

MID YEAR RESULTS 2019



NOTICE OF NO AUDITOR REVIEW

The condensed consolidated interim financial statements, and accompanying notes thereto, as of and for the half year ended 30 June 2019 and 30 June 2018 are unaudited.

The key financial information as of and for the half years ended 30 June 2019 and 30 June 2018 is listed below. For the Balance Sheet information a comparison is made between the key figures as of 31 December 2018 and 30 June 2019.

The Group has applied the new standard IFRS 16 leases from 1 January 2019 using the modified retrospective approach not restating comparatives for the 2018 reporting period. Adjustments arising from IFRS16 have been recognized in the opening balance sheet on 1 January 2019.

KEY FINANCIAL FIGURES (1)

Million Euro	30.06.2019 unaudited	30.06.2018 unaudited
REVENUE	661	684
REBITDA ⁽²⁾	66	55
<u>Recurring depreciations & amortisations</u>	<u>-31</u>	<u>-28</u>
REBIT	35	27
<u>Non-recurring items</u>	<u>-8</u>	<u>-2</u>
EBIT (profit from operations)	27	25
<u>Depreciations, amortisations & impairments</u>	<u>32</u>	<u>28</u>
EBITDA ⁽²⁾	59	53
Net financial income / (expense)	-7	-3
<u>Result according to the equity method</u>	<u>3</u>	<u>1</u>
PRE-TAX CURRENT PROFIT/(LOSS)	23	23
Income tax expense	<u>-6</u>	<u>-6</u>
PROFIT/(LOSS) (EAT)	16	17
Capital Expenditure	17	23
RATIO'S		
REBITDA / Revenue	10,0%	8,0%
REBIT / Revenue	5,4%	3,9%
Net profit (loss) / Revenue	2,5%	2,5%
Million Euro	30.06.2019 unaudited	31.12.2018 audited
Net fixed assets (NFA) ⁽²⁾	617	608
<u>Working capital need (WCN)</u>	<u>51</u>	<u>40</u>
CAPITAL EMPLOYED	667	648
Equity	379	380
Provisions and others	7	3
Subordinated debt	75	75
<u>Senior net financial debt (NFD)</u> ⁽²⁾	<u>206</u>	<u>190</u>
CAPITAL PROVIDED	667	648
RATIOS		
Senior NFD / equity	54,4%	57,7%

(1) The definitions of the used key financials are specified in the Glossary, note 15

(2) IFRS16 leases is applied as of 1 January 2019. See note 3.2: IFRS16 - leases

CONSOLIDATED INCOME STATEMENT

Thousand Euro	Note	30.06.2019 unaudited	30.06.2018 unaudited
Revenue		661 021	683 671
Raw materials and consumables used and goods for resale		(351 756)	(382 089)
Changes in inventories of finished goods and goods purchased for resale		10 883	9 512
Services		(131 234)	(129 141)
Employee benefit expenses		(135 412)	(135 362)
Depreciation, amortisation and write downs ⁽¹⁾		(31 938)	(27 337)
Change in provisions	6	2 195	3 146
Other operating income	7	11 487	9 751
Other operating expenses	8	(8 060)	(6 806)
Profit/ (loss) from operations		27 185	25 345
Financial Income	9	1 645	3 387
Financial Expense	10	(8 901)	(6 668)
Share of profit (loss) from equity accounted investments		2 647	1 206
Profit/ (loss) before tax		22 576	23 270
Income tax (expense)	11	(6 355)	(6 374)
Profit/ (loss) from continuing operations		16 221	16 897
Profit/loss		16 221	16 897
Profit/loss attributable to the owns of the parent		16 221	16 897

(1) IFRS16 Leases is applied as of 1 January 2019. See note 3.2: IFRS16 - leases

As the shares are not traded in a public market, the standard IAS 33, § 66/70 relating the presentation of the ordinary or diluted profit per share, the number of shares and the average weighted number of ordinary shares is not applicable.

