



# Press release

Suresnes — July 30, 2020 at 6:00 pm

## Bel

### First-Half 2020 Financial Information

#### Sales and Financial Results

- Sales increase a solid 4.8% in the first half
- Organic sales growth shows momentum, up 4.3% overall and up 5.5% excluding the Levant region
- Operating margin rises significantly, driven in particular by savings generated from the transformation plan launched at end 2018

Meeting July 29, 2020, the Board of Directors approved the consolidated financial statements for the period ended June 30, 2020, and the statutory auditors' report on the consolidated financial statements for the interim period was issued without qualification.

#### Key figures

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 millions of euros)	First-half 2020	First-half 2019	% change %
Sales	1,737	1,658	+4.8%
Operating income	175	126	+38.6%
Consolidated net profit - Group share	105	80	+31.2%

#### Sales

In the first half of 2020, Bel generated consolidated sales of €1,737 million, up 4.8% on a published basis, versus €1,658 million in the prior-year period. The foreign exchange effect positively impacted consolidated sales by €8 million, or 0.5%. Excluding the foreign exchange impact, Bel's consolidated sales advanced 4.3% organically y-o-y in H1 2020.

The acquisition of an 80% interest in All In Food, completed on June 18, 2020, had no impact on sales or earnings in the consolidated financial statements at June 30, 2020.

Following a strong organic 11% increase in Q1, marked by exceptional sales tied to the global health crisis, Q2 sales were automatically impacted by a significant destocking effect. However, excluding those extraordinary impacts, underlying activity growth remained buoyant at around 5% for both quarters and the half-year period as well.

The 4.3% organic sales growth reported in H1 reflects the intrinsic momentum fuelled by the 4.8% organic growth of the company's brands. In particular, GoGo squeeZ® in the US, The Laughing



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Cow<sup>®</sup>, supported by a well-received promotional campaign, and Kiri<sup>®</sup>, ever popular with consumers in its category, contributed significantly to the performance.

The sales breakdown by market segment is as follows:

<i>(in millions of euros)</i>	First quarter				First half			
	2020	2019	% change	% organic growth	2020	2019	% change	% organic growth
Global Markets	688	714	-3.7%	-3.3%	1,434	1,403	2.2%	1.9%
New Territories	141	134	4.6%	3.7%	303	255	18.8%	17.3%
<b>Total</b>	<b>828</b>	<b>848</b>	<b>-2.3%</b>	<b>-2.2%</b>	<b>1,737</b>	<b>1,658</b>	<b>4.8%</b>	<b>4.3%</b>

### Global Markets

In Europe, most countries and France in particular reported buoyant growth, led by sales of traditional brands such as The Laughing Cow<sup>®</sup>. Consumers trended increasingly toward products and retail food chains that maintained their purchasing power. Bel responded by focusing its production on popular consumer products to meet retailer demand for tighter shelf space.

Processed cheese markets contracted in North Africa and the Middle East, where the health crisis had a particularly negative impact on the food service business. However, Bel gained market share during the period, with sales advancing 3.7% in the region, excluding markets in the Levant, where the environment was particularly tough.

In North America, sales were buoyed by well performing local brands and strong sales of The Laughing Cow<sup>®</sup>.

### New Territories

Sales of all MOM products and brands in the New Territories market segment were particularly strong in the United States and France. Further, sales grew in China, the first country to reopen in the wake of the pandemic.

### Sales by geographic region

<i>(in millions of euros)</i>	First quarter				First half			
	2020	2019	% change	% organic growth	2020	2019	% change	% organic growth
Europe	443	461	-3.9%	-3.8%	916	891	2.9%	2.8%
Middle East & Greater Africa	168	178	-5.2%	-2.9%	367	370	-0.9%	-0.2%
Americas, Asia-Pacific	217	210	3.5%	2.0%	454	397	14.2%	11.8%
<b>Total</b>	<b>828</b>	<b>848</b>	<b>-2.3%</b>	<b>-2.2%</b>	<b>1,737</b>	<b>1,658</b>	<b>4.8%</b>	<b>4.3%</b>



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## Results

In the first half of 2020, consolidated operating income totaled €175 million, up 38.6% over the first half of 2019.

### Operating income by segment

<i>(in millions of euros)</i>	<b>2020 6 months</b>	<b>2019 6 months</b>	<b>% change</b>
Global Markets	122	100	+21.5%
New Territories	53	26	+105.8%
<b>Group Total</b>	<b>175</b>	<b>126</b>	<b>+38.6%</b>

Bel's gross margin improved more than 100bp, and operating margin advanced a strong 246bp.

Against a backdrop of relative stability in raw material prices and foreign exchange fluctuations versus 2019, Bel reaped the fruit of its transformation process, which went according to plan, particularly in terms of the savings measures announced in December 2018.

Extraordinary costs tied to managing the health crisis were offset by a remarkable performance by operations teams and a decline in promotional campaigns in some markets.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €105 million, compared with €80 million at June 30, 2019.

## Financial position

Bel's balance sheet remained strong at June 30, 2020, with net financial debt amounting to €710 million (including €111 million in right-of-use liabilities under IFRS 16) including the acquisition of All In Foods shares, versus €684 million (including €102 million in right-of-use liabilities) at December 31, 2019, and equity totaling €1,883 million, compared with €1,810 million at December 31, 2019.

The company continues to have strong liquidity both in terms of cash and untapped credit lines. At June 30, 2020, Bel had €317 million in surplus cash and cash equivalents, with just €50 million in outstanding NEU CP commercial paper, 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 issued a \$150-million US Private Placement (USPP) bond under French law to institutional investors in June 2020. The 15-year bond, with a coupon of 3%, matures in November 2035. The issue date is scheduled for November 2020.

## Results outlook

In view of the health and economic crises, Bel continues to keep close watch over the environment to adapt to the evolving pandemic, particularly in territories where the epidemic peak has not yet been reached. As a major food sector player, Bel is doing everything possible to ensure the continuity of its operations.

To date, the company's production sites continue to operate, with mobilized and committed teams. Bel maintains its strict health and safety rules and procedures to ensure the health and safety of all its employees.

Despite the extraordinary costs generated by the pandemic, and tied particularly to measures required to adapt its production sites and supply chains, Bel has declined to accept financial assistance offered by various governments.



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In addition, the company decided to maintain contractual prices for purchases of raw material supplies and has put measures in place to support supply partners weakened by the crisis. Along with its production teams, partner farmers and suppliers, Bel is doing everything to continue its operations and to participate in the collective effort to uphold the food supply chain.

Because the health crisis did not impact all world regions at the same time, some territories are still experiencing a peak pandemic phase. Given the strong volatility in global demand expected to prevail in the months ahead, the lack of visibility on the recovery of the Food Service business, and increased consumer price sensitivity, Bel is unable to provide a precise outlook on its business growth at this time.

With a long-term commitment to champion healthier food embodied by its new "For All. For Good" motto, Bel is fully in sync with a sustainable and profitable growth model.

### 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.

**Net financial debt** is described in note 5.4 to the summary consolidated financial statements for the half-year period. 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](http://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](http://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 €3.4 billion in 2019.

Some 12,400 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 32 production sites and distributed in nearly 120 countries.

[www.groupe-bel.com](http://www.groupe-bel.com)