

VFB HAPPENING
30 March 2019

IMPROVE

INNOVATE

Francis Kint

VFB HAPPENING

30-03-2019

Agenda

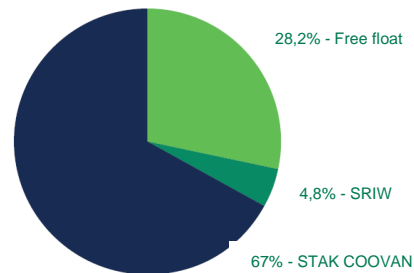
- ◆ Who are we ?
- ◆ Food trends
- ◆ Ter Beke's quantum leap in 2017 & 2018
- ◆ Processed Meats headlines
- ◆ Ready Meals headlines
- ◆ Consolidated figures
- ◆ Why look at Ter Beke?

Ter Beke introduction

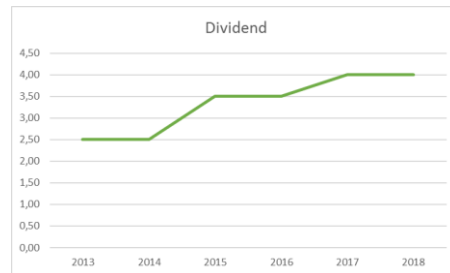
Ter Beke (Euronext: TERB)

- ◆ Listed since 1986
- ◆ 2 core activities:
 - ◆ **Processed meats** : broad product range, marketed in the Benelux, UK, Germany
 - ◆ **Ready meals** : focussed product range, marketed in all European countries
- ◆ 12 production sites in Belgium, The Netherlands, France, UK and Poland
- ◆ Employs approx. 2,700 people
- ◆ Generated a turnover of € 680M in 2018