OTHER COMPREHENSIVE INCOME

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Profit/(loss) of the year	16 221	16 897
Other Comprehensive income	(823)	(2 583)
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>747</i>	<i>(2 660)</i>
Currency translation differences	747	(2 660)
<i>Items that will not be reclassified subsequently to profit or loss:</i>	<i>(1 570)</i>	<i>77</i>
Change in actuarial gains / (losses) of defined benefit obligations, net of tax	(1 570)	77
Total comprehensive income for the year	15 398	14 314
- attributable to the owners of the parent	15 398	14 314

CONSOLIDATED BALANCE SHEET

Thousand Euro	30.06.2019 unaudited	31.12.2018 audited
Assets		
Goodwill	199 329	199 329
Other intangible assets	11 881	12 519
Property, plant & equipment ⁽¹⁾	382 713	376 166
Investments in associates	22 652	20 005
Deferred tax assets	49 273	46 080
Other Financial assets	30	30
Other assets	2 825	2 971
Non-current assets	668 703	657 100
Inventories	145 857	133 558
Trade and other receivables	196 385	217 058
Derivatives	1 630	2 055
Other Financial assets	10 269	9 638
Cash and cash equivalents	9 031	10 727
Other assets	8 224	6 021
Current assets	371 395	379 056
Total Assets	1 040 098	1 036 157
Equity and liabilities		
Share capital	79 365	79 365
Retained earnings & reserves	299 702	300 487
Equity	379 067	379 852
Borrowings ⁽¹⁾	279 254	279 006
Deferred tax liabilities	22 201	20 356
Derivatives	5 779	2 253
Employee benefits	26 523	22 758
Provisions	4 774	6 969
Other non-current liabilities	3 046	3 119
Non-current liabilities	341 577	334 461
Borrowings ⁽¹⁾	19 729	4 754
Current tax	3 332	2 849
Derivatives	41	529
Employee benefits	37 514	40 621
Trade payables and other liabilities	258 838	273 090
Current liabilities	319 454	321 844
Total equity and liabilities	1 040 098	1 036 157

(1) IFRS16 Leases is applied as of 1 January 2019. See note 3.2: IFRS16 - Leases

CONSOLIDATED CASH-FLOW STATEMENT

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Profit/ (loss) from operations	27 185	25 345
Amortisations	1 330	1 380
Depreciations ⁽¹⁾	30 674	26 749
Ebitda from continuing operations	59 189	53 474
Depreciations on government grants	(218)	(184)
Fair value adjustments on commodity contracts	(54)	(83)
Change in provisions	(2 195)	(3 146)
Change in long-term employee benefits	1 676	207
Loss / (gain) on disposals of intangible assets and PPE	(837)	80
Other	434	(560)
Cash flow from operating activities before changes in working capital	57 994	49 787
Decrease / (increase) in inventories	(12 455)	(8 362)
Decrease / (increase) in trade receivables	17 968	18 834
Increase / (decrease) in trade payables	(19 484)	(21 071)
Increase / (decrease) in other working capital	2 609	(5 832)
Net cash generated from operating activities	46 634	33 356
Interest received	107	184
Interest paid	(4 276)	(5 958)
Income taxes paid	(6 059)	(3 781)
Other financial fees	(376)	(477)
Cash flow from operating activities in continuing operations	36 029	23 323
Acquisition of intangible assets	(284)	(257)
Acquisition of property, plant and equipment ⁽¹⁾	(17 157)	(22 245)
Proceeds from sale of property, plant and equipment	1 552	0
Cash flow from investing activities in continuing operations	(15 889)	(22 502)
Proceeds from borrowings	0	20 000
Repayment of borrowings	(10 685)	(4 736)
New lease liabilities ⁽¹⁾	2 292	(946)
Repayment of lease liabilities ⁽¹⁾	(5 124)	(946)
Dividends paid	(18 065)	(15 572)
Dividends received	1 885	781
Cash flow from financing activities in continuing operations	(29 698)	(473)
Net increase / (decrease) in cash & cash equivalents	(9 558)	348
Cash and cash equivalents less bank overdrafts at January 1	9 931	14 693
Cash and cash equivalents less bank overdrafts at June 30	373	15 041

