



Fromageries Bel Banks & Investors Meeting

2018 annual results

*Suresnes,
April 3rd, 2019
10 : 00 am*



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FORWARD LOOKING STATEMENT

- This document includes a brief historical review (2012 – 2018). It contains certain forward-looking statements concerning BEL. The statements are not undertakings as to the future performance of the Bel Group. Although BEL believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the section "Risk Factors" in BEL's Annual Report (which is available in French version on www.groupe-bel.com).
- BEL undertakes no obligation to publicly update or revise any of these forward-looking statements.



Frédéric Médard

*Executive Vice President
Finance, Legal Affairs & Information Systems*

Joined the Group in 2018



Sylviane Bengué

Group Financial Controller

Joined the Group in 2004



Benoit Rousseau

Group Treasury & Insurances Director

Joined the Group in 2004





STRATEGY





A NEW COMEX: SMALLER, FOR MORE AGILITY AND EFFICIENCY



Antoine
Fiévet

CHAIRMAN & CEO



Cecile
Béliot

EXECUTIVE VICE PRESIDENT
Strategy Growth Levers & Markets



Frédéric
Médard

EXECUTIVE VICE PRESIDENT
Finance, Legal Affairs &
Information Systems



William
Ledger

EXECUTIVE VICE PRESIDENT
Industrial Operations



Guillaume
Jouët

EXECUTIVE VICE PRESIDENT
Human Resources, Corporate Social
Responsibility & Communications



Eric
de Poncins

EXECUTIVE VICE PRESIDENT
Strategic, Partnerships
& New Geographies





FOOD MARKET IS HIGHLY CHALLENGED IN VALUE, BUT SNACKING IS GROWING

2018 GROWTH

Source: EUROMONITOR - world

	Volume	Value
FOOD	+1.9%	-1.5%
Cheese	+1.6%	-2.3%
Processed cheese	+0.6%	-3.0%
Processed fruit	+1.5%	-2.0%
Fruit snack	+2.4%	1.1%

2013 – 2018 SEGMENT VALUE GROWTH

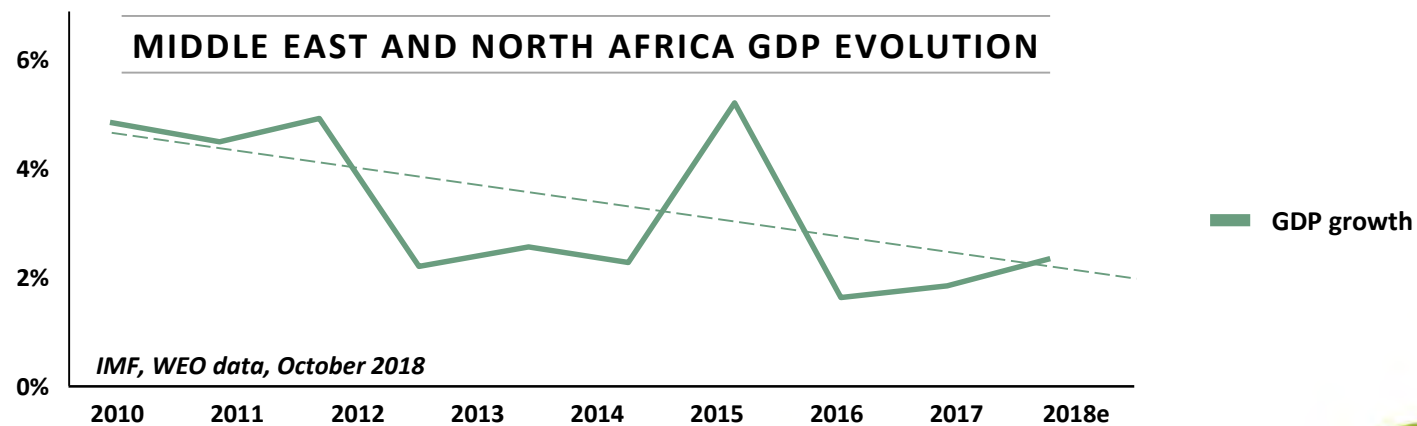
Source: EUROMONITOR - EU - US CAGR 13-18



CAGR: compound annual growth rate



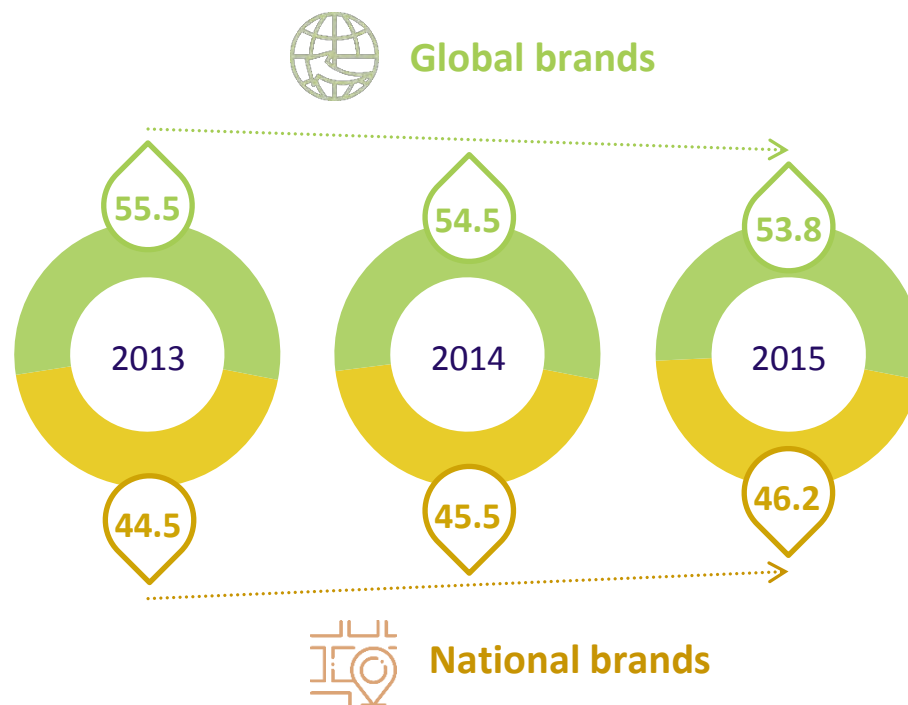
CONTINUOUS HIGH RAW MATERIAL PRICES AND SLOWDOWN OF MENA GROWTH





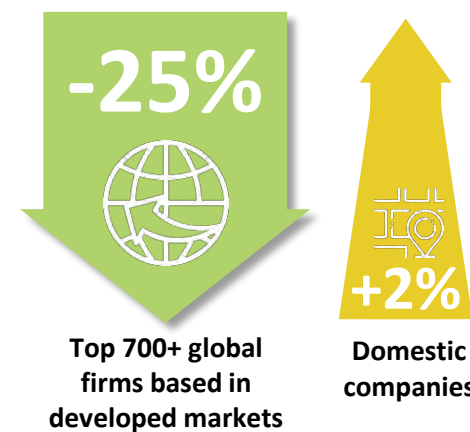
OUR BUSINESS MODEL IS BEING CHALLENGED

FMCG AGGREGATE GLOBAL SOM



ILLUSTRATIVE OF TOPLINE GROWTH CHALLENGE

FTSE – **profits** in 5 years prior to 2017



WE ARE DISRUPTED BY SMALL PLAYERS

Sources: Kantar World panel Brand Footprint Report 2016



OUR VISION

BE RECOGNISED AS THE MOST INNOVATIVE AND RESPONSIBLE PLAYER OF HEALTHIER SNACKS AND MEAL SOLUTIONS

IN A GLOBAL WORLD OF DISRUPTION, POSITIVE BRANDS DRIVE...



PURPOSE



RELEVANCE



DIFFERENTIATION



ENGAGEMENT

**... MEANINGFUL CONNECTIONS THAT CREATE BRAND LOYALTY FOR
CONSUMERS – CUSTOMERS – EMPLOYEES**





OUR MISSION

TO CHAMPION HEALTHIER AND RESPONSIBLE FOOD FOR ALL



MORE PEOPLE

- For more consumers
- For our employees and stakeholders in our ecosystem



MORE MOMENTS

- More occasions - snacks, meals solutions
- At home & on the go, ambient and fresh



MORE PLACES

- New geographies
- New channels and touchpoints

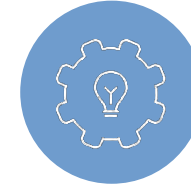
A MISSION WHICH CREATES VALUE FOR ALL



AN EXEMPLARY GROWTH MODEL BASED ON FOUR STRATEGIC PILLARS



Build
POSITIVE BRANDS



Accelerate
POSITIVE INNOVATION



Crack
NEW GEOGRAPHIES



Adapt to the
RETAIL OF THE FUTURE



OUR BRANDS WILL SHOW THEIR HIGHER PURPOSE



Build
POSITIVE BRANDS

DELICIOUS FOOD THAT IS UNIQUE, HEALTHIER & MORE RESPONSIBLE

PLAYING FIELD

Healthier snacks and meal solutions

PURPOSEFUL BRANDS

Ensure communication and products reflect the higher brand purpose

PORTFOLIO STRATEGY

Maximize growth by defining distinct territories by brand

NOUVEAU Mini Babybel® BIO
Nature, nature... Dis-moi qui est le plus bio ?



