



Lievegem, March 1st, 2021 – 7:30 a.m.

Consolidated results for 2020
Solid results in the second half of the year largely offset the impact of Covid-19 and the one-off reorganization charge in the first half of the year

Key figures and headlines

Ter Beke Group:

Due to the impact of Covid-19, the consolidated turnover decreases by 1.5% from 728.1 million to 717.4 million EUR.

In the first half of the year, Ter Beke's results were affected by a strong increase in raw material prices, a restructuring in its Dutch processed meats activities and the impact of Covid-19, especially in the Ready Meals Division, which led to a substantial loss. In the second half of the year, results improved significantly due to a reduction in costs resulting from the restructuring in the first half of the year, operational improvements and a normalization of the main raw material prices.

The results of the second half of the year (U-Ebitda of EUR 33.1 million and Ebitda of EUR 31 million) show the resilience of the company. As a result, the group's annual result ends at a U-Ebitda of EUR 45.7 million and an Ebitda of EUR 37.1 million.

The 2020 non-underlying costs are quite high (EUR 10.6 million) and mainly include the restructuring costs in the Netherlands and Belgium (EUR 6.3 million cash costs and EUR 2.0 million non-cash costs) and costs incurred in the context of Covid-19 (EUR 1.9 million). The customer portfolio of Offerman, which was bought in 2017, was safeguarded after the recall in Aalsmeer thanks to immediate action in 2019 and a positive cooperation. In 2020, Offerman was successfully integrated into Ter Beke's Dutch Processed Meats activities.

As a result of the above:

- UEBITDA in 2020 amounts to EUR 45.7 million compared to EUR 48.1 million in 2019 (-5%)
- EBITDA in 2020 amounts to EUR 37.1 million compared to EUR 37.2 million in 2019 (-0.3%)
- UEBIT in 2020 amounts to EUR 15.5 million compared to EUR 17.4 million in 2019 (-11.3%)
- EBIT in 2020 amounts to EUR 4.8 million compared to EUR 6.2 million in 2019 (-22.0%)
- The result after taxes amounts to EUR -2.5 million in 2020 against EUR 4.4 million in 2019 (-155.8%)

At EUR 35.8 million, the cash flow from operating activities was virtually the same as in 2019.

Notwithstanding the impact of Covid, the high raw material prices in the first half of the year and the high restructuring costs, net financial liabilities could be reduced by almost EUR 25 million to 99.9 million.



Impact Covid-19

Covid-19 did not hit the food industry as hard as other sectors but had and still has a significant impact:

- In both Divisions, the Food Service business was strongly impacted by the closure of the catering industry.
- The Ready Meals Division experienced a drop in volumes as consumers started hoarding more pasta dishes and then started preparing them themselves.
- The high fluctuations in orders from supermarkets did not help the operational KPIs in the first months after the initial lockdown.
- Costs also increased significantly due to higher paid absence costs and the costs incurred to maintain staff safety. So far the group has managed through this very well, but it remains a daily focus point. Additional costs incurred related to Covid-19 amounted to EUR 1.9 million and were adjusted in U-Ebitda as indicated earlier.
- The Ebitda impact of the missed sales due to the forced closure of certain Food Service customers and the reduced production efficiency due to Covid-19 were not adjusted in the U-Ebitda figures. This impact is estimated at approximately EUR 7.7 million.

The Board of Directors and management would like to once again express their thanks to all employees for their flexibility, hard work and discipline.

Processed Meats Division:

The division's turnover increases from EUR 437.6 million to EUR 447.2 million (+2.2%).

Nonetheless, the division had in many aspects a difficult year in many areas. Due to the recall and temporary closure of the Aalsmeer plant in October 2019, production volumes were moved to the plants in Ridderkerk, Wijchen and Wommelgem. It took until April 2020 before the operational KPIs were back on a normal level. At the same time, due to the outbreak in April 2019 of African swine fever in China, raw material prices remained historically high until April 2020, after which they gradually normalized. The merger of the Dutch Ter Beke business with Offerman (acquired in 2017) under the code name Project Unity - led to significant reorganization expenses that will ensure a reduction in fixed costs.

The following projects and improvements were equally implemented in 2020:

- An investment in the production capacity of the so-called MLP concept (multi-layer packaging) in our factory in Veurne.
- The installation in Wommelgem of a central meat mincing unit, which manages the uniformity of the meat-fat mix even better.
- The integration of the activities of the meat products company E. De Kock - De Brie, acquired in September 2019, in our factory in Wommelgem.

