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Lievegem, 28 February 2020 – 7:30 a.m.

**Consolidated results for 2019**  
**Substantial organic growth limits the impact of raw material price increases**  
**and the major product recall in the Netherlands**

**Key figures and headlines**

***Ter Beke Group:***

Consolidated turnover increased by 7% from EUR 680.5 million to EUR 728.1 million thanks to substantial organic growth in both divisions.

In the first half of the year, Ter Beke's results improved thanks to a growth rate of 8.8%, despite an initial sharp increase in raw material prices. In the second half of the year, Ter Beke was faced with a second sharp increase in raw material prices and a major product recall, as well as a temporary closure of a production site belonging to its subsidiary Offerman in Aalsmeer.

The underlying EBITDA result is in line with the press release issued on 7 October 2019.

The non-underlying costs in 2019 are relatively high (EUR 11.2 million) and mainly consist of the one-off product recall expenses and a provision for the social plan negotiated following the partial closure of the site in Aalsmeer. In the days following the product recall, a significant part of the volume was transferred to the Group's other production sites. Due to this rapid response and good collaboration, a considerable portion of the Offerman customer portfolio has been safeguarded for the future.

Due to the implementation of IRFS 16 as of 1 January 2019 - in order to compare the results of 2019 and 2018 - a positive impact of EUR 3.1 million on 2019 EBITDA, and a negative impact of EUR 11.3 million on the 2019 net debt must be taken into account.

Taxes make a positive contribution to the result because the structurally improved results of Pasta Food Company in 2019 enabled us to recognise a significant deferred tax asset.

As a result of the above:

- in 2019, UEBITDA amounts to EUR 48.1 million compared to EUR 50.2 million in 2018 (-4.2%)
- in 2019, EBITDA amounts to EUR 37.2 million compared to EUR 44.0 million in 2018 (-15.4%)
- in 2019, UEBIT amounts to EUR 17.4 million compared to EUR 23.0 million in 2018 (-24.3%)
- in 2019, EBIT amounts to EUR 6.2 million compared to EUR 16.2 million in 2018 (-61.7%)
- in 2019, the result after taxes amounts to EUR 4.4 million compared to EUR 7.2 million in 2018 (-39.0%)

At EUR 39.7 million the net cash flow from operational activities is almost equal to that in 2018.

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Despite the considerably higher raw material prices and the expenses associated with the product recall and social plan for Aalsmeer, the net financial debt could be reduced by EUR 9.6 million, taking the impact of IFRS 16 into account.

### **Processed Meats Division:**

The division's turnover increased from EUR 420.1 million to EUR 437.6 million (+4.2%) despite the constraining effect of the product recall in the Netherlands.

Despite progress in many areas, the division experienced a difficult year. The outbreak of African swine fever in China in April led to an estimated 30% reduction in the pig population. As a result, import, primarily from Europe – which had always been there – increased on a massive scale. This had an inflationary effect throughout the chain, as a result of which some meat cuts experienced price increases of up to 80%. We are doing our utmost best to compensate this with efficiency improvements and price increases, but it is a gradual process.

Several improvements realised within the division are consequently not yet visible, for example:

- The considerably improved efficiency in our factory in Veurne.
- The ongoing impulse for export to Germany and the United Kingdom with new sales teams.
- Strengthening the NPD (New Product Development) portfolio to guarantee our growth in the coming years.

In the coming years, we will be investing primarily in our slicing and packaging activities to launch new packaging concepts with a focus on sustainability, recyclability and convenience. We will also move towards a broader 'sandwich fillings' category, rather than concentrate solely on processed meats. The first of these concepts will be marketed in 2020.

In September 2019, the Group acquired Vleeswaren E. De Kock-De Brie NV, which is based in Antwerp. This small family business specialises in creating tongue and liver products and has a very strong position in this niche segment. We are currently integrating De Kock-De Brie's production activities in our Wommelgem production site.

### **Ready Meals Division:**

The division registered nearly 12% organic growth in 2019, with turnover increasing from EUR 260.3 million to EUR 290.5 million.

