

2014 first half results

Despite retaining aggregated volumes and selling prices

The increase of procurement costs and the starting up of the factory in Canada at the back of the strong deterioration of the operating result

- In line with the performance of the first quarter, the cocoa and chocolate business ended the first half with a slight decline in sales of 1.1%, placing them at 150.88 M€ 152.58 M € to June 2013. However, the increase in raw materials and the costs associated with the starting up of the new plant in Canada caused a negative impact of 9.25 M€ in the EBITDA of the business, which stood at 0.96 M€ compared to 10.21 M€ in the first half of 2013.
- Natraceutical contributed a turnover of 17.74 M€ compared to 18.16 M€ in June 2013, while the company managed this decrease in sales not no affect its gross margin, which stood at 76%. EBITDA stood at 2.03 M€ M € compared to 2.60 M€ in the same period last year by the decrease in sales.
- Natra closed the first half of 2014 with a consolidated turnover of € 168.61 M€ (-1.2% over the same period last year), EBITDA of 2.99 M€ (-76.6%) and a net loss of 11.41 M€ compared with losses of 1.16 M€ at the end of June 2013, a direct result of the increased costs referred above.

1.- Evolution of the cocoa and chocolate business

Natra's cocoa and chocolate business closed the first half of 2014 with sales of 150.88 million euros, down 1.1% from the same period last year. While aggregated volumes and selling price were similar in the first six months of last year, there was some compensation between divisions.

The consumer division ended June with a turnover of 98.47 million euros, 7.8% less than the figure for June 2013. Meanwhile, the industrial division ended the first half with sales of 52.41 million euros compared to 45.58 million euros in the same period in 2013 (+14.9%).

Following the trend of previous quarters, the evolution of turnover in the consumer division was backed in the lack of strength of consumption in Europe, responsible for 88.5% of sales in the division, whose turnover decreased by 6.3%.

By contrast, the industrial division continued to strengthen its position in Europe, where sales rose 9.8% and represented 92% of the turnover of the division. This strong performance continued to be underpinned by the growth in the chocolate coatings range, for which Natra supplemented in 2013 its production capacity in Spain through its factory in France.

After the progressive rise of cocoa prices in 2013, in the first half of 2014 the cost of this raw material increased an additional 20%. This upward trend was also seen in other products, like hazelnut, whose increase was especially evident since March due to a heavy frost in the production area of the Black Sea. Cocoa and hazelnut represent around 50% of the procurements of Natra.

In recent years, and most notably in 2014, the international financial crisis and the strong speculative upward trend in cocoa prices and other commodities have significantly affected the balance sheets of the companies and the profitability of the chocolate industry. This situation has also conditioned the evolution of Natra's business. Higher financial needs in this complex environment has been one of the major limitations in the procurement of raw materials for Natra and, subsequently, in the protection of margins. This situation will be corrected with the recent agreement to finance the working capital of the company, announced on August 29 and referred to in section five below.

Despite the stability of sales, the strong rise in raw materials in recent quarters and also the costs associated with the starting up of the Canadian factory had a negative impact of 9.25 million euros in production costs in the first half of the year, which resulted in a decrease in EBITDA at the end of June to 0.96 million euros compared to 10.21 million euros in the first half of 2013.

Sales and EBITDA evolution
(1H 2013-2014, in M€)

| NATRA - Cocoa and Chocolate | | | |
|------------------------------------|----------------|----------------|--------------|
| | 1H 2013 | 1H 2014 | Evol. |
| Turnover | 152.58 | 150.88 | -1.1% |
| <i>Consumer Division</i> | 107.00 | 98.47 | -8.0% |
| <i>Industrial Division</i> | 45.58 | 52.41 | 15.0% |
| EBITDA | 10.21 | 0.96 | -90.6% |

2.- Forecast for the second half of the year

With regard to the expected performance of the cocoa and chocolate business in the second half of the year, there are several elements that make the company estimate a normalization of the business in line with the results obtained between July and December in previous years. These facts include the following:

- Natra's cocoa and chocolate business reaches its peak activity in the second half of the year by the effect of the Christmas season. The company starts around June product delivery for Christmas, which in July were in line with expectations.
- The company has already made almost all the procurements of raw materials for the second half of the year, so it will be less exposed to potential new upward fluctuation.
- The start of continuous production for new customers at the factory in Canada will take force in the second half of the year. This fact will improve contribution margins and further absorb the fixed costs associated to the setting up of the factory.
- Strong performance and prospects of the industrial division, in line with its evolution in recent quarters.

- The operational business needs are fully covered as a result of the financing agreement announced on Friday 29 August. This shall give Natra better management tools and strength against the referred financial circumstances.

3.- Contribution of the investee Natraceutical

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

Natraceutical contributed Natra's consolidated accounts of the first six months of the year a turnover of 17.74 million euros compared to 18.16 million euros in June 2013, primarily driven by a 6.0% decline in sales in the first quarter after the change of purchase dynamics in the pharmaceutical channel. In the second quarter, sales stood at 7.64 million euros, in line with 7.01 million euros in the second quarter of 2013.

The company managed this decrease in sales did not affect the gross margin of the first half of the year, which stood at 76%. EBITDA stood at the end of June at 2.03 million euros against 2.60 million euros in the same period last year following the sales variation.

Due to the merger with Laboratorio Reig Jofre, Natraceutical audited its accounts to the end of June, which explains the inclusion of taxes in the half year profit and loss account. The mentioned sales drop and tax impact of 0.62 million euros explain the difference in the net profit of the semester, which stood at 1.22 million euros compared to 2.38 million euros in June 2013. This tax item does not involve cash outflow because of the existence of tax credits and it is estimated to be lower at year end.

The merger between Natraceutical and Laboratorio Reig Jofre, reported on 26 June, is progressing on schedule and is expected to be closed before year end. After the merger, the new company will be the fifth laboratory in the Spanish stock market.

Natraceutical has published its 2014 first half results also today. They may be found on the company's website, www.natraceutical.com

4.- Consolidated net result

At the end of the first half of 2014, the consolidated result of Natra stood at 11.41 million euros negative compared with losses of 1.16 million euros. The difference between both years is largely explained by the decline in gross margin due to increasing cocoa prices in a period of low seasonality of the cocoa and chocolate business.

5.- New capital structure

Natra's Board of Directors approved on August 28 the main terms for the financing of the working capital of the company with two renowned international firms.

This transaction involves a credit line of twenty-five million euros to fully balance the operational needs of Natra cocoa and chocolate business and protect its competitive strength in the international market.

The signing of this transaction is subject to the ratification of the agreement by Natra financial institutions, which should be formalized in early September.

This transaction means the first step in designing a more efficient debt structure in the long term, which the parties involved expect to complete in the coming months.

At the end of the first six months of the year Natra's net financial debt stood at 153.63 million euros.

6.- Consolidated profit and loss account of Natra SA in the first half of 2014

| <i>(in thousand euros)</i> | 1H 2014 | 1H 2013 |
|---|-----------------|----------------|
| Continued operations: | | |
| Net business turnover | 168,610 | 170,735 |
| +/- Variation of finished or in-process product stock | 3,313 | 4,720 |
| Procurements | (110,000) | (105,251) |
| Other operating income | 612 | 835 |
| Payroll | (29,185) | (28,038) |
| Depreciation allocation | (5,953) | (5,646) |
| Other operating expenses | (30,415) | (30,382) |
| Results of non-current assets disposal | 2 | 96 |
| Result of non-current assets impairment | 56 | 94 |
| PROFIT FROM OPERATIONS | (2,960) | 7,163 |
| Financial earnings | 102 | 179 |
| Financial expenses | (6,961) | (5,730) |
| Currency exchange differences (income and expenses) | 37 | (254) |
| Impairment and result of financial instruments disposal | 187 | 0 |
| Variation of assets at fair value with changes in profit and loss | 0 | 0 |
| PROFIT BEFORE TAXES | (9,595) | 1,358 |
| Income tax | (1,207) | (1,311) |
| RESULTS FROM CONTINUED OPERATIONS | (10,802) | 47 |
| Interrupted operations: | | |
| Results from interrupted operations | 2 | (33) |
| NET RESULT | (10,800) | 14 |
| Attributable to: | | |
| Sahreholders of the main company | (11,412) | (1,162) |
| Minority interests | 612 | 1,176 |

