2016 Results
FLEURY MICHON IN 2016

CONSOLIDATED REVENUE

FRENCH SUPERMARKETS
Self-service charcuterie
Fresh prepared meals
Surimi
€625.2m

SALES AND SERVICES
Delivered meals
Innovation and services
€57.9m

INTERNATIONAL OPERATIONS
Delta Dailyfood (Canada)
Frozen and fresh prepared meals
€40.2m
Proconi (Slovenia)
Fresh prepared meals
€5.7m
Norway, Switzerland and export
Sale of Fleury Michon-brand products
€8.8m
= €54.7m

REVENUE
From interests in non-consolidated joint ventures

50%*
PIATTI FRESCI ITALIA
(ITALY)
Fresh prepared meals
€106.3m

47.5%*
PLATOS TRADICIONALES
(Spain)
Fresh prepared meals and roasted meats
€57m
= €163.3m

* Fleury Michon’s interest in the joint venture

FLEURY MICHON GROWTH MODELS

MEATS/CHARCUTERIE

Pleasure + Quality

- Fresh meats and charcuterie/salt-cured products

SUPERCILARKETS

CONSUMER EXPECTATIONS

1905 1964

THE FLEURY MICHON BRAND

No. 1 brand by market share for:
CHARCUTERIE
PREPARED MEALS
PREPARED SEAFOOD

79% of French consumers buy the Fleury Michon brand

395 million consumer units sold under the Fleury Michon brand

ONE CONSTANT AT FLEURY MICHON: WE ADAPT TO CONSUMERS’ EXPECTATIONS

+ Convenience +
THE FLEURY MICHON GROUP

€737.8 million in consolidated revenue

€591 million in revenue generated by Fleury Michon-brand products

3,805 employees (permanent and temporary)
Consolidated basis at 31 December 2016 (excluding activities in Italy and Spain)

INTERNATIONAL OPERATIONS
Canada, Italy, Spain, Slovenia, Norway, Switzerland, Belgium and Luxembourg

SERVICES
- Surimi
- Delivered meals and corporate buffets
- “J’aime” hams
- Meat-free range

+ GROWTH DRIVERS

+ Health

+ Service

OUR MISSION

2004 - 2006
2015
2025
Participants at a major public Eating Better event in Chantonnay en Vendée, France on 10 and 11 March 2017.
A TOUGHER ENVIRONMENT IN THE SHORT TERM

French food companies have faced a tougher environment over the past few years, and Fleury Michon is no exception. As the price war among supermarkets continues, our margins have come under pressure, and sharply rising raw material prices have further aggravated the situation. Revenue is down following strong growth in 2015.

A MAJOR TRANSFORMATION OPENING THE DOOR TO FUTURE OPPORTUNITIES

By forcing us to adapt, however, these short-term challenges can open up future opportunities. Consumers have been hard hit by food scandals and the adverse effects of competing for volumes and the lowest prices, and now expect a fast overhaul of the food industry. Conscious of the link between food and health, they are demanding additional guarantees of quality as well as more information and services. They also expect brands and manufacturers to be more honest and transparent and to fully embrace their social and environmental responsibilities. Given that Fleury Michon is at the forefront of the battle to meet these challenges, the future holds many opportunities.
THE POWER OF A UNIFYING PROJECT

To usher in this period of transformation, we have created an ambitious, unifying corporate project, “Helping people eat better every day”. It is creating a lot of excitement both internally among our employees and externally with our stakeholders, and will guide our future initiatives in 2017 and in subsequent years.

ENSURING THE SUSTAINABILITY OF THE COMPANY

Our objective is to ensure the sustainability of the Group through profitable, lasting and balanced growth. We aim to become the most innovative company and favourite food brand in France so we can consolidate our leadership in the Supermarkets segment. To reach our goals, we will dedicate a large proportion of our resources to innovation and sounding out new markets. At the same time, we will continue to speed up the development of International Operations and Sales and Services, which have strong potential. Organic, profitable growth will be a priority, with a minimum target growth rate of 6% per year as from 2018. In addition, we will be open to making acquisitions to expand our growth platforms.

A NEW ORGANISATIONAL STRUCTURE BETTER ADAPTED TO FUTURE CHALLENGES

We began setting up a new organisational structure in 2016 in order to adapt our resources and focus our efforts on ensuring future success. Leaner and flatter, our new organisation should improve our efficiency by increasing cohesiveness, responsiveness, savings and resources dedicated to innovation. This is a necessary, essential change, which will meet the expectations of our clients and consumers and provides us with a wealth of opportunities for future growth.

As we face this demanding environment, I would like to extend my deepest gratitude to the Group’s teams for their commitment to taking up the Eating Better cause and for their support as we adapt and together prepare ourselves to meet the challenges ahead. I would also like to thank everyone who took up the opportunity to discuss their work and commitment to the project for this annual report.

Lastly, I want to thank our clients, consumers, partners and investors who, through their loyalty and close involvement, are essential stakeholders in this joint project.

Grégoire Gonnord
Chairman of the Board of Directors

“We aim to become the most innovative company and favourite food brand in France.”

“We began setting up a new organisational structure in 2016 in order to adapt our resources and focus our efforts on ensuring future success.”
THE BOARD OF DIRECTORS
AT 23 MAY 2017*

BALANCED AND OUTWARD-LOOKING

Family directors
Philippe Magdelénat
Geneviève Gonnord
Hervé Gonnord
Claire Gonnord

Grégoire Gonnord
Chairman

Independent directors
Nadine Deswasière
International marketing, corporate social responsibility
Pierre Jourdain
Finance, risk management, mergers and acquisitions
Nicolas Le Chatelier
Joint-venture projects, marketing, sales, international development
Christine Mondollet
Mass retailing, strategy, marketing, international development

Directors representing employee shareholders
Vincent Roquebert
Olivier Fuzeau

* Subject to shareholder approval of the resolutions put to the General Meeting of 23 May 2017
THE BOARD OF DIRECTORS

THREE TYPES OF DIRECTORS

- Directors representing the founding family shareholders;
- Directors representing employee shareholders;
- Independent directors with a diverse range of skills and experience.

The Board of Directors, which met five times in 2016, carries out its duties in accordance with a set of internal rules and procedures.

“Independent members on the Board help keep the focus on combining good management with security and sustainability”

THREE DEDICATED COMMITTEES

Three dedicated committees enhance the Board of Directors’ operating methods and assist with the decision-making process.

- **CSR Committee**
  Nadine Deswasière (*Chair*), Geneviève Gonnord, Olivier Fuzeau, Vincent Roquebert.
  The CSR Committee is responsible for helping to define CSR policy, recommending areas for action and deployment, reviewing and validating objectives, tracking initiatives and ensuring that they are properly implemented, and suggesting focus areas for communication with outside audiences. The committee met twice in 2016.

