

LOTUS BAKERIES ACQUIRES DINOSAURUS BRAND

Acquisition of children's concept Dinosaurus strengthens Belgian and French home markets, with good opportunities for further internationalization

Lotus Bakeries and Nutrexpa S.L. ("Nutrexpa") have made a successful joint bid for Galletas Artiach S.A.U. ("Artiach"). Nutrexpa will take over the shares of this Spanish biscuit manufacturer and Lotus Bakeries will acquire the intellectual property rights to the Dinosaurus children's concept outside Spain, Portugal, Morocco, Algeria and Mexico. The transactions are conditional upon clearance from the antitrust authorities.

Since the end of June 2008 Dinosaurus has been successfully marketed by a third party brand manufacturer in Belgium and France under licence from Artiach. Sales (at consumer prices) in these two countries together are currently around € 18 million. The licence agreement between this third party brand manufacturer and Artiach runs until end-June 2013. Thereafter the Dinosaurus concept will be marketed under the Lotus brand.

This purchase will serve to strengthen Lotus Bakeries' position in its Belgian and French home markets. Dinosaurus is currently, after the Lotus Frangipane, the best rotating biscuit in Belgium in number of units sold. This makes it the best-selling biscuit concept aimed specifically at children.

Lotus Bakeries has purchased the intellectual property rights to the Dinosaurus brand, giving it the possibility to further expand and internationalise the concept. The Dinosaurus brand is already protected in several relevant markets and countries.

This acquisition fits perfectly into Lotus Bakeries' brand policy based on products that are distinctive in terms of quality and customer satisfaction. The transaction only relates to the intellectual property rights and no staff or production are being taken over. This will ensure a very smooth integration into the existing Belgian and French sales organizations.

Since Lotus Bakeries chooses to produce its products itself, in order to ensure quality and competitive cost, a study has already been undertaken to determine how Dinosaurus biscuits can be produced in Lembeke. This will require approximately € 8.0 million of additional investment. The new production line is expected to be operational by mid-2013.

An agreement has been concluded with Nutrexpa whereby Lotus Bakeries can, if necessary, have the current Dinosaurus cookies produced by Nutrexpa for a certain period until 2014. This provides complete certainty that Lotus Bakeries will be able to guarantee the stock and, following the expiry at end-June 2013 of the licence agreement with the third party brand manufacturer, bring the Dinosaurus biscuits under the Lotus brand in time.

CEO Jan Boone is delighted with this acquisition: "In addition to strengthening the domestic markets and the prospects for internationalization, the Dinosaurus concept also offers the possibility of bringing the Lotus caramelized biscuits under the Dinosaurus children's concept. Extensive market research will be performed to ensure we take the correct, targeted steps here."

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Further information on Lotus Bakeries can be found on the www.lotusbakeries.com.

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 and Sweden, own sales organizations in 10 European countries, in the United States, Hong Kong, China, Chile and an export department for the other countries. With around 1,200 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 2011 the Group achieved a turnover of EUR 275.6 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

Nutrexpa in a nutshell

In recent years, Nutrexpa has become a leading company and today is undoubtedly one of the most important groups of the Spanish food sector. Nutrexpa appeared in the forties with the objective of making appetising and nutritive food products. Following the company's consolidation with its two traditional products, Miel de la Granja San Francisco honey and, the star product, Cola Cao chocolate powder, Nutrexpa decided to increase its offer by bringing in competitive companies from the food sector, and which would later form the Nutrexpa Group. Today the group is Spanish market leader in paté (La Piara), breakfast Cocoa (Cola Cao and Paladin), Cocoa spreads (Nocilla), Cakes for Kids and Honey, number two brand in biscuits (Cuétara), number three brand in cacao milky drinks (Cola Cao/Okey). The success of its products in Spain encouraged Nutrexpa to look for opportunities abroad, and today Nutrexpa Internacional makes and distributes products around the world, with subsidiaries in South America, Asia and Europe. With the acquisition of Artiach they will become the market leader in the breakfast category in sweet biscuits in Spain.

Artiach in a nutshell

Artiach was established in 1907 in Bilbao, in the North of Spain. The Company was initially owned by the Artiach family and had its production facility located in the same city. Since its inception until its acquisition by Nabisco in 1965, the Company launched and developed some of the most iconic Spanish biscuits brands such as Artiach, Chiquilín, Artinata or Princesa. Following the acquisition of the Company by Nabisco, production moved in 1985 to a new state-of-the-art facility located in Orozko, near Bilbao, in the province of Vizcaya. Subsequently, Artiach added Marbú to its existing brand portfolio through the acquisition of the Marbú company. In 1989, Nabisco sold its Iberian operations (including Artiach) to abacalera, the Spanish Government-owned tobacco company. The Company added Filipinos to its brand portfolio that year, following the acquisition of Loste (owner of the Filipinos brand) by Tabacalera. In 1994, Artiach was repurchased by Nabisco and in 2000, following the merger between Nabisco and United Biscuits, Artiach became part of the newly created global biscuits firm. In 2006, Kraft acquired the Southern European biscuits operations of United Biscuits, which included Artiach (with its main brands Artiach, Chiquilín, Marbú and Filipinos) and other brands (Chips Ahoy, Oreo, etc.) and in 2007 acquired the worldwide biscuits operations of Danone Group, which included the Dinosaurus brand. To receive clearance from the European Commission, Kraft agreed on divesting a number of biscuits brands including Artiach, Filipinos, Chiquilín, Marbú Dorada and Dinosaurus as well as the Orozko manufacturing plant. In 2008, Panrico acquired the Company and the Dinosaurus brand, effectively integrating this brand within the broader Artiach group.