

LOTUS BAKERIES: ANNUAL RESULTS 2015

- Turnover growth of 18.3%, mainly due to very strong organic growth of over 13%
- Recurrent operating cash flow increases very strongly by EUR 15.6 million to EUR 82.6 million
- Net result up 8.8 million to EUR 45.6 million
- Proposed gross dividend of EUR 14.2 EUR per share in 2015
- Strategic move into the healthy snacking category, through the acquisition of Natural Balance Foods and Urban Fresh Foods

1. 2015 results

Income statement ⁽¹⁾ (in EUR thousands)	2015	2014	Evolution %	
Turnover	411,576	347,890	+	18.3
Recurrent operating result (REBIT) ⁽²⁾	64,764	49,433	+	31.0
Recurrent operating cash flow (REBITDA) ⁽³⁾	82,583	67,015	+	23.2
Non-recurrent operating result:	(1,748)	(261)	+	569.7
Operating result (EBIT) ⁽⁴⁾	63,016	49,172	+	28.2
Financial result	(778)	16	-	-
Result before taxes	62,238	49,188	+	26.5
Taxes	(16,623)	(12,415)	+	33.9
Net result	45,615	36,773	+	24.0
Net result: non-controlling interests	202	(2)	+	-
Net result: Group share	45,413	36,775	+	23.5
Total number of shares at 31 December ⁽⁵⁾	789,858	781,597	+	1.1
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	81.99	63.25	+	29.6
Recurrent operating cash flow (REBITDA) ⁽³⁾	104.55	85.74	+	21.9
Net result: Group share	57.50	47.05	+	22.2
Balance sheet (in EUR thousands)				
Balance sheet total	571,221	336,989	+	69.5
Equity	217,525	200,629	+	8.4
Investments ⁽⁶⁾	16,066	16,546	-	2.9
Net financial debt ⁽⁷⁾	163,862	20,195	+	711.4
Gross dividend ⁽⁸⁾ (in EUR per share)	14.20	12.40	+	14.5

(1) In annex you can find the balance sheet and income statement 2015.

(2) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.

(3) Recurrent operating cash flow is defined as recurrent operating result + depreciations + provisions and amounts written off + non-cash costs of the valuation of the option and warrant plan.

(4) EBIT is defined as recurrent operating result + non-recurrent operating result.

(5) Total number of shares at 31 December, excluding treasury shares.

(6) Investments in tangible and intangible fixed assets.

(7) Net financial debt is defined as interest-bearing financial debt - cash investments - liquid assets - treasury shares.

(8) For 2015: dividend will be proposed to the Ordinary General Shareholders' Meeting of 13 May 2016.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Peter Opsomer, has confirmed that its audit work 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.

2. Management explanation

2.1 Turnover

In 2015 the consolidated turnover of the Lotus Bakeries Group grew by 18.3% to EUR 411.6 million. Internal growth, amounting to EUR 46.4 million or 13.3%¹, comes almost entirely from branded products. Most of this relates to the international growth of Lotus original carramelized biscuits ('Lotus Biscoff') and Lotus Biscoff spread, with Lotus Dinosaurus and Lotus waffles also experiencing significant growth. The impact of the acquisitions on turnover amounts to EUR 17.3 million.

The continuing internationalization of **Lotus Biscoff** made a significant contribution to growth in 2015. Further expansion of distribution was achieved in both the US and the UK, resulting in Lotus Biscoff becoming available and familiar to more and more people. By combining this with appropriate support at points of sale and targeted promotional campaigns, we managed to achieve sustainable, very strong growth. Other countries such as China, France, Germany, Switzerland and our network of international commercial partners also presented good growth in Lotus Biscoff.

In line with the growth of Lotus Biscoff, we are also seeing very strong growth of **Lotus Biscoff spread**. This success is due to a variety of factors including the new packaging, which makes the link with the biscuit stronger, support from TV campaigns in various countries and the continuing success of Lotus Biscoff spread as an ingredient in a variety of desserts including ice cream, yoghurt and cakes. Growth is not confined to a small number of countries, but is generalised; within Europe and beyond, appreciation of Lotus Biscoff spread is growing.

Lotus Dinosaurus remains another major growth driver. In our home markets of France and Belgium, growth mainly comes from the successful launch of 'Dinosaurus filled', the typical Dinosaurus biscuits filled with a layer of real Belgian chocolate or vanilla. Thanks to further distribution gains, improved shelf impact and strong in-store activation, the basic range also experienced strong growth. Good progress was also made in internationalizing Lotus Dinosaurus, both in the Netherlands, where the launch was strongly supported both at the point of sale and on television, and in other new markets such as the Czech Republic, Sweden and Israel. Since launching Dinosaurus in totally new markets requires considerable investment in sales and marketing, the initial contribution to profit is low.

