

PRESS RELEASE 27 February 2014

CONSOLIDATED RESULTS AS AT 31 DECEMBER 2013

REVENUE DOWN 8.4%

REBITDA €1.9 MILLION, I.E. 5.8% OF REVENUE

- **INCREASE IN CAPITAL APPROVED BY THE SHAREHOLDERS**
- **REFINANCING PLAN BEING FINALISED**
- **MORE THAN 1,500 NEW CUSTOMER CONTRACTS SIGNED IN 2013**
- **SIGNIFICANT INCREASE IN THE AVERAGE VALUE OF NEW CONTRACTS SIGNED**

Results as of December 31	2013 IFRS Dec (audited) (x 000 EUR)	2012 IFRS Déc (audited) (x 000 EUR)	Δ (%)
Turnover	32.453	35.427	-8,4
Operating result	-6.572	1.153	
Net financial charges	-326	-520	
Current result after net financial charges	-6.898	633	
Results on sale of assets and other non operating items	0	0	
Profit before tax	-6.898	633	
Taxes	512	-523	
Results on enterprises consolidated on equity method	0	0	
Consolidated profit after taxes	-6.386	110	
Share of the group in consolidated net result	-6.386	110	
REBITDA (1)	1.896	5.858	-67,6
REBITA	-115	3.452	-103,3
REBIT (2)	-1.564	2.008	-177,9
Recurrent profit before taxes (2)	-1.889	1.488	-227,0
Number of shares	1.660.360	1.660.360	+0,0
REBITDA per share	1,14	3,53	-67,6
REBITA per share	-0,07	2,08	-103,3
REBIT per share	-0,94	1,21	-177,9
Recurrent profit before taxes per share	-1,14	0,90	-227,0

(1) After depreciation on current assets and before non recurring income and expenses of -1,746 K€ in 2013 and -292 K€ in 2012.

(2) Before non-recurring expenses of -5,008 K€ in 2013 and -854 K€ in 2012.

The income statement has been prepared in accordance with IAS/IFRS accounting standards and valuation criteria

CONSOLIDATION SCOPE

On 20 June 2013, the Group acquired 100% of the shares in the company Côte d'Argent Distribution s.a.s, its independent distributor in the Bordeaux region, which has annual revenues of around 1 M€. This company was included by full consolidation in the consolidated financial statements as at 31 December 2013. This company's income was taken into account in the group's financial statements with effect from 1 July 2013.

REVENUE AND BUSINESS OPERATIONS

Consolidated revenue as at 31 December 2013 was 32.4 M€, down 3.0 M€, i.e. a decrease of 8.4 % compared with end December 2012. Taking into account the purchase of the company Côte d'Argent Distribution in June 2013, revenue at constant consolidation scope was some 32.1 M€, i.e. a decrease of 3.3 M€ or 9.4%. This decrease is due primarily to a significant attrition rate among customers with low sales volumes, mainly in the cartridge and capsule ranges. The large number of contracts (more than 1,500) signed with new customers with a focus on automatic distribution by the new sales representatives recruited during 2013 and by the existing sales teams has not as yet been enough to reverse this trend. Nevertheless the very encouraging initial results tend to prove that our strategy of revitalising sales through internal growth is about to succeed.

CASH FLOW FROM OPERATIONS

Recurring cash flow from operations (REBITDA) for the 2013 financial year was 1,895.6 K€ (5.8% of revenue), compared with REBITDA of 5,857.6 K€ (16.5% of revenue) in 2012.

This recurring cash flow from operations is determined before amortisation, provisions, costs of debt, taxes and non-recurring expenses of 1,746.0 K€¹, but after depreciation on current assets.

Excluding the acquisition of the company in Bordeaux, recurring cash flow from operations as at 31 December 2013 was 1,857.8 K€, down 3,999.8 K€ or 68.3% compared with 31 December 2012. The change in recurring cash flow from operations at constant consolidation scope was mainly the result of the decrease in revenue of 3.3 M€ compared with 31 December 2012, the inclusion of the operating costs of the company acquired and the costs of the new sales representatives recruited in 2013.

Compared with the Rebitda forecast for 2013 referred to in the special report published on 10 January 2014, recurring cash flow from operations was 990.3 K€ lower than the amount initially expected. This difference came from a lower margin on sales of some 679.0 K€ and a difference of 311.3 K€ (i.e. 1.5%) in operating costs. This difference came primarily from the negative impact of implementation of the restructuring programme and temporary cash problems.

INCOME FROM OPERATIONS

Income from operations as at 31 December 2013 was -6,571.9 K€ compared with 1,153.4 K€ as at 31 December 2012. Income from operations was negatively affected by non-recurring expenses of 5,008.3 K€, including, in addition to those affecting the cash flow from operations (cf. above), extraordinary depreciations on fixed assets (machines) of 219.9 K€, impairments on goodwill of 2,364.4 K€ and provisions for tax and social security risks of 677.9 K€. Recurring income from operations was 1,563.7 K€, i.e. -4.8 % of revenue.

NET INCOME

Consolidated net income as at end December 2013 was 6,385.7 K€.

FINANCING AND CASH AND CASH EQUIVALENTS

Consolidated net debt as at end December 2013 was 12,721.8 K€ compared with 10,026.7 K€² as at end December 2012. This net debt includes a debt of 1,134.1 K€ (2,145.7 K€ as at end December 2012) categorised as financial under IFRS standards and comprising discounted future rents relating to contracts provided in respect of machines pre-financed by a banking institution. This debt will be cleared by recognition of the rental income relating to these contracts, which will be paid by the customers to the banking institution and will not result in future cash outflows from the group itself.

