

2018 RESULTS

- Fleury Michon's earnings improved in 2018
- The Group accelerated the rollout of its corporate project of "Helping people eat better every day"

€14.4m

2018 net profit

2.0%

2018 net margin

€725.3m

2018 consolidated revenue

Pouzauges – 2 April 2019: "In 2018, Fleury Michon improved its recurring operating profit and net profit compared with 2017, a year marked by a slowdown in business activity.

In a tough economic environment for all stakeholders in the food industry, we began an extensive overhaul of our offering, while also acquiring strategic businesses.

2019 will be another challenging year for the food industry during which Fleury Michon will reach a new milestone in "Helping people eat better every day".

In French Supermarkets, we will go further in the operational rollout of our corporate project by providing consumers with new product lines, always geared towards healthier and more sustainable eating habits (nitrate-free ham, jars). Through our brands Merci Bocaux and Par Ici Cuisine, it is also our ambition to bring the "Eat Better" concept well within the reach of consumers, in high-traffic areas, by offering healthy, ultra-fresh products suited to modern lifestyles. Internationally, after successfully refocusing our Canadian business on airline catering, we will continue our efforts in this direction, driven by strong ambitions.

Our objective is to lay down the framework of a profitable, resilient and sustainable growth model that serves the "Eat Better" cause."

Régis Lebrun, Chief Executive Officer of Fleury Michon

IFRS income statement items (in €m)	2017	2018	Change
Revenue	716.9	725.3	+1.2%
Recurring operating profit	8.5	20.4	+140.0%
<i>Recurring operating margin</i>	<i>1.2%</i>	<i>2.8%</i>	
Operating profit	11.5	18.7	+62.6%
<i>Operating margin</i>	<i>1.6%</i>	<i>2.6%</i>	
Net financial loss	-0.8	-1.2	
Income tax expense	-4.7	-4.0	
Share in profits and losses of equity-accounted companies	2.6	0.9	
Consolidated net profit	8.6	14.4	+67.4%
<i>Net margin</i>	<i>1.2%</i>	<i>2.0%</i>	

The Board of Directors approved the consolidated financial statements on 2 April 2019. They have been audited, and the Statutory Auditors are currently preparing their reports.

REVENUE PERFORMANCE

The Group's revenue came to €725.3 million in 2018, up 1.2% versus 2017, despite persistent pressure on prices from supermarkets. At constant scope, revenue at year-end amounted to €703.9 million, down 1.7% year on year.

The French Supermarkets business segment generated full-year revenue of €615.3 million in 2018, up 2.4% year on year, with a 1.9% increase in the fourth quarter, which was impacted overall by the protest movements in France. Based on a Group structure comparable with 2017, revenue for French Supermarkets decreased by 0.6% over the full year and by 2.8% in the fourth quarter.

The International Operations business segment posted revenue of €52.4 million, down 10.9% for the full year and down 16.4% for the fourth quarter, at current exchange rates (down 8.2% and 17.5%, respectively, at constant exchange rates). Regarding the Group's equity-accounted joint ventures (i.e., not fully consolidated), Platos Tradicionales in Spain reported sustained growth of 14.6%, with revenue totalling €69.7 million in 2018. In Italy, PFI's revenue was also up.

The Sales and Services business segment generated revenue of €57.6 million, up 1.0% compared with 2017, with strong growth of 8.1% in the fourth quarter. Excluding Good Morning, which was acquired in January 2018, revenue from the business segment slipped by 4.7% over the full year, with a 0.9% rise in the fourth quarter.

Impact of scope changes (in €m)*	Fourth quarter			Full year		
	2017	2018	Change	2017	2018	Change
Constant scope	178.8	172.3	-3.6%	715.9	703.9	-1.7%
Scope changes ^[1]	0.2	8.1	NM	1.0	21.4	NM
Total	179.0	180.4	+0.8%	716.9	725.3	+1.2%

^[1] Acquisition of Paso in April 2018 and Good Morning in December 2017, and the discontinuation of FM Norge operations in January 2018.

* At current exchange rates.

NM: Non-material.

RECURRING OPERATING PROFIT AND OPERATING PROFIT

In 2017, Fleury Michon rolled out a competitiveness plan aiming to reorganise the Group for quicker, more efficient and more cost-effective operations. The plan paid off in 2018, with a 2.8% recurring operating margin compared with 1.2% in 2017. Moreover, acquisitions made in 2018 (Good Morning in January 2018, Paso in April 2018) contributed positively to this performance.

Operating profit for 2018 came in at €18.7 million (up €7.2 million year on year), for an operating margin of 2.6%. In line with the option provided by the French government to boost purchasing power, Fleury Michon decided to pay its employees in France a one-off €500 bonus, for a total non-recurring gross amount of €1.6 million, which had a proportional impact on profit.

SHARE IN PROFITS AND LOSSES OF EQUITY-ACCOUNTED COMPANIES

The share in profits and losses of equity-accounted companies (PFI and Platos Tradicionales) totalled €0.9 million in 2018, down from €2.6 million in 2017. In Spain, the work performed on the product ranges had a very positive impact on business despite the fact that the production processes have yet to be fully optimised. In Italy, the repositioning of the line up, with the discontinuation of lowest-price products in favour of highly scalable products under the Viva la Mamma brand, continued apace. Earnings were mainly impacted by the consequences of a fire at an industrial site in 2017, and the commissioning of a new site in 2018.

NET PROFIT

In 2018, consolidated net profit amounted to €14.4 million, up €5.8 million year on year, for a net margin of 2.0%.

FINANCIAL POSITION

At 31 December 2018, the Group's equity amounted to €236.8 million, up 5.0% compared with end-2017 (€225.6 million). Net debt (long and short-term borrowings, less cash and cash equivalents and investments) increased to €93.0 million at end-2018, compared with €40.5 million at end-2017. Group gearing (net debt divided by equity) rose from 18.0% to 39.3%, due mainly to the 2018 acquisitions. These changes do not affect the Group's financial position, which continues to be robust.

PROPOSED DIVIDEND

At the General Meeting of 28 May 2018, shareholders will be asked to approve a dividend of €1.20 per share, an increase compared with the 2017 dividend.

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 **NEXT
ANNOUNCEMENT**
18 April 2019
after market close
First-quarter 2019
revenue

www.fleurymichon.fr



Fleury Michon is an independent, medium-sized French 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.

Fleury Michon shares (codes: ISIN FR 0000074759, Reuters FLMI PA, Bloomberg FLE FP) are listed on the Euronext Paris market, Eurolist B, and are eligible for French SME equity-based savings accounts.



2018 Gaia rating: 20th out of 230 – <http://www.gaia-rating.com>