



Press Release
 Regulated information
 30 August 2019 (17.40 hrs CEST)
 Annual press release

Regulated information, Leuven, 30 August 2019 (17.40 hrs CEST)

KBC Ancora closes financial year 2018/2019 with a profit of EUR 253.7 million.

Limited adjustment of dividend policy with a view to accelerating debt reduction.

KBC Ancora recorded a profit of EUR 253.7 million in the financial year 2018/2019, equivalent to EUR 3.24 per share. This compares with a profit of EUR 215.0 million in the previous financial year.

The full-year result was determined by the combination of dividend income from the participating interest in KBC Group (EUR 271.3 million), operating costs (EUR 2.5 million) and interest charges (EUR 15.1 million).

The result in the second half of the financial year was EUR 185.1 million, or EUR 2.36 per share.

KBC Ancora distributed a gross interim dividend of EUR 3.08 per share on 6 June 2019 and, as previously announced, will not pay a final dividend.

The Board of Directors has decided to make a limited adjustment to the dividend policy with effect from the financial year 2019/2020, with a view to accelerating the reduction of debt.

The Board of Directors of Almancora Société de gestion, statutory manager of KBC Ancora SCA, hereby announces the annual figures for the financial year ended 30 June 2019, subject to the approval of the General Meeting of KBC Ancora Shareholders to be held on 25 October 2019.

Abridged financial summaries and notes¹

Results for the financial year

	Financial year	2018/2019	Financial year	2017/2018
	(x EUR 1,000)	per share	(x EUR 1,000)	per share
		(in EUR)		(in EUR)
Income	271,353	3.47	232,658	2.97
Dividends from financial fixed assets	271,307	3.46	232,549	2.97
Other income	46	0.00	109	0.00
Expenses	17,610	0.22	17,610	0.22
Cost of debt	15,096	0.19	15,153	0.19
Services and sundry goods	2,512	0.03	2,456	0.03
Other costs	1	0.00	2	0.00
Result after taxes	253,743	3.24	215,048	2.75
Number of shares in issue*		78,301,314		78,301,314

* No instruments have been issued which could lead to dilution.

¹ KBC Ancora's reporting is based on Belgian GAAP.



KBC Ancora recorded a profit of EUR 253.7 million in the financial year 2018/2019, compared with a profit of EUR 215.0 million in the previous financial year. Income (EUR 271.4 million) principally comprised the dividend received on the participating interest in KBC Group (EUR 271.3 million). Expenses (EUR 17.6 million) consisted mainly of the usual operating costs (EUR 2.5 million) and interest charges (EUR 15.1 million).

Developments in the last six months of the financial year 2018/2019

Final dividend on participating interest in KBC Group

On publication of its annual results, KBC Group announced on 14 February 2019 that, following the payment of an interim dividend of EUR 1.00 per share in November 2018, it would be paying a final dividend of EUR 2.50 per share in respect of the financial year 2018. As a result, on 9 May 2019 KBC Ancora received dividends totalling EUR 193.8 million, taking the total dividend income from the participating interest in KBC Group for the full year 2018/2019 to EUR 271.3 million.

KBC Ancora interim dividend

On 6 June 2019 KBC Ancora distributed an interim dividend of EUR 3.08 gross per share to its shareholders, constituting a total payout of EUR 241.2 million. As already announced, KBC Ancora will not pay a final dividend.

Participating interest in KBC Group, net debt position and net asset value

KBC Ancora did not buy or sell any KBC Group shares in the second half of the financial year, and holds 77,516,380 KBC Group shares.

KBC Ancora extended a portion (EUR 143 million) of its financial debt of EUR 175 million, a loan which matured at the end of May 2019, for a period of five years. The difference (EUR 32 million) was repaid on the maturity date from cash reserves. As a result, the expected interest charges will decrease by EUR 0.7 million on an annual basis.

The net asset value of the KBC Ancora share corresponds to 0.99 times the price of the KBC Group share, less the net debt² per share. KBC Ancora's net debt position as at 30 June 2019 stood at EUR 4.39 per share.

