

C O N T E N T S

**Annual Press Conference 2019
Friday, 25 January 2019,
in the Parkhotel Gütersloh, Kirchstr. 27, 33330 Gütersloh**

1. Press Briefing
2. Sales Growth
3. Company profile of the Mestemacher Group

PRESS BRIEFING

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Mestemacher – the lifestyle-bakery Bread and bakery product group achieves record turnover in 2018 with 162.8 million euros

With a sum of 162.8 million euros, Mestemacher Group, a medium-sized producer of bread and bakery products posted its highest turnover in corporate history in the 2018 fiscal year. Sales increased by 2.8 per cent in comparison to the previous year. The lifestyle bakery's annual sales amounted to 158.3 million euros in 2017. The family-owned company's lifestyle products are health- and convenience-oriented. With this alignment, generally speaking, the large-scale bakery is on a growth trajectory. Worldwide, HEALTHSTYLE and CONVENIENCE are fast-growing business sectors in the food industry.

The product range is grouped into self-service packed, pre-sliced and pasteurised special breads, frozen cakes, crisp breads and mueslis. The export share is at around 29 per cent. Cross-border sales refer, in particular, to the product categories of self-service packaged and unopened special long-life breads. Export regions are, in particular, member states of the European Union, as well as third countries in Europe, the United States of America and Canada, South America, South Africa, Australia, New Zealand, the United Arab Emirates, South Korea, China and Japan.

Changes in the consumption of baked goods and cereal products such as bread, as well as the trend towards healthier and more environmentally-friendly foods are key factors that influence the Global Baked Food & Cereals Market. Globally, "100% PLANT

BASED" food, i.e. food made from vegetable ingredients, is increasingly being consumed. The bread portfolio of the industrial bakery group, which consists primarily of the main ingredient rye, is, bar a few exceptions, "100% PLANT BASED", i.e. vegetable and without animal products. Mestemacher plans to apply the "Nutri-Score System", which was introduced in France in 2017, making it visible on the packaging. The system consists of a five-level colour scale with letters ranging from a dark green 'A', for the most favourable nutritional balance, to dark orange or red, with an 'E' representing the least favourable category. The applicable field will then be highlighted in a larger font on the package. Manufacturers may use the logo on a voluntary basis.



The reason for this is that, when using the "Nutri-Score System", the nutrition balances of the Mestemacher products or product groups are favourable, with the letters "A" or "B". "Favourable" means that they are recommended for daily consumption in accordance with the "Nutri-Score System".

In 2018, the family business invested 4.8 million euros for long-term purposes. The investment sum went mainly toward state-of-the-art technical equipment and machinery. The investments are also intended to contribute in keeping Mestemacher competitive in the long term. Since ongoing modernisation plays a key role at Güterslohern, the lifestyle bakers plan to invest 5.7 million euros in 2019.

With its product portfolio of unopened long-life wholemeal breads with the famous "black gold from Westphalia", Westphalian pumpernickel, the industrial bakery Mestemacher Group is the global leader. Mestemacher has pioneered numerous gender equality activities to promote gender equality. The group employs a total of 575 persons. The highest management body, the Leadership Conference, is made up of 4 male and 3 female office holders. With this composition, Mestemacher is also a leader when it comes to personnel policy, as the share of women in the top management bodies is slowly increasing overall.

The Mestemacher Group is a family business and includes

- Mestemacher GmbH in Gütersloh, founded in 1871, and which is celebrating its 150th birthday in 2021. As already mentioned, Mestemacher supplies self-service packaged Westphalian pumpernickel, wholemeal rye bread (organic and conventional), as well as international bread specialities such as Italian organic wheat and spelt country breads, Italian organic wraps, INDIAN Naan Tandoori style-baked bread specialities, gourmet focaccia specialities, various pita breads and wrap varieties.
- Modersohns Mühlen- und Backbetrieb GmbH in Lippstadt. The subsidiary specialises in the production of tinned bread and Westphalian pumpernickel bread.
- Aerzener Brot und Kuchen GmbH in Aerzen. Founded in 1882, the company of the Mestemacher Group produces frozen cakes, wholemeal breads (organic and conventional), as well as crisp breads (organic and conventional).
- the company outside of Germany, BENUS Spółka z o.o., with its headquarters in Poznan, Poland. Rye wholemeal breads and conventional muesli products are produced there.

RAW MATERIALS REPORT UNDER THE BANNER OF CLIMATE CHANGE - SUPER DROUGHT OR SUPER WET

The Mestemacher family business processes rye as the main ingredient of self-service packaged special breads. In the 2018 fiscal year, a total of 22,200 tonnes of rye were consumed. The total amount of rye consumed is split into rye from conventional farming and rye from organic farming. In 2018, the special bread bakery processed more than 14,000 tonnes of conventional rye and about 8,200 tonnes of organic rye into self-service packaged special breads.

