Annual Report 2018

Our people, our figures

terbeke
driven by the zeal for your everyday meal

OUR MISSION

Enthusiasm.

Determination.

Drive.

Dedication.

Eagerness.

Passion.

Sincerity.

This is what drives us.

Encompassed in a single word: ZEAL. We apply this zeal to accomplish our mission: to bring delicious high-quality products to every dining table. And for this reason, we endorse our name Ter Beke with:

DRIVEN BY THE ZEAL FOR YOUR EVERYDAY MEAL

Ter Beke (Euronext Brussels: TERB) is an innovative Belgian fresh foods business that markets its assortment in multiple European countries

The group has two core products: processed meats and freshly prepared ready meals. It has 12 industrial sites in Belgium, the Netherlands, France, Poland and the United Kingdom and employs approximately 2700 employees. Ter Beke generated a turnover of EUR 680.5 million in 2018.

READY MEALS SITES

1. **Deeside, GB**
   Production site
2. **Opole, PL**
   Production site
3. **Mézidon-Canon, F**
   Production site
4. **Wanze, BE**
   Production site
5. **Marche-en-Famenne, BE**
   Production site

PROCESSED MEATS SITES

6. **Veurne, BE**
   Centre for slicing and packaging
7. **Lievegem, BE**
   Production site
   Centre for slicing and packaging
8. **Wommelgem, BE**
   Production site
   Centre for slicing and packaging
9. **Ridderkerk, NL**
   Centre for slicing and packaging
10. **Aalsmeer, NL**
    Centre for slicing and packaging
11. **Borculo, NL**
    Production site
12. **Wijchen, NL**
    Centre for slicing and packaging
13. **Almelo, NL**
    Administration Offerman

READY MEALS DIVISION

- Produces freshly prepared ready meals for the European market
- Market leader in freshly prepared lasagne in Europe
- 2 specialized production sites in Belgium (Wanze and Marche-en-Famenne), 1 in France (Mézidon-Canon), 1 in Poland (Opole) and 1 in the United Kingdom (Deeside)
- Brand names Come a casa®, Vamos® and Stefano Toselli® in addition to private labels
- Employs about 1300 people

PROCESSED MEATS DIVISION

- Producer and slicer of processed meats products for Benelux, UK and Germany
- 2 production sites in Belgium (Wommelgem and Lievegem) and 1 in the Netherlands (Borculo)
- 6 centres for packaging and slicing of processed meats products: 3 in Belgium (Wommelgem, Lievegem and Veurne) and 3 in the Netherlands (Wijchen, Ridderkerk and Aalsmeer)
- Innovating in the pre-packaged meat products segment
- Private labels and own brands Pluma®, Daniël Coopman®, Kraak-Vers® and FairBeleg®
- Employs about 1400 people

OUR CORE VALUES

We work on our core values every day

1. TEAMWORK

Professional relationships based on mutual respect, confidence, willingness to listen and support. Commitment to achieving the Ter Beke objectives together.

2. FOCUS ON RESULTS

Achieve common and agreed objectives by working efficiently.

3. INNOVATION

Encourage an entrepreneurial spirit to create future-oriented solutions that add value and differentiate us from our competitors.

4. CUSTOMER FOCUS

Offer solutions for current and future demands of customers and consumers.

5. INTEGRITY

Communicate and work honestly and openly with business and social partners.

Headlines and key figures in 2018

Prospects for 2019

TURNOVER
680.5
million EUR

NUMBER OF EMPLOYEES about
2700

INVESTMENTS
27.9
million EUR

GROSS DIVIDEND
4.0
EUR

EAT
7.2
million EUR

REBITDA
50.2
million EUR

Integration of four companies acquired in 2017 has been completed

This is the first time the results of the companies acquired in 2017 are included in the income statement for a full year. To recapitulate, these are the Dutch company Offerman for the Processed Meats Division and the French company Stefano Toselli, the Polish Pasta Food Company and the British company KK Fine Foods for the Ready Meals Division.
The new companies were quickly integrated in the Group and the acquisitions have brought Ter Beke a step further in its transformation into a diversified food group with sufficient scale. The Group now has more capacity to respond to the needs of consumers who are becoming increasingly aware of what they eat.
The consolidated Group turnover increased by 36.8% to EUR 680.5 million, while the recurring business cash flow (REBITDA) increased from EUR 36.9 million to EUR 50.2 million (+36.2%). Ter Beke has herewith achieved its targeted result.
The net profit decreased from EUR 17.1 million to EUR 7.2 million. The net financial debt decreased from EUR 126.9 million to EUR 122.7 million.

PROCESSED MEATS DIVISION

- The division's turnover increased by EUR 109.5 million, from EUR 310.6 million to EUR 420.1 million.
- The company Offerman performed according to plan. The factory in Zoetermeer was closed down and production was relocated to Borculo and Wommelgem. Offerman also switched over to the Group's standard ERP package.
- In Belgium (Veurne) a 'slicing and packaging' project was started that covers much of the product range of one of our customers.
- Ter Beke is cooperating intensively with these customers to further develop the category:
    - More balanced product composition in terms of both quality and health by reducing salt or fat content, better meat quality and fewer E numbers.
    - Sustainable packaging concepts based on the 3R principle: Reduce, Reuse, Recycle.
    - Consultation with suppliers in relation to raw materials sourcing and respect for animal rights (e.g. the 'Beter Leven' label).
    - Active consultations with the government and supply chain partners in relation to food safety and chain assurance.
    - Transparent communication with consumers via product labels, Nutriscore and QR codes for chain transparency.

READY MEALS DIVISION

- The division's turnover increased by EUR 73.5 million, from EUR 186.8 million to EUR 260.3 million.
- In 2018, the focus was on integrating the three acquisitions by implementing a uniform management reporting system, forging a single team and refining the Division's strategy.
- The company is expanding its product range in the supermarket channel to be able to meet its customers in their search for convenient and tasty ready meal solutions.
- Ter Beke is responding to new food trends in the food service channel by offering the highest possible quality combined with innovative technologies and sustainable solutions. The fresh lasagnes in wholesale packaging and the freshly frozen world cuisine meal solutions are driving further growth.
- More and more, Ter Beke is being recognised by customers in most European countries as the right partner for these segments. The retail channel (including discount) is increasing shelf space to meet the demand for convenience products and to respond to the competition from home-delivered meals. The food service channel's capacity to produce meals is diminishing and Ter Beke's products offer a solution.

INVESTMENTS

The Group invested 27.9 million in non-current assets in 2018 as opposed to EUR 13.5 million in 2017 (excluding the acquisitions). These relate primarily to the continuation of efficiency investments, infrastructure adjustments at the various sites, the further roll-out of the ERP package and, most importantly, investments to expand the slicing capacity in Veurne.

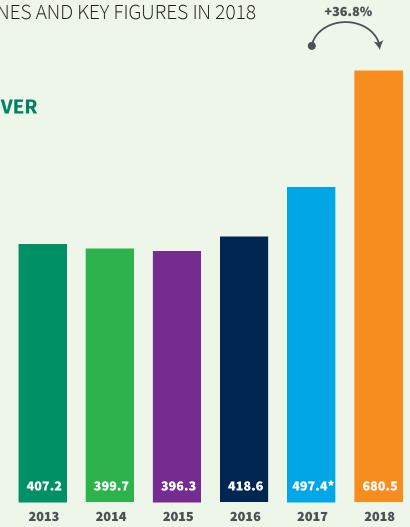
PROPOSED DIVIDEND

Taking the evolution of the results into account, the Board of Directors will propose to the General Meeting of Shareholders to maintain the gross dividend at 4.00 EUR per share.

PROSPECTS FOR 2019

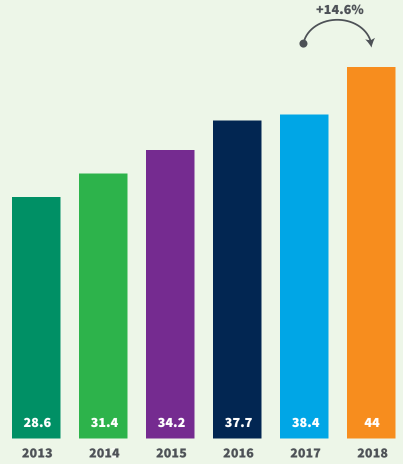
The Group is confident that, barring unforeseen market circumstances, the results for 2019 will surpass those of 2018.

TURNOVER

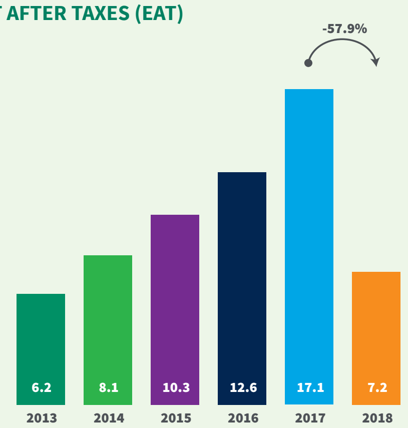


*Adapted for IFRS 15

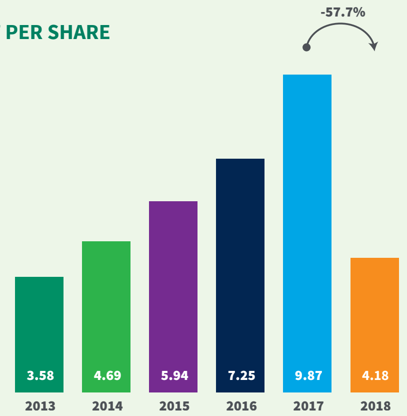
EBITDA



RESULT AFTER TAXES (EAT)



PROFIT PER SHARE



Ter Beke wants to create growth and value for all its stakeholders. To achieve this, we work to implement the following strategic objectives.

CUSTOMER SATISFACTION

Satisfied customers and consumers are our primary objective. They make us who we are.

OPERATIONAL EXCELLENCE

Every day we strive to excel in what we do by doing the right things in the right way. We do not compromise on the quality of our products and services.

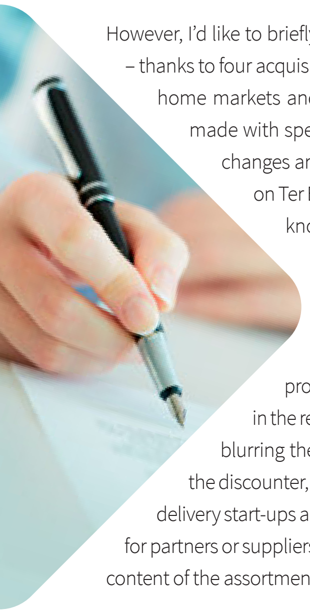
COST LEADERSHIP

We endeavour to keep the direct and indirect costs of our operations under control and reduce these wherever possible. Every day we endeavour to organise our activities as efficiently as possible, without compromising on the quality of our products and the service to our customers.

INNOVATION

We consider innovation in products, processes and services as the driving force behind our strategy and our organisation. The development of new products, services and production processes is an absolute prerequisite for our future growth.

1 BUSINESS OVERVIEW



Dear shareholder,

On 1 June 2018, I made the move from the CEO role to becoming the Chairman of the Board of Directors.

However, I'd like to briefly return to my last year as CEO during which Ter Beke – thanks to four acquisitions – firmly established its growth strategy in both its home markets and the neighbouring countries. The acquisitions were made with specific objectives in mind, with the knowledge that big changes are on the way, some of which have a significant impact on Ter Beke. Firstly, more than ever before, consumers want to know what their food is made up of. One of their considerations is the right place of animal-based proteins in their daily diet. The scientific basis for the arguments for this is not always very precise, but this will undeniably have an effect on Ter Beke's original processed meats business. Secondly, there are major shifts in the retail landscape – i.e. Ter Beke's primary market segment – blurring the distinction between the traditional supermarket and the discounter, and both are facing additional competition from home delivery start-ups and the Out-of-Home segment. All segments are looking for partners or suppliers who will think with them, in concrete terms, about the content of the assortment in this ever-changing market.

Therefore, the four acquisitions were aimed at transforming Ter Beke and making it more resistant to these changes in the consumer and retail landscape:

- The acquisitions of Stefano Toselli and Pasta Food Company made Ter Beke the European market leader in chilled pasta meals and strengthened our position in a growth category;
- KK Fine Foods is a highly successful company in the area of industrialised frozen ready meals, which capitalises on the fact that caterers have fewer specialised staff today;
- Offerman helped strengthen our leadership position as a slicer/packer and especially as a category partner in processed meats in the Netherlands.

As a result of the four acquisitions in 2017, it was important that I remained involved in the integration process. When you have managed and completed an acquisition process, you know where the potential pitfalls lie. Francis Kint, the new CEO, shares my philosophy of 'giving time some time' in such a process. It is important that we proceed in a gradual manner, with respect for the identity of each business unit. He came with a strong background in the integration of companies into a larger group and knowledge of the animal-based proteins industry as well as the characteristics of the competitive private label industry.

So I'm very confident about the future of this Ter Beke, which offers its retail customers the right products and solutions within a rapidly changing food industry.

Dirk Goeminne

Message from Dirk Goeminne, Chairman Board of Directors

"This Ter Beke is resistant to changes in the consumer and retail landscape."

INTERVIEW CEO

Since 1 June 2018, Francis Kint has been the new CEO of the Ter Beke Group. He succeeds Dirk Goeminne, whose term of office concluded at the end of May. We asked him a few questions.

Francis, what are your impressions after your first six months at the helm of Ter Beke?

"Ter Beke is a company that has undergone some fantastic developments over the last thirty years thanks to a number of strategic measures: a stock exchange listing, early diversification in ready meals, a merger with a major competitor to extend the range of in-house products, a vision for the importance of services - alongside products - such as slicing, and a quantum leap forward in 2017 with the targeted acquisition of four companies."

How is the integration of these four companies progressing?

"I'd like to reiterate the quantum leap forward which Ter Beke made in 2017. The four companies we added to our Group have increased turnover by 60% when you compare the figures for 2018 to 2016. They have given us access to 3 new domestic markets: France, the United Kingdom and Poland, with a combined total of around 170 million consumers. They have widened the scope of our activities. Ter Beke can now quite rightly be labelled as a 'food concern with sufficient scale'. As a 'food concern' you are able to shift the emphasis of activities depending on food trends. And thanks to sufficient 'scale' it is possible to invest in innovation and development. The integration has progressed extremely smoothly. On the one hand, the four companies have performed according to plan individually and collectively. On the other hand, people feel comfortable within the Ter Beke culture. As it happens, arriving after the acquisitions, I never experienced the differences between the 'new' and 'legacy' companies."

Are you pleased with the results?

"Admittedly, 2018 was a difficult year due to market conditions, but we also had other specific issues. However, it is good to report we will hit the targets the company set itself after 2017. Let's be honest, after 4 acquisitions any stakeholder in Ter Beke will have wondered whether it would all turn out fine. The fact that the answer is a demonstrable 'yes' is significant and it provides a stable platform for future developments. Results could have been better without the squeeze on margins experienced by certain business units. Consumption of processed meats is declining. We shouldn't be making a secret of this. As a result, it releases capacity in the industry. As we know that this is an ongoing trend, this year we closed a site in the Netherlands sooner than originally planned, for example, and moved its production to two other factories in Belgium and the Netherlands."

Soon after your arrival you implemented a management change and a cost control programme?

"That's true. This was essential, on the one hand, to align our fixed costs with the current market situation and, on the other hand, to create a more flat structure with all business units reporting directly to the CEO. This is necessary if you want to manage operations more rigorously. The necessity of this had already been recognised in 2017."

You just mentioned the fact that consumption of meat, processed or otherwise, is responding to pressures at large in society. How is Ter Beke addressing this situation?

"Ter Beke is currently much more than just a 'processed meats group', as some people still like to label us. Of course, processed meats are still an important part of our business. In the Benelux we are market leader thanks to the know-how we have built up over half a century. The visionary step into slicing and packaging activities that Ter Beke made in the 90s, often with respect to part or the whole of the range, enabled us to take on the role of a 'category partner' instead of just being a supplier. That's something we acknowledge. Quite rightly, animal proteins still have a large part to play in our diets and we are quite happy to make scientific material available when asked. The processed meats market may be slightly declining, but it is still extremely large. In terms of consumer prices, the market in the Benelux is worth around €4.1 billion."

How would you describe Ter Beke's activities in the field of ready meals?

"When I started, I was surprised by the strong position we occupied in the European market for chilled pasta meals. For several decades, the 'Come a casa' brand has been proving to Belgian consumers how tasty and convenient lasagne can be. Other countries too, are discovering this, which can only be a good thing for us. Pasta Food Company is situated in Poland but serves as a base for the whole of Central and Eastern Europe. Thanks to KK Fine Foods we now have a producer of quality ready meals for the Food Service market as well. The UK is a mecca when it comes to creativity in food concepts in the catering industry. Christophe Bolsius, the CEO of the Division, has succeeded in getting the 5 business units operating as a single family."

The world of food is changing fast. How is Ter Beke placed to deal with this and to take advantage of the opportunities?

"Consumers are much more socially aware in their attitude to buying and eating food than in the past. Specific food trends are here to stay, for example, fewer animal proteins, the growth of organic foodstuffs, healthier nutrition – with all the issues to 'quantify healthiness', sustainable packaging and so on. All this without making concessions to convenience, individualisation of needs and growing community segments, such as halal."

Francis Kint,
CEO Ter Beke

" What excites me personally about this job is how a food concern such as ours can address these issues by devising new product concepts knowing that large volumes are being sold at ever keener prices in a hyper-competitive industry. "

"As a 'food concern with sufficient scale', Ter Beke holds all the cards when it comes to translating these food trends into viable products in the future."

René Stevens,
Ter Beke Group CFO

"Ter Beke's balance sheet is healthy."

René, you have been working at Ter Beke for 20 years now, 13 years of which as CFO. How do you see the evolution of Ter Beke, at a broad financial level?

"Ter Beke is an ambitious company with a focus on creating long-term shareholder value. For this, we're always looking for a good balance between the interests of our various stakeholders."

"In a highly competitive environment, characterised by food crises and continuous cycles of rising and falling raw material prices, Ter Beke succeeds in retaining its focus on the long term without losing sight of the short term."

"The Group generates cash from its operations and invests significant amounts each year in the future development of the company. As a result, we continue to guarantee our customers quality at the right price and keep paying our shareholders a correct dividend. And it is just as important to always provide our employees sufficient scope for professional development and continue to fulfil our obligations towards third parties in a correct manner."

"This policy also enables us to reduce debts. This, in turn, provides scope for acquisitions and a further expansion of our activities. Thanks to all this, Ter Beke's balance sheet is healthy."

As CFO, how would you describe the results of 2018?

"2018 was a difficult year. Ter Beke had to integrate the four major acquisitions made in the second half of 2017, which was not an easy task. The good news is that these four acquisitions, both individually and jointly, performed according to plan and in line with the strategic and financial objectives. Margins in certain segments, especially in the Processed Meats Division, are under very high pressure. Here too, the good news is that other segments, particularly in the Ready Meals Division, performed very well. This is the advantage of diversification."

"But Ter Beke wouldn't be Ter Beke if we didn't look to the future. That's why, in 2018, we invested almost 7 million euros in various measures to prepare for future challenges. The most important of these include the earlier closure of the Zoetermeer site, reduction of fixed costs through restructuring, and the investment in a strategic study. And despite all these measures, we managed to reduce our net debt position by more than 4 million euros."

Do you have any message for your colleagues and the stakeholders of Ter Beke?

"The environment in which Ter Beke operates is becoming increasingly challenging. The growing price pressure coming from the customer forces us and our partners to be more economical with available resources and strive for more efficiency and lower costs in all areas. Only this can guarantee Ter Beke's long-term success, so that we can continue to invest the necessary resources to offer added value to direct and indirect customers."

As CFO, what will you focus your attention on next year?

"First and foremost, as a Group, it is important that we achieve the 2019 budget targets. For this it is essential that we intensify the use of the ERP system, whose roll-out is almost complete."

"Within my departments, the emphasis lies on further strengthening internal controls and fulfilling the long-term plan for IT services. Moreover, we want to optimise the legal group structure and prepare for the next steps with respect to our ERP system. As you can see, there's no shortage of challenges."

Yves Regniers,
Group Controller

"Everyone is driven by the same passion, whether at Ter Beke, KK Fine Foods, Offerman, Stefano Toselli or Pasta Food Company. This 'moving forward together' attitude can be seen everywhere."

Yves Regniers is the new face within the Executive Committee. His primary goal is to contribute strategically to the direction in which Ter Beke is heading and focus on adding value through his connecting role.

Converting data into insights

"We want to create this added value for our various entities with the help of the Control team. Thanks to our sound category management, we know exactly what the customer wants. As Controller, I can help convert that insight into affordable, high-quality solutions for the customer. Moreover, we have access to a wealth of details. This allows us to focus on how we can become even more sustainable and innovative. You could even put it this way: control activities expose all the details of the film and offer insight into the material. Based on this, the various teams can edit the film under the direction of the CEO."

Synergy while retaining individuality

"When I started in 2017, Ter Beke was making a large number of acquisitions within a short period of time. I had the privilege of being closely involved in the process. I experienced the course of the collaboration from close by. Everyone is driven by the same passion, whether at Ter Beke, KK Fine Foods, Offerman, Stefano Toselli or Pasta Food Company. This 'moving forward together' attitude can be seen everywhere. Our main objective was to find synergies, without losing sight of the uniqueness of each unit. Everyone who worked on this can take credit for our success."

A sustainable DNA

"Sustainability is not just a superficial goal for us. It is in our DNA. We assess each investment based on our objectives. We are constantly looking for new cooking techniques, how to reuse energy and water, how to save energy through e.g. LED technology, and other such innovations. At the same time, sustainability is just as much a focus area in the development of packaging and in every logistics choice we make."

One Team, One Goal: healthy and tasty products for our consumers with optimum service for our customers and partners.

Christophe Bolsius,
CEO of the Ready Meals Division

The Ready Meals Division does not conceal its ambition. They believe that everybody in the world has a right to tasty and affordable lasagne. How do they plan to achieve this? CEO Christophe Bolsius explains.

Sustainable roll-out

"In 2018, we expanded our geographical distribution. We introduced the Stefano Toselli brand in Asia, while Come a casa hit the shelves in a number of countries in Central and Eastern Europe. For example, you can now buy our products in Poland and Croatia. We will soon continue to roll out in all seventeen countries where we are active in the region. In each case, our aim remains the same: to serve everyone the best lasagne."

"Our strengths? We do not only seek new customers and sales channels, but also continue to focus strongly on retaining our existing customer base, which our customers appreciate. We develop sustainable partnerships with our strategic customers, which clearly works, because we constantly keep doing business in the countries where we operate."

"The Division's most important drive is and remains innovation. In 2018, we presented some new flavours, both for Come a casa®, Stefano Toselli and the private labels. The whole team got a real boost when an independent test panel representative for the Belgian population officially voted Come a casa® the best lasagne."

More knowledge sharing

"2018 was a pivotal year for our Division. We have worked hard to integrate the acquisitions of the previous year. Our challenge was to become One Team, One Group. We are now reaping the rewards of our efforts. You can see that many colleagues are starting to share knowledge and best practices. The communication across the locations is running smoothly and the sites are helping each other out where possible. We all speak the same language at Ter Beke, which I think is very important for our future growth. We strengthen each other, which makes the team enthusiastic. After all, we all have the same goal: to make even better products for our consumers and to improve the service to our strategic partners."

Trend awareness in innovation

"Innovation is our answer to the food trends emerging today and to the requirements of the consumer and our partners. Our innovations are always developed independently of our production sites. First we develop a concept and then we decide which site can most efficiently produce it. This is part of our philosophy and strategy. We are now in a position that allows us this luxury of choice and we have reached the point that all sites implement the innovations using the same uniform method."

"Just before Christmas, we launched a new product in Belgium: 'DIPPA', a bread wreath with a lasagne in the middle. The innovative DIPPA concept fits in seamlessly with a trend that is catching on fast in many countries: sharing. The response was very positive and we will definitely be repeating it next year. We will probably also introduce the product in other countries."

Healthy can also be tasty

"Our innovations go hand in hand with sustainability and corporate social responsibility. We will continue to do our part to reduce the plastic waste mountain, which forms part of an important process. Meanwhile, our customers are asking for healthy products, which is why we are constantly improving our recipes to reduce the salt, fat and sugar content. We are convinced that 'healthy' and 'tasty' form a perfect match."

"We will certainly continue on this course in 2019, for which we have a number of projects lined up with our customers and suppliers. We currently score an 'A' on the nutritional values table (nutriscore) that was introduced in Belgium a while ago. This means that our products are both tasty and healthy. So, we are living proof that the two can be combined. And we are doing our best to take things even further. You will see: plenty of interesting surprises in 2019!"

READY MEALS DIVISION

"The whole team got a real boost when an independent test panel representative of the Belgian population officially voted Come a casa® the best lasagne."

We cook like we would at home, only in larger saucepans.

Stavros Nalmpantidis,
Head of NPD & QA
Ready Meals

For Stavros, his work is his passion. He never stops. Nonetheless, first and foremost he wants his team to enjoy what they are doing because it is precisely that which gives so much taste to a product like 'Come a casa'.

Cooking is an art form, even in the factory

"Our brand name is a perfect fit. We may produce meals on an industrial scale, but we do this like we would at home. And while the computer controls the process, this is only in part. All the ingredients pass through our hands. Everything is done by people. We buy meat and mince it ourselves. We prepare our sauce with top-quality tomato pulp and concentrate. The lasagne is freshly made with pasta we make ourselves. We cook like we would at home, only in larger saucepans."

"Our industry is governed by strict rules and methods of preparation. After all, a product must stay fresh for a couple of weeks and taste just as good on the last day as on day one. Pasteurisation has to be borne in mind. Sometimes there can be a world of difference between a fantastic recipe dreamed up in the test kitchen and what rolls off the conveyor. It requires a lot of effort and insight to take all this into account in the product development."

Reproducing quality

"My work is my passion. Through constant retraining, my aim is to improve my skills so that I can understand people and methods better. I mostly want to ensure that my team can work calmly and with enjoyment, so that they too can improve. We must be able reproduce tomorrow the products we develop and produce today. Our clients deserve the same high levels of quality in all our dishes, now and in the future."

Our chefs are not just masters of their trade, they are impassioned creators.

Donna Thompson,
Head of NPD & Process
at KK Fine Foods

For Donna Thompson, Head of NPD & Process (product development and processes) at KK Fine Foods, it's all about innovation and quality. Along with the rest of the team, she ensures that both features are ever-present during the NPD process.

Monitoring from production to plate

"My job is to take responsibility for the team of chefs and the process team. I check every product we develop before presenting it to the customer, ensuring we have we followed and hit their brief, and that it meets the quality standards required. I also have to ensure the operational aspects of the product are achievable."

"A great deal of organisation is involved, so planning and prioritising is required. Often, it's quite a challenge to meet all the deadlines. So, how do we manage? When a tight deadline lands, the team pull together ensuring that the deadline is hit!"

"Before the customer presentation, we'll have already figured out how we can produce the meal in the factory, what packaging we will use, final reheat etc. The desire for innovation and perfection results in some fantastic meals."

Creating meals

"Our chefs are more than masters of their trade. They are impassioned 'creators'. Each chef works with a number of specific customers. The customer briefs us on menu dish ideas. Not only do we develop these meals according to the briefing, we also suggest additional menu ideas that would hit the brief or are reflective of our market knowledge and gap analysis conducted for that specific customer. We present each meal fully garnished, in the same way as the customer might serve in a restaurant."

Trends of our own making

"We keep a close track of trends. Our chefs work closely with marketing to understand the new and upcoming market trends. This is key to ensuring we stay ahead of the game and ensure we continue to drive our passion for innovation. For example, the team will regularly visit various new and trendy restaurants. We check out how the meals are served and we analyse tastes and textures. This helps to generate new food and garnish ideas, adding that little extra to customer presentations. We also regularly order our own products from the end customer and assess whether the presentation and the taste are exactly as we intended. Customers appreciate this feedback and two-way traffic. We always think of the bigger picture."

"The desire for innovation and perfection results in some fantastic meals."

