

Production

The Coop Group also includes numerous manufacturing companies, chief among them the Bell Food Group, in which Coop is a majority shareholder. The Bell Food Group, which is one of the leading companies in meat processing and the production of convenience products in Europe, gives Coop a strong international presence.

15.7%
more sales from sustainable
products in Production

Net sales of the Coop Cooperative Production segment grew to CHF 802 million in 2018. Added to this are net sales for the Bell Food Group, which increased to CHF 4.1 billion. Total sales of sustainable ranges in Production came to 1.2 billion francs in 2018. Coop therefore increased its sales of sustainable products in the Production area by 15.7% year on year.

Bell Food Group

In the year under review, the Bell Food Group forged further ahead with the expansion of the Convenience business. As of January 2018, Bell acquired two companies, Hügli and Sylvain & Co. The Convenience business area now accounts for around a quarter of the Bell Food Group's consolidated sales. To finance the forward-looking strategy in the convenience segment, in June 2018 the Bell Food Group carried out a successful capital increase. This enabled the Group to generate fresh capital of more than 600 million francs, which is to be used for the acquisition of Hügli and other investment projects. Sales of goods of the Bell Food Group increased by 15.4 percent in 2018, to 4.1 billion francs. At 542.9 million kilograms, the sales volume is 89.1 million kilograms (+19.6%) higher than the previous year. The growth is attributable to the acquisitions, currency effects and organic growth.

Hügli develops, produces and markets soups, sauces, desserts and spices and employs around 1 500 staff. The company operates ten locations in all, in Switzerland, Germany, Italy, Spain, the Netherlands, the Czech Republic and the UK. Hügli's range, which is geared towards long-life convenience products, is the ideal complement to the Bell Food Group's existing range of ultra-fresh and fresh convenience products. The distribution channels are also complementary, in that they are geared to retail and catering. Moreover, Hügli strengthens the Bell Food Group's presence in key European markets.

Sylvain & Co. is one of Switzerland's biggest providers of ultra-fresh convenience products and is based in Essert-sous-Champvent, canton of Vaud. The company specializes in manufacturing fresh and ready-prepared salads, vegetables and fruit and employs a workforce of around 180. By acquiring Sylvain & Co, Eisberg is expanding its production capacity in Switzerland in this growing product group. The integration of the two companies is progressing according to schedule, and initial synergies have already been leveraged.

Bell Food Group invests in cultured meat

In July 2018, the Bell Food Group announced a stake in Dutch start-up Mosa Meat, the world's leading cultured beef company. The Maastricht-based company has developed a technology that can be used to manufacture cultured minced beef from animal cells. The goal is to make cultured beef commercially viable by 2021. According to estimates by the Food and Agriculture Organization of the United Nations, global demand for meat will rise by up to 70 percent by 2050. The Bell Food Group's intention, in investing in Mosa Meat, is to support the development of new production methods in the long term which offer a possible alternative to consumers who question their meat consumption for primarily ethical reasons.

Hilcona widens range of vegetarian products

In 2018, Hilcona responded to growing demand for vegetarian products in food retail and catering and also continued to broaden its expertise in vegetarian and vegan products. One example of this is the addition to Hilcona's range of "Ocean Sticks", which are tofu fish fingers. Hilcona relied heavily on innovation in other areas too: in the ultra-fresh segment, the convenience specialist began producing sandwiches on a new fresh convenience production line in Zurich/Orbe and launched the "Hilcona to go" product line.

Highlights from the Bell Food Group

The table below lists highlights from the year under review at Bell Food Group AG. For more information about the Bell Food Group, please refer to the factsheet below and visit www.bellfoodgroup.com.

**BELL
FOOD
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Bell Food Group AG

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Bell



- Bell Germany Division and national subsidiaries of the Bell International Division in France, Poland and Hungary develop well and post positive rates of growth
- Growth in Switzerland in the first six months, most notably for lower-margin ranges and sales channels; immediately introduced counter-measures made good some of the decline in earnings in the second half of the year
- Roll-out of the Bell brand in France, Germany, Poland and Belgium
- Launch of product line “Samuel Bell 1869” in Switzerland in the autumn of 2018, which revisits charcuterie classics from Bell’s 150-year history
- Expansion of the range for the food service channel, with the launch of the Bell Professional line.
- Construction of the multi-storey car park in Basel as part of the construction and renovation project at the two biggest Swiss locations in Basel and Oensingen is the first project to be completed; freezer warehouse and multi-storey car park projects at Oensingen location ongoing

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Eisberg



- Construction of Europe’s most cutting-edge production facility for convenience products in Marchtrenk, Austria on track; due to open early 2019
- Sylvain & Co, in Champvent, western Switzerland, successfully integrated into the Eisberg Group
- Successful introduction of the first robot for removing cores from iceberg lettuce at Dänikon site in October 2018

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Hilcona



- Further development of customer segments thanks to active innovation management; “Hilcona to go” product line launched. “Hilcona to go” represents more freshness and health in national and international food retailing
- Broadening of ultra-fresh expertise, with launch of “Hilcona Water” and new fresh convenience production line for sandwiches in Zurich/Orbe
- Growing demand for vegetarian products in food retail and catering, further development of expertise in veggie segment with new products (e.g. “Ocean Sticks” tofu fish fingers)

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Hügli



- Successful completion of the acquisition of Hügli as of 1 January 2018; integration into Bell Food Group goes according to plan; initial synergies leveraged with sister companies of Coop and Bell Food Group
- Customer business in the food industry and the highly competitive private label business develop very well
- Positive development of food service in the Benelux countries and eastern Europe
- Opening of a new building in Werkendam, Netherlands, for the manufacture of “Bresc” brand fresh garlic and herb mixes
- Successful inauguration of new plant for the production of delicatessen specialities, sauces and meat stocks at the St. Gallen and Brivio (Italy) sites

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