



Press release

Regulated information
11/02/2019 before market

LOTUS BAKERIES: 2018 ANNUAL RESULTS

- Lotus Bakeries realizes growth of more than 6% in 2018. Growth of 9% in the second half of the year. Due partly to solid organic growth and partly to the acquisition of Kiddylicious.
- Recurrent EBITDA rises by 6% to EUR 110 million.
- Proposal to increase the gross dividend to EUR 29 per share, amounting to one third of recurrent net profit.
- The Group invests more than EUR 100 million in the acquisition of Kiddylicious and CAPEX projects.
- Strong operating cash flow ensures that the debt ratio remains low, keeping the ratio of net financial debt/REBITDA below 1.
- In 2019, Lotus Bakeries will open production facilities on two new continents: the Biscoff factory in the US and the BEAR factory in South Africa.

1. 2018 results

Income statement ⁽¹⁾ (in thousands of EUR)	2018	2017	Evolution %	
Turnover	556,435	524,055	+	6.2
Recurrent operating result (REBIT) ⁽²⁾	95,030	89,349	+	6.4
Recurrent operating cash flow (REBITDA) ⁽³⁾	110,346	104,333	+	5.8
Non-recurrent operating result	(3,005)	(91)	-	-
Operating result (EBIT) ⁽⁴⁾	92,025	89,258	+	3.1
Financial result	(3,324)	(2,228)	+	49.2
Profit for the year before taxes	88,701	87,030	+	1.9
Taxes	(20,829)	(22,397)	-	7.0
Net result	67,872	64,633	+	5.0
Non-controlling interests	964	1,094	-	12.2
Equity holders of Lotus Bakeries	66,908	63,539	+	5.3
Total number of shares on 31 December ⁽⁵⁾	805,993	799,262	+	0.8
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	117.90	111.79	+	5.5
Recurrent operating cash flow (REBITDA) ⁽³⁾	136.90	130.54	+	4.9
Net result: Group share	83.01	79.50	+	4.4
Balance sheet (in thousands of EUR)				
Balance sheet total	711,572	597,494	+	19.1
Equity	346,927	293,213	+	18.3
Investments ⁽⁶⁾	62,703	28,239	+	122.0
Net financial debts ⁽⁷⁾	96,152	57,202	+	68.1
Gross dividend ⁽⁸⁾ (in EUR per share)	29.00	19.00	+	48.7





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- (1) The balance sheet and income statement for 2018 are appended to this Press Release.
 - (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 valuation option and warrant plan.
 - (4) EBIT is defined as recurrent operating result + non-recurrent operating result.
 - (5) Total number of shares on 31 December, excluding treasury shares.
 - (6) Investments in tangible fixed assets, intangible fixed assets and participating interests.
 - (7) Net financial debts are defined as interest-bearing financial debts - investments - cash and cash equivalents - treasury shares.
 - (8) For 2018: dividend will be proposed to the Ordinary General Shareholders' Meeting of 10 May 2019
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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.



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2. Management explanation

2.1 Group turnover increases by more than 6%

In 2018, Lotus Bakeries Group's consolidated turnover increased by EUR 32.4 million to EUR 556.4 million, representing 6.2% growth. The Group achieved growth of 7% at constant exchange rates. This increase is due to organic growth of more than 5% and the acquisition of Kiddylicious, which is included in the consolidation as from August 2018.

This year, the main organic growth, in absolute terms, came from Lotus Biscoff. The internationalization of Lotus Biscoff and Lotus Biscoff Spread remains a robust growth area. With strong growth in the United States (US), the United Kingdom (UK), China, Spain, the Netherlands and the Czech Republic, the Group increased its penetration in these countries in 2018, leaving plenty of room for further growth in the future. A positive factor here is that, with Lotus Biscoff, we are gradually conquering larger markets such as the US and the UK.

The new packaging design for all Biscoff products was very well received and is now available in stores worldwide. At the same time, the Group continues to innovate within the Biscoff concept. For example, the innovation Biscoff & Go, a Biscoff spread dip, was successfully launched in the test market of the US this year.



