2013-2014 Annual Results

Another FY of growth for the activity and current operating profitability* above annual target

- Annual turnover rose sharply
- Current operating profitability growth at constant exchange rates
- Net result decline due to non-recurring items
- Strengthening of the group's financial structure
- Development project in North America

On the 26th of September 2014, the Supervisory Board, under the chairmanship of Isabelle Danjou, reviewed the statutory and consolidated financial statements for FY 2013 - 2014 as presented by the Executive Board and certified by the company's statutory auditors.

Consolidated Accounts in millions of Euros	2013 - 2014	2012 - 2013	Variation
Turnover	1,921.1	1,896.1	+ 1.3%
Current Operating Profitability	102.7	105.6	- 2.8%
Operating Profit	66.6	103.-	- 35.3%
Net Result (group part)	15.2	52.1	- 70.7%

A French SCA (Partnership Limited by Shares) with a capital of 56,000,000 Euros - Head Offices: La Woestyne 59173 Renescure, France
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Commenting on the year's results, the President, Christophe Bonduelle said, « This FY year, negatively affected by the exchange rate volatility and the outcome of the procedure laid down by the European Commission, nevertheless, marks an important step towards our VegeGo! vision for 2025, with an outstanding growth of the turnover and the current operating profitability at constant exchange rates and a significant improvement in our financial structure. 2014 - 2015 should again show a profitability growth, our sound financial health allowing us to consider new development projects as shown by our acquisition project in western North America. »

Turnover

Annual turnover rose sharply and exceeded the announced objective

The group's turnover for FY 2013 - 2014 (1st of July 2013 - 30th of June 2014) reached € 1,921.1 M, compared with € 1,896.1 M last FY, an increase of 1.3%.
After adjustment for currency exchange rates (- 3.7% or € 66.2 M, 35.1% of the group's turnover being denominating in foreign currencies) and scope of consolidation (- 0.5%), the organic growth* reached + 5.5% against + 1.9% the previous year. This strong growth in activity reflects the pertinence of the group's internationalization: resilience in Europe (+ 2.3%* against - 0.8%* last FY), returning to positive growth and outstanding growth outside Europe (+ 12.4%* against 8.6%* last FY). Consequently, the turnover is well in excess of the announced objective at constant exchange rate: + 4% thanks to a growth improvement observed from quarter to quarter and a particularly solid 4th quarter: + 6.5%*.

Europe Zone

The turnover of the Europe zone (66.7% of the total turnover) recorded an increase of 1.5% on reported figures and + 2.3% on a constant basis*.
The markets remained negatively oriented for most of the technologies and countries of the zone. The turnover growth, and hence of the Bonduelle Group's market shares, in this climate, is to be found in the innovation policy on branded products in cans (Bonduelle "Vapeur" and Cassegrain ranges), but also in frozen ("Vapeur" range) and in fresh ready to use (delicatessen snacking range).
The frozen activity, while performing very well in brands in the retail sector, remains penalised by a gloomy food service market.
The fresh processed activity returned to growth (+ 1.5%* against - 1.7%* last FY), with a 4th quarter particularly dynamic : + 5.6%, highlighting the success of the meal offer concept in delicatessen, but also of the entire range in France, the beginning of a recovery in Italy and the solid sales of the Bonduelle brands in France for the fresh-cut packaged salads segment.

Non-Europe Zone

Heavily impacted by the exchange rates, the non-Europe zone (33.3% of the total turnover) nevertheless recorded once again an excellent year: + 12.4% on a constant basis*, against + 8.6% last FY.
The activity in Eastern Europe, Ukraine excluded, remained very robust. The dynamism of the sales teams, the development of direct sales to key accounts and in region the opening of logistics warehouses have, once again, enabled the group to increase, in this zone, its market shares, especially for the Bonduelle and Globus brands.
In Northern America, the strong sales performance in Canada both in the canned and frozen segments and the increased volumes in the frozen division in USA, enabled to generate strong growth and to ensure the optimisation of the production programmes of the tools acquired in 2012. Brazil continues its expansion and is now close to industrial production capacity saturation.

Current Operating Profitability

(in € millions)	2013 – 2014 Current Exchange Rates	2013 – 2014 Reported Figures	2012 – 2013 Reported Figures	Variation Current Exchange Rates
Turnover	1,995.7	1,921.1	1,896.1	+ 5.3%
Current Operating profitability	109.3	102.7	105.6	+ 3.5%
Current Operating margin	5.5%	5.3%	5.6%	

Current operating profitability hit a record high at constant exchange rates

The Bonduelle Group's operating profitability reached € 102.7 M for FY 2013 - 2014. Recalculated with 2012 - 2013 exchange rates, the latter stood at € 109.3 M against € 105.6 M, an increase of 3.5% exceeding the announced objective of € 106 - 107 M at constant exchange rates.
This performance is the result of:

- A resilient profitability in Europe showing a current operating margin of 3.5% against 3.8% last FY;
- A relatively stable current operating margin outside Europe (33.3% of the turnover) at 9.1%, nearly 60% of the group's current operating profitability.

