



**SAVENCIA**  
FROMAGE & DAIRY

# FINANCIAL ANALYSTS' MEETING

---

Viroflay, March 16, 2017





**SAVENCIA**  
FROMAGE & DAIRY

# DAIRY ENVIRONMENT

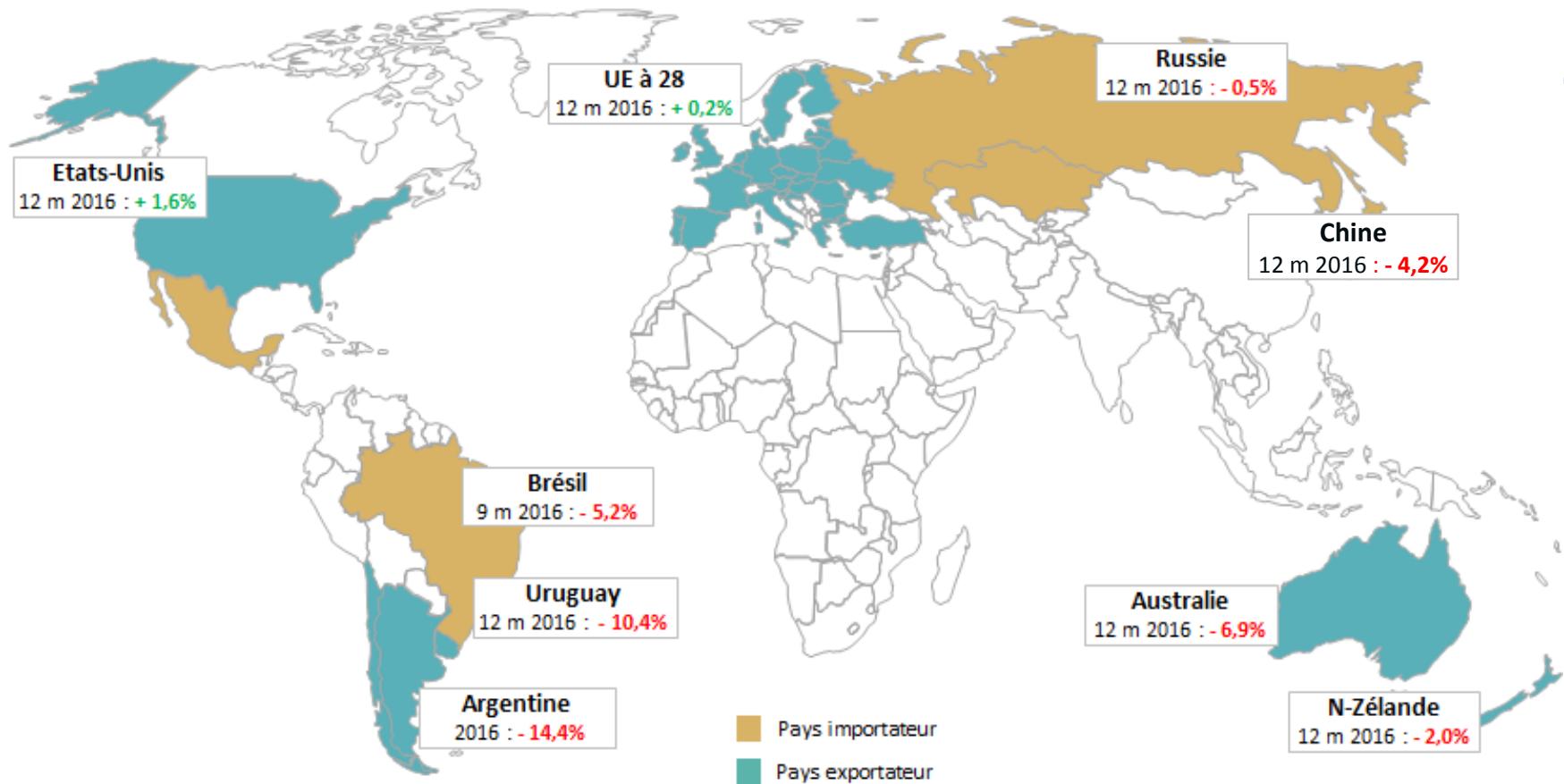
---

WORLDWIDE DAIRY CONTEXT



# STAGNATION OF MILK PRODUCTION

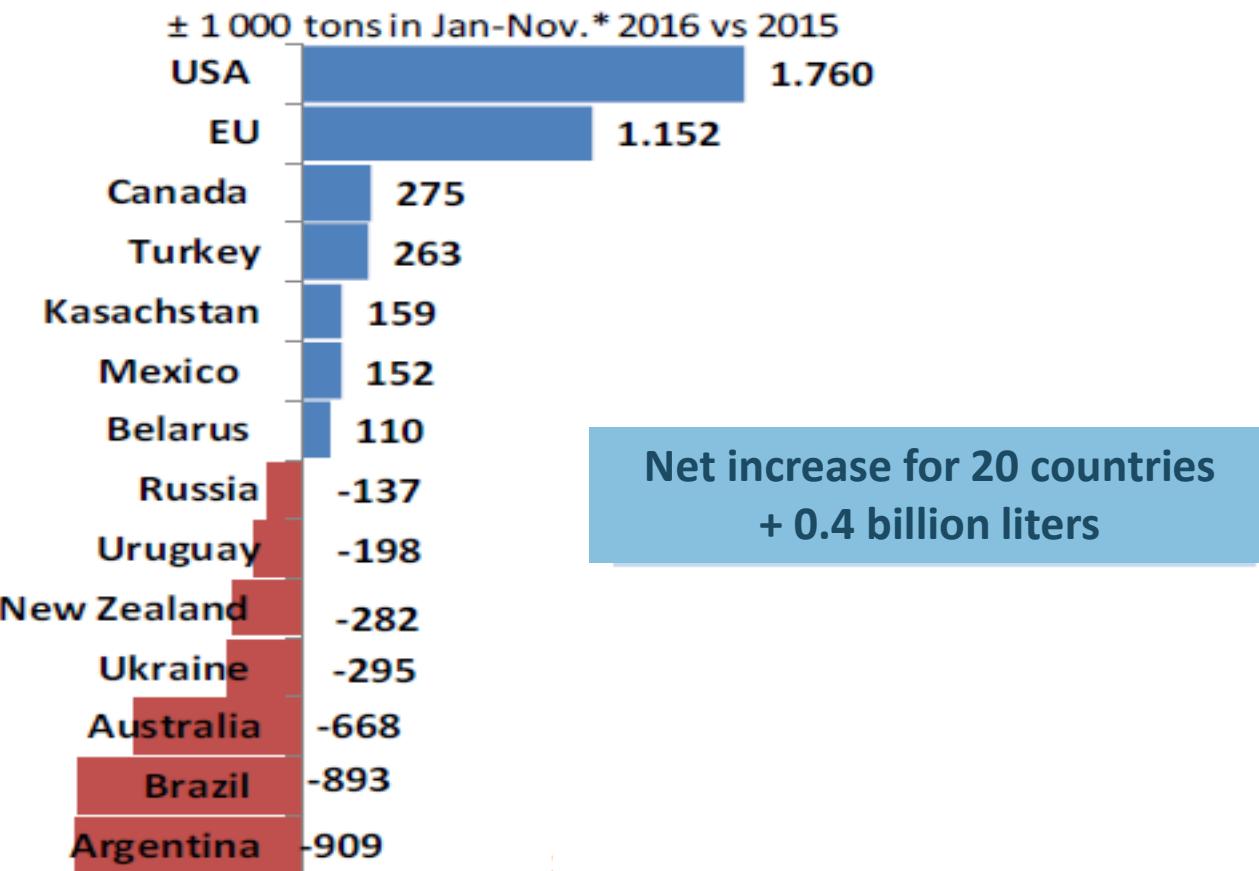
Stagnation of worldwide milk production in 2016, compared with historical growth of +15 to +20 billion liters per year



# STAGNATION OF MILK PRODUCTION

Stagnation of worldwide milk production in 2016, compared with historical growth of +15 to +20 billion liters per year

Change in milk volumes within major regions



# STAGNATION OF MILK PRODUCTION

---

→ **VERY PRONOUNCED IN THE 2<sup>ND</sup> HALF OF THE YEAR**

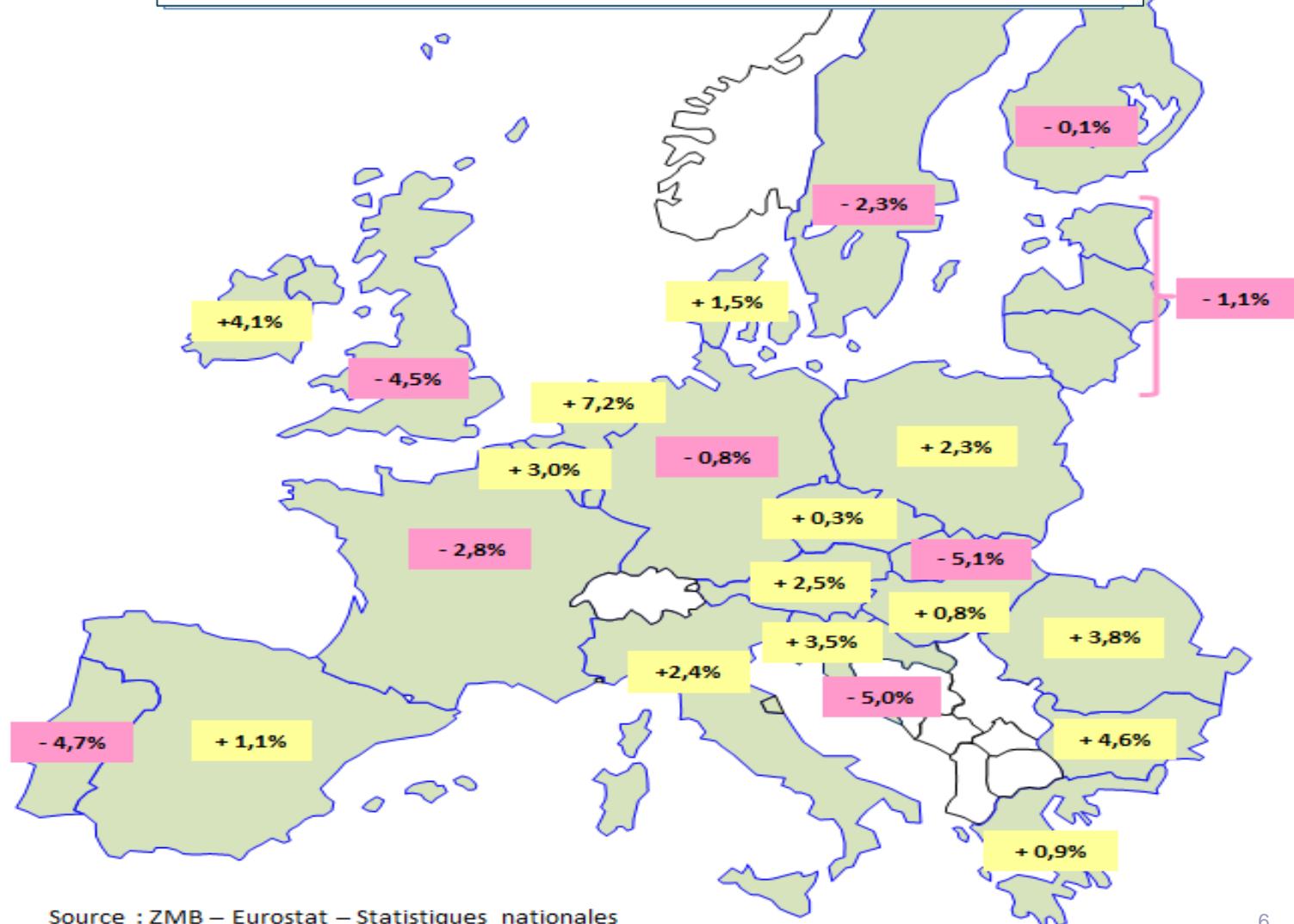
## ORIGINS:

→ **VERY LOW MILK PRICE**

→ **METEOROLOGICAL CONDITIONS**

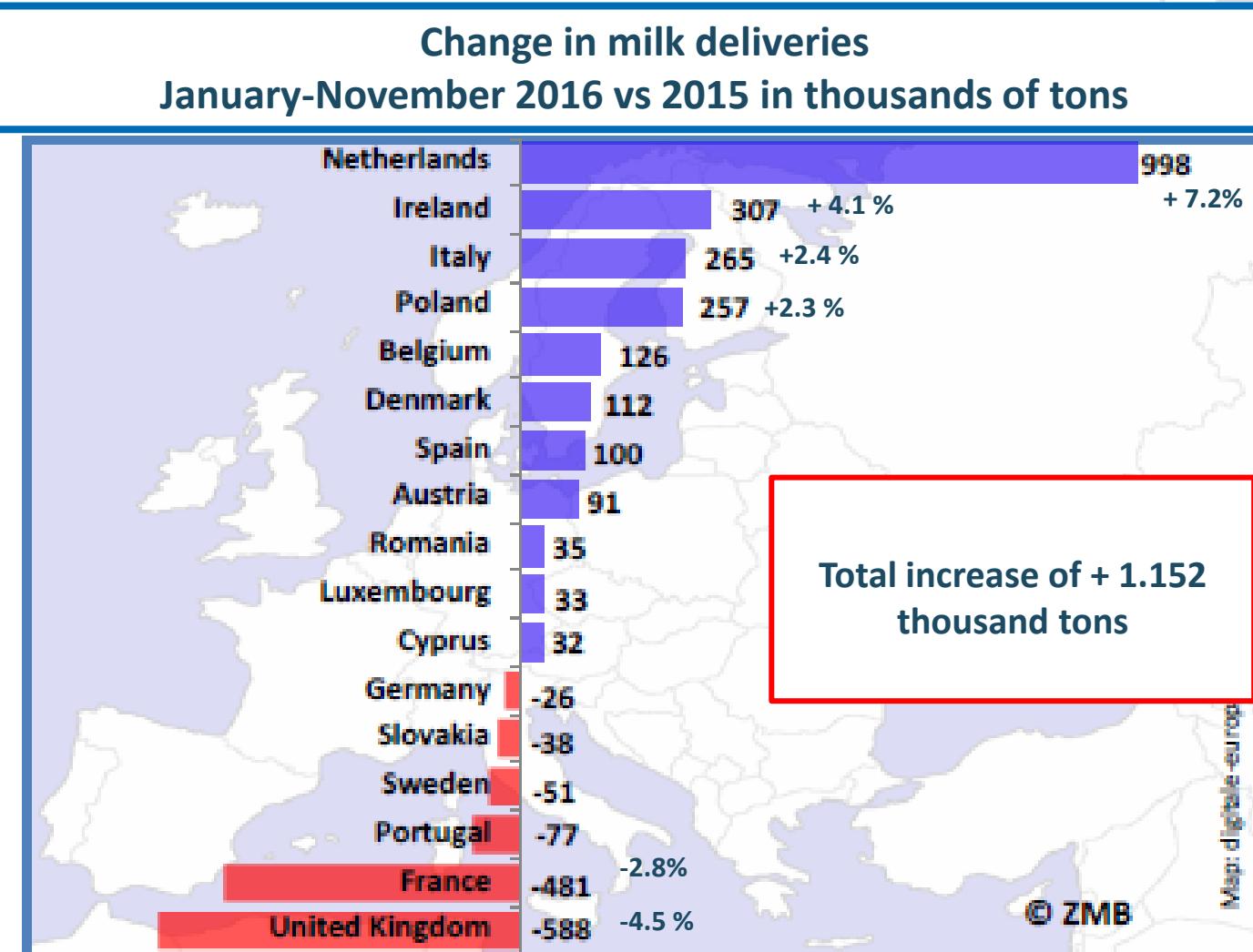
# MILK PRODUCTION

European milk collection: + 0.2 %



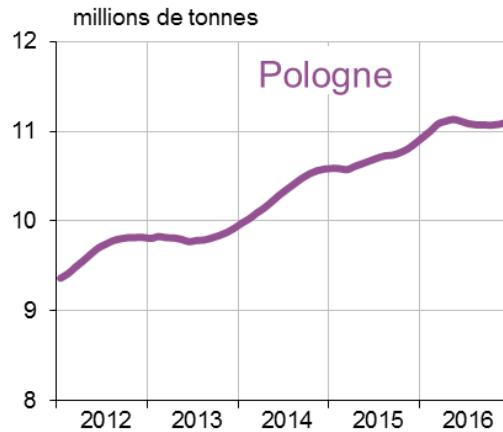
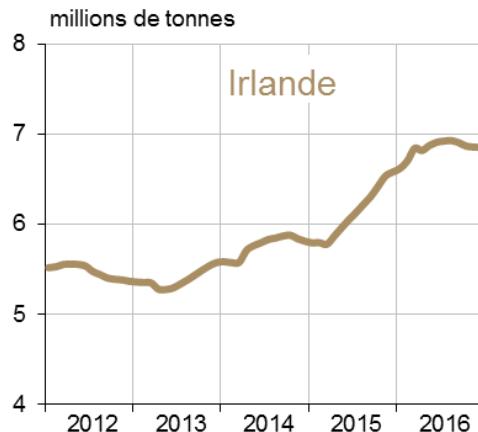
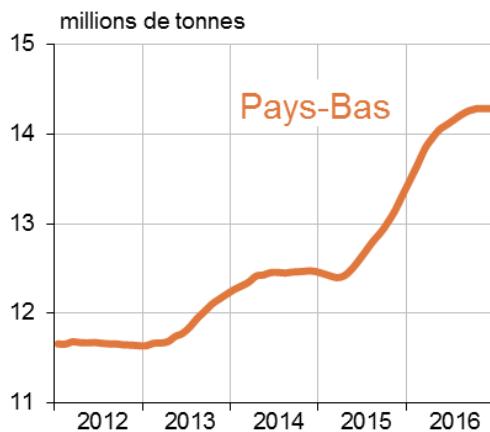
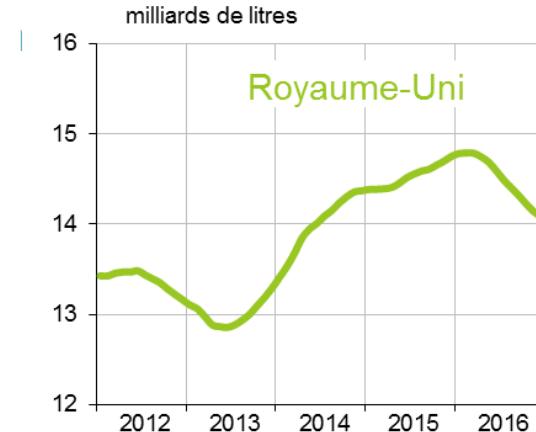
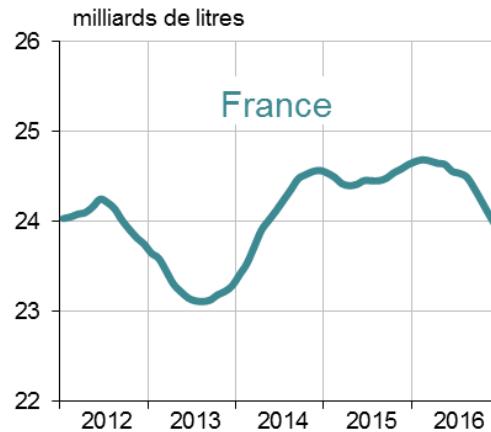
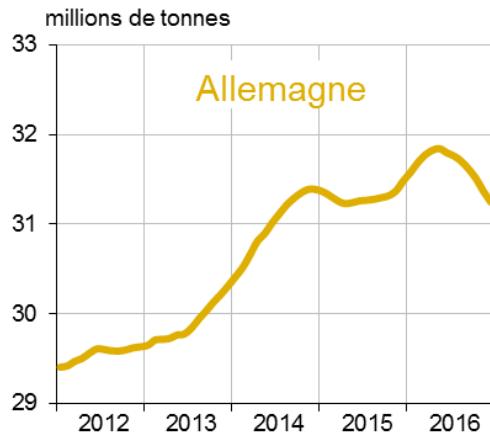
# SLOWDOWN IN MILK PRODUCTION