Découvrez le nouveau Mini Babybel® Bio. C'est un fromage fait à partir de bon lait biologique français, issu de vaches élevées librement en pâturage*. Ce bon lait, on prend le temps de le faire cailler, on le presse, on le moule, on le sale dans les règles de l'art, avant de le faire mûrir. Et comme toujours, sans aucun ajout d'additifs ni de conservateurs. Pour plus d'informations, rendez-vous sur ribambel.com/babybelbio.
*Les vaches ont accès aux pâturages dès que les conditions climatiques et l'état du sol le permettent, conformément au règlement UE n° 834/2007, Art. 14.1

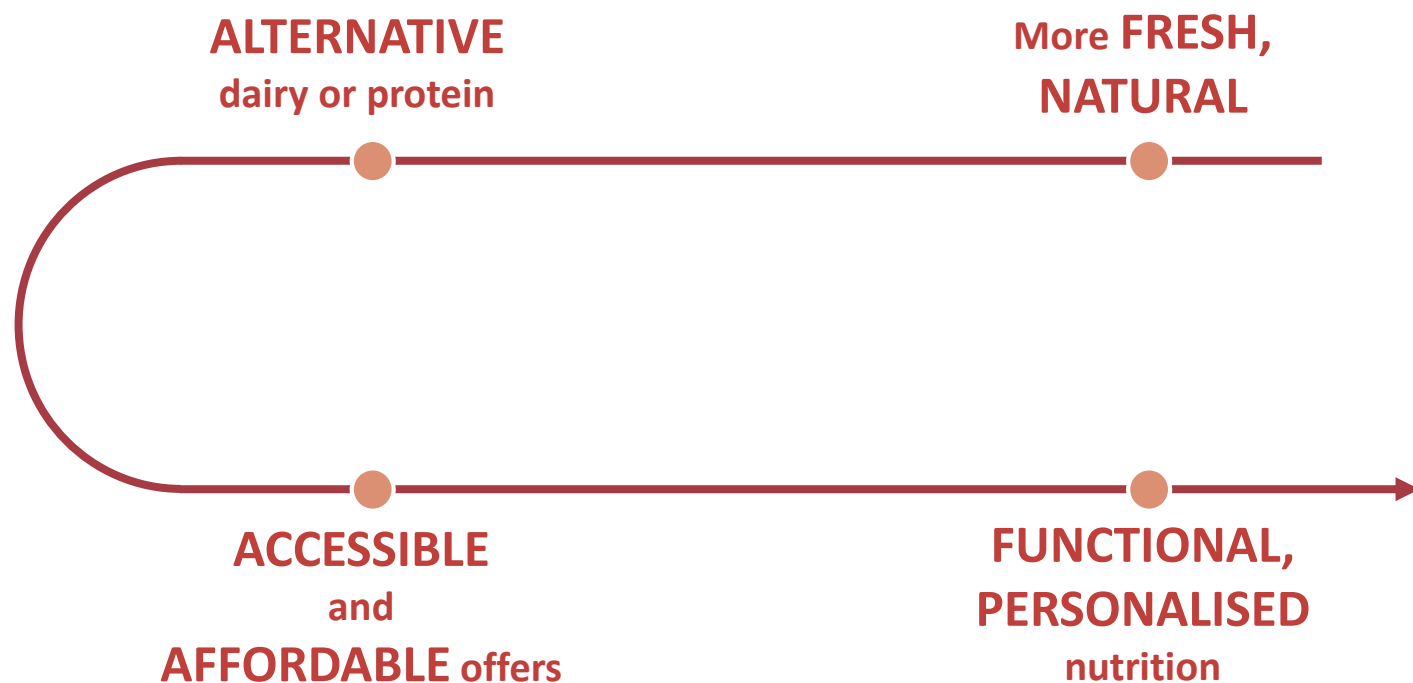


DRIVE GROWTH THROUGH ACCELERATED POSITIVE INNOVATION



Accelerate
POSITIVE INNOVATION

CAPITALISING ON SELECT NEW CONSUMER TRENDS





GROW EVEN FASTER BY FOCUSING ON KEY GEOS



Crack
NEW GEOGRAPHIES



Double the **US**



Conquer **CHINA**



Accelerate **SSA**



Explore **INDIA**



Exploit **MOM International** roadmap

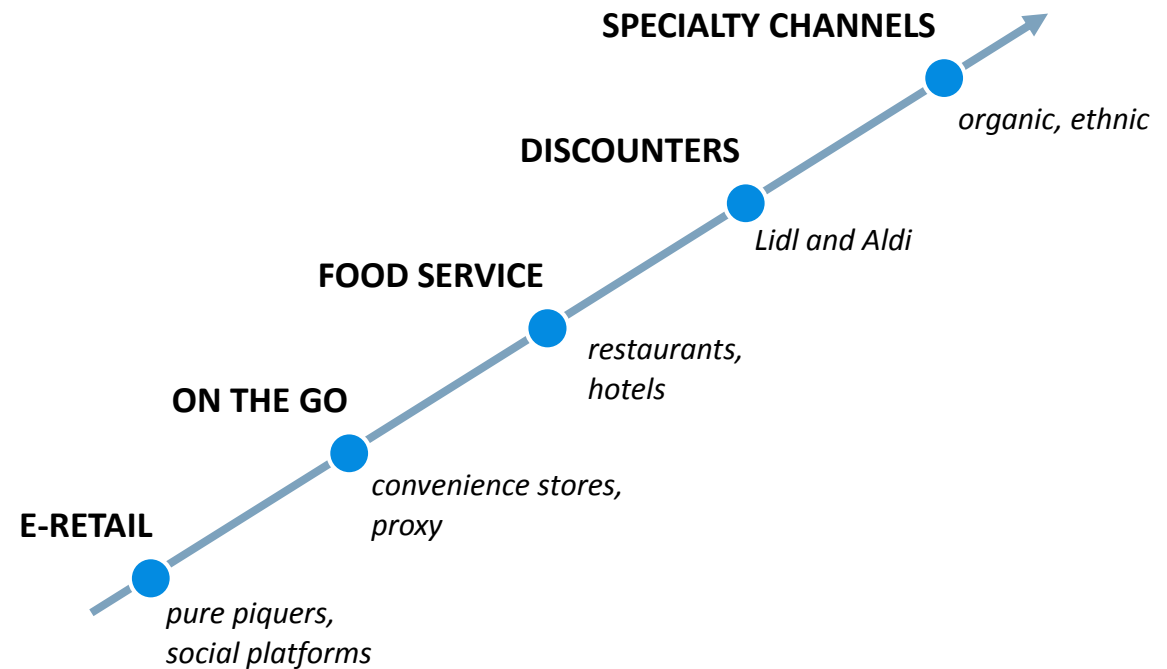


ADAPT TO REFLECT HOW AND WHERE CONSUMERS SHOP



Adapt to the
RETAIL OF THE FUTURE

ADAPT TO EVOLVING OMNI-CHANNEL ENVIRONMENT, MORE CUSTOMIZED
AND CONVENIENT



FOCUS OUR EFFORTS WHERE THE GROWTH IS COMING FROM



Sharing smiles



THREE ENABLERS TO SUSTAIN GROWTH AND MAKE US MORE COMPETITIVE

POSITIVE PEOPLE

- Simple & efficient organisation
- Adapt the Bel industrial model
- Clear and agile ways of working
- Focus on clearer roles & responsibilities

FUEL FOR GROWTH

- A&P ROI & data-driven marketing
- COGS productivity, sourcing
- SG&A control & ROI

SMART DATA REVOLUTION

- Consumer-centricity
- Modernising our operations
- Upskill the team

BIG BEL 2025 REMAINS OUR COMMON AMBITION



DOUBLE OUR SIZE TO REACH

+10%
OPERATING
PROFIT
MARGIN

+7.2%
GROWTH
(CAGR)

by boosting our **net sales**



Sharing smiles



WORLDWIDE COST REDUCTION PLAN

BEL GROUP SETS UP A NEW ORGANISATION IN 2019

- COST REDUCTION PLAN WILL GENERATE € 120M OF SAVINGS BY 2020
 - ☐ A&P OPTIMISATION
 - ☐ PURCHASING OPTIMISATION
 - ☐ PRODUCTIVITY SAVINGS
 - ☐ GENERAL COSTS OPTIMISATION
- REINVESTMENT OF € 40M TO SUPPORT GROWTH ACCELERATION



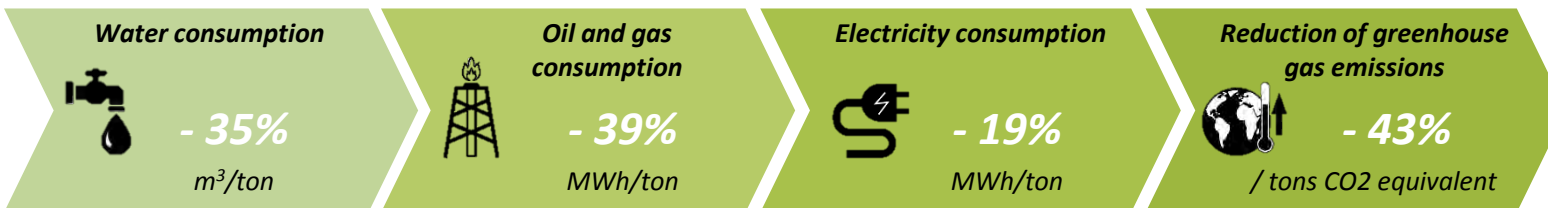


2018 : CONFIRMATION AND ACCELERATION OF OUR CSR POLICY



2008

2018



SUSTAINABLE FARMING



- 2018: global sustainable dairy upstream charter co-signed with WWF France
- 2019: global animal welfare charter to be published in June with CIWF

CARING NUTRITION



- 2018: formulation guidelines publication approved by external experts (calcium, additives, etc.)
- 2019: stronger commitment to naturality banning artificial colors and flavors

ENVIRONMENTAL FOOTPRINT



- 2018: formalisation of the Bel responsible packaging policy
- 2019: 0 deforestation policy co-signed with WWF

PEOPLE WELL-BEING



- 2018: mapping of risks and supplier risks
- 2019: loyalty program with 27,000 retailers in Morocco with major insurer Saham



2018 RESULTS





2018 : A RECURRING TURMOIL ENVIRONMENT

Due to

- *A second year of high raw material prices environment*
- *Unfavorable evolution of foreign currencies*
- *Continuous geopolitical tensions in some major group markets*
- *Decrease of purchase power in Middle East, Greater Africa*
- *A fierce competition among distributors especially in France*

