
DIVISION
PRIVATE LABEL

44
M. CHF **SALES**
DIVISION
BRAND SOLUTIONS

36
M. CHF **SALES**
DIVISION
FOOD INDUSTRY

40
M. CHF **SALES**
DIVISION
CONSUMER BRANDS

Divison Food Service

40’000

CUSTOMERS SUCH AS RESTAURANTS/HOTELS/ CANTEENS/HOSPITALS/ CATERER

Market precence

UNDER THE BRANDS **HÜGLI, SUPRO, TUTTO GUSTO, VOGELEY**

Sales organisation

TO **BULK CONSUMERS** AND CUSTOMERS IN **GASTRONOMY**

Own products

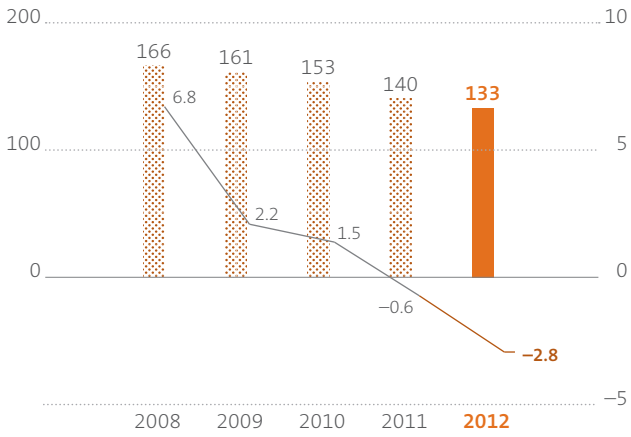
AND **TRADING GOODS** AS COMPLETION

Share of sales 2012

in million CHF

Development of sales/organic growth 2008–2012

in million CHF/in % (Development of sales/ organic growth)



The Food Service division exclusively serves the 'out of home' market. Our customer segments here include gastronomy, canteens, hospitals, institutes and institutions, caterers, the armed forces and others. In addition to our core product lines of sauces, bouillons and soups, we also offer our customers additional products from our own production including desserts, basic pro-ducts, dressings and Italian specialties. We have also strengthened our product portfolio in the various countries with selected exclusive and commercial product ranges.

Varied growth on the markets ••• We recorded highly varied growth in the various country-clusters in 2012. In general we can say that the markets on which we operate are no longer growing. This development is also reinforced by the tense economic situation in most countries, which is leading to cost pressure on institutions and reserved out-of-home consumption.
Our strongest countries – Germany, Austria and Switzerland – also recorded varied growth. In Switzerland our business continued to suffer from the strong Swiss franc, which caused a significant downturn for the hotel and restaurant sector, and we felt the impact of the downturn in this sector. We were only partially able to compensate for this downturn on other customer segments, and our earnings were thus only on a par with the previous year. In contrast, our business in Germany and Austria fared substantially better. We recorded growth in these countries. We achieved this growth thanks to our stronger focus on the various submarkets and launching new ranges.
The reorientation of our Italian business has not yet shown the desired results. Our results were significantly behind forecast here. During 2012 we saw that further adjustments are required here. As a result of exchange rate differences and the difficult economic environment our exports did not perfom a noticeable positiv contribution to our business.
In the Czech Republic our business was characterised in particular by a difficult economic environment and high pressure from competition and on prices. We acquired new key accounts and successfully launched a new product range, allowing to combat this. Slovakia enjoyed positive growth in the last two quarters in particular, as a result of new regulations on the use of convenience products, and recorded substantial year-on-year growth. Hungary was able to maintain its position in a difficult environment and closed significantly higher than we had expected. In Poland, the pace of growth lessened, in contrast to our expectations.

Manfred Jablowski
Head of Food Service/
Member of the
Group Executive Management

Demanding situation to continue in 2013 ••• We believe that there will not be any major changes to the external circumstances on our markets in the medium term, i.e., the difficult underlying conditions – including economic stagnation, insecurity regarding exchange rates, volatile commodities prices and, in some cases, spontaneous changes in statutory conditions. We took a very detailed look at our national strategies in 2012 in order to do justice to these circumstances, and to leverage the potential the market still has to offer. Despite the difficult environment, we believe that there is growth potential for Hügli and are thus forecasting moderate growth.

Division Private Label

70.9

M. **SALES** IN 2012

In 33

COUNTRIES HÜGLI PRIVATE LABEL PRODUCTS ARE **PRESENT**

8 of 10

OF THE LARGEST **EUROPEAN RETAIL TRADE** CHAINS RELY ON HÜGLI

200'000'000 times each year

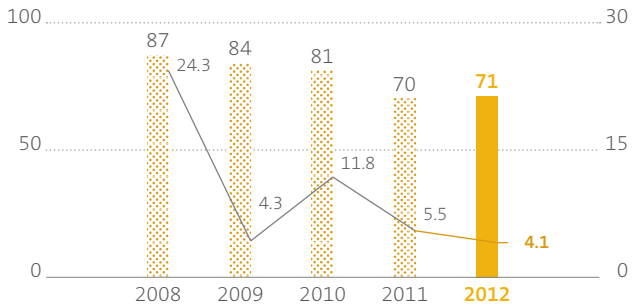
CUSTOMERS IN EUROPE CHOOSE A **HÜGLI PRODUCT**

Share of sales 2012

in million CHF

Development of sales/organic growth 2008–2012

in million CHF/in % (Development of sales/ organic growth)



The Private Label LEH division supplies retail organisations throughout Europe. The product range consists of soups, sauces and bouillons in various pack sizes. Ready-to-serve pasta and rice meals and desserts are also offered, and account for a growing share of sales. Private label means that our products are not sold as Hügli–brand products, but rather under the brand – the label – of the relevant name of the food retailer or under a so-called 'service brand' belonging to us such as "Radolf". The private label product range is mostly manufactured at three sites: in Radolfzell (Germany), Zasmuky (Czech Republic) and from 2011 also in Redditch (UK). High investments in the production of original Italian pasta sauces at Hügli's facility in Brivio are now also offering opportunities outside the various segments for our powdered products. All of our offers are coordinated to the needs of the specific customers and countries in close cooperation with our local product development departments.

Positive growth in 2012 ••• We had forecast growth in fiscal year 2012. And in fact the the Private Label division's revenues once again enjoyed very positive growth – up 4.1 % after growth of 5.5 % in 2011.
Growth continued to be driven by our relatively young business in the UK. However the positive growth also continued in Western Europe, in particular as we were able to penetrate new markets here in 2012 in the form of Scandinavia and also Southern Europe.

Increasing pressure due higher raw material costs ••• Revenues were only slightly down on the previous year in Eastern Europe. Here too, the increased costs of raw materials mean that we had to make adjustments to our selling prices, which were not accepted by some customers as a result of the particularly difficult situation with some competitors in the East.
Our Eastern Europe sales region offers our greatest potential for the future despite the heterogeneous market and competition structures, which is why we will continue to drive our efforts on these markets. On the product side, we have been able to expand our product range to include liquid sauces from Italy in Germany in particular, and also in Scandinavia, and these sauces also offer future growth potential for other markets.

Optimising workflows and the transfer of expertise ••• In 2013, we will focus on optimising workflows in this division, in order to increase our efficiency and thus our competitive ability as a result of improved cooperation, a better transfer of expertise, and more intensive coordination with other departments.
In terms of customers, we will continue to have to adjust our selling prices where we have not already done so, as the procurement costs have settled at a higher level, as was expected. In this regard, we must continue to maintain the balance between growing quantities and income.

Jörg Meyer
Head of Private Label/
Member of the
Group Executive Management

Division Brand Solutions

44.2

M. **SALES** IN 2012

8.0

PERCENTAGE **ORGANIC GROWTH** IN 2012

Contribution to growth

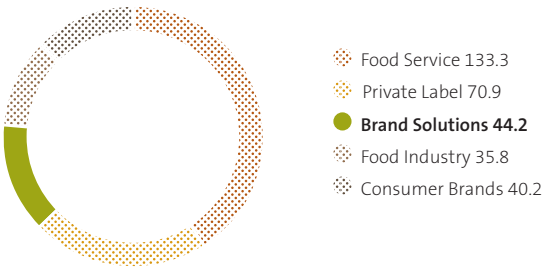
DYNAMIC GROWTH IN THE **ORGANIC** AND **HEALTH & NUTRITION** SECTOR

Customised solutions

EXTENSIVE **PORTFOLIO OF SERVICES**, CUSTOMISED SOLUTIONS

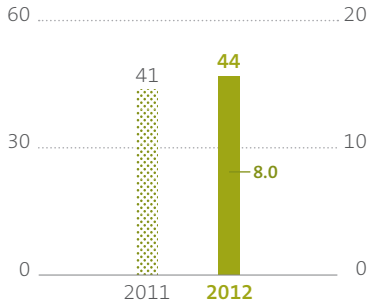
Share of sales 2012

in million CHF



Development of sales/ organic growth 2011–2012

in million CHF/in % (▒ ■ Development of sales/ — organic growth)



Brand Solutions – the division for sales and marketing companies. We offer an extensive portfolio of services for brand owners without their own production – from advice on new product lines, through to product development, support in package design, through to the finished product and the desired marketing support. Tailored to the customer's needs. We offer these services in all of Hügli's product categories and in the sales segments Weight Management, Balanced Nutrition and Sports Nutrition ("Health & Nutrition"), conventional products ("Classic") and organically grown products ("Organic"). We believe that we are the European market leader in the Organic segment.

Reached demanded targets 2012 ••• The Health & Nutrition and Organic segments in particular contributed to this growth. Whereas our Classic segment, which offers conventional products from our product range recorded reserved growth, our organic products segment continued to enjoy very positive growth. We were able to consistently increase our revenues with existing customers thanks to a large number of innovations. We have consistently further developed our traditional core product ranges of soups, sauces and bouillons, and have also implemented forward-looking new developments in the still-young product groups for the organic segment such as tomato sauce and innovative convenience foods, allowing us to further reinforce our position on the organic market.

Highly dynamic growth in the Health & Nutrition sector ••• The positive and highly dynamic growth in the Health & Nutrition sector was a further component of the success of the Brand Solutions division in 2012, and made the greatest contribution to the division's growth. In the United Kingdom in particular, where we already have a strong market position, we were able to acquire a large number of new customers. We were also able to further establish Hügli on the continent as a provider of Weight Management products and implement successful projects.

Targets remain ambitious ••• We believe that there will also be high single digit growth rates for Brand Solutions in the coming years. Both the market for organically produced foods and also the segments in the Health & Nutrition sector will continue to grow faster than the overall market. At the same time, needs for controlled quality, higher safety, and credible manufacturer competence are increasing, while still offering culinary delights. Hügli's strengths are in combining these market requirements, and the team in the Brand Solutions division is professionally oriented to the specific needs of its sales and marketing customers.

Endrik Dallmann
Head of Brand Solutions and Food Industry/ Member of the Group Executive Management

Division Food Industry

35.8

M. **SALES** IN 2012

Market presence

MAINLY ACTING IN THE COUNTRIES **SWITZERLAND**, **GERMANY** AND THE **UK**

Customer groups

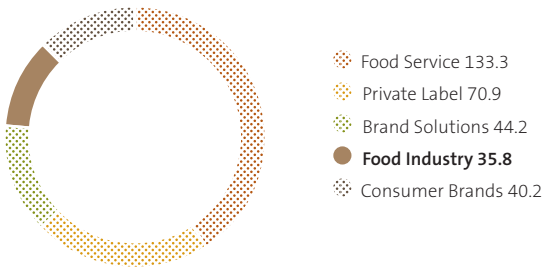
GLOBAL GROUPS IN THE **FOODSTUFFS INDUSTRY**/ SMALL AND MEDIUM-SIZED MANUFACTURERS

Outsourcing services

RELIABLE PARTNER FOR **OUTSOURCED MIXING SERVICES**

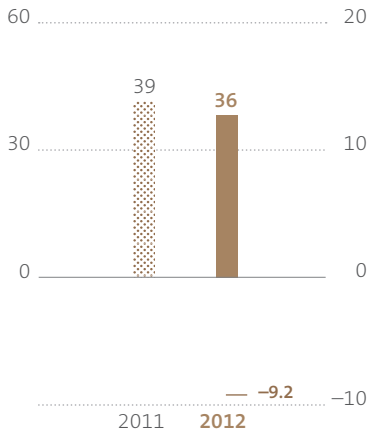
Share of sales 2012

in million CHF



Development of sales/ organic growth 2011–2012

in million CHF/in % (▒ ■ Development of sales/ — organic growth)



Customers in the Food Industry division are global groups in the foodstuffs industry as well as small and medium-sized manufacturers in our industries. They buy customised services from Hügli in the form of consumer packs using their brands for the retail segment in the product categories soups, sauces, bouillons, convenience foods, desserts, dressings, tomato sauces and Health & Nutrition. In addition we supply our customers with top-quality flavorings for further processing (ingredients) and we are a reliable partner for outsourced mixing services.

Not possible to reach ambitious growth targets in this area in 2012 ••• We had to accept a substantial slump in revenues of –9.2 % in the Food Industry division, which was caused by delistings for individual brands that we supplied, in particular in UK and German retail, and also by negative growth in the Ingredients segment. This slump was due to rapidly changing consumer behavior with regard to the composition of convenience foods – demand shifted sharply in favor of products with exclusively natural ingredients – and also from the downturn in export business for our Swiss customers as a result of the strong Swiss franc. In the regional segment of Switzerland, we are traditionally a strong provider of ingredients, and as a result this also impacts our total results.

Positive growth in Snack Seasonings ••• The positive growth in Snack Seasonings, a strategic segment for the Ingredients product group, was not able to have a major impact on the total results. In 2012 we established Hügli as a competent supplier for Snack Seasonings outside the German-speaking markets. We were able to enthuse new customers for our seasonings with innovative products, high-speed reactions, and excellent product quality.

We follow current market developments for both consumer packs and also for ingredients ••• In 2012 we also made extensive investments in developing natural flavorings. We have been able to use the resulting products, some of which have received a very positive reception on the market, in this division and also in other divisions. In our Snack Seasonings and Health & Nutrition segments we are currently working on more innovative creations, and are consistently implementing new customer requirements. Hügli's historic culinary competence means that our developments also receive the highest sensory recognition in all areas.

Opportunities for growth for Hügli ••• As a result of the consistent further development of our strengths: speed, flexibility, technology and culinary prowess, we also continue to have clear competitive advantages and can offer additional benefits to our industrial customers, and the Food Industry division is professionally geared to these customers' requirements.

Endrik Dallmann
Head of Brand Solutions and Food Industry/ Member of the Group Executive Management

Division Consumer Brands

40.2

M. **SALES** IN 2012

Brands

HEIRLER, CENOVIS, NEUCO, NATUR COMPAGNIE, ERNTESEGEN, TELLOFIX AND **OSCHO**

Markets

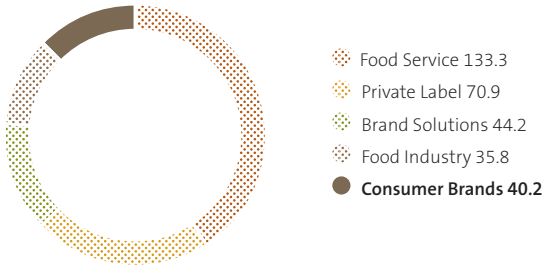
NATURAL FOOD STORES, ORGANIC FOOD STORES, **RETAIL TRADE ORGANISATIONS**, DIRECT SALES

Answers to nutrition trends

GLUTEN – AND LACTOSEFREE PRODUCTS, **SUBSTITUTES TO MEAT PRODUCTS,** MOSTLY OF **ORGANIC QUALITY**

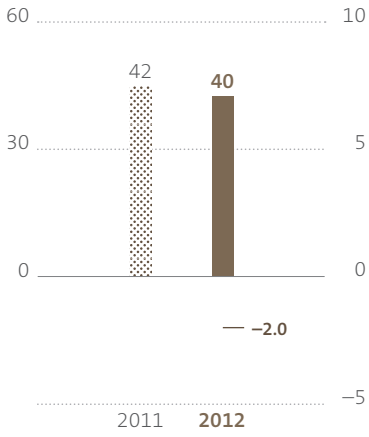
Share of sales 2012

in million CHF



Development of sales/ organic growth 2011–2012

in million CHF/in % (▒ ■ Development of sales/ — organic growth)



The division Consumer Brands exclusively sells Hügli's own brands in end-consumer containers via various sales channels in Europe, focusing on Germany. We use the Heirler, Cenovis, Erntesegen and Natur Compagnie brands, mostly to serve the specialist trade and also increasingly the grocery retail sector. The Tellofix and Oscho brands are primarily sold via merchants specialising in direct sales, and also via mail order.

Markets in transition ••• The relevant specialist segment comprises natural food stores and organic food stores. Growth in these store types has differed greatly over the past few years: natural food stores are continuing to loose volume, with organic food stores regularly recording growth rates. We took this market development into account by opening up the Heirler and Cenovis brands, which were originally reserved for natural food stores, for sale in organic food stores and, more recently, also the retail segment.
In Hügli's core product range of soups, sauces and bouillons, this division, with its Cenovis, Erntesegen and Natur Compagnie brands, leads the market in specialist trade, and its sales growth parallels the total market. In the fresh foods sector, mostly with the Heirler brand, our product range of alternative meat products is becoming increasingly important in all sales channels.
Our direct business with a strong focus on the rural, southern German region and the Tellofix brand, and a key focus on bouillons in cans, has been very stable for years. The Oscho brand is sold via our own mail order business throughout Germany via an online shop.

Slight decreases in sales ••• In 2012 the division had to record an organic revenue downturn of –2.0 % to CHF 40.2 million. This was mostly due to the downturn in the market for natural food stores mentioned above. In the coming years, we believe that other sales channels will increasingly compensate for this.

Alexander Moosmann
Head of Consumer Brands/
Member of the
Group Executive Management

High-performance machines for the production

Efficient production locations are fundamental requirements for successful growth and profitability. Minimal staff use per production line with the greatest possible level of employee qualification allows flexible staff deployment and is thus the fundamental requirement for a production unit to react efficiently to fluctuations in sales figures. IT systems support multilocation benchmarking and constant improvement process.

