HALF-YEAR FINANCIAL REPORT
FIRST SEMESTER 2018

TABLE OF CONTENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TER BEKE GROUP PER 30 JUNE 2018

CONDENSED CONSOLIDATED BALANCE SHEET

in '000 EUR	30/06/2018	31/12/2017
Assets		
Non-current assets	**243 770**	**242 573**
Goodwill	76 535	76 523
Intangible non-current assets	29 001	30 163
Tangible non-current assets	134 269	132 807
Interests using equity method		0
Loans to joint venture		0
Deferred tax assets	3 902	3 003
Other long term receivables	63	77
Long-term interest-bearing receivables		0
Current assets	**179 595**	**157 163**
Stocks	36 671	34 788
Trade- and other receivables	115 459	115 862
Cash and cash equivalents	27 465	6 513
Total assets	**423 365**	**399 736**
Liabilities		
Shareholders equity	**120 692**	**125 308**
Capital and issue premiums	53 191	53 191
Reserves	65 848	70 506
Non-controlling interests	1 653	1 611
Deferred tax liabilities	**9 925**	**10 290**
Long-term liabilities	**145 949**	**52 164**
Provisions	5 383	5 289
Long-term interest-bearing liabilities	136 733	43 306
Other long-term liabilities	3 833	3 569
Short-term liabilities	**146 799**	**211 974**
Short-term interest-bearing obligations	13 981	90 132
Trade liabilities and other debts	112 951	101 379
Social liabilities	15 016	16 211
Tax liabilities	4 851	4 252
Total liabilities	**423 365**	**399 736**

CONDENSED CONSOLIDATED INCOME STATEMENT

in '000 EUR	30/06/2018	30/06/2017
Revenu	**329 614**	**211 613**
Trade goods, raw and auxiliary materials	-189 954	-124 397
Services and miscellaneous goods	-57 495	-34 931
Wages and salaries	-60 757	-38 400
Depreciation costs and impairments on non-current assets	-13 872	-7 662
Write-offs and provisions	-219	-57
Other operating income	897	1 209
Other operating expenses	-2 467	-812
Result of phased acquisition	0	6 689
Result of operating activities	**5 747**	**13 252**
Financial income	80	289
Financial expenses	-2 236	-510
Result of operating activities after net financing expenses	**3 591**	**13 031**
Tax	-1 084	-3 455
Result after tax before share in the result of enterprises accounted for using the equity method	**2 507**	9 576
Share in enterprises accounted for using the equity method	0	571
Profit of the period	**2 507**	**10 147**
Profit in the financial year: share third parties	41	
Profit in the financial year: share group	2 466	10 147
Basic profit per share	1,42	5,86
Diluted profit per share	1,42	5,86

CONDENSED COMPREHENSIVE INCOME

in '000 EUR	30/06/2018	30/06/2017
Profit of the reported period	2 507	10 147
Other elements of the result recognised in the shareholders' equity		
Other elements of the result that can subsequently be reclassified to the results		
Translation differences	-141	199
Cash flow hedge	-15	168
Other elements of the result that cannot subsequently be reclassified to the results		
Revaluation of net liabilities regarding defined benefit pension schemes	-36	-97
Related deferred taxes	-1	33
Comprehensive income	**2 314**	**10 450**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in '000 EUR	Capital	Capital reserves	Share premiums	Reserved profits	Cash flow hedge	Pensions and taxes	Call/put option on mintority intrests	Translation differences	Minority intrests	Total	Number of shares
Balance on 1 January 2017	**4 903**	**0**	**48 288**	**63 050**	**-168**	**-758**		**-346**		**114 969**	**1 732 621**
Capital increase										0	
Treasury shares reserve										0	
Dividend				-6 064						-6 064	
Results in the financial year				10 147						10 147	
Other elements of the comprehensive income for the period					168	-64		199		303	
Comprehensive income for the period				10 147	168	-64		199		10 450	
Movements via reserves											
- Result from treasury shares										0	
Balance on 30 June 2017	**4 903**	**0**	**48 288**	**67 133**	**0**	**-822**		**-147**		**119 355**	**1 732 621**
Balance on 1 January 2018	**4 903**	**0**	**48 288**	**74 093**	**55**	**-840**	**-3 296**	**494**	**1 611**	**125 308**	**1 732 621**
Capital increase										0	
Treasury shares reserve										0	
Dividend				-6 930						-6 930	
Results in the financial year				2 466					41	2 507	
Other elements of the comprehensive income for the period					-15	-37		-142	1	-193	
Comprehensive income for the period				2 466	-15	-37	0	-142	42	2 314	
Movements via reserves											
- Result from treasury shares										0	
Balance on 30 June 2018	**4 903**	**0**	**48 288**	**69 629**	**40**	**-877**	**-3 296**	**352**	**1 653**	**120 692**	**1 732 621**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