Despite

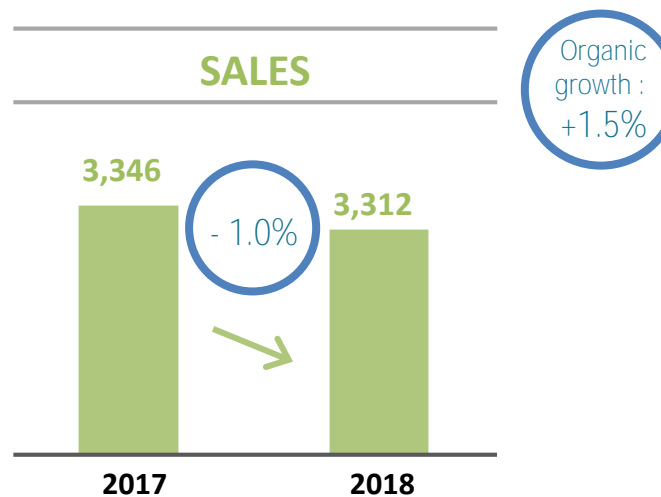
- *A dynamic momentum in the Americas and Asia Pacific*
- *An A&P and SG&A cost optimisation*



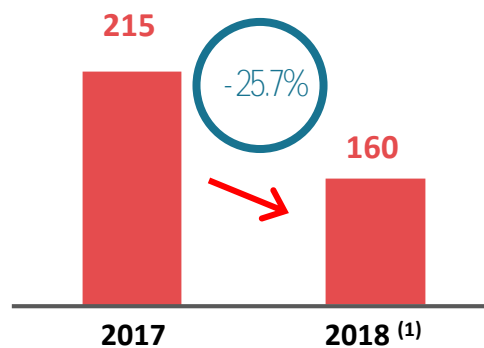
KEY GROUP P&L INDICATORS

(In millions of euros)

SALES

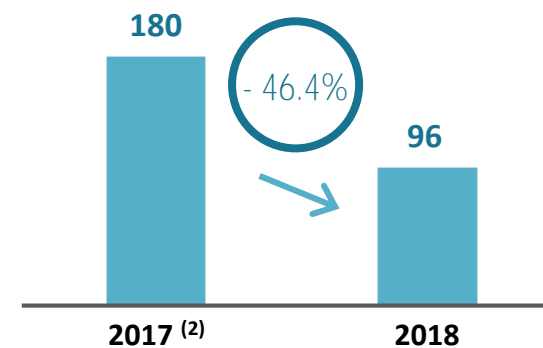


OPERATING INCOME



(1) Including €29m transformation plan

NET INCOME - GROUP SHARE



(2) Including €51m of positive tax impact



ORGANIC GROWTH IS STILL POSITIVE DESPITE MENA NEGATIVE MARKET TREND

MARKET AND BEL GROWTH 2018 VS. 2017

Source: EUROMONITOR – in value

	MARKET GROWTH	BEL	
		Facial growth	Organic growth
Cheese	- 2.3%	- 1.8%	+ 1.5%
Processed cheese	- 3.0%	- 2.7%	+ 0.8%
Middle East and North Africa	- 3.2%		
Americas	- 6.8%		
Europe	- 0.8%		
Asia	+ 0.4%		

LOCAL BEL BRANDS GROWTH PERFORMANCES 2018 VS. 2017

Value growth in %

Terra nostra - Portugal



Limiano - Portugal

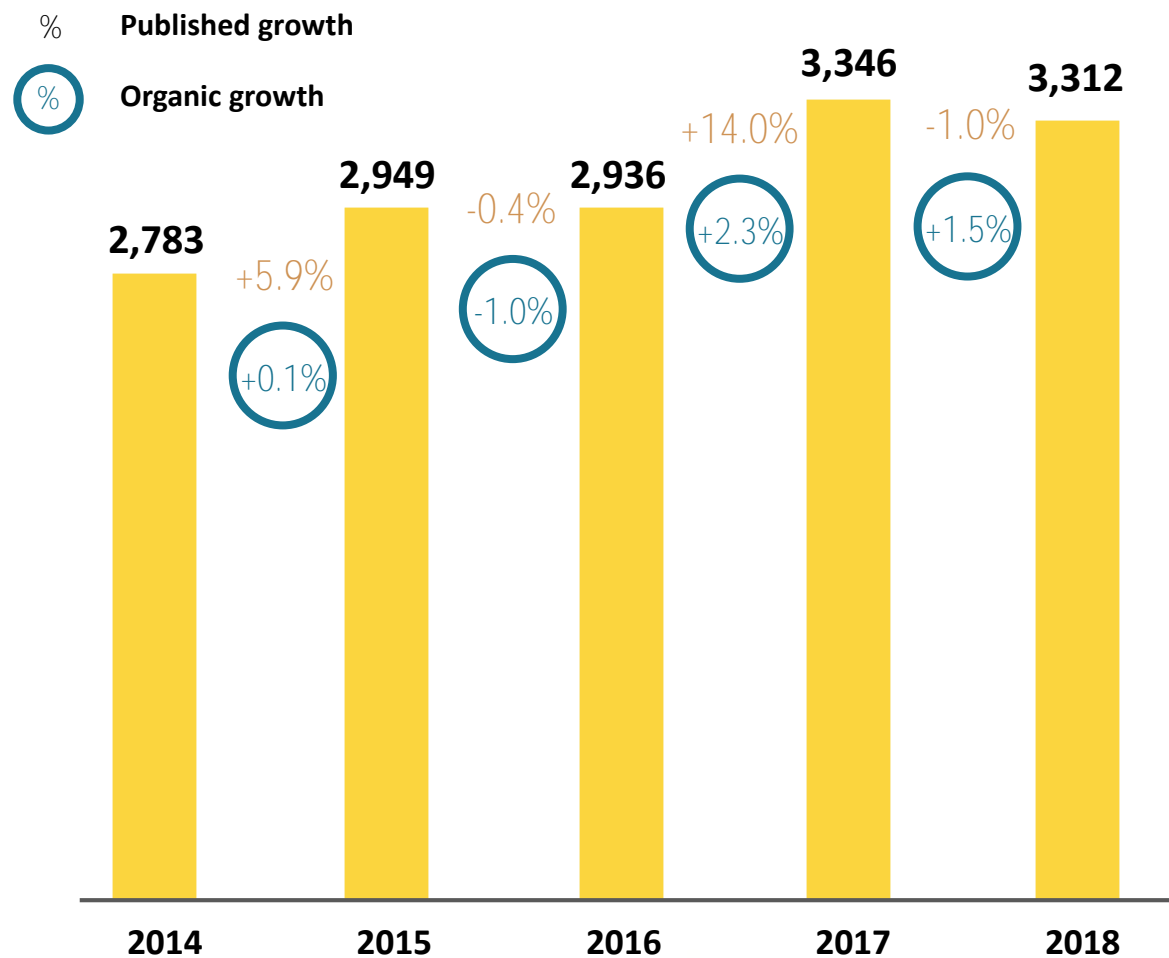


Les enfants - Morocco



SALES HIGHLY IMPACTED BY FX, BEL GROUP REACHES 1.5% OF ORGANIC GROWTH

(In millions of euros)





EUROPE 2018 HIGHLIGHTS

(In millions of euros)

	2017	2018	Published growth	Organic growth
NET SALES	1,856	1,827	- 1.6%	- 1.3%

- Sharp competition among distributors complicates price increases
- Several delisting of some major brands in France, Germany and Belgium explain a slight market share downturn
- Portugal, Central Europe, Netherlands, Spain and Austria grow in volume and value
- Strong brands and healthy snacking strategy proves its efficiency: Dips volumes grow by 4.2%
- Launch of the first organic Bel product under Mini Babybel brand



MIDDLE EAST, GREATER AFRICA 2018 HIGHLIGHTS

(In millions of euros)

	2017	2018	Published growth	Organic growth
NET SALES	740	719	- 2.8%	+ 3.6%

- Downturn of cheese market in Near and Middle East, decrease of Algerian consumption
- Geopolitical and economic contexts continue to deteriorate
- Purchase power erosion in oil producer countries
- Negative impact of foreign exchange rate (Iran, Turkey, ...)
- But organic growth increase shows that our strong brands, our innovation and affordability improvement perform
- Offer better suited to consumers:
 - KIRI milk in Morocco
 - KIRI branded sweet pouches in Gulf and Levant
 - Sachet of La Vache qui rit for Sub-Saharan Africa



AMERICAS, ASIA PACIFIC 2018 HIGHLIGHTS

(In millions of euros)