7.- Consolidated balance sheet of Natra SA on June 30, 2014

| <i>(in thousand euros)</i> | 30/06/2014 | 31/12/2013 |
|--|-------------------|-------------------|
| ASSETS | | |
| Non-current assets: | | |
| Tangible assets | 69,590 | 66,663 |
| Intangible assets | 146,038 | 145,822 |
| Investments in Group companies | 0 | 0 |
| Deferred tax assets | 10,729 | 11,502 |
| Financial assets held for sale | 0 | 0 |
| Other non-current financial assets | 10,,771 | 10,857 |
| TOTAL NON-CURRENT ASSETS | 237,128 | 234,844 |
| Current assets: | | |
| Inventories | 63,291 | 48,961 |
| Accounts receivable, trade | 29,482 | 36,516 |
| Financial assets held for sale | 0 | 0 |
| Assets at fair value with changes in profit and loss | 0 | 0 |
| Financial derivatives | 24 | 20 |
| Current tax assets | 5,754 | 8,941 |
| Other financial assets | 5,539 | 2,981 |
| Other current assets | 1,674 | 2,642 |
| Cash and cash equivalents | 7,519 | 10,779 |
| TOTAL CURRENT ASSETS | 113,283 | 110,840 |
| Assets held for sale | 177 | 177 |
| TOTAL ASSETS | 350,588 | 345,861 |
| EQUITY AND LIABILITIES | | |
| Equity: | | |
| Share capital | 56,974 | 56,974 |
| Share premium | 63,432 | 63,432 |
| Other reserves | -6,557 | -7,041 |
| Accrued earnings | -40,322 | -28,968 |
| Minority interests | 38,864 | 37,668 |
| TOTAL EQUITY | 112,391 | 122,065 |
| Non-current liabilities: | | |
| Financial debt | 142,666 | 137,639 |
| Derivative financial instruments | 2,976 | 3,712 |
| Deferred tax liabilities | 4,318 | 3,851 |
| Other financial liabilities | 8,136 | 7,606 |
| Other liabilities and asset-related grants | 1,200 | 1,786 |
| Provisions for other liabilities and expenses | 1,985 | 1,756 |
| TOTAL NON-CURRENT LIABILITIES | 161,281 | 156,360 |
| Current liabilities: | | |
| Trade accounts payable | 55,662 | 45,914 |
| Current tax liabilities | 7,726 | 7,883 |
| Financial debt | 6,804 | 7,688 |
| Derivative financial instruments | 108 | 57 |
| Other financial liabilities | 481 | 867 |
| Provisions for other liabilities and expenses | 0 | 0 |
| Other current liabilities | 6,135 | 5,037 |
| TOTAL CURRENT LIABILITIES | 76,916 | 67,446 |
| Liabilities held for sale | 0 | 0 |
| TOTAL EQUITY AND LIABILITIES | 350,588 | 345,861 |



About Natra

Natra is a Spanish multinational with a leadership position in Europe in the production of chocolate- and cocoa-derived products. The company specialises on chocolate products for 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, slabs, chocolates and Belgian specialities, which it sells in 60 countries throughout the five continents. The company has six specialised production centres in Spain, Belgium, France and 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 cocoa-paste, -powder and -butter and chocolate coating) to the international food industry.

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

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