- **Compensation and Appointments Committee**
  Nicolas Le Chatelier (*Chairman*), Christine Mondolot.
  The Compensation and Appointments Committee reviews and proposes compensation packages for the Company’s executive corporate officers, ensures that senior management compensation is competitive and verifies that succession plans are in place. The committee met twice in 2016.

- **Audit and Risks Committee**
  Pierre Jourdain (*Chairman*), Hervé Gonnord, Philippe Magdelénat.
  The Audit and Risks Committee monitors the effectiveness of systems in place to ensure the reliability of financial information and compliance with accounting standards. It also reviews the Group’s internal audit plan, risk management procedures (risk mapping) and internal control systems.

**Employee shareholders**

Fleury Michon is determined to have long-term employees who are interested in the Company from both a business and a social perspective and who would like to support its development. Thanks to free share plans, all employees will have the opportunity to become shareholders in the Company.

**Shareholder structure at 31 December 2016**

- Public: 26.5%
- Employees: 3.8%
- Treasury shares: 5.4%
- Founding families: 64.3%
EMPLOYEE SHAREHOLDERS, A HALLMARK OF TRUST, OPENNESS AND ENGAGEMENT

Interview
with Olivier Fuzeau and Vincent Roquebert, who have served as employee shareholder representatives for the past two years

What is the make-up of the Board of Directors and what is your role?
The Board of Directors, chaired by Grégoire Gonnord, is made up of 11 members: five directors representing the controlling family who own nearly 65% of the share capital, four independent directors with finance, marketing or other expertise, and two directors representing employee shareholders, namely Vincent Roquebert on behalf of managers, technicians and supervisors, and Olivier Fuzeau on behalf of office staff and manual workers.

We both participated in a ten-day training session for directors at the Audencia business school in Nantes, France, to gain insight into our new responsibilities and learn how to be more effective.

We attend all Board of Directors’ meetings, which are held at least four times a year. In addition, extraordinary meetings may be held if a specific topic warrants it. The Board occasionally meets away from corporate headquarters at one of the Group’s sites to be closer to the teams and production facilities, which helps us get to know them better. Recently, for example, we visited the new Cambrai plant.

Our role is to participate in the Board’s decision-making and contribute our unique perspective as directors representing employee shareholders.

How are Board meetings conducted?
Before the meeting, the directors review reports to get up to speed on the latest business developments. Based on this information and our knowledge of the Company, we ask Executive Management additional questions and offer our thoughts on current and future developments. These constructive exchanges allow each member to form an opinion on the various topics covered.

“We this mutual trust will help the Company tap into its strengths to advance its motivating corporate project.”

What is the Company’s outlook?
The controlling family is extremely confident about Fleury Michon’s future. They own a large majority of the capital and aim to develop the Company over the long term through business growth and social progress. That is definitely one of the reasons behind the Company’s sustainability. However, in the short term, we need to increase profitability. It is currently too low to finance our future development and thereby guarantee our independence.

The family also wants all employees to have the opportunity to become Fleury Michon shareholders, which is why a free share plan was created. Employee share ownership sends a strong signal that employees, through greater engagement in Fleury Michon, share Executive Management’s sense of belonging and confidence in the Company’s future.

This shared confidence will support the Company’s continued development over the long term and help it harness all the energy at its disposal in the drive to “help people eat better every day”.

Olivier Fuzeau and Vincent Roquebert
Directors representing employee shareholders
IN ADDITION TO BALANCING THE ROLES OF THE DIFFERENT GOVERNING BODIES, FLEURY MICHON HAS ESTABLISHED FIVE BASIC RULES OF MANAGEMENT:

1. Comply with laws and regulations under all circumstances.
2. Ensure consistency and transparency via governing bodies with clearly defined functions and members.
3. Maintain effective corporate governance structures supported by the necessary resources.
4. Treat shareholders equitably through transparent, straightforward communication based on international standards.
5. Respect the core values underpinning Fleury Michon’s identity: excellence in customer and consumer service, mutual respect, mutual trust, continuous dialogue, sustained focus on the collective interest, and continuous adaptability to change.

BALANCED, OUTWARD-LOOKING CORPORATE GOVERNANCE

The Fleury Michon Group’s corporate governance is dedicated to ensuring that good management and a consistent development strategy produce long-term business growth, a sustainable future for the Company and continued employment. Fleury Michon applies the MiddleNext corporate governance code for mid-caps.

THE RESPECTIVE ROLES OF THE CHIEF EXECUTIVE OFFICER, THE SHCP* STRATEGY COMMITTEE AND THE BOARD OF DIRECTORS ARE DISTINCT YET COMPLEMENTARY

CHIEF EXECUTIVE OFFICER

- Draws up strategic proposals;
- Implements the related decisions.

BOARD OF DIRECTORS

- Makes final decisions on strategy and priority projects;
- Monitors the achievement of results.

SHCP*
lead holding company

- Defines and adopts overarching strategic goals;
- Monitors their implementation;
- Advises Executive Management;
- When needed, obtains the approval of all family shareholders.

*SHCP, the Group’s lead holding company, is made up of Yves Gonnord, Chairman, and Grégoire Gonnord, Chief Executive Officer.
The Strategic Planning Committee

Created at the end of 2016, our new Strategic Planning Committee reflects our determination to adapt our organisation, in particular with regard to implementing strategy, to enhance our agility and openness.

The Strategic Planning Committee is responsible for:
- Determining the Company’s strategic vision in line with its corporate project;
- Ensuring the operational roll-out of the project.

In principle, the committee is made up of permanent members (there are currently five) but managers may also participate if the topics being covered concern them. Strategic Planning Committee members are in charge of coordinating the “Helping people eat better every day” corporate project. The various long-term initiatives underway have a significant influence on employees’ day-to-day work.
OUR PRODUCTS
SLOWDOWN IN THE FRENCH SUPERMARKETS SEGMENT, BUT INTERNATIONAL OPERATIONS AND SALES AND SERVICES ON THE RISE

Following several years of robust growth, Group revenue in 2016 came to €737.8 million, down 2.6%.

A CHANGING ENVIRONMENT FOR FRENCH SUPERMARKETS

The dip in performance in 2016 was due to a 4.4% drop in revenue in the French Supermarkets segment across all markets.

Consumers today have begun to take an interest in the quality of their food, and are asking questions about the production-processing-distribution model that has long operated in France. Such new expectations from consumers are not without consequences, as sales volumes of fast-moving consumer goods hit an all-time low in 2016. This pattern of demand in France is a perfect illustration of people’s need for responsible consumption, where they seek to buy “less but better”. The response from the retail sector has long been to rely on price wars and promotions, causing consumers to take food markets for granted and exacerbating their confusion of what constitutes product quality.

