

## 1st quarter results 2014

As contemplated in the company's forecast for 2014

### **The sharp rise in cocoa prices in recent months affected significantly the profitability of the cocoa and chocolate activity during the off-season**

- The cocoa and chocolate business ended the first quarter with a slight sales drop, falling 1.6% to 75.71 M€. However, the rising price of cocoa, which in the first quarter reached highs not seen since 2011, had a significant negative effect on the business' EBITDA during the off-season, resulting in a figure of 2.73 M€, compared to 4.90 M€ in the first quarter of 2013.
- Natraceutical's turnover contributed 10.10 M€ to the consolidated Natra figure, compared to 11.15 M€ in the first quarter of 2013 (-10.4%). This adjustment was mainly due to the change in the purchasing dynamics in the pharmaceutical channel, which traditionally acquired its main supply for nutritional weight control supplements during the first quarter pre-sale campaign. As a direct result, and despite a reduction in operating costs, the EBITDA for the first quarter was adjusted to 2.61 M€, compared to 2.94 M€ in the same period during the previous year.
- Natra closed the first quarter of 2014 with a consolidated turnover of 85.81 M€ (-2.7% in relation to the same period during the previous year), an EBITDA of 5.34 M€ (-46.6%) and a net loss of 2.34 M€, against 0.18 M€ profits at the end of 2013.

#### **1 - Evolution of cocoa and chocolate business**

Following the significant rise in cocoa prices during 2013, ranging between 1,382 and 1,800 pounds per tonne, the first quarter of 2014 saw a continuation of this trend, with prices reaching an initial maximum of 1,898 pounds per tonne (the highest price since early September 2011).

Evolution of sales and EBITDA  
(Q1 2013-2014, in M€)

<b>NATRA - Cocoa and Chocolate</b>			
	<b>Q1 2013</b>	<b>Q1 2014</b>	<b>Perf.</b>
<b>Turnover</b>	<b>76.97</b>	<b>75.71</b>	<b>-1.6%</b>
<i>Consumer Div.</i>	<i>53.08</i>	<i>51.02</i>	<i>-3.9%</i>
<i>Industrial Div.</i>	<i>23.89</i>	<i>24.69</i>	<i>3.3%</i>
<b>EBITDA</b>	<b>4.90</b>	<b>2.73</b>	<b>-44.3%</b>

## Turnover

Natra's cocoa and chocolate business closed the first quarter of 2014 with sales of 75.71 million euros, down 1.6% from the same quarter last year, due to a combination of a 3.9% drop in sales in the consumer division and a growth of 3.3% in the industrial division. This evolution of the turnover was mainly due to the weak consumption in Europe, responsible for 90.6% of the business' total sales, and which registered a drop in sales of 2.2% for Natra's overall cocoa and chocolate activity.

This behaviour was accompanied by an adjustment in the price of cocoa powder, which had a noticeable effect on the American market, which is one of the main recipients of this product from Natra's ingredients division. Sales in this market, representing 7.2% of the total business, fell by 9.1%, while the consumer division registered positive growth in this region.

Finally, the APAC (Asia Pacific) region doubled the first quarter of 2013's turnover, although this market still only contributes 2.2% of the cocoa and chocolate sales.

The evolution of consumption in the different markets particularly affected the sales of chocolates and countlines, which suffered a 10% correction, respectively, whilst spreads remained stable. Chocolate bars registered a growth of 10% due to the new contracts arising from Natra's positioning in this category.

In the industrial division, the evolution of cocoa derivatives was influenced by the correction of the cocoa powder price, while special mention may be made of the positive development in the turnover of chocolate coatings, resulting from a focus on higher-added value products.

## Profitability

Despite the mentioned correction of sales, the sharp increase in the price of cocoa in recent quarters was the main factor behind the erosion of the business' gross margin. In this scenario, the EBITDA of the cocoa and chocolate business in the first quarter of the year was 2.73 million euros, compared to 4.90 million euros in the first quarter of 2013, in accordance with the company's expectations.

It must be remembered that Natra's cocoa and chocolate business registers its greatest activity during the second half of the year, due to the Christmas campaign. The activation of supply contracts in June for the Christmas period, as well as the incorporation of production from the new plant in Canada, will enable an improvement in contribution margins and a further absorption of fixed costs, with the corresponding improvement in profitability.

## **2 - Contribution of the investee Natraceutical**

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At the close of the first quarter of 2014, Natra fully consolidates a 49.8% stake in Natraceutical in its consolidated financial statements.

In accordance with the forecasts, Natraceutical closed the first quarter with a turnover of 10.10 million euros, compared to 10.74 million euros in the first quarter of 2013. This adjustment was mainly due to the change in the purchasing dynamics in the pharmaceutical channel, which traditionally acquired its main supply for the nutritional weight control supplements during the first quarter pre-sale campaign (thus taking advantage of preferential conditions), whilst recent quarters have seen a certain de-seasonalisation of purchases in favour of a more lineal model throughout the semester.

As a direct result of this fact, and despite a reduction in operating costs, the EBITDA for the first quarter was adjusted to 2.61 million euros, compared to 2.94 million euros in the same period during the previous year. Meanwhile, net income stood at 2.52 million euros, compared to 2.88 million euros in the first quarter of 2013.

However, using comparable parameters in terms of the number of countries in which the company markets Forté Pharma's products, Natraceutical estimates that the business will close the year with a positive evolution in sales and EBITDA, following the trend of operational reinforcement registered during the two previous years.

