NATUREX

2014 nine-month results (1st January to 30th September 2014)

Disappointing results for the Nutraceutical business

Solid foundations for quality and sustainable growth

- ✓ **Return to growth of Food & Beverage activity and repositioning of the Nutrition & Health offering**
- ✓ **Action plan addressing key operational challenges**

Press release

Avignon. 28 November 2014 - Naturex. the global leader in specialty plant-based natural ingredients. announces its consolidated results for the first 9 months of fiscal 2014:

Income statement highlights

The full income statement is presented as an appendix to this press release.

€ millions IFRS	9 months 2014	9 months 2013	Change (%)	FY 2013
Revenue	**238.4**	**242.6**	**-1.7%**	**320.8**
Gross margin	**148.5**	**147.6**	**+0.6%**	**196.0**
Gross margin (%)	*62.3%*	*60.8%*		*61.1%*
Recurring EBITDA	**35.0**	**40.4**	**-13.4%**	**53.0**
Recurring EBITDA margin (%)	*14.7%*	*16.7%*		*16.5%*
Current operating income	**19.6**	**27.5**	**-28.7%**	**35.3**
Current operating margin (%)	*8.2%*	*11.3%*		*11.0%*
Operating income after equity-accounted investees	**16.8**	**26.8**	**-37.5%**	**34.4**
Operating margin (%)	*7.0%*	*11.0%*		*10.7%*
Net income attributable to the Group	**8.3**	**13.7**	**-39.4%**	**16.8**
Net margin (%)	*3.5%*	*5.7%*		*5.2%*

Disappointing nine-month results

Sales in the period were affected by a continuing adverse global economic environment and exacerbated mainly by worsening market conditions for Nutrition & Health in the United States.

These factors were compounded by an unfavourable foreign exchange environment.

Sales declined 5% like-for-like (constant exchange rates and perimeter). with Svetol® sales in the United States accounting for half of this decrease. In this context. the integration of Vegetable Juices Inc. as from 1st June 2014 limited this negative trend for sales.

In light of changes in perimeter (integration of Vegetable Juices Inc. and the deconsolidation of the Krill extraction operations). nine-month sales remained stable (-1.7% at current exchange rates and +0.2% at constant exchange rates).

In consequence. the Group's current operating margin was squeezed by the combined effect of a steady gross margin in conjunction with increased fixed costs corresponding to the Group's new structure.

Despite this. business fundamentals remain solid. with a sharp improvement in foreign exchange trends since the end of the last quarter. Efforts to reposition the product ranges and achieve cost efficiencies have started to produce results.

The commercial reorganisation and targeted investments have yielded results in the Food & Beverage activity. our largest market

Measures implemented in 2013 have produced renewed momentum for Food & Beverage:

- The optimisation of the commercial offering;
- Re-energising teams;
- The creation of regional application labs.

The Food & Beverage division has thus begun to reap the benefits of these measures despite an unfavourable market environment and after two difficult years. This trend is expected to continue notably through emerging country growth drivers. Recent investments. the completed construction of a fruit and vegetable powder plant in India. the development of Chile Botanics' industrial capacity in Chile and the commissioning of an industrial base for liquid Fruit & Veg in Poland. will support this growth. Furthermore. the development of a solutions/concepts driven-approach supported by our seven regional application laboratories will make it possible to accelerating growth by promoting our application expertise and responses to underlying market trends (naturalness and “clean labelling”).

In addition. this positive outlook has been strengthened by the recent acquisition of Vegetable Juices Inc. in the United States. by expanding the Group's offering and know-how in a particularly promising segment.

Promising growth for Personal Care

Personal Care has generated very good growth. In this sector. the repositioning of the offering around Naturex's strengths (sourcing and technical expertise) has boosted growth in this segment which still occupies a limited position in the business mix though with strong medium and long-term potential.

Setting the stage for renewed growth for the Nutraceutical segment after a difficult year

The disappointing performance in the period originated from Nutrition & Health that experienced weakness in the United States. the main contributor to this business. after years of very strong growth. This sector was adversely affected by base effects from exceptional conditions in 2013 for the green coffee bean extract with slimming effects (Svetol® in the United States) and slower growth in the US market for dietary supplements in capsule and tablet form. This slowdown reflects the combined effects of customer destocking and increased competitive pressure.

In this context. Naturex's offering is in the process of being repositioned by focusing on the creation of value added nutraceutical solutions (reinforcing the offering of products objectivated by targeted clinical studies. as our cranberry range. for example) and on adjacent categories such as dietary supplements in the form of functional foods (offering in this way significant synergies with the F&B activity. as with the fruit and vegetables range. for example). Finally. strengthening our positions in markets outside the US will allow us to regain momentum in a very responsive market characterised by demand for innovation.