(1) IFRS16 leases is applied as of 1 January 2019. See note 3.2: IFRS16 - Leases

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousand Euro	30.06.2019 unaudited								
	Share Capital	Treasury Shares	Attributable to owners of the parent			Employee benefits	Total	Non control. interest	Total Equity
			Currency Translation Adjustment	Retained Earnings and Reserves	Hedging reserves				
At January 1	79 365	(59 279)	4 933	353 802	0	1 031	379 852	0	379 852
Comprehensive income									
Profit/(loss) of the year	0	0	0	16 221	0	0	16 221	0	16 221
Other comprehensive income									
Currency translation	0	0	747	0	0	0	747	0	747
Employee benefits	0	0	0	0	0	(1 570)	(1 570)	0	(1 570)
Total comprehensive income	0	0	747	16 221	0	(1 570)	15 398	0	15 398
Transactions with owners									
Dividends paid	0	0	0	(18 065)	0	0	(18 065)	0	(18 065)
Dividends received	0	0	0	1 882	0	0	1 882	0	1 882
Total transactions with owners	0	0	0	(16 183)	0	0	(16 183)	0	(16 183)
At June 30	79 365	(59 279)	5 680	353 841	0	(539)	379 067	0	379 067

Thousand Euro	30.06.2018 unaudited								
	Share Capital	Treasury Shares	Attributable to owners of the parent			Employee benefits	Total	Non control. interest	Total Equity
			Currency Translation Adjustment	Retained Earnings and Reserves	Hedging reserves				
At January 1	79 365	(53 468)	6 679	317 214	0	913	350 704	0	350 704
Comprehensive income									
Profit/(loss) of the year	0	0	0	16 897	0	0	16 897	0	16 897
Other comprehensive income									
Currency translation	0	0	(2 660)	0	0	0	(2 660)	0	(2 660)
Employee benefits	0	0	0	0	0	77	77	0	77
Total comprehensive income	0	0	(2 660)	16 897	0	77	14 314	0	14 314
Transactions with owners									
Dividends paid	0	0	0	(15 572)	0	0	(15 572)	0	(15 572)
Dividends received	0	0	0	781	0	0	781	0	781
Total transactions with owners	0	0	0	(14 791)	0	0	(14 791)	0	(14 791)
At June 30	79 365	(53 468)	4 019	319 320	0	991	350 227	0	350 227

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1. GENERAL INFORMATION

Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries (together "the Group") are a Belgian family business that has grown into a leading food group on a European scale. The Group focuses on two business segments: Bakery Products and Margarines, Culinary Oils & Fats (hereafter MCOF). The June 30, 2019 Consolidated Financial Statements of the Group include the Company, 38 consolidated subsidiaries controlled by the Company and 1 associated company.

Safinco NV, the parent company, is a limited liability company incorporated and registered in Belgium. The registered offices of both Vandemoortele NV and Safinco NV are situated at Ottergemsesteenweg-Zuid 816, 9000 Gent.

2. APPLICATION OF NEW AND REVISED IFRS

NEW AND REVISED IFRSs AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, the Group has considered a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. It concerns:

IFRS16 Leases

The Group has adopted the new standard on the required effective date. Impacts are disclosed further in the accounting policies. The 2018 figures have not been restated.

IFRIC 23 Uncertainty over Income Tax Treatments

The new standard has no impact on the reported financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

These condensed interim financial statements for the six months ended June 30, 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements do not include all the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRS.

3.2 ACCOUNTING POLICIES

The condensed interim financial statements have been prepared in accordance with the accounting policies applied in the 2018 consolidated financial statements.

The Group has applied the new standard IFRS16 Leases from 1 January 2019 using the modified retrospective approach not restating comparatives for the 2018 reporting period. Adjustments arising from IFRS16 have been recognized in the opening balance sheet on 1 January 2019.

Lease liabilities have been recognized for leases that were previously classified as operating leases. These liabilities are measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 30 June 2019 is 1,24%.

The Group also has finance leases on its balance sheet. Below the recognized lease liabilities on 1 January 2019:

'000 €	
Finance lease liabilities:	18.842
Operating lease liabilities:	<u>20.787</u>
	39.629

Right-of-use assets were measured at the amount equal to the lease liability. The recognized right-of-use assets relate to the following types of assets:

'000 €	30/06/2019	01/01/2019
Buildings	6.484	7.659
Vehicles	11.540	12.306
<u>Other</u>	<u>755</u>	<u>822</u>
Total right-of-use assets	18.779	20.787
Total lease liabilities	18.782	20.787

The change in accounting policy results in an increase of EBTIDA of the first six months period ending 30 June 2019 and in an increase of the segment assets at 30 June 2019:

'000 €	EBITDA	SEGMENT ASSETS
Bakery Products	2.913	13.918
<u>MCOF</u>	<u>1.228</u>	<u>4.861</u>
Total right-of use assets	4.141	18.779

The Group has used following practical expedients permitted by the standard:

- Apply the modified retrospective approach from 1 January 2019 (modified B: assets = liabilities)
- Use a single discount rate to a portfolio of similar leases on transition
- Apply short-term exemption to leases expiring within 12 months of transition date – exclude leases with terms of less than 12 months
- Apply low-value exemption for assets with a purchase value less than \$5.000
- Use of hindsight to determine lease term assumptions on transition

Income taxes in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

3.3 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies as well as the key sources to estimate uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2018, with the exception of changes in estimates that are required in determining the provision for income taxes.

4 BUSINESS REVIEW & OUTLOOK

4.1 CONSOLIDATED ACCOUNTS AT JUNE 30, 2019

The Balance Sheet structure includes an equity position of 379 mio € (compared to 380 mio € at the end of 2018) and a net senior financial debt of 206 mio € (compared to 190 mio € at the end of 2018). The increase in net senior financial debt of 16 mio € can be explained by following factors: a cash flow from operating activities of 58 mio €, an additional need of working capital of 11 mio €, investment activities of 16 mio €, financial and tax charges for 11 mio €, a dividend pay-out of 16 mio € and the addition of the opening balance of the lease liability recognized for IFRS16 (21 Mio €).

The first half of the year 2019 showed a decreased revenue of 661 mio € versus 684 mio € during the same period in 2018. The Group Recurring Ebitda of 66 mio € was 11 mio € higher than in the first half of 2018. This increase was partly related to the application of IFRS16 Leases (4 mio €). Similarly, the Group Recurring Ebit increased by 8 mio € to a level of 35 mio €. The Group's net result decreased from 17 mio € to 16 mio € after net finance expenses of 7 Mio € and income tax expenses of 6 Mio €.

The revenue of the Bakery Products business line decreased by 2% vs. last year, from 425 mio € to 416 mio € and the sales volume decreased by 2% vs. the first half of 2018. The Recurring Ebitda increased by 5 mio € to 39 mio €.

The revenue of the MCOF business line decreased vs. last year by 5%, from 256 mio € to 243 mio € and the sales volume decreased with 3%. The Recurring Ebitda increased with 6 mio € to 27 mio €.

4.2 OUTLOOK FOR THE WHOLE YEAR 2019

Based on the mid-year results 2019 we are confident that the positive trend in recurring Ebitda and Ebit in the Bakery Products Business will be continued over the full year 2019 and that the MCOF Business will be able to close 2019 with a recurring Ebitda/Ebit similar to last years'.

5 OPERATING SEGMENT INFORMATION

The Executive Committee (ExCo) is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the ExCo for the purposes of allocating resources and assessing performance. The executive committee considers the business from a product family perspective.

The Group operates with four performance measures, all measured on business performance. The primary performance measure is REBITDA, the secondary EBITDA, the third REBIT and the fourth EBIT.

For its strategic decision making process Vandemoortele distinguishes between the Bakery Products operating segment and the MCOF operating segment. The Bakery Products operating segment comprises the development, production and sale of frozen bakery products. The MCOF operating segment comprises the development, production and sale of margarines, culinary oils & fats.

Sales between operating segments are carried out at arm's length. Sales from the MCOF to the Bakery Products operating segment amount to 7.690 k euro in the first semester of 2019 (7.645 k euro in 2018). The revenue from external parties reported to the Executive Committee (ExCo) is measured in a manner consistent with that in the income statement.

