



Hochwald sets course for sustainable development Strategic aim of above-average dividends achieved

Thalfang / Maria Laach, 25 June 2019

2018 saw Hochwald continue to implement the Hochwald 2020 Strategy. Initial successes were reflected in an above-average milk price of € 0.345/kg. Key milestones like the fixed-price model and the MilkPlus program were implemented. The cooperative dairy achieved a total of € 1.54 billion in sales revenue, with an export quota of 45.5% and an equity ratio of 33.4%.

2018 Fiscal Year

Sales revenue rose by 0.7% to € 1,544.7 m in the year under review. Much like the previous year, 2018 was marked by considerable volatility. Differences in fat and protein utilisation was the primary reason. Protein listings remained at a historic low for the third year in a row, while fixed prices were recorded for butter. Milestones in the reporting year included the introduction of the MilkPlus quality and sustainability program. 50% of Hochwald farmers took part in the MilkPlus program - that is equivalent to roughly 75% of cooperative milk - and secured themselves a supplement on their milk price in doing so. The program will be continue to be developed in 2019. The fixed-price model has been offered since the end of 2018. Based on the market milk price, farmers can commit quantities that are billed at the fixed price. So far, approximately 450 farmers have signed the framework agreement.

In 2018, milk suppliers for the cooperative were paid an above-average milk price of € 0.345/kg (+ €0.006/kg compared to the preceding year).

Key investments were made at the sites in Thalfang, Bolsward and Hünfeld in the year under review. In Thalfang, construction of a new warehouse was completed and preparations are now underway for the installation of a fourth condensed milk line. In Bolsward, production has started on condensed milk in glass bottles. Further investments were made at the cheese factory in Hünfeld to expand capacity. Initial payments have also been made for planning and approvals for the new plant in Mechernich. The investment sum for fixed assets was € 43.4 m in total. In 2018 the company's equity capital increased to € 190.7 m, and the equity ratio increased from 31.5% to 33.4%.

Growth in 2019

The road ahead for the milk market was considerably clearer at the beginning of 2019 than the year before. This was partially down to a moderate growth in milk production which, on the whole, is currently below that of the previous year in both Germany and the EU. Given the feed situation, milk supply is expected to be less in the first half of 2019 than it was in the previous year. All the while, Hochwald continues to pursue the objectives of the Hochwald 2020 Strategy. Detlef Latka, Chief Executive Officer: "We have our sights set firmly on our strategic objectives and will continue to focus on sustainable business development. We

have reduced the time to market by restructuring our sales division, and are focussing on the strong-growth regions outside Europe.”

As a cooperative, Hochwald views continuous and sustained growth as a key priority. “Unlike listed companies, we do not think in quarterly figures; long-term outcomes are what matters to us. At the same time, our goal is to permanently achieve an above-average milk price for our producers. We are laying the foundations for this with projects like our new dairy plant in Mechernich in North Rhine-Westphalia”, explains Latka. Construction started with the groundbreaking ceremony in May 2019. Commissioning and the official opening are scheduled for 2021.

The Representative Assembly has also decided to issue an additional instalment of profit sharing certificates. Existing investors have the option of exchanging profit sharing certificates from the instalment expiring in 2019; new investors will also be sought out. A volume of approximately € 40 is planned.

Elections Board of Directors and the Supervisory Board of Hochwald Milch eG

Meinolf Bödefeld, Thomas Fischer and Frank Hammen finished their terms on the Board of Directors and were all re-elected by the Representative Assembly.

André Dietsch, Marko Führer, Gerhard Jordan, Heinz Rütjes, Richard Schreiner, Georg Wilsmann and Klaus Werner Wolf came to the end of their terms on the Supervisory Board. **Heinz Rütjes** was not available for re-election. All other Supervisory Board members were re-elected by the Representative Assembly. **Edgar Trimborn** stepped down from the Supervisory Board prematurely. **Andreas Buttgerreit** and **Wilfried Fielenbach** were newly elected to the Supervisory Board.

Facts and figures

		2018	2017
Total turnover	€ m	1,544.7	1,534.2
of which exports	€ m	704	699
Milk supply	kg m	2,238.2	2,255.0
Employees		1,848	1,892
Property, plant and equipment investments	€ m	49.3	37.6
Unit price at 4.0% fat and 3.4% protein, incl. supplementary payment, excl. VAT	€/kg	0.345	0.339

Contact:

Hochwald Foods GmbH

Kathrin Lorenz

Corporate Communications

Tel.: +49 6504 125 129

Email: k.lorenz@hochwald.de