



## Strong performance in 2008

Paris/Rotterdam, 31 March 2009

**The Provimi Group (listed on NYSE Euronext Paris), one of the world leaders in the animal nutrition business, today announces its results for 2008.**

- **Solid year for Provimi's Premix and Speciality businesses in Europe,**
- **Strong performance in the Americas and Russia,**
- **High volatility of raw material prices negatively affected operating margins in the last quarter.**

**Group CEO Ton van der Laan commented: "2008 showed strong turnover and profit from operations growth, driven by a strong performance of animal nutrition across most markets, while pet food activities had a difficult year. The last quarter of the year showed some slow down, especially in Poland".**

<i>(Unaudited, in million €)</i>	<b>31/12/2008</b>	31/12/2007	<b>Change</b>
<b>Revenues</b>	<b>2,154.1</b>	1,918.5	+12.3%
<b>Profit from operations before other income/(expense)</b>	<b>111.7</b>	91.1	+22.6%
<b>Profit from operations</b>	<b>91.9</b>	69.4	+32.4%
<b>Net income from continuing operations before minority interest</b>	<b>(9.1)</b>	11.1	n/a
<b>Net income from discontinuing operations</b>	<b>38.3</b>	3.2	n/a
<b>Net income - Group share</b>	<b>25.8</b>	10.5	n/a
<b>Earnings per share (in euro's)</b>	<b>0.99</b>	0.40	

**Sales** increased by 12.3% to EUR 2,154.1 million, which was mainly a result of higher raw material costs, as well as a positive pricing and mix effect. On a like-for-like<sup>1</sup> basis, sales growth was 14.5%.

**Profit from operations before other income/(expense)** increased by 22.6 % to EUR 111.7 million, despite margin pressure in the last quarter. Exchange rates had a negative effect of EUR 1.4 million. Change in scope positively impacted profit from operations

<sup>1</sup> Constant scope.

with EUR 2.8 million. On a like-for-like basis profit from operations before other income/(expense) increased by 20.9% over the period.

**Other income and expense** amount to EUR -19.8 million (2007: EUR -21.7 million). Included are items of a particularly significant and unusual nature. These include expenses regarding the closure of the Group's aqua feed activities in Greece (EUR -9.0 million) as well as costs related to the Group's strategic reorganisation of feed activities in Europe to adapt to changing markets (EUR -10.8 million).

**Net financial costs** increased to EUR 85.3 million (2007: EUR 43.4 million), mainly as a result of the full year impact of higher interest rate expenses related to the Group's financing arrangements put in place in the second quarter of 2007 and downward fair value adjustments to certain derivatives.

The **effective tax rate** of the Group is high in 2008. This arises through the cumulative effect of the Group making a greater share of its profits in higher tax jurisdictions, the non-recognition of certain deferred tax assets on certain operating losses and permanent differences and true up adjustments.

**Net income from discontinuing operations** arises through the after tax gain on sales related to the divestment of the aqua feed activities in Chile, Denmark and Spain in January 2008.

**Net income – Group share** increased to EUR 25.8 million (2007: EUR 10.5 million).

**Net debt** decreased to EUR 709.6 million (2007: EUR 781.1 million). The decrease was due to the proceeds from the sale of the aqua feed activities and the improvement of working capital.

### Financial position

Provimi's net indebtedness decreased in 2008. At year end the Group complied with all of its covenant obligations. The business has EUR 122.6 million of undrawn credit lines under the revolving credit facility.

### Segment information by geography

<i>(Unaudited, in million €)</i>	Revenues			Profit from operations before other income/ (expense)		
	2008	2007	Change	2008	2007	Change
<b>France</b>	<b>226.1</b>	192.6	+17.4%	<b>12.6</b>	12.9	-2.3%
<b>Poland</b>	<b>445.1</b>	405.3	+9.8%	<b>11.0</b>	18.6	-40.9%
<b>Rest of Europe</b>	<b>899.0</b>	823.0	+9.2%	<b>56.7</b>	44.8	+26.6%
<b>North America</b>	<b>297.2</b>	280.7	+5.9%	<b>27.5</b>	19.6	+40.3%
<b>Rest of the world</b>	<b>286.7</b>	216.9	+32.2%	<b>35.0</b>	17.2	+103.5%
<b>Holding and consolidation</b>	-	-	-	<b>(31.1)</b>	(22.0)	n/a
<b>Total</b>	<b>2,154.1</b>	1,918.5	+12.3%	<b>111.7</b>	91.1	+22.6%

In **France**, animal nutrition results improved mainly in the ruminant business, poultry nutrition developed in line with previous years and swine nutrition activities were negatively impacted by low meat prices. In **Poland**, sales and results in the second half of 2008 suffered from the low grain and soy prices, which caused farmers to produce their own feed. Consequently volume and revenue of Provimi's Polish business sharply declined, and despite the Group's structural expense reduction programme, profitability decreased. In the **Rest of Europe**, the animal nutrition business globally improved, notably in Russia, which contributed significantly to growth in sales and profit, as did to a lesser extent Romania and Portugal. On the other hand Provimi's animal nutrition activities in Central Europe had lower volumes, and suffered from lower raw material prices and weakening currencies in the last quarter. A complete feed plant in Hungary was closed at the end of 2008. In **North America**, profits improved due to favourable ingredient positions in the first half of the year, solid performance in the California businesses, and strong contributions from the other U.S. companies. The Californian businesses were disposed of due to a lack of strategic fit. Further improvements in the manufacturing footprint and distribution channels were initiated in the second half of 2008. In the **Rest of the world**, most countries reported a strong increase in sales and results, notably in Latin America, where Brazil more than doubled its results.

In **Pet food** market conditions were difficult, especially in Western Europe. Even though sales increased in the first half year of 2008, particularly in Central Europe, sales and profit decreased in the second half. This was also linked to the fact that an expansion of the production plant in Hungary was held up and the reorganisation of pet food operations in the Netherlands took longer than anticipated. A new divisional CEO has been brought in and a growth and a cost reduction initiative will be embarked upon.

Provimi has divested its **Aqua feed** activities in Chile, Denmark and Spain. The aqua feed operations in Greece were not part of this divestment. Provimi ended its activities in Greece in the autumn of 2008.

### **Dividend**

The Board of Directors of the Company has decided to proceed with the distribution of a dividend of EUR 0.89 per share, representing a total amount of approximately EUR 23 million, of which an interim dividend of EUR 0.55 per share has already been paid in November 2008. The remaining amount of EUR 0.34 per share will be paid on or after 2 June 2009, but no later than 30 September 2009.

### **Outlook 2009**

Ongoing raw material price volatility may continue to impact market conditions. The Group will continue its restructuring activities to improve efficiency and to adapt the organisation to the changing market conditions.

*The Provimi Group is active worldwide in all types of animal nutrition and is a leader in all markets where it is present. The Group is actively seeking acquisition opportunities to continue its growth in key markets including North America, Latin*

***America, Eastern Europe and Asia. It employs about 8,000 people and has annual sales of EUR 2.2 billion. Provimi has 87 production centres in some 30 countries and exports to over 100 countries. Provimi manufactures products and supplies technical support for all species, including ruminants, poultry, swine and pets.***

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This press release and other info on the company can be downloaded from the Group's website: <http://www.provimi.com>