Dirk Balzer
Head of Manufacturing/ Member of the Group Executive Management

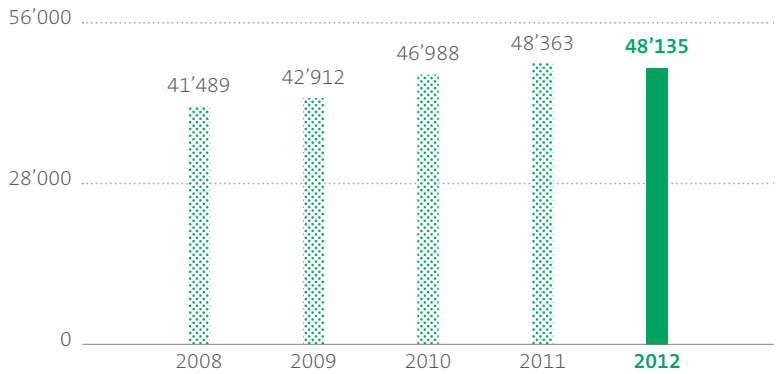
Networking of production sites ••• Investments were made in buildings over the past few years. These had become necessary and were needed for a state-of-the-art infrastructure and growth. We have now invested in state-of-the-art production machinery in all of our locations. These machines help to ensure the leanest possible production organisation and the lowest possible production costs. We thus want to fulfill our claim to cost leadership in production. Our claim is not to make customer or project-related investments with a corresponding risk of default, but to make flexible investments in machinery and equipment which can thus be used over the long term. In addition, our production facilities are networked at a machine level, in order to perform internal benchmarking and thus to be able to use potential for improvement quickly. We aim for active and open communication between the plants, in order to be able to transfer best practice knowledge fast.

The same or similar technical equipment also allows us to make ideal use of our production locations depending on cost structure, capacity utilisation and logistics aspects. As a result, in the coming years we ill increasingly use the flexibility offered by the locations to exploit cost potential for the group. In this respect, the focus is less on a one-dimensional specialisation, for example by customer segments or technologies, but rather on a flexible, multi-dimensional and situation-based location decision. This is clearest to see in the way we are currently using our the Italian plant for all of our divisions and sales countries. Other production facilities have mostly been of local importance to date during the manufacturing process, but are mostly identical and are thus interchangeable.

Current developments, such as robot systems, low-cross contamination or cross-contamination free production methods and sustainability aspects are reviewed on an ongoing basis and are including our investment projects. We believe that, based on the investments mentioned and our intern tional improvement projects, that we will be able to substantially improve productivity in all of our production locations.

Production tonnage 2008–2012

in tons



13.8

M. CHF **INVESTMENTS** IN A MODERN AND COMPETITIVE MACHINERY IN ALL SITES

Automation

AND FLEXIBILITY, **ROBOT SYSTEMS AND HIGH-PERFORMANCE MACHINES** WITH LOW REFIT AND EQUIPPING TIMES

MES-Systems

RECORDING MACHINE AND OPERATING DATA, **INTERNATIONAL BENCHMARKING**

Business development of the Segments

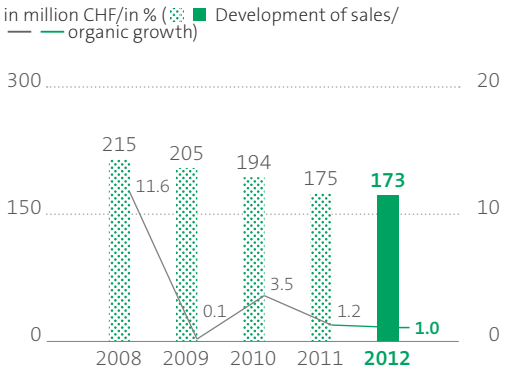
••• Segment Germany

The Germany segment comprises the group's largest production location in Radolfzell with Plants 1 and 2 as well as the production location in Neuburg an der Kammel.

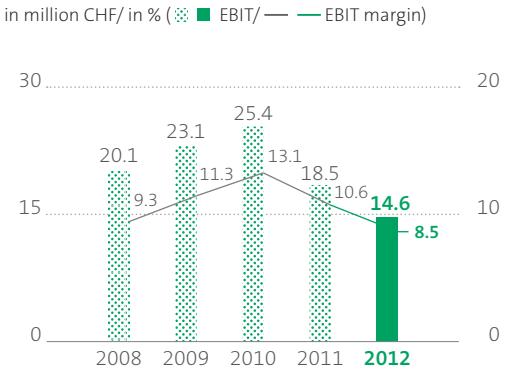
Business Development Germany

	Unit	2012	2011	Variance in %
Sales	m. CHF	172.6	175.0	–1.3
EBIT	m. CHF	14.6	18.5	–21.1
EBIT margin	%	8.5	10.6	
Number of employees (full-time positions)	FTE	586	592	–1.0
Investments	m. CHF	5.4	12.9	–58.5

Development of sales/organic growth 2008–2012



EBIT/EBIT margin 2008–2012



See page 46| Segment Reporting

Radolfzell produces products for all five divisions. The focus is on large-series production of soups, sauces and convenience foods in small packages for the Private Label division. This requires highly efficient and automated production, accomplished with similarly qualified staff and ultra-modern factory equipment. A further facility, Neuburg an der Kammel, specialises in filling cans.

Loss in profitability ••• Compared to the previous year, revenues in this segment were up by +1.0 % in local currency. The Private Label division recorded by far the highest revenue growth, followed by the Food Service division. The Brand Solutions division closed the year practically on a par with the previous year. There were slightly lower revenues in the Consumer Brands division and, to a greater extent, in the Food Industry division. Marketing and selling expenses were kept stable as a proportion of revenues. Staff numbers in Germany fell slightly year-on-year to 586 FTEs.

Once again, the continued cost increases for raw materials and packaging had a negative impact in 2012. It was only possible to conditionally pass on the requisite increases in selling prices, or only at a delay, which led to a reduction in the gross margin. We were able to cut production costs slightly compared to revenues despite wage increases due to collective agreements. This was due to factors including the constant continuation of rationalisation investments and further improvements to workflows.

The downturn in the EBIT margin from a high 10.6 % to 8.5 % is mostly due to the higher prices for raw materials mentioned above.

In addition to the standard replacement investments, we also invested in further automating our packaging lines. Total investments amounted to CHF 5.4 million (previous year: CHF 12.9).

••• Segment Switzerland/Rest of Western Europe

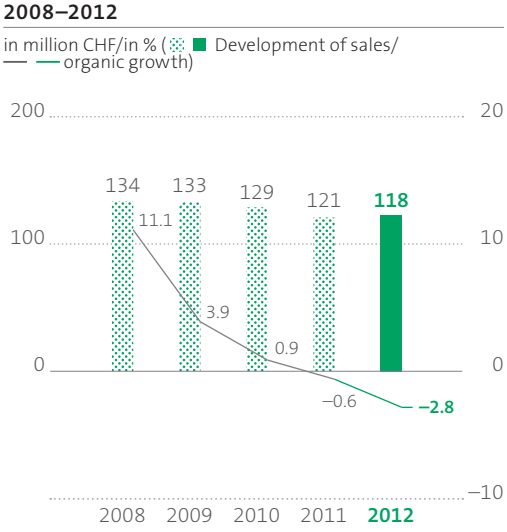
The Switzerland/Rest of Western Europe segment groups together the four countries of Switzerland, Austria, Italy and the UK.

Business Development Switzerland/Rest of Western Europe

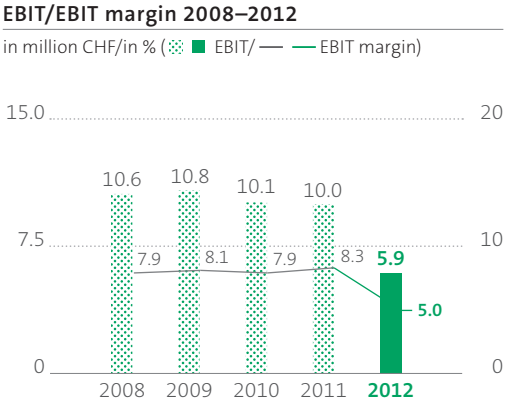
	Unit	2012	2011	Variance in %
Sales	m. CHF	117.8	120.7	–2.4
EBIT	m. CHF	5.9	10.0	–40.7
EBIT margin	%	5.0	8.3	
Number of employees (full-time positions)	FTE	394	407	–3.2
Investments	m. CHF	7.5	6.1	24.0

See page 46/ Segment Reporting

Development of sales/organic growth 2008–2012



EBIT/EBIT margin 2008–2012



Switzerland production site ••• The production site in Switzerland has specialised both in small and medium-series production and in the production of "customised" mixed dried-food products. In addition to dried foods, there is state-of-the-art liquid production in St Gallen for salad dressings, dip sauces, etc.
The production site in Switzerland had to accept lower order quantities from food industry customers in some cases in 2012. These customers were also faced with sales problems. One of the reasons for this is the lower competitive ability in the export sector as a result of the unfavorable CHF/EUR exchange rate. As a result of the natural currency hedges (income and expenses in Euros in the same amount), which we have been specifically driving for years, the strong Swiss Franc did not otherwise have a major negative impact on this location's excellent profitability. There is a strong will to constantly improve processes (CIP), which also helps to permanently question the ratio of costs to earnings and to improve this. Investments were made, including in a mixing line and a state-of-the-art bottle filling line to further increase productivity and to offer our customers more flexibility. This resulted in slightly higher capital expenditure in Switzerland during the fiscal year. In summary, Switzerland has been making a substantial contribution to Hügli's positive results for years, and enjoys an excellent position despite challenging costs and exchange rates.

Italy production site ••• Our plant in Northern Italy can be broken down into two areas in terms of sales and production. It produces Italian specialities such as grilled vegetables, artichokes and mushrooms in oil, which are sold in all countries in our Food Service division, and also mostly tomato-based pasta sauces, which in turn are mostly sold in the Private Label and Brand Solutions divisions. Practically all market and customer requirements can be covered thanks to our flexible and versatile production and packing lines.
The continued strong economic crisis in Italy means that sales are increasingly being made using the Hügli Group's sales channels outside Italy, which supports this location. The fundamental reorientation and reorganisation of our Italian Food Service was driven in 2012, however it has not yet been fully completed. As a result of the positive growth and the enormous market potential for liquid pasta sauces, during the past year we invested in new equipment to enhance rationalisation. This has further improved our competitive position. Further investments are planned to convert this facility in 2013. In particular as a result of the slump in domestic business, we once again have to report a very disappointing financial year 2012. The reorientation activities we have put in place, and the improvements in efficiency will lead to perceptible improvements in earnings with a time lag and thus from 2014.

United Kingdom production site ••• Our production site in Redditch specialises in the manufacturing of mixed dried-food products in the area of 'Health & Nutrition', namely dietary supplements, sport and slimming foods and instant drinks. We cover a broad range of production-related services, making the site a proven and approved partner for the foodstuffs and pharmaceutical industry. We recorded very positive growth in the United Kingdom. This was bolstered by the Brand Solutions and Private Label sales channels, which enjoyed very positive growth there. Numerous customer projects and also the acquisition of new customers have due to launching costs not unfurled its full impact in our 2012 income statement. The activities put in place to increase productivity have improved our costs/earnings situation. The level of capital expenditure in the United Kingdom remained practically unchanged year-on-year. In addition to IT and infrastructure we invested in modernising our mixing and filling lines.

••• Segment Eastern Europe

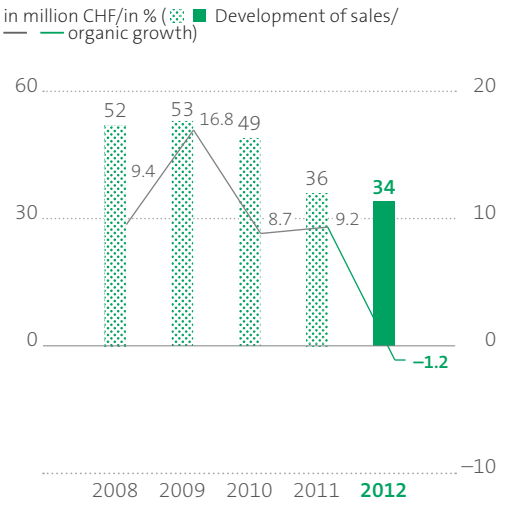
See page 46| Segment Reporting

Eastern Europe, Hügli caters for the Food Service and Private Label markets in the Czech Republic, Poland, Slovakia and Hungary. Production in Eastern Europe is performed at the Czech facility in Zasmuky, which supplies the group's own sales subsidiaries.

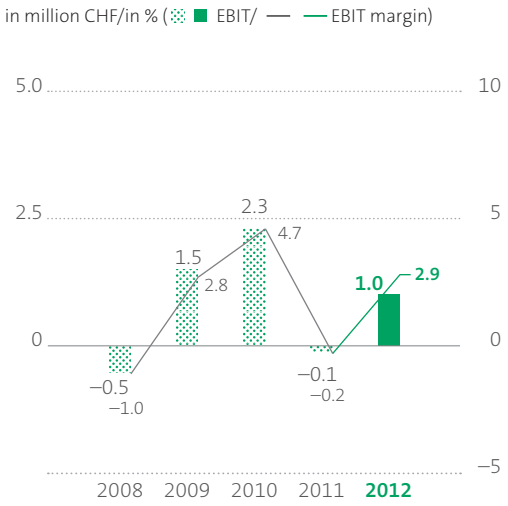
Business Development Eastern Europe

	Unit	2012	2011	Variance in %
Sales	m. CHF	34.4	36.4	–5.6
EBIT	m. CHF	1.0	–0.1	n.a.
EBIT margin	%	2.9	–0.2	
Number of employees (full-time positions)	FTE	272	299	–9.0
Investments	m. CHF	0.9	1.7	–49.7

Development of sales/organic growth 2008–2012



EBIT/EBIT margin 2008–2012



Positive development in Eastern Europe ••• During the past financial year, revenues totaled CHF 34.4 million, which corresponds to an organic downturn in revenues of –1.2 %, after excellent growth of 9.2 % in the previous year. The cost-cutting activities initiated in 2011, in particular in production in Zasmuky (lean project) now brought fruit, and this is reflected in improved earnings compared to the previous year. The number of employees was cut by 27 to 272 FTEs. As a result, we were able to depart from the previous year's negative EBIT, which was also depressed by one-off factors, to record an EBIT margin of 2.9 %. After very high investments in previous years, in 2012 capital expenditure totaled CHF 0.9 million. As a result of the continued very difficult and competitive market in Eastern Europe and further corrections to the product range in the core business of soups, sauces and bouillons, we are forecasting relatively stable revenues in the coming year. Further improvements to efficiency mean that we are forecasting a further improvement in our operating results in 2013.

Corporate Governance

Hügli attaches great value to maintaining a good and responsible corporate governance. The Group acknowledges its economic and social responsibility. High transparency contributes to strengthening the stakeholders' – shareholders, investors, staff and business partners – trust in the company and its management. Our corporate governance rests on clearly laid out structures, precisely allocated areas of responsibility, efficient decision processes and appropriate control routines.

The following report is in line with the Corporate Governance Directive of SIX Swiss Exchange. If not mentioned differently, the information reflects the situation on 31 December 2012.

••• 1. Group Structure and Shareholders

Group Structure ••• The Hügli Group consists of one single business unit with the operating area that develops, produces and distributes dry blended food products, liquid sauces and Italian specialities. The segmentation is based on the geographic responsibilities relating to production sites and their associated distribution companies. The country segment Germany covers all associated German companies, the country segment Switzerland/Rest of Western Europe includes the companies in Switzerland, Austria, United Kingdom and Italy, and the country segment Eastern Europe comprises the companies in Czech Republic, Slovakia, Poland and Hungary.

See page 72| Group companies

In addition, cross-national sales organisations/divisions were created, reflecting the customer segments of the Hügli Group. These sales divisions mainly focus on customer needs and are responsible for a dynamic sales development as well as the optimal organisation of the area of marketing and sales. With regard to this area, the Hügli Group has adopted a matrix organisation. The Food Service Division covers the "Out of Home Market" with sales to hotels, restaurants, institutions such as corporate canteens, hospitals, residential homes and other caterers. The Private Label Division LEH supplies big European retail trade organisations, primarily discounters and consumer markets, with products sold under their own labels. The Brand Solutions Division produces for customers with own marketing and sales organisations consumer packages under their own brands. The Food Industry Division specialises in the sale of semi-finished and finished products to the European food industry. The Consumer Brands Division sells Hügli's own brands such as Heirler, Cenovis, Neuco, Natur Compagnie or Erntesegen to health food stores, natural food as well a to the food retail trade. The Tellofix and and Oscho brands are sold via various distribution channnels directly to end customer.

The only listed company in the scope of consolidation is Hügli Holding AG, 9323 Steinach, Switzerland. Its bearer shares are listed on the SIX Swiss Exchange in Zurich (security no. 464795). On 31 December 2012, the closing price for the Hügli bearer share was CHF 500, corresponding to a market capitalisation of CHF 243 million. Of this total, CHF 140 million are represented by the stock capitalisation of the listed bearer shares and CHF 103 million by unlisted registered shares.

Major Shareholders •••

- Dr A. Stoffel Holding AG/Dr A. Stoffel, 9320 Arbon, Switzerland:
  38'439 bearer shares with a par value of CHF 1.00 each (13.7 % of bearer share capital)
  410'000 registered shares with a par value of CHF 0.50 each (100 % of the registered share capital) 65.0 % of the voting rights, equivalent to 50.2 % of the share capital
- Hügli Holding AG, CH-9323 Steinach, Switzerland (own shares):
  5'254 bearer shares with a par value of CHF 1.00 each (1.9 % of bearer share capital)
  0.8 % of voting rights, equivalent to 1.1 % of the share capital
- Free Float:
  236'307 bearer shares with a par value of CHF 1.00 each (84.4 % of bearer share capital)
  34.2 % of voting rights, equivalent to 48.7 % of the share capital

Cross-Shareholdings ••• There are no cross-shareholdings.

••• 2. Share Capital Structure

The share capital is divided into:

Share capital	**2012**
in CHF	
280'000 bearer shares with a par value of CHF 1.00 each (listed)	280'000
410'000 registered shares with a par value of CHF 0.50 each (not listed)	205'000
Total share capital	**485'000**

Each share grants one vote at the General Meeting of shareholders. The dividend entitlement of all the registered and bearer shares is calculated in proportion to their par value. There is no conditional or approved capital and there are no certificates of profit participation or of dividend rights.
There are no limitations on transferability and no special provisions relating to nominee entries.
There are no convertible loans and no options on shareholding rights outstanding at present.

