



Press release

Suresnes — March 9, 2018 at 6:00 p.m.

Fromageries Bel Annual Financial Information 2017 Results

- **Sales grow 14%, primarily as a result of the MOM (Mont-Blanc Materne) group acquisition**
- **Net profit declines 15.6% against a backdrop of rising dairy raw material prices**
- **Balance sheet remains strong**

Meeting March 8, 2018, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2017. The Board was informed that the statutory auditors had completed their audit of the consolidated financial statements and that their report was forthcoming.

Key figures

(millions of euros)	2017	2016	% change
Sales	3,346	2,936	+14.0%
Operating income	215	298	-27.9%
Net financial result	(37)	2	
Income tax gain (expense)	8	(83)	
Consolidated net profit - Group share	180	213	-15.6%

The entry of the MOM (Mont-Blanc Materne) Group into the scope of consolidation in 2017 had a positive 13.8% impact on sales growth, while foreign exchange fluctuations negatively impacted sales growth to the tune of 2.1%. Excluding those impacts, consolidated sales increased 2.3% organically for the 2017 financial year.

Bel Group sales were particularly hard hit in countries of the Middle East and Greater Africa region, which has been durably affected by economic and political instability, and declining consumer purchasing power. In Europe, and the Middle East and Greater Africa region, selling prices were raised moderately, although not enough to offset the strong increase in dairy raw material prices.

The Group nevertheless decided to continue backing its brands with significant advertising and promotional spending to boost its market share and develop its new territories.

Operating income for the year was also negatively impacted by highly unfavorable exchange rates and declined 27.9%, versus the 2016 financial year.

Net financial expense totaled €37 million, reflecting both the higher cost of net financial debt following the MOM acquisition in December 2016, and the negative foreign exchange impact in 2017, versus the positive impact recorded in 2016.

The Bel Group reported a €8-million income tax gain for the 2017 financial year, compared to income tax expense of €83 million in the prior year. The result stems from the positive impact of anticipated cuts in corporate tax rates in the various countries where the Group operates, in particular in France and the United States.

In 2017, consolidated net profit, Group share, came to €180 million, down 15.6% versus the €213 million recorded in 2016.

On April 18, 2017, the Group successfully completed a €500-million bond placement with a coupon of 1.50% and maturing in April 2024. The proceeds from the issue were earmarked to cover Fromageries Bel's general needs and potentially to refinance a share of existing debt. The issue also extended the average maturity of the company's financing and further diversifies Bel's funding sources. In addition, on December 21, 2017, the Group signed a rider to extend the maturity of its €520 million multi-currency revolving credit facility and, on that occasion, decided to include environmental and social impact criteria. At December 31, 2017, the Group had two untapped credit lines totaling €820 million.

The Group's balance sheet remained robust. At December 31, 2017, total equity came to €1,714 million, compared with €1,667 million a year earlier. Net financial debt amounted to €632 million at the end of year.

Dividends

On March 8, 2018, the Board of Directors voted to propose a dividend of €7.00 per share, with an ex-dividend date on May 18 and payable as of May 22, 2018. The dividend is subject to the approval of the Annual General Meeting scheduled for Monday May 14, 2018.

Outlook for 2018

In 2018, a high degree of uncertainty continues to hover over regions where the Group holds significant market positions, such as in the Near and Middle East. The economic situation in those areas of unrest remains very difficult, clouding the visibility of the months ahead.

In mature markets, particularly Europe, the start to 2018 has been marked by tough sales bargaining, with selling price increases in the retail space too weak to offset our spending to improve dairy industry prices. This trend was observed despite commitments made during the EGA (*Etats Généraux de l'Alimentation*) Agricultural Summit, which took place in France in the second half of 2017.

Bel signed an unprecedented agreement with its main French dairy producers, offering them contractual, longer-term outlook and visibility, as well as a significant price increase for dairy farmers, in exchange for concrete commitments to develop a more sustainable dairy industry. The Group believes that building a responsible industry model for all the players in the value chain, from the farmer to the consumer, is a necessity.

The Group will continue its efforts to further enhance industrial productivity and to carefully manage its resources to ensure the financing of its growth. In all its territories, Bel expects to continue growing and winning market share, particularly in regions where the market for healthy snacks is developing. Bel will continue to follow its aggressive strategy to advance its positions around the world by building on the vitality of its brands and the talent of its teams.

Bel's financial performance indicators

The Group uses non-IFRS financial performance indicators internally and for its external communication. These non-IFRS indicators are defined below:

Organic growth corresponds to reported sales growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis. **The organic growth rate** is calculated by applying the exchange rate for the prior year period to the current year period.

Net financial debt is described in note 4.14 to the consolidated financial statements. It consists of long- and short-term borrowings, long- and short-term liabilities related to assets held under finance lease, current used banking facilities, and cash and cash equivalents.

This press release may contain forward-looking statements. Such trend and/or target information should in no way be regarded as earnings forecast data or performance indicators of any kind. This information is by nature subject to risks and uncertainties that may be beyond the Company's control. A detailed description of these risks and uncertainties is provided in the Company's Registration Document, available at www.groupe-bel.com as of March 29, 2018. More comprehensive information about the Bel Group can be found in the "Regulatory Information" section of the www.groupe-bel.com website.

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Bel Group

The Bel Group is a world leader in branded cheese and a major player in the healthy snacks segment.

Its portfolio of differentiated and internationally recognized brands, including such products as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, and Boursin®, as well as some 20 local brands, enabled the Group to generate sales of €3.3 billion in 2017. The acquisition of the MOM Group complements a portfolio of strong brands with the integration of the Pom'Potes and GoGo squeeZ brands.

12,700 employees in some 30 subsidiaries around the world contribute to the Group's success. Bel products are prepared at 32 production sites and distributed in over 130 countries.

www.groupe-bel.com