

## Q1 2015 consolidated results: The "Conquest, Cash & People\*" plan yields its first encouraging results

- ✓ Stability in organic growth
- ✓ Good control over operating expenses
- ✓ Current operating margin: 8.2%

Press release

Avignon, 26 May 2015 - Naturex, the global leader in speciality plant-based natural ingredients, announces consolidated results for the 2015 first quarter:

€ millions IFRS	1 <sup>st</sup> quarter 2015	1 <sup>st</sup> quarter 2014	Change (%)	FY 2014
<b>Revenue</b>	<b>98.6</b>	<b>79.6</b>	<b>+23.9%</b>	<b>327.3</b>
Gross margin	56.1	49.5	+13.5%	194.1
Gross margin (%)	56.9%	62.1%		59.3%
Operating grants	0.5	0.5	+5.8%	2.7
Other operating income	1.2	1.1	+8.1%	3.9
Staff costs	(22.7)	(18.0)	+25.9%	(77.3)
External charges	(20.4)	(18.8)	+8.2%	(83.2)
Taxes other than on income	(0.6)	(0.6)	+9.6%	(2.6)
Other operating income and expenses	(0.1)	(0.4)	-81.9%	(0.8)
<b>Recurring EBITDA</b>	<b>14.1</b>	<b>13.2</b>	<b>+6.4%</b>	<b>36.8</b>
Recurring EBITDA margin (%)	14.3%	16.6%		11.2%
Amortisation, depreciation and impairment	(6.0)	(4.6)	+30.0%	(22.0)
<b>Current operating income</b>	<b>8.1</b>	<b>8.7</b>	<b>-6.1%</b>	<b>14.8</b>
Current operating margin (%)	8.2%	10.9%		4.5%
Other non-current operating expenses	-	(0.2)	-	(7.1)
Other non-current operating income	-	-	-	-
<b>Net operating income</b>	<b>8.1</b>	<b>8.4</b>	<b>-3.9%</b>	<b>7.7</b>
Operating margin (%)	8.2%	10.7%		2.1%
Share of net income (loss) of equity-accounted investees	(1.4)	-	-	(0.9)
Net operating income after share of net income of equity-accounted investees	6.8	8.5	-20.5%	6.8
Net borrowing costs	(1.9)	(1.3)	-	(8.3)
Other financial income and expenses	2.1	0.2	-	(0.6)
<b>Profit before tax</b>	<b>6.9</b>	<b>7.4</b>	<b>-6.5%</b>	<b>(2.0)</b>
Income tax expense	(1.7)	(2.3)	-	(2.1)
<b>Net income attributable to the Group</b>	<b>5.2</b>	<b>5.1</b>	<b>+1.1%</b>	<b>(4.1)</b>
Net margin (%)	5.3%	6.4%		-1.2%

\* "Conquest, Cash & People": A 2015 action plan to revive sales for a return to growth (Conquest), optimise working capital and apply rigorous financial discipline (Cash) and strengthen human capital to federate our teams and promote the emergence of new talents (People).

## Decline in organic growth halted and commercial deployment on track

Consolidated revenue for the 2015 first quarter, as reported on 28 April 2015, was €98.6 million, up 23.9% from one year earlier. This increase reflected both the impact of acquisitions with a contribution from Vegetable Juices Inc. (€9.6 million at constant exchange rates) and a currency effect resulting in particular from the US dollar's rise over the period (€9.4 million);

For the historical Group structure (€79.6 million), targeted commercial initiatives made it possible to halt the decline in organic growth after four consecutive quarters in 2014.

Performances by region and business performances were however mixed.

- Nutrition & Health is now back on track with positive organic growth attributable in particular to the plan launched in the US at the end of 2014 to recapture growth along with good performances in the Asia-Pacific region. Europe remains a major focus of attention and a plan for re-energizing business development has already been launched.
- Food & Beverage is performing well in the United States, benefiting from both the strong contribution by Vegetable Juices Inc. and also the continuing market transition in favour of natural foods. Europe in contrast was adversely impacted by the high base effect in relation to the 2014 first quarter in an environment that is still sluggish.
- The Personal Care business has virtually doubled in size, confirming the pertinence of our range's positioning with a targeted customer base of leading cosmetic industry names.
- Finally, Toll Manufacturing in the period included krill toll manufacturing sales while the Houston plant (JV with Aker BioMarine) is in a technical test phase.

## The measures of the "Conquest, Cash & People" plan are starting to yield results

While Group operating margins were impacted significantly in 2014 by exceptional items registered in the fourth quarter, strict discipline applied across all operations has yielded the first encouraging signs in the quarter.