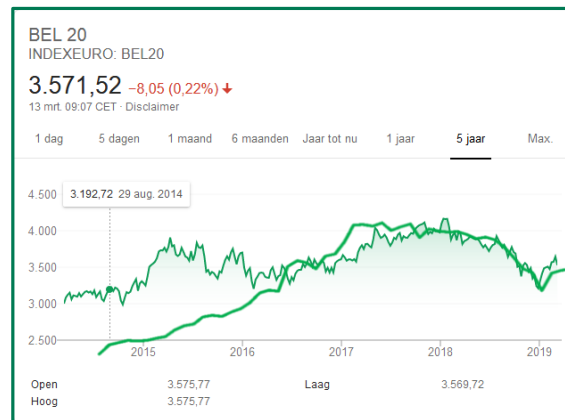
Shareholder structure



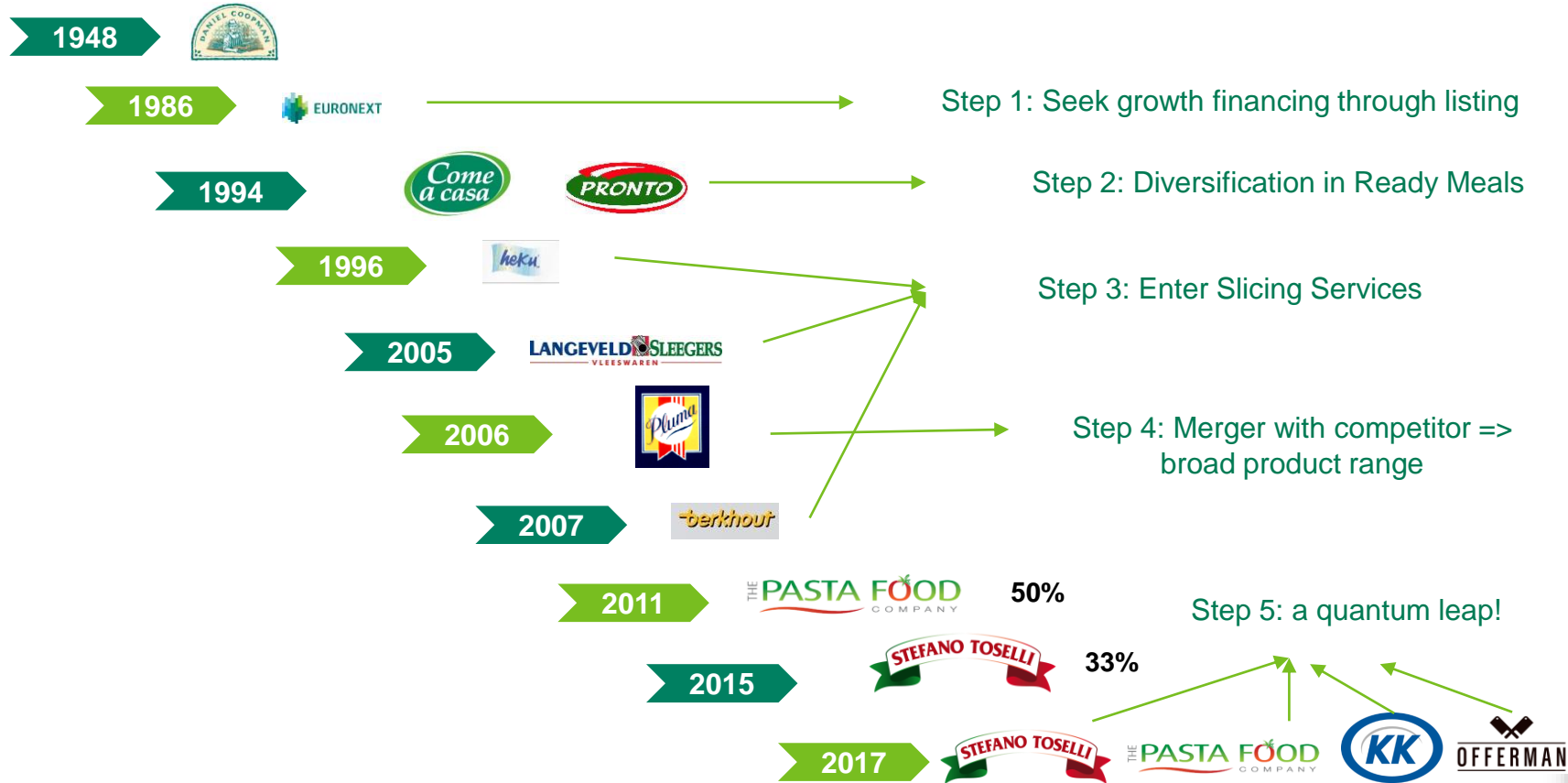
Dividend evolution



Share price evolution



Ter Beke's 5 strategic steps



Food trends

- ◆ The primary consumer desires remains
 - ◆ Taste & indulgence
 - ◆ Quality
 - ◆ Value
 - ◆ Convenience
- ◆ While following demands are increasing
 - ◆ Health
 - ◆ Sustainability
 - ◆ Product integrity
 - ◆ ... and information on the above
- ◆ The winning food companies of the future will be able to combine these demands !

Ter Beke's quantum leap in 2017

The 4 acquisitions of 2017 transformed the company to make it ready to take the opportunities created by these changes!

Stefano Toselli

Lasagnas and pasta meals
Located in Normany, France
Turnover : 75M, 250 FTEs



Adds

- Frozen pasta meals
- French, UK and German market
-

Pasta Food Company

Lasagnas and pasta meals
Located in Opole, Poland
Turnover : 15M, 70 FTEs



Adds

- Low(er) cost manufacturing
- Eastern-European markets
- Growth capacity

Ter Beke undoubtedly becomes European N°1 in its segment

Capability to service "European-wide contracts" to large retailers

Possibilities to optimise production between sites

Ter Beke's quantum leap in 2017

The 4 acquisitions of 2017 transformed the company to make it ready to take the opportunities created by these changes!

KK Fine Foods

Ready meals

Located in Deeside, Wales, UK

Turnover : 47M, 465 FTE



Adds

- UK home market, "mekka" of ready meals
- Broad, qualitative product range
- Frozen ready meals technology
- Food Service market
- Continued innovation

Know-how to build ready meals product range with customer

(recipees, price points, ...)

Best practices in freezing & quality conservation

Offerman

Processed meat, slicing activities

Located in Aalsmeer & Borculo, The Netherlands

Turnover : 112M, 370 FTE



Adds

- Sophisticated Category Management approach with customers
- Key retailers and Food Service market
- Traditional products

Clear N°1 position in the Benelux

Use best practices in Category Management
Optimise production between sites (e.g. Zoetermeer production moved to Wommelgem and Borculo)



