NATUREX

FY 2014 consolidated results
(1 January to 31 December 2014)

2014 consolidated annual results

- **Annual earnings down sharply**
  impacted by difficult market conditions, in the first nine months, and higher committed fixed costs
- **Profitability lowered**
  by significant exceptional write-downs of inventories and industrial assets in Poland and Spain
- **Departures of the Chairman of the Board of Directors and Chief Financial Officer**
- **New corporate governance**
  - ✓ Appointment of Paul Lippens as Chairman and Hélène Martel-Massignac as Vice-Chairman of the Board of Directors
  - ✓ Olivier Rigaud, Chief Executive Officer since fall 2014, appointed Director
- **Robust measures implemented for operational and financial discipline**
- **Presentation of the 2020 Strategic Plan on 30 June 2015**

Press release

Avignon, 31 March 2015 - Naturex, the global leader in speciality plant-based natural ingredients, announces its annual consolidated results[1] for fiscal 2014 and changes in corporate governance and organisation.

[1] The separate annual financial statements of Naturex S.A. and the Group's consolidated financial statements (including the notes) were presented to the Audit Committee on 27 March 2015 and approved by the Board of Directors of the Company on 31 March 2015. The consolidated financial statements have been audited by our Statutory Auditors and their report will be issued after completion of the procedures required for filing the registration document no later than 30 April 2015.

Consolidated income statement

In €m IFRS	2014	2013	Change %
Revenue	**327.3**	**320.8**	**2.0%**
Gross margin	194.1	196.0	-1.0%
Gross margin (%)	*59.3%*	61.1%	
Staff costs	(77.3)	(69.1)	11.8%
External charges	(83.2)	(79.5)	4.6%
Amortisation, depreciation and impairment	(22.0)	(17.7)	24.1%
Current operating income	**14.8**	**35.3**	**-58.0%**
Current operating margin (%)	*4.5%*	*11.0%*	
Recurring EBITDA	**36.8**	**53.0**	**-30.6%**
Recurring EBITDA margin (%)	*11.2%*	*16.5%*	
Other non-current operating expenses	(7.1)	(0.8)	-
Other non-current operating income	-	-	-
Net operating income	**7.7**	**34.5**	**-77.7%**
Share of net income (loss) of equity-accounted investees	(0.9)	(0.1)	
Operating income after equity-accounted investees	**6.8**	**34.4**	**-80.2%**
Operating margin (%)	*2.1%*	*10.7%*	
Net borrowing costs	(8.3)	(5.4)	-
Other financial income and expenses	(0.6)	(3.1)	-
Profit before tax	**(2.0)**	**25.9**	**-107.8%**
Income tax expense	(2.1)	(9.0)	-
Net income attributable to the Group	**(4.1)**	**16.8**	-124.3%
Net margin (%)	*-1.2%*	*5.2%*	

Performances adversely affected by the economic environment and difficult market conditions

Performances in 2014 were adversely affected by several macroeconomic and geopolitical factors, further exacerbated by highly volatile foreign exchange trends over the first nine months. In addition, Group results were impacted by difficult market conditions for some of its historic positions (the Food & Beverage business in Europe and Nutrition & Health in the United States) as well as a negative comparison base from Svetol® sales in the US (-€7.6 million) and krill extraction sales (-€8.8 million).

In this context, Naturex nevertheless benefited from the positive effects of its choices to develop in markets with strong growth potential. These included the United States for Food & Beverage, particularly through the successful integration of Vegetable Juices Inc. in June 2014, and emerging countries that have provided good growth drivers for both Food & Beverage and Nutrition & Health.

On that basis, as announced on 3 February 2015, the Group had annual sales of €327.4 million, up 2% (2.2% at constant exchange rates). This included a sharp improvement in the fourth quarter in response to a more favourable foreign exchange environment (primarily the US dollar's rise versus the euro) and a very good contribution from Vegetable Juices Inc.

A deterioration in the operating margin largely due to significant non-recurring items

Group operating margins were severely impacted in 2014, with a further deterioration in the fourth quarter. Details on the main impacts are presented below:

- **Fair value adjustment of inventories**

  At the end of 2014, reflecting its strong commitment to controlling working capital requirements, the Group initiated a process to rationalise inventories and optimise its product portfolio (focusing on "flagship" references of its catalogue). In order to reflect the consequences of this strategic decision on the realisable value for inventory, the Group recorded an additional write-down of €3.5 million.

This exceptional write-down adversely impacted the gross margin that was not able to be offset by the more generally positive effect of the product mix.

The consolidated gross margin on that basis came to €194.1 million compared to €196 million in 2013, declining 1% or 1.8 points as a percentage of sales to 59.3%.

- **Currency and translation effect**

  For the first nine months the weakness of selected currencies (mainly the USD) 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. Furthermore, the translation effects for selected currencies limited contributions to earnings from international operations. The gradual strengthening of the dollar starting in the last quarter of 2014 will positively impact profitability in the coming months.

- **Changes in the Group consolidation structure and organisation on operating expenses**

  Staff costs rose 11.8% to €77.3 million from €69.1 million in 2013. This increase is largely due to the integration of Vegetable Juices Inc. and Chile Botanics (139 employees), payroll increases, in particular in high inflation countries (€2.1 million) and the full-year effect of Group organisational changes (€1.9 million).

  External charges rose €3.6 million (+4.6%) to €83.2 million. This increase is largely the result of changes in the Group structure (€3.6 million). Excluding changes in structure and exchange rates, this increase included €0.2 million for R&D expenditures necessary for the strategy for market growth, in part offset by tighter controls over other expenditures.

This resulted in a margin squeeze from the combined effect of a reduced gross margin and increased committed fixed costs.

