

PRESS RELEASE: financial statements for 2019

Key figures in €m	12/31/19	% net sales	12/31/18	% net sales	Changes in %			
					Total	Structure	Forex	Growth
Net sales:	5,007		4,863		3.0%	0.4%	-0.3%	2.8%
- for Cheese Products	2,912	58.1	2,795	57.5	4.1%	0.4%	0.5%	3.2%
- for Other Dairy Products	2,244	44.8	2,193	45.1	2.3%	0.3%	-1.4%	3.5%
Current operating profit	192.1	3.8	177.6	3.7				
Other operating income and expenses	-54.6	-1.1	-61.7	-1.3				
Operating profit	137.5	2.7	115.9	2.4				
Net financial expense	-21.3	-0.4	-18.4	-0.4				
Result on net monetary position	2.5	--	-14.6	-0.3				
Taxes on income	-45.6	-0.9	-28.4	-0.6				
Group share of net income	73.6	1.5	54.8	1.1				
Net debt (excl. IFRS 16)	605		564					
Equity	1,464		1,396					

*The statutory audit procedures have been completed and the audit report is in the process of issuance.
 The definitions and bases of calculation of aggregates such as the impacts of changes in structure, foreign exchange or organic growth are unchanged and as defined in the Group's financial report*

At €5,007 million, Groupe Savencia Fromage & Dairy's net sales for 2019 have increased by €144 million, or 3% over 2018, mainly reflecting organic growth of 2.8%.

Current operating profit for 2019, at €192.1 million, has increased by €14.5 million or 8.2% compared to 2018, in spite of a €-9 million hyperinflation impact in Argentina, compared to €-0.7 million in 2018. This evolution has been eased by the improvement in world prices for industrial products, and the pursuit of the Group's international development.

At 3.8%, the Group's current operating margin has improved slightly thanks to Other Dairy Products with a margin rate of 3.4% in 2019 compared to 1.9% in 2018. In contrast, the current operating margin for Cheese Products decreased from 5.7% in 2018 to 4.8% in 2019.

Operating profit amounted to €137.5 million or 2.7% of net sales, increasing by €21.6 million or 18.6% despite the costs and impairment of assets associated with the Modilac brand and with the closure of the Saint-Saviol plant announced in 2019. It also reflected the pursuit of the industrial and operational reorganization initiated in 2018.

Net financial expense at €-21.3 million includes a €-3.1 million impact following the application of the new IFRS 16 on accounting for leases.

The €2.5 million result on net monetary position reflects the application in 2019, for Argentina, of IAS 29, *Financial Reporting in Hyperinflationary Economies*. The applicable adjustments have had no impact on the Group's cash.

At €73.6 million, the Group's share of net income represents 1.5% of net sales. The Group's financial structure remains well under control, with a net debt/equity ratio (excluding the impact of IFRS 16) of 41.3%.

Dividend

At the forthcoming Annual General Meeting to be held on April 23, 2020 the Board of Directors will propose the distribution of a dividend of €1.30 per share.

Outlook for 2020

Groupe Savencia Fromage & Dairy will continue in 2020 to strive, via constructive dialogue with milk producers and with retail distributors, to enhance the price paid for the milk used to manufacture its consumer products processed and distributed in France.

Although it is yet too early to assess the impact of the new Covid-19, it seems certain that it shall influence the level of economic activity, and more particularly that pertaining to foodservice. Within this context, the Group priority for 2020 will be to preserve its employees, while pursuing its competitiveness in order to ensure profitable growth for its brands thanks to the quality of its products and the commitment of all its employees.

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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