in '000 EUR	30/06/2018	30/06/2017
Operating activities		
Result before taxes	3 591	13 031
Interest	1 154	356
Dividend from equity method	0	0
Depreciation costs and impairments on non-current assets	13 872	7 662
Write-downs (*)	491	164
Provisions	-73	-31
Gains and losses on disposal of fixed assets	231	-721
Results after phased acquisition	0	-6 689
Cash flow from operating activities	19 266	13 772
Change in receivables more than 1 year	14	-14
Change in stock	-2 160	-1 389
Change in receivables less than 1 year	1 798	5 314
Change in operational assets	-348	3 911
Change in trade liabilities	7 978	-2 617
Change in debts relating to remuneration	-1 260	221
Change in other liabilities, accruals and deferred income	481	1 310
Change in operational debts	7 199	-1 086
Change in the operating capital	6 851	2 825
Tax paid	-2 907	-3 155
Net cash flow from operating activities	**23 210**	**13 442**
Investment activities		
Acquisition of intangible and tangible non-current assets	-11 740	-5 468
Acquisition of shares in associated companies	0	-13 955
New loans	0	0
Total increase in investments	-11 740	-19 423
Sale of tangible non-current assets	81	1 105
Repayment of loans	0	0
Total decrease in investments	81	1 105
Cash flow from investment activities	-11 659	-18 318
Financing activities		
Change in short-term financial debts	-59 134	0
Increase in long-term debts	120 000	14 000
Repayment of long-term debts	-43 374	-5 685
Interest paid interest (via income statement)	-1 154	-356
Dividend paid by parent company	-6 930	-6 064
Cash flow from financing activities	**9 408**	**1 895**
Net change in cash and cash equivalents	**20 959**	**-2 981**
Cash funds at the beginning of the financial year	6 513	16 068
Translation differences	-7	-5
Cash funds at the end of the financial year	**27 465**	**13 082**

(*) includes adjustments that are part of the financial result

2. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

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

The group has 2 core activities: processed meats and fresh ready meals; it has 12 industrial sites in Belgium, the Netherlands, France, Poland and the United Kingdom and has approximately 2600 employees. Ter Beke realised a turnover of EUR 508.6 million in 2017.

READY MEALS DIVISION

- Produces fresh ready meals for the European market
- Market leader in chilled lasagne in Europe
- Two specialised production sites In Belgium (Wanze and Marche-en-Famenne), one in France (Mézidon-Canon), one in Poland (Opole) and one in the United Kingdom (Deeside)
- Brand names Come a casa®, Vamos® and Stefano Toselli® in addition to numerous private labels
- Employs approximately 1200 staff

PROCESSED MEATS DIVISION

- Producer and slicer of processed meats for the Benelux, the UK and Germany
- Two production sites in Belgium (Wommelgem and Waarschoot) and one in the Netherlands (Borculo)
- Six centres for slicing and packaging meat products: three in Belgium (Wommelgem, Waarschoot and Veurne) and three in the Netherlands (Wijchen, Ridderkerk and Aalsmeer)
- Innovating in the segment for pre-packaged meat products; private labels and own brands such as Pluma®, Daniël Coopman®, Zonnenberg®, Kraak-Vers® and FairBeleg®
- Employs approximately 1400 staff

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 2017, as published in the annual report to the shareholders on the financial year 2017.

These condensed consolidated financial statements were approved for publication by the Board of Directors on 29 August 2018.

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 2017, except for the application of IFRS 9 and IFRS 15.

IFRS 9 has no material impact on the group's figures. The impact of the application of IFRS 15 (Revenue from contracts with customers) means that in 2018, the EUR 6.8 million that was formerly presented under the services and miscellaneous goods category will be deducted from turnover in the presentation of the accounts. Ter Beke has opted for the ‘full retrospective’ method for the first time adoption of IFRS 15 for the financial year starting on 1 January 2018. The 2017 figures have therefore been restated for EUR 5.7 million, which is deducted from turnover instead of presented under the services and miscellaneous goods category.

IFRS 16 will come into effect on 1 September 2019. Ter Beke is working hard on the necessary preparations for its application.

GENERAL

The General Meeting of Shareholders of 31 May 2018 approved the dividend proposed by the Board of Directors (EUR 4.00/share). The awarded dividend amounted to a total of EUR 6,930,484.00, of which more than 99% had been paid out per 30 June 2018.