Without the sharp rise in raw material prices, which also affected the Ready Meals division, 2019 would have been a very strong year in terms of profitability. The strategy – with the focus on quality, innovation and category management – clearly reaped its rewards. The team is working hard to establish a leading position in the field of Mediterranean cuisine in all of Europe and in world cuisine in the UK, where in addition to food service, the retail market is also developing as an important growth area.

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In Belgium we invested considerably in the Come a casa® brand. Giving the brand and its attributes an updated 'look and feel' was supported in the second half of the year with a strong national advertising campaign (TV, radio and social media), the impact of which exceeded our expectations.

In 2020, we will invest more than EUR 8 million to expand production capacity in the Polish factory in Opole, our operating base for Central and Eastern Europe. The market for Mediterranean ready meals is growing even faster in those countries than in our established markets. In 2020, we will also invest more than EUR 6 million in our British subsidiary, KK Fine Foods, which we acquired in 2017. We need to expand its existing production capacity substantially in order to continue to meet increasing demand from food service and retail customers. The team's constant focus on quality, service, and innovation in particular, is the reason for this success.

Furthermore, the factories in Belgium and France are being prepared to enter the next growth phase together with the strategic customers.

#### **Proposed dividend**

Despite the lower net result, the Board of Directors will propose to the General Meeting of Shareholders to maintain the gross dividend per share at EUR 4.00 for 2019; this in view of the strong organic growth, the exceptional nature of the product recall operation, and the rise in raw material prices.

#### **Prospects for 2020**

The Group is confident that in 2020, barring unforeseen market circumstances, it will be able to exceed the underlying EBITDA result of 2018 (EUR 50.2 million).

#### **New CFO for Ter Beke**

Last but not least, Ter Beke announces that on 15 March 2020 René Stevens, CFO, will leave Ter Beke. He will be succeeded by Yves Regniers (Esroh BV), who is currently Group Controller. René Stevens has a long track record at Ter Beke, including the last 15 years as CFO. In that period, he guided the company financially through several difficult phases (including the horsemeat scandal in 2012 and the recent product recall in the Netherlands) and he managed the financing of the 'quantum leap' in 2017, in which the company grew by 80% through four acquisitions. He is therefore one of the key people who have made Ter Beke what it is today.

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**Consolidated results for 2019**

<b>Consolidated key figures in 000 EUR</b>	<b>2019</b>	<b>2018</b>	<b>Δ%</b>
Revenu (net turnover)	728 132	680 460	7,0%
UEBITDA (1)	48 099	50 219	-4,2%
EBITDA (2)	37 243	44 036	-15,4%
Underlying operating result (UEBIT)	17 431	23 027	-24,3%
Operating result (EBIT)	6 205	16 218	-61,7%
Net financing costs	-3 247	-3 390	
Operating result after net financing costs (EBT)	2 958	12 828	-76,9%
Taxes	1 457	-5 587	
Earnings after taxes (EAT)	4 415	7 241	-39,0%
<b>Financial position in 000 EUR</b>			
Total assets	439 022	424 978	3,3%
Equity	124 176	125 028	-0,7%
Net financial debt (3)	124 434	122 679	1,4%
Equity/Total assets	28,3%	29,4%	-3,7%
Gearing ratio (4)	100,2%	98,1%	2,1%
<b>In EUR per share</b>			
Number of shares	1 732 621	1 732 621	0,0%
Average number of shares	1 732 621	1 732 621	0,0%
Earnings after taxes	2,55	4,18	-39,0%
EBITDA	21,50	25,42	-15,4%

(1) UEBITDA: EBITDA from underlying operating activities

(2) EBITDA: operating result + depreciations + impairments + changes in provisions

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

(4) Gearing ratio: Net financial debts/Equity

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**Additional information on the consolidated results for 2019**

**Valuation and interpretation rules**

IFRS 16 requires the lessee to activate all lease 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.

Ter Beke has applied IFRS 16 with effect from 1 January 2019, in accordance with the transitional provisions, using the adjusted retrospective method. In other words, this means that the cumulative effect of applying IFRS 16 is recognised as a restatement in the opening balance of the transferred result at 1 January 2019, without restatement of the comparative figures.

