

Consolidated results for Q3 and first 9 months of 2015

Sharp improvement in the operating profitability for Q3 2015

- ✓ Good performance for sales with sustained organic growth
- ✓ Another step forward in creating value through an optimised product mix
- ✓ First leverage effects on operating profitability by actively managing costs

Press release

Avignon, 30 November 2015 - Naturex, the global leader in specialty plant-based natural ingredients, reports its consolidated results for the third quarter and the first nine months of 2015:

€ millions IFRS	Q3 2015	Q3 2014	Change (%)	9 months 2015	9 months 2014	Change (%)	FY 2014
Revenue	94.3	80.0	+17.9%	297.0	238.4	+24.6%	327.3
Gross margin	55.9	49.5	+12.7%	169.1	148.5	+13.9%	194.1
Gross margin (%)	59.2%	61.9%		56.9%	62.3%		59.3%
Operating grants	0.5	0.6	-16.4%	1.6	1.6	-2.2%	2.7
Other operating income	1.7	1.0	+66.4%	4.1	2.5	+61.5%	3.9
Staff costs	(21.0)	(19.2)	+9.2%	(67.7)	(56.2)	+20.5%	(77.3)
External charges	(22.7)	(20.5)	+10.7%	(66.3)	(58.8)	+12.7%	(83.2)
Taxes other than on income	(0.4)	(0.6)	-29.4%	(1.9)	(1.8)	+4.1%	(2.6)
Other current operating income and expenses	(0.4)	(0.0)	-	(0.5)	(0.8)	-	(0.8)
Recurring EBITDA	13.5	10.8	+29.4%	38.4	35.0	+9.6%	36.8
Recurring EBITDA margin (%)	14.3%	13.5%		12.9%	14.7%		11.2%
Amortisation, depreciation and impairment	(6.2)	(5.6)	+11.0%	(18.4)	(15.4)	+19.5%	(22.0)
Current operating income	7.3	5.2	+39.7%	20.0	19.6	+1.9%	14.8
Current operating margin (%)	7.8%	6.6%		6.7%	8.2%		4.5%
Other non-current operating expenses	(0.5)	(1.8)	-74.1%	(2.2)	(2.9)	-24.2%	(7.1)
Other non-current operating income	-	-	-	-	-	-	-
Net operating income	6.9	3.5	+96.8%	17.8	16.7	+6.4%	7.7
Share of net income (loss) of equity-accounted investees	(0.9)	(0.1)	-	(3.7)	0.0	-	(0.9)
Operating income after equity-accounted investees	5.9	3.4	+72.6%	14.1	16.8	-16.0%	6.8
Operating margin (%)	6.3%	4.3%		4.7%	7.0%		2.1%
Net borrowing costs	(1.7)	(2.1)	-21.4%	(5.4)	(6.0)	-10.1%	(8.3)
Other financial income and expenses	(1.1)	(0.3)	-	(0.8)	0.8	-	(0.6)
Profit before tax	3.2	1.0	+203.3%	7.8	11.5	-32.3%	(2.0)
Income tax expense	(1.5)	(0.2)	+579.0%	(3.2)	(3.2)	+0.4%	(2.1)
Net income attributable to the Group	1.7	0.8	+103.6%	4.6	8.3	-44.9%	(4.1)
Net margin (%)	1.8%	1.0%		1.5%	3.5%		-1.2%

Good performance for sales with sustained organic growth

As announced on 4 November, Naturex continued commercial efforts in the 2015 third quarter to recapture growth across all businesses and regions by focusing on two major areas: optimising the product portfolio and reinforcing its positioning in the value added market segments defined by the BRIGHT2020 plan.

Revenue for the third quarter rose in consequence to €94.3 million, up 17.9% from the 2014 third quarter. This included 6.1% from organic growth and 11.8% from the exchange rate effect reflecting the strong contribution of sales in US dollars.

On that basis, sales for the first nine months of 2015 reached €297.0 million, with strong growth at current exchange rates of 24.6%. This performance included 5.0% from organic growth, 6.4% from the consolidation scope effect¹ and 13.2% from the foreign exchange effect.

