

## **A mixed 2018-2019 financial year, a new chapter in the transformation and the development of VIVESCIA Group**

**VIVESCIA Group's 2018-2019 financial year was characterised by mixed performances. It also marks a new beginning. VIVESCIA is starting a new chapter in its history and stepping up its transformation in a difficult economic context for farming in France, and an unstable international environment.**

### **Consolidated results for the year ended 30 June 2019: mixed results**

- **The VIVESCIA Cooperative and its agricultural subsidiaries had a satisfactory year.**  
This performance allows VIVESCIA's board of administrators to recommend the distribution of nearly 50% of its net available income (€4.5 million) to the cooperative's members (subject approval at the plenary AGM on 11 December 2019).
- **Our food processing division's (VIVESCIA Industries) three main businesses (which represent 92% of its turnover) showed significant disparities in performances for the 2018-2019 financial year.**
  - ➔ The malting business's results were in line with its targets.
  - ➔ The milling business is enjoying a positive commercial dynamic.
  - ➔ The frozen bakery business has seen a further deterioration in its economic performance.
- **VIVESCIA Group's 2018-2019 consolidated results were significantly impacted by its frozen bakery business.**

Consolidated turnover reached **€3.38 billion** (up 5.8%), driven by a volume effect from the cooperative and malting businesses, as well as higher crop prices.

EBITDA, is down €10 million (- 6%) to **€158 million**. The significant decline in the frozen bakery business's contribution has been partly offset by an improvement in the cooperative and malting businesses' results.



Net debt is up slightly, growing from €570 million to **€575 million** as at 30 June 2019.

Net income group share is into the red: €-85.3 million (compared with a net profit of €18 million for the previous financial year), with more than **85% of the decline due to two extraordinary events.**

- ❖ More than 70% of this loss (€58 million) can be explained by a **significant impairment of the bakery business's intangible assets**, due to the decline in its current performances and a revision of estimated future performances.
- ❖ In addition to this, there have been extraordinary costs (17% of the loss), due to an **unfavourable court decision** rendered in July 2019, concerning an old dispute between millers, including Grands Moulins de Paris, and the competition authorities, following proceedings lasting more than 10 years.

### **A new chapter is beginning for VIVESCIA: new teams and an acceleration of the Group's transformation**

The 2018-2019 financial year marked a new page in VIVESCIA's history – **new people, new drive, new demands** – as well as representing a new start for the group and its entities.

- **New faces and a new organisational structure**

A new team is heading up Vivescia group's top management: The resignation of the managing director, who had been in charge of the cooperative and VIVESCIA Industries since 2012, led to a new organisational structure to being put in place at the end of July, with operational management being overseen by two people:

- ❖ Olivier Miaux, the general manager of VIVESCIA Industries, the parent company of the Group's processing businesses (malting, maize processing, milling, industrial bakery, animal feed, and biotechnologies).
- ❖ Jean-Luc Jonet, the managing director of VIVESCIA Agriculture (the Cooperative and its agricultural subsidiaries).

Reporting to VIVESCIA's president, Christoph Büren, Olivier and Jean-Luc's task will be to oversee the group's economic performance and drive change management in collaboration with their teams.

### **New management teams for VIVESCIA Industries' strategic businesses, frozen bakery/milling and malting:**

Under the impetus of Olivier Miaux, Nutrixa (the holding company that includes the frozen bakery and milling businesses) appointed a new managing director and CFO, who arrived in September 2019.



- **The acceleration of transformational and operational efficiency projects**

In a difficult economic context for farming, VIVESCIA Cooperative is changing in order to increase its competitiveness and adapt to the needs of a plurality of farmers and diverse markets by leveraging new innovations and agronomic techniques, high environmental value (HVE) improvement programmes, digital technology, and by rolling out a grain logistics performance plan and a 2019-2022 plan for inputs. **To best adapt to the changing world of farming, the Cooperative is preparing for the future with a project to draft a strategic 5-year roadmap by June of 2020.**

A renewed spirit of conquest for VIVESCIA Industries. Its presence on **growth markets such as frozen bakery and malt**, and in diverse geographical regions, is a major strength. There is potential. The next three years will require high standards and rigour to capture this growth. **A variety of action and transformational plans have been laid out and implemented:**

- ❖ **Frozen bakery business:** An aggressive recovery plan for all aspects of the business, with the support of a strategy consulting firm.
- ❖ **Milling business:** Consolidation of the Francine brand's leading position, building loyalty in artisan bakers (1 in 3 French bakers are customers), acceleration of the positive commercial dynamic (first e-commerce site for artisan bakers), and implementation of organic flour and insecticide-free storage projects.
- ❖ **Malting business:** Pursuit of its proactive Shaping 2022 corporate project, and ensuring the success of ongoing projects: Full commissioning of the newly extended malt house in Australia, ramp up of the newly extended malt house in Spain, construction of a new malt house in Mexico by 2021, commercial development for craft breweries in France, Poland, and Spain.

With its 7,500 committed employees, **VIVESCIA is working hard** with the members of the board of administrators and its cooperative partners to pursue a **coherent and meaningful cooperative project** with determination and high standards. VIVESCIA's essence always has been and will remain entrepreneurial farmers, capable of working together to capture added value, as they have done over the last 90 years by opening up to the world and building wheat/flour/bread and barley/malt processing industries in France and around the world, to support its territory and its farmers in the north-east of France.

### **About VIVESCIA Group**

*VIVESCIA is an international, cooperative farming and food processing group, with 7,500 employees in 24 countries, generating revenue of €3.38 billion (year ended 30 June 2019). Specialising in producing and adding value to grain, VIVESCIA is owned by 11,000 farmers from the north-east of France.*

*VIVESCIA is committed to taking care of grain, from field to fork. 1 in 10 croissants in Europe are produced by our Group. 1 in 10 beers around the world are produced with our malt. Our Francine flour can be found in nearly one in three French households. Every day, thousands of consumers enjoy sweet and savoury delights in France with Campailette's artisan bakers, and around the world thanks to Délifrance's 350 café-restaurants.*

[www.vivescia.com](http://www.vivescia.com)

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