



Suresnes — July 29, 2021 at 6:00 pm

Bel First-Half 2021 Financial Information Sales and Financial Results

Organic sales growth picks up in second quarter Ongoing transformation process and CSR initiative continue

- **First-half financial performance shows balance and resilience**
 - H1 consolidated sales total €1.7bn, down 2.7% on a published basis but up a slight 0.7% organically.
 - Q2 organic sales growth advances a strong 5.5% and increases 1.2% after adjusting for the 2020 Covid impact;
 - Operating income declines 38.0% to €109 million, due in particular to an unfavorable forex impact and a sharp rise in raw material prices.
 - H1 2020 consolidated net profit – Group share comes to €67m, versus €105m in the year earlier period.
- **Relevance of strategic choices to strengthen Bel's position as a major player in the global healthy snack market confirmed**
 - High growth North American and Chinese markets report excellent performances.
 - MOM's continued positive growth trajectory sharply accelerates development in fruit-based food segment.
- **CSR efforts renewed**
 - Carbon analysis surveys are stepped up at partner farms around the globe.
 - First international, 100% plant-based food brand, Nurishh, is launched.
 - France Relance recognizes Bel's contribution to CSR.

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 July 29, 2021 under the chairmanship of Antoine Fievet, Bel's Board of Directors approved the consolidated financial statements for the six-month period ended June 30, 2021. Additionally, the statutory auditors' report on the consolidated financial statements for the interim period was issued without qualification.

Antoine Fievet, Chairman and Chief Executive Office of the Bel Group, said, "The first half of the year was marked by significant disparities around the world. While the first quarter was adversely impacted by an unfavorable comparison base stemming from the Covid-19 pandemic, lost ground was clearly made up in the second quarter, with robust organic sales growth achieved and strong performances reported by many of our core brands, despite persistent difficulties encountered in the Middle East and North Africa region. MOM's excellent performance during the period and the continued growth path sustained in the North American and Chinese markets validated our strategic decisions and the relevance of our transformation plan, which is aimed at building Bel's leadership in the healthy snack market. These growth drivers will be key to building a sustainable future for Bel and are expected to continue supporting our performance in the second half of 2021."



Key figures

<i>millions of euros</i>	First half 2021	First half 2020	% change
Sales	1,691	1,737	-2.7%
Recurring operating income	133	177	-24.7%
Operating income	109	175	-38.0%
<i>Operating margin</i>	6.4%	10.1%	-370bp
Net financial result	(14)	(11)	+28.2%
Consolidated net profit - Group share	67	105	-36.6%

Tangible new progress on CSR (Corporate Social Responsibility)

In line with its model for engaged and responsible growth, Bel in the first half of 2021 continued its efforts to cut carbon emissions and to make healthier food more accessible to all, as embodied in its "For All. For Good" corporate signature.

The company stepped up its carbon analysis surveys at dairy farms operated by member producers of the Bel West Producers Association (APBO — *Association des Producteurs Bel de l'Ouest*) in France, to meet Bel's goal of cutting greenhouse gas emissions by 20% in upstream dairy farming by 2030, versus 2017. By end 2021, Bel aims to have completed the surveys at 70% of its partner farms worldwide, compared with 60% at end 2020. With a view to re-balancing animal and plant-based food sources to meet the needs of a growing world population while preserving the earth's resources, Bel launched its first international, 100% plant-based food brand, Nurishh. The launch complements perfectly the numerous actions taken by the company to develop in the plant-based space and the strategic partnerships forged with startups and pioneering companies in plant-based foods. Bel thus confirmed its goal to make plant-based food accessible to all and intends to become one of the leading players in this segment. At the same time, as part of the 100th anniversary of its iconic The Laughing Cow® brand, Bel in June launched a new simplified recipe that uses just four dairy ingredients, including cheese, butter, milk and dairy mineral concentrates. This renewed product will be distributed in most European markets in the coming months.

Lastly, Bel received plaudits for its active contribution to CSR by France Relance, the French government's historic, €100-billion recovery plan to restart economic activity and limit the economic and social fallout from the global Covid-19 pandemic. The France Relance plan earmarks some €35 billion for industry alone. Bel won acclaim for two of its projects, including the construction of a biomass boiler aimed at meeting 70% to 80% of the heating needs of its plant in Evron, France, while cutting CO2 emissions at the site by some 8,500 metric tons per year, and the deployment of a plant-based food project at the company's Research, Innovation and Development center and its plants to develop new generations of cheese products made from vegetal proteins.