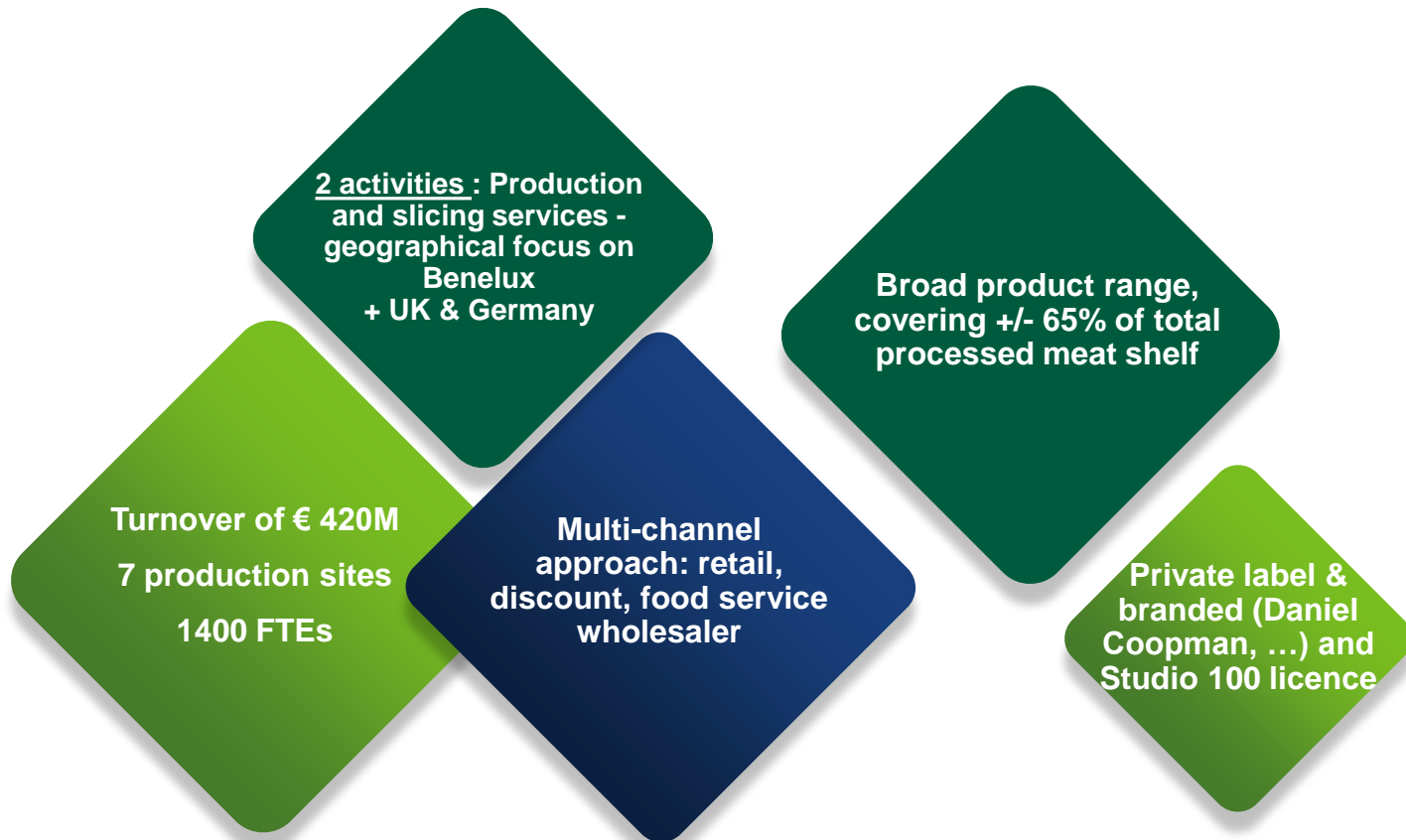
Service slicing



Fresh processed meat

Our fresh processed meat
and service slicing activities

Our Processed Meats Division



Key activities : 1) Processed meat production



Product range

- ◆ Salami
- ◆ Cooked ham
- ◆ Poultry products
- ◆ Pâté
- ◆ Cooked meats
- ◆ Tradional products

Cover about 65% of
total
Processed meat
category



Our brands



Consumer & professional brand with attractive portion packaging and easy opening, aimed to reduce waste



Professional brand with a broad range of traditional meats



A well known quality consumer brand since the '40s. (incl. UK and Germany)

Daniel Coopman

A professional brand (Butchers segment) that is named after its founder.



