

Meat marketer Westfleisch: 2011 - a year of records

Westfleisch eG, Muenster/Germany, 2011 with turnover plus of 14 % to more than 2.2 bn Euros / Sales and pork production at all-time high / Export boom to Far East and Eastern Europe

Press release

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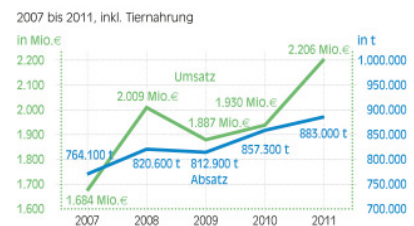
For Westfleisch the business year 2011 developed into a year of records. For the first time the Westphalian group's overall turnover increased to more than 2.2 bn Euros (2010: 1.93 bn Euros), a plus of 14.3 %. „This is a new all-time high. We have closed the year 2011 with a straight economic result“, illustrated Dr. Helfried Giesen, Spokesman of the Managing Board, at the general meeting in Muenster on Thursday, 31 May 2012.

Export is driving force

The export of meat and meat products of the co-operative again increased significantly in 2011, 42 % of the products were sold abroad. In the previous year it was 335 400 tons and thus just under 13 % of all German meat exports. During the last ten years the rate of the export activities of Westfleisch turnover has increased by 33 %, the beef export has grown by 25 %. The group being a farmer co-operative is hence the unchallenged No. 3 meat marketer in Germany and ranks amongst the top 5 in Europe.

In the meat processing the year 2011 also ends with a historical record: for the first time in the 84-years history Westfleisch processed more than 7 million pigs, Giesen reported to the

Konzernbilanz: Umsatz und Absatz



For more details see Annual Report 2011 p. 16-

shareholders in his annual balance report. The capacity 2011 reached 7.16 m pigs and sows, that is 8.9 % more than in 2010. „After a ten-years uptrend, the pig production has reached an all-time record in many places. More than every second pig (51.6 %) from the catchment area of Westfleisch in the northwest of Germany is sold abroad after having been processed in joints and cuts. The export share of beef amounted to 32.6 % by the end of the year. With 369 220 heads the capacity of cattle and calves slaughtered at Westfleisch remained almost unchanged.

Westfleisch's exports to third party countries have soared by +56 % during the previous year. Positive growth markets are located in the Far East and Eastern Europe. Exports to China grew „more than expected“ by 104 % in turnover and 60 % in tonnage. Giesen referred hereto not without pride: „Westfleisch meanwhile produces almost 30 % of the German meat exports to China“. Russia with a 15 % Westfleisch market share (2011) in the German total export is ranking among the heavy weights of the export markets for the Westfleisch group.

Growth against sector trend

Against the trend in the meat industry, Westfleisch was capable to sell 6.3 % more products on the market in business year 2011, with 883 000 tons of pork, beef, and veal this was more than ever before. The basis of the economic success of the co-operative with its 4 500 shareholders are the co-operation contracts existing for about two decades with farmers in Northwest Germany. The farmers benefit three times of the successful corporate development: as owners, as suppliers and as contractors. By the



*For more details
see Annual Report 2011 p. 36-38*

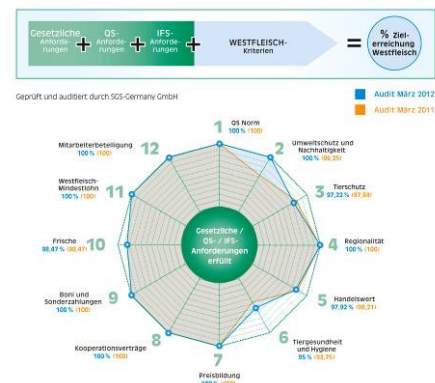
end of 2011, 2 235 “BestSchwein”-contracts were concluded, involving more than 5.4 m pigs for slaughter, 1 256 “TranspaRind”-contracts for some 103 000 bulls, cows and heifers, 275 “BestFerkel”-contracts for 400 000 piglets and 17 500 sows for slaughter as well as 31 “BestKalb”-contracts with about 40 000 calves as annual volume.

