



Press Release

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Bel Annual financial information 2020 Results

Company shows strong resilience in pandemic-related crisis environment and strengthens its CSR commitments Transformation continues apace

- **Robust financial performance:**
 - Operating income advances 16.1% to €245 million, representing a 90 bps increase in operating margin to 7.1%.
 - Consolidated net profit is up 18.4%.
 - Operating cash flow stands at €386 million, up €76 million.
- **Transformation plan to strengthen Bel's position as a major player in healthy snacking well under way:**
 - Organic sales growth buoyed by positive momentum across core brands, resumed growth for Bel in France and in the U.S., and MOM's continued positive trajectory.
 - Product-offering diversification accelerated in the plant-based food sector, notably with the acquisition of All in Foods.
 - Cost-cutting plan successfully completed.
 - Strong innovations pipeline on tap for the future.
 - 1st quarter 2021: signing with Lactalis of a unilateral promise to purchase assets comprising the Leerdammer brand.
- **CSR commitments strengthened:**
 - New and ambitious biodiversity policy implemented.
 - New agreement on more sustainable dairy farming practices reached with APBO.

Amounts are expressed in millions of euros and rounded off to the nearest million. Ratios and variances are calculated based on underlying amounts, not rounded off amounts.

Meeting March 18, 2021 under the chairmanship of Antoine Fievet, the Bel Group's Board of Directors approved the consolidated financial statements for the year ended December 31, 2020. The Board was informed that the statutory auditors had completed their audit of the consolidated financial statements and that their report was forthcoming.

Antoine Fievet, Chairman and Chief Executive Office of the Bel Group, commented: "*The pandemic-related crisis we experienced in 2020 was unprecedented at many levels, first and foremost on a human level, but also economically. Our highest priority throughout the year was to protect our ecosystem and our employees in particular. Because we executed a fast and agile adaptation plan at the outset of the crisis, we were able to ensure the continuity of the food supply chain under controlled health conditions and preserve the strength of our financial structure. Once again, I want to thank our employees for their exemplary mobilization, which led us to today's robust performance report. The crisis showed how important it is for companies to develop new sustainable growth models that create value for all in the medium term. This is something we have believed for many years. It's a belief that guides our actions, and one that in*



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2020 led to charitable initiatives to help the most vulnerable and disadvantaged confront the crisis. Despite a still uncertain environment, we believe in the relevance of our responsible business model, and we remain confident in Bel's ability to continue its transformation on behalf of a more sustainable and responsible future for food."

Key figures

<i>millions of euros</i>	2020	2019	% change
Sales	3,456	3,403	+1.5%
Recurring operating income	263	237	+11%
Operating income	245	211	+16.1%
<i>Operating margin</i>	7.1%	6.2%	+90bps
Net financial result	(27)	(28)	-3%
Consolidated net profit - Group share	144	121	+18.4%
Operating cash flow	386	310	+76

Management, adaptation and solidarity during the Covid 19-related crisis

From the start of the Covid 19-related crisis, the Bel Group immediately established an action plan to ensure the health and safety of all its stakeholders, enable the continuation of vital operations under exemplary health measures and limit the financial impact of the crisis, while maintaining financial liquidity.

Bel's strong ability to adapt led to the agile and efficient deployment of operational measures aimed at optimizing inventory management and ensuring product deliveries against a backdrop of fluctuating demand. The execution of the cost-reduction plan, coupled with an in-depth review of operating expenses at all levels of the business, the streamlining of long-term expenditures and the optimization of investments, helped maintain profitability, while limiting extraordinary operating costs. At December 31, 2020, Bel had a strong net cash position, bolstered by a recent bond issue, with more than €590 million in cash and cash equivalents and €820 million in untapped credit lines.

In line with its sustainability mission and true to its values, the Bel Group also mobilized alongside its employees in actions of solidarity, to help its ecosystem confront the crisis. Bel made every effort to maintain its milk collection activities in all dairy basins and offered certain suppliers targeted programs for faster payment advantages under favorable terms and conditions. In April 2020, the company also donated an entire day's production of The Laughing Cow cheese, representing the equivalent of 20 million single-serving portions, to healthcare providers and the most disadvantaged individuals. Lastly, in France, Bel joined the "Tous confinés, Tous engagés" (All confined, All committed), a government-backed initiative that allows employees to carry out national emergency missions identified by the French government or offer skill-based sponsorship.

Transformation accelerated to become a leader in healthy snacking

In June 2020, the Bel Group acquired 80% of All in Foods, a French startup with recognized knowhow and specialization in plant-based cheese and sauce alternatives sold under the Nature & Moi brand. This external growth operation is in line with the strategy activated as of 2015 to expand the Group's activities to become a major player in healthy snacking in three complementary segments, including dairy, fruit and plant-based products.



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As a part of its transformation, Bel completed its earlier announced cost-cutting plan successfully and on schedule, generating €120 million in savings in the process. The savings resulted primarily from optimizing purchases and advertising and promotional spending, generating productivity gains and cutting overhead costs. Bel has ploughed a share of the savings back into its activities, as called for under the transformation plan.

