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Press Release

The Doux Group: 2009 Financial Results and 2010 Outlook

The Doux Group's strong growth in operating income and profits shows its ability to adapt its structure and production capacity to changing markets, and export markets in particular

First results for 2010 confirm renewed growth and profitability

One of the world's largest exporters of poultry and processed poultry products and the European leader in this sector, the Doux Group today announced its financial results for the year ended 31st December 2009. It reported earnings before interest, taxes, depreciation and amortization (EBITDA) of €104.3 million which is 7.6% of net turnover compared with 5.6% in 2008 and a net profit of €12 million. The Group managed to increase profits during a period marked by low sales prices at the start of the year and a change in volumes. Turnover for the period was €1.309 billion.

The 2009 results highlight:

- **A shift in sales in accordance with the economic climate**

2009 was characterised by a slight fall in sales volumes versus 2008 (-3%) due to a particularly difficult first quarter on export markets. The average sale price on international markets fell considerably during Q1 2009 due to major destocking in Brazil in particular, where offer exceeded demand. Business only picked up during the second quarter of 2009 when prices rose gradually on export markets.

During this period, the Group chose firstly to reduce its production before gradually increasing it again by focussing on the most profitable markets. At the end of the year, the Group reported record sales in terms of volume with over 47 000 tons of whole chicken sold in December alone.

- **A stronger position on international markets**

The Group also managed to compensate a decrease in activity on French markets by increasing its presence on international markets. In 2009, the Group continued to grow in Saudi Arabia and other Middle Eastern countries and made inroads into new markets such as Iraq, Iran and Jordan.

At the same time, the Group continued its expansion in Brazil throughout 2009. Profit margins were improved through the growth in volume of high added-value processed products, such as sausages, and a carefully targeted sales and marketing policy. The opening of sales offices

throughout the country and optimisation of production costs should help to consolidate the Group's presence in Brazil even further in the years to come.

- **Improved overall productivity and ongoing industrial restructuring**

2009 was marked by ongoing industrial restructuring and an improvement in overall productivity through:

- The reduction in the number of facilities and a concentration of production on a more limited number of sites in France in 2008, leading to:
 - Lower fixed costs (-10%);
 - Profit recovery in the "fresh" activity (+ €11 million on EBITDA).
- Cost reduction programs in Brazil, with in particular:
 - Improved productivity (+ 11%);
 - A 23% reduction in logistics costs by optimising domestic and maritime transport routes.
- Sub-contracting turkey production in Brazil (through the sale of the turkey production facilities) while retaining global sales and the customer portfolio. The Group continues to supply its European and Brazilian customers with turkey at very competitive prices.
- Fully exploiting production capacity at chicken plants in Brazil – nominal production capacity of 90% in Montenegro and Passo Fundo sites.
- Continued investment in innovation and R&D to respond to the ever-changing expectations of customers on its 130 markets worldwide.

2010 Outlook is encouraging and confirms the accuracy of our strategy

In 2010, the Doux Group's strategy will continue to focus on two key areas to:

- Continue its global expansion policy by:
 - Developing market share on growth markets;
 - Targeting R&D, marketing and sales strategies per customer segment and market.
- Constantly improve productivity via:
 - Continued cost-reduction programs;
 - The on-going optimisation of resources by making maximum use of raw produce, faster asset turnover, and skill management and development.

Results for the first quarter of 2010 are in line with the budget and show that this strategy is working. EBIDTA for Q1 2010 was €25.1 million (versus €2.6 million for Q1 2009) with the EBIDTA forecast for the year set to grow in comparison with 2009.

According to Guy Odri, CEO of the Doux Group: *"The 2009 results confirmed that our Group strategy and the work of our teams was right on target. On one hand we managed to maintain a strong presence on 130 markets worldwide, where demographic and economic growth will ensure continued future growth in demand. On the other hand, better organisation of our production facilities has given us a competitive edge on international markets. And on our domestic markets, France in particular, we are active on segments that continue to grow (classic chicken and processed products) enabling us to generate significant profits and to provide suitable responses to changing demand."*

About the Doux Group

The leading European exporter of poultry, with exports of over 1 million tons and one of the top 5 exporters worldwide, the Doux Group reported a turnover of €1.309 billion in 2009. The Group and its subsidiaries are present on all segments of the poultry market, from fresh and frozen poultry to manufactured products (breaded fillets, pre-cooked meals, cold cuts, etc). The Group has considerable involvement in retail, food service and catering and agrifood industries. It sells products in over 130 countries and on all 5 continents. The Group's key brands are Père Dodu, Doux, Lebon, AlSabia, as well as Cœur de Bretagne and Malvoisine for free-range chickens. The Group has twenty production sites in France and Brazil and employs over 10 300 people.

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