



Media release

Steinach, 22 April 2005

Hügli on the road to success Sales and particularly earnings increased strongly

In the reporting year the Hügli Group increased sales on the previous year by 10.3% (in local currency by 9.0%) to CHF 233.2 million. EBIT rose by 57% to CHF 18.9 million, net profit by 55% to CHF 15.5 million.

The Board of Directors proposes to the General Meeting on 24 May 2005 the repayment of nominal value of CHF 8.50 instead of paying a dividend.

Sales growth in all sales channels

The positive sales growth is mainly due to an increased market share and is coming from all geographical segments with Eastern Europe still showing growth rates of around +50%. The growth in sales was achieved almost exclusively with products manufactured by the Hügli Group as opposed to trading item. Looking at customer segments/divisions significantly stronger sales of products for retailers (Division Private Label, +23.8%) as well as of semi-finished products for the food industry (Division Industrial Foods, +10.0%) stood out. Based on a broad customer base sales to restaurants and caterers (Division Food Service) could be increased by 4.2% due to gains in market share. Sales with organic products (Division Health & Natural Food) rose by a mere 3.0%. Strong sales growth of own organic products was offset substantially by the reduction of organic trading goods.

Increased margin and high operating cash flow

Earnings strongly increased by 57% to an EBIT of CHF 18.9 million. This increase results from optimisations in purchasing resulting in a higher gross margin as well as from cost discipline in operations. Cost clearly increased slower than operating growth.

The good internal financing due to a 44% growth in operating cash flow was again in part used for upgrade investments, mainly operating buildings and additional distribution channels. Moreover, net debt could be reduced by CHF 7.9 million to CHF 47.3 million.

Transition to IFRS

The consolidated financial statements for the financial year 2004 have been prepared in accordance with the International Financial Reporting Standards (IFRS), the financial statements 2003 were adjusted to the new accounting policies for comparison. While the impact of the transition on the income statement 2004 was only marginal some elements of the income statement 2003 needed to be restated. Moreover, in the IFRS opening balance sheet as of 01.01.2003 a number of positions needed to be reconsidered and revaluated. The restatements resulted in several one-time charges to equity on the day of transition. However, equity could be reinforced in the reporting year by CHF 16.2 million to CHF 64.1 million or 41.2% of the total assets as of 31.12.2004.



Optimistic outlook for 2005

Hügli started the new year on a very positive note increasing sales in the 1st quarter 2005 by 10.1% (in local currency 10.4%), of which 4.1% are based on acquisitions. Industrial Foods achieved a dynamic sales increase of 18.9%, the Food Service and Private Label divisions showed solid growth of 5.2% and 6.9% respectively. Sales of the Health & Natural Food Division rose by 22.1%, the majority acquisition based.

We are continuously optimistic about the prospects for growth in 2005. For the year we expect sales growth of 8%, of which 3% will be acquisition based. After the strong increase in earnings in the previous year we expect earnings growth slightly to exceed sales growth for 2005.

Financial key figures

<i>in million CHF</i>	2004	2003	Change
Sales	233.2	211.4	+10.3%
EBITDA	25.6	18.4	+39.3%
as % of sales	11.0%	8.7%	
EBIT	18.9	12.0	+57.3%
as % of sales	8.1%	5.7%	
Net profit	15.5	10.0	+54.7%
as % of sales	6.7%	4.7%	
Cash flow from operations	24.8	17.2	+44.3%
as % of sales	10.6%	8.1%	
Investments	15.3	10.5	+46.2%
as % of cash flow from operations	61.8%	61.0%	
Equity	64.1	47.9	+33.6%
as % of total assets	41.2%	33.2%	
Net debt	47.3	55.2	-14.3%
Gearing	0.7	1.2	
Return on invest. capital ROIC	13.7%	9.1%	
Return on equity ROE	27.7%	20.5%	
Earnings per share (CHF)	33.62	22.16	+51.7%
Repay. nom. value/dividend (CHF)	8.50	5.50	+54.5%

For further information:

Andreas Seibold, CFO/Investor Relations

Tel. +41 71 447 22 50

Hügli Holding AG

Bleichstrasse 31, CH-9323 Steinach

e-Mail andreas.seibold@huegli.com

Internet www.huegli.com