Last year's relaunch of Liège **waffles** in France, with new packaging formats, point-of-sale promotions and the support of a national TV campaign, continues to generate strong growth in turnover. The rebranding to 'Lotus Suzy' in the Belgian market was also a success, supported by a new commercial, presence at events and support at points of sale.

¹ Internal growth excluding exchange rate effects amounts to 11.1%.

In August 2015, 'Peijnenburg Zero', a new variety **gingerbread** with no added sugar was launched. This innovation met with an enthusiastic reception from retailers and consumers alike and generated further growth in sliced gingerbread. Lotus Bakeries continues to invest in gingerbread, with the introduction of new stay fresh packaging and a new TV campaign 'Lekker thuis met Peijnenburg' (*home's best with Peijnenburg*), although the category as a whole remains under pressure.

2.2 Operating result

The recurrent operating result (EUR 64.8 million) and recurrent operating cash flow (EUR 82.6 million) increased by EUR 15.3 million (31.0%) and EUR 15.6 million (23.2%) respectively compared to last year.

The increase in the operating result is due to strong growth in turnover. It also allows us to invest more in our brands in the various countries, in terms of marketing, our sales organizations and promotion at the point of sale. As far as marketing is concerned, Lotus was omnipresent on television in 2015, in Belgium, France and the Netherlands. We invested in a new commercial for Lotus Biscoff and spread. In Belgium, Lotus Frangipane, Lotus Madeleine, and Lotus Dinosaurus were constantly supported through TV campaigns and, for the first time, we invested in a pre-Christmas commercial for *Sinterklaas* (St Nicholas' Day). In France, we advertised Lotus Biscoff and Lotus Biscoff spread and Lotus waffles on TV. Meanwhile in the Netherlands, there were TV commercials for gingerbread, Lotus Biscoff and Lotus Dinosaurus. We also recruited several new colleagues to join the sales and marketing departments at our sales offices in amongst others France, the UK, Central Europe, the US and China.

The very strong growth for both Lotus Biscoff and Lotus Biscoff spread, as well as Lotus Dinosaurus, meant that the Lembeke factory worked at maximum capacity. Investments in past years have created increased operational efficiency and flexibility and the guarantee of superior product quality. These investments also continue to make a significant positive contribution to profitability.

The non-recurrent operating loss as at the end of 2015 amounts to EUR 1.7 million and is mainly due to acquisition costs and the amortization of the Wieger Ketellapper brand.

Financial charges in 2015 consisted almost entirely of interest charges and amounted to EUR 0.8 million.

The tax expense is EUR 16.6 million or 26.7% of the result before taxes.

The net result increases by 24% compared with 2014 to stand at EUR 45.6 million.

2.3 Investments

In 2015 we invested a total of EUR 16.1 million, mainly to expand capacity. The waffle factory in Courcelles and the Lotus Biscoff factory in Lembeke will each be expanded with two new production lines, to become operational in 2016/2017. We made further investments in increasing efficiency in 2015, including the installation of a new packaging robot for Lotus Madeleine, and a new oven and improved cutting process for the gingerbread facility in Sintjohannesga (the Netherlands).

2.4 Net financial debt

The net financial debt amounts to EUR 163.9 million as at 31 December 2015, representing an increase of EUR 143.7 million compared with end 2014. This increase is mainly due to the acquisition of the two pioneers of healthy snacks in the UK, Natural Balance Foods and Urban Fresh Foods and the South Korean distributor at the beginning of the year. In addition, EUR 16.1 million were invested in the factories and these investments were offset by a very strong operating cash flow.

3. Strategic step in the healthy snacking category: Natural Foods

In the past, Lotus Bakeries' main focus was on the traditional biscuits segment, in which we continue to grow strongly and where there remains a great deal of potential for our products and brands internationally. However, there is growing global demand for healthy and tasty alternatives. As a Group, Lotus Bakeries wants to be able to offer high-quality, tasty products to all consumers, in the form of more traditional biscuits and bakery products as well as healthy snacks.

Since we believe in strong brands and want to respond to growing demand for healthy snacks, we have invested strongly in the Natural Foods category in the past year.

First of all, this summer, a strategic partnership was announced with Natural Balance Foods, famous for the Nākd and Trek brands, who offer bars and snacks made of cashew nuts and dates, unprocessed and with 100% natural ingredients. The Nākd brand continues to experience strong growth in the UK, where it currently stands at number 5 in the healthy snacking category.



At the end of the year, our offering in this category was strengthened by the acquisition of 100% of the shares in Urban Fresh Foods, adding the BEAR and Urban Fruit brands to the natural range. The BEAR brand is the market leader in the UK for fun and healthy pure fruit snacks for children. Under the Urban Fruit brand, the company offers a range of 100% fruit snacks aimed at young adults.



