

First-Half 2016:

Revenue Down 0.7% to €372m Decline in Operating Profit to €13.3m Increase in Net Profit to €8.9m

Income Statement Highlights (in €m)	H1 2015	H1 2016
Revenue	374.5	372.0
Recurring operating profit Operating profit	15.4	13.3
<i>Operating margin</i>	4.1%	3.6%
Finance costs (net)	(0.7)	0.0
Income tax expense	(5.9)	(3.7)
Share in profits and losses of associates	(0.6)	(0.7)
Net profit	8.2	8.9
<i>Net margin</i>	2.2%	2.4%

Fleury Michon ended the first half of 2016 with a year-on-year decrease in operating profit and an increase in net profit as revenue held virtually stable.

Operating margin narrowed, reflecting a deterioration in French Supermarkets operating margin that was not fully offset by an improved margin performance in the International and New Food Services segments.

French Supermarkets

French Supermarkets (84.7% of consolidated revenue) recorded a 3.3% decline in revenue from the prior-year period in a market for fast-moving fresh self-service products that grew by 0.6% during the first half. Revenue from Fleury Michon-brand products decreased by 1.9%

This situation was primarily attributable to a cut-back in promotional campaigns, as the Group chose to focus on sustainable, profitable growth.

Other factors impacting profitability included:

- Significantly higher prices for certain raw materials.
- The consensus price for "ham, flank removed" at the Rungis wholesale food market was up by 6.3% compared with first-half 2015. The decision to step up support for French sourcing channels also dampened margins.
- Surimi sourcing costs were pushed up by the unfavourable euro-US dollar exchange rate.
- The average price for salmon rose by 43% year-on-year on the back of a surge in global demand.
- A continued price war in supermarket aisles, now extended to promotional flyers.

Revenue

Down 0.7% in first-half 2016

Profit

- Decline in operating profit
- Increase in net profit

Financial position

- Increase in shareholders' equity
- Continued debt reduction

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.



Fleury Michon continued to expand its offering as part of its Helping People Eat Better Every Day project to respond to consumer expectations concerning food quality and health.

Sustained momentum in International Operations and New Food Services

Revenue from consolidated operations in the **International segment** (7.5% of consolidated revenue) rose by 28.0% thanks to strong growth in airline catering sales in Canada and robust Fleury Michon-brand sales. Including the Group's share of the revenue of its affiliates in Italy and Spain, overall revenue from International Operations came to €63.2 million in first-half 2016 versus €57.7 million in the prior-year period, representing an increase of 9.5%.

New Food Services (Eat-Out and other: 7.8% of consolidated revenue) achieved growth of 7.7%.

In both of these segments, operating profit was lifted by sustained growth in revenue and improved industrial performance.

Higher net margin in first-half 2016 versus the prior-year period

Net profit after tax stood at €8.9 million, for a **net margin** of 2.4%, up from first-half 2015. The overall net margin benefited from the improvement in finance costs (net), which came in at zero.

A healthy financial position and continued debt reduction

Fleury Michon continued to strengthen its financial position, ending the first six months of 2016 with **shareholders' equity** of €211.0 million, up €1.8 million from 31 December 2015 and €10.5 million from 30 June 2015.

Net debt continued to decline, amounting to €53.3 million at 30 June 2016 versus €58.9 million at 31 December 2015 and €55.1 million at 30 June 2015. **Gearing** stood at 25.3% for the first half compared with 28.1% at 31 December 2015 and 27.5% at 30 June 2015.

Next announcement

Third-quarter 2016 revenue: **19 October 2016** after market close

Contacts

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The **consolidated financial statements** were approved by the Board of Directors on 2 September 2016.

The financial statements have been reviewed and **certified by the auditors** in their reports issued on 5 September 2016.

Fleury Michon
eligible for
French SME
equity-based
saving accounts

Eurolist B
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