GROWTH IN INTERNATIONAL OPERATIONS AND SALES AND SERVICES

One of the highlights in 2016 was that all of Fleury Michon’s International Operations posted growth, with consolidated businesses expanding by 16.1%*. This performance was driven in particular by the continued development of operations in Canada in airline catering and retail.

The Sales and Services business segment, comprising eat-out, airline catering and delivered meals in particular, reported a 5.1% increase in revenue in 2016. Delivered meals and corporate receptions and buffets are growing fast, driven notably by the solid development of the buffet offering.  

* At constant exchange rates
NET PROFIT STABLE DESPITE LOWER OPERATING PROFIT

Against a backdrop of the ongoing price war among supermarkets, which put pressure on wholesale prices, 2016 was marked by a sharp rise in the cost of certain raw materials and an increase in the proportion of ham sourced from France to support the country’s pork industry and farmers. Our sales agreements made it impossible for us to pass on these price increases to retailers, leading to an erosion of the operating margin in the French Supermarkets business segment. Improvements in the International and Sales and Services segments were not able to offset this decline. However, consolidated net profit remained stable at €16.8 million.

DOWNTURN IN BUSINESS YET FLEURY MICHON STILL MARKET LEADER

Despite these challenges within French Supermarkets, Fleury Michon is still the leading French brand across all its business segments. With 80% of households in France buying its products, Fleury Michon is a favoured food brand among consumers, driving our corporate project to “Help people eat better every day”, which began operational deployment in 2016.

IMPLEMENTING OUR DEVELOPMENT STRATEGY

REORGANISING THE COMPANY TO REFLECT THE CHALLENGES AND SCOPE OF OUR PROJECT

Fleury Michon has decided to change the way in which it works, not as a result of a challenging year, but rather to adapt to a deep-rooted change in society and consumer habits. Consequently, we have reorganised the business to better pool our strengths, strengthen cohesion and ensure consistency. The most significant changes include:

- Setting up a Strategic Planning Committee, flexible and open to operating managers and in charge of monitoring and supporting the implementation of strategic projects;
- Ensuring a shorter, more reactive chain of command;

We are fully confident in our outlook for 2017, during which Fleury Michon will pursue and intensify the deployment of its project of “Helping people eat better every day”. We intend for every one of our products to have a positive impact on consumers’ health. To do so, we will step up our work on the J’aime, Organic, Label Rouge and Bleu-Blanc-Coeur sourcing channels. We will increase our “Côté végétal” range, which offers an alternative to consumers seeking to reduce their meat intake. And we will more effectively inform consumers about our commitments and innovations through transparent, honest communication.

"In 2017, Fleury Michon will pursue and intensify the deployment of its project of ‘Helping people eat better every day’.”

Furthermore, we will propose a new layout for self-service supermarket aisles to our retail clients to better meet consumer expectations. In the French Supermarkets segment, we will also offer a range of solutions with related services. In addition, we intend to develop our range of convenience foods to cater to expectations for freshness, quality and practicality in city centres.

Driven by the momentum generated by our project and its roll-out, we are maintaining our medium-term growth ambitions, both in France and abroad, as we are operating in a perfect time for growth opportunities and innovation.

Régis Lebrun
Chief Executive Officer
OUR PRODUCTS

FRENCH SUPERMARKETS

Interview with Gérard Chambet and Nicolas Ouziel

How would you sum up the past year?

Gérard Chambet: 2016 was a challenging year for Fleury Michon’s French Supermarkets segment. Demand was stagnant, pushing retailers to continue their price wars. At the same time, we witnessed unprecedented increases in the cost of raw materials. These factors impacted our business and led to a fall in both revenue and operating profit.

Nicolas Ouziel: 2016 was a year in which we stepped up our transformation, in terms of clients, consumers, and distribution channels. Growth in fast-moving consumer goods is slowing and consumers are looking for products they can trust. However, supermarket price wars are not the way forward. Consumers haven’t disappeared, they’re simply looking for products of a higher standard.

G.C.: Our project has led to a reorganisation within the Group. We have created a business segment that combines operations under French Supermarkets. This makes it possible for us to be more effective, reactive and cost-efficient. One of our priorities has been to champion Eating Better, not only within certain categories, but across all our products, as with the “Côté végétal” range, for example. Our position as market leader in fresh, self-service meal solutions helps maximise the impact we can have.

What is the outlook for 2017 and beyond?

N.O.: We aim to achieve profitable, sustainable growth, in line with the goals of our project. Our ambition is driven by our brand, which we intend to make the Eating Better benchmark for consumers. Our structure and strong positions boost our competitiveness. When we take up an issue, such as organic, reduced salt or vegetarian food, we are able to easily adapt it across our various product categories. We can rapidly build consumer awareness and reduce our costs.

G.C.: In keeping with the spirit of the project, we are striving to offer new solutions to the retail industry. Self-service supermarket aisles look much the same as they did in the 1980s, but consumers have changed. To improve performance, supermarkets need to change their layout to better meet the expectations of consumers who today tend to make their purchasing decisions while they are actually shopping.

N.O.: We’re proposing a new aisle layout and new focus points that are more in line with Eating Better expectations at the heart of every meal. To implement this change, we are able to leverage the quality of our relationships with retailers and the presence of our experienced, reputed sales and marketing teams.

G.C.: Indeed, our employees’ skills are a huge strength. We are taking all measures to provide support throughout job transformations and to manage change through our GPEC* plan. In 2017, we will also carry out the free share allocation programme for employees. Today, there is a strong sense of pride and belonging among employees. Everyone at Fleury Michon can drive the change needed to make Eating Better a reality.

“I am proud of our project of ‘Helping people eat better every day; we are working to improve the lives of future generations.”

“ I want to be proud when I talk about what I do to my family, our clients and our suppliers.”

CHALLENGES

- PUSHING AHEAD WITH THE INNOVATION STRATEGY
- INTENSIFYING THE SOURCING CHANNEL PROGRAMME
- REORGANISING PRODUCT CATEGORIES AND ADOPTING A LINEAR ORGANISATION BETTER SUITED TO CONSUMER NEEDS

*N.B. GPEC: Strategic workforce planning

Gérard Chambet
Agronomist, 52 years old. After a period working in industry, Gérard headed the Group HR Department and then Fleury Michon’s Prepared Meals subsidiary. He currently manages Operations in the French Supermarkets business segment (Production and HR).