Following these acquisitions, Lotus is now 'Category Captain' in the healthy snacking category in the UK and we are able to offer healthy and tasty alternatives to all consumers, with the right product for each age group.

The results of Natural Balance Foods are included in the consolidation as from 1 September 2015. Urban Fresh Foods will be consolidated as of 1 January 2016.

4. Fire at waffle factory in Meise

On 3 June 2015, the waffle factory at Meise was totally destroyed by a major fire. The factory in Meise mainly produced waffles for the French market. The waffles for the Belgian market are mainly produced in the Courcelles factory.

Following a thorough evaluation of the various options, it was announced in September that the factory in Meise would not be rebuilt. The production volumes involved will be fully integrated into the waffle factory at Courcelles in the course of 2016. For this purpose, two new production lines will be installed, to allow the production of all waffles and galettes to be housed in a single large and efficient facility.

Following very constructive discussions with the social partners, by the end of October 2015, a social plan was agreed with the former employees of the factory in Meise.

5. Conclusion and prospects

In 2015, Lotus Bakeries was able to produce an attractive turnover growth of over 18%, more than 13% of this being internal growth. Profitability grew even stronger, with recurrent operating cash flow up 23.2% to EUR 82.6 million and a net result of EUR 45.6 million.



Press release

Regulated information
12 February 2016 before market

The internal turnover growth, linked to the consistent application of the Lotus Bakeries commercial and marketing strategy, also contributes significantly to profitability. Furthermore, in 2015, Lotus Bakeries invested significantly more in marketing and sales than in previous years because we strongly believe that this is a 'must have' for future growth.

2015 was not only a record year for internal growth, but also in terms of production volumes of Lotus Biscoff, Lotus Biscoff spread and Lotus Dinosaurus. Lotus Bakeries is convinced of the growth potential for our iconic Lotus Biscoff biscuits and has decided to invest in a third production hall in Lembeke to support future growth. The new production hall will have sufficient capacity for a maximum of four production lines. The first Lotus Biscoff line in this facility will go into operation in the first half of 2017.

Volumes are also growing strongly in the US, where there is huge potential for Lotus Biscoff. We have therefore decided, in addition to investing in additional capacity in Belgium, to invest in a totally new Lotus Biscoff factory in the USA. The first step will be to decide the precise location. The factory is currently scheduled to go into operation in 2019.

2015 was also the year in which the strategically important decision was made to invest in the natural and healthy snacking segment. The new Nākd & Trek and BEAR & Urban Fruit brands complement our current product and brand portfolio and ensure that Lotus has something to offer to everyone. Lotus aims to grow these brands further in the UK and also put them on the map internationally. Lotus Bakeries' experience in the internationalization of consumer products, combined with our international network of sales offices and commercial partners will act as a powerful lever for launching these products in new markets and among new consumers.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right strategy and a good basis are in place for continuing, profitable, long-term growth.

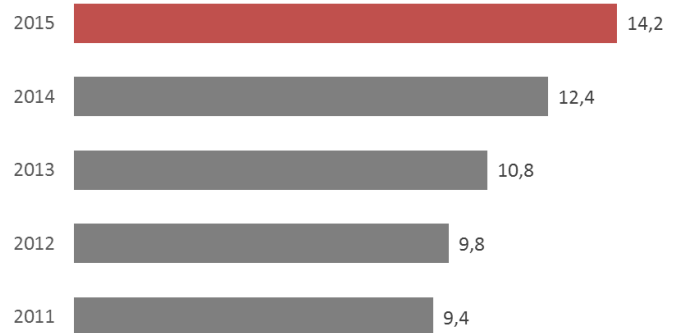
CEO Jan Boone is delighted with the results and developments in the period under review: *"2015 was a really special year for Lotus Bakeries. With many highlights such as the very strong international growth of Lotus Biscoff and spread as well as moving into new markets, both geographically with our new offices in South Korea and China, and in terms of our product range with the strategic investment in Natural Foods. Naturally, I'm proud of all staff of Lotus Bakeries, who have managed to achieve this growth as a team and are passionate about supporting Lotus as a brand and as a company."*



6. Dividend

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 13 May 2016 to declare for 2015 a gross dividend of EUR 14.2 per share, compared with EUR 12.4 in 2014.

