Press release

H1 2017 and Q2 2017 results

wessanen

Sustaining healthy, profitable, branded growth

H1 and Q2 2017 highlights

- Reported revenue growth of 14.0% for H1 (Q2: 12.7%)
- Own brands autonomous growth of 7.8% in H1 (Q2: 6.5%)
- EBITE increases by 22.4% to €30.6 million for H1 (Q2: €11.6 million)

Consolidated key figures

In € million, unless stated otherwise	Q2 2017	Q2 2016	H1 2017	H1 2016	% increase
Revenue	**160.8**	**142.7**	**325.6**	**285.7**	**14.0%**
Autonomous revenue development of own brands[1]	6.5%		7.8%		
EBITDAIE[2]	**13.6**	**12.7**	**34.7**	**28.5**	**21.8%**
Normalised operating result (EBITE)	**11.6**	**10.9**	**30.6**	**25.0**	**22.4%**
Operating result (EBIT)	**11.1**	**10.3**	**30.0**	**24.4**	**23.0%**
Net financing costs	(0.9)	(0.1)	(1.5)	(0.6)	
Income tax expense	(3.1)	(3.0)	(8.2)	(7.5)	
Profit for the period	**7.1**	**7.2**	**20.3**	**16.3**	**24.5%**
Net debt	71.1	16.6			

[1]Including adjustments for currency effects and acquisitions.

[2]Operating result before depreciation, amortisation, impairments and exceptional items.

CEO Statement

Christophe Barnouin (CEO) commented: "We have managed to sustain healthy profitable growth throughout the first half of 2017. Many of our own brands are growing at strong double-digit levels in H1 while the Private Label and Distribution brands have declined by close to 20% in line with our strategy.

The turn-around of our Germany business is on track, on the back of extended listings in the Grocery channel (especially drug stores) and successful restructuring activities.

Integration of our acquisitions from 2016 is progressing well and key operations projects are delivering fuel to re-invest into the growth of our brands.

Profitability of our business has further increased and EBITE is up 22.4% delivering an EBITE margin of 9.4%.

For the first time ever we have run a program for Organic Start ups ("Organic Food against Climate Change") in cooperation with Triodos Bank in order to support change in the Food market beyond our own business.

We remain confident that 2017 will be yet another year of healthy, sustainable and profitable growth for Wessanen."

Brand and Category review

Our own brands overall grew 7.8% in H1 2017 and many of them at strong double-digit levels (e.g. Bjorg, Clipper, Alter Eco, Tartex, Whole Earth, Ecocesta).

Bjorg has been successful with strong innovation such as veggie meals and new gluten-free and chilled product ranges as well as strong consumer activation. It has extended its market leadership of the organic market in France to the highest share in more than 3 years, 60% bigger than the next competitor.

Clipper has continued its international success across our domestic markets such as Germany, Benelux, France and Italy and has also recorded strong growth in many Export markets (e.g., Scandinavia and Asia Pacific).

Clipper and Tartex have driven the turn-around in our German business with significant listings in the Grocery channel (especially drug stores). Half a year after launch, Allos Dairy Alternatives have reached the number 2 spot in Health Food Stores.

Zonnatura has extended into Dairy Alternatives in the Netherlands with a range of 4 variants. First results are promising.

Whole Earth has performed very strongly both in the UK and in international markets and its peanut butter range has now also been launched in the Netherlands. In the UK, we have further extended our leadership and recorded our highest ever share of the peanut butter market.

Breakfast Cereals, Hot Drinks and Dairy Alternatives have been the strongest growing core categories throughout the first half of 2017.

Financial review

In H1 revenue increased by 14.0% to €325.6 million (Q2: 12.7%). Autonomous revenue growth amounted to 2.5% (Q2: 1.6%). The depreciation of the British pound contributed (1.5)% and the first time inclusion of Mrs Crimbles, Ineobio (as from 1 June 2016) and Biogran contributed 12.6%.

EBITE increased by €5.6 million (Q2: €0.7 million) to €30.6 million (Q2: €11.6 million), mainly driven by the effect of the acquisitions mentioned above, and higher gross profit and lower A&P (phasing) on our existing business. The EBITE increase was partly offset by higher share-based payment expenses of €(1.5) million (Q2: €(1.6) million), mainly relating to LTIP 2014, which plan vested at 1 June 2017.

