



healthier food, healthier people, healthier planet

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healthier planet

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Royal Wessanen

press release

Q3 2014 results Wessanen |

In Q3, autonomous revenue growth 6.7%; core brands performing well

ABC reported as discontinued operation; divestment process under way

Q3 2014 highlights

- Autonomous revenue growth 6.7%; core brands performing well
- EBITE increased to €4.9 million; year-to-date EBITE €22.3 million
- ABC reported as discontinued operation as of 30 September; divestment process under way
- EBITE at Branded is expected to increase in H2 2014 versus the second half of last year
- Ronald Merckx to be nominated for re-appointment as member of the Executive Board and CFO at next AGM in April

Consolidated key figures Q3 2014

<i>in € million, unless stated otherwise</i>	Q3 2014	Q3 2013 ²	9m 2014 ²	9m 2013 ²
Revenue	106.4	98.6	325.3	305.4
Autonomous revenue development ¹	6.7%		3.3%	
Normalised operating result (EBITE)	4.9	3.8	22.3	17.2
Operating result (EBIT)	4.9	3.6	21.6	15.4
Profit after income tax from continuing operations	2.9	(1.6)	12.4	3.3
Profit / (loss) from discontinued operations	2.8	5.3	39.3	4.3
Profit for the period	5.7	3.7	51.7	7.6
Net cash / (debt)	21.3	(72.5)		
Earnings per share (in €)	0.07	0.05	0.68	0.10
Average nr. of outstanding shares (x 1,000)	75.973	75.736	75.877	75.718

¹ Including adjustments for currency effects and acquisitions/divestments; ² Figures restated for effect of i) Distribution and IZICO qualified as discontinued operations as of 31 December 2013 and ii) ABC qualified as discontinued operation as of 30 September 2014.

CEO statement

Christophe Barnouin (CEO) commented: "We continue to execute our strategy to transform Wessanen into a focused European player in healthy and sustainable food."

Our brands growing profitably

In Q3, strong sales of our own brands, on the back of new product launches and increased distribution, were translated into autonomous growth of over 7%. We invested more in marketing in the quarter to build our brands, for example airing TV commercials for Bjorg, Alter Eco, Krisprolls and Zonnatura. We will continue to invest in our brands to grow and strengthen their positions in our growing markets.

Non-core divestments

We have initiated the divestment process of ABC, which we aim to complete in the coming months. This should complete our transformation into a pure player in healthy and sustainable food.

A unique contribution to sustainability

By focusing our entire organisation and product portfolio exclusively on organic, fair trade, vegetarian and nutritional products, all teams at Wessanen contribute every day to one clear and unified goal, defined by our mission 'healthier food, healthier people, healthier planet'."



Corporate governance

At the next Annual General Meeting of Shareholders in April, Ronald Merckx will be nominated for re-appointment for a period of four years as a member of the Executive Board and CFO.

Market review

Demand for healthy and sustainable food continues to rise. More and more consumers appreciate the benefits of organic, fair trade and vegetarian products. Fewer chemicals, environmental impact, fair prices for farmers and animal welfare are important considerations for consumers to choose for healthy and sustainable food.

Driven by these strong fundamentals for further growth, the market for healthy and sustainable food continues to trend up in all of Europe. The grocery and health food stores channels are both showing ongoing growth, driven by more shelf space and new store openings. In 2014 and the years to come, we foresee these markets to grow mid-single digit.

Brand and category review

Our ten core brands performed well. Six have grown double digit (Zonnatura, Clipper, Tartex, Kallø, Allos, Whole Earth) and another two are growing mid-single digit (Bjorg, Bonneterre). Gayelord Hauser and Alter Eco sales were down, the latter due to focusing on the product portfolio as part of the post-acquisition plan.

Bjorg continues to perform well, growing mid-single digit. A dozen new products have been launched in autumn. A new TV campaign is on air during the second half of the year, next to additional in-store promotions ('Automne de la bio') and online activation.



The strong growth of Zonnatura was driven by the introduction of 30 new products and the launch of a dedicated health shelf at Albert Heijn during the quarter. Most of these new products are based on products already successful in our other markets. Other Dutch retailers have or will introduce these new products as well and are dedicating more shelf space to organic food products.



