Royal Wessanen

press release

Q1 2014 results Wessanen |

Branded: 4.1% autonomous revenue growth

Sale of Natudis closed, agreement to sell IZICO

Q1 2014 highlights

- Autonomous third party revenue growth at Branded 4.1%, ABC (8.9)%
- EBITE increased 15% to €9.3 million; Branded contributing most to the increase
- Divestment of discontinued operations progressing well: sale of Natudis closed; IZICO signed

Consolidated key figures Q1 2014

in € million, unless stated otherwise	Q1 2014	Q1 2013 [2]	% increase
Revenue	**129.6**	124.3	4.3%
Autonomous revenue development [1]	1.7%		
Normalised operating result (EBITE)	**9.3**	8.1	14.8%
Operating result (EBIT)	9.2	7.4	24.3%
Profit after income tax from continuing operations	**5.6**	4.7	19.1%
Profit / (loss) from discontinued operations	(0.6)	0.4	-
Profit for the period	**5.0**	5.1	(2.0)%
Net debt	56.6	62.7	(9.7)%
Earnings per share (in €)	**0.07**	0.07	0%
Average nr. of outstanding shares (x 1,000)	75,771	75,682	0.1%

[1] Including adjustments for currency effects and acquisitions/divestments; [2] Figures restated for effect of i) IAS19R and ii) Distribution and IZICO qualified as discontinued operations as of 31 December 2013.

CEO statement

Christophe Barnouin (CEO) commented: "We are off to a good start in 2014. Firstly, we are making clear progress in divesting the businesses classified as discontinued operations. We completed the divestment of Natudis in the Benelux and we have an agreement for the sale of IZICO.

Furthermore, our Branded business performed well growing its core brands and categories. The demand for healthy and sustainable food continues to grow, driven by an ever increasing appetite and appreciation of consumers for its benefits. We are well positioned within our niche markets to further grow our brands such as Bjorg, Bonneterre and Alter Eco in France, Zonnatura in the Netherlands, Allos in Germany and Clipper and Tartex all across Europe.

We actively focus on the quality of our Branded revenue which includes some additional pruning of our product portfolio. We continue to invest in our routes to market and increase our marketing investments to activate our brands. For 2014, we expect to increase our profitability, driven by better results at both Branded and ABC."

Branded - operational review

At Branded, revenue has increased 8.0% to €109.9 million. Autonomous growth was 4.1% as a mixture of 4.1% volume growth and price/mix being stable. The first time inclusion of Alter Eco (per June 2013) added 4.0%, a favourable currency exchange effect 0.6% and lower intercompany sales (0.7)%.

Our core brands performed well, driven by double-digit growth of Clipper, Zonnatura and Tartex. Our tactical brands showed a decline, mainly due to deliberate actions on our side to improve profitability.

In France, Bjorg, Bonneterre, Alter Eco and Evernat all showed good growth driven by dairy alternatives, sweets in between and breakfast cereals. The market for both organic and fair trade products increased in both grocery and health food store channel.

In Germany, the increase at Allos was largely due to sweets in between and breakfast cereals, while Tartex benefitted from strong demand for its newly introduced organic yeast spreads.

In the UK, Clipper, Kallø and Whole Earth all increased sales. We have grown our sales in the various categories such as sweet spreads, dairy alternatives and hot drinks. The roll-out of Almond Breeze is progressing well with additional distribution contributing to the growth.

Sales in the Benelux were lower as a mixture of increases in sweets in between, breakfast cereals and hot drinks on the one hand and the delisting of Biorganic and a cutting the tail project on the other hand.

The European roll-out of Clipper continues to progress well, being up in all markets and supported by additional distribution and favourable consumer responses.

ABC - operational review

At ABC, revenue declined (12.5)% to €19.7 million as a consequence of a negative currency impact of (3.6)% and autonomous growth of (8.9)% with volume (10.0)% and price/mix 1.1%.

Little Hug continued to grow double digit, outpacing a declining category. A new 48-count will be shipped to retail as of early May. A second production line for Little Hug in our Arizona facility began manufacturing at the beginning of March.