Nicolas Ouziel
Graduate of ESC Lille business school, 42 years old. After working as a sales and marketing expert at Danone and Mars Inc., Nicolas heads Business Development within the French Supermarkets segment (Purchasing, R&D, Marketing, Sales, Health and Sustainable Foods).
OUR PRODUCTS

89% of consumers choose to eat food that will help them stay healthy
Source: Ethicity – May 2016

60% of consumers prefer more natural products
Source: Ethicity – May 2016

68% of people in France take animal well-being into account when choosing what they buy
Source: Ethicity – May 2016

CONTEXT

SLOWDOWN IN FRESH SELF-SERVICE FMCG* CONSUMPTION

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pork ham, flank removed</td>
<td>2.28</td>
<td>2.44</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Surimi</td>
<td>2.00</td>
<td>2.29</td>
<td>+14.5%</td>
</tr>
<tr>
<td>Salmon</td>
<td>11.01</td>
<td>15.08</td>
<td>+37.0%</td>
</tr>
<tr>
<td>Butter</td>
<td>3.02</td>
<td>3.15</td>
<td>+4.3%</td>
</tr>
</tbody>
</table>


Fast-moving consumer goods

OUR PRIORITIES

- Change our organisation to increase cross-functionality and improve consistency and agility;
- Update our product offering to more closely meet Eating Better standards, in particular in terms of health, nutrition, freshness and the environment;
- Ensure our products are available to consumers in the right place at the right time;
- Support our employees through change by ensuring employability;
- Maintain efficient, flexible production facilities that can adapt to new markets and our determination to strengthen our innovative capacity.

PRICE WAR STILL RAGING

Drop in retail prices over the last year of 1.3%
Source: Nielsen – December 2016

INCREASE IN RAW MATERIAL COSTS

<table>
<thead>
<tr>
<th>Raw material</th>
<th>2015 (in € thousands)</th>
<th>2016 (in € thousands)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
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</table>

Source: Listings

NEW EXPECTATIONS IN LINE WITH EATING BETTER

Revenue at 31 December 2016: €625.2m
OUR STRENGTHS

CONSUMER CONFIDENCE

2nd most purchased food brand in France
Source: Kantar Brandskale 2016

80% penetration rate
Source: Kantar 2016

A HOUSEHOLD BRAND

99% aided brand awareness
Source: Viavoice Reputation Awards, March 2017

2nd FMCG brand in terms of reputation in response to the question “Do you have a good opinion of these companies?”
Source: Viavoice Reputation Awards, March 2017

LEADERSHIP POSITION IN OUR HISTORICAL MARKETS

N°1 for pork hams 21.4%
N°1 for healthy pork hams 46.3%
N°1 for poultry cuts 44.0%
N°1 for ready-to-eat charcuterie 42.4%
N°1 for individual prepared meals 30.0%
N°1 for surimi 26.8%
Source: IRI – December 2016

OUR “HELPING PEOPLE EAT BETTER EVERY DAY” PROJECT
Our project provides a corporate vision and gives meaning to the Company. It motivates all our stakeholders and helps the Company to differentiate itself and achieve the objective of becoming France’s favourite brand.

OUR INVOLVEMENT IN SOURCING CHANNELS
18% of our sales are from label-certified products, amounting to 72.6 million consumer units.

OVERALL RANKING

Danone 83%
Fleury Michon 78%
Nespresso 77%
Always 69%
Starbucks 60%
Source: Viavoice Reputation Awards, March 2017
OUR PRODUCTS

INTERNATIONAL OPERATIONS

THE BUSINESS CONTINUES TO GROW AS OPERATING PROFIT MOVES INTO THE BLACK

THREE BUSINESS MODELS

Fleury Michon is developing its International Operations in the fresh self-service market based on three models:
- Consolidated businesses, with a local production site (DDF in Canada, Proconi in Slovenia);
- Joint ventures (PFI in Italy, Platos Tradicionales in Spain);
- Export of products made in France, to Benelux or via a local Fleury Michon subsidiary in Norway and Switzerland.

STEADY GROWTH IN REVENUE

In 2016, combined revenue, based on Fleury Michon’s interest, from consolidated businesses and joint ventures in the International segment totalled €134.9 million, up from a mere €10 million in 2004. Currently, based on Fleury Michon’s interest, the segment accounts for 16% of consolidated revenue.

OPERATING PROFIT ACHIEVED FOR THE FIRST TIME

Along with the uptick in business, operating profit* also improved across all regions, increasing overall from a negative €5.9 million in 2013 to a positive €0.5 million in 2016.

EXTENDING THE INTERNATIONAL REACH OF THE FLEURY MICHON BRAND

A portion of our International Operations is carried out under the Fleury Michon brand, meeting the same standards as in France in terms of quality, safety and innovation. The brand is marketed in eight countries and available to over 300 million consumers.

THE BENEFITS OF CROSS-FUNCTIONALITY

Each country shares its expertise across the Group. For example, teams in France were able to draw on PFI’s experience in the vegetarian market in Italy, while DDFC benefited from France’s expertise in the meal box market. Fleury Michon in Norway took inspiration from the Group’s long-standing collaboration with Joël Robuchon in France to establish a partnership with Norwegian chef, Eyvind Hellstrøm.

EATING BETTER, COUNTRY BY COUNTRY

Over the coming years, we aim to prioritise:
- Adapting our project of “Helping people eat better every day” to the different countries in which we operate, using products suited to local tastes in our core businesses;
- Developing our operations in the high-potential regions of Italy and North America.

* Based on Fleury Michon’s interest excluding intra-group sales

CHALLENGES

- GROWING THE BRAND INTERNATIONALLY
- DEVELOPING THE SELF-SERVICE FRESH PRODUCTS MARKET
- STRENGTHENING THE GROUP’S CROSS-FUNCTIONALITY
FLEURY MICHON’S INTERNATIONAL PRESENCE

OPERATING PROFIT ON THE RISE ACROSS ALL REGIONS

Recurring Operating profit (loss)

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2015-2016 change</th>
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</thead>
<tbody>
<tr>
<td>Norway + Switzerland</td>
<td>-5.9</td>
<td>-4.6</td>
<td>-1.1</td>
<td>0.5</td>
<td>+1.6</td>
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<tr>
<td>Slovenia</td>
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<td>Italy</td>
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<td>Spain</td>
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<tr>
<td>Canada</td>
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Based on Fleury Michon’s interest excluding intra-group sales

REVENUE BASED ON FLEURY MICHON’S INTEREST

€134.9 m +7.8%

Norway + Switzerland
Slovenia
Canada
Italy
Spain

FLEURY MICHON’S INTEREST

Based on Fleury Michon’s interest excluding intra-group sales

* Fleury Michon’s interest

** Late 2006: Acquisition of Delta Dailyfood, based near Montreal. Site expanded in 2008

** 2006: Creation of Platos Tradicionales, a joint venture with Martinez Loriente.

** 2006: Construction and commissioning of a production site.

** 2014: Creation of Fleury Michon Norge

** 2015: Creation of Fleury Michon Suisse

** 2007 to 2009: Acquisition of Proconi

** 2015: Creation of Proconi

** 2011: Acquisition through PFI of Fres.Co, Italy’s leader in fresh prepared meals.
OUR PRODUCTS

SPOTLIGHT ON CANADA GROWTH AND OUTLOOK

Commentary with Pierre Martella

STABILISED SITUATION AND ROBUST BUSINESS GROWTH IN 2016

DDFC joined the Fleury Michon Group in 2006. Located in Rigaud, near Montreal, and equipped with excellent production facilities, DDFC mainly operated in the airline catering market. The journey has been long, and not always easy, due in particular to the turbulence that has hit the aviation industry.