Life Cycle Assessment

Ter Beke is constantly looking for innovations and sustainability plays an important role in this search. For us, sustainability is not just an empty concept but something that we take into account in all our decisions and activities.

In 2018, we set up a working group on packaging. The working group includes employees from both divisions: Ready Meals and Processed Meats. Some of them work in technical areas, while others are responsible for handling customer issues. Together we develop technical solutions that are practical and relevant.

Together with external experts, we study the life cycle and ecological footprint of our packaging. We examine each parameter and measure the impact of each adjustment: how much energy was needed to produce the packaging? Can it be recycled? Or reused? Our packaging suppliers also participate in this process. We want them to participate in the working group based on their vision. The question is always whether to re-use or recycle the packaging, because just throwing it away is not an option.

There are no simple, universal answers, because packaging is also market-sensitive. For example, it is possible to recycle the aluminium foil trays used for ready meals. But the problem is that certain markets do not want aluminium packaging. Another example: in some countries, customers want to use a traditional oven to warm up our products, while in other countries a microwave is preferred. Therefore, we have to create a customised solution for each market. But thanks to Life Cycle Assessment (LCA), we can see where we stand now and then decide where we want to go.

The mix of own brands and distribution brands makes the difference.

Veerle Dejonghe,
Product Manager
Ready Meals

Veerle has been working at Ter Beke for 18 years now. And continues to do so with the greatest zeal and passion. What appealed to her then continues to motivate her every day: being part of a production company with a family atmosphere, short reporting lines and a vision. And most importantly: a company that delivers – and demands – top quality.

'Just do it' is never enough

"I'm responsible for our own brands and distribution brands. Product management is completely my thing. I love the industrial aspect: the focus on products and the relationship with the factories. At a factory, you can't just set up a project and finish it off with a 'Just do it'. You also have to explain why it is important and why you want to do certain things in a particular way. In the factory, the focus is always on efficiency and production. Sometimes an innovation goes against this focus. Fortunately, at Ter Beke, I get enough time to work on this together with the factories. I make sure that we retain our focus and I keep my factory colleagues informed of the different steps in a project: where we currently stand and what feedback we received from the customer. This model works."

Feedback from all angles

"In addition to our own brands, we also work on distribution brands. As a result, we have access to a lot of consumer data. We conduct surveys and taste tests. And we can provide figures on what does or does not sell. This results in many insights that can also be used for our distribution brands. I believe that this is how we make a difference. We also organise business reviews with our customers. During these reviews, we share information and consider future possibilities. We test out concepts and ideas with the customer. After which I can discuss those concepts with the factories. This is how we arrive at the best solution together."

"At a factory, you can't just set up a project and finish it off with a 'Just do it'. You also have to explain why it is important."

What does our consumer want? A tasty, convenient, healthy and affordable product.

Dorothée Veron,
Product & Marketing Manager France for Stefano Toselli

As Product & Marketing Manager, Dorothée Veron tries to understand the needs of our customers and the consumer as well as possible. The purpose? To offer customised products. The four Ps - product, price, positioning and promotion - are the golden rule throughout the process.

Cooperation in order to improve

"To achieve the four Ps, I work closely with our Key Account Managers. I provide them with the necessary marketing tools, such as presentations, visual material and well-reasoned arguments. At the same time, I act as the link between them and the factories. I am in charge of the development of new products and improvements to our range."

"An example of best practice? In 2018, with Stefan Toselli, we launched a new range of products on the French market: 'Votre Traiteur Vous Propose'. The goal of this project was to present a single commercial point of contact for our customers. It was a highly productive collaboration between the different factories."

Delivering expertise and service

"At Ter Beke we quite rightly refer to ourselves as an expert in ready-made pasta meals. Our Ready Meals Division enables us to offer customers a complete range of lasagne and pasta meals. To this end we take into account the wishes of the consumer: a tasty meal, easy to prepare, healthy and affordable."

"We are active in France and many European countries. This international expertise allows us to deliver a top-quality service to our customers and helps us to distinguish ourselves in a market with a lot of players. And we continue to innovate. For 2019, we have a variety of new projects in the pipeline, some of which I might even call 'disruptive'. Curious to know more? I'm sure you are! But just have a little patience."

"For 2019, we have a variety of new projects in the pipeline, some of which I might even call 'disruptive'."

We need to ensure we are not indispensable.

Kars Schoemaker,
Key Account Manager NL, Ireland & Nordics

Kars joined our team in the Netherlands as Key Account Manager Retail for Ready Meals three years ago and soon had a portfolio of international customers. Within his team, he does his utmost to satisfy the customers and to think along with them. He believes that this is what distinguishes Ter Beke from other suppliers.

Innovating to stand out

"Our goal is to make sure we are not indispensable, which we can only achieve by continuously innovating: new products, even better recipes, innovative packaging and concepts. My job is to sell these innovations; to enthuse customers with our story and to respond immediately to changing conditions. Responding quickly is one thing our team is good at. For example, we are one of the leading suppliers of lasagnes and ready-made pasta meals with a reduced salt and saturated fat content. Customers respond to our products and have questions. Sometimes I need to sell my story twice; once to the team and once to the customers. The important thing is that we share feedback in the team and respond to it. That is how we distinguish ourselves from the competition."

Constant quality in all factories

"There is an art to defending and maintaining your position. We are doing well. The quality of our products is constant in all of our factories. Our Ready Meals Division has various factories from which we supply different parts of Europe. This provides us the flexibility we need to guarantee supply, and it is positive aspects like this that I can use to convince my customers."

One foot in the door and the other halfway through the window.

Mariusz Liszega,
Account Manager Ready Meals, Pasta Food Company

Mariusz Liszega is one of the two Account Managers at Pasta Food Company in Poland. He is in charge of the sale of our lasagnes in Eastern Europe. After four years working in the business, he is struck by one thing in particular.

How to win over the market?

"You have to be flexible and work wherever and whenever the market demands your presence. The market here is constantly evolving. We were already familiar with frozen meals, but fresh ready meals are a relatively new concept. The idea of 'fresh' ready meals initially was met with some degree of scepticism. For example: how can we keep our products fresh for so long? It is my job to explain this and to make it plain no additives are used. People have to have trust in both you and your product and this can only develop over time. Personal contact is key to this, so I am often on the road visiting existing and prospective clients. I often say - tongue in cheek - I have one foot in the door and the other halfway through the window."

Responding to needs

"In the past we mostly worked with one kilogram portions, but since the end of 2018 we've also been producing individual servings. There are more and more single-person households and people are increasingly looking for a convenient solution. We are responding to this demand. There is still much to play for and that provides us with plenty of opportunities. When all is said and done, our lasagne must become an important part of that market. I plan to make my contribution to this. How? By sticking my foot in the door."

"I'm eager to get things moving, but sometimes you just have to be patient. Often a lot of time passes between the initial contact and the first order. The map still shows a few blank spaces. I'd like to fill them in with Come a casa® logos in 2019."

"The map still shows a few blank spaces. I'd like to fill them in with Come a casa® logos in 2019."

The confidence on the work floor has its effect on our customers.

Martien van den Boer,
Commercial Director Ter Beke Netherlands

Martien joined Pluma in 2003. Right from the start, he showed a genuine passion for the product and for developing a close relationship with the customer. After the acquisition by Ter Beke, he was assigned commercial responsibility for the products as well as the Langeveld-Sleegers and Berkhout slicing lines. Recently, he was appointed Commercial Director for Ter Beke Netherlands.

Sustaining the confidence

"After Ter Beke's acquisition of Langeveld-Sleegers and Berkhout, we had two companies with slicing services. How did we want to present that story to the market? We didn't have to think too long. Our aim was to provide an even better service to our customers, because they had confidence in us as an independent service provider. We were also able to build a professionally strong, commercial team, which will help us achieve further growth and market developments."

Confidence is the common thread running through Martien's story. This new position is a sign of appreciation, forming an important basis for developing his team and the relationship with the customer. His colleague Patrick Toemen is responsible for the operational aspect. "This tandem works. The management gives us confidence, which we communicate to our customers."

"When we meet with customers, all discussions place in an atmosphere of trust and openness. We know what's really going on with them. We bring more than just numbers to the table. Together with category management, we develop growth and innovation proposals tailored to the customer. We try to understand fully where the needs lie and then, in full cooperation with the retailer, we look for ways to better serve their customers.

Easing the customer's burden through partnerships

"The major advantage of our service model is our independency. Together with the customer, we look for the best fit in the category. Obviously, I prefer to supply our own products. But we might just as easily decide, with the customer, to approach another supplier, to get the best range for every situation. In this way, we also develop a good relationship with the supplier, which ultimately benefits the customer. Easing the customer's burden, that's what we call it."

"Here too, it's all about trust. That's what makes the relationship comfortable. Not only when things are going well, but also when you need to deliver more difficult messages. We want to pursue our pricing policy in a constructive climate. Not profit for profit's sake, but a clear policy where any increasing costs also offer clear guarantees for innovations and investments. This is the only way to stay ahead of the market."

"We bring more than just numbers to the table. Together with category management, we develop growth and innovation proposals tailored to the customer."

Let me be honest: it's simply a wonderful profession.

Patrick Toemen,
Operations Director Service Slicing NL

Patrick Toemen is head of operations of the companies in Ridderkerk and Wijchen. He shares the P&L (Profit & Loss) responsibility with Martien van den Boer, who heads the commercial activities. Before he found his match at Ter Beke in 2007, Patrick had completed a number of years at Zwanenberg (Offerman). As he says, it's nice how it all falls into place sometimes.

Top technology with love for the product

"I already knew at a young age what I wanted to do: manage a large company. Meat processing is an area where you can put all your knowledge and skills to work, with respect for the animal. Moreover, you always see the raw material you're working with. It's not something hidden in tanks or pipes. And there is a lot of technology and expertise. When I applied for a job at Ter Beke, I said that I found slicing and packaging to be a real profession. I still believe that. It's simply a wonderful profession."

Processes to serve people

"I started at Ter Beke just before the integration of Langeveld-Sleegers and Berkhout. The company was also expanding in other areas. This gave rise to a new business case. Together with a number of colleagues, we investigated all the possible logistical flows. We wanted to bring slicing, packaging and logistics under one roof. Our aim was to consolidate our largest flow of goods, processed meats and ready meals for the Netherlands, and thereby guarantee our service level. Based on this idea, we designed the ideal factory. That is how Wijchen came into being. What a challenge that was! Setting up a whole new organisation while keeping up volumes and above all: continuing to offer customers a high level of service while retaining our people and their skills. In our slicing factories, each team works for a specific customer. This ensures that our customers get the attention they need."

"What we also must not forget is that we are at the service of our people on the work floor. They ensure that we deliver quality and that the package is ready at the right price and at the right time. Also important: our processes must serve the customer. It is our task to make sure that these processes work properly. Quality, food safety, sustainability, innovation and efficiency: all these aspects must be taken into account. That is what we focus our efforts on. 2019 is looking good, with a number of excellent projects and clear plans."

"What a challenge that was! Setting up a whole new organisation while keeping up volumes and above all: continuing to offer customers a high level of service while retaining our people and their skills."

We need to transfer our knowledge and experience to the next generation on time.

Leonard van Dis,
Business Unit Director for Belgium, Processed Meats Division

Leonard started his career at Ter Beke in late 2015 as a consultant for a LEAN/Operational Excellence programme. In 2018, he accepted the role of Plant Manager in Lievegem. In early 2019, Leonard was appointed Business Unit Director of Processed Meats for Belgium.

Listening to the market
"I have huge respect for what Carlos is doing in Lievegem. That flow he refers to is really important. If your production process does not flow properly, it will cause waste, delays and unnecessary interventions. With my background as an Operational Excellence consultant, I feel very strongly about this. Aquarius was a typical example."
"Last year, our team in Lievegem invested heavily in improving communication and employee commitment. I think we have made a number of important steps. We have changed the organisation on the work floor and, together with Carlos, conducted a broad optimisation programme. This new challenge means I will continue to keep close ties with this factory."
"It is a big challenge; we need to focus on what the market and the customer expect of us, and adjust our internal organisation and service levels to meet these expectations. We provide excellent and high-quality products and we need to demonstrate this quality at all levels."

Sharing knowledge is important
"The labour market is tight. It is not easy to find technical and operational staff. We have plenty of people in-house with product experience who deliver constant quality. But it is important to ensure that this knowledge and experience is passed on to the next generation in a timely matter."

"We need to focus on what the market and the customer expect of us, and adjust our internal organisation and service levels to meet these expectations."

By working closely with our customers, we take them one step further.

Arjen Vonk,
Business Unit Director at Offerman

Arjen started out in the 'fresh' division at Zwanenberg in 2015, from which Offerman was born in its current form. He helped to shape its development. Since 1 January 2019, he has been Business Director at Offerman.

The best plans are forged together
"We believe in a close partnership with our customers. Our aim is to build an optimal chain together. This necessitates transparency and sharing each other's know-how and therefore demands a durable relationship. Whether it is about advice on shelf placement or logistical solutions, by working together, both parties achieve a better plan. If chain efficiency is improving, this is translated into better quality and better prices for the products supplied. It is a shared interest. Our mission is to take our customers further than where they currently are. There is more to it than simply producing processed meats."
"Offerman's strength lies in category management. Not only do we provide our customers with concepts and product ranges, we also advise them on shelf placement. We have been successful in doing so because we have been collecting data for many years, which is then processed in our specially integrated database. That way we can see exactly where the opportunities and obstacles lie for our customers."

Collaborating for growth
"Collaboration with Ter Beke is going well. Our companies are well matched and complement each other effectively. All colleagues work with equal amounts of energy and enthusiasm. It connects people. We share know-how and experiences. A good example is the relocation of part of the production from Zoetermeer to Wommelgem. We truly did it together. The transition to a new ERP system has been successfully concluded, as well."
"2018 was a year full of challenges: launching Offerman as an independent company, relocating to new offices, closing the production site in Zoetermeer, implementing a new ERP system, introducing FairBeleg® to the market, and so on. Just a few of the projects which our team have been working on energetically. Above all, we have managed to bring these projects to a successful conclusion. I look forward to 2019 with a great deal of confidence. For our customers and for Offerman we aim to make it another successful year."

"Our companies are well matched and complement each other. All colleagues work with equal amounts of energy and enthusiasm. That connects people."

The processes are complex, but the commitment of our staff is unquestionable.

Gunther Uyttenhove, Plant Manager in Wommelgem and
Luc De Vos, Slicing Manager in Wommelgem

The site in Wommelgem is 'going places'. First and foremost, that's down to the dynamism of its workforce. Gunther Uyttenhove and Luc De Vos explain how their teams have been taking on complex challenges and are constantly trying to improve their workflow.

Complex processes and new flows

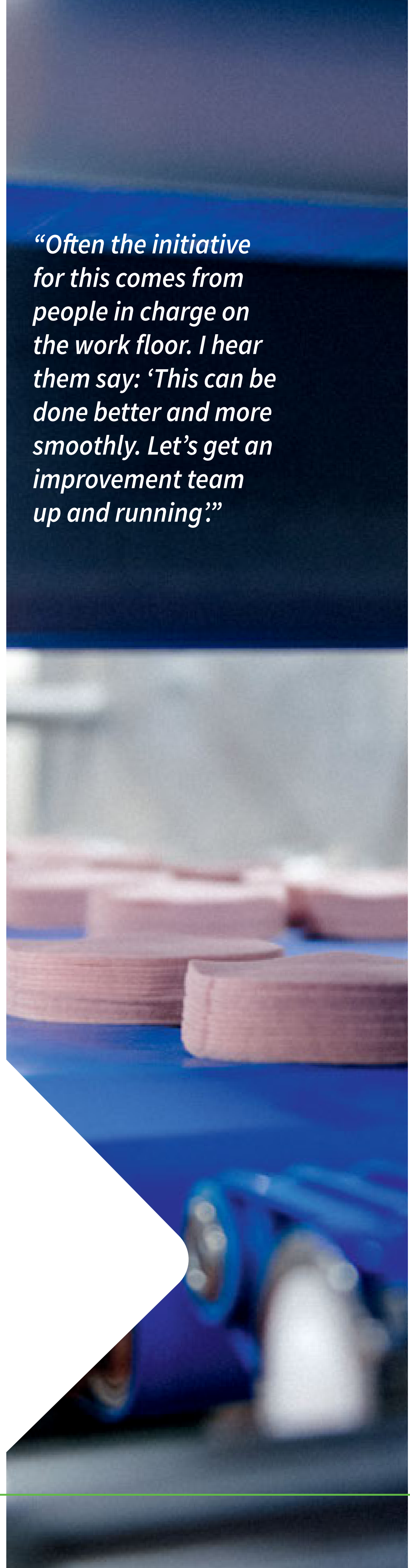
Gunther: "My role as Plant Manager is to take on responsibility for the factory and its products. But above all, I'm responsible for my workforce. They are the crucial factor. It is thanks to them that new products keep rolling off the line flawlessly, safely and full of quality. It is a big responsibility, especially taking into account that our plant in Wommelgem works with complex processes and different flows. To get to grips with the complexity of it all, additional know-how and expertise on the part of employees are required. And whilst this demands a learning phase, our workforce shows plenty of commitment. That means we can handle complex situations."

"Our product range is very diverse. In addition to paté, cooked sausages and cooked ham, we took on a whole new range of artisanal products after the closure of the Zoetermeer site last year. These are our liver and tongue products. I was highly impressed with the trust the group placed in us. After all, it is quite a challenge. We carry out slicing for most of our own products and have also started service slicing. This requires new process flows and different logistics. Add into the mix our huge diversity of international customers and you realise how multifaceted our work is."

Independent improvement teams

Luc: "Our 'improvement teams' have been building up considerable expertise over the years. We regularly apply that methodology to existing processes that are no longer running as we wish or where we see room for improvement. Often the initiative for this comes from people in charge on the work floor. I hear them say: 'This can be done better and more smoothly. Let's get an improvement team up and running'. Obviously, someone is always in overall charge of this, but the real commitment of staff on the work floor means that our teams are more or less independent."

"Our employees are highly motivated to work in such a team. It is no talking shop: everyone takes their responsibilities seriously and that produces some excellent results. The change in culture is palpable. Our people have learned to cooperate with each other in a different way. They are more involved in the everyday comings and goings in the factory. Of course, that can only be good."



"Often the initiative for this comes from people in charge on the work floor. I hear them say: 'This can be done better and more smoothly. Let's get an improvement team up and running'."

A new project is like driving a new car. You know how it works; you just have to get used to the slightly different approach.

Hugo Meersschaut,
Plant Manager in Veurne

The Rainbow project was without doubt the greatest challenge in 2018 for Hugo Meersschaut's team in Veurne. It involved rolling out a total concept for a major customer; from slicing and packaging in the factory right up to delivery to the customer. It was a complicated exercise, explains Hugo.

Ambitious but carefully planned

"It's fair to say that Rainbow was an ambitious project. Together with the customer, we carefully developed it from A to Z. This included creating a new logistics flow, bringing various suppliers together and conceiving a new packaging concept. One of the biggest advantages is that all processed meats are sliced and packaged in our factory in Veurne, from where they are transported to the customer's depots and stores."

"Whenever we launch a new project or implement a change in our factory, we always take three criteria into account: Is it safe? Is quality guaranteed? Is it efficient? These three pillars are carefully balanced, and if we need to make a choice, we prioritise as follows: safety first, then quality and then efficiency. This ensures that efficiency improvements will never compromise safety or quality."

Investing in training

"Succeeding was the only option, so we drew up a meticulous plan in advance. We started by completely changing the layout of the factory so we could house the new machines. Before the first new line arrived, the new employees followed a training course using parallel lines. This was a learning experience for all of us. It is like driving a new car. You know how to drive it; you just have to get used to the slightly different dashboard."

"We recruited a lot of new staff for the project. Where last year we had seventy employees, today we have about one hundred and fifty. That requires a different approach. Happily, I was able to rely on a tight-knit team from the start. Everyone in the office has known each other for a long time. They are all motivated people who are always ready to meet a new challenge and help each other when necessary."

"Efficiency improvements must never compromise safety or quality."

It is important to me that our approach has a human scale.

Rachid El Gourche,
Slicing coordinator in Veurne

Rachid coordinates the slicing activities in Veurne. The Rainbow project at the site in Veurne has brought in many new people. One of his most important tasks is training and supervising new members of staff.

A warm welcome

"We aim to give new colleagues a proper welcome, so we set up a special programme to do just that. We show them our approach to work here and create the right framework. However, it must be said, the start of the Rainbow project was not easy. Not only did we acquire new colleagues, we also received new machines, new configurations, different types of packaging and so on. And whilst all the parameters had changed, we still had to meet the deadlines that had been set."

"The team took on the project with great gusto. I was pleased to play my own role in this. It was important to adjust to everyone's own speed. Some colleagues grasp how something works after seeing it done once, whilst others prefer a longer explanation. It's important to me that our approach has a human scale."

A lesson in sustainability

"What does the future hold in store? We continue to improve our sustainability. That applies to our productions lines too. For example, we train colleagues to keep slicing losses to a minimum. The purpose of this is to prevent too much being thrown away. After all, it is not respectful towards the animal and you lose valuable work, time and money."

LEAN strategy

LEAN is a strategy focused on constantly improving operational activities. In concrete terms, this involves putting the customer first and limiting waste. The outcome is quality improvement of the products and working methods, shorter lead times and cost reductions.

We introduced the LEAN strategy to the factories in Wommelgem, Wijchen, Veurne and Lievegem a few years ago. This year, Ter Beke brought together all the involved employees from the relevant factories for the first time. The session focussed on standard solutions, one of the basic principles of LEAN Management. We reached several new insights and devised improvement proposals by sharing our best practices and knowledge. All the participants carried their newfound knowledge back to their own site to apply it there. We will certainly be holding a second LEAN session in 2019.

"Behind every process there are people; they are the critical factor."

To ensure a smooth flow, all unnecessary steps have to be removed.

Carlos Maenhout,
Process Engineer in Lievegem

Carlos Maenhout has worked for Ter Beke for more than 40 years. He started as a lab assistant and then further developed and trained for a new role as Process Engineer, a job he has been doing since 1991. But what does he do exactly?

Good agreements make good colleagues

"A Process Engineer is constantly working on improving safety, quality and performance at the site. He does this by optimising the site's infrastructure, work processes and the machinery. He draws up and implements schedules to this end, of course while keeping an eye on the available budget." But this is only the briefest summary of Carlos' work. "There is much more to it than that. Behind every process there are people; they are the critical factor."

"Last year, we relocated the Aquarius production line and adapted the workflow here in Lievegem. A result of the Rainbow project in Veurne was that we also acquired another slicing line. Changes like these have a major impact on the factory, which has to keep producing throughout."

"The key words in projects like these are 'preparation' and 'organisation'. We drafted designs and agreed deadlines with external services. We cooperated intensively with colleagues here and in Veurne and made good agreements. Finally, we provided our own people with a timely briefing and appropriate training."

LEAN = minimising waste

"We constantly try to optimise the various positions in the line. We want to produce more economically, but it is also important to increase bacteriological safety. We also look into more ergonomic and efficient working methods for our employees. Any unnecessary steps are removed to ensure a smooth flow. We need to constantly innovate in our factories and make the production processes as LEAN as possible. This is how we assure the quality of our products while at the same time keeping the costs under control."

Simon Homburg,
Warehouse Manager Wijchen

It's marvellous to be a spider in the web.

If you ask Simon what he finds important in his job, the answer is clear: ensuring that customers receive the right products at the right time. This means: plan, plan and plan again.

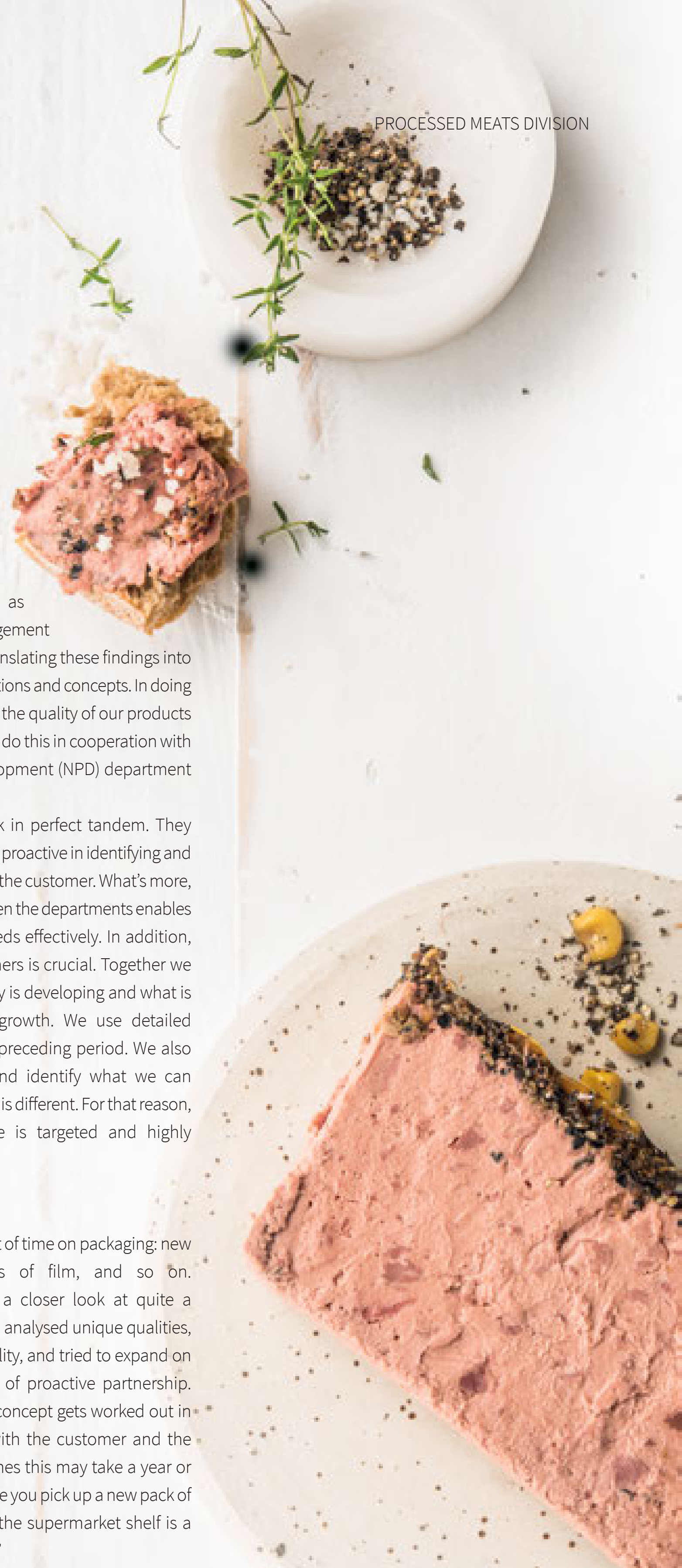
Connecting all the threads

"My job is all about planning and people. Production delivers the goods, we store everything in the warehouse and ensure a correct delivery. I love that dynamic. You're dependent on many factors: production, packaging, transport, planning, logistics. All these parts are connected to one another. And if you do it right, they all come together nicely. I'm right in the middle of it. Like a spider in the web, I keep track of everything."

"We are constantly looking for the best solution, both for our customers and ourselves. When we introduce a new system, people ask for my opinion. I appreciate that. Did you know that we prepare orders for more than just the distribution centres? We also do this for the shops of many of our customers. Each customer has its own method, so we have to take a different approach each time. But we can handle it all."

No planning without consultation

"As Warehouse Manager, I supervise 37 people in total, either directly or indirectly. We have team meetings every day. We go over the planning together with the entire team. This is also an ideal moment to provide extra information. That's how we keep the lines of communication short."



Seeing a new product on the supermarket shelf for the first time is a magical feeling!

Greet Van Laecke,
Business Development Manager at Ter Beke Processed Meats

For years, category management and product management have been working hand in hand in the Processed Meats Division. Last year a decision was taken to merge the two into a single job. Greet Van Laecke became Business Development Manager. She is combining both jobs with panache.