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

NOTES TO THE BALANCE SHEET

Under IAS 34, the balance sheet figures of 30 June 2018 need to be compared with those at 31 December 2017. The differences can be accounted for primarily by the effect of the long-term financing agreement that Ter Beke signed on 26 June 2018.

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 debt to adjusted EBITDA ratio of 3.0. In the event of new acquisitions, a temporary ratio of 3.5 will be accepted. On 30 June 2018, an amount of EUR 120 million in loans was subject to a variable interest rate. The costs for establishing the RCF, estimated at EUR 0.7 million EUR, will be depreciated over the 5-year term of the RCF.

The main differences are an increase in the cash and cash equivalents of EUR 21 million, an increase in the long-term interest-bearing liabilities of EUR 93.4 million and a decrease in the short-term interest-bearing liabilities of EUR 76.2 million.

In the first half of 2018, the group invested EUR 15.0 million in non-current assets as opposed to EUR 5.7 million in the same period in 2017. 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.

Net debt decreased by EUR 3.7 million to EUR 123.2 million. This decrease can be explained primarily by the cash flow from operating activities of EUR 23.2 million, less EUR 11.7 million of paid investments (adjusted for revenue from disinvestments), as well as paid dividends and interests amounting to EUR 7.9 million.

The net debt as of 30 June 2018 and 31 December 2017 has been calculated as follows:

	30/06/2018	**31/12/2017**
Cash and cash equivalents	-27 465	-6 513
Long-term interest-bearing liabilities	136 733	43 306
Short-term interest-bearing liabilities	13 981	90 132
Net financial debts	**123 249**	**126 925**

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.

NOTES TO THE INCOME STATEMENT

Turnover

In 2018, the group recognises turnover in accordance with IFRS 15. As described in the 2017 annual report on pages 83-84, the group has completed the full analysis. There is no impact on the 2017 results due to the application of IFRS 15. The impact of the application of IFRS 15 (Revenue from contracts with customers) means that in 2018, the EUR 6.8 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 time adoption of IFRS 15 for the financial year starting on 1 January 2018. The 2017 figures were therefore restated for EUR 5.7 million.

Impact IFRS15 on the interim numbers 2018 conform IAS34

in '000 EUR	30/06/2018	Adjust-ments	Reclassifi-cations	30/06/2018 IFRS 15	30/06/2017	Adjust-ments	Reclassifi-cations	30/06/2017 IFRS 15
Revenu	**336 446**	**0**	**-6 832**	**329 614**	**217 266**	**0**	**-5 653**	**211 613**
Trade goods, raw and auxiliary materials	-189 954			-189 954	-124 397			-124 397
Services and miscellaneous goods	-64 327		6 832	-57 495	-40 584		5 653	-34 931
Wages and salaries	-60 757			-60 757	-38 400			-38 400
Depreciation costs and impairments on non-current assets	-13 872			-13 872	-7 662			-7 662
Write-offs and provisions	-219			-219	-57			-57
Other operating income	897			897	1 209			1 209
Other operating expenses	-2 467			-2 467	-812			-812
Result of phased acquisition	0			0	6 689			6 689
Result of operating activities	**5 747**	**0**	**0**	**5 747**	**13 252**	**0**	**0**	**13 252**

in '000 EUR	30/06/2018	Adjust-ments	Reclassifi-cations	30/06/2018 IFRS 15	30/06/2017	Adjust-ments	Reclassifi-cations	30/06/2017
Revenu	**336 446**	**0**	**-6 832**	**329 614**	**217 266**	**0**	**-5 653**	**211 613**
Processed Meats	205 327	0	-1 961	203 366	153 399	0	-2 087	151 312
Ready Meals	131 119	0	-4 871	126 248	63 867	0	-3 566	60 301

The consolidated turnover of the group in the first six months increased by EUR 118 million (+55.8%) from EUR 211.6 million to EUR 329.6 million.

The turnover of the Processed Meats Division increased by EUR 52.1 million (+34.4%).

The Ready Meals division achieved an increase in turnover of EUR 65.9 million (+109.4%).