A balanced and resilient first-half performance

Sales

In the first half of 2021, Bel reported consolidated sales of €1,691 million, down 2.7% on a published basis, versus €1,737 million in the prior-year period. Unfavorable foreign exchange fluctuations negatively impacted sales by 3.9%, or €67.4 million, primarily due to the euro's rise against the U.S. dollar. Sales grew 0.7% organically for the period, after adjusting for hyperinflation in Iran¹.

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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After an unfavorable comparison base significantly weighed down the sales performance in Q1 2021, with growth in the year-earlier quarter atypically boosted by pandemic-related panic buying, sales picked up in Q2 2021, despite weaker than expected sales during the Ramadan season. Q2 2021 sales advanced 2.7% to €850 million, supported by particularly strong organic sales growth of 5.5% (1.2% after adjusting for the 2020 Covid impact), underscoring consumer trust in Bel's core brands. In particular, the growth trajectory of the Boursin® brand was confirmed in France, the United Kingdom and North America, where its spreadable version outperformed the market average. After a tough year marked by the Covid-19 pandemic, which penalized snack food brands, Mini Babybel® resumed growth notably in North America, and benefited from its successful "Join the Goodness" campaign and beefed-up promotional activity. Lastly, The Laughing Cow® once again reported very strong growth in the United States and Canada.

The sales breakdown by market segment is as follows.

millions of euros	Second quarter				First half			
	2021	2020	% change	% organic growth**	2021	2020	% change	% organic growth**
Global Markets	687	688	-0.1%	+2.4%	1,377	1,434	-4.0%	-0.8%
New Territories*	164	141	+16.4%	+21.1%	314	303	+3.7%	+8.2%
Total	851	828	+2.7%	+5.5%	1,691	1,737	-2.7%	+0.7%

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

** Including adjustments for the hyperinflation environment in Iran and excluding AIF (All in Foods).

Global Markets

Sales remained buoyant in most European countries. In Germany, momentum was particularly strong as result of a favorable comparison base and the performance of Mini Babybel®, whose popularity among consumers was supported by promotions and in-store promotional campaigns. In France, steady sales growth was reported by all traditional brands until mid-May, when the ending of pandemic lockdown measures sparked a switch in consumer buying behavior toward non-food purchases. Volume performances in the countries of the Middle East and North Africa region were more contrasted, as economic conditions eroded and lower than expected sales were reported during the usually robust Ramadan season. Algeria in particular suffered from significantly weakened economic conditions since the second half of 2020, leading to highly inflated prices for basic food products and adversely impacting consumer purchasing power. Countries in the Levant also reported deteriorated economic conditions and major local currency devaluations in Lebanon and Iraq. Particularly in Lebanon the sharp decline of the Lebanese pound triggered high inflation which significantly impacted consumer offtake.

In North America, the underlying trend remained very positive. Core brands Mini Babybel®, The Laughing Cow® and Boursin® all reported excellent performances, while promotional efforts were sustained and advertising outlay was increased, confirming the relevance of Bel's strategy and its aims to accelerate growth in this geographical area.

New Territories

New Territories² continued along a path of solid growth, once again driven by MOM's sales performance. Particularly strong momentum was reported in France and the United States as a result of beefed up promotional activity in all retail channels. China also reported sharply stepped-up growth.

Sales by geographic region

² New Territories encompass the business activities of MOM (Mont-Blanc, Materne), as well as markets in Sub-Saharan Africa and China.



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<i>millions of euros</i>	Second quarter				First half			
	2021	2020	% change	% organic growth*	2021	2020	% change	% organic growth*
Europe	480	443	+8.5%	+8.2%	942	916	+2.8%	+2.9%
Middle East & Greater Africa	135	168	-19.8%	-15.4%	298	367	-18.7%	-12.2%
Americas, Asia Pacific	235	217	+8.4%	+16.4%	451	454	-0.7%	+6.9%
Total	850	828	+2.7%	+5.5%	1,691	1,737	-2.7%	+0.7%

* Including adjustments for the hyperinflation environment in Iran and excluding AIF (All in Foods).

