



LOTUS BAKERIES: ANNUAL RESULTS 2016

LOTUS BAKERIES' TURNOVER EXCEEDS HALF A BILLION EUR

- 23% growth in turnover to EUR 507 million
- 23% growth in recurrent operating cash flow
- Proposal to pay a gross dividend of EUR 16.2 per share

1. 2016 results

Income statement ⁽¹⁾ (in thousands of EUR)	2016	2015	Evolution %	
Turnover	507,208	411,576	+	23.2
Recurrent operating result (REBIT) ⁽²⁾	83,945	64,764	+	29.6
Recurrent operating cash flow (REBITDA) ⁽³⁾	101,596	82,583	+	23.0
Non-recurrent operating result	4,507	(1,748)		-
Operating result (EBIT) ⁽⁴⁾	88,452	63,016	+	40.4
Financial result	(2,675)	(778)	+	243.8
Profit for the year before taxes	85,777	62,238	+	37.8
Taxes	(23,322)	(16,623)	+	40.3
Net result	62,455	45,615	+	36.9
Non-controlling interests	1,210	202	+	499.0
Equity holders of Lotus Bakeries	61,245	45,413	+	34.9
Total number of shares on 31 December ⁽⁵⁾	794,883	789,858	+	0.6
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	105.61	81.99	+	28.8
Recurrent operating cash flow (REBITDA) ⁽³⁾	127.81	104.55	+	22.2
Net result: Group share	77.05	57.50	+	34.0
Balance sheet (in thousands of EUR)				
Balance sheet total	548,002	571,221	-	4.1
Equity	248,464	217,525	+	14.2
Investments ⁽⁶⁾	37,498	16,066	+	133.4
Net financial debts ⁽⁷⁾	94,063	163,862	-	42.6
Gross dividend ⁽⁸⁾ (in EUR per share)	16.20	14.20	+	14.1

(1) In annex you can find the balance sheet and income statement 2016.

(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 31 December, excluding treasury shares.

(6) Investments in tangible and intangible fixed assets.

(7) Net financial debts are defined as interest-bearing financial debt - investments - cash and cash equivalents - treasury shares.

(8) For 2016: dividend will be proposed to the Ordinary General Shareholders' Meeting of 12 May 2017.

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

2016 was a historic year for Lotus Bakeries Group in which our turnover exceeded half a billion EUR for the first time. Turnover increased by 23% to EUR 507 million. The organic growth is due almost entirely to continuing international growth of Lotus Biscoff and Lotus Biscoff spread plus the contribution of Natural Foods. It amounts to EUR 54 million or 11.6%¹.

As of this year, the United States is Lotus Bakeries' largest market for Lotus Biscoff (the word Biscoff is a contraction of 'Biscuit with Coffee'). Lotus Biscoff has been sold in the United States for almost 30 years. The biscuit has grown from the out-of-home channel, where it was mainly offered during domestic flights in the United States. For about a decade, Lotus Biscoff has been available in most supermarket chains, where the product has also experienced very strong growth. Lotus Biscoff has also managed to win over more and more people in the Middle East, Europe and Asia. Globally, around 6.2 billion Lotus Biscoff biscuits were consumed this year.

Lotus Biscoff spread has also grown very strongly in Europe and experienced exponential growth in the Middle East. Lotus Biscoff is a popular flavour in that region and Lotus Biscoff spread is used in many ways, including on bread, as a topping or in desserts.

In the gingerbread category, Peijnenburg's market share remains stable, thanks to the launch of Peijnenburg Zero, a no added sugar version that is on trend and very popular with consumers.

In the home markets, Lotus waffles and pastries remains a very important category which has experienced slight growth.

As of last year, Lotus Bakeries is also active in the natural snacking market with the four brands Nākd, Trek, BEAR and Urban Fruit. These Natural Foods brands have continued to grow strongly in 2016, making a significant contribution to Lotus Bakeries' organic growth.

Since nearly 20% of the turnover is generated in the United Kingdom, the weakening of the pound sterling in the second half of the year had a significant impact on Lotus Bakeries' turnover.

2.2 Operating result

The recurrent operating result (EUR 83.9 million) and recurrent operating cash flow (EUR 101.6 million) increased by almost EUR 20 million compared to the previous year.

The increase in the operating result is due to strong growth in turnover for Lotus Biscoff, Lotus Biscoff spread and natural snacks. This has also led to more efficient use of the available production capacity.

A strong presence in the out-of-home segment, major emphasis on promotional activities at the point of sale and investment in media campaigns for our key products remain the three basic pillars of growth, on which the company continued to focus in 2016.

