

## LOTUS BAKERIES: ANNUAL RESULTS 2012

- Strong internal growth of turnover by almost 5%
- Speculoos investments completed, cake and gingerbread on schedule
- Proposed gross dividend: EUR 9.80 per share for 2012 vs. EUR 9.40 for 2011

### 1. 2012 results

Income statement <sup>(1)</sup> (in EUR thousands)	2012	2011	Evolutie %	
<b>Turnover</b>	<b>288,455</b>	<b>275,598</b>	+	<b>4.7</b>
<b>Recurrent operating result (REBIT)</b>	<b>36,680</b>	<b>36,363</b>	+	<b>0.9</b>
<b>Recurrent operating cash flow (REBITDA) <sup>(2)</sup></b>	<b>49,851</b>	<b>49,362</b>	+	<b>1.0</b>
Non-recurrent operating result:	(1,953)	(2,695)	-	27.5
Operating result (EBIT) <sup>(3)</sup>	34,727	33,668	+	3.1
Financial result	(1,569)	(688)	+	128.1
Result before taxes	33,158	32,980	+	0.5
Taxes	(7,408)	(9,165)	-	19.2
<b>Net result</b>	<b>25,750</b>	<b>23,815</b>	+	<b>8.1</b>
Net result: minority interest	13	13	+	0.0
Net result: Group share	25,737	23,802	+	8.1
<b>Total number of shares at 31 December <sup>(4)</sup></b>	<b>748,945</b>	<b>747,015</b>	+	<b>0.3</b>
<b>Key figures per share (in EUR)</b>				
Recurrent operating result (REBIT)	48.98	48.68	+	0.6
Recurrent operating cash flow (REBITDA) <sup>(2)</sup>	66.56	66.08	+	0.7
Net result: Group share	34.36	31.86	+	7.8
<b>Balance sheet (in EUR thousands)</b>				
Balance sheet total	270,615	237,886	+	13.8
Equity	145,206	126,760	+	14.6
Investments <sup>(5)</sup>	40,541	16,982	+	138.7
Net financial debt <sup>(6)</sup>	24,162	10,882	+	122.0
<b>Gross dividend <sup>(7)</sup> (in EUR per share)</b>	<b>9,80</b>	<b>9,40</b>	+	<b>4.3</b>

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

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

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

(4) Total number of shares at 31 December, excluding own shares

(5) Investments in intangible and tangible fixed assets

(6) Net financial debt is defined as financial debts - cash investments - liquid assets - own shares

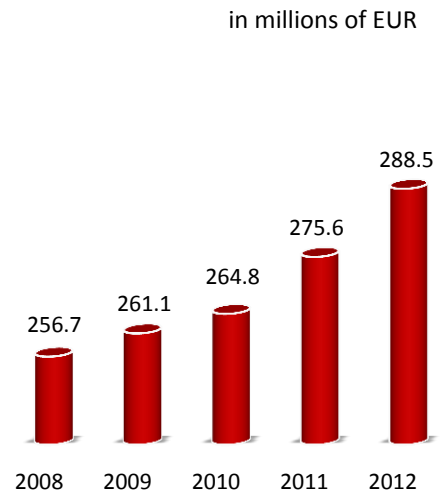
(7) For 2012: dividend proposed to the Ordinary General Shareholders' Meeting of 14 May 2013.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Lieven Adams, 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. Explanations

### 2.1 Turnover

The total biscuit market in Belgium experienced a slight decrease in volume and a slight increase in value in 2012. Thanks to the consistent continuation of the strategic choices, the Lotus brand has been able to significantly increase its market share. This growth was achieved by a continuing focus on product quality, significant marketing support for our top products in both traditional and new media, and consumer-driven product innovations that are aimed at new consumption occasions.



The gingerbread market increased in volume and value in the Netherlands. The new brand campaigns for Peijnenburg (*Heel Holland Hapt = All of Holland Eats It*) and *Snelle Jelle (TE Krachtige Kruidkoek = TOO Powerful gingerbread)*, as well as the focus on product quality and consumer-driven innovations, have contributed to the strengthening of the market share of Koninklijke Peijnenburg. Within the biscuits segment in September, Peijnenburg Koffieleutjes (coffee biscuits) was converted into Lotus Koffieleutjes from the positioning that Lotus and Coffee belong together! This yielded positive sales in the fourth quarter of 2012.

