



## LOTUS BAKERIES: 2017 ANNUAL RESULTS

### LOTUS BAKERIES SURPASSES RECORD YEAR OF 2016 AFTER A STRONG SECOND HALF

- Sales growth of 6% in second half of year despite negative exchange rate effects
- Recurrent operating profit grows by more than 6% in 2017
- Net financial debt reduced by almost 40% due to strong cash flow in 2017
- Proposal to increase the gross dividend by 20% to EUR 19,5 per share

#### 1. 2017 results

Income statement <sup>(1)</sup> (in thousands of EUR)	2017	2016	Evolution %	
<b>Turnover</b>	<b>524,055</b>	<b>507,208</b>	+	<b>3.3</b>
<b>Recurrent operating result (REBIT) <sup>(2)</sup></b>	<b>89,349</b>	<b>83,945</b>	+	<b>6.4</b>
<b>Recurrent operating cash flow (REBITDA) <sup>(3)</sup></b>	<b>104,333</b>	<b>101,596</b>	+	<b>2.7</b>
Non-recurrent operating result	(91)	4,507		-
Operating result (EBIT) <sup>(4)</sup>	89,258	88,452	+	0.9
Financial result	(2,228)	(2,675)	-	16.7
Profit for the year before taxes	87,030	85,777	+	1.5
Taxes	(22,397)	(23,322)	-	4.0
<b>Net result</b>	<b>64,633</b>	<b>62,455</b>	+	<b>3.5</b>
Non-controlling interests	1,094	1,210	-	9.6
Equity holders of Lotus Bakeries	63,539	61,245	+	3.7
<b>Total number of shares on 31 December <sup>(5)</sup></b>	<b>799,262</b>	<b>794,883</b>	+	<b>0.6</b>
<b>Key figures per share (in EUR)</b>				
Recurrent operating result (REBIT)	111.79	105.61	+	5.9
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	130.54	127.81	+	2.1
Net result: Group share	79.50	77.05	+	3.2
<b>Balance sheet (in thousands of EUR)</b>				
Balance sheet total	597,494	548,002	+	9.0
Equity	293,213	248,464	+	18.0
Investments <sup>(6)</sup>	28,239	37,498	-	24.7
Net financial debts <sup>(7)</sup>	57,202	94,063	-	39.2
<b>Gross dividend <sup>(8)</sup> (in EUR per share)</b>	<b>19.50</b>	<b>16.20</b>	+	<b>20.4</b>

(1) In annex you can find the balance sheet and income statement 2017.

(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 2017: dividend will be proposed to the Ordinary General Shareholders' Meeting of 15 May 2018.

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

The historic year of 2016, during which Lotus Bakeries Group's turnover passed the half-a-billion mark, was followed in 2017 by a further increase in turnover of more than 3% to EUR 524 million. After a slower start in the first few months of 2017, the Group saw its turnover increase month by month, culminating in growth of more than 3% for the year as a whole and twice as much, i.e. 6%, for the second half of the year.

The 6% growth in the second half of the year is impressive given the strong euro, which continued to affect turnover in the US (USD) and the UK (GBP), two major markets for Lotus Bakeries. When the exchange rate effects are neutralized over the whole year, turnover increased by 5% in 2017.

In 2017, Lotus Bakeries Group achieved its biggest growth in natural snacking Nākd, TREK and BEAR. The continued internationalization of Lotus original caramelized biscuits, under the Biscoff brand name, and sales of Lotus waffles also had a very positive impact on turnover.

Under the brand names Nākd, TREK and BEAR, the natural snacking category experienced double-digit growth. This is due to strong growth in the UK combined with the successful launch of the brands in other countries. The launch of Nākd and TREK in the Netherlands was highly successful, especially in a country where the 'healthy snacking' category already occupies a significant place on supermarket shelves. Further launches in Belgium and France in 2018 will intensify this trend.

