



September 1, 2009

CORPORATE HISTORY OF LOTUS BAKERIES

First period 1932-1979: Creation and growth of Lotus and Corona

The present company, Lotus Bakeries, arose from the merger of two companies, each with its own speciality: Corona in cakes and Lotus in caramelized biscuits.

1.1 LOTUS

Lotus was established in 1932 in Lembeke by three brothers Boone, and was specialised in **caramelized biscuits and gingerbread**. After the Second World War, Lotus concentrated on caramelized biscuits and became the most important manufacturer of it, especially from 1963 onwards when a systematic **brand policy** was implemented.

After achieving a considerable market share in Belgium the decision was made to **diversify** through the takeover of **Biscuiterie Tourist**, a cake manufacturer in Nieuwkerken-Waas. In 1973 the production of Tourist was integrated into Lembeke where a new cake factory was built.

1.2 CORONA

Corona grew from the fancy cakes business of Marcel Stevens and started in 1937 on an industrial scale with the production of **little cakes** in an orange tub, which together with the **Madeleines** was, for years, the basis of the Belgian cake production. From 1965 Antoine Stevens, the son, worked on the expansion of the product range and on diversification. This resulted in the introduction in 1970 of the **Liège waffle**. Production moved in 1972 to a new factory in Oostakker.

1.3 MERGER BETWEEN LOTUS AND CORONA

Corona and Lotus merged on 1 January 1974, both were market leaders in their own basic speciality. The reasons for the merger did not lie, given that the product ranges were totally different, in particular with production. It was, first of all, the strategic advantage of developing a **successful commercial organisation** in order to introduce a **national brand policy** more rapidly. In addition the merger brought together a team of specialists at management level, a necessity for further growth. Finally, diversification was achieved whilst **retaining specialisation**.

The synergy rapidly ensured a further improvement in market penetration for both Corona cakes and Lotus caramelized biscuits. In the period 1974-1979 the main intention was to expand the **Belgian** market position in cakes and caramelized biscuits. It proved to be five years of rapid expansion in the Belgian market.

Second period 1979-1996: Benelux - France as base market

Lotus Bakeries has decided to aim for a **brand policy** in well-defined product groups: caramelized biscuits under Lotus, cakes (pastry) and waffles & galettes under Corona. In the period 1979-1996 the product range grew through takeovers and product innovations, and through the expansion of commercial organisations in well-defined countries and by attacking specific market segments.

2.1 PRODUCTS

2.1.1 CARAMELIZED BISCUITS

Working on the basis that Lotus caramelized biscuits, as a specific local product, is highly valued abroad and even in countries with highly diverse cultures, Belgium's neighbouring countries were first to be targeted from a **strong local position**. Thereafter export also evolved to become more international, with exports going to countries like the USA and the Far East. Growth was achieved without acquisitions.

2.1.2 CAKES AND PASTRY

There is a **great regional difference** in the consumption of cakes and pastry. This means it is necessary to develop a range for each country with a number of strong products from the country or region as the basis for the product range. The product range was expanded considerably and the quantities per product drastically increased through acquisitions.

In chronological order this involved the following acquisitions:

- April 1988: **De Bruin's Banketfabriek (Amsterdam, Holland)**
Glacé Originals and Glacé Petits Fondants, a Dutch specialty
- March 1989: **Biscuiterie Le Glazik (Briec de l'Odet, Bretagne, France)**
Breton butterproducts: barres quatre-quarts, madeleines, gâteaux bretons, galettes and palets
- March 1990: **Biscuiterie Vander (Comines, France)**
coconut products
- August 1995: **Croquembouche (Le Haut Corlay, Bretagne, France)**
Breton butter-madeleines
At the end of 1995, production was transferred to Biscuiterie Le Glazik.

2.1.3 WAFFLES & GALETTES

In this product group two companies were acquired:

- June 1979: **Biscuiterie Ribert (Meise, Belgium)**
waffles (Liège waffles, vanillewaffles, softwaffles, chocolate waffles)
- March 1990: **Biscuiterie Vander (Comines, France)**
filled waffles and fine galettes.