We are also convinced that people make the difference, and continue to build strong teams which pass on and implement Lotus Bakeries' strategy thoroughly and consistently.

¹ Organic growth including exchange rate effects amounts to 8.8%.





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The non-recurrent operating result amounts to EUR 4.5 million and mainly relates to the compensation received for the Meise waffle factory, which was destroyed by a major fire in June 2015. Most of the costs for this occurred in 2015. The non-recurrent result also encompasses restructuring costs and the amortization of the Wieger Ketellapper brand.

The financial result of EUR -2.7 million is largely made up of interest expenses.

The tax expense is EUR 23.3 million or 27.2% of the profit before tax. This is in line with the tax burden in 2015.

The net result increases by EUR 16.8 million (+36.9%) compared with 2015 to stand at EUR 62.5 million. The net result is increasing proportionately stronger than the recurrent operating result in view of the significant non-recurrent income.

2.3 Main projects and investments

In 2016, Lotus Bakeries mainly invested in the expansion of capacity. Investments totalled EUR 37.5 million. 2017 will also be a year of significant investment, both in additional capacity and in efficiency improvements.

Here is an overview of the main projects:

a. Expansion of Lotus Biscoff factory in Lembeke

An extra production line was installed in July 2016 capable of producing portion packs of Lotus Biscoff at high speed. The construction of the third production hall is well underway, with an extra production line already being installed, which will become operational at the beginning of April 2017.

b. New Lotus Biscoff factory in the United States

At the end of 2015, it was decided to build a Lotus Biscoff factory in the United States. An improved ecological footprint and shorter delivery times, meaning even fresher products for end-consumers, are the key factors underlying this strategic decision.

For the first time, Lotus Biscoff will be made on a different continent, a major and strategic step for Lotus Bakeries.

Following in-depth studies of various locations, it was decided to build the factory in Mebane, North Carolina. According to the current schedule, construction is set to start this year and will last just under two years.

c. Waffle production at Courcelles

On 3 June 2015, the waffle factory at Meise was totally destroyed by a major fire. By investing in two new production lines at Courcelles the entire waffle and galette production could be housed in a single factory. The new lines have been operational since the end of 2016.

In October 2015, a social plan was agreed with the former employees of the factory at Meise.

Following constructive meetings with the insurance companies, an agreement was reached in October 2016 regarding the compensation for the loss suffered as a result of the fire.





d. Other investments

Besides investing in the expansion of capacity, we continue to invest in initiatives to increase the operational efficiency of the factories. For example, a new oven and a one-piece packaging line for Lotus Zebra have been installed in the cake factory at Oostakker. Further automation has also taken place in the gingerbread factory at Sintjohannesga (Netherlands).

Creating an optimal working environment for our employees is crucial. New offices have been opened for the Lotus teams in France and South Korea, as well as for the new Natural Foods colleagues in London, Oxford and Geldrop.

2.4 Net financial debt

The net financial debt amounts to EUR 94.1 million as at 31 December 2016, representing a decrease of EUR 69.8 million compared with the end of the previous financial year. The decrease is due to a very strong operating cash flow, partly offset by investments amounting to EUR 37.5 million.

3. Natural Foods: strategic step in the natural snacking category

Lotus Bakeries' mission is to be able to offer consumers delicious, high-quality snacks for all times in the day, in the category of biscuits and pastries as well as in the natural snacking category.

Demand for healthy alternatives is growing worldwide. In response to this, in 2015, Lotus invested in the Nākd & Trek and BEAR & Urban Fruit brands of British companies Natural Balance Foods and Urban Fresh Foods. The Nākd and Trek brands offer bars made of cashew nuts and dates, with 100% natural ingredients. BEAR and Urban Fruit market natural pure fruit snacks.

Lotus intends to continue to grow the natural snacking category in the British home market and internationally.

The offices of Natural Balance Foods and Urban Fresh Foods in the United Kingdom are responsible for the local commercialization of the brands and also determine the brand strategy. Each brand has its own personality that we respect and want to retain. The Nākd brand remains the strongest growing healthy snack in the natural snacking category in the United Kingdom, while BEAR Yoyos are by far the most popular snack for kids' lunchboxes. Both brands grew by more than 20% in their home market in 2016.

Two specific sales offices have also been set up for Europe and the United States, where a young and highly motivated team of employees is ready to gradually publicize and grow the natural snacking category and our brands. In line with this strategy, Nākd and Trek bars were successfully launched in the Netherlands in 2016. In the space of a year, Nākd has become one of the leading brands in the natural snacking category in that country. In 2017, further steps will be taken to introduce these brands in Belgium, Germany and the United States as well.

