

First-Half 2017 Revenue

20 July 2017



- Decline in revenue
- Increase in raw materials costs, impacting profit
- Accelerating roll-out of Fleury Michon's strategy

€359.8m
in consolidated
revenue

3.3%
decline in
consolidated revenue

Revenue by quarter (in €m)	First-half 2016	First-half 2017	Change
First quarter	184.7	177.7	-3.8%
Second quarter	187.3	182.1	-2.8%
Total first half	372.0	359.8	-3.3%

Fleury Michon, the French leader in fresh Charcuterie, Prepared Meals and Surimi products, reported revenue of €359.8 million in the first half of 2017, down 3.3% year-on-year.

Revenue by business segment (in €m)	Second quarter			First half		
	2016	2017	Change	2016	2017	Change
French Supermarkets	156.6	153.1	-2.2%	314.9	302.9	-3.8%
International Operations	15.5	14.3	-7.7%	27.9	26.8	-3.9%
Sales and Services	15.2	14.7	-3.3%	29.2	30.1	+3.1%
Total	187.3	182.1	-2.8%	372.0	359.8	-3.3%

REVENUE FROM THE FRENCH SUPERMARKETS AND INTERNATIONAL OPERATIONS BUSINESS SEGMENTS DOWN, GROWTH IN SALES AND SERVICES

In the first half of 2017, the **French Supermarkets business segment** (84.2% of Group consolidated revenue) generated revenue of €302.9 million, down 3.8% compared with first-half 2016, with year-on-year declines of 5.4% in first-quarter 2017 and 2.2% in second-quarter 2017.

Revenue from Fleury Michon-brand products declined 2.5% to €290.0 million for the period, with first-quarter 2017 revenue down 4.0% and second-quarter 2017 revenue down 1.0% year-on-year.

This performance reflected an overall downturn in the sale of fast-moving consumer goods, which contracted 0.4% (sales volume, Nielsen Trends data from end-May 2017).

In food markets, growth is expected to be restored by meeting consumers' high expectations for Eating Better.

The **Charcuterie** ranges (72.6% of segment revenue) reported revenue of €219.9 million, down 1.7% year-on-year. Revenue for the **Surimi** (11% of revenue) and **Prepared Meals** (16.4% of revenue) ranges came in at €33.4 million, down 10.3%, and €49.6 million, down 8.2%, respectively.

In an environment impacted by sharp rises in raw materials costs, Fleury Michon curbed its promotional spending, which adversely affected revenue.

The **International Operations segment** (7.4% of Group consolidated revenue) generated revenue of €26.8 million, down 3.9% on first-half 2016.

Operations in Canada reported revenue of €19.0 million, a 9.8% decline attributable to the one-time non-renewal of an Eat-Out contract worth CAD 5.0 million. The Group is confident that there will be a return to positive momentum over the full year, thanks to growth in Fleury Michon-brand product and airline catering sales.

Other operations in the International Operations segment all turned in a positive performance.

For the equity-accounted joint ventures, **operations in Spain** grew 5.2%, in line with the Group's expectations.

The **Italian joint venture, PFI**, ended first-half 2017 on a stable note, reporting growth of 0.3%. Due to a fire at a production site, the entity's revenue was down 6.6% in the second quarter. The incident will not have any consequences on operations or a sales impact on branded products, as PFI's entire customer base has renewed its confidence in the entity.

The **Sales and Services segment** (8.4% of Group consolidated revenue) generated revenue of €30.1 million, up 3.1% on its strong performance in first-half 2016, when it posted 7.7% growth. **Room Saveurs**, the delivered meals, buffets and cocktails business serving the Paris area, reported revenue of €14.4 million, a 5.3% year-on-year increase, driven notably by the buffet offering, which has been effective in meeting the needs of companies.

A STRONGER-THAN-FORECAST RAW MATERIALS IMPACT ON PROFIT

As regards **operating profit** for first-half 2017, Fleury Michon's French Supermarkets segment will be impacted beyond what was previously forecast due to a higher-than-expected rise in raw materials costs. This additional rise in costs, representing an overall impact of more than €5 million (mainly affecting pork hams), was not passed on to retail clients in first-half 2017. In light of these circumstances, Fleury Michon is forecasting a significant decrease in recurring operating profit, falling into slightly negative territory for the first half of the

year, while net profit is expected to be slightly positive. Despite these challenges, the Group has greatly increased its advertising-related expenditure compared with the first half of 2016. Several ad campaigns for television and print and digital media were rolled out during first-half 2017 for prepared meals and the J'aime, Organic and Côté Végétal ranges. Additional ad campaigns have been planned for the second half of the year.

A STRONG FOUNDATION ON WHICH TO CONTINUE IMPLEMENTING A STRATEGY FOCUSED ON PROFITABLE, SUSTAINABLE GROWTH

The Fleury Michon Group remains confident in the future due to its solid fundamentals, including:

- the "Helping people eat better every day" project, launched two years ago to significantly improve consumers' eating habits;
- retail clients, who view the Group's commitment to Eating Better as a strategic focus for growth;

- sound corporate management that values responsiveness without falling into the trap of short-term thinking.

Fleury Michon continues to be the leader in all of its markets, reflecting consumer confidence in its offering, brand and positioning.

FLEURY MICHON IS AN INDEPENDENT, MEDIUM-SIZED FAMILY COMPANY WITH AN INTERNATIONAL OUTLOOK. FOUNDED IN 1905, WE ARE NOW ONE OF FRANCE'S LEADING FOOD BRANDS. WE PREPARE FRESH, READY-TO-EAT, EVERYDAY MEALS.

OUR CORPORATE PROJECT OF "HELPING PEOPLE EAT BETTER EVERY DAY" REFLECTS OUR VISION FOR THE FUTURE. IT'S THE VISION OF A BRAND AND A COMPANY THAT IS OPEN TO THE WORLD AND CLOSE TO ITS CUSTOMERS, RECOGNISES THE VALUE OF ITS PEOPLE AND ENCOURAGES COOPERATION WITH ITS STAKEHOLDERS. IT'S THE VISION OF AN INNOVATIVE, RESPONSIBLE BRAND THAT WANTS TO HELP PEOPLE EAT BETTER IN THE FUTURE.

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**First-half
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results**

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