The situation stabilised in 2016 and our teams are proud of their achievements. The company also operates in the fresh prepared meals retail market in Quebec, reporting a significant increase in sales of Fleury Michon-brand products last year. In a market dominated by frozen foods, our products offer genuine benefits to consumers. Sold under the Eating Better banner, they meet stricter nutritional specifications than those set by government standards. We also operate in the frozen food airline catering market, working with three of the five largest airlines in the US and Canada. Year-on-year revenue grew by 18.9%* in 2016.

A WEALTH OF OPPORTUNITIES IN AIRLINE CATERING

Over 850 million people travel by air across North America every year. We have recently confirmed contracts with two additional airlines for 2017, meaning that we now work with the five largest players in the North American market. We are also targeting the Asia-Pacific and Middle Eastern markets, which transport 1.5 billion passengers a year, offering considerable growth potential and demanding high levels of quality.

* At constant exchange rates

“...We have positioned the customer at the heart of our operations, and our prepared meals convey our focus on quality and Eating Better.”

FRESH PREPARED MEALS: A HIGH-GROWTH MARKET WITH RECIPES ADAPTED TO LOCAL TASTES

Representing 360 million consumers, the North American fresh prepared meals market is immense. In terms of prepared meals, buying habits in supermarkets are shifting away from a focus on low prices and frozen food. Expectations of quality and freshness are beginning to emerge, driven by increasing awareness of the impact of diet on health. We are planning to extend our fresh meals business to Ontario and the US. Our recipes are developed here, in Canada, by our chefs and reflect the tastes of local consumers, such as with our range of Asian meal boxes. The “take away” culture is deep rooted, so we are developing a range of protein-rich products in sauce with no side dishes. Our offering includes 35 recipes, which are regularly refreshed. Lastly, we are looking to enter the eat-out sector, through restaurant chain operators and mass and corporate caterers using a flexible model based on quality food and service.

Pierre Martella
General Manager
Delta Dailyfood Canada
DELTA DAILYFOOD
CANADA’S DEVELOPMENT POTENTIAL

ASIA-PACIFIC AND MIDDLE EAST
AIRLINE CATERING POTENTIAL MARKET
1,500 million passengers/year

NORTH AMERICAN DOMESTIC MARKET
AIRLINE CATERING POTENTIAL MARKET
850 million passengers/year

FRESH PREPARED MEALS POTENTIAL MARKET
360 million consumers
SALES AND SERVICES

DRIVING GROWTH AND PIONEERING INNOVATION FOR THE GROUP

- Room Saveurs buffets: new offerings delivered to the workplace, taking the hassle out of organising a delicious, balanced buffet

Breakdown of the Sales and Services business segment by % of revenue

- **Room Saveurs**
  - Revenue up 6.3%
  - 948,000 consumer units
  - New offerings for business events

- **Innovation and Services**
  - Considerable growth in hospital food services of 22%
  - Airline catering
  - Revenue down as a result of a lost client

Innovation and Services is a business unit created in September 2016 employing around 15 people working on five projects:

- Convenience foods
- Healthcare and home services
- INNOVATION & SERVICES
- Airline catering
- Kiosks
- Events catering

* Fleury Michon’s interest

**CHALLENGES**

- SEIZING SHORT SUPPLY CHAIN OPPORTUNITIES
- PROVIDING CONSUMERS WITH WHAT THEY WANT, WHERE THEY WANT IT
- B2B AND B2C

**€57.9m**
Revenue at 31 December 2016, of which €14.3m from other operations
“THERE ARE SO MANY GREAT IDEAS, ESPECIALLY FROM OUR EMPLOYEES”

Interview with Julien Fournier

What does the “New Service Development” business unit do?

Our new business unit, more commonly known as “Innovation and Services”, falls under the Sales and Services business segment. In a company the size of Fleury Michon, the weight of our structures and our culture rooted in expertise and risk aversion can lead to a state of inertia that slows down innovation. In a world where everything is moving at a faster pace, speed of execution and agility are essential, particularly when seeking to respond to rapidly changing consumer habits that tend towards eating better and responsible buying. That is why we have created this business unit, which we intend to use as a “test lab” for the Group.

Our roadmap consists in designing, testing and approving new ranges of products and services earmarked to become strategic segments for the Group. We start by identifying what exactly customers are looking for, both today and in the future, which leads us to thinking more in terms of service, rather than product.

What will the business unit contribute?

All our projects take into account the following objectives:

- Play a part in embodying the “Helping people eat better every day” project;
- Help drive growth for the Group;
- Develop new concepts that satisfy or anticipate changing consumer habits and add a service aspect to these ideas.

We pay great attention to our environment. We monitor the market and are ready to make deals and set up partnerships whenever a project meets our criteria in terms of added value and Eating Better.

How do you work?

We operate like a start-up and enjoy considerable independence. In our quest to find better solutions, we are able to choose who we work with in purchasing, production and supply chain, always with an eye on investment efficiency. We don’t have to work with Fleury Michon if there are third party solutions that better suit our needs or are easier to implement.

We favour speed and efficiency in developing and testing our products in the market. The final stage involves “modelling” each activity before rolling it out on a greater scale. The key to our success lies in the dedication and motivation of our team and our ability to question and move beyond our standard way of working to give more meaning to our work.

How would you sum up the past year?

2016 was the year in which our business unit was set up. In concrete terms, we pulled together a team of around 15 people, who were operational in the last four months of the year. We also set out a framework for our work and begun implementing five strategic projects (see graph opposite). Each project is run by a multidisciplinary team of between two and five people, who enjoy considerable autonomy.

What is the outlook for 2017 and beyond?

Our long-term goal is to create new, profitable and sustainable operations for the Group by experimenting with new methods. We want to create momentum and inject a breath of fresh air into the Group. The projects we develop will lead to the creation of new brands to drive Eating Better and, in the long run, enhance the reputation of the Fleury Michon Group and brand.

In the short-term, we are looking to turn our projects into reality and quickly test them against the realities of the market. We also hope to encourage cross-functional working and knowledge transfer among the Group’s various entities.

“In a world where everything is moving at a faster pace, speed of execution and agility are essential.”
OUR RESULTS
DECLINE IN REVENUE
In 2016, Fleury Michon’s revenue fell by 2.6% year on year. The French Supermarkets segment retreated by 4.4%, against a backdrop of low consumption and a promotional war among retailers. International Operations generated positive momentum, with revenue up 13.5% as reported (16.1% at constant exchange rates) for Canada, Slovenia and export activities (fully consolidated), 1% for Spain and 5% for Italy. Sales and Services also turned in a positive performance, growing by 5% year on year.