BEAR's healthy fruit snacks grew significantly in 2017. This growth can be attributed to higher visibility at the point of sale in the UK and the successful launch of the new flavour range BEAR Yoyos Sours. From the beginning of 2018, the first national BEAR TV commercial is also being shown in the UK. Excellent progress was made in the US as well. Several months ago, an agreement was signed with a major chain, so that BEAR will be available in more than 4,000 coffee shops in the US.

The internationalization of Lotus Biscoff remains another major growth driver. Since 2016, the US has been the biggest country for Lotus Bakeries' original caramelized biscuits and in 2017 Lotus Biscoff continued to conquer the continent. Biscoff is becoming a firm favourite for more and more American families and distribution via supermarket chains is expanding accordingly. This trend confirms the decision to build a new factory in the US. Lotus Biscoff also grew very strongly in Europe, especially in the UK, the Netherlands, Scandinavia, the Czech Republic, Switzerland and Austria.

Sales of Lotus waffles continue to grow in France and Belgium. In both countries, the category was supported by national TV campaigns, combined with point-of-sale promotions.

In the gingerbread category, the success of Peijnenburg Zero, a tasty no-added-sugar version, continued. In just two years, Peijnenburg Zero gingerbread has become the trendsetting, go-to brand in this category.

It is impossible to calculate the precise impact of the Fipronil crisis on turnover. In any case, Lotus Bakeries reacted swiftly and resolutely, immediately withdrawing all affected bakery products from sale in Belgium and France.





## 2.2 Operating result

The recurrent operating result (EUR 89.3 million) and recurrent operating cash flow (EUR 104.3 million) increased by EUR 5.4 million and EUR 2.7 million respectively year on year.

Growth in turnover and more efficient use of the available production capacity form the basis of the improved operating result.

Additional investments were also made in international growth for Lotus Biscoff by strengthening the sales teams and substantial investments were made in the natural snacking category as well.

Lotus Bakeries has continued to invest consistently in promotional activities at the point of sale and marketing campaigns. In both the US and the UK, Lotus Biscoff had a TV presence for the first time - in regions with a high market penetration. The results of these targeted Lotus Biscoff campaigns, combined with a strong presence at points of sale, were highly positive.

The non-recurrent operating result is low at EUR - 0.1 million. Last year, the non-recurrent operating result was positive (EUR 4.5 million), due to the compensation received for the Meise waffle factory, which was destroyed by a fire.

The financial result of EUR - 2.2 million is largely made up of interest expenses.

The tax expense is EUR 22.4 million or 25.7% of the result before taxes. The tax expense fell by 1.5% due to the positive impact on deferred taxes (non-cash) of future rate reductions in a couple of countries, in particular in Belgium and the US.

The net result increased by EUR 2.2 million (+3.5%) compared with 2016 to stand at EUR 64.6 million. The net result rose in line with turnover thanks to the disproportionate increase in the recurrent operating result.

## 2.3 Main projects and investments

In 2017, Lotus Bakeries once more mainly invested in the expansion of capacity. Investments totalled EUR 28.2 million. Investments in the new factory in the US have been modest so far, but will be the largest investment in 2018.

Here is an overview of the main projects:

### a. New Lotus Biscoff manufacturing facility in the United States

The excellent growth of Lotus Biscoff in the United States in 2017 represents further confirmation that building an original caramelized biscuits factory in the US was the right decision for Lotus Bakeries – ecologically, economically and strategically. An experienced project team combining expertise from within the Group with local know-how leads this ‘milestone’ investment, which will result in Lotus Biscoff being made on a different continent for the first time.

In 2017, a piece of land was purchased in Mebane, North Carolina. The design of the factory and the production lines has been finalized. Meanwhile, the levelling of the site has already begun, to be followed by the commencement of the building works. The factory is scheduled to go into operation in 2019. Meanwhile, local procurement of ingredients and packaging is also being put in place.



## Press release

Regulated information  
09/02/2018 before market

### b. Further expansion of Lotus Biscoff manufacturing facility in Lembeke

Following the commissioning of a third production hall at the end of 2016, further large investments were made in Lembeke in 2017. An additional production line for Lotus Biscoff has been operational since March. An extra warehouse for storing packaging and equipment has also been completed, together with new facilities for staff.