Building on its strategic choices and proactive policy throughout the year, the Bel Group was able to adapt its product offering and continued to innovate to meet newly emerging consumer trends and expectations around the world, such as home cooking products and the democratization of organic and plant-based food. For example, the company launched spreadable and plant-based versions of Boursin®, sold exclusively in the United States via Amazon as of October 2020. Bel also launched numerous product renewals, with new additive-free recipes as part of its plan to strengthen its offering in the natural product space. Because the health crisis affected the rollout of new product innovations and led to delays, Bel currently has a sizeable innovation pipeline for the future for all the core brands in its portfolio, enabling the company to explore new growth segments.

A recognized sustainable growth model

In line with the long-term commitment to champion healthier food embodied in its "For All. For Good" signature, Bel shared its strengthened beliefs and continued its sustainability efforts in 2020. The company committed to promoting biodiversity, establishing a dedicated policy with expert help from WWF France to take biodiversity into account across its value chain, from the farm to the table. It also joined the international Act for Good initiative, whose mission is to protect, promote and restore biodiversity.

Bel committed concretely to fighting food waste alongside Too Good To Go with The Laughing Cow® brand, in France in March 2020 and in Portugal in December 2020. The group also sets up innovative pilot efforts to develop responsible packaging, with the goal of achieving 100% recyclable and/or biodegradable packaging by 2025. Seeking to guarantee consumers access to locally produced, healthy and sustainable food, Bel and France's Bel West Producers Association (APBO — *Association des Producteurs de lait Bel de l'Ouest*) at end-2020 signed a new agreement for 2021, marking a continuation of the three-year endeavor. These commitments constitute a secured economic framework for all 800 APBO producer-members and spell out the terms and conditions for continuing ABPO-Bel's differentiation strategy for more sustainable farming practices.

Lastly, believing that economic performance and corporate social responsibility performance are intrinsically linked, and should be understood in tandem to create value for all, the Bel Group revamped its organization in October 2020, with a view to bringing CSR and Finance within the same department under the management of Frédéric Médard.

Robust financial performance

In 2020, Bel generated consolidated sales of €3,455.8 million, up 1.5% on a published basis versus 2019. Sales advanced 2.8% organically, with foreign exchange rate fluctuations having a negative impact of 1.7%. Excluding hyperinflation in Iran¹, sales grew 3.2% organically versus 2019.

The strong performance was buoyed by the positive momentum of core brands across all of Bel's markets, demonstrating the appeal of Bel's continuously renewed offering in the dairy segment. The performance was also marked by the resumed growth of Bel in France and in the U.S., the company's two main markets, while Bel's footprint was further expanded in China, a market with enormous potential, where the

¹ Organic growth corresponds to reported sales growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis, and excluding inflation in Iran. Since 2020, Iran's economy is deemed to be a hyperinflation economy. Accordingly, inflation impacts, based on the Consumer Price Index (CPI), were excluded when determining organic growth.



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Foodservice activity notably reported double-digit sales growth. Lastly, 2020 marked a continuation of MOM's growth trajectory.

millions of euros	2020		2019	
	Sales	Operating income	Sales	Operating income
Global Markets	2,865	167	2,871	163
New Territories*	591	78	532	48
Total	3,456	245	3,403	211

* New Territories encompass the business activities of MOM (Mont-Blanc, Materne), as well as markets in Sub-Saharan Africa and China.

Operating income totaled €245 million, a 16.1% increase that reflects improved gross margin, the high level of productivity maintained throughout the year, excellent operations execution, and cost-cutting efforts. Accordingly, operating margin advanced 90 basis points to 7.1%. The growth stemmed from improved operating performance in both Global (Mature) Markets and New Territories.

Net financial result improved to a negative €27.3 million, from a negative €28.2 million in 2019, notably as a result of lower net financial debt cost. Consolidated net profit - Group share came to €143.76 million, up 18.4% over 2019. Earnings amounted to €21.18 per share, compared with earnings of €17.88 per share in 2019. Operating cash flow advanced a robust €76 million during the year to €386 million.

At December 31, 2020, the Bel Group reported a strong and healthy balance sheet. At December 31, 2020, equity totaled €1,859 million, compared with €1,810 million at December 31, 2019, and net financial debt, including right-of-use lease liabilities related to the adoption of IFRS 16, came to €584 million, down from €684 million in the prior year. As part of efforts to actively manage debt, Bel successfully issued a \$150-million US Private Placement (USPP) bond under French law at the end of June 2020. The issue, which matures in November 2035, was aimed at diversifying Bel's funding sources, improving the maturity of debt and increasing the exposure of the company's debt to the U.S. dollar, while taking advantage of attractive financial conditions. Accordingly, at December 31, 2020, Bel had €590 million in surplus cash and cash equivalents, with just €70 million in outstanding NEU CP commercial paper, and €820 million in untapped credit lines maturing in 2023 and 2024, underscoring the company's strong liquidity.

