

# terbeke

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

## HALF YEAR FINANCIAL REPORT FIRST SEMESTER 2016

## TABLE OF CONTENTS\*

1. Condensed consolidated financial statements Ter Beke group per 30 June 2016;
2. Notes to the condensed consolidated financial statements;
3. Interim semester report;
4. Declaration of the responsible persons;
5. Report from the Statutory Auditor on the half year information;
6. Contacts;
7. Financial calendar;
8. Ter Beke in brief.

\*The Dutch version of this report is considered to be the official version

# 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TER BEKE GROUP PER 30 JUNE 2016

## CONDENSED CONSOLIDATED BALANCE SHEET

| in '000 EUR                             | <u>30/06/2016</u> | <u>31/12/2015</u> |
|-----------------------------------------|-------------------|-------------------|
| <b>Assets</b>                           |                   |                   |
| <b>Non-current assets</b>               | <b>148.448</b>    | <b>149.201</b>    |
| Goodwill                                | 35.204            | 35.204            |
| Intangible non-current assets           | 5.568             | 5.410             |
| Tangible non-current assets             | 83.365            | 85.005            |
| Interests using equity method           | 12.594            | 12.635            |
| Loans to joint venture                  | 1.520             | 850               |
| Other long-term receivables             | 97                | 97                |
| Long-term interest-bearing receivables  | 10.100            | 10.000            |
| <b>Current assets</b>                   | <b>95.068</b>     | <b>92.327</b>     |
| Stocks                                  | 21.741            | 20.421            |
| Trade and other receivables             | 58.756            | 64.860            |
| Cash and cash equivalents               | 14.571            | 7.046             |
| <b>Total assets</b>                     | <b>243.516</b>    | <b>241.528</b>    |
| <b>Liabilities</b>                      |                   |                   |
| <b>Shareholders' equity</b>             | <b>109.630</b>    | <b>108.843</b>    |
| Capital and issue premiums              | 53.191            | 53.191            |
| Reserves                                | 56.439            | 55.652            |
| Non-controlling interests               | 0                 | 0                 |
| <b>Deferred tax liabilities</b>         | <b>4.665</b>      | <b>5.852</b>      |
| <b>Long-term liabilities</b>            | <b>42.269</b>     | <b>43.455</b>     |
| Provisions                              | 4.338             | 3.062             |
| Long-term interest-bearing liabilities  | 37.931            | 40.393            |
| Other long-term liabilities             | 0                 | 0                 |
| <b>Short-term liabilities</b>           | <b>86.952</b>     | <b>83.378</b>     |
| Short-term interest-bearing obligations | 10.770            | 10.965            |
| Trade liabilities and other debts       | 60.837            | 58.830            |
| Social liabilities                      | 11.164            | 10.685            |
| Tax liabilities                         | 4.181             | 2.898             |
| <b>Total liabilities</b>                | <b>243.516</b>    | <b>241.528</b>    |

## CONDENSED CONSOLIDATED INCOME STATEMENT

| in '000 EUR                                                                                             | <u>30/06/2016</u> | <u>30/06/2015</u> |
|---------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Revenu</b>                                                                                           | <b>204.683</b>    | <b>191.409</b>    |
| Trade goods, raw and auxiliary materials                                                                | -107.709          | -99.081           |
| Services and miscellaneous goods                                                                        | -39.339           | -38.312           |
| Wages and salaries                                                                                      | -38.075           | -38.017           |
| Depreciation costs                                                                                      | -8.754            | -8.092            |
| Impairments, write-offs and provisions                                                                  | -1.175            | 66                |
| Other operating income and expenses                                                                     | -10               | -506              |
| <b>Result of operating activities</b>                                                                   | <b>9.621</b>      | <b>7.467</b>      |
| Financial income                                                                                        | 442               | 131               |
| Financial expenses                                                                                      | -568              | -1.029            |
| <b>Result of operating activities after net financing expenses</b>                                      | <b>9.495</b>      | <b>6.569</b>      |
| Tax                                                                                                     | -2.339            | -1.799            |
| <b>Result after tax before share in the result of enterprises accounted for using the equity method</b> | <b>7.156</b>      | <b>4.770</b>      |
| Share in enterprises accounted for using the equity method                                              | 49                | -389              |
| <b>Profit of the period</b>                                                                             | <b>7.205</b>      | <b>4.381</b>      |
| Basic profit per share                                                                                  | 4,16              | 2,53              |
| Diluted profit per share                                                                                | 4,16              | 2,53              |

