Bonduelle

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FY 2011/2012 Annual Results

Activity and Profitability Growth

- Robust annual turnover organic growth : + 3,2%
- Strong operational result rebound, in line with forecasts + 42,5%
- Acceleration of international expansion
- Group's financial structure strengthening
- Profitability increase expected for FY 2012/2013

On the 28th of September 2012, the Supervisory Board reviewed the statutory and consolidated financial statements for FY 2011/2012, as presented by the Executive Board and certified by the company's statutory auditors.

Consolidated Accounts in millions of Euros	FY 2011 - 2012	FY 2010 - 2011	Variation
Turnover	1,767.-	1,726.-	+ 2.4%
Operating Profitability	100.9	80.7	+ 25%
Operating Profit	98.2	68.9	+ 42.5%
Group's Net Result	46.7	30.4	+ 53.6%

Turnover

A good annual turnover organic growth: + 3.2%

For FY 2011/2012 (1st of July 2011 to 30th of June 2012) the Group's financial turnover amounted to €1,767 million, compared with €1,726 million for the previous FY year, hence a +2.4% growth.
The evolution of the scope of activity (deconsolidation of the frozen activity of Frudesa and Salto branded products in Spain, the Cecab canned activity acquisitions in Russia, and the frozen one in Allens, USA) and exchange rates had a negative impact on the turnover: -0.5% and –0.6% respectively. At constant scope of consolidation and exchange rates, the Group's turnover records a 3.2% increase compared with a 0.6% one on the 30th of June 2011. The Europe and Non-Europe Zones and the various technologies (can, frozen, fresh), all showing growth for this FY, are performing pretty well considering the gloomy and volatile economic climate.

Europe Zone

For FY 2011/2012, the Europe Zone's turnover was down by 1.4%. After changes in the scope of the Group's operations (deconsolidation of the frozen activity for branded products in Spain) and exchange rate variations, the Europe Zone renewed with growth to report: +1.3%, compared with -0.1% in the previous FY.
The brand line extension in the canned steam segment (Vapeur), coupled with the Bonduelle brand excellent results in the frozen retail, out-of-home catering segments, and the prepared & delicatessen salads sectors have to be highlighted and have contributed to offset the decreasing volume observed in some markets.

Non-Europe Zone

Historically more dynamic, the Non-Europe Zone is showing strong sign of growth: +13.9%. After consolidation and exchange rate effects, growth rose by +8.9%. The dynamism of this geographic zone observed over this FY was confirmed in Q4 to report a growth of +29.3% (after consolidation and exchange rate effect), despite product shortages in peas for Northern America. This performance reflects the Bonduelle's Group geographical diversification and international expansion strategy.

Operating Profitability

Strong operating profitability rebound: to reach €98.2 million (+ 42.5%).

The operating profitability amounts to €100.9 million vs. €80.7 million, hence a 25.- % growth.
This rise, expected and in line with the objectives, is the result of:

- satisfying volume activity in Western and Eastern Europe, despite some product shortages;

- growth in sales value, at constant scope of consolidation and exchange rates, despite lower than forecasted volumes in Northern America, result of a poor 2011 Summer harvests;
- increase of sale prices to offset the decreases agreed in 2010/2011 and the raw material inflations observed during the 2011 harvest;
- unprofitable activity withdrawal (frozen activity for branded products in Spain);
- increased marketing/advertising investments.

Split by geographical areas, the current operating profitability is rising either in the Europe Zone (€45.7 million compared with € 30.9 million) and in the Non-Europe one (€55.2 million compared with €49.8 million), highlighting an improvement in both these areas, as well as the profitability difference between these two (3.6 % and 11.3% of turnover, respectively) and the Group's international strategy interest.
The net burden of non-recurring items is equal to €2.8 million compared with €11.7 million on a like for like basis, essentially bearing costs of the three external acquisitions announced and the withdrawal of the frozen activity in Spain.
After deduction of these non-recurring items, the operating profitability is up to €98.2 million compared with €68.9 million in the previous FY, an increase of 42.5%. The effect of consolidation and exchange rate fluctuations had no significant impact on this FY. The operating result is, thus, set within the brackets announced by the Group in October 2011 at €95-100 million and reviewed to the increase: to €98-100 million in February 2012.

