

LOTUS BAKERIES: HALF-YEAR REPORT 2014

- Turnover growth of 5%
- Strong increase in recurring operating cash flow of almost EUR 5 million
- Investments in production sites of previous years create significant contribution to profitability
- Investment in fully automated Dinosaurus production line successfully completed

1. Half-year results 2014

Income statement ⁽¹⁾ (in thousands of EUR)	30/06/2014	30/06/2013	Evolution %	
Turnover	167,798	159,767	+	5.0
Recurring operating result (REBIT) ⁽²⁾	22,079	18,882	+	16.9
Recurring operating cash flow (REBITDA) ⁽³⁾	30,412	25,651	+	18.6
Non-recurring operating result	(222)	(1,512)	-	85.3
Operating result (EBIT) ⁽⁴⁾	21,857	17,370	+	25.8
Financial result	(922)	(350)	+	163.4
Result before taxation	20,935	17,020	+	23.0
Income taxes	(4,846)	(3,546)	+	36.7
Net result	16,089	13,474	+	19.4
Net result: minority interest	-	4	-	-
Net result: Group share	16,089	13,470	+	19.4
Total number of shares on 30 June ⁽⁵⁾	780,997	768,765	+	1.6
Key figures per share (in EUR)				
Recurring operating result (REBIT)	28.27	24.56	+	15.1
Recurring operating cash flow (REBITDA) ⁽³⁾	38.94	33.37	+	16.7
Net result: Group share	20.60	17.52	+	17.6
Balance sheet (in thousands of EUR)				
Balance sheet total	334,785	327,306	+	2.3
Equity	180,902	155,565	+	16.3
Investments ⁽⁶⁾	8,427	17,304	-	51.3
Net financial debt ⁽⁷⁾	47,112	62,484	-	24.6

(1) Further information about the income statement and balance sheet can be found on the website: www.lotusbakeries.com.

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

(3) Recurring operating cash flow is defined as recurring operating result + depreciation + provisions and amounts written off + non-cash costs valuation option and warrant plan.

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

(5) Total number of shares on 30 June, excluding treasury shares.

(6) Investments in intangible and tangible fixed assets.

(7) Net financial debt is defined as financial debts - investments - cash at bank and in hand - treasury shares.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Peter Opsomer, has confirmed that its limited review of 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

During the first half of 2014, the consolidated turnover of the Lotus Bakeries Group grew by 5% to EUR 167.8 million. The turnover growth may primarily be attributed to the positive evolution of the brands of the Group.

The introduction of **Lotus Dinosaurus** in the biscuit shelf has created an important contribution to this growth. From the beginning of the Lotus Dinosaurus launch it has been crucial to create an optimal in-store presence. In the two countries where Lotus Dinosaurus has been introduced (Belgium and France) it has been decided to support this introduction with television campaigns. The positive interactions with the customers and strong media support have resulted in a successful introduction of Lotus Dinosaurus.

The **waffles**' turnover during the first semester of 2014 showed an attractive growth in Belgium and France. We can attribute this growth amongst others to the increased range of packaging formats of Liège waffles. For example, the mini waffles. Furthermore, the expansion of the distribution of vanilla waffles, e.g. mini Liège waffles, contributed significantly to the increase.

The strategy of internationalizing **original caramelized biscuits** in a sustainable way has been consistently pursued. During the first semester various countries were again able to present nice growth figures for original caramelized biscuits and spread, including the United Kingdom, France, the United States and the Netherlands. The focus on correct commercial efforts, a strong in-store presence and television campaigns in the Netherlands and France have contributed to the increased brand awareness and the success of original caramelized biscuits and spread.

The category of **gingerbread** has not grown during the first semester and knew a slight decrease compared to last year. However, thanks to the introduction of 'Snelle Jelle tussendoor', a nice growth could be realized in the category of healthy snacks.

2.2 Income statement

The recurring operating result and the recurring operating cash flow increased by respectively EUR 3.2 million (16.9%) and EUR 4.8 million (18.6%) compared to last year.

The operational efficiencies generated by the investment programs of the last few years contributed significantly to the operating result. More specifically, the restructuring of the gingerbread production plants in the Netherlands, but also the successful transfer of the frangipane production line from Lembeke to Oostakker and the new original caramelized biscuits production lines in Lembeke have contributed to an improved efficiency and flexibility. Moreover, SAP has been successfully implemented in the plant in Eeklo and the plant itself has been fully integrated within the Lotus Bakeries organization.