Depreciation and amortisation expenses increased by €0.6 million (Q2: €0.2 million), resulting in an EBITDAIE of €34.7 million (Q2: €13.6 million). Exceptional items amount to €(0.6) million (Q2: €(0.5) million) mainly relating to the restructuring in Germany to streamline the operations and to drive sustainable profit improvement.

Net financing costs amounted to €(1.5) million (Q2: €(0.9) million), including results on foreign exchange and derivatives in the amount of €(0.5) million (Q2: €(0.4) million) and interest expenses in the amount of €(0.6) million (Q2: €(0.3) million).

Income tax expenses were €(8.2) million (Q2: €(3.1) million). The effective income tax rate in the six-month period ended 30 June 2017 of 29% (H1 2016: 32%) is based on the latest estimate of the weighted average income tax rate for the full year.

In H1 2017, the net cash flow before financing activities was €18.0 million (H1 2016: €(19.3) million, including the acquisitions of the Piramide tea business and Ineobio for the amount of €31.1 million). The cash flow from financing activities amounts to €(7.2) million, mainly including a dividend payment of €(9.1) million and the sale of own shares in the amount of €3.1 million (H1 2016: €(0.1) million, mainly including €9.2 million of long-term loans drawn and a dividend payment of €(8.3) million). Our net debt position decreased to €71.1 million as at 30 June 2017 (31 December 2016: net debt of €83.5 million).

Guidance FY 2017

- Total reported growth is expected to be low double-digit, with continued strong growth of own brands and the effect of 2016 acquisitions being partly offset by lower private label and distribution brand sales.
- We expect EBITE % of revenue to be above 8% for the full year.
- Net financing costs around €2.0-2.5 million.
- Tax rate around 30%.
- Capital expenditures €13-15 million.
- Depreciation and amortisation €9-10 million.

Analyst & investor meeting

At 10h00 CET, an analyst & investor call will be hosted by Christophe Barnouin (CEO) and Ronald Merckx (CFO). The dial-in number is +31 (0)20 531 5843. There will also be a live audio webcast via www.wessanen.com.

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

Media, investor & analyst enquiries

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Important dates

24-10-2017 Publication Q3 2017 trading update

Company profile

Wessanen is a leading company in the European market for healthy and sustainable food. In 2016, our revenue was €570 million and we employed on average 993 people. Our mission is Healthier Food, Healthier People, Healthier Planet and we focus on organic, vegetarian, fair trade and nutritionally beneficial products.

Our family of companies is committed to driving positive change in food in Europe. Our brands include many pioneers and market leaders: Allos, Alter Eco, Bjorg, Bonneterre, Clipper, Destination, El Granero, Gayelord Hauser, Isola Bio, Kallø, Mrs Crimble's, 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.

Introduction

This report contains the semi-annual financial report of Royal Wessanen ('Wessanen' or 'the Company'), a public limited company domiciled in the Netherlands. The principal activities of the Company and its subsidiaries ('the Group') are described on page 5.

The semi-annual financial report for the six-month period ended 30 June 2017 consists of the condensed consolidated interim financial statements, the semi-annual report of the Executive Board and the responsibility statement by Wessanen's Executive Board. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's consolidated IFRS financial statements for the year ended 31 December 2016.

The Executive Board of Royal Wessanen hereby declares that, to the best of its knowledge:

- The condensed consolidated interim financial statements, which have been prepared in accordance with the applicable financial reporting standards for interim financial reporting, give a true and fair view of the assets, liabilities and financial position at 30 June 2017 and of the result of our consolidated operations for the first half year of 2017 and the undertakings included in the consolidation taken as a whole; and
- The semi-annual report gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, 24 July 2017

Executive Board

Christophe Barnouin (CEO)

Ronald Merckx (CFO)

Risks and uncertainties

Please refer to the note on forward-looking statements on page 5 of this press release and, with regard to risk management, to our Annual Report 2016 (page 54-61), in which we have described the main risks of Wessanen and which is deemed part of this report by reference. For the remainder of 2017 the risks are expected the same as disclosed in our Annual Report 2016.

Additional risks not known to us, or currently believed not to be material, could later turn out to have a material impact on our businesses, revenue, assets, liquidity, capital resources or net income. The Group's financial risk management objectives and policies are consistent with those disclosed in our Annual Report 2016.