Results of operating activities

The ‘Services and miscellaneous goods’ category comprises:

in '000 EUR	30/06/2018	30/06/2017
Temporary workers and persons put at the disposal of the company	10 380	6 129
Repair & Maintenance	9 757	5 576
Marketing & Sales costs	3 030	2 226
Transport costs	14 363	7 362
Energy	6 010	3 547
Rent	4 020	3 257
Fees	5 850	3 971
Other	4 085	2 863
Total	**57 495**	**34 931**

The ‘Other operating income’ category and the ‘Other operating expenses’ category comprise:

Other operating income

in '000 EUR	30/06/2018	30/06/2017
Recovery of wage-related costs	419	258
Profits from the disposal of assets	72	721
Recovery insurances	31	55
Others	375	175
Total	**897**	**1 209**

Other operating expenses

in '000 EUR	30/06/2018	30/06/2017
Local taxes	1 949	811
Others	518	1
Total	**2 467**	**812**

‘Other operating expenses’ include some realised amortization.

in '000 EUR	30/06/2018	30/06/2017
EBITDA	**19 838**	**20 971**
Depreciation costs	-13 872	-7 662
Impairments, write-downs, and provisions	-219	-57
Profit from operating activities (EBIT)	**5 747**	**13 252**

in '000 EUR	30/06/2018	30/06/2017
Profit from operating activities (EBIT)	**5 747**	**13 252**
Severance payments	1 299	317
Realised added value on sale of property	0	-721
Acquisition costs	242	500
Results of the phased acquisition	0	-6 689
‘Strategic study’	1 330	
Start-up costs of new packaging concept project	420	
Restructuring costs Zoetermeer	170	
Impairment Zoetermeer	483	
Current profit from operating activities (REBIT)	**9 691**	**6 659**
EBITDA	**19 838**	**20 971**
Severance payments	1 299	317
Realised added value on sale of property	0	-721
Acquisition costs	242	500
Results of the phased acquisition	0	-6 689
‘Strategic study’	1 330	0
Start-up costs of new packaging concept project	420	0
REBITDA	**23 129**	**14 378**

The REBITDA increased by EUR 8.8 million (+60.9%) from EUR 14.4 million in the first half of 2017 to EUR 23.1 million in the same period in 2018.

- The Processed Meats Division's recurring results were influenced by the continuing pressure on prices in a market characterised by overcapacity in the production of meat products. In addition, various costs were incurred in the first semester that should have a positive influence on the results in subsequent years. In Belgium (Veurne) the ‘slicing and packaging’ project was started for the major part of one customer's product range. The start-up costs reduced the initial profitability of the project in the first half of the year. And in the Netherlands, the launch of the Fairbeleg® brand was prepared for the food service channel. All these costs have been included in the income statement. On a positive note, the Offerman (Netherlands) results are in line with expectations. It was also decided to accelerate the transition to the standard Ter Beke ERP package at Offerman, which meant that extra costs were incurred for the analysis and implementation. Another decision at Offerman was to close the site in Zoetermeer sooner than 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 are positively influenced by the growth in turnover 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, the strength of the various companies within the division have been put forward.

The non-cash costs in the first semester of 2018 (EUR 14.1 million) were EUR 6.4 million higher than the same period in 2017. This increase can be accounted for mainly by higher depreciation as a result of the acquisitions in 2017.

The REBIT increased by EUR 3.0 million from EUR 6.7 million in 2017 to EUR 9.7 million in 2018.

To compare the results of the first semester of 2017 and 2018, a number of non-recurring results must be taken into account.

- The first half of 2018 includes EUR 3.9 million in non-recurring expenses. This concerns severance payments amounting to EUR 1.3 million and costs for the strategic study amounting to 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 0.7 million of restructuring costs due to the early closure of Zoetermeer.
- The first half of 2017 includes EUR 0.8 million in non-recurring expenses and EUR 7.4 million in non-recurring income. The non-recurring expenses relate to severance payments and expenses for due diligence activities. Due to the earlier takeover of French-based Stefano Toselli 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, an added value of EUR 0.7 million was achieved for the sale of a site.

As a result of the above:

- REBITDA amounts to EUR 23.1 million compared to EUR 14.4 million in 2017 (+60.9%)
- EBITDA amounts to EUR 19.8 million compared to EUR 21.0 million in 2017 (-5.4%)
- REBIT amounts to EUR 9.7 million compared to EUR 6.7 million in 2017 (+45.5%)
- EBIT amounts to EUR 5.7 million compared to EUR 13.3 million in 2017 (-56.6%)
- the result after taxes amounts to EUR 2.5 million compared to EUR 10.1 million in 2017 (-75.3%).

The contribution of the new acquisitions to the results is as follows:

Income statement in 000 EUR	Total 30/06/2018	acquisitions	Total excluding result new acquisitions 30/06/2018	30/06/2017
Revenue (net turnover)	329 614	117 245	212 369	211 613
REBITDA	23 129	10 966	12 163	14 378
EBITDA	19 838	10 966	8 872	20 971
Recurring operating results	9 691	5 728	3 963	6 659
Result of operating activities (EBIT)	5 747	5 075	672	13 252

Net financing costs

In the first half of 2018, the net financing costs were EUR 1.9 million higher than in the same period in 2017. This is mainly due to the costs of debt arising from the four acquisitions at the end of 2017 (EUR 1.1 million), the break cost of several loans when entering the club deal (EUR 0.2 million) and the exchange rate differences (EUR 0.6 million EUR).

