HOCHDORF BEST PARTNER

HOCHDORF Group Press Release

HOCHDORF realigns its business

Hochdorf, 8 July 2019 – **Following the Annual General Meeting on April 12, 2019, the Board of Directors of HOCHDORF Holding Ltd, together with the senior management team, has reviewed the Group's direction and the positioning of its subsidiaries. The board has now agreed on its initial course of action. The company is to focus on its fast-growing Baby Care division and closely examine all strategic options for the future of its 51% subsidiary Pharmalys. The Dairy Ingredients division will divest its production plant in Germany and develop a new strategy. The company's Cereals & Ingredients division is to be discontinued due to a lack of critical size and scalability; some of its business activities will be integrated into Dairy Ingredients or divested. The measures will allow existing resources to be targeted more effectively. The necessary financing is currently being agreed with the company's credit and financial partners.**

Focus on Baby Care

The Group is to focus on its fast-growing Baby Care division, which will be further strengthened and internationalised. However, the Pharmalys business model in its current form cannot be successfully managed within the HOCHDORF Group on a sustainable basis. The Board has therefore agreed to examine all options for the future of Pharmalys as a matter of high priority.

Developing a sustainable strategy for Dairy Ingredients

The intention to produce infant formula exclusively in Switzerland means the company's production plant in Germany is no longer strategically relevant. HOCHDORF is currently involved in negotiations on the sale of Uckermärker Milch GmbH. The company will develop a new strategy for the Dairy Ingredients division over the coming 12 months.

Discontinuation of the Cereals & Ingredients division

The Cereals & Ingredients division, originally established as a milk-independent source of income, is to be discontinued due to its lack of critical mass and scalability. Valuable product categories such as non-milk-based special spray products and health supplements will be integrated and further developed within Dairy Ingredients. The evaluation of strategic alternatives for the subsidiaries Marbacher Ölmühle GmbH, Snapz Foods AG and Zifru Trockenprodukte GmbH is expected to be completed by the end of the year. The 90% stake in HOCHDORF South Africa Ltd is to be sold soon to African Chocolate Café Ltd.

Significant drop in profits expected

As announced on 13 May 2019, the Board of Directors expects the half-year results to be considerably worse than the previous year due to significantly higher costs and depreciation. In addition, the necessary strategic realignment will result in value adjustments.

The HOCHDROF Group, based in Hochdorf, achieved a consolidated gross sales revenue of CHF 561.0 million in 2018. It is one of the leading foodstuff companies in Switzerland, employing over 694 staff as of 31.12.2018. Made from natural ingredients such as milk, wheat germ and oil seeds, HOCHDORF products have been contributing to our health and wellbeing since 1895 – from babies to senior citizens. Its customers include the food industry and the wholesale and retail sectors. Its products are sold in over 90 countries. The shares are traded on the SIX Swiss Exchange in Zurich (ISIN CH0024666528).

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Group financing provisionally secured

HOCHDORF is involved in constructive discussions with its credit and financial partners to develop a long-term and sustainable financing of the Group. The first pleasing steps have been taken in agreeing the financing for the months ahead.

HOCHDORF will provide further details on its realignment and financial outlook at the occasion of the publication of its half-yearly financial statement on August 20, 2019.

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