In France, a national TV campaign for Lotus caramelized biscuits (*speculoos*) was aired for the first time, with the central message "Lotus caramelized biscuits belong with coffee" This campaign resulted in an increase in sales rotations at the points of sale, as well as the brand recognition.

Active in-store marketing, using displays combined with continued distribution growth in retail and out-of-home, were the key factors for a double-digit growth of Lotus caramelized biscuits in the United States. Besides our Lotus caramelized biscuits, there was also strong growth in turnover and distribution of Lotus Biscoff spread. In addition, after several years of decline, the sale of Anna's biscuits and cookies stabilised in the last months of 2012 and plans were made for a repositioning.

As well as the growth in North America, 2012 was also the year in which the first container full of Lotus caramelized biscuits was shipped to the Latin American continent. Indeed, the first South American Lotus Bakeries Sales Office was opened in mid-2012 in Santiago, Chile.

Asia Pacific again achieved strong growth, mainly boosted by the increasing sales in China.

An even stronger focus on Lotus caramelized biscuits in the North and East Europe, South West Europe, Middle East and Africa areas led to continued growth of our turnover and strengthening of our market position. In these areas, good growth was achieved in the United Kingdom, Spain, the Middle East, and Germany.

## 2.2 Operating result

In 2012, the strong REBIT and REBITDA of last year were confirmed.

The recurrent operating result (REBIT) realised a slight increase in absolute value from EUR 36.4 million to EUR 36.7 million. The recurrent cash flow (REBITDA) for the year 2012 amounted to EUR 49.9 million compared to EUR 49.4 million in 2011.

The non-recurrent operating result amounted to minus EUR 1.9 million. These costs can mainly be attributed to (1) the amortisation on the amortisable brands from the purchase-price allocation related to the acquisition of Koninklijke Peijnenburg, (2) the implemented restructuring of business operations in the Group's Belgian companies, and (3) consultancy fees in connection with acquisition projects.

## 2.3 Financial result

The annualised financial result amounted to a cost of EUR 1,569,000 and mainly consists of interest expenses. Furthermore, the financial result has been influenced by the positive development of the market value of the hedging instruments for interest rate and foreign exchange risks in 2012, but offset by negative unrealised exchange rate differences on outstanding loans within the Lotus Bakeries Group.

## 2.4 Taxes

The annual tax burden for 2012 amounted to EUR 7.4 million, which represents a tax rate of 22.3%.

## 2.5 Net result

The net profit amounted to EUR 25.8 million and is thus 8.1% higher than last year. The lower non-recurrent costs in 2012 compensate the higher financial costs of 2012.

## 2.6 Net financial debt

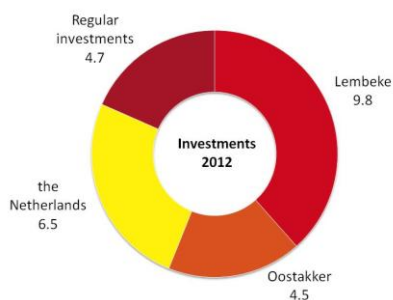
Thanks to the confirmation of the strong operating cash flow in 2012, the net financial debt totalled EUR 24.2 million at year-end. This is an increase of EUR 13.3 million compared to last year.

The increase in net financial debt is explained by significant investments, specifically (1) the expansion of the caramelized biscuit factory in Lembeke and the cakes factory in Oostakker, (2) for the production optimisation of gingerbread in the Netherlands, mainly in Sintjohannesga, and finally (3) the acquisition of the Dinosaurus brand.

## 2.7 Investments

In 2012, investments in tangible (property, plant and equipment) and intangible assets including the acquisition of the Dinosaurus brand, amounted to EUR 40.5 million. This compares to EUR 17.0 million realised in 2011.

in millions of EUR



In 2012, a major investment in increasing the capacity of the factory in Lembeke was completed. In the spring, the new production building with two new caramelized biscuit lines was put into operation. This expansion provides the factory with the additional capacity needed to meet the increasing demand for caramelized biscuits.