OPERATING PROFIT AND NET PROFIT
On the back of the drop in revenue, the Group reported lower operating profit in 2016. This performance reflected unfavourable conditions in the French Supermarket segment, which had to contend with strong competition among supermarkets and hypermarkets, rising supply costs (pork ham up 7%, salmon up 37%), and an increase in the proportion of ham sourced from France to support the French pork industry. Improved operating margin in International Operations and Sales and Services was not sufficient to offset the segment’s decline in revenue.

Net profit totalled €16.8 million, with a net margin corresponding to 2.3% of revenue, compared with 2.2% of revenue in 2015.

FINANCIAL POSITION
The Group’s financial position remained robust, thanks to a continued reduction in net debt, which stood at €54.1 million at 31 December 2016, down from €58.9 million at end-2015 and €60.5 million at end-2014. Equity stood at €221.7 million at end-2016, up 6% year on year. This performance drove an improvement in the gearing ratio, to 24.4%.

At the Annual General Meeting of 23 May 2017, shareholders will therefore be asked to approve a dividend of €1.10.

A STRATEGY ALIGNED WITH OUR CORPORATE SOCIAL RESPONSIBILITY
The Finance Department plays an active role in fulfilling the Group’s commitment to corporate social responsibility (CSR).

In line with its objectives, the Fleury Michon Group is committed to responsible tax management, adopting a transparent policy that is fully aligned with its CSR strategy.

As a good corporate citizen, the Group is dedicated to meeting its responsibilities by upholding the law and, especially, by making sure it contributes its fair share to the development of the countries in which it operates. Taxes paid by Fleury Michon contribute to the development of host countries and help maintain a stable economic environment, where everyone, including Fleury Michon, benefits from quality public services – in health, education, safety, transport and other areas.

CONFIDENCE IN THE FUTURE
We have begun major work as part of our Project, which is expected to have a positive impact on revenue and net profit by 2018, in particular via:

- Our competitiveness plan, which involves reorganising our operations;
- Operational roll-out of the Project, geared towards innovation, health and sourcing channels;
- Improved margins, by optimising our raw materials purchasing policy and our sales policy for retail partners.

Jean-Louis Roy
Senior Vice President, Administration and Finance

TAXATION AND CSR

<table>
<thead>
<tr>
<th>ILLEGAL</th>
<th>LEGAL</th>
<th>OPTIMISED</th>
<th>RESPONSIBLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Illega icon] Tax evasion</td>
<td>![Legal icon] Tax avoidance</td>
<td>![Optimised icon] Tax optimisation</td>
<td>![Responsible icon] Responsible taxation</td>
</tr>
<tr>
<td>Illegal action to subvert a tax system to avoid paying taxes to the government.</td>
<td>The use of technically legal means to exploit tax loopholes in order to reduce the amount of tax payable in a situation where normally no one is exempt from paying taxes. (In most cases this involves transferring all or part of one’s wealth or business to another country that has a more fiscally advantageous regime).</td>
<td>The use of legal means by a company to lessen its tax burden, with no intention to avoid taxes.</td>
<td>The payment of taxes by a company to contribute to the development of the countries in which it operates and to help maintain a stable economic environment, where everyone, including the company, benefits from quality public services – in health, education, safety, transport and other areas.</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION
**At 31 December 2016 – IFRS**

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>49,274</td>
<td>48,927</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,034</td>
<td>3,819</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>206,914</td>
<td>211,448</td>
</tr>
<tr>
<td>Non-current financial assets</td>
<td>15,501</td>
<td>15,741</td>
</tr>
<tr>
<td>Investments in equity-accounted companies</td>
<td>17,464</td>
<td>16,419</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,439</td>
<td>1,323</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>615,994</td>
<td>568,420</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories and work in progress</td>
<td>65,203</td>
<td>59,568</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>83,012</td>
<td>82,732</td>
</tr>
<tr>
<td>Other receivables</td>
<td>22,252</td>
<td>27,505</td>
</tr>
<tr>
<td>Current financial assets</td>
<td>150,331</td>
<td>100,452</td>
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<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>321,367</td>
<td>270,743</td>
</tr>
</tbody>
</table>

#### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSOLIDATED EQUITY</strong></td>
<td>221,715</td>
<td>209,226</td>
</tr>
<tr>
<td>Share capital</td>
<td>13,383</td>
<td>13,383</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>13,590</td>
<td>13,590</td>
</tr>
<tr>
<td>Reserves and retained earnings</td>
<td>177,900</td>
<td>165,151</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>16,813</td>
<td>17,070</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>29</td>
<td>33</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td>147,373</td>
<td>156,051</td>
</tr>
<tr>
<td>Long-term provisions</td>
<td>29,101</td>
<td>25,544</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>206,914</td>
<td>211,448</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>1,439</td>
<td>1,323</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>1,439</td>
<td>1,323</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td>246,906</td>
<td>203,143</td>
</tr>
<tr>
<td>Short-term provisions</td>
<td>6,730</td>
<td>5,044</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>97,474</td>
<td>41,570</td>
</tr>
<tr>
<td>Trade payables</td>
<td>77,623</td>
<td>87,484</td>
</tr>
<tr>
<td>Other payables</td>
<td>65,079</td>
<td>69,045</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>615,994</td>
<td>568,420</td>
</tr>
</tbody>
</table>
## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016 – IFRS