	2017	2018	Published growth	Organic growth
NET SALES	750	765	+ 2.0%	+ 6.2%

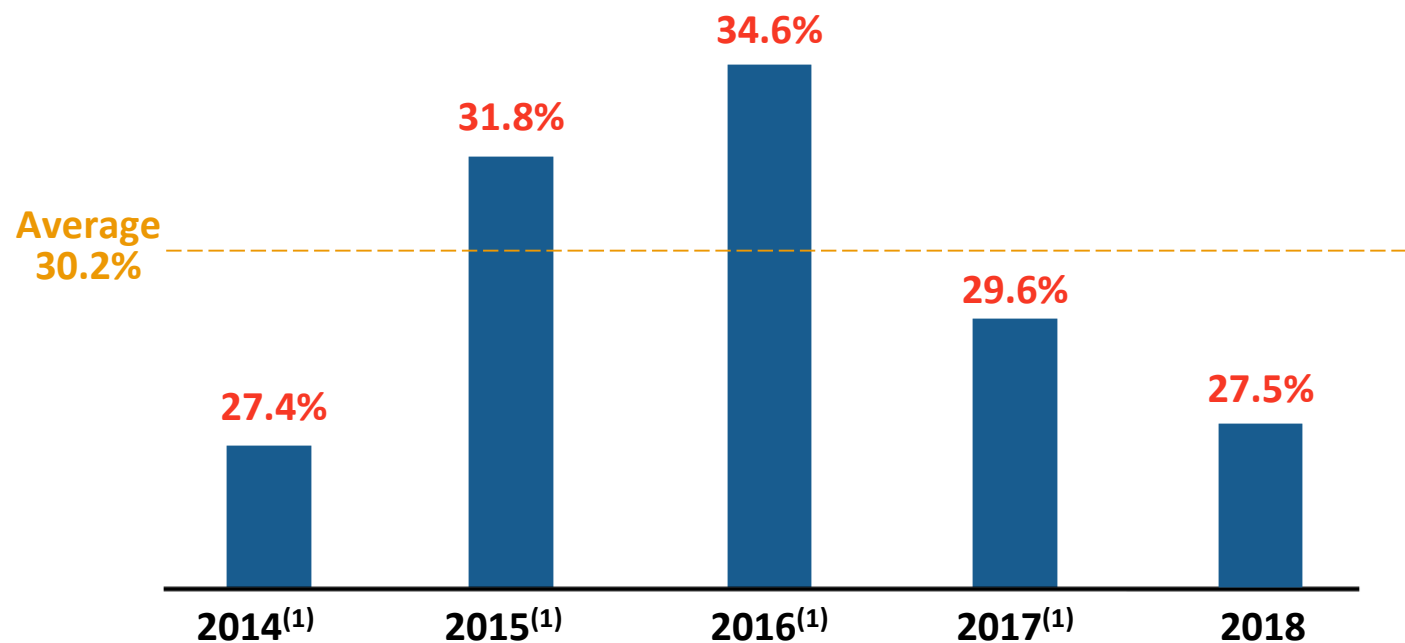
- Confirmation of Americas growth dynamism, fueled by GogoSqueeZ (+14.4%), Boursin (+9.9%) and Mini Babybel (+2.2%)
- Relevant offer on healthy snacking market
- In Asia-Pacific, sales increased by 6% in developing cheese and dairy markets



A SECOND YEAR IN A ROW HIGH RAW MATERIAL PRICES

GROSS MARGIN EVOLUTION

(In % of sales)

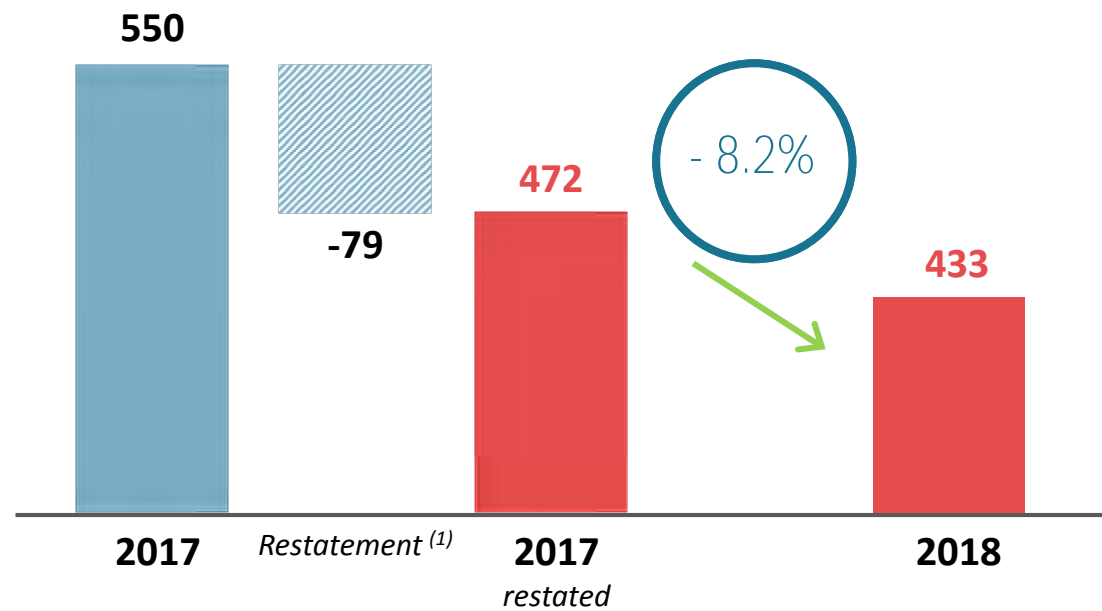


(1) Some charges, mainly supply and marketing, have been reclassified from “Sales and marketing expense” to “Cost of goods and services sold” and “Administrative and general overhead expense”.



OPTIMISATION OF COMMERCIAL AND DISTRIBUTION EXPENSES

(In millions of euros)



Media and consumer promotion investments optimisation

(1) Some charges, mainly supply and marketing, have been reclassified from "Sales and marketing expense" to "Cost of goods and services sold" and "Administrative and general overhead expense".



OPERATING INCOME MAINLY AFFECTED BY ONE-OFF COST ITEMS

(In millions of euros)

	2017	2018	Published growth
EUROPE	145	114	- 21.1%
MIDDLE EAST, GREATER AFRICA	42	15	- 63.5%
AMERICAS, ASIA PACIFIC	28	30	+ 7.3%
BEL GROUP OPERATING INCOME	215	160 ⁽¹⁾	- 27.9%

(1) Including €29m transformation plan



NET FINANCIAL EXPENSE

(In millions of euros)

	2017	2018	Variation
<i>Income from cash and cash equivalents</i>	2	1	- 1
<i>Cost of gross financial debt</i>	- 27	- 29 ⁽¹⁾	- 2
NET COST OF FINANCIAL DEBT	- 24	- 28	- 4
<i>Net cost from discounting</i>	- 1	- 2	- 1
<i>Foreign currency gains (losses)</i>	- 15	- 2	13
<i>Other</i>	3	1	- 2
OTHER FINANCIAL INCOME AND EXPENSE	- 12	- 2	10
TOTAL NET FINANCIAL EXPENSE	- 37	- 30	7

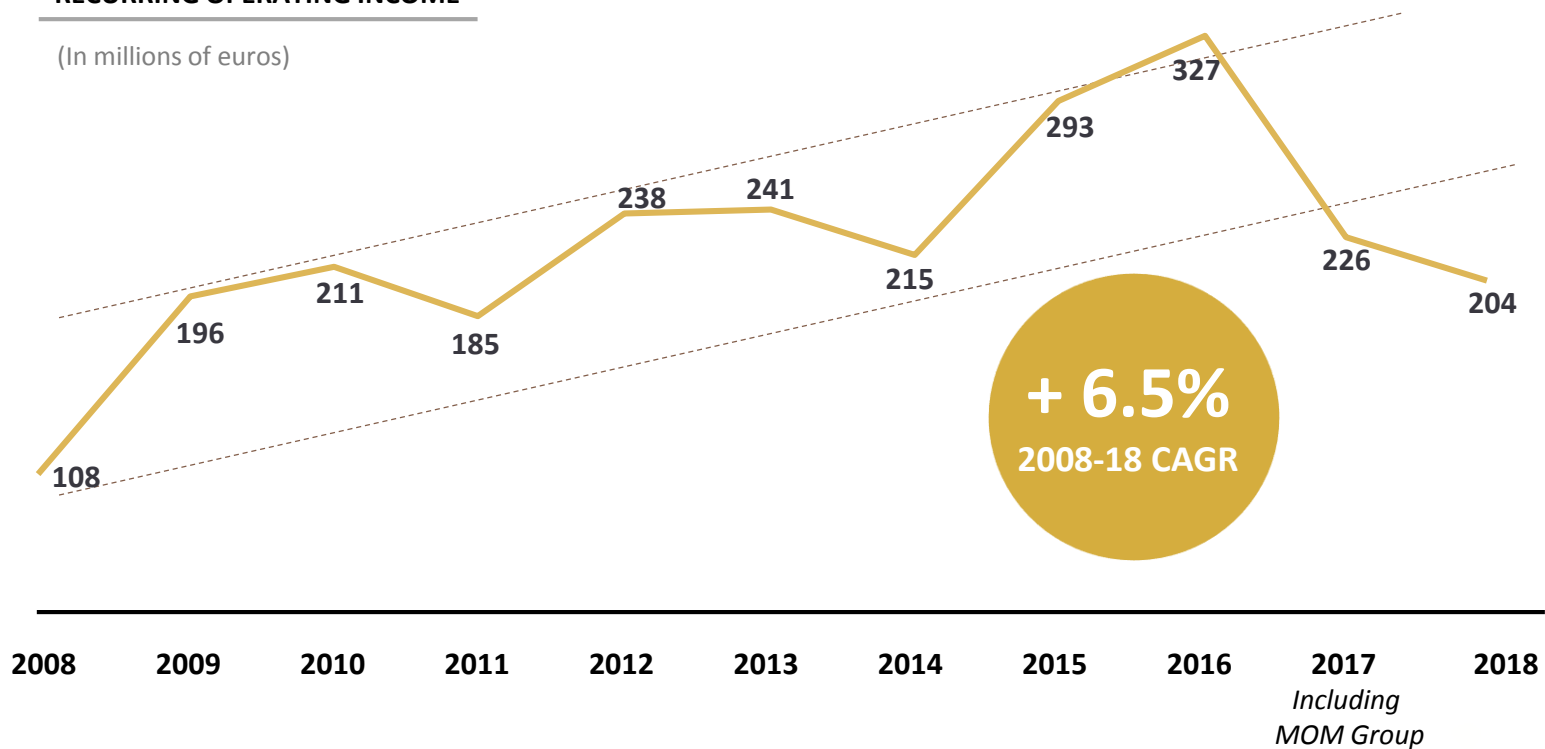
(1) Including IFRS16 impact for €4m



AN ABILITY TO IMPROVE PROFITABILITY IN THE LONG TERM

RECURRING OPERATING INCOME

(In millions of euros)





2018 : DEVELOPMENT AND PROFITABILITY BELOW OUR STANDARD AVERAGE

(In millions of euros)