Category and product form a good twosome

"In practice we have been combining category and product management for quite some time. The synergy between them is logical. Category management is all about trying to understand the customer and finding out what drives the consumer. Through research, testing, market surveys and trends, you try to fathom the whole processed meats category as effectively as possible. Product management succeeds in precisely translating these findings into specific product propositions and concepts. In doing so, we test and evaluate the quality of our products on an ongoing basis. We do this in cooperation with the New Product Development (NPD) department and the factories."

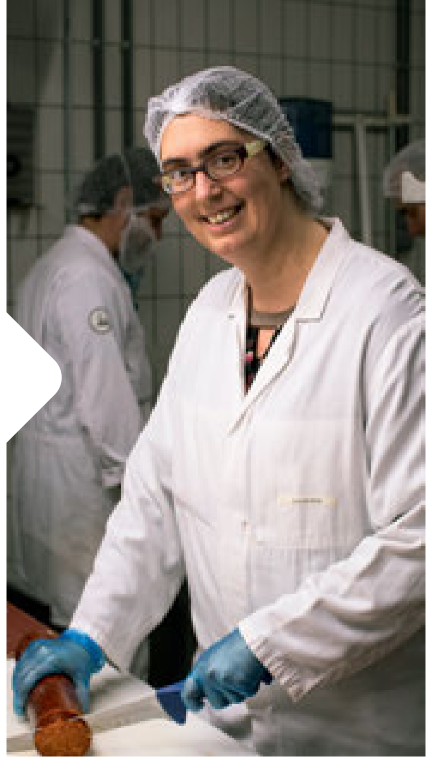
"Both approaches work in perfect tandem. They ensure that our team are proactive in identifying and addressing the needs of the customer. What's more, acting as a bridge between the departments enables us to address these needs effectively. In addition, interaction with customers is crucial. Together we look at how the category is developing and what is necessary for further growth. We use detailed analyses to review the preceding period. We also look into the future and identify what we can improve. Each customer is different. For that reason, the approach we take is targeted and highly customised."

Proactive partnership

"Last year, we spent a lot of time on packaging: new concepts, other types of film, and so on. Furthermore, we took a closer look at quite a number of products. We analysed unique qualities, such as flavour and quality, and tried to expand on these. This is our idea of proactive partnership. Ultimately, a complete concept gets worked out in detail in conjunction with the customer and the various teams. Sometimes this may take a year or even longer. The first time you pick up a new pack of processed meats from the supermarket shelf is a moment of pure magic!"

"Category management is about trying to understand the consumer and the customer. Product management succeeds in precisely translating these findings into specific product propositions and concepts which are tailor-made for our customers."

Proud of the authentic character of our products.



Elke De Witte,
Technology Manager
Ter Beke Processed Meats Belgium

Becoming an expert in salami: it seemed like a sound ambition for Elke De Witte, when she started at Ter Beke in 2011. In the meantime, she is responsible for the development of all products within the Processed Meats Division at Ter Beke. So, what does it all involve?

Development from A to Z

"When it comes to developing new products in the Processed Meats Division, the team and I are all in it together. We also adapt existing products. This can be at the request of the customer, or as a way of proactively responding to challenges of the market. We always do this based on our technical expertise and our product knowledge. What's more, our developers often have a background in butchery and we can call on their expert knowledge. We are also closely involved in process optimisation. Any changes in our processes cannot not adversely affect taste, smell or quality."

"We do it all ourselves. The recipe of each product sent to our customers is worked out in detail by our team. We do not buy spice mixes, everything is 'handmade'. Our test kitchen is used every day to try out new products or to tweak existing recipes. We follow the whole process, from the raw material to the product you put on your sandwich."

"The link between creative and culinary skills and statutory regulations is not always an obvious one. We only make use of the much-talked-about E numbers in order to safeguard food safety, to facilitate the slicing of meats and to combat wastage. After all, for customers it is important for products to have a reasonable shelf life. In whatever event, we always strive to arrive at the best possible solution."

Having a nose for it

"Once a recipe has gone into production, it is kept under close scrutiny. Sometimes the final product is not identical to what we envisioned in the test kitchen. At that point, we go through the whole process again until we get it right. Our processed meats all have that typically authentic and honest taste, which is something we are proud of. We always put passion in our products. You can see it in their flavour, but also in their presentation. I get satisfaction from seeing how effectively our customers are persuaded."

"We follow the whole process, from the raw material to the product you put on your sandwich."

Daily improvements in the chain.

Bert Slagter,
Sales Group Manager
for Retail at Offerman

Seeking solutions that suit all parties involved, that is what drives Bert Slagter. Employees, customers and suppliers all need to support the idea. But there are other conditions as well, says the Sales Group Manager.

A team of chain thinkers

"To ensure a resilient portfolio, we need to ensure enthusiasm and a sound support base among consumers, our customers and the Offerman team. Our success is based on three important pillars: excellent category management, concept & product excellence and the ultimate chain for fresh foods."

"Every solution must be suitable for embedding in this chain, with no exceptions. The ultimate chain we are striving for combines efficiency and sustainability, with a robust business model as its foundation. Transparency in the chain is also important; it can only function properly and be further optimised if you have a clear structure to build on."

"We carry out analyses down to the level of the individual stores, with supervision on store level. In the future, we plan to develop even more innovative and successful concepts. By combining our long-term partnerships with more transparency, we are really able to strengthen and distinguish our fresh food chains. This will enable our customers to supply their stores and the consumer even more effectively."

As Corporate Recruiter, I want to create strong teams and a strong employer brand.

Femke Driessen,
Corporate Recruiter at Offerman

Last year, Femke Driessen moved from Zwanenberg to Offerman as Corporate Recruiter. She is enthusiastic about her job and a firm believer in the power of employer branding. Femke explains how she intends to put the Offerman brand more powerfully on the map.

Recruitment backed by know-how

"I work as a Corporate Recruiter at Offerman. It was a conscious decision to have a recruiter within the organisation, simply because you know the company better: its culture, its needs, its functioning. This makes it easier to assess whether someone suits the organisation or not. It doesn't solely depend on knowledge or job content."

Emphasis on Employer Branding

"As a recruiter, I put a lot of emphasis on our brand. Offerman has a plethora of USPs which we aim to promote to create a strong employer brand. People must be able to find us. It is not that easy, as we produce a lot of private labels. I feel it is important to work hard at employer branding by having an appealing website, being present at job fairs and ensuring good word-of-mouth advertising."

Onboarding with a smile

"A recruiter can achieve strong employer branding by focusing on the positive aspects of our industry. It is true; the meat industry doesn't always enjoy widespread popularity. However, at the same time, we are extremely fast, innovative and dynamic. This is highly appealing to applicants. The whole onboarding process plays a key role. Candidates are more likely to be persuaded if you coach and supervise them from start to finish."

"We want to welcome newcomers to the 'club'. For example, by leaving a welcome card and gift on their desk on the first day, signed by their direct colleagues. At the same time, I am also keen to focus more on candidates who weren't successful and who invested a great deal of time and effort in the application procedure. I feel it is important to spend some effort thanking them for their time and interest. This kind of image building makes all the difference."

"It is also satisfying to see a newcomer doing well, fitting in with the team and feeling at home. Only then you know your recruitment campaign has been a success. I like to keep track of these colleagues. For example, by looking them up to see if all is going well and if the team is happy with their new colleague. That's a big boost for a recruiter."

At Ter Beke, I found a company with drive and passion.

Monique Witteveen,
Senior Product Manager
at Offerman

Monique Witteveen manages the team of product managers at Offerman. She and her team form the link between the customer, the sales department and the production locations. Last year, the move from Zwanenberg to Offerman marked a new start for Monique and her team.

We make sure it gets done

"Our ambition? To always deliver good products to our customers. Bringing new products and packaging to the market and maintaining that upward trend. Is a customer asking for a change in a product? Or do they want something new? Whatever it is, our team makes sure it gets done. That's basically what it's all about."

"The physical move from Zwanenberg to Offerman in February was quite a challenge. As a company, you cannot afford to stand still. Everyone had to be back on the network immediately. You also have to continually guarantee delivery levels to the customer and quality cannot decline. An additional difficulty was that a lot of items were now branded differently. In 2018, we even launched a completely new brand in our Out-of-Home channel: FairBeleg®."

A recognisable drive and passion

"Ultimately, however, we managed to meet all the deadlines. Ter Beke employees played a major role in this. Personally, I'm very happy that a company such as Ter Beke has acquired us. I instantly recognised the same drive and passion. Communications are also honest and smooth. Working well together means moving forward together."

What does our internal customer want?

Dirk Baeyens,
ICT Director Ter Beke Group

2018 was a year full of challenges for ICT. With Dirk Baeyens in charge, the team helped to implement the new ERP system at various sites. It also took care of the complete ICT integration of the Offerman business unit. On top of that, all happened while Dirk was working on the internal mechanisms of his team.

Project-based work in liaison with the customer

"My team consists of qualified computer scientists each with their own specialisation. Our goal is to avoid recurrent problem and incident solving ad hoc. By proactively thinking and focussing more on projects, we ease off daily pressure. At the same time, it is improving the added value of our services. The ICT team is now sharing more know-how, but also more concerns. We built a project structure in which we are working much more closely with the different departments in Ter Beke."

"What does our internal customer want? What exactly is the question and the intention? From the very beginning, we are looking at this jointly and we seek technological solutions. The ICT team can assist and advise. Not only that, we can also establish links. Perhaps similar problems exist elsewhere, or maybe we can use a particular application for a number of different purposes. I aim to focus on this synergy."

Collective ownership

"Raising awareness is important. Ensuring that projects are collectively owned and have joint goals. This also means we share the responsibility for optimising the use of human and material resources. Tracking technological developments, managing costs and constantly striving towards added value. That is what the ICT team wants to represent."

General Data Protection Regulation (GDPR)

Ter Beke takes the privacy of its employees extremely seriously. Our privacy policy includes guidelines about how we collect, use, update, transfer, disclose and destroy the personal data of our employees. In this way, we are able to protect the rights of all employees and guarantee the confidentiality of everyone's data in accordance with GDPR principles.

In early 2018, we set up a GDPR project team. With the aid of an external expert, we identified exactly where personal and company-sensitive data were located and what the associated risks were. The team assessed the impact of data processes in the management of personal data and converted this into action plans. An awareness programme was set up for the HR and IT departments. All employees were given written confirmation that their personal data would only be used insofar as necessary in the context of their contract of employment.

The ICT team performs a key task in managing and securing personal data. It ensures that all personal data is only processed, stored and shared, where necessary and for as long as necessary, in a secure environment. It will also guarantee that only appropriate individuals have access to sensitive and important information. This process is constantly being updated. Where necessary, this process will be automated.

If a recipe changes, we have to redo the entire process.

Leen Heirlings and Hilde Hillaert,
Specification Management

Leen Heirlings and Hilde Hillaert are the driving forces behind Specification Management and they work in regular consultation with colleagues from the other business units. Leen and Hilde have been working at Ter Beke for a long time, 12 and 19 years respectively. They know our products in and out, down to the smallest component. Over the years, their range of tasks has expanded.

Each product is an entire process

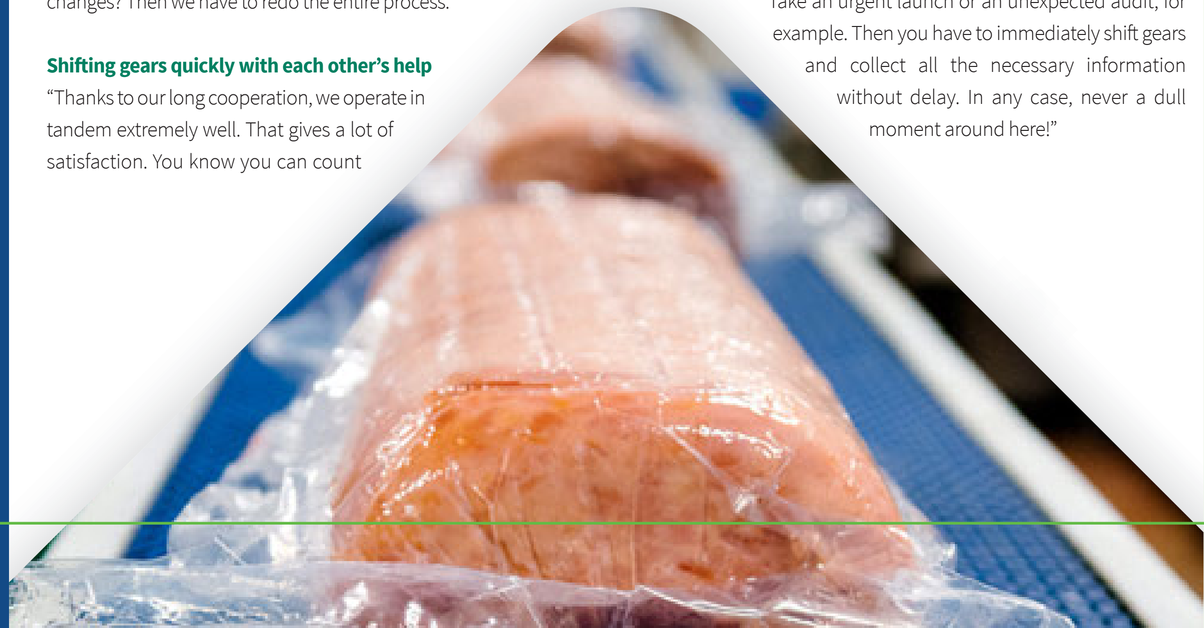
"Customers want increasingly more detailed information about our products. Most of our customers have their own webpage or customer profile, where we are required to enter all kinds of information such as the packaging material and list of ingredients. We also ensure that all the statutory information is mentioned on the label. We closely monitor all legislative amendments. We answer customer questions and keep our own database up-to-date. Our team stands at the crossroads of many information flows, both internal and external."

"How do we go about launching a product? Our product development department (in short NPD) draws up a recipe. We convert that into a list of ingredients. We request laboratory analyses and information about the raw materials and fill in the customer profiles. As we work for both divisions, there are a lot of products involved. And what if a recipe changes? Then we have to redo the entire process."

Shifting gears quickly with each other's help

"Thanks to our long cooperation, we operate in tandem extremely well. That gives a lot of satisfaction. You know you can count on each other. And that the customer always receives the correct information in time, even in your absence. Sometimes things can get quite hectic. Take an urgent launch or an unexpected audit, for example. Then you have to immediately shift gears and collect all the necessary information without delay. In any case, never a dull moment around here!"

"In any case, never a dull moment around here."



It was quite a tangle, but the switchover actually went very smoothly.

Linda Baelen,
Compensation & Benefits Manager at Ter Beke

Linda Baelen is one of the main drivers of the Galileo project. The primary objective of this project is to set up a clear-cut and uniform payroll calculation and time registration system for all Belgian sites of Ter Beke. Not an easy task but thanks to the commitment of many, the mission appears to be successful.

Issue addressed by Galileo

"Anyone who knows a little about the history of Ter Beke, knows that it is a story of mergers and acquisitions. A fusion of different organisations that all use their own HR system. Eventually we arrived at three different systems at the five sites. Nevertheless, there was a need to combine everything on one platform. The working group assigned with this task decided to name the project 'Galileo'. Its five goals?

- **Reducing the error margin in payroll processing by correctly monitoring all legislation and legislative amendments**
- **Offering a high-quality customer-oriented service**
- **Working more efficiently**
- **Ensuring greater uniformity within Ter Beke**
- **Modernising the system and working digitally**

"It was an extremely complex project - one giant mathematical puzzle. There are countless calculation rules and data behind every system. We wanted to align all of these into one new system. To begin with, we split up the elements into separate, manageable projects."

Step-by-step and with good communication

"The adjustment of the time registration system turned out to be the first major step. This especially had a great impact on the blue-collar workers. Everything had to be digital in the new system. No more applications or approvals on paper. From now on, everything went via the computer or via a special kiosk in the cafeterias."

"Apart from the adjustment itself, the communication regarding this was particularly important. We did this using videos, information sessions, kiosk trainings, etc. This appeared to be a good approach, as the switchover actually went very smoothly. Now, after a few months, we see that we can closely monitor working hours, holidays and sick leave and immediately correct possible errors. Our mission has certainly been successful in this respect."

Employee self-service

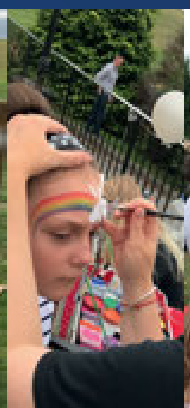
"There's more in the pipeline. The next version of the programme will include an app to make the login process even more mobile and flexible. Our goal is to create an 'employee self-service' system. A kind of digital counter where you can modify your personal information yourself. The new system will also offer the option of building additional modules, but in a uniform manner for each site. We don't want to go back to the tangle that it was!"

"It was an extremely complex project - one giant mathematical puzzle. There are countless calculation rules and data behind every system. We wanted to align all of these into one new system."

Family Day

At Ter Beke, we work hard, but when we party, we do so with plenty of ZEAL.

The standard ingredients of the Family Day: good food, nice colleagues and a smile.

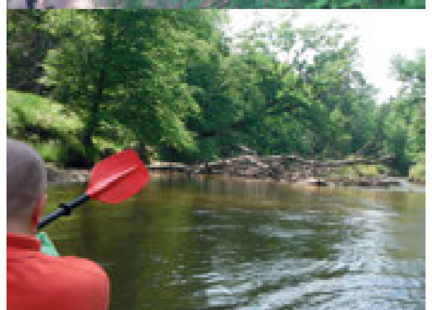


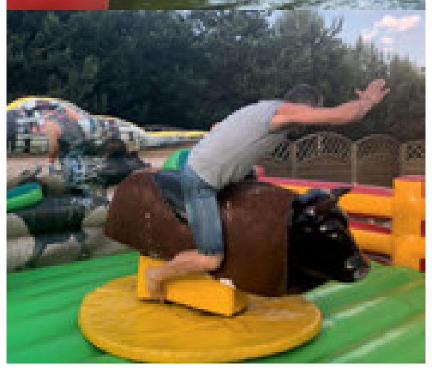
KK FINE FOODS

KK Fine Foods organised its first Family Day last summer. On a bright Sunday in early September, 250 employees and their families came together for a fun-filled barbecue. Everyone enjoyed the hamburgers, hotdogs, chips and ice cream. There were bouncy castles, a rodeo bull, an inflatable obstacle course, face painting, prizes and lots of other fun for young and old. In the middle of it all was the management team, who volunteered to go in the pillory and encouraged the children to pelt them with wet sponges.

PASTA FOOD COMPANY

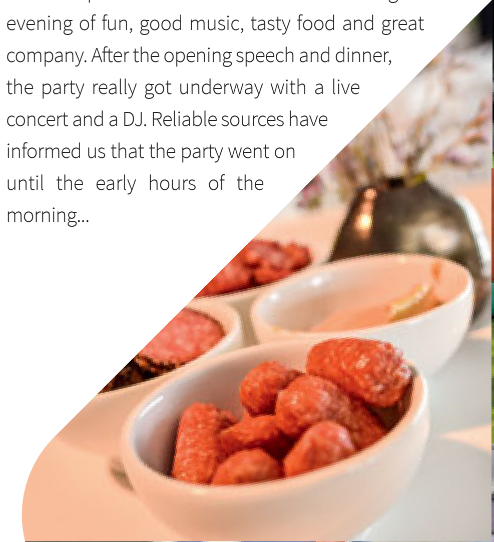
Pasta Food Company celebrated twice in 2018. In January, they held the annual staff party where several colleagues showed off their singing skills; while everyone was eating, drinking and dancing, they spontaneously grabbed hold of the microphone from the karaoke machine. In June, our colleagues in Poland spent a day in the outdoors. They all had lots of fun doing various activities, such as paddling a canoe against the wind on the Mala River and riding the rodeo bull during the meal afterwards. It was highly entertaining for both the daredevils and their audience!





STEFANO TOSELLI

Every June, Mézidon is the place to be for the annual 'Music Festival'. This is an opportunity for colleagues and their partners to let their hair down during an evening of fun, good music, tasty food and great company. After the opening speech and dinner, the party really got underway with a live concert and a DJ. Reliable sources have informed us that the party went on until the early hours of the morning...



TER BEKE BELGIUM AND THE NETHERLANDS

Ter Beke's Family Day in Belgium and the Netherlands always guarantees a pleasant afternoon with good food and fun attractions in the company of nice colleagues. During the previous editions, Belgium and the Netherlands celebrated the Family Day together. In September 2018, they each held their own events, albeit on the same day. The Rhederlaag recreation area in Lathum was the place to be for our Dutch colleagues, while the Belgian participants gathered at our Wanze site, which had been transformed into an amusement park for the occasion. CEO Francis Kint gave a speech for both locations in a livestream.

2 NON-FINANCIAL INFORMATION

Non-financial information

ENVIRONMENT

Ter Beke strives to be a sustainable company and operate with due regard and care for the environment. This means that we look after the environment and all the people connected to Ter Beke: our stakeholders. These stakeholders include our employees, our customers, the suppliers, the shareholders, our local communities and society in general.

SOCIAL AND EMPLOYEE AFFAIRS

Read more on this topic in 'Key features of internal control and risk management systems' on page 56.

RESPECT FOR HUMAN RIGHTS

Ter Beke respects all human rights. We make this explicit in our mission, our core values and our strategic objectives, which we have combined in a single word: ZEAL.

Every new employee is given the ZEAL manual at the start of his or her contract. This manual describes the relationship between Ter Beke and its employees, what is expected of them and what they can expect of us.

COMBATING CORRUPTION

Read more in 'Key features of internal control and risk management systems' on page 56.

DIVERSITY

Ter Beke complies with all diversity legislation. Ter Beke consistently applies this principle to all employees.

Read more about this in the 'Board of Directors' section on page 46.

CSR
Corporate Social Responsibility

Environmental impact*

Water consumption
-5.2%

Energy consumption
-10.3%

Waste*

Waste water
-18%

Recyclable waste in production
-38%

Non-recyclable waste in production
-26%

Organic waste in production
-52%

Product Quality & Safety

100% Global Food Safety Initiative certified factories

unannounced audits

89% GFSI certified suppliers

94% meat suppliers

77% packaging suppliers

91% ingredient suppliers

Nutrition and health

Saturated fats
-183 tonnes**

Eggs
95%
Free-range or semi-intensive

Palm oil*
-55%

Vegetables
39%
in Ready Meals

Safety

113 industrial accidents for the Group (132 in 2017)

1730 lost calendar days (1717 in 2017)

* % change per tonne per sold product, compared to 2011-2013 / ** equivalent compared to reduction of palm oil

3

CORPORATE GOVERNANCE

Corporate Governance

The Corporate Governance Statement is based on Article 96 §2 and §3, Article 119 of the Belgian Company Code and the Corporate Governance Code 2009. It contains factual information about Ter Beke's Corporate Governance policy in 2018, including a description of the following:

- a description of the key features of internal control and risk management systems
- the required statutory information
- the composition of the governing bodies
- the operation of the governing bodies
- their committees
- the remuneration report

The statement also contains a number of elements of non-financial information as referred to in Article 96 §4 of the Belgian Company Code.

We have used the Belgian Corporate Governance Code 2009 as a reference. This code is publicly available at www.commissiecorporategovernance.be.

Our Corporate Governance Charter is published on www.terbeke.com. In the charter we clarify our position with regard to the provisions of the Corporate Governance Code 2009. And we describe other Corporate Governance practices which we apply in addition to the Corporate Governance Code 2009.

We respect the statutory provisions on Corporate Governance as set out in the Belgian Company Code and other specific legislation in this regard.

CORPORATE GOVERNANCE

Board of Directors

1. ANN COOPMAN (°1961 - +2019)

Ann Coopman passed away on 29 March 2019. This is a great loss for her fellow board members and the management of Ter Beke and a cause of much sorrow. Ann was closely involved with Ter Beke, not only as a board member, but also as a person. She was a regular visitor to the various sites and often attended company events of the company she grew up with. With her engaging and pleasant smile, she always complemented and supported the management team through both good times and bad.

Ann had a degree in Executive Secretary and Market Study. She began her career as a Marketing Assistant at Volvo Cars Belgium and also worked as a self-employed secretary for Vlerick Business School and the Flemish Strategy Society (Vlaamse Strategie Vereniging), in addition to caring for her four children. Ann Coopman was also active in local politics for 24 years, including 14 years as alderwoman and 10 years as mayor of Waarschoot, where she was renowned for her enterprising but human approach. Besides the fact that she ushered the village of Waarschoot into the 21st century, she is also justly known as the mother of 'Lievegem', the municipal amalgamation of Waarschoot, Zomergem and Lovendegem.

Ann was appointed to the Board of Ter Beke in 2014 and was recently reappointed during the General Meeting of 31 May 2018. Her contributions to board meetings, including her attention to the human side of things, were greatly appreciated and will be sorely missed.

2. DOMINIQUE COOPMAN (°1967)

Studied Bioscience Engineering and Engineering Management. In 2014, she left her job as Export Manager to obtain a Master's degree from the University of Gastronomic Sciences of Pollenzo. She is currently working as a freelance consultant under the 'Bramabrom' label with a focus on food in the Italian context. Dominique Coopman has been a director at Ter Beke since 2008. The General Meeting of 31 May 2018 reappointed Dominique Coopman as director for a period of four years, concluding at the time of the General Meeting of 2022.

3. FRANCIS KINT (°1962), CEO

Is a Civil Engineer, Ghent University, supplemented with postgraduate studies at Vlerick Business School and an MBA at INSEAD. He built up an international career at various companies, including Sara Lee, Chiquita, Fiskars and UNIVEG. Prior to joining Ter Beke, Francis was CEO at Vion, an international meat processing company with its headquarters in Boxtel, the Netherlands. Francis was appointed director by the General Meeting of 31 May 2018 for a period of four years and was appointed CEO for the Group by the Board of Directors.

4. DIRK GOEMINNE (°1955)

Studied Applied Economics and Business Engineering at the University of Antwerp. He has held management positions in manufacturing and retail companies. Until 2007, served as Chairman of the Executive Board of the V&D Group and as member of the Board of Directors of Maxeda (Vendex/KBB). Dirk Goeminne is Chairman of the Supervisory Board of Stern Groep NV and Beter Bed Holding NV, member of the Supervisory Board of Wielco BV and Non-Executive Director of Van de Velde NV. He is also Chairman of the Board of Directors of Wereldhave Belgium NV and JBC NV. Dirk Goeminne was CEO of Ter Beke from 2013 to 2018. He was appointed Chairman on 1 June 2018.

5. ANN VEREECKE (°1963)

Is a Civil Engineer and Doctor in Management (Ghent University). She is Professor of Operations and Supply Chain Management at Vlerick Business School and Ghent University. She was a Board Member and President of EurOMA (European Operations Management Association) and a Board member of POMS (Production and Operations Management Society in the US). She is currently a Board Member of Picanol Group and North Sea Port. In 2014, she joined the Board of Directors at Ter Beke as an independent director. She is also a member of the Audit Committee and chairs the Remuneration and Nomination Committee. The General Meeting of 31 May 2018 reappointed Ann Vereecke as independent director for a period of four years, concluding at the time of the General Meeting of 2022.

6. EDDY VAN DER PLUYM (°1957)

Studied Economics, supplemented with an MBA at INSEAD. After a brief period at Deloitte Haskins & Sells, he joined the family business Pluma NV, which was incorporated within Ter Beke in 2006. In 1989, he became the Managing Director of Pluma NV. In August 2018, Eddy Van der Pluym, as permanent representative of Arei NV, was co-opted as director until the General Meeting in 2019.

7. DOMINIQUE EEMAN (°1957)

Obtained a degree in Applied Economics at the University of Antwerp, a Master's degree at Vlerick Business School and also followed the International Directors Programme (INSEAD). He is General Manager of the listed holding company, Solvac. He has extensive experience as former CFO at Recitel and Vandemoortele. He is an all-round financial and strategic expert, and is familiar with the values of a family business such as Ter Beke. His knowledge of the food sector is based on his experience as CFO at Vandemoortele and his position of director at Leonidas. Furthermore, he is member of the Board of Directors of Funds For Good and Sofindev IV, and member of the Supervisory Board of Put & Co. He has been a director of Ter Beke since 2017. He is Chairman of the Audit Committee and also a member of the Remuneration and Nomination Committee.

