

PRESS RELEASE: 2018 half-yearly results

1.8% net sales organic growth

Key figures (€m)	June 2018	% net sales	June 2017	% net sales	Changes in %			
					Total	Structure	Forex	Growth
Net sales	2,347		2,356		-0.4	1.6	-3.7	1.8
- Cheese Products	1,342	57.2	1,331	56.5	0.8	2.9	-2.7	0.8
- Other Dairy Products	1,067	45.5	1,097	46.6	-2.7	0.0	-5.0	2.4
Current operating profit	72	3.1	104	4.4				
Operating profit	59	2.5	105	4.4				
Net financial expense	-9		-6					
Taxes on income	-15		-32					
Group share of net income	32	1.3	62	2.6				
Net debt	651		413					

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 remain stable at -0.4%, impacted by the decrease in value (-3.7%) of most currencies against the euro. The positive 1.6% scope of consolidation impact reflects the consolidation of our new Russian and South Korean subsidiaries. Like-for-like, consolidated net sales have increased by 1.8% compared to the previous year.

Organic growth for Cheese Products is 0.8% with contrasting volume trends in Europe and positive International development. The 2.4% organic growth for Other Dairy Products reflects dynamic international markets as well as the strong rise of about 15% in world butter prices. Other Dairy Product growth has however been limited by the 27% contraction of world prices for milk powder.

Current operating profit for the 1st half of 2018 is 31% lower than in 2017, a fall mainly attributable to France and affected by both the steep rise in dairy raw materials prices and the drop in world prices for dairy ingredients. The sales price increases fell short of offsetting these trends in the dairy environment, whence the fall from 4.4% to 3.1% in current consolidated operating margin (a drop of 1.4 percentage points, to 4.7%, for Cheese Products and of 1.0 percentage points, to 1.8%, for Other Dairy Products).

Consolidated operating profit further reflects the impact of the rationalizations announced in Central Europe, within the framework of our ongoing improvement in industrial competitiveness.

Net financial expense increased by €3 million in line with the changes in foreign exchange rates.

The Group's financial position remains solid. The increase in net debt reflects the acquisitions of the past 12 months, which have consolidated Savencia Fromage & Dairy's International "footprint". As of June 30, 2018 the Group's net debt represents 48% of consolidated equity compared with 30% as of June 30, 2017.

Outlook for the second half of 2018

The second half of 2018 will continue to be impacted by market demand, the dairy industry's volatility and foreign exchange.

Confident in its long-term strategy and the work of its teams, Savencia Fromage & Dairy remains focused on optimizing its performance and satisfying its consumers' expectations.

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

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