

2016 first-quarter revenue and financial information (1 January to 31 March 2016)

## Year off to a good start Organic growth of 6.3% (constant currency and structure)

- ✓ **Continuing rationalisation of the product portfolio**
- ✓ **Europe and emerging markets driving growth**
- ✓ **Continuing improvements in operating profitability and tight control over working capital**

*Press release*

Avignon, 10 May 2016 - Naturex, the global leader in speciality plant-based natural ingredients, announces its 2016 first-quarter consolidated revenue and financial information:

(€000's) IFRS (Unaudited data)	Q1 2016	Q1 2015	Change (%)		
			Current exchange rates	Constant exchange rates	Constant exchange rates excl. krill toll manufacturing sales <sup>1</sup>
<b>Revenue</b>	<b>104,404</b>	<b>98,602</b>	+5.9%	+3.3%	+6.3%
<b>Recurring operating EBITDA</b>	<b>15,691</b>	<b>14,095</b>	+11.3%		
<i>Recurring operating EBITDA margin (%)</i>	<i>15.0%</i>	<i>14.3%</i>			

### Controlled growth, on track with the 2016 implementation plan

Consolidated revenue for the 2016 first quarter amounted to €104.4 million, up 5.9% compared to last year's same period, including 3.3% from organic growth and 2.6% from the exchange rate effect.

Restated to eliminate krill toll manufacturing sales in the 2015 first quarter, organic growth for the 2016 first quarter on a comparable business basis is 6.3%.

To support this growth, Naturex has started to execute its 2016 action plan, in line with our Bright2020 strategic plan, focusing on the following three priorities:

- Simplification, by continuing to reduce the number of references, categorising the inventory and rationalising the product portfolio;
- Market access, by adopting a more structured commercial organisation, supported by reinforced regional management providing targeted responses addressing the needs of each customer that are fully aligned with the expectations of end consumers.
- Innovation, by enhancing the value of the offer in favour of products and solutions with clinically substantiated benefits within four key categories<sup>2</sup> in order to maximise industrial capacities.

<sup>1</sup> Krill toll manufacturing sales in Q1 2015: €2,789,000. Business transferred at the end of 2015 to the JV with Aker BioMarine, with the disposal of Naturex's stake announced in March 2016 and, as of this date, completed.

<sup>2</sup> Key product categories identified within the Bright2020 strategic plan: natural colours, natural antioxidants, fruit and vegetable-based ingredients, natural colours and phytoactives.

## Promising growth trends for the two main businesses

### Continuing rationalisation of the product portfolio

(€000's) IFRS (Unaudited data)	Q1 2016	Q1 2015	Revenue mix (%)	Change (%)		
				Current exchange rates	Constant exchange rates	Constant exchange rates excl. krill toll manufacturing sales
My Natural Food	53,083	50,049	50.8%	+6.1%	+3.2%	+3.2%
My Natural Selfcare	37,029	31,452	35.5%	+17.7%	+14.7%	+14.7%
Other activities*	14,291	17,102	13.7%	-16.4%	-17.3%	-1.2%
<b>TOTAL</b>	<b>104,404</b>	<b>98,602</b>	<b>100.0%</b>	<b>+5.9%</b>	<b>+3.3%</b>	<b>+6.3%</b>

\* of which Q1 2015 krill toll manufacturing sales: €2,789,000.

The adoption of two business platforms, *My Natural Food* and *My Natural Selfcare*, reflects Naturex's commercial approach focused on the concerns of the end customer in terms of well-being, health and intuitive nutrition.

The **My Natural Food** business unit had revenue of €53.1 million, up 6.1%, bolstered by very positive trends for less processed products based on natural ingredients, inciting food processing companies to adopt an active approach in favour of product reformulation and transparent labelling ("Clear and Clean Labels").

The **My Natural Selfcare** business had revenue of €37.0 million, up 17.7%. This performance confirms Naturex's solid position with high added value products offering clinically substantiated benefits and illustrating the Group's know-how in terms of traceability and quality control for raw materials within a particularly sensitive environment in the United States. Indeed, regulatory pressure in this market is tightening and consumer confidence has been undermined by recent announcements with regards to the origin and reliability of certain plant extracts contained in food supplements.

**Other activities** had revenue of €14.3 million, down in relation to the 2015 first quarter, largely in response to the discontinuation of the krill toll manufacturing activity and also reflecting continuing reductions in the number of references and the rationalisation of low-margin "commodities" products.

## Europe and emerging markets driving growth

### North America under pressure

(€ 000's) IFRS (Unaudited data)	Q1 2016	Q1 2015	Revenue mix (%)	Change (%)		
				Current exchange rates	Constant exchange rates	Constant exchange rates excl. krill toll manufacturing sales
Europe/Africa/Middle East*	39,408	38,875	37.7%	+1.4%	+1.4%	+9.3%
North America	45,101	45,517	43.2%	-0.9%	-6.0%	-6.0%
Latin America	6,339	4,162	6.1%	+52.3%	+46.1%	+46.1%
Asia/Pacific	13,556	10,047	13.0%	+34.9%	+34.9%	+34.9%
<b>TOTAL</b>	<b>104,404</b>	<b>98,602</b>	<b>100.0%</b>	<b>+5.9%</b>	<b>+3.3%</b>	<b>+6.3%</b>

\* of which Q1 2015 krill toll manufacturing sales: €2,789,000.