In the coming years, Ter Beke will continue to invest primarily in our slicing and packaging activities in order to be able to bring new packaging concepts to the market, with a focus on sustainability, recycling and ease of use. On the other hand, Ter Beke is evolving towards the broader category instead of just focusing on processed meats. The first concepts of this were launched in 2020, such as a meat and cheese combination and sliced cold cuts containing a mix of meat and vegetables.

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Ready Meals Division:

The division enjoyed good organic growth in the first quarter until it was hit by Covid-19. KK Fine Foods, whose business is mainly focused on UK food service customers, was hit hardest, but thanks to focus and a proactive approach in its retail business, it was able to limit the impact in the end. The announced expansion investment was however put on hold. In general, it was noted that consumers are cooking more themselves in this year of crisis and are therefore buying fewer prepared meals. Ter Beke is convinced that this is a temporary phenomenon, given the convenience and "value for money" of our products.

The high raw material prices in the first half of the year also impacted the Ready Meals Division.

In Belgium, the rebranding of the look & feel of our Come a casa® brand was a success and a number of trendy products were launched, such as a Come a casa® Bio spaghetti and a Bio Lasagna Bolognese.

As planned, more than 8 million EUR was invested in the expansion of the Polish factory in Opole - the operating base for Central and Eastern Europe. In Eastern Europe, the market for Mediterranean ready meals is growing even faster compared to established markets.

Also the plants in Belgium and France are being prepared for the next growth phase, together with strategic customers.

Proposed dividend

Despite the lower net result, the Board of Directors will propose to the General Assembly to maintain the gross dividend per share for 2020 at EUR 4.00, given the exceptional nature of the impact of Covid-19, the improved results in the second half of the year and the reduced debt position. Upon approval of this proposal, the Board of Directors will offer the dividend in the form of a scrip dividend.

Post balance sheet events

At the beginning of January, Ter Beke announced that Francis Kint, CEO, will leave Ter Beke on 30 June 2021. Meanwhile the search for his successor has been started. Francis Kint led the company through three crises, namely the exceptional increase in raw material prices due to African Swine Fever in Asia, the recall and partial closure of Aalsmeer and finally the Covid-19 crisis. With the results of the second half of the year, he shows the resilience of the company.

After thorough analysis, Ter Beke decided to sell its reinsurance company in Luxembourg. The transaction is currently being negotiated and still has to be submitted for approval to the Luxembourg authorities, amongst others. Ter Beke expects to be able to conclude this transaction before the publication of its half-yearly figures 2021. The sale will have a one-off negative impact on the cash flows and the net result. This impact will most likely be between EUR 4 and 5 million.

Prospects for 2021

Subject to unforeseen conditions, the Group is confident of exceeding the EBITDA result of 2020 in 2021.

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Consolidated results 2020

Consolidated key figures in 000 EUR	2020	2019	Δ%
Revenue (net turnover)	717 422	728 132	-1,5%
UEBITDA (1)	45 711	48 099	-5,0%
EBITDA (2)	37 140	37 243	-0,3%
Underlying operating result (UEBIT)	15 470	17 431	-11,3%
Operating result (EBIT)	4 839	6 205	-22,0%
Net financing costs	-5 132	-3 247	
Operating result after net financing costs (EBT)	-293	2 958	-109,9%
Taxes	-2 170	1 457	
Result after tax before share in the result of enterprises accounted for using the equity method	-2 463	4 415	-155,8%
Share in enterprises accounted for using the equity method	0	0	
Earnings after taxes (EAT)	-2 463	4 415	-155,8%
Financial position in 000 EUR			
Total assets	401 600	439 022	-8,5%
Equity	116 578	124 176	-6,1%
Net financial debt (3)	99 909	124 434	-19,7%
Equity/Total assets	29,0%	28,3%	2,6%
Gearing ratio (4)	85,7%	100,2%	-14,5%
In EUR per share			
Number of shares	1 767 281	1 732 621	2,0%
Average number of shares	1 749 951	1 732 621	1,0%
Net cash flow (Number of shares 31/12/2020)	17,01	20,46	-16,9%
Earnings after taxes (Number of shares 31/12/2020)	-1,39	2,55	-154,7%
EBITDA (Number of shares 31/12/2020)	21,02	21,50	-2,2%

- (1) UEBITDA: EBITDA from underlying operating activities
- (2) EBITDA: operating result + depreciations + impairments + changes in provisions
- (3) Net financial debts: interest-bearing liabilities – interest-bearing receivables, cash and cash equivalents
- (4) Gearing ratio: Net financial debts/Equity



Additional information on the consolidated results for 2020

Notes to the balance sheet

The decrease in goodwill is entirely due to the evolution of the British Pound against the Euro.

