

PRESS RELEASE: 2017 half-yearly results
**Reinforcement of international operations during the 1st half of the year,
 but an unfavorable outlook for the 2nd half**

Key figures (€m)	June 2017	% net sales	June 2016	% net sales	Changes in %			
					Total	Structure	Forex	Growth
Net sales	2,356		2,092		12.6	0.0	0.5	12.1
- Cheese Products	1,331	56.5	1,231	58.9	8.1	0.0	1.1	6.9
- Other Dairy Products	1,097	46.6	925	44.2	18.5	0.0	-0.3	19.0
Current operating profit	104	4.4	86	4.1				
Operating profit	105	4.4	77	3.7				
Net financial expense	-6		-17					
Taxes on income	-32		-27					
Group share of net income	62	2.6	31	1.4				
Net debt	413		408					

*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.*

The definitions and bases of calculation of aggregates such as changes in Group structure, foreign exchange or organic growth have not evolved in comparison with the previous year. They are defined in the Group's financial report.

Savencia Fromage & Dairy's net sales increased by 12.6% with organic growth of 12.1% in pursuance of the trend observed during the second half of 2016. The positive foreign exchange impact of 0.5% was mainly related to the gain in value of the Brazilian real and US dollar in comparison with the euro. There was no change in Group structure during the period.

The organic growth of 6.9% in Cheese Products was sustained by growing volumes in most all the Group's markets and more particularly outside Europe. In Europe, the Group's retail products were penalized by the rising price of dairy raw materials and by the difficulty of passing the rise on to the price lists. Nevertheless, the development of our international business offsetted the impacts.

The organic growth of 19% in Other Dairy Products was mainly due to the significant rise in world prices for industrial products and, to a lesser degree, to increasing volumes.

The evolution of the Group's current operating profit for the first half of 2017 mainly reflected the increased selling prices for industrial products. The Group's consolidated current operating margin increased by 0.3 percentage point to 4.4%, reflecting a fall of 0.4 percentage point for Cheese Products and an increase of 0.7 percentage point for Other Dairy Products.

Net financial expense was impacted by the fall in short-term interest rates and by the favorable foreign exchange result.

The Group's financial position remained sound with stable net debt amounting, as of June 30, 2017, to 30% of the Group's consolidated equity compared with 32% as of June 30, 2016.

Outlook for the second half of 2017

The Group's current operating profit for the second half of 2017 should be negatively impacted by:

- * A significant increase in the cost of milk and in the world prices for butterfat given the scarcity of butter in the European and world markets;
- * The timing gap between raw material cost increases and their necessary repercussion on price lists;
- * The fall in world prices for dairy proteins observed during the summer as a result of the importance of the available world inventories;
- * The rising value of the euro.

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