To have consumers wondering about 'what happened to our food', Zonnatura has continued its successful campaign and developed 10 new TV commercials, each dealing with a different topic. In

addition, Zonnatura organised a symposium for around 30 journalists and food bloggers to discuss topics with various food experts and opinion leaders.

Clipper continued to perform well in its various markets such as the UK, the Netherlands, France and Germany as well as via export to numerous other countries. Allos breakfast cereals and bread replacers performed strongly. The introduction of its Hofgemüse savoury spreads and a new range of Frucht Pur (fruit spreads containing 75% fruit) in the quarter added to the growth as well.



Our other brands such as Bonneterre, Tartex, Whole Earth and Kallø benefit from introducing new products (e.g. Bonneterre range of meat replacers, Tartex seasonal pates) and increased distribution (e.g. Whole Earth peanut butter).

Third party brands continue to perform equally well in our various markets. The further roll out of Almond Breeze in the UK is progressing well, while Schär continues to grow in France. Private label sales, being close to 4% of revenue, showed a decline.

Terminating the distribution of Dr Schär in Dutch health food stores (as of July 2014) and grocery (as of January 2015) and of Rice Dream in the UK (as of October 2014) will impact annual revenue by around €7 million and €7 million respectively.

Year-to-date, all of our six core categories have grown. Dairy alternatives, sweets in between and breakfast cereals have all been growing double digit, while savoury spreads, bread replacers and hot drinks have been growing single digit. Another category growing well is sweet spreads, driven by the success of Allos Frucht Pur in Germany.

Sustainability overview

	Q1 14	Q2 14	Q3 14
% of products organic	65%	66%	68%
% of products vegetarian	97%	96%	96%
% of products in line with nutritional policies ¹	81%	80%	80%

¹ Relates to nutritional brands

Sustainability is an important part of how Wessanen operates, as reflected in our three sustainability pillars (healthier food, healthier people, healthier planet).

Mid-September, we hosted our third annual Organic Day. This day is meant to further engage our people and to increase their organic knowledge. Close to 500 people shared a common programme, including guest speakers of WWF at all sites. An internal quiz at all locations has resulted in us donating 700 fuel efficient ovens to a WWF project in Madagascar.

In the Netherlands, De Rit ran a sustainability promotion “buy one, save 100 bees’. This resulted in saving 9 million bees, substantiated by a donation to the Dutch association for protecting bees.



Financial review (continuing operations only)

<i>in € million</i>	Q1 13	Q2 13	Q3 13	Q4 13	FY 13	Q1 14	Q2 14	Q3 14
Net revenue	101.8	105.0	98.6	101.9	407.3	109.9	109.0	106.4
EBITE - Branded	8.9	5.6	4.2	3.9	22.6	10.0	8.1	5.5
EBITE - Non-allocated	(0.8)	(0.3)	(0.4)	(1.6)	(3.1)	(0.8)	0.1	(0.6)
EBITE	8.1	5.3	3.8	2.3	19.5	9.2	8.2	4.9
Exceptional items	(0.4)	(1.2)	(0.2)	(4.5)	(6.3)	(0.1)	(0.6)	-
EBIT	7.7	4.1	3.6	(2.2)	13.2	9.1	7.6	4.9

Figures restated for effect of Distribution and IZICO qualified as discontinued operations as of 31 December 2013 and ABC qualified as discontinued operation as of 30 September 2014.

Revenue increased 8.2% to €106.4 million. Autonomous growth was 6.7% as a mixture of 4.2% volume growth and 2.5% due to price/mix. A favourable currency exchange effect (British pound) added 1.5%.

Volumes have (still) been impacted by various strategic actions in the Benelux, comprising of delisting Biorganic (late 2013), cutting the tail projects (early 2014) and ending the contract for distribution of Dr Schär to Dutch health food stores (per Q3 2014). These effects were partly offset by a preloading effect in Germany due to SAP implementation in Q2 last year. The net effect amounted to (1.6)%.

The gross margin percentage declined due to upward price pressure on some raw materials and fixed cost under absorption at our German factories. Operational efficiencies allowed us to reduce inventories.