8. KURT COFFYN (°1968)

Has a degree in Industrial Engineering, specialising in automation & electronics. Kurt has 27 years' experience in Operations & Supply Chain, from working as a labour analyst on the shop floor at Vynckier (General Electric) Ghent, to European positions at Stanley Black&Dekker, and as COO at various companies such as Ontex (personal hygiene), Provimi (animal feed, the Netherlands), Cargill (animal nutrition & starch production) and Unilabs Switzerland (Clinical laboratories). He started out as an independent director of Ter Beke in 2017 and is also a member of the Audit Committee and Remuneration and Nomination committee.

Composition and functioning of the management bodies and committees

BOARD OF DIRECTORS

COMPOSITION

The table below shows the composition of the Board of Directors on 31 December 2018, with an overview of the meetings and attendances in 2018.

Name	Type *	End of mandate	Committees **	Meetings 2018 (x = present)						
				22/2	8/3	16/4	14/6	29/8	19/10	27/11
Louis-H. Verbeke (1)	NE	2018	RBC	x	x	x				
Dirk Goeminne (2)	NE	2022	AC/RBC	x	x	x	x	x	x	x
Dominique Coopman	NE	2022		x	x	x	x	x	x	x
Ann Coopman	NE	2018	RBC			x				
Ann Coopman (3)	NE	2022	RBC				x	x	x	x
Eddy Van Der Pluym	E	2018		x	x					
Eddy Van Der Pluym (4)	NE	2019						x	x	
Ann Vereecke (5)	I	2022	AC/RBC	x	x	x	x	x	x	x
Dominique Eeman (6)	I	2021	AC/RBC	x	x	x	x	x	x	x
Kurt Coffyn	I	2021	AC/RBC		x	x	x	x	x	x
Guido Vanherpe (7)	I	2018	AC	x						
Francis Kint (8)	E	2022					x	x	x	x

As permanent representative for:
(1) BVBA Louis Verbeke, (2) NV Fidigo, (3) NV Hico, (4) NV Arei, (5) BVBA Ann Vereecke, (6) BVBA Deemanco, (7) BVBA Guido Vanherpe, (8) BVBA Argalix

*
E = Executive
NE = Non-executive
I = Independent

**
AC = Audit Committee
RBC = Remuneration and Nomination Committee

Honorary mandates: Daniël Coopman† - Honorary Chair, PhD Prof. L. Kympers† - Honorary Director

As appropriate, we confirm that the Group complies with provision 4.5 of the Corporate Governance Code regarding the maximum number of mandates in listed companies for non-executive directors.

The internal regulations of the Board of Directors describe the detailed functioning of the Board. These regulations form an integral part of the Group's Corporate Governance Charter.

The Board approved the interim results, the annual results, the budget and the Group's strategy.

DIVERSITY

The composition of the Board of Directors takes into account the necessary complementarity with respect to competences, experience, know-how and diversity, including gender. See also Article 1.2 of the internal regulations (Appendix 1 of the Corporate Governance Charter).

The list of the members of the Board of Directors shows that these criteria have been satisfied for 2018.

Ter Beke also meets the requirements of diversity based on gender as specified in Article 518 of the Belgian Company Code.

EVALUATION

Due to a number of important changes in the composition of the Board and the positions, the Board considered that it was not appropriate to hold a formal evaluation of the Board in 2018.

APPOINTMENTS/REAPPOINTMENTS IN 2018

On 31 May 2018, the General Meeting accepted the resignation of BVBA Guido Vanherpe, represented by Guido Vanherpe, as well as the expiry of the mandate of BVBA Louis Verbeke, represented by Louis-H. Verbeke.

On the advice of the Remuneration and Nomination Committee, the General Meeting of 31 May 2018 reappointed as director: Ann Coopman, Dominique Coopman, BVBA Ann Vereecke (represented by Ann Vereecke) and NV Fidigo (represented by Dirk Goeminne). And this for a period of four years, concluding at the time of the General Meeting of 2022.

The General Meeting of 31 May 2018 appointed as director: BVBA Argalix, represented by Francis Kint. Also for a period of four years, concluding at the time of the General Meeting of 2022.

The Board of Directors appointed NV Fidigo, represented by Dirk Goeminne, as Chairman of the Board of Directors. In accordance with provision 4.7 of the Corporate Governance Code, the Board considered all the advantages and disadvantages of appointing the former CEO as Chairman and decided that this was in the best interest of the company from a perspective of ensuring continuity and advising the new CEO.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2018, the Board of Directors had two active committees: the Audit Committee and the Remuneration and Nomination Committee. The committees are composed in accordance with legislation and the provisions of the Corporate Governance Code. These committees work under a mandate issued by the Board of Directors. A description of this mandate can be found in the detailed regulations of the Corporate Governance Charter.

AUDIT COMMITTEE

The table below shows the composition of the Audit Committee as on 31 December 2018, with an overview of the meetings and attendances in 2018.

Name	Meetings 2018 (x = present)			
	19/2	14/6	27/8	27/11
NV Fidigo (Dirk Goeminne)		x	x	x
BVBA Guido Vanherpe (Guido Vanherpe)*				
BVBA Deemanco (Dominique Eeman)**	x	x	x	x
BVBA Louis Verbeke (Louis-H Verbeke)*	x			
BVBA Ann Vereecke (Ann Vereecke)***		x	x	x
Kurt Coffyn***		x	x	x

* mandate expired on 31 May 2018
** Chair
*** mandate commenced on 14 June 2018

All members of the committee are non-executive directors and have a thorough knowledge of financial management. The majority of members on the committee are independent. The committee has the necessary collective expertise regarding the company's activities. Meetings of the committee were regularly attended by the Statutory Auditor and on every occasion by the Internal Auditor.

The Audit Committee advised the Board of Directors regarding the following:

- Annual results 2017
- Interim results 2018
- Internal audit
- Group risk management
- Independence of the Statutory Auditor

The Audit Committee monitors the internal audit function set up by it and regularly evaluates its own regulations and functioning.

CORPORATE GOVERNANCE

REMUNERATION AND NOMINATION COMMITTEE

The table below shows the composition of the Remuneration and Nomination Committee on 31 December 2018, with an overview of the meetings and attendances in 2018.

Name	Meetings 2018 (x = present)	
	19/2	27/11
BVBA Louis Verbeke (Louis-H Verbeke)*	x	
BVBA Ann Vereecke (Ann Vereecke)**	x	x
Ann Coopman	x	
NV Hico (Ann Coopman)		x
BVBA Deemanco (Dominique Eeman)	x	x
Kurt Coffyn		x
NV Fidigo (Dirk Goeminne)		x

* mandate expired on 31 May 2018
** Chair

All members are non-executive directors and have a thorough grounding in human resources management. The majority of members on the committee are independent. The Remuneration and Nomination Committee advises the Board of Directors with regard to:

- Remuneration of the directors and the CEO
- Remuneration of the Chairman and the directors
- General remuneration policy for the directors and executive management
- Principles of the variable remuneration system
- Appointment and reappointment of directors
- Composition of the committees within the Board of Directors
- Members and Chairman of the Executive Committee
- Managing Director

The committee draws up the remuneration report and clarifies the results at the General Meeting of Shareholders. The committee regularly assesses its own regulations and functioning.

SECRETARY

Mr Dirk De Backer is secretary to the Board of Directors and to the committees set up within the Board of Directors.

Executive committee and day-to-day management

COMPOSITION OF EXECUTIVE COMMITTEE

- BVBA Argalix, represented by Francis Kint, Group CEO/Chairman of Executive Committee/Managing Director
- Sagau Consulting BVBA, represented by Christophe Bolsius, CEO of the Ready Meals Division
- Dirk De Backer, Group Director of Human Resources/Secretary General
- René Stevens, Group CFO
- BVBA Esroh, represented by Yves Regniers, Group Controller, from 1 January 2019

At the end of 2018, the Board of Directors terminated its collaboration with BVBA WiDeCo, represented by Wim De Cock, and with BVBA Tigris Consulting, represented by Ingeborg Koenraadt.

FUNCTIONING

In 2018, The Executive Committee held meetings once every two weeks until the beginning of September and once a month from September onwards and whenever there were operational reasons to convene. The Executive Committee is responsible for management reporting to the Board of Directors. The detailed functioning of the Executive Committee is described in the Committee's internal regulations. These regulations form an integral part of the Group's Corporate Governance Charter.

EVALUATION

Once a year, the Board of Directors evaluates the performance of the CEO (without the CEO being present during the evaluation), as well as the performance of the other members of the Executive Committee (in the presence of the CEO). The Board does this on the initiative of the Remuneration and Nomination Committee. This evaluation was also carried out in 2018. For this, the Board uses both qualitative and quantitative criteria. There is no direct relationship between the evaluation and the annual variable remuneration.

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1. DIRK DE BACKER (°1971)

Secretary General/Group Director Human Resources

Studied law at KU Leuven (Rouen), and also obtained an LLM degree from the University of Houston and MBA degrees from Vlerick Business School and Amsterdam Business School. Until 2004, he worked as a lawyer at the law firm Allen & Overy. Since 15 November 2004, he has been serving as Secretary General to the Ter Beke Group, a position he has combined with that of Human Resources Director for the Group since 1 May 2014. Dirk De Backer is also Secretary to the Board of Directors and has been appointed Compliance Officer for the Group. He has been a member of the Executive Committee since 1 December 2014.

2. FRANCIS KINT (°1962)

Group CEO

Is a Civil Engineer, Ghent University, supplemented with postgraduate studies at Vlerick Business School and an MBA at INSEAD. He built up an international career at various companies, including Sara Lee, Chiquita, Fiskars and UNIVEG. Prior to joining Ter Beke, Francis was CEO at Vion, an international meat processing company with its headquarters in Boxtel, the Netherlands. Francis was appointed director by the General Meeting of 31 May 2018 for a period of four years and was appointed CEO for the Group by the Board of Directors.

3. RENÉ STEVENS (°1958)

Group CFO

Studied Applied Economics at the University of Antwerp, Management Information Systems at KU Leuven and Tax Law at EHSAL Brussels, and obtained an Executive MBA from Antwerp Management School as well. René Stevens has held various financial positions at Sun International and other companies. He has been CFO of the Ter Beke Group since 2005.

4. CHRISTOPHE BOLSIUS (°1969)

CEO Ready Meals Division

Graduated with a Licentiate degree in Applied Economics and a specialisation in International Business from the University of Antwerp. He has spent his entire career in the food industry. At the start of his career, he worked in various sales and marketing positions in Belgium and abroad, e.g. at Dr Oetker, Sara Lee Meat Products and Campina. In 2009, he held successive management positions at Friesland Campina and Douwe Egberts. Christophe Bolsius has been an active member of the Executive Committees of various sector associations: VLAM (Flanders' Agricultural Marketing Board), BABM (Belgilux Association of Branded products Manufacturers), BMA, coffee roasters' association. He joined the commercial management team of Ter Beke in December 2014 and from November 2015 onwards, assumed the position of Commercial Director Ready Meals. At the beginning of December 2017, he became CEO for the Ready Meals Division of the Ter Beke Group.

5. YVES REGNIERS (°1978)

Group Controller

Studied law at Ghent University, then obtained an International Executive MBA from Warwick Business School (UK).

He started his career at PwC in financial audit. For the next 13 years, he went on to work in various financial positions at home and abroad for Multi Packaging Solutions. He has been the Group Financial Controller at Ter Beke since the beginning of 2017 and from January 2019 will become a member of the Executive Committee.

Conflicts of interest

BOARD OF DIRECTORS

One conflict of interest (within the meaning of Article 523 or Article 524 of the Belgian Company Code) was reported to the Board of Directors in 2018. For further details, please refer to the 2018 Annual Report. There were no other reports of transactions with associated parties as referred to in Appendix 2 of the Group's Corporate Governance Charter.

EXECUTIVE COMMITTEE

No conflicts of interest (within the meaning of Article 524 of the Belgian Company Code) occurred within the Executive Committee in 2018. Neither were there any reports of transactions with associated parties within the meaning of Appendix 2 of the Group's Corporate Governance Charter.

External control

The General Meeting of Shareholders of 26 May 2016 appointed Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Ms Charlotte Vanrobaeys, as Statutory Auditor of NV Ter Beke. The appointment is for a term of three years.

We consult regularly with the Statutory Auditor. The Statutory Auditor is invited to attend the Audit Committee meeting for the half-yearly and annual reporting. The Statutory Auditor is also invited to attend the meeting to discuss the internal audit plan and the internal controls.

The Statutory Auditor does not maintain any relationships with Ter Beke that could influence its judgement. It has confirmed its independence with respect to the Group.

In 2018, EUR 413,740 was paid for audit services to Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA and to the persons with whom Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA is associated. In 2018, we paid EUR 178,828 for non-audit services.

Dealing Code for transactions in Ter Beke securities

The Ter Beke Dealing Code regulates transactions in Ter Beke securities (Appendix 3 of the Group's Corporate Governance Charter).

- The Dealing Code states that price-sensitive information must be communicated immediately.
- Directors, Executive Committee members and insiders are required to inform the Compliance Officer of all share transactions. On receipt of a negative recommendation, the party concerned must cancel the transaction or inform the Board of Directors.
- The Dealing Code contains guidelines to preserve the confidential nature of privileged information. For example, the Dealing Code provides for blocked periods. Directors and other persons relevant to Ter Beke may not perform any transactions in Ter Beke securities during these blocked periods.
- New members of the Board of Directors, the Executive Committee and other persons who have regular access to privileged information are always informed by us regarding the Dealing Code.
- The company also maintains a list of the persons who have regular access to privileged information.

Remuneration report

PROCEDURE APPLIED IN 2018 FOR DEVELOPING THE REMUNERATION POLICY AND DETERMINING THE REMUNERATION AND APPLICABLE REMUNERATION POLICY

REMUNERATION PROCEDURE

The remuneration policy for the members of the Board of Directors, CEO and members of the Executive Committee is prepared by the Remuneration and Nomination Committee and approved by the Board of Directors.

The remuneration of the members of the Board of Directors, CEO and members of the Executive Committee is an integral part of the Corporate Governance Charter and is incorporated as an appendix to the Remuneration and Nomination Committee's internal regulations. The Remuneration and Nomination Committee monitors the implementation of this policy and advises the Board of Directors in this matter.

The remuneration level of the members of the Board of Directors for the financial year 2018 was approved by the General Meeting of Shareholders on 31 May 2018.

The remuneration level of the CEO and members of the Executive Committee for the financial year 2018 was confirmed by the Board of Directors based on the advice of the Remuneration and Nomination Committee.

REMUNERATION POLICY

In 2018, the members of the Board of Directors and the Committees are entitled to an annual fixed remuneration (in EUR):

Chairman of the Board of Directors	239,000
Member of the Board of Directors	20,000
Chairman of the Audit Committee	10,000
Member of the Audit Committee	6,000
Chairman of the Remuneration and Nomination Committee	7,000
Member of the Remuneration and Nomination Committee	5,000

Directors are not entitled to any variable, performance-related or equity-related remuneration, nor to any other remuneration for the performance of their mandate as director.

The remuneration of the CEO is made up of a fixed remuneration and an annual variable remuneration. The remuneration of the members of the Group's executive management consists of a fixed remuneration, an annual variable remuneration, a company car, fuel card and other remuneration components such as pensions and insurance, all of this in line with current company guidelines.

The CEO and members of the executive management receive an annual variable remuneration that is granted depending on the achievement of annually set targets related to the financial year for which the variable remuneration is payable.

The targets are based on objective parameters. They are closely linked to the Group's results and the role played by the CEO and the members of the executive management in achieving these results. The main parameters used for this are volume, turnover, REBIT, EAT and ROCE (for definitions of these parameters, please refer to the financial part of this annual report). The specific parameters to be applied in any given year and the specific targets to be achieved are assessed annually by the Remuneration and Nomination Committee and presented to the Board of Directors for approval. For 2018, these parameters were volume, REBIT and ROCE. Achieving the individual performance objectives determines 20% of the variable remuneration of the executive management.

The variable allowance is one quarter or less of the annual remuneration.

If the CEO or executive managers do not achieve the minimum of a set target in a given year, the right to the variable remuneration linked to that target lapses. On the other hand, if the set target is exceeded, they may receive up to 150% of the variable remuneration linked to that target.

In addition to the system of variable remuneration, the Board of Directors is authorised to allocate, on the recommendation of the Remuneration and Nomination Committee, an (additional) bonus for specific performance or services to the CEO and/or to (some of) the members of the executive management, provided that this does not exceed the total variable remuneration budget for the CEO and the members of the executive management.

If a variable remuneration has been granted based on information that subsequently transpires to be incorrect, the company will rely on facilities provided under common law. There are no specific agreements or systems entitling the company to recover the variable remuneration paid.

Under normal circumstances, the Group's remuneration policy for members of the Board and executive management will not be subject to any significant changes in 2019, nor in the following two financial years. The remuneration paid to the Chairman of the Board of Directors will be reduced to EUR 75,000 on an annual basis after the General Meeting, as he will no longer hold an executive role. Long-term incentives were established for the CEO of the Group and for the CEO of the Ready Meals Division in 2018. After a period of five years and three years respectively, they will be entitled to an additional remuneration, depending on the equity value of the Group and the results of the Ready Meals Division at the end of this period respectively.

REMUNERATION AND OTHER ALLOWANCES FOR NON-EXECUTIVE DIRECTORS AND EXECUTIVE MANAGERS IN THEIR ROLE AS A MEMBER OF THE BOARD OF DIRECTORS (IN EUR)

The remuneration of the members of the Board of Directors (executive, non-executive and independent directors, see overview below) for their mandate as director in 2018 can be summarised as follows:

	Mandate of director	Mandate Remuneration and Nomination Committee	Mandate Audit Committee	Total
BVBA Louis Verbeke	28,750.00	2,916.67	2,500.00	34,166.67
NV Fidigo (Dirk Goeminne)	147,750.00	2,916.67	3,500.00	154,166.67
BVBA Argalix (Francis Kint)	11,666.67			11,666.67
NV Hico (Ann Coopman)	11,666.67	2,916.67		14,583.34
NV AREI (Eddy Van Der Pluym)	11,000.00			11,000.00
BVBA Ann Vereecke	20,000.00	6,166.66	3,500.00	29,666.66
Deemanco BVBA (Dominique Eeman)	20,000.00	5,000.00	10,000.00	35,000.00
BVBA Guido Vanherpe – 5 months	8,333.33		2,500.00	10,833.33
Ann Coopman	8,333.33	2,083.33		10,416.66
Dominique Coopman	20,000.00			20,000.00
Eddy Van Der Pluym	9,000.00			9,000.00
Kurt Coffyn	20,000.00	5,000.00	3,500.00	28,500.00
Total mandates	**316,500.00**	**27,000.00**	**25,500.00**	**369,000.00**

CORPORATE GOVERNANCE

REMUNERATION OF THE CEO AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT (IN EUR)

In 2018, the individual remuneration of the Managing Director/Chairman of the Executive Committee (BVBA Argalix, represented by Francis Kint – as from 1 June 2018) and the combined remuneration of the other members of the Executive Committee and the executive directors: René Stevens, Wim De Cock, Christophe Bolsius, Eddy Van der Pluym (until 30 June 2018), Ingeborg Koenraadt and Dirk De Backer amounted to (total cost for the Group, excluding the remuneration for the directorship of Ter Beke NV, including severance payments to BVBA WiDeCo (Wim De Cock) and BVBA Tigris Consulting (Ingeborg Koenraadt)):

	CEO	Other members of the executive management
Base pay	291,666.67	2,371,655.67
Variable pay (cash - on a yearly basis)	31,252.67	130,543.46
Pensions*	N/A**	26,990.18
Other insurance (hospitalisation insurance)	N/A**	652.80
Other benefits (company car)	N/A**	38,214.24

* The pension scheme relates to fixed contribution contracts
** N/A = Not applicable

SHARE-RELATED REMUNERATION

Neither the members of the Board of Directors nor the members of the Executive Committee hold any share options, warrants or any other rights to acquire shares.

No shares, share options, or any other rights to acquire Ter Beke shares were granted by the company in 2018 to any of the members of the Board of Directors or the members of the Executive Committee.

CONTRACTUAL PROVISIONS RELATED TO RECRUITMENT AND SEVERANCE PAYMENTS

No appointment arrangements were agreed on with either the members of the Executive Committee or the executive directors that would entitle them to a severance payment of more than 12 months' remuneration or that would otherwise be in conflict with the statutory provisions, the provisions of the Corporate Governance Code 2009 or common market practices.

The notice period for BVBA Argalix (Francis Kint), BVBA Esroh (Yves Regniers) and Sagau Consulting BVBA (Christophe Bolsius) is a maximum of 12 months, while the notice period for Dirk De Backer and René Stevens will, in principle, be calculated in accordance with the statutory provisions applicable to their employment contract.

At the end of 2018, the Group ended its collaboration with BVBA WiDeCo (Wim De Cock) and BVBA Tigris Consulting (Ingeborg Koenraadt). The severance payments corresponded to a 12-month notice period as contractually agreed.

Key features of the internal control and risk management systems

We attach great importance to efficient internal control and risk management systems and we try to integrate these into our structure and business operations to the maximum possible extent. For this purpose, we have implemented numerous internal controls according to the integrated COSO II or Enterprise Risk Management Framework®. The key elements are summarised here.

Each year, based on the proposal put forward by the Executive Committee, the Board of Directors determines or confirms the Group's mission, values and strategy as well as the risk profile of the Group. We actively and repeatedly promote our values among all our employees during information meetings organised every six months. Integrity is the most important value in the context of risk management. At the same time, we communicate to all our employees the key aspects of the strategy and objectives for the Group and the divisions.

The governance structure of our Group, described in detail in our Articles of Association, Corporate Governance Charter and in this Corporate Governance Statement, clearly defines the various duties and responsibilities of each of our management bodies, and more specifically those of the Board of Directors, the Audit Committee, the Remuneration and Nomination Committee, the Executive Committee and the Managing Director/CEO. These duties and responsibilities are in line with the statutory provisions and the provisions of the Corporate Governance Code 2009. Coherent regulations have been drawn up for each of the aforementioned bodies which are regularly evaluated and if necessary, amended so that powers and responsibilities are clearly defined and can be monitored at all times.

We organise (and monitor) our human resources via a job classification system, in which all Group employees are graded. Detailed job descriptions have been drawn up for each position. These job descriptions define both the educational and competency requirements for the job as well as the duties, responsibilities and reporting lines for the position. These job descriptions are adapted as the scope of certain jobs changes due to internal or external circumstances.

Each year, we appraise the performance of all our non-production employees using a detailed appraisal tool. We attach extra importance to employee behaviour that is in line with our company values.

We have also defined clear policy lines with regard to the training and remuneration of our employees.

We rigorously apply the statutory provisions related to conflicts of interest (see above) and we have implemented regulations for transactions with associated parties that do not constitute a legal conflict of interest (see Appendix 2 to the Corporate Governance Charter).

The internal auditor periodically conducts risk audits and audits of the internal controls in all Group departments and reports on these to the Audit Committee. Based on the findings of the internal auditor and in consultation with the Audit Committee adjustments are implemented in the internal control system.

The Audit Committee devotes two meetings per year to evaluating the risks that we are exposed to (see above). Internal controls and risk management are also discussed at these meetings. This is based on a formal and detailed risk assessment procedure developed by the executive management, which includes reporting on how the identified risks are dealt with. The Audit Committee reports on its activities at the subsequent meeting of the Board of Directors.

We follow a Dealing Code to prevent market abuse (see Appendix 3 to the Corporate Governance Charter) and we have appointed a compliance officer to ensure correct compliance with the rules on market abuse (see above).

We have concluded appropriate insurance contracts to protect us against the most serious risks.

We have a hedging policy in place to manage exchange rate risks.

A number of other risk management practices that we apply have been mentioned in the description of the main risks to which we are exposed.

The following control and risk management systems have been established with specific regard to the financial reporting process:

The internal regulations of the Board of Directors, Audit Committee and Executive Committee clearly describe the responsibilities in the context of preparing and approving the Group's financial statements.

The financial results of the Group and the divisions are reported by the finance department on a monthly basis to the Board of Directors. The committee discusses these results and makes them available to the members of the Board of Directors.

The Executive Committee reports on the results of the Group and the divisions to the Board of Directors on a quarterly basis. The Executive Committee reports the results of the first six months and the annual results to the Audit Committee, which then discusses them with the internal and external auditor. These results are subsequently presented to the Board of Directors for approval and published in the legally prescribed format.

CORPORATE GOVERNANCE

We publish a schedule, both internally and externally, which provides an overview of our periodic reporting obligations with respect to the financial market.

We have introduced clear schedules for financial reporting at all levels of the company, so that we can meet all the statutory requirements in a correct and timely manner.

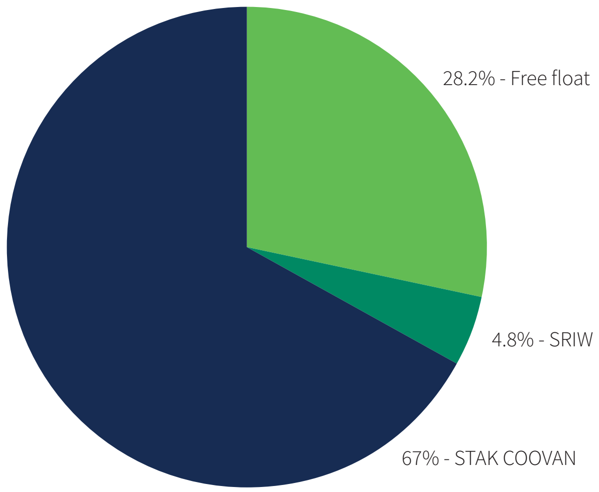
We also have a clear policy regarding the protection of and access to financial data, as well as a proper system for the backup and storage of this data.

The finance department has a detailed manual describing the relevant accounting principles and procedures.

We have implemented the internal controls subject to the greatest risk from the COSO II framework regarding financial matters. These controls and systems are designed to help guarantee that the published financial results give a true and fair picture of the Group's financial position.

Other statutory information

SHAREHOLDING STRUCTURE AS PER 31 DECEMBER 2018



TRANSPARENCY

In 2018, we received a STAK Coovan transparency declaration over the shareholding in the Ter Beke NV capital. This declaration was included in the company website and the contents published in accordance with the applicable regulations and is shown above.

NOTIFICATIONS PURSUANT TO ARTICLE 34 OF THE 14 NOVEMBER 2007 ROYAL DECREE

There are no persons holding securities with special control rights.

The voting rights of the Group's own shares are suspended in accordance with the prevailing statutory provisions.

The Extraordinary General Meeting of Shareholders are authorised to modify the company's Articles of Association. This requires a three-fourths majority of the votes present. Those present must represent at least half of the share capital, as provided for in Article 558 of the Belgian Company Code. The objective of the company may be altered with a majority of four-fifths of the votes present (Article 559 of the Belgian Company Code). On 31 December 2018, Ter Beke NV did not hold any treasury shares (neither did Ter Beke NV hold any treasury shares on 31 December 2017).

The procedure for the appointment/reappointment of directors, (see above-mentioned reappointments) is described in Article 4 of the regulations of the Remuneration and Nomination Committee (appendix to the Group's Corporate Governance Charter).

The Extraordinary General Meeting of Shareholders held on 26 May 2017 authorised the Board of Directors of Ter Beke NV to increase the share capital of the company within the limits of the authorised capital. This must be done in accordance with the conditions stated in Article 607 of the Belgian Company Code. This authorisation is valid for a period of three years.

The Extraordinary General Meeting of Shareholders held on 26 May 2017 also authorised the Board of Directors to acquire, in accordance with Article 620 of the Belgian Company Code, shares in the company on behalf of the company. Such acquisition of shares is only permitted as a necessary means to avert an imminent and serious threat to the company. This authorisation is valid for three years.

To the best of the Group's knowledge there are no other elements to be mentioned that may have an effect in the event of a public takeover bid.

KEY BUSINESS RISKS

In its internal operations, Ter Beke takes many precautions to reduce possible risks. As a food manufacturer, we are also subject to risks that lie beyond our control. Yet we act proactively to minimise any possible impact.