## CONDENSED COMPREHENSIVE INCOME

| in '000 EUR                                                                          | <u>30/06/2016</u> | <u>30/06/2015</u> |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| Profit of the reported period                                                        | 7.205             | 4.381             |
| <b>Other elements of the result recognised in the shareholders' equity</b>           |                   |                   |
| Other elements of the result that can subsequently be reclassified to the results    |                   |                   |
| Translation differences                                                              | -248              | 179               |
| Cash flow hedge                                                                      | 16                | 5                 |
| Other elements of the result that cannot subsequently be reclassified to the results |                   |                   |
| Revaluation of net liabilities regarding defined benefit pension schemes             | -120              | -34               |
| Related deferred taxes                                                               | -2                | 12                |
| <b>Comprehensive income</b>                                                          | <b>6.851</b>      | <b>4.543</b>      |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in '000 EUR                                                 | <u>Capital</u> | <u>Capital<br/>reserves</u> | <u>Share<br/>premiums</u> | <u>Reserved<br/>profits</u> | <u>Translation<br/>differences</u> | <u>Total</u> | <u>Number<br/>of shares</u> |
|-------------------------------------------------------------|----------------|-----------------------------|---------------------------|-----------------------------|------------------------------------|--------------|-----------------------------|
| <b>Balance on 31 December 2014</b>                          | 4.903          | 0                           | 48.288                    | 49.795                      | -171                               | 102.815      | 1.732.621                   |
| Equity increase                                             |                |                             |                           |                             |                                    | 0            |                             |
| Treasury share reserve                                      |                |                             |                           |                             |                                    | 0            |                             |
| Dividend                                                    |                |                             |                           | -4.331                      |                                    | -4.331       |                             |
| Result of the period                                        |                |                             |                           | 4.381                       |                                    | 4.381        |                             |
| Other elements of the<br>comprehensive result of the period |                |                             |                           | -17                         | 179                                | 162          |                             |
| Comprehensive result for the period                         |                |                             |                           | 4.364                       | 179                                | 4.543        |                             |
| Movements via reserves                                      |                |                             |                           |                             |                                    |              |                             |
| -Result from treasury shares                                |                |                             |                           | -10                         |                                    | -10          |                             |
| <b>Balance on 30 June 2015</b>                              | 4.903          | 0                           | 48.288                    | 49.818                      | 8                                  | 103.017      | 1.732.621                   |
| Equity increase                                             |                |                             |                           |                             |                                    | 0            |                             |
| Treasury share reserve                                      |                |                             |                           |                             |                                    | 0            |                             |
| Dividend                                                    |                |                             |                           |                             |                                    | 0            |                             |
| Result of the period                                        |                |                             |                           | 5.917                       |                                    | 5.917        |                             |
| Other elements of the<br>comprehensive result of the period |                |                             |                           | -11                         | -90                                | -101         |                             |
| Comprehensive result for the period                         |                |                             |                           | 5.906                       | -90                                | 5.816        |                             |
| Movements via reserves                                      |                |                             |                           |                             |                                    |              |                             |
| -Result from treasury shares                                |                |                             |                           | 10                          |                                    | 10           |                             |
| <b>Balance on 31 December 2015</b>                          | 4.903          | 0                           | 48.288                    | 55.734                      | -82                                | 108.843      | 1.732.621                   |
| Equity increase                                             |                |                             |                           |                             |                                    | 0            |                             |
| Treasury share reserve                                      |                |                             |                           |                             |                                    | 0            |                             |
| Dividend                                                    |                |                             |                           | -6064                       |                                    | -6064        |                             |
| Result of the period                                        |                |                             |                           | 7205                        |                                    | 7205         |                             |
| Other elements of the<br>comprehensive result of the period |                |                             |                           | -106                        | -248                               | -354         |                             |
| Comprehensive result for the period                         |                |                             |                           | 7.099                       | -248                               | 6.851        |                             |
| Movements via reserves                                      |                |                             |                           |                             |                                    |              |                             |
| -Result from treasury shares                                |                |                             |                           |                             |                                    | 0            |                             |
| <b>Balance on 30 June 2016</b>                              | 4.903          | 0                           | 48.288                    | 56.769                      | -330                               | 109.630      | 1.732.621                   |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| in '000 EUR                                               | <u>30/06/2016</u> | <u>30/06/2015</u> |
|-----------------------------------------------------------|-------------------|-------------------|
| <b>Operating activities</b>                               |                   |                   |
| Result before taxes                                       | 9.495             | 6.569             |
| Interest                                                  | 480               | 548               |
| Depreciation                                              | 8.754             | 8.092             |
| Write-downs                                               | -4                | 0                 |
| Provisions                                                | 1.144             | 6                 |
| Gains and losses on disposal of fixed assets              |                   | 12                |
| <b>Cash flow from operating activities</b>                | <b>19.869</b>     | <b>15.227</b>     |
| Change in receivables more than 1 year                    | -100              |                   |
| Change in stock                                           | -1.354            | -1.639            |
| Change in receivables less than 1 year                    | 5.522             | 4.616             |
| <b>Change in operational assets</b>                       | <b>4.068</b>      | <b>2.977</b>      |
| Change in trade liabilities                               | 1.682             | -5.917            |
| Change in debts relating to remuneration                  | 366               | -349              |
| Change in other liabilities, accruals and deferred income | 15                | -53               |
| <b>Change in operational debts</b>                        | <b>2.063</b>      | <b>-6.319</b>     |
| <b>Change in the operating capital</b>                    | <b>6.131</b>      | <b>-3.342</b>     |
| Tax paid                                                  | -1.571            | -2.007            |
| <b>Net cash flow from operating activities</b>            | <b>24.429</b>     | <b>9.878</b>      |
| <b>Investment activities</b>                              |                   |                   |
| Acquisition of intangible and tangible non-current assets | -7.006            | -8.983            |
| Acquisition of shares in associated companies             |                   |                   |
| New loans                                                 | -670              | -350              |
| <b>Total increase in investments</b>                      | <b>-7.676</b>     | <b>-9.333</b>     |
| Sale of tangible non-current assets                       | 8                 | 13                |
| Repayment of loans                                        |                   | 15                |
| <b>Total decrease in investments</b>                      | <b>8</b>          | <b>28</b>         |
| <b>Cash flow from investment activities</b>               | <b>-7.668</b>     | <b>-9.305</b>     |
| <b>Financing activities</b>                               |                   |                   |
| Change in short-term financial debts                      |                   | 3.400             |
| Increase in long-term debts                               | 3.025             |                   |
| Repayment of long-term debts                              | -5.683            | -6.871            |
| Interest paid (via income statement)                      | -480              | -548              |
| Dividend paid by parent company                           | -6.064            | -4.331            |
| <b>Cash flow from financing activities</b>                | <b>-9.202</b>     | <b>-8.350</b>     |
| <b>Net change in cash and cash equivalents</b>            | <b>7.559</b>      | <b>-7.777</b>     |
| Cash funds at the beginning of the financial year         | 7.046             | 10.725            |
| Translation differences                                   | -34               | 25                |
| <b>Cash funds at the end of the financial year</b>        | <b>14.571</b>     | <b>2.973</b>      |

