

LETTER TO SHAREHOLDERS

No. 12 – November 2004

> France > Belgium > Netherlands > Spain > Italy > Germany > Russia > Poland >



DEAR SHAREHOLDER,

The fiscal year 2003/04, the historic year of our one hundred and fiftieth anniversary, was clearly aimed at long term continuity while ensuring satisfactory profitability in the short-term, despite a distinctly unfavourable climate as regards consumer activity, and fluctuations in both exchange rates and weather conditions.

People

150 years: an exceptional jubilee of this kind deserved to be celebrated. This was a perfect occasion to join up with Lille, the European Capital of Culture sponsored by our Group, and celebrate the two events at the end of 2003. Above all, it was an ideal opportunity to involve the company's 5,884 full-time staff. Given the rapid growth rate of recent times, nearly half of them were not even there only five years ago!

The Board of Directors attended some 45 meetings at all the sites, in order to talk about our history and values, explain our current policies and ambitions, and answer questions on the spot.

Industrial optimisation

These meetings proved particularly constructive in a year full of change, during which three plants were shut down (Machecoul and Villeneuve/Lot) or had their activities considerably reduced (Rosières), and three others started up (Straelen in Germany and Krasnodar in Russia) or joined the Group (Békéscsaba in Hungary).

While all these changes were managed with the least possible impact in terms of jobs (90% of employees were redeployed within or outside the company), they obviously had a considerable effect on our results. Above all, they needed to be justified not only as regards our constant need to optimise costs and service quality for our customers, but also in terms of risk-spreading.

Without this determination, a climate-related accident like the heat wave in 2003 would clearly have cost far more than the €8 million in non-recurrent charges observed over the period, and in this instance, our Hungarian plants were able to compensate for the shortage of sweet corn in the South-West and thus ensure continuous service to customers.

Organisation

Healthy risk-spreading has proved all the more vital given the fluctuating exchange rates between the euro, the dollar and the national currencies of Eastern European countries.

In addition, the enlargement of the European Union, anticipated by the Group for more than ten years, has now created a huge market of 450 million inhabitants who are traditionally vegetable consumers, and a huge production basin that is highly diversified in terms of know-how and agro-pedological conditions.

If we are to make the most of our strategic advantage, this new situation

justifies the decision to tailor our organisation accordingly. And so, as from 2004/05, we shall be benefiting from the suppression of trade barriers not only between Western and Central Europe, but also between countries in Central Europe itself, as well as from many agro-industrial, logistical and trading synergies.

Development

Apart from the first quarter, results this year suffered from a very sluggish consumer climate and posted a lower internal growth rate than forecast (+1.5%).

However, it should be noted that the various innovations launched (including not only the new canned foods in cartons and sachets but also the "Sélection & Saveurs" frozen food line and the "Agita & Gusta" fresh food lines) have proved highly promising.

Furthermore, thanks to two strategic acquisitions (Caugant in early 2003 and Vita in early 2004), the Group has become the delicatessen salad leader in France and the fourth range leader in Germany. Given these external growth rates in highly dynamic markets throughout Europe, total growth came to 5.7%, representing nearly € 1.4 billion in turnover.

Finally, the Bonduelle brand's market share, reputation and image content, geographical coverage and technological transversality have now made it Europe's undisputed specialist in vegetable products. At a time of much debate on health in terms of food, it has a legitimate claim as a major player in the world of nutrition.

| | |
|------------------------|-----------------|
| Turnover | € 1,393 million |
| Operating result | € 73.4 million |
| Net Group share result | € 38.3 million |

This was the spirit behind the creation of the Louis Bonduelle Foundation in the summer of 2004. Its purpose is both scientific (among other things, it is a founding member of the Fondation "Cœur & Artères") and educational, in promoting the virtues of vegetables.

Its creation is a good illustration of one of the four priorities at the heart of our active Sustainable Development policy: Nutrition. The other three (People, Agriculture and Natural Resources) have also made significant progress, assessed in our second Social and Environmental Report.

Profitability

Despite a highly unfavourable economic situation, exacerbated by a number of major non-recurrent charges, the profitability obtained (€73.4M in EBIT and € 38.3M in the net Group share result) equalled the previous year's.

