



Suresnes - July 28, 2022 at 6:00 pm

Bel First-Half 2022 Financial Information Sales and Financial Results

Against a turbulent economic backdrop, Bel reaffirms its choices for strategic development

- **Sales up a hefty 11.1% organically driven by the momentum of Bel's strong brands, growth in the fruit segment and the company's performance in new markets.**
 - H1 consolidated sales totaled €1.7bn, down 0.5% on a published basis, due mainly to changes in the scope of consolidation from the disposal of the Leerdammer brand.
- **H1 financial results are impacted by widespread inflation, which generated increased costs that cannot at this stage be fully offset by higher selling prices and productivity gains.**
 - Operating income came to €69m, down 36.9% as a result of intensified inflationary pressures.
 - H1 2022 consolidated net profit – Group share amounted to €34m, versus €67m in the year earlier period.
- **Relevance of strategic choices to strengthen Bel's position as a major player in the global healthy snack market is confirmed.**
 - Solid growth in the fruit-based food business¹ continued apace in all territories.
 - North American and Chinese markets expanded at a sharply accelerated pace.
 - Positive momentum was achieved in e-commerce and Out of Home (OOH) distribution channels.
- **Ambitious CSR goals are set.**
 - Bel's carbon-cutting emissions goal, validated by the Science Based Target initiative (SBTi), was beefed up to help keep global warming below the 1.5°C target ceiling, in line with the Paris Accords.
- **Bel continues its pioneering approach to innovation in its three markets of dairy, fruit and plant-based foods, announcing a partnership with Superbrewed Food.**

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.

¹ Bel's fruit-based food business includes the financial results from all of MOM's activities, in particular the Pom'Potes®, GoGo squeeZ®, Materne®, and Mont-Blanc® brands.



Press release

Key figures

<i>millions of euros</i>	First half 2022	First half 2021	% change
Sales	1,683	1,691	-0.5%
Recurring operating income	79	133	-40.8%
Operating income	69	109	-36.9%
<i>Operating margin</i>	<i>4.1%</i>	<i>6.4%</i>	<i>-235bp</i>
Net financial result	(14)	(14)	-1.3%
Consolidated net profit - Group share	34	67	-49.2%

Cecile Beliot, Chief Executive Officer of the Bel Group, said: "Against a turbulent backdrop, the Bel Group reported solid volume growth in the first half of 2022. This performance resulted from the teamwork of our employees and the strength of our iconic brands, which offer healthy servings of dairy, fruit and plant-based foods everywhere in the world. The solid volume results, coupled with our product offering and price adjustments, generated organic sales growth of 11.1%, a performance further fuelled by accelerated expansion in our priority territories and categories, namely North America and Asia, and fruit and plant-based foods. These results confirm the relevance of our strategy. During the period, we reaffirmed our commitment to forging a path to a healthier and more sustainable food business model. We did this notably through key initiatives, such as strengthening our commitment to reducing our carbon footprint across Bel's entire value chain by 2035, in line with the trajectory of the Paris Accords, expanding our regenerative agriculture pilot-program to include the United States and announcing an innovative and strategic partnership with startup Superbrewed to develop and introduce cheeses made from alternative proteins. The rollout of our CSR roadmap will not be slowed by the tough inflationary environment created by rising raw material prices and increases in all our production line expenses, including packaging, energy and transport costs. Our margin was severely impacted in the first half of the year due to the inherent lag in passing on higher prices to our customers. However, I remain confident in our ability to grow Bel and to restore our margins, while remaining cautious about volume growth in an environment of extreme market volatility."

Resilient H1 financial performance confirms relevance of strategic development choices

Sales

In H1 2022, Bel generated consolidated sales totaling €1,683 million, versus €1,691 million in H1 2021, a relatively steady performance despite the uncertain environment and a negative €245-million impact on changes in the scope of consolidation arising from the sale of the Leerdammer brand and the Bel Shostka Ukraine subsidiary to Lactalis. Excluding the negative impact from the change in the scope of consolidation and the positive 5.2% (+€75.2 million) foreign-exchange impact, which stemmed notably from the appreciation of the U.S. dollar against the euro, sales grew organically 11.1%. The robust organic sales performance, which attests to strong consumer appeal of Bel's core brands, was fuelled by continued growth in the fruit-based foods business² in all company territories, the strong sales momentum in North America and China, and the positive impact from the price-mix effect.