The EUR 5.6 million decrease in tangible and intangible fixed assets is mainly the result of a further depreciation of the intangible assets and an exceptional depreciation related to part of the buildings and machines in Aalsmeer as indicated earlier. This despite further investments in the various plants.

The Group invested EUR 29.4 million in fixed assets in 2020 compared to EUR 21.4 million over the same period in 2019. This mainly concerns the continuation of efficiency investments, adjustments to the infrastructure in the various locations and the expansion of capacity at the site in Opole, Poland.

Net financial liabilities decrease by EUR 24.5 million to EUR 99.9 million. This decrease is achieved by an improvement in working capital.

The net cash flow from operating activities amounts to EUR 56.3 million and has risen sharply compared to that of 2019 (EUR 35.8 million), mainly due to the improvement in net working capital.

The calculation of net financial liabilities as at 31 December 2020 and 2019 is as follows:

Net financial debts in EUR '000

	<u>31/12/2020</u>	<u>31/12/2019</u>
Cash and cash equivalents	-19 143	-26 825
Long-term interest-bearing liabilities	106 873	139 279
Short-term interest-bearing liabilities	12 179	11 980
Net financial debts	99 909	124 434

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Notes to the income statement

The most important points were explained in the Key figures and headlines section of this report.

UEBIT and UEBITDA - which represent the recurring or underlying business performance - are now called underlying EBIT or underlying EBITDA respectively. The calculation for Ter Beke is as follows:

	<u>31/12/2020</u>	<u>31/12/2019</u>
EBITDA	37 140	37 243
Depreciation and impairments	-31 450	-30 602
Write offs and provisions	-851	-436
Result of operating activities (EBIT)	4 839	6 205

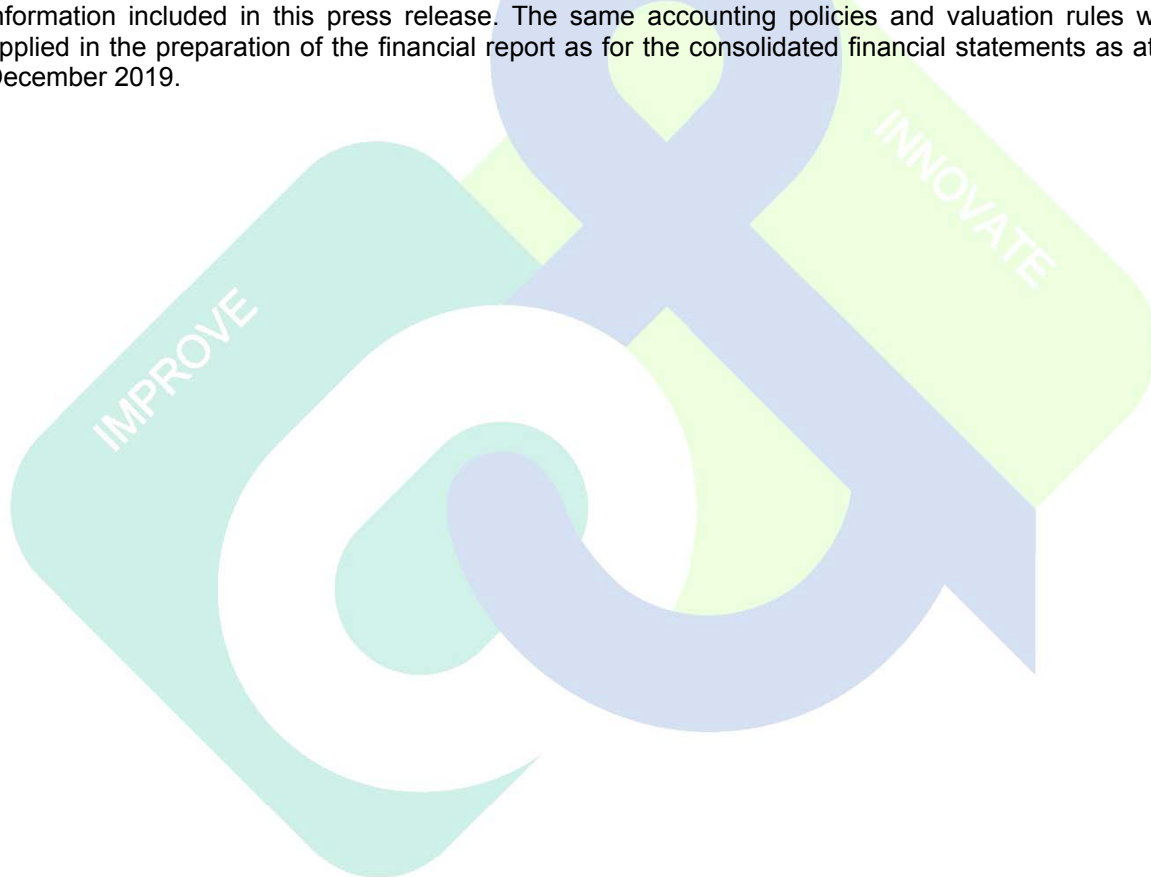
Result of operating activities		
	<u>31/12/2020</u>	<u>31/12/2019</u>
Result of operating activities (EBIT)	4 839	6 205
Severance payment (incl social costs)	3 942	3 125
Project 'unity Netherlands'	4 361	
Claim vs sellers Stefano Toselli		-438
Costs of acquisitions		125
Recall	379	7 914
Covid-19 expenses	1 886	
Others	63	
Impairment on building Aalsmeer		500
Underlying operating result (UEBIT)	15 470	17 431
EBITDA	37 140	37 243
Severance payment (incl social costs)	3 942	3 255
Project 'unity Netherlands'	2 364	
Claim vs sellers Stefano Toselli		-438
Costs of acquisitions		125
Covid-19 expenses	1 886	
Recall	379	7 914
UEBITDA	45 711	48 099

