Regulated Information
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SPADEL GROUP: 2018 ANNUAL REPORT

SUSTAINED GROWTH IN TURNOVER LEADING TO A 7% REBIT INCREASE ON A LIKE-FOR-LIKE BASIS

- ► Strong increase in turnover (+8,8% or +5,1% on a like-for-like basis) driven by the commercial dynamism of our brands
- ► Recurring operating earnings (REBIT) up by 11,1% (+7,0% on a like-for-like basis) supported by growth in sales, despite increasing promotional pressure
- ► Operating profit (EBIT) up sharply (+62,3%) due to a one-off revaluation of debts for returnable packaging
- ► Gross dividend proposed: 2,00 euros/share (1,40 euros net) up by 11,1% compared with last year.

1. KEY FIGURES

Consolidated results (in thousands of euros)	**2018**	**2017**	Evolution
Turnover	**314.384**	**288.968**	8,8%
Changes in inventories of finished goods and work in progress	-884	1.324	-166,8%
Production of assets for own use	75	0	
Raw materials, consumables and goods for resale	-69.896	-59.777	16,9%
Miscellaneous goods and services	-135.830	-122.700	10,7%
Employee benefits expenses	-62.321	-62.047	0,4%
Depreciation and impairment	-19.848	-16.737	18,6%
Other operating income and charges	27.891	3.975	601,7%
Operating result (EBIT)	**53.571**	**33.006**	62,3%
Financial income	107	389	-72,5%
Financial charges	-1.361	-1.879	-27,6%
Profit before taxes	**52.317**	**31.516**	66,0%
Taxes	-14.320	-5.106	180,5%
Net result	**37.997**	**26.410**	43,9%
REBIT (Recurrent operating result)	**36.660**	**33.006**	11,1%
REBIT on a like-for-like basis (*)	**35.332**	**33.006**	7,0%
EBITDA (Operational cash-flow) (**)	**73.419**	**49.743**	47,6%

(*) REBIT on a like-for-like basis excluding Devin's results in the first quarter of 2018
(**) Operating result + Depreciation and impairment

Consolidated balance sheet (in thousands of euros)	**2018**	**2017**	Evolution
Assets			
Non-current assets	234.803	235.820	-0,4%
Current assets	152.534	157.254	-3,0%
Total of assets	**387.337**	**393.074**	-1,5%
Liabilities			
Equity	194.136	162.962	19,1%
Non-current liabilities	72.800	88.480	-17,7%
Current liabilities	120.401	141.632	-15,0%
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Total debts	193.201	230.112	-16,0%
Total of liabilities	**387.337**	**393.074**	-1,5%

Key figures per share	**2018**	**2017**	Evolution
Total of shares	4.150.350	4.150.350	=
Operating result (euros)	12,91	7,95	62,3%
Net result (euros)	9,16	6,36	43,9%

The statutory auditor has confirmed that his audit of the consolidated financial statements has been substantially completed and has not revealed any correction that should be made to the accounting information contained in this press release.

2. COMMENTS ON THE CONSOLIDATED RESULTS

2.1 Turnover

The Group’s consolidated turnover came to 314,4 million euros, an increase of 8,8% compared to 2017.

This increase was also boosted by taking the results of the Bulgarian company, Devin AD, into account for the full year in 2018, whereas its results had only been consolidated as of the second quarter of 2017. On a like-for-like basis, excluding the turnover made by Devin in the first quarter of 2018, turnover grew by 5,1%.

This positive development reflects the commercial dynamism of our brands and our innovation policy in a context of growth in the bottled water market in most of the countries where the Group is active.

Sales in the Benelux, French and UK markets also benefited from particularly favourable weather conditions in July and August. However, this heat wave had a smaller impact on our sales compared to those the Group had been able to record in the past.

The turnover realised in **Belgium** increased by 6,6% compared to the previous year. This increase reflects the good performance of our various brands in the growing Belgian bottled water market. Sales were also supported by the very promising launch of a new range of the "Spa Duo" non-sparkling lemonades based on mineral water and 100% natural ingredients.

In **Bulgaria**, the company Devin AD, the market leader, has further strengthened its position in a dynamic market. Turnover increased significantly by 7,6% compared to 2017 despite disappointing weather conditions in the summer.

In the **Netherlands**, where the natural bottled water market continued to grow, turnover increased by 3,6%, mainly due to the good performance of Spa Reine, which strengthened its market share in terms of value and the launch of the new range of non-sparkling "Spa Duo" lemonades.

In **France**, the turnover saw a significant overall increase of 10,3%. This growth, supported by the heat wave in the summer, reflects the dynamism of the two brands marketed which show increases in terms of penetration and market share. The result is increased sales of 12% for Carola and 9% for Wattwiller.

In the **United Kingdom**, the turnover fell slightly by 3,8%. This decrease is mainly the result of our products being dereferenced at a distributor following a disagreement on pricing.

2.2 Operating profit

The recurring operating earnings (REBIT – excluding exceptional items) was 36,7 million euros, an increase of 11,1% compared to the previous year.

This sustained increase in operating income is mainly due to the strong performance of our brands and sales growth in their respective markets.

This growth was strengthened, to a lesser extent, by the integration of Devin's results for a full year in 2018, compared to three quarters in 2017. The increase in REBIT is 7% on a like-for-like basis.

On the other hand, the result was affected by a significant increase in promotional pressure, as well as communication and activation expenses for our brands.