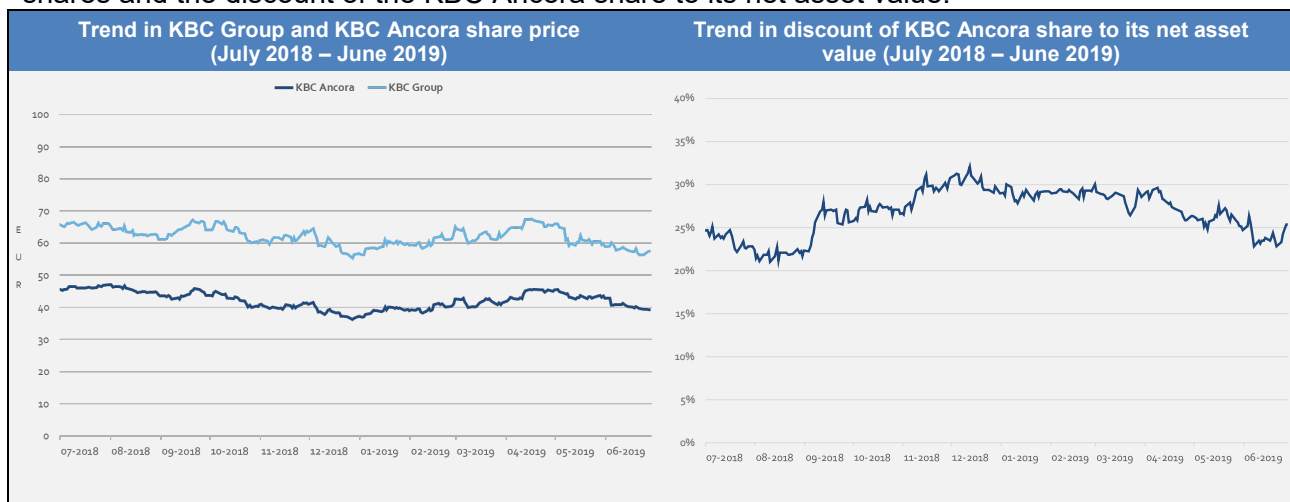
Based on the price of the KBC Group share on 30 June 2019 (EUR 57.64), the net asset value of one KBC Ancora share amounted to EUR 52.68, and the KBC Ancora share (EUR 39.30) was trading at a discount of 25.4% to its net asset value.

² Net debt is defined here as total liabilities less total assets excluding financial fixed assets.



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The following charts illustrate the movements in the price of the KBC Group and KBC Ancora shares and the discount of the KBC Ancora share to its net asset value.



Ruling on appeal concerning purchase of KBC Group shares by KBC Ancora in 2007

On 5 December 2008, four KBC Ancora minority shareholders filed a minority claim against the statutory manager of KBC Ancora and its permanent representative and against Cera. The plaintiffs contested the purchase of 2.3 million KBC Group shares by KBC Ancora in March 2007, which was effected in the context of the splitting of the KBC Ancora shares. The plaintiffs also contested the purchase of 3.9 million KBC Group shares by KBC Ancora which was effected in mid-2007 in order to ensure that, together with Cera, its shareholding in KBC Group would exceed the 30% threshold as set out in the Law of 1 April 2007 on public take-over bids, which came into force on 1 September 2007. The main objective of their claim was to oblige the defendants to acquire the purchased shares at the acquisition price.

In a ruling of 24 October 2012, the Court of First Instance in Leuven dismissed the claims of the plaintiffs in their entirety.

On 13 March 2013, the plaintiffs lodged an appeal against this ruling. They also changed the object of their claim into a request to essentially award damages.

By judgement of 9 April 2019, the Brussels Court of Appeal confirmed the judgement of the Court of First Instance in Leuven, and dismissed the claims of the plaintiffs in their entirety.



Result for the second half of the financial year 2018/2019

	2H FY 2018/2019 per share (x EUR 1,000) (in EUR)	2H FY 2017/2018 per share (x EUR 1,000) (in EUR)
Income	193,808	155,063
Dividends from financial fixed assets	193,791	155,033
Other income	17	30
Expenses	8,757	8,833
Cost of debt	7,519	7,576
Services and sundry goods	1,237	1,256
Other costs	1	1
Result after taxes	185,051	146,230
Number of shares in issue	78,301,314	78,301,314

KBC Ancora recorded a profit after tax of EUR 185.1 million in the second half of the financial year. In the same period in the previous financial year, KBC Ancora recorded a profit of EUR 146.2 million.

Income in the second half of the financial year (EUR 193.8 million) was determined principally by the final dividend of EUR 2.50 per share distributed by KBC Group in May 2019. This generated dividend income for KBC Ancora totalling EUR 193.8 million. Over the same period in the previous financial year, KBC Ancora received dividend income totalling EUR 155.0 million on its participating interest in KBC Group.

Expenses in the second half of the financial year (EUR 8.8 million) were determined chiefly by the following factors:

- The usual operating expenses amounting to EUR 1.2 million, in line with the same period in the previous financial year. Of this total, EUR 0.8 million relates to costs incurred within the cost-sharing agreement with Cera. Other costs consisted among other things of listing fees, fees for financial services and management costs.
- Cost of debt amounting to EUR 7.5 million, EUR 0.1 million less than in the same period in the previous financial year.