CORPORATE GOVERNANCE

MAIN RISKS TO OUR OPERATING ACTIVITIES	WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?	HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2018 IN PARTICULAR?
OPERATIONAL RISKS		
Food safety and product liability		
Every day, thousands of people eat our processed meats and ready meals. These products must be fresh and safe. The end consumer is also entitled to clear information about the composition of the product and its nutritional value.	The safety and the confidence of consumers are vitally important to us. Anything that can damage this confidence - either concerning our own products or the sector - will have a negative impact on our sales, our prospects and our reputation.	We have constant high demands for product safety and quality. All our raw materials are traceable. Our packaging clearly states product composition and nutritional values per 100 grammes and per serving. We go further than the statutory requirements with regards to the safety of our packaging. We have insurance to cover our product liability.
Competitive environment		
The processed meats market is extremely mature and is dominated by the private labels of large discount and retail customers. The ready meals market is growing, but here competition is very fierce.	The competition enables customers to increase pressure on our margins. This may have an impact on our profits.	We distinguish ourselves from our competitors in terms of concepts and products. We work continuously on improving efficiency and cost control.
Technological developments		
Product and production technologies evolve rapidly.	Not being abreast with the latest production technologies can have a negative impact on efficiency and cost control. Competitors may have access to alternative product technology that at some point may win over consumers.	Each year we invest considerable sums in tangible non-current assets to maintain and improve our level of technology. We maintain good contact with our suppliers so that we are always well informed of the most recent developments. We sound out consumer preferences. We work together with research institutes such as Flanders' FOOD.
Electronics and information systems		
For efficient business operations we are becoming increasingly dependent on information systems and integrated control systems which are managed by a complex set of software applications.	If these systems do not work well, or if they were to become unavailable, this would have a negative impact on the production volume and on our reputation.	All systems are maintained appropriately. All systems are upgraded when necessary. Regular back-ups are made of all information. A new ERP system has been implemented to structure and simplify our business processes.
War for talent		
An organisation is only as strong as its employees. The knowledge and expertise is to be found in a group of employees who contribute to building the company and its brands.	If too many good employees are plucked away by the competition and there is too little influx of young people, we run the risk that we will be unable to achieve our growth scenario.	In 2015, we established a Young Potential programme: newly graduated young people receive an attractive training programme. They experience four different positions within the company during two years.

MAIN RISKS TO OUR OPERATING ACTIVITIES	WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?	HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2018 IN PARTICULAR?
MARKET RISKS		
Price fluctuations for raw materials and packaging We work with natural raw materials. We must therefore take into account possible fluctuations in the quality and the price of our raw materials and packaging materials.	Price increases for raw materials and packaging can have a negative influence on the margins.	We enter into long-term contracts whenever possible. We work with volume arrangements on an annual basis.
Relationships with suppliers For specific raw materials we are obliged to work with a limited number of suppliers.	If one or more of these suppliers cannot fulfil its contractual commitments and we are unable to secure alternative supplies in time, this could have a negative impact on our business operations.	We enter into long-term contracts whenever possible. We work with volume arrangements on an annual basis. We offer our suppliers fair payment for their added value. We work with preferential suppliers for sustainability.
Relationships with customers We market our products via a network of discount and retail customers throughout Europe. The number of large customer groups is limited.	The number or larger retail customers is small. If one of them terminates a contract, this may have a significant negative impact on our turnover and profit.	We diversify turnover in different products and contracts with other lead times; both with respect to our own brands as well as private labels of customers and in different countries. In 2016, we lost a contract with a UK customer, but were otherwise able to conclude various other major contracts.
Customer and consumer behaviour Our sales are related to the eating habits and trends of the ultimate consumers, just as their spending habits.	If consumers no longer selected our products or their eating habits were to change, this would have a significant impact on our business activities. General economic conditions such as cyclical fluctuations, unemployment and interest rates can also affect the consumer spending patterns.	In 2015, we conducted a major market research survey on trends in dietary habits in various markets. We surveyed the satisfaction of our consumers to anticipate and minimise this risk. We ensure that our prices are in line with those of the market.

CORPORATE GOVERNANCE

MAIN RISKS TO OUR OPERATING ACTIVITIES	WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?	HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2018 IN PARTICULAR?
FINANCIAL RISKS (SEE ALSO EXPLANATORY NOTE 28 IN THE ANNUAL ACCOUNTS)		
Credit risks We have receivables outstanding from our clients and retail customers.	Receivables not collected on time have a negative impact on the cash flow.	We monitor customers and outstanding receivables in order to limit these potential risks. Most receivables relate to large European customers which limits the risk.
Exchange rate risks As Ter Beke operates in an international environment, we are exposed to an exchange rate risk on the sales, purchases and interest-bearing loans expressed in a currency other than the company's local currency.	Fluctuations in exchange rates can cause fluctuations in the value of financial instruments.	We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.
Interest risk The forms of financing with variable interest rates mainly arise from Ter Beke's Revolving Credit Facility Agreement.	The fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates.	We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.
Liquidity and cash flow risks As with any business, Ter Beke monitors liquidities and cash flow.	A shortage of cash and cash equivalents could put pressure on the relationships with certain parties.	We have a significant net cash flow with respect to the net financial debt position. We have centralised our treasury policy and we hedge against interest rate risks.
LEGAL RISKS (SEE ALSO EXPLANATORY NOTE 30 IN THE ANNUAL ACCOUNTS)		
Changes to legislation Now and then the government changes and tightens legislation on the production and sale of foods.	Not meeting these conditions can expose us to the risk of fines or sanctions.	We invest significant amounts annually to satisfy new legislation, likewise relating to sustainability and the environment. Each year we organise training programmes to keep our employees up-to-date on new legislation and its impact.
Legal disputes Occasionally we are involved in legal proceedings or disputes with customers, suppliers, consumers or the government.	Such litigation could have a negative impact on our financial situation.	We anticipate the potential impact of these disputes in our accounts as soon as a risk is judged as realistic under the applicable accounting rules.

4 STOCK AND SHAREHOLDER INFORMATION

SHARE QUOTATION

On 31 December 2018, the capital of Ter Beke was represented by 1,732,621 shares. The shares are quoted on the spot market (continuous market) of Euronext Brussels.

In order to promote the share's liquidity, in 2001 we concluded a liquidity provider agreement with Bank Degroof/Petercam. This means that the bank acts as third party if there are not enough buyers or sellers. The liquidity provider also ensures that the difference between the bid and ask prices (the prices for which you can sell and buy the shares) diminishes.

The shareholder structure is described in the Corporate Governance Statement (see above).

SHARE-RELATED INSTRUMENTS

On 31 December 2018, there were no share-related instruments, such as stock options or warrants in circulation.

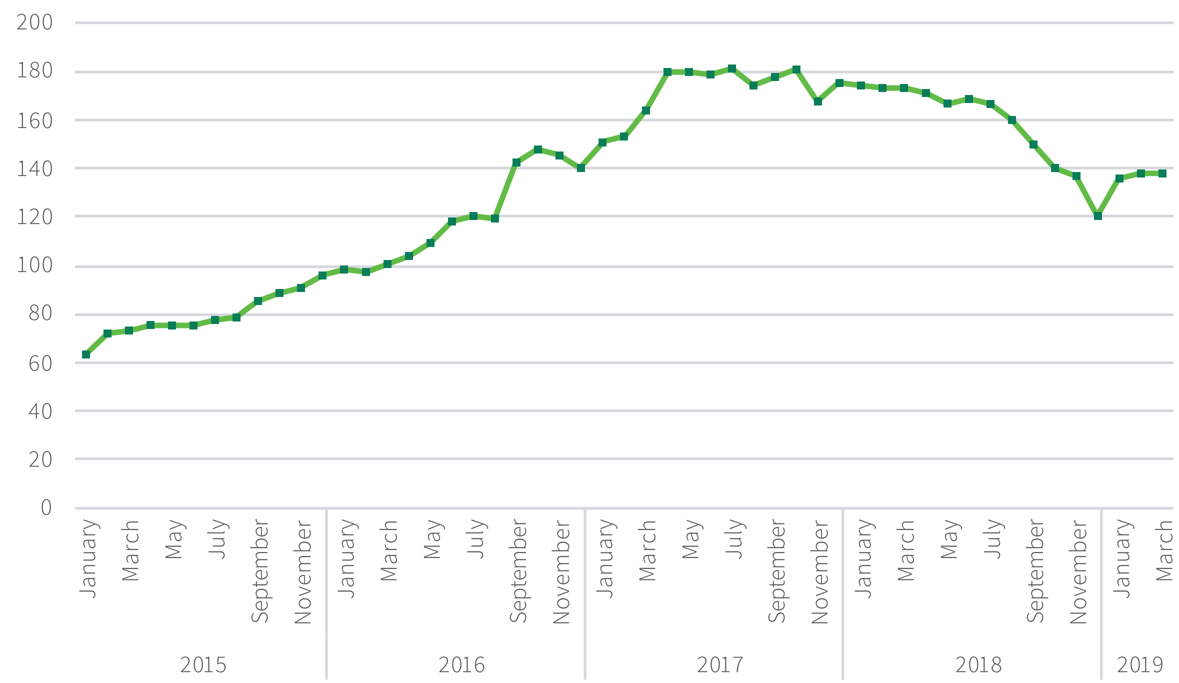
DIVIDEND

Ter Beke wishes to offer its shareholders a competitive yield through an annual dividend payment. The Board of Directors will submit a proposal to the General Meeting of 29 May 2019 to distribute a gross dividend of EUR 4.00 per share over 2018. If the General Meeting of 29 May 2019 approves this motion, we will make the net dividend per share payable from 14 June 2019.

STOCK PRICE EVOLUTION

The actual price of the Ter Beke share can be consulted at all times on the www.terbeke.com and www.euronext.com websites.

Stock price evolution in €



MONITORING BY FINANCIAL ANALYSTS

Analysts at Degroof/Petercam and KBC Securities have monitored the Ter Beke share during 2018.

PROPOSALS TO THE GENERAL MEETING

- To approve the annual accounts at 31 December 2018 and to consent to the processing of the result. The non-consolidated result for the financial year is EUR 1,842,253.09.
- To distribute a gross dividend of EUR 4.00 per share. This will be payable on 14 June 2019 (quoted ex-coupon on 12 June 2019).
- To grant discharge to the members of the Board of Directors and the Statutory Auditor for the execution of their mandate in 2018.
- To decide on the remuneration report in a separate vote.
- On the advice of the Remuneration and Nomination Committee, to appoint Mr Eddy Van der Pluym as director for a period of 4 years.
- To approve the annual remuneration of EUR 340,000 for the directors for the performance of their mandate in 2019.

For the actual agenda and proposals to vote on please refer to the convening notice for the General Meeting of Shareholders

FINANCIAL CALENDAR

Shareholders' Meeting	29 May 2019
Share quoted ex-coupon	12 June 2019
Dividend payment	14 June 2019
Half-yearly results 2019	Friday 30 August before market opening
Annual results 2019	Friday 28 February 2020 before market opening

5 CONSOLIDATED FINANCIAL STATEMENTS

All amounts in EUR x 1000, unless stated otherwise.

Consolidated income statement

as at 31 December 2018 and 2017

	Note	2018	2017 (*)
Note	4	680,460	497,386
Trade goods, raw and auxiliary items	5	-399,416	-292,646
Services and miscellaneous goods	6	-116,286	-88,003
Employee expenses	7	-119,640	-87,079
Depreciation costs	15 +16	-27,126	-18,830
Impairments, write-downs, and provisions	8	-692	2,439
Other operating income	9	3,159	3,983
Other operating expenses	9	-4,241	-1,921
Result of phased acquisition		0	6,689
Result of operating activities	10	16,218	22,018
Financial income	11	358	294
Financial expenses	12	-3,748	-1,738
Results of operating activities after net financing expenses		12,828	20,574
Taxes	13	-5,587	-4,006
Result for the financial year before result from businesses accounted for using the equity method		7,241	16,568
Share in the result of enterprises accounted for using the equity method		0	571
Profit in the financial year		7,241	17,139
Profit in the financial year: share third parties		56	32
Profit in the financial year: share group		7,185	17,107
Basic earnings per share	33	4.15	9.87
Diluted earnings per share	33	4.15	9.87

(*) The amendment is a consequence of IFRS 15

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated overview of the comprehensive income

as at 31 December 2018 and 2017

	2018	2017
Profit in the financial year	7,241	17,139
Other elements of the result (recognised in the shareholders' equity)		
Other elements of the result that may subsequently be reclassified to the results		
Translation differences	-314	840
Cash flow hedge	-204	223
Other elements of the result that may not subsequently be reclassified to the results		
Revaluation of the net liabilities regarding defined benefit pension schemes	-110	-139
Related deferred taxes	37	57
Comprehensive income	6,650	18,120

Consolidated balance sheet

as at 31 December 2018 and 2017

	Note	2018	2017
ASSETS			
Non-current assets		243,591	242,573
Goodwill	14	76,456	76,523
Intangible non-current assets	15	28,651	30,163
Tangible non-current assets	16	133,382	132,807
Participations using equity method	17	0	0
Loans to joint venture		0	0
Deferred tax assets	19	5,027	3,003
Other long-term receivables	18	75	77
Long-term interest-bearing receivables		0	0
Current assets		181,387	157,163
Inventories	20	36,304	34,788
Trade and other receivables	21	121,908	115,862
Cash and cash equivalents	22	23,175	6,513
TOTAL ASSETS		424,978	399,736
LIABILITIES			
Shareholders' equity	23	125,028	125,308
Capital and share premiums		53,191	53,191
Reserves		70,184	70,506
Non-controlling interest		1,653	1,611
Deferred tax liabilities	19	9,340	10,290
Long-term liabilities		139,683	52,164
Provisions	24	5,835	5,289
Long-term interest-bearing liabilities	25	130,042	43,306
Other long-term liabilities	26	3,806	3,569
Current liabilities		150,927	211,974
Current interest-bearing liabilities	25	15,812	90,132
Trade liabilities and other payables	27	115,423	101,379
Social liabilities		15,890	16,211
Tax liabilities		3,802	4,252
TOTAL LIABILITIES		424,978	399,736

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity

as at 31 December 2018 and 2017

	Capital	Capital reserves	Share premiums	Reserved profits	Cash flow hedge	Pensions and taxes	Call/put option on mintority intrests	Translation differences	Attributable to the shareholders	Minority intrests	Total	Number of shares
Balance on 1 January 2017	4,903	0	48,288	63,050	-168	-758	0	-346	114,969	0	114,969	1,732,621
Capital increase									0		0	
Treasury shares reserve									0		0	
Minority intrests as result of business combination							-3,296		-3,296	1,579	-1,717	
Dividend				-6,064					-6,064		-6,064	
Results in the financial year				17,107					17,107	32	17,139	
Other elements of the comprehensive income for the period				0	223	-82		840	981		981	
Comprehensive income for the period				17,107	223	-82	0	840	18,088	32	18,120	
Movements via reserves												
Result from treasury shares												
Balance on 31 December 2017	4,903	0	48,288	74,093	55	-840	-3,296	494	123,697	1,611	125,308	1,732,621
Capital increase									0		0	
Treasury shares reserve									0		0	
Minority intrests as result of business combination									0		0	
Dividend				-6,930					-6,930		-6,930	
Results in the financial year				7,185					7,185	56	7,241	
Other elements of the comprehensive income for the period					-204	-73		-300	-577	-14	-591	
Comprehensive income for the period				7,185	-204	-73	0	-300	6,608	42	6,650	
Movements via reserves												
Result from treasury shares												
Balance on 31 December 2018	4,903	0	48,288	74,348	-149	-913	-3,296	194	123,375	1,653	125,028	1,732,621

Consolidated cash flow statement

as at 31 December 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Result before taxes	12,828	20,574
Interest	2,144	1,209
Depreciation	27,126	18,830
Write-downs (*)	495	352
Provisions	197	-2,840
Gains and losses on disposal of fixed assets	757	-795
Result of phased acquisition	0	-6,689
Cash flow from operating activities	**43,547**	**30,641**
Change in receivables more than 1 year	14	26
Change in inventory	-2,001	1,015
Change in receivables less than 1 year	-5,391	-11,736
Change in operational assets	**-7,378**	**-10,695**
Change in trade liabilities	12,716	9,438
Change in debts relating to remuneration	-561	1,276
Change in other liabilities, accruals and deferred income	906	-1,389
Change in operational debts	**13,061**	**9,325**
(Change) / decrease in the operating capital	**5,683**	**-1,369**
Taxes paid	-9,526	-7,493
NET CASH FLOW FROM OPERATING ACTIVITIES	**39,704**	**21,779**
INVESTMENT ACTIVITIES		
Acquisition of intangible and tangible non-current assets	-27,435	-13,714
Acquisition of participating interest in associated companies	0	-66,726
Total increase in investments	**-27,435**	**-80,440**
Sale of tangible non-current assets	452	1,227
Total decrease in investments	**452**	**1,227**
CASH FLOW FROM INVESTMENT ACTIVITIES	**-26,983**	**-79,213**
FINANCING ACTIVITIES		
Change in short-term financial debts	-59,575	53,753
Increase in long-term debts	120,000	14,555
Repayment of long-term debts	-47,401	-13,159
Interest paid interest (via income statement)	-2,144	-1,209
Dividend paid by parent company	-6,930	-6,064
CASH FLOW FROM FINANCING ACTIVITIES	**3,950**	**47,876**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**16,671**	**-9,558**
Cash funds at the beginning of the financial year	6,513	16,068
Translation differences	-9	3
CASH FUNDS AT THE END OF THE FINANCIAL YEAR	**23,175**	**6,513**

(*) Also includes adjustments that are part of the financial result.
This was nihil in 2018; EUR 153 000 in 2017

CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies for financial reporting and explanatory notes

1. SUMMARY OF THE KEY ACCOUNTING PRINCIPLES

DECLARATION OF CONFORMITY

Ter Beke NV ('the Entity') is an entity domiciled in Belgium. The Entity's consolidated financial statements cover the Entity Ter Beke NV and its subsidiaries (further referred to as the 'Group'). The consolidated financial statements were issued for publication by the Board of Directors on 17 April 2019. The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) as accepted within the European Union.

The consolidated statements are set out in EUR x 1000. The accounting principles are applied uniformly to the entire Group and are consistent with the previous financial year, except regarding IFRS 15. The comparative information has been restated in accordance with IFRS.

STANDARDS AND INTERPRETATIONS APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2018

- Annual improvements to IFRS 2014-2016 cycle: Amendments to IFRS 1, IFRS 12 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Prepayments
- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from Contracts with Customers

The application of IFRS 9 has not resulted in any significant adjustments to the balance sheet and shareholders' equity concerning the classification and valuation of financial instruments.

The basic principle of IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on 1 January 2018) is that a company must recognise goods or services at the amount for which the company expects to be entitled in exchange for the goods or services.

To apply this basic principle, a company must take the following steps:

1. identify the contract with a client
2. identify performance obligations in the contract
3. determine the transaction price
4. allocate the transaction price to the performance obligations in the contract; and
5. recognise the revenue when the company fulfils a performance obligation

The impact of IFRS 15 for Ter Beke is that a part of the services and miscellaneous goods category will be deducted from turnover in the presentation of the accounts. This mainly concerns introduction fees, costs of cooperation agreements with customers, and other marketing costs related to turnover. Ter Beke has opted for the 'full retrospective' method for the first time adoption of IFRS 15 for the financial year that commences on 1 January 2018. The impact of IFRS 15 amounts to EUR 12,884,000 for 2018 and EUR 11,169,000 for 2017.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2018

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU)
- Amendments to IAS 28 Long-term Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in EU has also been postponed)
- Amendments to the references to the Conceptual Framework in IFRS Standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in EU)
- Annual improvements to IFRS 2015-2017 cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in EU)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current of future reporting periods and on foreseeable future transactions, with the exception of the adoption of IFRS 16.

The new standard IFRS 16 is effective from 1 January 2019 and replaces IAS 17 regarding financial leases.
The new standard introduces a single unique accounting model that requires tenants (lessees) to recognise a right-of-use asset and a lease liability, unless the lease runs for a period of 12 months or less, or the underlying asset is of low value.
The main effects for the lessee are:

- An increase in assets (right-of-use assets) and liabilities (lease liabilities)
- Lease charges will be higher at the start of the lease term than at the end, therefore no straight-line cost recognition
- A shift in classification of the lease expenses in the operating expenses to financing expenses and depreciation costs

IFRS 16 requires the lessee to capitalise all lease liabilities and rental obligations on the balance sheet. The liability reflects all lease payments associated with the lease agreement, the asset reflects the right to use the asset during the agreed term of the lease.

However, there are two exceptions to IFRS 16:

- For short-term leases, leases with a maximum term of 12 months
- Low-value assets

IFRS 16 gives the option to apply these exceptions, and Ter Beke has opted to do this.
Under IFRS 16, a lease is defined as: 'a contract or a part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. A contract can only contain a lease when the asset concerned can be identified and the lessee has the right to use the asset identified. In other words:

- the lessee has all the economic benefits arising from using the asset
- and the lessee has control over the use of the asset identified.

IFRS 16 Leases offers the lessee two options for converting existing lease contracts to the right-of-use and lease liability. Ter Beke has opted to apply the retrospective approach. This means that we calculate the net book value of the future lease liabilities, in other words the present value of the remaining lease payments as at 1 January 2019. The interest rate used is the lessee's incremental borrowing rate of interest as at 1 January 2019 or the imputed rate of interest for the lease agreement, if the latter can easily be determined.

Opening balance sheet 01/01/2019	Lands and buildings	Instal-lations, machines and equip-ment	Furniture and rolling equip-ment	Other	Total
Lease liabilities short term	1,232	209	940	6	2,387
Lease liabilities long term	8,250	238	1,434	1	9,923
Total 01/01/2019	9,482	447	2,374	7	12,310

CONSOLIDATION PRINCIPLES

The consolidated annual accounts include the financial data of Ter Beke NV and its subsidiaries, joint venture and associate. A list of these entities is included in Note 35.

SUBSIDIARIES INCLUDED IN THE CONSOLIDATION IN ACCORDANCE WITH THE INTEGRAL METHOD

The consolidated annual accounts include the financial data of Ter Beke NV and its subsidiaries, joint venture and associate. A list of these entities is included in Note 35.

The following factors are also taken into account in determining control:

- the objective and intent of the participating interest;
- the relevant activities and how decisions on these activities are taken;
- whether the rights of the investor provide them with the means to continually influence the relevant activities;
- whether the investor is exposed to or has a right to variable revenues by virtue of their involvement in the participating interest; and
- whether the investor has the means to use their control over the participating interest to influence the amount of the revenues of the investor.

The financial statements of the subsidiaries are recognised in the consolidated financial statements from the date on which such control begins until the date on which it ends. A list of the Group's subsidiaries is included in Note 35.

JOINT VENTURES

A joint venture is a joint agreement whereby Ter Beke NV and other parties that have joint control of the agreement have rights to the net assets of the agreement. Joint ventures are recognised according to the equity method. The company eliminates the net results between the joint venture and the Ter Beke Group.

If a Group member conducts transactions with a joint venture, profits and losses are eliminated to the extent of the Group's interest in the joint venture concerned.

INVESTMENTS IN AFFILIATED COMPANIES

Affiliated companies are those in which the Group has significant influence, directly or indirectly, but no control over the financial and operational policy of the entity. This is assumed when the Group has 20% or more of the voting rights in the company. An investment in an affiliated company is processed in the consolidated financial statements in accordance with the equity method.

The results, assets and liabilities of affiliated companies are recognised in the financial statements in accordance with the equity method, unless the investment is classified as being held for sale and therefore must be processed in accordance with IFRS 5 *Non-current assets held for sale and discontinued business activities*. Investments in affiliated companies are initially recognised at cost price under the equity method, and then adapted to take account of the change in the investor's share of the net assets of the participation after takeover, minus any exceptional depreciation in the value of individual investments.

Any losses of an affiliated company that exceed the Group's interests in that affiliated company (also taking account of all long-term interests that, in essence, form part of the Group's net investments in that affiliated company) are not recognised.

The difference between the cost price of the investment and the investor's share in the net fair value of the identifiable assets, liabilities and conditional liabilities of the affiliated company, which were recognised on the takeover date, are recognised as goodwill. This goodwill is recognised in the book value of the investment and is tested for impairment as part of the investment. The difference after reassessment between the fair value of the Group share in the identifiable assets, liabilities and conditional liabilities of the affiliated company and the cost price of the affiliated company is recognised immediately in the income statement.

If a Group member conducts transactions with an affiliated company, profits and losses are eliminated to the extent of the Group's interest in the affiliated company concerned.

ELIMINATIONS AT CONSOLIDATION

All intra-group balances and transactions, including profits not realised on intra-group transactions, are eliminated when the consolidated financial statements are drawn up. Unrealised profits arising from transactions with affiliated companies are eliminated to the extent of the Group's interest in the entity. Unrealised profits arising from transactions with associates are eliminated up to the amount of the participation in those entities. The same elimination rules apply to unrealised losses as for unrealised profits, with the difference that they are only eliminated if there is no indication of impairment.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is valued as the sum of the fair value on acquisition date of the consideration transferred and the amount of the non-controlling interest in the acquiree. For each business combination, the acquirer must value the minority interest in the acquiree either at fair value or at the proportionate share of the minority interest in the identifiable net assets of the acquiree. The costs relating to the acquisition are recognised immediately in the income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the minority interests previously held by the Group are revalued at fair value on acquisition date and any profit or loss is recognised immediately in the income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value on the acquisition date. Subsequent changes to this fair value which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or in other elements of the comprehensive income. Changes to the fair value of the contingent consideration classified as equity, are not recognised.

Goodwill is initially recognised as the amount with which (i) the total of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of any equity interest previously held by the acquirer in the acquiree; (ii) exceeds the net balance of the amounts determined on acquisition date of the identifiable assets and liabilities acquired. If, after review, the interest of the Group in the fair value of the identifiable net assets exceeds the total of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any equity interest previously held by the acquirer in the acquiree, then the surplus must be recognised in the income statement as a profit on an advantageous purchase.

CONSOLIDATED FINANCIAL STATEMENTS

After initial recognition, goodwill is recognised as cost less any accumulated impairments. For the purpose of impairment testing, goodwill is allocated to the cash-generating units of the Group which are expected to generate synergy benefits for the business combination, irrespective of whether assets or liabilities of the acquired entity were assigned to the cash-generating units concerned.

Cash-generating units to which goodwill is allocated are tested for impairment annually or more frequently if there is an indication that the book value of the unit may exceed the realisable value. If the realisable value of a cash-generating unit is less than the book value of the unit, the impairment is allocated first to reduce the book value of any goodwill allocated to the unit; the impairment is subsequently allocated to the other non-current assets of the unit pro rata on the basis of the book value of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is recognised in the book value of the operation when determining the gain or loss on disposal of the operation. Goodwill 'disposed' of in this manner is valued at the relative value of the operation disposed of and the portion of the cash-generating unit retained.

In 2017, four new business combinations were conducted. No new business combinations were conducted in 2018.

FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions in the Group's individual entities are recognised at the exchange rate applicable on the transaction date. Monetary balance sheet items in foreign currency are converted at the closing rate applicable on balance sheet date. Profits and losses arising from transactions in foreign currency and from the conversion of monetary balance sheet items in foreign currency are recognised in the income statement. Any profit or loss on a non-monetary item is recognised in the shareholders' equity. For non-monetary items on which the profit or loss was directly recognised in the shareholders' equity, any exchange-rate component of that profit or loss is also recognised in the shareholders' equity.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

All the Group's activities abroad are conducted in the eurozone, except for KK Fine Foods PLC and TerBeke-Pluma UK Ltd which conduct their business in British pounds and Pasta Food Company Sp. z.o.o. which conducts its business in Polish zloty. The assets and liabilities of these foreign entities are converted to euros at the exchange rate applicable on balance sheet date. The income statement of these entities is translated to euros monthly at average rates which approximate the exchange rate on the transaction date. Translation differences arising here are recognised immediately in the shareholders' equity.

