2011-2012 first-quarter turnover

Q1 in line with annual guidance

For the first quarter of financial year 2011-2012, the Bonduelle Group reported a turnover of EUR 417.8 million, against EUR 419.8 million the previous year.

On a like-for-like (LFL) basis at constant foreign exchange rates, turnover was up 2.5%, in line with annual objectives.

Turnover by zone

Total consolidated turnover (in millions of euros)	From July 1 to September 30 2011	From July 1 to September 30 2010	Variation at current foreign exchange rates	Variation at constant scopes of consolidation and exchange rates
Europe zone	304.6	309.7	- 1.6 %	0.8 %
Non-Europe Zone	113.2	110.1	2.7 %	7.6 %
Total	417.8	419.8	- 0.5 %	2.5 %

Turnover by processing technology

Total consolidated turnover (in millions of euros)	From July 1 to September 30 2011	From July 1 to September 30 2010	Variation at current foreign exchange rates	Variation at constant scopes of consolidation and exchange rates
Canned	222.7	216.8	2.7 %	3.7 %
Frozen	100.1	107.9	- 7.2 %	2.5 %
Chilled	95.-	95.1	0 %	0 %
Total	417.8	419.8	- 0.5 %	2.5 %

Europe zone

Gaining 0.8% at constant scopes of consolidation and exchange rates in the first quarter of FY 2011-2012, sales throughout the summer period were in line with expectations, responding to the extension of the “steamed” product range, and the introduction of mushrooms under the Bonduelle brand.

In the canned vegetable sector, the combination of high sales volumes and price revisions on branded products, boosted by solid distributor brand sales, were enough to offset the impact of shortages of certain products during the quarter, and the price concessions granted in 2010 in distributor-brand, which, as far as this category is concerned, negociated price increases for 2011-2012 do not come into effect until the second quarter of the exercise.

In the frozen-vegetable sector, with the new focus on brand in France and the Netherlands, and on the food-service market in Europe, sales saw a return to growth for the first time in 18 months, thanks to the very favourable reception enjoyed by “steamed” single-veg products among distributors, and the Group's July-1 sale of its branded-product business in Spain.

In the chilled-vegetable market, sales of delicatessen salad products were adversely affected by poor weather conditions, which even the sharp recovery observed in September could not compensate for. In the bagged-salad sector, the negative effect of the EHEC bacteria crisis in Germany was counterbalanced by the remarkable gains in market share in France.

Discounting cyclical effects (weather, EHEC crisis), the consumer climate, while at times showing marked differences from one country to the other, has remained globally satisfactory throughout the Europe zone.

Non-Europe Zone

On a like-for-like basis, growth in the Non-Europe Zone was up 7.6 %.

In Russian, the very strong growth in sales observed in 2010-2011 continued with the same trend in the first quarter.

In North America, despite low levels of consumption and an unfavourable USD-CAD exchange rate, sales volumes were up, benefiting from the significant revisions in negotiated prices.

Highlights of the quarter

Harvests

Barring the severe shortfall in peas in North America, and despite getting off to a slow start in some areas, the 2011 harvests—now completed for the most part—are in keeping with quality and quantity requirements, and are sufficient to keep processing plants operating at high production capacity.

Potential acquisition in Russia

On October 4th 2011, the Bonduelle Group announced exclusive discussions with Cecab regarding the latter's Russian agri-industrial and commercial assets (i.e., regarding the acquisition of the d'aucy and Globus brands of processed vegetables) in Russia and CIS countries (Community of Independent States).

With a commercial presence in Russia and the CIS countries since the mid-90s, and agri-industrial operations in Russia since 2004, Bonduelle now occupies the leading position in the canned-vegetables sector in this area.

Supplies to the Group's markets in the region are assured through its Hungarian plants (40%) and its Russian plant in Novotitarovskaia (60%), which is currently operating at maximum capacity.

To meet the Russian facility's supply requirements, the Bonduelle Group operates, through long-term lease agreements, two fully irrigated kolkhozes (production farms) of more than 3,000 hectares each, which provide the Russian processing facility with 60% of their raw-vegetable needs. These internally produced raw-vegetable supplies are supplemented through various external crop production contracts.

In 2007, the Cecab Group, which has had a presence in Russia since 2001, invested in the construction of a plant in Timachevsk, situated 30 kilometres from the Bonduelle plant.

Additionally, the Cecab Group, through a long-term lease agreement, operates a 6,000-hectare to supply its plant with raw-vegetables.

The Bonduelle Group has entered into exclusive discussions with the aim of:

- acquiring the Cecab Group's commercial assets, i.e. sales under the d'aucy and Globus brands (acquired in 2007);

- quickly ramping up crop production at the Cecab kolkhoze through an increase of the production capacity of the Timachevsk facility;
- capitalizing on the obvious synergies to be gained as a result of the geographic proximity of the two agri-industrial facilities (logistics, ...), which are both located in the Krasnodar Krai (Kuban Province, south of Russia).

This project, which is conditional upon the approval of the Anti Trust Authorities, could be finalized in the winter of 2011, with the operational phase being implemented in time for the 2012 planting and harvesting seasons.

Prospects

In light of the quality of recent harvests, and the progress observed in the markets it serves, the Bonduelle Group is able to confirm the announced objectives of a 5% increase in turnover (on an LFL basis) and a very substantial improvement in profits (EUR 95-100 million in operating profit).

Upcoming publications
- Fiscal 2011-2012 half-year turnover: February 2, 2012
- Fiscal 2011-2012 half-year results: 29 February 2012