Gross dividend - in EUR



7. Financial calendar

Financial analysts' meeting:	12 February 2016
2015 Annual Review available on www.lotusbakeries.com :	13 April 2016
Ordinary General Meeting of shareholders:	13 May 2016
Dividend payable from:	23 May 2016
Announcement of 2016 half-year results:	22 August 2016

Lotus Bakeries in a nutshell

Lotus Bakeries is active worldwide in the indulgent and healthy snacking segment with the Lotus, Lotus Biscoff, Lotus Dinosaurus, Lotus Suzy, Peijnenburg, Snelle Jelle, Annas, Nākd, Trek, BEAR and Urban Fruit brands. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France and Sweden, and 17 own sales organizations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in forty countries worldwide. Lotus Bakeries has approximately 1,350 employees. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products. With Peijnenburg and Snelle Jelle, the company is a market leader in gingerbread in the Netherlands. Under the Nākd, Trek, BEAR and Urban Fruit brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. In 2015 the Group achieved a turnover of EUR 411.6 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

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



Lotus Bakeries Group

Balance sheet & income statement 2015

Regulated information
12 Feb. 2016 before market

CONSOLIDATED BALANCE SHEET

in thousands of EUR	31/12/2015	31/12/2014
ASSETS		
Non current assets	442,884	263,881
Property, plant and equipment	139,377	137,569
Goodwill	93,229	46,135
Intangible assets	107,901	74,674
Investment in other companies	96,244	22
Deferred tax assets	5,889	5,275
Other non current assets	244	206
Current assets	128,337	73,108
Inventories	35,659	17,898
Trade receivables	56,143	38,804
VAT receivables	4,868	3,333
Income tax receivables	938	421
Other amounts receivable	10,504	112
Cash and cash equivalents	18,547	11,855
Deferred charges and accrued income	1,678	685
TOTAL ASSETS	571,221	336,989
EQUITY AND LIABILITIES		
Equity	217,525	200,629
Share Capital	15,367	13,190
Retained earnings	219,109	196,147
Treasury shares	(13,677)	(9,419)
Other reserves	(3,249)	656
Non-controlling interests	(25)	55
Non-current liabilities	169,242	39,506
Interest-bearing loans and borrowings	97,000	325
Deferred tax liabilities	44,607	34,905
Net employee defined benefit liabilities	3,225	3,558
Provisions	726	661
Derivative financial instruments	869	-
Other non-current liabilities	22,815	57
Current liabilities	184,454	96,854
Interest-bearing loans and borrowings	99,086	41,144
Net employee defined benefit liabilities	32	56
Provisions	521	56
Trade payables	42,498	33,309
Employee benefit expenses and social security	18,336	12,357
VAT payables	1,017	126
Tax payables	10,861	7,097
Derivative financial instruments	7	10
Other current liabilities	9,070	147
Accrued charges and deferred income	3,026	2,552
TOTAL EQUITY AND LIABILITIES	571,221	336,989



Lotus Bakeries Group

Balance sheet & income statement 2015

Regulated information
12 Feb. 2016 before market

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2015	2014
Turnover	411,576	347,890
Raw materials, consumables and goods for resale	(121,803)	(104,430)
Services and other goods	(117,959)	(96,483)
Employee benefit expense	(88,527)	(78,888)
Depreciation and amortization on intangible and tangible assets	(14,919)	(14,845)
Impairment on inventories, contracts in progress and trade debtors	(2,086)	(1,819)
Other operating charges	(3,566)	(4,034)
Other operating income	2,048	2,042
Recurrent operating result (REBIT) ⁽¹⁾	64,764	49,433
Non-recurrent operating result	(1,748)	(261)
Operating result (EBIT) ⁽²⁾	63,016	49,172
Financial result	(778)	16
Financial income	8,076	5,402
Financial charges	(8,854)	(5,386)
Profit for the year before taxes	62,238	49,188
Taxes	(16,623)	(12,415)
Result after taxes	45,615	36,773
NET RESULT	45,615	36,773
attributable to:		
Non-controlling interests	202	(2)
Equity holders of Lotus Bakeries	45,413	36,775
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(5,125)	(1,194)
Currency translation differences	(4,551)	(1,194)
Gain/(Loss) on cash flow hedges, net of tax	(574)	-
Items that will not be reclassified to profit and loss	494	(564)
Remeasurement gains/(losses) on defined benefit plans	494	(564)
Other comprehensive income	(4,631)	(1,758)
Total comprehensive income	40,984	35,015
attributable to:		
Non-controlling interests	(524)	(2)
Equity holders of Lotus Bakeries	41,508	35,017



Lotus Bakeries Group

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in thousands of EUR	2015	2014
Earnings per share		
Weighted average number of shares	788,341	778,944
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	0.26	-
Equity holders of Lotus Bakeries	57.61	47.21
Weighted average number of shares after effect of dilution	803,247	796,420
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	0.25	-
Equity holders of Lotus Bakeries	56.54	46.18
Total number of shares ⁽³⁾	811,863	803,013
Earnings per share (EUR) - attributable to:		
Non-controlling interests	0.25	-
Equity holders of Lotus Bakeries	55.94	45.80
(1) REBIT is defined as the recurrent trading result, consisting of all the proceeds and costs relating to normal business.		
(2) EBIT is defined as recurrent operating result + non-recurrent operating result.		
(3) Total number of shares including treasury shares.		