Net Result

Strong operational growth net result (group's part): €46.7 million

Financial costs amount to €30.5 million compared with €23.7 million in the previous FY. This FY financial cost change, is essentially linked with gains in foreign exchange and fair value valuation of financial instruments for FY 2010-2011,non-recurring items. For this FY, the net financial cost of debt is decreasing, the debt increase linked to the acquisitions being offset by the rates decrease.
Profit from consolidated companies using the equity method, comprising for the most part the Gelagri (France) industrial joint venture net income share, nowadays profitable and the Ultracongelados de la Ribera (UCR-Espagne) joint venture with our partner Ardo, European leader in frozen vegetables, reached – €1.7 million compared with + €0.1 million in the previous FY. Since the first activity exercise with UCR and Gelagry's profitability increase, the synergies observed, confirm the relevance of the partnership policy pursued by the Groups in well targeted sectors.
Total taxes amount to €18.3 million compared with €14.7 million last FY, representing an effective tax rate of 27.1 %.
When considering all the above factors, the Group's net result is up to €46.7 million, a 53.6 %.increase.

At the Shareholders Meeting to be held on the 6th of December 2012, the Executive Board will suggest a €1.50 dividend per share (unchanged from the 2 last previous FY)

Group's financial structure strengthening

On the 30th of June 2012, the Group's net financial debt, impacted by the three acquisitions, stood at €608.4 million and the Group's debt ratio at 120.8% compared with 101.6% the previous FY. The average debt ratio is improving to 3.39% compared with 3.81 % last FY, hence a 42bps decrease.
The Group owns 521,810 shares amounting to €35 million, creating a debt of a same amount and deducted from the equity to comply with the IFRS. Retreated from the acquisitions done over the FY and treasury stocks, the Group's debt ratio is at 88.-%
On the 3rd of July 2012, the Group announced the signing of a line of revolving credit facility of €300 million and on the 10th of September 2012 an inaugural bond issue on the European private placement market of €145 million. The Group's financial structure, in line with its business (production seasonal activity) and its business model (agro-industrial integration) gets stronger thanks to the re-financing transactions, which increase the debt maturity (5.6 years pro forma) under very competitive and interesting conditions, resulting in a strong, solid and secured financial position for the Group.

FY Highlights

Deconsolidation of the frozen activity for branded products and set up of an industrial joint venture in Spain

In July 2011, the Bonduelle and Ardo groups decided to set up a joint venture in order to supply Spain and Portugal with the Findus Brand, with which they agreed on an exclusive manufacturing deal for Bonduelle, leading to the sale of Frudesa and Salto to Findus. Thanks to this partnership and the synergies created, the Bonduelle and Ardo's objective is to create a competitive production structure of frozen vegetables.

Coubanskie Conservi acquisition in Russia

On the 30th of March 2012, the Bonduelle Group acquired some agro industrial and commercial assets from the French co-operative group Cecab in Russia and the CIS (Commonwealth of Independent States).
Operating since the middle of the 90's in Russia and Central and Eastern Europe, Bonduelle enjoys the leading position for the canned vegetables segment in this geographic area.

The Bonduelle's acquisition objectives are as follows:

- take over the Cecab group's commercial assets in Russia, it is to say the sales of branded canned vegetables of d'Aucy and Globus,
- maximize quickly and fully the Cecab "Kolkhoze" with vegetable crops via an increase of production capacity of the Timachevsk plant,

- create consistent synergies thanks to the geographical location of the 2 agro-industrial sites (logistic, etc.), both based in Kraï of Krasnodar (province of Kuban, South West of Russia).

