

2015 Revenue Up 7.1% to €757.6 million Acquisition of a Minority Interest in Pork Supplier Vallégrain

Revenue in €m	2014	2015	Change
First Quarter	168.0	182.1	+8.4%
Second Quarter	180.7	192.4	+6.5%
Third Quarter	177.5	193.1	+8.8%
Fourth Quarter	180.9	190.0	+5.0%
Total (12 months)	707.1	757.6	+7.1%

Building on the trend seen in the first nine months of 2015, Fleury Michon reported fourth-quarter revenue of €190 million, up 5% from the year-earlier period.

Full-year revenue rose by 7.1% year-on-year to €757.6 million.

Strong performance from Fleury Michon-brand products

Revenue in €m	Q4			Full-year (12 months)		
	2014	2015	Change	2014	2015	Change
French Supermarkets ¹	157.0	161.1	+2.6%	615.4	654.3	+6.3%
International	9.9	13.2	+33.3%	39.9	48.2	+20.8%
Services	14.0	15.7	+12.1%	51.8	55.1	+6.4%
TOTAL	180.9	190.0	+5.0%	707.1	757.6	+7.1%

¹ Supermarkets and hypermarkets

Revenue from the **French Supermarkets** segment rose by 2.6% in the fourth quarter and by 6.3% over the full year. The slowdown in the fourth quarter reflects generally sluggish supermarket and hypermarket sales of consumer packaged goods, which expanded by only 0.6%² over the period. The fourth quarter, like the rest of 2015, was shaped by a price war that is expected to continue in 2016.

High prior-year comparatives, both in terms of growth (7.3%) and revenue (€157 million), also had an impact on the fourth-quarter figure in this segment, which accounts for 86% of consolidated revenue.

The **Fleury Michon brand** experienced a similar trend in the fourth quarter while continuing to outperform the segment as a whole, with revenue up 4.4% in the last three months and 7.8% over the full year. The quality growth achieved by branded products attests to the efforts made by Fleury Michon's teams to continuously meet consumers' expectations for innovation, eating pleasure, healthy meals, naturalness, convenience and affordability.

Highlights

€757.6m
in full-year revenue
for 2015

7.8%
growth in Fleury
Michon-
brand revenue
in 2015

5.0%
growth in
consolidated revenue
in Q4 2015 compared
with Q4 2014

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

- In charcuterie (100% Fleury Michon brand), revenue increased by 4.6% in the fourth quarter and by 8.3% over the full year, in a market up 0.8%².
- Prepared Meals revenue was down 2.2% in the final quarter, impacted by decrease in private labels. Fleury Michon-brand products, on the other hand, gained 4.7% over the period. Full-year revenue rose by 2.1%, reflecting the decline for private labels and a 5.8% increase for Fleury Michon-brand products. The market expanded by 3.8%² over the year.
- Prepared Seafood revenue contracted by 0.7% during the fourth quarter, primarily due to a decline in private labels. Over the full year, revenue increased by 2.1%, with a decrease in private labels and a 7.3% increase in Fleury Michon-brand products. The market as a whole edged back by 0.1%².

² Source: IRI 2015 annual total for French Supermarkets

After a strong performance in the third quarter, fully consolidated **international operations** continued on a growth trend in the fourth quarter both in Canada and Slovenia, driving full-year increases of 33.3% and 20.8%, respectively, or 34.9% and 18.1% at constant exchange rates.

The Canadian business, which reported fourth-quarter revenue growth of 51.9% (55.2% at constant exchange rates), continued to gain market share both for Fleury Michon-brand fresh prepared meals sold in supermarkets and frozen products for airline catering. Since the beginning of the year, revenue from the Canadian operations has risen by 29.7%, or 25.7% at constant exchange rates.

The non-consolidated joint ventures in Italy and Spain did well in a difficult domestic environment, achieving growth of 1.9% and 2.6%, respectively, in the fourth quarter and of 10.9% and 4.8%, respectively, for the full year.

In the Services segment (eat-out and other), contract wins with major airline caterers and hospital food services helped lift revenue by 12.1% in the fourth quarter. Full-year revenue rose by 6.4% compared to 2014.

Outlook

Fleury Michon achieved its 2015 revenue growth target. Full-year net profit should be close to the announced forecast in an environment shaped by higher raw material costs in the second half of the year compared with the first half and the previous year.

Fleury Michon

Founded in 1905, Fleury Michon is a people-sized, independent family-owned company with 3,800 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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Agenda:
2015 annual results and Q1 2016 revenue
6 April 2016 after market close

Eurolist B
ISIN FR 0000074759
Reuters FLMI.PA
Bloomberg FLE.FP

Acquisition of an Interest in Vallégrain A New Step in Unlocking the Value of Fleury Michon's Quality Supply Channels

Fleury Michon is stepping up the deployment of its corporate project to help people eat better every day. As part of this drive, the Group is pursuing its long-held strategy of developing quality supply channels, today announcing its acquisition of a 19% minority interest in Vallégrain, a company that has specialised in pork products for the past 27 years.

Based in the Perche region in northern France, **Vallégrain has been a Fleury Michon supplier partner for close to 20 years**. Vallégrain hams account for around 9% of Fleury Michon's total ham supplies and the majority of its Label Rouge products. Vallégrain's livestock meets Fleury Michon's very demanding standards in all label categories: **Bleu-Blanc-Cœur, Label Rouge and Porc Français**.

A mutual commitment to improving industry practices

This investment in Vallégrain reflects the Group's desire to work with an upstream partner who takes **consumer expectations** concerning labels, sourcing channels, nutrition, animal well-being and other issues into account, from the crops used for animal feed to natural genetics, farrowing, weaning, raising, slaughtering and butchering.

Vallégrain, like Fleury Michon, also invests in research and innovation. This is reflected in its decision to move towards sustainable agriculture; to use locally cultivated peas, field beans and other high-protein crops instead of soy; to stop the use of farrowing crates and to completely eliminate the use of antibiotics.

A shared corporate culture

Fleury Michon and Vallégrain are both people-sized, family-owned companies with deep local roots. Vallégrain employs 360 people in the Perche region of northern France, generates €90 million in annual revenue, sources locally and focuses heavily on quality labels.

With this acquisition, Fleury Michon is putting its sourcing channel commitment into action as it takes tangible steps to implement its corporate project of **helping people eat better every day**.

Fleury Michon and the pork industry

1973 Introduction of **Label Rouge** hams

2002 Introduction of **Bleu-Blanc-Cœur** hams and roasts with a high omega-3 content thanks to the addition of flax seed to animal feed

2004 Introduction of **Organic** hams and roasts

2015 Introduction of **J'Aime** hams and roasts guaranteed non-GMO (<0.9%) and from pork raised without antibiotics (after the 42nd day).

2016 Acquisition of a minority interest in **Vallégrain**, taking the quality supply channel strategy to a new level

Vallégrain

1989 **Founded** in Coudray-au-Perche, France

360 employees

A family-owned company

€90m in revenue

Main labels

Label Rouge
Bleu-Blanc-Cœur
Porc Français

Local sourcing from within a radius of 150 km around Coudray-au-Perche