EBITE increased to €4.9 million versus €3.8 million last year. At Branded, EBITE grew to €5.5 million (Q3 2013: 4.2 million). EBITE at Non-allocated amounted to €(0.6) million (Q3 2013: €(0.4) million). Higher gross profit and lower general and administrative costs were partly offset by increased marketing spending and a higher accrual for long-term incentive plans, following recent share price appreciation.

Net financing costs were €(0.4) million (Q3 2013: €(0.6) million). Income tax expenses were €(1.6) million (Q3 2013: €(4.6) million), representing a year-to-date tax rate of 37.8%. Net result from continuing operations increased to €2.9 million (Q3 2013: €(1.6) million).

Discontinued operations

ABC is classified as discontinued operations as of 30 September 2014. We have commenced a divestment process, which we expect to complete in the coming months. The divestment of French wholesaler Bio-Distrifrais is progressing. Based on the year-to-date performance, ABC is expected to be profitable in 2014. ABC reported net revenue of \$32.6 million (Q3 2013: \$37.9 million) and EBITE of \$3.1 million (Q3 2013: \$(2.7) million). The profit of discontinued operations, net of tax, amounted to €2.8 million, composed of a profit at ABC and a small loss at Bio-Distrifrais.

Total Wessanen

Profit increased to €5.7 million (Q3 2013: €3.7 million) as a result of increased profitability at continuing operations and a lower profitability at discontinued operations. Earnings per share rose to €0.07.

At the end of September 2014, net cash has increased by €13.9 million to €21.3 million following cash from operations, a decrease in working capital and free cash flow from discontinued operations (net cash at 30 June: €7.4 million).



Guidance FY 2014 (continuing operations only)

- Wessanen is expected to report a higher EBITE in 2014 versus 2013
 - EBITE at Branded is expected to increase in H2 2014 versus H2 2013
 - EBITE Non-allocated (corporate) expenses of around €(2-3) million
- Net financing costs around €(2) million
- Tax rate around 38%
- Capital expenditures €4-5 million
- Depreciation and amortisation €6-7 million

Important dates 2015

Friday 20 February	Q4 and FY results
Friday 27 February	Publication Annual Report 2014
Thursday 16 April	Annual General Meeting of Shareholders
Friday 24 April	Q1 trading update
Friday 24 July	Q2 results / semi-annual report
Friday 23 October	Q3 trading update

Analyst & investor meeting

At 10h00 CET, an analyst, investor & media conference call will be hosted by Ronald Merckx (CFO) and Carl Hoyer (VP Corporate Communications & Investor Relations). The dial-in numbers are +31.20.716.8251 or 08000.222.330 (toll free) (no access code). A live audio webcast of the conference call can be followed via www.wessanen.com.

The press release and presentation are available for download at www.wessanen.com.

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Company profile

Wessanen is a leading company in the European market for healthy and sustainable food. We realised revenue from continuing operations of €407 million in 2013 with on average 842 employees. Our focus is on organic, vegetarian and natural ingredients as these are healthier and more sustainable. Where appropriate, we also focus on fair trade and specific dietary solutions.

Our aspiration is to build an European champion in healthy and sustainable food. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop well-known local brands such as Allos, Alter Eco, Bjorg, Bonneterre, Clipper, Gayelord Hauser, Kallø, Tartex, Whole Earth and Zonnatura.

Note on forward-looking statements

This press release includes forward looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are based on our current expectations and projections about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements.

Many of these risks and uncertainties relate to factors that are beyond Wessanen's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we have no intention or obligation to update forward-looking statements.



