LOTUS BAKERIES: ANNUAL RESULTS 2009

- REBITDA at 18.5% of turnover vs 17.8% in 2008
- Net financial debts/REBITDA ratio dropped from 0.88 in 2008 to 0.56 in 2009
- Integration of Anna’s progressing smoothly
- Proposed gross dividend: EUR 7.80 per share vs. EUR 6.80 in 2008

1. Results 2009

All figures in the table fully conform to IFRS standards.

<table>
<thead>
<tr>
<th>Income statement (in EUR thousands)</th>
<th>2009</th>
<th>2008</th>
<th>Evolution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>261,071</td>
<td>256,687</td>
<td>1.7</td>
</tr>
<tr>
<td>Raw materials, consumables and goods for resale</td>
<td>(87,315)</td>
<td>(93,498)</td>
<td>- 6.6</td>
</tr>
<tr>
<td>Services and other goods</td>
<td>(63,800)</td>
<td>(60,872)</td>
<td>4.8</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>(64,996)</td>
<td>(61,203)</td>
<td>6.2</td>
</tr>
<tr>
<td>Depreciation and amounts written off (1)</td>
<td>(12,081)</td>
<td>(11,000)</td>
<td>9.8</td>
</tr>
<tr>
<td>Other operating income and charges (net)</td>
<td>1,714</td>
<td>3,926</td>
<td>- 56.3</td>
</tr>
<tr>
<td>Recurrent operating result (REBIT)</td>
<td>34,593</td>
<td>34,040</td>
<td>1.6</td>
</tr>
<tr>
<td>Recurrent operating cash flow (REBITDA) (2)</td>
<td>48,197</td>
<td>45,691</td>
<td>5.5</td>
</tr>
<tr>
<td>Non-recurrent operating result:</td>
<td>(295)</td>
<td>(779)</td>
<td>- 62.1</td>
</tr>
<tr>
<td>Operating result (EBIT) (3)</td>
<td>34,299</td>
<td>33,261</td>
<td>3.1</td>
</tr>
<tr>
<td>Financial result</td>
<td>(2,826)</td>
<td>(6,939)</td>
<td>- 59.3</td>
</tr>
<tr>
<td>Result before taxation</td>
<td>31,473</td>
<td>26,322</td>
<td>19.6</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(8,202)</td>
<td>(6,405)</td>
<td>28.1</td>
</tr>
<tr>
<td>Result after taxation</td>
<td>23,271</td>
<td>19,917</td>
<td>16.8</td>
</tr>
<tr>
<td>Share in results of equity-consolidated enterprises</td>
<td>0</td>
<td>248</td>
<td>-</td>
</tr>
<tr>
<td>Results from termination of activities</td>
<td>1,889</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Net result</td>
<td>25,160</td>
<td>20,165</td>
<td>24.8</td>
</tr>
<tr>
<td>Net result: Share of third parties</td>
<td>95</td>
<td>125</td>
<td>- 24.0</td>
</tr>
<tr>
<td>Net result: Share of the Group</td>
<td>25,065</td>
<td>20,040</td>
<td>25.1</td>
</tr>
</tbody>
</table>

Self-financing (in EUR thousands)

| Net cash flow (4)                          | 40,473 | 36,504 | 10.9 |
| Investments (5)                            | 9,184  | 10,809 | - 15.0 |

Balance sheet (in EUR thousands)

| Balance sheet total                       | 226,110 | 227,912 | - 0.8 |
| Equity                                  | 101,197 | 85,855 | 17.9 |
| Net financial debts (6)                  | 26,986  | 40,392 | - 33.2 |

Key figures per share (in EUR)

| Recurrent operating result (REBIT)         | 45.08   | 44.63 | 1.0 |
| Recurrent operating cash flow (REBITDA) (2) | 62.81   | 59.91 | 4.8 |
| Net result: share of the Group            | 32.66   | 26.28 | 24.3 |

Weighted average number of shares

| 767,320                                      | 762,664 | 0.6 |

Gross dividend (in EUR per share) (7)

| 7.80                                      | 6.80    | 14.7 |

Net dividend (in EUR per share)

| 5.85                                      | 5.10    | 14.7 |
2. Explanation

2.1 General

The results of Anna’s Pepparkakor (Anna’s) were consolidated for a full year for the first time in 2009. Anna’s results have been consolidated since 1 December 2008.

