



**Hochwald widens the gap from the average German milk price and reports stable sales figures for 2019. High levels of investment and a significant increase in equity are the main features of the annual financial statements.**

Thalfang/Mechernich, Germany, 30 June 2020

**In 2019, Hochwald continued to implement its Hochwald 2020 Strategy. € 100.2 m was invested during the year, with the lion's share going into building a new dairy in Mechernich. Total assets rose, and so did the equity ratio, from 33.4% in the previous year to 34.2% in 2019. The strategic objective of paying an above-average milk price was achieved, widening the gap from the German average. At € 1.53 bn, sales revenue fell slightly. The export ratio was 45.9% (prior year: 45.5%)**

#### **2019 Fiscal Year**

Dairy markets were calmer than in recent years, which were characterised by significant fluctuations in fat and protein utilisation, and resulting market volatility. There was a worldwide slowdown in milk production, and a rise in global trade. Hochwald used this stable environment to focus on implementing its Hochwald 2020 strategy and closed the fiscal year with stable sales figures. Higher export figures are particularly due to increased sales in South-East Asia and Arabic countries.

In 2019, the Cooperative paid its milk suppliers an above-average milk price of € 0.342/kg. Key investments were made at the sites in Thalfang and Hünfeld during 2019. A fourth condensed milk line was installed in Thalfang. Further investments were made to expand capacity at the Hünfeld cheese plant. The construction of a new dairy in Mechernich is the biggest investment project in the Cooperative's history and is still on both time and budget, despite the coronavirus pandemic. The total investment amounted to € 100.2 million.

The Group's equity increased from € 190.7 m in the previous year to € 218.9 m. Profit sharing certificates were issued again in 2019, with their volume rising by € 19.1 m. The equity ratio rose from 33.4% to 34.2%.

#### **Developments in 2020**

The coronavirus crisis has resulted in major challenges for the global economy, the dairy industry and Hochwald. In particular, the restrictions on global transport, border closures and the catering industry shutting down have meant that large quantities of milk could not be adequately processed and utilised. The Hochwald Group's business model is mainly focused on worldwide trade, with only small volumes going to the large-scale consumer segment, which includes hotels, restaurants and staff canteens. Hochwald very quickly implemented the mandatory protective measures in both production and administration. There was relatively little disruption in supplying production plants with raw materials, consumables and supplies and delivering finished products.

Detlef Latka, Chief Executive Officer, explains: “Our balanced marketing structure – with domestic and international trade on the one side and industrial products on the other – plus our broad range of dairy products means that, as far as we know at present, the Hochwald Group will continue pretty much on an even keel despite the crisis caused by the pandemic.”

Hochwald forged ahead with its progress by acquiring the Almil Group during the year under review. This investment will expand Hochwald’s trading capacities and ensure greater flexibility in its raw material flows.

Detlef Latka continues: “The pandemic has demonstrated that as a food business, including both farmers and dairy, we are not only systemically relevant, but also that we have a responsibility to large numbers of customers and consumers who rely on our products. We have shown that we have rightly earned their trust.”

## Facts and figures

		2019	2018
<b>Total turnover</b>	€ m	1,534.0	1,544.7
<b>of which third countries</b>	€ m	209.0	184.3
<b>Milk supply</b>	kg m	2,191.8	2,238.2
<b>Employees</b>		1,882	1,868
<b>Property, plant and equipment investments</b>	€ m	100.2	49.3
<b>Unit price at 4.0% fat and 3.4% protein, incl. supplementary payment, excl. VAT</b>	€/kg	0.342	0.345

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