The impact of this on the published figures for 2019 is as follows:

	<b>31/12/2019</b>
Tangible non-current assets (right of use)	11 185
<b>Impact on total assets</b>	<b>11 185</b>
Transferred losses	-126
Deferred taxes	-39
Long-term lease liabilities	8 619
Short-term lease liabilities	2 722
Revenue to be transferred	9
<b>Impact on total equity and liabilities</b>	<b>11 185</b>
Impact on EBITDA	3 138
Impact on EBITDA	209
Impact on net financing costs	-375
Impact on EAT	-127

**Notes to the balance sheet**

The increase in goodwill is mainly due to the acquisition of Vleeswaren E. De Kock-De Brie NV in September 2019.

The increase of EUR 2.2 million in tangible and intangible non-current assets is mainly due to the application of IFRS 16. This resulted in an increase of EUR 11.2 million. This increase was partially limited as depreciation (EUR -30.6 million) was higher than investment (EUR +21.4 million).

The Group invested EUR 21.4 million in non-current assets in 2019 as opposed to EUR 27.9 million in the same period in 2018. These relate primarily to the continuation of efficiency investments, infrastructure adjustments at the various locations and the further roll-out of the ERP package.

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The net debt increased by EUR 1.7 million to EUR 124.4 million. This increase can be attributed to the recognition of EUR 11.3 million of lease liabilities as a result of applying IFRS 16. This means that, prior to the application of IFRS 16, the net financial debt decreased by EUR 9.6 million, and this in a year with two raw material price surges and the product recall in Aalsmeer.

The net cash flow from operational activities is equal to that of 2018 (EUR 39.7 million), and is mainly due to improvements in net operating capital. In 2019, expenditure on investments amounted to EUR 19.7 million (adjusted for revenue from disinvestments), while EUR 9 million was paid in interest and dividends.

The net debt on 31 December 2019 and 2018 has been calculated as follows:

	<b>31/12/2019</b>	<b>31/12/2018</b>
Cash and cash equivalents	-26 825	-23 175
Long-term interest-bearing liabilities	139 279	130 042
Short-term interest-bearing liabilities	11 980	15 812
<b>Net financial debts</b>	<b>124 434</b>	<b>122 679</b>
of which IFRS 16	11 341	0

### Notes to the income statement

The most important points were explained in the Key figures and headlines section of this report.

UEBIT and UEBITDA – which reflect the underlying business performance – are now referred to as the underlying EBIT or underlying EBITDA respectively. The calculation of this for Ter Beke is as follows:

	<b>31/12/2019</b>	<b>31/12/2018</b>
EBITDA	<b>37 243</b>	<b>44 036</b>
Depreciations costs and impairments	-30 602	-27 126
Impairments, write offs and provisions	-436	-692
Result of operating activities (EBIT)	6 205	16 218

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	31/12/2019	31/12/2018
Result of operating activities (EBIT)	6 205	16 218
Severance payment (incl social costs)	3 125	3 822
Claim vs sellers Stefano Toselli	-438	0
Costs of acquisitions	125	242
Recall	7 914	0
Strategic study	0	1 252
Start up costs project new packaging concept	0	356
Realised losses Zoetermeer	0	511
Restructuring expenses Zoetermeer	0	240
Impairment on building Aalsmeer	500	0
Impairment Zoetermeer	0	386
<b>Underlying operating result (UEBIT)</b>	<b>17 431</b>	<b>23 027</b>
EBITDA	37 243	44 036
Severance payment (incl social costs)	3 255	3 822
Claim vs sellers Stefano Toselli	-438	0
Costs of acquisitions	125	242
Recall	7 914	0
Strategic study	0	1 252
Start up costs project new packaging concept	0	356
Realised losses Zoetermeer	0	511
<b>UEBITDA</b>	<b>48 099</b>	<b>50 219</b>

**External control**

The Statutory Auditor, DELOITTE Bedrijfsrevisoren, represented by Ms Charlotte Vanrobaeys, has confirmed that its auditing work on the consolidated annual accounts, which has been thorough and complete (with the exception of the review of the consolidated annual report and the IFRS notes), has brought no significant correction to light in the bookkeeping information included in this press release, which would have to be executed. The same policies for financial reporting and accounting principles were applied to drafting the financial report that were used for the consolidated financial overviews as of 31 December 2018, with the exception of modifications as a result of the application of IFRS 16. The Group has opted to use the adjusted retrospective method, as indicated in this press release.