For organic rye, the rye bakery had to get to grips with massive price increases. Conventional rye also reflected slight price increases. The rye specialist bakery bore these high additional costs itself.

Massive price increases for organic rye in 2018 are attributable to weather-related drought and a drop in yields. In 2017, the previous year, rye rotted on the fields, due to too much moisture. As early as 2017, the special bread bakery had to grapple with massive price increases for organic rye. The nerve-racking increase in the cost of the main ingredient rye continued in 2018.

Weather extremes and the declining rye cultivation area in Germany for years are viewed critically in Gütersloh. The Federal Statistical Office estimates the area under rye cultivation to have been 523,000 hectares in 2018. In 2017, the area under rye cultivation was 537,000 hectares.

In comparison to the previous year, the area under cultivation declined by 2.6 per cent. Interestingly, 627,000 hectares of arable land were used for rye cultivation in Germany in 2010, according to the Federal Statistical Office. Rounded off, arable land declined by 17 per cent in the period from 2010 to 2018.

In 2018/19, the rye harvest is expected to total just under 2.2 million tonnes. 2.7 million tonnes were still harvested in 2017. According to experts, this means that to ensure sufficient supply to the mills, rye will be sourced from abroad, e.g. Poland, the Czech Republic and Russia.

INDIVIDUAL COMPANIES AT A GLANCE

1. Mestemacher GmbH

FOCUS on German and International BREAD SPECIALITIES and CSR
FOCUS on Equal Rights for Women and Men

The Mestemacher bread and equal opportunity brand distinguishes itself from the market participants in the provider sector by the following special features:

1. Mestemacher is the world market leader for wholemeal breads with a long shelf life when stored unopened.
2. International bread specialities expand the range of specialities on offer for the self-service bread shelf in retail trade.
3. Mestemacher is a pioneer when it comes to facilitating gender equality.

GROWTH DRIVER 2019

Product innovations

From 13.02.-16.02.2019, at the BioFach trade fair in Nuremberg, Mestemacher will be presenting "International ORGANIC Bread Specialities" from the Italian region of EMILA ROMAGNA:

1. Original ORGANIC Italian wheat bread
2. Original ORGANIC Italian spelt country bread.
The pre-sliced breads are ideal for BRUSCHETTA and ANTIPASTI.
3. Original Italian organic wraps, with extra virgin OLIVE OIL.



WHOLEMEAL BREADS in a new mode are

1. **SOFT & PURE.** A wholemeal bread with 17 per cent selected oil seeds and valuable OMEGA 3 fatty acids. The 300 g sliced bread is baked without flour & yeast and is VEGAN, thus without animal products.



SOFT WHOLEMEAL made of small round finger food slices

In Paris, at SIAL, the world's leading trade fair for innovative food,

Mestemacher was distinguished with the "**SIAL INNOVATION 2018**" award for its bread.



SALES PROMOTION - TARGETED MEASURES AND PUR- CHASING INCENTIVES

Applying the "Nutri-Score Systems"

Mestemacher plans to apply the "Nutri-Score system", which was introduced in France in 2017, making it visible on the packaging. The system consists of a five-level colour scale with letters ranging from a dark green 'A', for the most favourable nutritional balance, to dark orange or red, with an 'E' representing the least favourable category. The applicable field will then be highlighted in a larger font on the package. Manufacturers may use the logo on a voluntary basis. The reason for this is that, when using the "Nutri-Score system", the nutrition balances of the Mestemacher products or product groups are favourable, with the letters "A" or "B". "Favourable" means that they are recommended for daily consumption in accordance with the "Nutri-Score system".



Prize competition "Eating against forgetting"

1,000 books of "Food Against Forgetting -

The Anti-Dementia Cookbook"

will be given away to those who can answer the question,

"When will Mestemacher turn 150?"

Among other things, the book recommends a diet rich in fibre. Mestemacher wholemeal breads are very rich in fibre



**GEMEINSAM
gegen
HUNGER!**



Together against hunger

Already for the 8th time, and as a reflection of its conviction regarding this topic, Mestemacher is supporting Welthungerhilfe with a donation of €10,000 for the "Together against Hunger" charity campaign. Of 200,000 tasty organic breads sold, Mestemacher donates 5 cent per package.

Both campaigns are communicated with stickers on 400,000 packs of bread.

