

Fromageries Bel

Fourth quarter 2018 financial information

Sales

Organic sales growth of 1.7% in Q4 drives full year organic growth to 1.5%.
2018 sales strongly affected by negative forex impact

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.

In the fourth quarter of 2018, consolidated sales increased 1.9% to €849 million. Foreign exchange fluctuations had a positive 0.2% impact in the period.

For the full year, consolidated sales totaled €3,312 million, down 1.0% versus €3,346 million in 2017. Excluding a negative 2.5%, or €83-million, forex impact, Bel's organic growth came to 1.5% in 2018. Sales of branded products grew 2.7% organically, while sales of industrial and unbranded products declined 15%.

The Q4 and 12-month sales performances for 2018 and 2017 are presented by geographical region in the following table.

millions of euros	Q4			12 months			
	2018	2017	% change	2018	2017	% change	% organic growth
Europe	469	471	-0.4%	1,827	1,856	-1.6%	-1.3%
Middle East & Greater Africa	175	167	+4.3%	719	740	-2.8%	+3.6%
Americas, Asia-Pacific	205	195	+5.3%	766	750	+2.0%	+6.2%
TOTAL	849	833	+1.9%	3,312	3,346	-1.0%	+1.5%

In Europe, after three quarters of disrupted business activity fuelled by pressures in the retail food sector, the cheese business recovered slightly, and the non-cheese dairy and fruit business posted positive sales growth in Q4 2018. Despite the delisting of flagship branded products throughout the year, sales in Europe declined a moderate 1.3% organically over the 12 months of 2018.

In the spirit of the approach sought by France's EGA (*États Généraux de l'Alimentation*) agricultural summit, and following the renewal of a joint agreement for a profitable and sustainable dairy industry announced by the Bel Group and the Bel West Producers Association (*Association des Producteurs Bel de l'Ouest* - APBO), retail food distributor Intermarché and Netto confirmed its engagement in this virtuous business model to ensure that value is shared in a concrete and transparent way, a first for a retail food chain. Bel is seeking a new path forward in trade talks by building on this approach, and similar agreements are in progress among sector players, including food retailers, manufacturers and producers.

In the Middle East & Greater Africa region, 2018 sales advanced 3.6%, compared to a 4.0% drop in 2017. Sales in the region were strongly affected by a negative €48-million forex impact during the year. Despite a still uncertain economic context and volatile local currencies, volumes sold in Q4 were up, confirming Bel's strategy to adapt its products to local purchasing power.

The Americas, Asia-Pacific region confirmed its growth momentum, reporting Q4 sales growth of 5.3%. Asia-Pacific markets continued to develop, posting double-digit organic growth. In the Americas, although the cheese business slowed in Q4, the fruit business grew, and Q4 sales increased 3.5%. Marked by a negative €31 million forex impact for the full year, Americas, Asia-Pacific generated organic sales growth of 6.2% in 2018.

2018 results outlook

Alliances formed among major retail food chains in Europe affected Bel's ability to pass on higher raw materials prices in its selling prices. Operating margin for the full year is expected to decline versus 2017.

It should be recalled that on September 20, 2018, Bel announced the implementation of a cost-savings plan and a new organization proposal, which included staff reductions mainly at the Group's headquarters in Suresnes under a voluntary departure program. All told, the plan is expected to generate €120 million in consolidated savings by 2020. To help accelerate growth, €40 million of the savings achieved will be reinvested. The €30 million in estimated costs to implement Bel's transformation plan will be provisioned in the consolidated financial statements at December 31, 2018.

Auditing work on the consolidated financial statements is under way, and the Board of Directors is scheduled to meet March 13, 2019. The 2018 financial results will be published March 14, following the approval by governing bodies of the Unibel holding company of Unibel's financial statements.

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. 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.

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 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.

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The 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®, Boursin®, Pom'Potes® and GoGo squeeZ® as well as some 20 local brands, enabled the Group to generate sales of €3.3 billion in 2018.

12,700 employees in some 30 subsidiaries around the world contribute to the Group's success. Bel products are prepared at 32 production sites and distributed in over 130 countries.

www.groupe-bel.com