The following tables presents key financials regarding the groups operating segments for periods ended 30 June 2019 and 2018 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

Thousand Euro	Bakery Products		MCOF		Unallocated ⁽¹⁾		Total	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
P&L Information								
External Revenue	416 105	425 254	235 107	248 629	9 809	9 788	661 021	683 671
Internal Revenue	0	0	7 690	7 645	(7 690)	(7 645)	0	0
Revenue	416 105	425 254	242 797	256 274	2 119	2 143	661 021	683 671
REBITDA	39 190	33 847	26 998	21 209	(41)	(23)	66 147	55 033
Non-recurring items (excl. depr., amort. & impairments) ⁽²⁾	(6 842)	(1 240)	(115)	(319)	0	0	(6 957)	(1 559)
EBITDA	32 348	32 607	26 883	20 890	(41)	(23)	59 190	53 474
Deprec., Amort. & Impairments	26 275	22 123	5 730	6 006	0	0	32 005	28 129
EBIT	6 073	10 484	21 153	14 884	(41)	(23)	27 185	25 345
Non-recurring items (incl. depr., amort. & impairments)	8 160	1 292	115	319	0	0	8 275	1 611
REBIT	14 233	11 776	21 268	15 203	(41)	(23)	35 460	26 956
Financial income							1 645	3 387
Financial expense							(8 901)	(6 668)
Associates							2 647	1 206
Income tax (expense)							(6 355)	(6 374)
EAT (Earnings after Tax)							16 221	16 897

(1) Unallocated includes intersegment eliminations / external revenue, EBIT and REBIT that do not belong to the Bakery Products respectively MCOF segments.

(2) The non-recurring items booked in the first half of 2019 include mainly consultancy costs regarding an optimization project and restructuring in France/Belgium.

Thousand Euro	Bakery Products		MCOF		Unallocated		Total	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Balance Sheet Information								
Net Fixed Assets	459 075	455 820	134 878	132 224	22 652	20 005	616 605	608 049
Other Non-Current assets					2 825	2 971	2 825	2 971
Total Non-Current Assets (excl Def Tax Assets)	459 075	455 820	134 878	132 224	25 477	22 976	619 430	611 020
Assets Working Capital Need	232 654	236 879	129 855	136 499	(69 919)	(75 342)	292 590	298 036
Other Current Assets *	0	0	0	0	79 471	81 020	79 471	81 020
Total Current Assets	232 654	236 879	129 855	136 499	9 552	5 678	372 061	379 056
Total Assets (excl Def Tax Assets)	691 729	692 699	264 733	268 723	35 029	28 654	991 491	990 076
Assets Working Capital Need	232 654	236 879	129 855	136 499	(69 919)	(75 342)	292 590	298 036
Liabilities Working Capital Need	(138 026)	(151 945)	(94 710)	(100 275)	0	0	(232 736)	(252 220)
Total Operational Working Capital Need	94 628	84 934	35 145	36 224	(69 919)	(75 342)	59 854	45 816

* Other current assets include other receivables, other financial assets, cash & cash equivalents and are not allocated to Bakery Products or MCOF

5.2 GEOGRAPHICAL SEGMENT INFORMATION

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Revenue per country		
France	183 260	183 262
Germany	98 133	112 385
Belgium	90 899	92 250
The Netherlands	54 292	61 596
Italy	62 834	59 248
Spain	38 184	42 658
UK	36 461	37 358
Czech Rep & Slovakia	15 099	13 182
Rest of Europe	52 731	51 372
Outside Europe	29 128	30 361
Total	661 021	683 671

Thousand Euro	30.06.2019 unaudited	31.12.2018 audited
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199 329	199 329
France	163 961	162 729
Belgium	89 692	86 714
Italy	48 342	50 420
Poland	40 673	41 830
Spain	36 960	33 239
The Netherlands	18 444	15 934
Germany	16 739	16 144
UK	4 695	4 492
Other	595	190
Total (see consolidated balance sheet)	619 430	611 020

5.3 Major customers

The Group's Bakery Products and MCOF businesses are predominantly business-to-business activities in which products are sold into following distribution channels: Retail, Artisan Bakery, Food Service and Food Industry. Overall, the Retail distribution channel, which represents approximately 63,4% and 32,5%, respectively, of the Bakery Products and MCOF business lines' volumes, has become increasingly concentrated with three top retailers controlling half or more of the market share in France, Germany, The Netherlands, the United-Kingdom and Belgium.

There are no individual customers that represent more than 10% of the Group revenue. The revenue of the top 5 represents 19,4% of the total group revenue in the first semester of 2019 (FY 2018: 18,7%). For the Bakery Products respectively the MCOF business line, the top 5 customers have a share of 25,8% (FY 2018: 25,4%) and 22,5% (FY 2018: 19,9%) in the total revenue of the business line in the first semester of 2019. When we consider the top 10 customers, the share increases to approximately 35,4% for Bakery Products, 31,3% for MCOF and 28,5% for the total Group.