This result has been achieved by an excellent control of all the commercial, marketing and administrative resources coupled by the excellent work of the industrial teams to limit the adverse impacts of the 2013 summer unfavourable crop observed in many areas. The non-Europe zone dynamism in terms of business improvement together with the profitability gap observed against the Europe zone incite to carry on the expansion strategy via organic and external growth in this area.

Net Result

Net result decline due to non-recurring items

The net burden of non-recurring item stands at € 36.1 M and includes the fine imposed by the European Commission for anti-competitive practices in the market for the sale of canned mushrooms under retailer brand in Europe for an amount of € 32.4 M, procedural costs included. The group is pursuing its action for misrepresentation against the seller of France Champignon.
After deduction of these non-recurring items, the operating profitability stands at € 66.6 M against € 103.- M last FY.
The net financial expenses stand at € 27.4 M, steady when compared to last FY, the decrease in borrowing costs (- € 3.4 M) being offset by an equilibrium exchange rate against a gain last FY (- € 0.5 M against + € 2.5 M).
When integrating the results of the companies consolidated by equity method, an improvement (- € 1.4 M against - € 3 M last FY), the income tax expense of € 22.6 M - the European commission's fine being not tax deductible - the net result and the Bonduelle Group part net result stand at € 15.2 M.
Despite the net result decrease due to a non-recurring item, and given the 2014 - 2015 outlook of current operating profitability growth, the Executive Board will propose, at the General Assembly on the 4th of December 2014, a dividend of 0.375 Euro per share, stable compared with last FY.

Financial situation

Strengthening of the group's financial structure

On the 30th of June 2014, the Bonduelle Group showed a net debt of € 524.6 M versus € 591.9 M on the 30th of June 2013, a decrease of € 67.3 M. The focus on various components of the capital employed enabled to generate free cash flow prior to acquisitions amounting to € 73.9 M against € 18.4 M the previous year, hence a gearing ratio at 104.1% (89.9% after restatement of the treasury stock**) and a leverage ratio (Net Debt on Recurring EBITDA ratio) at 2.95 (2.74 after restatement of the treasury stock**).
Hence, the group demonstrates its ability to generate significant, recurring and secured cash-flows, and a fast return to robust financial ratios after the 3 acquisitions that took place in 2012.
The signing of an amendment to the financing contract "Revolving Credit Facility" in July 2014 also enabled to improve the group's financing conditions and to extend the average maturity of its debt to 4.9 years.
The group's financial structure, therefore, allows again to envisage new growth projects.

Highlight

Development project in North America

Via its business Unit Bonduelle Americas, the Bonduelle Group signed on the 26th of September 2014 an assets purchase agreement with Sobeys, a Canadian distribution group, regarding the acquisition of a frozen factory. This production tool, in excellent condition and with a capacity of 15,000 tons, is located in Lethbridge western Canada (Alberta) on the border with the United States. It will enable to strengthen the group's presence in Canada and will be the group's first production tool located in the west of North America, permitting a commercial expansion in this area.

This transaction of a limited amount comes with the signing of a long term, exclusive supply contract between Sobeys and Bonduelle for several product lines on the Canadian territory. This partnership, therefore, ensures a long term Canadian sourcing of vegetables to producers from Alberta, Quebec and Ontario.

Taking into account the current due diligence procedures, the closing of the transaction should take place prior to the 1st of November 2014.

Outlook

2014 - 2015 FY should again be marked by a sluggish consumption climate and a lot of uncertainties either on an economic and geopolitic level. If, in July, the group suffered material injury in the Tecumseh plant (Canada), the fire was contained within the frozen storage area and fortunately did not affect the production process.

Based on the inherent strengths of its business model coupled with the expansion investments made over the last few years and a satisfactory crop observed in many areas, the Bonduelle Group anticipates another FY of growth for its current operating profitability.

In line with the VegeGo! 2025 development project: « to be the world reference in "well-living" through vegetable products » and its targets, the group should continue to enjoy a current operating profitability growth within a € 106 M to € 109 M range, a growth of 3 to 6% at constant scope of consolidation and exchange rates.

** at constant scope of consolidation and exchange rates*

*** on the basis of the share price as at 30th June 2014 (€ 21.41)*

Next financial events:

- 2014-2015 first Quarter Turnover	*: 6th November 2014 (prior to stock exchange trading session)*
- General Annual Meeting	*: 4th December 2014*
- 2014-2015 Half Year Turnover	*: 5th February 2015 (prior to stock exchange trading session)*
- 2014-2015 Half Year Results	*: 25th of February 2015 (prior to stock exchange trading session)*

Find the complete recorded annual results and the financial notices calendar on www.bonduelle.com

About Bonduelle

Bonduelle, a family business, was established in 1853. Its mission is to be the world reference in "well-living" through vegetable products. Prioritising innovation and long-term vision, the group is diversifying its operations and geographical presence. Its vegetables, grown across more than 128,000 hectares all over the world, are sold in 100 countries under various brand names and through various distribution channels and technologies. Expert in agro-industry with 57 industrial sites or own agricultural production, Bonduelle produces quality products by selecting the best crop areas close to its customers.

Bonduelle is listed on the NYSE - Euronext compartment B - Indices: CAC MID & SMALL - CAC ALL-TRADABLE - CAC ALL SHARES

Code ISIN: FR0000063935 - Code Reuters: BOND.PA - Code Bloomberg: BON FP

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