	2017	2018	In % of sales
Sales	3,346	3,312	
<i>Gross margin</i>	981	909	27.5%
Operating income	215	160	5.7% ⁽¹⁾
<i>Financial costs</i>	- 37	- 30	
<i>Taxes</i>	8 ⁽²⁾	- 29	
Net profit	186	100	3.0%
Net profit – Group share	180	96	2.9%

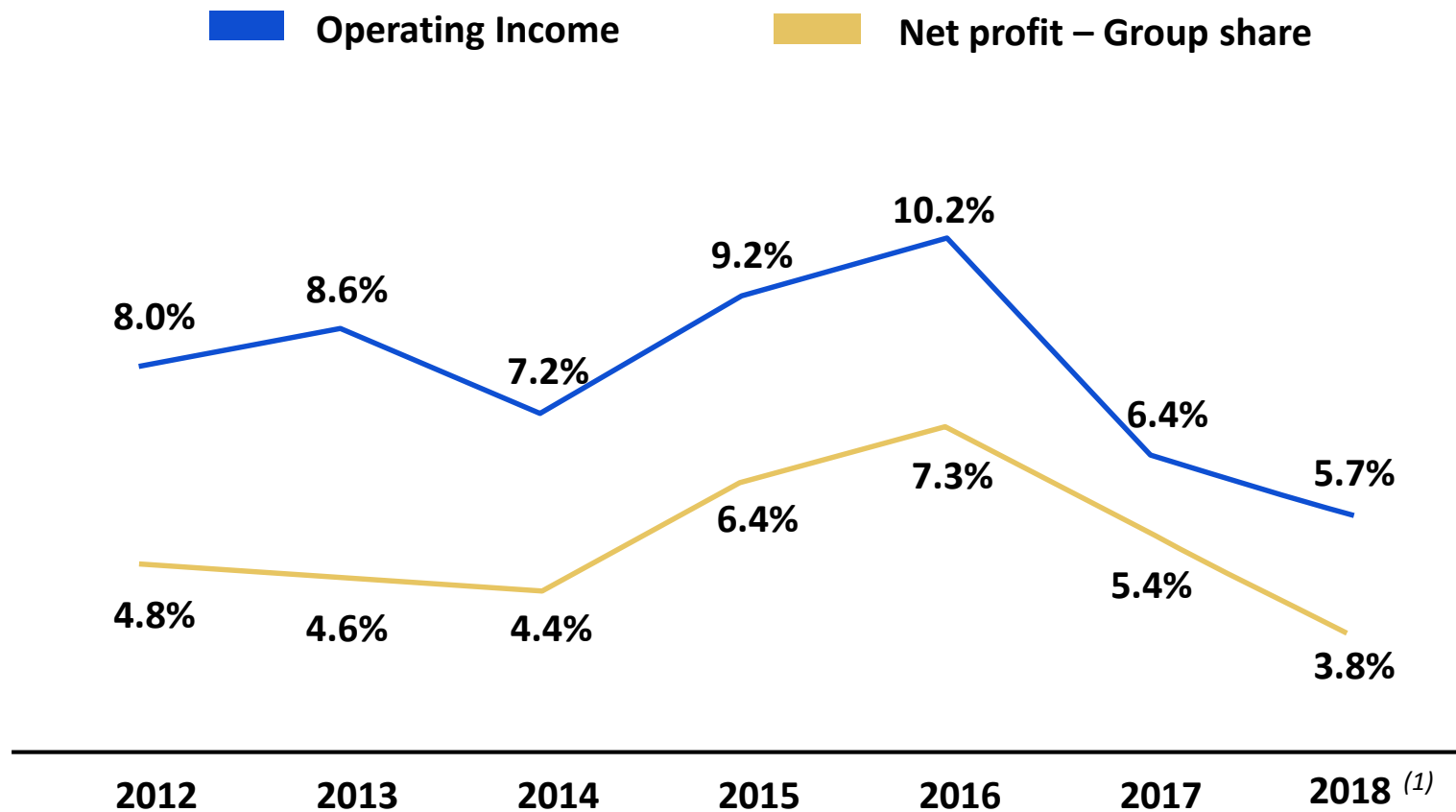
(1) Restated from €29m transformation plan cost

(2) Deferred tax effect in 2017 linked to favorable future tax rates (USA, France)



EVOLUTION OF PROFITABILITY RATIOS

(In % of sales)



(1) Restated from €29m transformation plan cost

GENEROUS
BY NATURE



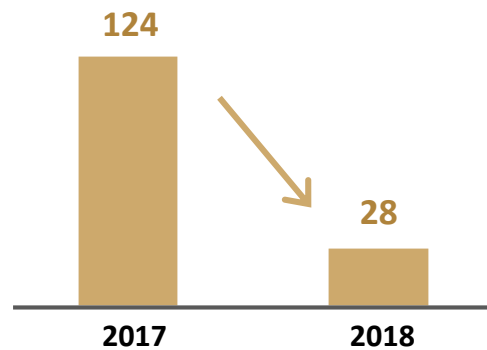
AS WONDERFUL AS MUM'S CARE

CASH-FLOW AND LIQUIDITY

KEY GROUP CASH INDICATORS

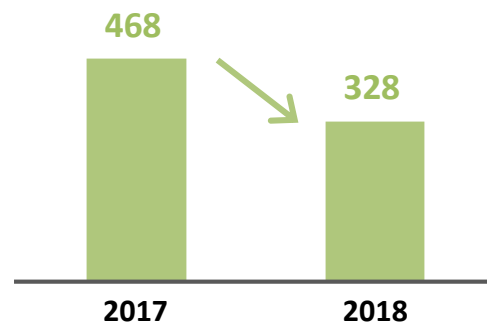
(In millions of euros)

FREE CASH FLOW

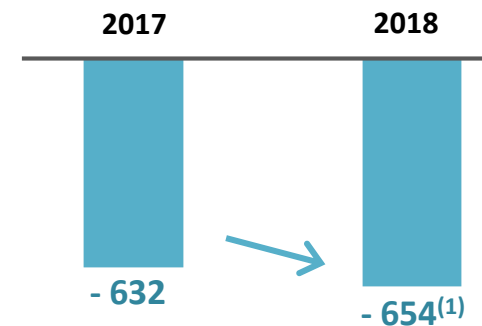


Free Cash Flow = EBITDA – CAPEX – Δ WCR – Taxes – Financial costs
€45m end of year 2017 WCR calendar positive effect balanced by negative effect in 2018

GROSS CASH

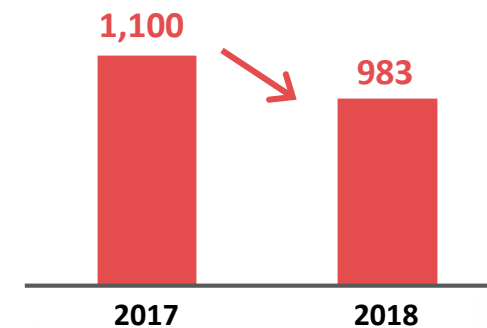


NET FINANCIAL DEBT



(1) Net debt excluding IFRS16 impacts

GROSS DEBT



Sharing smiles



A POSITIVE CASH FLOW DESPITE WCR ADJUSTMENT AND CAPEX REQUIREMENT

(In millions of euros - excluding IFRS16 impacts)

	2017	2018	Variations
CASH FROM OPERATIONS	323	291⁽¹⁾	- 32
<i>Working capital requirements ⁽²⁾</i>	<i>31</i>	<i>- 38</i>	<i>- 70</i>
<i>Net operating investments</i>	<i>- 135</i>	<i>- 175</i>	<i>- 41</i>
<i>Net interest paid</i>	<i>- 24</i>	<i>- 24</i>	<i>0</i>
<i>Income taxes paid</i>	<i>- 71</i>	<i>- 25</i>	<i>+ 46</i>
FREE CASH FLOW	124	28	- 96

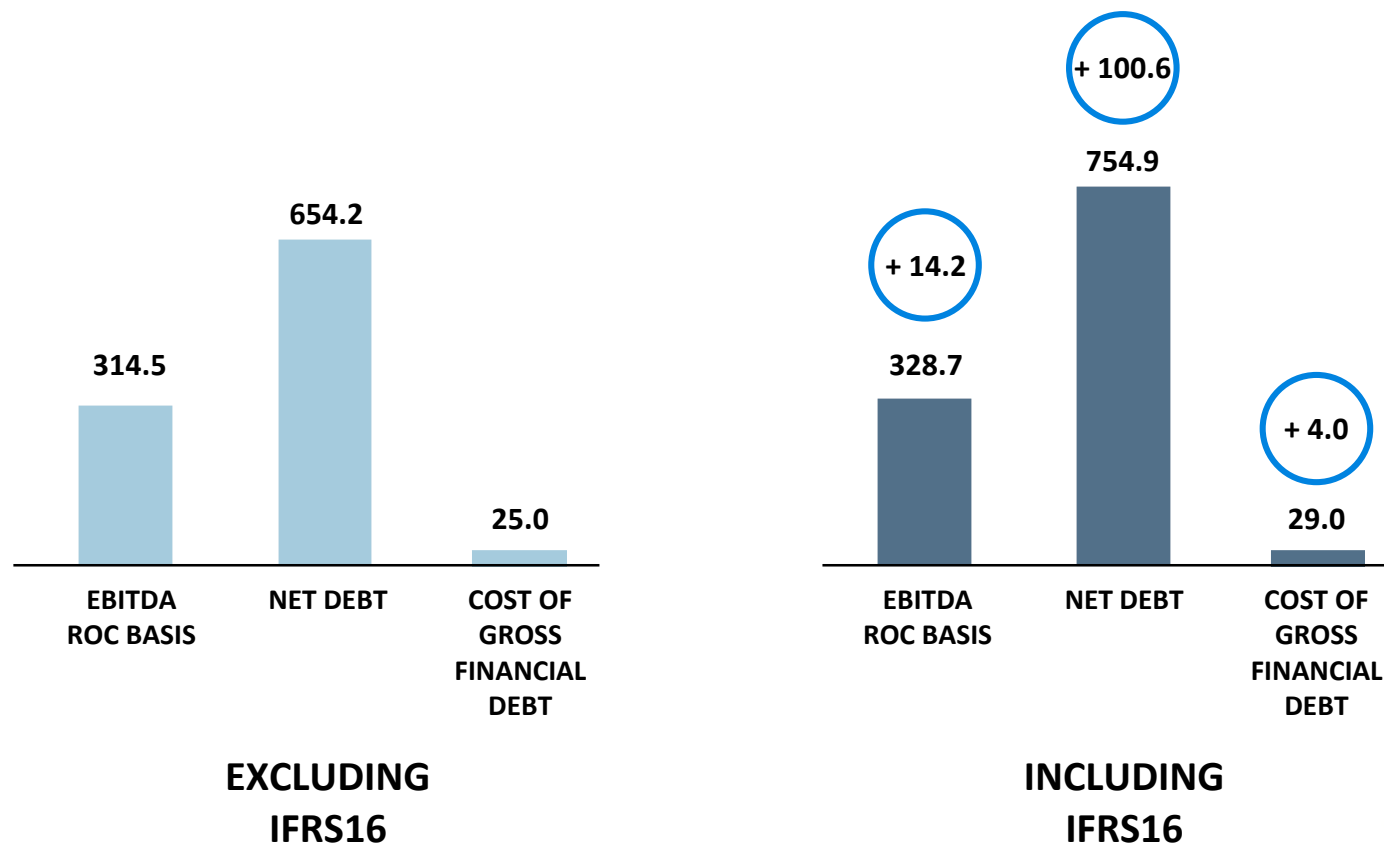
(1) 2018 Cash from operation restated of €18m IFRS16 impacts