Condensed consolidated income statement

In € millions, unless stated otherwise

	H1 2017 (unaudited)	H1 2016 (unaudited)
Revenue	**325.6**	285.7
Raw materials and supplies	**(191.3)**	(168.0)
Personnel expenses	**(47.9)**	(41.6)
Depreciation, amortisation and impairments	**(4.1)**	(3.5)
Other operating expenses	**(52.3)**	(48.2)
Operating expenses	**(295.6)**	(261.3)
Operating result	**30.0**	24.4
Net financing costs	**(1.5)**	(0.6)
Profit before income tax	**28.5**	23.8
Income tax expense	**(8.2)**	(7.5)
Profit for the period	**20.3**	16.3
Attributable to equity holders of Wessanen	**20.3**	16.3
Earnings per share attributable to equity holders of Wessanen (in €)		
Basic	**0.27**	0.22
Diluted	**0.27**	0.21
Average number of shares (in thousands)		
Basic	**75,645**	75,598
Diluted	**76,342**	76,012
Average GBPexchange rate (GBP per €)	**0.8612**	0.7850

Condensed consolidated statement of comprehensive income

In € millions

	H1 2017 (unaudited)	H1 2016 (unaudited)
Profit for the period	**20.3**	16.3
Other comprehensive income/(loss)		
Remeasurements of post employment benefit obligations, net of income tax	**0.2**	(0.6)
Other comprehensive income/(loss) that will not be reclassified to profit or loss	**0.2**	(0.6)
Foreign currency translation differences, net of income tax	**(0.9)**	(4.0)
Effective portion of changes in fair value of cash flow hedges, net of income tax	**0.2**	0.1
Other comprehensive income/(loss) that may be reclassified to profit or loss	**(0.7)**	(3.9)
Total other comprehensive income/(loss)	(0.5)	(4.5)
Total comprehensive income	**19.8**	11.8
Attributable to equity holders of Wessanen	**19.8**	11.8

Condensed consolidated statement of changes in equity

In € millions

	Issued and paid-up share capital	Share premium	Reserves: Treasury reserve	Reserves: Translation reserve	Reserves: Hedging reserve	Retained earnings	Total equity
2016							
Balance of beginning of year	76.0	102.9	(3.5)	(11.0)	0.1	18.9	183.4
Comprehensive income and expense for the period							
Profit/(loss) for the period	-	-	-	-	-	16.3	16.3
Foreign currency translation differences[1]	-	-	-	(4.0)	-	-	(4.0)
Remeasurements of post employment benefit obligations[1]	-	-	-	-	-	(0.6)	(0.6)
Effective portion of changes in fair value of cash flow hedges[1]	-	-	-	-	0.1	-	0.1
Total comprehensive income and expense for the period	-	-	-	(4.0)	0.1	15.7	11.8
Contributions by and distributions to owners							
Shares delivered	-	-	1.8	-	-	(1.8)	-
Dividends	-	-	-	-	-	(8.3)	(8.3)
Purchase of own shares			(0.5)			-	(0.5)
Share-based payments	-	-	-	-	-	0.5	0.5
Total contributions by and distributions to owners	-	-	1.3	-	-	(9.6)	(8.3)
Balance at 30 June 2016 (unaudited)	76.0	102.9	(2.2)	(15.0)	0.2	25.0	186.9
2017							
Balance of beginning of year	76.0	102.9	(3.9)	(16.2)	-	32.4	191.2
Comprehensive income and expense for the period							
Profit/(loss) for the period	-	-	-	-	-	20.3	20.3
Foreign currency translation differences[1]	-	-	-	(0.9)	-	-	(0.9)
Remeasurements of post employment benefit obligations[1]	-	-	-	-	-	0.2	0.2
Effective portion of changes in fair value of cash flow hedges[1]	-	-	-	-	0.2	-	0.2
Total comprehensive income and expense for the period	-	-	-	(0.9)	0.2	20.5	19.8
Contributions by and distributions to owners							
Shares delivered	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(9.1)	(9.1)
Sale of own shares			1.8			1.3	3.1
Share-based payments	-	-	-	-	-	0.7	0.7
Total contributions by and distributions to owners	-	-	1.8	-	-	(7.1)	(5.3)
Balance at 30 June 2017 (unaudited)	76.0	102.9	(2.1)	(17.1)	0.2	45.8	205.7