Contrasted evolution for production in Europe in 2016



# MILK PRODUCTION

Growth in European milk production limited to +0.2% in 2016



# THE DAIRY MARKETS IN 2016

---



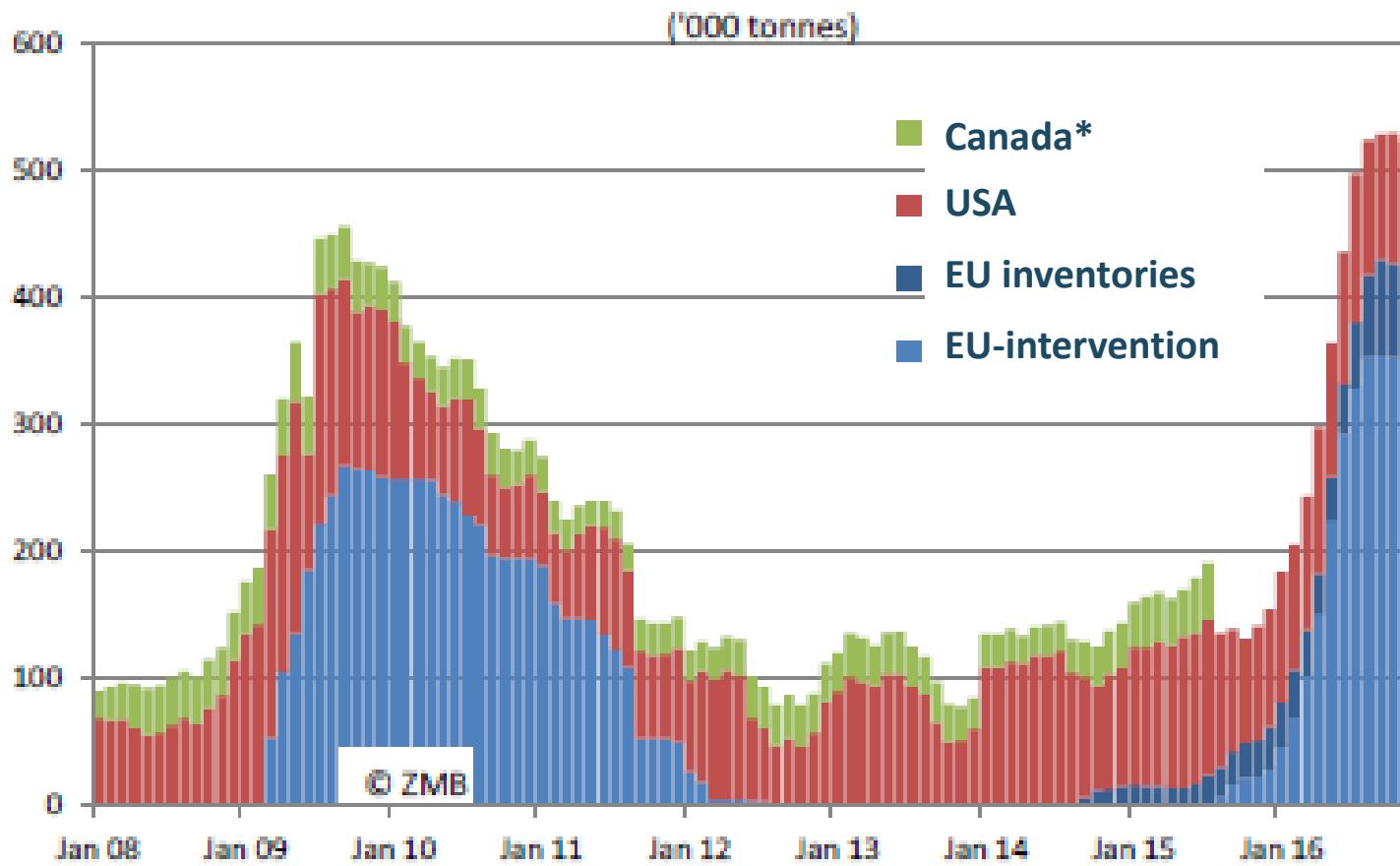
## MILK'S TWO COMPONENTS

- PROTEIN
- BUTTERFAT

HAVE EVOLVED DIFFERENTLY

# SKIM MILK – INVENTORIES

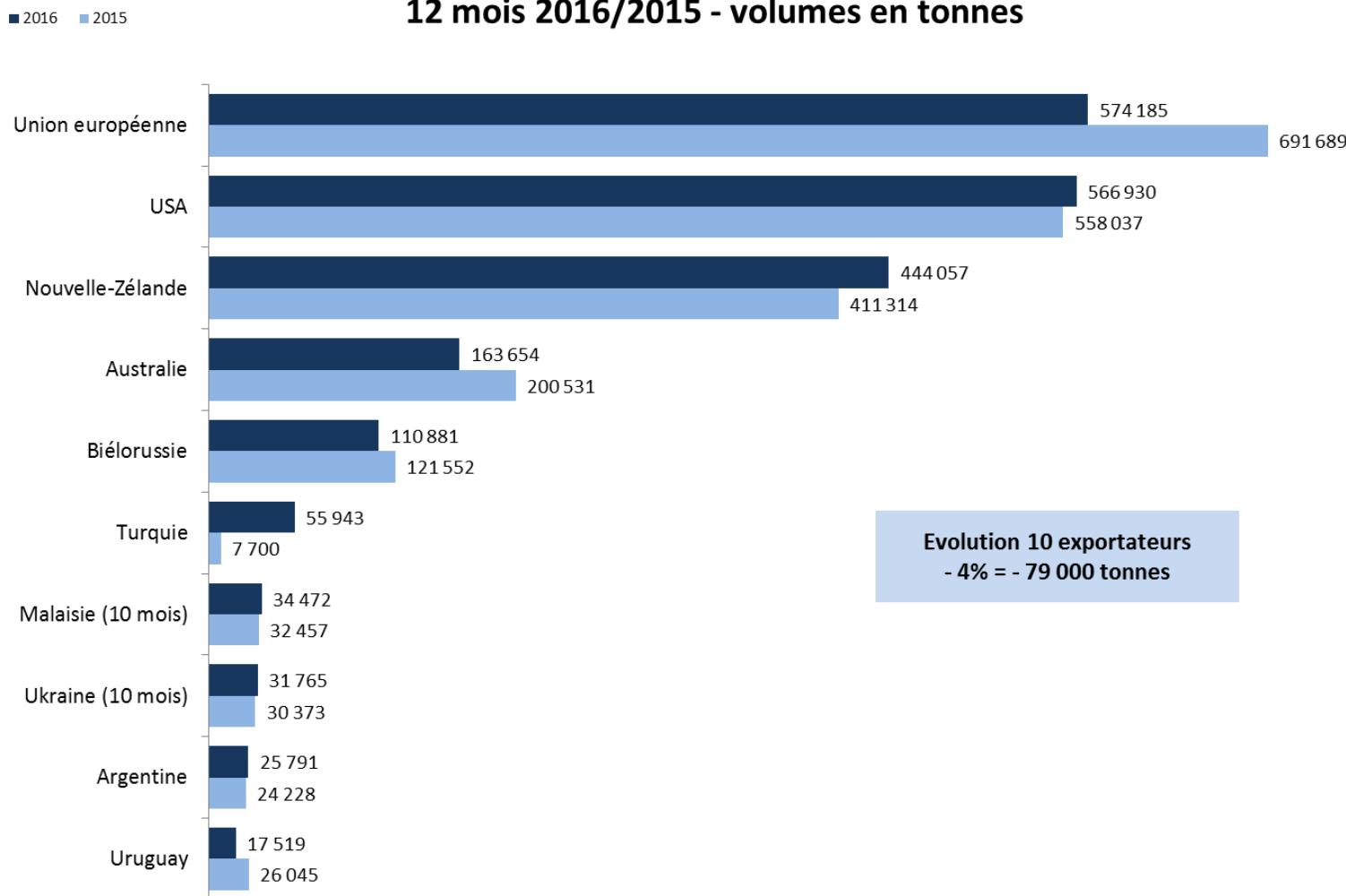
Record world inventories of powdered skim milk:  
close to 600,000 tons in 3 regions!



\*Figures for Canada confidential since August 2015

# SKIM MILK INVENTORIES – INTERNATIONAL TRADE

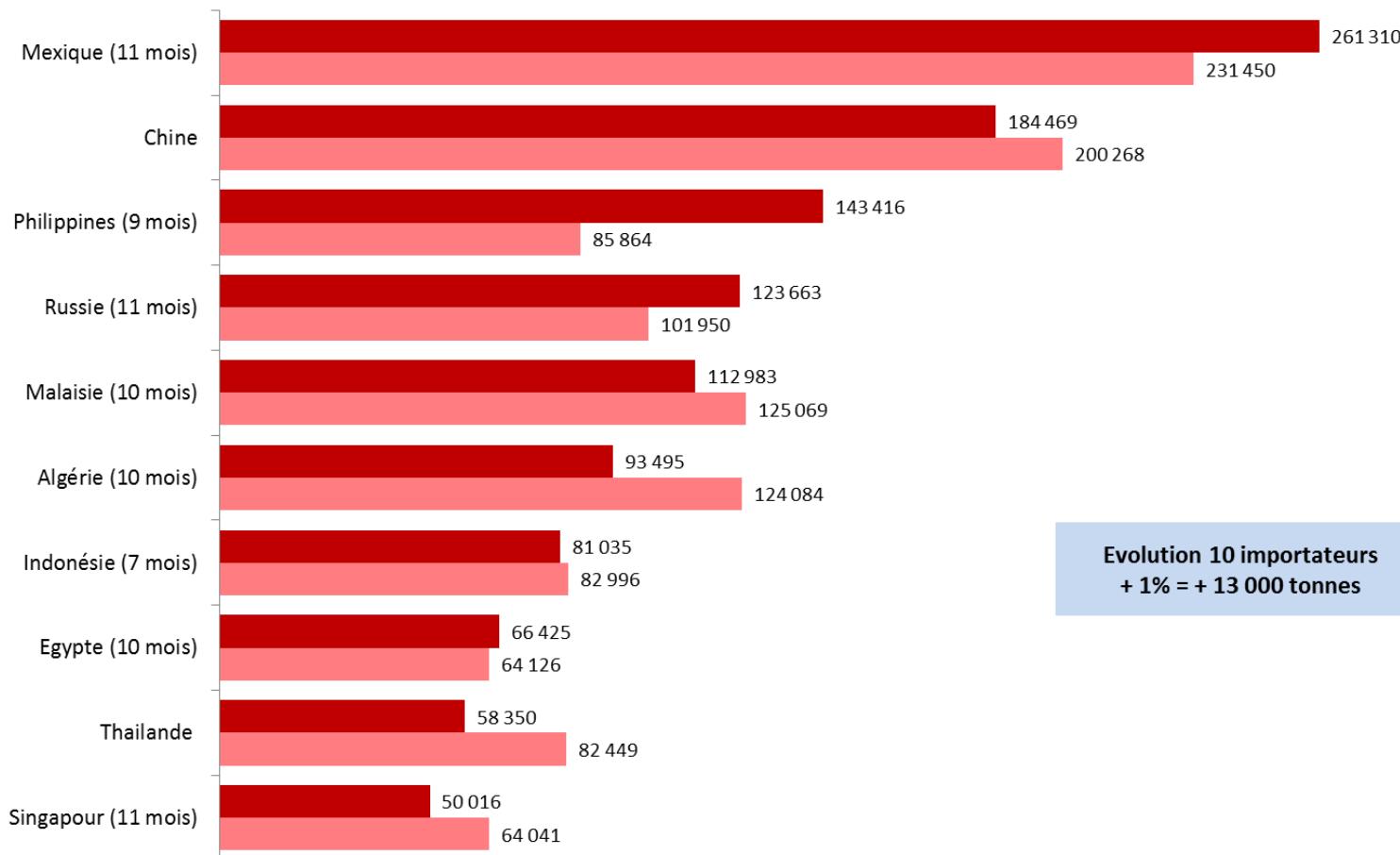
**Main world exporters – volumes in tons**  
**Poudre de lait écrémé - Principaux exportateurs mondiaux**  
**12 mois 2016/2015 - volumes en tonnes**



# SKIM MILK INVENTORIES – INTERNATIONAL TRADE

**Main world importers – volumes in tons**  
**Poudre de lait écrémé - Principaux importateurs mondiaux**  
**12 mois 2016/2015 - volumes en tonnes**

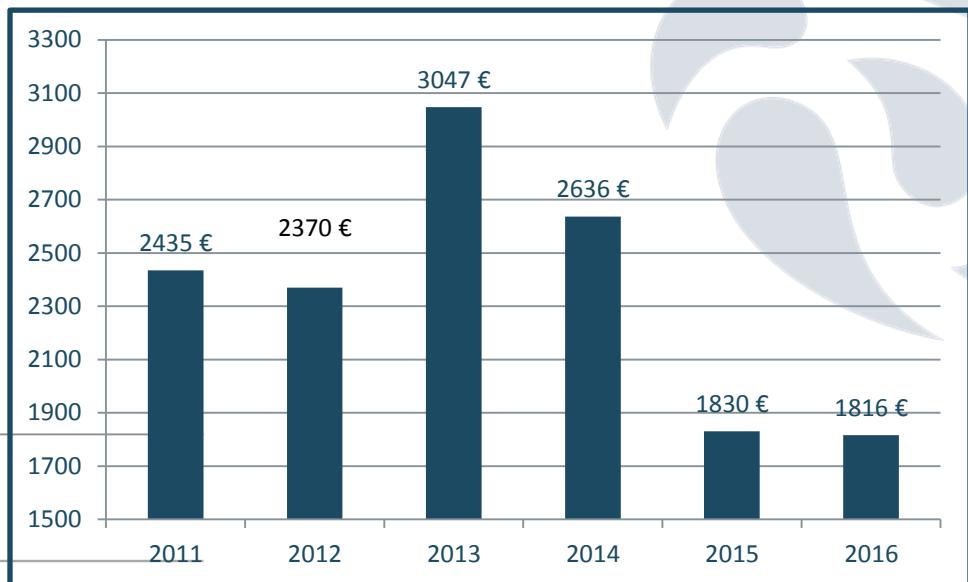
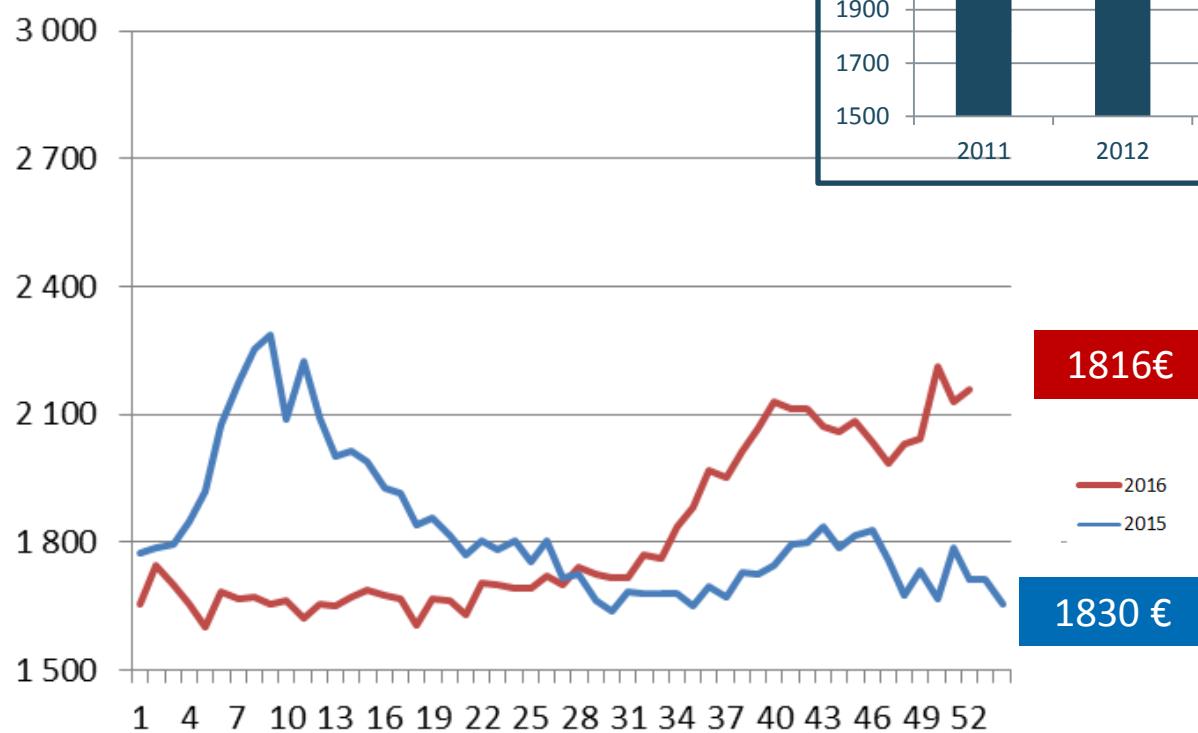
■ 2016 ■ 2015



