



BAKERIES
SINCE 1932

Embargo 30/08/2010 17.45h

LOTUS BAKERIES: HALF-YEARLY REPORT 2010

- Growth of turnover of 2 % on a like-for-like basis
- Recurrent operating result up almost 9 %

1. Half-yearly results 2010

Income statement (in thousands EUR)	30/06/2010	30/06/2009	Evolution (%)
Turnover	127,190	125,857	1.1
Depreciation	(5,645)	(5,471)	3.2
Current operating result (REBIT)	17,477	16,069	8.8
Current operating cash flow (REBITDA) (1)	24,342	22,655	7.4
Non-current operating result	(228)	(160)	42.5
Operating result (EBIT) (2)	17,249	15,909	8.4
Financial result	(3,904)	(1,682)	132.1
Profit before taxes	13,345	14,227	- 6.2
Taxes	(3,844)	(3,880)	- 0.9
Result after taxes	9,501	10,347	- 8.2
Result from discontinued operations	-	1,889	-
Net result	9,501	12,236	- 22.4
Net result: minority interest	80	45	77.8
Net result: Group share	9,421	12,191	- 22.7
Self financing (in EUR thousands)			
Net cash flow (3)	19,170	19,893	- 3.6
Investments (4)	4,745	5,216	- 9.0
Balance sheet statement (in EUR thousands)			
Balance sheet Total	219,863	219,160	0.3
Equity	95,571	86,977	9.9
Net financial debts (5)	34,945	43,622	- 19.9
Key figures per share (in EUR)			
Current operating result (REBIT)	23.05	21.00	9.8
Current operating cashflow (REBITDA) (1)	32.11	29.61	8.4
Net result: Group share	12.43	15.93	- 22.0
Weighted average number of shares	758,074	765,120	- 0.9
(1) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation option-and warrantplan.			
(2) EBIT is defined as recurrent operating result + non-recurrent operating result			
(3) Net cash flow is defined as net result + all non-cash costs – all non-cash income items			
(4) Investments in intangible and tangible fixed assets			
(5) Net financial debts are defined as financial debts – cash investments – liquid assets – own shares			
The statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren, represented by Lieven Adams and Peter Opsomer, has confirmed that its limited review on the consolidated balance sheet and consolidated income statement, which has been substantially completed, has not revealed the need for any material deviations to the accounting information contained in this press release.			





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2. Explanation of the results

2.1 Turnover

Lotus Bakeries' consolidated turnover for the first half of 2010 was EUR 127.2 million, up almost 1 % on the first half of 2009. On a like-for-like basis, taking into account the termination of the Jaffa Cake bars contract with McVities, turnover for the first half of 2010 was up 2% over the same period in 2009, and slightly more for the branded products.

In the first half year, Belgium achieved slight growth. Product innovations based on increased convenience in the waffles and cake segment were enthusiastically received by consumers. Together with increased marketing efforts and higher media investment, this resulted in a further strengthening and significant growth of the Lotus brand in Belgium.

In a slightly declining gingerbread market, in both value and volume terms, Koninklijke Peijnenburg was able to maintain its market share and increase volume. Sales of caramelized biscuit spread continue to grow, and Koninklijke Peijnenburg also grew in the 'cakes and biscuits' segment. Total sales of the branded products in the Netherlands were almost stable in the first half.

France grew again in the first half. Increased turnover reflects good sales in the caramelized biscuits, caramelized biscuit spread and waffles segments.

A clear focus on caramelized biscuits produced significant growth in the UK area during the first half.

North-Eastern Europe saw slight sales growth during the first half of 2010 compared with 2009. In this area caramelized biscuit sales grew significantly, largely due to the introduction of caramelized biscuits into Sweden in January 2010.

Caramelized biscuit sales in North America increased during the first half of 2010. During the first half of 2010, the Anna's business was transferred from various smaller brokers to a single national broker for the entire United States. As well as caramelized biscuits (Lotus) and pepparkakor (Anna's) are, as from today, marketed by one national broker in the United States. This transition period produced a negative impact on sales of Anna's biscuits, which prevented North America from growing as a whole.

The Export area, with caramelized biscuits as almost the only product, delivered strong growth during the first half of 2010. Only in Spain sales saw a negative trend.