## 2. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### INFORMATION ON THE COMPANY

Ter Beke (Euronext Brussel: TERB) is an innovative Belgian fresh foods concern that markets its assortment in 10 European countries. The group has 2 core activities: processed meats and fresh ready meals; it has 7 industrial sites in Belgium and the Netherlands and employs approximately 1,650 people. Ter Beke generated a turnover of EUR 396.3 million in 2015.

#### **Processed Meats Division:**

- producer and slicer of processed meats for the Benelux, the UK and Germany;
- 2 production plants in Belgium (Wommelgem and Waarschoot) and 5 centres for the slicing and packaging of processed meats, 3 of which are in Belgium (Wommelgem, Waarschoot and Veurne) and 2 in the Netherlands (Wijchen and Ridderkerk);
- innovating in the pre-packed processed meats segment;
- distribution brands and own brand names L'Ardennaise<sup>®</sup>, Pluma<sup>®</sup> and Daniël Coopman<sup>®</sup>;
- employs approximately 1050 staff.

#### **Ready Meals Division:**

- produces fresh ready meals for the European market;
- market leader in chilled lasagne in Europe;
- 7 highly automated production lines in 2 specialized production sites in Belgium (Wanze and Marche-en-Famenne);
- brand names Come a casa<sup>®</sup> and Vamos<sup>®</sup> in addition to distribution brands;
- employs approximately 600 staff;
- joint venture The Pasta Food Company established in Poland (2011).

### DECLARATION OF CONFORMITY

The above condensed interim consolidated financial statements are set up in accordance with IAS-34 interim financial reporting, as accepted by the EU. These statements do not contain all information required for full annual accounts and need to be read together with the consolidated annual accounts for the reporting period ending 31 December 2015, as published in the annual report to the shareholders on the financial year 2015.

The group's scope of consolidation has not changed since 31 December 2015.

These condensed consolidated financial statements were approved for publication by the Board of Directors on 1 September 2016.

## VALUATION AND INTERPRETATION RULES

The valuation rules used in preparing these condensed interim consolidated financial statements are consistent with those set out and applied in preparing the consolidated financial statements for the accounting period ending 31 December 2015.

New standards and interpretations, applicable from 1 January 2016, have no material impact on the condensed financial statements per 30 June 2016.

