



L'Art de la Table  
1825

# Press Release

April 17, 2008

## Arc International confirms its turnaround

**The world leader in tableware releases its results. A profitable 2007 year that demonstrates the relevancy of its strategy.**

For 2007, Arc International announces a turnover of 1.497 billion Euros, 9.9% higher than the previous year and a positive operating income of more than 10 millions Euros, meaning a progression of 33 million Euros year on year.

These good results were achieved in a difficult economic environment marked by an increase of the energy costs (+15 million Euros compared to 2006) and the continuous depreciation of the American dollar.

The 2007 results demonstrate the relevancy of the turnaround strategy implemented over the last four years.

Such an improvement in the results combined with a lower working capital requirement, the sale of some real estate and the elimination of sources of loss have allowed the reduction of the debt. Therefore, the Group's net debt to EBITDA ratio has gone down from 4.5 in 2006 to 2.5 in 2007. **The Group's fundamentals are now sound again and its developments are ensured.**

Arc International holds a preponderant place on its market. It is twice the size of its first competitor and three times bigger than the second one.

### Main figures of 2007

	2006	2007	2007 vs 2006
Turnover (in million Euros)	1,361	1,497	+9,9%
Operating income (in million Euros)	-23	+10	+33

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<b>Distribution of turnover by area (%)</b>	<b>2007</b>
<i>Europe (but Eastern European countries)</i>	50%
<i>North America</i>	23%
<i>International (including Russia and Eastern European countries)</i>	27%

<b>Distribution of turnover by activity (%)</b>	<b>2007</b>
<i>Consumer Goods</i>	57%
<i>Food service</i>	18%
<i>BtoB</i>	25%

### **2007: the group in marching order**

The group is undergoing massive changes, mainly based on the following:

- The setting up of a corporate governance based on a new relationship between the shareholders and the management,
- The definition of a strategy focused on high growth and value added markets,
- The setting up of a 5-year-plan, real « contract » between the shareholders and the management on the main actions below:
  - o **Selling and stopping non profitable activities** such as Salviati and the Mikasa® stores in the US,
  - o **Restructuring the "historic" markets** (France and Spain) where the group is well established although the profitability is not sufficient.
  - o **Speeding up business development on Food Service activity**, which features powerful growth levers,
  - o **Speeding up business development on high growth countries** such as Russia, China, the Middle East and South America.

### **Geographical rebalancing**

The European market (but Russia and other Eastern European countries) accounts for the majority of Arc International's earnings with a turnover of 754 M€, i.e. 9.6% growth compared to 2006.

In order to consolidate its market share and improve its margins, the group started to develop high value added products based on innovative technologies.

The Arques plant is the spearhead of this strategy with a concentration of know-how, expertises and industrial capacities which are unique in the world. Between 2004 and 2010, more than 200 million Euros would have been invested mainly devoted to the revamping of production tools and the installation of new high technology lines such as Kwarx®.

By 2010, this plant will be in position to play a full role on the European markets.

In North America, despite Mikasa®'s difficulties, the group achieved a turnover of 345 M€ in 2007 (progressing by 4.6% compared to 2006).

Meanwhile, the group develops itself on high growth markets such as Russia, Eastern Europe, Asia, the Middle East and South America. **Over three years, Arc International has doubled its turnover on these markets**, which account for more than \$500 Millions.

These good results were obtained thanks to the continuous reinforcement of the Group's marketing, sales and industrial means on all of these markets.

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## Priority to high growth sectors

On its main historic mass markets, France and Spain, Arc International has progressed by 4% (250 M€) between 2006 and 2007. This development is built around design, technical and trendy ranges of products (colours, shapes, materials).

The group intensifies its development in high growth sectors:

- Food Service is one of Arc International's major development areas. Over the last four years, its turnover features a yearly growth rate of 10% and its results 20%.
- Oenology is another opportunity, thanks to new technologies such as Kwarx<sup>®</sup>, with 60 million glasses sold in the world in 2007, i.e. an annual progression of 30% over the last three fiscal years.

## 2008: speeding up competitive growth

**Patrick Gournay, Chairman of the Board of Arc International** declares: « 2007 was an important step in the group's turnaround. Being profitable again confirms the efficiency of the strategy that was set up four years ago. However, it is not done. We will need to pursue our competitiveness efforts and speed up our international development »

The group will therefore continue to invest in R&D which gathers more than 100 employees on the Arques site.

Investments will be shared between Europe and the rest of the world: for each Euro invested in Europe, another Euro is spent in the other regions.

Pursuing its competitive growth strategy, Arc International aims, in 2008 and beyond, at increasing significantly its operating income.

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

Arc International employs 15, 000 people worldwide including 9000 in France. The group, whose head office is located in Arques, in the French Pas-de-Calais region, achieved a turnover of 1.5 billion Euros in 2007. 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<sup>®</sup>, Arcoroc<sup>®</sup>, Mikasa<sup>®</sup>, Cristal d'Arques<sup>®</sup> Paris, Pyrex<sup>®1</sup>, Chef & Sommelier and Studio Nova<sup>®</sup>. 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<sup>®</sup> is a trademark of Corning Inc., licensed by Arc International Cookware SAS in Europe, the Middle East, and Africa*

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