Recurring EBITDA amounted to €36.8 million, a sharp decline of 30.6%, whereas revenue had grown 2%. **Current operating income** came to €14.8 million, representing a margin of 4.5%, compared to 35.3 million in 2013.

- **Significant effects from other non-current operating expenses**

Non-current operating expenses of €7.1 million reduced **operating income** to €7.7 million in light of**:**

- the €1.8 million impairment charge for real estate assets of the California site of Shingle Springs, following the plant closure in August 2014;
- impairment charges for Pektowin assets in Poland (€2.1 million) and the Palafolls site in Spain (€1.5 million).

These measures rendered necessary by a difficult economic environment represent an important waypoint in the process of optimising and rationalising the Group's manufacturing base.

- restructuring expenses from reorganisations linked to the integration of Pektowin in Poland (€0.1 million) and other costs relating to the Shingle Springs site in California (€0.2 million),
- expenditures relating to external growth concerning largely acquisition-related costs for Vegetables Juices Inc. (€0.9 million).

Consolidated operating profit after income from equity-accounted investees came to €6.8 million or an operating margin of 2.1% versus 10.6% in 2013. This includes a €0.9 million loss from equity-accounted investees (joint-venture with Aker BioMarine).

Negative impacts on net income

Net borrowing costs for 2014 amounted to €8.3 million (2.5% of sales), up from €5.4 million in the prior year. Readers are reminded that the Group refinanced the structured loan in June 2014 in order to take advantage of longer maturities and financing lines that were better adapted to the Group's structure. At 31 December 2014, net financial debt totalled €160.3 million compared with €150.7 million at 31 December 2013.
Other financial income and expenses represented a charge of €0.6 million.

On that basis, a net loss attributable to Group shareholders of €4.1 million was recorded for the period compared to a profit of €16.8 in 2013, after a €2.1 million tax charge from the non-recognition of a portion of deferred tax assets from results in Spain and Poland

Departure of the Chairman of the Board of Directors and Chief Financial Officer

Naturex's Board of Directors, meeting on 31 March 2015, duly noted, after having indicated his wish to retire, Thierry Lambert's resignation with immediate effect from the offices of Director and Chairman of the Board of Directors.

In addition, Olivier Rigaud, also announced the departure of Thierry-Bertrand Lambert who has served as Chief Financial Officer since January 2013.

New corporate governance

In light of these announcements, and after discussions, the Board of Directors, decided to appoint:
- Paul Lippens as Chairman of the Board of Directors;
- Hélène Martel-Massignac, as Vice-Chairman of the Board of Directors;
- Olivier Rigaud, Chief Executive Officer, as Director.

This new corporate governance is consistent with the announcement in January 2015 on separating supervisory and operational management bodies as recommended by the MiddleNext Code to ensure a clear division in powers and shared responsibility.

Pursuant to these decisions, the Nominating and Compensation Committee, until now chaired by Paul Lippens, will henceforth be chaired by Hélène Martel-Massignac, with Mr. Lippens remaining a member of the Committee.

Moreover, Olivier Rigaud appointed Waël Kaibi, the Group's Chief Accountant to assure the transition while a specialised recruitment firm searches for a new chief financial officer.

A proactive organisation to apply rigorous measures and operational and financial discipline

Since arriving in October 2014 to head up the Group's executive management, Olivier Rigaud has sought to meet with Naturex's driving forces, visit all manufacturing sites and exchange views with Group customers to better understand the specific characteristics of Naturex business lines and acquire an understanding of the key challenges of its markets.

After this initial phase of observation, an action plan ("Conquest, Cash & People") setting priorities for producing the necessary drivers for lasting and profitable growth was implemented and presented in January 2015.

This plan is focused on three major lines of action:
- Returning to growth and conquering new markets;
- Applying rigorous financial discipline;
- Rallying and promoting the emergence of new talent.

To implement this ambitious and vital program for the Group's development, Olivier Rigaud has assembled a committed and experienced team to work with him capable of mobilising forces around this unifying project:
- Maxime Angelucci, Chief Operating Officer;
- Waël Kaibi, interim Chief Financial Officer for the transition phase;
- Alexis Mayer, Chief Human Resources Officer.

Robust actions to promote a culture of rigour and discipline across all our operations have already been launched: a corporate governance organisation, engagement by operational and finance teams on common projects, adoption of growth-generating procedures, the alignment of individual performance targets and a decision steering process by key indicators.

These measures will lay solid foundations for the launch of our 2020 strategic plan to achieve Naturex's ambitions over the next five years and that will be presented to the financial community on 30 June 2015.

"*2014 was particularly difficult due to a combination of factors that adversely affected our markets and businesses. The necessary strategic decisions that we took moreover had significant adverse non-recurring effects on our profitability*" commented Olivier Rigaud, Naturex's Chief Executive Officer.
"And in a macroeconomic environment that still appears unstable, starting in January 2015 we implemented targeted action plans combined with a rigorous and disciplined approach across operations, while maintaining our momentum and agility for conquering new growth markets that is essential for generating sustainable and profitable growth. Finally, we will finalise and apply our 2020 strategic plan to create value and position Naturex as a major industry player of tomorrow.

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

Upcoming events

- SFAF analysts meeting (Paris) — 2 April 2015, 10:00 a.m. (admissions: 9:30 a.m.)
Palais Brongniart - Paris

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

Total number of shares comprising the share capital: 9,201,199 (February 2015)
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.

Contacts

Carole Alexandre
Investor Relations
Tel.: +33 (0)4 90 23 78 28
c.alexandre@naturex.com

Anne Catherine Bonjour
Actus Finance Press Relations
Tel.: +33 (0)1 53 67 36 93
acbonjour@actus.fr