

LOTUS BAKERIES: HALF-YEARLY REPORT 2012

- 4.3% turnover growth
- Strong profitability in first half
- Investment programme proceeding to plan

1. Half-yearly results 2012

Income statement (1) (in thousands EUR)	30/06/2012	30/06/2011	Evolution (%)
Turnover	139,349	133,571	+ 4.3
Recurrent operating result (REBIT)	17,735	17,431	+ 1.7
Recurrent operating cash flow (REBITDA) (2)	24,118	23,898	+ 0.9
Non-recurrent operating result	(725)	(940)	- 22.9
Operating result (EBIT) (3)	17,010	16,491	+ 3.1
Financial result	(725)	(436)	+ 66.3
Result before taxes	16,285	16,055	+ 1.4
Taxes	(3,474)	(4,773)	- 27.2
Net result	12,811	11,282	+ 13.6
Net result: minority interest	5	1	+ 400.0
Net result: Group share	12,806	11,281	+ 13.5
Total number of shares on June 30 (4)	741,715	752,563	- 1.4
Key figures per share (in EUR)			
Recurrent operating result (REBIT)	23.91	23.17	+ 3.2
Recurrent operating cash flow (REBITDA) (2)	32.52	31.77	+ 2.4
Net result: Group share	17.27	15.00	+ 15.1
Balance sheet statement (in thousands of EUR)			
Balance sheet total	252,216	228,591	+ 10.3
Equity	129,733	115,761	+ 12.1
Investments (5)	13,599	6,473	+ 110.1
Net financial debts (6)	20,055	26,593	- 24.6
<p>(1) Further information on the income statement and balance sheet can be found on the website: www.lotusbakeries.com</p> <p>(2) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation option- and warrantplan.</p> <p>(3) EBIT is defined as recurrent operating result + non-recurrent operating result</p> <p>(4) Total number of shares on June 30, excluding treasury shares</p> <p>(5) Investments in intangible and tangible fixed assets</p> <p>(6) Net financial debts are defined as financial debts - cash investments - liquid assets - treasury shares.</p> <p>The statutory auditor, PwC Bedrijfsrevisoren, represented by Lieven Adams, 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.</p>			

2. Explanation of the results

2.1 Turnover

During the first half of 2012, the consolidated turnover of the Lotus Bakeries Group grew by 4.3% to EUR 139.3 million. Factoring in the effect of the termination of the Ikea contract, internal growth on a like-to-like basis rises to over 5%. The growth figure for brand products is slightly higher.

Lotus Bakeries Belgium achieved strong growth in the first half. A clear focus on consistent quality and distinctive flavour along with significant investment in consumer communication continue to bear fruit. Following a good 2011, the Lotus brand increased its market share further in the caramelized biscuits, cakes, waffles and gingerbread sectors.

The gingerbread market in the Netherlands also continued its growth in the first half, driven by new television campaigns for the Peijnenburg brand and Snelle Jelle and by successful launches like Peijnenburg Overheerlijk and Tussendoor.

In the first half a television campaign started in France on supporting Lotus caramelized biscuits by strengthening the Lotus brand and the link between Lotus and coffee time. This campaign follows the two national billboard campaigns carried out in 2011.

In the areas UK, Northern and Eastern Europe, North America and Export, the strategy is to further expand our caramelized biscuit business and to seize all development opportunities. During the first half, our caramelized biscuit sales grew compared with last year.

2.2 Income statement

The 2012 half-year results confirm the strong operating results of 2011. Recurrent operating result and recurrent operating cash flow are up slightly compared with last year.

The strong commercial support of the Lotus Bakeries brands and related products was continued. During the first half of this year the investments in marketing were also continued.

The kEUR 725 non-recurrent result reflects mainly the costs associated with the realignment of operations in the Belgian companies of the Group and the depreciation of the Wieger Ketellapper brand.

The financial result for the first six months of the year was a net cost of kEUR 725, consisting mainly of interest charges. The tax expense is EUR 3.5 million or 21.3% of pre-tax profit.

The net result for the first half is up 13.6% compared with 2011.

2.3 Investments

Investments during the first half of 2012 amounted to EUR 13.5 million. The main investments relate to the expansion of biscuit production in Lembeke and the extension of the Oostakker plant into a strategic cake factory. Both production lines in Lembeke are now fully operational.

2.4 Net financial debt

Net financial debt was influenced over the past twelve months by the investments amounting to nearly EUR 25 million, mainly in the expansion of the biscuit factory in Lembeke and the cake factory in Oostakker. Thanks to the strong cash flow of the past 12 months, net financial debt has nonetheless fallen from EUR 26.6 million to EUR 20 million.

3. Recasting of the legal structure of the Belgian companies

Lotus Bakeries aims to have a better operating and legal structure. Lotus Bakeries NV becomes purely a listed holding grouping all the group's activities. The Belgian operating activities, which were previously carried out in Lotus Bakeries NV, have been placed into Lotus Bakeries Belgium NV. The corporate activities, part of which were carried out in Lotus Bakeries Group Services NV, have been brought into Lotus Bakeries Corporate NV. Following these relocations, Lotus Bakeries NV and Lotus Bakeries Group Services NV were then merged.

4. Conclusion and prospects

For the first half of 2012, Lotus Bakeries can once again present an attractive internal growth of 4.3 %, rising to 5 % on a like-for-like basis. This growth was achieved by significant commercial efforts in the various countries, centred on clear and consistent communication with the consumer. In this way the growth of our branded products is stronger than our overall growth. Lotus Bakeries is convinced that it needs in the long term to continue to invest significantly in marketing & sales in order to support and further develop its brands and associated specialties. The strategy of clear focus on the main specialties will also be continued.

During the first half of 2012 the group was able to maintain the strong profitability ratios of 13% recurrent operating result and 17 % recurrent operating cash flow that it achieved in 2011. The strong marketing efforts are supporting this growth and profitability. The cash flow generated is available for the major investment programmes at a number of production sites. In this way, production capacity in Lembeke has been ramped up to meet the growing demand for caramelized biscuits. A clear focus on continuing to build up the international caramelized biscuit business is a major pillar in the Group's long-term strategy. Furthermore, during the first half, major investments were already made for the expansion in Oostakker, where all cake production in Belgium will be housed. In this way, Lotus Bakeries is working on increasing production efficiencies at the different sites and achieving a consistently high quality level in its various specialties.

The Lotus Bakeries policy of passing on changes in raw materials and packaging prices and other cost elements, in combination with production efficiencies, will be consistently applied.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right strategy and a good basis exist for continuing, profitable growth.

5. Financial calendar

Financial analysts' meeting (conference call):	28 August 2012
Publication of the interim declaration covering the period from 1 July 2012:	9 November 2012
Announcement annual results 2012:	13 February 2013
Financial analysts' meeting:	14 February 2013
Ordinary General Meeting of shareholders:	14 May 2013
Publication of the interim declaration covering the period from 1 January 2013:	14 May 2013
Dividend payable from:	21 May 2013

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 9 European countries and in the United States/Canada, and an export department for the other countries. With around 1200 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.

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