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External control:

The statutory auditor, DELOITTE Bedrijfsrevisoren, represented by Mrs. Charlotte Vanrobaeys, has confirmed that its audit procedures of the consolidated financial statements were substantially completed, with the exception of the review of the consolidated annual report and IFRS disclosures, and that they did not reveal any material adjustments that would have to be made to the accounting information included in this press release. The same accounting policies and valuation rules were applied in the preparation of the financial report as for the consolidated financial statements as at 31 December 2019.



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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 report 2020:
General Shareholders Meeting 2021:
Results first semester of 2021:

Latest on 27 April 2021
27 May 2021
27 August 2021 before market opening

Ter Beke Group

as at 31 December 2020 and 2019
All amounts in 000 EUR

Consolidated income statement

	2020	2019
Revenue	717 422	728 132
Trade goods, raw and auxiliary items	-442 650	-442 586
Services and miscellaneous goods	-110 518	-116 124
Employee expenses	-126 376	-127 100
Depreciation costs	-31 450	-30 602
Impairments, write-downs, and provisions	-851	-436
Other operating income	3 839	2 235
Other operating expenses	-4 577	-7 314
Result of operating activities	4 839	6 205
Financial income	760	385
Financial expenses	-5 892	-3 632
Results of operating activities after net financing expenses	-293	2 958
Taxes	-2 170	1 457
Result for the financial year before result from businesses accounted for using the equity method	-2 463	4 415
Share in the result of enterprises accounted for using the equity method	0	0
Profit in the financial year	-2 463	4 415
Profit in the financial year: share third parties	-77	190
Profit in the financial year: share group	-2 386	4 225
Basic earnings per share	-1,39	2,55
Diluted earnings per share	-1,39	2,55

Ter Beke Group

as at 31 December 2020 and 2019
All amounts in 000 EUR

Consolidated balance sheet

	<u>2020</u>	<u>2019</u>
Assets		
Non-current assets	245 108	252 148
Goodwill	77 759	78 224
Intangible non-current assets	22 224	26 116
Tangible non-current assets	136 463	138 126
Participations using equity method		
Loans to joint venture		
Deferred tax assets	8 587	9 604
Other long-term receivables	75	78
Long-term interest-bearing receivables		
Current assets	156 492	186 874
Inventories	37 865	40 733
Trade and other receivables	99 484	119 316
Cash and cash equivalents	19 143	26 825
Total assets	401 600	439 022
Liabilities		
Shareholders' equity	116 578	124 176
Capital and share premiums	56 782	53 191
Reserves	58 041	69 051
Non-controlling interest	1 755	1 934
Deferred tax liabilities	4 636	5 768
Long-term liabilities	114 631	147 970
Provisions	3 897	4 588
Long-term interest-bearing liabilities	106 873	139 279
Other long-term liabilities	3 861	4 103
Current liabilities	165 755	161 108
Current interest-bearing liabilities	12 179	11 980
Trade liabilities and other payables	133 197	127 725
Social liabilities	18 603	19 291
Tax liabilities	1 776	2 112
Total liabilities	401 600	439 022

