

PRESS RELEASE: 2020 half-yearly results
Stability of Sales and operating performance preserved

Key figures (€m)	June 2020	% net sales	June 2019	% net sales	Changes (%)			
					Total	Structure	Forex	Growth
Net sales	2,410		2,428		-0.7 %	2.4 %	-2.6 %	-0.4 %
- Cheese Products	1,431	59.4	1,381	56.9	3.6 %	4.4 %	-1.3 %	0.5 %
- Other Dairy Products	1,051	43.6	1,114	45.9	-5.7 %	0.0 %	-4.4 %	-1.3 %
Current operating profit	92	3.8	95	3.9				
Operating profit	61	2.5	58	2.4				
Net financial expense	-9		-11					
Taxes on income	-24		-19					
Group share of net income	27	1.1	27	1.1				
Net debt (excluding IFRS 16)	536		654					

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, organic growth and net debt have not evolved in comparison with the previous year; they are defined in the Group's financial report.

Within an environment seriously affected by the global expansion of the sanitary crisis, Savencia Fromage & Dairy's consolidated net sales have remained virtually unchanged at -0.7%, including a -0.4% organic contraction. The 2.4% structural impact of the consolidation of CF&R as of May 1, 2020 and Fromageries Papillon as of July 2019 has been offset by the negative foreign exchange impact of 2.6% reflecting the loss in value of the South American currencies.

Like-for-like, Cheese Products grew by 0.5%. The growth in hypermarket and supermarket sales, linked to the widespread lockdown and the boom in home cooking, compensated for the fall in away-from-home catering sales reflecting the closure of outlets. In contrast, the overall net sales of Other Cheese Product fell (like-for-like) by 1.3% given the fall in food service sales only partially offset by the rise in world prices for industrial products.

At €92.4 million, the Group's consolidated current operating profit fell slightly by €2.7 million or 2.8%. The management of the sanitary crisis generated specific costs. The extra costs were partly offset by the implementation of exceptional crisis plans and by the remarkable reactivity of our operating teams ensuring the continuity of an optimal service to all our customers. Recourse to furlough was very limited both in time and in location. As a result, the current operating profit margin fell slightly, from 3.9% to 3.8%, supported by Cheese Products, with the benefit of a reinforcement of our strategic brands, leading to a rise in current operating profit margin from 4.7% to 4.9%, in contrast with the fall from 3.5% to 2.8% for Other Dairy Products.

The Group's consolidated operating profit reflects impairment losses for Russia, the USA and Argentina.

The Group's financial position remains solid, with consolidated equity at €1,555 million and consolidated net debt (excluding the impact of IFRS 16)/equity at 35%, compared with 46% as of June 30, 2019. The non-distribution of dividend for 2019, the focus of industrial investment on major projects and government support contributed to preserving our financial position, which has been further secured by the extension of both the amount and maturity of Savencia Fromage & Dairy's syndicated loan.

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Outlook for the second half of 2020

The pandemic continues to evolve on all continents, thereby creating a particularly uncertain environment within which the Group will continue to give priority to the safety of all its employees and partners, to business continuity, to our customer proximity and to the adaptation of our product and service offering to the markets' new requirements. Savencia Fromage & Dairy will continue to honor its contracts and undertakings with particular regard to those resulting from France's EGAlim law.

The Group also continues to roll out its Oxygen CSR plan and to pursue its efforts for competitiveness and transformation.

Operations in the 2nd half of the year may be impacted by greater consumers price sensitivity, given the context of economic crisis, and by the persistent difficulties confronting food service.

In line with the Group's values, the subsidiaries continue to engage locally in solidary initiatives for the benefit of those rendered most fragile by the crisis, both in France and internationally, in particular with gifts of food products. In addition, given the destabilization of the job market, a consequence of the sanitary crisis, Savencia has also committed to a solidary training initiative for the benefit of young people via the recruitment of 500 apprentices.

Savencia Fromage & Dairy expresses particular thanks to its employees for their exceptional mobilization worldwide in the face of this unprecedented crisis. Their commitment is a source of great confidence in the future for the Group, whose mission of "Leading the way to better food" proves more than ever an essential one.

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