As with Lotus Biscoff, we rely on local commercial partners for countries in which Lotus Bakeries does not have its own sales offices. In this way, we intend to gradually plant seeds in new countries and bring consumers into contact with this new type of snacks.

Lotus Bakeries believes very strongly in the international potential of its brands in this new category. However, this will take a great deal of time and investment.



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The results of Natural Balance Foods are included in the consolidation as from 1 September 2015 and those of Urban Fresh Foods as from 1 January 2016.

4. Conclusion and prospects

2016 was a historic year for Lotus Bakeries in which turnover for the first time exceeded half a billion EUR (EUR 507 million) and recurrent operating cash flow surpassed EUR 100 million (EUR 102 million). The 23% growth was due to very strong international growth of Lotus Biscoff and Lotus Biscoff spread, and the growth of natural snacking.

In 2016, the first steps were also taken towards further internationalization of natural snacks under the Nākd and BEAR brands. Nākd was successfully launched in the Netherlands. Investment was also made in a team ready to roll out BEAR, in addition to Nākd, in the Netherlands in 2017, and to introduce these brands to Belgium, Germany and the United States.

2016 was also a year of very heavy investment in expanding production capacity. In 2017 the Lotus Biscoff factory in Lembeke will be further expanding and construction works will be started for a Lotus Biscoff factory in the United States. Work is on schedule, so that the first Lotus Biscoff should roll off the production line at the beginning of 2019. As far as waffles are concerned, all production is now centralized in one single factory.

The first half of the year saw unprecedentedly strong growth for Lotus Biscoff and Lotus Biscoff spread in the Middle East and the United States. Turnover also grew strongly in the United Kingdom, for both Lotus Biscoff and natural snacking. Lotus Bakeries also achieved strong organic growth in the second half of the year. However, the weaker pound sterling following the Brexit referendum result is having a significant impact on the consolidated turnover.

Following a year of record growth in absolute terms, the aim is to consolidate this turnover in 2017. A challenging ambition, bearing in mind the negative impact of the weaker pound sterling. This impact is expected to be greatest in the first half of 2017.

The management and the Board of Directors of Lotus Bakeries are convinced that the current strategy is the right way to continue to grow in the long term, in a sustainable and profitable manner.

CEO Jan Boone is delighted with the results and developments in 2016: *“In many respects, 2016 was a historic year for Lotus Bakeries! A year in which turnover exceeded half a billion EUR and operating cash flow reached EUR 100 million, doubling the figure of five years ago. It was also a year in which we as management, with the support of the Board of Directors and family shareholders, decided to reinvest more than ever in future growth, in Europe and the United States, where we will have our own Lotus Biscoff factory from 2019. A historic step for Lotus Bakeries.”*



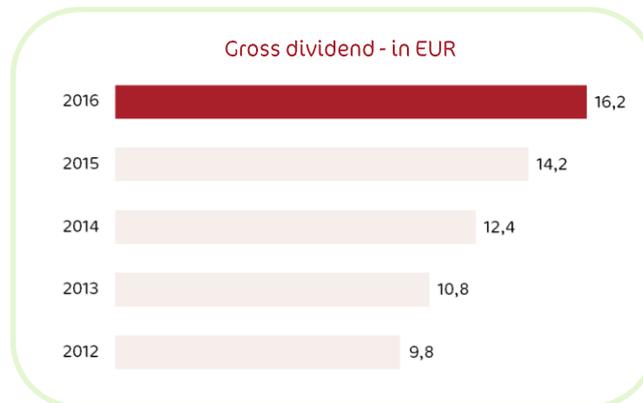


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5. Dividend

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 12 May 2017 to declare for 2016 a gross dividend of EUR 16.2 per share, compared with EUR 14.2 per share in 2015.