The operating result of 2018 was also positively impacted by a revaluation of the debts for returnable packaging.

The Group conducted an audit on the return rate of returnable PET bottles on the Dutch market. The audit covered the entire period during which these PET bottles were marketed and pointed out that the return rate of these bottles has evolved in the recent years and is now below the initial estimates. The Group has consequently reduced its debts for returnable packaging by EUR 20,2 million.

On the other side, the result has been negatively impacted by various non-recurrent items, such as restructuring costs linked to the implementation of a single management team for the Benelux and depreciation costs associated with the stop of internal production of PET preforms.

Operating profit (EBIT), taking account of these exceptional elements, came to EUR 53,6 million, an increase of 62,3% compared to 2017 that closed with an operating profit of EUR 33,00 million.

2.3 Financial results

Financial income stands at EUR 0,1 million, slightly down compared to 2017 (EUR 0,4 million).

The financial expenses amounted to 1.4 million euros, down from last year (1,9 million euros) due to lower financial liabilities.

2.4 Taxes

The tax expense for the financial year amounts to EUR 14,3 million, compared to EUR 5,1 million in 2017, in line with the increase in profit before tax. The tax charged for 2017 was also influenced by the decrease in deferred taxes following the corporate tax reform in Belgium, which gradually lowered the base rate.

2.5 Net result

The Group closed the year with a net profit of EUR 38,0 million compared to EUR 26,4 million the year before, i.e. an increase of 43,9%.

3. INVESTMENT

Investment in tangible and intangible immovable assets made by Spadel Group in 2018 came to EUR 19,7 million compared to EUR 21,1 million in 2017.

Investment mainly concerns:

- A new Spa production line for the bottling of sparkling mineral water and flavoured water "Spa Touch of"
- The purchase of glass bottles and crates for Spa, Bru and Carola
- The installation of new labellers in Brecon
- The updating of a Wattwiller production line.

4. BALANCE SHEET

At 31 December 2018, equity capital, valued according to IFRS Standards, stood at EUR 194,1 million, compared to a total of 163,0 million at the end of 2017. Equity capital covers 82,7% of non-current assets.

The solvency ratio, which is the amount of equity capital over total liabilities, stood at 50,1%.

The Group's financial liabilities at 31 December 2018 stood at EUR 52,5 million.

Current liabilities decreased by 15% to EUR 120,4 million mainly due to the adjustment of returnable packaging liabilities.

Operational activities, before tax and investment financing, generated a net cash-flow of EUR 52,9 million in 2018 compared to EUR 52,1 million the year before.

The Group closed 2018 with a treasury of EUR 82,1 million.

5. DIVIDEND

The Board of Directors will propose at the Annual General Meeting, the distribution of a gross dividend of 2,00 euros per share (1,40 euros net). This proposed gross dividend is 11,1% higher compared to that distributed last year.

6. OUTLOOK

The Group remains confident of positive developments in the bottled mineral water market over the next few months. The commercial environment remains very competitive and marked by a strong pressure on promotions and price in the wholesale distribution sector.

In terms of supplies, the Group is facing a significant increase in the price of some raw materials such as PET, plastic films, cardboard dividers etc.

The search for a balance between the rise in prices of raw materials and the pressure on prices in the retail sector, which weigh on the company's profit margins, will remain a major challenge in 2019.

The Group also intended to pursue its innovation strategy focused on healthy, natural and low calorie drinks that are in line with current consumer expectations.

After the sparkling natural lemonades in 2016 and the "Spa Duo" range in 2017, the Group will launch a new range of non-sparkling flavoured water called "Spa Subtile" in the first half of 2019. This new drink is made entirely of natural Spa Reine mineral water and a subtle dose of natural ingredients, without added sugar and thus also without calories.

2019 will also be marked by the renovation and revival of our brands in both the Benelux and France. The Group is pursuing its commercial efforts and advertising marketing to ensure the success of these launches and the dynamism of its brands.

Spadel is also pursuing ambitious sustainable development goals and, in particular, the reduction of its carbon footprint. Spadel is also intensifying its investments in the research and development of environmentally friendly packaging solutions. All Spadel bottles are already 100% recyclable.

In this context, Spadel will remain committed to the fight against litter and for recycling materials. As such, the Group has entered into partnerships with local and national authorities and organisations in its various markets. It also signed an international partnership with Sea Cleaners, an organisation that works on collecting plastic waste in the sea. These collaborations represented a total amount of EUR 1,7 million on the 2018 financial year.

7. SHAREHOLDER SCHEDULE:

- Annual Report (website www.spadel.com)	26 April 2019
- General Meeting of the Shareholders	13 June 2019
- Dividend Payment (coupon no. 20)	28 June 2019
- Publication of half-yearly results 2019	6 September 2019

SPADEL IN SHORT

– Trademarks: SPA, BRU, WATTWILLER, CAROLA, BRECON CARREG, DEVIN.

- Six production sites: SPA MONOPOLE, BRU-CHEVRON, LES GRANDES SOURCES DE WATTWILLER (France), LA S.A. DES EAUX MINERALES DE RIBEAUVILLE (France), BRECON (United Kingdom) and DEVIN (Bulgaria).
- Consolidated turnover 2018: EUR 314,4 million.
- Staff employed on 31 December 2018: 1,323 people.
- Recurring operating earnings (REBIT) 2018: EUR 36,7 million.
- Operating earnings (EBIT) 2018: EUR 53,6 million.
- Net profit 2018: EUR 38,00 million.

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