The following exchange rates were used when drawing up the financial statements:

1 euro is equal to:

	2018	2017
British pound		
Closing rate	0.8945	0.8872
Average rate	0.8845	0.8767
Polish zloty		
Closing rate	4.3000	4.1709
Average rate	4.2621	4.2561

SEGMENT INFORMATION

IFRS 8 defines an operational segment as a part of an entity of which the operational results are regularly assessed by a high ranking officer of the entity who takes important operational decisions, in order to be able to take decisions on the resources to be allocated to the segment and to assess the financial performance of the segment and on which separate financial information is available.

In view of its mission, main strategic lines and management structure, for segment reporting Ter Beke has opted to split the Group's activities into two operational segments, according to the two business activities (business segments) of the Group: 'Processed Meats' and 'Ready Meals'. In addition, it provides geographical information for the regions in which the Group is active.

The profit or loss of a segment encompasses the income and expenses generated directly by a segment, including that part of the revenues and expenses that can reasonably be attributed to the segment.

The assets and liabilities of a segment encompass the assets and liabilities directly pertaining to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding deferred tax.

DISCONTINUED OPERATION

A discontinued operation is a clearly distinguishable component within the activities of the Group as a whole:

- which is disposed of or discontinued as part of a specific plan;
- which represents a separate, important business activity or a geographical area of activities
- which can be distinguished operationally and for the purposes of financial reporting.

INTANGIBLE NON-CURRENT ASSETS

Intangible non-current assets are initially valued at cost price. Intangible non-current assets are recognised if it is likely that the Entity will enjoy the future economic advantages that accompany them and if the costs thereof can be determined reliably. After their initial recognition, intangible non-current assets are valued at cost price less the accumulated depreciation and any accumulated impairments. Intangible non-current assets are depreciated linearly over their best estimated period of use. The amortisation period and the depreciation method used are evaluated again each year at the conclusion of the reporting period.

RESEARCH AND DEVELOPMENT

Expenses incurred for research activities, which are undertaken with a view to gaining new scientific or technological knowledge, are recognised as an expense in the income statement as they occur. Expenses incurred for development activities, in which the findings of research are applied in a plan or design for the production of new or substantially improved products and processes, are recognised in the balance sheet if the product or process is technically and commercially viable and the Group has sufficient resources at its disposal to implement them. The capitalised expense includes the costs of raw materials, direct wage costs and a proportionate part of the overheads. Capitalised expenses for development are valued at cost price less the accumulated depreciation and impairments.

All other expenses for development are recognised as expense in the income statement as a debit in the income statement as they occur. As Ter Beke's development expenses in 2018 and 2017 did not fulfil the criteria for capitalisation, these were recognised as expenditure in the income statement.

OTHER INTANGIBLE NON-CURRENT ASSETS

Other costs for internally generated intangible non-current assets, such as brand names, are recognised in the income statement as they occur. Other intangible non-current assets, such as brand patents or computer software, acquired by the Group are valued at cost price less the accumulated depreciation and impairments. In 2017 and 2018 Ter Beke's consolidated other intangible non-current assets mainly consisted of computer software, capitalised customer portfolios and brand names gained through acquisitions.

DEPRECIATION

Intangible assets are depreciated according to the linear method over their expected economic lifetime, from the date they are first used.

The depreciation percentages applied are:

Research and development	33.30%
Computer software	20%
Brand patents	10%
Brand names	10%, 20%
Client relationships	7%

GOODWILL

We talk of goodwill when the cost price of a business combination at acquisition date exceeds the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognised as an asset at cost price and is subsequently valued at cost price less any accumulated impairment losses.

The cash-generating unit to which goodwill is attributed is tested each year for impairment. This test is also performed every time there is an indication that the unit might be impaired by comparing the book value of the unit with its realisable value. If the realisable value of the unit is lower than the book value, the impairment losses will first be allocated to the book value of the goodwill allocated to the unit and then to the unit's other assets in proportion to the book value of each asset in the unit. An impairment loss recognised for goodwill cannot be reversed in a subsequent period. When a subsidiary or joint venture is sold, the goodwill allocated is recognised when determining the profit or loss on the sale.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the remaining surplus after reassessment is recognised immediately in the income statement.

CONSOLIDATED FINANCIAL STATEMENTS

TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets are recognised if it is likely that the future economic benefits associated with the asset will flow to the Entity and the cost price of the asset can be determined reliably.

Tangible non-current assets owned are valued at cost price or at production cost, less the accumulated amortisation and any accumulated impairment. In addition to the purchase price, the cost price also includes, if applicable, non-refundable taxes and all costs directly attributable to preparing the asset for use. The production cost of self-made property, plant and equipment (tangible non-current assets) includes direct material costs, direct manufacturing costs, a proportionate part of the fixed costs of material and manufacturing, and a proportionate part of the depreciation and write-downs of assets used in the production process.

After initial recognition costs are only recognised in the balance sheet as part of the book value of an asset, or for an exceptional asset, if it is likely that the future economic benefits associated with the asset will flow to the Group and these costs can be determined reliably. Improvement works are capitalised and depreciated over 4 years. Other repair and maintenance costs are recognised in the income statement in the period in which they were incurred.

Tangible non-current assets are depreciated in accordance with the linear method from the date they are first used and over the expected useful economic life.

The primary depreciation percentages currently applied are:

Buildings	2; 3.33; 4 & 5%
Installations	5 & 10 %
Machines and equipment	14.3; 20 & 33.3 %
Furniture and rolling equipment	14.3; 20 & 33.3 %
Other tangible non-current assets	10 & 20 %

Land is not depreciated, since it is assumed that it has an unlimited useful life.

Impairment losses from intangible fixed assets and tangible non-current assets (except for goodwill): On every reporting date, the Group investigates its balance sheet values for intangible non-current assets and property, plant and equipment to determine whether there is any indication for impairment of an asset. If there is such an indication, the realisable value of the asset will be estimated in order to determine any (possible) impairment losses. However, if it is not possible to determine the realisable value of an individual asset, the Group will estimate the realisable value for the cash-generating unit to which the asset belongs.

The realisable value is the highest value of the fair value minus the cost of sales and its value in use. The value in use is determined by discounting the expected future cash flows using a discount rate before tax. This discount rate reflects the present time value of the money and the risks specific to the asset.

If the realisable value of an asset (or a cash-generating unit) is estimated to be lower than the book value of the asset (or a cash-generating unit), the book value is reduced to its realisable value. An impairment loss is recognised immediately as expense in the income statement. A previously recognised impairment loss is reversed if a change has occurred in the estimates used to determine the realisable value, but not for a higher amount than the net book value that would have been determined, if in previous years no impairment loss had been recognised.

GOVERNMENT SUBSIDIES

Government subsidies may only be recognised if there is reasonable assurance that:

- the Group will meet the conditions pertaining to the subsidy; and
- the subsidies will be received.

Government subsidies are systematically recognised as revenues over the periods necessary to attribute these subsidies to the related costs which they are intended to compensate. A government subsidy that is received in compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group without future related costs, is recognised as income in the period in which it is received.

Investment subsidies are deducted from the book value of the asset concerned.

Operating subsidies are recognised if they are received and reported under ‘Other Operating Income’.

LEASING

A lease contract is recognised as a financial lease if almost all of the risks and benefits associated with the property are transferred to the lessee. All other forms of lease are considered as operational leases. The Group only acts as lessee.

FINANCIAL LEASES

Assets held under a financial lease are recognised as Group tangible non-current assets for amounts equal to the fair value of the leased asset or, if it is lower, at the present value of the minimum lease payments less the accumulated depreciation and impairment losses. The complementary liability to the lessor is recognised in the balance sheet as a liability under financial leases.

The minimum lease payments are recognised partly as financing costs and partly as repayment of the outstanding liability in such a way that this results in constant periodic interest over the remaining balance of the liability. The financing costs are recognised immediately as an expense in the financial expenses.

The amount of a leased asset to be depreciated is systematically attributed to each reporting period during the period of its expected useful economic life, on a basis that is consistent with the depreciation policy that the lessee applies to owned assets to be depreciated. If it is reasonably certain that the lessee will acquire the property at the end of the lease period, then the expected useful economic life period is equal to the useful life of the asset. In all other cases, the asset is depreciated over the lease term or its useful life, if the latter is shorter.

OPERATIONAL LEASES

Up to and including 31 December 2018, lease payments based on operational leases are recognised as an expense in time for the entire lease period, unless another systematic basis is more representative of the time pattern of benefits the user enjoys. Benefits received as incentive to conclude an operational lease contract are also spread over the lease period on a time-proportional basis.

INVENTORIES

Inventories are valued at the lowest value of the cost price or the net realisable value. The cost price is calculated based on the average inventory valuation method and the FIFO method. The cost price for work in progress and finished products encompasses all conversion costs and other costs incurred to get the inventories to their current location and in their current state. The conversion costs include the production costs and the attributed fixed and variable production overhead costs (including depreciation). The net realisable value is the estimated sales price that the Group believes it will realise when selling inventory in normal business, less the estimated costs of finishing the product and the estimated costs of sales.

FINANCIAL ASSETS

Ter Beke classifies its financial assets in the following categories: measured at amortised cost or fair value through profit or loss (FVTPL). The classification depends on the contractual characteristics of the financial assets. Management determines the classification of its financial assets at initial recognition.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are classified at amortised cost when the contract has the characteristics of a basic lending arrangement and they are held with the intention of collecting the contractual cash flows until their maturity. Ter Beke's financial assets at amortised cost comprises trade and other receivables, short-term deposits and cash and cash equivalents in the balance sheet. They are measured at amortised cost using the effective interest method, less any impairment.

FINANCIAL ASSETS AT FAIR VALUE

Ter Beke has a call option and the prior shareholder of KK Fine Foods has a put option on the remaining 10% of share in KK Fine Fods. The option is valued at fair value through profit or loss (FVTPL).

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, Ter Beke assesses for financial assets measured at amortised cost (for example trade receivables) whether there is evidence of impairment at both individual level and at a collective level. Amounts deemed uncollectible are written off against the corresponding allowance account at each balance sheet date. In assessing collective impairment, the Group uses historical information on the amount of loss incurred, and made an adjustment if current economic and credit conditions where such that the actual losses were likely to be greater or lesser than suggested by historical trends. Additions to and recoveries from the bad debt allowance account related to trade receivables are reported under 'impairments and provisions' in the income statement.

FINANCIAL LIABILITIES AND EQUITY CAPITAL INSTRUMENTS

Financial liabilities and equity capital instruments issued by the Group are classified based on the economic reality of the contractual agreements and the definitions of a financial liability and an equity capital instrument. An equity capital instrument is any contract that includes the residual interest in the Group's assets, net of all liabilities. The financial reporting policies regarding specific financial liabilities and equity capital instruments are described below.

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BANK LOANS

Interest-bearing bank borrowings and credit excesses are initially valued at fair value and are then valued at the amortised cost price calculated on the basis of the effective interest method. Any difference between the receipts (after transaction costs) and the repayment of a loan is recognised over the loan period, in accordance with the policies for financial reporting regarding financing costs, which are applied by the Group.

TRADE LIABILITIES

Trade liabilities are initially booked at fair value and are then valued at the amortised cost price calculated based on the effective interest method. Considering the short-term nature of the trade liabilities in the Group, the trade liabilities are in fact booked at fair value.

EQUITY INSTRUMENTS

Equity instruments issued by the company are recognised at the amount of the sums received (after deduction of directly attributable issue costs).

DERIVATIVES

The Group uses derivatives to limit risks with regard to unfavourable swings in exchange rates and interest rates arising from operational, financial and investment activities.

The Group does not use these instruments for speculative purposes, does not hold any derivatives and does not issue derivatives for trading purposes. Derivatives are initially valued at cost price and after initial recognition are valued at fair value.

There are three sorts of hedging relationships:

1. Cash flow hedges: changes in the fair value of derivatives indicated as cash flow hedges are recognised in the shareholders' equity. The non-effective part is recognised in the income statement.

   If the cash flow hedges of a firm commitment or an expected future transaction leads to the recognition of a non-financial asset or a non-financial liability at the time the asset or liability is booked, the profits or losses on the derivative financial instrument previously incorporated in the shareholders' equity are recognised in the initial valuation of the asset or liability when it is booked.

   If the hedge of an expected future transaction leads to the inclusion of a financial asset or a financial liability, the related profits or losses on the derivative financial instrument recognised directly in the shareholders' equity are transferred to the income statement in the same period or periods in which the acquired asset or the commitment affects the income statement. If it is expected that (part of) the loss incorporated directly into the shareholders' equity will not be realisable in one or more future periods, the expected non-realisable part is transferred to the income statement. For hedges that do not lead to the recognition of an asset or a liability, the amounts directly included in the shareholders' equity are transferred to the income statement in the same period or periods in which the hedged expected future transaction affects the profit or loss.

2. Fair value hedges: changes in the fair value of derivatives which were indicated and qualify as fair value hedges are recognised in the income statement, together with any change in the fair value of the hedged asset or the hedged liability which is to be attributed to the hedged risk.

3. Hedges of net investments in foreign entities: hedges of net investments in foreign entities are processed in a similar manner as cash flow hedges. The part of the profit or loss on the hedging instrument, which is determined to be an effective hedging instrument, is recognised immediately in the shareholders' equity; the profit or loss on the non-effective part is recognised immediately in the income statement. The profit or loss on the hedging instrument regarding the effective part of the hedge, which is directly recognised in the shareholders' equity, is recognised in the income statement when the foreign entity is divested. The changes in the fair value of derivatives that are not classified can be recognised immediately in the income statement as cash flow hedging.

DERIVATIVES THAT CANNOT BE CLASSIFIED AS HEDGES

Certain derivatives do not qualify as hedging transactions. Changes in the fair value of each derivative that does not qualify as a hedging transaction are recognised immediately in the income statement.

REPURCHASED TREASURY SHARES

If the Group repurchases its own treasury shares, the amount paid, including the directly attributable direct costs, is incorporated as a reduction in the shareholders' equity. The revenue from the sale of treasury shares is recognised directly in the shareholders' equity and has no impact on the net results.

DIVIDENDS

Dividends are recognised as a liability in the period in which they are formally allocated.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and groups of assets that are divested are classified as 'held for sale' if their book value will mainly be realised in a sale transaction and not through the continued use thereof. This condition is met solely if the sale is highly probable and the asset (or the group of assets being disposed of) is immediately available for sale in its current state. The management must have committed itself to a plan to sell the asset (or the group of assets being disposed of), which is expected to be considered for inclusion as a completed sale within one year of the classification date.

A non-current asset (or group of assets being disposed of) classified as held for sale will be included at the lowest value of its book value and its fair value minus the costs of sale.

PROVISIONS

A provision will be recognised if:

a. the Group has an existing obligation (legally enforceable or effective) as the result of an event in the past
b. it is likely that an outflow of funds embodying economic benefits will be required to settle the obligation; and
c. the amount of the obligation can be reliably estimated.

The amount recognised as a provision must be the best estimate of the expenses required to settle the existing obligation on the balance sheet date.

If the impact is important, provisions are determined by discounting the expected future cash flows, using a discount rate 'before tax'. This discount rate reflects the present time value of the money and the specific risks pertaining to the obligation.

A provision for restructuring is laid down when the Group has approved a detailed and formalised plan for the restructuring and when the restructuring has either commenced or has been announced publicly. No provisions are laid down for costs relating to the Group's normal activities. A provision for loss-making contracts will be laid down when the receivable economic benefits for the Group are lower than the unavoidable cost related to the obligatory quid pro quo.

EMPLOYEE BENEFITS

Employee benefits comprise all forms of remuneration granted by the Entity in exchange for the services provided by employees.

Employee benefits include:

- short-term employee benefits, such as wages, salaries and social security contributions, holiday pay, paid sick leave, profit-sharing and bonuses, and benefits in kind for the current employees;
- post-employment benefits, such as pensions and life insurance;
- other long-term employee benefits;
- termination benefits; and
- share-based payments.

RETIREMENT BENEFIT PLANS

The Group provides retirement benefit plans for its employees mainly via defined benefit contribution schemes and has only a limited number of defined benefit pension schemes.

DEFINED CONTRIBUTION SCHEMES

Contributions paid to these defined contribution schemes are recognised immediately in the income statement.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, strictly speaking, those plans classify as defined benefit plans which would require that the 'projected unit credit' (PUC) method is applied in measuring the liabilities. However, the IASB recognises that the accounting for such so-called 'contribution-based plans' in accordance with the currently applicable defined benefit methodology is problematic (see also the IFRS Staff Paper '*Research project: Post-employment benefits*' dated September 2014). Also considering the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognised in the statement of financial position is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any). The main difference between this retrospective approach and the prospective PUC method, is that benefit obligations are calculated as the discounted value of the projected benefits, assuming the minimum guaranteed rates of return currently applicable continue to apply.

DEFINED BENEFIT PENSION SCHEMES

The book value of the defined benefit pension scheme is determined by the present value of the pension payment liabilities, less the past service pension costs not yet recognised and with the fair value of the investments in investment funds. All actuarial gains and losses are recognised in the comprehensive income, so that the full value of the deficit or surplus of the plan is recognised in the consolidated statements. The interest costs and projected revenue of the assets in the plan are shown as net interest.

The present value of the liabilities of the defined benefit plan and the related pension costs are calculated by a qualified actuary in accordance with the PUC method. The discount rate used is equal to the yield on the balance sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the Group's liabilities. The amount recognised in the income statement consists of the pension costs allocated to the year of service, the financing cost, the expected yield from the pension fund investments and the actuarial gains and losses.

TERMINATION BENEFITS

Termination benefits are recognised as a liability and a cost if a Group Entity demonstrably commits itself to either:

- the termination of employment of an employee or group of employees before normal pension date;
- the allocation of termination benefit as a result of an offer to encourage voluntary retirement (early retirement scheme).

If termination benefits are due after twelve months following the balance sheet date, then they are discounted at a discount rate equal to the yield on balance sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the Group's liabilities.

VARIABLE PAY

The variable pay of clerical staff and management is calculated based on key financial figures and the balanced scorecards. The expected amount of the variable pay is recognised as a cost in the reporting period concerned.

SHARE-BASED PAYMENTS

The cost of the Group's liability in relation to share option plans is the fair value of these instruments. This fair value is determined by means of the fair value of the shares on the allocation date. The total amount recognised as an expense over the vesting period is determined taking account of the fair value of the options granted. Conditions that must be met in order to make the options unconditional are included in the assumptions when calculating the number of options that are expected to be exercisable. The Group reviews the number of options that are expected to be exercisable at the end of each financial year. Any impact of this review is recognised in the income statement, together with an adjustment to the shareholders' equity over the remaining vesting period.

TAX ON PROFITS

The tax on profits includes the tax on profits and deferred taxes. Both taxes are recognised in the income statement, except in those cases where it concerns components that are part of the shareholders' equity. In this latter case, this is recognised via the shareholders' equity. The term 'tax on profits' is taken to mean that which is levied on the taxable income for the reporting period, calculated at the tax assessment rates applicable at the balance sheet date, as well as the adjustments to the tax due over previous reporting periods. Deferred taxes are calculated according to the balance sheet method and arise mainly from the differences between the book value of assets and liabilities in the balance sheet and the tax basis of those assets and liabilities. The amount of deferred tax is based on the expectations regarding the realisation of the book value of the assets and liabilities, whereby use is made of the tax assessment rates known on the balance sheet date.

A deferred tax liability is only recognised if it is sufficiently certain that the tax credit and the unused fiscal losses can be set off against taxable profits in the future. Deferred tax assets are reduced as and when it is no longer likely that the tax saving can be realised. Deferred taxes are also calculated on temporary differences arising from participations in subsidiaries, unless the Group can decide on the time when the temporary difference is reversed and it is unlikely that the temporary difference will be reversed in the near future.

REVENUE

Revenue is recognised if it is likely that the future economic benefits relating to the transaction will accrue to the Entity and the amount of the income can be determined reliably.

Turnover is reported after turnover tax and discounts.

SALE OF GOODS

Ter Beke recognised revenue from the following sources: delivery of products and services. Ter Beke assesses that the delivery of products represents the main performance obligation. Ter Beke recognised revenue at a point in time when it transfers control over a product to a customer. Customers obtain control when the products are delivered (based on the related inco terms in place). The amount of revenue recognised is adjusted for volume discounts. No adjustment is made for returns nor for any type of warranties as the impact is deemed immaterial based on historical information. Disaggregating revenue by timing of revenue recognition i.e. at a point in time versus over time does not add much value as service contracts are immaterial compared to total product sales.

In order to encourage clients to pay immediately, the Group grants discounts for payments in cash. Such discounts are recognised as a reduction in the revenue.

ROYALTIES

Royalties are recognised according to the attribution principle in accordance with the economic reality of the contract concerned.

RENTAL INCOME

Rental income is recognised directly in the income statements on a linear basis, spread over the rental period.

FINANCIAL INCOME

Financial income consists of interest received, dividends received, the exchange rate revenues and the revenues from hedging instruments that are recognised in the income statement.

INTEREST INCOME

Interest is recognised on a proportional basis that takes account of the effective duration of the asset to which it relates (the effective interest method).

DIVIDENDS

Dividends are recognised at the time when the shareholder has been given the right to receive the payment thereof. Exchange rate differences from non-company activities and profits from hedging instruments for non-company activities are also presented under financial income.

EXPENSES

Expenses per type of cost are shown in the income statement. Expenses that relate to the reporting period or to previous reporting periods are recognised in the income statement, regardless of when the expenses are paid. Expenses can only be transferred to a subsequent period if they comply with the definition of an asset.

PURCHASES

Purchases of trade goods, raw and auxiliary items, and purchased services are recognised at cost price, after deduction of the permitted trading discounts.

RESEARCH AND DEVELOPMENT, ADVERTISING AND PROMOTIONAL COSTS AND SYSTEM DEVELOPMENT COSTS

Research, advertising and promotional costs are recognised in the income statement in the period in which they were incurred. Development costs and system development costs are recognised in the income statement in the period in which they were incurred if they do not meet the criteria for capitalisation.

FINANCING EXPENSES

Financing expenses include such things as the interest on loans, exchange rate losses and losses on hedging instruments that are recognised in the income statement. Exchange rate differences from non-company activities and losses from hedging instruments for non-company activities are also presented under financing costs.

FINANCIAL TERMINOLOGY

EBIT	Operating result (earnings before interest and taxation)
EBITDA	Operating cash flow Operating result (EBIT) + depreciation, write-downs and impairments of assets and negative goodwill
REBIT	Operating result (EBIT) before non-recurring expenses and revenues
REBITDA	Operating cash flow before non-recurring expenses and revenues Operating result before non-recurring costs and revenues (REBIT) + depreciation, write-downs and impairments of assets and negative goodwill
Non-recurring income and expenses	Operating revenues and expenses related to restructuring, impairments, discontinued operations and other activities, and transactions with a one-off impact

MANAGEMENT ASSESSMENTS AND ESTIMATES

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements, estimates and assumptions are reviewed on an ongoing basis:

- Critical judments in applying in the entity's accounting policies:
  - Ter Beke is involved in a number of pending claims and litigations for which managements makes a judgement in the likelihood of the risk. We refer to Note 30 - Outstanding legal dispute.
- Key Sources of estimation uncertainty: the following are the key assumptions concerning the future, and the other key sources of estimation uncertainty at the end of the reporting periode that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:
  - Management performed an annual impairment test on the goodwill related to 'processed meats' and 'ready meals' on the basis of the budget for the Group. The budget is prepared for the group for the next year. A number of assumptions are applied to determine the next 4 years in the total 5-year plan. Sensitivity analyses for reasonable changes in assumptions such as growth rate, EBITDA margin and discount rated are presented in Note 14 - Goodwill.
  - Deferred tax assets are recognised for the carry-forward of unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available in the foreseeable future. In making its judgment, management takes into account elements such as the budget and tax-planning opportunities (see Notes 13 and 19).
  - Provisions for employee benefits: the defined benefit pension liabilities are based on actuarial assumptions such as the discount rate and the expected return on investments in investment funds. For further information, see Note 24 – Employee benefits.

2. GROUP CONSOLIDATION

The Group consolidated annual accounts for 2018 include: Ter Beke NV and consolidated subsidiaries over which Ter Beke exercises full control (Note 35) and one joint venture over which the Group does not exercise full control.

On 30 June 2017, the Entity acquired full control of Stefano Toselli SAS and Pasta Food Company. Until 30 June 2017, the results of Stefano Toselli SAS and Pasta Food Company were recognised as earnings from joint ventures according to the equity method. From 1 July to 31 December 2017, the full balance sheet is recognised in the consolidated annual accounts and the second half-year of the income statement.

On 11 September 2017, the Entity acquired 90% of the shares of KK Fine Foods PLC. From 11 September to 31 December, the full balance sheet is recognised in the consolidated annual accounts and the proportional part of their income statement.

On 1 December 2017, the Entity acquired the Offerman Group. The Group acquired full control from 1 December 2017. The consolidated figures include the full Offerman Group balance sheet and 1 month of the income statement, that is from 1 December to 31 December 2017.

On 7 February 2018, FreshMeals Deutschland GmbH was founded with an initial capital of EUR 25,000.

CONSOLIDATED FINANCIAL STATEMENTS

3. REPORTING PER SEGMENT AND GEOGRAPHICAL REGION

Ter Beke is a food group. We are specialists in Europe for the development, production and sale of processed meats and fresh ready meals. At the end of 2018, the Ter Beke Group had a workforce of approximately 2,700 people. This number denotes the full-time equivalents on 31 December 2018 and the average number of temporary workers in 2018. In 2017, Ter Beke employed approximately 2,600 people.

The Group's management structure corresponds to its business activities. We also align the internal and external reporting systems with the two existing business segments:

- The Processed Meats Division develops, produces and sells a range of processed meats including salami, cooked ham, poultry, other cooked meats, pâtés and preserved meats.
- The Ready Meals Division develops, produces and sells fresh ready meals including lasagne, pizza, pasta dishes and sauces.

The result of a segment includes the revenue and expenses generated directly by that segment. And this includes the revenue and expenses attributable to that segment. Financial expenses and taxes are not attributed to the segments.

The assets and liabilities of a segment encompass the assets and liabilities directly pertaining to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding taxes.

Non-current assets per segment are the intangible non-current assets, goodwill, tangible non-current assets and financial non-current assets. Liabilities per segment are trade receivables, personnel debts, taxes and other debts that are directly attributable to the business segment. All other assets and liabilities have not been allocated to the business segments and are stated as 'not allocated'. Assets and liabilities per segment are proposed for elimination of inter-segment positions. Competitive conditions form the basis for 'intersegment transfer pricing'. The investment expenses per segment equal the cost of the acquired assets with an expected useful life of more than one year. In the segment reporting we use the same accounting principles as in the consolidated financial statements.

Our two Divisions, Processed Meats and Ready Meals, sell our products to a large client base. This includes most large European discount and retail clients. The ten largest client groups represent 58% of the turnover (2017: 65%). We realise turnover with these clients through various products and contracts of varying duration. We do this in several countries, both for our own brands and clients' private labels. The Group's client portfolio is diverse. Nevertheless, it could have an impact on our operating activities if the relationship with a large group of clients came to an end. Turnover grew in 2018. Just as last year, the volume of business with one single external client exceeded 10% of the consolidated turnover (13% in 2018, 14% in 2017). The turnover related to this client was in both segments.

The turnover between both segments is immaterial, which is why we have chosen to only report turnover external to the Group.

The Ter Beke Group is active in six geographical regions: Belgium, the Netherlands, the United Kingdom, Germany, France and the rest of Europe. The rest of Europe consists of Luxembourg, Denmark, Ireland, Poland, Portugal, Romania, Spain, Sweden and Switzerland.

The net turnover is split per region based on the geographical location of the external clients. The total assets and investment expenses are allocated per region according to the geographical location of the assets. The investment expenses per region are the cost price of the acquired assets with an expected useful economic life of more than one year.