Children adore the delicious meat products named after their favorite TV-stars Plop, Maya & Samson

Key activities: 2) Slicing & packaging



Key activities: 2) Slicing & packaging

Ter Beke's "service slicing" business model

- ◆ *Comment* : in the Benelux > 80% of processed meat is bought pre-packed
- ◆ In this model, Ter Beke performs the complete range of activities between the "logs" coming from different suppliers and the packaged products
 - ◆ Goods receiving and quality control
 - ◆ Slicing, packaging & labelling
 - ◆ Planning (logs & FG), VMI ("vendor managed inventory")
 - ◆ (for some retailers) picking & Direct Store Delivery
- ◆ Advantage for retailer
 - ◆ Keeps decision power over log supplier & assortment and promo calendar
 - ◆ While outsourcing all activities between log supplier and final product
 - ◆ From many to one supplier => one invoice
 - ◆ Uniform packaging => shelf more simple to read for shopper

Ter Beke Processed Meats – 8 production sites



Trends in the Processed Meats category

◆ The category is undergoing a major transformation:

- ◆ Less consumption and increasing competition from alternative products
- ◆ Global food companies exit the category (e.g. Nestlé plans to sell Herta)
- ◆ Important new themes now seriously investigated and rapid change demanded

◆ But it remains an important category:

- ◆ Benelux market : 320,000 tons; €2,6 billion @ wholesale level
- ◆ Important for retail : profitable (40%+ margin) and factor of differentiation
- ◆ Traffic builder : market penetration of about 99% in the Benelux

◆ These trends offer Ter Beke possibilities to cooperate intensively with customers on following themes :

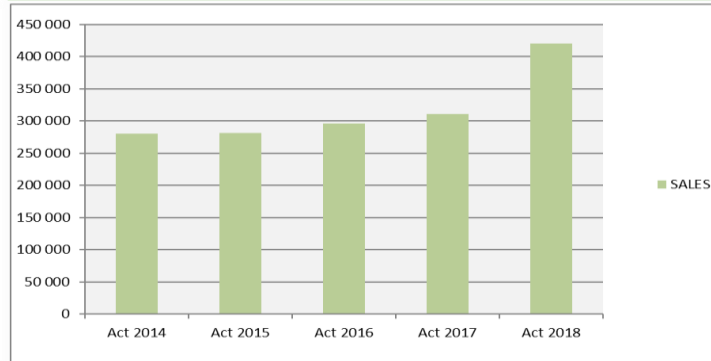
- ◆ more balanced **product composition** in terms of both quality and health by reducing salt or fat content, better meat quality and fewer E numbers
- ◆ **sustainable packaging** concepts based on the 3R principle: Reduce, Reuse, Recycle
- ◆ consultation with suppliers in relation to **raw materials sourcing** and respect for animal rights (e.g. the 'Beter Leven' label)
- ◆ active consultations with the government and supply chain partners in relation to **food safety** and chain assurance
- ◆ transparent **communication with consumers** via product labels, Nutriscore and QR codes

Ter Beke Processed Meats Division

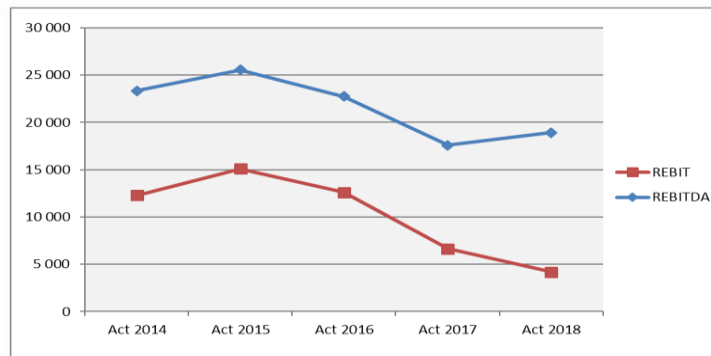
Headlines

- ◆ Largest slicer and packager of processed meat products in the Benelux with six plants
- ◆ Offerman contributes positively to the bottom line
- ◆ Difficult market
 - ◆ Price pressure in market with overcapacity
 - ◆ Increasing competition of alternatives
- ◆ 2018 initiatives
 - ◆ Veurne : difficult start-up of slicing project (€8M investment)
 - ◆ Zoetermeer closure and production moved to Wommelgem and Borculo (total cost of €1M)
 - ◆ Ridderkerk : €2,5M investment for slicing & packaging of cooked ham products
 - ◆ Offerman : launch of “FairBeleg” brand in Food Service & successful INFOR/M3 implementation

Sales evolution (in 000 EUR)



REBITDA and REBIT evolution (in 000 EUR)