Condensed consolidated income statement

In € millions, unless stated otherwise

Q3 2014	Q3 2013		9 months 2014	9 months 2013
(unaudited)	Restated ¹ (unaudited)		(unaudited)	Restated ¹ (unaudited)
		<i>Continuing operations</i>		
106.4	98.6	Revenue	325.3	305.4
4.9	3.6	Operating result	21.6	15.4
(0.4)	(0.6)	Net financing costs	(1.6)	(1.5)
4.5	3.0	Profit before income tax	20.0	13.9
(1.6)	(4.6)	Income tax expense	(7.6)	(10.6)
2.9	(1.6)	Profit/(loss) after income tax from continuing operations	12.4	3.3
		<i>Discontinued operations</i>		
2.8	5.3	Profit from discontinued operations, net of income tax	39.3	4.3
5.7	3.7	Profit/(loss) for the period	51.7	7.6
		Attributable to:		
2.9	(1.6)	Total attributable from continuing operations	12.4	3.3
2.8	5.3	Total attributable from discontinued operations	39.3	4.3
5.7	3.7	Attributable to equity holders of Wessanen	51.7	7.6
		Earnings per share (in €)		
0.07	0.05	Attributable to equity holders (basic)	0.68	0.10
0.04	(0.02)	from continuing operations	0.17	0.04
0.03	0.07	from discontinued operations	0.51	0.06
		Average number of shares (in thousands)		
75,973	75,736	Basic	75,877	75,718
76,372	76,028	Diluted	76,276	76,010
1.3019	1.3348	Average USD exchange rate (USD per €)	1.3487	1.3184
0.7901	0.8546	Average GBP exchange rate (GBP per €)	0.8088	0.8538

¹ Figures restated for effect of Distribution and IZICO qualified as discontinued operations as of 31 December 2013 and ABC qualified as discontinued operation as of 30 September 2014.

Condensed consolidated statement of financial position

In € millions, unless stated otherwise

	30 September 2014	31 December 2013
	(unaudited)	(audited)
Total non-current assets	91.5	118.0
Total current assets	207.8	219.7
Total assets	299.3	337.7
Total equity	159.8	105.4
Total non-current liabilities	11.5	72.5
Total current liabilities	128.0	159.8
Total liabilities	139.5	232.3
Total equity and liabilities	299.3	337.7
End of period USD exchange rate (USD per Euro)	1.2583	1.3791
End of period GBP exchange rate (GBP per Euro)	0.7773	0.8337



Condensed consolidated income statement (2013, Q1-2 2014 restated)

In € millions, unless stated otherwise

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
	Restated ¹	Restated ¹	Restated ¹	Restated ¹	Restated ¹	Restated ¹	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Continuing operations</i>							
Revenue	101.8	105.0	98.6	101.9	109.9	109.0	106.4
Operating expenses	(94.1)	(100.9)	(95.0)	(104.1)	(100.8)	(101.4)	101.5
Operating result	7.7	4.1	3.6	(2.2)	9.1	7.6	4.9
Net financing costs	(0.4)	(0.5)	(0.6)	(0.3)	(0.9)	(0.3)	(0.4)
Profit/(loss) before income tax	7.3	3.6	3.0	(2.5)	8.2	7.3	4.5
Income tax expense/(income)	(2.3)	(3.7)	(4.6)	0.6	(2.9)	(3.1)	(1.6)
Profit/(loss) after income tax from continuing operations	5.0	(0.1)	(1.6)	(1.9)	5.3	4.2	2.9
<i>Discontinued operations</i>							
Profit/(loss) from discontinued operations, net of income tax	0.1	(1.1)	5.3	(5.8)	(0.3)	36.8	2.8
Profit/(loss) for the period	5.1	(1.2)	3.7	(7.7)	5.0	41.0	5.7
Earnings per share attributable to equity holders (in €)							
Basic	0.07	(0.02)	0.05	(0.10)	0.07	0.54	0.07
Diluted	0.07	(0.02)	0.05	(0.10)	0.07	0.54	0.07
Earnings per share from continuing operations (in €)							
Basic	0.07	(0.01)	(0.02)	(0.02)	0.07	0.06	0.04
Diluted	0.07	(0.01)	(0.02)	(0.02)	0.07	0.06	0.04
Earnings per share from discontinued operations (in €)							
Basic	-	(0.01)	0.07	(0.08)	-	0.48	0.03
Diluted	-	(0.01)	0.07	(0.08)	-	0.48	0.03
Average number of shares (in thousands)							
Basic	75,682	75,723	75,736	75,736	75,771	75,899	75,973
Diluted	75,856	76,015	76,028	76,028	76,041	76,298	76,372
Average USD exchange rate (USD per €)	1.3161	1.3075	1.3348	1.4207	1.3706	1.3704	1.3019
Average GBP exchange rate (GBP per €)	0.8552	0.8518	0.8546	0.8396	0.8253	0.8129	0.7901

¹ Figures restated for effect of Distribution and IZICO qualified as discontinued operations as of 31 December 2013 and ABC qualified as discontinued operation as of 30 September 2014.

