



Lievegem, August 27th 2021 – 7:30

Consolidated results first semester 2021

Recovery of the results thanks to the initiatives undertaken

Dirk Goeminne – Chairman Ter Beke: “Thanks to the initiatives undertaken and cost reductions, Ter Beke records a normal underlying EBITDA result in the first semester. Sales decreased slightly due to the cessation of non-profitable contracts. The indebtedness decreased further and the leverage improved to a ratio of 1.5 times the underlying EBITDA of the last 12 months. The prospects remain positive – but a continued volatility in raw materials and commodity prices trigger a lower visibility.”

Consolidated results for the first semester of 2021

Income statement in 000 EUR			
	30/06/21	30/06/20	Δ %
Revenue (net turnover)	341 803	356 197	-4,0%
Underlying EBITDA	27 114	12 575	115,6%
EBITDA	21 700	6 176	251,4%
Underlying operating results (UEBIT)	12 711	-2 324	-646,9%
Result of operating activities (EBIT)	7 297	-9 971	-173,2%
Net financing costs	-2 277	-1 896	20,1%
Result of operating activities after net financing costs (EBT)	5 020	-11 867	-142,3%
Taxes	-3 495	2 056	-270,0%
Result after tax before share in the result of enterprises accounted for using the equity method	1 525	-9 811	-115,5%
Earnings after taxes (EAT)	1 525	-9 811	-115,5%
Profit in the financial year: share third parties	-83	-109	
Profit in the financial year: share group	1 608	-9 702	
Financial position in 000 EUR			
	30/06/21	31/12/20	
Balance sheet total	373 876	401 600	-6,9%
Equity	112 421	116 578	-3,6%
Net financial debts	91 969	99 909	-7,9%
Equity/Total assets (in %)	30,1%	29,0%	
Gearing Ratio	81,8%	85,7%	
Key figures in EUR per share			
	30/06/21	30/06/20	
Number of shares	1 767 281	1 732 621	
Average number of shares	1 767 281	1 732 621	
Net cash flow	9,01	3,66	146,2%
Earnings after taxes	0,91	-5,60	-116,2%
EBITDA	12,28	3,56	244,5%

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Key figures and headlines

Ter Beke Group:

As expected, the first half of the year was characterized by a significant improvement of the results compared to the first half of 2020 -thanks to the initiatives taken earlier to improve the profitability of the company and despite a continuing impact of COVID-19 on the food service business (mainly at KK Fine Foods).

As previously announced, the sale of the captive reinsurance company Ter Beke Luxembourg was completed on June 18th, 2021. This - together with the costs related to the change in CEO - resulted in a non-underlying cost of EUR 5.4 million.

Furthermore, the group succeeded in further reducing its net indebtedness. Compared to the end of 2020, net debt decreased by EUR 8 million and leverage (net debt / underlying EBITDA in the last 12 months) decreased further to 1.5 times.

This resulted in the following key results:

- o A decline in revenue from EUR 356 million to EUR 342 million
- o An increase in underlying EBITDA from EUR 13 million to EUR 27 million
- o An increase in EBIT from -10 to + EUR 7 million
- o A decrease in net debt since the end of 2020 by EUR 8 million

The result is the combination of:

- o A decrease in sales due to the continued impact of COVID-19 on our sales in the food service channel (particularly at KK Fine Foods) compared to last year where covid impacted sales from the end of March 2020.
- o A decrease in sales due to the termination or non-renewal of a number of non-profitable contracts.
- o Better purchasing conditions compared to last year, although in a macro-economic environment where a number of costs (packaging, ingredients) are strongly rising and have to be passed on to the customers.
- o A lower cost due to the operational and legal integration of the companies in the Netherlands and the "zero based budgeting" programme that was started at the end of last year.
- o A decrease in non-underlying costs compared to last year, despite the impact of the sale of the captive reinsurance company and the costs related to the change in CEO that were incurred in the first half of the year.

The debt ratio decreased due to a continued focus on managing working capital. The implementation of a scrip dividend will result in a limited cash outflow in the second half of the year as 56.39% of the shareholders opted to participate in the share capital increase.