Solid foundations for sustainable and profitable growth

The structural and organisational changes implemented within the Group over nearly two years were indispensable. They have provided solid foundations for Naturex's next phases of development on a still buoyant market. bolstered by increasingly pronounced trends in favour of the natural. the “clean label” and well-being.

Under Olivier Rigaud's leadership. the Group will concentrate on addressing major operational challenges necessary to achieve sustainable and profitable growth by pursuing the following lines of action:

- Boosting commercial efforts to drive quality organic growth
  By returning to growth in our major market. Food & Beverage. ramping up investments in emerging countries. launching the action plan to reposition the Nutrition & Health offering. continuing penetration of the Personal Care segment. between now and 2015 we will be able to achieve a better level of organic growth. and on that basis. profitability.
- Maximising the efficiency and profitability on industrial assets
  The Group intends to leverage existing capabilities resulting from recent investments but also pursue the ongoing program to rationalise and optimise its industrial facilities. along the lines of the Shingle Springs site closure in California in August 2014 resulting the recognition of a non-current expense in the third quarter (see below the detailed comments on the 9-month accounts).
- Strengthen controls over operating expenses
  The results of initial efforts to reduce external charges are already visible for the period and are expected to remain ongoing throughout the Group.
- Significantly reduce working capital requirements
  An action plan has already been launched with the prerequisites and organisation now in place and having as primary focus a significant reduction in inventories in the medium-term.

"*These results are in line with those announced in the 2014 first half. They are disappointing as they do not yet reflect the first positive effects of the Group structuring measures that are masked by unsatisfactory performances of the nutraceutical segment in the United States*". commented Naturex's Chairman. Thierry Lambert. "*The Group is pursuing a broad-based program to return to profitable organic growth and strengthen our operating indicators and I am confident in our capacity to successfully execute this unifying project for Naturex.”*

Olivier Rigaud. Naturex's Chief Executive Officer who joined the Group on 1st October 2014 added*:* "*Since my recent arrival. I have been able to attest that Naturex's excellent image in terms of dynamism and know-how was fully justified. One of my priorities is to return to a path of organic growth and improve profitability. I will contribute my experience in these areas to Naturex teams focused on achieving this common objective that is essential to the future development of our Group. "*

APPENDIX

Notes to the 2014 9-month consolidated results

As announced on 4th November 2014. **revenue** for the first nine months of 2014 reached €238.4 million. up 0.2% at constant exchange rates (-1.7% at current exchange rates). including the strong four-month contribution from Vegetable Juices Inc. (€11.8 million) and impacted by the €10.9 million base effect differential from the Svetol® and krill extraction sales.

Furthermore. Naturex was impacted by the adverse effects of a very unfavourable foreign exchange environment; the weakness of a number of currencies. including the US dollar and certain emerging country currencies. relative to European currencies (EUR. GBP. CHF…) weighed on Naturex's margins. as its products originating from production sites in Europe and Switzerland are exported worldwide throughout its sales network. The slight improvement in exchange rates and. in particular. the USD at the end of the third quarter was more favourable in terms of sales. This trend was more pronounced at the beginning of the fourth quarter. and if it continues. will have a positive impact on margins in the coming months.

The gross margin as a percentage of sales rose to 62.3% from 60.8% for last year's same period. confirming ongoing efforts to increase the weight of high value-added products in the mix and measures taken within the Group to achieve further gains in productivity.

The decline in other operating income. from €5.6 million in the first nine months of 2013 to €2.5 million. included. as announced with the publication of first half results. a negative variation of gain and loss of €0.5 million on disposal of assets as well as a decline linked to an exceptional sale in H1 2013 (€1 million) relating to inventory for the "Yeast" range.

Staff costs rose by €5.0 million (+9.8%). Restated to eliminate changes in Group structure linked to the integration of Chile Botanics and Vegetable Juices Inc.. this line item increased by €3.1 million or +6.0%. This trend reflects mainly the sequencing of recruitment in connection with Group structuring measures launched at the end of 2012 and completed in the 2014 first half.

External charges decreased by €2.5 million (-4.5%). This line item was effectively maintained under control through costs management and optimisation measures such as. for example. the reduction in personnel-related fees after processes for certain recruitments were insourced and lower insurance expenses.

Recurring EBITDA amounted to €35.0 million compared to €40.4 million in the same period in 2013. The recurring EBITDA margin was 14.7% compared to 16.7% at 30 September 2013 with the negative growth resulting in operating deleveraging.

