

LOTUS BAKERIES: 2010 ANNUAL RESULTS

- **Strong profitability confirmed in 2010**
- **Proposed gross dividend: EUR 8.80 per share for 2010 vs. EUR 7.80 for 2009.**

1. Results 2010

All figures in the table fully conform to IFRS standards.

Income statement (1) (in thousands EUR)	2010	2009	Evolution (%)
Turnover	264,823	261,071	1.4
Recurrent operating result (REBIT)	34,955	34,593	1.0
Recurrent operating cash flow (REBITDA) (2)	48,713	48,197	1.1
Non-recurrent operating result	(874)	(295)	196.3
Operating result (EBIT) (3)	34,081	34,299	- 0.6
Financial result	(2,960)	(2,826)	4.7
Profit before taxes	31,121	31,473	- 1.1
Taxes	(8,055)	(8,202)	- 1.8
Result after taxes	23,066	23,271	- 0.9
Result from discontinued operations	0	1,889	-
Net result	23,066	25,160	- 8.3
Net result: minority interest	11	95	- 88.4
Net result: Group share	23,055	25,065	- 8.0
Total number of shares on December 31 (4)	772,563	803,037	- 3.8
Key figures per share (in EUR)			
Recurrent operating result (REBIT)	45.25	43.08	5.0
Recurrent operating cashflow (REBITDA) (2)	63.05	60.02	5.0
Net result: Group share	29.84	31.21	- 4.4
Balance sheet statement (in EUR thousands)			
Balance sheet total	224,731	226,110	- 0.6
Equity	109,795	101,197	8.5
Investments (5)	17,090	9,184	86.1
Net financial debts (6)	23,763	26,986	- 11.9
Gross dividend (7) (in EUR per share)	8.80	7.80	12.8
<p>(1) More information about 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 December 31, inclusive own 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 – own shares</p> <p>(7) For 2010: dividend proposed to the Ordinary General Shareholders' Meeting of 13 May 2011</p> <p>The statutory auditor, PricewaterhouseCoopers, represented by Lieven Adams and 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</p>			

2. Explanations

2.1 Turnover

In 2010 the consolidated turnover of Lotus Bakeries grew by 1.4 % to EUR 264.8 million. On a like-for-like basis, taking into account the ending of the Jaffa Cake bars contract with McVities, turnover was, thanks to the branded products, up by a large 2.5% in comparison with 2009.

The growth of the total biscuit market in Belgium in 2010 was slightly positive. Through constant focus on the quality of our products, and with increased media investments, the Lotus brand was able to significantly strengthen its market share in its specific segments of caramelized biscuits, cakes and waffles. In product innovation particular attention was paid to increasing consumer convenience and creating new consumption occasions. Although if the hype that surrounded the launch of our caramelized biscuit spread is over, we see that Lotus caramelized biscuit spread has taken an important position in the 'bread spread' category.

The gingerbread market in the Netherlands experienced a slight downward trend through to September 2010. However, thanks to various initiatives by Koninklijke Peijnenburg, including a further improvement in quality and softness, new packaging and formats and large-scale media effort, the gingerbread market returned to growth in the last quarter, with a further strengthening of Koninklijke Peijnenburg's position. Sales of Lotus caramelized biscuit and caramelized biscuit spread continued their sustained growth. Total sales of branded products in the Netherlands in 2010 were stable.

2010 was another excellent year for France. During the year, various additional commercial initiatives at the national level were rewarded with good growth in caramelized biscuits, caramelized biscuit spread and waffles.

A clear focus on caramelized biscuits in the UK, North-Eastern Europe, North America and Export areas is generating results. In all the above areas, sales of caramelized biscuits continued to grow.

2.2 Operating result

2010 confirmed the strong REBIT and REBITDA percentages of the previous year. Recurrent operating result, at 13.2% of turnover, and recurrent operating cash flow at 18.4% are fully in line with 2009.

Recurrent operating result (REBIT) grew in absolute terms from EUR 34.6 million to EUR 35.0 million. Recurrent operating cash flow (REBITDA) for 2010 amounted to EUR 48.7 million, an increase of a large EUR 0.5 million.

The non-recurrent operating result was kEUR -874. The non-recurrent costs are attributable mainly to the amortization of amortizable brands from the 'purchase price allocation' related to the acquisition of Koninklijke Peijnenburg, to the cost of terminating the joint venture relating to the Sweden merchandising team and to the legal costs of, among other things, the merger between Lotus Bakeries NV and Bisinvest NV.

2.3 Financial result

The financial result, mainly existing of interests on debts, amounted in 2010 to a cost of EUR 3 million. This figure is in line with 2009. As indicated in the first half of 2010, nearly EUR 2 million in costs were recorded due to the fall of the 'marked to market' value of US dollar hedging instruments. The value of these hedging instruments recovered with the evolution of the dollar exchange rate in the second half of the year.

2.4 Income taxes

The tax charge for 2010 amounts to EUR 8.1 million, representing an effective tax rate of 26 %.