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2.2 Operating result

In 2010 REBIT and REBITDA as a percentage of turnover are slightly higher than in 2009. During the first half of 2010 recurrent operating result (REBIT) and recurrent cash flow (REBITDA) were 14% and 19% of turnover respectively.

The non-recurrent operating result of kEUR -228 reflects primarily the amortization of amortizable brand names related to the takeover of Koninklijke Peijnenburg.

2.3 Financial result

The financial result amounted in the first half to a cost of EUR 3.9 million. This is 2.2 million higher than in 2009. The difference is explained almost entirely by the decrease in the 'marked to market' value of the hedging instruments for the U.S. dollar under IFRS.

2.4 Taxes

The tax charge for the first half of 2010 is EUR 3.8 million, representing an effective tax rate of 28.8 %, which is in line with last year.

2.5. Result from termination of activities

The result from the termination of activities in the first half of 2009 of an amount of EUR 1.9 million, is due entirely to the sale of the shares in Harry's Benelux.

2.6 Global result

Net profit for the first half of 2010 is EUR 9.5 million versus EUR 12.2 million in 2009. First half net profits in both 2010 and 2009 were impacted by various elements. The first was the positive impact in the first half of 2009 of the non-recurrent result of EUR 1.9 million on the sale of the Harry's Benelux shares. Also, operating result (EBIT) in the first half of 2010 is EUR 1.3 million higher than in the first half of 2009. It is primarily the write-downs of U.S. dollar hedging instruments which have significantly affected the result for the first half of 2010.



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2.7 Net Financial debt

As of April 2010, Lotus Bakeries NV acquired the assets and liabilities of Bisinvest NV via a merger between the two companies, which was explained in a communication dd March 8, 2010. This operation entailed the decrease of the total number of Lotus Bakeries' shares with 30.474 en also the taking over of EUR 10.2 million in financial debt from Bisinvest NV. Despite this, at end-June 2010, the net financial debt of Lotus Bakeries was down to EUR 34.9 million from EUR 43.6 million in June 2009.

2.8 Investments

The level of investment during the first half of 2010 was almost EUR 5 million, which is in line with 2009. Investments in 2010 were primarily for the further automation of a number of packaging lines.

The production and office buildings of Anna's at Tyresö near Stockholm, together with the land they stand on, are currently leased from a real estate company. Anna's former owners, Accent Equity, had concluded a sale and lease operation in 2006. An agreement has recently been reached with this real estate company for Anna's to buy back the land and buildings for around EUR 7 million. This transaction will take place in December 2010.

3. Margarinerie Hinnekens

In 1981 Margarinerie Hinnekens NV was established as a joint venture between Lotus Bakeries and the Hinnekens brothers. This margarine factory, adjacent to the caramelized biscuit factory in Lembeke, provides margarines for the various Lotus Bakeries Group production entities. The joint venture develops margarine types to meet the specific characteristics and quality requirements of Lotus Bakeries for caramelized biscuits, cakes, waffles and galettes. Lotus Bakeries acquired all of the Hinnekens brothers' shares as of July 2010, for an amount of 971,000 EUR, as a result of which the Lotus Bakeries' Group now owns 100% of the Margarinerie Hinnekens' shares, and which permit full integration into the Lotus Bakeries Group.

4. Conclusion

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 following years. It is convinced that the quality and distinctive taste of the products in combination with clear and consistent consumer communication will further strengthen confidence in the Lotus Bakeries Group brands.



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The intense focus on the main specialties will also be continued. The consistent application of this strategy has enabled the Group to confirm and even reinforce its strong profitability.

Lotus Bakeries is very confident that it has the strategy and the fundamentals for further sales and profitability growth in the longer term.

5. Financial calendar

Financial analysts' meeting (conference call):	31 Augustus 2010
Announcement of the interim declaration covering the period from 1 July 2010:	9 November 2010
Announcement annual results 2010:	14 February 2011
Financial analysts' meeting:	15 February 2011
Ordinary General Meeting:	13 May 2011
Announcement of the interim declaration covering the period from 1 January 2011:	13 May 2011
Dividend payable from:	20 May 2011

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 1224 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.

Further information can be obtained from::

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www.lotusbakeries.com