Current operating income amounted to €19.6 million. compared to €27.5 million for the first nine months of 2013. for a current operating margin of 8.2% compared to 11.3% one year earlier (11% at 31 December 2013) reflecting the decline in revenue. amplified by a very unfavourable exchange rate effect for most of the period and the weight of fixed costs.

Other non-current operating expenses amounted to €2.9 million and include in particular the costs related with the closure of the Shingle Springs manufacturing site in California (€1.6 million of which €0.1 million corresponding to restructuring costs and €1.5 million to building depreciation costs. this last charge having no impact on cash).

Net operating income came to €16.8 million or 7% of sales.

Net income attributable to the Group amounted to €8.3 million compared to €13.7 million for the first nine months of 2013. after a €3.2 million tax charge (compared with €6.8 million at 30 September 2013).

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APPENDIX

Nine-month income statement highlights

In €m IFRS	9 months 2014	9 months 2013	Change %	Full Year 2013
Revenue	**238.4**	**242.6**	-1.7%	**320.8**
Gross margin	148.5	147.6	+0.6%	196.0
Gross margin (%)	*62.3%*	*60.8%*		*61.1%*
Operating subsidies	1.6	1.6	+1.1%	2.2
Other operating income	2.5	5.6	-54.8%	6.8
Staff costs	(56.2)	(51.2)	+9.7%	(69.1)
External charges	(58.8)	(61.3)	-4.0%	(79.5)
Taxes other than on income	(1.8)	(1.7)	+4.0%	(2.1)
Other current operating income and expenses	(0.8)	(0.1)	-	(1.3)
Recurring EBITDA	**35.0**	**40.4**	-13.4%	**53.0**
Recurring EBITDA margin (%)	*14.7%*	*16.7%*		*16.5%*
Amortisation, depreciation and impairment	(15.4)	(12.9)	+19.1%	(17.7)
Current operating income	**19.6**	**27.5**	-28.7%	**35.3**
Current operating margin (%)	*8.2%*	*11.3%*		*11.0%*
Other non-current operating expenses	(2.9)	(0.7)	-	(0.8)
Other non-current operating income	-	-	-	-
Net operating income	**16.7**	**26.8**	-37.7%	**34.5**
Share of net income of equity-accounted investees	-	-		(0.1)
Operating income after equity-accounted investees	**16.8**	**26.8**	-37.5%	**34.4**
Operating margin (%)	*7.0%*	*11.0%*		*10.7%*
Net borrowing costs	(6.0)	(4.3)	+41.1%	(5.4)
Other financial income and expenses	0.8	(1.9)	-	(3.1)
Income before tax	**11.5**	**20.5**	-43.8%	**25.9**
Income tax expense	(3.2)	(6.8)	-52.6%	(9.0)
Net income attributable to the Group	**8.3**	**13.7**	-39.4%	**16.8**
Net margin (%)	*3.5%*	*5.7%*		*5.2%*

You can receive all financial information of Naturex free of charge by signing up at: www.naturex.fr

Financial schedule

- Annual revenue 3 February 2015
- Annual results 31 March 2015

Upcoming events

- SFAF analysts meeting (Paris) 2 April 2015

Naturex has been listed since October 1996 on Euronext in Paris. Segment B

Total number of shares comprising the share capital: 9.195.163 (October 2014)
ISIN FR0000054694

NATUREX is a component of the CACT. Enternext CAC PEA-PME 150. CAC Small & Mid. CAC Small. Gaïa Index.
Naturex is eligible for the "long only" Deferred Settlement Service (SRD) and French equity plans (PEA and PEA-PME).
Naturex established a Sponsored Level 1 American Depositary Receipt (ADR) program in the United States. Under this facility. Naturex's ADRs are traded over-the-counter in the United States under the symbol NTUXY.

TICKER: NRX - Reuters: NATU.PA - Bloomberg: NRX:FP - DR Symbol: NTUXY

About Naturex

Naturex is the global leader in speciality plant-based natural ingredients. The Group is organised around three strategic markets (Food & Beverage. Nutrition & Health and Personal Care) and produces and markets speciality plant-based ingredients for the food. nutraceutical. pharmaceutical and cosmetic industries.

Naturex's head office is based in Avignon. The company employs 1.600 people with 8 sourcing offices located throughout the world and high-performance manufacturing operations across 16 sites in Europe. Morocco. the United States. Brazil. Australia and India. It also has a global commercial presence through a dedicated network of sales offices in more than 20 countries.

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