**Evolution 10 importateurs**  
 $+ 1\% = + 13 000 \text{ tonnes}$

# SKIM MILK INVENTORIES – PRICE TRENDS

## Poudre CH 0%

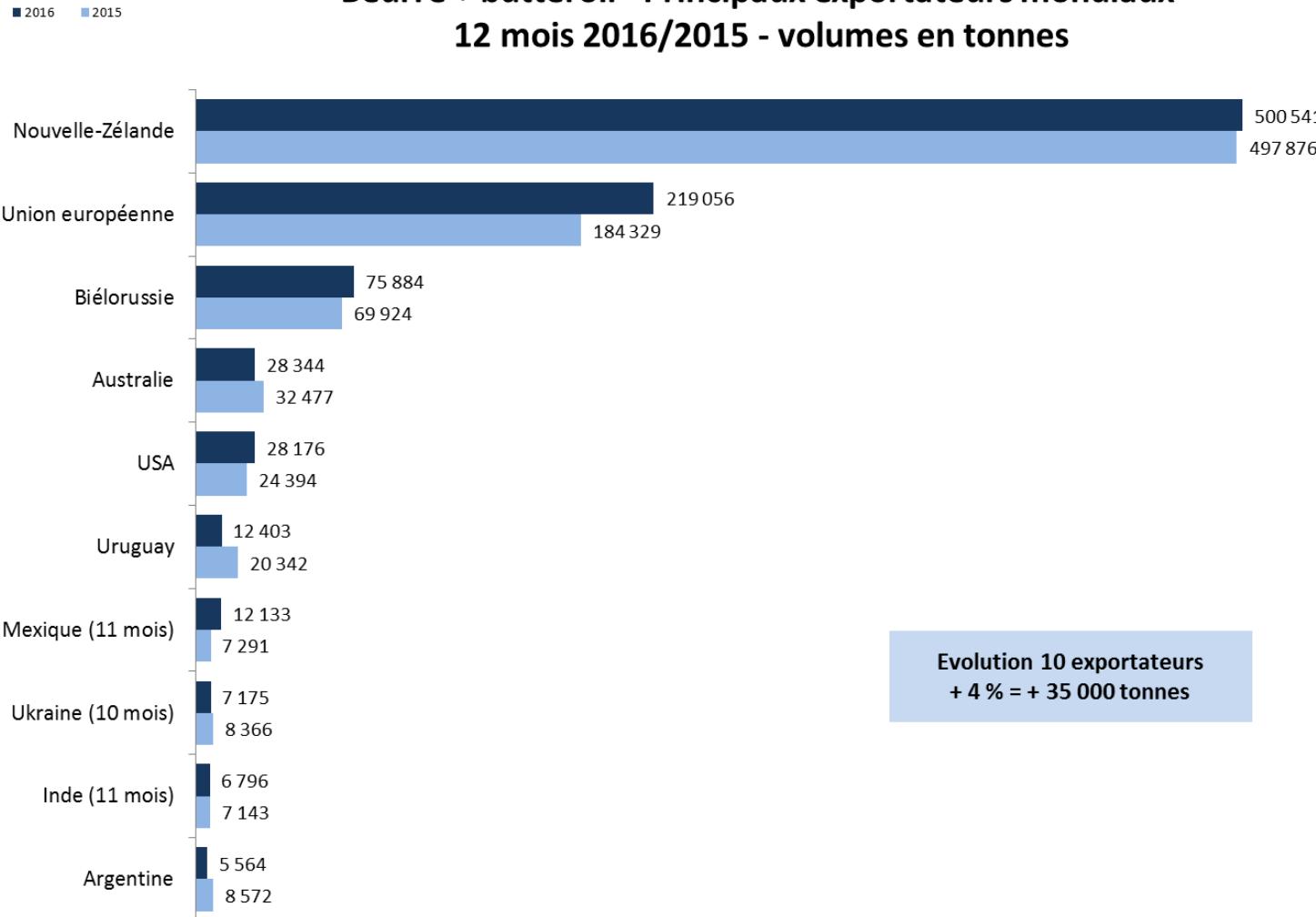


# BUTTER & BUTTEROIL – INTERNATIONAL TRADE

## Main world exporters – volumes in tons

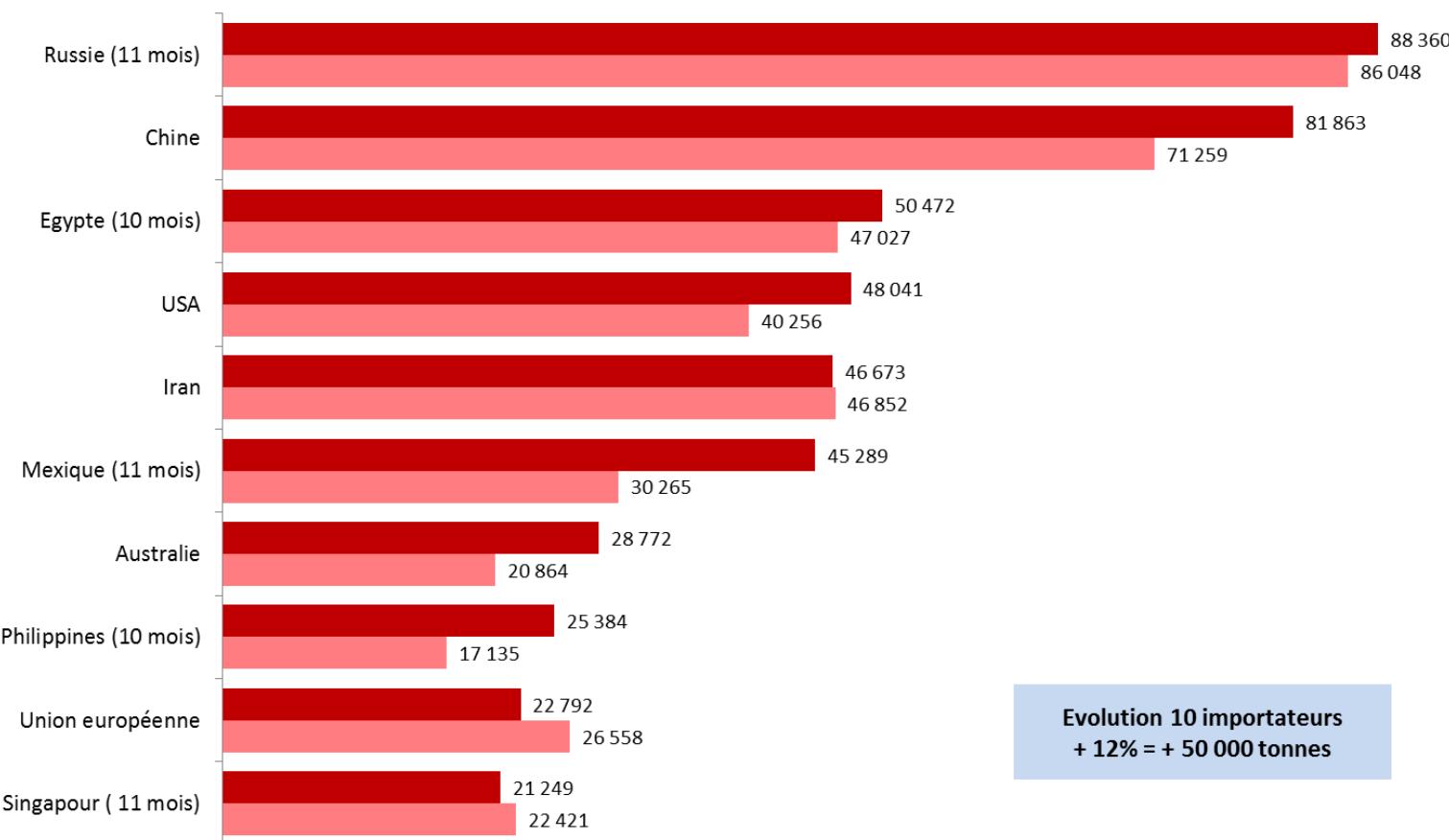
Beurre + butteroil - Principaux exportateurs mondiaux

12 mois 2016/2015 - volumes en tonnes



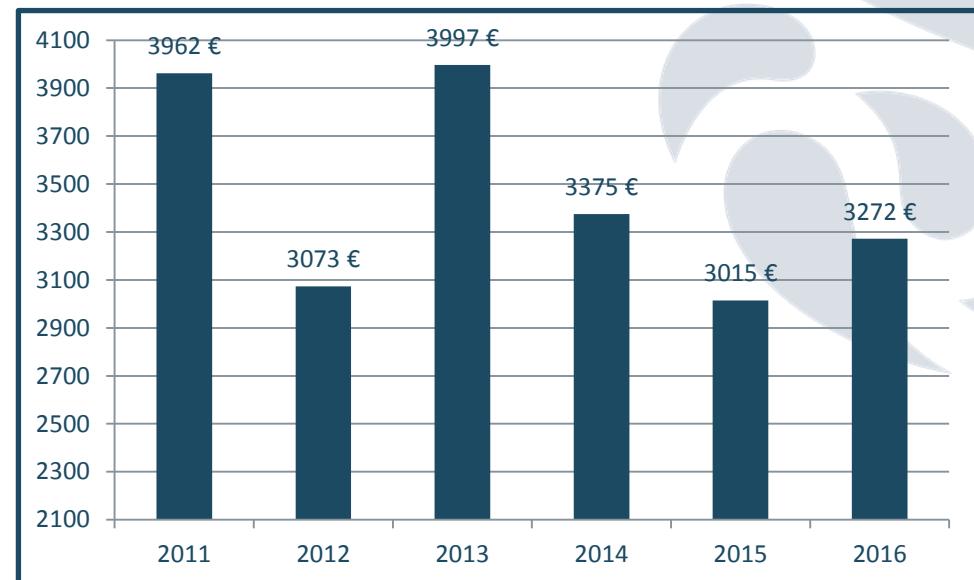
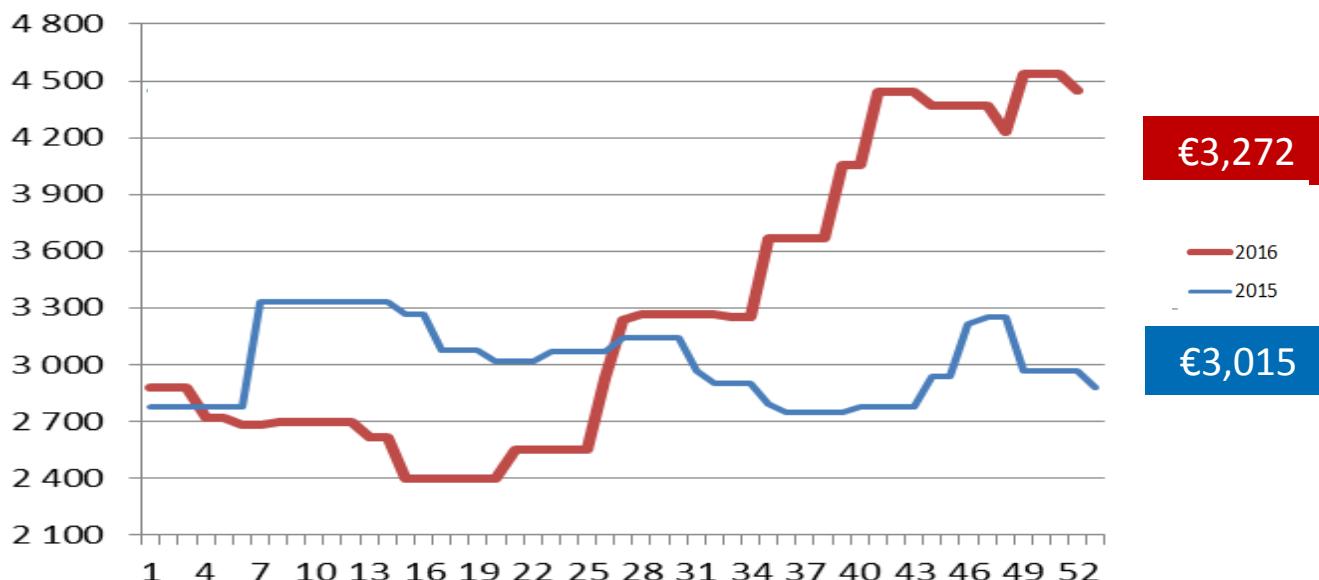
# BUTTER & BUTTEROIL – INTERNATIONAL TRADE

Main world importers – volumes in tons  
 Butter + butteroil - Principaux importateurs mondiaux  
 12 mois 2016/2015 - volumes en tonnes