Another step forward in creating value and operating profitability

After taking measures to improve balance sheet components in the first half (working capital requirements including trade receivables and inventories levels, net financial debt and cash flow generation), Group initiatives in the 2015 third quarter focused on optimising added value and containing operating costs and overhead expenses, which has set the stage for an improvement in operating profitability.

The gross margin came to €55.9 million in the third quarter, up by 12.7% year-on-year, and slightly less than the rise in sales. As a percentage of sales, the gross margin came to 59.2% compared to 61.9% one year earlier, while registering an improvement of 3.3 points from the gross margin for the first half. This trend reflects mainly an improvement in the product mix as contributions were increased from value added products with clinically substantiated benefits, particularly in the Nutrition & Health segment and reduced from lower margin products, primarily in the Food & Beverage segment.

For the first nine months of 2015, the gross margin reached €169.1 million, up 13.9% from the same period in 2014, whereas as a percentage of sales, it declined 5.3 points, mainly in response to measures to rationalise inventories in the 2015 first half.

Staff costs rose 9.2% in the 2015 third quarter to €21.0 million from €19.2 million for the same quarter in 2014. Despite this, these expenses were lower compared to the last two quarters, mainly because of paid vacation days taken in July and August 2015 and savings achieved on the Palafolls plant closure in Spain. Furthermore, as previously announced, to contain the rise of staff costs, Naturex has given preference to internal redeployment.

For the first nine months of 2015, staff costs amounted to €67.7 million (22.8% of revenue) compared to €56.2 million one year earlier (23.6% of revenue), reflecting namely a €3.7 million consolidation scope effect from Vegetable Juices Inc. and a €4.2 million foreign exchange effect, mainly from the rise of selected currencies (USD, GBP, AUD).

Excluding these effects, staff costs increased by €3.5 million or 6.2% for the historical Group structure, reflecting largely the marginal increase in the number of employees for very targeted positions, namely in the commercial organisation, and also provisions for performance-based compensation and profit-sharing expenses.

¹ Sales for Vegetable Juices Inc. for the five-month period from January to May 2015.

External charges amounted to €22.7 million for the 2015 third quarter, up from €20.5 million one year earlier. Efforts to contain operating expenses continued in the quarter resulting in an increase of only 4% compared to the 2015 first half despite the growth in revenue.

For the first nine months, these expenses amounted to €66.3 million (22.3% of revenue) compared to €58.8 million for last year's same period (24.7% of revenue). This 12.7% increase was primarily attributable to Vegetable Juices Inc². (€2.8 million) and a very significant foreign exchange effect (€4.7 million). Excluding these latter effects, external charges remained in line with the level of the 2014 first nine months.

Recurring EBITDA for the 2015 third quarter amounted to €13.5 million, up 24.9%, with a recurring EBITDA margin at 14.3% compared to 13.5% for last year's same period. This 0.8 point gain marks a first step forward on the path back to profitability by combining sustained organic growth, a better product mix and a dynamically managed cost structure and external charges.

For the first nine months of 2015, EBITDA amounted to €38.4 million, up 9.6% from the same period in 2014 whereas the EBITDA margin declined to 12.9% from 14.7% one year earlier, in light of the destocking measures taken in the 2015 first half.

Amortisation, depreciation and impairment amounted to €6.2 million for the 2015 third quarter compared to €5.6 million one year earlier and was related to investments. For the first nine months of 2015, amortisation, depreciation and impairment amounted to €18.4 million, up from €15.4 million for the same period in 2014.

Current operating income on that basis reached €7.3 million for the 2015 third quarter, a 39.7% increase from the 2014 third quarter and representing a current operating margin of 7.8%. For the first nine months of 2015, current operating income reached €20.0 million, up from €19.6 million one year earlier for a current operating margin of 6.7%

Other non-current operating expenses for the 2015 third quarter amounted to €0.5 million compared to €1.8 million for the 2014 third quarter. These expenses concerned mainly additional costs linked to the Palafolls plant closure in Spain as part of the Group's reorganisation of manufacturing operations for the pharmaceutical segment. For the first nine months of 2015, other non-current operating expenses amounted to €2.2 million, down from €2.9 million one year earlier.