(2) €45m end of year 2017 WCR calendar positive effect balanced by negative effect in 2018



A MODERATE IFRS16 IMPACT ON NET DEBT

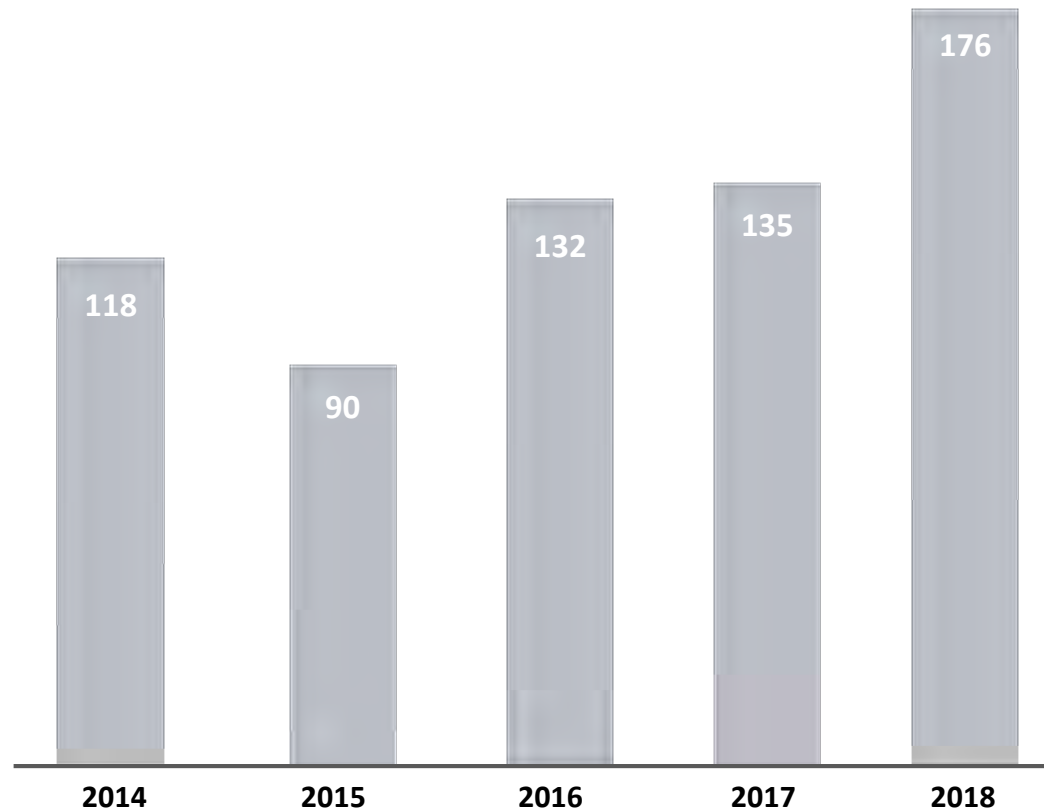
(In millions of euros)





CAPEX HISTORICAL DATA

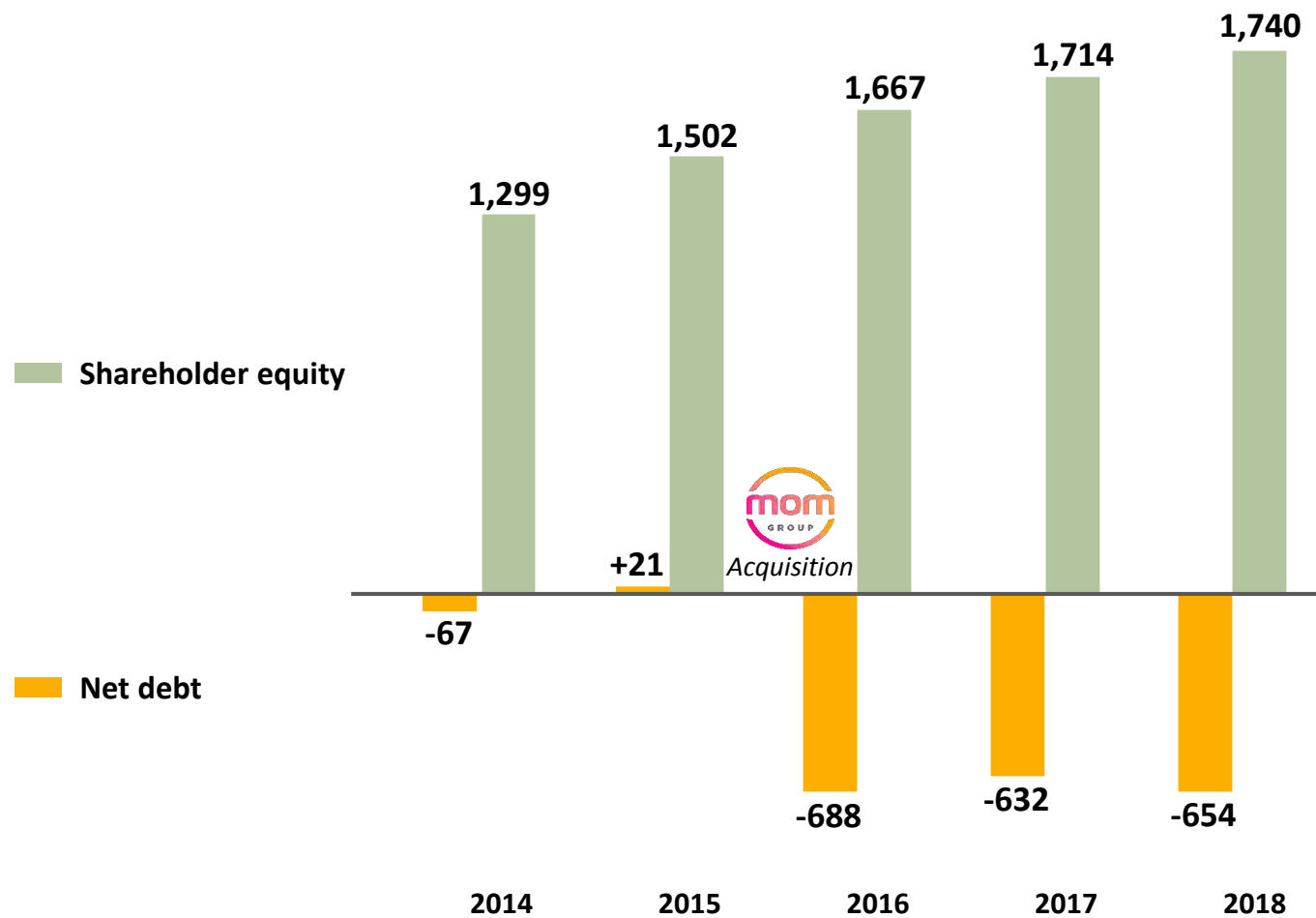
(In millions of euros – CAPEX net of disposals and grants)





A CONTINUOUS STRENGTHENING OF SHAREHOLDER EQUITY...