PIONEER ACTIVITIES TO PROMOTE GENDER EQUALITY:

- Mestemacher Children's Day-Care Centre Prize 2000 - 2013
- MESTEMACHER PRIZE FEMALE MANAGER OF THE YEAR since 2001
<https://www.mestemacher.de/gleichstellungsaktivitaeten/mestemacher-preis-managerin-des-jahres/>

- Mestemacher Women's Calendar since 2005
<https://www.mestemacher.de/gleichstellungsaktivitaeten/mestemacher-frauenkalender/>
- Mestemacher Prize Top Father of the Year since 2006
<https://www.mestemacher.de/gleichstellungsaktivitaeten/mestemacher-preis-spitzenvater-des-jahres/>
- Mestemacher Prize "LIVING TOGETHER" since 2017
<https://www.mestemacher.de/gleichstellungsaktivitaeten/mestemacher-preis-gemeinsam-leben/>

2. Aerzener Brot und Kuchen GmbH

Aerzener Brot und Kuchen GmbH, which was acquired in 2002, after which it became a part of the industry bakery Mestemacher Group, manufactures the following bread varieties and baked goods. Wholemeal bread, with rye as the main ingredient. This is either grown conventionally or comes from organic cultivation. Frozen cakes for food retail trade. The frozen cake is baked on traditional cake trays and packed in shock-frozen conditions for delivery to freezers. Aerzener also supplies bulk consumers with frozen sheet cakes. The crisp bread product group in large slices and in a small, mini format is also developing very well. Aerzener Brot und Kuchen GmbH bakes the crisp breads with both organic and conventional ingredients. Investments in tangible assets in Aerzen are made in order to contribute toward satisfying the growing demand for frozen cakes and crisp breads. The newly-constructed, ultra-modern mill technology deployed there ran smoothly in 2018.

Aerzener is now doing the same as Mestemacher, which has been buying bread rye from grain traders for decades, who then store, clean, convey and grind it, for subsequent just-in-time baking.

Nearly 60 million pieces of cake were sold in 2018. The plate cake assortment consists of more than 20 different products. The product groups have titles such as "For Gourmet", "Our Classics", "Seasonal Cake Specialities" and "Vegan Fruit Cakes", which, as the name implies, is for vegans. Product development is done in an in-house R&D laboratory. The laboratory is equipped with cutting edge technology. Individual production processes can be simulated and used individually for new developments. To secure the potential for further expansion, the industrial bakery Group has purchased 14,000 square metres of adjoining commercial space. If necessary, money could be invested there. However, no concrete investment decisions exist at present.

3. BENUS Spółka z o.o.

The Polish subsidiary remains on a trajectory of growth, also because the product portfolio has been extended by milk products. The core manufacturing products are, originally, wholegrain breads, baked with baking expertise from Mestemacher's main production site, in Gütersloh. Its production continues to exist. The wholegrain breads are distributed à la Mestemacher under the name of the Mestemacher flagship.

In Poznan, the production plant for the production of muesli products commenced in 2017. The majority of the produced mueslis are delivered to customers abroad. The bread and muesli company in Poznan still has expansion capacity and, owing to the bakery and muesli technology, offers the possibility for further extension. Aleksandra Stasiak-Lisiecka joined on 01/10/2018. Ms Stasiak-Lisiecka is the director of production.

FORECAST

The following factors speak in favour of further growth:

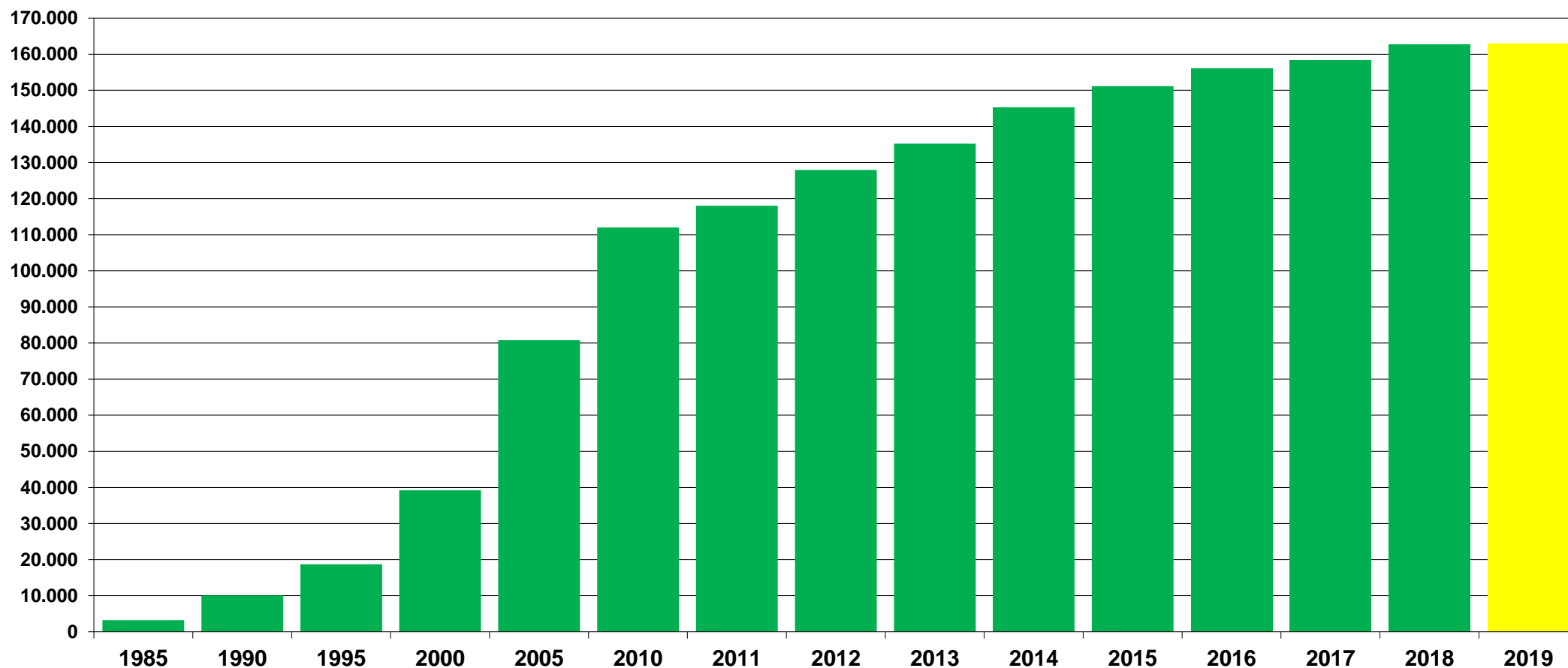
Everything speaks in favour of the Mestemacher Group continuing to be successfully involved in the German and international bread and bakery products market. In the next few years, increased demand in the field of discerning enjoyment will also stabilise sales of the Westphalian Pumpernickel, rye wholegrain breads and frozen cakes product portfolio, as well as mueslis. However, a slight further increase is also possible each year. The trend of both the end and bulk consumers toward purchases that create time-saving food stocks will also have a boosting effect. With products from the Mestemacher Group, they are taking the right decision.

The sustained positive promotion of the company's reputation, which is reflected in the balance sheet of the

Mestemacher media report, is also an added value-creating aspect. The accounted figures of the media report illustrate the substantial public interest in Mestemacher's social engagement.

Sales Performance of the MESTEMACHER GROUP in EUR

Year	1985	1990	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EUR	3.203	10.048	18.713	39.202	80.793	112.007	118.015	127.965	135.225	145.262	151.170	156.100	158.300	162.800	163.000
margin		+214%	+86%	+109%	+106,0%	+38,6%	+5,4%	+8,4%	+5,7%	+7,4%	+4,1%	+3,3%	+1,4%	+2,8%	+0,1%



Non-consolidated revenue

MESTEMACHER GROUP

CENTRAL MANAGEMENT

Managing Partner Sales/Administration	Albert Detmers
Managing Partner Production/Technology/QA	Fritz Detmers
Partner	
Member of Management Board	Prof. Dr. Ulrike Detmers
Spokeswoman Mestemacher Group	

Management Team

Managing Director Production/Technology/QA:	Kim Folmeg
Managing Director Commercial Administration:	Marta Glowacka
Director of Sales:	Anita Bruns-Thedieck
Head of Purchasing:	Mark Luther

Quantitative characteristics

Group Sales:	2017: EUR 158.3 million	2018: EUR 162.8 million	2019 (planned): EUR 163.0 million
Group Investments:	2017: EUR 5.0 million	2018: EUR 4.8 million	2019 (planned): EUR 5.7 million
Export component:	2017: approx. 24%	2018: approx. 29%	
Group Employees:	2017 = 558	2018 = 575	

Qualitative characteristics

Member companies:	Mestemacher GmbH, Gütersloh	Modersohns Mühlen- und Backbetrieb GmbH, Lippstadt	Aerzener Brot und Kuchen GmbH, Aerzen	BENUS Spółka z o.o., Poznan, Poland
Core-products:	Wholemeal bread specialities Ethnic food specialities	Tinned breads Wholemeal bread specialities	Wholemeal breads, frozen cakes, fresh cakes	Durable wholemeal breads, bread-crumbs, various trading goods for the Polish market
Market Position:	<p>Mestemacher Brand: Niche supplier of bread specialities in self-service segment as an alternative to fresh bread service</p> <p>Aerzener Brand: Entry-level range for fresh bread and handmade-quality frozen cakes</p>			

Foreign Subsidiaries: BENUS Spółka z o.o.

Managing Director BENUS Spółka z o.o.	Ewa Lisowska
Production Director BENUS Spółka z o.o.:	Aleksandra Stasiak-Liesiecka