In 2009 Lotus Bakeries decided to sell its shares in Harry’s Benelux NV to the Harry’s group, which belongs to the Italian Barilla group. This divestment allows Lotus Bakeries Belgium’s commercial organization to focus fully on its own Lotus brand products. Since 1 January 2009, turnover of Harry’s products, mainly prepacked bread products and pastries, is no longer included in the Lotus Bakeries group consolidation. In 2008 this turnover amounted to EUR 6.5 million.

For several years now Lotus Bakeries has been producing a number of products for McVities Cake Company, which is part of United Biscuits. McVities has decided to produce its Jaffa Cake Bars itself. Sales to McVities therefore dropped sharply in 2009 compared with 2008.

2.2 Turnover

The consolidated turnover of Lotus Bakeries grew during 2009 by almost 2 % to EUR 261.1 million. On a comparative basis, taking account of the takeover of Anna’s, the divestment of Harry’s Benelux and falling sales of Jaffa Cake Bars with the expiry of the contract with McVities, turnover in 2009 was stable compared with 2008.
In Belgium, total turnover remained stable compared with 2008. The commercial efforts and cake innovations were rewarded by good growth in 2009.

In the Netherlands, the gingerbread market fell lightly in 2009. De Koninklijke Peijnenburg was able to maintain its market share.

French sales again grew in 2009, mainly with caramelized biscuits, caramelized biscuit spread and waffles.

In the UK, North-Eastern Europe, North America and Export mainly caramelized biscuits and pepparkakor are marketed. In the first half of 2009, sales in most of these four areas got off to a difficult start with the economic crisis. In the second half a positive evolution has again been determined.

2.3 Operating result

Operating charges have risen with the expansion of the consolidation scope (Anna’s Papparkakor) and also with the increased marketing efforts.

2009 confirmed the strong REBIT and REBITDA performance, as a percentage of turnover, of the previous year.

Recurrent operating result (REBIT) grew in absolute terms from EUR 34.0 million to EUR 34.6 million. As a percentage of turnover (13.3%), the recurrent operating result is fully in line with 2008.

Recurrent operating cash flow (REBITDA) for 2009 amounted to EUR 48.2 million. At 18.5%, REBITDA as a percentage of turnover was higher than in 2008 (17.8%).

The non-recurrent operating result of kEUR -295 reflects primarily the amortization of amortizable brand names from the ‘purchase price allocation’ related to the takeover of Koninklijke Peijnenburg.

2.4 Financial result

The financial result amounted in 2009 to a cost of EUR 2.8 million. This is EUR 4.1 million lower than in 2008. While in 2008 the fall in the fair value of interest hedges due to the application of IFRS produced a major cost, this was less significant in 2009 and had only a limited impact. Positive exchange rate differences were also realized in 2009.
2.5 Income taxes

The tax charge for 2009 amounts to EUR 8.2 million, representing an effective tax rate of 26%.

2.6 Global result

Net result amounts to EUR 25.2 million, compared with EUR 20.2 million in 2008. Two important elements positively impacted the 2009 net result compared with 2008: the capital gain on the sale of the shares in Harry’s Benelux in 2009, and the amounts written off recorded on the interest hedges entered into in 2008.

Net cash flow rose from EUR 36.5 million in 2008 to EUR 40.5 million in 2009.

2.7 Net financial debts

Net financial debts have fallen from EUR 40.4 million to EUR 27.0 million in 2009, which leads to a net financial debts/REBITDA ratio of 0.56 in 2009 versus 0.88 in 2008. In 2009 the remaining 50% of the shares of Corona-Lotus Inc. were taken over, and all shares in Lotus Bakeries UK acquired, while the shareholding in Harry’s Benelux was sold. Capital expenditure was in line with 2008, consisting mainly of investments in capacity extensions and innovation in the following plants: the gingerbread bakeries in Sint-Johannesga and Geldrop, the Pepparkakor factory in Tyresö and the cake factory in Oostakker.