KEY DATA PER BUSINESS SEGMENT

	2018			2017		
	Processed meats	Ready Meals	Total	Processed meats	Ready Meals	Total
SEGMENT INCOME STATEMENT						
Segment net turnover	420,146	260,314	680,460	310,614	186,772	497,386
Segment results	1,227	23,674	24,901	6,839	16,653	23,492
Non-allocated results			-8,683			-1,474
Net financing cost			-3,390			-1,444
Taxes			-5,587			-4,006
Share in businesses accounted for using the equity method			0			571
Consolidated result			7,241			17,139
SEGMENT BALANCE SHEET						
Segment non-current assets	123,682	107,424	231,106	123,579	111,241	234,820
Non-allocated non-current assets			12,485			7,753
Total consolidated non-current assets			243,591			242,573
Segment liabilities	94,227	55,710	149,937	82,754	48,102	130,856
Non-allocated liabilities			275,041			268,880
Total consolidated liabilities			424,978			399,736
OTHER SEGMENT INFORMATION						
Segment investments	20,612	5,573	26,185	5,303	6,128	11,431
Non-allocated investments			1,785			2,041
Total investments			27,970			13,472
Segment depreciation and non-cash costs	15,368	9,990	25,358	10,948	6,338	17,286
Non-allocated depreciation and non-cash costs			2,460			-895
Total depreciation and non-cash costs			27,818			16,391

KEY DATA PER GEOGRAPHIC SEGMENT

In 2017, the non-allocated result was adjusted for EUR 6.7 million in response to the phased acquisition.

Third party turnover (*)	2018	2017
Belgium	177,983	162,418
Netherlands	306,472	213,157
UK	70,660	29,882
Germany	25,880	20,485
France	38,271	27,274
Other	61,194	44,170
	680,460	**497,386**

(*) The amendment is a consequence of IFRS 15

Liabilities per region	2018	2017
Belgium	124,582	91,726
Netherlands	130,414	127,253
France	67,156	68,421
UK	46,797	47,672
Other	56,029	64,664
	424,978	**399,736**

Liabilities per region	2018	2017
Belgium	18,111	9,607
Netherlands	6,302	1,697
France	788	517
UK	1,205	1,481
Other	1,564	170
	27,970	**13,472**

Non-current assets	2018	2017
Belgium	89,682	118,188
Netherlands	62,194	30,737
France	35,281	36,335
UK	33,031	34,344
Other	23,403	22,969
	243,591	**242,573**

4. REVENUE FROM SALE OF GOODS

	2018	2017
Sale of goods	680,460	497,386

In 2018, the Group recognises turnover in accordance with IFRS 15. For 2017, there is no impact of the application of IFRS 15 on the 2017 results. The impact of the application of IFRS 15 (Revenue from Contracts with Customers) means that in 2018, the EUR 12.9 million (for 2017: EUR 11.2 million) that was formerly presented under the 'services and miscellaneous goods' category will be deducted from turnover in the presentation of the accounts.

This mainly concerns introduction fees, costs of cooperation agreements with customers, and other marketing costs related to turnover.

Ter Beke has opted for the 'full retrospective' method for the first adoption of IFRS 15 for the financial year starting on 1 January 2018. The 2017 figures were therefore restated for EUR 11.2 million.

in '000 EUR	31/12/18	Adjustments	reclassifica-tions	31/12/18 IFRS 15	31/12/17	Adjustments	reclassifica-tions	31/12/17 IFRS 15
Revenue (net turnover)	693,344	0	-12,884	680,460	508,555	0	-11,169	497,386
Trade goods, raw and auxiliary materials	-399,416			-399,416	-292,646			-292,646
Services and miscellaneous goods	-129,170		12,884	-116,286	-99,172		11,169	-88,003
Wages and salaries	-119,640			-119,640	-87,079			-87,079
Depreciation costs	-27,126			-27,126	-18,830			-18,830
Impairments and provisions	-692			-692	2,439			2,439
Other operating income	3,159			3,159	3,983			3,983
Other operating expenses	-4,241			-4,241	-1,921			-1,921
Result of phased acquisition	0			0	6,689			6,689
Result of operating activities	16,218	0	0	16,218	22,018	0	0	22,018

in '000 EUR	31/12/18	Adjustments	reclassifica-tions	31/12/18 IFRS 15	31/12/17	Adjustments	reclassifica-tions	31/12/17
Revenue (net turnover)	693,344	0	-12,884	680,460	508,555	0	-11,169	497,386
Processed Meats	423,938	0	-3,792	420,146	314,630	0	-4,016	310,614
Ready Meals	269,406	0	-9,092	260,314	193,925	0	-7,153	186,772

On a similar basis, turnover in 2018 increased by 1.9% compared to the pro forma turnover in 2017. In the pro forma figures, the effects of the four acquisitions in 2017 were simulated as if they had been incorporated in the Ter Beke figures from 1 January 2017.

This is the first time the results of the companies acquired in 2017 are included in the income statement for a full year. To recapitulate, these are the Dutch company Offerman for the Processed Meats Division and the French company Stefano Toselli, the Polish Pasta Food Company and the British company KK Fine Foods for the Ready Meals Division.

During the full year, these four companies contributed jointly and individually to the turnover and result according to plan.

The consolidated Group turnover increased by EUR 183 million, from EUR 497.4 million to EUR 680.5 million (+36.81%).

The turnover of the Processed Meats Division increased by EUR 109.5 million, from EUR 310.6 million to EUR 420.1 million. This is mainly due to the acquisition of Offerman.

2017 included 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 and the Polish 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.

5. TRADE GOODS, RAW AND AUXILIARY MATERIALS

	2018	2017
Purchases	401,419	292,409
Change in inventory	-2,003	237
Total	399,416	292,646

6. SERVICES AND MISCELLANEOUS GOODS

	2018	2017	IFRS 15	2017 after correction IFRS 15
Interim staff and consultants to the organisation	22,761	14,946		14,946
Maintenance and repairs	19,702	13,126		13,126
Cost of marketing and sales	5,330	17,095	-11,169	5,926
Transport costs	30,523	19,583		19,583
Gas and electricity	12,265	8,556		8,556
Rent	7,393	6,885		6,885
Advisory expenses and consultants	10,319	9,998		9,998
Other	7,993	8,983		8,983
Total	116,286	99,172		88,003

Items such as insurance and office expenses are recognised in the 'Other' account.

The acquisitions resulted in considerable increases.

The 'cost of marketing and sales' category was adjusted in response to the application of IFRS 15. Introduction fees, costs of cooperation agreements with customers, and other marketing costs that are related to turnover are deducted from the turnover.

7. EMPLOYEE EXPENSES

In 2018, employee expenses amounted to EUR 119,640,000 compared to EUR 87,079,000 in 2017. For further details on employee benefits see Note 25.

Employee expenses can be analysed as follows:

	2018	2017
Wages and salaries	88,790	60,912
Social security contributions	21,665	17,636
Other employee expenses	9,185	8,531
Total	119,640	87,079
Number of employees expressed in FTEs (excl. temporary employees) at year end	2,408	2,314

8. WRITE-DOWNS AND PROVISIONS

	2018	2017
Write-downs	495	401
on inventories	426	437
on trade receivables	69	-36
Provisions	197	-2,840
Total	692	-2,439

In 2017, the CEO's long-term incentive was booked under EBITDA (these costs being brought under recurring earnings in previous years). This is why this is considered a one-off cost, as is the reversal of the provision.

9. OTHER OPERATING INCOME AND EXPENSES

	2018	2017
OTHER OPERATING INCOME		
Recovery of wage-related costs	827	780
Recovery of logistics costs	29	-7
Profits from the disposal of assets	80	840
Insurance recoveries	81	119
Compensation received	189	253
Rent	40	94
Others	1,913	1,904
Subtotaal	3,159	3,983
Result of phased acquisition	0	6,689
Total	3,159	10,672
OTHER OPERATING EXPENSES		
Local taxes	2,471	1,815
Realised loss on disposal of assets	837	45
Others	933	61
Total	4,241	1,921
Other operating income and expenses	-1,082	8,751

10. RESULT OF OPERATING ACTIVITIES

	2018	2017
EBITDA	44,036	38,409
Depreciations costs and impairments	-27,126	-18,830
Impairments and provisions	-692	2,439
Result of operating activities (EBIT)	16,218	22,018

	31/12/18	31/12/17
Result of operating activities (EBIT)	16,218	22,018
Severance payment (incl social costs)	3,822	793
Realised gains on sale land	0	-721
Costs of phased acquisition	242	2,073
Costs Spencer Stuart Mgt. Cons.		150
Result of phased acquisition		-6,689
Strategic study	1,252	
Start up costs project new packaging concept	356	
Realised losses Zoetermeer	511	
Restructuring expenses Zoetermeer	240	
Impairment Zoetermeer	386	
Recurring operating result (REBIT)	23,027	17,624
EBITDA	44,036	38,409
Severance payment (incl social costs)	3,822	793
Realised gains on sale land	0	-721
Costs of phased acquisition	242	2,073
Costs Spencer Stuart Mgt. Cons.		150
LT CEO incentive		2,843
Result of phased acquisition	0	-6,689
Strategic study	1,252	0
Start up costs project new packaging concept	356	0
Realised losses Zoetermeer	511	
REBITDA	50,219	36,858

REBITDA increased by EUR 13.3 million, from EUR 36.9 million in 2017 to EUR 50.2 million in 2018 (+36.2%). This means that, despite a year of integration and consolidation, Ter Beke still managed to achieve its targets.

The Processed Meats Division's recurring results were influenced by the continuing pressure on prices in a market that faces a threat of overcapacity. In addition, various costs were incurred in 2018 that are expected to have a positive influence on the results in subsequent years. In 2018, in Belgium (Veurne) a 'slicing and packaging' project was started that covers much of the product range of one of our customers. The start-up costs reduced the initial profitability of the project, particularly in the first half of the year. In the Netherlands, the FairBeleg® label was launched for the food service channel and the costs were booked to the income statement. Furthermore, Offerman switched over to the standard Ter Beke ERP package. It was also decided to close the Offerman site in Zoetermeer sooner than originally planned and to move production to Borculo and Wommelgem. All preparatory work at the two sites has been included in the costs.

The Ready Meals Division's results were positively influenced by turnover growth in almost all channels and markets. The Group continues to focus on innovation and product development in order to fully support the customer's needs. To do so, we make use of the strengths of the various companies in the Division.

The non-cash costs in 2018 (EUR 27.8 million) were EUR 11.4 million higher than in 2017. This increase can mainly be accounted to higher depreciation as a result of the acquisitions in 2017.

REBIT increased by EUR 5.6 million, from EUR 17.6 million in 2017 to EUR 23.0 million in 2018.

A number of non-recurring results need to be considered in the comparison of 2017 and 2018.

A total of EUR 6.8 million in non-recurring expenses was incurred in 2018. This concerns severance payments amounting to EUR 3.8 million and costs for the strategic study of EUR 1.3 million. The purpose of the study was twofold: firstly a valuation of the company following the acquisitions and an analysis of the ideal balance sheet structure; and secondly a market analysis of the core markets in which Ter Beke operates. In addition, EUR 0.4 million of exceptional costs were incurred for starting up the new slicing project in Veurne, EUR 0.2 million is related to acquisitions and EUR 1.1 million of restructuring costs due to the early closure of Zoetermeer.

These consist of the losses realised, the restructuring expenses and the impairment on Zoetermeer.

2017 included 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 and the Polish 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.

11. FINANCIAL INCOME

	2018	2017
Interest income	193	105
Positive exchange rate differences	91	85
Other	74	104
Total	**358**	**294**

12. FINANCING EXPENSES

	2018	2017
Interest cost on loans	1,909	1,006
Interest cost on leasing	235	203
Negative exchange rate differences	444	71
Bank charges	456	196
Revaluation of financial instruments	0	104
Other	704	158
Total	**3,748**	**1,738**

13. TAXES

TAXES BOOKED IN INCOME STATEMENT

	2018	2017
Tax on profits		
Financial year	8,119	6,177
Previous financial years	308	-43
Deferred tax liabilities		
Effect of temporary differences	-2,840	-2,128
Total tax in the income statement	**5,587**	**4,006**

The tax rate in 2018 (43.6%) was higher than in 2017 (19.5%). The tax rate in 2017 was lower than normal due to the non-taxable result of the phased acquisition (EUR 6.7 million). Taxes in 2018 were higher because there were no deferred tax assets for some losses.

RELATIONSHIP BETWEEN TAX BURDEN AND THE ACCOUNTING PROFIT

	2018	2017
Accounting profit before tax	12,828	20,574
Tax at Belgian tax rate (2018: 29.58% and 2017: 33.99%)	3,795	6,993
Effect of the different tax rates of the foreign companies	-368	-1,221
Effect on deferred tax of decreased Belgian tax rate from 33.99% to 29.58%		-153
Effect of not recognising DTA during the financial year	2,762	
Effect of previously not recognised DTA	-1,091	
Effect of the expenses not deductible for tax purposes	430	610
Effect of non-taxed phased acquisition		-2,274
Notional interest deduction		-45.38
Other effects: minimum tax	59	96
Actual tax burden	**5,587**	**4,006**
Effective tax percentage	43.6%	19.5%

In 2018, a deferred tax asset was recognised for Pasta Food Company because from now on, Pasta Food Company has a recurrent profitable operating result.

14. GOODWILL

	2018	2017
GOODWILL		
Start of the financial year	78,263	36,944
Acquisitions		41,025
Transfers and decommissioning	0	0
Translation differences	-67	294
End of the financial year	**78,196**	**78,263**
IMPAIRMENTS		
Start of the financial year	1,740	1,740
Impairment losses	0	0
Transfers and decommissioning	0	0
End of the financial year	**1,740**	**1,740**
Net book value	**76,456**	**76,523**

Goodwill arises when the cost price of a business combination at acquisition date exceeds the interest of the Group in the net fair value of the acquiree's contingent liabilities, the identifiable assets and the liabilities.

The Group has opted to allocate the goodwill to the segments. To date, the risk profile of the acquired business combinations was almost identical to the existing business, and/or the cash flows were fully aligned. Furthermore, these business combinations were fully integrated in the segment right from the acquisition date, whereby it was impossible to recognise, let alone monitor, any individual cash flows at a lower level. Management reporting is therefore at segment level.

Each year the Group conducts an impairment analysis on the goodwill. This is carried out using the discounted cash flow method. If the realisable value of the segment is lower than the book value, we first allocate the impairment losses to the book value of the goodwill. Next are the other assets of the unit, in proportion to the book value of each asset in the segment.

In 2018, the goodwill amounted to EUR 32,369,000 (2017: EUR 32,369,000) for Processed Meats. For Ready Meals this was EUR 44,087,000 (2017: EUR 44,157,000).

The impairment analysis described above is based on:

- The budget estimate for the following year of the own operational cash flows for each segment individually. This budget estimate is the result of a detailed analysis of all known and estimated developments in turnover, margin and costs adjusted to the commercial environment for each segment. Here, equilibrium is sought between challenge and realism.
- The cash flows for the following four years are applied as follows:
  - Average turnover growth of the Ter Beke Group over the previous ten years. This percentage of 1.9% (2017: 1.9%) seems realistic for the coming years for both segments.
  - Estimated EBITDA margin. This margin corresponds to the projections for the coming year and with the long-term targets for each segment.
  - Estimated tax burden on the operational cash flow. For both segments, we have estimated an average tax rate of 25%, taking into account where the cash flows are taxed.
  - We adjust the calculated cash flows for each year with the replacement investments we think will be required to maintain the current production facilities in an operational status and with the movements in working capital. These differ per segment.
  - As residual value we extrapolate the cash flow as calculated above from the fifth year onwards without further growth, as a precautionary measure.
- We then capitalise these cash flows on the estimated weighted average cost of capital (WACC) of 5.81% (2017: 6.54%) after tax. The basis for this calculation is a desired equity/debt ratio of 65/35 (2017: 65/35), an average tax rate of 25% (2017: 25%), a return on investment of 7.97% (2017: 8.54%) and a gross cost of loan capital of 1.79% (2017: 4.0%). The risks in both segments are similar and therefore justify using one and the same WACC.

In both Divisions, the realisable value exceeds the book value significantly (by more than 150%). Therefore, this impairment analysis does not result in any impairments in any segment.

If the discount rate is increased by 1%, then the difference between the estimated realisable value and the book value decreases. In Processed Meats by 23% and in Ready Meals by 21%. If the ratio of EBITDA to sales decreases by 1%, these differences decrease by 23% and 9% respectively. If turnover growth after 2017 decreases by 1%, the difference decreases by 17% in Processed Meats and 20% in Ready Meals. In each of these three scenarios and in both Divisions, the realisable value exceeds the book value significantly.

If the three parameters described above simultaneously decrease by 1%, the difference between the estimated realisable value and the book value decreases by 52% in Processed Meats and 42% in Ready Meals. Again in this scenario, the realisable value in both Divisions exceeds the book value significantly. If they simultaneously increase by 1%, this difference increases by 111% in Processed Meats and 88% in Ready Meals.

15. INTANGIBLE NON-CURRENT ASSETS

	Software	Brands, licences and patents	Customer relation-ships	R&D	Total	Software	Brands, licences and patents	Customer relation-ships	R&D	Total
	2018					2017				
ACQUISITION VALUE										
Start of the financial year	20,832	2,018	24,011	156	47,017	19,231	0	0	156	19,387
Group consolidation extension					0	1,055	1,092	23,625	0	25,772
Acquisitions	2,474	160			2,634	1,425	0	0	0	1,425
Transfers and decommissioning	-4				-4	0	0	0	0	0
Transfer from / to other entries					0	-890	890	0	0	0
Translation differences		-8	-90		-98	11	36	386	0	433
End of the financial year	**23,302**	**2,170**	**23,921**	**156**	**49,549**	**20,832**	**2,018**	**24,011**	**156**	**47,017**
DEPRECIATION										
Start of the financial year	15,678	682	338	156	16,854	13,908	0	0	156	14,064
Group consolidation extension					0	616	0	0		616
Depreciation*	1,861	481	1,717		4,059	1,629	200	341		2,170
Transfers and decommissioning	-4				-4	0	0	0		0
Transfer from / to other entries					0	-483	483	0		0
Translation differences			-11		-11	8	-1	-3		4
End of the financial year	**17,535**	**1,163**	**2,044**	**156**	**20,898**	**15,678**	**682**	**338**	**156**	**16,854**
Net book value	**5,767**	**1,007**	**21,877**	**0**	**28,651**	**5,154**	**1,336**	**23,673**	**0**	**30,163**

In 2018, the Group invested EUR 2.6 million in intangible non-current assets compared to EUR 1.43 million in 2017. The investment is mainly devoted to the further roll-out of the ERP package. In 2017, we acquired KK Fine Foods and Offerman BV, and consequently EUR 23.6 million was recognised in intangible non-current assets in the 'customer portfolio' account and EUR 1.1 million in the 'brands' account. These assets will be depreciated over five, ten and fourteen years respectively.

16. TANGIBLE NON-CURRENT ASSETS

2018

	Land and buildings	Installations, machines, and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
ACQUISITION VALUE							
Start of the financial year	136,813	328,597	5,004	4,579	81	744	475,818
Group consolidation extension							0
Acquisitions	1,855	22,797	367	0	34	283	25,336
Transfers and decommissioning	-104	-4,755	-646				-5,505
Transfer from / to other entries		745				-745	0
Translation differences	-445	-408	-6	-11		-2	-872
End of the financial year	**138,119**	**346,976**	**4,719**	**4,568**	**115**	**280**	**494,777**
DEPRECIATION							
Start of the financial year	82,674	254,300	4,354	1,023	81	0	342,432
Group consolidation extension							0
Depreciation *	3,565	18,026	211	1,374	2		23,178
Transfers and decommissioning	-4	-3,915	-542				-4,461
Translation differences	-20	-234	-4	-7			-265
End of the financial year	**86,215**	**268,177**	**4,019**	**2,390**	**83**	**0**	**360,884**
IMPAIRMENT							
Start of the financial year							0
Group consolidation extension							0
Addition*							0
Reduction*							0
Transfers and decommissioning							0
End of the financial year	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NET CAPITAL GRANTS							
Start of the financial year	269	300	10	0	0	0	579
Group consolidation extension							0
New allocations		44					44
Other	-1						-1
Depreciation *	-7	-103	-1				-111
End of the financial year	**261**	**241**	**9**	**0**	**0**	**0**	**511**
Net book value as per 31 December 2018	**51,643**	**78,558**	**691**	**2,178**	**32**	**280**	**133,382**

2017

	Land and buildings	Installations, machines, and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
ACQUISITION VALUE							
Start of the financial year	91,013	239,483	2,560	68	81	279	333,484
Group consolidation extension	45,775	78,498	2,278	4,406	0	932	131,889
Acquisitions	879	10,873	198	97			12,047
Transfers and decommissioning	-382	-477	-14				-873
Transfer from / to other entries	0	451	5	1		-457	0
Translation differences	-472	-231	-23	7	0	-10	-729
End of the financial year	**136,813**	**328,597**	**5,004**	**4,579**	**81**	**744**	**475,818**
DEPRECIATION							
Start of the financial year	60,826	190,031	2,474	68	81	0	253,480
Group consolidation extension	19,486	49,511	1,769	748	0	0	71,514
Depreciation *	2,441	15,324	127	203	0	0	18,095
Transfers and decommissioning	-57	-400					-457
Translation differences	-22	-166	-16	4			-200
End of the financial year	**82,674**	**254,300**	**4,354**	**1,023**	**81**	**0**	**342,432**
IMPAIRMENT							
Start of the financial year							0
Group consolidation extension							0
Addition*							0
Reduction*							0
Transfers and decommissioning							0
End of the financial year	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NET CAPITAL GRANTS							
Start of the financial year	302	158	8				468
Group consolidation extension							0
New allocations	6	1,523	17				1,546
Other							0
Depreciation *	-39	-1,381	-15				-1,435
End of the financial year	**269**	**300**	**10**	**0**	**0**	**0**	**579**
Net book value as per 31 December 2017	**53,870**	**73,997**	**640**	**3,556**	**0**	**744**	**132,807**

The lines marked with * in Notes 15 and 16 are included in the income statement, in the amount for depreciations and impairments of non-current assets.

In 2018, the Group invested EUR 28.0 million of which EUR 25.4 million in tangible non-current assets. The investments primarily consist of efficiency and infrastructure investments in the Group's various sites and also of expanding the slicing capacity in Veurne.

17. PARTICIPATIONS USING EQUITY METHOD

	2018	2017
Joint venture		
Associates		
Total	**0**	**0**

On 30 June 2017, the Group acquired full control of Stefano Toselli and Pasta Food Company. In 2018, both participations are fully consolidated. In the first half-year of 2017, the equity method was still used.

18. OTHER LONG-TERM RECEIVABLES

	2018	2017
Receivables and securities in cash	75	77
Total	**75**	**77**

19. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities are attributable to the following categories:

	2018	2017
Tangible non-current assets	8,734	9,705
Receivables	289	438
Provisions	-175	-202
Debts	492	349
Transferred losses		
Deferred tax assets	**9,340**	**10,290**

	2018	2017
Tangible non-current assets	1,175	144
Receivables	78	78
Provisions	1,219	1,142
Debts	146	53
	2,409	1,586
Deferred tax assets	**5,027**	**3,003**

In 2018, the Group did not acknowledge EUR 9,843,000 in deferred tax assets on tax-deductible losses (2017: EUR 7,102,000) because the Group is insufficiently certain that these will be realised in the near future. These transferable losses are transferable with no time limitation, the transferable notional interest deduction is transferable for 7 years only. From 2011, the unused portion of the notional interest of the year is no longer tax deductible. In 2018, the transferred notional interest deduction was fully utilised.

20. INVENTORIES

	2018	2017
Raw and auxiliary items	20,658	20,593
Work in process	4,612	3,815
Finished products	6,090	6,900
Goods for resale	4,944	3,480
Total	**36,304**	**34,788**

For write-downs on inventories please refer to Note 8.

21. TRADE AND OTHER RECEIVABLES

	2018	2017
Trade receivables	99,029	100,402
VAT to be reclaimed	4,365	3,672
Taxes to be reclaimed	2,579	1,702
Adjustment accounts	2,476	2,395
Receivable interest		
Empties	4,675	3,885
Other	8,784	3,806
Total	**121,908**	**115,862**

Our trade receivables are not interest-bearing.

The average number of days of customer credit for the Group is 53 days (2017: 54 days).

In 2018, write-downs on trade receivables to the value of EUR 69,000 were recognised as a cost in the income statement (EUR 36,000 in 2017).

In 2018 and 2017, the percentage of trade receivables owed older than 60 days amounted to less than 2.3% (see also Note 27).

22. CASH AND CASH EQUIVALENTS

Cash is held at reputable banks.

	2018	2017
Current accounts	23,160	6,480
Cash	15	33
Total	**23,175**	**6,513**

23. SHAREHOLDERS' EQUITY

DIVIDENDS

On 17 April 2019, the Board of Directors confirmed the proposed distribution of EUR 4 per share. The Ter Beke General Meeting of Shareholders has not yet approved this dividend, which is why it has not yet been recognised in the accounts.

24. EMPLOYEE BENEFITS

PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES

The Group and its subsidiaries provide for pension schemes and other employee benefits. On 31 December 2018, the total net debt for pension schemes and similar liabilities was EUR 5,835,000 for the Group's Belgian and French companies. On 31 December 2017, this was EUR 5,289,000.

	obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2017	2,480	2,832	5,312
Group consolidation extension	1,713	807	2,520
Service costs	1,148		1,148
Interest costs and income	16		16
Actuarial effect by OCI	-872		-872
Payments			0
Allocations and redemptions		-2,840	-2,840
Other	-15	20	5
31 December 2017	4,470	819	5,289
Group consolidation extension			0
Service costs	1,206		1,206
Interest costs and income	19		19
Actuarial effect by OCI	-109		-109
Payments			0
Allocations and redemptions	-140	337	197
Other	-767		-767
31 December 2018	4,679	1,156	5,835

EMPLOYEE BENEFITS AND PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

	2018	2017
Defined benefit pension schemes		
Net liability / (asset)	4,678	4,470
Of which liabilities	23,235	21,497
Of which investments in investment funds	-18,557	-17,027
Amounts recognised in the income statement:		
Pension costs allocated to the year of employment	1,206	1,148
Interest cost	19	16
Expected return on investments in investment funds		
Recognised actuarial (profits)/losses		
Past service pension costs		
Losses/ (profits) from curtailments or settlements		
Administrative expenses	24	22
Cost recognised in the income statement regarding defined benefit pension schemes	1,249	1,186
Amounts allocated to the shareholders' equity via the comprehensive result (OCI)	-83	26
Recognised actuarial (profits)/losses	-109	-872
Cumulative of via OCI recognised actuarial results at the beginning of the period	26	898
Present value of the gross liability at the beginning of the year	21,497	19,400
Impact of PUC method on the Belgian fixed contribution plans		
Employer's contributions		
Interest cost	258	186
Pension costs allocated to the year of employment	1,107	987
DBO profit (loss) for the period	1,171	-149
Other	-798	1,073
Present value of the gross liability at the end of the year	23,235	21,497
Fair value of the investments in investment funds at the beginning of the year	-17,032	-14,655
Expected employer's contributions	-1,167	-1,134
Expected benefits paid (excl. interest)	2,605	212
Expected return on investments in investment funds		
Expected taxes on contributions paid	114	113
Expected administrative expenses	23	28
Expected value of the investments in investment funds at the end of the year	-15,457	-15,436
Fair value of the investments in investment funds to the beginning of the year	-17,032	-16,926
Impact of PUC method on the Belgian fixed contribution plans		
Actual employer's contributions	-1,149	-1,038
Actual employees contributions	0	-24
Actual benefits paid	777	662
Interest revenue	-239	-176
Actual taxes on contributions paid	119	110
Actual administrative expenses	24	21
Actuarial profit (losses) on the investments in investment funds	-1,059	339
Fair value of the investments in investment funds at the end of the year	-18,559	-17,032
Fair value of the investments in investment funds at the end of the year	2	5
Fair value of the investments in investment funds at the end of the year	-18,557	-17,027

DEFINED CONTRIBUTION SCHEMES

The Ter Beke NV companies contribute to publicly or privately administered pension funds or insurance schemes. Once the contributions have been paid, the Group's companies have no further payment obligations. The minimum guaranteed reserves are covered by the value of the investment funds.