Fresh meals

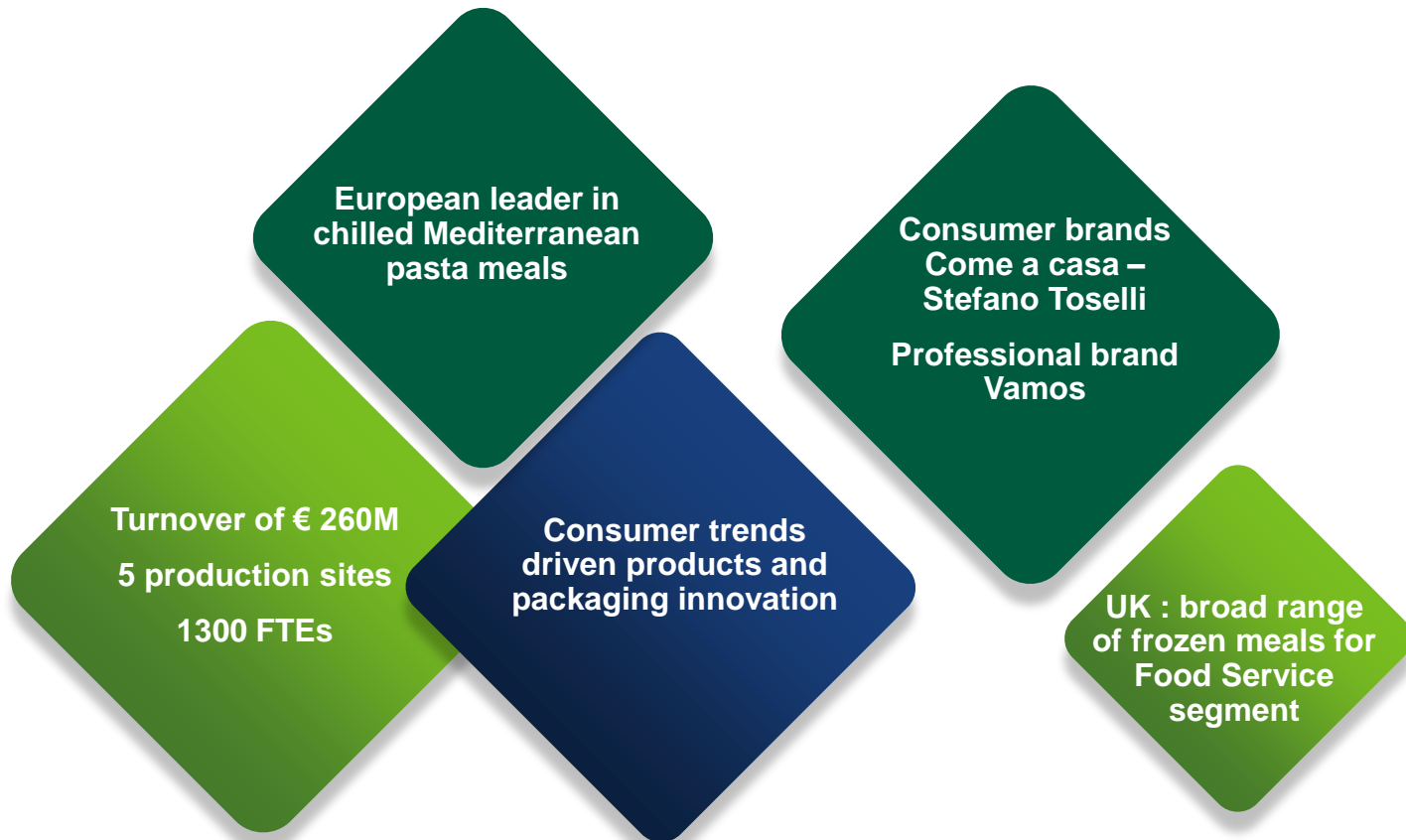
Ready-to-eat



Our Ready
Meals activities



OUR READY MEALS DIVISION



Key activities: Production of convenience lasagne & pasta meals



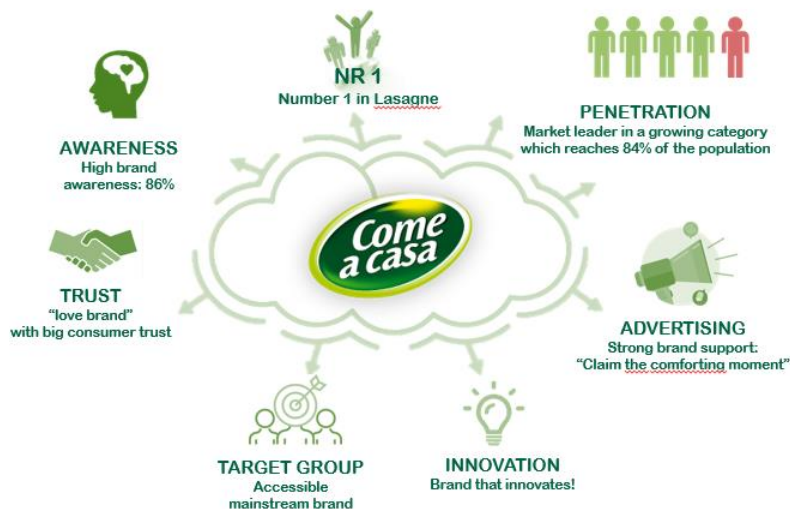
Product range

- ◆ Lasagna
- ◆ Specialty lasagna
- ◆ Pasta
 - ◆ Spaghetti
 - ◆ Macaroni
 - ◆ Cannelloni
 - ◆ Penne
 - ◆ Tagliatelle
 - ◆ Filled pasta
- ◆ Pizza
- ◆ Fresh & Frozen

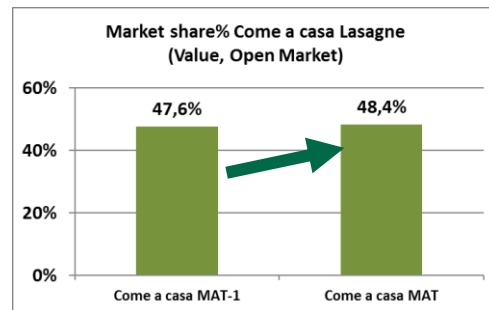


