

FLEURY MICHON: 2018 REVENUE

- 2018 revenue: up 1.2% to €725.4 million
- Confirmation of the projected year-on-year improvement in recurring operating margin in 2018

€725.4m

2018
consolidated revenue

1.2%

full-year growth in
consolidated revenue

Pouzauges – 30 January 2019: “The Fleury Michon Group reported revenue of €725.4 million for full-year 2018, up 1.2% on the prior-year period, with growth of 0.8% in the fourth quarter. This performance was driven both by the acquisition of Paso and Good Morning, which generated combined revenue of €21.4 million, and by the ongoing development of our strategy in line with our commitment to “Helping people eat better every day” across all of our business segments.

In French Supermarkets, we continued work to reposition our offering by making major changes to our charcuterie range, such as expanding the assortment of organic, low-salt and “J’aime” labelled products based on the “Eat Better” concept, as well as to our poultry cuts and surimi ranges. Also contributing to growth were our innovative Salad’Jars and Assiettes Plaisir prepared meals.

In Canada, the local entity’s overall revenue declined by 3.6% at constant exchange rates due to the virtually complete discontinuation of supermarket product operations. We are now successfully repositioning our business to focus on airline catering, and achieved 8.7% growth in the segment at constant exchange rates in 2018.

Outside the scope of fully consolidated businesses, the Spanish joint venture confirmed its positive momentum with a 14.5% increase in revenue for the full year. Italy’s PFI delivered a stable performance over the year, with strong growth in Viva la Mamma-brand products.

The Sales and Services business segment ended the year up 1.1%, with robust 8.1% growth in the fourth quarter.

Lastly, we confirm our projection of a year-on-year improvement in recurring operating margin in 2018.”

Régis Lebrun, Chief Executive Officer of Fleury Michon

REVENUE BY QUARTER

Revenue by quarter (in €m)*	2017	2018	Change
First quarter	177.7	172.5	-2.9%
Second quarter	182.1	185.9	+2.1%
Third quarter	178.2	186.6	+4.7%
Fourth quarter	179.0	180.4	+0.8%
Total	717.0	725.4	+1.2%

* At current exchange rates.

REVENUE – IMPACT OF SCOPE CHANGES

Impact of scope changes (in €m)*	Fourth quarter			Full year		
	2017	2018	Change	2017	2018	Change
Constant scope	178.8	172.3	-3.6%	716.0	704.0	-1.7%
Scope changes ^[1]	0.2	8.1	NM	1.0	21.4	NM
Total	179.0	180.4	+0.8%	717.0	725.4	+1.2%

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

* At current exchange rates. NM: Non-material



REVENUE BY BUSINESS SEGMENT

Revenue by business segment (in €m)*	Fourth quarter			Full year		
	2017	2018	Change	2017	2018	Change
French Supermarkets	148.2	151.0	+1.9%	601.1	615.3	+2.4%
International Operations	15.9	13.3	-16.4%	58.8	52.4	-10.9%
Sales and Services	14.9	16.1	+8.1%	57.1	57.7	+1.1%
Total	179.0	180.4	+0.8%	717.0	725.4	+1.2%

* At current exchange rates.

FRENCH SUPERMARKETS

For the year ended 31 December 2018, the French Supermarkets business segment (84.8% of consolidated revenue) generated revenue of €615.3 million, 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. Revenue was down 0.6% for the Charcuterie category but up 5.6% for Surimi, and up 13.5% for Prepared Meals including the new Paso business (down 4.8% organically excluding Paso). 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.

INTERNATIONAL OPERATIONS

The International Operations business segment (7.2% of consolidated revenue) 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). The decrease primarily reflects the discontinuation of operations in Norway in 2018 and the slowdown in the export business and Switzerland. In Canada, Fleury Michon America (formerly DDFC) generated full-year revenue of €37.1 million at constant exchange rates, down 3.6% due to the impact of terminating supermarket product operations as the business successfully shifts its focus to airline catering.

Regarding the Group's equity-accounted joint ventures (i.e., not fully consolidated), Platos Tradicionales in Spain reported sustained growth of 14.5%, with revenue totalling €69.7 million in 2018, lifted by the successful launch of new prepared meal ranges based on the "Eat Better" concept. In Italy, revenue from PFI remained virtually stable, reflecting a sharp contraction in lowest-price product lines and growth in excess of 10% for Viva la Mamma-brand products.

SALES AND SERVICES

Revenue from the Sales and Services business segment (8.0% of consolidated revenue) came in at €57.7 million, up 1.1% year on year, with robust 8.1% growth 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. The merged Room Saveurs-Good Morning unit developed efficient synergies and delivered full-year revenue of €30.1 million.

OUTLOOK

The Fleury Michon Group confirms the year-on-year improvement in its recurring operating margin in 2018. The Group's results will be impacted by the payment to employees in France of the recently announced one-off bonus in line with the option provided by the French government to boost purchasing power, which is expected to total around €1.6 million.

NEXT ANNOUNCEMENTS

2 April 2019 after market close
2018 results
18 April 2019 after market close
First-quarter 2019 revenue

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