## GENERAL

The General Meeting of Shareholders of 26 May 2016 approved the dividend proposed by the Board of Directors (EUR 3.50/share). The awarded dividend amounted to a total of EUR 6,064,173.50, of which more than 99% had been paid out per 30 June 2016.

The results of the group are hardly influenced by seasonal effects, except for a higher level of activity in December.

In the first semester of 2016, no related party transactions occurred that had a material influence on the financial position or the results of the group in that period.

The investments amounting to EUR 7.2 million in the first half of 2016 relate primarily to the further investments in efficiency and changes to the infrastructure at the various sites. EUR 8.6 million was invested in the first semester of 2015.

The group is exposed to an exchange rate risk on sales in Pound Sterling (GBP). In order to hedge this risk, the group held, on 30 June 2016, option contracts for the sale of GBP 2.5 million against EUR and long-term contracts for the sale of GBP 2.4 million against EUR. On 31 December 2015, the group had no option contracts for the sale of GBP against EUR but it did have long-term contracts for the sale of GBP 4.5 million against EUR. On 30 June 2016, a positive market value was recorded on the open position, whereas on 30 June 2015, a negative market value had been recorded on the open position.

On 30 June 2016, the group had a net GBP position of GBP 1.2 million (GBP 1.9 million on 31 December 2015).

On 30 June 2016, the EUR/GBP balance sheet rate amounted to 0.8265 compared to 0.7339 on 31 December 2015. On 30 June 2016, the average result rate amounted to 0.7789 compared to 0.7338 on 30 June 2015.

On 9 May 2016, the Athens court of first instance ruled in the case of Ter Beke against the Greek company Creta Farms. The court ordered Ter Beke to pay damages in the amount of EUR 100 thousand, whereas Creta Farms' initial claim amounted to EUR 2 million. Nevertheless, Ter Beke examines with its legal advisors the possibilities to lodge an appeal against the judgement.

The sale of the company Binet SA for an amount of approximately EUR 2.9 million marks an event post balance sheet date. On 30 June 2016, the consolidated balance sheet contained, with regard to this company, a fixed asset with a net book value of EUR 3 million and various debts in a total amount of EUR 0.5 million.

## NOTES TO THE BALANCE SHEET

Under IAS-34, the balance sheet figures of 30 June 2016 are to be compared with those of 31 December 2015. Changes in balance sheet items are limited as there have been no changes in the scope of consolidation since 31 December 2015.



Non-current assets decreased by EUR 0.8 million. This is mainly the result of EUR 7.2 million investments reduced by EUR 8.7 million depreciations and write-downs and EUR 0.7 million new loans to The Pasta Food Company, the Polish joint venture.

Net debt decreased by EUR 10.2 million. This is the result of the incoming cash flow from operations (EUR 24.4 million), compared to an outgoing cash flow from net paid investments (EUR 7.7 million) and dividend and interest payments (amounting to EUR 6.5 million).

The equity difference is chiefly the result of the first semester after tax profit decreased with the dividend that was granted over the previous financial year.

## **NOTES TO THE INCOME STATEMENT**

### **Turnover**

The total group turnover in the first six months increased by EUR 13.3 million (+6.9%) from EUR 191.4 million to EUR 204.7 million.

The turnover of the processed meats division increased by EUR 9.1 million (+6.7%), while that of the ready meals division increased by EUR 4.2 million (+7.4%). The growth in turnover in the processed meats division was somewhat offset by the loss of a major UK-based contract in June 2016. The full impact of this will be felt in the last six months of the year.

The increase in turnover in both divisions is the consequence of continued efforts in profitable consumer-focused products and market intelligence over the last few years. Furthermore, the roll-out of this growth strategy in the processed meats division in the Dutch market is reaping its first rewards.

### **Results of operating activities**

The investments made by the group in 2015 in researching consumer behaviour have enabled a number of new products and concepts to be launched in both divisions.

The effects of the rise in turnover, together with the continued focus on the profitability of the product range and cost control have led to a substantial improvement in the results.

The REBITDA increased by EUR 3.5 million (+21.4%) from EUR 16.3 million in the first half of 2015 to EUR 19.8 million in the same period in 2016.

In the ready meals division, this is reinforced by higher sales and by the different timings in the publicity surrounding the Come a casa<sup>®</sup> brand. Whilst most investment in brand advertising in 2015 took place in the first half of that year, it will be in the second half of 2016 that the group will focusing additional publicity on the launch of a new top range of speciality products under this brand name.

On the other hand, the positive impact of the increase in turnover in the processed meats division will not fully offset the effects of the downward trend in GBP as a result of Brexit. On top of this, in the first half of the year, the group invested significantly in the long-term strategy of the processed meats division and its organisation.

