



## PRESS RELEASE

### PARMALAT GROUP: DISCLOSURE FOR THE FIRST QUARTER OF 2017 AND CONCLUSIONS OF THE BOARD OF DIRECTORS REGARDING THE REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ARTICLE 2408, SECTION TWO, OF THE ITALIAN CIVIL CODE

- **Sales volumes** down 6.8% at current scope of consolidation

- **Net revenue** up 11.3% at current exchange rates and scope of consolidation; in line with last year (+0.7%) at constant exchange rates and scope of consolidation and excluding Venezuela (given the country's critical situation)

- **2017 guidance confirmed:** growth of about 4% both for net revenue and EBITDA at constant exchange rates and excluding the Venezuela subsidiary

Milan, May 8, 2017 – The Board of Directors of Parmalat S.p.A., meeting today under the chairmanship of Gabriella Chersicla reviewed the sales volume and net revenue performance for the first quarter of 2017, the highlights of which are presented below.

#### Parmalat Group

In the first quarter of 2017, milk prices increased at the global level, albeit with significant regional differences.

In this context, the Group implemented in the various areas where it operates specific commercial policies to adjust sales prices accordingly.

The Group's **sales volumes** showed a slowdown of 6.8%, attributable specifically to Latin America, in terms of geographic areas, and to milk, in terms of product categories.

**Net revenue** totaled 1,560.3 million euros, or 158.7 million euros more (+11.3%) than in the first three months of 2016. With data at constant exchange rates and comparable scope of consolidation - obtained excluding the results for *Parmalat Australia YD*, consolidated in the first quarter of 2016 - and without Venezuela, net revenue increased by 9.2 million euros (+0.7%), with positive contributions by the Africa and Latin America sales regions.

#### PERFORMANCE BY GEOGRAPHIC REGION

amounts in millions of euros (except for data in %)	Net revenue First quarter 2017	Net revenue First quarter 2016	Δ % net revenue at current exchange rates and scope of consolidation	Δ % net revenue at constant exch. rates and scope of consolidation <sup>2</sup> and excluding Venezuela	Δ % sales volumes
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#### DATA BY GEOGRAPHIC REGION

Europe	267.0	264.4	+1.0%	-1.4%	-5.5%
North America	558.0	522.7	+6.7%	+1.0%	-1.6%
America Latina	362.9	293.5	+23.7%	+3.8%	-14.6%
Africa	112.4	84.7	+32.7%	+9.2%	-7.9%
Oceania	256.7	237.6	+8.1%	-4.3%	-3.0%
Corporate and other <sup>1</sup>	(3.8)	(3.1)	n.m.	n.m.	-

Group exclud. hyperinfl.	1,553.2	1,399.7	+11.0%	+0.7%	-
Hyperinflation in Venezuela	7.1	1.9	n.m.	-	-
<b>Parmalat Group</b>	<b>1,560.3</b>	<b>1,401.6</b>	<b>+11.3%</b>	<b>-</b>	<b>-6.8%</b>

The geographic regions represent the consolidated data for the corresponding countries.

1. Includes other non-core companies, eliminations between regions and Group's Parent Company costs.

2. Excluding the new activities consolidated in 2016 (Parmalat Australia YD)



## Europe

In **Italy**, the consumption trend was negative in the markets in which Parmalat operates. Despite this challenging environment, the local subsidiary retained the leadership position in the milk sector, increasing its market share in the UHT milk segment. In the UHT cream category, the Company strengthened its first-place position and grew its value market share.

## North America

In the **United States of America**, considering a scope of activity limited to the cheese categories in which the local subsidiary operates, the consumption trend decreased steadily. In this context, Parmalat retained the leadership position in the soft ripened cheese, chunk mozzarella and ricotta segments, and confirmed its competitive positions in the other categories.

In **Canada**, Parmalat confirmed its position as the second-place player in the cheese area, increasing its value market share, thanks in part to aggressive promotional activities. In addition, the local subsidiary held unchanged its competitive positions both in the negatively performing milk market and in the yogurt category, where, instead, consumption increased slightly.

## Latin America

In **Brazil**, the Group continued to implement programs aimed at supporting the product portfolio of the acquired companies and strengthening the distribution network. The local subsidiary retained its competitive position in the UHT milk and yogurt segments, despite highly challenging conditions in those markets. In the cheese category, Parmalat focused its efforts on developing a national distribution network.

