

LOTUS BAKERIES: ANNUAL RESULTS 2014

- Turnover growth of almost 5% in 2014
- Recurrent operating cash flow increases strongly with more than EUR 11 million to EUR 67 million
- Net result up EUR 8.9 million to EUR 36.8 million
- Proposed gross dividend of EUR 12.40 per share in 2014

1. 2014 results

Income statement ⁽¹⁾ (in EUR thousands)	2014	2013	Evolution %	
Turnover	347,890	332,319	+	4.7
Recurrent operating result (REBIT) ⁽²⁾	49,433	41,371	+	19.5
Recurrent operating cash flow (REBITDA) ⁽³⁾	67,015	55,622	+	20.5
Non-recurrent operating result:	(261)	(3,655)	-	92.9
Operating result (EBIT) ⁽⁴⁾	49,172	37,716	+	30.4
Financial result	16	(1,740)	-	-
Result before taxes	49,188	35,976	+	36.7
Taxes	(12,415)	(8,057)	+	54.1
Net result	36,773	27,919	+	31.7
Net result: non-controlling interests	(2)	(1)	+	100.0
Net result: Group share	36,775	27,920	+	31.7
Total number of shares at 31 December ⁽⁵⁾	781,597	770,565	+	1.4
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	63.25	53.69	+	17.8
Recurrent operating cash flow (REBITDA) ⁽³⁾	85.74	72.18	+	18.8
Net result: Group share	47.05	36.23	+	29.9
Balance sheet (in EUR thousands)				
Balance sheet total	336,989	334,104	+	0.9
Equity	200,629	171,375	+	17.1
Investments ⁽⁶⁾	16,546	33,155	-	50.1
Net financial debt ⁽⁷⁾	20,195	48,887	-	58.7
Gross dividend ⁽⁸⁾ (in EUR per share)	12.40	10.80	+	14.8

(1) In annex you can find the balance sheet and income statement 2014.

(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 of the valuation of the option and warrant plan.

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

(5) Total number of shares at 31 December, excluding treasury shares

(6) Investments in tangible and intangible fixed assets

(7) Net financial debt is defined as financial debts - cash investments - liquid assets - treasury shares

(8) For 2014: dividend will be proposed to the Ordinary General Shareholders' Meeting of 8 May 2015.

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.

2. Management explanation

2.1 Turnover

In 2014 the consolidated turnover of the Lotus Bakeries Group grew by 4.7% to EUR 348 million. This growth comes almost entirely from branded products, where turnover increased by 14 million. Most of this relates to the international growth of original caramelized biscuits and spread, and the growth of Lotus Dinosaurus and waffles.

Lotus Dinosaurus made a significant contribution to growth in Belgium and France, with additional efforts made in 2014 to strengthen distribution. In December, the range was extended with a new 'Dinosaurus filled' variety: these are the typical Dinosaurus biscuits filled with a layer of real Belgian chocolate. The basic range was also successfully launched onto the Dutch market.

2014 was a very good year for Lotus waffles. During autumn we invested heavily in Belgium in rebranding the waffle category to 'Lotus Suzy', with strong media support, presence at events and support at points of sale. In France too, Lotus Bakeries fulfilled its ambition of further developing the total waffle category. Liège waffles were relaunched with new packaging formats. For the first time, Liège waffles were supported by a national TV campaign and in-shop promotions.

The strategy of internationalizing original caramelized biscuits in a sustainable way has been consistently pursued. Several countries presented good growth in original caramelized biscuits and spread, among them the UK, France, the Netherlands and Israel. Appropriate commercial efforts adjusted to the specificities of each market contributed to a huge success and customer appreciation of both original caramelized biscuits and spread. These efforts include an active PR programme in the UK and television campaigns in France and the Netherlands. In Israel, the growth was achieved by close cooperation between our own sales team and a well-chosen distribution partner, relying strongly on television campaigns and social media.

At an international level, we will keep investing, on the one hand in our existing sales offices such as the United States and, on the other hand, in new markets. On 1 August 2014, after careful preparation, Lotus Bakeries started its own sales office in China (Shanghai), and cooperation with the distribution partner was terminated. Lotus Bakeries has been in China for 10 years now, and the development of a sales office in this region marks the next step in its long-term strategy, aimed at further growth and market penetration.

2.2 Operating result

The recurrent operating result (EUR 49.4 million) and recurrent operating cash flow (EUR 67 million) increased by respectively EUR 8.1 million (19.5%) and EUR 11.4 million (20.5%) compared to last year.

Operational efficiencies resulting from the investment programs of recent years are making a significant positive contribution to operating profit. In particular, the restructuring of the gingerbread factories in the Netherlands and the continued focus on efficiency gains in the Belgian, French and Swedish factories, specializing in original caramelized biscuits, pepparkakor biscuits, waffles and cakes, have increased profitability.