This new geographical revenue breakdown reflects the adoption of a regional management organisation that has been aligned with the local commercial approach within the framework of the Bright2020 strategic plan.

The **Europe/Africa/Middle East region** had an excellent performance for like-for-like sales with revenue of €39.4 million, up 9.3% with a positive product mix in Europe offsetting the impact of the portfolios rationalisation and against a continuing backdrop of fragile economic conditions.

**North America** registered €45.1 million in revenue, down from the 2015 first quarter, reflecting mainly the discontinuation of certain product references. These simplification measures have freed up industrial capacity for producing ingredients with clinically substantiated benefits, in part destined for Europe and Asian markets.

Furthermore, regulatory pressure in the nutraceutical market in response to cases involving the adulteration of plant extracts disclosed by the New York Attorney General and verifications (channels and quality) as well as DNA tests of plant extracts conducted by Naturex, created tension in the supply chain and delays in bringing products to market.

**Latin America** and the **Asia/Pacific** regions contributed significantly to Group's performance with double-digit growth of respectively 52.3% and 34.9%, confirming the first positive effects of the new regional management organisation and the strong potential of these emerging markets.

### Continuing improvements in operating profitability and tight control over working capital

**Recurring operating EBITDA**<sup>3</sup> amounted to €15.7 million in the 2016 first quarter resulting in a margin of 15.0% compared to 14.3% one year earlier. This improvement reflects Group efforts to, on the one hand, enhance the value of its product mix and continue to reduce the number of references and, on the other hand to optimise both its cost structure and industrial capacities.

**Working capital requirements** amounted to €179.4 million at 31 March 2016, up from €156.01 million at 31 December 2015, reflecting stable trade receivables (54 Days Sales Outstanding) and a marginal increase in inventory levels to 42% of sales compared to 41% at 31 December 2015.

<sup>3</sup> To better reflect the annual performance without the impact of inventory management measures that were not generated over the period, Naturex adopted a new alternative performance indicator. The destruction of stock and inventory provisions for more than two years are now eliminated from EBITDA under the term of recurring operational EBITDA. The previously used indicator of Recurring EBITDA took into account only the restatement of amortisation, depreciation and impairment of tangible or intangible fixed assets.

"Organic growth in the 2016 first quarter is on track with the priorities of our implementation plan established for 2016. This performance first reflects continuing product reference simplification and rationalisation measures, and commercial initiatives adopted to generate further value from our offering and accelerate our penetration in selected markets including emerging countries", commented Olivier Rigaud, Chief Executive Officer and Director of Naturex.

"Over the coming months, we will face many challenges: further cyclical economic turmoil is expected within our historic nutraceutical market in North America while the three other regions where we operate are still very volatile. We must furthermore continue to streamline our operating model while maintaining our capacity for anticipation and innovation in order to ensure the sustainability of quality organic growth over the long-term. These initial encouraging results bolster our commitment to rigour and discipline that is essential for effectively spearheading and executing the priorities we have defined for the 2020 horizon."

## CONFERENCE CALL

A conference call will be held on Friday, 13 May 2016 at 9:00 a.m. CEST.

A webcast of the presentation will be available live and by retransmission from the following link:

### Access to the webcast from a computer

To access the live or replay version of this webcast from a computer, click on: <http://edge.media-server.com/m/p/vs92mr83>

### Access to the webcast from a mobile device - QR code

To access the live or replay version of this webcast from mobile phones or tablet devices using iOS and android operating systems:



You can receive all financial information of Naturex free of charge by signing up at: [www.naturex.com](http://www.naturex.com)

#### ► Financial schedule

- 2016 H1 revenue 29 July 2016

#### ► Upcoming events

- AGM (Paris) 21 June 2016



### **About Naturex**

Naturex sources, manufactures and markets natural speciality ingredients for the food, health and cosmetic industries. As the Natural Maker, the company actively supports the global shift from synthetic to natural through an offer built on two main focus areas: My Natural Food and My Natural Selfcare. Naturex's portfolio includes colours, antioxidants, speciality fruits & vegetables, phytoactives, and numerous other plant-based natural ingredients, designed to create healthy, authentic and effective products.

The Group's strong commitment to quality, sustainability, continuous innovation process, and the talent of its people are at the heart of its success.

Headquartered in Avignon, France, Naturex has experienced steadily-increasing growth throughout the last 20 years. The group posted €397.8 million in sales in 2015 and employs 1,700 people worldwide.

The Group is listed on Euronext Paris, Compartment B – Index: Euronext Next 150, Euronext CAC PEA-PME 150, CAC Small & Mid, CAC Small, Gaïa - Ticker: NRX - Reuters: NATU.PA - Bloomberg: NRX:FP - DR SYMBOL: NTUXY

**NATUREX, From Nature to You**

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