Natural snacks also experienced double-digit growth once more this year, with turnover reaching the EUR 100 million mark. The growth is due to a combination of the acquisition of Kiddylicious on the one hand and organic growth in the UK and the new countries on the other. TREK grew strongly once more and has earned its place as a major brand in the portfolio in the last few years. Besides their leading market position in the UK, distribution of Nākd and BEAR in supermarkets in the Netherlands and Belgium was further expanded. Nākd will be supported by a TV commercial for the first time in 2019, in both the UK and Belgium. The launch of BEAR in the US is a success. Distribution via the retail channel there is growing steadily.

The gingerbread category in the Netherlands has undergone a transition in the last few years, partly through the introduction of Peijnenburg Zero, the no added sugar version. However, the new products were unable to prevent a decline in penetration of the gingerbread category in the Dutch market. Nevertheless, Koninklijke Peijnenburg's market share remained stable. As category captain, Lotus Bakeries aims to reverse the negative trend and bring about growth in the category once more. The management of Koninklijke Peijnenburg is pursuing an integrated plan to achieve this.





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In Belgium, Lotus Bakeries continues to gain market share. This is partly due to our focus on local hero products. For instance, new, modern packaging was introduced across the entire cake range, along with several product innovations, such as the successful launches of Tartélice and Mini Dinosaurus. Waffles maintained their growth momentum too.

France experienced strong growth for waffles and Dinosaurus. Media support for waffles and targeted in-store activation for Dinosaurus delivered good results. The efforts to bring profitability more in line with the group are paying off and form a sound basis for future, profitable growth.

2.2 Increase in recurrent operating result

The recurrent operating result (EUR 95.0 million) and recurrent operating cash flow (EUR 110.3 million) increased by EUR 5.7 million and EUR 6.0 million respectively year on year.

With percentages of 17.1% (REBIT) and 19.8% (REBITDA) respectively compared to turnover, Lotus Bakeries Group confirms once more that solid growth goes hand in hand with stable and high profitability.

The sales teams have been reinforced and expanded to support the international growth of Lotus Biscoff. We have invested strongly in media support and the development of international sales teams for the natural snacking category.

The non-recurrent operating result mainly comprises advice and due diligence costs for the Kiddylicious acquisition, and start-up costs relating to major investment projects such as the factory in the US. This explains why the non-recurrent operating result is EUR -3.0 million this year whereas it was still limited last year.

The financial result of EUR -3.3 million is primarily made up of interest expenses. The difference compared with the previous year is mainly due to negative results for exchange rates on balance sheet positions in foreign currencies (EUR -0.8 million).

The tax expense decreased further to EUR 20.8 million or 23.5% of the result before taxes. The tax expense was reduced compared with the end of 2017 due to the lower rates now applying in Belgium and the US.

The net profit increased by 5% to EUR 67.9 million and stands at 12.2% compared to turnover. The recurrent net result, consisting of the reported net result minus non-recurrent costs, rose by as much as 8.5% to EUR 70.2 million.

2.3 Strong operating cash flow keeps debt ratio low

In 2018, Lotus Bakeries invested more than EUR 100 million in the acquisition of Kiddylicious and various CAPEX projects. Despite this high cash-out, net financial debt increased by just EUR 39 million to EUR 96 million. This was due to the strong operating cash flow, which ensured that the increase in net financial debt remained limited and that the ratio of net financial debt/REBITDA dropped back to below 1.





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2.4 Investment in Biscoff factory in the US in full swing

As announced at the time of the publication of the half-year figures, the investment plan continues to progress very well. The construction of the manufacturing hall was completed during the second half of the year. The utilities are currently being installed to prepare the factory for the installation of the production lines.

The local management team is now at full strength. Integration and training are in full swing.

The factory will go into operation in the second half of 2019. Then, for the first time, Lotus Biscoff will be made outside Lembeke and even on a different continent.





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2.5 Brand new BEAR factory about to go into operation in South Africa

On 28 March 2018, it was announced that the Lotus Bakeries Group had acquired BEAR's production activities in South Africa from the co-manufacturer, Grassroots. Under the agreement, Grassroots will deliver a brand-new, turnkey production facility by mid-2019. The project team - made up of employees from both Lotus Bakeries and Grassroots - has worked hard during the last few months. Construction is on schedule.



