
Waarschoot, 1 September 2017 - 07:30 a.m.

Consolidated results for the first semester of 2017

Key figures and headlines

Ter Beke group:

- The consolidated turnover increased by EUR 12.6 million EUR (+6.2%) to EUR 217.3 million, this notwithstanding the loss of a major pâté contract on the UK market in mid-2016.
- Squeeze on margins due to unexpected sharp rises in prices of raw materials;
- REBITDA consequently amounts to EUR 14.4 million in 2017 compared to EUR 19.8 million in 2016 (-27.4%).
- The first half of 2017 includes EUR 0.8 million in non-recurring expenses and EUR 7.4 million in non-recurring income. The non-recurring expenses relate to severance payments and expenses for due diligence activities. Due to the earlier takeover of French-based Stefano Toselli SAS and Pasta Food Company on 30 June 2017, it was possible for the group to achieve EUR 6.7 million in non-recurring income. In addition, an added value of EUR 0.7 million was achieved for the sale of a site.
- As a result of the above:
 - EBITDA amounts to EUR 21 million compared to EUR 19.6 million in 2016 (+7.3%);
 - EBIT amounts to EUR 13.3 million compared to EUR 9.6 million in 2016 (+37.7%);
 - the result after taxes amounts to EUR 9.6 million compared to EUR 7.2 million in 2016 (+33.82%);
 - profit for the financial year amounts to EUR 10.1 million compared to EUR 7.2 million in 2016 (+40.8%);
- Negotiations between Ter Beke and Zwanenberg Food Group to acquire Business Unit Fresh are at an advanced stage.

Processed Meats Division:

- The turnover of the Processed Meats Division increased by EUR 9.3 million (+6.5%). This is primarily down to the successful ongoing implementation of the growth strategy in the Netherlands and Belgium, which more than compensates for the loss of a major pâté contract for the UK market in mid-2016.
- Key innovations with respect to products and concepts.
- Margins were put under pressure on account of unexpected sharp increases in raw materials prices. From the second half of the year, sales price adjustments introduced will partially compensate for the rises in raw materials prices.
- Continued focus on the profitability of the product range and continuously monitored cost control.

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Ready Meals Division:

- Increase in turnover of EUR 3.3 million (+5.4%). This rise has been achieved in almost all countries and channels, in turn resulting in an increased market share.
- Margins were put under pressure on account of unexpected sharp increases in raw materials prices. From the second half of the year, sales price adjustments introduced will partially compensate for the rises in raw materials prices.
- Early takeover of the remaining 67% shares in Stefano Toselli SAS and the remaining 50% in Pasta Food Company on 30 June 2017. The share that Ter Beke had in the results of these two companies in the first semester is shown as the "share in the result of enterprises accounted for using the equity method". On the other hand, the balance sheet position of both companies as of 30 June is included in full in the figures for the group.
- Successful deployment of innovations, with an expansion in the product range of both private labels and own brands.
- Continued focus on the profitability of the product range and continuously monitored cost control.

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Consolidated key figures first semester 2017

Income statement in 000 EUR			
	30/06/17	30/06/16	Δ %
Revenue (net turnover)	217,266	204,683	6.1%
REBITDA (1)	14,378	19,806	-27.4%
EBITDA (2)	20,971	19,550	7.3%
Recurring result of operating activities (REBIT)	6,659	9,877	-32.6%
Results of operating activities (EBIT)	13,252	9,621	37.7%
Net financing costs	-221	-126	75.4%
Results of operating activities after net financing costs (EBT)	13,031	9,495	37.2%
Taxes	-3,455	-2,339	47.7%
Result after tax before share in the result of enterprises accounted for using the equity method	9,576	7,156	33.8%
Share in enterprises accounted for using the equity method	571	49	1065.3%
Earnings after taxes (EAT)	10,147	7,205	40.8%
Net cash flow (3)	17,295	17,085	1.2%
Financial position in 000 EUR			
	30/06/17	31/12/16	Δ %
Balance sheet total	290,928	249,651	16.5%
Equity	119,355	114,969	3.8%
Net financial debt (4)	58,416	17,547	232.9%
Equity/Total assets (in %)	41.0%	46.1%	
Gearing ratio (5)	48.9%	15.3%	
Key figures in EUR per share			
	30/06/17	30/06/16	
Number of shares	1,732,621	1,732,621	
Average number of shares	1,732,621	1,732,621	
Net cash flow	9.98	9.86	1.2%
Earnings after taxes	5.86	4.16	40.8%
EBITDA	12.10	11.28	7.3%

(1) REBITDA: EBITDA from recurring operating activities

(2) EBITDA: earnings before taxes + depreciation + amortization + changes in provisions

(3) Net cash flow: earnings after taxes + depreciation + amortization + changes in provisions

(4) Net financial debts: interest-bearing liabilities – interest-bearing receivables, cash and cash equivalents

(5) Gearing ratio: Net financial debt/Equity

Notes to the consolidated key figures

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Turnover

The consolidated group turnover in the first six months increased by EUR 12.6 million (+6.2%) from EUR 204.7 million to EUR 217.3 million, this notwithstanding the loss of a major pâté contract for the UK in mid-2016 mentioned previously.