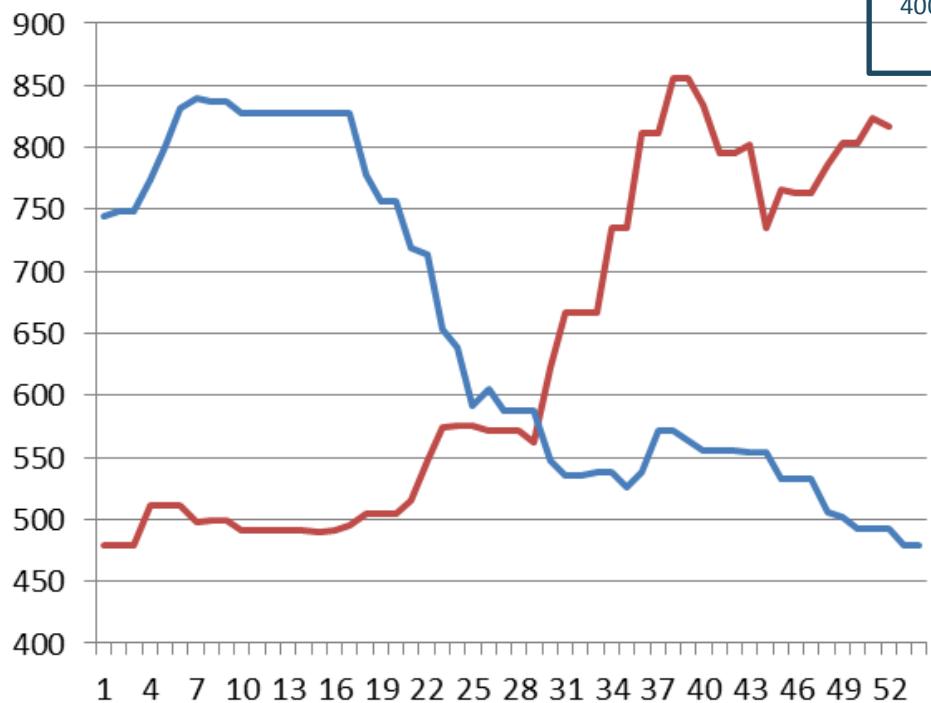
# BUTTER – PRICE TRENDS

**BEURRE**



# WHEY – PRICE TRENDS

## SERUM



629 €

— 2016  
— 2015

652 €



**SAVENCIA**  
FROMAGE & DAIRY

# DAIRY ENVIRONMENT

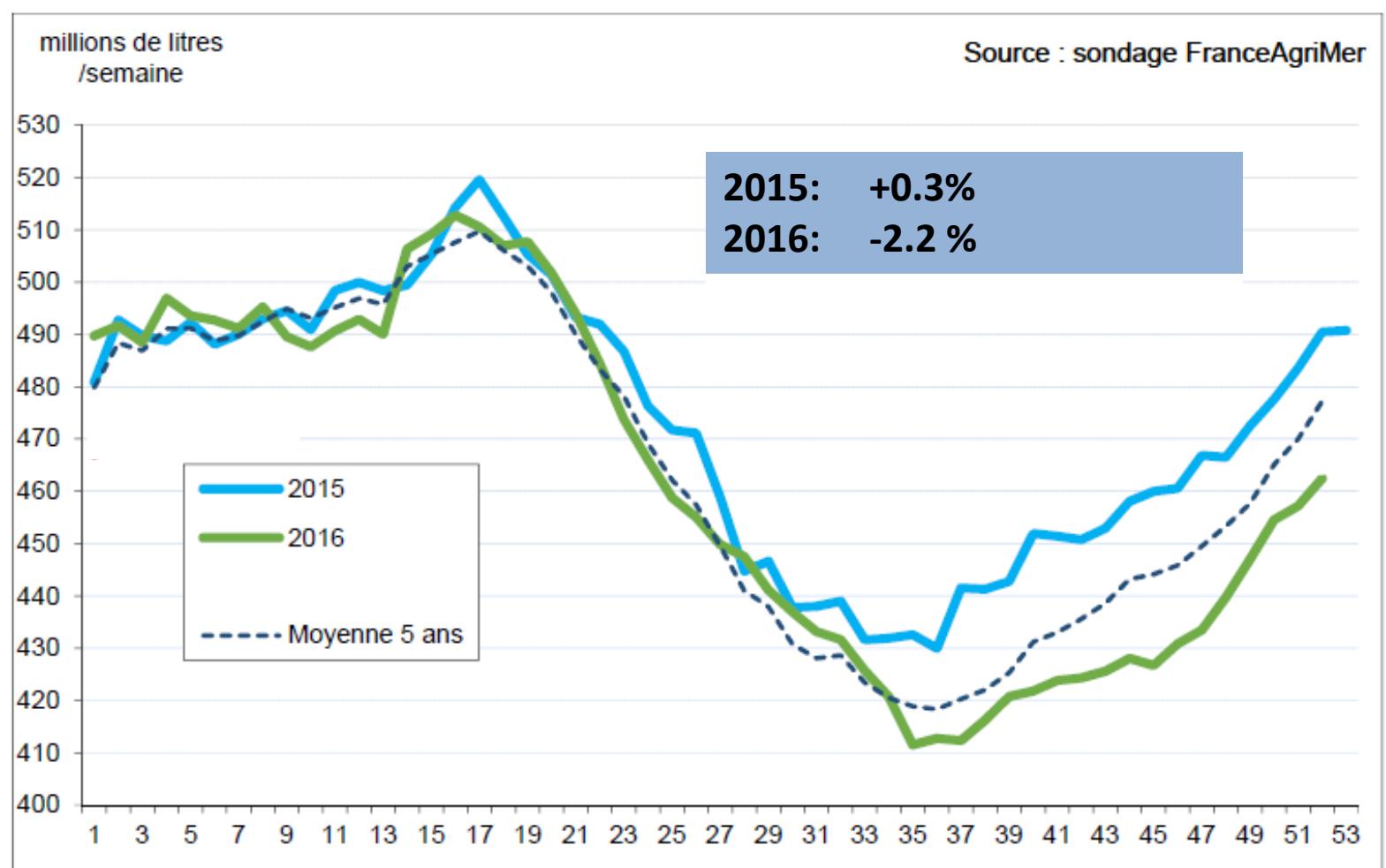
---

DAIRY CONTEXT IN FRANCE



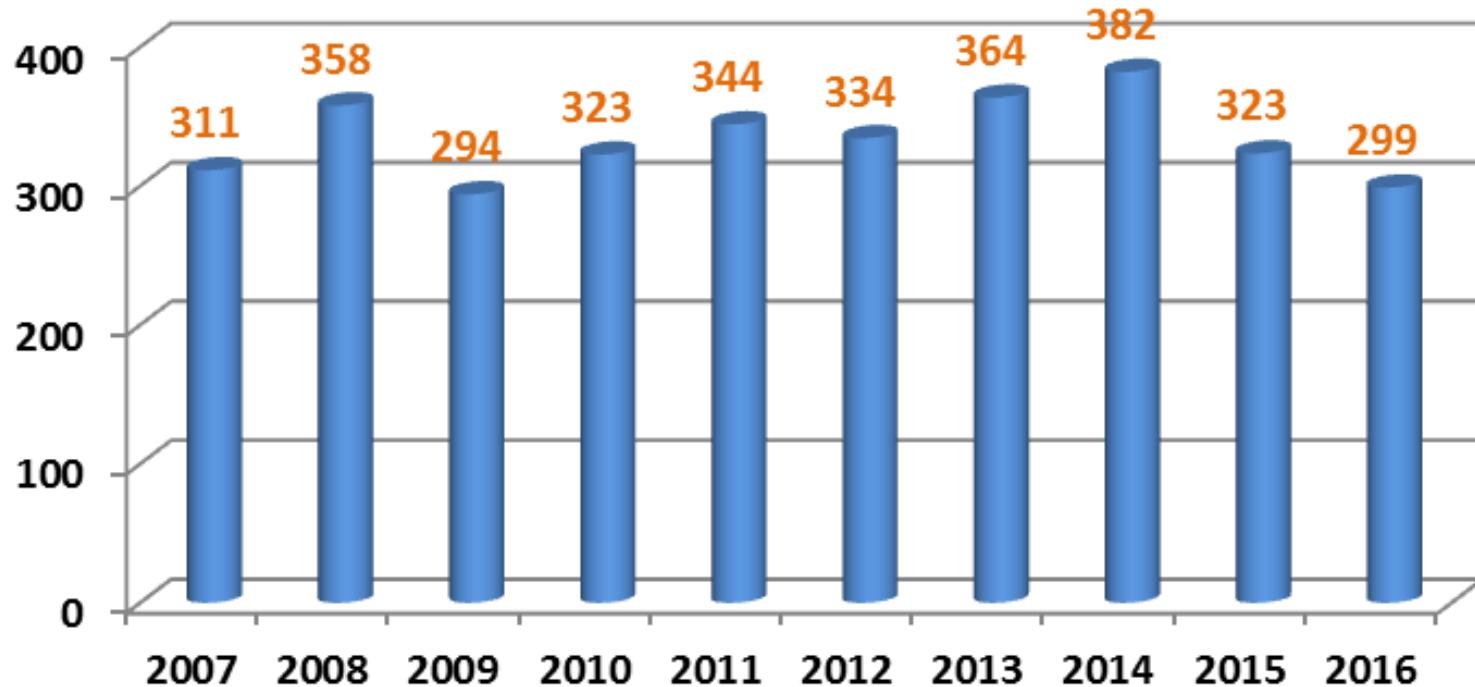
# MILK PRODUCTION

## Milk collection in France



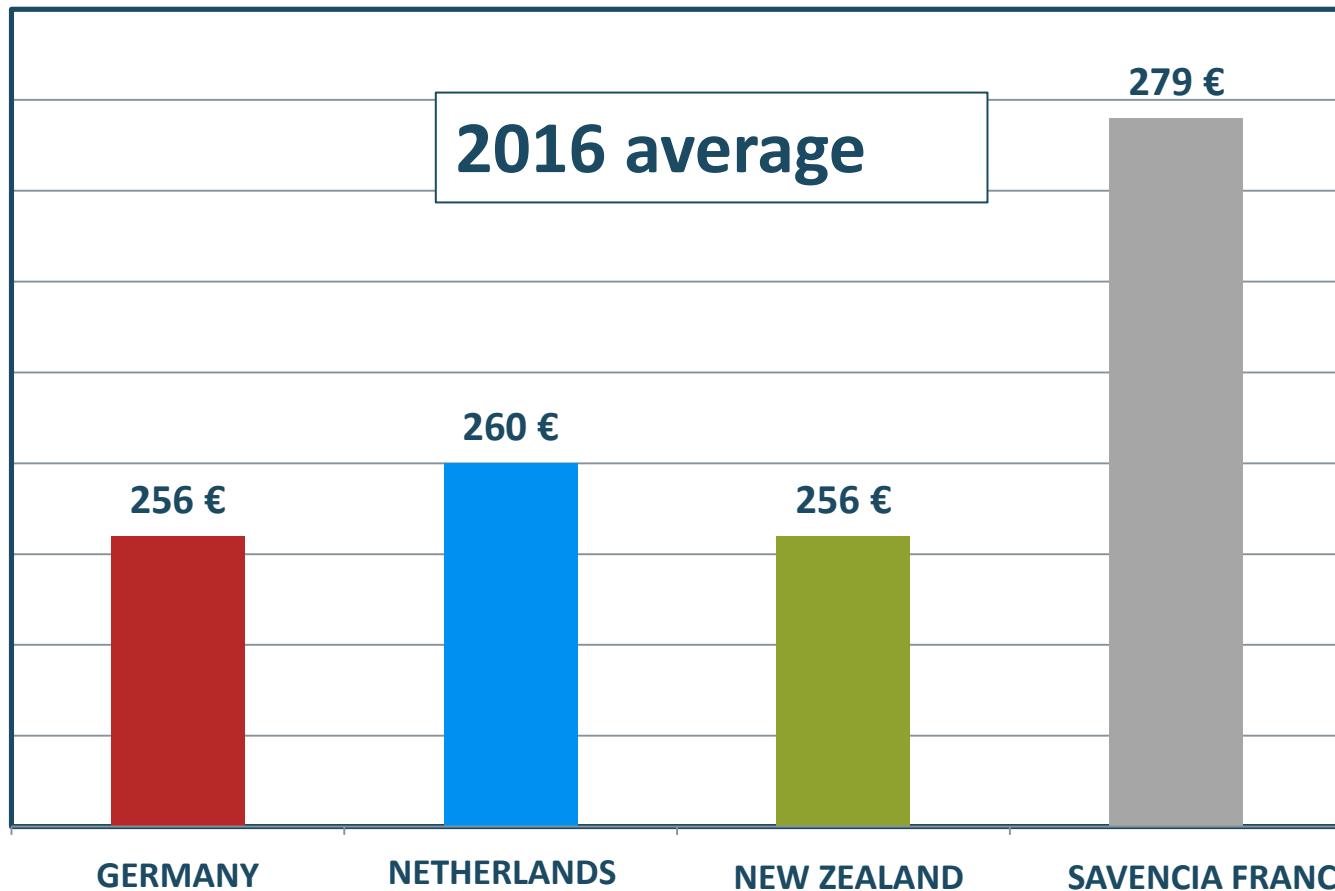
# SAVENCIA'S MILK PRICE IN FRANCE

**Prix du Lait à composition réelle**  
( en € / 1 000 l.)

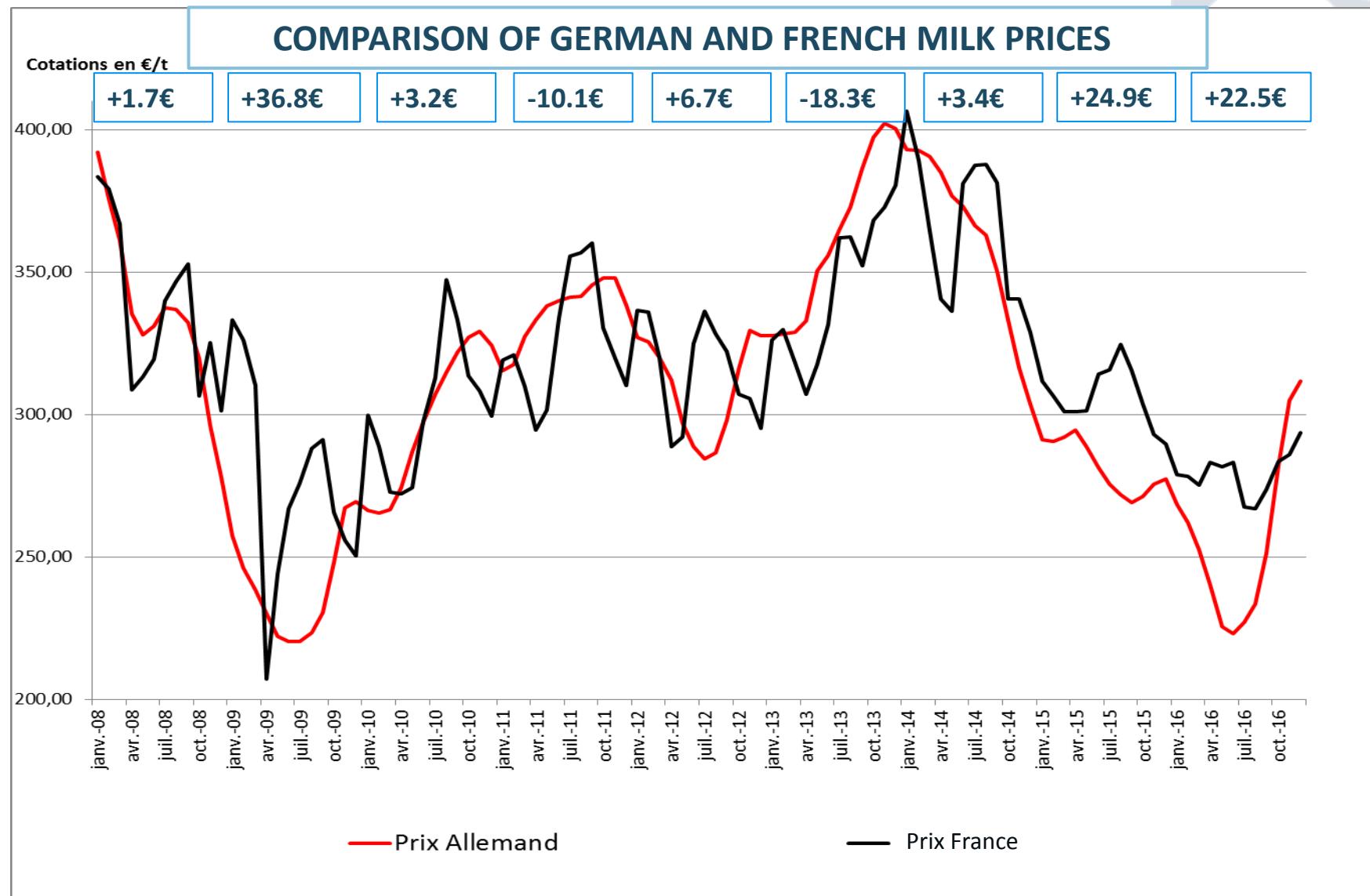


# MILK PRICE TREND

Comparison of the price for TPQC 38/32 milk for SAVENCIA France and 3 major dairy countries



# MILK PRICE TREND



# 2017

---



- **MARKETS ON THE RISE**
- **CONFIRMATION OF 2016 WITH A CONTRASTING  
EVOLUTION OF PROTEIN AND BUTTERFAT**

# SUPPORTING OUR MILK PRODUCERS TOWARDS SUSTAINABLE MILK PRODUCTION

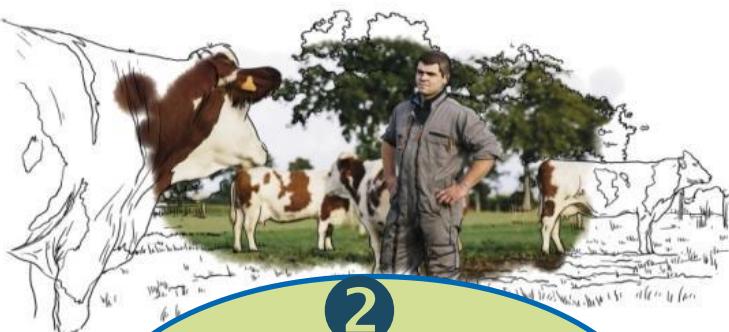
UNE PRODUCTION LAITIÈRE DURABLE

C'EST QUOI ?

Une démarche à 3 niveaux d'exigence

1

Respect the charter of best farming practices



2

Change farming practices in the interest of progress

HORIZON 360°

3

Produce milk meeting consumers' expectations

# THE CHARTER OF BEST FARMING PRACTICES: A RESOURCE FOR FRANCE'S DAIRY INDUSTRY

A collective resource comprising 6 essential commitments:

En adhérant à la Charte,  
l'éleveur de bovins  
prend 6 engagements  
essentiels :

**1 J'ASSURE LA TRACABILITÉ DE MES ANIMAUX SUR MON EXPLOITATION**

**2 JE PROTÈGE LA SANTÉ DE MON TROUPEAU**

**3 JE GARANTIS À MES ANIMAUX UNE ALIMENTATION SAINE, ÉQUILIBRÉE ET SUIVIE**

**4 JE PROTÈGE LA QUALITÉ DE MON LAIT PAR UNE HYGIÈNE RIGOUROUSE**

**5 JE M'ASSURE DU BIEN ÊTRE DE MES ANIMAUX ET DE LA SÉCURITÉ DES PERSONNES QUI TRAVAILLENT SUR L'EXPLOITATION**

**6 JE PARTICIPE À LA PROTECTION DE L'ENVIRONNEMENT**

**Mes animaux sont identifiés de façon permanente :**  
Ils portent une bague à chaque oreille et possèdent un passeport qui les suit toute leur vie. Le suivi de chaque animal est ainsi assuré de sa naissance jusqu'à sa sortie de l'élevage, puis jusqu'à l'assiette du consommateur.

Pour soigner mes animaux, j'utilise les médicaments qui sont prescrits par le vétérinaire et je note tous les traitements.

Je respecte les règles sanitaires, qui sont nombreuses en France, pour éviter la propagation des maladies contagieuses.

J'assure à mes animaux une alimentation et un abreuvement correspondant à leur besoins.

**Mes animaux sont en priorité nourris avec des aliments que je produis.** lorsque j'en achète je sais d'où ils viennent.

Le matériel que j'utilise pour traire mes vaches et pour conserver mon lait est propre, contrôlé et entretenu régulièrement. Le local où je traite, comme celui où je stocke mon lait, sont toujours propres. Je suis régulièrement faites sur mon lait.

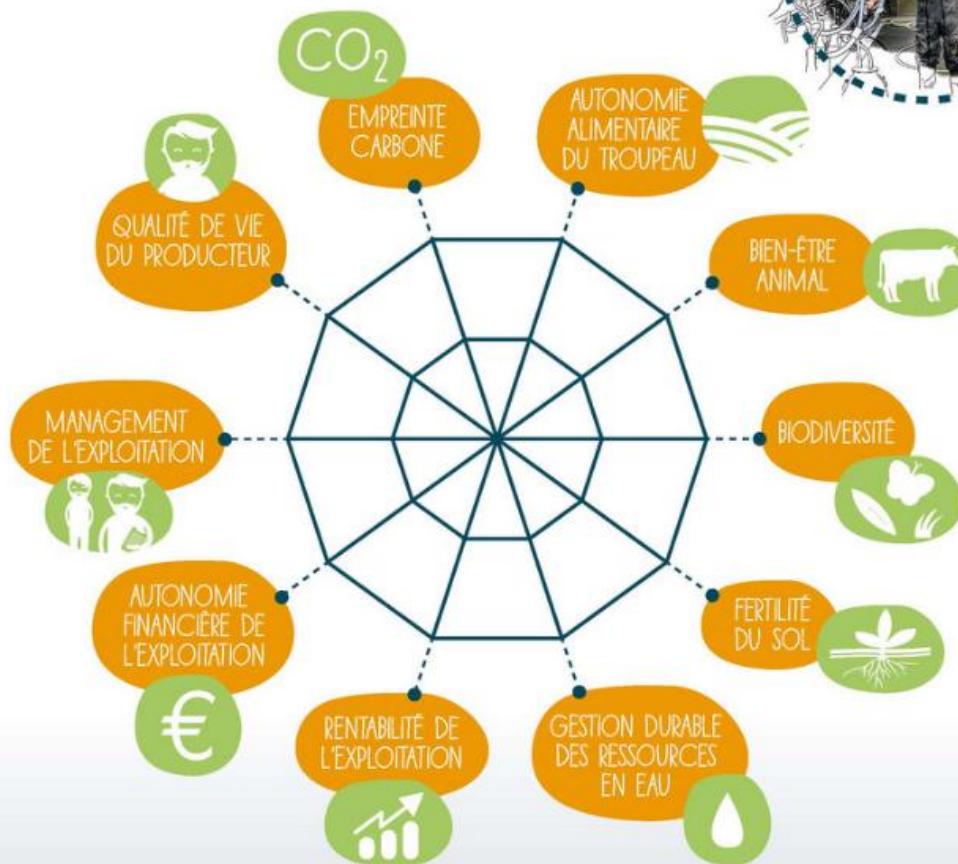
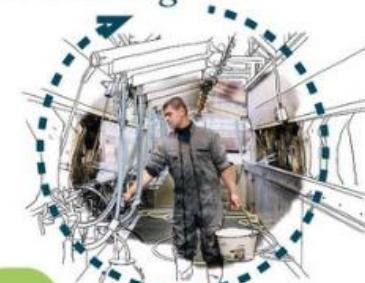
J'assure à mes animaux de bonnes conditions de vie, que ce soit dans mes bâtiments ou à l'extérieur, au pâturage. Je leur évite le stress et les blessures. C'est un aspect important de mon métier d'éleveur. Je veille à ce que les personnes qui interviennent sur mon exploitation soient en sécurité.

