LOTUS BAKERIES: HALF-YEAR REPORT 2016

- 31% turnover growth to EUR 256 million;
- Recurrent operating result grew by almost 50% to EUR 43.8 million;
- Very strong internal growth and the contribution of Natural Foods lead to record growth in turnover and profitability.

1. Half-year results 2016

<table>
<thead>
<tr>
<th>Income statement (1) (in thousands of EUR)</th>
<th>30/06/2016</th>
<th>30/06/2015</th>
<th>Evolution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>256,379</td>
<td>195,567</td>
<td>+ 31.1</td>
</tr>
<tr>
<td>Recurrent operating result (REBIT) (2)</td>
<td>43,826</td>
<td>29,376</td>
<td>+ 49.2</td>
</tr>
<tr>
<td>Recurrent operating cash flow (REBITDA) (3)</td>
<td>52,607</td>
<td>37,753</td>
<td>+ 39.3</td>
</tr>
<tr>
<td>Non-recurrent operating result</td>
<td>(436)</td>
<td>(1,091)</td>
<td>- 60.0</td>
</tr>
<tr>
<td>Operating result (EBIT) (4)</td>
<td>43,390</td>
<td>28,285</td>
<td>+ 53.4</td>
</tr>
<tr>
<td>Financial result</td>
<td>(1,412)</td>
<td>311</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the year before taxes</td>
<td>41,978</td>
<td>28,596</td>
<td>+ 46.8</td>
</tr>
<tr>
<td>Taxes</td>
<td>(11,137)</td>
<td>(7,035)</td>
<td>+ 58.3</td>
</tr>
<tr>
<td>Net result</td>
<td>30,841</td>
<td>21,561</td>
<td>+ 43.0</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>610</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Equity holders of Lotus Bakeries</td>
<td>30,231</td>
<td>21,560</td>
<td>+ 40.2</td>
</tr>
<tr>
<td>Total number of shares on 30 June (5)</td>
<td>793,543</td>
<td>790,318</td>
<td>+ 0.4</td>
</tr>
</tbody>
</table>

Key figures per share (in EUR)

| Recurrent operating result (REBIT)       | 55.23      | 37.17      | + 48.6      |
| Recurrent operating cash flow (REBITDA) (3) | 66.29      | 47.77      | + 38.8      |
| Net result: Group share                  | 38.10      | 27.28      | + 39.7      |

Balance sheet (in thousands of EUR)

| Balance sheet total                      | 556,099    | 366,873    | + 51.6      |
| Equity                                   | 219,505    | 211,811    | + 3.6       |
| Investments (6)                          | 16,458     | 6,267      | + 162.6     |
| Net financial debts (7)                  | 129,803    | 22,728     | + 471.1     |

(1) Further information on the income statement and balance sheet can be found on the website: www.lotusbakeries.com
(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 30 June, excluding treasury shares.
(6) Investments in tangible and intangible fixed assets.
(7) Net financial debts are defined as interest bearing financial debts - investments - cash and cash equivalents - treasury shares.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Peter Opsomer, has executed a limited review of the consolidated balance sheet and consolidated interim financial information. The statutory auditor has no comments. For the statutory auditor’s report we refer to the Interim Financial Report on our website.
2. Management explanation

2.1 Turnover

In the first half of 2016, the consolidated turnover of Lotus Bakeries Group grew by 31.1%, of which 14% internal growth, to EUR 256.4 million. This growth is almost entirely due to the continuing international growth of original caramelised biscuits (‘Lotus Biscoff’), Lotus Biscoff spread and the contribution of Natural Foods. Natural Foods is defined as the category of healthy snacking, in which Lotus Bakeries is active with the Nākd, Trek, BEAR and Urban Fruit brands. Compared to last year, the turnover for Natural Foods has seen further organic growth of well over 25%.

Internationally, Lotus original caramelised biscuits are marketed under the brand name Lotus Biscoff, an abbreviation of ‘Biscuit with coffee’. The consistently implemented strategy to internationalise Lotus Biscoff has proved highly successful, particularly in the United States, the Middle East and Europe. The US is now Lotus Bakeries’ largest market for Lotus Biscoff, with an expected annual volume of almost one billion biscuits.

Lotus Biscoff spread has also grown very strongly in the home markets of Belgium, the Netherlands and France, and has experienced exponential growth in the Middle East, where Lotus Biscoff is a highly popular taste and where Lotus Biscoff spread is used in many ways, including: on bread, as a topping or in desserts.

As of last year, Lotus Bakeries also became an active player in natural and healthy snacking. Firstly, with the brands Nākd and Trek, offering 100% natural bars and snacks made from unprocessed cashew nuts and dates and secondly, with the brands BEAR and Urban Fruit. BEAR is the market leader in the UK for pure fruit snacks for children.

