

Natra posts Q1 net profit of €2 million

- **Natra posted first-quarter EBITDA of €8.5 million, up from €3.9 million in the same period of 2017**
- **Sales grew by 5% in volume and with a favourable product mix, deriving from implementation of the customer-centric Transformation Plan**
- **Net debt was reduced by €10.7 million from March 2017, while liquidity exceeded operating cash flow requirements by €15 million**

Madrid, 8 May 2018. Natra, a Spanish multinational and one of the leading European producers of chocolate confectionery and cocoa products, posted a net profit of €2 million in the first quarter of this year, in stark contrast with the loss of €2 million recorded in the same period of last year.

This earnings growth was a combined result of increased sales (+5% volume), improved margins achieved through raw material hedges and the measures implemented since 2017 to enhance efficiency and competitiveness. The company's total turnover was up 2% year on year to €87.8 million. This was smaller than the volume effect, as the lower raw material prices were passed on.

The increase in net profit was also due to the change in value of Natra's interest in Laboratorios Reig Jofre. Stripping out this effect, the net profit for the quarter would have been €0.2 million, which still reflects the positive trend in yield, ahead of the profit expectations stated for the second half of the year.

The company posted a first-quarter EBITDA of €8.5 million, a vast improvement on that recorded a year earlier (€3.9 million). EBITDA has grown steadily over the past four quarters. The EBITDA over the Moving Annual Total (MAT) period up to March 2018 - i.e. the EBITDA posted in the twelve months from April 2017 to March 2018, inclusive, was €27.3 million, compared to a MAT of €19.6 million at March 2017.

The adjusted EBITDA, which excludes items not directly related with the company's normal production and commercial activities, such as restructuring costs and other investments, had a MAT at March 2018 of €30.7 million, compared to €19.4 million at March 2017.

Financial structure

The company's net debt was reduced by €10.7 million (7%) from the first quarter of 2017. This reduction was achieved mainly through the generation of cash during the year, used to repay debt and increase the cash balance.

Natra also has a sound financial structure, both in the long term, as 85% of the syndicated loan of €145 million (nominal value) is not due until 2022, and structurally in the short term, since its liquidity in March 2018 exceeded the average operating cash flow requirements by €15 million.

The first conversion period for its convertible bonds closed in January. During that period, the equivalent nominal value of €1.6 million was converted, 11% of the total bonds issued. There is a conversion window every 6 months for the remainder, up to maturity in 2023.

Conclusions

The company's earnings improved considerably in this first quarter of the year, thanks to the growth in sales volumes, the improved margins thanks to the long-term raw material hedges arranged by Natra, savings in operating costs and portfolio optimisation. This confirms Natra's positive outlook for 2018.

In addition, the Transformation Plan that the company started to implement in 2017, based on a customer-centric model, tapping into synergies and enhancing efficiency, is already bearing fruit and generating gains in all the financial metrics.

This plan, which in 2017 entailed the application of €3.2 million of cash to make Natra more competitive, continues this year with more resources assigned to optimising processes and boosting the company's sustainable growth.

About Natra

The Spanish multinational Natra, founded in Valencia in 1943, is a benchmark among European producers of chocolate and cocoa products for private label and branded food companies, selling its products in 92 countries on the five continents. The company has six production plants in Spain, Belgium, France and Canada and permanent commercial presence in Europe, Canada, USA and Asia. Its shares have been listed on the Valencia and Madrid stock exchange since 1991.