Taxes

The tax rate in the first half of 2018 (30.2%) was higher than in June 2017 (26.5%).

KEY DATA PER BUSINESS SEGMENT

in '000 EUR	30/06/2018 Processed meats	30/06/2018 Ready Meals	30/06/2018 Total	30/06/2017 Processed meats	30/06/2017 Ready Meals	30/06/2017 Total
Segment income statement						
Segment sales	203 366	126 248	329 614	151312	60301	211613
Segment results	137	10 763	10 900	3 570	6 681	10 251
Non-allocated results			-5 153			3 001
Net financing cost			-2 156			-221
Taxes			-1 084			-3 455
Result of companies according to equity method			0			571
Consolidated result			2 507			10 147
Other segment information						
Segment investments	11 871	2 061	13 932	2 738	1 770	4 508
Non-allocated investments			1 082			1 186
Total investments			15 014			5 694
Segment depreciations and non-cash costs	7 950	4 963	12 913	5 337	1 436	6 773
Non-allocated depreciations and non-cash costs			1 178			946
Total depreciations and non-cash costs			14 091			7 719

CALCULATION OF EARNINGS PER SHARE

Calculation earnings per share	30/06/2018	30/06/2017
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 per 30 June of the financial year	1 732 621	1 732 621
Net profit	**2 466**	**10 147**
Average number of shares	1 732 621	1 732 621
Basic profit per share	**1,42**	**5,86**
Calculation diluted earnings per share	**30/06/2018**	**30/06/2017**
Net profit	2 466	10 147
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
Diluted profit per share	**1,42**	**5,86**

PROSPECTS FOR 2018

The group is confident that, barring unforeseen market circumstances, the recurring operating results for 2018 will surpass the pro forma recurring operating results for 2017.

The unaudited pro forma figures for 2017 were explained in the press release of the annual results for 2017. For this, the consolidated figures for 2017 were adjusted for:

- the impact of the acquisitions on an annual basis. For this, the results were simulated as if these acquisitions had been includes in the Ter Beke figures from 1 January 2017.
- all non-recurring income and expenses in 2017.

RELATED PARTY TRANSACTIONS

In the first semester of 2018, 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 2018 are largely the same as described in the annual report on the financial year 2017. These relate primarily to the quality and price fluctuations of the raw materials used. In view of the fact that the new acquisitions operate in the same market, the risks are unchanged.

3. HALF-YEAR INTERIM REPORT

KEY FIGURES AND HEADLINES

Ter Beke group:

The results of the companies acquired in 2017 are included in the income statement in full for the first time. These companies give Ter Beke a production footprint in countries with 170 million consumers and are:

- For the Processed Meats Division: Offerman in the Netherlands.
- For the Ready Meals Division: Stefano Toselli in France, Pasta Food Company in Poland and KK Fine Foods in the United Kingdom.

In the first half of the year, these four companies contributed jointly and individually to the turnover and result according to plan. The integration activities and the accompanying investments were completed on time, and in some cases even ahead of schedule:

- The consolidated turnover increased by EUR 118 million (+55.8%) to EUR 329.6 million.
- The recurring business cash flow (REBITDA) increased from EUR 14.4 million in the first half of 2017 to EUR 23.1 million in the same period of 2018.

Raw material prices fluctuated in different directions whereby the changes balanced each other out. The price of pork was lower, while prices of other major purchasing categories (beef, chicken and packaging) were higher than in 2017.

To compare the results of the first semester of 2017 and 2018, it has to be taken into account that the results in 2018 include EUR 3.9 million non-recurring expenses, while a non-recurring income of EUR 7.3 million was achieved during the same period in 2017.

As a result of the above:

- REBITDA amounts to EUR 23.1 million compared to EUR 14.4 million in 2017 (+60.9%)
- EBITDA amounts to EUR 19.8 million compared to EUR 21.0 million in 2017 (-5.4%)
- REBIT amounts to EUR 9.7 million compared to EUR 6.7 million in 2017 (+45.5%)
- EBIT amounts to EUR 5.7 million compared to EUR 13.3 million in 2017 (-56.6%)
- the result after taxes amounts to EUR 2.5 million compared to EUR 10.1 million in 2017 (-75.3%).