6. Financial calendar

Financial analysts' meeting:	10 February 2017
2016 Annual Review available on www.lotusbakeries.com :	12 April 2017
Ordinary General Meeting of Shareholders:	12 May 2017
Dividend payable from:	22 May 2017
Announcement of 2017 half-year results:	18 August 2017

Lotus Bakeries in a nutshell

Lotus Bakeries is active worldwide in the indulgent and natural snacking segment with the Lotus, Lotus Biscoff, Lotus Dinosaurus, Lotus Suzy, Peijnenburg, Snelle Jelle, Annas, Nâkd, 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 approximately forty countries worldwide. Lotus Bakeries has approximately 1,450 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 market leader in gingerbread in the Netherlands. Under the Nâkd, Trek, BEAR and Urban Fruit brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. In 2016 the Group achieved a turnover of EUR 507.2 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

For pictures concerning our company Lotus Bakeries, please click on the following link:
<http://www.lotusbakeries.com/corporate/investor-relations/doclist/media-gallery>





Lotus Bakeries Group

Balance sheet & income statement 2016

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CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31/12/2016	31/12/2015
ASSETS		
Non-current assets	437,310	442,884
Property, plant and equipment	161,590	139,377
Goodwill	144,368	93,229
Intangible assets	126,006	107,901
Investment in other companies	37	96,244
Deferred tax assets	4,854	5,889
Other non-current assets	455	244
Current assets	110,692	128,337
Inventories	32,175	35,659
Trade receivables	50,922	56,143
VAT receivables	4,235	4,868
Income tax receivables	1,061	938
Other amounts receivable	485	10,504
Cash and cash equivalents	19,932	18,547
Deferred charges and accrued income	1,882	1,678
TOTAL ASSETS	548,002	571,221
EQUITY AND LIABILITIES		
Equity	248,464	217,525
Share Capital	15,527	15,367
Retained earnings	267,947	219,109
Treasury shares	(12,038)	(13,677)
Other reserves	(23,038)	(3,249)
Non-controlling interests	66	(25)
Non-current liabilities	197,245	169,242
Interest-bearing loans and borrowings	118,500	97,000
Deferred tax liabilities	50,666	44,607
Net employee defined benefit liabilities	3,114	3,225
Provisions	1,986	726
Derivative financial instruments	3,419	869
Other non-current liabilities	19,560	22,815
Current liabilities	102,293	184,454
Interest-bearing loans and borrowings	7,533	99,086
Net employee defined benefit liabilities	89	32
Provisions	21	521
Trade payables	54,742	42,498
Employee benefit expenses and social security	18,418	18,336
VAT payables	225	1,017
Tax payables	15,097	10,861
Derivative financial instruments	4	7
Other current liabilities	2,133	9,070
Accrued charges and deferred income	4,031	3,026
TOTAL EQUITY AND LIABILITIES	548,002	571,221



Lotus Bakeries Group

Balance sheet & income statement 2016

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CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2016	2015
Turnover	507,208	411,576
Raw materials, consumables and goods for resale	(168,310)	(121,803)
Services and other goods	(133,095)	(117,959)
Employee benefit expense	(101,639)	(88,527)
Depreciation and amortization on intangible and tangible assets	(14,796)	(14,919)
Impairment on inventories, contracts in progress and trade debtors	(1,905)	(2,086)
Other operating charges	(6,411)	(3,566)
Other operating income	2,893	2,048
Recurrent operating result (REBIT) ⁽¹⁾	83,945	64,764
Non-recurrent operating result	4,507	(1,748)
Operating result (EBIT) ⁽²⁾	88,452	63,016
Interest income (expense)	(2,209)	(806)
Foreign exchange gains (losses)	(189)	336
Other financial income (expense)	(277)	(308)
Profit for the year before taxes	85,777	62,238
Taxes	(23,322)	(16,623)
Result after taxes	62,455	45,615
NET RESULT	62,455	45,615
attributable to:		
Non-controlling interests	1,210	202
Equity holders of Lotus Bakeries	61,245	45,413
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(22,747)	(5,125)
Currency translation differences	(21,064)	(4,551)
Gain/(Loss) on cash flow hedges, net of tax	(1,683)	(574)
Items that will not be reclassified to profit and loss	(36)	494
Remeasurement gains/(losses) on defined benefit plans	(36)	494
Other comprehensive income	(22,783)	(4,631)
Total comprehensive income	39,672	40,984
attributable to:		
Non-controlling interests	(1,784)	(524)
Equity holders of Lotus Bakeries	41,456	41,508



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	2016	2015
Earnings per share		
Weighted average number of shares	793,147	788,341
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	1.53	0.26
Equity holders of Lotus Bakeries	77.22	57.61
Weighted average number of shares after effect of dilution	806,206	803,247
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	1.50	0.25
Equity holders of Lotus Bakeries	75.97	56.54
Total number of shares ⁽³⁾	812,513	811,863
Earnings per share (EUR) - attributable to:		
Non-controlling interests	1.49	0.25
Equity holders of Lotus Bakeries	75.38	55.94

(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 on 31 December, including treasury shares.