While the progressive adult beverages category continues to grow, the ready-to-drink (RTD) pouches segment remained under pressure losing further share to the malt-based segment. Despite lower sales, Daily’s gained market share in its segment. Competitive brands are losing distribution and market share. We have now nine flavours after launching two new pouch flavours, Jamaican Smile and Mango Tango, which are gaining distribution.

Financial summary (continuing operations only)

Revenue increased 4.3% to €129.6 million. Last year's addition of Alter Eco contributed 3.3%, while there was a negative currency effect of (0.2)% and lower intercompany sales had an impact of (0.5)%. Autonomous third party revenue growth was 1.7% with volume contributing 1.5% and price/mix 0.2%.

Normalised EBIT showed an increase to €9.3 million (Q1 2013: €8.1 million) of which most is due to increased profitability at Branded. At Branded, warehouse, transportation and other operating costs were lower, whereas marketing expenses were marginally higher. While ABC reported a small loss in a seasonally weak quarter, it improved its results versus last year. Non-allocated costs were marginally lower as well. Exceptional costs of €(0.1) million have been recorded at Branded, compared to last year's €(0.4) million at Branded and €(0.3) million at ABC.

Net financing costs increased to €(0.9) million versus €(0.4) million last year as a result of higher average interest rates and currency exchange results. Income tax expenses increased to €(2.7) million versus €(2.3) million last year, representing a 32% tax rate. Net result from continuing operations increased 19% to €5.6 million (Q1 2013: €4.7 million).

Discontinued operations

The sale of Natudis to Dutch wholesaler Vroegop Ruhe has been completed per 24 April. On 16 April, we announced the sale of IZICO to Egeria for an enterprise value of €68 million on a cash and debt free basis and subject to certain adjustments on closing. We can receive an additional amount of up to €3.5 million as part of an earn-out related to the 2014 EBITDA. The closing is subject to approval by various anti-trust authorities. The process of divesting French wholesaler Bio-Distrifrais has commenced.

The loss of discontinued operations, net of tax, amounted to €(0.6) million compared to a profit of €0.4 million last year.

Total Wessanen

Q1 2014 profit was about stable at €5.0 million as a result of increased profitability at continuing operations and a lower profitability at discontinued operations. Earnings per share were stable at €0.07.

At the end of March 2014, net debt has increased to €56.6 million following the (seasonal) adverse developments in working capital (net debt at year end 2013: €50.7 million). The net debt/EBITDAE ratio amounted to 1.8x versus 1.6x at year end 2013.

(Financial) guidance FY 2014 (continuing operations only)

EBIT(E)

- Wessanen is expected to report a higher EBITE in 2014
- ABC is expected to be profitable again in 2014
- Non-allocated expenses (including corporate expenses) are expected to be €(2-3) million

Financial items

- Net financing costs expected to be €(2) million
- Effective tax rate expected to be around 30-35%
- Capital expenditures expected to be €(4) million
- Depreciation and amortisation expected to be €(11) million

Important dates

Friday 25 July 2014	Q2 results / semi-annual report
Friday 24 October 2014	Q3 trading update
Friday 20 February 2015	Q4 and FY results

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). The dial-in numbers are +31.20.794.8504 or 0800.265.8526 (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 will be 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 €509 million in 2013 with on average 1,225 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 sourced food 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, Kallø, Tartex, Whole Earth and Zonnatura.

Next to our healthier and sustainable food businesses, we have one non-core business. US-based ABC is one of the leading producers of single-serve bottled fruit drinks (Little Hug) and ready-to-drink cocktail pouches and non-alcoholic cocktail mixers (Daily's).

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

	Q1 2014	Q1 2013
		Restated[1]
	(unaudited)	(unaudited)
Continuing operations		
Revenue	**129.6**	124.3
Operating result	**9.2**	7.4
Net financing costs	**(0.9)**	(0.4)
Profit/(loss) before income tax	**8.3**	7.0
Income tax expense	**(2.7)**	(2.3)
Profit/(loss) after income tax from continuing operations	**5.6**	4.7
Discontinued operations		
Profit/(loss) from discontinued operations, net of income tax	**(0.6)**	0.4
Profit/(loss) for the period	**5.0**	5.1
Attributable to equity holders of Wessanen	**5.0**	5.1
Earnings per share attributable to equity holders of Wessanen (in EUR)		
Basic	**0.07**	0.07
Diluted	**0.07**	0.07
Earnings per share from continuing operations (in EUR)		
Basic	**0.07**	0.06
Diluted	**0.07**	0.06
Earnings per share from discontinued operations (in EUR)		
Basic	**-**	0.01
Diluted	**-**	0.01
Average number of shares (in thousands)		
Basic	**75,771**	75,682
Diluted	**76,041**	75,856
Average USD exchange rate (USD per Euro)	**1.3706**	1.3161
Average GBP exchange rate (GBP per Euro)	**0.8253**	0.8552