Babybel® and Boursin® posted strong growth in North America and the United Kingdom. Kiri® confirmed its solid growth momentum in China. The Laughing Cow® had a mixed performance depending on the territory, with very positive sales momentum in North America. Bel's first international, 100% plant-based food brand, Nurishh®, as well as Boursin® Plant-Based and the recently launched Babybel® Plant-Based achieved encouraging results during the period, confirming Bel's strategy to develop its plant-based food

² Bel's fruit-based food business includes the financial results from all of MOM's activities, in particular the Pom'Potes®, GoGo squeeZ®, Materne®, and Mont-Blanc® brands.



Press release

offering alongside its dairy and fruit-based food products. Lastly, the e-commerce and Out of Home (OOH) distribution channels continued to develop at a strong clip.

The sales breakdown by market segment is as follows.

<i>millions of euros</i>	First half			
	2022	2021	% change	% organic growth**
Global Markets	1,246	1,377	-9.5%	+5.4%
New Territories*	436	314	+39.1%	+31.5%
Total	1,683	1,691	-0.5%	+11.1%

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

** Excluding the impact of the hyperinflationary environment in Iran and Turkey.

Global Markets

In North America, sales trended up significantly with excellent performances reported by the Babybel®, The Laughing Cow® and Boursin® brands, in step with Bel's aim to accelerate growth in this geographical region. The situation in the Near and Middle East and North Africa stabilized in H1 2022, compared to the prior year period.

Sales volumes remained resilient in Europe. The region posted organic sales growth, with stable volumes overall during the period.

New Territories*

The New Territories* segment continued its solid growth path, buoyed once again by sales in the fruit-based food business³, which reported particularly robust momentum in all markets. Further, sales in China accelerated very strongly on the back of Kiri®, confirming the brand's growth potential for the years ahead.

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

Sales by geographic region

<i>millions of euros</i>	First half			
	2022	2021	% change	% organic growth*
Europe	739	942	-21.5%	+5.4%
Middle East & Greater Africa	339	298	+13.7%	+5.5%
Americas, Asia	605	451	+34.2%	+23.5%
Total	1,683	1,691	-0.5%	+11.1%

* Excluding the impact of the hyperinflationary environment in Iran and Turkey.

Results

In the first half of 2022, consolidated operating income totaled €69 million, down 36.9% versus the first half of 2021.

Operating income by segment is as follows.

³ Bel's fruit-based food business includes the financial results from all of MOM's activities, in particular the Pom'Potes®, GoGo squeezeZ®, Materne®, and Mont-Blanc® brands.



Press release

<i>millions of euros</i>	6 months 2022	6 months 2021	% change
Global Markets	19	64	-69.7%
New Territories*	49	45	+10.6%
Total	69	109	-36.9%

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

Operating margin declined 235 basis points as a result of strong inflationary pressure on all Bel's purchasing line items. In H1 2022, Bel was unable to fully offset the unprecedented inflation impact by accelerating productivity efforts or raising selling prices, the effects of which will continue to be felt in the coming months. The company remains steadfast in its efforts to continuously adapt its product offering and, in this environment, strike the best possible balance between the value of its products and their accessibility to most consumers.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €34 million, compared with €67 million at June 30, 2021.

Financial position

The Group's balance sheet remained strong at June 30, 2022, with net financial debt amounting to €813.5 million, versus €645 million at December 31, 2021. The increase reflects the purchase of outstanding ordinary shares not already owned in the MOM Group. The 17.44% interest was acquired for €208 million on April 29, 2022. Following the completion of that transaction, Bel now owns 100% of MOM's ordinary shares. At June 30, 2022, the Bel Group's equity stood at €1,555.6 million, compared with €1,681.6 million at December 31, 2021.