The cash-flow of the operating activities increased from EUR 13.4 million in 2017 to EUR 23.2 million in 2018.

Processed Meats Division:

The turnover of the Processed Meats Division increased by EUR 52 million (+34.4%) from EUR 151.3 million to EUR 203.4 million. The acquired Offerman performed according to plan. The other companies realised a slight increase in volume while some raw material prices (pork) decreased.

In Belgium (Veurne) a ‘slicing and packaging’ project was started for the major part of a customer's product range. The focus of this project is to meet the service level objectives. However, the start-up costs put pressure on the initial profitability of the project, but this is now increasing steadily.

It was decided to close the Offerman site in Zoetermeer (Netherlands) sooner than originally planned and to move production to Borculo and Wommelgem. It was also decided to accelerate the transition to the standard Ter Beke ERP package at Offerman, which meant that extra costs were incurred for the analysis and implementation.

The processed meat industry – both for products and slicing activities – is still characterised by fierce competition, which ultimately benefits consumers. For this reason, decreases in raw materials prices (pork) cannot be kept entirely in the margin. The focus for this division therefore remains the profitability of the product range and continued cost control .

A wave of consolidation is noticeable across the Benelux, the most important market for Ter Beke in meat products. This is both driven by industrial groups and companies owned by private equity players. A certain scale is essential to meet ever increasing customer needs in the field of innovation, efficiency, traceability and sustainability.

At the beginning of July and after thorough preparation, the Fairbeleg® brand was rolled out in the Dutch food service channel.

Ready Meals Division:

Turnover increased by EUR 65.9 million (+109.4%) from EUR 60.3 million to EUR 126.2 million.

The lower margin as a percentage of turnover is due to the consolidation of the figures from Stefano Toselli and Pasta Food Company, which are more focused on high volume products.

The strategy for the division's five companies remains to focus on innovation and to continually modify the product range to meet changing customer requirements for our own brands as well as for the private labels that Ter Beke produces, which serve a large proportion of European retailers.

Unlike the Processed Meats Division, the product focus is sharp and the geographical scope is broad (Europe and initial exports to other parts of the world). Full use will be made of the synergies made possible through the acquisitions, as communicated previously:

- KK Fine Foods contributes expertise in product development, frozen technology, and experience in the Food Service market segment.
- Stefano Toselli contributes strong positions in the French and German markets.
- Pasta Food Company is the beachhead in Eastern Europe where the popularity of Mediterranean meals is increasing rapidly.

The ready meals industry in Europe continues to offer good prospects in all channels:

- The retail segment (including discount) is increasing shelf space to meet demand for convenience and in response to competition from home-delivered meals.
- The capacity to prepare meals in the food service channel is diminishing and Ter Beke's products offer a solution.

CONSOLIDATED KEY FIGURES FIRST SEMESTER OF 2018

Income statement in 000 EUR			
	30/06/18	30/06/17	∆ %
Revenue (net turnover)	329 614	211 613	55,8%
REBITDA	23 129	14 378	60,9%
EBITDA	19 838	20 971	-5,4%
Recurring operating results	9 691	6 659	45,5%
Result of operating activities (EBIT)	5 747	13 252	-56,6%
Net financing costs	-2 156	-221	875,6%
Result of operating activities after net financing costs (EBT)	3 591	13 031	-72,4%
Taxes	-1 084	-3 455	-68,6%
Result after tax before share in the result of enterprises accounted for using the equity method	2 507	9 576	-73,8%
Share in enterprises accounted for using the equity method	0	571	-100,0%
Earnings after taxes (EAT)	2 507	10 147	-75,3%
	41		
	2 466	10 147	
Financial position in 000 EUR			
	30/06/18	31/12/17	
Balance sheet total	423 365	399 736	5,9%
Equity	120 692	125 308	-3,7%
Net financial debts	123 249	126 925	-2,9%
Equity/Total assets (in %)	28,5%	31,3%	
Gearing Ratio	102,1%	101,3%	
Key figures in EUR per share			
	30/06/18	30/06/17	
Number of shares	1 732 621	1 732 621	
Average number of shares	1 732 621	1 732 621	
Net cash flow	9,58	9,98	-4,0%
Earnings after taxes	1,42	5,86	-75,8%
EBITDA	11,45	12,10	-5,4%

NOTES TO THE CONSOLIDATED KEY FIGURES

IFRS 15 (Revenue from contracts with customers) is applicable from 1 January 2018. Ter Beke has opted for the ‘full retrospective’ method for the first time adoption of IFRS 15 for the financial year starting on 1 January 2018. For this reason, EUR 5.7 million was booked from the 2017 turnover and recognised in the services and miscellaneous goods category. So, the application of this standard does not impact the 2017 results.