2.2 MARKETS

- November 1980: France - establishment of Lotus Bakeries France
In order to develop the French market Corona-Lotus set up its own sales organisation, Lotus Bakeries France.
- January 1985: Export unit outside Benelux and France
A separate export unit was set up with a view to exporting beyond the Benelux and France. These sales will gradually undergo a great expansion.

- April 1988: The Netherlands - sales organisation De Bruin
With the takeover of De Bruin a sales organisation was also acquired which was active in the Dutch market.
- August 1990: USA - establishment of the joint venture Corona-Lotus Inc.
As a consequence of sales of individually wrapped biscuits to the airline catering industry in the USA, the joint venture Corona-Lotus Inc. was set up with the intention of selling Lotus Bakeries products by mail order (catalog sales).
- March 1995: Germany - establishment of Lotus Bakeries GmbH
A new subsidiary, Lotus Bakeries GmbH, was set up in order to work the German and Austrian markets thoroughly.

2.3 JOINT VENTURES

- June 1981: **Margarinerie Hinnekens**

A majority participation was taken in the joint venture Margarinerie Hinnekens. In addition a new margarine factory was built in Lembeke. **This joint venture supplies the Lotus Bakeries Group with margarines and specialised fats** and allows new sorts of margarine to be developed that meet the quality criteria and the specific qualities of caramelized biscuits, cakes, waffles and galettes.

2.4 OTHER POINTS

- December 1988: **Stock Exchange flotation**

In total 30% of the shares of Lotus Bakeries were offered to the personnel and the public. The shares were listed on Euronext Brussels.

This step provided Lotus Bakeries with new financial resources for future financing, increased the brand name familiarity and strengthened the move towards professionalisation.

Third period 1996-2001: Accelerated growth through takeovers and joint ventures

In the period 1996-2001 new and important steps were taken in the expansion of Lotus Bakeries.

Some takeovers involved a series of rationalisations in production: some factories were closed and their production was transferred to existing factories. These factories were reinforced by this fact and products were rearranged in order to make the factories more specialised.

3.1 PRODUCTS

3.1.1 CARAMELIZED BISCUITS:

The sales have continued to grow in all markets and are becoming ever more international. There were no acquisitions.

3.1.2 CAKES:

- July 1997: **Cremers (Lier, Belgium)**
frangipane, battenbergs
- December 1997: **Biscuiterie Cardinael (Brugge, Belgium)**
layer-pastry jam tartlets
- December 1998: **Biscuitfabriek Vicomte (Enkhuizen, Holland)**
'Jodekoek', battenbergs, jumbos, swiss rolls, sponge fingers
- April 1999: **Petit Breton (Pont-Aven, Bretagne, France)**
Breton butter products such as demi-lune quatre quarts, gâteaux bretons
- May 1999: **Biscuiterie Andi (Erpe-Mere, Belgium)**
frangipane

3.1.3 WAFFLES & GALETTES:

- July 1997: **Cremers (Turnhout, Belgium)**
- November 1999:
 - 1) takeover of the brand name Suzy and the clientele
 - 2) takeover of 50% of Interwaffles. Interwaffles is then a joint venture owned by Lotus Bakeries and NPM (50%-50%).
- February 2000: **takeover of La Pascalou (Couillet, Belgium) by Interwaffles**

Lotus Bakeries considers waffles & galettes as a productgroup becoming more internationally important.

Interwaffles produces waffles & galettes in a new factory at Courcelles. The production of this factory started in January 2001.

3.1.4 LOGISTICS:

In August 1999 the logistic activities were transferred from Oostakker and Lembeke to the new logistic centre in Lokeren.

3.2 MARKETS

- March 2000: **Switzerland - establishment of Lotus Bakeries Schweiz AG**
Lotus Bakeries Schweiz AG was set up to attack the Swiss market more comprehensively.