Furthermore, the increased turnover of Lotus Dinosaurus, waffles, original caramelized biscuits and spread result in a growing operating result. Lotus Bakeries has chosen to further increase commercial efforts in various countries during 2014, both for marketing (television campaigns in Belgium, the Netherlands and France) and commercial efforts in the stores.

Last year, the non-recurring operating result of kEUR 1,512 was mainly due to the restructuring costs in the gingerbread plants in the Netherlands, the costs for the acquisition of Biscuiterie Willems, the costs for the brand Dinosaurus and the depreciation of the brand Wieger Ketellapper. As the restructuring in the Netherlands and above mentioned acquisitions have been fully finalised, the non-recurring operating result only amounts to kEUR 222 for the first half of 2014.

The financial result of kEUR 922 mainly consists of interest expenses (kEUR 177 lower than last year) and negative exchange rate results. Last year, positive results were realized on exchange rates and financial instruments.

The tax expense amounts to EUR 4.8 million or 23.1% of pre-tax profit which is in line with the tax percentage of end 2013.

The net result for the first half-year increases with 19.4% compared to 2013 and amounts to EUR 16.1 million.

2.3 Investments

The investment level during the first half of 2014 amounted to EUR 8.4 million. The main investments were done in Belgium, with the installation of a completely new production and packaging line for Lotus Dinosaurus and the building of a new head office in Lembeke.

2.4 Net financial debt

Notwithstanding a cash outflow for investments of EUR 26 million, the net financial debt decreased to EUR 47 million over the past 12 months thanks to the strong operational cash flow.

3. Dinosaurus

Besides Lotus original caramelized biscuits, Lotus Dinosaurus represents a strong pillar in the biscuit category for Lotus Bakeries.

Exactly 1 year after the introduction of the Dinosaurus biscuits on the Belgian and French market, the production has been fully transferred to Lembeke. For this purpose, investments have been made for a fully automated production and packaging line which guarantees a superior product quality and the necessary flexibility.

In order to assure/support the further expansion of the Dinosaurus concept, Lotus Bakeries will continue to invest in media presence and powerful in-store confrontation.



4. Conclusion

For the first half of 2014, Lotus Bakeries can present an attractive growth of 5% on turnover and EUR 3.2 million (+16.9%) on recurring operating result.

Lotus Bakeries continues to invest strongly in Belgium and the Netherlands. Between 2010 and 2014, EUR 120 million will have been invested in the Group's production plants. Besides the investment in the Dinosaurus line, the major investments were the expansion of the original caramelized biscuits factory in Lembeke (2012), the centralization of the cake production in Belgium in Oostakker (2013), and the optimization of the factories in Geldrop and Sintjohannesga (2013) in order to provide a better and more flexible response to the changing demand for gingerbread.

The investments enable Lotus Bakeries to continuously improve production efficiency in the different sites and to achieve a consistent high quality level for its various specialties.

The Management is pleased to see that, thanks to these investments, the Group's profitability strongly increases in the current year.

Moreover, the profitable growth has been realized thanks to important commercial efforts in the various countries where a clear and consistent communication with the end user is crucial. Lotus Bakeries is convinced that in the long term it should continue to invest significantly in marketing and sales to support and further expand its brands and its related specialties. The strategy of an extensive focus on the most important specialties will be pursued as well as the further internationalization of original caramelized biscuits.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right basis and strategy are in place in order to further grow in the future.

CEO Jan Boone is pleased with the results and developments of the past half-year: "We can report an excellent internal growth rate of 5% during this first half-year. Furthermore, our profitability is growing stronger than the turnover, which shows that, thanks to investments in the plants of the past few years, the right foundations have been set for a sustainable and profitable long-term growth."

5. Financial calendar

Financial analysts' meeting (conference call):	26 August 2014
Announcement annual results 2014:	13 February 2015
Financial analysts' meeting:	13 February 2015
Ordinary General Meeting of shareholders:	8 May 2015
Dividend payable from:	13 May 2015

Lotus Bakeries in a nutshell

Lotus Bakeries focuses on authentic specialties from the biscuit and cake world: original caramelized biscuits (speculoos), gingerbread, cake specialties, waffles and galettes, pepparkakor biscuits and Dinosaurus 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 organisations in 10 European countries, in the United States, Hong Kong, China, Chile and an export department for the other countries. With around 1,244 employees, Lotus Bakeries produces and sells high-quality, tasty products under the Lotus, Peijnenburg and Annas brand names. By maintaining a healthy balance between tradition and innovation, Lotus Bakeries indulges consumers with a unique range of products. In 2013 the Group achieved a turnover of EUR 332.3 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

For further information, please contact:

Jan Boone - CEO
Tel. + 32 9 376 26 14

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