



FRISCH & FROST

DAS BESTE AUS ÖSTERREICH



Press Pack

Frisch & Frost
(Bauernland and Toni Kaiser)

Key Data

Frisch & Frost has grown almost 40% in the past 2½ years

Frisch & Frost (and the brands Bauernland and Toni Kaiser) is one of the biggest frozen food producers in Austria. The company is the biggest producers of French fries, potato salad, sweet yeast dumplings, semolina dumplings and filo pastry in Austria. Over the past two and a half years the company has succeeded in growing by around 40%. In the previous business year the company turned over €59.4 million with its 260 employees. That corresponds to a plus of around 10.4% compared to the growth in 2006. In this way, Frisch & Frost has yet again managed to grow well over the industry growth rate.

Product Segment Development

Positive Development for ready meals: +34%

The growth in the ready meal sector was particularly pleasing. In 2007 this segment achieved a growth of over 34%, particularly in the product family's soup accompaniments and savoury strudels. The core segments, potato products and desserts, similarly grew positively. The above-average growth of over 33% of Bauernland products in the potato family contributed to the overall value growth of this market segment in Austrian supermarket channel by 7,4%¹.

However all the product groups and channels contributed to the overall turnover plus of around €5.6 million.

The unbeaten Number 1: Bauernland French Fries: +54%

Overall, the French Fries segment grew the most at around 54%, due to the growth of the brand Bauernland in all channels. With a growth of around 39% dumplings and potato noodles are in the second spot. Third place in

¹ Nielsen 2007

the individual segments goes to side-orders and soups with a plus of around 29%. The categories pastry and ready-made strudel were also able to boast a double digit growth. Despite stagnation in the dessert market segment, Toni Kaiser was able to show off it's brand equity and reach a considerable market share.

The Brands

30 years Bauernland – „The taste of Home”

At the beginning of 2008 Frisch & Frost celebrated the 30 year anniversary of the brand Bauernland. Back in 1966 the foundations were laid for today's Frisch & Frost, with the opening of a potato processing plant in Hollabrunn. 30 years ago, in 1978, the tradition-rich potato specialist was protected and established as a trademark. Since the nineties, Frisch & Frost has been a direct contract partner for potato farmers.

The brand Bauernland represents high quality potato delicacies and ready-made products from Austria. Carefully selected, natural and original ingredients, local recipes as well as the strictest quality standards ensure Bauernland's unique and renowned premium quality. The popularity of the brand on the other side of Austria's borders has been proven through numerous international awards.

Toni Kaiser – Finest Viennese Desserts

The brand Toni Kaiser was the founder of the frozen yeast dumpling and is specialist for traditional Viennese desserts. Furthermore, Toni Kaiser is the only industrial supplier of the Original Viennese Apple Strudel. Not only at home, but also abroad products like the Original Viennese Apple Strudel and Original Giant Yeast Dumplings have experienced strong growth.

In total, the brands Bauernland and Toni Kaiser produce

and market over 300 products.

Strong market presence in the supermarket channel

In 2006 the company made the giant leap into the supermarket channel. In 2007, with their existing and new products, the brands Bauernland and Toni Kaiser were able to increase their presence in the home shelves considerably. In Autumn 2007, numerous new products were launched under both brands, which are enjoying a high demand. Toni Kaiser increased its portfolio of Viennese desserts and Bauernland, specialist for local ready meals, launched a new product in the soup accompaniment sector.

In 2007, the share of turnover in the supermarket and food service channel shifted to the benefit of the supermarket channel. In the supermarket channel the market share increased to 23% nationally and internationally (in comparison to 20% in 2006). The food service sector continues to be the market leader at 77% (compared to 0% in 2006) and remains the most important channel for Frisch & Frost.

Growth through 3 pillars

1.) Multi-dimensional in many markets

Whether it is food service, McDonald's, caterers or the end consumer, all love to turn to Frisch & Frost's products.

The company's biggest strength is that not just one but many markets are serviced by the company.. Amongst Frisch & Frost customers are the out-of-home market with consumers in cash n carry, catering, restaurants and system caterers as well as supermarkets and various large customers.

