



L'Art de la Table
1825

Press Release

Arques, (France) April 7, 2011

Resulting from a strong presence in emerging markets and the acceleration of its transformation plan, Arc International is profitable again

- **Sales up by 8% compared to 2009**
- **Current operating profit of €41 million and net profit of €10 million**
- **Continuous recovery of profitability as a result of structural changes**
- **A major and growing presence in developing regions**
- **Capitalization on brand strength and product and innovation**

In 2010, Arc International recorded gross sales of €1.1 billion, up 8.1% compared to 2009. The past year was positive for the Group as a result of the implementation of its on-going transformation plan and strong brand recognition, particularly in emerging markets (Russia, China, Middle East and South America), which account for 36% of global sales. The considerable growth in sales in these countries (+26%) is in contrast to the weak performance in Western Europe. The distribution between the Group's business units (Consumer Goods, Food Service, Business to Business) remains balanced.

Current operating profit amounted to €40.6 million, compared to a loss of €33.6 million in 2009 (*IFRS like-for-like*). Total net profit was **€10 million**.

Profitability was mostly carried by the Group's strong presence in emerging countries, as well as by recovery in North America and the initial results of the transformation plan launched in France in 2009.

Good performance in **emerging countries**, boosted by an increase in production capacity in China, played a major part in bolstering results for 2010. Recovery in **North America** has meant a return to profitable growth resulting from a review of the business model used. In **Europe**, sales are slightly up but are still impacted by considerable price pressures. In order to increase market share within this region, major efforts have been made to develop the entry-level product offering and private label products.

This significant improvement was made possible by the implementation of restructuring projects that will increase the Group's ability to compete. The operating model implemented aims to reduce production costs in France to a level that will allow significant local sales to be sustained, while at the same time increasing production volumes and investing in research, development and marketing.

The net debt to EBITDA ratio for 2010 was 0.67, its best level in five years. Aggressive and improved inventory turnover and control of investments allowed the cash position to be kept under control. Debt levels have been constantly monitored in order to allow the investments needed to continue the Group's strategy and expand business.

Key figures for 2010 (IFRS)

	2010	2009
Gross sales (in millions of euro)	1103	1020
Current operating income (in millions of euro)	40.6	(33.6)

Breakdown of gross sales by region (expressed as a percentage)	2010	2009
<i>European Union</i>	51%	56%
<i>North America</i>	13%	14%
<i>International</i>	36%	30%

Arc International will continue its growth into 2011, focusing on the following four strategic areas:

- **Innovation**

True to its position as the market leader, Arc International is pursuing its innovation plan with investments in research and development, primarily at its Arques site.

The Group recently presented its new range of glass plates decorated with organic inks. By no longer using heavy metals to make enamel, this decorative range is now energy-efficient and even more environmentally-friendly. The innovation received an enthusiastic reception at the Frankfurt Fair last February.

In addition, Arc International developed new glass materials and has installed new furnaces at its Arques plant with unrivalled energy-efficiency and environmental performance.

- **Brand strength**

The group is benefiting in all its markets from widespread recognition of its brands (Luminarc®, Arcoroc®, Cristal d'Arques® Paris, Pyrex® and Chef & Sommelier).

In order to increase market penetration, Luminarc®, the first global tableware brand, will be the center of advertising campaigns using several media (television, billboards, etc.) in numerous countries including Russia, China, the Middle East and France.

- **Market growth**

The Group continues to experience growth in emerging markets, which represent an increasing source of revenues. In China and the Middle East, all available production capacity is being used and the forthcoming installation of a new furnace at the Ras-al-Khaimah site in 2011 will double production capacity in the United Arab Emirates.

Growth zones are priority areas for the Group's industrial development.

- **Improving the value chain**

The operating income of the Arques site, whilst having strongly improved, remains negative and is the focus of the Group's transformation plan. Steps already taken to improve the value chain are continuing, with increased efforts to maximize inventory turnover and the implementation of the previously-announced restructuring plan. This site must achieve the planned gains in competitiveness of 20% in order to guarantee a sustainable and profitable activity based on its know-how and renowned technical skill.

The good practices that have been developed are being gradually rolled out across the Group in order to ensure continuous improvement at other production sites.

According to Guillaume de Fougères, Chairman of the Board of Arc International,

"The strategic transformation plan is starting to bear fruit. We have stepped up our research and development program, strengthened our presence in high-growth countries and undertaken a major efficiency drive, thanks to great commitment from our teams. The Group has now laid the foundations needed for sustainable profitability. In 2011, we are predicting growth similar to that which was seen last year. We are confident in our ability to take advantage of more favorable market conditions, in our strengthened industrial competitiveness and in the recognition of our brand portfolio, which is a major asset. The Group has set itself the target of doubling its current operating profit by 2013. Emerging markets will account for 50% of global sales by 2015."

Arc International, l'Art de la Table 1825

Arc International employs 11,700 people worldwide, including approximately 7,200 in France. The group, whose head office is located in Arques, in the French Pas-de-Calais region, achieved gross sales of €1.1 billion in 2010. Armed with its know how in glassware, it developed globally and currently markets its complete tableware ranges to 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® and Chef & Sommelier. For over 40 years, the Group has also been serving professional customers – industrial groups, wholesalers, manufacturers of semi-finished and finished products, service providers – with a wide range of tailor-made solutions to meet their specific needs (industry, advertising, premiums, loyalty).

Arc International is present in five continents with its production sites (France, United States, China and United Arab Emirates), distribution subsidiaries (France, United States, Spain, Australia, Mexico, Brazil, Japan, South Africa) 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.

1 Pyrex®, property of Corning Inc., is operated by Arc International Cookware SAS under an exclusive license in Europe, the Middle East and Africa.

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