The production building of the factory in Oostakker has been extended in preparation for the relocation of the frangipane production from Lembeke to Oostakker. This move, which is scheduled for the spring of 2013, is progressing fully on schedule and on budget.

To provide additional support for the performance of the factories, and to create greater involvement of all the employees, the operational excellence approach was continued in 2012. This places great emphasis on teamwork, in which operators and support services are closely involved in the daily management of the production lines. A lot of attention is also paid to streamlining the induction and training of new employees.

In the Netherlands in 2012, there was a lot of work in Sintjohannesga to expand and modernise the bakery. The project is progressing within budget and on schedule. The expansion of the building in Sintjohannesga is ready, the new oven and dough refrigeration units have been installed, and the relocation of the 'Dubbel Op' (Double Up) and 'Tussendoor' (In between) line from Geldrop to Sintjohannesga is scheduled to take place in the first quarter of 2013.

### 3. Further explanations in respect of 2012

#### Acquisition Dinosaurus biscuits

Lotus Bakeries has acquired the intellectual property rights of the Dinosaurus children's concept of the Spanish Galletas Artiach.



Since the end of June 2008 Dinosaurus has been successfully marketed by a third party brand manufacturer in Belgium and France under licence from Artiach. Sales (at consumer prices) in these two countries together are currently around EUR 18 million. The licence agreement between this third party brand manufacturer and Artiach runs until end-June 2013. Thereafter the Dinosaurus concept will be marketed under the Lotus brand.

This purchase will serve to strengthen Lotus Bakeries' position in its Belgian and French home markets. Dinosaurus is currently, after the Lotus Frangipane, the best rotating biscuit in Belgium in number of units sold. This makes it the best-selling biscuit concept aimed specifically at children.

Lotus Bakeries has purchased the intellectual property rights to the Dinosaurus brand, giving it the possibility to further expand and internationalise the concept. The Dinosaurus brand is already protected in several relevant markets and countries.

This acquisition fits perfectly into Lotus Bakeries' brand policy based on products that are distinctive in terms of quality and customer satisfaction. The transaction only relates to the intellectual property rights and no staff or production are being taken over. This will ensure a very smooth integration into the existing Belgian and French sales organizations.

Since Lotus Bakeries chooses to produce its products itself, in order to ensure quality and competitive cost, a study has already been undertaken to determine how Dinosaurus biscuits can be produced in Lembeke. This will require approximately EUR 8.0 million of additional investment.

An agreement has been entered into with Nutrexpa in which Lotus Bakeries will have the existing Dinosaurus biscuits produced by Nutrexpa. This means there is absolute certainty that Lotus Bakeries can promptly bring the Dinosaurus biscuits under the Lotus brand and consumers will never have to go without the biscuit at any time.

## Acquisition Biscuiterie Willems



Lotus Bakeries and the shareholders of Biscuiterie Willems have concluded a binding agreement for the acquisition of Biscuiterie Willems. Biscuiterie Willems is a professionally organized operation, producing quality caramelized biscuits (speculoos) in a modern and highly automated factory in Eeklo. Biscuiterie Willems has a turnover of over EUR 23 million and a recurring EBITDA of around 21%.

Speculoos is Lotus Bakeries' largest and most important product group, and has driven the group's growth in recent years, especially outside Belgium. Given the strategic importance of speculoos, major sales and marketing efforts have been made in recent years to stimulate the product's further development and growth. Recently, significant investments were made in extending capacity and increasing production at the Lembeke plant.

Currently Lotus Bakeries produces speculoos at a single site. The acquisition fits well into securing business continuity for speculoos. It is a great opportunity to own another speculoos plant, alongside Lembeke, inside the Group, the more so as the two plants lie just five kilometres apart.

For Lotus Bakeries it is important to further stimulate the "Every coffee needs a Lotus" concept through various channels. Acquiring Biscuiterie Willems enables Lotus Bakeries to grow in the catering and foodservice segments, in which Biscuiterie Willems has a strong base, both inside and outside Europe.