Turnover

The consolidated group turnover in the first six months increased by EUR 118 million (+55.8%) from EUR 211.6 million to EUR 329.6 million.

The Processed Meats Division turnover increased by EUR 51.1 million (+34.4%). This is mainly due to the acquisition of Offerman.

The Ready Meals division achieved an increase in turnover of EUR 65.9 million (+109.4%). This increase is also mainly due to the new acquisitions made last year.

Results of operating activities

in '000 EUR	30/06/2018	30/06/2017
EBITDA	**19 838**	**20 971**
Depreciation costs	-13 872	-7 662
Impairments, write-downs, and provisions	-219	-57
Profit from operating activities (EBIT)	**5 747**	**13 252**

in '000 EUR	30/06/2018	30/06/2017
Profit from operating activities (EBIT)	**5 747**	**13 252**
Severance payments	1 299	317
Realised added value on sale of property	0	-721
Acquisition costs	242	500
Results of the phased acquisition	0	-6 689
‘Strategic study’	1 330	
Start-up costs of new packaging concept project	420	
Restructuring costs Zoetermeer	170	
Impairment Zoetermeer	483	
Current profit from operating activities (REBIT)	**9 691**	**6 659**
EBITDA	**19 838**	**20 971**
Severance payments	1 299	317
Realised added value on sale of property	0	-721
Acquisition costs	242	500
Results of the phased acquisition	0	-6 689
‘Strategic study’	1 330	0
Start-up costs of new packaging concept project	420	0
REBITDA	**23 129**	**14 378**

The REBITDA increased by EUR 8.8 million (+60.9%) from EUR 14.4 million in the first semester of 2017 to EUR 23.1 million in the same period in 2018.

- The Processed Meats Division's recurring results were influenced by the continuing pressure on prices in a market characterised by overcapacity in the production of meat products. In addition, various costs were incurred in the first semester that should have a positive influence on the results in subsequent years. In Belgium (Veurne) a ‘slicing and packaging’ project was started for the major part of one customer's product range. The start-up costs reduced the initial profitability of the project in the first half of the year. And in the

Netherlands, the launch of the Fairbeleg® brand was prepared for the food service channel. All these costs have been included in the income statement. On a positive note, the Offerman (Netherlands) results are in line with expectations. It was also decided to accelerate the transition to the standard Ter Beke ERP package at Offerman, which meant that extra costs were incurred for the analysis and implementation. 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 are positively influenced by the growth in turnover 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, the strength of the various companies within the division have been put forward.

The non-cash costs in the first semester of 2018 (EUR 14.1 million) were EUR 6.4 million higher than the same period in 2017. This increase can be accounted for mainly by higher depreciation as a result of the acquisitions in 2017.

The REBIT increased by EUR 3.0 million from EUR 6.7 million in 2017 to EUR 9.7 million in 2018.

To compare the results of the first semester of 2017 and 2018, a number of non-recurring results must be taken into account:

- The first half of 2018 includes EUR 3.9 million in non-recurring expenses. This concerns severance payments amounting to EUR 1.3 million and costs for the strategic study amounting to 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 0.7 million of restructuring costs due to the early closure of Zoetermeer.
- The first half of 2017 includes EUR 0.8 million in non-recurring expenses and EUR 7.4 million in non-recurring income. The non-recurring expenses relate to severance payments and expenses for due diligence activities. Due to the earlier takeover of French-based Stefano Toselli 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, an added value of EUR 0.7 million was achieved for the sale of a site.

As a result of the above:

- REBITDA amounts to EUR 23.1 million compared to EUR 14.4 million in 2017 (+60.9%)
- EBITDA amounts to EUR 19.8 million compared to EUR 21.0 million in 2017 (-5.4%)
- REBIT amounts to EUR 9.7 million compared to EUR 6.7 million in 2017 (+45.5%)
- EBIT amounts to EUR 5.7 million compared to EUR 13.3 million in 2017 (-56.6%)
- the result after taxes amounts to EUR 2.5 million compared to EUR 10.1 million in 2017 (-75.3%);

Net financing costs

In the first half of 2018, the net financing costs were EUR 1.9 million higher than in the same period in 2017. This is mainly due to the costs of debt arising from the four acquisitions at the end of 2017 (EUR 1.1 million), the break cost of several loans when entering the club deal (EUR 0.2 million) and the exchange rate differences (EUR 0.6 million).

Taxes

The tax rate in the first half of 2018 (30.2%) was slightly higher than in June 2017 (26.5%).