Our brand

We are THE A-brand in the category!



We are strengthening our market leadership!



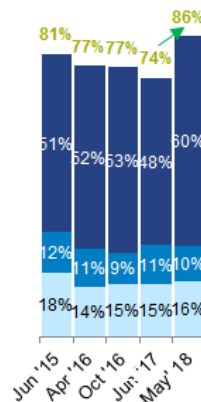
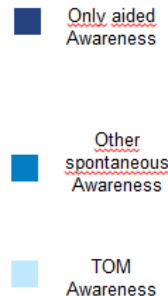
We installed a brand campaign with a strong effect on KPI's

We are installing new consumption moments via innovation



+ 30.000 extra families who have bought a Come a casa lasagne

TOT Awareness



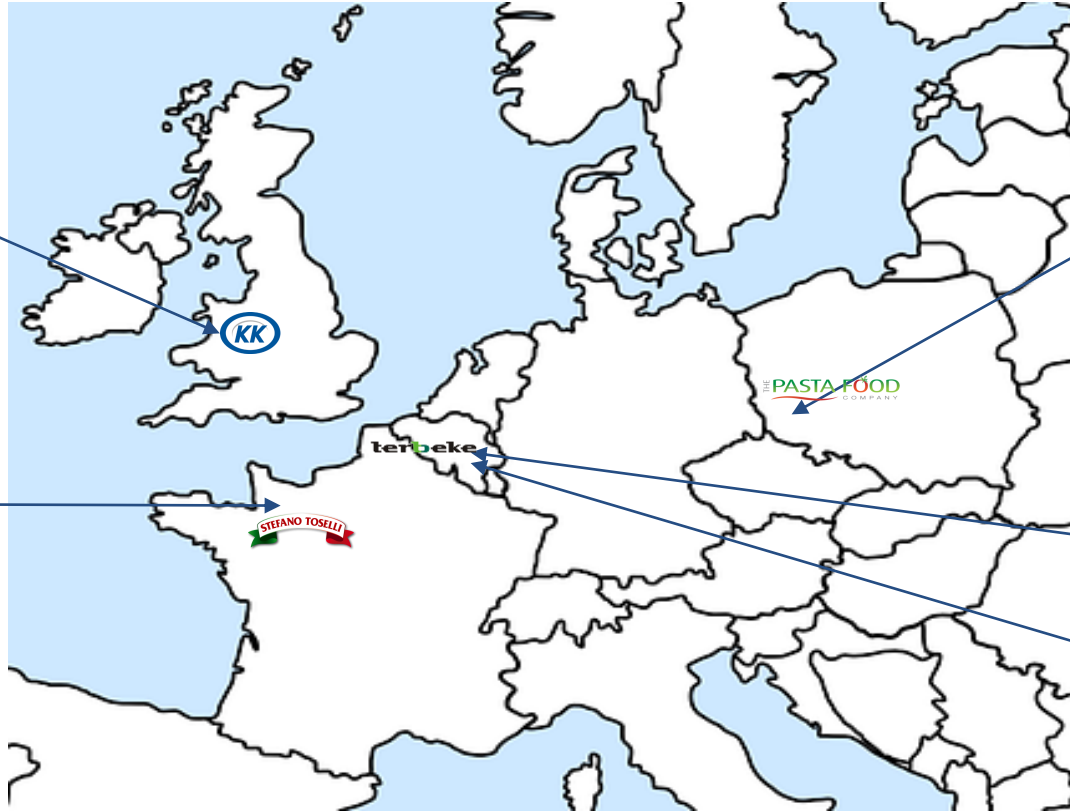
Ter Beke Ready Meals – 5 production sites