Outlook for 2021

The start of 2021 remains marked by uncertainty of the pandemic and the geopolitical situation in the Near and Middle East and North Africa. While consumer demand for healthy and responsible snacks remains intact around the world, currency volatility and the unfavorable trend in raw material prices call for caution. Against this backdrop, the Bel Group will remain focused on improving operating performance, exemplary financial management and will continue to rely on its strong financial structure. Subject to changes in the health crisis and evolution of the market environment, Bel remains confident in its ability to strengthen its position in healthy snacking, while continuing to innovate and boost the appeal of its product offering, and meeting new consumer trends in the dairy, fruit and plant-based segments.

Exclusive negotiations between Bel and Lactalis, following the signing of a unilateral promise to purchase assets comprising primarily the Leerdammer brand, and intention to launch a share buyback offer on the open market by Bel

Bel Group and Lactalis Group today announced they have entered into exclusive negotiation following the signing of a unilateral promise to purchase assets comprising Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all its related rights, as well as Bel Shostka Ukraine. These assets would be transferred to Lactalis by Sicopa, a wholly owned Bel subsidiary, in exchange for 1,591,472 Bel shares (representing 23.16% of the capital) held by Lactalis. Following the transaction, Lactalis would hold



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0.90% of the capital of Bel. As of 31 December 2020, Leerdammer and Bel Shostka Ukraine's revenues amounted to approximately €500 million, of which €350 million of branded products, with an operating income of approximately €25 million.

This asset sale is fully in line with the Bel Group's strategy launched in 2015, which aims to expand its activities beyond cheese products to become a major player in healthy snacking. After this deal, Bel will have additional funds to ramp up the diversification strategy of its product offering in its three complementary segments, and to develop its activities in high-growth regional markets like Asia/Pacific and North America. Meanwhile, Lactalis' exit from Bel's capital will allow Bel family shareholders to strengthen their position and in so doing, lock in the Group's independent family business status.

Subject to and following the completion of this transaction, Bel intends to launch of a share buyback offer on the open market at a price of €440 per share (dividend attached)², thereby giving all Bel minority shareholders an option to sell their holdings in exchange for cash, if they wish. The share buyback offer would be subject to a report by the independent expert appointed by the company on the financial terms of the offer and the AMF's (Autorité des marchés financiers) review procedure. Bel has also been informed of Unibel's intention to launch a public tender offer followed by a squeeze-out procedure. The cash compensation paid for the squeeze-out would be the same as the per-share price proposed in the share buyback offer. Completion of the above asset sale is planned to occur before the end of the summer of 2021, while the settlement and delivery of the public tender offer is expected to take place in the third quarter of 2021. Upon completion of the public offers, Bel's shares would be delisted.

Bel Group reaffirms its commitment to maintain a healthy and solid balance sheet.

Dividend for FY 2020

At its meeting on March 18, 2021, the Board of Directors decided not to propose the distribution and payment of a dividend for 2020 at its Annual General Meeting scheduled for May 11, 2021.

Bel's financial performance indicators

The Group uses non-IFRS financial performance indicators internally and for its external communication. These non-IFRS indicators are defined below:

Organic growth corresponds to reported sales growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis and excluding inflation in Iran. Since 2020, Iran's economy is deemed to be a hyperinflation economy. Accordingly, inflation impacts, based on the Consumer Price Index (CPI), were excluded when determining organic growth. The **organic growth rate** is calculated by applying the exchange rate for the prior year period to the current year period.

Operating margin corresponds to operating income.

Operating cash flow corresponds to net cash flow generated by operating activities.

Net financial debt is described in note 5.4 to the summary consolidated financial statements. It consists of long- and short-term borrowings, long- and short-term right-of-use liabilities, and current used banking facilities, less cash and cash equivalents.

This press release may contain forward-looking statements. Such trend and/or target information should in no way be regarded as earnings forecast data or performance indicators of any kind. This information is by nature subject to risks and uncertainties that may be beyond the Company's control. A detailed description of these risks and uncertainties is provided in the Company's Universal Registration Document, available at (www.groupe-bel.com). More comprehensive

² The fairness of the price of the share buyback offer on the open market is subject to the assessment of the independent expert appointed



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information about the Bel Group can be found in the "Regulatory Information" section of the www.groupe-bel.com website.

About Bel

The Bel Group is a world leader in branded cheese and a major player in the healthy snack market. Its portfolio of differentiated and internationally recognized brands include such products as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, Boursin®, Pom'Potes®, and GoGo squeeZ®, as well as some 20 local brands. Together, these brands helped the Group generate sales of €3.46 billion in 2020.

Some 12,510 employees in some 40 subsidiaries around the world contribute to the deployment of the Group's mission to champion healthier and responsible food all. Bel products are prepared at 33 production sites and distributed in nearly 120 countries.

www.groupe-bel.com

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