“Services and miscellaneous goods” comprises:

| in '000 EUR                                                      | <u>30/06/2016</u> | <u>30/06/2015</u> |
|------------------------------------------------------------------|-------------------|-------------------|
| Temporary workers and persons put at the disposal of the company | 5.177             | 4.592             |
| Repair & Maintenance                                             | 5.674             | 5.370             |
| Marketing & Sales costs                                          | 8.279             | 8.182             |
| Transport costs                                                  | 7.241             | 6.709             |
| Energy                                                           | 3.766             | 4.322             |
| Rent                                                             | 3.249             | 3.051             |
| Fees                                                             | 3.188             | 3.683             |
| Other                                                            | 2.765             | 2.403             |
| <b>Total</b>                                                     | <b>39.339</b>     | <b>38.312</b>     |

“Other operating income and expenses” comprises:

| in '000 EUR                         | <u>30/06/2016</u> | <u>30/06/2015</u> |
|-------------------------------------|-------------------|-------------------|
| Recovery of wage-related costs      | 292               | 267               |
| Recovery of logistic costs          | 9                 | 41                |
| Profits from the disposal of assets | 0                 | 12                |
| Recovery insurances                 | 47                | 65                |
| Write-offs                          | 0                 | -24               |
| Local taxes                         | -1.007            | -1.108            |
| Others                              | 649               | 241               |
| <b>Total</b>                        | <b>-10</b>        | <b>-506</b>       |

The non-cash costs in the first half of 2016 (EUR 9.9 million) were EUR 1.9 million higher than the same period in 2015. This increase can be primarily ascribed to provisions for the long-term incentive of the CEO and the depreciation of the investments in the new ERP system which was successfully rolled out in the ready meals division in late 2015 and which will be rolled out in the processed meats division in 2016-2017.

Consequently, the REBIT increased by 19.2%, from EUR 8.3 million in 2015 to EUR 9.9 million in 2016.

The non-recurring result for the first six months in both 2016 and 2015 is made up of a limited number of significant redundancy payments. These amounted to a total of EUR 0.8 million in 2015 and EUR 0.3 million in 2016.

The EBITDA increased by EUR 4.1 million (+26.2%) from EUR 15.5 million in 2015 to EUR 19.6 million in 2016 and the EBIT increased by EUR 2.2 million (+28.8%) from EUR 7.5 million in 2015 to EUR 9.6 million in 2016.

### Net financing costs

In 2016, the net financing expenses in the first half of the year were EUR 0.8 million lower than in the same period in 2015, mainly due to the positive exchange rate differences.

The positive exchange rate differences are primarily the result of the revaluation of our hedging instruments to the market value. This means that a weaker Sterling results in a higher value of the hedging (and vice versa). On the other hand, a weaker post-Brexit Sterling in the second half of the year will have a negative impact on the exchange rate results and our competitive status in the UK.

### Taxes

The tax rate in the first half of 2016 (24.6%) was slightly lower than in June 2015 (27.4%).

## KEY DATA PER BUSINESS SEGMENT

| in '000 EUR                                    | <u>30/06/2016</u>  |                |         | <u>30/06/2015</u>  |                |         |
|------------------------------------------------|--------------------|----------------|---------|--------------------|----------------|---------|
|                                                | Processed<br>Meats | Ready<br>Meals | Total   | Processed<br>Meats | Ready<br>Meals | Total   |
| <b>Segment income statement</b>                |                    |                |         |                    |                |         |
| Segment sales                                  | 144.082            | 60.601         | 204.683 | 134.990            | 56.419         | 191.409 |
| Segment results                                | 6.541              | 6.954          | 13.495  | 7.227              | 2.064          | 9.291   |
| Non-allocated results                          |                    |                | -3.874  |                    |                | -1.824  |
| Net financing cost                             |                    |                | -126    |                    |                | -898    |
| Taxes                                          |                    |                | -2.339  |                    |                | -1.799  |
| Result of companies according to equity method |                    |                | 49      |                    |                | -389    |
| Consolidated result                            |                    |                | 7.205   |                    |                | 4.381   |
| <b>Other segment information</b>               |                    |                |         |                    |                |         |
| Segment investments                            | 4.383              | 1.681          | 6.064   | 3.196              | 4.101          | 7.297   |
| Non-allocated investments                      |                    |                | 1.170   |                    |                | 1.295   |
| Total investments                              |                    |                | 7.234   |                    |                | 8.592   |
| Segment depreciations and non-cash costs       | 5.058              | 2.760          | 7.818   | 5.240              | 2.646          | 7.886   |
| Non-allocated depreciations and non-cash costs |                    |                | 2.111   |                    |                | 140     |
| Total depreciations and non-cash costs         |                    |                | 9.929   |                    |                | 8.026   |