Mission statement “Partnership for Quality”

The „Westfleisch Partnership for Quality“ represents the reliable basis for the sustainable production of high quality meat. And it is becoming more and more important. “The acceptance of our products is increasingly affected by the general debate about appropriate livestock breeding“, emphasised Giesen the challenge for the corporation as well as for the farmers. Westfleisch therefore focusses its corporate aims across the entire process chain on the cornerstones sustainability, regionality and animal welfare. „Healthy animals deliver healthy food“, Giesen pointed out. „And our farmers have an elementary interest in their animals being healthy and feeling well.“

Further development of added value

Westfleisch intends to extend its value added chain. High quality and product safety without compromise have priority, Giesen underlined. The initiative „Aktion Tierwohl“, a special programme caring about animal welfare, which started successfully about one year ago, meanwhile is well established in the retail. More than 20 various products can be found in about 1 500 retail outlets. In the course of year 2011, the slaughter capacity has increased to more than 7 500 animals per week for animals



For more details see Annual Report 2011 p. 8-9 or visit www.westfleisch.de



For more details see Annual Report 2011 p. 28/29 and 34/35 or visit www.aktion-tierwohl.de

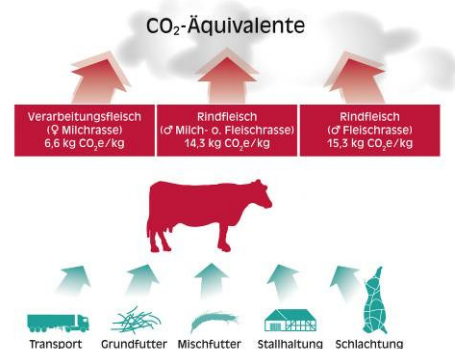
complying with the welfare initiative.
 „Particularly the animal welfare issue is becoming an important factor for consumers when they buy meat or sausage”, said Giesen. Westfleisch assumes the pioneering role for the entire meat industry. „Despite the increasing public discussions about vegetarianism, consumption seems to remain on a high level“, Giesen reckoned. However, he warns that as a matter of fact in Germany less meat is eaten than produced. „That means, the export to international markets is essential but it constitutes no sales guarantee.”

Investment plan: 150 million in five years

With a view to the current business year the Board expects for 2012 a stable export business in Europe, while prices for pigs will increase world-wide. The growth market remains Asia. Increasing raw material costs will particularly affect the added value sectors of the corporation for self-service fresh meat as well as sausage and meat products. In the context of “Compass 2015” strategy the Westfleisch board has passed a decision for an investment programme of 150 m Euros within the next five years upgrading the specialisation of the group’s facilities and the production’s quality.

CO₂-footprint for beef for the first time ever

In the general meeting Westfleisch presented a reliable CO₂-balance („Carbon Footprint“) for the complete process chain of beef production. The Westfleisch group has thereby now calculated and objectively verified the environmental impact of all red meat types e.g. pork, beef, and veal. The CO₂-footprint for the complete meat sector supplements the updated



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version of the sustainability report according to the standards of the Global Reporting Initiative (GRI), which the corporation has presented in the third year.

The livestock branch of Westfleisch supplies best and healthy animals for pig, calf, and bull fattening. Providing about 2 m piglets, the corporation furthermore is the biggest piglets marketer in Germany. Approx. 40 % thereof originate from the Netherlands or Denmark. 400 000 piglets were exported to Russia and other east European countries in 2011. The livestock centre Nienberge was able to produce a turnover plus of 2 % by selling 16 100 calves.

High shareholders' equity ratio

The total assets of Westfleisch eG increased in the recent business year by 20.7 % or 54.0 bn from 261.5 m to 315.5 m Euros. Carsten Schruck, being the successor of long-term CFO Dr. Bernd Cordes, presented for the first time as Member of the Board the balance sheet „Finance and Personnel“ of the Westfleisch eG.

The ratio of the shareholders' equity in the total assets amounts with 41.9 % (year before: 45.5 %) significantly above average in the meat industry. Westfleisch will yield a gross dividend of 4.5 % interest rate on the shareholders' business assets. In March 2012 Westfleisch successfully agreed with their banking partners on a financing package of 125 m Euros volume. „The financial basis for the further successful development of the Westfleisch group is hereby granted“, said Schruck.

Generation change in the committees

With the general meeting on 31 May 2012 an era at the top of the Westfleisch eG comes to an end: for reasons of age Heinz Westkämper resigns after 22 years from the Supervisory Board, whose chairman he was since 1955. As successor Josef Lehmenkühler (53) was elected, who had previously been a member of the Westfleisch eG Board. Gerhard Meierzuherde (44) will move into the Westfleisch Board. Meierzuherde, full-time farmer just as Lehmenkühler, previously was a member of the Supervisory Board of the Westfleisch Finanz AG.



*Josef
Lehmenkühler*



*Gerhard
Meierzuherde*

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Operating figures	2011	2010	+/-
Turnover ¹	2,206 m €	1,93 m €	+ 14.3 %
Total sales ¹	883,000 t	832,000 t	+ 6.3 %
thereof export ¹	373,200 t	342,700 t	+ 8.9 %
Total assets ²	314.0 m €	261.4 m €	+ 20.1 %
Annual profit ²	7.9 m €	6.6 m €	+ 19.7 %
Owner's equity ²	132.0 m €	118.9 m €	+ 11.0 %
Equity ratio ²	42.0 %	45.5 %	- 7.7 %

¹ consolidated; ² Westfleisch eG