Nākd remains the strongest growing snack within healthy snacking in the UK and BEAR Yoyos are by far the most popular snack for children’s lunchboxes.

In May, the first steps were taken towards further internationalisation through the launch of Nākd bars in the Netherlands, which received very positive feedback from consumers and retailers. In the second half of this year, BEAR Yoyos will also be launched in the Netherlands. Preparations are well under way for launching both brands in Belgium.
2.2 Operating result

The recurrent operating result and recurrent operating cash flow increased by more than EUR 14 million compared with last year, to EUR 43.8 million (+49%) and EUR 52.6 million (+39%) respectively.

The increase in the operating result is due to strong growth in turnover for Lotus Biscoff, Lotus Biscoff spread and for Natural Foods.

The volume growth for Lotus Biscoff and Lotus Biscoff spread also means that the plant in Lembeke is operating at full capacity. In order to continue to support future growth, the construction of two new production lines and a third production hall at Lembeke was announced at the end of last year. These investments are progressing fully to plan. One production line went into service in July and the second will be operational in March 2017, together with the new production hall.

Investments in promotional activities at point of sale and marketing campaigns have been consistently pursued, along with building strong local management teams who implement Lotus Bakeries’ strategy thoroughly and consistently.

The non-recurrent operating loss amounts to EUR 0.4 million and is mainly due to the amortisation of the Wieger Ketellapper brand and restructuring costs in South Korea. The acquired distribution partner is currently being reoriented towards an efficient sales and marketing organisation focusing on the expansion of Lotus Biscoff and the commercialisation of a few other brands.

The financial result of EUR -1.4 million is mainly made up of interest expenses amounting to EUR 1.1 million and negative exchange rate results.

The tax expense amounts to EUR 11.1 million or 26.5% of the profit before tax, which is in line with the tax percentage at the end of 2015.

The net result for the first half of the year is up by EUR 9.3 million (+43%) compared with 2015 and stands at EUR 30.8 million.

2.3 Investments

In the first half of 2016, the sum of EUR 16.5 million was invested, primarily in the expansion of production capacity.

The main investments took place in the Lotus Biscoff plant in Lembeke, representing an all-out investment for the future. In May, additional production capacity was put into use for Lotus Biscoff spread and in July, a new production line became operational for Lotus Biscoff.
In addition, preparations are also well under way for the installation of two new production lines at the waffle plant in Courcelles. These will be operational from the second half of the year.

2.4 Net financial debt

Thanks to the strong operating cash flow, the net financial debt decreased by EUR 34.1 million to EUR 129.8 million over the last six months, despite cash outflow for investments totalling EUR 15.8 million and the payment of the dividend for the 2015 financial year.

3. Conclusion

In the first half of 2016, Lotus Bakeries managed to generate an impressive turnover growth of over 31%, more than 14% of this from organic growth. Profitability grew even more strongly, with recurrent operating cash flow up by 39.3% to EUR 52.6 million and a net profit of EUR 30.8 million.

These impressive results are mainly due to the strong performance of Lotus Biscoff and Lotus Biscoff spread. Convinced of the further growth potential for Lotus Biscoff, the company is investing in additional production capacity, along with in-house sales and marketing teams and promotional and marketing campaigns based on a well proven strategy. A global network of commercial partners, together with a reinforced internal team, aim to introduce more and more new consumers and markets to Lotus Biscoff.

In 2015, the strategically important decision was made to invest in the category of healthy snacking. The Nākd & Trek and BEAR & Urban Fruit brands continue to experience very strong growth in their home market (the United Kingdom). The first steps have also been taken towards an international roll-out. Since launching these brands in totally new markets requires considerable investments in sales and marketing, the initial contribution to profit is low.

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: “The results for the first half of the year have exceeded even my own expectations. I’m especially proud that we continue to grow so strongly with our core product, the ‘Lotus Biscoff biscuit’, with which it all started for my grandfather over 80 years ago. We’re already present in many countries with Lotus Biscoff, but I’m convinced that we can win over many more consumers around the world with our unique taste.”
Growth like ours doesn’t just happen overnight. Besides outstanding products, Lotus Bakeries has a passionate team of employees who give their best every day. Together, the quality of our products and our people are the key to sustainable growth and success.”

4. Financial calendar

Financial analysts’ meeting (conference call): 19 August 2016
Announcement annual results 2016: 10 February 2017
Financial analysts’ meeting: 10 February 2017
Ordinary General Meeting of shareholders: 12 May 2017
Dividend payable from: 22 May 2017

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.

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