

## Press release

Olivet, 11 December 2020

### SHAREHOLDERS' MEETINGS AND ANNUAL RESULTS

On 10 December 2020, the Board of Directors laid the accounts for the financial year to 30 June 2020 before the Shareholders' meetings.

**Despite the effects of the pandemic, Axereal demonstrated a high level of resilience during the 2019-2020 season.**

**With its robust financial structure and a clear and ambitious strategy focusing on the agricultural and nutrition transition, the cooperative is perfectly equipped to transform its agricultural and food industry businesses in 2021.**

Jean-François Loiseau, Axereal Chairman, said: *"Despite the challenges of the pandemic and the additional logistics costs caused by the strikes in France in December and January, our Group displayed resilience and efficiency this year by achieving business continuity, and proved its financial strength too. Now more than ever, we are convinced that, while we must remain true to our cooperative roots, the time has come to completely overhaul the way we operate. This year has shown us that we need to refocus on generating value, as much for our farmer members as in our processing businesses. In line with our commitment to creating value from each grain we originate, our future structure will feature two strong clusters: our operations in France, and our international malt business. In 2021, we will focus our investments on pursuing work to set up channels that provide the highest incomes to farmers, adapting our origination and processing facilities to meet new market expectations, continuing to roll out the digital transition throughout our operations and supporting farmers as they move away from chemical solutions towards organic, mechanical or genetic alternatives."*

#### Origination: 4.6 million tonnes of grain originated

In our agricultural businesses, the 2019 harvest is up 9% by volume compared to 2018 (4.6 million tonnes vs 4.2 million tonnes).

The strategic shift we have made towards specifications channels to add more value to farmers' productions is paying off: **11% more grain traded under channels<sup>(1)</sup>, 77% more farmers** (4,000 in total) **signed up to the CultivUp sustainability initiative** (sustainable channels). **We have recently received "HVE2" high environmental value certification from the French Ministry of Agriculture for this continuous improvement strategy.**

We have set our sights on **originating one million tonnes of grain from defined specifications channels by 2022**, across all crops and all markets, so that our farmers can enjoy the attractive premiums that such channels attract. Indeed, contracts such as HVE (high environmental value), SRP (pesticide-residue free), CRC (controlled sustained farming) and SIS (zero-insecticide storage) are set to gradually become the norm. Low-carbon food production channels will rapidly follow in the footsteps of the low-carbon bio-fuel channels that we have pioneered. We will prioritise bespoke projects for processing clients, so that farmers can position themselves in the markets best placed to keep pace with changing consumer expectations.

**EBITDA: our businesses have grown despite the significant impact of the pandemic<sup>(2)</sup>**

**EBITDA was €139m, an increase of 28% on last year.** Organic growth across the various businesses is up 7 % on the previous reporting period. This growth was generated by both the malt business and the grain chain, milling and livestock divisions.

During the first half of 2020, the overall business environment was profoundly affected by Covid-19. At that stage, the impacts of the health crisis for us were mainly volume losses due to a depressed beer market resulting from the lockdowns put in place in the various countries. **As at 30 June 2020, we estimated the overall impact of the pandemic across our businesses at €21m.**

Paul-Yves L'Anthoën, Axereal CEO, said: *“Our EBITDA growth is a result of our strong financial structure and the Board’s commitment to an ambitious long-term vision. On the basis of these results, we can now begin transforming our business model to support growth and to continue to thrive in an economy that we know will feel the effects of the crisis for some time to come. The last few months have really brought home how important the digital transformation is to a cooperative group like ours. Our project will give us the opportunity to completely rethink the way we achieve our local focus. Accordingly, we will continue to reinforce our regional governance structures this year, with a thorough review of our business policies. In the field, our teams will concentrate on adding value for the farmers they work with. All the other aspects of their relationship will be digitised, to increase efficiency and competitiveness.”*

### **Turnover: up 12% on the previous year**

The Group posted turnover of €3,027m, up 12% on the previous year.

### **Two new administrators for Axereal**

On 10 December 2020, two new administrators joined the cooperative’s Board of Directors. Both already sit on regional councils and were part of the first Axereal cohort to earn the “Cooperative Governance and Strategy” certificate at Paris-Dauphine University.

**Valérie Leguereau**, age 41, holds an accounting and financial management qualification and a vocational certificate in farm management. She has been running a mixed crop and livestock (poultry) farm at Villemardy (Loir-et-Cher), in Axereal’s Grand-Ouest region, since 2010.

**Xavier de Verneuil**, age 36, is an agricultural engineer who qualified at Purpan Graduate Engineering School. He has been running a field crop farm at Maillet (Indre) in Axereal’s Boischauberry-Bocage region since 2015.

Alex Bertrand and Jean-Marc Dupré, who had served as Administrators since 1981 and 1984 respectively, left the Board. *“We would like to thank Alex Bertrand and Jean-Marc Dupré for their many years of hard work. Through their vision, they have contributed to Axereal’s sustained growth and its contribution to the common interest and the areas in which we work,”* said Axereal Chairman Jean-François Loiseau.

#### **Axereal press contact**

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<sup>(1)</sup> All channels, including organic, speciality crops, specifications and manufacturing

<sup>(2)</sup> After restatement of 2019-2020 figures for the impacts relating to the allocation of the Cargill Malt acquisition price.

**About Axereal**

Axereal is one of France's foremost cereals cooperative groups, with locations in France and across the world, specialising in growing and processing cereals for the brewing, baking and livestock industries. Axereal has 12,700 cooperative members and 4,000 employees. It generates turnover of around €3 billion per year. As the leading originator of sustainably produced grain, Axereal helps bring high-quality food to the market and aims to become the benchmark cooperative for sustainable agriculture. It has an international presence, operating in 20 countries (Argentina, Australia, Belgium, Bulgaria, Canada, Croatia, Ethiopia, France, Germany, Hungary, India, Ireland, Japan, the Netherlands, Romania, Serbia, Slovakia, Spain, the UK and the USA).

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