The investments (€80 M, entirely self-financed) and corporate actions undertaken this year, together with the new look resulting for the Group, should all enable profitability to increase significantly during 2004/05.

Christophe Bonduelle
Manager

CONSOLIDATED P&L

| In thousands of Euros | 30/06/2003 | 30/06/2004 |
|--|------------------|------------------|
| Turnover | 1 318 157 | 1 393 268 |
| Other operating income and stock variations | 66 446 | 16 710 |
| Operating income | 1 384 603 | 1 409 979 |
| Cost of goods sold | 1 031 836 | 1 044 169 |
| Personnel expenses | 201 721 | 219 354 |
| Other operating expenses | 3 176 | 2 192 |
| Tax | 17 085 | 17 139 |
| Depreciation and provisions | 55 864 | 53 711 |
| Operating expenses | 1 309 683 | 1 336 566 |
| Operating income | 74 920 | 73 413 |
| Interest income | 13 239 | 18 574 |
| Expenses | 23 683 | 28 588 |
| Income before interest and tax | (10 443) | (10 014) |
| Pre-tax income | 64 477 | 63 399 |
| Net exceptional | 764 | 635 |
| Income tax | 21 440 | 20 864 |
| Net income of fully consolidated companies | 43 801 | 43 170 |
| Income of companies consolidated under the equity method | (8) | (41) |
| Allowances for amortisation of goodwill | (4 024) | (5 403) |
| Net income for before minority interests | 39 769 | 37 727 |
| - Minority shareholders | (154) | (557) |
| - Group shareholders | 39 923 | 38 284 |
| Earnings per share | 5,01 | 4,80 |

CONSOLIDATED BALANCE SHEET

ASSETS

| In thousands of Euros | 30/06/2003 | 30/06/2004 |
|---------------------------------------|----------------|----------------|
| Subscribed and uncalled capital | | |
| Fixed assets | 307 544 | 364 299 |
| Intangible assets | 25 852 | 29 527 |
| Goodwill | 51 817 | 74 354 |
| Tangible assets | 224 752 | 254 676 |
| Long-term investments | 5 124 | 5 742 |
| Current assets | 615 106 | 605 022 |
| Stocks | 292 938 | 278 104 |
| Trade accounts receivable | 192 187 | 189 424 |
| Other receivables | 88 016 | 83 548 |
| Investment securities | 10 638 | 6 904 |
| Available assets | 31 326 | 47 043 |
| Prepaid expenses and deferred charges | 17 729 | 11 233 |
| Total assets | 940 379 | 980 554 |

LIABILITIES

| In thousands of Euro | 30/06/2003 | 30/06/2004 |
|---|----------------|----------------|
| Equity – group shareholders | 248 527 | 278 866 |
| Share capital | 56 000 | 56 000 |
| Premiums | 22 545 | 22 545 |
| Reserves | 130 367 | 160 643 |
| Foreign exchange losses | (308) | 1 394 |
| Income for the period | 39 923 | 38 284 |
| Minority interests | 5 185 | 6 538 |
| Equity before minority interests | 253 711 | 285 404 |
| Liability reserves | 34 654 | 21 710 |
| Receivables/liabilities | 647 796 | 668 141 |
| Bank debt/borrowings | 237 189 | 272 171 |
| Suppliers and account receivables | 244 130 | 239 011 |
| Other receivables/liabilities | 166 476 | 156 959 |
| Prepaid expenses and deferred charges | 4 218 | 5 298 |
| Total Liabilities | 940 379 | 980 554 |



A MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

The fiscal year 2003/2004 was marked by changes in both the composition of the Supervisory Board and its activities.

At the Annual General Meeting of 11 December 2003, your Supervisory Board was partially renewed, and now has a majority of independent members.

During the year, this new Board formalised internal regulations based on the main recommendations for governing the company, and a charter containing all the ethical rules applicable to its members.

As Chairman, at the next Annual General Meeting on 1 December 2004, I shall be reporting to shareholders on the Board's workings and activity throughout the year.