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**Contacts**

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

For more information about Ter Beke, visit [www.terbeke.com](http://www.terbeke.com).

**Financial calendar**

Annual Report 2019:  
General Shareholders Meeting 2020:  
Results first semester of 2020:

Latest on 28 April 2020  
28 May 2020  
28 August 2020 before market opening

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## Ter Beke Group

as at 31 December 2019 and 2018  
All amounts in 000 EUR

### Consolidated income statement

as at 31 December 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>	<b>728 132</b>	<b>680 460</b>
Trade goods, raw and auxiliary items	-442 586	-399 416
Services and miscellaneous goods	-116 124	-116 286
Employee expenses	-127 100	-119 640
Depreciation costs and impairments	-30 602	-27 126
Write-downs and provisions	-436	-692
Other operating income	2 235	3 159
Other operating expenses	-7 314	-4 241
<b>Result of operating activities</b>	<b>6 205</b>	<b>16 218</b>
Financial income	385	358
Financial expenses	-3 632	-3 748
<b>Results of operating activities after net financing expenses</b>	<b>2 958</b>	<b>12 828</b>
Taxes	1 457	-5 587
<b>Profit in the financial year</b>	<b>4 415</b>	<b>7 241</b>
Profit in the financial year: share third parties	190	56
Profit in the financial year: share group	4 225	7 185
Basic earnings per share	2,44	4,15
Diluted earnings per share	2,44	4,15

**Ter Beke Group**

as at 31 December 2019 and 2018  
All amounts in 000 EUR

**Consolidated balance sheet**

as at 31 December 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Non-current assets</b>	<b>252 148</b>	<b>243 591</b>
Goodwill	78 224	76 456
Intangible non-current assets	26 116	28 651
Tangible non-current assets	138 126	133 382
Deferred tax assets	9 604	5 027
Other long-term receivables	78	75
<b>Current assets</b>	<b>186 874</b>	<b>181 387</b>
Inventories	40 733	36 304
Trade and other receivables	119 316	121 908
Cash and cash equivalents	26 825	23 175
<b>Total assets</b>	<b>439 022</b>	<b>424 978</b>
<b>Liabilities</b>		
<b>Shareholders' equity</b>	<b>124 176</b>	<b>125 028</b>
Capital and share premiums	53 191	53 191
Reserves	69 051	70 184
Non-controlling interest	1 934	1 653
<b>Deferred tax liabilities</b>	<b>5 768</b>	<b>9 340</b>
<b>Long-term liabilities</b>	<b>147 970</b>	<b>139 683</b>
Provisions	4 588	5 835
Long-term interest-bearing liabilities	139 279	130 042
Other long-term liabilities	4 103	3 806
<b>Current liabilities</b>	<b>161 108</b>	<b>150 927</b>
Current interest-bearing liabilities	11 980	15 812
Trade liabilities and other payables	127 725	115 423
Social liabilities	19 291	15 890
Tax liabilities	2 112	3 802
<b>Total liabilities</b>	<b>439 022</b>	<b>424 978</b>