Leaving aside this particular financial debt, consolidated net debt as at end December 2013 was 11,587.8 K€ up 3,706.8 K€ compared with the previous financial year, mainly as a result of the

¹ (earn-outs and legal costs in respect of acquisitions, severance payments and recruitment fees in the context of the reorganization envisaged in the Kaffa 2018 development plan and compensation to be received in respect of an old dispute)

² As adjusted in the press release of 31/08/2013

acquisition in 2013 of the company Côte d'Argent Distribution s.a.s. of Bordeaux and the purchase of machines rented to customers.

The Kaffa 2018 development plan envisages a capital contribution of 3,000 K€ in December 2013 and a net debt of 8,572 K€ as at 31 December 2013, as mentioned in the special report published on 10 January 2014. In accordance with the laws and procedures that apply to such an issue of shares on the market, the extraordinary general meeting of 11 February last approved the proposal for an increase in capital of a maximum of 4,981,080 €. This increase in capital is guaranteed to a minimum amount of 3,000,000 € by the shareholder QuaeroQ cvba. In the meantime, temporary loans of 1,700 K€ have been granted by the banks and QuaeroQ cvba and cash and cash equivalent assets are temporarily below the plan pending finalisation of the procedure for the increase in capital that has been decided upon.

SHAREHOLDERS' EQUITY

The total number of shares representing the share capital of the company Fountain SA is 1,660,360. The consolidated shareholders' equity of the group after the proposed allocation of the income of Fountain s.a. was 16,276.8 K€ as at December 2013 compared with 22,640.2 K€ as at 31 December 2012.

As a reminder, a proposal to increase the capital by a maximum of 4,981,080 € through the issue of 3 new shares per 2 existing shares at a price of 2.00 € per share was approved by the extraordinary general meeting of shareholders on 11 February last.

DISTRIBUTION OF PROFITS

In view of the net income generated during the financial year and the restructuring costs envisaged in the Kaffa 2018 plan for the strategic redevelopment of the business and in order not to exacerbate the Group's cash position, the Board of Directors will propose to the Shareholders' General Meeting that no dividend be distributed in respect of the 2013 financial year and the 2 following financial years in accordance with the agreements concluded with the banks.

OUTLOOK FOR THE 2014 FINANCIAL YEAR

As announced at the end of 2013, Fountain sa underwent major changes in the last quarter of 2013, in terms of both shareholders and governance.

The new board of directors approved the 2014 budget, based on the Kaffa 2018 plan, which served as the basis for the refinancing agreement with the group's financial partners and with the new major shareholders. This plan envisages significant investments in 2014 and 2015 enabling the group to count on a sizeable increase in revenue by 2018.

The main objectives for 2014 will be:

1. Finalisation of the refinancing agreements and the increase in capital approved on 11 February last.
2. Increase in the number of customers, which will be the driving force behind our return to revenue growth, supported by continuation of the plan to revitalise our sales teams through a major training programme.
3. Improvement in customer monitoring in order to reduce the attrition rate through more proactive communication, systematic renewal of the machine pool and the offer of new packages more in line with the end consumer's expectations.
4. Optimisation of our operational model with particular focus on the quality of our technical service and customers relations.

5. Finalisation of the plan for reorganisation of the administrative departments with 3 skills centres, Nantes, Lille and Braine-l'Alleud. It is also planned to simplify the group's legal structure in 2014.

6. Particular focus will be given to innovation within the business, in order to respond better to our customers' expectations.

All these projects, headed up by the new management team put in place in 2013 and supported by the board of directors and major shareholders should enable us to achieve our objectives and thus reverse the previous negative trend. The major reorganisation which Fountain underwent in 2013 was essential in order to secure the company's future and will provide a solid base for our growth plan and achievement of the ambitious but realistic objectives of the Kaffa 2018 plan.

As an indication of positive developments, our recent measurement of customer satisfaction in February 2014 showed our NPS (Net Promoter Score) continuing to rise from 43 to 48, confirming the improvement in the quality of our services.

AUDITOR'S REPORT ON THE CONSOLIDATED POSITION

"The company BST Réviseurs d'Entreprises (Statutory Auditors), represented by Vincent DUMONT, Statutory Auditor, has confirmed that the accounting information contained in the press release does not give rise to any reservations on its part and is consistent with the financial position approved by the Board of Directors.

*BST Réviseurs d'Entreprises SCPRL,
Represented by Vincent DUMONT, Statutory Auditor."*

PROFILE

THE FOUNTAIN GROUP OPERATES IN FRANCE, BELGIUM AND THE NETHERLANDS, AS WELL AS IN OTHER EUROPEAN COUNTRIES AND A NUMBER OF COUNTRIES OUTSIDE EUROPE. IT SELLS COFFEE VENDING MACHINES INTENDED MAINLY FOR BUSINESSES. THE GROUP DISTRIBUTES ITS PRODUCTS THROUGH ITS SUBSIDIARIES AND ALSO THROUGH A NETWORK OF INDEPENDENT DISTRIBUTORS.

CALENDAR

WEDNESDAY 30 APRIL 2014	QUARTERLY RESULTS 1 ST QUARTER 2014
MONDAY 26 MAY 2014	GENERAL MEETING
SUNDAY 31 AUGUST 2014	HALF-YEARLY RESULTS AS AT 30 JUNE 2014
END OCTOBER 2014	QUARTERLY RESULTS 3 RD QUARTER 2014
MID-MARCH 2015	ANNOUNCEMENT OF 2014 ANNUAL RESULTS

INFORMATION

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