The turnover of the Processed Meats Division increased by EUR 9.3 million (+6.5%). This is primarily down to the successful ongoing implementation of the growth strategy in the Netherlands and Belgium, which more than compensates for the aforementioned loss of a major pâté contract for the UK market in mid-2016. The increase in the division's turnover was partly accounted for by the launch of key innovations relating to products and concepts.

The Ready Meals division achieved an increase in turnover of EUR 3.3 million (+5.4%). This rise has been achieved in almost all countries and channels, in turn resulting in an increasing market share. In this division too, the group successfully implemented innovations, with an expansion in the product range of both private labels and own brands.

Results of operating activities

In the first half of 2017, margins in both divisions were put under pressure on account of unexpected sharp increases in raw materials prices.

As a result, the REBITDA decreased by EUR 5.4 million (-27.4%) from EUR 19.8 million in the first half of 2016 to EUR 14.4 million in the same period in 2017.

For the second half of the year, sales price adjustments since introduced will partially compensate for the rises in raw materials prices.

The non-cash costs in the first half of 2017 (EUR 7.7 million) were EUR 2.2 million lower than the same period in 2016. This decrease can be attributed to lower provisions in the income statement and lower depreciation.

As a result of the aforementioned increases in raw materials prices, the REBIT decreased by EUR 3.2 million from EUR 9.9 million in 2016 to EUR 6.7 million in 2017.

The first half of 2017 includes EUR 0.8 million in non-recurring expenses and EUR 7.4 million in non-recurring income. The non-recurring expenses relate to severance payments and expenses for due diligence activities. In the same period in 2016, the non-recurring expenses amounted to EUR 0.3 million.

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Due to the earlier takeover of Stefano Toselli SAS and Pasta Food Company on 30 June 2017, it was possible for the group to achieve EUR 6.7 million in non-recurring income. In addition, added value of EUR 0.7 million was achieved for the sale of a site.

The EBITDA rose by EUR 1.4 million (+7.3%) from EUR 19.6 million in 2016 to EUR 21 million in 2017.

The EBIT rose by EUR 3.6 million (+37.7%) from EUR 9.6 million in 2016 to EUR 13.3 million in 2017.

Net financing costs

In 2017, the net financing expenses in the first half of the year were barely higher than in the same period in 2016 (+EUR 0.1 million). This is mainly the result of negative differences in exchange rates.

Taxes

The tax rate in the first half of 2017 (26.5%) is in line with that for 2016 (24.6%).

Balance sheet

Under IAS-34, the balance sheet figures of 30 June 2017 are to be compared with those of 31 December 2016. The differences can be accounted for primarily by the earlier takeover of the remaining shares in Stefano Toselli SAS and the remaining shares in Pasta Food Company on 30 June 2017.

The main differences are an increase in goodwill by EUR 29.7 million and in tangible non-current by EUR 23.8 million.

Net debt increased by EUR 17.5 million to EUR 58.4 million. The increase can be explained primarily by the acquisition of Stefano Toselli SAS and Pasta Food Company : the financing of the takeover (EUR 14 million), the discontinuation of the interest-bearing long-term receivables (EUR 10 million), and their outstanding financial debts (EUR 19.5 million).

The equity difference is chiefly the result of the profit after tax over the first six months minus the dividend that was allocated over the previous financial year.

Investments

The group invested EUR 5.7 million in non-current assets as opposed to EUR 14.8 million in 2016. These relate primarily to the continuation of efficiency investments and infrastructure adjustments at the various sites and the further roll-out of the ERP package.

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Event after balance sheet date

The Board of Directors of Ter Beke announced on 1 September 2017 that negotiations between Ter Beke and Zwanenberg Food Group to acquire Business Unit Fresh are at an advanced stage (Please see press release dated 1 September 2017).

Prospects for 2017

The group is confident that, barring unforeseen market circumstances, the results for 2017 will surpass those of 2016.

Half year financial report

The half year financial report of the group is available on www.terbeke.com in the Investor Relations module.

The half year financial report contains the condensed consolidated financial statements drawn up in accordance with IAS 34, the declaration without reservations of the auditor on this limited review and the other legally required specifications.

Contacts

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You can also consult this press release and send your questions to us via the Investor Relations module of our website (www.terbeke.com).

For more information on Ter Beke, visit www.terbeke.com

Financial calendar

Annual results 2017	23 February 2018 before market opening
Annual report 2017	at the latest on 30 April 2018
General Meeting of Shareholders 2018	31 May 2018

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