

Press Release

Pig sector: Avril and Tönnies in exclusive negotiations to create a company to manufacture products made of 100% French meat

- **The two partners are planning to set up a joint enterprise dedicated to developing supplies of 100% French products to be sold by major supermarkets.**
- **In a context where the French trade balance in pork is seeing a growing deficit, and imports that have risen by more than 60% during the past fifteen years, this plan aims to reconquer the domestic market for processed products.**
- **The plan is based on Avril's quality approach to the sector which places value on products guaranteed as "5F": born, raised, slaughtered, butchered and processed in France.**
- **New industrial facilities should open in the near future, enabling the creation of 60 jobs. The unit will combine the expertise of Tönnies in the area of processed products, and of Abera, an Avril Group subsidiary, in slaughtering and butchery.**

Paris (France) and Rheda-Wiedenbrück (Germany), 29 October 2015 – Avril and Tönnies, major actors in the European pig industry, are planning to combine their respective skills to develop a sector for 100% French pork products. The two partners are thus aiming to increase the share of French pork among the processed products available, notably in supermarkets, where the Tönnies' meat and convenience branch »Tillman's« is specialized in.

► **A joint enterprise benefiting from new industrial facilities to exploit French pork production**

This planned alliance provides for the creation of a joint enterprise to combine the skills and expertise of both partners within a new butchery and processing plant.

The new facilities should represent an initial investment of nearly €6 million. Wholly devoted to exploiting French pork from Avril's quality sectors, they should in the first instance enable the creation of 60 jobs in a sector that has been severely affected by the current economic climate.

Products from these new facilities will adhere to the "5F" quality approach driven by Avril, which guarantees the use of pigs that are born, raised, slaughtered, butchered and processed in France. These products could partly replace imported raw materials, notably to supply ranges of convenience foods sold in the charcuterie and fresh product departments in French supermarkets.

The products will comply with stringent specifications designed with the livestock farmers so that French consumers can be offered goods that are adapted to their changing demands with respect to the quality and origin of meat products.

► **In an unfavourable market context, two groups with complementary know-how and skills, mobilised to highlight the value of French pork products and reconquer the domestic market**

Under this planned alliance, Abera, an Avril Group subsidiary, will supply pork that is guaranteed "5F", thus consolidating its positions in slaughtering and butchery. Avril will also draw on the expertise of another of its subsidiaries, Sanders (the leader in France for animal nutrition and production) and its in-depth knowledge of different livestock sectors, particularly regarding the compilation of specifications. On its side, Tönnies, a German, family-run group specialised in the slaughtering of pigs

and cattle and processing their meat, will be able to broaden its range of fresh and processed pork products sold by supermarkets in France.

In an unfavourable market context, this plan will offer new market prospects for the French pig sector and its farmers, the objective being to reconquer the domestic market for processed products with high added value. Indeed, in 2014, for the second consecutive year, the French pork trade balance recorded a deficit of €247 million, versus €65 million in 2013. In 2012, the French pork trade balance had been in surplus by €44 million, versus €168 million in 2000 (source: French customs/INRA, SMART-LERECO).

The current situation is characterised by an increase of more than 60% in the value of pork imports since the 2000s (from €1,011 million in 2000 to €1,655 million in 2014). These imports mainly concerned processed products with a high added value (around 30 % of French pork imports in 2014), which are the subject of the partnership between Avril and Tönnies.

In parallel, although French pork exports have grown by nearly 20% in value terms since 2000, this has not restored the balance and since 2012 they have seen a marked downturn of nearly 12% in value terms (from €1,595 million in 2012 to €1,408 million in 2014). These exports mainly concern unprocessed products with bone (around 32% of French exports in 2014),

The Avril and Tönnies groups will make every effort to ensure that all the partners and employees central to development of this plan will be able to play an active role in the success of this new and ambitious opportunity for the French pig sector. Achieving this project is subject to several conditions. The period of exclusivity will be used to finalise a draft agreement under which the operation can be implemented, on condition of obtaining the necessary licences, notably from the competition authorities.