Development of shareholders' equity of Hügli Holding AG in the last three financial years:

Shareholders' equity	**Change**	**31.12.2012**	**31.12.2011**	**31.12.2010**
in CHF	in %			
Share capital	0.0	485'000	485'000	485'000
Reserves	20.1	97'709'356	81'378'575	71'334'118
Profit carried forward	–5.7	31'346'016	33'251'762	27'157'729
Total equity	**12.5**	**129'540'372**	**115'115'337**	**98'976'847**

••• 3. Board of Directors

Members of the Board of Directors

Dr Jean Gérard Villot ••• born 1952, a French national, Chairman of the Board of Directors since 2011. He was elected to the Board of Directors of Hügli Holding AG at the General Meeting in May 2002. From 2003 until 2010, he was Vice President of the Board as well as CEO and Chairman of the Group Executive Management. Apart from his function as Chairman of the Board of Directors, Jean Villot is responsible for the coordination of investments within the Hügli Group as well as for acquisitions. He completed a doctorate at the University of Strasbourg and after holding various positions in the industry, he worked as a management consultant, most recently as director of corporate consulting and member of executive management of Prognos AG, Basel. He joined Hügli in 1990 and was in charge of Hügli Switzerland until 1996, after which he was responsible for Hügli Germany until the end of 2002.

Dr Ida Hardegger ••• born 1957, a Swiss national, member of the Board of Directors for Hügli Holding AG since 2012. After acquiring the teaching diploma and studying at the University of St. Gallen, she worked as a personal assistant for former Federal Councillor Dr. Kurt Furgler. Subsequently she became General Legal Counsel of NUEVA Group before joining the Executive Management of both Denner AG and Denner Group and assuming the position of Head of Marketing. After taking on responsibility for several projects abroad, she was appointed CEO of Orell Füssli Book Publishing Group, worked in the Group management of OF Holding and in the Executive Management of Valora Group. She has been self-employed since 2006. She has graduated from the Law School at the University of St. Gallen (Ph. D. in Law), is a lawyer and has attended courses of further education at, among other institutions, INSEAD at Fontainebleau and at Columbia University.

Fritz Höchner ••• born 1941, a Swiss national, member of the Board of Directors of Hügli Holding AG since 1991. He completed his education with a commercial diploma from the Cantonal School of Trogen. After a number of internships, he took over the administrative management of a large farm in Argentina in 1961. From 1964, Fritz Höchner worked in the textile industry. In 1968, he moved to the banking sector, became an authorised signatory of American Express Zurich and from 1971 to 2001 was responsible for all the Spanish-speaking countries in the Private Banking Division of Credit Suisse Zurich.

Dr Christoph Lechner ••• born 1967, a German and Swiss national, member of the Board of Directors of Hügli Holding AG since 2001. After his degree in national economy (USA) and business administration (Germany), he received his doctorate and professorship in economics at the University of St. Gallen. Between 1987 and 1995, he worked in various functions for Deutsche Bank Group. He was Guest professor at the University of Connecticut (USA) in 2002/2003 and the Wharton School at the University of Pennsylvania. Since 2004, he has been a professor for Strategic Management at the University of St. Gallen as well as Chairman of the Directorate of its Institute of Business Administration (IfB). He is a member of the Board of Directors of Helvetia Holding AG.

Dr Ernst Lienhard ••• born 1946, a Swiss national, member of the Board of Directors for Hügli Holding AG since 2001. He completed his studies at the University of St. Gallen in 1976 with a doctorate in economics. Ernst Lienhard joined Credit Suisse Zurich in 1972. After serving abroad in Paris, Peru, New York and the Bahamas, he was appointed head of commerce in Zurich and became Managing Director Swiss Corporates in 1997. Ernst Lienhard retired in 2004. He is a member of the Board of Directors of Dätwyler Holding AG as well as of other Swiss family-owned companies.

Dr Alexander Stoffel ••• born 1928, a Swiss national. Mr Stoffel retired as Chairman of the Board of Directors of Hügli Holding AG on 31 December 2010. He had held this position since 1966. Since January 2011, he has been a full member of the Board of Directors. He graduated from the University of St. Gallen in 1956 with a doctorate in economics. In the same year, he took over the management of Hügli Nährmittel AG, a family business with sales then totalling around CHF 1 million. In the course of the rapid expansion of Hügli, Alexander Stoffel successively held practically all the management functions, except for technical plant management, at Hügli Switzerland and in the subsidiary companies subsequently formed in Austria and Germany. Hügli Holding AG was established in 1966, at which time Alexander Stoffel became its chairman. On 31. 12. 2002, he retired as Chairman of the Group Executive Management.

All members of the Board of Directors, with the exception of Jean Gérard Villot, are non-executive.

Dr Jean Gérard Villot

Dr Ida Hardegger

Fritz Höchner

Dr Christoph Lechner

Dr Ernst Lienhard

Dr Alexander Stoffel

see page 27| Major Shareholders

Material Interests/Cross-Shareholdings ••• Ernst Lienhard was a member of the executive management of a bank providing important services to Hügli (CS Zurich) until 2004. Christoph Lechner advises Hügli on strategic matters relating to special projects. The other non-executive members have no significant business relations with the Hügli Group. Alexander Stoffel is the majority shareholder of Hügli Holding AG through a family holding company.
There are no cross-shareholding interests with reciprocal positions on the Board of Directors of listed (or unlisted) companies.

Election and Term of Office ••• The members of the Board of Directors are elected by the General Meeting for a three-year term of office. The period between one General Meeting and the next is regarded as a year of office. There is no limitation on the term of office. At the General Meeting 2010, Fritz Höchner, Dr Christoph Lechner, Dr Ernst Lienhard and Dr Alexander Stoffel were re-elected in individual elections for a further term of office until 2013, all with a very large majority. The General Meeting 2011 also elected Dr Jean Gérard Villot for a three-year term until 2014. The Special Council of holders of bearer shares elected Dr Ernst Lienhard as representative of the holders of bearer shares in line with article 709 OR (Swiss Code of Obligations) for the current term of office until 2013. This election took place at the General Meeting 2011.

	Since	Term began	Term expires
Dr Jean Gérard Villot	2002	GM 2011	GM 2014
Dr Ida Hardegger	2012	GM 2012	GM 2015
Fritz Höchner	1991	GM 2010	GM 2013
Dr Christoph Lechner	2001	GM 2010	GM 2013
Dr Ernst Lienhard	2001	GM 2010	GM 2013
Dr Alexander Stoffel	1966	GM 2010	GM 2013

Internal Organisation ••• The Chairman, Jean Villot, is responsible for preparing the meetings of the Board of Directors and for coordinating its work. He is primarily concerned with strategic issues, long-term investment planning and the evaluation of acquisitions. He works closely with the Chairman of the Group Executive Management (CEO), whom he supervises directly. Christoph Lechner evaluates the planned and implemented measures from a strategic perspective and against the background of scientific findings. Alexander Stoffel and Jean Villot are contributing their extensive experience and expertise gained throughout their professional activities in the food industry. Ida Hardegger evaluates legal issues and contributes her expertise on the food industry and retail trade. Fritz Höchner and Ernst Lienhard are the financial experts on the Board of Directors. They assess measures in consideration of the financial risk management.
The Board of Directors has decided not to set up any board committees for the time being. Because of its small size, the Board performs the necessary tasks under the joint responsibility of all its members. In the event of possible conflicts of interest (e. g. establishment of compensation for the Group Executive Management), the members concerned withdraw from the meeting.
The Board of Directors meets according to business requirements, normally five to six times a year for an entire day. Each member may ask the Chairman to call an immediate meeting, stating the reasons for his request. In the reporting year, the Board of Directors held five all-day meetings as well as a three-day management meeting with the Group's executive staff.

Division of Powers ••• The division of responsibilities between the Board of Directors and Group Executive Management are defined in the organisational regulations of those bodies. The main points are as follows: The Board has delegated the coordination of the Board and the Group Executive Management to its Chairman Jean Villot. The operative Executive Management of the Group is the responsibility of CEO Thomas Bodenmann.

In addition to the seven tasks, which are reserved exclusively for the Board of Directors by article 716a OR (Swiss Code of Obligations), and partly for the performance of those tasks, the Board has reserved the following powers for itself:

- approval of the overall Group strategy and divisional strategies
- approval of the budgets according to the rolling three-year plan, and verification of compliance with the budget figures
- approval of all acquisitions and sales of companies, together with the cessation of existing business areas and the entry into new areas
- the implementation of a risk assessment, which includes the operability of the internal control system
- appointment and dismissal of members of the Group Executive Management and the national managers, and establishment of their compensation
- As it bears ultimate responsibility for the company, the Board of Directors may operate in all business areas of the company if it regards that as necessary for the proper performance of its tasks. However, it takes care not to intervene in areas of delegated, operational responsibility if there is no necessity.

Information and Controlling Instruments ••• The internal Management Information System (MIS) prepared for the Board of Directors includes the consolidated income and balance sheet figures of the Group and the country segments as well as commentaries thereto. Furthermore, a Group contribution margin statement of the sales divisions, broken down by customer segments, is prepared. A written copy of the MIS is provided to each Board member. The monthly reporting contains sales figures and gross margins of the international subsidiaries and the sales divisions including variance analyses regarding the previous year and budget as well as commentaries on the current course of business. A widespread overview of the Hügli Group and the geographical segments (income statement, balance sheet, statement of changes in equity, cash flow statement) as well as a consolidated division reporting of the cross-national sales organisations and customer segment based subunits are prepared quarterly with a focus on Group contribution margins of sales and marketing. This reporting contains variance analyses regarding the previous year and budget. Moreover, the Board receives forecasts of the expected yearly figures. Once a year, a three-year rolling strategic plan is realised.
At the meetings of the Board of Directors, the Chairman of the Group Executive Management presents and comments on the course of business and important topics. Depending on the agenda item (budget, yearly financial statements, projects) the other members of the Group Executive Management also present information on specific topics.
The Chairman of the Board of Directors and the Chairman of the Group Executive Management inform and consult each other regularly on all important business matters. The Chairman consults with country and division management, and visits corporate subsidiaries to see for himself how their operations are run and how they are implementing the Group strategy. The entire Board attends the annual three-day management meeting of the Group's executive staff and obtains direct and detailed information about current strategic and operating projects, and achieved goals.
The external auditors provide the Board with audit reports and management letters of the Group as well as those of important Group subsidiaries. Aside from the Hügli Holding AG auditor, external auditors are once a year commissioned to give a presentation in a Board meeting and participate in a consultation with the Board of Directors. Further, specific internal audit reports on behalf of the Board are included in the internal audit.
The Board of Directors and the Group Executive Management attach considerable importance to careful handling of strategic, financial and operative risks. The controlling of risk management procedures and the continuous updating of risk identification are carried out through periodic meetings with department heads and managers performing Group functions. Significant changes are subject to in-depth analysis and assessed in compliance with the Group-wide risk management.

••• 4. Group Executive Management

The responsibilities, working method and delimitation of powers from those of the Board of Directors are set out in the organisational regulations of the Group Executive Management. The Group Executive Management is the senior operational management body of the Hügli Group. It reports to the Board of Directors, and it consists of seven members. No member of the Group Executive Management has any other important engagements or material commitments. Hügli Holding AG and its subsidiary companies have not concluded any management agreements with third parties.

Members of the Group Executive Management

Thomas Bodenmann ••• born 1962, a Swiss national, has been the Chairman of Group Executive Management (CEO) since 2011. He had been elected to the Group Executive Management in 2001, at which time he was Head of the Food Service Division. He graduated from the Department of Business Administration at St Gallen University of Applied Sciences with a degree in business administration and completed various courses of further education at the University of St. Gallen and at Harvard Business School in Boston, USA. After having worked in a number of positions in the industry, he became the manager for Sales Switzerland at Benckiser (Schweiz) AG in Winterthur, holding the position until 1995. Bodenmann joined Hügli Switzerland in 1995 as export manager and member of the Executive Management of Hügli Switzerland. From 1997 to 2010 he was the Managing Director of Hügli Switzerland and from 1999 to 2010 also of Hügli Austria.

Dirk Balzer ••• born 1970, a German national, as Head of Manufacturing he has been a member of the Group Executive Management since 2011. He graduated as food engineer from the University of Stuttgart-Hohenheim, Germany, and began his professional career in the field of process engineering at Nestlé Germany AG. After having held various further positions in the area of productions at Maggi GmbH, Dirk Balzer joined the Hügli Group and has since 2001 been heading production at Hügli's biggest site in Radolfzell. Aside from this function, Dirk Balzer took on responsibility for the coordination of production sites of the Group in 2008.

Endrik Dallmann ••• born 1968, a German national, has been a member of the Group Executive Management and Head of the Key-Account Divisions Brand Solutions and Food Industry since 1 July 2011. The graduate in business administration (VWA) studied law and economics at the universities of Köln and Konstanz (without graduating). He joined Hügli Radolfzell in 1994 and managed various operating projects. From 2005, he was Managing Director of the German Hügli subsidiaries Inter-Planing GmbH and Oscho GmbH. Mr Dallmann will take over as deputy managing director of Hügli Germany on 1 January 2013 and will be in full responsibility from 1 January 2014.

Manfred Jablowski ••• born 1964, a German national, has been a member of the Group Executive Management and Head of the Food Service Division since 1 July 2011. After having graduated as an engineer in food technology, he held various management positions in sales in the course of 20 years. He gathered comprehensive experience in the area of Food Service at ETO/Dr Oetker, where he worked as Head of Key Accounts from 2001. In 2006, he became responsible for Hügli's largest Food Service country organisation in Germany.

Jörg Meyer ••• born 1963, a German national, has been a member of Group Executive Management and Head of the Private Label Division since November 2012. After acquiring a degree in economics from the Bochum University of Applied Sciences, he worked as Head of Marketing and as Head of Sales for different international food corporations in Germany for more than 20 years. In his latest position, as Managing Director of a Danish food producing group, an important Private Label supplier of the European food retail trade, he carried full responsibility for marketing and sales.

Alexander Moosmann ••• born 1950, a German national, has been a member of the Group Executive Management since 2001. He is in charge of the Consumer Brands Division and Managing Director of Hügli Germany. Moosmann studied economics, management and law at the University of Giessen (without graduating). He held various positions in the industry before becoming marketing and sales manager at Hellma Gastronomie Service in Germany. In 1988, he joined Hügli as Head of Food Service Germany and in addition, he was appointed Head of the sales division. Alexander Moosmann will take early retirement on 31 December 2013.

Andreas Seibold ••• born 1964, a Swiss national, became Chief Financial Officer and member of the Group Executive Management in 2004. After studying economics at the University of Zurich (lic. oec. publ.), he went on to qualify as a chartered accountant at the Swiss Institute of Certified Accountants, while maintaining his professional employment. Having worked for many years as an auditor with KPMG Zurich he moved to Sefar AG, Rüschlikon, as Head of Finance and Treasury and then to Sefar Holding AG as Head of Group Controlling. In addition to his function as CFO, he is responsible for Investor Relations.

Group Executive Management from the left:
Dirk Balzer | Endrik Dallmann | Alexander Moosmann | Andreas Seibold | Manfred Jablowski | Thomas Bodenmann | Jörg Meyer
supervised by: ***Chef cook Rolf Büchli***

••• 5. Compensations, Shareholding Interests and Loans

Content and Procedure for Fixing Compensation and Shareholding Programmes of Group Executive Management ••• The principles of the compensation policy are designed to provide simple and clearly structured salary systems that ensure fair remuneration and are transparent for the corporation's employees. Individual compensation is determined by the specifications of the position (complexity of the task, responsibility, technical and personal requirements), competencies, performance and the company's business success. In addition, it is tailored to easily accessible information on companies of comparable size and to characteristics of the labour market. The responsibility and decision-making power regarding the compensation of the Group Executive Management are held entirely by the Board of Directors. The criteria defined in the payment regulations remain valid for a number of years. They were last re-examined and adjusted in 2010. The fixed base salary is determined primarily by task, responsibility and qualification. The variable component of salary depends on attainment of organic business success. It is measured by two financial objectives: Contribution margin per supervised segment and group net profit. Members of Group Executive Management without responsibility for a segment (CEO, CFO, Head of Manufacturing) are assessed on the basis of Group net profit only. The variable component of salary as derived from contribution margin per segment is calculated as a part of the increase or decrease of contribution margin recorded since a fixed date in the past. The variable component of salary relating to Group net profit is derived from the reported Group net profit less a threshold value defined by the Board of Directors. Depending on the economic success of the supervised segment, the weighting within the variable component of salary ranges from 0 % to 67 %. Both components have no ceiling. The lower threshold is determined by contribution margin achieved in the past, or the fixed minimum Group net profit, respectively. If these thresholds are not reached, no variable component of salary will apply. The performance-related variable profit share should under normal conditions represent around 10 % to 40 % of the total salary. In the financial year, it ranged from 0 % to 22 %.

The non-executive members of the Board of Directors receive a fixed compensation; the Chairman receives an additional profit share, as defined for the CEO, based on Group profit minus the defined threshold. The responsibility and decision-making power regarding the compensation of the Board of Directors are held entirely by the Board. All compensation figures are decided annually. Members directly concerned (Chairman, Delegate) withdraw from the deliberations. Further, the members of Group Executive Management as well as the members of the Board may use a limited amount to buy shares of the company with a retention period of 3 years at a preferential price, which is 25 % below the market price. The Swiss members of the Group Executive Management are insured in the pension fund with their wages covered by the AHV; in addition and in accordance with the general regulation, the employer-savings premiums are covered. There are no additional regulations for the pension fund. Moreover, every member of the Group Executive Management is provided with a company car. The members of Group Executive Management are subject to the same expense regulations approved by the tax office as the other senior managers (expense regulations, additional regulations for lump-sum allowance). Former members of the Group Executive Management do not receive any remuneration. No separate severance compensation was paid.

Compensation of Serving Members of Corporate Bodies ••• Total compensation of CHF 3.445 million was paid to the members of the Group Executive Management (7 persons in all) in the financial year 2012. This amount consists of fixed components of a total CHF 3.206 million (salary, lump-sum allowances, pension plan, company car) as well as variable elements totalling CHF 0.239 million (variable compensation, stock ownership program).

A total of CHF 1.086 million was paid to the members of the Board of Directors (6 persons in all) in the financial year 2012. For the Chairman of the Board, total compensation was CHF 0.743 million, thereof CHF 0.684 million fixed components and CHF 0.059 million variable compensation.

Further details on the compensation and holdings of the Board of Directors and Group Executive Management in accordance with article 663b bis OR (Swiss Code of Obligations), are presented in the notes to the Financial Statements of Hügli Holding AG on page 69 of this annual report.

Compensation of Former Members of Corporate Bodies ••• No compensation was paid to former members of corporate bodies.

Allocation of Shares in the Year under Review ••• In the year under review, the members of the Group Executive Management purchased a total of 586 bearer shares on the stated preferential terms (CHF 425.00 per bearer share). In the year under review, the members of the Board of Directors purchased a total of 888 bearer shares on the stated preferential terms (CHF 392.25 per bearer share).