Balance sheet as at 30 June 2019

(x EUR 1,000)	30.06.2019	30.06.2018	30.06.2017
BALANCE SHEET TOTAL	3,089,448	3,108,930	3,098,303
Assets			
Fixed assets	3,088,253	3,088,253	3,088,253
<i>Financial fixed assets</i>	3,088,253	3,088,253	3,088,253
Current assets	1,195	20,678	10,050
Liabilities			
Equity	2,744,889	2,732,313	2,721,632
<i>Issued capital</i>	2,021,871	2,021,871	2,021,871
<i>Legal reserve</i>	72,132	59,445	48,693
<i>Unavailable reserves</i>	650,117	650,117	650,117
<i>Profit (loss) carried forward</i>	767	879	950
Creditors	344,559	376,617	376,671
<i>Amounts falling due after more than one year</i>	343,000	200,000	375,000
<i>Amounts falling due within one year</i>	179	175,186	239
<i>Accruals and deferred income</i>	1,380	1,431	1,432

Total assets stood at EUR 3.1 billion on 30 June 2019, a reduction of EUR 19.5 million compared with the previous year.

The number of KBC Group shares in portfolio remained unchanged in the year under review;. At the balance sheet date, KBC Ancora held a total of 77,516,380 KBC Group shares. The net book value of the KBC Group shares was unchanged, at EUR 39.84 per share. The stock market price of the KBC Group share on the balance sheet date was EUR 57.64.

Primarily as a result of the extension of a portion (EUR 143 million of the EUR 175 million total) of the loan which matured at the end of May 2019, debt fell by EUR 32.1 million in the year under review to EUR 344.6 million. Of this total, EUR 343 million constituted financial debt. Current assets reduced by EUR 19.5 million compared with a year earlier due to the use of cash reserves to pay off the unextended portion of the loan.

After addition of the result from the previous financial year (EUR 0.9 million), the result available for appropriation amounted to EUR 254.6 million. The following appropriation of profit will be proposed to the General Meeting of Shareholders to be held on 25 October 2019:

- addition of EUR 12.7 million (5% of the profit for the financial year) to the legal reserve;
- a distributable profit of EUR 241.2 million; this sum was distributed on 6 June 2019 in the form of an interim dividend of EUR 3.08 gross per share;
- carry-forward of the balance of EUR 0.8 million, or EUR 0.01 per share, to the next financial year.



Notes on anticipated developments in the financial year 2019/2020

Costs within the cost-sharing agreement with Cera are expected to amount to approximately EUR 1.9 million. The total interest charge for the financial year 2019/2020 is estimated at approximately EUR 14.5 million. Other operating costs are likely to be around EUR 0.9 million.

KBC Group has declared its intention of seeking to achieve a dividend payout ratio (including the coupon on the outstanding Additional Tier-1 instruments) of at least 50% of the consolidated profit. Barring exceptional or unforeseen circumstances, KBC Group will distribute an interim dividend of EUR 1.00 per share in November each year, followed by a final dividend after the Annual General Meeting of Shareholders. The interim dividend will serve as an advance payment on the total dividend. In its press release dated 8 August 2019, KBC Group announced that it would be paying an interim dividend of EUR 1.00 to its shareholders on 15 November 2019.

The Board of Directors of Almancora Société de gestion, statutory manager of KBC Ancora, has decided to make a limited adjustment to the dividend policy. This adjustment means that, with effect from the current financial year, 90% of the distributable recurring result for the financial year (i.e. after adjustment for any exceptional results and after the compulsory formation of the legal reserve) will be paid out as (interim) dividend.

Compared to the existing dividend policy, this means a reduction of 10%. This will make it possible to accelerate the reduction of the outstanding financial debt.

This adjusted dividend policy will be applied for the first time to the interim dividend which (barring exceptional circumstances) will be made payable at the beginning of June 2020.

Information on the external audit of the annual accounting data

The auditor, KPMG Réviseurs d'entreprises, represented by Olivier Macq, has issued an unqualified opinion on the financial statements and has confirmed that the accounting data included in this press release contain no obvious inconsistencies compared with the financial statements

KBC Ancora is a listed company which holds 18.6% of the shares in KBC Group and which together with Cera, MRBB and the Other Permanent Shareholders is responsible for the shareholder stability and further development of the KBC group. As core shareholders of KBC Group, these parties have signed a shareholder agreement to this effect.



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Financial calendar:

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|-------------------|--|
| 24 September 2019 | Annual Report 2018/2019 available and notice of Annual General Meeting of Shareholders |
| 25 October 2019 | Annual General Meeting of Shareholders |
| 31 January 2020 | Interim financial report (1H) |
| 28 August 2020 | Annual press release for the financial year 2019/2020 |

This press release is available in Dutch, French and English on the website www.kbcancora.be.
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