[1] Figures restated for effects of IAS19R and Distribution and IZICO qualifying as discontinued operations as from 31 December 2013

Condensed consolidated statement of financial position

In € millions

	31 March 2014 (unaudited)	31 December 2013 (audited)
Total non-current assets	**116.7**	118.0
Total current assets	**242.3**	219.7
Total assets	**359.0**	337.7
Total equity	**111.3**	105.4
Total non-current liabilities	**67.9**	72.5
Total current liabilities	**179.8**	159.8
Total liabilities	**247.7**	232.3
Total equity and liabilities	**359.0**	337.7
End of period USD exchange rate (USD per Euro)	**1.3788**	1.3791
End of period GBP exchange rate (GBP per Euro)	**0.8282**	0.8337

Condensed consolidated income statement (Q1-Q4 2013 restated)

In € millions, unless stated otherwise

	Q1 2013 Restated[1]	Q2 2013 Restated[1]	Q3 2013 Restated[1]	Q4 2013 Restated[1]	YTD Q2 Restated[1]	YTD Q3 Restated[1]	FY 2013 Restated[1]
Continuing operations	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenue	**124.3**	**142.9**	**127.0**	**114.3**	**267.2**	**394.2**	**508.5**
Other income	-	-	7.0	-	-	7.0	7.0
Operating expenses	(116.9)	(140.0)	(125.5)	(121.2)	(256.9)	(382.4)	(503.6)
Operating result	7.4	2.9	8.5	(6.9)	10.3	18.8	11.9
Net financing costs	(0.4)	(0.5)	(0.6)	(0.4)	(0.9)	(1.5)	(1.9)
Profit/(loss) before income tax	7.0	2.4	7.9	(7.3)	9.4	17.3	10.0
Income tax expense	(2.3)	(3.7)	(4.6)	(3.9)	(6.0)	(10.6)	(14.5)
Profit/(loss) after income tax from continuing operations	**4.7**	**(1.3)**	**3.3**	**(11.2)**	**3.4**	**6.7**	**(4.5)**
Discontinued operations							
Profit/(loss) from discontinued operations, net of income tax	0.4	0.1	0.4	3.5	0.5	0.9	4.4
Profit/(loss) for the period	5.1	(1.2)	3.7	(7.7)	3.9	7.6	(0.1)
Attributable to equity holders of Wessanen	**5.1**	**(1.2)**	**3.7**	**(7.7)**	**3.9**	**7.6**	**(0.1)**
Earnings per share (in €)							
Basic	**0.07**	**(0.02)**	**0.05**	**(0.10)**	**0.05**	**0.10**	**-**
Diluted	0.07	(0.02)	0.05	(0.10)	0.05	0.10	-
Earnings per share from continuing operations (in €)							
Basic	0.06	(0.02)	0.05	(0.15)	0.04	0.09	(0.06)
Diluted	0.06	(0.02)	0.05	(0.15)	0.04	0.09	(0.06)
Earnings per share from discontinued operations (in €)							
Basic	0.01	-	-	0.05	0.01	0.01	0.06
Diluted	0.01	-	-	0.05	0.01	0.01	0.06
Average number of shares (in thousands)							
Basic	75,682	75,723	75,736	75,736	75,709	75,718	75,723
Diluted	75,856	76,015	76,028	76,028	76,001	76,010	76,015
Average USD exchange rate (USD per Euro)	1.3161	1.3075	1.3348	1.4207	1.3107	1.3184	1.3308
Average GBP exchange rate (GBP per Euro)	0.8552	0.8518	0.8546	0.8396	0.8535	0.8538	0.8501