3. Integration of Anna’s and brand policy

3.1 Group structure

Since 1 July 2009, the Lotus Bakeries Group has been divided into seven different regions: Belgium, the Netherlands, France, North-Eastern Europe, North America, UK and Export. Anna’s Pepparkakor has been integrated into this structure. Anna’a Pepparkakor previously consisted of two major parts:

- the activities in the Nordic region, i.e. mainly Sweden, Finland and sales to Ikea.
- the North American activities.

3.2 North-Eastern Europe

The Anna’s activities in the Nordic Region form, together with Germany, Austria, Switzerland and the Czech Republic, part of the North-Eastern Europe region. Starting at the beginning of 2010, caramelized biscuits have been introduced into the retail channel in Sweden, under the Anna’s brand.

In 2010 Anna’s Pepparkakor (Tyresö) will switch over to the Group’s ERP platform (SAP).
3.3 North America

Since April 2009, Corona-Lotus Inc. has been a 100% subsidiary of the Lotus Bakeries group. Corona Lotus Inc. markets mainly caramelized biscuits in the United States, and will be integrated with Anna’s North America.

In 2010 preparations will begin to switch the entities in San Francisco (Lotus Bakeries North America Inc., formerly Corona-Lotus Inc.) and High River (Anna’s North America) to the Group’s ERP platform.

In the United States, the commercial integration of Anna’s and Lotus Bakeries North America will be completed by mid-2010. From then on caramelized biscuits (Lotus) and pepparkakor (Anna’s) will be marketed across the USA in cooperation with a single ‘national broker’.

3.4 Brand policy

The Group has opted for three brands: Lotus, Peijnenburg and Anna’s. Lotus is to become the lead brand in every country, except for the Netherlands and the ‘Nordics’ where Peijnenburg and Anna’s respectively are the lead brands. It has also been decided to continue to market all Pepparkakor under the Anna’s brand, including outside the Nordics.

4. Conclusion and prospects

During the past years the Lotus Bakeries Group has posted excellent internal growth figures. In 2009 Lotus Bakeries was able to maintain these additional volumes and turnover from previous years in an extremely difficult macro-economic environment. Even so, market data from the main home countries shows that the biscuit market as a whole shrank during the past year.

Confidence in the Group’s brands has been reinforced through intensive communication with the consumer and increasing product quality. The Group has also confirmed and even reinforced its strong profitability. The integration of Anna’s is proceeding to plan and is of major importance as a potential source of further growth in North America and in the Nordic countries.

The Board and management of Lotus Bakeries are convinced that the strategy of continuing to invest significant amounts in its brands and the related specialties needs to be continued in the coming years. The intense focus on the main specialties will also be continued.
The still uncertain economic environment makes it still difficult to produce specific forecasts for 2010 and the coming years. Lotus Bakeries is, however, very confident that the fundamentals exist for further sales and profitability growth in the longer term.

5. Dividend

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 18 May 2010 that the company declare for 2009 a gross dividend of EUR 7.80 per share (net dividend of EUR 5.85), compared with EUR 6.80 (EUR 5.10 net) in 2008.

6. Financial calendar

Financial analysts’ meeting: 16 February 2010
2009 annual report available on www.lotusbakeries.com: 30 April 2010
Publication of the interim declaration covering the period from 1 January 2010: 18 May 2010
Ordinary General Meeting of shareholders: 18 May 2010
Dividend payable from: 25 May 2010
Publication of 2010 half-year results: 30 August 2010

Lotus Bakeries in a nutshell
Lotus Bakeries focuses on authentic specialties from the biscuit and cake world: caramelized biscuits (speculoos), gingerbread, cake specialties, waffles and pepparkakor biscuits. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France, Sweden and Canada, own sales organizations in 9 European countries and in the United States/Canada, and an export department for the other countries. With 1264 employees, Lotus Bakeries produces and sells high-quality, tasty products under the Lotus, Peijnenburg and Anna’s brand names. By maintaining a healthy balance between tradition and innovation, Lotus Bakeries indulges consumers with a unique range of products. In 2009 the Group achieved a turnover of EUR 261.1 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

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