2.6 Other main investments

a. Lotus Biscoff manufacturing facility in Lembeke expanded:

In 2016, a third production hall came into service in Lembeke. In 2018, a second production line started up in that hall. The Lembeke factory has achieved another record: for the first time, output exceeded 50 million kilogrammes. The capacity investments in Lembeke and Mebane (US) are necessary so as to continue to meet the demand for Lotus Biscoff in the future.

b. Renovation of cake factory in Enkhuizen (Netherlands) finished:

In 2017, the first phase of the renovation of the cake factory in Enkhuizen (Netherlands) was completed. Two new warehouses have come into service. In 2018, we also completed the second phase of the upgrade with new, modern offices.

c. Opening of new office building in Lembeke planned for 2019:

The construction of the new offices in Lembeke is on schedule. The facilities will go into service in the second half of 2019.





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3. Successful acquisition and integration of Kiddylicious into growing Natural Foods business unit

On 26 July 2018, Lotus Bakeries acquired 100% of the shares of Kiddylicious. This innovative British food company creates delicious, nutritious, portion-controlled snacks for growing babies, toddlers and pre-schoolers.

The acquisition is perfectly aligned with Lotus Bakeries' strategic vision, focussed on food and health, and aimed at offering a versatile range of snacks. For every consumption moment and across all target groups. Kiddylicious is an excellent strategic fit with the Natural Foods business unit, into which it has therefore been integrated organizationally.

Kiddylicious was founded by Sally Preston, who still runs the business, together with her husband, Neil Mather, as Commercial Director. Both have continued in their roles following the acquisition, demonstrating just as much drive and passion for the brand and the business. Together with their team, they have laid the foundations for integration within Lotus Bakeries.

Sally Preston and Neil Mather have now decided that they wish to hand over their operational responsibilities. Consequently, Twan Thorn, current Global Brand Director at Lotus Bakeries, has been appointed as the new Managing Director of Kiddylicious, with effect from April 2019. Sally Preston and Neil Mather will remain closely involved as non-executive directors on Kiddylicious' board.

In the second half of the year, Kiddylicious grew in line with the high expectations. The brand has thus confirmed its position and potential to become market leader in the baby snacking category in the UK. Kiddylicious is flourishing internationally as well. The first steps towards further growth have already been taken.

CEO Jan Boone: *"Through the acquisition of Kiddylicious, Lotus Bakeries has once again demonstrated its strength and speed of execution in a competitive acquisition market for such great growth companies. I would like to thank Sally Preston and Neil Mather for the pleasant cooperation and the passion and dedication with which they have handed over their business. I look forward to their continued contribution as non-executives on the Kiddylicious board."*





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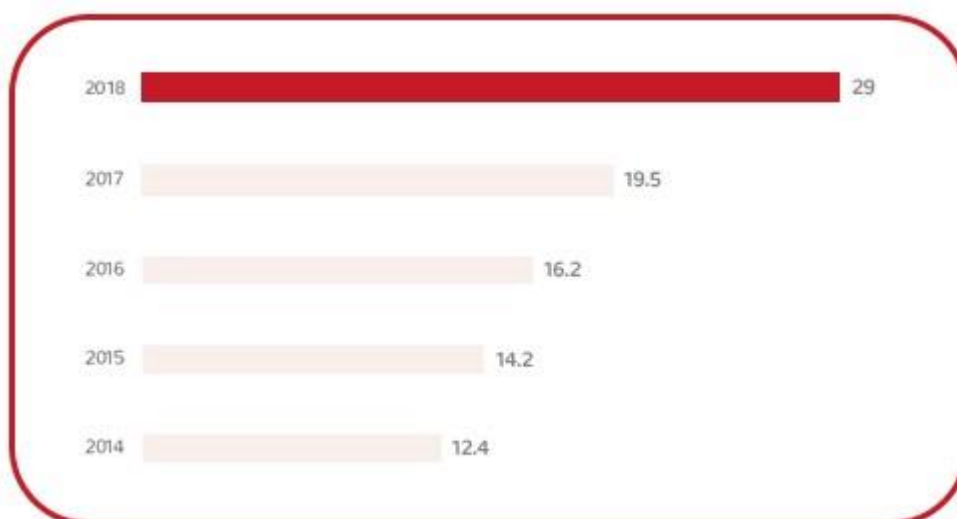
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4. Gross dividend of EUR 29 for 2018

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 10 May 2019 to pay a gross dividend of EUR 29 per share for 2018 compared with EUR 19.5 per share in 2017.

