

PRESS RELEASE: 2019 half-yearly results
Net sales organic growth of 4.7%

| Key figures (€m) | June 2019 | % net sales | June 2018 | % net sales | Changes in % | | | |
|----------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|----------------|
| | | | | | Total | Structure | Forex | Organic Growth |
| Net sales | 2,428 | | 2,347 | | 3.4% | 0.5% | -1.7% | 4.7% |
| - Cheese Products | 1,381 | 56.9 | 1,337 | 57.0 | 3.3% | 0.1% | 0.2% | 2.9% |
| - Other Dairy Products | 1,114 | 45.9 | 1,072 | 45.7 | 3.9% | 0.9% | -4.2% | 7.5% |
| Current operating profit | 95 | 3.9 | 72 | 3.1 | | | | |
| Operating profit | 58 | 2.4 | 59 | 2.5 | | | | |
| Net financial expense | -11 | | -9 | | | | | |
| Taxes on income | -19 | | -15 | | | | | |
| Group share of net income | 27 | 1.1 | 32 | 1.3 | | | | |
| Net debt | 704 | | 651 | | | | | |

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 consolidated net sales have increased by 3.4%, following a negative 1.7% foreign exchange impact mainly reflecting the loss in value of the currencies of South America and Eastern Europe. The positive 0.5% scope impact reflects the inclusion of South Korean and US entities acquired during the first half of 2018. Like-for-like for foreign exchange and scope, consolidated net sales have increased by 4.7%.

The 2.9% of organic growth for Cheese Products is sustained by the positive development of volumes both in Europe and internationally. In France, volumes have been adversely impacted by the price increases linked to compliance with the country's EGAlim law.

The world prices for industrial products together with favorable volumes and increased sales prices in Argentina, have resulted in a 7.5% organic growth for Other Dairy Products.

Current operating profit was up by 32% as of June 30, 2019, driven by the improvement in profitability of our ingredient's businesses due to higher prices for milk ingredients. International development was slowed down by the impact of hyperinflation in Argentina. Current operating margin thus rose overall from 3.1% to 3.5%, remaining stable at 4.7% for Cheese Products but rising from 1.9% to 3.5% for Other Dairy Products.

Operating profit has been impacted by the closure of the St Saviol plant, notwithstanding a possible sale of the plant to an industrial partner currently under review, as well as by impairment of our infant formula powder business and the external costs associated with the implementation of the rationalizations announced in 2018.

The Group's financial position remains solid with consolidated equity of €1,410 million and net debt at 50% of equity, as compared to 48% as of June 30, 2018. The overall increase in consolidated net debt is mainly attributable to € 65 million for the implementation of IFRS 16 on accounting for leases.

Outlook for the second half of 2019

Les Fromageries Papillon, acquired this summer, are in the process of integration. The Group's performance in the second half of 2019 will remain dependent on market developments and on the potential currently unknown impact of Brexit for the European dairy economy. International tensions (China/USA) and Argentina's hyperinflation shall continue to influence currency volatility and international trade. Within this uncertain environment, Savencia Fromage & Dairy, confident in the quality of its teams and brands, shall pursue the implementation of its competitiveness plans announced in 2018 and 2019.

Additional information may be consulted on our website 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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