**The consolidated gross margin** amounted to €56.1 million, up 13.5% from the 2014 first quarter. The gross margin as a percentage of sales was 56.9% compared to 62.1% a year earlier, or down 5.2 points, reflecting:

- A currency effect (-0.2 point) linked in particular to the Swiss francs' rise increasing the production costs of Swiss manufacturing sites when translated in the Group's financial statements. The US dollar's rise since the 2014 fourth quarter should result in a better contribution to the gross margin in the 2015 second quarter.
- A Group structure effect (-1.8 points) reflecting the strong contribution from Vegetable Juices Inc., specialised in fruit and vegetable juice concentrates generating a gross margin lower than the Group average.
- A product mix effect for the historical Group structure (-3.2 points) linked mainly to inventory rationalization.

**Staff costs** rose 25.9% to €22.7 million from €18 million in the 2014 first quarter. This increase includes in large part the €2.4 million contribution of Vegetable Juices Inc. as well as a €1.1 million currency effect resulting from the rise of selected currencies in the period (USD, CHF, GBP).

Excluding these effects, staff costs increased by €1.2 million, representing a contained increase of 6.7% for the historical Group structure primarily due to:

- €0.4 million from a marginal increase in headcount in light of recruitments for operational posts requiring specific expertise finalised in the quarter; this effect should be limited for the 2015 full year and offset by personnel redeployment pursuant to the cost control commitments for overhead expenses;
- €0.8 million in salary increases linked to compensation for individual employee performance and compensation indexation in certain high inflation countries also including various provision amounts (pensions, paid vacation, bonuses, etc.).

In addition, **external charges** represented 21% of revenue compared to 24% one year earlier, amounting to €20.4 million. This 8.2% increase was primarily attributable to Vegetable Juices Inc. (€1.6 million) and a currency effect in the period (€1.2 million). At constant currency and structure, external charges decreased by 6.6% (€1.2 million), confirming the positive effects of cost controls and discipline applied in connection with the budget management process implemented in 2015.

**Recurring EBITDA** amounted to €14.1 million, up 6.4%, with a recurring EBITDA margin at 14.3% compared to 16.6% in the 2014 first quarter.

Amortisation, depreciation and impairment amounted to €6 million compared to €4.6 million in the 2014 first quarter and were related to investments in 2014 (Vegetable Juices Inc., manufacturing plant in Chile, application lab in Avignon, etc.).

**Current operating income** amounted to €8.1 million, compared to €8.7 million in the 2014 first quarter with a current operating margin in consequence at 8.2%.

Consolidated operating profit after income from equity-accounted investees totalled €6.8 million. This includes a €1.4 million loss from the equity-accounted joint-venture with Aker BioMarine linked to charges for the Houston site qualification process and the plant remaining in a test phase in the quarter. For information, during this period, krill extraction was carried out within the Naturex's Toll Manufacturing division.

Net borrowing costs amounted to €1.9 million (1.9% of revenue) compared to €1.3 million (1.6% of revenue) in the 2014 first quarter. 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.

Other financial income and expenses included income of €2.1 million compared to €0.2 million in the 2014 first quarter, resulting from a positive currency effect.

Finally, after a tax expense of €1.7 million, **net income attributable to Group shareholders** amounted to €5.2 million, up marginally (+1.1%) from last year's first-quarter, with a net margin standing at 5.3%.

*"The 2015 first quarter confirmed the positive effects resulting from the adoption of our "Conquest, Cash & People" plan. This renewed growth and improvement in our operating profitability coming after the heavily impacted previous year, illustrate our responsiveness and the commitment of Group teams to the principles of financial and operational discipline", commented Olivier Rigaud, Chief Executive Officer and Director of Naturex.*

*"Consolidating organic growth by hard-hitting commercial initiatives, along the lines of our successes in Nutrition & Health in the United States, improving performances by generating value from our*

*investments notably in India and Chile and continuing efforts to control operating expenses and staff costs are necessary conditions for activating the drivers for sustainable profitability beginning in the second half of 2015".*

You can receive all financial information of Naturex free of charge by signing up at: [www.naturex.fr](http://www.naturex.fr)

▶ **Financial schedule**

- |                           |                   |
|---------------------------|-------------------|
| - 2015 H1 sales           | 29 July 2015      |
| - 2015 first-half results | 16 September 2015 |

▶ **Upcoming events**

- |                                      |              |
|--------------------------------------|--------------|
| - AGM (Paris)                        | 24 June 2015 |
| - Strategy 2020 Presentation (Paris) | 30 June 2015 |

# NATUREX

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



Total number of shares comprising the share capital: 9,221,113 (April 2015)  
ISIN FR0000054694

NATUREX is a component of the CACT, Euronext 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**

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