As a result of the combination of all of the above:

- o the underlying EBITDA amounts to EUR 27.1 million compared to EUR 12.6 million in 2020
- o EBITDA is EUR 21.7 million compared to EUR 6.2 million in 2020
- o Underlying EBIT is EUR 12.7 million compared with EUR -2.3 million in 2020
- o EBIT is EUR 7.3 million compared to EUR -10.0 million in 2020
- o the result after taxes is EUR 1.5 million compared to EUR -9.8 million in 2020

Processed Meats Division:

The turnover of the division decreased by EUR 6.3 million (-3%) compared to 2020. This was mainly due to the termination or non-renewal of a number of unprofitable contracts in 2021.

The processed meats industry - both for products and slicing activities - continues to be characterised by fierce price competition, which ultimately benefits the consumer.

In the Netherlands, the market share of meat and meat products with a "Beter Leven Keurmerk" (ENG. Better Life Certificate) is considerable. In order to encourage pig farmers to implement the animal welfare criteria of the "Beter Leven" (Better Life) concept, they are rightly paid a premium. Through so-called "automatic price changes", this premium is also applied further down the chain, so that raw material price increases are translated into the price of end products. In Belgium too, there are numerous voices today in favour of such a programme, which would guarantee the animal welfare and the viability of the entire chain.

In the Benelux countries, the UK and Germany - where Ter Beke is primarily active in processed meats - many consumers are showing increasing interest in healthier recipes (e.g. less salt), better traceability and sustainable production. Sustainability in the processed meats industry is mainly about stronger chain cooperation and recyclable or reduced packaging. Ter Beke is in a leading position to respond to this.

Furthermore we see an increase in importance of, for example, the Nutri-Score and similar alternatives. Here too, Ter Beke assumes its role and we are actively cooperating with our customers to further optimise the quality of our products.



Ready Meals Division:

The turnover of the division decreased by EUR 8.1 million (-6%) compared to 2020. This decrease is mainly due to the impact of COVID-19. Since March 2020, the closure of (and the restrictions within) the food service industry caused a decline in sales in the food service channel. In 2021, sales in this channel continued to be hit particularly hard by the COVID-19 pandemic - especially at our UK subsidiary KK Fine Foods Ltd. However, we do see that the relaxation of the measures is leading to a very gradual recovery in sales.

Furthermore, the group also incurred costs to ensure the safety of its employees, but these were less significant when compared to the first half of last year.

Ter Beke has a network of five production facilities thus being able to deliver the whole of Europe. As a reminder, Ter Beke is the European market leader in its Ready Meals segment, briefly described as chilled, Mediterranean pasta meals. During the first half of the year, the division also succeeded in starting up its first production aimed at the Russian market.

Highlights for the various companies in the Ready Meals Division:

- o Freshmeals (with production in Marche and Wanze) continues to focus on both chilled lasagna and pasta preparations in family & single-portion packaging. Thanks to a constant focus on innovation, the cluster also keeps continuously bringing new products into the market.
- o Stefano Toselli continues to focus on chilled and frozen lasagna products.
- o Pasta Food Company - Ter Beke's "beachhead" in Central and Eastern Europe - put an additional production line into service in early 2021.
- o KK Fine Foods was impacted significantly by the closure of (or social distancing and other restrictions at) pubs and restaurants, its most important sales market. This despite further expansion of its portfolio in retail where the high quality of the frozen meals is clearly appreciated by the consumer and where continued growth is experienced.

The ready meals industry in Europe continues to offer good perspectives:

- o The retail channel (including discount) is increasing shelf space in order to meet the need for convenience, also in response to competition from home-delivered meals.
- o For each consumer, there is a range of products that meet their quality-price expectations.
- o The group expects the food service activities (barring further lockdown due to COVID-19) to gradually pick up, partly thanks to the stimuli provided by the various governments.
- o There is a continued focus on innovation. For example, the 'Summer Lasagna' - a cold served lasagna - was launched this summer. This was launched in both the retail channel and the food service channel.

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driven by **the zeal for your everyday meal**

Outlook

The group continues to work on a further recovery of the results.

Half-year financial report

The group's half-year financial report can be found on www.terbeke.com in the Investor Relations module. The Dutch version of this half-yearly financial report is considered the sole official version.

The half-year financial report contains the condensed consolidated financial statements prepared in accordance with IAS 34, the auditor's statement without comments regarding his limited review and other legally required disclosures.

Contact

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You can also consult this press release and send your questions to us via the Investor Relations module of our website (www.terbeke.com).

For more information about Ter Beke, visit www.terbeke.com.

Financial calendar

Annual Results 2021:	25 February 2022 before market opening
Annual Report 2021:	At the latest on 29 April 2022
General Shareholders Meeting 2022:	25 May 2022