Results

In the first half of 2021, consolidated operating income totaled €109 million, down 38.0% over the first half of 2020.

Operating income by segment is as follows.

<i>millions of euros</i>	6 months 2021	6 months 2020	% change
Global Markets	64	122	-47.5%
New Territories*	45	53	-15.8%
Total	109	175	-38.0%

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

Operating margin fell 370 basis points during the period. The decline stemmed primarily from the published decrease in sales, higher raw material prices, high volatility of foreign currencies, and increased promotional spending in some markets. Productivity efforts implemented by Bel and savings on administrative and general overhead expenses nevertheless helped to limit the adverse impacts of those factors. The decline also includes expenses arising from the project to dispose of the Royal Bel Leerdammer NL, Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, as well as the Bel Shostka Ukraine company.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €67million, compared with €105 million at June 30, 2020.



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Financial position

Bel's balance sheet remained healthy and strong at June 30, 2021, with net financial debt amounting to €719.0 million (including €101.3 million in right-of-use liabilities under IFRS 16), versus €584.1 million (including €111.1 million in right-of-use liabilities) at December 31, 2020. The increase resulted chiefly from the acquisition of an additional 17.56% interest in MOM in April 2021 for €152 million, in accordance with the call option granted by MOM's minority shareholders in 2016. Following this transaction, Bel holds 82,5% of the ordinary shares of the MOM Group. At June 30, 2021, the Group's equity stood at €1,844.8 million, compared with €1,858.7 million at December 31, 2020.

Bel continues to enjoy strong liquidity both in terms of cash and untapped credit lines. At June 30, 2021, Bel had €441 million in surplus cash and cash equivalents and €820 million in untapped credit lines maturing in 2023 and 2024.

As a reminder, to optimize its financial structure and take advantage of favorable financing conditions, Bel successfully issued a \$150-million US Private Placement (USPP) bond under French law to institutional investors in June 2020. The 15-year bond matures in November 2035.

Outlook for 2021

In the second half of 2021, Bel expects to see a tough economic and financial environment, marked once again by currency volatility, unfavorable raw material prices and an unstable economic and geopolitical context in the Middle East and North Africa region. Further, because the evolving Covid-19 pandemic carries a number of uncertainties and clouds visibility for the months ahead, Bel reiterates its cautious stance going forward.

Against this backdrop, Bel nevertheless expects to benefit from the ongoing, underlying positive trend observed in key territories like the United States, Canada and China, as well as from MOM's very positive momentum. These growth drivers, which are expected to underpin the company's performance in the coming months, are perfectly in tune with the strategic choices made in recent years to strengthen Bel's leadership in the healthy snack market, while developing its product offering in the three complementary markets of dairy, fruit and plant-based foods. At the same time, Bel is renewing its commitment to help fight against climate change and to contribute to a new and positive food industry business model. In particular, the company reiterates its aim to achieve its carbon-cutting goals under Scope 1 and Scope 2 by the end of the year³.

After entering into a unilateral sales agreement on March 18, 2021, and obtaining a unanimously favorable opinion from labor representation bodies, Bel on July 13, 2021 signed an agreement to sell the Royal Bel Leerdammer NL, Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and the Bel Shostka Ukraine company to Lactalis, in exchange for Lactalis' 23.16% interest in Bel (1,591,472 Bel shares). The transaction is in line with Bel's strategy to expand the company's activities beyond cheese products and strengthen its position as a major player in the healthy snack market. The transaction, which is subject to approval by the European Commission under merger control regulations, is expected to be completed by the end of Q3 2021.

³ Scope 1 covers direct factors of greenhouse gas emissions generated by an organization or a territory. Scope 2 covers indirect factors of greenhouse gas emissions associated with electricity and heat usage.



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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. 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.

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.

Given the process under way to dispose of the Royal Bel Leerdammer NL, Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, and the Bel Shostka Ukraine company, 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. The income statement has not been restated. After excluding these assets, organic growth comes to 0.1% in the first half of 2021.

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®, Mini Babybel®, Leerdammer®, Boursin®, Nurishh®, 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 30 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.

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