## CALCULATION OF EARNINGS PER SHARE

| <b>Calculation earnings per share</b>                                                       | <u>30/06/2016</u> | <u>30/06/2015</u> |
|---------------------------------------------------------------------------------------------|-------------------|-------------------|
| Number of outstanding ordinary shares per 1 January                                         | 1.732.621         | 1.732.621         |
| Effect of issued ordinary shares                                                            |                   |                   |
| Weighted average number of outstanding ordinary shares<br>per 30 June of the financial year | 1.732.621         | 1.732.621         |
| Net profit                                                                                  | 7.205             | 4.381             |
| Average number of shares                                                                    | 1.732.621         | 1.732.621         |
| <b>Basic profit per share</b>                                                               | <b>4,16</b>       | <b>2,53</b>       |
| <b>Calculation diluted earnings per share</b>                                               | <u>30/06/2016</u> | <u>30/06/2015</u> |
| Net profit                                                                                  | 7.205             | 4.381             |
| Average number of shares                                                                    | 1.732.621         | 1.732.621         |
| Dilution effect warrant plans                                                               |                   |                   |
| Adjusted average number of shares                                                           | 1.732.621         | 1.732.621         |
| <b>Diluted profit per share</b>                                                             | <b>4,16</b>       | <b>2,53</b>       |

As the number of treasury shares, purchased within the framework of the liquidity provider contract, is immaterial, it was decided not to take these into account in the calculation of the earnings per share.

## 3. INTERIM SEMESTER REPORT

### KEY FIGURES AND HEADLINES

- Ter Beke group:
  - Net result growth of 64.5%.
  - The consolidated turnover increased by EUR 13.3 million EUR (+6.9%) to EUR 204.7 million;
  - REBITDA amounts to EUR 19.8 million in 2016 compared to EUR 16.3 million in 2015 (+21.4%).
  - The first half of 2016 includes EUR 0.3 million in non-recurring expenses.
  - This concerns redundancy payments.
  - As a result of the above:
    - EBITDA amounts to EUR 19.6 million compared to EUR 15.5 million in 2015 (+26.2%)
    - EBIT amounts to EUR 9.6 million compared to EUR 7.5 million in 2015 (+28.8%)
    - the result after taxes amounts to EUR 7.2 million compared to EUR 4.4 million in 2015 (+64.5%)
    - net cash flow amounts to EUR 17.1 million compared to EUR 12.8 million in 2015 (+33.5%)
  
- Processed Meats Division:
  - Growth in turnover due to the development of new packaging concepts on the basis of insights acquired from recent consumer studies.
  - Continued focus on the profitability of the product range and extensive cost control.
  - Investment in the growth strategy in the Dutch market is reaping its first rewards.
  
- Ready Meals Division:
  - Profitable growth in turnover through the launch of new products and concepts.
  - Continued focus on the profitability of the product range and extensive cost control.
  - Successful repackaging of the Come a casa<sup>®</sup> product range

## CONSOLIDATED KEY FIGURES FIRST SEMESTER 2016

| <b>Income statement in 000 EUR</b>                                                               |                 |                 |            |
|--------------------------------------------------------------------------------------------------|-----------------|-----------------|------------|
|                                                                                                  | <b>30/06/16</b> | <b>30/06/15</b> | <b>Δ %</b> |
| Revenue (net turnover)                                                                           | 204.683         | 191.409         | 6,9%       |
| REBITDA <sup>(1)</sup>                                                                           | 19.806          | 16.314          | 21,4%      |
| EBITDA <sup>(2)</sup>                                                                            | 19.550          | 15.493          | 26,2%      |
| Recurring result of operating activities (REBIT)                                                 | 9.877           | 8.288           | 19,2%      |
| Result of operating activities (EBIT)                                                            | 9.621           | 7.467           | 28,8%      |
| Net financing costs                                                                              | -126            | -898            | -86,0%     |
| Result of operating activities after net financing costs (EBT)                                   | 9.495           | 6.569           | 44,5%      |
| Taxes                                                                                            | -2.339          | -1.799          | 30,0%      |
| Result after tax before share in the result of enterprises accounted for using the equity method | 7.156           | 4.770           | 50,0%      |
| Share in enterprises accounted for using the equity method                                       | 49              | -389            | 112,6%     |
| Earnings after taxes (EAT)                                                                       | 7.205           | 4.381           | 64,5%      |
| Net cash flow <sup>(3)</sup>                                                                     | 17.085          | 12.796          | 33,5%      |
| <b>Financial position in 000 EUR</b>                                                             |                 |                 |            |
|                                                                                                  | <b>30/06/16</b> | <b>31/12/15</b> |            |
| Balance sheet total                                                                              | 243.516         | 241.528         | 0,8%       |
| Equity                                                                                           | 109.630         | 108.843         | 0,7%       |
| Net financial debts (4)                                                                          | 24.030          | 34.312          | -30,0%     |
| Equity/Total assets (in %)                                                                       | 45,0%           | 45,1%           |            |
| Gearing Ratio (5)                                                                                | 21,9%           | 31,5%           |            |
| <b>Key figures in EUR per share</b>                                                              |                 |                 |            |
|                                                                                                  | <b>30/06/16</b> | <b>30/06/15</b> |            |
| Number of shares                                                                                 | 1.732.621       | 1.732.621       |            |
| Average number of shares                                                                         | 1.732.621       | 1.732.621       |            |
| Net cash flow                                                                                    | 9,86            | 7,39            | 33,5%      |
| Earnings after taxes                                                                             | 4,16            | 2,53            | 64,5%      |
| EBITDA                                                                                           | 11,28           | 8,94            | 26,2%      |