It was recently decided to invest in an extra line in the third production hall. This investment is intended to be operational by the summer of 2018 and is necessary so as to continue to be able to satisfy the rising demand for original caramelized biscuits efficiently in future.

### c. Waffle production at Courcelles

Since the end of 2016, all waffle production has been centralized at the factory in Courcelles. As a result, the volume produced by this factory has more than doubled. In order to be able to produce these extra volumes and to increase capacity, two extra production lines have been added. These investments are fully completed and the focus now lies on making further improvements in productivity.

### d. Upgrade of cake factory in Enkhuizen (the Netherlands)

The cake factory in Enkhuizen has been fully upgraded. The first phase, in which two new warehouses have been erected, is almost complete. During the second phase, the offices will be refurbished.

### e. Offices at Lembeke

Creating an optimal and pleasant working environment for our employees is important and, in view of this, several new offices have been opened in the last few years. It was recently decided to also upgrade the offices in Lembeke into a modern, state-of-the-art office for sales, marketing, IT, Procurement, Quality and R&D. The offices will officially come into use at the end of 2019.

## 2.4 Net financial debt

The net financial debt amounted to EUR 57.2 million as at 31 December 2017, representing a decrease of EUR 36.9 million compared with the end of the previous financial year. The decrease was due to a very strong operating cash flow, after investments amounting to EUR 28.2 million in 2017.

Following the acquisitions in 2015 and the investments exceeding EUR 65 million in the last two years, at the end of 2017, Lotus Bakeries Group once again had a strong balance sheet with a net financial debt over REBITDA ratio of 0.55.





### 3. Results for 2017 confirm that Lotus Bakeries' strategic pillars are sound

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, cakes and pastries as well as in the natural snacking category.

The Group's sound strategic pillars are based on:

- Investment in the internationalization and global growth of Biscoff, both the biscuit and the spread;
- Launch and rollout of natural snacking (Näkd, TREK and BEAR) in Europe and the US;
- Focus on hero products in the waffles, cakes and gingerbread category in home countries.

Within our basic range of biscuits and cakes, the emphasis is on enjoyment, but with a constant focus on a healthy balance between enjoyment and health. In the natural snacking range, the primary focus is on health, but with the aim of offering healthy, natural products which are also really tasty. 'Lotus Bakeries wants to make "tasty" as healthy as possible and "healthy" as tasty as possible'.

We aim for clear communication with the consumer, we concentrate on smaller formats and we develop new products such as Peijnenburg Zero. Within the healthy snacking category, we aim for a small number of pure, unprocessed basic products that are healthy and tasty at the same time.

Lotus Bakeries believes very strongly that the existing portfolio of brands and products, along with the associated investments in the expansion of capacity, form a sustainable basis for continued organic growth.

### 4. Conclusion and prospects

After the historic year of 2016, Lotus Bakeries succeeded in raising the bar once again in 2017, in terms of both turnover and profitability. The turnover of EUR 524 million in 2017 is more than 3% higher than in 2016, despite the strong euro, and the recurrent operating result rose by more than 6%. The increase in turnover was particularly impressive in the second half of the year, due to natural snacking, the continued internationalization of Lotus Biscoff and the growth of Lotus waffles.

In 2017, natural snacking under the Näkd, TREK and BEAR brands achieved double-digit growth, driven by the UK and the Netherlands. The first successful steps were also taken for these brands in several other European countries and in the US. In the US and Europe, excellent growth was once again achieved with Lotus Biscoff.

In 2017, further investment was made in the expansion of production capacity, in both Belgium and the US.

In 2018, Lotus Bakeries plans to continue the momentum of 2017. The packaging for Lotus Biscoff will be totally redesigned and a new range of cakes will shortly be launched. Nevertheless, the evolution of the euro will remain a key factor affecting turnover and profits, with the continued weakening of the USD having a significant impact. The level of investment will remain high this year, in terms of both investment in additional capacity and efficiency and ongoing support for brands through media campaigns.