[1] Net of income tax

Condensed consolidated statement of financial position

In € millions

	30 June 2017 (unaudited)	31 December 2016 (audited)
Assets		
Property, plant and equipment	54.0	51.2
Intangible assets	207.4	203.3
Other investments	0.2	0.6
Deferred tax assets	7.0	8.8
Total non-current assets	**268.6**	**263.9**
Inventories	70.4	68.5
Income tax receivables	-	0.4
Trade receivables	104.6	101.0
Other receivables and prepayments	13.3	15.5
Cash and cash equivalents	19.5	9.4
Total current assets	**207.8**	**194.8**
Total assets	**476.4**	**458.7**
Equity		
Share capital	76.0	76.0
Share premium	102.9	102.9
Reserves	(19.0)	(20.1)
Retained earnings	45.8	32.4
Total equity	**205.7**	**191.2**
Liabilities		
Interest-bearing loans and borrowings	79.9	81.2
Employee benefits	7.5	7.7
Provisions	1.8	3.0
Deferred tax liabilities	14.6	10.9
Total non-current liabilities	**103.8**	**102.8**
Bank overdrafts	7.8	8.7
Interest-bearing loans and borrowings	2.9	3.0
Provisions	8.0	12.1
Income tax payables	3.3	2.6
Trade payables	85.2	80.5
Non-trade payables and accrued expenses	59.7	57.8
Total current liabilities	**166.9**	**164.7**
Total liabilities	**270.7**	**267.5**
Total equity and liabilities	**476.4**	**458.7**
End of period GBP exchange rate (GBP per Euro)	0.8793	0.8562

Condensed consolidated statement of cash flows

In € millions, unless stated otherwise

	H1 2017	H1 2016
	(unaudited)	(unaudited)
Cash flows from operating activities		
Operating result	**30.0**	24.4
Adjustments for:		
Depreciation, amortisation and impairments	4.1	3.5
Other non-cash and non-operating items	4.4	2.5
Cash generated from operations before changes in working capital and provisions	**38.5**	30.4
Changes in working capital	1.4	(4.1)
Payments from provisions and changes in employee benefits	(9.0)	(4.6)
Cash generated from operations	**30.9**	21.7
Interest paid	(0.4)	(0.3)
Income tax paid	(7.1)	(6.5)
Net cash from operating activities	**23.4**	14.9
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4.9)	(1.7)
Proceeds from sale of property, plant and equipment	0.1	-
Acquisition of intangible assets	(1.0)	(1.4)
(Payments for)/repayments of other investments	0.4	-
Acquisition of subsidiaries, net of cash acquired	-	(31.1)
Net cash flow from investing activities	**(5.4)**	(34.2)
Net cash flow before financing activities	**18.0**	(19.3)
Cash flows from financing activities		
Net proceeds from/(repayments of) interest-bearing loans and borrowings	(1.1)	9.2
Net payments of finance lease liabilities	(0.2)	-
Cash receipts/(payments) of derivatives	0.1	(0.5)
Sale/(purchase) of own shares	3.1	(0.5)
Dividends paid	(9.1)	(8.3)
Net cash from financing activities	**(7.2)**	(0.1)
Net cash flow	**10.8**	(19.4)

Notes to the condensed consolidated interim financial statements

In € millions, unless stated otherwise

1 The Company and its operations

Koninklijke Wessanen N.V. ('Royal Wessanen', 'Wessanen' or 'the Company') is a public limited company domiciled in the Netherlands. The condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as 'the Group').

The information in these condensed consolidated interim financial statements is unaudited, apart from the comparative consolidated financial position as per 31 December 2016.

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for the Group as at and for the year ended 31 December 2016.

These condensed consolidated interim financial statements were approved by the Executive Board and by the Supervisory Board on 24 July 2017.

3 Significant accounting policies

The significant accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016 except for the adoption of new standards, amendments to standards and interpretations, which have been adopted as relevant to the Company for the first time. These standards and interpretations have no material effect on the Company's condensed consolidated interim financial statements.

Wessanen decided not to make use of the early adoption option, but to apply IFRS 16 'Leases' as from 1 January 2019.

4 Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016. Reference is made to the 2016 Annual Report, Note 2 (pages 83-84).

In the 2016 Annual Report, we highlighted that for the cash-generating unit Branded-Germany the headroom was limited based on the 2016 annual impairment test (reference is made to pages 113-114). Sales growth and gross margin improvements were key assumptions is this test, both highly dependent on the successful implementation and execution of the profit recovery plans in place. Actions to date resulted into sales growth and gross margin improvements in the first half of 2017 exceeding assumptions made in the 2016 annual impairment test.

5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016. In addition, reference is made to the 'risks and uncertainties' section as included on page 6 of this report.