Je m'engage à bien gérer les fumiers et les litières produits par mes animaux ainsi que l'ensemble des déchets issus de mon activité, afin qu'ils ne polluent pas l'eau autour de mon exploitation. Les abords de ma ferme sont bien entretenus et accueillants. Je prends soin de conserver les surfaces en herbe et les éléments qui marquent le paysage de ma région. **Je gère mes déchets et je veille à faire des économies d'eau et d'énergie.**

# MEETING SOCIETAL EXPECTATIONS

HORIZON 360°, une démarche d'accompagnement des producteurs pour les faire évoluer dans leurs pratiques d'élevage

**10** INDICATEURS  
POUR ÉVALUER LES PROGRÈS  
DE CHAQUE EXPLOITATION



# CONCLUSION

---

- Political choices have created a strong milk market volatility
- A need for structural measures
  - Competitiveness
  - Supply management



**SAVENCIA**  
FROMAGE & DAIRY

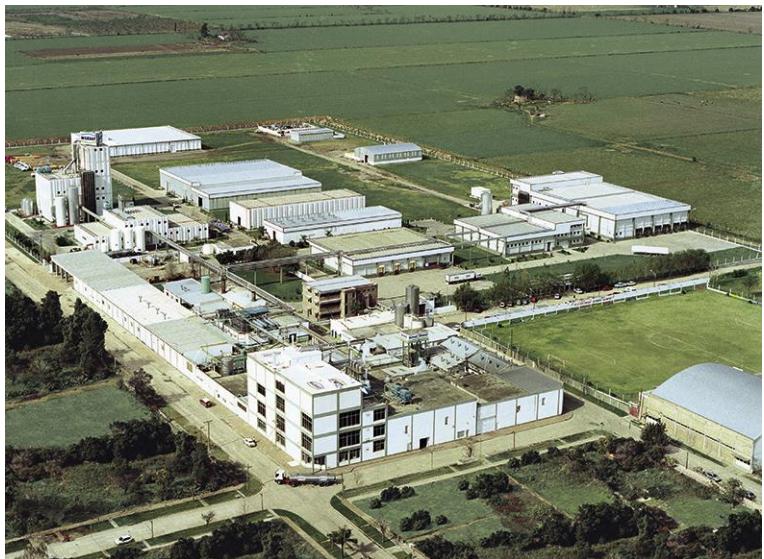
## OTHER DAIRY PRODUCTS

---



# MILKAUT ARGENTINA

---





# ARMOR\*



# MODILAC

---



# FOOD SERVICE



La maison de la Crème®  
*Elle&Vire®*



# FOOD SERVICE – AOP CHARENTE POITOU

---

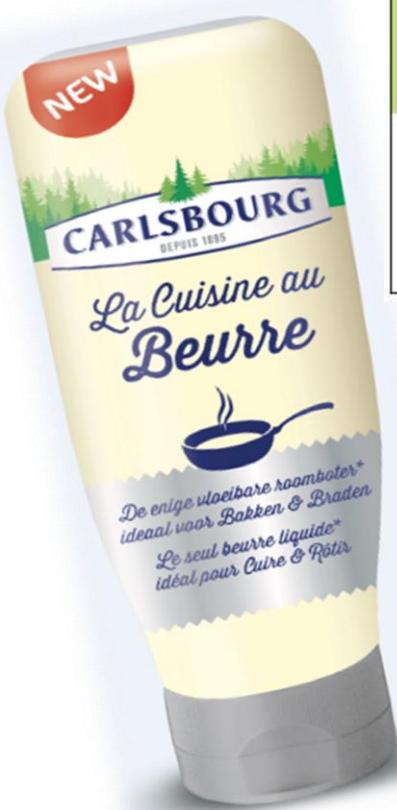


# FOOD SERVICE

---



# CORMAN - BELGIUM





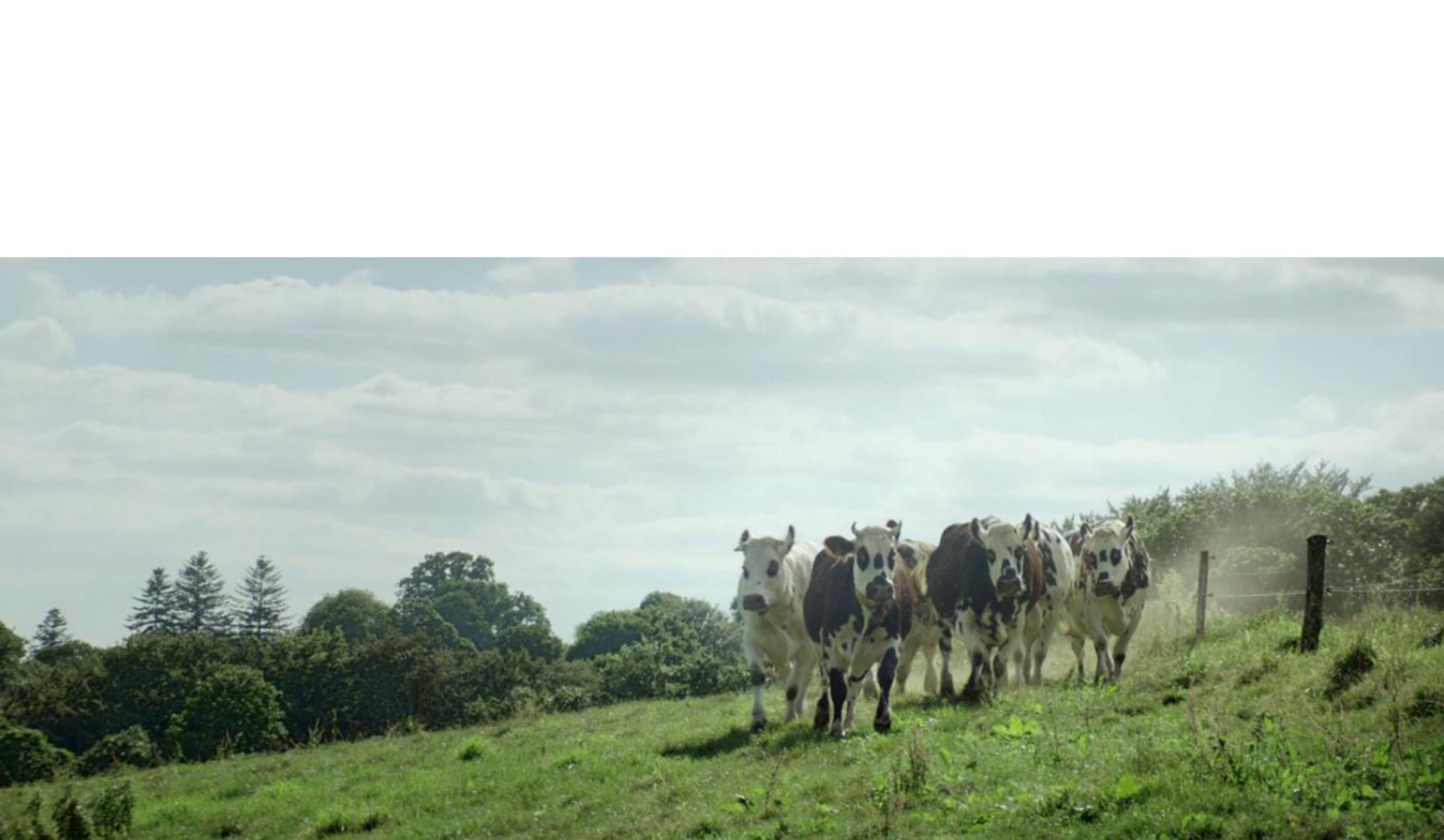
ELLE&VIRE *pousse*  
le **BOUCHON**  
ENCORE PLUS *loin.*



## NOUVEAU BOUCHON

Facile à ouvrir,  
facile à verser.







**SAVENCIA**  
FROMAGE & DAIRY

# FINANCIAL ANALYSTS' MEETING

---

Viroflay, March 16, 2017





**SAVENCIA**  
FROMAGE & DAIRY

## CHEESE PRODUCTS

---



# 3 FUNDAMENTALS

---

## ● Cheese specialties

- Product
- Brand
- Premium



## ● Comprehensive know-how

- Quality
- Innovation
- Competitiveness



## ● Local brands

- In touch with culture, worldwide



# OUR BRANDS

---

## ● Heritage brands



## ● Brands for today



# HERITAGE BRANDS

---



# HERITAGE BRANDS

---



# BRANDS FOR TODAY

---

● **Responsible**



● **Contemporary**



● **Proud of their origins**

● **Digital**

● **Effective**



# RESPONSIBLE BRANDS

## Sustainable development



# RESPONSIBLE BRANDS

---

## ● Naturalness



**CAPRICE des DIEUX**

*Naturellement divin depuis 60 ans*

*Du lait de France, de la crème,  
une pincée de sel, et c'est tout !*

● Depuis toujours des fromages produits exclusivement en France.

● Un lait collecté localement à moins de 70 km de nos fromageries.

● Retrouvez nos engagements pour des approvisionnements laitiers responsables sur [capricedesdieux.com](http://capricedesdieux.com).

# RESPONSIBLE BRANDS

---

## ● Nutrition



## ● Low salt range



## ● Low lactose range



# CONTEMPORARY BRANDS

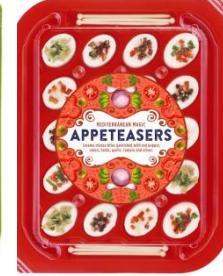
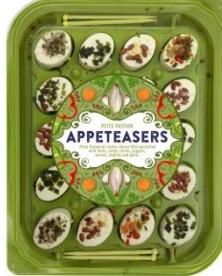
## Snacking



# CONTEMPORARY BRANDS

## ● Snacking

● “Glocal” strategy: global know-how, local brands:



# CONTEMPORARY BRANDS



## ● Snacking in EUROPE



# CONTEMPORARY BRANDS

## ● Snacking INTERNATIONALLY



# DES MARQUES FIÈRES DE LEURS ORIGINES



Fromages de nos régions, fromages de tradition

# BRANDS PROUD OF THEIR ORIGINS

---

Regional and traditional cheeses

The taste of excellence



# BRANDS PROUD OF THEIR ORIGINS



*Vive la France !*



iledefrancecheese

bubbles\_soe, yeor.mydeli, zelmarie\_b, cmarchaut, meline\_cuniak, ilisocaresociety, halaezeddine et animmissionprestige aiment ça.

iledefrancecheese Join the fun and great deals all day. Roaaarrrr  
@iledefrancecheese

Ajouter un commentaire...

0 0 0

# BRANDS PROUD OF THEIR ORIGINS

---



**Le Rustique. The authentic taste of France.**

# BRANDS PROUD OF THEIR ORIGINS

---

## ● The French touch



The image shows a product advertisement for Delaco Brânză Pufoasă. In the center, there are four containers of the cheese spread arranged on a tiered silver stand against a dark green background. The containers are labeled with different flavors: VERDEATĂ, SMÂNTANĂ, and SOMON. Above the containers, a green banner with the Delaco logo and the text "Fan brânză" is displayed. Below the containers, the text "Delaco Brânză Pufoasă" is written in white. At the bottom, a large white text in cursive reads "E de-ajuns să o încerci o singură dată!". At the very bottom, smaller text in white reads "Cremă de brânză tartinabilă • Sortimente: Smântană, Verdeată, Somon".

# BRANDS PROUD OF THEIR ORIGINS

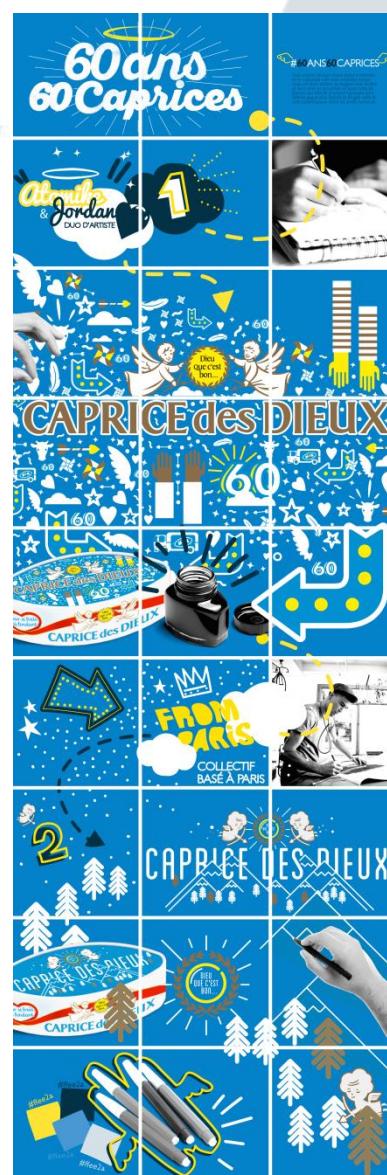
---



A new abbey cheese

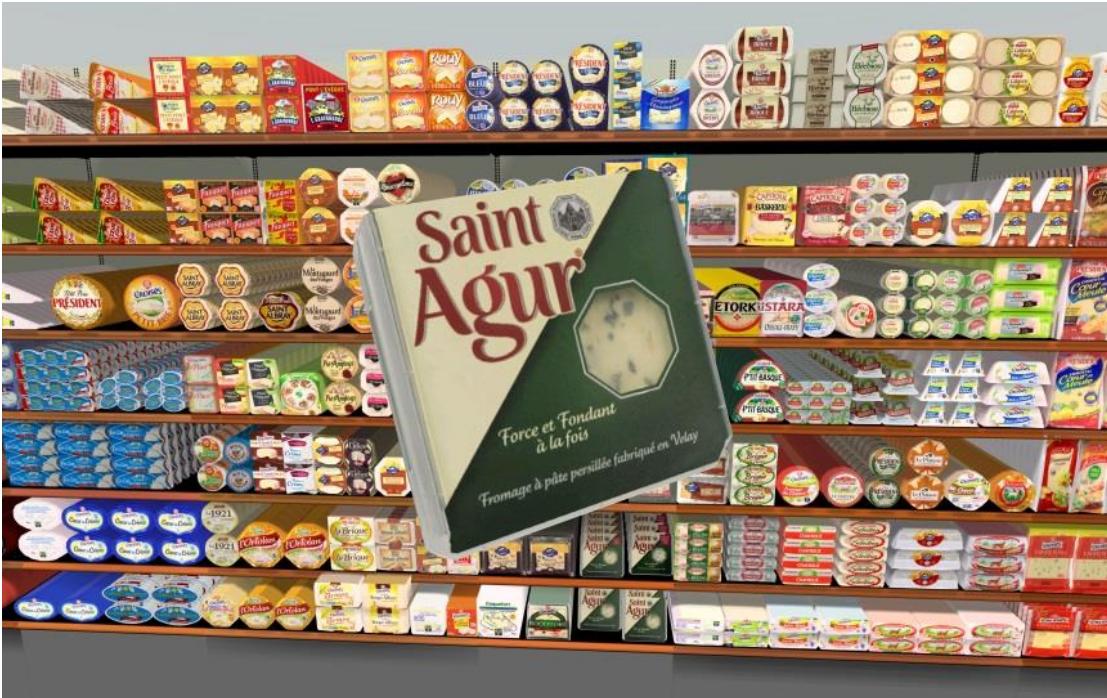


# DIGITAL BRANDS



# BRANDS OF TODAY

## • The most effective merchandising



## • Supply chain



# IN CONCLUSION

---

- **Specialties:** differentiation and quality
- Leader for **innovation**, for snacking in particular
- Effective **merchandising**
- A great year for brand growth, mainly **internationally**