## Press release

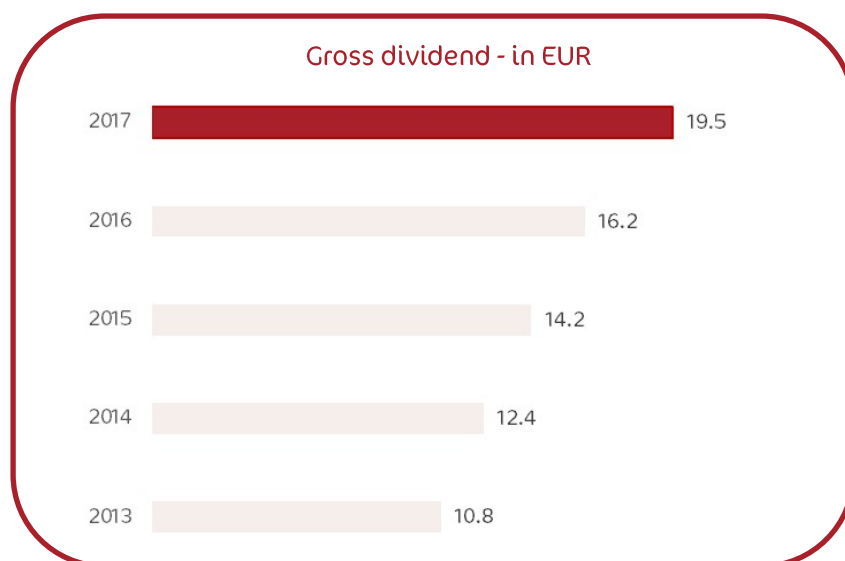
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The management and the Board of Directors of Lotus Bakeries are convinced that the current strategy is the right way to continue to grow in a sustainable and profitable manner in the long term.

CEO Jan Boone is delighted with the results and developments in the period under review: *“After the record growth and achievements in 2016, I was hoping for this result for 2017. It merely strengthens our belief that our strategy is solid. Our major and other shareholders share the vision of continuing to invest in sustainable and profitable future growth. They believe very strongly in our strategic long-term objectives. We consider it crucial for a fair dividend to be linked to this long-term commitment and therefore have always intended to distribute roughly one third of net profits to shareholders. Profits have grown so rapidly in recent years that we have decided to allow the dividend to increase more gradually. For 2017, we propose to increase the gross dividend to EUR 19,5 or 25% of net profits, a clear signal to our shareholders and also a sign of confidence in the long-term future of the company”.*

### 5. Dividend

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 15 May 2018 to pay a gross dividend of EUR 19.5 per share for 2017 compared with EUR 16.2 per share in 2016.



### 6. Financial calendar

Financial analysts' meeting:  
2017 Annual Review available on [www.lotusbakeries.com](http://www.lotusbakeries.com):  
Ordinary General Meeting of Shareholders:  
Dividend payable from:  
Announcement of 2018 half-year results:

9 February 2018  
13 April 2018  
15 May 2018  
25 May 2018  
17 August 2018







## Press release

Regulated information  
09/02/2018 before market

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, Näkd, 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 18 own sales organizations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in approximately forty countries worldwide. Lotus Bakeries has approximately 1,500 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 Näkd, TREK, BEAR and Urban Fruit brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. In 2017 the Group achieved a turnover of EUR 524.1 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](http://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 2017