Bel continues to enjoy strong liquidity both in terms of cash and untapped credit lines. At June 30, 2022, Bel had €456 million in surplus cash and cash equivalents and €520 million in untapped credit lines maturing in 2024.

Carbon-cutting goal and commitment for more sustainable dairy production strengthened

Reducing its carbon footprint lies at the heart of Bel's responsible and sustainable growth model. Bel is pursuing this ambition by beefing up its carbon-cutting goal to help keep global warming below the 1.5°C target ceiling, in line with the Paris Accords. Its goal has been validated by the Science Based Targets initiative (SBTi) and represents a real challenge for a company whose main business today is dairy based. Bel is committed to strengthening its carbon-cutting goal by slashing greenhouse gas emissions by one quarter across its entire value chain by 2035, and the company now includes carbon as an indicator to measure the performance of its activities.

In an environment of unprecedented economic crisis, with sharp increases in raw material costs, Bel remains faithful to its commitment to build tomorrow's food business model. In France, Bel in April revised its price agreement with dairy producer partners in the Bel West Producers Association (APBO — *Association des Producteurs de lait Bel de l'Ouest*) for 100% of milk collection at a higher price. In this way, the company is working to transition to more sustainable dairy farming, with support from across its entire value chain. In the United States, Bel Brands USA, as part of its partnership with Land O'Lakes Inc.®, continued and extended its regenerative agriculture pilot-program, which will be key to developing a sustainable dairy industry.



Press release

Outlook for 2022

Confronted with persistent and increasing macro-economic uncertainties, the Bel Group demonstrated its resilience in the first half of 2022, confirming the relevance of its strategic development choices and underscoring the appeal of its brands through the continued loyalty of its consumers and retail partners. Bel remains vigilant in the face of inflation, which remains very high and will severely impact the second half of the year, requiring the company to continue efforts to restore margins. Bel is endeavoring to minimize the market's environmental impact, while continuing to strengthen its position in the global healthy snack market.

Corporate announcements during the period

- On July 13, Bel and Polmlek signed an agreement to sell Bel's stake in the Morocco-based company, Safilait.
- On July 7, Bel and Superbrewed Food entered into a collaborative strategic agreement to develop a range of cheese products that incorporate Superbrewed proteins derived from biomass fermentation.
- On May 2, the Bel Group acquired the outstanding interest it did not already own in MOM to accelerate its development in the healthy snack market.
- On April 14, with unprecedented increases in dairy producer costs, the Bel West Producers Association (APBO) and the Bel Group upwardly revised the benchmark MonBBLait® milk price for 2022.
- On February 10, Bel pinpointed carbon reduction as a driver of its performance, embracing ambitious aims to help limit global warming to below 1.5°C.



Press release

Bel's financial performance indicators and additional annotations

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 and in Turkey. Since 2020, Iran's economy is deemed to be a hyperinflation economy, so as Turkey since 2022. 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.

Net financial debt is described in note 5.6 to the summary consolidated financial statements. It consists of long- and short-term borrowings (which include the impact of interest-rate hedging instruments), long- and short-term right-of-use liabilities, and current used banking facilities, less cash and cash equivalents.

Given the process under way to dispose of the Moroccan company, Safilait, and given the probable assumption that the transaction will be completed within the next 12 months, Bel has applied IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, leading to the presentation of a separate line on both the asset side and liability side of the consolidated balance sheet. Accordingly, the income statement has not been restated.

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 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®, Babybel®, Boursin®, Nurishh®, Pom'Potes®, and GoGo squeeZ®, as well as some 20 local brands. Together, these brands helped the Group generate sales of €3.38 billion in 2021.

Some 11,800 employees in almost 60 subsidiaries around the world contribute to the deployment of the Group's mission to champion healthier and responsible food for all. Bel products are prepared at 29 production sites and distributed in nearly 120 countries.

www.groupe-bel.com

Public relations

Havas Paris – Mael Evin

Mael.evin@havas.com – +33 (0)6 44 12 14 91

Havas Paris - Feriel Torjeman

feriel.torjeman@havas.com - +33 (0)1 57 77 73 23 / (0)6 17 49 97 76