(1) REBITDA: EBITDA from recurring operating activities

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

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

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

(5) Gearing ratio: Net financial debt/Equity

## NOTES TO THE CONSOLIDATED KEY FIGURES

### Turnover

The total group turnover in the first six months increased by EUR 13.3 million (+6.9%) from EUR 191.4 million to EUR 204.7 million.

The turnover of the processed meats division increased by EUR 9.1 million (+6.7%), while that of the ready meals division increased by EUR 4.2 million (+7.4%). The growth in turnover in the processed meats division was somewhat offset by the loss of a major UK-based contract in June 2016. The full impact of this will be felt in the last six months of the year.

The increase in turnover in both divisions is the consequence of continued efforts in profitable consumer-focused products and market intelligence over the last few years. Furthermore, the roll-out of this growth strategy in the processed meats division in the Dutch market is reaping its first rewards.

### Result of operating activities

The investments made by the group in 2015 in researching consumer behaviour have enabled a number of new products and concepts to be launched in both divisions.

The effects of the rise in turnover, together with the continued focus on the profitability of the product range and cost control have led to a substantial improvement in the results.

The REBITDA increased by EUR 3.5 million (+21.4%) from EUR 16.3 million in the first half of 2015 to EUR 19.8 million in the same period in 2016.

In the ready meals division, this is reinforced by higher sales and by the different timings in the publicity surrounding the Come a casa<sup>®</sup> brand. Whilst most investment in brand advertising in 2015 took place in the first half of that year, it will be in the second half of 2016 that the group will be focusing additional publicity on the launch of a new top range of speciality products under this brand name.

On the other hand, the positive impact of the increase in turnover in the processed meats division will not fully offset the effects of the downward trend in Sterling as a result of Brexit. On top of this, in the first half of the year, the group invested significantly in the long-term strategy of the processed meats division and its organisation.

The non-cash costs in the first half of 2016 (EUR 9.9 million) were EUR 1.9 million higher than the same period in 2015. This increase can be primarily ascribed to provisions for the long-term incentive of the CEO and the depreciation of the investments in the new ERP system which was successfully rolled out in the ready meals division in late 2015 and which will be rolled out in the processed meats division in 2016-2017.

Consequently, the REBIT increased by 19.2%, from EUR 8.3 million in 2015 to EUR 9.9 million in 2016.

The non-recurring result for the first six months in both 2016 and 2015 is made up of a limited number of significant redundancy payments. These amounted to a total of EUR 0.8 million in 2015 and EUR 0.3 million in 2016.

The EBITDA increased by EUR 4.1 million (+26.2%) from EUR 15.5 million in 2015 to EUR 19.6 million in 2016 and the EBIT increased by EUR 2.2 million (+28.8%) from EUR 7.5 million in 2015 to EUR 9.6 million in 2016.

### Net financing costs

In 2016, the net financing expenses in the first half of the year were EUR 0.8 million lower than in the same period in 2015, mainly due to the positive exchange rate differences.

The positive exchange rate differences are primarily the result of the revaluation of our hedging instruments to the market value. This means that a weaker Sterling results in a higher value of the hedging (and vice versa). On the other hand, a weaker post-Brexit Sterling in the second half of the year will have a negative impact on the exchange rate results and our competitive status in the UK.

### Taxes

The tax rate in the first half of 2016 (24.6%) was slightly lower than in June 2015 (27.4%).