**SAVENCIA**  
FROMAGE & DAIRY

# FINANCIAL ANALYSTS' MEETING

---

FINANCIAL ANALYSTS' MEETING  
March 16, 2017





**SAVENCIA**  
FROMAGE & DAIRY

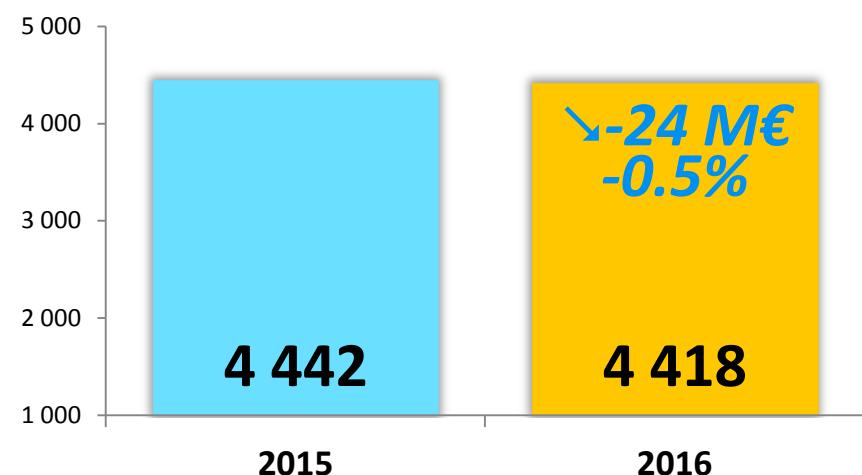
# 2016 FINANCIAL STATEMENTS

---

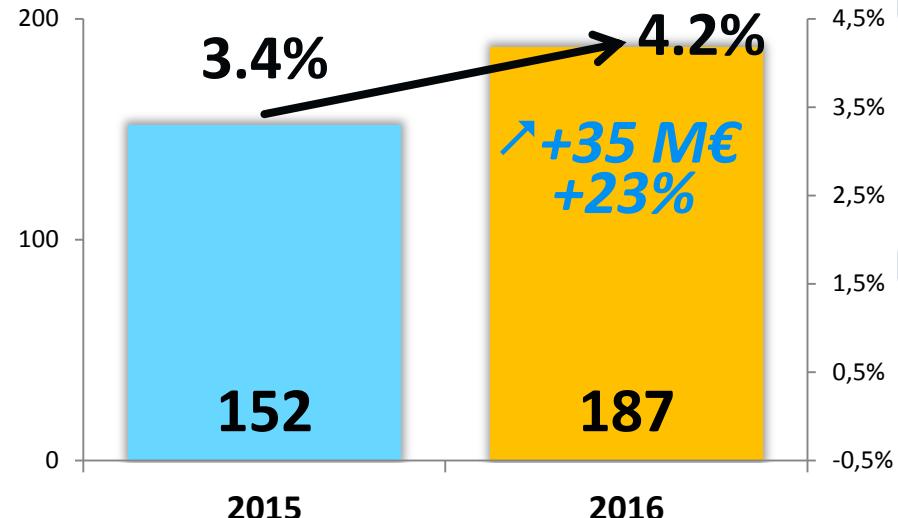


# KEY FIGURES

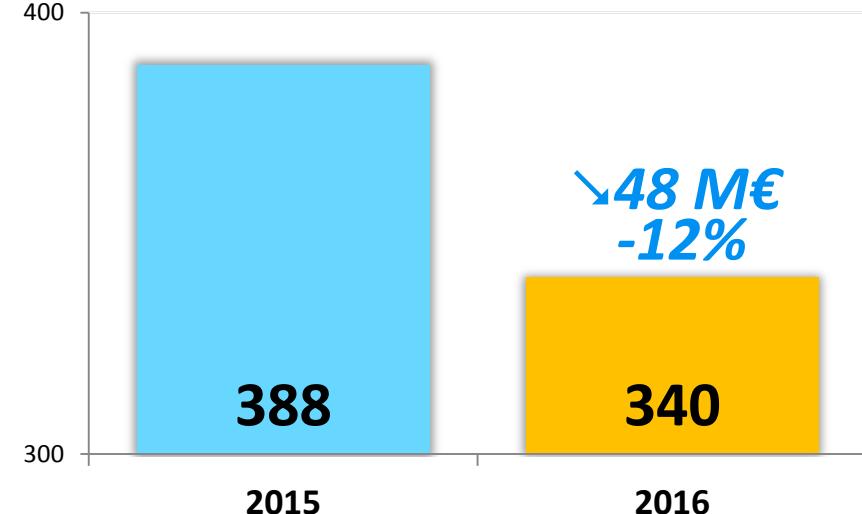
**Net sales**



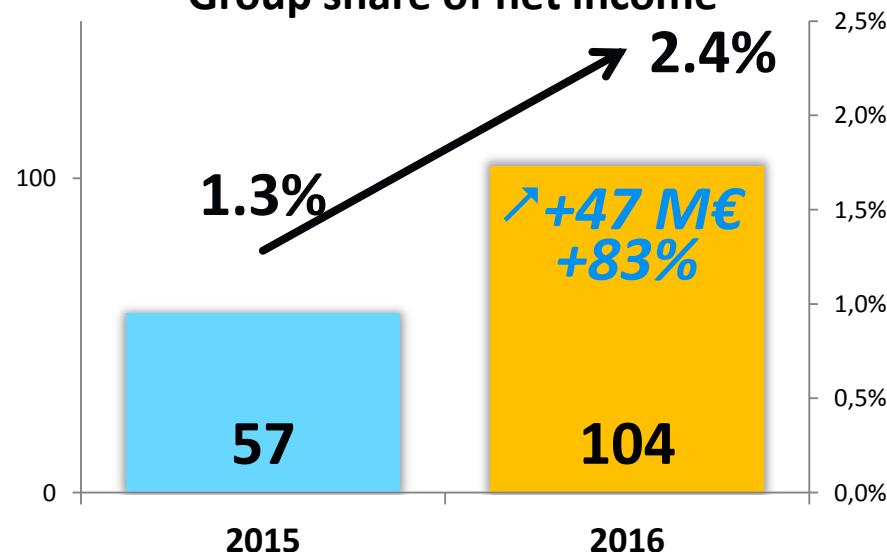
**ROC**



**Net debt**

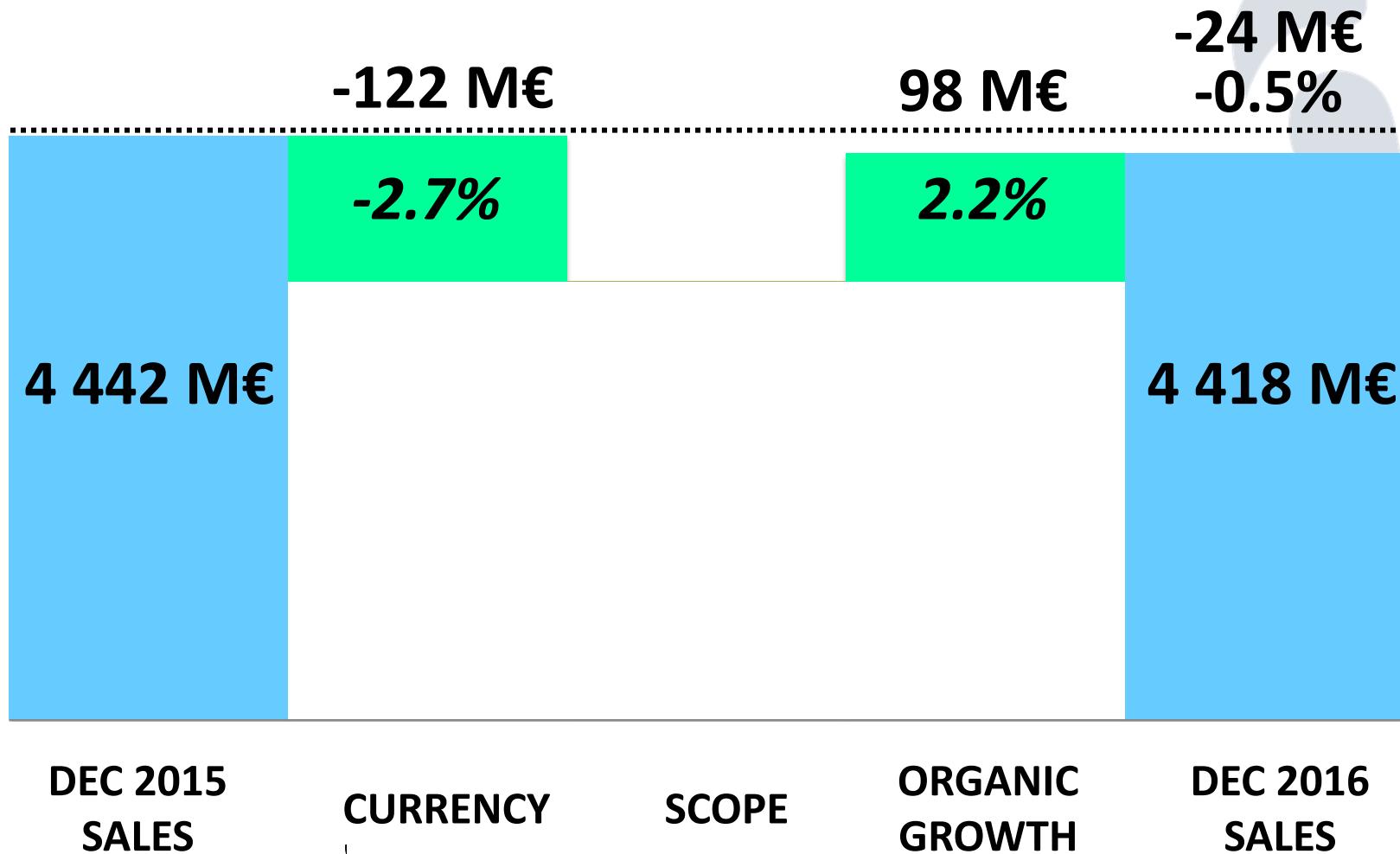


**Group share of net income**



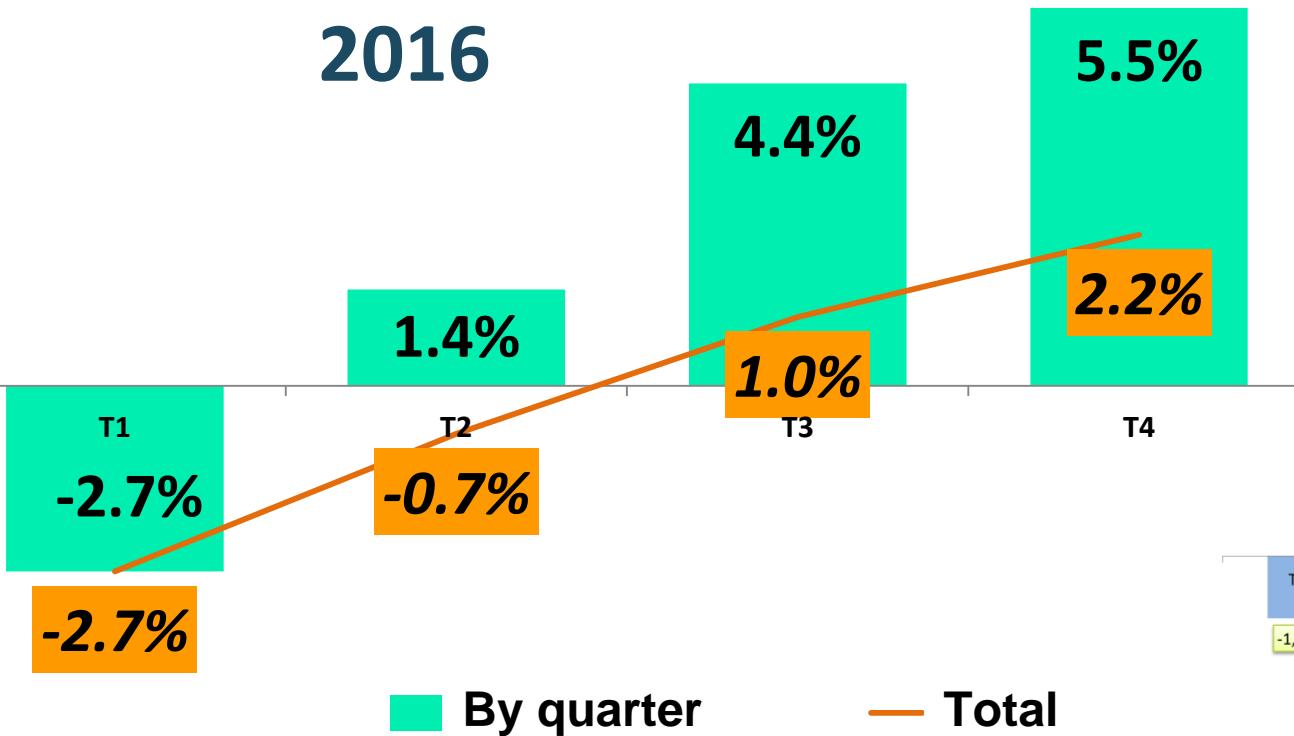
# NET SALES FOR 2016

---

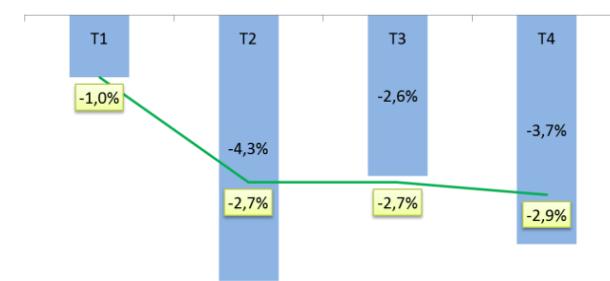


# QUARTERLY GROWTH SAVENCIA SA

2016

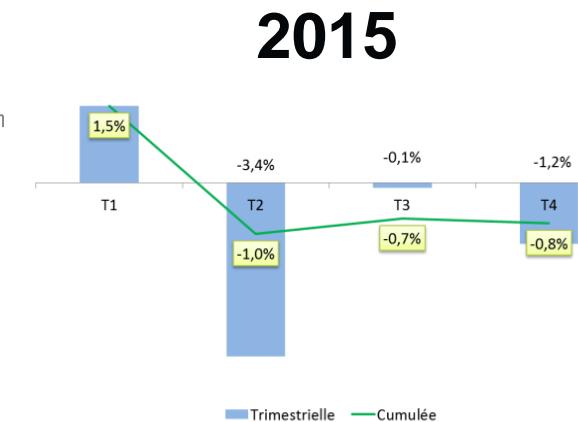
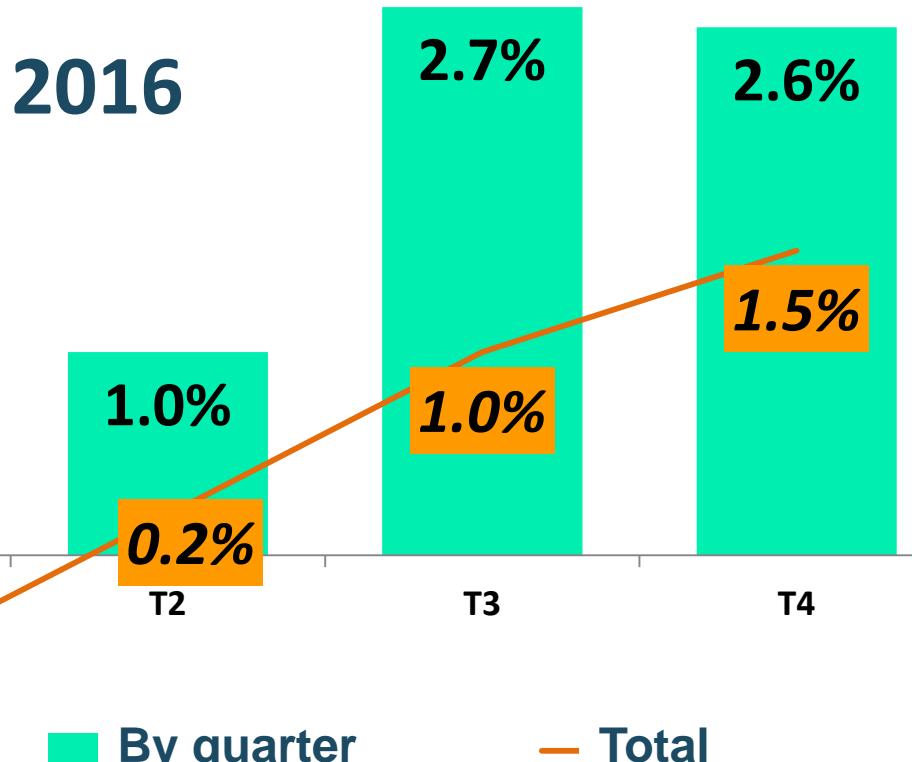


2015



Growth in strategic brands and international sales

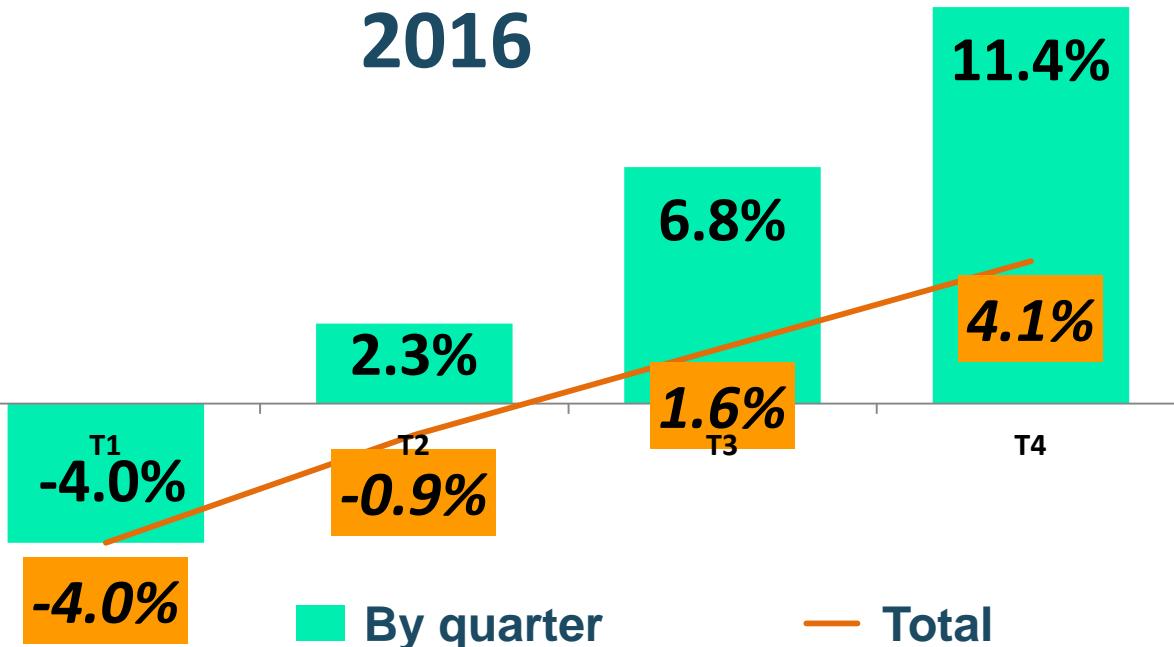
# QUARTERLY GROWTH CHEESE PRODUCTS



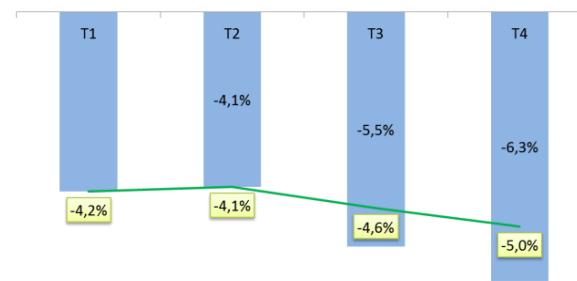
**Growth in strategic brands fuelled by volume/mix for +2.4%**  
**Price impact of -0.9%**

