

Press Release

FROSTA continues to grow with transparency and doing without additives Result declines due to increasing fish prices

Bremerhaven, February 28, 2019

FROSTA AG increased its sales in 2018 by 1,6 % to EUR 509m compared to prior year. In Germany, FROSTA's own brand grew by 13,4% (source: IRi consumer sales, 2018), significantly faster than the market. The plus was double digit for the fifth time in a row. The highest brand growth was again achieved in the branded fish segment (+ 17,8 %) (source: IRi 2018).

Success factor FROSTA Purity Command

Transparency and the absence of additives are still the most important success factors. Since 2003, the FROSTA Purity Command has been in force for all products of the FROSTA brand, which prescribes the consistent renouncement of all additives and flavors. Even additives that by law are not required to be declared, FROSTA consistently bans in all products. In 2018, FROSTA once again publicly advocated making the law for the declaration of additives and flavorings more transparent and consumer-friendly (<https://www.frosta.de/ueber-uns/presse/>).

In this context, FROSTA criticizes the current "National Reduction and Innovation Strategy: Less sugar, fats and salt in ready meals" by Federal Minister Julia Klöckner. In particular, FROSTA sees allocation of millions of euros in research funding for substitutes for salt, sugar and fat as very critical. These are either additives or imitation additives - definitely high-tech products of the additive industry. "We need more real food and less fake. And above all, we need a better and consumer-friendly declaration for additives, flavors and functional additives. It is up to Julia Klöckner to change this", says Felix Ahlers, CEO of FROSTA AG.

Raw material price increases and start-up difficulties of the business in Italy

The net income of the group – i. e. the result after taxes – decreased from EUR 23.4m to EUR 20.0m in the reporting year. This deterioration is largely due to the extreme cost increases of fish and vegetable raw materials and energy costs in the second half of 2018. In addition, there were unplanned start-up losses in the new Italian brand business.

The number of employees has increased by 3.1 % both domestically and abroad. In 2018 FROSTA AG employed 1,778 people on average (previous year: 1,724).

With EUR 37.3m investments remain at a high level (2018 EUR 39.1m). With this sum, investments were made in future projects at all locations.

The equity ratio of FRoSTA AG remains at a high level of 52 %. Earnings per share are EUR 2.93 in 2018 (EUR 3.17 in 2017). At the Annual General Meeting, the Executive Board will propose a dividend of EUR 1.60 per share (same as previous year).

Outlook

For the new fiscal year 2019, FRoSTA expects a slight increase in revenues and an annual result at the level of the year 2018. Condition for reaching this forecast is the enforcement of price increases in the market. With further cost increases, which are already foreseeable for fish raw material, we will implement efficiency improvements and further price increases.

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The Board

The annual financial statements will be available on the company's website from 6 March 2019 at www.frosta-ag.com

As of April, our annual report for 2018 will be available as an e-book on our website.

Pictures can be found here:

<https://frosta.brandsuite.com/share/open/bilanzpk+frosta+2019>

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