Consolidated operating profit after income from equity-accounted investees amounted to €6.9 million for the 2015 third quarter compared to €3.5 million for the same quarter in 2014. This includes a €0.9 million loss from equity-accounted investees from the joint venture with Aker BioMarine, down from the €2.8 million loss generated in the 2015 first half linked to the commissioning of krill extraction operations at the Houston site in a period of difficult market conditions for Omega-3 based products. For the first nine months of 2015, consolidated operating profit after income from equity-accounted investees totalled €14.1 million compared to €16.8 million one year earlier.

Net borrowing costs amounted to €1.7 million for the 2015 third quarter compared to €2.1 million for the same quarter in 2014, benefiting in particular from the decline in the margin rate for the structured loan facility. For the first nine months of 2015, net borrowing costs amounted to €5.4 million compared to €6.0 million one year earlier.

Other financial income and expenses included financial expenses of €1.1 million for the 2015 third quarter and €0.8 million for the first nine months of 2015.

² Scope effect over 5 months from January until May 2015

Finally, after a tax expense of €1.5 million, **net income attributable to Group shareholders** for the 2015 third quarter amounted to €1.7 million compared to €0.8 million for the 2014 third quarter. For the first nine months of 2015, net income attributable to the Group shareholders was €4.6 million compared to €8.3 million one year earlier.

"The good results of the 2015 third quarter highlight the strong commitment by all Naturex teams to the priorities set by the "Conquest, Cash & People" plan for achieving a better operating and financial discipline. This new commercial momentum for quality growth and our continuing efforts to actively manage costs have strengthened our confidence in our ability to successfully complete this first step at the end of 2015 towards solid and lasting growth to gradually improve our operating profitability" commented Olivier Rigaud, Chief Executive Officer and Director of Naturex.

"Efforts in 2016 will also be devoted to implementing our Bright2020 plan with particular focus on the "Execution & Simplification" pillar, a critical prerequisite for activating the key levers necessary to achieve our five-year objectives."

You can receive all financial information of Naturex free of charge by signing up at: www.naturex.com

► **Financial schedule**

Revenue – FY 2015	04 February 2016
Results – FY 2015	31 March 2016

► **Upcoming events**

SFAF Analysts Meeting	31 March 2016
General Meeting	21 June 2016

Naturex has been listed since October 1996 on Euronext in Paris, Segment B



Total number of shares comprising the share capital: 9,234,635 (October 2015)
ISIN FR0000054694

Naturex is a component of the CACT, Enternext CAC PEA-PME 150, CAC Small & Mid, CAC Small, Gaïa Index.

Naturex is eligible for the "long only" Deferred Settlement Service (SRD) and French equity plans (PEA and PEA-PME).

Naturex established a Sponsored Level 1 American Depositary Receipt (ADR) program in the United States. Under this facility, Naturex's ADRs are traded over-the-counter in the United States under the symbol NTUXY.

TICKER: NRX - Reuters: NATU.PA - Bloomberg: NRX:FP - DR SYMBOL: NTUXY

About Naturex

Naturex is the global leader in speciality plant-based natural ingredients. The Group is organised around three strategic markets (Food & Beverage, Nutrition & Health and Personal Care) and produces and markets speciality plant-based ingredients for the food, nutraceutical, pharmaceutical and cosmetic industries.

Naturex's head office is based in Avignon. The company employs 1,700 people with 8 sourcing offices located throughout the world and high-performance manufacturing operations across 15 sites in Europe, Morocco, the United States, Brazil, Australia and India. It also has a global commercial presence through a dedicated network of sales offices in more than 20 countries.

► Contacts

Carole Alexandre

Investor Relations

Tel.: +33 (0)4 90 23 78 28

c.alexandre@naturex.com

Anne Catherine Bonjour

Actus Finance Press Relations

Tel.: +33 (0)1 53 67 36 93

acbonjour@actus.fr