Share Ownership ••• All members of the Group Executive Management, and persons close to them, together hold 1'938 bearer shares.
The members of the Board of Directors, and persons close to them, together hold 42'119 bearer shares and 410'000 registered shares. This figure includes the 38'439 bearer shares and 410'000 registered shares, which are owned by the Dr A. Stoffel Holding AG/Dr A. Stoffel (see section 1, Major Shareholders).

Options ••• No options have ever been issued on shareholding rights in Hügli Holding AG, either to executive or to non-executive members of the Board of Directors or to members of the Group Executive Management.

Additional Fees and Remuneration ••• In the fiscal year 2012, no additional fees were paid to members of the Board of Directors or the Group Executive Management.

Loans to Members of Corporate Bodies ••• There are no loans, advances or credits outstanding with respect to members of the Board of Directors or the Group Executive Management, or to persons close to them.

Maximum Total Compensation ••• The maximum total compensation paid to a member of the Board of Directors in the financial year 2012 was CHF 0.743 million.

••• 6. Shareholders' Rights of Participation

There are no limitations on voting rights. Each share grants one vote.
There are no statutory quorum requirements.
There are no rules deviating from statutory provisions in respect of the convening of the General Meeting. Bearer shareholders' invitations are published in the official gazette. The registered shareholder is invited by letter at the address last provided to the Board of Directors.
The statutory rules relating to the placing of items on the agenda are less strict than the law. Shareholders representing shares with a par value of at least CHF 25'000 have the right to place an item on the agenda. The request listing the proposals is to be presented to the Board of Directors in writing and at least 60 days before the General Meeting of shareholders.

••• 7. Change of Control and Safeguarding Measures

Obligation of Purchase Offer ••• Under article 5 of the articles of incorporation, a bidder is only required to make a public purchase offer as specified in article 32 of BEHG (Swiss Federal law on stock exchanges and share trading), if he holds more than 49 % of the voting rights in the company (opting-up).

Change of Control Clauses ••• No such agreements exist with the members of the Board of Directors, the Group Executive Management or other executive staff. The notice period for members of Group Executive Management ranges from six to twelve months. They are entitled to receive salary and compensation based on earnings within this period.

••• 8. Statutory Auditors

Duration of Mandate and Term of Office of the Auditor in Charge ••• OBT AG, St. Gallen, Switzerland is the statutory auditor for Hügli Holding AG. This firm was appointed for the first time in 1962 as the statutory auditing company to Hügli Nährmittel AG and then as auditing company to Hügli Holding AG following its incorporation in 1966. The audit mandate runs for one year with the possibility of reappointment under article 19 of the articles of incorporation. The auditor in charge, Christian Siegfried, has held his position since the financial year 2007.

Audit Fees ••• In 2012, OBT AG, St. Gallen, invoiced the sum of CHF 0.103 million to Hügli Holding AG and its Swiss subsidiary companies for services provided in connection with the audit of the annual statement of accounts and consolidated accounts.
No additional fees were paid to OBT AG or to persons or companies affiliated to it.

Information Instruments of External Audit ••• The Board of Directors examines the audit reports of Hügli Holding AG, the Group audit and the management letters of the main subsidiary companies.
A workshop is held on the approval of the annual statement of accounts with the Group auditors and, where appropriate, with the auditors of individual subsidiary companies. At this meeting the commentary reports and important issues of the management letters – including the internal control system – are discussed in detail, and additional issues regarding the focal points of audit are clarified.
The Board of Directors evaluates the performance of the external audit on a regular basis and decides on the proposal to the General Meeting of Shareholders concerning the appointment of the external audit company.

••• 9. Information Policy

The Hügli Group cares for open and regular communication with shareholders, the capital market and the public. The CEO and the CFO are available as contacts for all issues concerning external communication. Hügli informs twice a year about the course of business and the financial situation by issuing an annual and a half-year report. Important businesses and events, which may have an impact on share price are published routinely (ad hoc publicity).

Key dates in 2013:

Sales report	29 January 2013
Media and analysts' conference (Annual Report 2012, Q1 Report 2013)	17 April 2013
General meeting	15 May 2013
ex-dividend date	17 May 2013
Dividend payment	23 May 2013
Half-Year Report 2013	20 August 2013

Further dates, reports and media releases can be found at http://ir.huegli.com

Responsible Manager for Investor Relations:
Andreas Seibold, CFO / Tel. +41 71 447 22 50 / andreas.seibold@huegli.com

One Group ••• Financial Reporting

324.8

M. CHF **SALES**.
THAT MEANS A DECLINE
BY –2.2 %

21.5

M. CHF **EBIT**; 6.6 % EBIT MARGIN

48.0

% **EQUTIY RATIO**

••• Content

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Financial report for the consolidated financial statements

Andreas Seibold
Chief Financial Officer/
Member of the Group
Executive Management

••• Steep decline in EBIT and profitability due to lacking growth and losses of gross margin

While the previous ten reporting periods had always seen organic growth rates, on average +5.4% each year, in the financial year 2012, a slight drop –0.6% was registered for the first time. Owing to an additional loss of gross margin, and despite cost reduction measures having been put in place, EBIT declined by –24.3% to CHF 21.5 million and group net profit by –22.9% to CHF 15.0 million.

Moderate drop in sales ••• Organic sales growth of –0.6% was achieved in 2012, including a small positive price effect of +0.8%. The necessary price increases could be implemented only partially and at a delay. The Private Label and Food Industry divisions reported particularly significant losses of gross margin in their business with major customers. Sales volume (incl. mix effect) dropped by –1.4%.

Different developments of the divisions ••• The sales divisions underwent very different developments in 2012. Whereas both key account divisions recorded good organic growth rates of +8.0% at the Brand Solutions division and +4.1% at the Private Label division, the other divisions had to cope with a considerable decline, the Food Industry division with a rate of –9.2%, the Food Service division with –2.8% and the Consumer Brands division with –2.0%. Among the geographical segments, only the Germany segment saw a positive development with organic growth of +1.0%. After having achieved very favourable growth of +9.2% in the previous year, the Eastern Europe segment reported a slight decline of –1.2% in the financial year 2012. Due in particular to the very adverse sales development in Italy, the Switzerland/Rest of Western Europe segment was also faced with a decrease of –2.8%.
In the reporting currency Swiss Franc, sales development overall recorded a drop of –2.2% to CHF 324.8 million. Alongside an organic decline of –0.6%, sales were again affected by a negative currency effect. In 2012, it amounted to approximately –1.6% on average.

Losses of gross margin ••• The steep increase of raw materials prices begun in the business year 2010 again had a massive impact on gross margin. The development of raw materials prices could not be passed on entirely to customers. Thus, after the gross margin's decline of –2.2 % points in the previous year, gross margin was again down by –1.2 % points in the financial year. Pushing merchandise with a high margin combined with the on-going launching of new and innovative own products was kept up consistently; as were the cross-site optimisation of procurement and the foresightful and pro-active stockpiling of raw materials and goods. Although the Food Price Index has remained stable at a high level, we must continue adapting sales prices of products with weak margins.

Decreasing personnel expenses ••• In the consolidated income statement, personnel expenses in Swiss Francs fell from CHF 80.2 million to 78.6 million. In local currencies this drop amounted to –0.4 %. In all geographical segments, the average headcount came in at a slightly lower level. It was contrasted by an increase of the salary sum of around +1.8 % resulting from country-specific salary increases. At balance sheet date, Hügli Group's overall headcount totalled 1'252 employees (full-time equivalents), which is 46 fewer FTEs than in the previous year.

Reduction of operating expenses ••• Operating expenses decreased again in 2012, currency-adjusted by –0.4 %. More efficient work flows and good IT support succeeded in reducing production costs. Additional cost reductions were achieved by strict cost management in the area of sales and distribution. Only the Research & Development, Quality Management and IT departments reported rising costs resulting from higher external and internal demands. Large investments made throughout the entire Hügli Group caused depreciation to increase further again. It grew currency-adjusted by 7.8 % year-over-year to CHF 10.7 million. The planned amortisations of intangible assets also rose currency-adjusted by 2.6 % to CHF 1.4 million.

Operating profit (EBIT) significant below previous year ••• In the financial year, EBIT fell by –24.3 % to CHF 21.5 million. Only the Eastern Europe segment reported an increase of EBIT. Following the previous year's negative value, EBIT margin rose in 2012 to 2.9 %. The other two segments reported EBIT dropping by –21.1 % to CHF 14.6 million in Germany (margin: 8.5 %) and by –40.7 % to CHF 5.9 million in the Switzerland/Rest of Western Europe segment (margin: 5.0 %).
EBIT margin of 6.6 % achieved overall in 2012 was clearly down from the previous year's value of 8.6 %, and also from the long-term average of 8.0 % (mean value over the past ten years). EBIT dropped from CHF 28.5 million achieved in the previous year to CHF 21.5 million. More than half of this downturn in EBIT was caused by losses in gross margin (–1.2 % points), and an approximate quarter of EBIT reduction was due to a slowdown in sales (–0.6 %). The remaining share of EBIT loss can be attributed to foreign currency adjustments while the aforementioned reduction of operating costs was compensated by higher depreciation.

Interest expenses and taxes ••• The financial expenses dropped by CHF 0.2 million to CHF 1.9 million based on lower short-term money market interest rates and despite a slightly higher average debt. Overall, the average interest rate on financial liabilities resulted in 2.5 % (2.8 % in the previous year). The reported tax rate dropped from 25.0 % (previous year) to 23.8 %.

Net Group profit at CHF 15.0 m. ••• Hügli's net profit dropped from the previous year's value by a distinct –22.9 % to CHF 15.0 million. The resulting profit margin in the financial year 2012 came in at 4.6 %.

••• Slightly changed balance sheet

Changes in balance sheet key figures ••• As per 1 January 2013, Hügli acquired intangible assets, in particular trademark rights and formulas, as well as the sales department with around 70 staff from Vogeley Group in Germany. An advance payment of CHF 16.4 million was made in December 2012. This had a clear impact on certain key figures of the consolidated balance sheet. Net debt increased by CHF 69.9 million (previous year) to CHF 86.8 million, which more or less corresponds to the advance payment.

Higher value of Shareholders' capital ••• Equity rose by CHF 5.8 million to CHF 125.5 million as per balance sheet date. Equity ratio nevertheless decreased from 50.5 % (previous year) to 48.0 % due to the balance sheet extension. This caused the ratio of net debt and equity, or gearing, to climb from 0.58 to 0.69. Net operating assets grew in the financial year as well. Owing to the increase with regard to raw materials and finished goods, inventories rose from CHF 55.5 million to CHF 58.0 million.

Financial covenants observed ••• Borrowings increased from CHF 75.6 million to CHF 97.1 million in 2012. This affected the debt factor (net debt/EBITDA), causing it to rise steeply from 1.8 (previous year) to 2.6 at balance sheet date. Due to the planned good ordinary cashflow situation as well as the acquisition's contribution to results, the debt factor is expected to fall to 2.0 again at the end of 2013. The agreed financial covenants, the maximum debt factor (max. 3.0x) and minimum equity to asset ratio (min. 35 %), were observed at the balance sheet date.

••• Large cashflows from investments

Decline of operating cashflow ••• The decline in earnings again caused the operating cashflow before the change of net working capital to drop from CHF 39.9 million to CHF 33.4 million. However, cashflow from operating activities dropped only by CHF –2.0 million to CHF 23.8 million because capital tie-up relating to net working capital and paid income taxes came in at a lower level.

Large cashflows from investments ••• Whereas expenditures for investments dropped from CHF –20.7 million to CHF –13.8 million in 2012, the advance payment for intangible assets of CHF –16.4 million led to cash outflow from investment activities of CHF –30.3 million overall. This includes the payment of a deferred share of the purchase price of CHF –0.5 million for Contract Foods Ltd. This amount was accrued as other current liability at balance sheet date 31. 12. 2011 and recognised in equity as a part of acquired goodwill.

Increase of financial liabilities ••• The payments to creditors (interests) amounted to CHF –1.8 million; those to shareholders (dividends) totalled CHF –7.5 million. Including the cashflow from additional borrowings of CHF 21.1 million, the cashflow from financing activities came to a total of CHF 11.0 million.

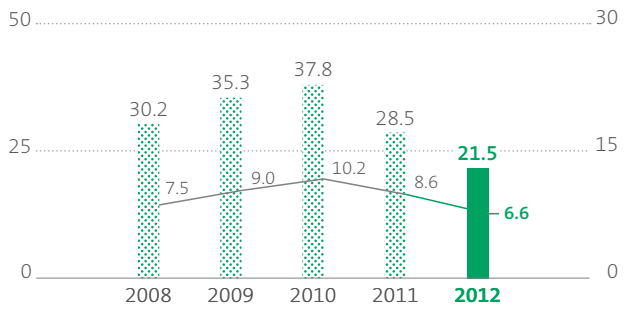
••• Profitability below target

Decline of key figures of profitability ••• Owing to extensive investments made in the past, net invested capital grew continuously. The return on invested capital after tax (ROIC) could not keep up with this development in 2012 and declined to 7.8 %. For the first time it was not possible to generate added value because the internally specified weighted average cost of capital (WACC) stood at 8.0 %. The internal target of 3.0 % points of added value, and a ROIC of 11.0 %, respectively, had on the average been surpassed in the past five years, while the value attained in 2012 represents a clear low. The return on equity (ROE) also fell from 16.6 % to 12.2 %.

see graphics below: NOA[1]/ROIC[2]

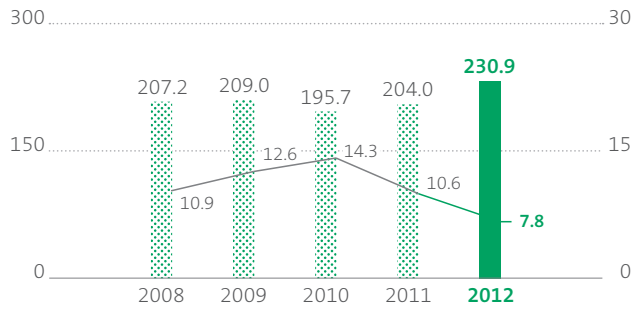
EBIT/EBIT margin 2008–2012

in million CHF/in % (EBIT/ — EBIT margin)



NOA/ROIC 2008–2012

in million CHF/in % (NOA/ — ROIC)



[1] *NOA = Net Operating Assets: Net working capital and tangible and intangible assets as at balance sheet date*

[2] *ROIC = Return on Invested Capital: NOPAT (EBIT × (1 – actual tax rate))/average NOA*

Consolidated Income Statement

	Note	2012 in CHF 1'000	2012 in %	2011 in CHF 1'000	2011 in %
Sales	18	**324'756**	**100.0**	**332'047**	**100.0**
Sales deductions		–6'652	–2.0	–5'982	–1.8
Net sales		**318'104**	**98.0**	**326'065**	**98.2**
Change in inventory of finished and unfinished goods		2'161	0.7	1'910	0.6
Operating revenue		**320'265**	**98.6**	**327'975**	**98.8**
Material expenses		–154'800	–47.7	–154'021	–46.4
Personnel expenses	19	–78'637	–24.2	–80'216	–24.2
Other operating expenses, net	20	–53'268	–16.4	–53'890	–16.2
Operating profit before depreciation and amortisation (EBITDA)		**33'560**	**10.3**	**39'848**	**12.0**
Depreciation tangible fixed assets	6	–10'654	–3.3	–10'027	–3.0
Amortisation intangible assets	7	–1'361	–0.4	–1'352	–0.4
Operating profit (EBIT)		**21'545**	**6.6**	**28'469**	**8.6**
Interest expenses	23	–1'920	–0.6	–2'107	–0.6
Interest income	23	93	0.0	73	0.0
Other financial result	23	–30	0.0	–278	–0.1
Ordinary profit		**19'688**	**6.1**	**26'157**	**7.9**
Non-operating result	22	0	0.0	–203	–0.1
Profit before taxes		**19'688**	**6.1**	**25'954**	**7.8**
Income taxes	24	–4'683	–1.4	–6'487	–2.0
Net Group profit		**15'005**	**4.6**	**19'467**	**5.9**
Earnings per bearer share (in CHF)	26	31.18		40.51	

Consolidated Cash Flow Statement

in CHF 1'000	Note	2012	2011
Net Group profit		15'005	19'467
Depreciation/Amortisation	6/7	12'015	11'379
Increase/(Decrease) in provisions for employee benefits		62	62
Interest expenses, net	23	1'827	2'034
Income taxes	24	4'683	6'487
Loss/(Profit) from disposal of non-current assets		14	187
Other non-cash result		–174	260
Operating cash flow before the change of net working capital		**33'432**	**39'876**
Change in net working capital			
(Increase)/Decrease in receivables		567	–1'066
(Increase)/Decrease in inventories		–2'483	–5'198
Increase/(Decrease) in liabilities		–2'282	687
Income taxes paid		–5'389	–8'457
Cash flow from operating activities		**23'845**	**25'842**
Investments tangible fixed assets	6	–12'903	–19'638
Investments intangible assets	7	–850	–1'096
Advance payment intangible values	7	–16'390	0
Acquisition of subsidiaries	7	–533	0
Disposals of tangible assets		280	1'417
Disposals of financial assets		1	2
Interest received		93	73
Cash flow from investing activities		**–30'302**	**–19'242**
Increase/(Repayment) of short-term financial liabilities	9	13'694	1'702
Increase/(Repayment) of long-term financial liabilities	9	7'410	0
Repayment of finance lease liabilities	9	0	–32
Dividend payment		–7'466	–7'452
Interest paid		–1'827	–2'107
Purchase of own shares		–1'406	–95
Sale of own shares (Stock ownership plans)		624	460
Cash flow from financing activities		**11'029**	**–7'524**
Total cash flow		**4'572**	**–924**
Translation adjustments on cash and cash equivalents		31	–174
Change in cash and cash equivalents		**4'603**	**–1'098**
Cash and cash equivalents at 01.01.		5'688	6'786
Cash and cash equivalents at 31.12.		10'291	5'688