The minimum guaranteed returns obtained (in accordance with the Law of 18 December 2015):

- For the contributions paid after 1 January 2016: the Belgian government Linear bond (OLO) interest rate determines the variable minimum return. This ranges from 1.75% to 3.75%.
- For the contributions paid at the end of 2015: the statutory return on investment will remain at 3.25%, respectively 3.75%, applicable to employees already retired.

These pension schemes guarantee a minimum return on investment. We therefore regard these as defined benefit plans.

Each year, Ter Beke has a full actuarial calculation conducted according to the PUC method. The analysis of the pension schemes shows that there is a limited difference between the statutory guaranteed minimum and the interest guaranteed by the insurance company. At the end of 2018, this net liability amounts to EUR 32,000 (2017: EUR 16,000). The periodic contributions constitute a cost for the year in which related rights are acquired. In 2018, this cost amounted to EUR 2,617,000 (2017: EUR 2,536,000).

Costs regarding IAS 19 are booked under employee expenses. The interest component is recognised in the financial result.

OTHER PROVISIONS

- In 2017 and 2018, the other provisions consisted mainly of severance payments and the provision for Offerman Group employees to cover additional expenses due to changes in the place of employment.

25. INTEREST-BEARING LIABILITIES

2018

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Interest-bearing liabilities				
Credit institutions	14,423	127,922	65	142,410
Lease liabilities	1,389	2,055		3,444
Total	**15,812**	**129,977**	**65**	**145,854**

2018

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Other liabilities		3,806		3,806

2017

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Interest-bearing liabilities				
Credit institutions	88,060	36,474	3,416	127,950
Lease liabilities	2,072	3,416		5,488
Total	**90,132**	**39,890**	**3,416**	**133,438**

2017

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Other liabilities		3,569		3,569

Loans from credit institutions in 2017 include:

- Long-term loans with a fixed interest rate for the sum of EUR 21,462,000
- Long-term loans for which the interest rates are regularly reviewed for agreed periods of less than one year for the sum of EUR 39,708,000
- Short-term loans for agreed periods of less than one year for the sum of EUR 66,780,000

Loans from credit institutions in 2018 include:

- Long-term term loans with a fixed interest rate amounting to EUR 9,534,000
- Long-term loans amounting to EUR 125,783,000 for which interest rates are regularly reviewed for agreed periods of less than one year
- Short-term loans for agreed periods of less than one a year amounting to EUR 7,093,000

- On 26 June 2018, Ter Beke concluded a long-term financing agreement with a consortium of three banks in the form of a 'Revolving Credit Facility' (RCF). The RCF has been agreed for a period of five years, with two possible extensions, each for one year. This provides the Group with EUR 175 million in guaranteed credit lines that can be extended to EUR 250 million if required. No guarantees were provided for this RCF. The RCF conditions include maintaining a net financial debt to adjusted EBITDA ratio of 3.0. In the event of new acquisitions, a temporary ratio of 3.5 will be accepted. On 31 December 2018, an amount of EUR 120 million in loans was subject to a variable interest rate.
- This covenant is tested against the figures twice a year, on 30 June and on 31 December. The Group conformed to the requirements of the covenant in 2018.
- The costs for establishing the RCF, estimated at EUR 0.7 million EUR, are depreciated over the 5-year term of the RCF.

At the end of 2018, the Group had EUR 3,444,000 in financial leasing from the recent acquisitions.

	2018	2017
Loans with fixed interest rate	1.60%	1.65%
Loans with variable interest rate	0.89%	1.70%

Minimum payments to credit institutions (including interest) in 2018:

	2018	2017
Less than 1 year	8,815	24,742
More than 1 year and less than 5 years	136,007	42,101
More than 5 years	67	2,128

The Group has sufficient short-term credit lines to fulfil its short-term requirements. The Group has not pledged any assets to meet its obligations to credit institutions, and has not received guarantees from third parties. The conditions for the primary financial covenants are: net debt / adjusted EBITDA ratio of 3.0. In the event of new acquisitions, a temporary ratio of 3.5 will be accepted. The Group conformed to the requirements of these covenants in 2018. The Group conformed to the requirements of these covenants in 2017.

	31/12/17	Cash Flow	Non-cash adjustments			31/12/18
			Acquisitions	Exchange rate adjustment	Fair value adjustments	
Long term interest-bearing liabilities						
Credit institutions	39,890	88,314		-217		127,987
Lease liabilities	3,416	-1,350		-11		2,055
Short term Interest-bearing liabilities						
Credit institutions	88,060	-73,481		-156		14,423
Lease liabilities	2,072	-677		-6		1,389
Other long term interest-bearing liabilities	3,569	269		-32		3,806
Total	137,007	13,075	0	-422	0	149,660

CONSOLIDATED FINANCIAL STATEMENTS

26. OTHER LONG-TERM LIABILITIES

As per 31 December 2018, the other long-term liabilities amounted to EUR 3,806,000. This concerns a put/call option on the remaining 10% of the shares in KK Fine Foods for non-controlling interests.

The option period runs from 31 December 2020 to 31 December 2024.

The put/call option entitles the minority interest shareholder to sell its interests in KK Fine Foods. The conditions are set out in the option contract with the Ter Beke Group, and are not based on publicly available market information. This liability is therefore classified according to level 3, in accordance with IFRS 13.

27. TRADE LIABILITIES AND OTHER DEBTS

	2018	2017
Trade liabilities	110,457	97,308
Dividends	88	88
Other	4,878	3,983
Total	**115,423**	**101,379**
Of which empties	3,108	3,007

Most trade liabilities have a due date of 60 or 45 days from invoice date.

28. RISKS ARISING FROM FINANCIAL INSTRUMENTS

Interest rates and exchange rates are subject to risks. Our exposure is a normal consequence of the Group's activities. Derivative financial instruments are used to limit these risks. The Group's policy forbids the use of derivative financial instruments for speculation purposes.

INTEREST RISK

The interest risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market interest rates.

If the variable interest rate on all loans were to increase by 1%, this will mean an additional EUR 1,258,000 in interest expenses.

Ter Beke is exposed to the risk of interest rate fluctuations on EUR 120 million. On 28 June 2018, the Group has drawn EUR 120 million on the RCF. Ter Beke wishes to limit its interest risk by hedging. For this purpose, a floored IRS was agreed on 30 November 2018 with maturity dates at the end of every quarter for a notional amount of EUR 10 million, and an option for the same notional amount with a strike of 1% on the same maturity date.

EXCHANGE RATE RISK

The exchange rate risk lies in the potential fluctuations in the value of financial instruments due to fluctuation in exchange rates. The Group is exposed to an exchange rate risk on the sales, procurement and interest-bearing loans and borrowings expressed in a currency other than the company's local currency. On 31 December 2018, the Group had a net position in British pounds of GBP 5,769,000. On 31 December 2017, that was GBP 6,230,000. As hedge against exchange rate risk, on 31 December 2018 we had forward contracts for the sale of GBP 500,000 for EUR. On 31 December 2017, that was GBP 1,100,000 for EUR. On 31 December 2018, in Poland we had a net position in Polish zloty of PLN 1,717,000.

CREDIT RISK

Credit risk is the risk that one of the contracting parties fails to honour its financial obligations, whereby the other party may incur a loss. Our Processed Meats and Ready Meals Divisions sell our products to a large client base. This includes most large European discount and retail clients. We realise the turnover with these clients through various products and contracts of varying duration. We do this in several countries, both for our own brands and clients' private labels. The ten largest client groups represent 58% of the turnover (2017: 65%). Just as in 2017, the volume of business with one single external client exceeded 10% of the consolidated turnover (13% in 2018, 14% in 2017). The turnover related to this client was in both segments. The management has worked out a credit policy and exposure to the credit risk is continuously monitored.

- Credit risks on trade receivables: we monitor the credit risks on all clients constantly.
- Credit risks on cash and cash equivalents and short-term investments: short-term investments are made in easily-tradable securities or in fixed-term deposits with reputable banks.
- Transactions with derivative financial instruments: transactions with derivative financial instruments are only permitted with counter-parties who have a high degree of creditworthiness.

The maximum credit risk for all these exposures equals the balance sheet amount.

Trade receivables are subject to standard terms of payment. There are no significant amounts outstanding or overdue at closing date. .

	2018
Total outstanding client receivables	99,029
Overdue < 30 days	11,062
Overdue between 30 and 60 days	3,078
Overdue > 60 days	2,209

Current assets	Note	2018		2017	
as at 31 December 2018 and 2017		Book value	Fair value	Book value	Fair value
Current assets					
Trade and other receivables	22	121,908	121,908	115,862	115,862
Cash and cash equivalents	23	23,175	23,175	6,513	6,513
Long-term liabilities					
Long-term interest-bearing liabilities	26	130,042	130,042	43,306	43,306
Other long-term liabilities		3,806	3,806	3,569	3,569
Current liabilities					
Current interest-bearing liabilities	26	15,812	15,812	90,132	90,132
Trade liabilities and other payables	27	115,423	115,423	101,379	101,379
Social liabilities		15,890	15,890	16,211	16,211
Tax liabilities		3,802	3,802	4,252	4,252

Level 1: market prices in active markets for identical assets or liabilities
Level 2: inputs other than Level 1 that are observable for the asset or liability, directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs that are not based on observable market prices

LIQUIDITY RISK

The liquidity risk is the risk that the Group cannot honour its financial obligations. The Group limits this risk by monitoring the cash flows on a continuous basis. We also ensure that sufficient credit lines are available. See also Note 25.

29. OPERATIONAL LEASING

The Group leases its cars and several freight vehicles under a number of leasing contracts. At the end of 2010, the Group signed an operational agreement for a new state of the art 'value added logistics platform' in Wijchen. This is where Ter Beke has centralised the slicing activities of Langeveld-Sleegers and all Dutch logistics activities.

Future payments under this non-terminable operational leasing contract amount to:

	2018	2017
Less than 1 year	2,817	2,458
More than 1 year and less than 5 years	8,781	8,102
More than 5 years	3,297	4,908
Total	14,895	15,468

30. OUTSTANDING LEGAL DISPUTE

On 7 February 2014, Ter Beke was summoned by the Greek company Creta Farms because of an alleged breach of a confidentiality agreement from 2010. Creta Farms asked the District Court in Athens to order Ter Beke to pay damages amounting to approximately EUR 2 million. The Group considers this demand from Creta Farms completely unfounded and has decided to use all means necessary to defend itself. For this reason no provision has been recognised in the consolidated annual accounts. In early 2015, Creta Farms reduced its claim to EUR 1.1 million. In 2016, the Greek district court ruled that Ter Beke must pay damages amounting to EUR 100,000. The order has not yet been served. Ter Beke has appealed against this ruling. We have not made any provision for this.

On 11 September 2018, the French tax authorities informed the Ter Beke Group company Stefano Toselli SL that they wish to conduct a tax audit for the financial years ending 31 December 2015, 2016 and 2017. Since the start of this tax audit, The Stefano Toselli SL has cooperated constructively with the French tax authorities. On 20 December 2018, the French tax authorities served Stefano Toselli SL a notice of amendment relating to the financial year ending 31 December 2015. Stefano Toselli SL will respond to this amendment notice within the statutory period. As Stefano Toselli SL was still part of a joint venture structure in 2015, and since the proposed change in the taxable base (directly or indirectly) relates to the then joint venture partner, Ter Beke will recover this potential tax cost in full from the then joint venture partner. Therefore, at the end of 2018 no provision was established.

31. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

The Group has not set up any sureties as a guarantee for debts or obligations to third parties.

On 31 December 2018, the total purchase obligations concerning major investment projects amounted to EUR 2,211,000 (2017: EUR 1,155,000). For this we have already assigned contracts or placed orders.

32. TRANSACTIONS WITH AFFILIATED PARTIES

TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Compensation and Nomination Committee has prepared the compensation policy for Ter Beke, which the Board of Directors has approved. The remuneration of the executive directors and members of the Executive Committee is structured in a fixed and a variable part. The variable part is subject to evaluation by the Remuneration and Nomination Committee and to long-term incentives such as a pension plan. As from 1 January 2006, we have incorporated the remuneration policy in the Corporate Governance Charter.

The remuneration received by members of the Board of Directors and the Executive Committee during the 2018 financial year is summarised in the table below.

For details, please refer to the remuneration report in the declaration of Corporate Governance (see above).

in EUR million	2018	2017
Remuneration to Board of Directors Ter Beke NV for the execution of their mandate	0.37	0.2

Remuneration for managers in a key position (in accordance with IAS 24.17)

in EUR million	2018	2017
Short-term employee benefits	1.9	5.3
Post-employment benefits		
Other long-term employee benefits		0.1
Termination benefit	0.7	
Share-based payments		

TRANSACTIONS WITH OTHER PARTIES

Transactions with affiliated parties are mainly commercial transactions and are based on the 'at arm's length' principle. The costs and revenues of these transactions are immaterial in the consolidated income statement.

For 2017 and 2018, we did not receive any reports from directors or management about related transactions, as stipulated in the Corporate Governance Charter. For the application of the conflict of interest rules (articles 523 and 524 of the Belgian Company Code) we refer to the annual report chapter on Corporate Governance (see above).

33. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

- a net profit attributable to the ordinary shareholders of EUR 7,185,000 (2017: EUR 17,107,000)
- a weighted average number of outstanding ordinary shares during the year of 1,732,621 (2017: 1,732,621)

The weighted average number of outstanding ordinary shares was calculated as follows:

	2018	2017
Number of outstanding ordinary shares on 1 January financial year	1,732,621	1,732,621
Effect of ordinary shares issued		
Weighted average number of outstanding ordinary shares on 31 December financial year	1,732,621	1,732,621
Group share in net profit of financial year	7,185	17,107
Average number of shares	1,732,621	1,732,621
Earnings per share	4.15	9.87

DILUTED EARNINGS PER SHARE

When calculating diluted earnings per share, we adjust the weighted average number of shares. We take into account all the potential ordinary shares that could give rise to dilution. There were none in 2018 and 2017.

	2018	2017
Net group profit	7,185	17,107
Average number of shares	1,732,621	1,732,621
Dilution effect warrant plans	0	0
Adjusted number of shares	1,732,621	1,732,621
Diluted earnings per share	4.15	9.87

34. IMPACT OF BUSINESS COMBINATIONS

In 2018, The Group did not make any acquisitions, in contrast to the various acquisitions completed in 2017.

To clarify the impact of the acquisitions of Stefano Toselli, Pasta Food Company, KK Fine Foods and Offerman B.V. on an annual basis, Ter Beke has simulated the effects of the pre-acquisition period as if they has been incorporated in the Ter Beke's figures from 1 January 2017.

STEFANO TOSELLI SAS

On 30 June 2017, Ter Beke NV acquired the remaining 67% of the shares of Stefano Toselli SAS.

Stefano Toselli SAS produces ready meals in Mézidon (France). In 2015, Ter Beke had already acquired 33% of the shares in Stefano Toselli.

PASTA FOOD COMPANY

On 30 June 2017, Ter Beke acquired the remaining 50% of the shares in the joint venture Pasta Food Company SP z.o.o.

Ter Beke and GS&DH Holdings established this company in 2011 as a 50/50 joint venture, with the aim of producing and marketing ready meals in Central and Eastern Europe. Since October 2014, the highly automated production facility in Opole (Poland) has been fully operational.

KK FINE FOODS PLC

On 11 September 2017, Ter Beke acquired 90% of the shares of KK Fine Foods PLC. 10% is for non-controlling interests.

KK Fine Foods PLC produces and distributes fresh ready-made meals which are sold in the food service and retail markets as frozen products.

OFFERMAN GROUP

On 1 December 2017 Ter Beke acquired 100% of the shares in the Offerman Group.

The Offerman Group produces and sells sliced processed meats, whole cold-cuts and meat delicacies at three production facilities in the Netherlands.

	31/12/18	Proforma (*) 31/12/17
REBITDA	50,219	50,200
REBIT	23,027	23,750

(*) non-audited numbers

35. GROUP COMPANIES

The parent company of the Group, Ter Beke NV, Beke 1, B-9950 Lievegem, Belgium, was directly or indirectly the parent company of the following companies as per 31 December 2018:

Name and full address of the company	Effective holding in %
Ter Beke Vleeswarenproduktie NV - Beke 1, 9950 Lievegem - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Lievegem - Belgium	100
FreshMeals Netherlands BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals Ibérica SL - Vía de las Dos Castillas , 33 - Complejo Empresarial Ática, Edificio 6, Planta 3a - Officina B1, 28224 Pozuelo de Alarcón, Madrid - Spain	100
Ter Beke Luxembourg SA - 534, rue de Neudorf - 2220 Luxembourg - Luxemburg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
Come a Casa SA - Chaussée de Wavre 259 A , 4520 Wanze - Belgium	100
Ter Beke France SA - Parc d' Activités Annecy - La Ravoire - Metz-Tessy, 74371 Pringy Cedex – France	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
TerBeke-Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
TerBeke-Pluma UK Ltd - Addlestone Road, Bourne Business Park, Addlestone, Surrey KT15 2LE – UK	100
Pluma Fleischwarenvertrieb GmbH - Ostwall 175, 47798 Krefeld - Germany	100
TerBeke-Pluma Netherlands BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Netherlands	100
FreshMeals NV - Beke 1, 9950 Lievegem - Belgium	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk – Netherlands	100
Pasta Food Company Sp. z.o.o. - Ul. Północna 12 - 45-805 Opole - Poland	100
Stefano Toselli SAS - ZI Espace Zuckermann - BP56 - 14270 Mézidon-Canon – France	100
KK Fine Foods PLC - Estuary House 10th Avenue - Zone 3 Deeside Industrial Park – Deeside – Flintshire - CH5 2UA - United Kingdom	90
Cebeco Meat Products Netherlands B.V. - Twentepoort West 10 - NL-7609 RD Almelo– Netherlands	100
Offerman B.V. - Twentepoort West 10 - NL-7609 RD Almelo– Netherlands	100
Offerman Borculo B.V. - Parallelweg 21, 7271 VB Borculo– Netherlands	100
Offerman Aalsmeer B.V. - Turfstekerstraat 51, 1431 GD Aalsmeer– Netherlands	100
Offerman Holding B.V. - Twentepoort West 10 - NL-7609 RD Almelo– Netherlands	100
Gebr. Kraak Vlees en Vleeswaren B.V. - Turfstekerstraat 51, 1431 GD Aalsmeer– Netherlands	100
Offerman Zoetermeer B.V. - Philipsstraat 3, 2722 NA Zoetermeer– Netherlands	100
Vleeswaren en Saladefabrieken Offerman B.V. - Twentepoort West 10 - NL-7609 RD Almelo– Netherlands	100
Offerman Hazerswoude B.V. - Twentepoort West 10 - NL-7609 RD Almelo – Netherlands	100
FreshMeals Deutschland GmbH - Ostwall 175 - 47798 Krefeld - Germany	100

36. IMPORTANT EVENTS AFTER BALANCE SHEET DATE

No events have occurred after the balance sheet date that could have a relevant impact on the results in this annual report.

37. STATUTORY AUDITOR'S FEES

In relation to the 2018 financial year, the Statutory Auditor and the companies with whom the Statutory Auditor has a working relationship, invoiced to the Group additional fees for a total amount of EUR 179,000. These fees concern tax consultancy assignments, among others. The Statutory Auditor invoiced the Ter Beke Group a fee of EUR 414,000 with regard to the statutory audit.

CONSOLIDATED FINANCIAL STATEMENTS

Abbreviated financial statements of Ter Beke NV

1. BALANCE SHEET

		2018	2017
Non-current assets		231,922	169,580
I.	Formation Expenses	0	0
II.	Intangible non-current assets	167	277
III.	Tangible non-current assets	5,392	5,761
IV.	Financial non-current assets	226,363	163,542
Current assets		93,217	99,773
V.	Amounts receivable after 1 year	0	14
VI.	Inventories		
VII.	Amounts receivable within one year	87,920	97,273
VIII.	Cash investments	0	0
IX.	Cash and cash equivalents	4,159	1,591
X.	Accrued income and deferred charges	1,138	895
TOTAL ASSETS		325,139	269,353

		2018	2017
Shareholders' equity		64,795	69,883
I.	Capital	4,903	4,903
II.	Share premiums	48,288	48,288
IV.	Reserves	3,360	3,360
	Statutory reserves	*649*	*649*
	Reserves not available for distribution	*1,457*	*1,457*
	Untaxed reserves	*679*	*679*
	Reserves available for distribution	*575*	*575*
V.	Transferred result	8,244	13,332
Provisions and deferred taxes		0	0
	Provisions for risks and costs	*0*	*0*
	Deferred taxes	*0*	*0*
Debts		260,344	199,470
X.	Debts payable after 1 year	124,309	17,241
XI.	Debts payable within 1 year	135,725	182,142
XII.	Accrued charges and deferred income	310	87
TOTAL LIABILITIES		325,139	269,353

2. INCOME STATEMENT

	2018	2017
Operating income	18,161	13,803
Turnover		
Change in inventory		
Produced non-current assets		
Other operating income	18,161	13,803
Operating costs	20,680	19,688
Trade goods, raw and auxiliary items		
Services and miscellaneous goods	12,767	14,581
Remuneration, social security costs and pensions	5,633	5,923
Depreciation and write-downs on intangible and tangible non-current assets	2,264	1,947
Write-downs on inventory and trade receivables	0	
Provisions for risks and costs	0	-2,843
Other operating costs	16	80
Operating result	-2,519	-5,885
Financial income	23,400	7,670
Financial charges	-18,805	-749
Result from ordinary business operations before tax	2,076	1,036
Profit before tax	2,076	1,036
Tax on profits	-234	-5
Result for the financial year after tax	1,842	1,031

The accounting principles and conversion rules for the statutory financial statements of the parent company meet the Belgian standards (BE GAAP). We have drawn up the consolidated financial statements in accordance with the IFRS. These accounting principles differ widely from each other.

The Statutory Auditor has given an unqualified audit opinion on the financial statements of Ter Beke NV.

We publish the following documents in accordance with the statutory requirements and they are available free of charge: the comprehensive financial statements, the Statutory Auditor's unqualified audit opinion and the statutory annual report, which is not included in its entirety in this document.

Consolidated key figures 2013-2018

	2018	2017	2016	2015	2014	2013
Consolidated income statement						
Revenue (net turnover)	680,460	508,555	418,563	396,319	399,730	407,202
EBITDA	44,036	38,409	37,735	34,273	31,418	28,602
Result of operating activities	16,218	22,018	18,190	15,829	13,844	10,598
Result after taxes before share in the result of enterprises is accounted for using the equity method	7,241	16,568	12,503	10,811	8,805	6,313
Earnings after taxes	7,241	17,139	12,562	10,298	8,132	6,202
Net cash flow	35,059	32,959	32,048	29,255	26,379	24,317
Consolidated balance sheet and financial structure						
Non-current assets	243,591	242,573	144,337	149,201	140,926	144,493
Current assets	181,387	157,163	105,314	92,327	91,799	96,183
Equity	125,028	125,308	114,969	108,843	102,815	99,489
Total of balance sheet	424,978	399,736	249,651	241,528	232,725	240,676
Net financial debts	122,679	126,925	17,547	34,312	29,566	40,823
Net financial debts / Equity	98.1%	101.3%	15.3%	31.5%	28.8%	41.0%
Equity/Total of balance sheet	29.4%	31.3%	46.1%	45.1%	44.2%	41.3%
Stock and dividend information						
Number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621
Average number of shares	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621
Average stock price (December)	120.60	175.73	139.80	96.51	61.99	56.94
Basic profit per share	4.15	9.87	7.25	5.94	4.69	3.58
Diluted profit per share	4.15	9.87	7.25	5.94	4.69	3.58
EBITDA per share	25.42	22.17	21.78	19.78	18.13	16.51
Net cash flow per share	20.27	19.04	18.50	16.88	15.22	14.03
Dividend per share	4.00	4.00	3.50	3.50	2.50	2.50
Payout ratio	96.50%	40.51%	48.27%	49.13%	53.27%	69.84%
Dividend return (December)	3.30%	2.30%	2.50%	3.60%	4.00%	4.40%
Valuation						
Market capitalisation (December)	208,867	304,473	242,238	167,215	107,405	98,655
Net financial debt	122,679	126,925	17,547	34,312	29,566	40,823
Market value of the company	331,546	431,398	259,785	201,527	136,971	139,478
Market value / Result	46.0	26.000	20.800	18.5	15.6	22.1
Market value / EBITDA	7.5	11.2	6.9	5.9	4.4	4.9
Market value / Net cash flow	9.5	13.1	8.1	6.9	5.2	5.7

Declaration by the responsible persons

The undersigned, Francis Kint* - Managing Director, and René Stevens - Chief Financial Officer, declare that, to the best of their knowledge:

- The financial statements for the financial year 2018 and 2017, which have been prepared in accordance with the International Financial Accounting Standards (IFRS), give a true and fair view of the equity, of the financial status and of the results of Ter Beke NV and the companies included in the consolidated accounts.
- The annual report is a fair review of the development, the results and the position of Ter Beke NV, and of the companies included in the consolidation. The annual report also gives a fair description of the principal risks and uncertainties they face.

René Stevens
Chief Financial Officer

Francis Kint*
Managing Director

* Permanent representative of BVBA Argalix

Report from the Statutory Auditor on the consolidated annual accounts

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING OF TER BEKE NV FOR THE YEAR ENDED 31 DECEMBER 2018 - CONSOLIDATED FINANCIAL STATEMENTS

The original text of this report is in Dutch

In the context of the statutory audit of the consolidated financial statements of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 26 May 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2018. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Ter Beke NV for at least 22 consecutive periods.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated overview of the comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 424 978 (000) EUR and the consolidated income statement shows a profit for the year then ended of 7 241 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

BASIS FOR THE UNQUALIFIED OPINIONE

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of goodwill	
At 31 December 2018 the total recorded amount of goodwill amounts to 76 456 (000) EUR. The group has allocated its goodwill to its two cash-generating units (CGU) 'Processed Meat' (32 369 (000) EUR) and 'Ready Meals' (44 087 (000) EUR). The group defines annually the carrying amount of non-current assets allocated to its two cash-generating units. Ter Beke assesses the recoverable amount by calculating the value in use of the assets within the cash-generating unit, using a discounted cash flow method ("DCF"). This method requires significant judgement in making estimates of cash flow projections, sales growth, EBITDA margin evaluation and discount rate. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider this assessment as a key audit matter. The group disclosed the nature and the value of the assumptions used in the impairment analysis in note 14 of the consolidated financial statements.	In our audit, we assessed and tested, with the assistance of our valuation experts, management critical assumptions used in the discounted cash flow model. We challenged the key drivers of projected future cash flows, including estimated sales growth, estimated EBITDA margin and the applied discount rate. Our procedures furthermore include the evaluation of the design and implementation of controls over the preparation and approval of Ter Beke's budget, which serves as the basis in the DCF model. We critically assessed the budgets by taking into account the historical accuracy of the budgeting process. Moreover, we performed sensitivity analysis with respect to the available headroom of the two CGU's considering changes in discount rate, sales growth rates and EBITDA margin. We assessed the adequacy of the company's disclosure note to the consolidated financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

RESPONSIBILITIES OF THE STATUTORY AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the

CONSOLIDATED FINANCIAL STATEMENTS

related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.Nous communiquons au comité d'audit notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus, ainsi que les observations importantes découlant de notre audit, y compris toute faiblesse significative dans le contrôle interne.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

RESPONSIBILITIES OF THE STATUTORY AUDITOR

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

ASPECTS REGARDING THE DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e. chapter 2 of this annual report is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in chapter 2 of the directors' report on the consolidated financial statements that is part of the annual report. This non-financial information has been established by the company in accordance with the GRI Standards. In accordance with article 144, § 1, 6° of the Companies Code we do not express any opinion on the question whether this non-financial information has been established in accordance with these GRI Standards.

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STATEMENTS REGARDING INDEPENDENCE

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

OTHER STATEMENTS

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Gent, 19 April 2019
The statutory auditor

Deloitte Bedrijfsrevisoren CVBA
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Ce rapport annuel est également disponible en français.
Dit jaarverslag is ook verkrijgbaar in het Nederlands.

We thank all our employees for their commitment and dynamism. It is thanks to them that we have achieved the results reported here.
And it is thanks to them that we have full confidence in the future.

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driven by **the zeal for your everyday meal**

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