

# Press release

## Financial Results 2022

### New investments enable La Lorraine Bakery Group to realize a strong growth in 2022, however with margin pressure

The company launches its updated 5-year growth plan built on its new purposeful mission 'baking a better world together', with a projected annual revenue growth close to 10% and an ambition to become net zero for its own CO2 emissions by 2039, the company's 100<sup>th</sup> anniversary.

Ninove, April 28<sup>th</sup> 2023 – **La Lorraine Bakery Group (LLBG) sustained its ambitious growth path in 2022 with a healthy financial performance, built on its winning product leadership strategy and historic investment plan in production capacity expansion. LLBG achieved a revenue of 1.17 billion EUR, an exceptional growth of 32% compared to 2021, including price increase effect. "We posted a healthy financial result in 2022, thanks to important new investment projects and strong innovations. Despite price increases we do see pressure on the margins because we are not fully compensating for the important inflationary effects of raw materials, energy and wages.", explains Guido Vanherpe, CEO of La Lorraine Bakery Group. "In the next years, LLBG wants to become a bigger but above all a better company, thanks to our renewed sustainability strategy that goes hand in hand with our deeply rooted entrepreneurial spirit. By 2039, the year of our company's 100<sup>th</sup> anniversary, LLBG wants to be net zero for its own CO2 emissions."**

### Healthy performance in 2022

After a difficult covid year and an encouraging comeback-to-growth year in 2021, LLBG continued its ambitious topline growth path in 2022 with an exceptional **revenue** growth of 32% vs 2021, achieving **1.17 billion EUR**. This was realized thanks to volume growth driven by a reactivated 5-year investment program and a price increase effect.

The LLBG **REBITDA**, amounting to **137.1 M EUR**, grew by only 11 % vs 2021 due to the escalated inflation of raw materials, energy & services. Therefore, REBITDA margin, as a percentage of revenue, decreased from 14% in 2021 to 11.7% in 2022.

Although the effects of Covid were mostly neutralized in 2022, the ongoing and unpredictable conflict in Ukraine, the unprecedented energy cost, its impact on raw materials costs, increasing wages and the overall strong inflationary effects, continued to put our margins under pressure. Managing these cost increases as much as possible through price increases has been key to safeguard the financial health of the company and remain a trustworthy business partner for our stakeholders.

After resuming investments in 2021, 2022 was a record investment year for La Lorraine Bakery Group with a **Capex of 195 million EUR**, to create new capacity with state-of-the-art artisan bakery and sweet-on-the-go production lines. Additionally, the company invested in the construction of new production facilities and warehousing capacity. The larger projects are in Belgium (Erpe-Mere, Oostende), Romania, Poland and Czech Republic and with Joint-Venture partners in Greece and Italy.

*“2022 was yet another challenging year due to the disruptive war in Ukraine, and once again required an enormous effort to ensure supply of raw materials and to partially neutralize the effects of cost inflation in the market. Putting our Russia plans on hold was an important setback, but thanks to the agility, resilience, and passion of the entire LLBG team we adapted our plans and focused on growth opportunities in other markets. We realized solid volume growth, supported by a never-seen investment in new production capacity and scaling of strong product innovations. Reaching more than 1-billion-euro sales was a symbolic milestone within our ambitious long-range plan”, explains **Guido Vanherpe**.*

### **Sustainably towards a better world**

LLBG has been very successful over the past 80 years, and we want to continue that path towards becoming a bigger, but above all a better company.

The 2027 ambition of LLBG is clear: the company wants to grow above 50% over 5 years, with leading multi-channel presence across Europe & Middle-East, recognized product leadership, a reduced planet footprint and fully engaged people.

Since the business was founded, LLBG has been driven by its strong company values. Through the value of respect - for product, planet, and people - sustainability has been one of the key beliefs of LLBG from the very beginning. Nevertheless, the fast-changing world is motivating LLBG to accelerate its sustainability initiatives.

*“It’s time to step up, because when it comes to our planet, there’s no time to waste: our future depends on what we do today. Every kilogram of CO2 counts, and it is essential that we decouple our growth from our carbon emissions”, says **Guido Vanherpe, CEO of La Lorraine Bakery Group**. “In 2022 we have made sustainability an integral part of our next five-year strategy, with clear and bold ambitions for 2027 and in 2039, the year of our company’s 100th anniversary, we want to be net zero for our own CO2 emissions. This is also reflected in our new purposeful mission ‘baking a better world together’ ”*

As defined in the newly published 2022 Sustainability report, LLBG has selected 10 company-wide projects to deliver its sustainability ambitions, with measurable targets to track the company’s progress.

### **Clear ambitions in 2023**

In 2023, LLBG expects a continuous revenue growth driven by an ambitious investment program in new production capacity in Western & Central Eastern Europe.

The group EBITDA is expected to grow further thanks to volume & product-mix effects. However, we will continue to suffer from decreased margins - as a percentage of revenue – due to the significant inflationary effects of 2022 and their further impact into 2023.

Focus will be on the timely execution of its future-oriented investment program of about 200 M EUR in 2023, within a framework of continuous volatility, increased capex cost (also due to inflationary effects) and a higher cost of capital.

LLBG is confident that these challenges will be managed successfully thanks to our strengthened leadership team focusing on long-term customer relationships, valuing the benefits of top-quality products and strong innovations coming along with its investment program.

Finally, the sharpened sustainability strategy will be a lever for enlarging positive impact on its stakeholders and planet. Partnering into mutually beneficial sustainability projects will set the tone for differentiation & joint value-creation.

2022 At a Glance: [Investors | La Lorraine Bakery Group \(llbg.com\)](#)

2022 Sustainability Report: [Sustainability | La Lorraine Bakery Group \(llbg.com\)](#)

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## About La Lorraine Bakery Group

La Lorraine Bakery Group (LLBG) is a 100% family-owned Belgian milling and bakery company offering a wide range of authentic, fresh bakery products. Every day, more than 4,800 dedicated employees produce and sell high-quality bakery products to consumers, supermarkets and the foodservice sector around the world.

We are building a leading international company operating in more than 35 countries and producing bakery products in 9 countries. We are passionate about growth and have the ambition to transform the bakery market with our long-standing expertise, new technologies and motivated and talented employees. The company operates in four business areas: Frozen Bakery, Fresh Bakery, Store Concepts and Milling.

Our main financial objectives are long-term value creation and qualitative growth through innovation and entrepreneurship. The Group reported revenue of 1.17 billion EUR in 2022.

We aim to remain sustainable and entrepreneurial for many generations to come, with a passion for quality and innovation and truly embodying the spirit of a company that does well for all its stakeholders – so that we become not only a bigger, but above all a better company.

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