### Balance sheet

Under IAS-34, the balance sheet figures of 30 June 2016 are to be compared with those of 31 December 2015. Changes in balance sheet items are limited as there have been no changes in the scope of consolidation since 31 December 2015.

Fixed assets decreased by EUR 0.8 million. This is mainly because of EUR 7.2 million in investments minus EUR 8.7 million in depreciations and write-downs and a new loan made to the Pasta Food Company of EUR 0.7 million.

Net debt decreased by EUR 10.2 million. This is the result of the incoming cash flow from operations (EUR 24.4 million), compared to an outgoing cash flow from net paid investments (EUR 7.7 million) and dividend and interest payments (EUR 6.5 million).

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

### Investments

The investments of EUR 7.2 million in the first half of 2016 relate primarily to the ongoing investments in efficiency and changes to the infrastructure at the various sites. EUR 8.6 million was invested in the first semester of 2015.

## **PROSPECTS FOR 2016**

The group is confident that, barring unforeseen market circumstances, the results for 2016 will surpass those of 2015.

## **RELATED PARTY TRANSACTIONS**

In the first semester of 2016, no related party transactions occurred that had a material influence on the financial position or the results of the group in that period.

## **MATERIAL RISKS AND UNCERTAINTIES**

The material risks and uncertainties for the remainder of 2016 are largely the same as described in the annual report on the financial year 2015 and relate primarily to the quality and price fluctuations of the raw materials used.

## 4. DECLARATION OF THE RESPONSIBLE PERSONS

The undersigned, Dirk Goeminne\*, Managing Director, and René Stevens, Chief Financial Officer, declare that, to their knowledge:

- the condensed interim consolidated financial statements on the first semester of 2016, established in accordance with the International Financial Accounting Standards (“IFRS”), provide a true and fair view of the estate, the financial position and the results of Ter Beke NV and the consolidated companies;
- the half year financial report provides a true and fair view of the important events of the first semester of the financial year 2016, of the related party transactions and of the material risks and uncertainties for the remainder of the financial year.

Waarschoot, 1 September 2016

Dirk Goeminne\*  
Managing Director

René Stevens  
Chief Financial Officer

\*representing NV Fidigo



## 5. REPORT FROM THE STATUTORY AUDITOR ON THE HALF YEAR INFORMATION

FREE TRANSLATION  
The original text of this report is in Dutch

### Ter Beke NV

#### Report on review of the consolidated interim financial information for the six-month period ended 30 June 2016

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2016, the condensed consolidated income statement, the condensed consolidated comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as the selective notes.

#### Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The consolidated condensed balance sheet shows total assets of 243,516 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 7,205 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

#### *Scope of review*

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Ter Beke NV has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Gent, 1 September 2016

#### **The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Charlotte Vanrobaeys

## 6. CONTACTS

If you have any questions on the present half year report or for further information, please contact:

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You can also review the present half year report and send us your questions through the Investor relations module on our website ([www.terbeke.com](http://www.terbeke.com))

## 7. FINANCIAL CALENDAR

|                                       |                                        |
|---------------------------------------|----------------------------------------|
| Annual result 2016:                   | 22 February 2017 before market opening |
| Annual report 2016:                   | At the latest on 24 April 2017         |
| General Meeting of Shareholders 2017: | 24 May 2017 at 11 a.m.                 |

## 8. TER BEKE IN BRIEF

Ter Beke (Euronext Brussel: TERB) is an innovative Belgian fresh foods concern that markets its assortment in 10 European countries. The group has 2 core activities: processed meats and fresh ready meals; it has 7 industrial sites in Belgium and the Netherlands and employs approximately 1,650 people. Ter Beke generated a turnover of EUR 396.3 million in 2015.

### Processed Meats Division:

- producer and slicer of processed meats for the Benelux, the UK and Germany;
- 2 production plants in Belgium (Wommelgem and Waarschoot) and 5 centres for the slicing and packaging of processed meats, 3 of which are in Belgium (Wommelgem, Waarschoot and Veurne) and 2 in the Netherlands (Wijchen and Ridderkerk);
- innovating in the pre-packed processed meats segment;
- distribution brands and own brand names L'Ardennaise<sup>®</sup>, Pluma<sup>®</sup> and Daniël Coopman<sup>®</sup>;
- employs approximately 1050 staff.

### Ready Meals Division:

- produces fresh ready meals for the European market;
- market leader in chilled lasagne in Europe;
- 7 highly automated production lines in 2 specialized production sites in Belgium (Wanze and Marche-en-Famenne);
- brand names Come a casa<sup>®</sup> and Vamos<sup>®</sup> in addition to distribution brands;
- employs approximately 600 staff;
- joint venture The Pasta Food Company established in Poland (2011).