



Half-year results 2009

Paris/Rotterdam, 27 August 2009

The Provimi Group (listed on Euronext Paris), one of the world leaders in animal nutrition, today publishes a trading update on its consolidated results for the first six months of the year.

- Profit from operations before other operating income and expenses decreased by 12.3 % to EUR 49.1 million,
- Poland/Ukraine still suffering from economic crisis, but excellent performance of Latin America,
- Performance of pet food activities is improving,
- Goodwill impairment adjustments in Poland and in pet food in the Netherlands.

<i>(Unaudited, in million €)</i>	30.06.2009	30.06.2008	Change
Revenues	840.6	1,095.6	(23.3) %
Profit from operations before other operating income/(expense)	49.1	56.0	(12.3)%
Profit from operations	(19.1)	53.0	-
Net income - Group share	(53.9)	50.0	-
Earnings per share	(2.07)	1.92	-

Revenues decreased by (23.3) % to EUR 840.6 million, which was largely due to lower sales prices resulting from decreased raw material costs. The net impact of acquisitions and divestments was EUR (29.8) million negative, while unfavourable exchange rates had a negative effect of EUR (69.9) million. On a like-for-like¹ basis, sales decrease was (17.3) %.

Profit from operations before other operating income/(expense) decreased to EUR 49.1 million. Exchange rates had a negative effect of EUR (2.3) million. On a like-for-like basis¹, profit from operations before other operating income/ (expense) decreased by (9.0) % over the period.

Other operating income/(expense) amounted to a loss of EUR (68.2) million (2008: EUR (3.0) million loss) and include items of a significant and unusual nature. These items mainly relate to exceptional goodwill impairment losses and Group expenses made for reorganisation programmes within European feed activities in order to adapt to changing markets.

¹ 'like-for-like' –comparable scope, excluding acquisitions, divestments and discontinued operations.

Net financial costs increased to EUR (28.9) million (2008: EUR (28.1) million), although financial interest expenses on gross financial debt decreased by EUR (8.2) million. This positive impact was mainly offset by an increase of net other financial expenses of EUR 9.5 million (mainly caused by unfavourable fair value impacts on the financial instruments).

As a result of the above, the **net result – Group share** decreased to loss of EUR (53.9) million (2008: profit of EUR 50.0 million).

The tax charge amounts to EUR 4.4 million at 30 June 2009 (EUR 12.0 million in 2008). Adjusted for the impact of the goodwill impairment adjustment, the **effective tax rate** amounts to 64.4% (48.2% in 2008) and is mainly due to the effect of not recognising deferred tax assets for losses generated by certain group companies.

Shareholders equity - Group share decreased by EUR (64.7) million (2008: increase of EUR 55 million), mainly reflecting the Group's net loss of EUR (53.9) million (2008: net income of EUR 50.0 million), announced dividends of EUR 8.8 million (H1 2008: nil) and a decrease in the currency translation reserve of EUR (1.8) million (2008: increase of EUR 5.0 million).

Net debt decreased by EUR (32.7) million compared to 31 December 2008.

Segments*

<i>(Unaudited, in EUR million)</i>	Revenues			Net Operating Income (NOI) ²		
	H1 2009	H1 2008	Change	H1 2009	H1 2008	Change
Animal Nutrition :						
France / Switzerland	102.2	110.3	(7.3)%	8.2	8.5	(3.5)%
Animal Nutrition North West Europe ³	77.4	93.0	(16.8)%	6.2	6.8	(8.8)%
Animal Nutrition Poland / Ukraine	136.2	256.5	(46.9)%	0.9	11.3	(92.0)%
Animal Nutrition Other Central and Eastern Europe ⁴	104.4	153.9	(32.2)%	9.7	10.0	(3.0)%
Animal Nutrition North America	114.2	115.9	(1.5)%	11.3	9.7	16.5%
Animal Nutrition Latin America ⁵	86.4	82.7	4.5%	10.9	8.3	31.3%
Animal Nutrition Other Holding	110.9	179.2	(38.1)%	13.6	17.5	(22.2)%
				(12.8)	(14.6)	(12.3)%
Pet Food	108.9	104.1	4.6%	3.7	3.1	19.4%
TOTAL	840.6	1,095.6	(23.3)%	51.7	60.6	(14.7)%

*New segments per IFRS 8.

Animal Nutrition France / Switzerland

Provimi France has been preparing for the transfer of production from Trappes to Crevin as per August. Sales were negatively affected by a decline of raw material prices and substantially lower

² NOI Operational results before management fees and certain unusual and non-recurrent items.

³ **North West Europe:** The Netherlands, The UK, Ireland, Germany and Belgium.

⁴ **Other Central and Eastern Europe:** Russia, Hungary, Romania and Bulgaria.

⁵ **Latin America:** Brazil, Argentina and Colombia.

milk prices for dairy farmers who were operating below break-even and thus purchased less nutritional products.

Animal Nutrition North West Europe

Considerably lower grain, soya and micro-ingredient prices reduced sales value per ton of product sold. In addition, Provimi experienced lower sales volumes, due to lower profitability for producers of meat, milk and eggs and the Group's more stringent credit policy. Sales and profitability of exports to Central and Eastern Europe were negatively impacted by declining local currencies.

Animal Nutrition Poland / Ukraine

The Polish market continued to be very competitive situation as in the second half of 2008. Nevertheless, after a slow start, volumes and margins improved in the period from March to June. The first results of the reorganisation programme, which started in the fourth quarter of 2008, started to come through. The Ukraine market was strongly affected by the economic crisis in the country, but Provimi has been able to continue its operations satisfactorily.

Animal Nutrition Other Central and Eastern Europe

The animal feed market showed some improvements in the second quarter of 2009. In April and May, African swine fever severely impacted pork consumption in Central and Southern Russia. Margin performance was good in all countries, despite lower volumes. Local currencies dropped significantly against the euro at the beginning of the year, but started to stabilise in the second quarter.

Animal Nutrition North America

The global recession has caused a decline of the number of animals in each specie group. Decreasing consumer demand and exports resulted in market prices below production costs. With fewer animals and producers reducing feed inputs wherever possible to conserve cash, volumes at Provimi's businesses were below prior year levels. The manufacturing plant in Marion, Iowa, was closed in May and manufacturing has been consolidated into the recently expanded factory in Fremont, Nebraska.

Animal Nutrition Latin America

In Brazil, Provimi's poultry, swine and ingredient activities improved compared to same period last year. The business showed increased profitability, generated by higher margins and cost reduction. The integration plan of Biovet into the other Latin American activities has made good progress during the first six months of 2009.

Animal Nutrition Other

Strong operational performance in notably Vietnam, China and South Africa was to some extent offset by certain currencies declining in value against the euro. Volumes were slightly down in most markets; however profitability remained solid on the back of improving margins. Provimi's business in Jordan came under pressure as a result of broiler meat imports to the country, reducing the size of the local broiler industry.

Pet Food

Performance continued to improve, with sales growth accelerating in existing countries and the opening of new markets and new accounts in notably Germany, Poland, and Romania. Service levels to customers and operational efficiency improved, opening new growth opportunities for the Group's pet food activities.

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, together with the Groups' half-year 2009 condensed interim consolidated financial statements will be available on the Group's website: <http://www.provimi.com> and will also be available upon request at the company's head office.