

Westfleisch 2009/2010: stable and sustainable

Despite decline of prices Westfleisch eG Muenster has achieved a turnover of € 1.9 bn / 6.2 m pigs slaughtered / First sustainability report according to the GRI standard / unchangedly high export ratio of just under 40 %

Press release

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German consumers still fancy meat. This pleasant news was presented to the members at the general meeting on Wednesday, 9 June 2009, by Dr. Helfried Giesen, Executive Board Member of Westfleisch eG, Muenster. In the serious economic and financial crisis of 2009 Westfleisch was able to successfully compete in the markets with a turnover of 1.887 bn euros, according to a report by Giesen and the Chief Financial Officer, Dr. Bernd Cordes. This was even possible in spite of a weaker domestic demand and volatile export markets.

We withstood the crisis well

The Fact that the prices were remarkably lower in 2009 as compared to the previous year led to a 6 % drop in turnover. The marketed quantity of sales dropped by a total of 0.9 % to 813,000 tons. According to Giesen this is due to the world-wide financial and economic crisis that led to a drop in turnover in the food industry as a whole. The customers were those who benefited from the "rounds of price decreases" that were meant to accelerate demand: For the first time they only have to spend about 11 % of their income on food – as little as never before.

Westfleisch eG slaughtered more pigs but less cattle. In 2009, around 6.22 m pigs and sows (+ 1.5 %) as well as 358.000 cattle and calves were processed in the meat plants of the

Westphalian group.

In the productive livestock segment our cooperative marketed 1.85 m piglets compared to 1.644 m in the previous year's period. This equals a 14.6 % growth.

Demand for meat unbroken

58 % of the meat produced by Westfleisch ended up on German plates. The overall meat consumption of the Germans rose slightly to 58.5 kg in the previous year. "This can safely be regarded as pleasing for the agricultural producers, the meat industry and the food retailers," Giesen said. The upward tendency in meat consumption and the consumers' returning confidence in environmentally friendly production is supported by our company through the 12 key facts of the "Qualitaetspartnerschaft Westfleisch" that was launched three years ago.

Climate protection, life cycle assessment and sustainability were also playing an increasingly important role in the interaction between producers, trade and consumers. Environmental protection and animal welfare as well as important social and societal requirements are stipulated in the modules in addition to quality standards.

Industry starter with sustainability report and carbon footprint

For the first time in its 82-year history the group has presented a sustainability report at the general meeting. This report is industry-wide the first to fulfil - independently confirmed by the renowned certification body SGS Germany GmbH - the extensive and internationally recognized GRI (Global Reporting Initiative) criteria. It achieved the assessment "B+". The basis of a report according to GRI is transparency, its aims are standardization and comparability. Giesen: "By this, we document the aspects developed by the Qualitaetspartnerschaft Westfleisch and show verifiably the way in which our group takes

economic, ecological and social issues into account and handles them sustainably.”

Westfleisch also was the first company of the meat industry issue a carbon footprint for the entire process chain in the production of pork at the beginning of 2010 against the background of the debate about meat consumption. The production of 1 kg of pork meat at Westfleisch generates 3.2 kg of CO₂ equivalents which is comparable to the emissions caused by a 20 km trip in a medium-sized vehicle. “In the future, Westfleisch will be able to score highly in terms of climate protection and sustainability,” Giesen said. Sustainability was per se part of our company's mission statement. For farmers, who had to think in terms of generations, sustainable economic activity was part of their self-conception. Giesen assured the members: “Through our ambitious efforts to achieve sustainability we have been able to develop a real image advantage in the industry.”

A guaranteed raw material basis

Westfleisch has got a contractually-guaranteed and controlled raw material basis in the region. Thus, under BestSchwein contracts, farmers delivered as much as 74 % or 4.8 m pigs to the meat plants of the Westfleisch group - exclusively and with purchase guarantees.

Westfleisch's sales volume remains characterized by its high export ratio of 39.5 %. About 321,000 tons of meat and sausage products were distributed by the group to the domestic market and to third countries. Our external sales are at around 596 m euros, their share of the overall turnover being at about 31.6 %. Due to the economic and financial crisis Westfleisch's export tonnage and the turnover in the EU single market dropped in 2009 by 2.8 % and 12.7 % respectively. The volume of sales to third countries rose again (6.7 %). Here, the sales of meat to Russia and China is especially

satisfactory.

Bonuses and dividends for the members

Chief Financial Officer Dr. Cordes commented on the cooperative society's members that Westfleisch's economic results have remained on the level of the two previous business years. According to him Westfleisch has extended its equity capital base in the face of the worldwide financial and economic troubles. "Our balance sheet shows," Cordes pointed out, "that this has been the right decision." The results also allowed the distribution of dividends and special bonuses to the members. The 4,087 contract partners of Westfleisch received bonuses of over 15.6 m euros last year. The cooperative paid a dividend of 4.5 % on the business assets deposited by the members.

Facts & figures	2009	2008	+/-
Turnover ¹	€ 1,887.0 m	€ 2,007.9 m	- 6.0 %
Total sales ³	813,000 t	820,600 t	- 0.9 %
Sales Meat ³	786,600 t	796,900 t	- 1,3 %
thereof export ²	281,010 t	283,900 t	- 1.0 %
Total assets ²	€ 239.1 m	€ 257.2 m	- 7.0 %
Investments ²	€ 10.9 m	€ 23.1 m	- 52.8 %
Annual surplus ²	€ 10.7 m	€ 5.1 m	+ 109.8 %
Owners equity ²	€ 111.1 m	€ 94.7 m	+ 17.3 %
Equity ratio ²	46.5 %	36.8 %	+ 26.4 %

¹ consolidated; ² Westfleisch eG; ³ WF-Group excl. FVZ Westfood GmbH