2.5 Result from discontinued activities

The positive result from discontinued operations in 2009, amounting to EUR 1.9 million, can be attributed in full to the sale of the shares of Harry's Benelux

2.6 Net result

The net result amounts to EUR 23 million. The decrease of EUR 2 million compared with 2009 is attributable to the gain on the sale of the shares of Harry's Benelux in 2009.

2.7 Net financial debt

Net financial debt in 2010 was significantly impacted by the merger of Lotus Bakeries and Bisinvest, leading to the acquisition of EUR 10.2 million of debt, by the acquisition of land and buildings in Tyresö for EUR 7.3 million and, lastly, by the acquisition of all the shares of the joint venture partner of Margarinerie Hinnekens for approximately EUR 1 million.

Thanks to the strong cash flow in 2010, net financial debt yet fell from EUR 27.0 million to EUR 23.8 million.

2.8 Investments

Investments in 2010 amounted to EUR 17 million. First of all, in December 2010, land and buildings at Tyresö, close to Stockholm, were acquired from a real estate company for EUR 7.3 million. The former owners of Anna's had concluded a sale and lease-back operation in 2006. The other investments relate mainly to the further automation of packaging lines, in particular at Oostakker (Ghent) and Comines (France).

3. Production of Pepparkakor

Lotus Bakeries' vision is to be the leader in the specialty market for 'pepparkakor' biscuits with its Anna's brand. Central to this is the unique taste of the products. High and consistent product quality is of vital importance here.

In December 2010, Ikea, a major customer for our 'pepparkakor' biscuits, announced that it would discontinue buying Anna's Pepparkakor from June 2011. Ikea has recently opted for a new Food concept in its stores, with its Food section to be stocked entirely with Ikea's own brand products. In 2010 sales to Ikea amounted to nearly EUR 4 million, with a contribution margin of around EUR 1 million.

Right now the Ikea volume is produced at two manufacturing sites: Tyresö (Sweden) and High River (Canada).

In order to be able to continue to implement the strategic choices that have been made, Lotus Bakeries will produce all Anna's Pepparkakor at Tyresö (Sweden) and close its High River (Canada) manufacturing location. Tyresö in this way becomes the specialized and efficient production location for 'pepparkakor' biscuits.

The closure of the High River production facility is a well-considered choice, despite the measures that this will require. The closure will mean 11 permanent job losses in High River and this will create an additional seven jobs in Tyresö.

Centralizing production in Tyresö and increasing the output there offers the opportunity to better protect the unique taste experience and product quality of Anna's Pepparkakor.

With the closure effectively completed, the North America organization can then concentrate fully on the major task of further expanding the Anna's (pepparkakor) and Lotus Biscoff (caramelized biscuits) brands. The North American market is one of the most important growth markets for Lotus Bakeries.

4. Conclusion and prospects

In 2010, the Lotus Bakeries Group once again posted positive internal growth together with excellent profitability and cash flow. In Belgium, the Netherlands and France we saw a positive trend of the specialties under the Lotus and Peijnenburg brands through additional commercial investments and consumer communication. In 2010 especially our caramelized biscuits sales grew strongly, as in previous years, in all our sales areas.

In 2011 a number of major investment programs are starting up. First of all, production capacity will be increased to meet the growing demand for caramelized biscuits. Lotus Bakeries has decided to undertake a major investment at its Lembeke site, where already all its caramelized biscuits are produced. A clear focus on caramelized biscuits is a major pillar of the Group's long-term strategy.

In addition, preparations will start to extend the Oostakker plant into a strategic cake production plant where all cake production in Belgium will be centralized. Finally, in 2011, as indicated above, Pepparkakor production will be centralized at Tyresö, to give us a single efficient, high-performance production plant focused on a single specialty.

Lotus Bakeries is convinced that the strategy of continuing to invest significantly in its brands and the associated products should be continued for the coming years. The clear focus on the main specialties will be continued. In addition to this, it is crucial to continuously invest in order to maintain and even improve the production performance, efficiency and quality of these specialties. Only in this way products can be produced with a distinctive taste and costprice.

In recent months, raw materials and packaging prices have increased significantly. Lotus Bakeries has therefore increased its selling prices in early 2011.

The Board of Directors and management are very confident that the fundamentals exist for further sales and profitability growth in the longer term.

5. Dividend

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 13 May 2011 that the company declare for 2010 a net dividend of EUR 6.60 per share (gross dividend of EUR 8.80), compared with EUR 5.85 (EUR 7.80 gross) in 2009.

6. Financial calendar

Financial analysts' meeting:	15 February 2011
2010 annual report available on www.lotusbakeries.com :	15 April 2011
Publication of the interim declaration covering the period from 1 January 2011:	13 May 2011
Ordinary General Meeting of shareholders:	13 May 2011
Dividend payable from:	20 May 2011
Publication of 2011 half-year results:	29 August 2011

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, Sweden and Canada, own sales organizations in 9 European countries and in the United States/Canada, and an export department for the other countries. With 1231 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 2010 the Group achieved a turnover of EUR264.8 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

For further information, please contact:
Matthieu Boone, CEO
tel. + 32 9 376 26 02

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