Consolidated Balance Sheet

	Note	31.12.2012 in CHF 1'000	31.12.2012 in %	31.12.2011 in CHF 1'000	31.12.2011 in %
Assets					
Cash and cash equivalents	2	10'291		5'688	
Trade accounts receivable	3	47'194		48'474	
Other accounts receivable		4'439		3'797	
Accrued income and prepaid expenses	4	2'494		2'438	
Inventories	5	57'964		55'530	
Current assets		**122'382**	**46.8**	**115'927**	**48.9**
Land and buildings	6	68'626		69'312	
Technical equipment and machinery	6	41'513		39'979	
Other tangible fixed assets/under construction	6	8'502		8'141	
Intangible assets	7	2'803		2'865	
Advance payment intangible values	7	16'390		0	
Financial assets	8	35		36	
Deferred tax assets	11	1'117		749	
Non-current assets		**138'986**	**53.2**	**121'082**	**51.1**
Assets		**261'368**	**100.0**	**237'009**	**100.0**
Liabilities and shareholders' equity					
Short-term financial liabilities	9	59'085		42'426	
Trade payables		16'745		17'710	
Other current liabilities		1'215		2'696	
Accrued expenses and deferred income	10	11'340		11'787	
Current liabilities		**88'385**	**33.8**	**74'619**	**31.5**
Long-term financial liabilities	9	38'035		33'200	
Deferred tax liabilities	11	7'986		8'093	
Provisions for employee benefits	12	1'445		1'393	
Non-current liabilities		**47'466**	**18.2**	**42'686**	**18.0**
Liabilities		**135'851**	**52.0**	**117'305**	**49.5**
Share capital	17	485		485	
Capital reserves	17	19'206		18'657	
Own shares	17	–1'609		–278	
Retained earnings	17	107'435		100'840	
Shareholders' equity		**125'517**	**48.0**	**119'704**	**50.5**
Total liabilities and shareholders' equity		**261'368**	**100.0**	**237'009**	**100.0**

Consolidated Statement of Changes in Equity

in CHF 1'000	Share capital	Capital reserves	Own shares	Other retained earnings	Changes in value hedge accounting	Translation differences	Total
Balance at 31.12.2010	**485**	**18'248**	**–234**	**109'107**	**1'208**	**–17'112**	**111'702**
Acquired goodwill recognised in equity				–533			–533
Purchase of own shares			–95				–95
Stock ownership plans							
Sale of own shares		409	51				460
Recognition of share-based payments				116			116
Valuation of cashflow hedges					–1'216		–1'216
Net Group profit				19'467			19'467
Dividend				–7'452			–7'452
Translation differences						–2'745	–2'745
Balance at 31.12.2011	**485**	**18'657**	**–278**	**120'705**	**–8**	**–19'857**	**119'704**
Purchase of own shares			–1'406				–1'406
Stock ownership plans							
Sale of own shares		549	75				624
Recognition of share-based payments				74			74
Valuation of cashflow hedges					–216		–216
Net Group profit				15'005			15'005
Dividend				–7'466			–7'466
Translation differences						–802	–802
Balance at 31.12.2012	**485**	**19'206**	**–1'609**	**128'318**	**–224**	**–20'659**	**125'517**

Foreign exchange rates

	Balance Sheet		Income Statement	
	31.12.2012	**31.12.2011**	**2012**	**2011**
EUR (1)	1.207	1.217	1.205	1.233
GBP (1)	1.486	1.459	1.486	1.422
CZK (100)	4.810	4.750	4.800	5.020
PLN (100)	29.690	27.500	28.850	30.030
HUF (100)	0.414	0.390	0.417	0.443

Segment Reporting

2012 in CHF 1'000		Germany	Switzerland/ Rest Western Europe	Eastern Europe	Elimination/ Not allocated		Total Group
Consolidated sales		**172'633**	**117'755**	**34'368**			**324'756**
Inter-segment sales		8'010	14'175	805			
Total sales		180'642	131'930	35'173	–22'990		
EBITDA		**19'871**	**11'309**	**2'380**			**33'560**
Depreciation		–4'560	–4'878	–1'216			–10'654
Amortisation		–681	–501	–179			–1'361
EBIT		**14'630**	**5'929**	**986**			**21'545**
EBIT margin		8.5 %	5.0 %	2.9 %			6.6 %
Financial result, net							–1'857
Income taxes							–4'683
Net Group profit							**15'005**
Investments		5'368	7'511	874			13'753
Assets		130'498	106'997	28'567	–4'694		261'368
Liabilities		12'634	18'572	5'352	99'293		135'851
Personnel (full-time positions)		586	394	272			1'252
	Food Service	**Private Label**	**Brand Solutions**	**Food Industry**	**Consumer Brands**	**Others**	**Total Group**
Sales	**133'322**	**70'932**	**44'215**	**35'756**	**40'217**	**314**	**324'756**

2011							
Consolidated sales		**174'971**	**120'670**	**36'405**			**332'047**
Inter-segment sales		9'109	13'570	268			
Total sales		184'081	134'240	36'674	–22'947		
EBITDA		**23'698**	**14'846**	**1'304**			**39'848**
Depreciation		–4'496	–4'267	–1'265			–10'027
Amortisation		–661	–579	–112			–1'352
EBIT		**18'541**	**10'001**	**–73**			**28'469**
EBIT margin		10.6 %	8.3 %	–0.2 %			8.6 %
Non-operating result							–203
Financial result, net							–2'312
Income taxes							–6'487
Net Group profit							**19'467**
Investments		12'936	6'061	1'737			20'734
Assets		113'160	101'453	29'399	–7'003		237'009
Liabilities		12'734	22'150	6'452	75'969		117'305
Personnel (full-time positions)		592	407	299			1'298
	Food Service	**Private Label**	**Brand Solutions**	**Food Industry**	**Consumer Brands**	**Others**	**Total Group**
Sales	**139'914**	**69'637**	**41'041**	**39'108**	**42'138**	**209**	**332'047**

Notes to the Consolidated Financial Statements

••• Corporate Accounting Principles

General ••• The consolidated financial statements of the Hügli Group give a true and fair view of the consolidated financial position, results of operation and cash flows in accordance with the Swiss GAAP FER and they comply with Swiss law.
Consolidation is based on the audited financial statements of the Hügli corporate subsidiaries for the year ended 31 December, prepared in accordance with uniform corporate accounting principles. The consolidated financial statements are based on historical cost, with the exception of investment properties and derivative financial instruments that are stated at fair value.
The Board of Directors of Hügli Holding AG authorised the consolidated financial statements 2012 on 22 March 2013. They must also be approved at the Annual General Meeting on 15 May 2013.

Material Assumptions and Assessments ••• The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the reported amounts of assets, liabilities, expenses, revenues and contingent liabilities at the date of the consolidated financial statements. Actual results may differ from these estimates.
Material assumptions, which influence the consolidated financial statements of the Hügli Group, include particularly the evaluation of impairments of fixed assets and the measurement of tax liabilities.
The estimated useful life of tangible fixed assets can be shortened through altered use of property, plant and equipment. The recoverable amount of intangible assets (mostly brands and customer relations) is based on assumptions of future revenues, margins and discount rates. If these assumptions change, future results may vary considerably from current calculations. The carrying amount of such assets is documented in notes 6 and 7.
The valuation of tax liabilities is subject to the interpretation of tax laws in the respective jurisdictions, who appraise their adequacy through final assessment and audits by the tax authorities. This can result in material changes to tax expense. Furthermore, in order to determine whether tax loss carryforwards may be carried as an asset, one must first critically assess the probability that there will be future taxable profit against which to offset them. The budgeted assets may not be achieved, due to a variety of influencing factors and developments. The book values are explained in note 11.
In the course of their ordinary operating activities, corporate subsidiaries can become involved in litigation. Depending on the estimate on the part of the Executive Committee, this can cause specific provisions. The outcome of these proceedings may result in claims against the Group that cannot be met at all or in full through provisions or insurance cover.

Scope and Principles of Consolidation ••• The scope of consolidation includes Hügli Holding AG and all Swiss and foreign subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50 % of the voting rights or by having otherwise the power to govern their operating and financial policies. Complying with the method of full consolidation, assets, liabilities, income and expenses are incorporated fully in the consolidated accounts. Intercompany balances and transactions (accounts receivable, accounts payable, income and expenses) are eliminated upon consolidation.
Minority interests in the equity and net income of consolidated companies are presented separately. Gains arising from intercompany transactions are eliminated in full. Capital consolidation is based on the purchase method, whereby the fair value of assets and liabilities of the acquired subsidiary is cleared against the acquisition cost at the time of acquisition. The resulting goodwill will be recognised in equity. Companies acquired in the course of the financial year are consolidated from the date on which control is obtained. Companies sold are excluded from the scope of consolidation as of the date on which control is given up, with any gain or loss recognised in income.
Companies in which Hügli Holding AG has a minority interest of at least 20 % but less than 50 %, or over which it otherwise has significant influence, are determined by using the equity method of accounting and presented separately in the consolidated balance sheet. The share in profit or loss is recognised and presented separately in the consolidated income statement.
Investments less than 20 % are stated at acquisition value and presented under other financial assets. An overview of the consolidated group of companies is provided on page 72.
see Page 72

Foreign Currency Translation ••• The reporting currency is the Swiss Franc (CHF). If not stated otherwise, all figures presented in these financial statements are rounded to CHF 1'000 and reported in Thousand Swiss Francs (TCHF). Group companies prepare their financial statements in local currency. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities held in foreign currencies are translated at the spot rate on the balance sheet date. The resulting foreign currency gains and losses are recognised in the consolidated income statement. The fair value fluctuations of derivative financial instruments used to hedge such balance sheet items are also recognised in the consolidated

income statement. For consolidation purposes, the financial statements of the foreign entities with a functional currency that differs from the reporting currency are translated into Swiss francs as follows: balance sheets at year-end rates, income and cash flow statements at average rates for the year under review (except for cases, in which the average rate does not correspond to an adequate approximation to the rates valid on the dates of transaction). Any translation adjustment resulting from the differing translation of balance sheets and income statements are recognised directly in equity at balance sheet date. Foreign currency translation effects on long-term not currency congruent financed equity-like corporate loans, which are defined as a component of net investments in a subsidiary, are recognised directly in equity. When realised through the sale of a foreign subsidiary these currency translation differences are booked as part of the sales income in the income statement.

••• Accounting Policies

Hedge Transactions and Derivative Financial Instruments ••• To hedge the foreign currency and interest risks, Hügli occasionally makes use of forward currency contracts, option contracts and swaps, and thereby aims to reduce volatility in the income statement. When hedges that qualify for hedge accounting treatment are initially transacted, they are classified either as hedging the fair value of a specific asset or liability (Fair Value Hedge), as hedging of future highly probable cash flows arising from an expected future transaction (Cash Flow Hedge), or hedging a net investment in a foreign subsidiary.

Fluctuations in the market values of reported financial instruments or firm commitments are hedged selectively by means of fair value hedges. Within the scope of the hedged risk, a market valuation is made of both the underlying and the hedging transaction.

Fluctuations in the value of cash flow hedge items are recognised in shareholders' equity. The value fluctuations recognised in shareholders' equity of instruments that are held for the purpose of hedging future expenses, sales, financial assets or liabilities are recognised in the consolidated income statement on the date of recognition, on which the corresponding underlying transaction is recognised. The value fluctuations recognised in shareholders' equity of instruments that are held for the purpose of hedging future non-financial balance sheet items are recognised as a corresponding balance sheet item on the date of recognition of the underlying transaction. The derivative financial statements that are to be stated are disclosed under the accrued income and prepaid expenses or the accrued expenses and deferred income.

Cash and Cash Equivalents ••• Cash and Cash equivalents include cash and cash equivalents with an original maturity of up to 3 months. Cash and cash equivalents are stated at nominal value.

Accounts Receivable ••• Accounts receivable are stated at nominal value less provisions for doubtful debts. Value adjustments for doubtful debts are established based on maturity structure and identifiable solvency risks. Besides individual values adjustments with respect to specific identifiable risks, value adjustments are also recognised based on statistically determined credit risks.

Inventories ••• Raw materials and goods held for trading are generally stated at average cost, and internally manufactured products at manufacturing cost (materials used, direct and indirect labour including the respective depreciation). If the net realisable value, as the estimated sales price less the costs for the product completion and less the direct distribution costs, is lower, value adjustments are made accordingly. In addition, valuation adjustments are made for inventories with an unsatisfying turnover, or for inventories that are difficult to sell, or based on statistically determined credit risks.

Tangible Fixed Assets ••• Tangible assets are stated at acquisition cost less accumulated straight-line depreciation and impairment allowances, if any. In the case of the operating land and buildings, the historical acquisition costs are partly based on replacement values, which were determined in 1992. These buildings are being depreciated over their remaining useful lives determined by an external real estate assessment prepared in 2004. Non-operating buildings are stated at fair value; the unrealised gains and losses resulting from periodic revaluations are recognised in the income statement.

The useful lives of buildings are 25 to 50 years, of infrastructure and interior work 10 to 20 years, of machinery and equipment 5 to 15 years, of furniture and vehicles 4 to 10 years and for EDP hardware 3 to 6 years. Repair and maintenance expense is as a matter of principle directly charged to the income statement as incurred.

Leasing ••• Assets acquired under finance leases, where substantially all of the risks and rewards are transferred to the Group upon entering into the contract, are capitalised at the lower amount of minimum lease payments or the fair value. Assets are depreciated on a straight-line basis through their estimated useful life. The related outstanding lease liabilities are presented under current and non-current liabilities. Payments made under finance leases include amounts related to interest, which is recorded in the income statement, and

amounts related to the repayment of the financial lease liabilities. The rent payments for contracts classified as operating leases are charged to the income statement as incurred.

Intangible Assets ••• EDP software and acquired intangible assets, which yield a financial benefit such as licenses, trademarks, client lists and similar rights are usually capitalised and amortised over 5 years. In justified cases (established trademarks/solid client list with an expected long useful life), these assets are amortised over 10 to 20 years at the most.

Goodwill ••• Acquired goodwill, which represents the difference between the acquisition cost and the fair value of the acquired net assets, is recognised in equity at the time of acquisition. For the purpose of disclosure, the effects of a theoretical capitalisation (acquisition value, residual value, useful life, depreciation) as well as a possible impairment are presented in note 7. In the event of the sale of a foreign subsidiary, the goodwill that had previously been recognised in equity will be cancelled as part of the sales income at the initial costs, with any gain or loss recognised in income.

Costs of Research and Development ••• All costs of research are recognised in the consolidated income statement as incurred. In general, the costs of development do not match the criteria defined by Swiss GAAP FER 10 for a capitalisation and they are therefore also recognised directly in the income statement.

Financial Assets ••• Marketable securities and other financial assets are stated at acquisition cost. Own shares are stated at acquisition cost and recognised in equity. Realised gains and losses from the sale of own shares are recorded in share premium.

Impairment ••• The recoverable amount of non-current assets is reviewed at least once a year. If there is any indication of impairment, an impairment test is performed. If the carrying amount exceeds the recoverable amount, an impairment is recognised in the income statement.

Financial Liabilities ••• Financial liabilities, as a rule, are stated at nominal value. Financial liabilities are classified as current liabilities, except for cases, in which an unconditional right grants a deferment of the settlement of the debt by at least 12 months after the balance sheet date.

Provisions ••• Provisions are recognised for any present legal or constructive obligation incurred as a result of a past event, if it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be estimated reliably. No provisions are made for possible future operating losses.

Taxes ••• Current income taxes are calculated on taxable profits. Deferred taxes are calculated by applying the balance sheet liability method for all temporary differences between the carrying amount and tax base of assets and liabilities. The calculation of deferred taxes is based on the country-specific tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets on tax loss carry forwards are recognised in the consolidated balance sheet in the event that future taxable profits are available, against which the assets can be utilised. Provisions for taxes withheld at source on undistributed profits in foreign subsidiaries are recorded only if the Group intends to make dividend payments in the near future.

Employee Benefits ••• Swiss Group companies sponsor a legally independent benefit plan according to Swiss legislation. This foundation provides services in case of retirement, death and disability. Generally, it is funded by employer and employee contributions. Besides these funding obligations, there are no further financial obligations to the Group. The economic effects of benefit plans are recognised in the consolidated financial statements. In order to determine whether this results in economic benefit or liabilities for the Group, the effects of benefit plans are assessed annually. The assessment is based on the financial statements according to Swiss GAAP FER 26. Employer contribution reserves, if any, are recognised as an asset. The differences between stated values and corresponding values of the same period in the previous year are recognised as personnel expense in the consolidated income statement. The obligatory contributions to benefit plans are also charged to personnel expense.
The other Group companies have no relevant independent pension plan. Pension provisions for retired individuals and other employee benefit obligations are actuarially calculated and recorded in the provisions.
The relating social security plans provided by the government do not include any future financial commitments of the Hügli Group. The funding of such plans is usually based on fixed percentages of the insured salaries. The employer contributions paid into these plans are recognised directly in the income statement.

Stock Ownership Program/Share-based Payment to the Board of Directors ••• A stock ownership program allows members of senior management to use a limited amount to acquire Group shares at 75 % of the market value. In addition, due to regulations on the optional share-based payment to the Board of Directors, its members can obtain Group shares at 75 % of the market value instead of a cash compensation. The enactment of both share programs is subject to a retention period of 3 years and during that time remains in the custody of Hügli Holding AG. The difference between market value and the preferential price granted by the stock ownership program is recognised as personnel expense.

Segment Reporting ••• The Hügli Group consists of one single business unit with a strategy defined by the Board of Directors whose purpose is to develop, produce and distribute food products, in particular dry blended products.
The Board of Directors takes relevant decisions on investments and other important resources in the course of budgeting. The many overlaps of jointly used operating resources and staff assigned to Group functions restrict the segments' autonomy. Relevant decisions are taken by Group Executive Management. It is the only management body with overall responsibility for the income statement. The profit responsibility of the heads of specialised units has been broken down to sections of the value chain (responsibility for contribution margin and costs).
Striving for transparent information, the Hügli Group exceeds the requirements defined by Swiss GAAP FER 30. The present segment reporting reflects the operational and production-based structure of the Hügli Group. This structure is broken down to production sites including associated sales companies (country clusters based on the location of assets), and represents the decisive element of corporate and risk controlling and of the return on invested capital. Segment reporting is therefore performed in line with geographical criteria and based on the legal international subsidiaries. The segment "Germany" comprises every active Group company in the country; the segment "Switzerland/Rest of Western Europe" consists of companies in Switzerland (including non-significant Group functions), Austria, United Kingdom and Italy. The "Eastern Europe" segment includes companies in the Czech Republic, the Slovak Republic, Poland and Hungary. The allocation of segment assets and segment borrowing costs based on geographical criteria does not include the financial liabilities, tax liabilities and tax assets. The segment result before interest and taxes (EBIT) can therefore be associated with operative net assets.
Due to the different sales channels, an additional break down of sales figures is performed based on cross-country customer segments (sales divisions) with their differing sales approaches and specific economic cycles.