3.3 UNIFORM BRAND

3.3.1 NEW UNIFORM BRAND LOTUS

In March 2001 Lotus Bakeries announced its strategic decision to classify all of the regional brands (Corona, Suzy, Cremers, Le Glazik, Vander, De Bruin, Enkhuizer Barket ...) under **one single brand: Lotus**. The concrete realisation took place in stages, so that in the course of 2001 and at the beginning of 2002 all switchovers were realised in all markets.

3.3.2 NEW COMPANY NAME AND NEW CORPORATE LOGO

In order to emphasise the dedication to the Lotus brand, Lotus Bakeries has decided to bring the company's name in line with the uniform Lotus brand. A new and unambiguous company name **Lotus Bakeries NV** and a **new corporate logo** has been chosen. The formal decision to make this change has been taken on April 10, 2001.

In The Netherlands, France, Luxembourg, Germany and Switzerland, the names of the subsidiaries have also been changed to Lotus Bakeries.

Fourth period 2002-now: Further integration and reinforcement of brand policy, takeovers of Koninklijke Peijnenburg and Annas Pepparkakor

4.1 PRODUCTS

4.1.1 GINGERBREAD

- June 2006: Koninklijke Peijnenburg

4.1.2 PEPPARKAKOR BISCUITS

- November 2008: Annas Pepparkakor

4.1.3 LOTUS CARAMELIZED BISCUIT SPREAD

- February 2008: launch of Lotus caramelized biscuit spread in Belgium.

4.2 MARKETS

- October 2003: **Singapore - establishment of Lotus Bakeries Asia Pacific**
The objective is to attack the Asian markets more intensively and more directly by operating from the Singapore base.
- April 2004: **Czech Republic - establishment of Lotus Bakeries CZ**
This sales subsidiary will take over responsibility for selling the company's Lotus products in the Czech Republic and stimulating product sales.
- Oktober 2005: **Great Britain - establishment of Lotus Bakeries UK**
Given the importance of the market and the possibilities for the Lotus brand in the UK, an agreement was concluded in September 2005 with our Lotus importer to set up a joint venture to commercialize Lotus products in the UK and Ireland. From May 2006, the sales organisation is operational with a commercial team established in Manchester.
- Januari 2008: **Spain – acquisition of Lopez Market**

4.3 TAKEOVER OF KONINKLIJKE PEIJNENBURG

End of June 2006 Lotus Bakeries took over Koninklijke Peijnenburg (the Netherlands). Koninklijke Peijnenburg is the market leader in the Netherlands in the market for gingerbread products. Peijnenburg has a market share of more than 60% of the total market for gingerbread in the Netherlands. Under the influence of Peijnenburg, the gingerbread segment has become significant within the wide biscuits and pastries market.

The acquisition of Peijnenburg is a significant strategic step for Lotus Bakeries. Lotus Bakeries is building a strong position as brand manufacturer of specialities. In the Netherlands, the Peijnenburg brand will be retained, supported and further expanded. Peijnenburg has given 'gingerbread' a contemporary image combined with a strong brand policy. This type of approach certainly opens up opportunities for Lotus in other countries, in which Lotus already has its own sales organisation, to introduce this gingerbread concept under the Lotus brand.

4.4 TAKEOVER OF ANNAS PEPPARKAKOR

In November 2008 Lotus Bakeries took over Annas Pepparkakor (Sweden). Anna's is a high quality producer of 'Pepparkakor' a traditional Swedish biscuit. Pepparkakor is a thin and crispy biscuit enriched with cinnamon and ginger spices. The Anna's products come in different flavours but always based on the same dough and traditional recipe.

The homemarket and origin of Anna's is Sweden. Anna's is the best known brand of Pepparkakor and the market leader in Sweden. In Sweden, the Anna's brand will be retained, supported and further expanded.

The acquisition of Anna's fits perfectly into the Group's strategy to focus on high quality authentic specialties compatible with a branded strategy and with international potential.

4.5 ACTUAL SITUATION

Lotus Bakeries actually has three strong brands, Lotus, Peijnenburg and Annas, that includes the authentic specialties in the biscuits and pastries world, has a range of products adapted to the principal markets, has specialised production sites and high-performance sales organisations in many markets.