Lotus Bakeries' strategy is to market speculoos also outside Europe and in the long term to build it into a world product. This acquisition strengthens Lotus Bakeries' position in key growth markets like Asia, the Middle East and America, where Lotus Bakeries is already successful.

The acquisition is based on an enterprise value of approximately 6.5 times the recurrent operating cash flow.

## Foundation Joint venture Lotus Bakeries China



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大昌三昶 (上海) 商贸有限公司  
Goodwell China Marketing Service Co., Ltd

Lotus Bakeries and Goodwell China, part of Dah Chong Hong (DCH), today announced that they have set up a joint venture. The new company called Lotus Bakeries China will exclusively focus on the further commercialisation, growth and development of Lotus Bakeries in China. The joint venture will be based in Shanghai.

Currently Goodwell China already imports Lotus among others in China, realising significant growth with Lotus caramelised biscuits (speculoos). Following the establishment of the new company Lotus Bakeries China Lotus Bakeries and Goodwell China have now firmly opted in favour of a team which will exclusively focus on the further development of Lotus. The management and the Board of Directors of Lotus Bakeries expressed their satisfaction about this important strategic move in China.

The aim is to start selling Lotus from July 2013 through the new company.

#### 4. Conclusion and prospects

In 2012, Lotus Bakeries was able to present good internal growth of almost 5%. This growth was achieved under the impetus of major commercial efforts in the various countries, which focuses on a clear and consistent communication with the consumer. Lotus Bakeries is convinced that it must continue to invest significantly in marketing and sales to support and continue developing its brands and the related specialties. The strategy of an intensive focus on the most important specialties will be continued.

During 2012, strong profitability ratios were achieved of 12.7% recurrent operating result and 17.3% recurrent operating cash flow. The cash flow will also continue to be used for the previously identified investment programmes, the acquisition of Dinosaurius, and the acquisition of Biscuiterie Willems.

In 2013, all cake production in Belgium will be located in Oostakker. The expansion of Oostakker is progressing entirely according to schedule. The announced investments in Geldrop and Sintjohannesga will be completed in 2013. A start will be made in Lembeke with the necessary investments to be able to commence producing the Dinosaurus biscuits.

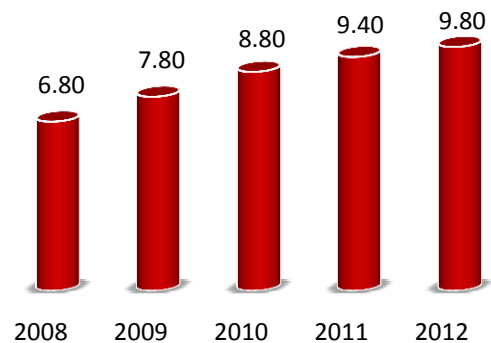
The policy of Lotus Bakeries to offset the changes in prices of raw materials, packaging materials, and other cost elements, in combination with manufacturing efficiencies in its sales prices, will be consistently continued.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right strategy and a good basis are present to continue growing in a profitable manner in the long term.

## 5. Dividend

in EUR

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 14 May 2013 that the company declare for 2012 a net dividend of EUR 7.35 per share (gross dividend of EUR 9.80), compared with EUR 7.05 per share in 2011 (gross dividend of EUR 9.40).





## 6. Financial calendar

Financial analysts' meeting	12 February 2013
2012 annual report available on <a href="http://www.lotusbakeries.com">www.lotusbakeries.com</a> :	12 April 2013
Publication of the interim declaration covering the period from 01 January 2013:	14 May 2013
Ordinary and Extraordinary General Meeting of shareholders:	14 May 2013
Dividend payable from:	21 May 2013
Announcement of 2013 half-year results:	26 August 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 organisations in 10 European countries, in the United States, Hong Kong, China, Chile and an export department for the other countries. With around 1,218 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 2012 the Group achieved a turnover of EUR 288.5 million. The shares of Lotus Bakeries are listed on Euronext Brussels.*

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Further information on Lotus Bakeries can be found at [www.lotusbakeries.com](http://www.lotusbakeries.com)