

2016 Financial Results

- Decline in revenue and operating profit
- Stable net profit and net margin
- Stronger equity and financial position

Income Statement Highlights in €m (IFRS)	2015	2016
Revenue	757.6	737.8
Recurring operating profit	28.6	24.2
<i>Recurring operating margin</i>	3.8%	3.3%
Operating profit	28.6	21.6
<i>Operating margin</i>	3.8%	2.9%
Finance costs (net)	(1.6)	(0.7)
Income tax expense	(11.0)	(6.1)
Share in profits and losses of associates	1.0	2.0
Net profit	17.0	16.8
<i>Net margin</i>	2.2%	2.3%

Revenue performance

Fleury Michon generated revenue of €737.8 million in 2016, down 2.6% year on year in the context of the strong 7.1% revenue growth recorded in 2015.

French Supermarkets posted a 4.4% decline in revenue in 2016 against a backdrop of flat demand for fast-moving consumer goods and sustained pressure on shelf prices and promotional offers. Revenue from **Fleury Michon-brand** products fell by 3.4% versus the prior-year period.

The **Sales and Services** segment achieved growth of 5.1% in 2016, with the delivered meals, buffets and cocktails business seeing revenue jump 6.3%.

Revenue from **International** operations reflected the robust performance of the fully consolidated businesses in Canada and Slovenia, with year-on-year growth of 13.5% (or 16.1% at constant exchange rates). Operations in Spain and Italy, which are accounted for by the equity method, reported respective increases of 0.9% and 5.0%.

Operating profit

On the back of the drop in revenue, the Group reported **lower operating profit in 2016**, reflecting a deterioration in operating margin in the Self-Service (French Supermarkets) segment and a non-recurring expense, despite an improved margin performance in the International and Sales and Services segments.

The decline in operating profit in the French Supermarkets segment was attributable to:

- A price war among supermarkets and hypermarkets, resulting in pressure on prices.
- Higher supply costs.
- An increase in the proportion of ham sourced from France to support the French pork industry.

2016 Highlights

€737.8m
Revenue down **2.6%**

€21.6m
Operating profit

€16.8m
Net profit

**Fleury Michon
eligible for French
SME equity-based
saving accounts**

20 July 2017
after market close
**First-half 2017
revenue**

In the other segments, operating profit increased across all of the Group's operations. Non-recurring items recorded in operating profit included provisions for litigation.

Net profit

Net profit came to €16.8 million for a **net margin** of 2.3%.

Financial position

The Group ended the year with **equity** of €221.7 million, up 6.0% from €209.2 million at 31 December 2015. Net debt (long- and short-term borrowings, less cash and cash equivalents and investments) stood at €54.1 million at 31 December 2016, down from €58.9 million at end-2015 and €60.5 million at end-2014. Gearing improved similarly, to 24.4%.

Proposed dividend of €1.10 per share

At the Annual General Meeting on 23 May 2017, shareholders will be asked to approve a recommended dividend of €1.10 per share.

The consolidated financial statements were approved by the Board of Directors on 4 April 2017. They have been audited, and the Statutory Auditors are currently preparing their reports.

First-quarter 2017 revenue: €177.7m

Revenue in €m (IFRS)	First quarter 2016	First quarter 2017	Change
French Supermarkets	158.3	149.8	-5.4%
International*	12.4	12.5	+0.8%
Sales and Services	14.0	15.4	+10.0%
TOTAL	184.7	177.7	-3.8%

* At constant scope of consolidation and exchange rates

Outlook

The Group expects a challenging 2017 with a complicated market environment, sustained pressure from retailers to lower prices and a tight commodity market that will have a significant impact on recurring operating profit and could result in a year-on-year drop of €10 million.

Despite the rising cost of its core raw materials, negotiations with retailers have not permitted the Group to pass on the necessary price increases.

During the year, the Group will press ahead with the roll-out of its project "Help people eat better every day" by launching new products, supported by advertising campaigns.

In addition, the Group is working on a cost-cutting and competitiveness plan, backed by a more streamlined and versatile organisation.

Together, these initiatives should enable the Group to return to growth and profit in 2018.

Fleury Michon

Founded in 1905, Fleury Michon is a people-sized, independent family-owned company with 3,900 employees who are fully committed to helping people eat better every day.

The Group has operations in France, Italy, Spain, Slovenia and Canada.

In French Supermarkets, Fleury Michon ranks first in self-service charcuterie, fresh prepared meals and surimi.

It is also the market leader for delivered meals to corporate customers in the Paris area.



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