Consistency in Presentation and Disclosure ••• In the financial year, IT software licences were re-allocated from tangible assets to intangible assets. The corresponding amortisations of IT software licences were thus recorded under amortisations of intangible assets in the consolidated income statement.
In the course of preliminary inquiries, SIX Exchange Regulation has advised us to attend to the following necessary adjustment:
In the income statement of the present financial statement the requirement of Swiss GAAP FER 3/7 was observed and an interim total "Ordinary Profit" was included, which excludes non-operating and extraordinary items before profits and taxes. In the financial year 2012, there were no such items. In the previous year, an insignificant non-operating item (< 1 % of ordinary profits) had been restated. Further, the statement of comprehensive income, which according to Swiss GAAP FER is not a primary element of the financial statement, is not disclosed. The significant profit items contained in the statement of comprehensive income are recorded separately in the statement of changes in equity as required by Swiss GAAP FER 24. The additionally disclosed information on these profit items is included in the details on equity provided in the notes to the Consolidated Financial Statements.

••• Notes to the Consolidated Financial Statements

1. Changes in Scope of Consolidation ••• In the financial years 2012 and 2011 no acquisitions were effected.

2. Cash and Cash Equivalents •••

in CHF 1'000	2012	2011
Bank accounts and cash on hand	10'291	5'688

The bank and postal accounts are current accounts. There were no call assets or fixed investments.

3. Trade Accounts Receivable •••

in CHF 1'000	2012	2011
Trade accounts receivable, gross	48'786	50'335
./. Valuation allowance	–1'592	–1'861
Total	**47'194**	**48'474**

The ageing structure of trade accounts receivable was at balance sheet date as follows:

in CHF 1'000	2012	2011
Not due	32'432	32'015
Overdue within 1 month	8'882	8'953
Overdue between 1 to 3 months	2'574	4'002
More than 3 months overdue	4'898	5'365
./. Valuation allowance	–1'592	–1'861
Total	**47'194**	**48'474**

Value adjustments on trade accounts receivable have changed as follows:

in CHF 1'000	2012	2011
At 01.01.	1'861	1'452
Increase	1'228	1'297
Decrease/Utilisation	–1'509	–827
Exchange differences	12	–61
At 31.12.	**1'592**	**1'861**

The trade accounts receivable, which are not due, mainly arise from long-standing and well-diversified customer relationships. Based on experience, Hügli does not anticipate any significant defaults.

4. Accrued Income and Prepaid Expenses •••

in CHF 1'000	2012	2011
Tax receivables	381	348
Other accrued income/prepaid expenses	2'113	2'090
Total	**2'494**	**2'438**

5. Inventories •••

in CHF 1'000	2012	2011
Raw materials (incl. packaging material)	25'116	23'562
Manufactured products	26'278	24'517
Trade goods	7'944	8'705
./. Valuation allowance	–1'374	–1'254
Total	**57'964**	**55'530**

6. Tangible Fixed Assets •••

2012 in CHF 1'000	Land and Buildings	Tech. Equip./ Machinery	Other tangible assets	Under construction/ Advance payments	Total
Gross amount					
At 01.01.	98'261	84'199	33'611	1'663	217'733
Additions	1'375	6'746	2'558	2'223	12'903
Disposals	0	–398	–458	–188	–1'044
Transfers	379	924	–346	–1'407	–451
Exchange differences	–294	–337	–163	–2	–796
Gross amount at 31.12.	**99'721**	**91'133**	**35'203**	**2'289**	**228'346**
Accumulated depreciation					
At 01.01.	–28'949	–44'220	–27'131	0	–100'299
Planned depreciation	–2'262	–5'974	–2'418	0	–10'654
Disposals	0	309	441	0	750
Transfers	0	14	–12	0	2
Exchange differences	116	251	131	0	497
Accumulated depreciation at 31.12.	**–31'095**	**–49'620**	**–28'989**	**0**	**–109'704**
Carrying values at 01.01.	69'312	39'979	6'478	1'663	117'432
Carrying values at 31.12.	**68'626**	**41'513**	**6'214**	**2'289**	**118'641**

2011					
Gross amount					
At 01.01.	95'180	81'877	32'760	783	210'601
Additions	6'653	9'133	2'284	1'568	19'638
Disposals	–1'618	–5'659	–633	–412	–8'322
Transfers	0	337	–86	–250	0
Exchange differences	–1'955	–1'489	–713	–27	–4'184
Gross amount at 31.12.	**98'261**	**84'199**	**33'611**	**1'663**	**217'733**
Accumulated depreciation					
At 01.01.	–27'202	–43'870	–26'153	0	–97'225
Planned depreciation	–2'425	–5'495	–2'108	0	–10'027
Disposals	105	4'414	573	0	5'091
Exchange differences	574	731	557	0	1'862
Accumulated depreciation at 31.12.	**–28'949**	**–44'220**	**–27'131**	**0**	**–100'299**
Carrying values at 01.01.	67'979	38'007	6'607	783	113'376
Carrying values at 31.12.	**69'312**	**39'979**	**6'478**	**1'663**	**117'432**

Investments in finance leases are disclosed under tangible fixed assets. Their net book value amounts to TCHF 636 (TCHF 830 in the previous year). There have been no non-cash additions to investments in finance leases. There are no separable undeveloped lots of land.

The non-operating property, which was recorded with the balance sheet item land and buildings (carrying amount: TCHF 1'531) was sold in the last year. *see note 22*

The fire insurance value of tangible fixed assets totals TCHF 217'726, whereof TCHF 99'413 is for buildings and TCHF 118'313 for other tangible assets. In the previous year, the total was TCHF 218'861, whereof TCHF 100'686 was for buildings and TCHF 118'175 for other tangible assets.

Pledged tangible fixed assets for financial liabilities include: Real estate mortgage rights totalling TCHF 8'956 (TCHF 18'918 in the previous year), thereof the utilised credit amounted to TCHF 6'791 (TCHF 16'765 in the previous year).

7. Intangible Assets/Advance payment intangible values •••

Capitalised brands and other intangible assets

2012 in CHF 1'000	Software, Others	Brands, Intellectual property rights	Total
Gross amount			
At 01.01.	11'100	3'726	14'826
Additions	850	0	850
Disposals	–126	0	–126
Transfers	428	0	428
Exchange differences	–27	–28	–56
Gross amount at 31.12.	**12'225**	**3'698**	**15'923**
Accumulated amortisation			
At 01.01.	–9'325	–2'636	–11'961
Planned amortisation	–992	–369	–1'361
Disposals	125	0	125
Transfers	24	0	24
Exchange differences	34	19	53
Accumulated amortisation at 31.12.	**–10'134**	**–2'986**	**–13'120**
Carrying values at 01.01.	1'775	1'090	2'865
Carrying values at 31.12.	**2'090**	**712**	**2'803**

2011			
Gross amount			
At 01.01.	9'832	3'813	13'645
Additions	1'096	0	1'096
Disposals	–32	0	–32
Transfers	412	0	412
Exchange differences	–207	–87	–294
Gross amount at 31.12.	**11'100**	**3'726**	**14'826**
Accumulated amortisation			
At 01.01.	–8'530	–2'316	–10'846
Planned amortisation	–975	–377	–1'352
Disposals	30	0	30
Exchange differences	150	57	208
Accumulated Amortisation at 31.12.	**–9'325**	**–2'636**	**–11'961**
Carrying values at 01.01.	1'302	1'497	2'799
Carrying values at 31.12.	**1'775**	**1'090**	**2'865**

Advance payments intangible values
As per 1 January 2013, Hügli acquired intangible values, in particular trademark rights and formulas, as well as the sales department with around 70 staff from Vogeley Group in Germany. An advance payment of TCHF 16'390 was made in December 2012.
The asset deal was performed by the newly founded Hügli subsidiary, the Vogeley Nahrungsmittel GmbH, DE-Hameln (shareholding: 100 %). The new Group company will be included in the scope of consolidation starting from 01. 01. 2013.

Non-capitalised goodwill ••• Acquired goodwill, which represents the difference between the acquisition cost and the fair value of the acquired net assets, is recognised in equity at the time of acquisition. The effects of a theoretical capitalisation and a potential impairment of the carrying values are presented as follows.
Overview of acquisitions, whose goodwill was recognised in equity according to Swiss GAAP FER:

Name, registered office	**Contract Foods Ltd. (today: Huegli UK Ltd.) , Redditch, UK**
Activities	Manufacturing of dry blends in the functional foods domain, mainly food supplements
Acquisition date	31. 01. 2008
Acquisition type	Direct acquisition of 100 % of the shares
Name, registered office	**Ali-Big Industria Alimentare s.r.l., Brivio, Italy**
Activities	Production and distribution of liquid sauces and antipasti
Acquisition date	30. 06. 2007
Acquisition type	Direct acquisition of 100 % of the shares
Name, registered office	**Supro Nährmittel AG, CH-St. Gallen / EPS Holding AG, CH-Steinach**
Activities	Production and distribution of dressings, soups, sauces and bouillons
Acquisition date	01. 09. 2005
Acquisition type	Direct acquisition (100 %) EPS Holding AG incl. subsidiary (100 %) Supro Nährmittel AG
Name, registered office	**Inter-Planing GmbH, DE-Neuburg/Langenhaslach OSCHO GmbH, DE-Neuburg/Langenhaslach**
Activities	Production and distribution of dressings, soups, sauces and bouillons
Acquisition date	17. 08. 2005
Acquisition type	Acquisition (100 %) of Inter-Planing GmbH Acquisition of assets/liabilities OSCHO
Name, registered office	**Helva Ltd., UK**
Activities	Distribution of soups, sauces, bouillons
Acquisition date	01. 01. 1999
Acquisition type	Direct acquisition of 100 % of the shares

A theoretical capitalisation of goodwill and a depreciation over 5 years would result in the following carrying values on the asset-side and in planned goodwill amortisations in the income statement:

Theoretical Goodwill

2012 in CHF 1'000	Helva	Inter-Planing/ Oscho	Supro/EPS	Ali-Big	Contract Foods	Total
Gross amount						
At 01.01.	263	9'314	4'670	8'330	5'335	27'912
Exchange differences	5	–77	0	–68	99	–41
At 31.12.	**267**	**9'237**	**4'670**	**8'262**	**5'434**	**27'871**
Accumulated amortisation						
At 01.01.	–263	–9'314	–4'670	–7'497	–3'750	–25'494
Planned amortisation	0	0	0	–825	–975	–1'800
Exchange differences	–5	77	0	60	–69	62
At 31.12.	**–267**	**–9'237**	**–4'670**	**–8'262**	**–4'796**	**–27'232**
Goodwill 01.01.	0	0	0	833	1'585	2'418
Goodwill 31.12.	**0**	**0**	**0**	**0**	**639**	**639**
2011						
Gross amount						
At 01.01.	261	9'551	4'670	8'543	4'762	27'787
Additions	0	0	0	0	533	533
Exchange differences	2	–237	0	–213	40	–408
At 31.12.	**263**	**9'314**	**4'670**	**8'330**	**5'335**	**27'912**
Accumulated amortisation						
At 01.01.	–261	–9'551	–4'670	–5'981	–2'777	–23'240
Planned amortisation	0	0	0	–1'688	–933	–2'621
Exchange differences	–2	237	0	172	–40	367
At 31.12.	**–263**	**–9'314**	**–4'670**	**–7'497**	**–3'750**	**–25'494**
Goodwill 01.01.	0	0	0	2'562	1'985	4'547
Goodwill 31.12.	**0**	**0**	**0**	**833**	**1'585**	**2'418**

The goodwill equals the surplus of the acquisition cost over the fair values of the acquired net assets, and represents the expected future economic benefit of the acquired companies that cannot be identified and valued separately. The goodwill positions resulting from the acquisition mainly reflect the expected synergies, future products and the acquired employees.

The goodwill positions are assigned to the cash generating units (CGU) mentioned in the table, which consist either of Group units that comprise several companies, or of single Group companies. The goodwill positions, which are not fully amortised, are tested for impairment at least annually at the CGU level. The value in use is based on future projected discounted cash flows. Usually, the cash flows correspond to detailed financial plans that were approved by management and cover the period of the first 3 years. For the subsequent years, expected growth rates are taken into consideration and for years 11 and beyond, an infinite cash flow value is included in the calculation. The projections use expected EBITDA growth rates of 5 % based on the assessment of future economic developments. After a period of 10 years, zero growth is applied. The discount rate is between 8.5 % and 9.0 %, considering specific risk premiums on the base of the weighted average cost of capital (WACC) of Hügli Group of 8.0 %. Because the cash flow projections are determined after taxes, the established discount rates also allow for the specific tax effects.

Based on the impairment tests and sensitivity analyses as of closing date, the values of all goodwill positions are supported. No realistically possible changes are expected to affect the applied key assumptions (discount rate, growth rate) that may result in recoverable amounts of goodwill, which exceed the respective carrying amounts. This excludes unforeseen circumstances.

The addition in the previous year of TCHF 533 in goodwill relating to Contract Foods Ltd. stems from deferred shares of the purchase price subject to the future business performance that was agreed in the purchase contract with Contract Foods on 31 January 2008. A first deferred share of the purchase price of TCHF 885 was paid in December 2009. In a closing agreement with the selling party, a second deferred share of the purchase price amounting to TCHF 533 was defined and paid in 2012. This amount was accrued as other current liability at balance sheet date 31. 12. 2011 and recognised in equity as a part of acquired goodwill.

8. Financial Assets •••

in CHF 1'000	2012	2011
Securities	35	36

The securities currently consist in marginal assets set aside with the legal requirement to allocate assets to cover provisions for employee benefits.

9. Financial Liabilities •••

in CHF 1'000	2012	2011
Current financial liabilities	59'085	42'426
Non-current financial liabilities	38'035	33'200
Total	**97'120**	**75'626**
thereof secured mortgages	6'791	16'765
Planned maturity		
up to 1 year	59'085	42'426
1 to 3 years	21'035	23'200
4 to 5 years	17'000	10'000
over 5 years	0	0
Breakdown to currencies		
CHF	42'300	36'800
EUR	31'801	14'110
CZK	15'055	15'343
GBP	7'281	6'259
PLN	0	2'422
HUF	682	692

The financial liabilities primarily consist of fixed advances from banks in the currencies CHF, EUR, GBP and CZK. These are secured by mortgages in the extent of TCHF 6'791 (TCHF 16'765 in the previous year). Non-current financial liabilities with maturity terms of 1 to 5 years are at fixed interest rates. The interest rates for current financial liabilities are adjusted to market level several times a year. The interest-bearing foreign capital has a number of financial terms of credit (financial covenants), which among other requisites, requires the observance of financial operating figures such as the net debt to EBITDA ratio (max. 3.0x) and the minimum equity to asset ratio (min. 35 %). These terms of credit were observed at the balance sheet date. For financial liabilities in total, the average interest rate amounted to 2.5 % (2.8 % in the previous year).

10. Accrued Expenses and Deferred Income •••

in CHF 1'000	2012	2011
Personnel/social securities	2'121	2'904
Accrued vacation and overtime	1'820	2'027
Customer related liabilities	2'004	2'201
Forward exchange contracts	244	8
Sundry accrued expenses/ deferred income	5'151	4'647
Total	**11'340**	**11'787**

11. Deferred Tax Assets and Liabilities •••

The deferred tax assets and liabilities are allocated to the following balance sheet positions:

in CHF 1'000	2012	2011
Inventories	663	684
Land and buildings	4'390	4'433
Other fixed assets	1'412	1'442
Provisions	2'566	2'560
Other balance sheet positions	118	83
Total tax liabilities	**9'149**	**9'202**
Inventories	158	6
Land and buildings	0	0
Other fixed assets	804	714
Provisions	0	0
Other balance sheet positions	1'318	1'138
Total tax assets	**2'280**	**1'858**
Deferred tax liabilities, net	**7'986**	**8'093**
Deferred tax assets, net	**1'117**	**749**

Deferred tax liabilities and tax assets based on temporary valuation differences are recorded with their gross amounts. Appropriate netting of deferred tax liabilities and tax assets is performed in consolidation.

Tax assets on loss carry-forwards are only capitalised if seems probably that they can be realised. In countries and subsidiaries, respectively, in which the utilisation of loss carry-forwards cannot be foreseen, capitalisation is foregone.
As per 31.12.2012, tax loss carry-forwards of CHF 4.8 million (CHF 2.7 million in the previous year) were capitalised resulting in a deferred tax asset of CHF 1.2 million (CHF 0.8 million in the previous year). Their expiry is as follows: up to 1 year CHF 0, from 1 to 5 years CHF 0.6 million, without expiry CHF 0.1 million. Unused tax loss carryforwards amounting to CHF 5.7 million with tax effects of 1.4 million were not recognised based on the uncertainty that there will be future taxable profit against which to offset them. No deferred tax liabilities on undistributed profits of foreign subsidiaries were recognised.

12. Employee Benefit Provisions •••

in CHF 1'000	2012	2011
At 01.01.	1'393	1'367
Increase	217	182
Utilisation	–48	–37
Decrease	–106	–83
Exchange differences	–11	–36
At 31.12.	**1'445**	**1'393**

The employee benefit provisions for retired individuals as well as the partial retirement accounts payable in Germany, Austria and Italy are periodically calculated by an actuary.

13. Employee Benefits •••

Economic benefit/economic provisions and employee benefit expenses:

	Surplus/-deficit		Economical part of the organisation		Change to prior year period or recognised in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	2012	2012	2012	2011
in CHF 1'000								
Pension institutions with surplus	0	0	0	0	0	1'369	1'369	1'418
Total	**0**	**0**	**0**	**0**	**0**	**1'369**	**1'369**	**1'418**

Swiss Group companies sponsor a legally independent pension plan foundation according to Swiss legislation. The actuarially assumed surplus of the employee benefit foundation of Hügli Nährmittel AG amounts to CHF 4.9 million in the financial year (CHF 2.8 million in the previous year). This corresponds to a weighted coverage rate according to article 44 BVV2 of 113 %, based on an assumed interest rate of 2.75 % and BVG 2010 (in the previous year: 108 %, assumed interest rate 3.0 %). As the reserve for value fluctuations that is being accumulated has not yet reached the target value of CHF 9.6 million or 24 % of assets, respectively, no positive dotation capital is stated in the balance sheet. No surplus can be determined as under Swiss GAAP FER 16 a surplus would require positive non-committed funds in the dotation capital.
The surplus is not at disposal to the Group for economic use in the form of reduction or repayment of contributions. The employee benefit costs included in the personnel costs relates to the ordinary payment of contributions of the affiliated Group companies.

