

THIRD-QUARTER 2019 REVENUE

- Revenue growth of 6.8% in the third quarter of 2019 and 0.6% in the first nine months of the year
- Contraction in the French Supermarkets and Sales and Services business segments, growth in International Operations

€548.1m

nine-month 2019 revenue

0.6%

growth in nine-month revenue

Pouzauges – 25 October 2019: “Fleury Michon posted revenue of €199.3 million for the third quarter of 2019, representing growth of 6.8%. For the first nine months of the year, our revenue rose by 0.6%. In line with our growth strategy, revenue was boosted by the contribution of our recently acquired stake in Marfo Food Group.

We pressed ahead with our project of “Helping people eat better every day” over the period, with the launch of new zero-nitrite products in the Self-Service Charcuterie segment and, in Self-Service Prepared Meals, the development of Cook’in Jar prepared snacks and the roll-out of a new range of prepared meals made using tasty products, presented in wooden trays to significantly reduce plastic use. Thanks to our investment in Marfo Food Group in the Netherlands, we began actively developing our Airline Catering business. And in the Sales and Services business segment, Room Saveurs, Good Morning and Esprit Frais all experienced growth.”

Régis Lebrun, Chief Executive Officer of Fleury Michon

Revenue by quarter (in €m)	2018	2019	Change
First quarter	172.5	169.9	-1.5%
Second quarter	185.9	178.9	-3.7%
Third quarter	186.7	199.3	+6.8%
Total	545.0	548.1	+0.6%

In third-quarter 2019, the Group reported consolidated revenue of €199.3 million, up 6.8% year on year, without taking into account the joint ventures in Italy and Spain or Frais Emincés in France, but including the Group’s new entity, Marfo Food Group. Revenue for the first nine months of 2019 was up 0.6%. The second quarter was affected by three days where deliveries were not made due to a computer virus, leading to a calendar effect of negative 4% for the quarter and negative 1.6% for the nine months as a whole.

At constant Group structure, revenue retreated by 0.7% in the third quarter and by 2.8% in the first nine months of the year.

Effect of changes in Group structure (in €m)*	Third quarter			First nine months		
	2018	2019	Change	2018	2019	Change
Constant Group structure	186.7	185.4	-0.7%	545	529.7	-2.8%
Changes in Group structure ^[1]	0	13.9	NM	0	18.4	NM
Total	186.7	199.3	+6.8%	545	548.1	+0.6%

^[1] Acquisition of Paso (April 2018), and acquisition of an interest in Marfo Food Group (23 July 2019), which has been fully consolidated in the Group’s financial statements since 1 July 2019.

* At current exchange rates.

NM: Non-material.

Revenue by business segment (in €m)	Third quarter			First nine months		
	2018	2019	Change	2018	2019	Change
French Supermarkets	158.8	157.5	-0.8%	464.3	454.5	-2.1%
International Operations ^[1]	15.0	29.9	+98.7%	39.2	54.5	+39.1%
Sales and Services ^[2]	10.1	9.6	-5.3%	33.1	32.6	-1.8%
Non-Core Operations ^[3]	2.8	2.3	-16.0%	8.4	6.5	-21.7%
Total	186.7	199.3	+6.8%	545.0	548.1	+0.6%

^[1] Revenue at current exchange rates.

^[2] Sales and Services encompasses Room Saveurs, Good Morning, Esprit Frais, Travel (French departures) and Healthcare Catering, and Eat-Out.

^[3] Non-Core Operations comprises non-strategic businesses that used to be included in Sales and Services, such as the resale of co-products from pork ham and poultry offcuts.

FRENCH SUPERMARKETS

French Supermarkets revenue decreased by 0.8% in the third quarter and by 2.1% in the first nine months of the year. For the nine months ended 30 September 2019, revenue was down 2.2% for the Charcuterie category, 2.1% for Surimi, and 1.6% for Prepared Meals, including Paso.

INTERNATIONAL OPERATIONS

Revenue for the International Operations business segment rose by 98.7% in the third quarter and by 39.1% in the first nine months. At constant exchange rates, revenue was up 93.5% in the third quarter and up 36.4% in the nine months. This strong growth reflects the revenue contribution from Marfo Food Group, which has been fully consolidated since 1 July 2019, and the good momentum observed across all businesses. Within International Operations, revenue grew by 10.7% for Fleury Michon America (formerly DDF Canada) in the third quarter, and by 9.9% in the first nine months at current exchange rates. Over the quarter, Marfo Food Group posted revenue of €13.9 million.

SALES AND SERVICES

The Sales and Services business segment saw revenue decline by 5.3% in the third quarter, and by 1.8% in the first nine months as a whole. Room Saveurs and Good Morning grew by 6.5% in the third quarter and by 5.2% in the nine months to 30 September, thanks in particular to solid performances from the zero-plastic “Twist” products and the corporate buffets and events ranges.

OUTLOOK

The Group confirms its previous guidance and expects to see an improvement in the second half of the year. However, it will not be sufficient to offset the operating loss and net loss recorded in the first half. All business segments (French Supermarkets, Sales and Services and International Operations) and joint ventures are expected to improve in 2020, both in terms of business and earnings.

Constant scope is calculated by eliminating first-quarter 2019 revenue from Paso (acquired in April 2018) and third-quarter 2019 revenue from Marfo Food Group (interest acquired on 23 July 2019 and fully consolidated as from 1 July 2019).

Revenue at constant exchange rates is calculated by applying the exchange rate for the current period to revenue for the previous period.

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NEXT ANNOUNCEMENT

29 January 2020
after market close:
Full-year 2019
revenue

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Founded in 1905, Fleury Michon has stayed true to its roots as an independent, medium-sized family business. Today, the Group has operations in France, Italy, Spain, Slovenia, the Netherlands and Canada. Fleury Michon’s 3,900 employees are fully committed to the corporate project of “Helping people eat better every day”. This involves redefining the food model to create a virtuous circle for all stakeholders, one that compensates crop and livestock farmers fairly, favours quality practices over ever-lower prices, thus creating local jobs and providing healthier, tastier food, and preserves ecosystems.

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.

2019 Gaia rating: 27th out of 230, third-ranking food company – <http://www.gaia-rating.com>