Moreover, Frisch & Frost adapts it's products meticulously to the differing demands of the individual market segment Origin and seasonality is important to Austrians, whereas in Germany there is a high demand for organic products, which complement a healthy diet. The company has successfully supplied organic products to the German market for years. Now this concept has been broadened to numerous other products. *For "healthy cuisine" two new strudel products were presented last year.*

▶ Austrian raw materials and recipes

For Frisch & Frost excellent quality is highest priority, which is in keeping with it's mission statement „The best from Austria“ . Under the strictest hygiene regulations and using state of the art technology, the raw materials are transformed into the popular Bauernland & Toni Kaiser products at the sites in Vienna and Hollabrunn. The focus of the versatile and high value product portfolio is around Austrian specialities with regional raw materials and local recipes. This strategy has been re-

2.) Austrian Quality

inforced this year with numerous product innovations.

► Trend-setter and Innovator

The company is regarded as one of the most innovative in the branch. In 2007, 30 new products were launched in the supermarket segment, food service segment or developed specifically for customers. The cornerstone of Frisch & Frosts innovation strategy is Bauernland's "Farmyard Guarantee" or for example, the specially developed process for developing whole grain filo pastry.

3.) Innovation

Clear growth direction through the availability of resources and engagement in the supermarket channel.

„Frisch & Frost has a clear growth path. We watch the market carefully and assess all available options. At the same time the company direction and portfolio has to fit optimally. Alongside reinforcement of our export activities we will launch numerous products this year“, comments Frisch & Frost Managing Director, DI Gerfried Pichler.

Frisch & Frost Export

Competition for pasta and chocolate – Frisch & Frost success in Italy and Switzerland

Last year the export sales volume increased by around 49%, contributing to almost 40% of the total turnover. . Germany remains the most important export market for Frisch & Frost. Export to Italy was increased by a massive 112%. Also in Switzerland business has blossomed; here export figures increased by 75%.

In 2007 many new international partners were won, amongst them in France and the United Arab Emirates. In this way important new markets have been tapped. Products supplied to these countries were mostly strudel pastry and strudels, developed specifically to satisfy local tastes.

From Hollabrunn to the deserts of the Arabian

The trade relations with the UAE were strengthened in 2007 and Frisch & Frost will continue to expand it's engagement in the Arabian peninsular in the coming year. As a company with an ever-growing international direction, Frisch & Frost is re-inforcing its first steps into these markets. The Arabian peninsular is very interesting for the company, especially as it's sweet products fit very well into the Arabian world. Typically, when entering a market, establishing personal ties and probing differing channels are in the foreground.

Also in the EU countries Hungary, Czech Republic, Romania, Bulgaria and Croatia the company has enjoyed great success, growing demand and a good business position.

400 Potato contract farmers as a reliable partner - with a productive product without state grant

An important contributing factor to Frisch & Frost's success is the excellent quality and best potatoes, which are supplied by around 400 contractual farmers from the Weinviertel (literally „Wine Quarter“), Marchfeld and

Burgenland.

In 2007 Frisch & Frost processed around 104 thousand tonnes of Austrian potatoes. In this way the company is the biggest potato processor in Austria.

**Investment in
infrastructure at both sites**

In this anniversary year, a lot is being invested in the production at both sites. The current investment budget is around €3 million. Furthermore, another €6.1 million is being invested in an extensive factory development in both Vienna and Hollabrunn. The first steps of this whole project, namely the extension of the organic gas facility to produce electricity and the building of a dedicated delivery hall in Hollabrunn have already been completed.

Further information

Enquiries:

Frisch & Frost PR :

Mag. Maria Wedenig

ikp

Kommunikationsplanung und Öffentlichkeitsarbeit

Liechtensteinstraße 12/10, 1090 Wien, Austria

Tel: +43-1-524 77 90-16, Fax ++43-1-524 77 90-5

E-Mail: maria.wedenig@ikp.at