14. Financial Instruments and Financial Risk Management •••

Financial Risk Management Principles ••• The international business activities of the Hügli Group are exposed to various financial risks, in particular credit risk, market risk (including currency, interest rate and price risk) and liquidity risk. The risk management principles are geared to identifying and analysing the risks to which the Group is exposed in a volatile market environment and to establish the appropriate control mechanisms. The Group's department of Finance and Controlling hedges certain defined risks in close cooperation with the divisions. The Board of Directors bears ultimate responsibility for risk management.
Further disclosures on the performance of risk assessment according to the Swiss Code of Obligations (article 663b paragraph 12) are presented in the Notes to the Financial Statements of Hügli Holding AG.

Credit Risk ••• The credit risk is the Group's risk of suffering financial loss if a customer is unable or unwilling to meet contractual business obligations. The Hügli Group's main credit risks arise from trade accounts receivable. Such liabilities are monitored continuously and systematically. The danger of cluster risks is limited due to the large number and wide geographical spread of customers. Hügli enters into bank transactions only with important financial institutions. The credit risk is mainly limited to current bank accounts, and secondarily to transactions involving derivative financial instruments. The maximum credit risk is confined to the carrying amounts stated for the individual financial assets presented in above table. Hügli has not entered into any guarantees or similar obligations.

Currency Risk ••• Hügli operates internationally and is therefore exposed to currency risks. These financial risks occur in connection with transactions, in particular the purchase and sale of goods, which are effected in currencies that differ from the functional currency (local currency). Such transactions are performed mainly in Swiss Francs (CHF), Euro (EUR), British Pounds (GBP), Czech Crowns (CZK), Polish Zloty (PLN) and Hungarian Forint (HUF). Hügli reduces currency risks considerably by purchasing and producing goods in the functional currency ("congruency" rule). Where this is not possible or only to a lim-

ited extent, currency exposure is generated, predominantly concerning the exchange rates CHF/GBP, CHF/EUR, EUR/GBP, CZK/PLN and CZK/HUF. We also restrict the Group's external financing where possible to currencies, in which medium-term free cash flows can be expected.
At present, currency futures with a maturity of 1 to 12 months for the partial hedging of currency risks of future highly probable accruals of foreign currencies in GBP, PLN and HUF are outstanding. The open contract values (nominal values of hedge transactions) and the positive/negative replacement values (potential return on closure of contracts or unrealised profits/losses before taxes) are as follows:

in CHF 1'000	2012	2011
Contract value (GBP, PLN, HUF)	3'063	2'593
Replacement value (profits/losses)	20	–10

Interest-rate Risk ••• The interest-rate risk is caused by changes in market interest rates and in the risk premiums of the capital markets, which relate to the Group's investments. The risk of fluctuating interest rates can be limited through the ratio of fixed-interest to variable interest liabilities and the ratio of short-term and long-term financial liabilities, which agrees with our risk policy. Due to financial liabilities being stated at par value, changes in interest rates have no impact on the income statement. A 1% increase (or reduction) of the average interest rate for short-term variable interest advances would have increased (or reduced) group profit by CHF 0.4 million (CHF 0.3 million in the previous year).
In 2012, various forward interest rate swaps were used to hedge future periods, mainly for a five-year duration, with the aim to fix the interest rates for a highly probably basic funding of a maximum of CHF 25 million and hedge it to offset future interest increases. The first tranche begins in 2014, the last ends in 2022. The weighted average of the fixed interest rates amounts to 0.99%. Due to capital market interest rates dropping further in December 2012 and the shrinking forward premiums, negative replacement values of TCHF –264 have resulted and were recognised in equity.

in CHF 1'000	2012	2011
Contract value	25'000	0
Replacement value (profits/losses)	–264	0

Price Risk ••• Hügli is exposed to crucial price risks in the area of the purchasing of materials as these represent the largest cost factor of around 50% of the sales volume of the Group. The purchasing prices of raw materials, in particular of important raw goods such as dairy products, grain, vegetables, vegetable oils, yeasts and spices, depend on the interaction of supply and demand. Price shifts arise on the supply side, based on climate-related harvest failures or the use of agricultural areas for the production of (bio) ethanol, among others. On the demand side, price shifts can be caused by the higher purchasing power of populous countries or the strong demand for biological products. Hügli limits the market price risks of the most important products through storage measures and through settled purchasing contracts with fixed maturities. Under certain circumstances, Hügli can hedge the raw materials price risk indirectly through the purchase of Agriculture Commodity Indices.

Liquidity Risk ••• The liquidity risk is the risk that Hügli will be unable to meet its financial obligations when they are due. Liquidity management consists in maintaining sufficient liquidity reserves to offset the usual liquidity fluctuations. At the same time, the Group has unused credit lines at its disposal that it can apply in the event of more serious fluctuations. The total amount of unused credit lines as per 31.12.2012 was CHF 36.7 million (CHF 40.9 million in the previous year). The credit lines are spread over several banks so that there is no excessive dependence on any one financial institution.

15. Operating Leases/Lease Contracts ••• The liabilities from operating leases and ongoing long-term lease contracts are due as follows:

in CHF 1'000	2012	2011
Due within 1 year	3'388	3'502
Due between 1 to 5 years	5'137	5'692
Due after 5 years	476	507
Total	**9'000**	**9'701**

The leasing contracts predominantly consist of motor vehicles for the sales force. The long-term lease obligations comprise multi-year lease contracts at the production sites in Switzerland, Italy and the UK.

16. Contingent and Future Liabilities, Capital Commitments ••• As per 31 December 2012 and 31 December 2011, there were no positions requiring disclosure.
The Group is currently involved in various legal cases that have arisen from normal business developments. For these ongoing legal cases, there are in justified cases short-term provisions to cover risks that the Group assumes to be foreseeable risks. Therefore, the effects neither in individual cases nor in total have a significant influence on the financial position and profitability.

17. Capital Management and Shareholders' Equity ••• Within capital management, the management of consolidated equity primarily aims at maintaining a solid balance sheet structure with an appropriate equity ratio (based on continuing values), ensuring the necessary financial scope in order to be able to make investments and acquisitions in the future, and achieving a ROE (return on equity) appropriate for the risk.

The monitoring of equity is performed based on following ratios:

- Equity: 48.0 %/50.5 % in the previous year (equity to total assets)
- Gearing: 0.69/in the previous year: 0.58 (interest bearing net debt to equity)
- Return on equity (ROE): 12.2 %/in the previous year: 16.6 % (group profit in percentage of average equity).

These ratios are reported to the Board of Directors at regular intervals by internal financial reporting. Based on strategic objectives, the medium target for the equity ratio is to maintain it over 40 % and to keep gearing below 1. The return on equity should be kept above 15 %.
A financial covenant of a bank requires a minimal equity ratio that must therefore be maintained above 35 %.
Hügli pursues a results-oriented dividend policy with a ratio of 25 % to 30 % of the Group's profits per share. The Board of Directors is proposing to the General Meeting of Shareholders on 15 May 2013 a dividend of CHF 12.00 (payout in the previous year: CHF 15.50) per bearer share and CHF 6.00 (payout in the previous year: CHF 7.75) per registered share, respectively. The total payout aligns with 38 % (in the previous year: 38 %) of Group profits.

The shareholders' equity per balance sheet date consisted of the following:

in CHF 1'000	2012	2011
Share capital consists of fully paid-in 280'000 bearer shares CHF 1.00 410'000 registered shares CHF 0.50	485	485
Own shares Bearer shares valued at average acquisition costs of CHF 306.30 (PY: CHF 70.10)	–1'609	–278
Capital reserves	19'206	18'657
Retained earnings	107'435	100'840
Total	**125'517**	**119'704**
Own shares at 01.01. (in units)	3'974	4'843
Sales via stock ownership program	–1'543	–1'046
Purchase of own shares	2'823	177
Own shares at 31.12. (in units)	5'254	3'974

The capital reserves increase by the profit from the sale of own shares. The amount of TCHF 74 (TCHF 116 in the previous year) relating to the recognised costs of stock ownership plans was expensed in the income statement. The directly stated results in the retained earnings are mainly related to translation adjustments of net assets of Group companies and equity-like Group loans denominated in foreign currencies due to the valuation at the balance sheet date. In addition, due to hedge accounting, the valuation of cash flow hedges was reported with the amount of TCHF –224 (TCHF –8 in the previous year) and the replacement value TCHF –244 (TCHF –10 in the previous year) minus deferred taxes of TCHF 20 (TCHF 2 in the previous year), respectively.

The fair value changes of cashflow hedges arose as follows:

in CHF 1'000	2012	2011
Withdrawal from reserve: Transferred to income statement	10	–1'420
Appropriation to reserve: Fair value adjustments	–244	–10
Deffered taxes on cashflow hedges	18	214
Total	**–216**	**–1'216**

Translation gains and losses recorded in equity arose as follows:

in CHF 1'000	2012	2011
Translation gains/(losses) of net investments	–693	–398
Translation gains/(losses) of corporate loans, net	–109	–2'347
Total	**–802**	**–2'745**

In order to maintain the stock ownership plans, it was decided to acquire further Hügli shares on the market as from 2011. In 2012, a total of 2'823 (177 in the previous year) shares was acquired at an average purchase price of CHF 497.83 (CHF 536.85 in the previous year).
The consolidated reserves include legally required reserves of CHF 15.0 million (CHF 13.4 million in the previous year). Based on local law of the respective countries, the reserves cannot be paid out to shareholders.
There is no contingent or authorised capital. Furthermore, no conversion or option rights are outstanding.

18. Sales ••• The segment reporting is presented on page 46 of this annual report. *see Page 46*
In addition, a breakdown of sales according to product groups and geographic markets (location of customers) is displayed on page 4. *see Page 4*

19. Personnel Expenses •••

in CHF 1'000	2012	2011
Salaries and wages	65'164	66'357
Social benefits	12'919	12'992
Other personnel costs	555	867
Total	**78'637**	**80'216**

Stock Ownership Plans ••• In accordance with a senior management participation program established by the Board of Directors, members of senior management are enabled to use a limited part of the bonus to acquire shares (owned by the company) at a preferential price of 75 % of the market value.
The offer is given out in March; the acceptance is effected by paying the purchase price by the end of April. In 2012, 655 shares were obtained at a price of CHF 425.00 per share, in the previous year 638 shares at a price of CHF 454.50 per share. Furthermore, based on regulations regarding the optional share-based payment to the Board of Directors, in November 2011, 888 shares were transferred to Board members at the discounted rate of CHF 392.25 instead of cash compensation. The enactment of both share programs is subject to a retention period of 3 years and during that time remains in the custody of Hügli Holding AG.
The difference between market value and the discount granted on the basis of the share participation plan is recognised as personnel expense (with an offsetting entry in equity) in the income statement, with any gain or loss recognised in income. The costs in the financial year amount to TCHF 74 (TCHF 116 in the previous year).

20. Other Operating Expenses, net •••

in CHF 1'000	2012	2011
Marketing and sales	38'315	39'220
Other costs	16'024	16'539
./. Other operating income	–1'072	–1'869
Total	**53'268**	**53'890**

Other operating income primarily contains expense credits, through cost transfers of packaging/postage and discounts, income from other periods as well as rental incomes, among others. Losses in the amount of TCHF –14 resulted from the disposal of fixed assets (TCHF –8 in the previous year).

21. Development Costs ••• Development costs of TCHF 2'761 (TCHF 2'673 in the previous year) were recognised in 2012. Development serves mainly the creation of new products and improvement of the existing product range and is included in the personnel and other operating costs and depreciation positions. Development costs were at no time capitalised.

22. Extraordinary Profit ••• In the previous year 2011, a non-operating property located in Berlin was sold with a sales income of TCHF 1'356. This resulted in a non-operating loss of TCHF 203 including the transaction costs.

23. Financial Results •••

in CHF 1'000	2012	2011
Interest expenses	1'920	2'107
Other financial expenses	105	278
Financial expenses	**2'025**	**2'385**
Interest income	–93	–73
Other financial income	–74	0
Financial income	**–167**	**–73**
Financial expenses, net	**1'857**	**2'312**

The financial expenses decreased owing to considerably lower short-term interest rates of the capital market but even due to a slightly higher level of debt, which on average increased by CHF 1.3 million. Overall, the average interest rate on financial liabilities resulted in 2.5 % (2.8 % in the previous year).
The other financial income mainly includes losses incurred through foreign currency rates.

24. Income Taxes •••

in CHF 1'000	2012	2011
Current income taxes	5'220	6'123
Deferred income taxes	–537	364
Total	**4'683**	**6'487**

The reconciliation between the income taxes based on the theoretical, weighted tax rate of the Group of 20.1 % (21.9 %) in the previous year) and the effective income taxes results is as follows:

in CHF 1'000	2012	2011
Profit before taxes	19'688	25'954
Theoretical income taxes	3'964	5'680
Use of unrecognised tax assets	0	0
Losses without tax reductions	431	334
Changes of tax rates	0	0
Non-deductible expenses	29	144
Tax result from other periods	258	329
Total income taxes	**4'683**	**6'487**

Income taxes of TCHF –20 (TCHF –2 in the previous year) and the related underlying transactions were recognised directly in equity.

25. Transactions with Related Parties ••• Related parties include the Board of Directors, members of the Group Executive Management, the pension fund and important shareholders as well as companies under the control of these persons, or decisively influenced by them. Transactions with related parties are generally conducted at arm's length.
The members of the Board of Directors (6 members) are remunerated with a fixed salary or optionally with own shares at a price of 25 % below market value. The Chairman of the Board of Directors receives additional compensation based on earnings. The members of Group Executive Management (7 members), receive a fixed salary, additional compensation based on earnings and furthermore the possibility to purchase own shares with a retention period of 3 years at a price of 25 % below market value with a portion of the earnings based compensation. All compensation elements are included in the personnel expenses.

Total remuneration to the Board of Directors and Group Executive Management:

in CHF 1'000	2012	2011
Short-term benefits	3'745	3'851
Social expenses	388	426
Benefit obligations	330	441
Stock ownership program	68	104
Total	**4'531**	**4'822**

Social security and employee benefit contributions include the employees' and the employer's contributions as well as the obligatory state social insurance and the corporate pension plan.
The Swiss pension fund was administrated by the Hügli Group and the Group was compensated with TCHF 40 (TCHF 40 in the previous year). Furthermore, as in the previous year, there were neither accounts receivable nor accounts payable to related parties. No other considerable transactions with related parties were effected.
Additional information on the compensation and participation of the Board of Directors and Group Executive Management as per Swiss Code of Obligations article 663b bis, is presented in the notes to the Financial Statements of Hügli Holding AG on page 69 of this annual report.

26. Earnings per Bearer Share •••

in CHF	2012	2011
Group profit	15'005'000	19'467'000
Average number of bearer shares with par value of CHF 1.00	276'146	275'583
Average number of registered shares with par value of CHF 0.50	410'000	410'000
Total bearer shares - equivalents	481'146	480'583
Profit per bearer share (in CHF)	**31.18**	**40.51**

The average number of outstanding bearer shares is based on the number of the issued shares less the weighted average number of own shares. Since neither conversion nor option rights are outstanding, the earnings per share are not diluted.

27. Subsequent Events after Balance Sheet Date ••• No further events occurred between 31 December 2012 and the approval of the consolidated financial statements by the Board of Directors on 22 March 2013 that would have caused an adjustment of the book values of assets and liabilities of the Group or which would have to be disclosed in this position.

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Hügli Holding AG, which comprise the consolidated income statement, consolidated cash flow statement, consolidated balance sheet, consolidated statement of changes in equity and notes (pages 42 to 63), for the year ended December 31, 2012.

Board of Directors' responsibility
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

St. Gallen, March 22, 2013
OBT AG

Christian Siegfried
Licensed Audit Expert
Auditor in Charge

Willi Holdener
Licensed Audit Expert

Balance Sheet of Hügli Holding AG

in CHF	31.12.2012	31.12.2011
Assets		
Cash and cash equivalents	223'521	133'395
Accounts receivable from subsidiaries	4'626'856	4'347'040
Other receivables	56'145	14'757
Current assets	**4'906'522**	**4'495'191**
Loans to subsidiaries	153'845'120	116'827'385
Investments in subsidiaries	65'283'297	65'283'297
Intangible assets	1	1
Own shares	1'609'356	278'575
Non-current assets	**220'737'774**	**182'389'257**
Total assets	**225'644'296**	**186'884'449**
Liabilities and shareholders' equity		
Short-term financial liabilities	43'290'500	23'969'610
Accounts payable to subsidiaries	21'362	56'594
Accrued expenses and deferred income	757'062	657'908
Long-term financial liabilities	38'035'000	33'085'000
Provisions for investments/loans	14'000'000	14'000'000
Liabilities	**96'103'924**	**71'769'112**
Share capital	485'000	485'000
General reserves	11'100'000	11'100'000
Reserve for own shares	1'609'356	278'575
Unrestricted reserves	85'000'000	70'000'000
Net profit for the year	31'346'016	33'251'762
Shareholders' equity	**129'540'372**	**115'115'337**
Total liabilities and shareholders' equity	**225'644'296**	**186'884'449**

Income Statement of Hügli Holding AG

Income	**2012**	**2011**
in CHF		
Income from investments (Dividends)	17'049'900	21'398'400
Income from subsidiaries	3'363'422	3'475'882
Financial income from subsidiaries	4'735'020	5'061'840
Other financial income	1'023'739	409'453
Other operating income	60'000	60'000
Total income	**26'232'081**	**30'405'575**
Expenses		
Personnel expenses	–1'915'293	–2'056'470
Other operating expenses	–539'469	–539'474
Interest expenses	–1'380'188	–1'507'807
Other financial expenses	–108'635	–2'531'094
Taxes	–397'406	–179'917
Total expenses	**–4'340'991**	**–6'814'762**
Net profit for the year	**21'891'090**	**23'590'813**

Proposed Appropriation of Retained Earnings

	31.12.2012	31.12.2011
in CHF		
Profit carried forward	10'734'262	9'640'229
Increase/Decrease of reserve for own shares/Dividends on own shares	–1'279'336	20'721
Net profit of the year	21'891'090	23'590'813
Retained earnings	**31'346'016**	**33'251'762**
The Board of Directors proposes the following appropriation of the retained earnings to the General Meeting:		
Appropriation to the unrestricted reserves	15'000'000	15'000'000
Dividend payment	5'820'000	7'517'500
Balance to be carried forward	10'526'016	10'734'262
Total	**31'346'016**	**33'251'762**

Payment per Bearer Share

Subject to approval by the General Meeting on 15 May 2013 the payment per share is:

Bearer share (par value CHF 1.00)	2012	2011
in CHF		
Dividend, gross	12.00	15.500
./. Withholding tax 35 %	–4.20	–5.425
Payment per bearer share, net	**7.80**	**10.075**

The payment less 35 % withholding tax will be effected from Thursday 23 May 2013 with coupon no. 18 to all shareholders holding Hügli shares on Thursday 16 May 2013 at the close of the stock exchange. The bearer shares (security number 464 795) will be traded ex dividend at the SIX Swiss Exchange starting 17 May 2013.