Furthermore, the increased turnover of Lotus Dinosaurus, waffles, original caramelized biscuits and spread results in an increase of the operating result. Lotus Bakeries has chosen to further increase its marketing efforts in 2014 in its three largest countries. In France, 3 television campaigns were launched for original caramelized biscuits, along with a new commercial for waffles; in Belgium, in addition to original caramelized biscuits, frangipane and Lotus Dinosaurus, we invested heavily in a new Lotus Suzy commercial. As for the Netherlands, in autumn we launched a new 'Lekker thuis' (home's best) TV campaign for the Peijnenburg brand, while continuing the Snelle Jelle campaign.

In 2013, a non-recurrent operating loss of EUR 3.7 million was recorded, due mainly to restructuring costs in the gingerbread factories in the Netherlands. With the restructuring in the Netherlands now complete, the non-recurrent operating loss only amounts to EUR 0.3 million.

The financial result in 2014 is slightly positive, partly reflecting the further reduction of financial debt and the low funding costs, but mainly due to positive results on exchange rates.

The tax expense is EUR 12.4 million or 25.2% of the result before taxes.

The net result increases by 31.7% compared with 2013 to stand at EUR 36.8 million. The low financial and non-recurrent costs explain why the percentage growth in net result is even higher than that of the operating result.

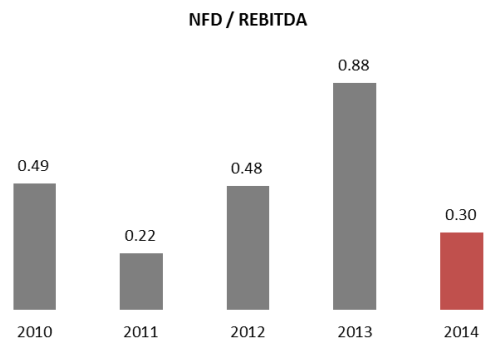
2.3 Investments

In 2014 we invested a total of EUR 16.5 million. The largest investments were in Belgium, with the installation of a completely new automated production line for Lotus Dinosaurus and the building of a new headquarters in Lembeke.

Early in 2015, group management, along with the international and certain corporate departments, moved to this new location. In doing so Lotus Bakeries has opted to keep its headquarters anchored in Lembeke, where the company originated in 1932.

2.4 Net financial debt

Thanks to the strong operating cash flow, the net financial debt over the last 12 months has fallen to EUR 20.2 million and this despite investments of EUR 16.5 million.



3. Conclusion and prospects

In 2014, Lotus Bakeries was able to produce an attractive turnover growth of over 5.2% on its branded products. Profitability grew even stronger, with recurrent operating cash flow up 20.5% to EUR 67 million and net result up 31.7% to EUR 36.8 million.

The strong profitability reflects the positive effect of the restructuring of the gingerbread factories in the Netherlands, as well as the right investments and continued focus on profitability improvements in the Belgian, French and Swedish plants. The strong internal turnover growth, linked to the consistent application of the Lotus Bakeries commercial and marketing strategy, is also contributing significantly to the increased profitability.

Lotus Bakeries will continue to invest heavily in marketing & sales in order to support and further develop its brands and the associated specialties. The waffle category will continue to be supported in France and Belgium. The gingerbread category in the Netherlands experienced a slight decrease compared to last year. Various initiatives are being taken to support the category of gingerbread and healthy snacks: a new commercial, product innovations in terms of improved packaging and new product varieties.

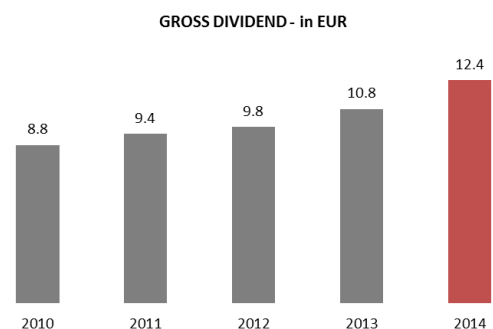
We are focusing heavily on the further growth of Lotus Dinosaurus. In Belgium and France, where the brand is well established, we are expanding distribution by introducing 'Lotus Dinosaurus filled'. An additional focus is further internationalization with the introduction of the Lotus Dinosaurus range in a number of European countries like the Netherlands, UK, Sweden, Finland and the Czech Republic. As we shall be giving these introductions maximum support both in-store and through appropriate marketing efforts, their contribution to turnover and profitability in the startup phase will be very limited.

As for China, 2014 was a transition year, in which we laid the foundations for our new sales office, which will enable Lotus Bakeries to continue growing in an interesting market. The combination of local professionals and expats with long-time Lotus Bakeries experience will enable us to focus on the appropriate marketing and sales strategy for China.

