

# **WESTFLEISCH-Group grows again**

**Press release**

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**Westfleisch eG, Münster/Germany, increases meat sales by more than 11 % in 2007 / proportion of exports grows further / 'Partnership for Quality' launched**

'Westfleisch made good use of its opportunities for growth in 2007', noted Dr Helfried Giesen, Managing Director of Westfleisch eG situated in Münster, at the general meeting on Thursday 12 June 2008. The Westfleisch Group produced and marketed 774,670 tons of meat and meat products last year, which accounted for an 11.2 % increase on the preceding year. 'The highest amount ever,' Giesen highlighted in front of the members in Münster.

The cooperative enterprise thus maintained its solid position in the market: Westfleisch is the third-largest meat marketer in Germany and among the five biggest marketers in Europe. The turnover of the Westfleisch Group accounted for around 1.684 billion euros (+1.1 %) in 2007. Turnover from exports rose by 12.8 % to 384 million euros.

Exports accounted for 32.5 % of sales and thus made the main contribution to the volume growth achieved by Westfleisch. Almost one third of the meat processed in the Westfleisch Group's meat

plants in Coesfeld, Hamm, Lübbecke and Paderborn as well as by the subsidiary companies WestfalenLand in Münster and Gustoland in Oer-Erkenschwick was thus exported to the EU and third-country markets (233,650 tons).

2007 saw a significant increase in the number of pig slaughters and the cutting of pigs and sows. The pig slaughters – including sows and contract slaughtering – rose to around 5.95 million animals (+11.2 %), 5.61 million pigs (+9,6 %) and 387,000 sows (13.7 %) were cut. This production was predominantly secured by around 4,000 cooperation-contracts with farmers with an annual volume of around 3.8 million pigs.

In the categories beef and veal, the development of the slaughter figures clearly exceeded the national trend. Thus, 2007 saw an increase of 1.9 % to 288,000 slaughtered cattle (nationwide -1.7%), while the 40,000 calf slaughters represented a decline of 2.3 % on the previous year. Nationwide, the drop accounted for 8.8 %.

'Many reputable retailers resort to our quality meat programmes >Transparind< and >Bestschwein< for their store brands,' Giesen explained. Amongst the top five meat marketers, Westfleisch is the only registered cooperative able to present so-called direct contracts with producers. In the light of the retail market's higher expectations with regard to the origin, safety and quality of meat, this gave Westfleisch a 'verifiable credibility', he added.

Giesen presented striking figures to the attended

members which demonstrated that cattle, pig and piglet producing farmers had to put up with 'disappointing economic results' in the past year due to oversupply and unusual increases in feed costs. 'The price will have to face up to the increased feed and energy costs in future.'

Consumers reaction to the low meat prices was a 'noticeable additional consumption'. On average, every citizen in Germany consumed a good 6.5 kg of Westfleisch meat in 2007 – after all, that accounts for more than 10 per cent of the country's total consumption. Overall, meat consumption rose 900 g to 60.3 kg per head and citizen.

Giesen is delighted about consumers' increased confidence in meat as a product and in the industry as a whole. He sees this as confirmation of Westfleisch's "Partnership for Quality", which started in 2007 and set the focus of the entire Group on the objectives quality, sustainability, partnership and fairness. Consumers increasingly pay attention to the efforts enterprises make towards harmonising ecological, economic and social aspects of their business. Giesen pointed out, 'The 15 components of our "Partnership for Quality" demonstrate that we have thought about this issue ahead of time, worked it out and are the first supplier in the meat industry to fulfil a Corporate Social Responsibility Standard – we even received SGS-certification in March 2008.'

This standard of strategic sustainability by taking into account environmental protection, animal welfare, regionality, a guarantee of freshness and

social responsibility met with recognition from both customers and the industry following Westfleisch's trade fair appearances at the most recent ANUGA in Cologne (October 2007) and the International Green Week Berlin (January 2008).

With a total annual surplus of 6.6 million euros after tax, CFO Dr Bernd Cordes considers the cooperative's target as 'fully achieved'. Westfleisch's contract farmers will benefit from the company's success with a significantly raised bonus with a volume of around 3.7 million euros; the shareholders of Westfleisch eG and Westfleisch Finanz AG will receive a gross dividend of 5 %; and the cooperative's 40 % equity position will be strengthened further.

Westfleisch likewise expects positive business results for the current business year 2008.

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<b>Operating figures</b>	<b>2007</b>	<b>2006</b>	<b>+/-</b>
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Turnover*	€ 1,684.2 m	€ 1,668,6 m	+ 1,1 %
Sales*	747,700 t	696,900 t	+ 11,2 %
thereof exports	233,650 t	211,340 t	+ 10,6 %
Total assets*	€ 317.0 m	€ 304.7 m	+ 4,0 %
Investments*	€ 20.0 m	€ 14.4 m	+ 38,9 %
Annual surplus eG	€ 6.58 m	€ 4.96 m	+ 32,7 %
Owner's equity dG	€ 89.0 m	81.8 m	+ 8,8 %
Equity ratio eG	40.3 %	39.9 %	+ 0,4 %

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