André Crespel
Chairman of the Supervisory Board

Number of shares: 8 millions

Listed on: Euronext Paris

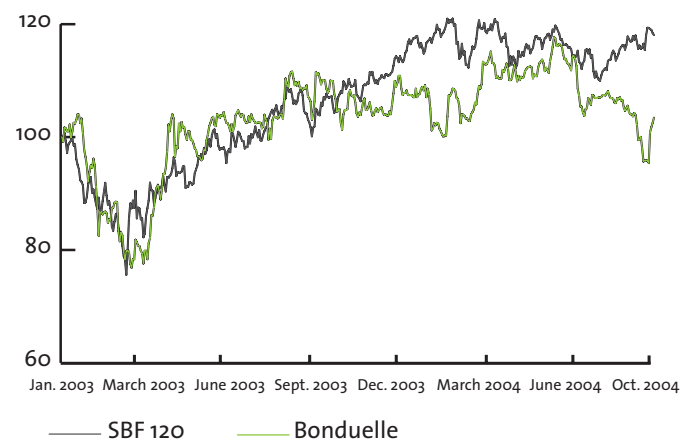
ISIN code: FR0000063935

BONDUELLE ON THE STOCK EXCHANGE

After dropping to €53.70 in March 2003, shares rose during 2003/2004 to an all-time high of €80 on 25 June 2004.

Bonduelle's monthly transaction volumes rose by 27% compared with the previous year.

Developments in Bonduelle shares compared with the SBF 120 index (base 100: January 2003)



You can find all the financial information in the "finance" section of the Group's Web site: www.bonduelle.com

SHAREHOLDER AGENDA:

1 December 2004: Annual General Meeting

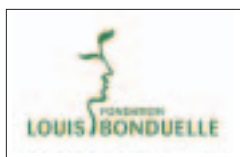
4 February 2005: Announcement of the turnover for the 1st half-year period in 2004/2005

7 April 2005: Announcement of the results of the 1st half-year period in 2004/2005

NEWS

LOUIS BONDUELLE FOUNDATION: PROMOTING THE BENEFITS OF VEGETABLES TO THE PUBLIC

The Louis Bonduelle corporate Foundation has just been created, embodying the group's commitment to nutrition. Its mission will be to help promote the benefits of vegetables to the public - for while the need to eat vegetables is a message already widely relayed, the Foundation, in addition to providing information in this respect, intends to influence people's eating habits even further in view of establishing vegetables as an everyday element in everyone's lives. It will be basing its action on three main approaches: supporting scientific research, providing information for a wider public, and taking action in the field. Its aim is to work throughout Europe, so after France in October 2004, the Louis Bonduelle Foundation will be starting up action in Italy during the early part of 2005.



The Foundation's support for research mainly takes the form of the financing it brings to the "Cœur et Artères" Foundation, created in June 2004.

Its purpose is to increase and develop research on heart and artery diseases and associated pathologies, such as diabetes and obesity, and their prevention.

Its research programme will focus primarily on nutritional and pharmaceutical innovation, in view of improving people's eating habits and promoting "health food" solutions.

You can find out more about the Louis Bonduelle Foundation on: www.fondation-louisbonduelle.org

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Bonduelle Group has continuity very much at heart, and has been working for over two years on strengthening its approach in terms of social and environmental responsibility. During 2003/2004, important work was carried out in building up a unified social and environmental reporting referential for the group, and setting up self-assessment tools.



The introduction of this genuine management system should make it possible to spread good practices throughout the group, and ensure a dynamic of progression by involving the entire staff. In this respect, while the reporting referential was being finalised, an enlarged pilot committee meeting, including some of the group's key players in sustainable development, was held at the end of June 2004 in order to work on the deployment of the programme and its practical application in the daily lives of all the staff. When she spoke at the end of the meeting, European Member of Parliament Tokia Saïfi, the former Secretary of State for

NEW ADVERTISING CAMPAIGN IN FRANCE



A new advertising campaign began appearing on French television at the end of September 2004.

The campaign, which has a strongly emotional element, consists of several "product" publicity films on various technologies. For the first time, these "product" films are introduced by an institutional publicity film highlighting the Bonduelle brand's fundamental values, and reflecting both the ambience and corporate message: providing the benefits and variety offered by vegetables while protecting all the good things nature has produced.