Deeside, Flintshire
United Kingdom



Mézidon-Canon
France



THE PASTA FOOD
COMPANY

Opole
Poland

FRESH Meals
a ter beke company

Wanze
Belgium

Marche-en-Famenne
Belgium

Trends in the Ready Meals category

◆ Ter Beke is present in two segments

- ◆ In all European markets : chilled (and frozen) Mediterranean pasta food meals
- ◆ In the UK : frozen qualitative ready meals for Food Service (e.g. pub chains, store restaurants, ...) and retail

◆ The category is growing in Europe:

- ◆ In line with trends : convenience, attraction for Mediterranean food, ...
- ◆ Retailers dedicate increasing shelf space to offer consumers a broader choice in convenience products and compete with home delivery (Deliveroo, Uber Eats, ...)
- ◆ Food Service channels (catering industry and companies supplying them) increasingly buy ready meals to make up for reduced cooking know-how and personnel

◆ Trends offer Ter Beke possibilities to cooperate with customers on following themes :

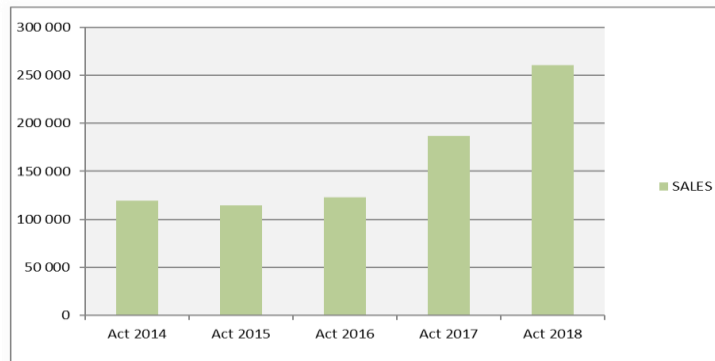
- ◆ more balanced **recipes** in terms of both quality and health by reducing salt or fat content, better meat quality and fewer E numbers (“clean label”)
- ◆ **new packaging** concepts for health and sustainability (e.g. alternatives for aluminium trays, ...)
- ◆ Increased attention and transparency for **raw materials used** (e.g. lasagna with the ‘Beter Leven’ label)
- ◆ transparent **communication with consumers** via product labels, Nutriscore and QR codes

Ter Beke Ready Meals Division

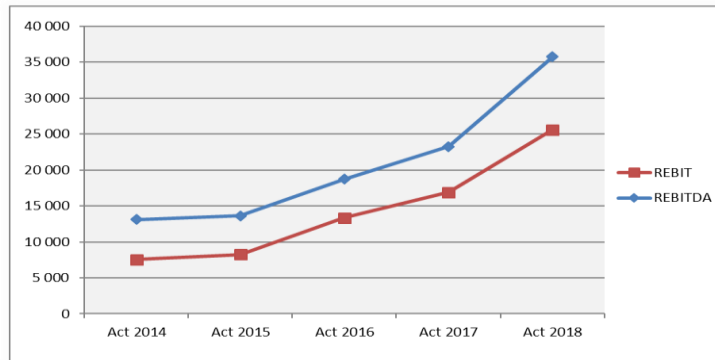
Headlines

- ◆ N° 1 European supplier of chilled lasagna and pasta meals
- ◆ New acquisitions perform as planned
- ◆ Integration completed
 - ◆ One Team, one strategy
 - ◆ Synergies identified will be rolled out
- ◆ Expanding product range to meet customer requirements
- ◆ 2018 initiatives
 - ◆ Fresh Meals : launch of “DIPPA” food sharing concept
 - ◆ PFC : entry into the “one portion” 400 gram segment
 - ◆ FM, PFC & ST : pan-European cooperation to service first int’l contracts with large Discounters
 - ◆ KK Fine Foods : entry into high-end retail