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**Ter Beke Group**

as at 31 December 2019 and 2018  
All amounts in 000 EUR

**Consolidated cash flow statement**

as at 31 December 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Operating activities</b>		
Result before taxes	2 958	12 828
Interest	2 038	2 144
Depreciation	30 602	27 126
Write-downs (*)	296	495
Provisions	10	197
Gains and losses on disposal of fixed assets and trade receivables	132	757
<b>Cash flow from operating activities</b>	<b>36 036</b>	<b>43 547</b>
Decrease/(increase) in receivables more than 1 year	0	14
Decrease/(increase) in inventory	-4 477	-2 001
Decrease/(increase) in receivables less than 1 year	2 579	-5 391
<b>Decrease/(increase) in operational assets</b>	<b>-1 898</b>	<b>-7 378</b>
Increase/(decrease) in trade liabilities	5 436	12 716
Increase/(decrease) in debts relating to remuneration	3 520	-561
Increase/(decrease) in other liabilities, accruals and deferred income	4 355	906
<b>Increase/(decrease) in operational debts</b>	<b>13 311</b>	<b>13 061</b>
<b>(Increase)/decrease in the operating capital</b>	<b>11 413</b>	<b>5 683</b>
Taxes paid	-7 766	-9 526
<b>Net cash flow from operating activities</b>	<b>39 683</b>	<b>39 704</b>

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<b>Investment activities</b>		
Acquisition of intangible and tangible non-current assets	-18 519	-27 435
Acquisition of subsidiary	-1 490	0
<b>Total increase in investments</b>	<b>-20 009</b>	<b>-27 435</b>
Sale of tangible non-current assets	303	452
<b>Total decrease in investments</b>	<b>303</b>	<b>452</b>
<b>Cash flow from investment activities</b>	<b>-19 706</b>	<b>-26 983</b>
<b>Financing activities</b>		
Increase/(decrease) in short-term financial debts	-1 657	-59 575
Increase in long-term debts	1 299	120 000
Repayment of long-term debts	-7 031	-47 401
Interest paid interest (via income statement)	-2 038	-2 144
Dividend paid by parent company	-6 930	-6 930
<b>Cash flow from financing activities</b>	<b>-16 357</b>	<b>3 950</b>
<b>Net change in cash and cash equivalents</b>	<b>3 620</b>	<b>16 671</b>
Cash funds at the beginning of the financial year	23 175	6 513
Translation differences	30	-9
<b>Cash funds at the end of the financial year</b>	<b>26 825</b>	<b>23 175</b>
(*) Also includes adjustments that are part of the financial result. This was nihil in 2018; 130 in 2019		



## Key data per business segment

	Processed meats	2019 Ready Meals	Total
<b>Segment income statement</b>			
Segment net turnover	437 594	290 538	728 132
Segment results	-12 146	24 984	12 838
Non-allocated results			-6 633
Net financing cost			-3 247
Taxes			1 457
Share in businesses accounted for using the equity method			0
Consolidated result			4 415
<b>Segment balance sheet</b>			
Segment non-current assets	129 309	115 852	245 161
Non-allocated non-current assets			6 987
Total consolidated non-current assets			252 148
Segment liabilities	97 432	58 264	155 696
Non-allocated liabilities			283 326
Total consolidated liabilities			439 022
<b>Other segment information</b>			
Segment investments	11 637	6 271	17 908
Non-allocated investments			1 189
Total investments			19 097
Segment depreciation and non-cash costs	18 131	10 459	28 590
Non-allocated depreciation and non-cash costs			2 448
Total depreciation and non-cash costs			31 038

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**Comparison of key data per business segment**

	Processed Meats	Ready Meals	Not allocated	Total
EBIT 2019	-12 146	24 984	-6 633	6 205
EBIT 2018	1 227	23 674	-8 683	16 218
Variance	-13 373	1 310	2 050	-10 013
EBITDA 2019	5 985	35 443	-4 185	37 243
EBITDA 2018	16 595	33 664	-6 223	44 036
Variance	-10 610	1 779	2 038	-6 793
IFRS-16 impact				
EBIT 2019	185	17	7	209
EBITDA 2019	2 426	494	218	3 138

**Comparison of key data per business segment**

	Processed Meats	Ready Meals	Not allocated	Total
U-EBIT 2019	-1 935	26 360	-6 994	17 431
U-EBIT 2018	4 174	25 581	-6 728	23 027
Variance	-6 109	779	-266	-5 596
U-EBITDA 2019	15 826	36 819	-4 546	48 099
U-EBITDA 2018	18 935	35 748	-4 464	50 219
Variance	-3 109	1 071	-82	-2 120
IFRS-16 impact				
U-EBIT 2019	185	17	7	209
U-EBITDA 2019	2 426	494	218	3 138

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