

PRESS RELEASE: 2016 half-yearly results
A serious situation in France compensated by a favorable international performance

Key figures (€m)	June 2016	% net sales	June 2015	% net sales	Changes in %			
					Total	Structure	Forex	Growth
Net sales	2,092		2,179		-4.0	0.0	-3.4	-0.7
- Cheese Products	1,231	58.9	1,256	57.6	-2.0	0.0	-2.1	0.2
- Other Dairy Products	925	44.2	983	45.1	-5.9	0.0	-5.1	-0.9
Current operating profit	86	4.1	86	3.9				
Operating profit	77	3.6	65	3.0				
Net financial expense	-17		-12					
Taxes on income	-27		-21					
Group share of net income	31	1.4	35	1.6				
Net debt	408		419					

The half-yearly financial statements have been subject to limited review by the company's statutory auditors whose report is in the process of emission.

Net sales fell by 4% as a result of negative foreign exchange impacts and of the simultaneous fall in prices for retail products and in world prices for industrial products. Like-for-like, net sales fell by 0.7%. The foreign exchange impact essentially reflected weakening of the South American currencies against the euro.

Organic growth for Cheese Products remained penalized by negative pricing but was nevertheless slightly positive (+0.2%) due to volume growth for branded products. The organic contraction of -0.9% for Other Dairy Products was the result of deflation in world prices.

The virtual stability of current operating profit, at €86.1 million compared with €85.8 million for the first half of 2015, reflected a significant deterioration of operations in France offset by strong international progression resulting in an overall improvement of current operating margin to 4.1% combining 6.5% for Cheese Products and 2.1% for Other Dairy Products.

Operating profit reflected impairment of assets entailed by the economic situation in South America.

Net financial expense was unfavorably impacted by fair value adjustments for interest rate and foreign exchange hedging instruments.

The Group's financial position remains solid with a slight reduction in net debt to 32% of consolidated equity as of June 30, 2016 compared with 33% as of June 30, 2015.

Outlook for the second half of 2016

Uncertainties over the world dairy economy and its effects in France, as well as currency volatility and the destructive price war engaged in by distributors, will maintain strong unpredictability for the second half of 2016.

Confident in its long-term strategy and the commitment of its teams, Savencia Fromage & Dairy will continue to focus on developing the excellence of its brands, products and industrial performance.

Additional information may be consulted on our website www.savencia-fromagedairy.com

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 A French joint stock company in the form of a *Société anonyme* with share capital of €14,032,930
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