# QUARTERLY GROWTH OTHER DAIRY PRODUCTS

2016



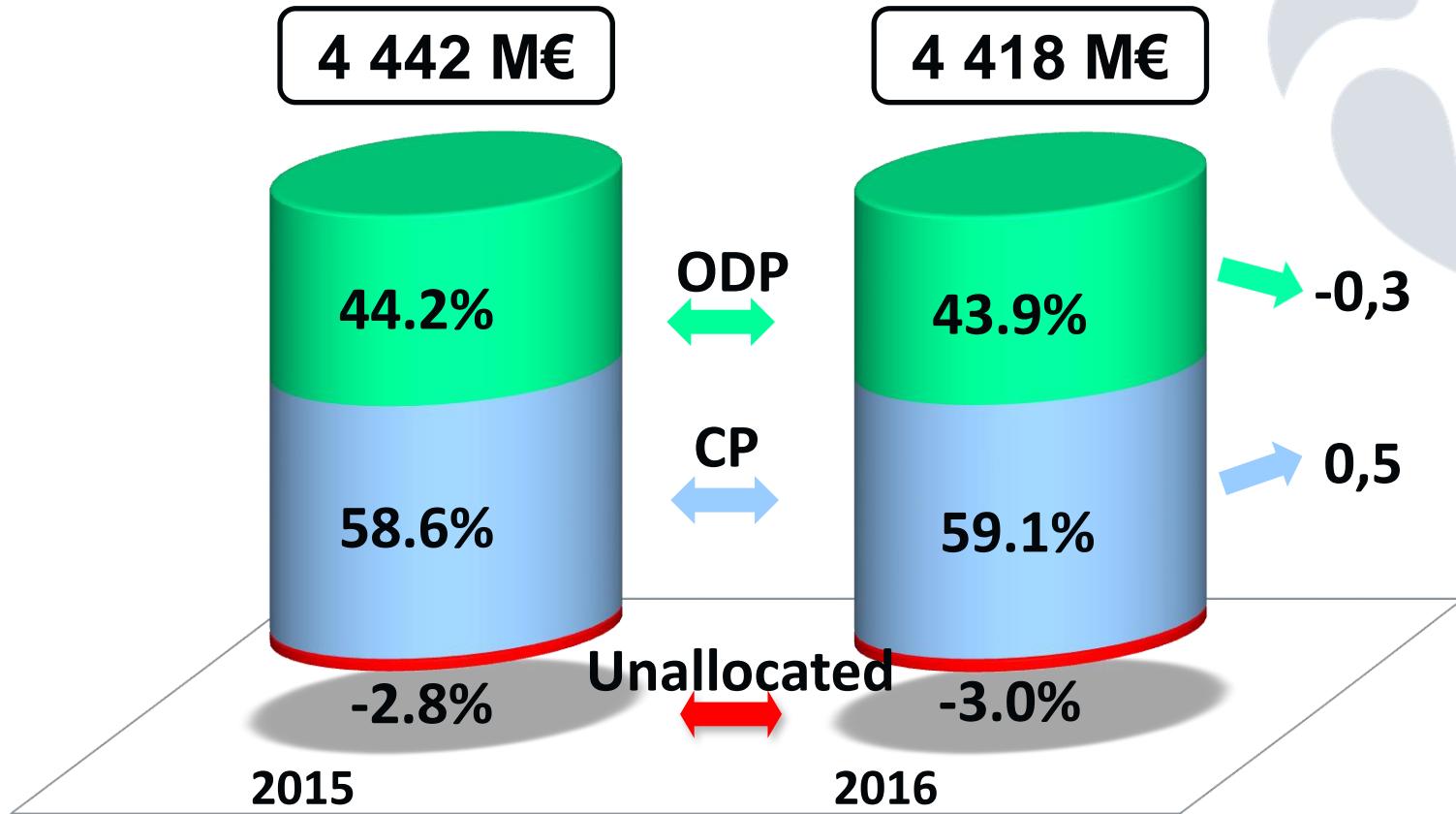
2015



Trimestrielle — Cumulée

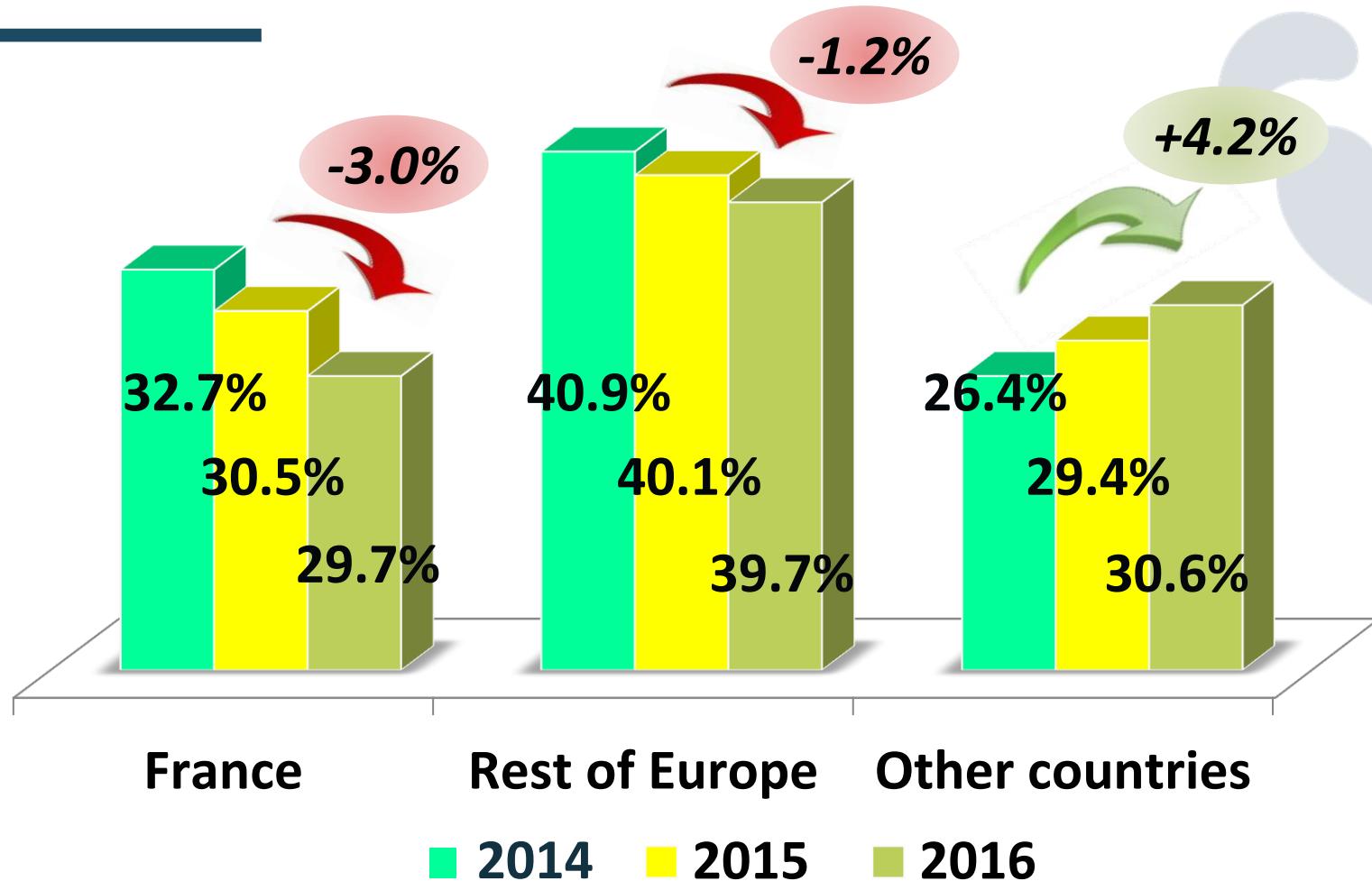
Growth fuelled by volume +4.8%  
Price impact of -0.7%

# NET SALES



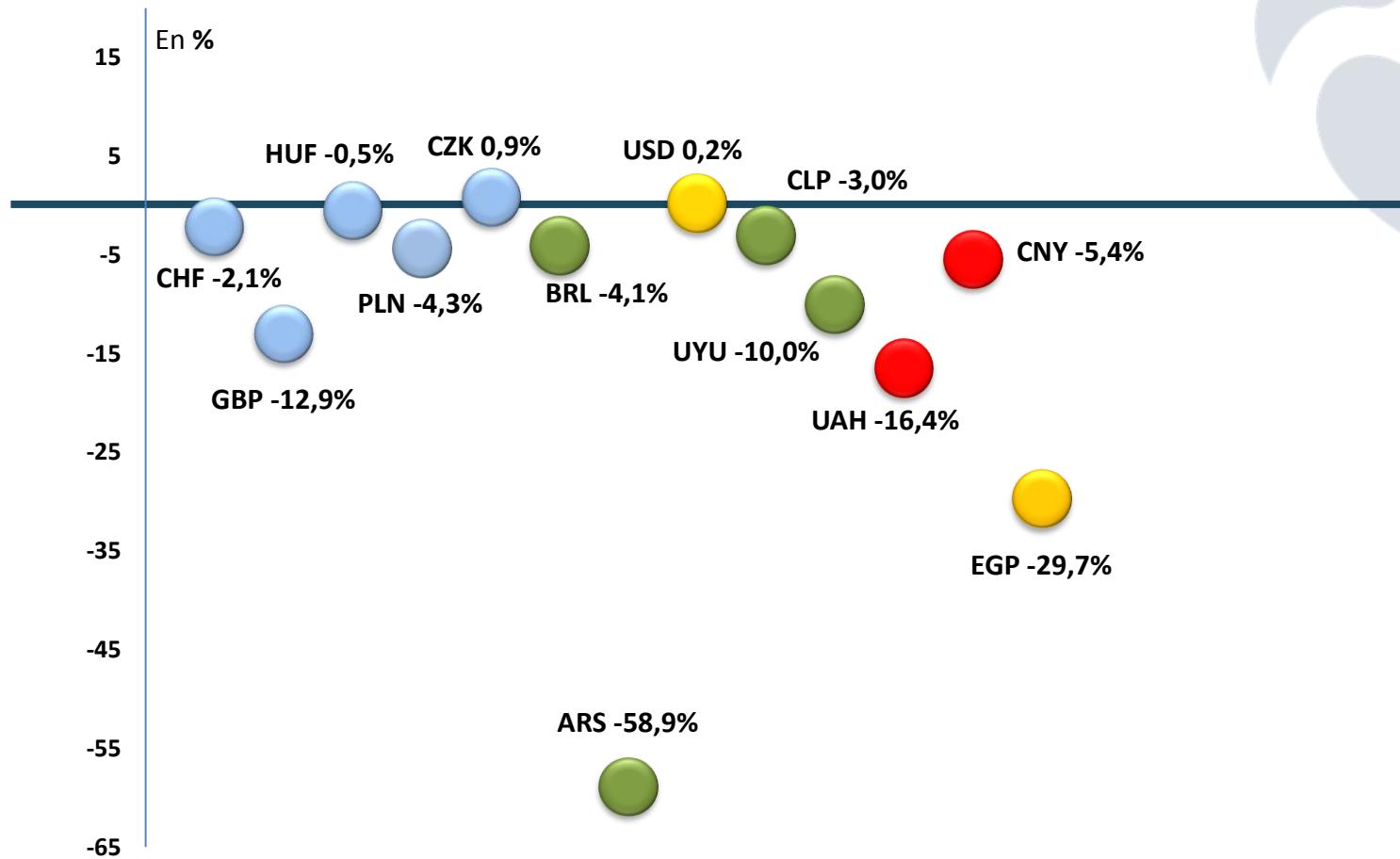
The relative weight decline of Other Dairy Products  
is due to the negative foreign exchange impact

# NET SALES: GEOGRAPHICAL SPLIT



- (-) Price factors
- (-) Foreign exchange impacts, mainly internationally
- (+) Organic growth, in particular internationally

# EVOLUTION OF AVERAGE FOREIGN EXCHANGE RATES (2016 VS 2015)



Weakening of most currencies against the euro -122 M€

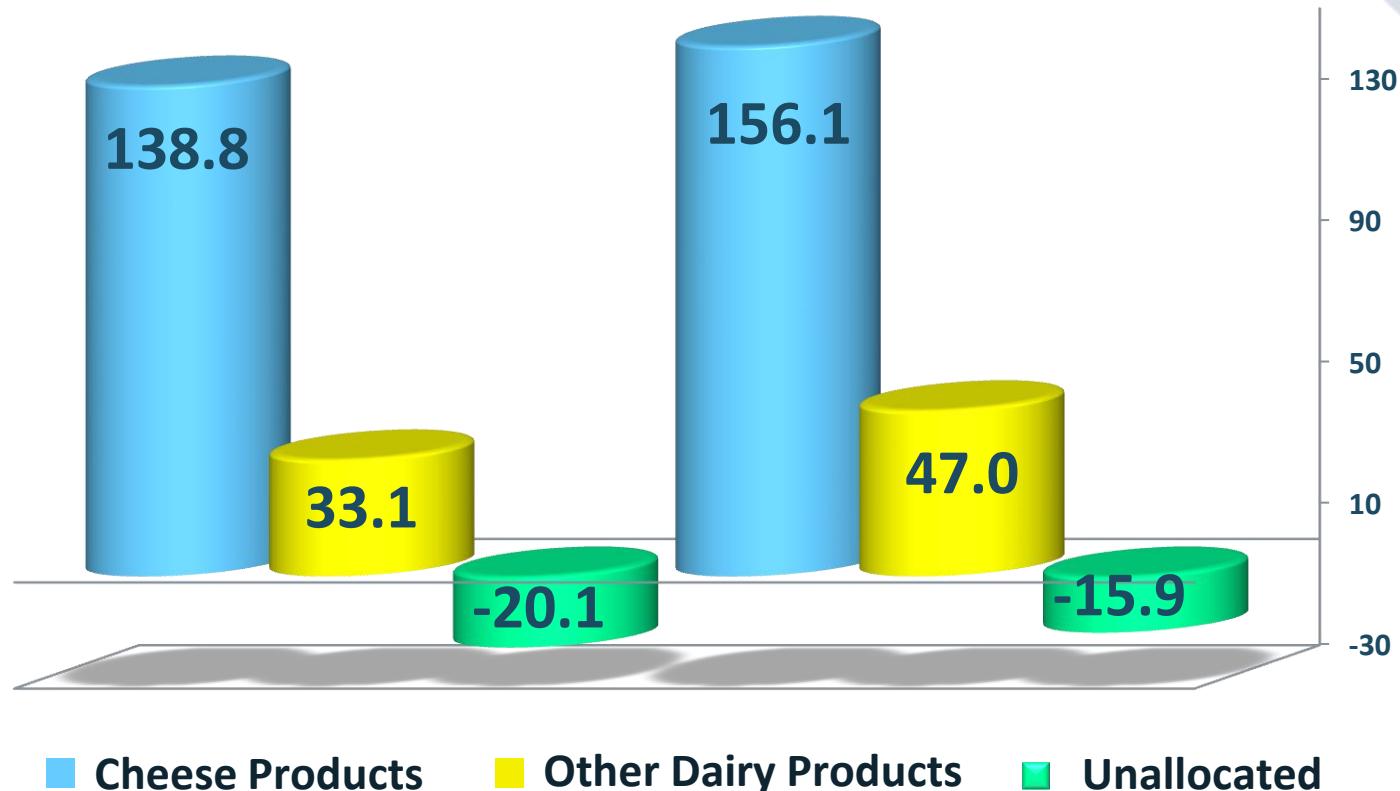
# OPERATING COSTS

(-) = decrease	€m	2015	2016	Favorable	Unfavorable
<b>External expenses etc.</b>		<b>2 858</b>	<b>2 764</b>	Purchases	Sales of surpluses Consumables
Total variance	△ -3.3%	64.3%	62.6%		
Like-for-like	△ -0.7%				
<b>Payroll</b>		<b>820</b>	<b>839</b>		Inflation Team reinforcements
Total variance	△ 2.3%	18.5%	19.0%		
Like-for-like	△ 6.1%				
<b>Depreciation, impairment &amp; provisions</b>		<b>119</b>	<b>125</b>		Investment
Total variance	△ 4.9%	2.7%	2.8%		
Like-for-like	△ 6.2%				
<b>Other operating income &amp; expense</b>		<b>492</b>	<b>502</b>	Misc. taxes	Advertising Leasing
Total variance	△ 2.2%	11.1%	11.4%		
Like-for-like	△ 4.8%				