CEO Jan Boone: "We propose to pay a gross dividend of EUR 29 per share for 2018. This corresponds to one third of the recurrent net profit and gives us the right balance between providing a decent remuneration for shareholders and reinvesting the profit in the business. We believe that it's important to continue to offer Lotus Bakeries Group every opportunity for development in future, so as to be able to fully realize its strategic ambitions."

Brutodividend - in EUR





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5. Outlook

Lotus Bakeries continues to focus successfully on its three strategic pillars:

- Firstly, there is the **continued internationalization of Biscoff**, our main organic growth driver. In 2018, we recorded double-digit growth in major consumer markets such as the US, the UK and China. The construction of the new factory in Mebane (US) comes under the same pillar of internationalization.
- Secondly, there is the investment in and continued growth of a **strong healthy snacking business**. The acquisition of Kiddylicious forms part of this, as does the organic growth of BEAR, Nākd and TREK in the UK and new countries. There is also the construction of the BEAR factory in South Africa and in addition, we have made the first commercial for Nākd, to be shown in 2019.
- Finally, we are **building a strong market position for our local heroes in their home markets**. We can look back on good growth for waffles in Belgium and France, and the successful introduction of new products such as Tartélice and Mini Dinosaurus. The integrated plan launched to generate growth for gingerbread once more in the Netherlands also comes under this pillar.

The management and the Board of Directors of Lotus Bakeries are convinced that the current strategy is the right one for us to continue to grow in a sustainable and profitable manner in the long term.

CEO Jan Boone is delighted with the Group's strong organic growth, the successful completion and integration of Kiddylicious and looks forward to the opening of two new production facilities in 2019:

"We continue to focus closely on our three strategic pillars and this is bringing results. Besides organic growth, the Group remains open to targeted and selective acquisitions in the longer term. We're managing to acquire and integrate successful brands and growth companies such as Kiddylicious and - while preserving their uniqueness - make them even stronger within the Group. Lotus Bakeries will take further significant strides forward in 2019. For example, by starting up two new manufacturing facilities on two new continents: the Biscoff factory in the US, and the BEAR factory in South Africa. As a result, by the end of 2019, the Group will have more than 2,000 employees worldwide. Everyone of them an ambassador who joins us in helping Lotus Bakeries develop further."





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6. Financial calendar

Financial analysts' meeting:	11 February 2019
2018 Annual Review available on www.lotusbakeries.com :	10 April 2019
Ordinary General Meeting of Shareholders:	10 May 2019
Dividend payable from:	25 May 2019
Announcement of 2018 half-year results:	19 August 2019

Lotus Bakeries in a nutshell

Lotus Bakeries began in the village of Lembeke in 1932 and is now active worldwide in the indulgent and natural snacking segment with the Lotus, Lotus Biscoff, Dinosaurus, Peijnenburg, Annas, Nākd, Trek, BEAR and Kiddylicious brands, among others. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France and Sweden, and 20 own sales organizations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in approximately forty countries worldwide. Lotus Bakeries has approximately 1,600 employees. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products. The secret of Lotus Biscoff lies in the biscuit's unique flavour, distinctive design and delightful crispiness. The unique caramelized biscuit flavour has meanwhile also been incorporated into a spread and ice cream. A wide range of cake specialties and waffles are furthermore offered under the Lotus brand name. Koninklijke Peijnenburg is the market leader for gingerbread in the Netherlands and Annas is a typical Swedish speciality of pepparkakor biscuits: thin, crunchy biscuits flavoured with ginger and cinnamon. Under the Nākd, TREK and BEAR brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. Kiddylicious focusses on healthy snacking for babies, toddlers and pre-schoolers. In 2018 the Group achieved a turnover of EUR 556 million. The shares of Lotus Bakeries are listed on Euronext Brussels. The majority of the shares are owned by the Boone and Stevens family.