<table>
<thead>
<tr>
<th>In € thousands</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>737,825</td>
<td>757,592</td>
</tr>
<tr>
<td>Materials cost of sales</td>
<td>-382,354</td>
<td>-387,233</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>-174,075</td>
<td>-179,899</td>
</tr>
<tr>
<td>External costs and other operating income and expenses – net</td>
<td>-111,633</td>
<td>-115,824</td>
</tr>
<tr>
<td>Taxes other than on income</td>
<td>-14,579</td>
<td>-14,357</td>
</tr>
<tr>
<td>Depreciation, amortisation and provisions</td>
<td>-30,983</td>
<td>-31,676</td>
</tr>
<tr>
<td><strong>RECURRING OPERATING PROFIT</strong></td>
<td>24,201</td>
<td>28,602</td>
</tr>
<tr>
<td>Other operating income and expenses – net</td>
<td>-2,588</td>
<td>0</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>21,612</td>
<td>28,602</td>
</tr>
<tr>
<td>Income from cash and cash equivalents</td>
<td>2,144</td>
<td>1,990</td>
</tr>
<tr>
<td>Finance costs – gross</td>
<td>-2,960</td>
<td>-3,073</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>-816</td>
<td>1,082</td>
</tr>
<tr>
<td>Other financial income and expenses – net</td>
<td>78</td>
<td>-503</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-6,056</td>
<td>-10,963</td>
</tr>
<tr>
<td>Share in profits and losses of equity-accounted companies</td>
<td>1,991</td>
<td>985</td>
</tr>
<tr>
<td><strong>CONSOLIDATED NET PROFIT</strong></td>
<td>16,809</td>
<td>17,039</td>
</tr>
<tr>
<td>Net profit attributable to owners of the parent</td>
<td>16,813</td>
<td>17,070</td>
</tr>
<tr>
<td>Net profit attributable to non-controlling interests</td>
<td>-4</td>
<td>-31</td>
</tr>
<tr>
<td>Earnings per share (in €)</td>
<td>3.83</td>
<td>3.89</td>
</tr>
<tr>
<td>Earnings per share excluding treasury shares (in €)</td>
<td>4.05</td>
<td>4.12</td>
</tr>
</tbody>
</table>
KEY RATIOS
AT 31 DECEMBER 2016 – IFRS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>After-tax ROCE (Return on capital employed)</td>
<td>5.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Recurring operating margin after income tax</td>
<td>2.02%</td>
<td>2.06%</td>
</tr>
<tr>
<td>Asset turnover</td>
<td>2.61</td>
<td>2.79</td>
</tr>
<tr>
<td>ROE (Return on equity)</td>
<td>7.6%</td>
<td>8.1%</td>
</tr>
<tr>
<td>EPS (Earnings per share)</td>
<td>3.83</td>
<td>3.88</td>
</tr>
<tr>
<td>PER (Price earnings ratio, at closing share price on 31 December 2016)</td>
<td>16.81</td>
<td>16.47</td>
</tr>
</tbody>
</table>

STATEMENT OF COMPREHENSIVE INCOME
AT 31 DECEMBER 2016 – IFRS

In € thousands

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSOLIDATED NET PROFIT</td>
<td>16,809</td>
<td>17,039</td>
</tr>
<tr>
<td>+/- Effect of translating foreign operations</td>
<td>1,627</td>
<td>-1,974</td>
</tr>
<tr>
<td>+/- Fair value adjustments to cash flow hedges</td>
<td>746</td>
<td>264</td>
</tr>
<tr>
<td>+/- Fair value adjustments to available-for-sale financial assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>+/- Share of other comprehensive income of equity-accounted companies</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>+/- Taxes on other comprehensive income</td>
<td>-1,022</td>
<td>846</td>
</tr>
<tr>
<td>OTHER COMPREHENSIVE INCOME (LOSS) RECLASSIFIED SUBSEQUENTLY TO PROFIT</td>
<td>1,354</td>
<td>-840</td>
</tr>
<tr>
<td>+/- Actuarial gains and losses on defined benefit pension plans</td>
<td>-2,701</td>
<td>2,911</td>
</tr>
<tr>
<td>+/- Share of other comprehensive income of equity-accounted companies</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>+/- Taxes on other comprehensive income</td>
<td>930</td>
<td>-1,106</td>
</tr>
<tr>
<td>OTHER COMPREHENSIVE INCOME (LOSS) NOT RECLASSIFIED SUBSEQUENTLY TO PROFIT</td>
<td>-1,771</td>
<td>1,809</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>-417</td>
<td>969</td>
</tr>
<tr>
<td>COMPREHENSIVE INCOME</td>
<td>16,392</td>
<td>18,008</td>
</tr>
<tr>
<td>Attributable to owners of the parent</td>
<td>16,396</td>
<td>18,033</td>
</tr>
<tr>
<td>Attributable to non-controlling interests</td>
<td>-4</td>
<td>-26</td>
</tr>
</tbody>
</table>
# Statement of Cash Flows

For the Year Ended 31 December 2016 – IFRS

<table>
<thead>
<tr>
<th>In € thousands</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net profit</td>
<td>16,809</td>
<td>17,039</td>
</tr>
<tr>
<td>Depreciation, amortisation and provisions</td>
<td>32,859</td>
<td>29,067</td>
</tr>
<tr>
<td>Other non-cash income and expense items</td>
<td>661</td>
<td>1,328</td>
</tr>
<tr>
<td>Net (gains) and losses on disposals of assets</td>
<td>271</td>
<td>1,357</td>
</tr>
<tr>
<td>Share in profits and losses of equity-accounted companies</td>
<td>-1,991</td>
<td>-985</td>
</tr>
<tr>
<td><strong>Cash flow after net finance costs and income tax expense</strong></td>
<td><strong>48,608</strong></td>
<td><strong>47,806</strong></td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>816</td>
<td>1,082</td>
</tr>
<tr>
<td>Income tax expense (including deferred taxes)</td>
<td>6,056</td>
<td>10,963</td>
</tr>
<tr>
<td><strong>Cash flow before net finance costs and income tax expense</strong></td>
<td><strong>55,480</strong></td>
<td><strong>59,851</strong></td>
</tr>
<tr>
<td>Share in profits and losses of equity-accounted companies</td>
<td>-1,991</td>
<td>-985</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td><strong>35,208</strong></td>
<td><strong>43,370</strong></td>
</tr>
<tr>
<td>Effect of changes in Group structure</td>
<td>-10</td>
<td>-326</td>
</tr>
<tr>
<td><strong>NET CASH USED BY INVESTING ACTIVITIES</strong></td>
<td><strong>-23,141</strong></td>
<td><strong>-35,494</strong></td>
</tr>
<tr>
<td>Acquisitions of property, plant and equipment and intangible assets</td>
<td>-24,399</td>
<td>-34,576</td>
</tr>
<tr>
<td>Proceeds from the disposal of property, plant and equipment and intangible assets</td>
<td>26</td>
<td>56</td>
</tr>
<tr>
<td>Acquisitions of financial assets</td>
<td>-48</td>
<td>-2,511</td>
</tr>
<tr>
<td>Proceeds from the disposal of financial assets</td>
<td>340</td>
<td>913</td>
</tr>
<tr>
<td>Dividends from equity-accounted companies</td>
<td>950</td>
<td>950</td>
</tr>
<tr>
<td>Effect of changes in Group structure</td>
<td>-10</td>
<td>-326</td>
</tr>
<tr>
<td><strong>NET CASH FROM INVESTING ACTIVITIES</strong></td>
<td><strong>27,020</strong></td>
<td><strong>10,202</strong></td>
</tr>
<tr>
<td>Purchases and sales of treasury shares – net</td>
<td>30</td>
<td>-2</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-4,976</td>
<td>-4,976</td>
</tr>
<tr>
<td>Issue of subscription warrants</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Proceeds from new borrowings</td>
<td>24,819</td>
<td>32,715</td>
</tr>
<tr>
<td>Repayments of borrowings (including finance leases)</td>
<td>-37,120</td>
<td>-36,449</td>
</tr>
<tr>
<td>Interest paid – net</td>
<td>-816</td>
<td>-1,082</td>
</tr>
<tr>
<td>Other cash flows from (used by) financing activities(1)</td>
<td>45,082</td>
<td>-407</td>
</tr>
<tr>
<td><strong>NET CASH FROM (USED BY) FINANCING ACTIVITIES</strong></td>
<td><strong>27,020</strong></td>
<td><strong>10,202</strong></td>
</tr>
<tr>
<td>+/- Impact of changes in exchange rates</td>
<td>-106</td>
<td>259</td>
</tr>
<tr>
<td><strong>CHANGE IN CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>38,980</strong></td>
<td><strong>-2,067</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>94,631</td>
<td>96,698</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>133,611</td>
<td>94,631</td>
</tr>
</tbody>
</table>