6 Acquisitions

Wessanen made no acquisitions in the first half of 2017.

The allocation of the purchase consideration paid in respect of the Biogran acquisition early December 2016 has been completed in the first half of 2017. Of the initial goodwill recognised of €62.8 million, an additional amount of €16.6 million has been allocated in 2017 to the trade names El Granero (€8.8 million) and Ecocesta (€9.4 million), distributor relationships (€3.9 million) and the related deferred tax liabilities (€(5.5) million). Accordingly, the goodwill on the Biogran acquisition amounts to €46.2 million as at 30 June 2017.

7 Seasonality of operations

Revenue of our Branded segment is in general modestly higher in the first half of the year. In addition, operating profit is impacted by the phasing of marketing spending throughout the year.

8 Operating segment information

The Group's activities are carried out by the following segments: 'Branded' and 'Non-allocated' (includes Dutch corporate entities).

Key financial data regarding these segments are given below:

In € millions	Revenue		Operating result and operating margin[1]			
	YTD H1 2017	**YTD H1 2016**	**YTD H1 2017**		**YTD H1 2016**	
Branded	325.6	285.7	31.2	9.6%	25.8	9.0%
Non-allocated	-	-	(1.2)		(1.4)	
Total Wessanen	**325.6**	285.7	**30.0**	9.2%	24.4	8.5%

[1] Operating result as % of total revenue.

The assets can be specified as follows:

In € millions	Total assets	
	30 June 2017	31 December 2016
Branded	453.2	446.5
Non-allocated	23.2	12.2
Total Wessanen	**476.4**	458.7

In the first six months of 2017, total assets increased by €17.7 million, from €458.7 million as at 31 December 2016 to €476.4 million as at 30 June 2017, mainly due to an increase of cash and cash equivalents (+€10.1 million), intangible assets (+€4.1 million) and trade receivables (+€3.6 million).

9 Income taxes

The income tax expense is recognised based on management's latest estimate of the weighted average income tax rate for the full financial year. The Group's estimated weighted average income tax rate for the full year 2017 is 29% (2016: 32%).

10 Provisions

Provisions decreased by €5.3 million to €9.8 million as per 30 June 2017. The net decrease mainly comprises an addition to (€3.0 million) and payments from (€(7.1) million) the provision for cash-settled share-based compensation.

11 Borrowings and loans

Net debt can be specified as follows:

	30 June 2017	31 December 2016
Long-term interest-bearing loans and borrowings	79.9	81.2
Short-term interest-bearing loans and borrowings	2.9	3.0
Total interest-bearing loans and borrowings	**82.8**	**84.2**
Bank overdrafts	7.8	8.7
Cash and cash equivalents	(19.5)	(9.4)
Net debt Wessanen	**71.1**	**83.5**

Net debt of Wessanen decreased by €12.4 million in the six-month period ended 30 June 2017 to €71.1 million, mainly due to a net cash inflow from operating activities of €23.4 million and a net cash inflow from the sale of own shares (€3.1 million), partly offset by capital expenditures (€5.9 million) and dividends paid (€9.1 million).

In April 2017, the initial termination date of the credit facility has been extended for a further period of 24 months, i.e. to 23 July 2022.

12 Sale of shares

In the six-month period ended 30 June 2017, Wessanen sold 209.066 treasury shares for the total amount of €3.1 million, following the decision to issue own shares for shares to be delivered upon vesting of long-term incentive plans and/or matching shares (for which approval was granted in the Annual General Meeting of Shareholders).

13 Dividends

A cash dividend of €9.1 million that relates to the year 2016 was paid in April 2017 (H1 2016: €8.3 million).

14 Financial instruments

The fair value of financial assets and liabilities equals the carrying amounts both as per 30 June 2017 and 31 December 2016. The classification and fair values of financial instruments have been determined for measurement based on the method as outlined in Note 25 of the 2016 Annual Report (pages 128-135).

15 Related party transactions

The Company has a related party relationship with its subsidiaries and key management.

Based on the Long-Term Incentive plan 2017, the Company granted 26,037 shares and 7,654 matching shares to the Executive Board members in the first half of 2017. In Q3 2017, 133,255 shares will be delivered to the members of the Executive Board regarding the Long Term Incentive plan 2014, which plan vested at 150% (TSR ranking: 1st).

No other significant related party transactions occurred.

16 Events occurring after the reporting period

Subsequent to 30 June 2017 no material events occurred that require disclosure.