For more information please contact:

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

For pictures concerning our company Lotus Bakeries, please click on the following link:
<http://www.lotusbakeries.com/corporate/investor-relations/doclist/media-gallery>





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CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31/12/2018	31/12/2017
ASSETS		
Non-current assets	545,647	447,693
Property, plant and equipment	219,897	174,426
Goodwill	177,639	141,001
Intangible assets	138,887	123,924
Participating interests	2,448	-
Investment in other companies	12	12
Deferred tax assets	3,936	4,310
Other non-current assets	2,828	4,020
Current assets	165,925	149,801
Inventories	39,066	33,653
Trade receivables	71,097	60,104
VAT receivables	4,503	4,789
Income tax receivables	523	484
Other amounts receivable	2,993	1,487
Cash and cash equivalents	45,597	48,129
Deferred charges and accrued income	2,146	1,155
TOTAL ASSETS	711,572	597,494
EQUITY AND LIABILITIES		
Equity	346,927	293,213
Share Capital	16,319	15,999
Retained earnings	369,114	316,954
Treasury shares	(11,406)	(13,919)
Other reserves	(27,156)	(25,877)
Non-controlling interests	56	56
Non-current liabilities	198,042	193,923
Interest-bearing loans and borrowings	116,500	117,500
Deferred tax liabilities	52,725	49,206
Net employee defined benefit liabilities	3,519	3,846
Provisions	377	414
Derivative financial instruments	2,319	1,970
Other non-current liabilities	22,602	20,987
Current liabilities	166,603	110,358
Interest-bearing loans and borrowings	36,655	1,750
Net employee defined benefit liabilities	234	152
Provisions	21	21
Trade payables	86,794	68,542
Employee benefit expenses and social security	21,330	18,383
VAT payables	300	119
Tax payables	14,761	16,464
Derivative financial instruments	-	1
Other current liabilities	3,102	1,662
Accrued charges and deferred income	3,406	3,264
TOTAL EQUITY AND LIABILITIES	711,572	597,494





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CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2018	2017
Turnover	556,435	524,055
Raw materials, consumables and goods for resale	(184,804)	(171,494)
Services and other goods	(150,732)	(145,568)
Employee benefit expense	(111,977)	(105,580)
Depreciation and amortization on intangible and tangible assets	(12,942)	(12,105)
Impairment on inventories, contracts in progress and trade debtors	(1,706)	(2,198)
Other operating charges	(2,123)	(3,168)
Other operating income	2,879	5,407
Recurrent operating result (REBIT) ⁽¹⁾	95,030	89,349
Non-recurrent operating result	(3,005)	(91)
Operating result (EBIT) ⁽²⁾	92,025	89,258
Financial result	(3,324)	(2,228)
Interest income (expense)	(2,435)	(2,096)
Foreign exchange gains (losses)	(596)	175
Other financial income (expense)	(293)	(307)
Profit for the year before taxes	88,701	87,030
Taxes	(20,829)	(22,397)
Result after taxes	67,872	64,633
NET RESULT	67,872	64,633
attributable to:		
Non-controlling interests	964	1,094
Equity holders of Lotus Bakeries	66,908	63,539
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(1,726)	(2,727)
Currency translation differences	(587)	(5,989)
Gain/(Loss) on cash flow hedges, net of tax	(1,139)	3,262
Items that will not be reclassified to profit and loss	276	(757)
Remeasurement gains/(losses) on defined benefit plans	276	(757)
Other comprehensive income	(1,450)	(3,484)
Total comprehensive income	66,422	61,149
attributable to:		
Non-controlling interests	793	449
Equity holders of Lotus Bakeries	65,629	60,700



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	2018	2017
Earnings per share		
Weighted average number of shares	803,878	799,423
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	1.20	1.37
Equity holders of Lotus Bakeries	83.23	79.48
Weighted average number of shares after effect of dilution	808,813	808,735
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	1.19	1.35
Equity holders of Lotus Bakeries	82.72	78.57
Total number of shares ⁽³⁾	815,733	814,433
Earnings per share (EUR) - attributable to:		
Non-controlling interests	1.18	1.34
Equity holders of Lotus Bakeries	82.02	78.02

(1) REBIT is defined as the recurrent operating 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 on 31 December, including treasury shares.