6 CHANGE IN PROVISIONS

Thousand Euro	30.06.2019 undaudited	30.06.2018 undaudited
Restructuring	2 138	3 315
Litigations & Tax	67	6
Other	(10)	(175)
Change in provisions	2 195	3 146

New provisions (0,8 mio €) for restructuring in 2019. The use of provisions (3,0 mio €) mainly relates to restructuring in France (1,6 mio €) and in Belgium (1,2 mio €).

7 OTHER OPERATING INCOME

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Gains on disposals of tangible and intangible fixed assets	1 413	25
Fair value gain on forward purchase contracts crude vegetable oil	54	83
Government Grants	847	782
Capitalised engineering	653	572
Sales waste	1 286	1 414
Exemption payroll tax	2 295	1 871
Benefit in kind	470	447
Site revenues	441	679
Sales promotional materials	309	326
Tax recuperation (non-income tax related)	200	388
Rental Fleet	54	62
Palettes	864	555
Damage/insurance	456	577
Realised Exchange Gains Relating to Trade Business	1 307	732
Compensation for investments by third parties: energy/formation/safety	131	251
Other	708	985
Other operating income	11 487	9 751

8. OTHER OPERATING EXPENSE

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Loss on disposals of tangible and intangible fixed assets	538	104
Loss on Realisation of Trade Receivables	130	31
Other	1 134	852
Realised Exchange Losses Relating to Trade Business	1 385	1 089
Other Operating Taxes *	4 872	4 730
Other operating expense	8 060	6 806

* Of which Property tax (2.610 KEUR) and packaging tax (589 KEUR)

9 FINANCIAL INCOME

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Interest income	5	14
Exchange gains (realised and unrealised)	1 001	720
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	9	2 515
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	0	136
Fair value gains on financial assets measured at fair value through profit	631	0
Other financial income	0	1
Financial Income	1 645	3 387

10 FINANCIAL EXPENSE

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Interest expense	4 042	5 730
Exchange losses (realised and unrealised)	708	213
Fair value losses on interest hedging instruments not part of a hedge accounting relationship	3 526	0
Bank and legal fees	231	241
Other financial expense	394	417
Financial Expense	8 901	6 601

11 INCOME TAX EXPENSE

Income taxes recognised in the income statement can be detailed as follows:

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Current taxes for the year	(7 098)	(4 227)
Adjustment to current taxes on prior years	3	657
Deferred taxes	740	(2 803)
Income tax (expense)	(6 355)	(6 374)

The income tax expense of 6.355 in the first half year of 2019 is more or less in line with the income tax expense of the first half year of 2018 ie 6.374 k euro. .

The relationship between the income tax and the profit before income tax has been summarised in the table below:

Thousand Euro	30.06.2019 unaudited	30.06.2018 unaudited
Accounting profit before taxes	22 576	23 270
Share of result of associates	(2 647)	(1 206)
Profit before tax and before share of result of associates	19 929	22 064
Tax at Belgian corporate tax rate (29,58%)	5 895	6 527
Adjustment to taxes on prior years		
- over/underprovided current tax prior years	(3)	(657)
- over/underprovided deferred tax prior years	0	(700)
Tax effect of		
- special tax regimes	(593)	(641)
- other domestic tax rates	(464)	(303)
- expenses not deductible for tax purposes	995	746
- losses for which no deferred tax was recognised	440	(29)
- utilisation of unrecognised tax losses	(16)	0
- deferred tax assets previously not recognised	(589)	0
- changed tax rate	(607)	286
Other domestic taxes (*)	1 104	982
Other	193	163
Total income tax	6 355	6 374

(*) mainly CVAE France

(*) The contribution for value added by businesses (cotisation sur la valeur ajoutée des entreprises, CVAE) is a French tax assessed on the added value companies realized during the calendar year. The CVAE rate is 1,5% for companies with an annual pre-tax turnover of +50 Mio euro. Companies with a turnover below this amount are subject to a reduced CVAE rate (depending on turnover). Minimum annual pre-tax turnover to be subject to CVAE is 500 K euro. As from 1/1/2018 the turnover to be retained is the sum of the turnover of all companies member of our French tax group, what means that all our French companies will be taxed at 1,5%.