Ter Beke Group

as at 31 December 2020 and 2019
All amounts in 000 EUR

Consolidated cash flow statement

	<u>2020</u>	<u>2019</u>
Operating activities		
Result before taxes	-293	2 958
Interest	2 678	2 038
Depreciation	31 450	30 602
Write-downs (*)	2 032	296
Provisions	-50	10
Gains and losses on disposal of fixed assets and trade receivables	28	132
Result of phased acquisition	0	0
Cash flow from operating activities	35 845	36 036
Decrease/(increase) in receivables more than 1 year		
Decrease/(increase) in inventory	1 701	-4 477
Decrease/(increase) in receivables less than 1 year	17 610	2 579
Decrease/(increase) in operational assets	19 311	-1 898
Increase/(decrease) in trade liabilities	7 688	5 436
Increase/(decrease) in debts relating to remuneration	-754	3 520
Increase/(decrease) in other liabilities, accruals and deferred income	-3 046	4 355
Increase/(decrease) in operational debts	3 888	13 311
(Increase)/decrease in the operating capital	23 199	11 413
Taxes paid	-2 696	-7 766
	56	
Net cash flow from operating activities	348	39 683

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Investment activities		
Acquisition of intangible and tangible non-current assets	-27 656	-18 519
Acquisition of subsidiary		-1 490
Total increase in investments	-27 656	-20 009
Sale of intangible and tangible non-current assets	1 723	303
Total decrease in investments	1 723	303
Cash flow from investment activities	-25 933	-19 706
Financing activities		
Increase/(decrease) in short-term financial debts	-2 742	-1 657
Increase in long-term debts	857	1 299
Repayment of long-term debts	-30 062	-7 031
Interest paid interest (via income statement)	-2 678	-2 038
Capital increase (decrease)	3 591	
Dividend paid by parent company	-6 930	-6 930
Cash flow from financing activities	-37 964	-16 357
Net change in cash and cash equivalents	-7 549	3 620
Cash funds at the beginning of the financial year	26 825	23 175
Translation differences	-133	30
Cash funds at the end of the financial year	19 143	26 825
	19 143	26 825

(*) Also includes adjustments that are part of the financial result.
This was EUR 130 in 2019

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Key data per business segment

	Processed meats	2020 Ready Meals	Total
Segment income statement			
Segment net turnover	447 241	270 181	717 422
Segment results	-7 127	19 480	12 353
Non-allocated results			-7 514
Net financing cost			-5 132
Taxes			-2 170
Share in businesses accounted for using the equity method			0
Consolidated result			-2 463
Segment balance sheet			
Segment non-current assets	120 935	118 524	239 459
Non-allocated non-current assets			5 649
Total consolidated non-current assets			245 108
Segment liabilities	105 570	53 244	158 814
Non-allocated liabilities			242 786
Total consolidated liabilities			401 600
			401 600
Other segment information			
Segment investments	11 693	16 674	28 367
Non-allocated investments			1 059
Total investments			29 426
Segment depreciation and non-cash costs	19 247	10 441	29 688
Non-allocated depreciation and non-cash costs			2 613
Total depreciation and non-cash costs			32 301

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Comparison of key data per business segment

	Processed Meat	Ready Meals	Not allocated	Total
EBIT 2020	-7 127	19 480	-7 514	4 839
EBIT 2019	-12 146	24 984	-6 633	6 205
Variance	5 019 -41%	-5 504 -22%	-881 13%	-1 366 -22%
EBITDA 2020	12 120	29 921	-4 901	37 140
EBITDA 2019	5 985	35 443	-4 185	37 243
	103%	-16%	17%	0%
Non-underlying 2020				
Non-underlying 2020 U-EBIT	-7 757	-2 667	-207	-10 631
Non-underlying 2020 U-EBITDA	-6 022	-2 342	-207	-8 571

Comparison of key data per business segment

	Processed Meat	Ready Meals	Not allocated	Total
UEBIT 2020	630	22 147	-7 307	15 470
UEBIT 2019	-1 935	26 360	-6 994	17 431
Variance	2 565 -133%	-4 213 -16%	-313 4%	-1 961 -11%
UEBITDA 2020	18 142	32 263	-4 694	45 711
UEBITDA 2019	15 826	36 819	-4 546	48 099
Variance	2 316	-4 556	-148	-2 388