Sales evolution (in 000 EUR)



REBITDA and REBIT evolution (in 000 EUR)



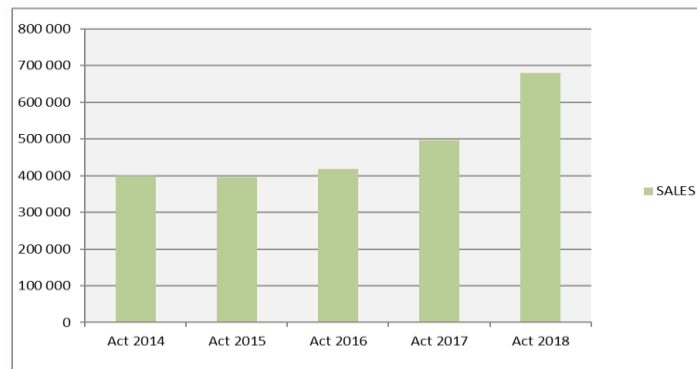
Consolidated figures

Ter Beke consolidated

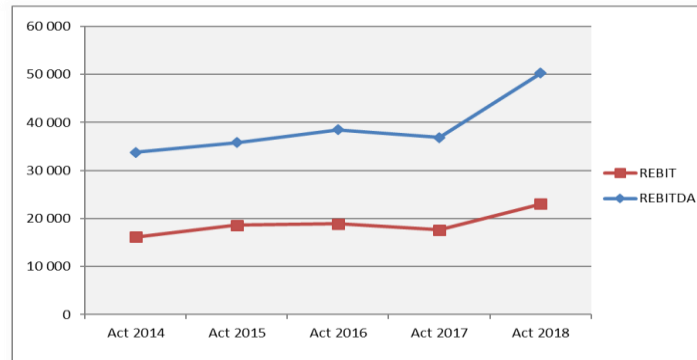
Headlines

- ◆ First full year consolidation of the 4 acquisitions
 - ◆ Net sales from €400M in 2016 to €680M in 2018
 - ◆ Rebitda from €40M in 2016 to €50M in 2018
- ◆ Processed Meats Division:
 - ◆ difficult year due to market conditions *and* company specific issues
 - ◆ Many projects, however, will contribute to future improvements
 - ◆ Offerman contributes according to plan
- ◆ Ready Meals Division:
 - ◆ improves substantially
 - ◆ Three acquisitions contribute according to plan
- ◆ Major impact of non recurring items in both 2018 (-€6,6M) and 2017 (+€4,4M)
- ◆ Net debt decrease from €125M to €122M, despite major investments in Veurne and Ridderkerk
- ◆ Long term financing agreement closed in 1st half of 2018

Sales evolution (in 000 EUR)



REBITDA and REBIT evolution (in 000 EUR)



Consolidated cashflow

Cash generation and allocation

Cash flow statement
in Million EUR

	2018	2017
Operating activities		
Cash flow from operating activities	43,6	30,6
Change in Working Capital	<u>5,7</u>	<u>-1,4</u>
	49,2	29,3
Taxes paid	<u>-9,5</u>	<u>-7,5</u>
Net cash flow from operating activities	39,7	21,8
Investing activities		
Capex	-27,4	-13,7
Acquisitions		-66,7
Sale of assets	<u>0,5</u>	<u>1,2</u>
Net cash flow from investing activities	-27,0	-79,2
Net debt at the end of the year	122,7	126,9

The net financial debt decreased

- ◆ Thanks to strong cash flow generation from operating activities and working capital improvement
- ◆ *After* € 27 million net investments in growth generating assets
- ◆ *After* € 9 million interest and dividend payment

Why look at Ter Beke ?

Why look at Ter Beke ?

- ◆ Strong commercial positions in various markets
- ◆ Diversified food company ...
... with capabilities to give answers to consumer's changing demands
- ◆ Steady dividend
- ◆ Ambitiously preparing the future
 - ◆ Integration of four 2017 acquisitions done
 - ◆ Ready to share know-how & best practices in the “broader” group
 - ◆ Continuously screening the market for opportunities

Thank you !