Regulated information  
09/02/2018 before market

### CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31/12/2017	31/12/2016
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>447,693</b>	<b>437,310</b>
Property, plant and equipment	174,426	161,590
Goodwill	141,001	144,368
Intangible assets	123,924	126,006
Investment in other companies	12	37
Deferred tax assets	4,310	4,854
Other non-current assets	4,020	455
<b>Current assets</b>	<b>149,801</b>	<b>110,692</b>
Inventories	33,653	32,175
Trade receivables	60,104	50,922
VAT receivables	4,789	4,235
Income tax receivables	484	1,061
Other amounts receivable	1,487	485
Cash and cash equivalents	48,129	19,932
Deferred charges and accrued income	1,155	1,882
<b>TOTAL ASSETS</b>	<b>597,494</b>	<b>548,002</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>293,213</b>	<b>248,464</b>
Share Capital	15,999	15,527
Retained earnings	316,954	267,947
Treasury shares	(13,919)	(12,038)
Other reserves	(25,877)	(23,038)
Non-controlling interests	56	66
<b>Non-current liabilities</b>	<b>193,923</b>	<b>197,245</b>
Interest-bearing loans and borrowings	117,500	118,500
Deferred tax liabilities	49,206	50,666
Net employee defined benefit liabilities	3,846	3,114
Provisions	414	1,986
Derivative financial instruments	1,970	3,419
Other non-current liabilities	20,987	19,560
<b>Current liabilities</b>	<b>110,358</b>	<b>102,293</b>
Interest-bearing loans and borrowings	1,750	7,533
Net employee defined benefit liabilities	152	89
Provisions	21	21
Trade payables	68,542	54,742
Employee benefit expenses and social security	18,383	18,418
VAT payables	119	225
Tax payables	16,464	15,097
Derivative financial instruments	1	4
Other current liabilities	1,662	2,133
Accrued charges and deferred income	3,264	4,031
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>597,494</b>	<b>548,002</b>





# Lotus Bakeries Group

## Balance sheet & income statement 2017

Regulated information  
09/02/2018 before market

### CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2017	2016
<b>Turnover</b>	<b>524,055</b>	<b>507,208</b>
Raw materials, consumables and goods for resale	(171,494)	(168,310)
Services and other goods	(145,568)	(133,095)
Employee benefit expense	(105,580)	(101,639)
Depreciation and amortization on intangible and tangible assets	(12,105)	(14,796)
Impairment on inventories, contracts in progress and trade debtors	(2,198)	(1,905)
Other operating charges	(3,168)	(6,411)
Other operating income	5,407	2,893
<b>Recurrent operating result (REBIT) <sup>(1)</sup></b>	<b>89,349</b>	<b>83,945</b>
Non-recurrent operating result	(91)	4,507
<b>Operating result (EBIT) <sup>(2)</sup></b>	<b>89,258</b>	<b>88,452</b>
Financial result	(2,228)	(2,675)
Interest income (expense)	(2,096)	(2,209)
Foreign exchange gains (losses)	175	(189)
Other financial income (expense)	(307)	(277)
<b>Profit for the year before taxes</b>	<b>87,030</b>	<b>85,777</b>
Taxes	(22,397)	(23,322)
<b>Result after taxes</b>	<b>64,633</b>	<b>62,455</b>
<b>NET RESULT</b>	<b>64,633</b>	<b>62,455</b>
attributable to:		
Non-controlling interests	1,094	1,210
Equity holders of Lotus Bakeries	63,539	61,245
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to profit and loss</b>	<b>(2,727)</b>	<b>(22,747)</b>
Currency translation differences	(5,989)	(21,064)
Gain/(Loss) on cash flow hedges, net of tax	3,262	(1,683)
<b>Items that will not be reclassified to profit and loss</b>	<b>(757)</b>	<b>(36)</b>
Remeasurement gains/(losses) on defined benefit plans	(757)	(36)
<b>Other comprehensive income</b>	<b>(3,484)</b>	<b>(22,783)</b>
<b>Total comprehensive income</b>	<b>61,149</b>	<b>39,672</b>
attributable to:		
Non-controlling interests	449	(1,784)
Equity holders of Lotus Bakeries	60,700	41,456



# Lotus Bakeries Group

## Balance sheet & income statement 2017

Regulated information  
09/02/2018 before market

	2017	2016
<b>Earnings per share</b>		
Weighted average number of shares	799,423	793,147
<b>Basic earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	1.37	1.53
Equity holders of Lotus Bakeries	79.48	77.22
Weighted average number of shares after effect of dilution	808,735	806,206
<b>Diluted earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	1.35	1.50
Equity holders of Lotus Bakeries	78.57	75.97
Total number of shares <sup>(3)</sup>	814,433	812,513
<b>Earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	1.34	1.49
Equity holders of Lotus Bakeries	78.02	75.38

(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.