Deferred tax assets and liabilities are attributable as follows:

Thousand Euro	30.06.2019 unaudited	31.12.2018 audited
Deferred tax assets	49 273	46 080
Deferred tax liabilities	22 201	20 356

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities which have tax loss carry-forwards. Based on this judgement, the time horizon over which the tax benefits will be realised varies between 4 and 10 years. The majority of the tax attributes for which a deferred tax asset is recognized can be transferred without limitation in time. For the tax attributes that can only be transferred limited in time a deferred tax is only recognized to the extent the tax attributes are expected to be used within the time limitation. Management of the Group remains conservative in determining the future taxable results and believes that it is not likely that changes in judgements can have a material adverse effect on the financial condition of the Group.

12. RELATED PARTIES

The Group is controlled by Safinco NV which owns 99,02 % of the Company's shares. The remaining 0,92% of the company's shares are owned by the company itself (own shares).

The Group purchases refined oil from one of its associates, Lipidos. The conditions for these purchases are negotiated periodically between both parties and are at arm's length.

13. COMMITMENTS AND CONTINGENCIES

13.1 OPERATING LEASE COMMITMENTS

Operating leases have been adjusted according to IFRS 16 as of 1 January 2019 and accounted for on the balance sheet except for small-value assets (<\$5.000) and short-term leases (less than 12 months).

13.2 CONTINGENT LIABILITIES

In the foreign objects liability claim dd. 7 November 2016 against Vandemoortele , no material changes have occurred. The court case introduced by Vandemoortele against the suppliers of the machinery and equipment is pending at the Commercial Court of Rennes. Several parties to these proceedings have requested the designation by the court of a judicial expert to examine the causes and consequences of the foreign object incident. The court is expected to decide on this request by mid- October 2019.

The Vandemoortele Group has made an own risk assessment of a possible "Brexit", taking into account its production activities in Worcester (frozen bakery products), its commercial activities (sale of bakery products and margarines and fats) in Staines (Vandemoortele UK Ltd), as well as some direct sales by other Vandemoortele Group companies to the UK or purchases from the UK. This own risk assessment has been effected by a project group composed of several commercial, logistics, procurement, legal and tax functions.

The Brexit project group continues its preparation of Brexit , including the scenario of a " no deal Brexit" by October 31st, 2019.

Preceding full year the VDM Group realized a revenue of 68,5 Mio GBP in the United Kingdom, which represents 5,4% of the total revenue of the Group.

Further the Group is subject to a number of claims and legal proceedings in the normal conduct of its business. Management does believe that such claims and proceedings are not likely, on aggregate, to have a material adverse effect on the financial condition of the Group. There are no contingencies relating to government grants for which income was already recognised.

14 EVENTS AFTER BALANCE SHEET DATE

There were no important events after balance sheet date.

15 GLOSSARY

EBIT

Profit from operations

EBITDA

Profit from operations before depreciation, amortisation and impairments

REBIT

Profit from operations before non-recurring items

REBITDA

REBIT before recurring depreciation and amortisation

Non-recurring items

Items that are related to restructuring programmes: Lay-off costs that can not be associated with the future organisation, gains/losses on disposals, dismantling costs, impairment losses on assets (including goodwill) and fade out costs for production or logistic sites that are closed during the year.

Net fixed assets

Goodwill, other intangible assets, property, plant & equipment, investments in associates and financial assets (excluding mutual funds)

Working capital need

Operational working capital need plus other working capital need

Operational working capital need

Inventories, trade receivables and trade payables

Other working capital need

Other receivables (excluding current & non-current loans), other assets, current tax payables, other liabilities, current employee benefits and net commodity derivatives

Equity

For ratio calculations total equity includes equity attributable to owners of the parent and non-controlling interests

Provisions

Current and non-current provisions, non-current employee benefits, deferred tax liabilities minus deferred tax assets, derivatives (excluding commodity derivatives) and fair value adjustments on borrowings

Net deferred tax

Deferred tax liabilities less deferred tax assets

Net financial debt

Nominal amount of borrowings minus cash and cash equivalents, mutual funds, current and non-current loans