Notes to the Financial Statements of Hügli Holding AG

1. Basic Accounting Principles ••• The accounting of Hügli Holding AG is based on Swiss legislation (Swiss Code of Obligations). Investments in subsidiaries and own shares are stated at acquisition costs less possible value adjustments. Loans to subsidiaries, accounts receivable and accounts payable are recognised at par value. Foreign currency positions are translated at the year-end rate.

2. Contingent liabilities ••• Sureties, guarantee commitments and pledges in favour of third parties total CHF 26.4 million (CHF 29.6 million in the previous year). In essence, these secure the credit line contracts that are provided to Group subsidiaries by banks.
No assets have been pledged or transferred to secure own commitments. There are no reservations of ownership.

3. Share capital/Major shareholders ••• The share capital of CHF 485'000 comprises 280'000 bearer shares listed on the Swiss Stock Exchange (par value: CHF 1.00) and 410'000 privately held registered shares (par value: CHF 0.50). Each share grants one vote at the General Meeting of the Shareholders, the dividend entitlement is calculated in proportion to the par value.
Owned by the founding family, Dr A. Stoffel Holding AG owned overall 410'000 registered shares (410'000 in the previous year) and 38'439 bearer shares (38'292 in the previous year) as of 31.12.2012. The increase was a result of the share-based payment of the salary for the Board of Directors in 2012. This is equivalent to 50.2 % (50.2 % in the previous year) of the share capital and 65.0 % (65.0 % in the previous year) of the voting rights.

4. Own shares ••• In this financial year, the company sold 655 shares (638 in the previous year) at the reduced price of CHF 425.00 (CHF 454.50 in the previous year) per share to staff as part of the stock ownership program. Furthermore, based on the regulations regarding the optional share-based payment to the Board of Directors, 888 shares (CHF 408 in the previous year) were transferred to Board members at the discounted rate of CHF 392.25 (CHF 425.65 in the previous year) instead of cash compensation. The enactment of both share programs is subject to a retention period of 3 years and during that time remains in the custody of Hügli Holding AG.
In order to maintain the stock ownership plans, it was decided to acquire further Hügli shares on the market as from 2011. In 2012, a total of 2'823 shares (177 in the previous year) was acquired at an average purchase price of CHF 497.83 (CHF 536.85 in the previous year) .
The amount of own shares was thereby reduced from 3'974 in the previous year by –1'534 and increased by 2'823 due to the purchase of own shares to 5'254 as per 31.12.2012.

5. Balance sheet valuation of Group loans/Currency differences ••• By the valuation of the balance sheet as at 31.12.2012 negative currency differences on not currency congruent financed group loans arose in the net amount of CHF –108'635 (CHF –2'347'319 in the previous year). They were recognised as other financial expenses in the income statement. The other translation differences amounted in the financial year CHF +475'027 (translation gains), CHF –183'775 in the previous year (translations losses).

6. Hidden reserves ••• In this financial year and in the previous year no hidden reserves were released.

7. Risk management ••• The Board of Directors of Hügli Holding AG is the group's highest authority for strategic and operative risk assessment. The group-wide risk assessment consists of controlling risk management procedures and periodic reporting of Group Executive Management to the Board of Directors regarding risk identification, analysis and monitoring. To guarantee early identification and management of risks, risk management was assigned to the operating departments within the country organisations, which perform Group functions in the areas of financial accounting and reporting, treasury, quality management and production. The reporting on the effectiveness of risk management and the up-to-dateness of the risk inventory to Group Executive Management is carried out by the executive managements of the countries and divisions.
Further information on financial risk management is presented in note 14 in the Notes to the Consolidated Financial Statements.

8. Significant subsidiaries ••• The subsidiaries of Hügli Holding AG as per balance sheet date are stated on page 72.
All Group companies are directly or indirectly in a 100 % ownership of Hügli Holding AG.

9. Compensation •••

Compensation to Members of the Board of Directors •••

	Compensation net		Stock ownership plans[2]		Company Car[3]	Compensation to Board	Pension and social Insurance[4]	Total 2012	Total 2011
	Fix	Variable[1]							
	in CHF 1'000	in CHF 1'000	Number	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000
Dr Jean Gérard Villot, President	515	53	300	6	8	**582**	161	**743**	823
Dr Alexander Stoffel	60	0	147	3	0	**63**	5	**68**	74
Fritz Höchner	60	0	147	3	0	**63**	5	**68**	74
Dr Christoph Lechner	60	0	0	0	0	**60**	8	**68**	68
Dr Ernst Lienhard	60	0	147	3	0	**63**	5	**68**	74
Dr Ida Hardegger (since 2012)	60	0	147	3	0	**63**	8	**71**	0
Total Board of Directors	**815**	**53**	**888**	**18**	**8**	**894**	**192**	**1'086**	**1'112**

Compensation to Members of the Group Executive Management •••

	Compensation net		Stock ownership plans[2]		Company Car[3]	Compensation to Mgmt	Pension and social Insurance[4]	Total 2012	Total 2011
	Fix	Variable[1]							
	in CHF 1'000	in CHF 1'000	Number	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000
Total Group Executive Management	**2'633**	**189**	**586**	**50**	**47**	**2'919**	**526**	**3'445**	**3'710**
thereof maximum total compensation									
Thomas Bodenmann, CEO	558	53	235	20	9	**640**	164	**804**	**902**

[1] *The variable compensation is based on a plan, which has been approved by the Board of Directors. The amount is determined by the financial result and the result in the segments, the individual members are responsible for.*

[2] *Share-related remuneration is based on a senior management participation program. For a limited part of the bonus it is possible to acquire shares at a preferential price of 75% of the market value. The shares underlie a retention period of 3 years. Due to the retention period they show a discounted value in the compensation value. The Group Executive Management bought 586 bearer shares at a price of CHF 249 thousand. The discounted market value amounted to CHF 299 thousand. Based on the regulations regarding the optional share-based payment to the Board of Directors 888 shares were transferred to Board members at a price of CHF 348 thousand instead of cash compensation. These shares are also subject to a retention period of 3 years. The discounted market value amounted to CHF 367 thousand.*

[3] *The private part of the company car was determined by tax values. Real travel expenses are not included.*

[4] *Social insurance includes the obligatory employer's and employees' contributions and the AHV/IV and the SUVA (Group Executive Management: CHF 284 thousand/Board of Directors: CHF 104 thousand). The pension plan includes obligatory and non-mandatory contributions to the pension fund (Group Executive Management: CHF 242 thousand/Board of Directors: CHF 88 thousand).*

10. Shareholdings ••• as per 31 December

	Number of bearer shares		Number of registered shares		Voting rights	
	2012	2011	2012	2011	2012	2011
	in CHF 1'000	in CHF 1'000	in CHF 1'000	in CHF 1'000	in %	in %
Dr Jean Gérard Villot, President	1'143	843			0.2	0.1
Dr Alexander Stoffel	38'439	38'292	410'000	410'000	65.0	65.0
Fritz Höchner	1'785	1'638			0.3	0.2
Dr Christoph Lechner	111	111			<0.1	<0.1
Dr Ernst Lienhard	394	247			<0.1	<0.1
Dr Ida Hardegger (since 2012)	247	0			<0.1	0.0
Total Board of Directors	**42'119**	**41'131**	**410'000**	**410'000**	**65.5**	**65.4**
Thomas Bodenmann	762	671			0.1	0.1
Alexander Moosmann	595	478			<0.1	<0.1
Andreas Seibold	464	391			<0.1	<0.1
Dirk Balzer	117	0			<0.1	0.0
Total Group Executive Management	**1'938**	**1'540**			**0.3**	**0.2**

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Hügli Holding AG, which comprise the balance sheet, income statement and notes (pages 65 to 70) for the year ended December 31, 2012.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2012 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

St. Gallen, March 22, 2013
OBT AG

Christian Siegfried
Licensed Audit Expert
Auditor in Charge

Willi Holdener
Licensed Audit Expert

Group Companies

	Participation		Nominal capital	
	31.12.2012	31.12.2011	31.12.2012	
	in %	in %	Unit	in 1'000
Hügli Holding AG Steinach, CH Telephone +41 71 447 22 11, E-Mail: info@huegli.com			CHF	485
Hügli Nährmittel AG Steinach, CH Telephone +41 71 447 22 11, E-Mail: info@huegli.com	100	100	CHF	1'100
Supro-Nährmittel AG, Steinach, CH Telephone +41 71 314 64 74, E-Mail: info@supro.ch	100	100	CHF	1'000
EPS Holding AG, Steinach, CH Telephone +41 71 447 22 11, E-Mail: info@huegli.com	100	100	CHF	250
Hügli Nährmittel-Erzeugung GmbH, Hard, AT Telephone +43 5574 6940, E-Mail: huegli@huegli.com	100	100	EUR	765
Huegli UK Ltd., Redditch, GB Telephone +44 1527 514 777, E-Mail: info@huegli.co.uk	100	100	GBP	1
Ali-Big Industria Alimentare s.r.l., Brivio, IT Telephone +39 039 5320 555, E-Mail: alibig@ali-big.it	100	100	EUR	94
Ali-Big Export s.r.l., Brivio, IT Telephone +39 039 5320 555, E-Mail: alibig@ali-big.it	100	100	EUR	10
Hügli Nahrungsmittel GmbH, Radolfzell, DE Telephone +49 7732 8070, E-Mail: huegli@huegli.de	100	100	EUR	25'500
Heirler Cenovis GmbH, Radolfzell, DE Telephone +49 7732 8071, E-Mail: info@heirler-cenovis.de	100	100	EUR	2'929
Diasana Vertrieb GmbH, Radolfzell, DE Telephone +49 7732 8070, E-Mail: huegli@huegli.de	100	100	EUR	153
Natur Compagnie GmbH, Radolfzell, DE Telephone +49 7732 8073, E-Mail: info@natur-compagnie.de	100	100	EUR	30
Erntesegen Naturkost GmbH, Radolfzell, DE Telephone +49 7732 807 620, E-Mail: info@erntesegen.de	100	100	EUR	26
Inter-Planing GmbH, Neuburg, DE Telephone +49 8283 99 880, E-Mail: info@inter-planing.de	100	100	EUR	260
OSCHO GmbH, Neuburg, DE Telephone +49 8283 99 860, E-Mail: info@oscho-versand.de	100	100	EUR	26
Hügli Food s.r.o., Zasmuky, CZ Telephone +420 321 759 611, E-Mail: info@huegli.cz	100	100	CZK	80'000
Hügli Food Polska sp.z o.o., Lodz, PL Telephone +48 42 611 00, E-Mail: robert.matysiak@huegli.com.pl	100	100	PLN	50
Hügli Food Slovakia s.r.o., Trnava, SK Telephone +421 33 535 4773, E-Mail: maria.binovska@huegli.sk	100	100	EUR	7
Hügli Food Kft., Budapest, HU Telephone +36 450 00 32, E-Mail: zoltan.molnar@huegli.hu	100	100	HUF	3'000

Key Figures 5-Year Summary Segments/Divisons

	Unit	2012	2011	2010	2009	2008
Key figures of geographic Segments						
Sales Germany	m. CHF	**172.6**	**175.0**	**194.0**	**204.7**	**214.8**
Change relative to previous year	%	–1.3	–9.8	–5.2	–4.7	7.8
Organic growth	%	1.0	1.2	**3.5**	**0.1**	11.6
EBIT Germany	m. CHF	**14.6**	**18.5**	**25.4**	**23.1**	**20.1**
As % of sales	%	8.5	10.6	13.1	11.3	9.3
Change relative to previous year	%	–21.1	–26.9	10.0	15.0	8.1
Sales Switzerland/Rest of Western Europe	m. CHF	**117.8**	**120.7**	**129.0**	**132.9**	**133.8**
Change relative to previous year	%	–2.4	–6.5	–2.9	–0.6	33.0
Organic growth	%	–2.8	–0.6	0.9	3.9	11.1
EBIT Switzerland/Rest of Western Europe	m. CHF	**5.9**	**10.0**	**10.1**	**10.8**	**10.6**
As % of sales	%	5.0	8.3	7.9	8.1	7.9
Change relative to previous year	%	–40.7	–1.3	–5.8	1.5	23.3
Sales Eastern Europe	m. CHF	**34.4**	**36.4**	**49.2**	**52.8**	**52.2**
Change relative to previous year	%	–5.6	–26.0	–6.8	1.2	14.6
Organic growth	%	–1.2	9.2	8.7	16.8	9.4
EBIT Eastern Europe	m. CHF	**1.0**	**–0.1**	**2.3**	**1.5**	**–0.5**
As % of sales	%	2.9	–0.2	4.7	2.8	–1.0
Change relative to previous year	%	n.a.	–103.2	55.2	–373.1	n.a.
Sales of Sales Divisions						
Food Service	m. CHF	**133.3**	**139.9**	**153.4**	**160.8**	**165.8**
Change relative to previous year	%	–4.7	–8.8	–4.6	–3.0	20.3
Organic growth	%	–2.8	–0.6	1.5	2.2	6.8
Private Label	m. CHF	**70.9**	**69.6**	**80.6**	**83.9**	**87.3**
Change relative to previous year	%	1.9	–13.7	–3.9	–3.9	39.1
Organic growth	%	4.1	5.5	11.8	4.3	24.3
Brand Solutions/Food Industry/ Consumer Brands	m. CHF	**120.2**	**122.5**	**138.2**	**145.7**	**147.6**
Change relative to previous year	%	–1.9	–11.4	–5.1	–1.3	18.4
Organic growth	%	–0.6	1.4	0.5	4.8	9.6
Brand Solutions	m. CHF	**44.2**	**41.0**			
Change relative to previous year	%	7.7				
Organic growth	%	8.0				
Food Industry	m. CHF	**35.8**	**39.1**			
Change relative to previous year	%	–8.6				
Organic growth	%	–9.2				
Consumer Brands	m. CHF	**40.2**	**42.1**			
Change relative to previous year	%	–4.6				
Organic growth	%	–2.0				

Key Figures 5-Year Summary Group

	Unit	2012	2011	2010	2009	2008
Sales	m. CHF	**324.8**	**332.0**	**372.2**	**390.4**	**400.8**
Change relative to previous year	%	–2.2	–10.8	–4.7	–2.6	16.0
Organic growth	%	–0.6	1.4	3.2	3.6	11.1
Operating profit before depreciation (EBITDA)	m. CHF	**33.6**	**39.8**	**48.8**	**46.1**	**41.1**
As % of sales	%	10.3	12.0	13.1	11.8	10.3
Change relative to previous year	%	–15.8	–18.3	5.8	12.1	9.6
Operating profit (EBIT)	m. CHF	**21.5**	**28.5**	**37.8**	**35.3**	**30.2**
As % of sales	%	6.6	8.6	10.2	9.0	7.5
Change relative to previous year	%	–24.3	–24.7	7.1	17.0	9.7
Net Group profit	m. CHF	**15.0**	**19.5**	**27.4**	**23.2**	**19.4**
As % of sales	%	4.6	5.9	7.3	5.9	4.8
Change relative to previous year	%	–22.9	–28.8	18.1	19.6	–0.1
Cash flow from operating activities	m. CHF	**23.6**	**25.8**	**38.8**	**33.9**	**26.1**
As % of sales	%	7.3	7.8	10.4	8.7	6.5
Change relative to previous year	%	–8.5	–33.4	14.5	29.9	131.9
Investments (tangible and intangible assets)	m. CHF	**13.8**	**20.7**	**26.1**	**15.0**	**11.0**
Number of employees	FTEs at balance sheet date	**1'252**	**1'298**	**1'377**	**1'429**	**1'350**
Invested capital (Net operating assets)	m. CHF	**230.9**	**204.0**	**195.7**	**209.0**	**207.2**
Net working capital	m. CHF	93.1	83.7	79.5	90.0	91.9
Tangible and intangible assets	m. CHF	137.8	120.3	116.2	119.0	115.3
Equity	m. CHF	**125.5**	**119.7**	**111.7**	**105.8**	**88.9**
As % of total assets	%	48.0	50.5	48.2	42.3	35.4
Net debt [1]	m. CHF	**86.8**	**69.9**	**68.8**	**86.6**	**95.6**
Interest coverage ratio (EBIT/Interest expenses)		11.2	13.5	14.9	10.1	5.8
Gearing (Ratio to equity)		0.69	0.58	0.62	0.82	1.08
Net dept/EBITDA		2.6	1.8	1.4	1.9	2.3
Return on invested capital (ROIC) [2]	%	**7.8**	**10.6**	**14.3**	**12.6**	**10.9**
Return on equity (ROE) [3]	%	**12.2**	**16.6**	**25.0**	**23.6**	**21.5**
Information per bearer share (security no. 464795)						
Net profit per bearer share	CHF	31.18	40.51	57.09	48.44	40.55
Dividend (proposal for 2012)	CHF	12.00	15.50	15.50	13.50	11.00
Payout ratio	%	38	38	27	28	28
Equity per bearer share	CHF	259	247	230	218	183
Market price 31.12.	CHF	500	567	689	500	460
Market price high	CHF	670	761	700	556	640
Market price low	CHF	472	520	495	400	324
Price/Earnings Ratio 31.12.		**16.0**	**14.0**	**12.1**	**10.3**	**11.3**
Enterprice Value/EBITDA 31.12.		**9.8**	**8.7**	**8.3**	**7.1**	**7.8**

Definitions

1 Net debt = Interest bearing financial debts – Cash and equivalents

2 Return on invested capital (ROIC) = NOPAT (EBIT × (1 – actual taxes))/ NOA (Average Net working capital and Tangible and intangible assets)

3 Return to equity (ROE) = Net profit/Average equity

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Agenda
17 April 2013/07.30 a.m.
Media Release:
Annual Report 2012/Sales Q1 2013
17 April 2013/10.30 a.m.
Media and Analysts' Conference,
Widder Hotel, Zurich
15 May 2013/04.30 p.m.
Annual General Meeting of Shareholders,
Seeparksaal Arbon
17 May 2013
ex dividend date
23 May 2013
Dividend payment
20 August 2013/07.30 a.m.
Media Release:
Half-Year Report 2013

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Translation: The original of this Annual Report is written in German. In the case of inconsistencies between the German original and this English translation, the German version shall prevail.

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