

Press Release



Hochwald press briefing on financial results A good start to 2023 – “Prepared for tomorrow” strategy launched

Thalfang / Mechernich, 3 July 2023

The Hochwald Group presented strong figures at the Delegates Meeting of Hochwald Milch eG on 30 June 2023. Hochwald achieved a turnover of 1.97 billion euros in 2022 – the highest ever in the company’s history. The share of third country exports was also further expanded. The financial year saw the commissioning of the dairy plant in Mechernich, which resulted in higher capital expenditures of €187.5 million. At 53.1 cent/kg, the average milk price for the year was approx. 0.1 cent/kg below the German national figure and will be above average for 2023.

2022 financial year

2022 was characterised by dramatic ups and downs and these will continue to have an impact in 2023. The combination of a worldwide decline in milk volumes from summer 2021 onwards and the uncertainties resulting from Russia’s war against Ukraine has led to dairy markets experiencing an unprecedented price explosion. From energy and machine parts to animal feed, and food supplies, many areas have been hit hard by inflation, which peaked at over 10 %. In Germany, dairy products increased in price by almost 20 %, and prices have also risen internationally. This caused the Hochwald Group’s turnover to rise to €1.97 billion for the reporting year. EBITDA amounted to €127.4 million, a significant increase of €19.3 million over the previous year. “Turnover reached a record high last year. Market developments were favourable for products like powder and butter, especially in the first half of the year”, explained Detlef Latka, CEO. The company’s payment price for milk was also at an all-time high of 53.1 cent/kg, but still approximately 0.1 cent/kg below the national average. The financial year was also marked by the commissioning of the dairy plant in Mechernich. COO Thorsten Oberschmidt confirmed, “The plant, which specialises in long-life products, has been fully operational since October.”

Developments in 2023

The global economic outlook improved slightly at the beginning of 2023. However, high inflation will subdue growth until well into 2024. Continuing high prices in the EU compared to the global market are leading to an increase in milk volumes for farmers. Based on the sales trend in the first months of the financial year, the company anticipates the turnover for the current year to be below its previous figure. Detlef Latka affirmed, “We expect that an above-average price for milk can be paid in 2023.”

Hochwald completed its “Hochwald 2020” strategy last year, and the first half of 2023 has been dedicated to revising the strategy. Its “**Prepared for tomorrow**” vision will enable the company to face shifting challenges. Business activities will continue to focus on “White Line” products (milk, milk drinks, yoghurt, and cream) and on increasing the brand’s presence on the international market. Optimising the use of milk fat is an area for improvement.

Thilo Pomykala, CSO at Hochwald, stated, “Our focus this past year has been on the price rally regarding end consumer products in particular, as well as on the business-to-business

side of things. We currently have further challenges ahead of us on both national and international levels. Looking ahead, we plan to continue pushing our exports to third countries. We have been able to strengthen our German business with targeted product innovations and the acquisition of the Tuffi brand.”

Appointments to the Executive and Supervisory Board

Anton Streit stepped down as Hochwald Milch eG’s Chair of the Supervisory Board at the last Delegates Meeting due to his retirement. Streit became a board member in 1992 and had chaired it since 2010. Peter Manderfeld, Chair of the Executive Board at Hochwald Milch eG said, “Hochwald is losing a true cooperative member in Anton Streit, who has always helped shape and support decisions in the interests of all members and to their benefit. We thank him for his many years of commitment.” **Georg Wilsmann** has been elected as Chair of the Hochwald Milch eG Supervisory Board as part of the Board’s constitutive meeting following the Delegates Meeting.

Meinolf Bödefeld, Thomas Fischer, and **Frank Hammen** stepped down from the Executive Board, having come to the end of their rotational terms of office. The Supervisory Board nominated **Thomas Fischer, Frank Hammen,** and **Thorsten Kleinheßling** for election via ballot at the 2023 Delegates Meeting. They were all elected. Meinolf Bödefeld thereby left the governing body.

Andreas Buttgerit, Andre Dietsch, Wilfried Fielenbach, Marko Führer, Richard Schreiner, Georg Wilsmann, and **Klaus-Werner Wolf** all stepped down from the Supervisory Board at the Delegates Meeting as they had reached the end of their rotational terms. Re-election is possible in all cases. Anton Streit’s district is sufficiently covered following his retirement; there will be no subsequent appointment. Kerstin Pabst resigned ahead of time at her own request. **Lydia Merten** was elected as her successor at the Delegates Meeting. An additional seat on the Supervisory Board was created for the Luxembourg district. **John Schiltz,** (Hinkel, Luxembourg) was elected. Due to the election of Thorsten Kleinheßling to the Executive Board, a replacement had to be elected for his seat in the Supervisory Board; **Stefan Sondermann** (Hünxe-Drevenack), was elected as his successor.

Facts and figures

| | | 2022 | 2021 |
|--|---------|---------|---------|
| Total turnover | € m | 1,974.5 | 1,590.6 |
| of which third countries | € m | 308.4 | 256.4 |
| Milk supply | kg m | 2,172.6 | 2,171.8 |
| Employees | | 1,981 | 2,057 |
| Property, plant and equipment investments | € m | 187.5 | 117.1 |
| Unit price at 4.0 % fat and 3.4 % protein, including supplementary payment, excluding VAT | cent/kg | 53.1 | 36.2 |

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