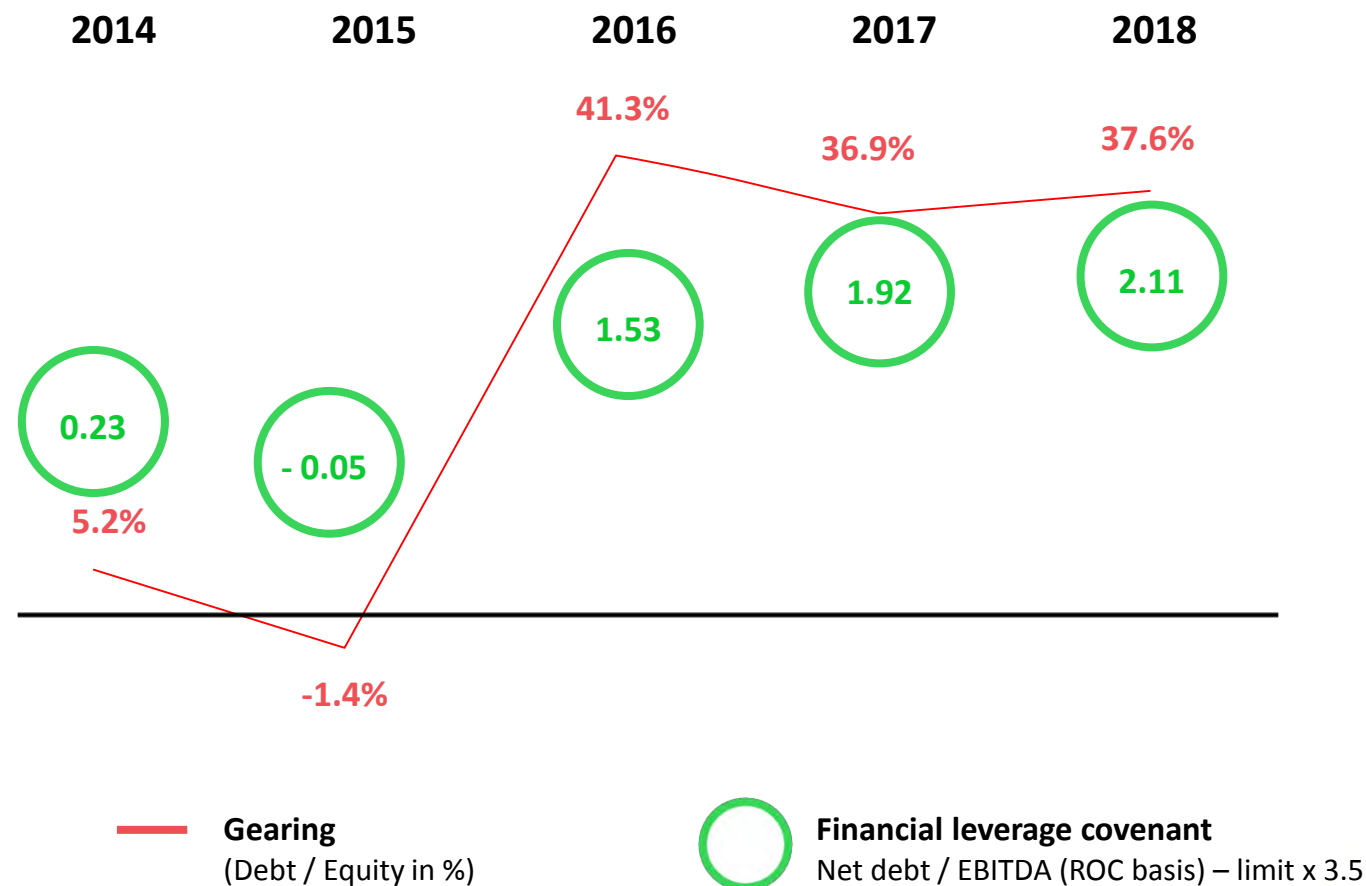
(In millions of euros - excluding IFRS16 impacts)





... AND A FINANCIAL LEVERAGE UNDER CONTROL

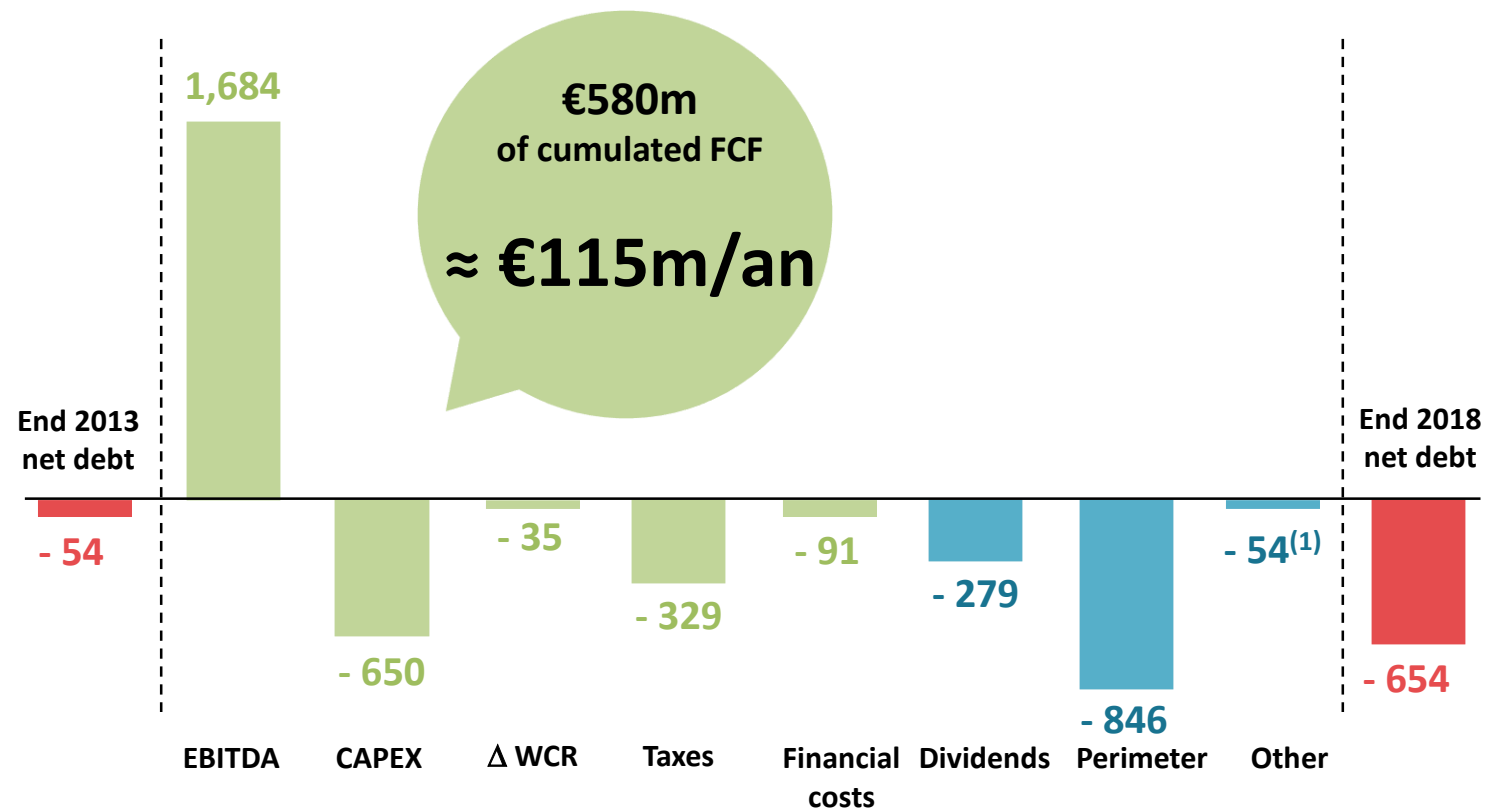
(Excluding IFRS16 impacts)





AN AVERAGE CONSTANT POSITIVE CASH GENERATION

(In millions of euros - excluding IFRS16 impacts)



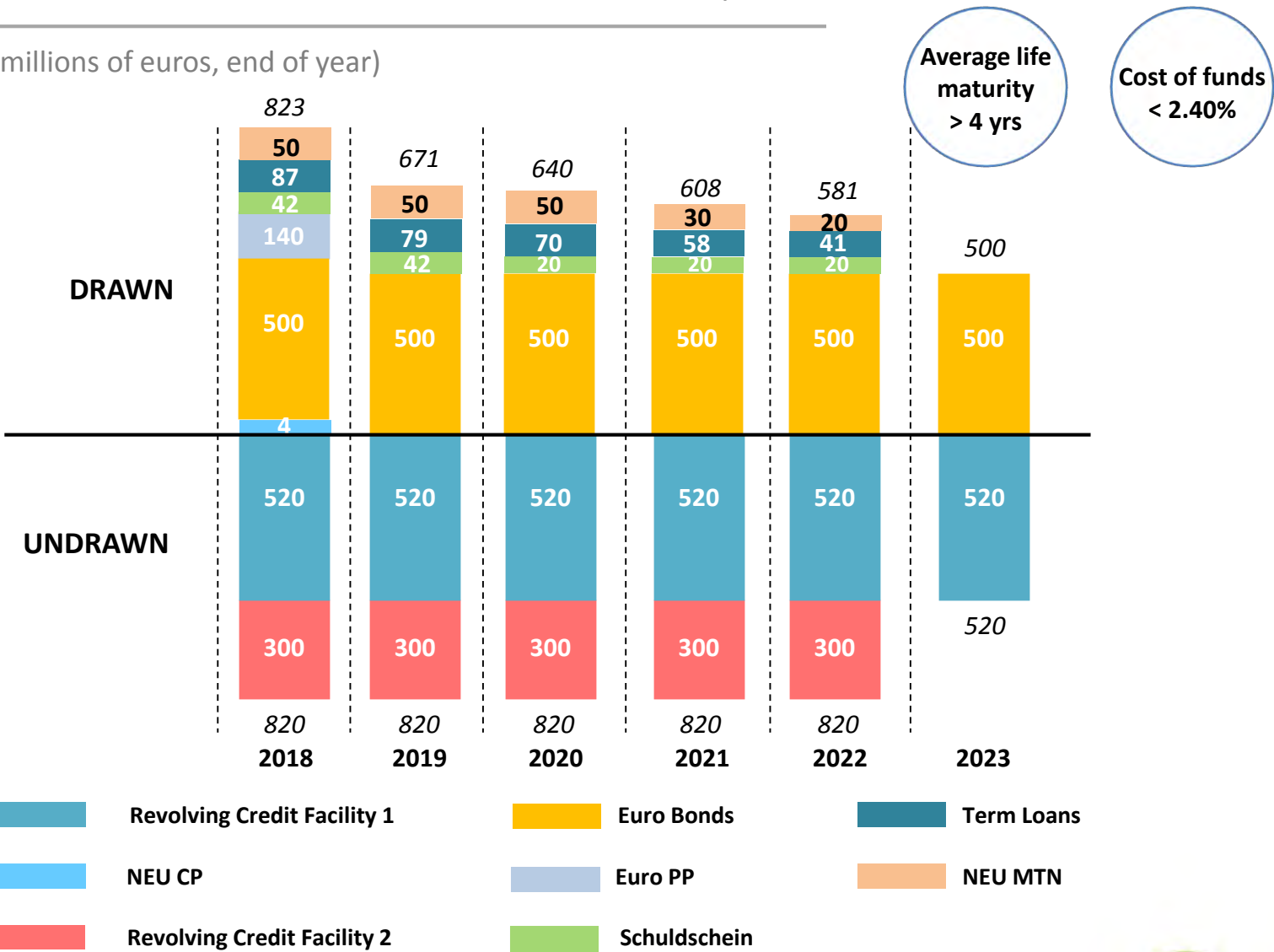
Free Cash Flow = EBITDA – CAPEX – ΔWCR – Taxes – Financial costs

