Press release

Suresnes – July 28, 2017 at 6 p.m.

Fromageries Bel
Half-Year 2017 Results

- **Sales up 14.9% thanks to MOM integration**
- **Operating margin impacted by slower volume activity notably in the Middle East & Greater Africa**

Key figures

(in millions of euros)	First-half 2017	First-half 2016	*% change %*
Sales	1,666	1,449	*+14.9%*
Operating income	133	166	*-19.7%*
Consolidated net profit - Group share	85	111	*-23.9%*

In the first six months of 2017, the Bel Group's consolidated sales advanced 14.9%, spurred by the consolidation of the Mont-Blanc Materne (MOM) group, which accounted for 14.1 percentage points of the increase. Foreign exchange fluctuations had a slightly negative 0.4% impact on sales. Accordingly, organic sales growth came to 1.2% in the first half of the year.

After a first quarter marked by a 1.2% decline in organic sales, growth in the second quarter showed stronger momentum, fueled mainly by higher selling prices in European and American markets.

Second quarter and first-half 2017 sales performances are presented by geographical region in the following table.

	Second quarter			First half		
(in millions of euros)	2017 3 months	2016 3 months	% change	2017 6 months	2016 6 months	% change
Europe	467	384	+21.0%	908	764	+19.0%
Middle East & Greater Africa	187	203	-8.2%	386	426	-9.5%
Americas, Asia-Pacific	190	131	+44.4%	372	259	+43.2%
Group Total	**844**	**718**	**+17.5%**	**1,666**	**1,449**	**+14.9%**

Volume growth in European markets slowed in the first half as a result of fierce competition among food retailers, particularly against a backdrop of a sharp increase in milk and dairy raw material prices. The region's sales growth stemmed mainly from higher prices for industrial products, which follow quoted raw material prices. Excluding the impact from changes in the scope of consolidation and the foreign exchange impact, sales in Europe grew 4.4% over the first six months of 2017.

Sales in the Middle East and Greater Africa region declined a sharp 8.0% versus the first half of 2016 on a comparable exchange rate basis. Apart from the markets long suffering from wars and unrest, resulting in supply difficulties, purchasing power fell for people living in the main African and Middle Eastern countries that depend on raw materials exports, particularly oil. The region's dairy product markets contracted significantly in the past year, while competitive pressures swelled. In this environment, selling prices could only be raised moderately to offset higher dairy raw material prices.

Volumes sold in the Americas, Asia-Pacific region were buoyant in most markets. Excluding the impact of the MOM acquisition and a favorable forex impact, the region's sales grew a healthy 7.2% in the first half of 2017.

Consolidated operating income fell nearly 20% versus the first half of 2016. The Group's operating margin was mainly negatively impacted by the sharp downturn in volumes in the Middle East and Greater Africa.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €85 million, versus €111 million at June 30, 2016.

On April 18, 2017, the Group successfully completed a €500-million bond placement with a coupon of 1.50% and maturing in April 2024. The proceeds from the issue are earmarked to cover Fromageries Bel's general needs and potentially to refinance a share of existing debt. The issue will also extend the average maturity of the company's financing and further diversifies Bel's funding sources.
The Group's balance sheet remained strong at June 30, 2017, with net financial debt amounting to €747 million, versus €688 million at December 31, 2016. Apart from the dividend payout, the rise in debt in HI 2017 primarily reflects the seasonal nature of working capital requirement, particularly for inventories, which are traditionally higher in the middle of the year.

Lastly, on July 1, 2017, the Group's subsidiary, Fromageries Bel Production France, sold its Cléry-le-Petit plant in France's Meuse department to U.S.-based Schreiber Foods. The Cléry-le-Petit production site notably makes pressed cheese marketed under the Cousteron and Port-Salut brands. As part of the deal to transfer the site and all of its personnel, the Group signed a subcontracting agreement with Schreiber Foods to continue the production and supply of those products.

Outlook for 2017

Raw material prices, particularly butter fat raw material prices, are expected to rise in the markets. Further, the Group will continue to confront a tough economic environment with little visibility over the trend in its activity. Against this backdrop, the Group expects operating margin to be lower in the second half of the year versus the prior year period.

The Group will continue its efforts to improve industrial productivity and to tightly manage resources, while following its strategy to develop in the healthy snack space by building on the vitality of its brands and the talent of its teams.

Public relations

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Bel Group

The Bel Group is a world leader in branded cheese and a major player in the healthy snacks segment.

Its portfolio of differentiated and internationally recognized brands, including such products as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, and Boursin®, as well as some 20 local brands, enabled the Group to generate sales of €2.9 billion in 2016. The recent acquisition of the MOM Group complements a portfolio of strong brands with the integration of the Pom'Potes and GogosqueeZ brands.

More than 13,000 employees in some 30 subsidiaries around the world contribute to the Group's success.

Bel products are prepared at more than 30 production sites and distributed in over 130 countries.

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