Balance sheet

Under IAS 34, the balance sheet figures of 30 June 2018 are to be compared with those of 31 December 2017. The differences can be accounted for primarily by the effect of the long-term financing agreement that Ter Beke signed on 26 June 2018. 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. The RCF conditions include maintaining a net debt to adjusted EBITDA ratio of 3.0. In the event of new acquisitions, a temporary ratio of 3.5 will be accepted.

The main differences are an increase in the cash and cash equivalents of EUR 21 million, an increase in the long-term interest-bearing liabilities of EUR 93.4 million and a decrease in the short-term interest-bearing liabilities of EUR 76.2 million.

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

Net debt decreased by EUR 3.7 million to EUR 123.2 million. This decrease can be explained primarily by the cash flow from operating activities of EUR 23.2 million, less EUR 11.7 million of paid investments (adjusted for revenue from disinvestments), as well as paid dividends and interests amounting to EUR 7.9 million.

Investments

The group invested EUR 15.0 million in non-current assets as opposed to EUR 5.7 million in 2017. 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.

PROSPECTS FOR 2018

The group is confident that, barring unforeseen market circumstances, the recurring operating results for 2018 will surpass the pro forma recurring operating results for 2017.

The unaudited pro forma figures were explained in the press release of the annual results. For this, the consolidated figures for 2017 were adjusted for:

- the impact of the acquisitions on an annual basis. For this, the results were simulated as if these acquisitions had been includes in the Ter Beke figures from 1 January 2017.
- all non-recurring income and expenses in 2017.

RELATED PARTY TRANSACTIONS

In the first semester of 2018, 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 2018 are largely the same as described in the annual report on the financial year 2017. These relate primarily to the quality and price fluctuations of the raw materials used. In view of the fact that the new acquisitions operate in the same market, the risks are unchanged.

4. DECLARATION BY THE RESPONSIBLE PERSONS

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

- the condensed interim consolidated financial statements for the first semester of 2018, 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 report provides a true and fair view of the important events of the first semester of the financial year 2018, of the related party transactions and of the material risks and uncertainties for the remainder of the financial year.

Waarschoot, 29 August 2018

Francis Kint*	René Stevens
Chief Executive Officer	Chief Financial Officer

*permanent representative of BVBA Argalix

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

Ter Beke NV

Report on the review of the consolidated interim financial information for the six-month period ended June 30, 2018

The original text of this report is in Dutch

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 consolidated condensed statement of financial position as at June 30, 2018, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as the 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 Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 423 365 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 2 466 (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.

Ghent, August 30 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d’Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Charlotte Vanrobaeys

6. CONTACTS

If you have any questions regarding this half-year financial report or you would like further information, please contact:

Francis Kint*	René Stevens
CEO	CFO
*permanent representative of BVBA Argalix	
Tel. + 32 (0)9 370 13 17	Tel. +32 (0)9 370 13 45
francis.kint@terbeke.be	rene.stevens@terbeke.be

You can also review this half-yearly report and send us your questions through the Investor relations module on our website (www.terbeke.com)

The Dutch version of this half-yearly report is the sole official version.

7. FINANCIAL CALENDAR

Annual Results 2018:	1 March 2019 before market opening
Annual Report 2018:	At the latest on 30 April 2019
General Shareholders Meeting 2019:	29 May 2019

8. TER BEKE IN BRIEF

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

The group has 2 core activities: processed meats and fresh ready meals; it has 12 industrial sites in Belgium, the Netherlands, France, Poland and the United Kingdom and has approximately 2600 employees. Ter Beke generated a turnover of EUR 508.6 million in 2017.

READY MEALS DIVISION

- Produces fresh ready meals for the European market
- Market leader in chilled lasagne in Europe
- Two specialised production sites In Belgium (Wanze and Marche-en-Famenne), one in France (Mézidon-Canon), one in Poland (Opole) and one in the United Kingdom (Deeside)
- Brand names Come a casa®, Vamos® and Stefano Toselli® in addition to numerous private labels
- Employs approximately 1200 staff

PROCESSED MEATS DIVISION

- Producer and slicer of processed meats for the Benelux, the UK and Germany
- Two production sites in Belgium (Wommelgem and Waarschoot) and one in the Netherlands (Borculo)
- Six centres for slicing and packaging meat products: three in Belgium (Wommelgem, Waarschoot and Veurne) and three in the Netherlands (Wijchen, Ridderkerk and Aalsmeer)
- Innovating in the segment for pre-packaged meat products; private labels and own brands such as Pluma®, Daniël Coopman®, Zonnenberg® and Kraak-Vers®
- Employs approximately 1400 staff