More than ever before, "quand c'est bon, c'est Bonduelle!" (If it's good, it's Bonduelle!)

Sustainable Development, stressed the vital need to give form to the stakes at issue in sustainable development.

After this, Tokia Saïfi and Christophe Bonduelle inaugurated the wastewater treatment plant at the Estrées-Mons facility. This is the group's largest treatment plant, with a capacity equal to that needed for a town of



400,000 inhabitants. It is one more in a series of actions implemented for over 10 years to reinforce sites' equipment in high-performance treatment facilities and enable used water to be restored to the natural environment in perfect condition. The inclusion of this inauguration by the Ministry for Ecology and Sustainable Development as an



official event in Sustainable Development Week was a recognition of the sustainable development programmes undertaken by the Bonduelle Group, and an encouragement to continue the progress it has accomplished.

For the second year running, Bonduelle is publishing detailed information on its social and environmental responsibility. The document is available as from 1 December 2004, and can be viewed and downloaded from the www.bonduelle.com site).



BONDUELLE AND THE WINDS OF THE WORLD

After their victory in the "1000 milles de Calais" in May 2004, Jean Le Cam and the Bonduelle team have been preparing for the season's main event: the "Vendée Globe". The competition, a magnificent solo non-stop around the world race lasting three months, starts from Les Sables d'Olonne on 7 November 2004, and will be followed by a huge audience. Jean Le Cam is determined to hoist the Bonduelle colours high all the way around the world, with the new monohull that recently demonstrated its excellent qualities.

You can follow the race from day to day in the sailing section of the Group's Web site: www.bonduelle-voile.com



INAUGURATION OF THE KRASNODAR PLANT



On 15 September this year, after a splendid initial production campaign in peas and sweet corn, the brand new Russian plant on the shores of the Black Sea was officially inaugurated in the presence of political

officials of the Krasnodar province. This was also the occasion for a meeting between the Board and the Russian teams: an excellent time to discuss the Group's strategies and share the same objectives. Bonduelle is the canned food leader in Russia, and is now strengthening its means for development in this very big market as well as in associated Republics like the Ukraine and Kazakhstan.

NEW PRODUCTS

THE LAUNCH OF TETRA RECART IN FRANCE

After its successful launch in first Italy in early 2003, then Germany in the spring of 2004, the Tetra Recart packaging is now to make its debut in France. A genuine revolution in the world of appertised food, this innovation cooks vegetables more gently, thus guaranteeing an even better-preserved taste, and simmers them perfectly in their sauce. It means that consumers can now have access to real ready to eat recipes, thus strengthening the range on offer. As with Italy and Germany, the range offered in France is adapted to the country's specific culinary character. It consists of five recipes: cooked peas, cooked flageolet beans, cooked vegetables in chilli sauce, red kidney beans and cooked haricot beans.



A NEW VISUAL IDENTITY FOR CASSEGRAIN

Cassegrain, one of France's top-of-the-range canned food brands, has changed its visual identity. The new presentation, while preserving the previous spirit, is livelier and more modern. The new labels also revitalise the brand's strong codes: expertise, refinement and good eating.



BONDUELLE TRAITEUR: AN INTERNATIONAL BUSINESS

Already the leader in the French market, the subsidiary Bonduelle Traiteur is working on expanding its activities in other European markets. A number of ranges have just been launched in Benelux, Spain, under the Frudesa brand, and Poland. The wide and varied range of references on offer includes Italian salad, Creole salad, Piedmont salad, Mushrooms à la grecque and Oriental couscous salad.



BONDUELLE TAKES ON THE GROWING SOUP MARKET

Through its subsidiary Bonduelle Frais, Bonduelle is launching into the growing market for vegetable soups sold in the fresh product section in France. Its solid legitimacy and expertise give Bonduelle a strong opportunity for appealing to consumers with a highly original and distinctive offer, where freshness, naturalness, the authentic and the practical are guaranteed.

The new range consists of four recipes: cream of courgette, tomato and basil soup, cream of three green vegetables and cream of carrot and celery.

The launch will be backed up in November by a national poster campaign with a deliberately punchy tone.

