

PRESS RELEASE: 2021 half-yearly results
Continued growth in the first half of 2021

Key figures in €m	June 2021	%	June 2020	%	Change in %			
					Total	Structure	Forex	Organic
Net sales	2,676		2,410		11.0	4.8	-3.2	9.4
- Cheese Products	1,622	60.6	1,431	59.4	13.3	8.3	-2.4	7.2
- Other Dairy Products	1,136	42.5	1,051	43.6	8.1	0.1	-4.3	12.9
- Other (intra-Group transactions)	-82	-3.1	-72	-3.0	13.9	2.3	-4.2	16.3
Current operating profit	140	5.2	92	3.8				
Operating profit	117	4.4	61	2.5				
Net financial income	-11		-9					
Corporate tax	-39		-24					
Net income	70	2.6	28	1.2				
Group net income	67	2.5	27	1.1				
Net debt (excl. IFRS 16)	442		518					

The Statutory Auditors have performed a limited review of the interim accounts.

Their report on their limited review is under preparation.

The definitions and calculation methods used for aggregates such as changes in structure and currencies, organic growth and net debt have not changed.

They are described in the Group's Annual Report and in Note 20 to the financial statements for net debt.

At €2,676 million, Savencia Fromage & Dairy's net sales was up 11.0%, with 9.4% in organic growth. The impact of changes in structure was 4.8%, due to the consolidation of CF&R from May 1, 2020, and was partially offset by a negative currency effect of 3.2% caused by the decline in Latin American currencies, the US dollar and, to a lesser extent, the rouble.

Cheese Products recorded organic growth of 7.2%. This was driven by a good recovery in volumes sold in out-of-home catering markets and strong retail sales in both Europe and internationally.

At constant structure and exchange rates, net sales from Other Dairy Products increased by 12.9%. It benefited from the recovery in Food Service volumes and the rise in trading prices for industrial products (skimmed milk powder, whey and butter).

Current operating profit increased by €47.6 million to €140.1 million, driven by volume growth, an improvement in industrial performance and the decline in costs related to the Covid-19 crisis, across all markets. As a result, the Group's current operating margin stood at 5.2%, up from 3.8% in June 2020. It rose from 2.8% to 5.3% for Other Dairy Products and from 4.9% to 5.9% for Cheese Products.

Operating profit includes asset impairment on the infant formula activity.

The Group's financial position remains robust, with shareholders' equity totalling €1,631 million and net debt (excl. IFRS 16) of €442 million, down by €76 million year on year. Net debt amounted to 27% of consolidated equity, compared with 33% at 30 June 2020.

In recent months, two of the Group's subsidiaries have been winners of the France Relance Plan: Armor for its decarbonation projects and Soredab for its involvement in the development of the French Protein Plan.

Outlook for the second half of 2021

The environment remains volatile and continues to be severely affected by the health crisis. The Group's activity in the second half of the year is likely to be impacted by:

- higher prices for dairy raw materials, packaging, energy and transport;
- a fall in sales for meals at home compared with the very strong figures recorded at the end of 2020;
- the consequences of the floods of July 15, which led to the destruction of a significant part of the Corman plant in Belgium, as mentioned in our press release of July 21, 2021. The financial consequences are still being assessed. To date, on the basis of a provisional estimate, the potential cumulative impact on net income for fiscal years 2021 and 2022 could be around €50 million. In accordance with IAS10, this subsequent event and unpredictable as at the closing date did not give rise to an adjustment to the financial statements as of June 30, 2021 (see note 23 to the financial statements). This event does not call into question the development of the Group and its financial solidity.

Accordingly, the Group will continue to prioritise the safety of its employees and partners and the quality of its relationships with all its clients, while adapting its offering to new types of demand on its markets.

Further information is available on our website savencia-fromagedairy.com