# CHANGE IN CURRENT OPERATING PROFIT VERSUS DECEMBER 2015

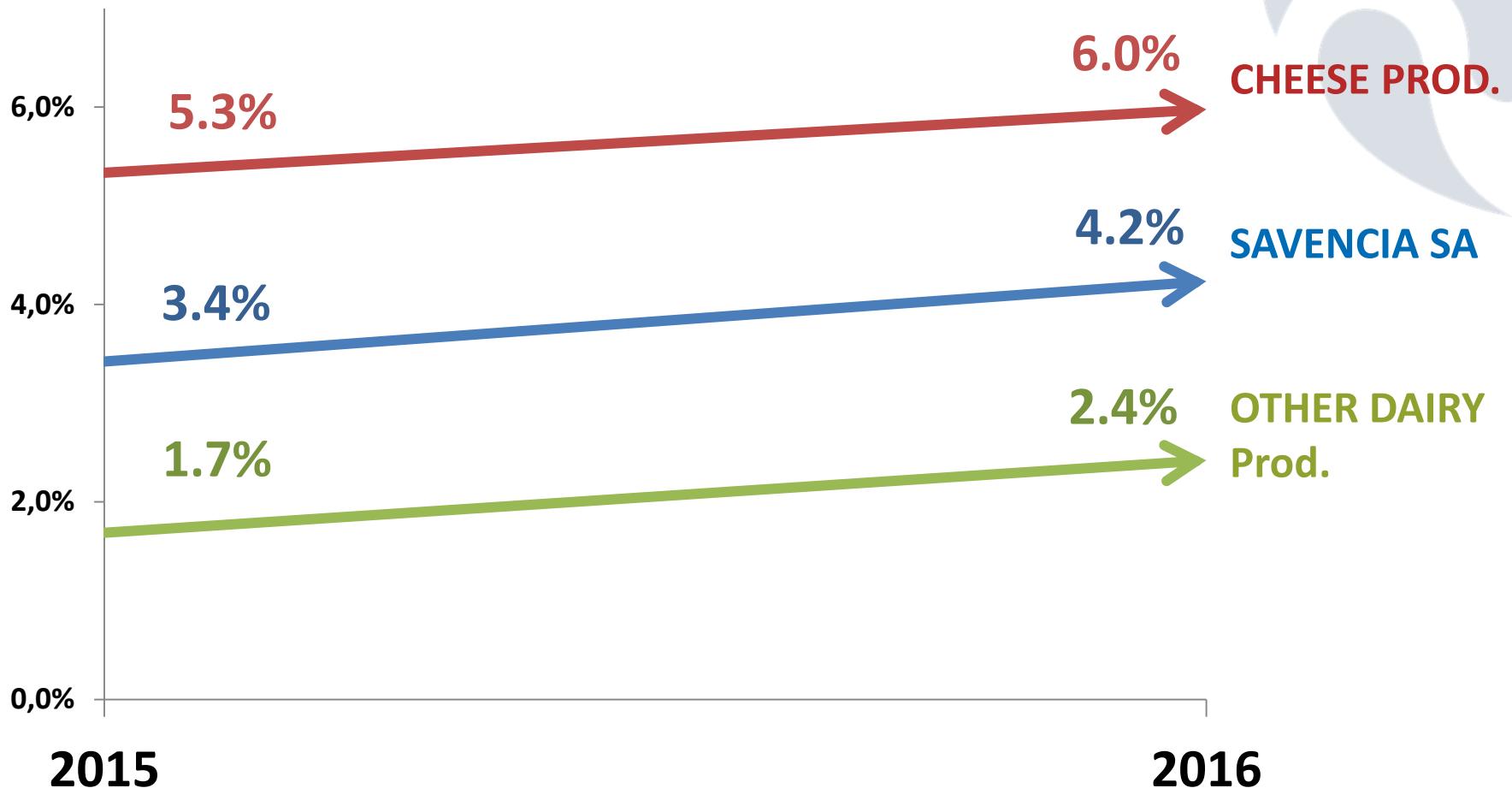
2015: 151.9 M€

2016: 187.1 M€

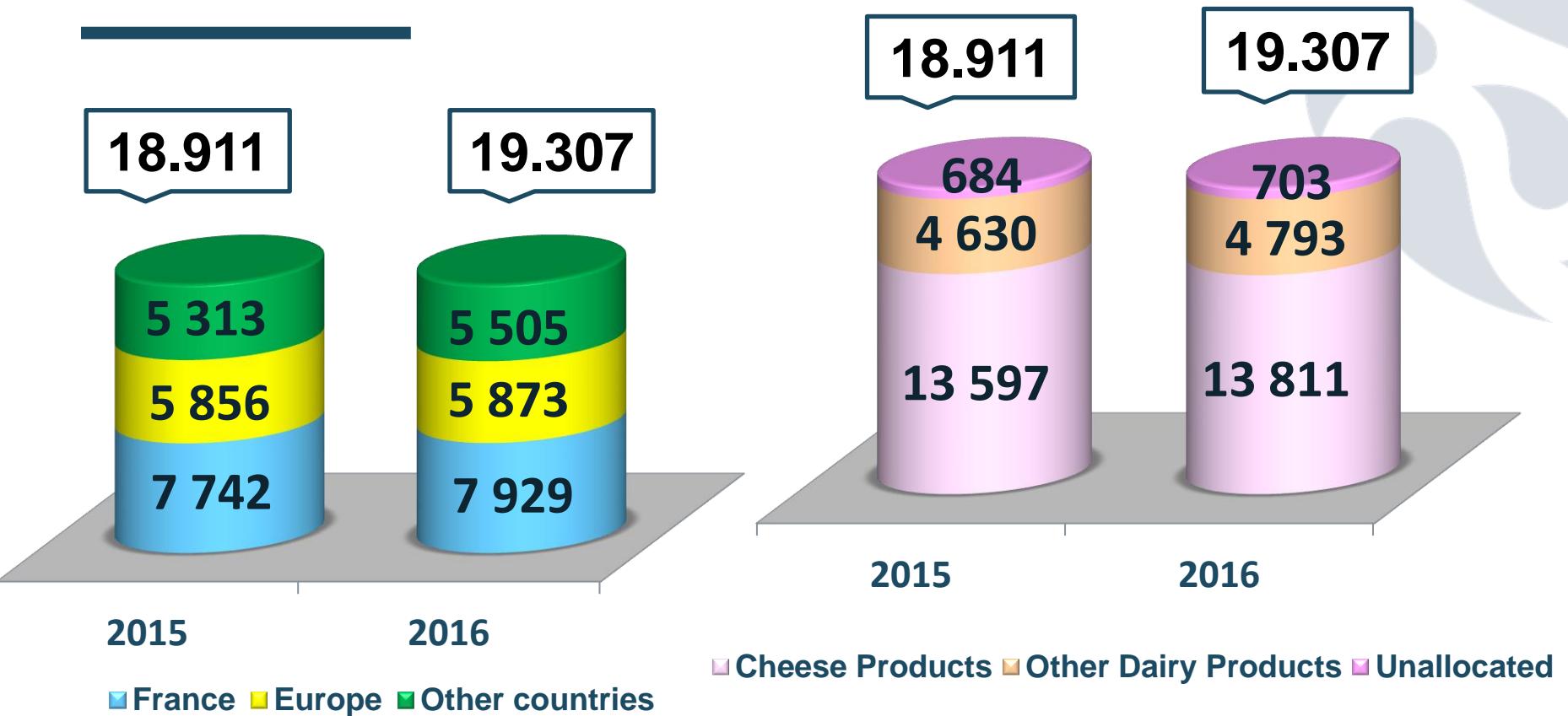


# CURRENT OPERATING MARGIN

---



# AVERAGE WORKFORCE



- Reinforcement of sales and production structures (in all zones)
- Reorganization in Europe and South America

# OTHER OPERATING INCOME & EXPENSES

---

	€m	2015	2016
<b>Restructuring</b>		-13.4	-3.8
<b>Impairment of assets</b>		-10.7	-13.0
<b>Litigation / losses etc.</b>		-9.1	10.7
		<b>-33.2</b>	<b>-6.1</b>

# NET FINANCIAL EXPENSE

	€m	2015	2016	Change
<b>Net interest (excluding hedging)</b>		<b>-20.1</b>	<b>-11.2</b>	8.9
<b>Hedging</b>		<b>0.7</b>	<b>0.2</b>	-0.5
<b>Commissions</b>		<b>-5.6</b>	<b>-5.1</b>	0.5
<b>Foreign exchange</b>		<b>-0.5</b>	<b>-11.0</b>	-10.5
<b>Other items</b>		<b>-0.9</b>	<b>-1.0</b>	-0.1
<b>Total</b>		<b>-26.4</b>	<b>-28.1</b>	-1.7
<i>Of which: IFRS</i>		<i>0.4</i>	<i>1.3</i>	<i>0.9</i>

# TAX CHARGE

---

	2015	2016
<b>Actual tax (€M)</b>	-39.2	-47.7
<b>Effective Tax rate (%)</b>	38.7%	29.9%

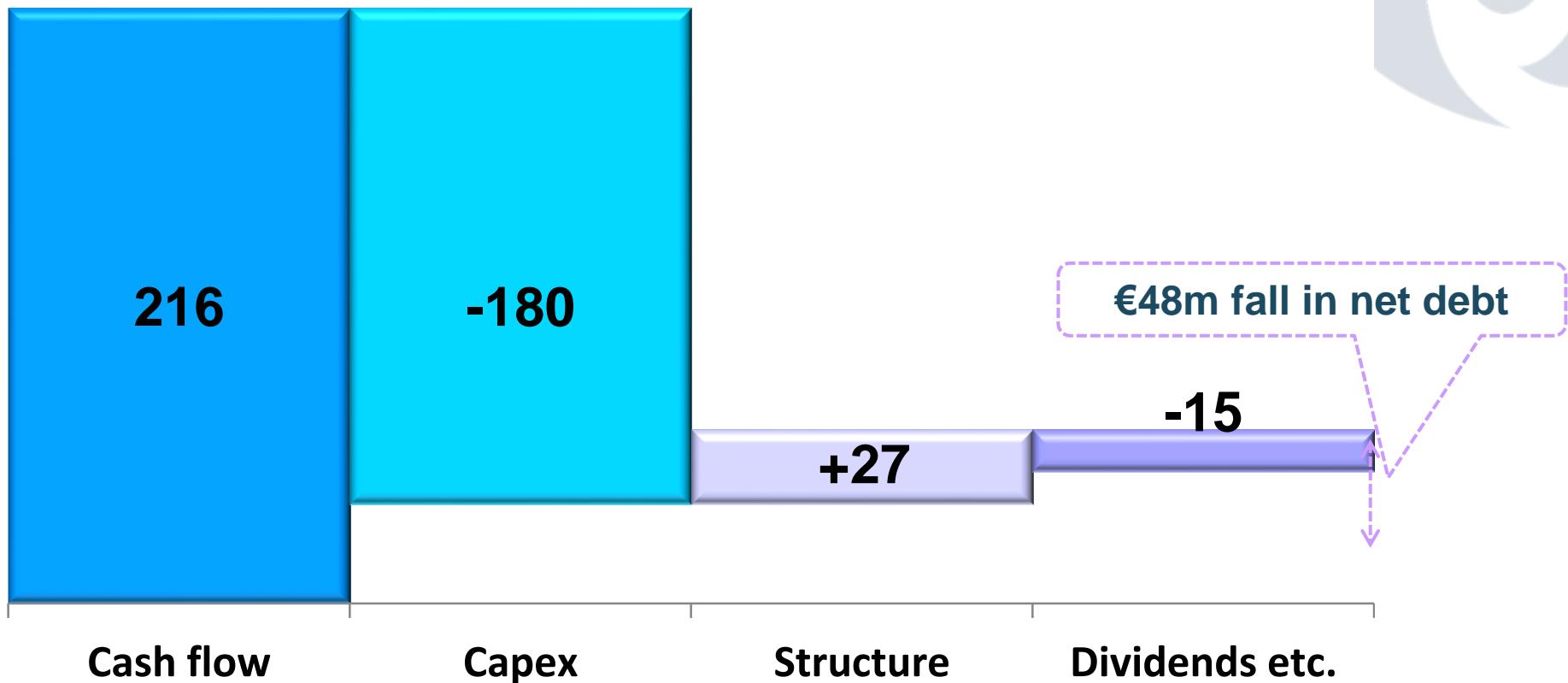
# INCOME STATEMENT

---

	2015		2016	
	Actual	% sales	Actual	% sales
<b>IFRS net sales</b>	<b>4 442</b>		<b>4 418</b>	
<i>Evolution N/N-1</i>	-3.6%		-0.5%	
<b>Current operating profit</b>	<b>151.9</b>	3.4	<b>187.1</b>	4.2
<i>Evolution N/N-1</i>	38%		23%	
Non-recurring items	-33.3	-0.7	-6.2	-0.1
<b>Operating profit</b>	<b>118.6</b>	2.7	<b>180.9</b>	4.1
<i>Evolution N/N-1</i>	21%		53%	
Net financial expense	-26.4	-0.6	-28.0	-0.6
<b>Profit pre-tax</b>	<b>101.2</b>	2.3	<b>159.6</b>	3.6
<i>Evolution N/N-1</i>	42%		58%	
Taxes on income	-39.2	-0.9	-47.7	-1.1
Continuing operations, net of tax	62.0	1.4	111.9	2.5
<b>Group share of net income</b>	<b>57.0</b>	1.3	<b>104.4</b>	2.4
<i>Evolution N/N-1</i>	44%		83%	

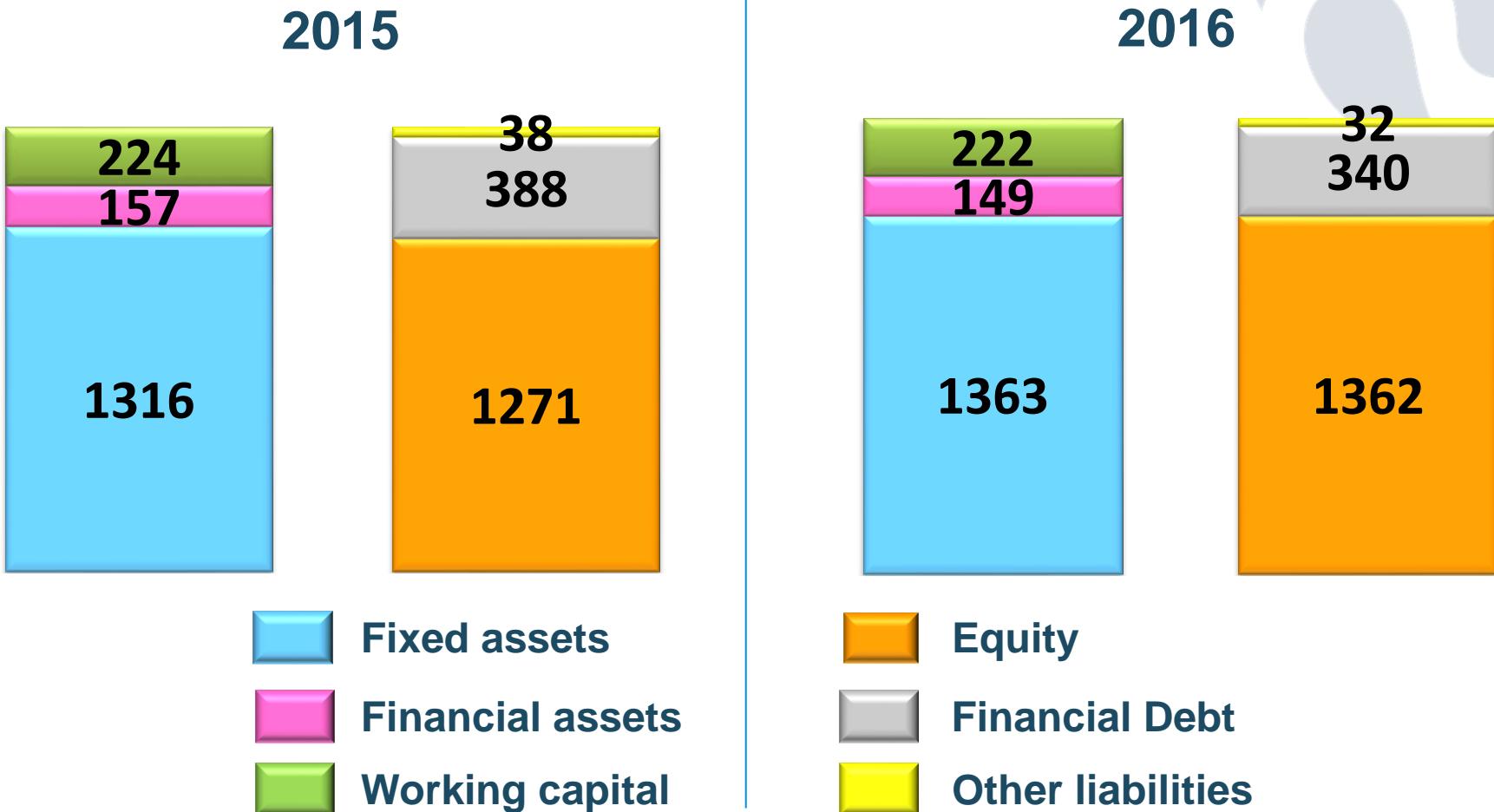
# 2016 CASH FLOWS

€m



# BALANCE SHEET (€M)

---

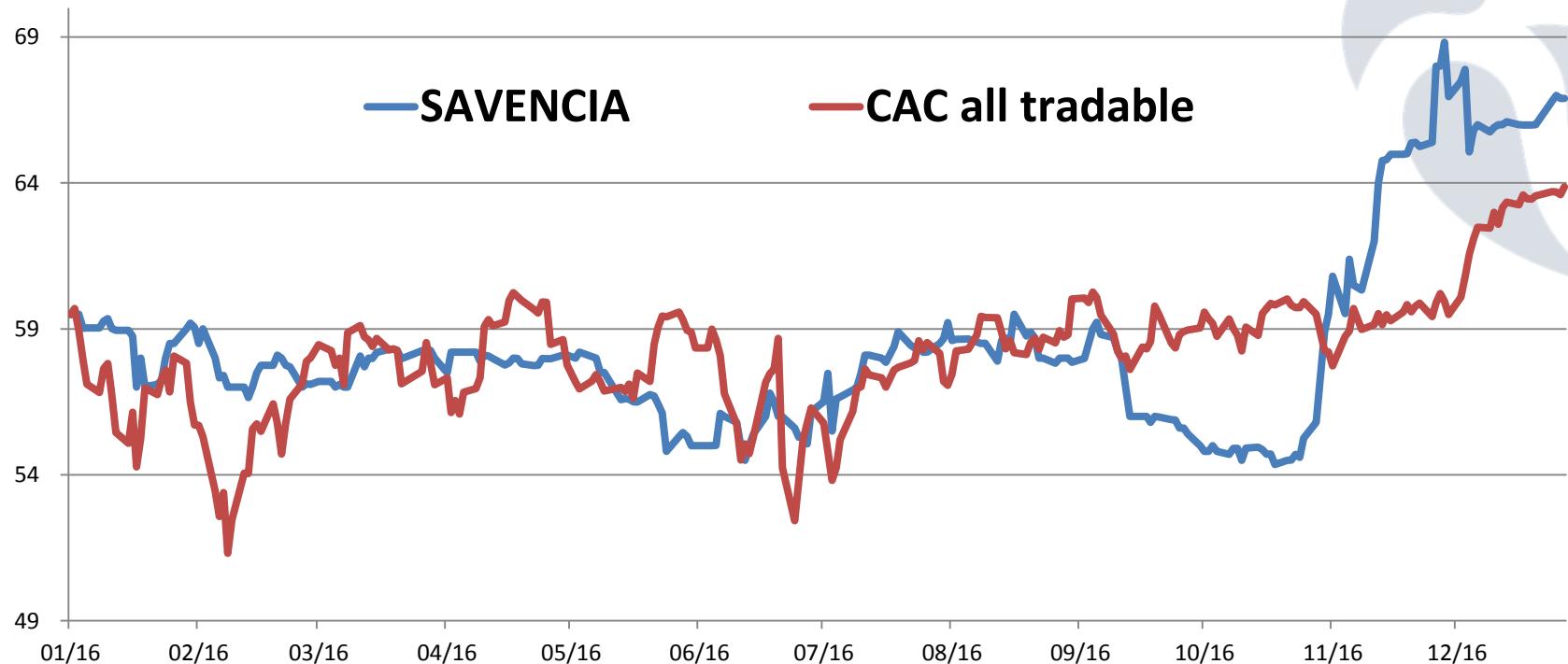


---



## Share price

# EVOLUTION OF THE SHARE PRICE IN 2016



+ low	54.34
+ high	68.82
average	58.50
change	12.46%



**SAVENCIA**  
FROMAGE & DAIRY

# FINANCIAL ANALYSTS' MEETING

---

Viroflay, March 16, 2017