Senior net financial debt

Net financial debt minus subordinated loans

Capital employed

Net fixed assets plus working capital need

Capital provided

Equity, net financial debt and provisions

Return on capital employed (ROCE)

Recurring earnings after tax as a percentage of the capital employed per December 31

16. STATEMENT BY RESPONSIBLE PERSON

September 19, 2019

STATEMENT BY RESPONSIBLE PERSON

Jules Noten Comm.V., represented by Mr. Jules Noten, Chief Executive Officer confirms that to the best of his knowledge:

- a) The condensed interim consolidated financial statements per 30.06.2019 of NV VANDEMOORTELE, prepared in conformity with applicable accounting standards, reflect a true and fair view of the net worth, the financial situation and results of VANDEMOORTELE NV and its subsidiaries consolidated in these financial statements.
- b) The interim report of the Board of Directors on the condensed interim consolidated financial statements per 30.06.2019 of NV VANDEMOORTELE, contains a faithful presentation of performance of the business, the results of the group VANDEMOORTELE and its consolidated subsidiaries.

Jules Noten Comm.V,
represented by Mr. Jules Noten
Chief Executive Officer
of Vandemoortele NV

17. REPORT OF THE BOARD OF DIRECTORS**REPORT OF THE BOARD OF DIRECTORS ON THE MID-YEAR 2019 RESULTS**

Dear Stakeholders,

We hereby provide you with our comments on the unaudited mid-year 2019 IFRS consolidated results of the Vandemoortele Group.

The Group has applied the new standard IFRS16 Leases from 1 January 2019 using the modified retrospective approach not restating comparatives for the 2018 reporting period. Opening adjustments from the application of IFRS16 have been recognized in the opening balance sheet on 1 January 2019. Impact of the application of IFRS 16 (+4,1 Mio €) is included in the reported recurring operational cash flow (REBITDA) of the first semester of 2019.

Compared to the the first semester of 2018, the mid-year 2019 results of the Vandemoortele Group have improved: revenue has decreased by 3,3 % to 661,0 Mio €, whilst the recurring operational cash flow ("REBITDA") improved by 20,2 % to 66,1 Mio € resulting in a recurring operational profit ("REBIT") of 35,5 Mio €, an increase of 31,6% versus the first semester of 2018.

The Bakery Products business line revenues decreased by 2,2 % versus last year to reach 416,1 Mio € due to phasing out of some contracts. Margins have improved thanks to a pursued program of operational excellence.

In the Margarine, Culinary Oils & Fats (MCOF) business line, revenues have decreased by 5,3 % versus last year, to reach 242,8 Mio €, partly due to lower sales volumes in line with the current market trend. The margins are relatively stable.

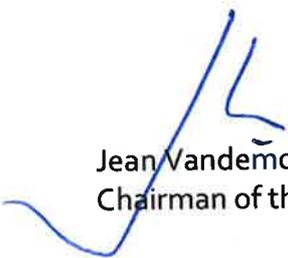
After some non recurring consultancy costs for the operational excellence program and some restructuring charges, the first semester of 2019 closes with an operational profit ("EBIT") of 27,2 Mio €, versus 25,3 Mio € mid-year 2018. This higher EBIT combined with higher finance expenses, due to a negative result on the revaluation of interest rate swaps and a smaller positive result out of currency revaluations, result in a Group mid-year 2019 EAT (Earnings After Tax) of 16,2 Mio € versus 16,9 Mio € mid-year 2018.

	30.06.2018	30.06.2019	Variance
Turnover (in mio €)	684	661	- 3,31 %
REBITDA (in mio €)	55	66	+ 20,20 %
EBITDA (in mio €)	53	59	+ 10,69 %
REBIT(in mio €)	27	35	+ 31,56 %
EBIT (in mio €)	25	27	+ 7,28 %
EAT total (in mio €)	17	16	- 3,98 %

The balance sheet remains solid with an equity of 379,1 Mio € and a net financial debt of 206,0 Mio €.

Based on the mid-year results 2019 we are confident that the positive trend in recurring Ebitda and Ebit in Bakery Products will be continued over the full year 2019 and that the MCOF Business will be able to close 2019 with a recurring Ebitda/Ebit similar to last years'.

On behalf of the Board of Directors,
Ghent, 19 September 2019



Jean Vandemoortele
Chairman of the Board of Directors