(1) Including Safilait put option



A VERY SOLID LIQUIDITY PROFILE AS OF DEC 31st, 2018

(In millions of euros, end of year)





A VERY SECURED AND LIQUID GROSS CASH

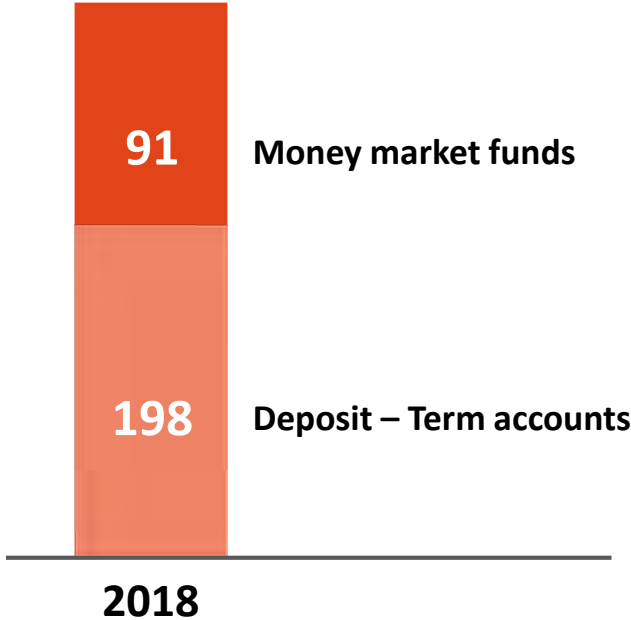
(In millions of euros – on December 31, 2018)

CENTRALISED CASH OF FROMAGERIES BEL SA

€288m

Cash available
between D+1 and D+32

87% of the cash is
centralised





LIQUIDITY MAIN EVENTS

Implementation of a €200m NEU MTN program: €50m were drawn in 2018 with a maturity of 3, 4 and 5 years to replace €50m Term Loan

2018 is the first year of the application of our non-financial covenant on our Sustainable Revolving Credit Facility. We confirm the achievement of the criteria:

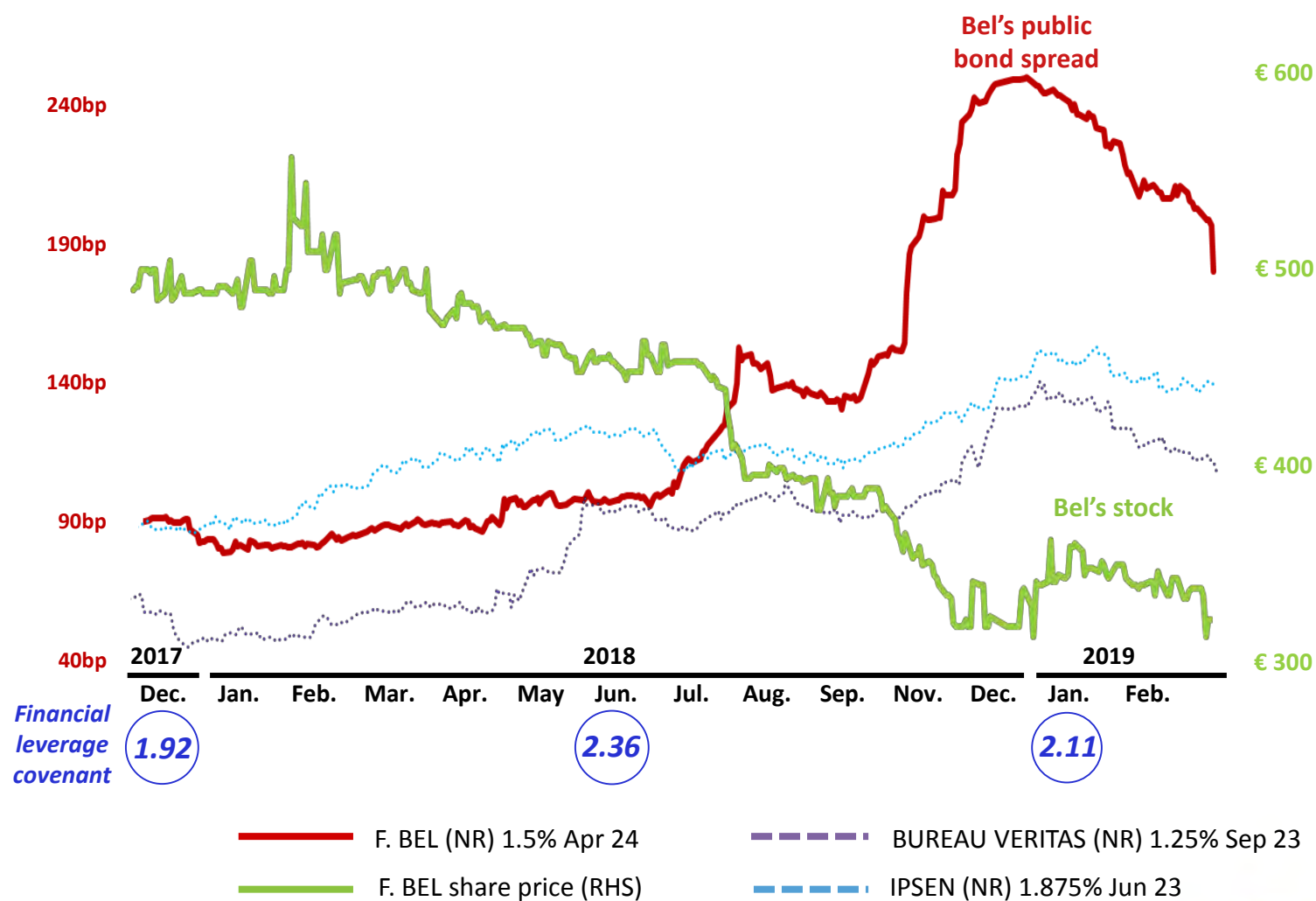
- 1- Reduce greenhouse gas emissions per cheese volume produced
- 2- Supports nutritional education programs in key countries
- 3- Take action for a sustainable upstream dairy

The EURO PP €140m maturing December 2019 is already refinanced thanks to the current cash situation

The NEU CP program will be progressively reactivated in 2019 to achieve an outstanding amount between €50m and €100m vs €4m at 31st December 2018



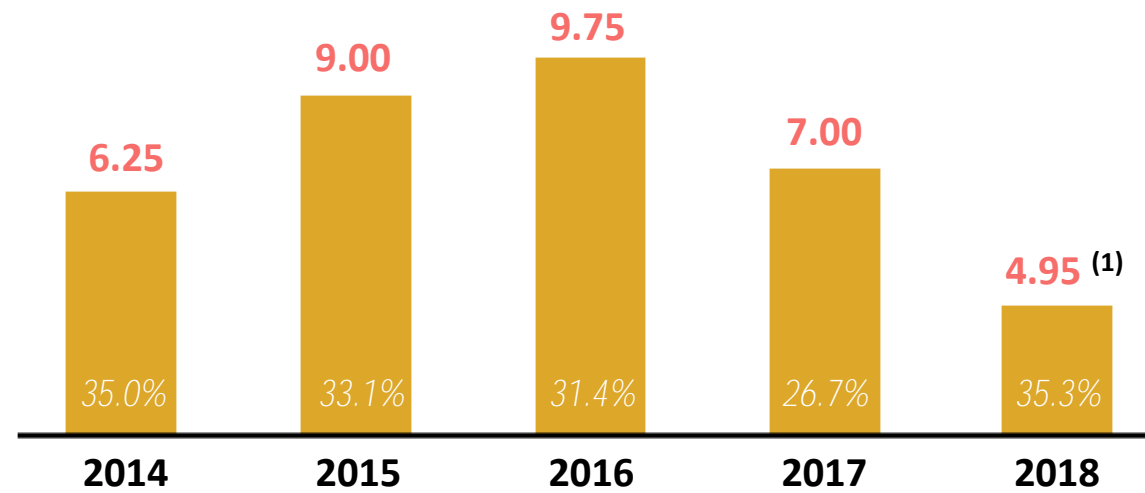
A PUBLIC BOND CREDIT SPREAD AFFECTED BY THE EVOLUTION OF THE UNLIQUID BEL'S STOCK WHEN THE CREDIT METRICS ARE STABILISED





DIVIDEND PER SHARE AND DISTRIBUTION RATIO

(In € per share and in %)



(1) Submitted to the May 22nd, 2018 combined general shareholders meeting



2019 HIGHLIGHTS





2019 HIGHLIGHTS

- Bel is pursuing its efforts to develop a more sustainable dairy industry, thanks to the renewal of the unprecedented agreement with its main French producers. French retailers are now embracing this approach
- Bel continues to believe that a model must be built that empowers all the players in the value chain, from the producer to the consumer
- We continue to manage carefully raw material and FX despite the volatility and uncertainty
- Bel will continue its transformation work, with the goal of cutting costs by €120m by 2020, increasing productivity and optimising advertising and promotional spending
- €40m will be reinvested to accelerate the Group's growth





Thank you





Q & A