(1) In 2016, Fleury Michon implemented a trade receivables securitisation programme, from which it had obtained €45.1 million in financing at 31 December 2016.
# Statement of Changes in Equity

## At 31 December 2016 – IFRS

<table>
<thead>
<tr>
<th>In € thousands</th>
<th>Share capital</th>
<th>Additional paid-in capital</th>
<th>Treasury shares</th>
<th>Reserves and retained earnings</th>
<th>Equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AT 1 JANUARY 2015</strong></td>
<td>13,383</td>
<td>13,590</td>
<td>-6,937</td>
<td>175,316</td>
<td>195,352</td>
<td>-117</td>
<td>195,235</td>
</tr>
<tr>
<td>Consolidated net profit</td>
<td></td>
<td></td>
<td></td>
<td>17,070</td>
<td>17,070</td>
<td>-31</td>
<td>17,039</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td>964</td>
<td>964</td>
<td>5</td>
<td>969</td>
</tr>
<tr>
<td><strong>NET COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td>18,034</td>
<td>18,034</td>
<td>-26</td>
<td>18,008</td>
</tr>
<tr>
<td>Capital transactions</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>IFRS 2 share-based payments (1)</td>
<td></td>
<td></td>
<td></td>
<td>962</td>
<td>962</td>
<td></td>
<td>962</td>
</tr>
<tr>
<td>Purchases and sales of treasury shares</td>
<td></td>
<td></td>
<td></td>
<td>-6</td>
<td>3</td>
<td>-4</td>
<td>-4</td>
</tr>
<tr>
<td>Dividends paid during the year</td>
<td></td>
<td></td>
<td></td>
<td>-4,976</td>
<td>-4,976</td>
<td></td>
<td>-4,976</td>
</tr>
<tr>
<td>Other movements</td>
<td></td>
<td></td>
<td></td>
<td>-176</td>
<td>-176</td>
<td>176</td>
<td>0</td>
</tr>
<tr>
<td><strong>AT 31 DECEMBER 2015 (AS REPORTED)</strong></td>
<td>13,383</td>
<td>13,590</td>
<td>-6,943</td>
<td>189,163</td>
<td>209,192</td>
<td>33</td>
<td>209,226</td>
</tr>
<tr>
<td>Consolidated net profit</td>
<td></td>
<td></td>
<td></td>
<td>16,813</td>
<td>16,813</td>
<td>-4</td>
<td>16,809</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td></td>
<td></td>
<td></td>
<td>-417</td>
<td>-417</td>
<td></td>
<td>-417</td>
</tr>
<tr>
<td><strong>NET COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td>16,396</td>
<td>16,396</td>
<td>-4</td>
<td>16,392</td>
</tr>
<tr>
<td>Capital transactions</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>IFRS 2 share-based payments (1)</td>
<td></td>
<td></td>
<td></td>
<td>985</td>
<td>985</td>
<td></td>
<td>985</td>
</tr>
<tr>
<td>Purchases and sales of treasury shares</td>
<td></td>
<td></td>
<td></td>
<td>94</td>
<td>3</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Dividends paid during the year</td>
<td></td>
<td></td>
<td></td>
<td>-4,976</td>
<td>-4,976</td>
<td></td>
<td>-4,976</td>
</tr>
<tr>
<td>Other movements</td>
<td></td>
<td></td>
<td></td>
<td>-10</td>
<td>-10</td>
<td></td>
<td>-10</td>
</tr>
<tr>
<td><strong>AT 31 DECEMBER 2016</strong></td>
<td>13,383</td>
<td>13,590</td>
<td>-6,849</td>
<td>201,562</td>
<td>221,686</td>
<td>29</td>
<td>221,715</td>
</tr>
</tbody>
</table>

(1) Distribution of free shares and performance shares to Group employees and senior managers (EGM of 11 February 2013).
CAPITAL EXPENDITURE
IN € MILLIONS OR AS A % OF TOTAL REVENUE

3.4% of revenue
2017

CALENDAR OF UPCOMING EVENTS

- **16 JANUARY 2017**
  Publication of the *Manifeste pour le Manger Mieux*, testimonials from active proponents of the Eating Better project to lay the foundation for a new production, processing, distribution and consumption model. Available (in French) in bookshops.

- **10-11 MARCH 2017**
  A public Eating Better event
  Organisation of a major public event devoted to eating better in Chantonnay en Vendée, France. The various players involved in the movement to produce better, process better, distribute better and consume better were given the opportunity to share their insights into how everyone can contribute to eating better and enjoy the benefits.

- **5 APRIL 2017**
  Press release on the 2016 annual results and first-quarter 2017 revenue.

- **27 APRIL 2017**
  Publication of the 2016 Registration Document and CSR Report.

- **23 MAY 2017**
  Publication of Part 2 of the Fleury Michon Annual Report.

- **JUNE TO SEPT. 2017**
  Visit of the Pouzauges sites,
  an opportunity to see how our plants operate and the work carried out by our chefs in collaboration with producers to enable consumers to eat better.

INVESTOR SCORECARD

SHARE PERFORMANCE

Fleury Michon share performance versus CAC Mid & Small – January to December 2016

Monthly trading volume from January to December 2016

4,387,757
SHARES OUTSTANDING AT 31 DECEMBER 2016

€1.10
PROPOSED DIVIDEND TO BE SUBMITTED TO SHAREHOLDERS FOR APPROVAL AT THE ANNUAL GENERAL MEETING OF 23 MAY 2017

Find all our reports online at www.fleurymichon.fr

For any requests relating to financial information, please email: infos.finances@fleurymichon.fr
To protect the environment, this report was printed on PEFC-certified paper made from pulp sourced from sustainably managed forests.

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Founded in 1905, Fleury Michon is a medium-sized, independent, family-owned company with an international outlook and one of France’s leading food brands.

We prepare fresh ready meals for every day to meet the needs of consumers looking for healthy, practical and enjoyable foods.

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-minded 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.