Allens frozen vegetable manufacturing sites acquisition in the states

On the 30th of March 2012, the Bonduelle Group finalized, via its Bonduelle North America Business Unit, the acquisition of three processing plants and a packaging food unit specialized in frozen vegetables owned by the American group Allens.
The deal is based on the purchase of some assets over 4 Allen's industrial sites specialized in frozen products: Bergen, Oakfield and Brockport (State of New-York) and Fairwater (Wisconsin) – including 400 permanent jobs.
In 2011, Allens frozen vegetable sales reached a volume of circa 150,000t in the USA, with the following split: 40% retail; 25% food service and 35% industrial sales.
Bonduelle North America, with head office located in Montreal and leader of canned and frozen vegetables in Canada for private labels and its own brands (Bonduelle, Arctic Gardens...), exported until then 30% of its production to the States, mainly in the frozen segment for food service.
This acquisition will enable the Business Unit Bonduelle North America to boost sales, to better hedge the exchange rate risks (a better balance between production and sales expressed in US dollars) and manage climate risks.

Kelet-Food acquisition in Hungary

On the 31st of January 2012, the Bonduelle Group announced the acquisition of assets in a Hungarian company called: Kelet-Food. Kelet–Food is a canning factory with a capacity of 25 à 30,000t.
This factory, located in Nyiregyhaza, North East of Budapest, produces sweet corn and peas cans sold to retailers for private labels operating at national and local level. The company employs 63 people and manufactured 15,000t of cans in 2011, a volume far below the plant's production capacity.
For 20 years now, the Bonduelle Group has had an industrial presence there, producing 130,000t of cans, essentially sweet corn and peas. There are 2 industrial sites both located in the South: Nagykörös acquired in 1992 and Békéscsaba in 2002.
The Kelet-Food plant will enable Bonduelle to further develop its position in the Central European markets. Located in a different geographical area than the two other plants acquired, Kelet- Food will provide a better sharing of agricultural risks and should be operational for the 2012 harvest.

Set up a Revolving Credit Facility amounting to 300 million euros

On the 3rd of July 2012, the Bonduelle Group announced the signing of a line of revolving credit facility (RCF) amounting 300 million of euros with a five years maturity (June 2017).
This line of credit, largely oversubscribed, was an agreement with an international pool of 7 banks.

Bond issue of €145 million

On the 10th of September 2012, the Bonduelle Group announced a bond issue of €145 million on the European private placement market.
The transaction was signed in by European institution investors, insurers and mutual insurers. The issue offers a 6.5 year maturity (March 2019) and a 3.83% coupon bond.
This operation follows the signing of a Revolving Credit Facility (RCF) amounting to €300 million. It allows on the one hand to back the Bonduelle Group's three acquisitions announced 1st half of 2012 (Globus in Russia, Kelet - Food in Hungary and Allens in the United States) to long term resources and on the other hand to anticipate the bonds part of the OBSAAR* 2007 and 2009 repayments.
This financial operation undertaken by the Bonduelle Group is the first private placement issued in bonds on the Private Placement European Market by a medium size French non rated company.

(OBSAAR = bond with warrants and/or redeemable share purchase warrants)

Outlooks

In an uncertain and volatile consumption climate, marked by consumers' consistent attention on spending power, affected by a gloomy economic climate and politics focusing on the re-establishment of public finances in many countries, the Bonduelle Group will know how to use the resilience of its business model and benefit in the next FY, from the first synergies of its recent acquisitions. The Bonduelle Group's ambition is to record an 8% increase in sales and operating profitability set in the following target: €105-110 million, hence a rise of 5 to 10%.

Next events

- 2012/2013 Q1 Turnover:	*6th of November 2012*
- Annual General Meeting:	*6th of December 2012*
- 2012/2013 Half FY Turnover:	*5th of February 2013*
- 2012/2013 Half FY Results:	*28th of February 2013*

Find the complete recorded annual results on www.bonduelle.com

A French SCA (Partnership Limited by Shares) with a capital of 56,000,000 Euros - Head Offices: La Woestyne 59173 Renescure, France
Business registration number: B 447 250 044 (Dunkerque Registrar of Businesses) - finance@bonduelle.com