



L'Art de la Table  
1825

# Press Release

April 7, 2009

## **Arc International achieves its 2008 objectives and relies on innovation, its brands and its international development to face up to a difficult year in 2009**

**The world leader in tableware pursues its transformation programme and reduces its debt.**

An operational income of 39 million Euros vs. 10 million in 2007 demonstrating the relevancy of the strategic choices and an increasing industrial presence in emerging countries, as well as the efficiency of the transformation plan in progress.

This plan led the Group to divest non strategic activities such as Mikasa and Salviati and to refocus on its core business. The gross turnover, 20% down to 1.193 billion Euros reflects this change in perimeter. It also shows the effects of the recession in the global economy from which the Group began to suffer from in the second semester after enjoying a very good first semester.

In 2008, Arc International strengthened its balance sheet and pursued a policy of reducing debt. The net debt to EBITDA ratio reached a sound level, from 2.5 in 2007 to 0.95 in 2008. This improvement resulted from the sale of assets which were not essential for operations and from an optimised management of working capital.

Therefore, Arc International, the world leader in tableware achieved the financial objectives set for 2008 as part of its five-year-plan.

### **Main 2008 figures**

	<b>2007</b>	<b>2008</b>
<b>Gross turnover (in million Euros)</b>	1, 497	1, 193
<b>Operating income (in million Euros)</b>	+10	+39

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<b>Distribution of turnover by area (in percentage)</b>	<b>2008</b>
<i>European Union</i>	57 %
<i>North America</i>	12 %
<i>International</i>	31 %

<b>Distribution by activity (in percentage)</b>	<b>2008</b>
<i>Consumer Goods</i>	52 %
<i>Food service</i>	21 %
<i>B2B</i>	27 %

### **2008: a confirmation year**

The objectives set for 2008 were achieved due to the intensifying of the transformation programme.

- Pursuing the restructuration of traditional markets and more particularly the reduction of non competitive capacities in Western Europe.
- Launch of Chef & Sommelier brand confirming the success of products made from Kwarx<sup>®</sup> which continue to gain market shares.
- Sustained growth in high development areas (the Middle East, Asia, Latin America, Africa and Russia) thanks to the Luminarc<sup>®</sup> and Pyrex<sup>®1</sup> brands.
- Confirmation of technical leadership upholding the Group's innovation strategy notably through its technological and research centres.

### **2009: a Group prepared to face up to a crisis with uncertain prospects**

The first quarter of the current year is particularly demanding, as were the last months of 2008.

2009 is a year with low visibility. However, Arc International has many advantages that it will value in this difficult environment. Consequently, the transformation plan is being reinforced and programmes to adapt to the current economic crisis are being launched in all the units with the support of fully committed teams.

Arc International is present in 160 countries and owns localised production capacities close to major consuming markets. This allows the Group, in these troubled times, to capture quickly growth opportunities.

The Group also offers a portfolio of strong brands. The most renowned of them celebrated major anniversaries in 2008: 40th for Cristal d'Arques<sup>®</sup> Paris, 50th for Arcoroc<sup>®</sup>, and 60th for Luminarc<sup>®</sup>. A durability which shows its sustainable ability to anticipate and respond to the needs of its customers, professionals and individuals alike.

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## Arc International's strategic orientations

Arc International confirms its strategy in three major areas aimed at reinforcing its leadership and consolidating its competitiveness:

- Pursuing an active innovation policy with new ranges such as « Green Table » by Luminarc® which by responding to the economic and environmental expectations is successful with distributors.
- Reinforcing development of its brands through maintaining market shares in mature countries and speeding up penetration of high growth areas: Africa, the Middle East, Asia and Pacific, Russia.
- Improving value chain by:
  - Continuous search for productivity in all industrial units and extension of capacity closer to the markets, which will be done in 2009 at the plant in China,
  - Shorter product/collection development, made possible thanks to the "Time to market" project,
  - Ambitious reduction of stock level while maintaining a high service rate.

### **Guillaume de Fougères, Chairman of the Board, Arc International** declares:

*« The crisis we are going through is one of the deepest ever. If we have a limited visibility over the next months, I however know that I can count on motivated teams. Our production system is more and more competitive, and our strong innovation capacity upholds renowned brands. We are present on all tableware segments and all markets with a well positioned industrial and commercial organisation. As the world leader, we provide our customers responses which are suited to their needs. With a reduced debt, Arc International is better prepared to face up to a crisis which it is getting ready to come out of stronger than before. »*

### **Arc International, l'Art de la Table\* 1825**

Arc International employs 13 000 people worldwide including 9 000 in France. The group, whose head office is located in Arques, in the French Pas-de-Calais region, achieved a turnover of 1.2 billion Euros in 2008. Armed with its know how in glassware, it developed globally and diversified its activities through the integration of materials other than glass. Today, it markets a full range of tableware products in more than 160 countries.

The Group covers the Consumer Goods and Food Service markets through a portfolio of brands, Luminarc®, Arcoroc®, Cristal d'Arques® Paris, Pyrex®<sup>1</sup> and Chef & Sommelier. For more than 40 years the Group has also been addressing professional customers – industrialists, traders, manufacturers of semi-finished and finished products, and service providers – by offering them tailored-made solutions to meet their specific requirements (for industry, advertising, premiums and customer loyalty programmes).

Arc International is present in five continents with production sites (France, Spain, USA, China, UAE), distribution subsidiaries (France, US, UK, Spain, Australia, Mexico, Brazil, Japan) and sales offices.

Finally, the Group has adopted a strategy of sustainable development in order to balance economic requirements, social responsibility and respect for the environment, and joined the U.N.'s Global Compact in 2003.

\* Tableware

<sup>1</sup> Pyrex® is a trademark of Corning Inc., licensed by Arc International Cookware SAS in Europe, the Middle East, and Africa

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