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.

4. Dividend

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 8 May 2015 to declare for 2014 a net dividend of EUR 9.30 per share (gross dividend of EUR 12.40), compared with EUR 8.10 (EUR 10.80 gross) in 2013.





5. Financial calendar

Financial analysts' meeting:	13 February 2015
2014 Annual Review available on www.lotusbakeries.com :	8 April 2015
Ordinary and Extraordinary General Meeting of shareholders:	8 May 2015
Dividend payable from:	18 May 2015
Announcement of 2015 half-year results:	24 August 2015

Lotus Bakeries in a nutshell

Lotus Bakeries focuses on authentic specialties from the biscuit and cake world: original caramelized biscuits, 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 approximately 10 European countries, in the United States, Hong Kong, China and Chile and an export department for the other countries. With 1,221 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 2014 the Group achieved a turnover of EUR 347.9 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

For more information please contact:

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

Isabelle Maes, CFO
Tel. +32 9 376 26 01

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



CONSOLIDATED BALANCE SHEET

in thousands of EUR	31/12/2014	31/12/2013
ASSETS		
Non current assets	263,881	262,729
Tangible assets	137,569	136,489
Goodwill	46,135	46,517
Intangible assets	74,674	75,744
Investment in other companies	22	27
Deferred tax assets	5,275	3,859
Other non current assets	206	93
Current assets	73,108	71,375
Stocks	17,898	16,665
Trade receivables	38,804	36,036
VAT receivables	3,333	3,721
Income tax receivables	421	1,707
Other amounts receivable	112	402
Cash and cash equivalents	11,855	11,933
Deferred charges and accrued income	685	911
TOTAL ASSETS	336,989	334,104
EQUITY AND LIABILITIES		
Equity	200,629	171,375
Share Capital	13,190	11,246
Retained earnings	196,147	167,099
Treasury shares	(9,419)	(9,442)
Other reserves	656	2,414
Non-controlling interests	55	58
Non-current liabilities	39,506	43,984
Interest-bearing loans and borrowings	325	7,925
Deferred tax liabilities	34,905	32,687
Pensions	3,558	2,793
Provisions	661	574
Other non-current liabilities	57	5
Current liabilities	96,854	118,745
Interest-bearing loans and borrowings	41,144	62,337
Pensions	56	56
Provisions	56	1,209
Trade payables	33,309	34,249
Remuneration and social security	12,357	12,525
VAT payables	126	750
Tax payables	7,097	4,376
Derivative financial instruments	10	70
Other current liabilities	147	279
Accrued charges and deferred income	2,552	2,894
TOTAL EQUITY AND LIABILITIES	336,989	334,104



Lotus Bakeries Group

Balance sheet & income statement 2014

Regulated information
13 Feb. 2015 before market

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2014	2013
Turnover	347,890	332,319
Raw materials, consumables and goods for resale	(104,430)	(111,425)
Services and other goods	(96,483)	(87,259)
Personnel costs	(78,888)	(78,900)
Depreciation and amortization on formation expenses, intangible and tangible assets	(14,845)	(13,290)
Amounts written off stocks, contracts in progress and trade debtors	(1,819)	(869)
Other operating charges	(4,034)	(2,636)
Other operating income	2,042	3,431
Recurrent operating result (REBIT) ⁽¹⁾	49,433	41,371
Non-recurrent operating result	(261)	(3,655)
Operating result (EBIT) ⁽²⁾	49,172	37,716
Financial result	16	(1,740)
Financial income	5,402	2,576
Financial charges	(5,386)	(4,316)
Result before taxes	49,188	35,976
Taxes	(12,415)	(8,057)
Result after taxes	36,773	27,919
NET RESULT	36,773	27,919
Net result: non-controlling interests	(2)	(1)
Net result: Group share	36,775	27,920
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(1,194)	(581)
Currency translation differences	(1,194)	(610)
Financial instruments	-	29
Items that will not be reclassified to profit and loss	(564)	409
Defined benefit plans	(564)	409
Other comprehensive income for the year	(1,758)	(172)
Total comprehensive income for the year	35,015	27,747
Total comprehensive income for the year attributable to:		
Non-controlling interests	(2)	(1)
Equity holders of Lotus Bakeries	35,017	27,748
Earnings per share		
Weighted average number of shares	778,944	764,828
Basic earnings per share: Group share (EUR)	47.21	36.50
Weighted average number of shares after effect of dilution	796,420	787,170
Diluted earnings per share: Group share (EUR)	46.18	35.47
Total number of shares ⁽³⁾	803,013	795,113
Diluted earnings per share: Group share (EUR)	45.80	35.11
<p>(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 including treasury shares.</p>		