According to **Jean-Philippe Puig, CEO of the Avril Group**: "French consumers today are looking for suppliers that can offer 100% French products, with irreproachable traceability and quality. This is a positive trend for our livestock industry, on condition that we know how to respond through our practical actions. That is the reason for this strategic partnership, which will see a German leader in its sector choosing to ally its forces with a high-performance French partner so that its products will contain high quality French pork."

And **Karl-Heinz Schlegel, executive board member and head of convenience division at Tönnies** agrees: "We wanted to find a partner with which we share the same values in order to develop a long-term supply of products adapted to the demands of the French market. Avril's quality approach and its 5F guarantee have convinced us that they will be able to meet the challenges at all levels of the value chain, without forgetting livestock farmers upstream and consumers downstream."

For **Michel Bellaïd, President of the Porc Armor Evolution producer group**: "The combined structuring of sectors associating livestock farmers with the markets for their products is a promising response to the current economic situation. Everyone can win from this plan, as it offers real prospects for livestock farmers to reconquer markets that have been taken over by imports. It also offers real prospects for agribusiness to supply consumers with products that meet their requirements. In the current crisis context, this plan is therefore a strong signal for all actors in our industry."

About Abera:

Abera (<http://www.abera.fr>) is a subsidiary of the Avril Group specialised in the first and second stage processing of pork. It is based in Saint-Brice-en-Coglès, in Brittany. Benefiting from lengthy experience and its 650 partner livestock farmers, Abera slaughters about one million pigs (93,000 tonnes) each year.

About the Avril Group:

Set up in 1983 at the initiative of French farmers in order to assure the future of the vegetable oil and proteins sector, Avril (www.groupeavril.com) has become a major industrial and financial group that is developing in France and internationally. Present in sectors as diverse as human foods and animal feeds, renewable energies and chemistry, Avril owns a portfolio of strong brands that are leaders in their markets: Diester®, Sanders, Lesieur, Puget, Matines, Bunica, Taous, etc.

In more than 30 years, the Group has changed in size but its purpose has remained the same: to create sustainable value in the vegetable oils and proteins sector while contributing to better foods for humans and preservation of the planet. To fulfil its mission, Avril draws strength from its industrial activities organised in two clusters - the Oilseeds Division and the Animal Products Division - and from its financial arm, which operates through Sofiprotéol, its finance and development company.

In 2014, the Avril Group achieved turnover worth €6.5 billion. As at 31 March 2015, it counted 7200 employees working in 22 countries. www.groupeavril.com

About Tönnies:

The Tönnies Group is a German based family owned company. Since 1971, Tönnies has worked in a traditional craft with a forward-looking approach. Today the factories belong to Europe's most modern meat factories.

The top quality meat is produced at the high-tech locations in Rheda-Wiedenbrück, Beckum, Herzebrock, Kellinghusen, Kempen, Legden, Sögel, Weißenfels and in Brørup in Denmark. The core competencies are slaughtering, cutting, refining and marketing beef and pork. The corporate group is characterised by their great amount of innovativeness and dynamics.

The »Tillman's« branch of the company is focused on shelf ready packed meat and convenience products and by far the biggest specialized player in this segment of the German market. Tillman's has the full ability to manufacture meat and convenience according to consumers demands in different countries. Chefs and food technologists work hand in hand to develop new ideas and products.

In 2014, the Tönnies Group achieved a turnover worth € 5,6 billion and counts 8.500 employees. <http://www.toennies.com/>

About Porc Armor Evolution:

Porc Armor Evolution is a pig farmers cooperative based in western France. One of the major actors of pork production, the cooperative includes 700 members in 15 départements in western France. In 2014, Porc Armor Evolution achieved a turnover worth € 261 million and commercialised 1,800,000 pigs.

The purpose of Porc Armor Evolution is to market and promote the cooperative's members' productions and to provide its farmers with the level of professional service required for quality pig production. www.porc-armor.com

Contact:

Tom Doron, Avril
+33 (0)1 78 14 80 09
tom.doron@groupeavril.com