Natraceutical published its 2014 first quarter results on April 24, 2014. They may be consulted in the company's website, [www.natraceutical.com](http://www.natraceutical.com)

### **3 - Consolidated net profit**

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At the end of the first quarter 2013, Natra registered a consolidated loss of 2.34 million euros, compared to a 0.18 million euros profit. This difference is mainly due to the above-mentioned reasons relative to the deterioration of the business' operational profitability due to the impact of increased cocoa prices during the cocoa and chocolate business' off-season, coupled with the change in the pharmaceutical channel's procurement model in the case of Natraceutical.

### **5 - Consolidated financial debt**

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At March 31, 2014, Natra's net financial debt stood at 153.19 million euros, 1.3 less than at year-end 2013.

The new maturities structure agreed at the end of 2013 contemplates debt repayments amounting to 2 million euros in 2014, 15.2 million euros in 2015 and 112.5 million euros in 2016.

## 6 - Natra SA consolidated income statement for the first quarter of 2014

<i>(in thousand euros)</i>	1Q 2013	1Q 2014
<b>Continued operations:</b>		
Net business turnover	88,109	85,805
+/- Variation of finished or in-process product stock	4,235	(1,354)
Procurements	(55,829)	(50,229)
Other operating income	384	159
Payroll	(14,237)	(14,239)
Depreciation allocation	(2,790)	(2,848)
Other operating expenses	(14,950)	(14,846)
Results of non-current assets disposal	47	13
Result of non-current assets impairment	66	28
<b>PROFIT FROM OPERATIONS</b>	<b>5,035</b>	<b>2,489</b>
Financial earnings	110	41
Financial expenses	(2,692)	(3,355)
Currency exchange differences (income and expenses)	(245)	(101)
Impairment and result of financial instruments disposal	0	0
Variation of assets at fair value with changes in profit and loss	0	0
<b>PROFIT BEFORE TAXES</b>	<b>2,208</b>	<b>(926)</b>
Income tax	(592)	(174)
<b>RESULTS FROM CONTINUED OPERATIONS</b>	<b>1,616</b>	<b>(1,100)</b>
<b>Interrupted operations:</b>		
Results from interrupted operations	(15)	0
<b>NET RESULT</b>	<b>1,601</b>	<b>(1,100)</b>
Attributable to:		
<b>Sahreholders of the main company</b>	<b>(245)</b>	<b>(2,344)</b>
Minority interests	1,422	1,244

## 7. - Natra SA consolidated balance sheet at March 31, 2014

<i>(in thousand euros)</i>	1Q 2013	1Q 2014
<b>ASSETS</b>		
<b>Non-current assets:</b>		
Tangible assets	59,783	69,161
Intangible assets	144,440	145,770
Investments in Group companies	0	0
Deferred tax assets	12,324	11,423
Financial assets held for sale	0	0
Other non-current financial assets	2,332	10,901
<b>TOTAL NON-CURRENT ASSETS</b>	<b>218,879</b>	<b>237,255</b>
<b>Current assets:</b>		
Inventories	55,738	53,633
Accounts receivable, trade	45,285	34,700
Financial assets held for sale	0	0
Assets at fair value with changes in profit and loss	0	0
Financial derivatives	0	46
Current tax assets	6,470	8,447
Other financial assets	15,173	5,567
Other current assets	343	1,139
Cash and cash equivalents	9,480	6,644
<b>TOTAL CURRENT ASSETS</b>	<b>132,489</b>	<b>112,176</b>
Assets held for sale	8,680	177
<b>TOTAL ASSETS</b>	<b>360,048</b>	<b>349,608</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity:</b>		
Share capital	56,974	56,974
Share premium	63,432	63,432
Other reserves	-34,993	-37,426
<b>Minority interests</b>	<b>44,601</b>	<b>38,919</b>
<b>TOTAL EQUITY</b>	<b>130,014</b>	<b>121,895</b>
<b>Non-current liabilities:</b>		
Financial debt	141,447	142,096
Derivative financial instruments	5,103	3,330
Deferred tax liabilities	3,819	4,322
Other financial liabilities	8,150	7,606
Other liabilities and asset-related grants	1,343	1,308
Provisions for other liabilities and expenses	2,033	1,797
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>161,895</b>	<b>160,459</b>
<b>Current liabilities:</b>		
Trade accounts payable	42,373	46,314
Current tax liabilities	7,866	7,372
Financial debt	9,058	8,137
Derivative financial instruments	189	17
Other financial liabilities	670	689
Provisions for other liabilities and expenses	79	0
Other current liabilities	7,904	4,725
<b>TOTAL CURRENT LIABILITIES</b>	<b>68,139</b>	<b>67,254</b>
Liabilities held for sale	0	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>360,048</b>	<b>349,608</b>



### **About Natra**

Natra is a Spanish multinational with a position of leadership in Europe in the production and preparation of chocolate- and cocoa-derived products. The company places emphasis on chocolate products destined to distribution brands and other food companies. Natra does business with 23 of the top 25 global distributors, providing them with one of the largest product catalogues in Europe, as well as constant innovation and research related to new recipes, packaging and tailored solutions. Natra produces countlines, spreads, tablets, chocolates and Belgian specialities, which it sells in 60 countries throughout the five continents. The company has five specialised production centres in Spain, Belgium, and France and, as of the first quarter in 2014, Canada, in addition to permanent commercial presence in Europe, United States and Asia. Furthermore, via its Industrial Products Division, Natra supplies cocoa-derived products (mainly cacao-powder and –butter and chocolate coating) to the international food industry.

Natra is quoted on the Spanish stock exchange's continuous market under the ticker NAT Total outstanding shares: 47,478,280

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