In **Mexico**, in a market characterized by sales price adjustments driven by an increase in the price of raw milk and, concurrently by a highly competitive context, the local subsidiary reported a slight decrease in sales volumes. In response to this development, Parmalat implemented selective sales strategies by category and channel, focusing its effort on the food service and modern trade channels.

## Africa

In **South Africa**, Parmalat strengthened its category leader position in the cheese market, thanks to the Parmalat brand and the specialty cheese segment; it also held unchanged its competitive position in UHT milk, despite a reduction in consumption, and confirmed its second place position in the yogurt market.

## Oceania

In **Australia**, the local subsidiary confirmed its leadership position in the pasteurized milk category and in the dessert segment, where it holds a 50% market share. Parmalat strengthened its second-place market position in the UHT and flavored milk segments, while in the yogurt category it reported a reduction in value market share but held unchanged its competitive position.

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## 2017 Guidance

For the 2017 reporting year, at constant exchange rates and excluding the Venezuelan subsidiary, given the critical situation in that country due to the high rate of inflation and massive devaluation of the local currency, Parmalat expects both net revenue and EBITDA to increase by about 4% compared with the previous year.

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### **Disclaimer**

*Projections for 2017 are based, inter alia, on the Group's performance in the first quarter of 2017 and trends in subsequent periods. The Group's performance is affected by exogenous variables that could have unforeseen consequences in terms of its results: these variables, which reflect the peculiarities of the different countries where the Group operates, are related to weather conditions and to economic, socio-political and regulatory factors.*



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### **Appointment of the Supervisory Board and verification that the member of the Board of Statutory Auditors meet the applicable independence requirements**

The Board of Directors reappointed Andrea Lionzo (Chairman), Iole Anna Savini and Diego Sonda as members of the Company's Supervisory Board required pursuant to Legislative Decree No. 231/2001. The term of office of the Supervisory Board is for three years.

Please also note that the Board of Statutory Auditors, elected on April 28, 2017, informed the Board of Directors that, at a meeting held on May 5, 2017, as required by Article 8.C.1. of the Corporate Governance Code, it verified that all of its members met the applicable independence requirements, including those set forth in Article 3.C.1. of the abovementioned Code regarding the independence of Directors.

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### **Conclusions of the Board of Directors regarding the report of the Board of Statutory Auditors pursuant to Article 2408, Section Two, of the Italian Civil Code**

As scheduled and announced most recently in a press release on April 28, 2017, the Board of Directors of Parmalat S.p.A. met today to further review and discuss the opinions provided by the advisors Professor Paolo Gualtieri, Borghesi e Associati S.p.A., Professor Francesco Benatti and Professor Emanuele Rimini, appointed by the Board of Directors in connection with the cash pooling transaction subject of a complaint pursuant to Article 2408 of the Italian Civil Code.

The Board of Directors, in view of the report of the Board of Statutory Auditors pursuant to Article 2408, Section Two, of the Italian Civil Code and taking into account the explanations and clarifications provided by the advisors in the course of their personal attendance at the Board meeting, agreed, by a majority vote, with the concurring conclusions of the abovementioned advisors, who, regarding the cash pooling transaction, did not find that any conduct occurred in violation of their corporate duties that caused any damage to the Company.

Based on the foregoing considerations, the Board of Directors concluded, by a majority vote, that the conditions did not exist for the successful pursuit of a lawsuit, on the Company's behalf, against the Directors in office at the time of the cash pooling transaction.

Citing by reference its report to the Shareholders' Meeting of April 29, 2017 and the accompanying documents published in connection with it, the Board of Directors discloses its abovementioned conclusions also with regard to the adoption by the Shareholders' Meeting scheduled for May 29, 2017 of the determinations that are reserved for its sole jurisdiction under current laws.

For the purpose of informing the shareholders, please note that the composition of the Company's Board of Directors at the time of the cash pooling transaction, taking also into account the resolutions of the Shareholders' Meeting of May 31, 2012, was as follows:



Directors	Term of office starting date	Term of office ending date
Francesco Tatò	June 28, 2011	April 17, 2014
Antonio Sala	June 28, 2011	April 29, 2016
Marco Reboa	June 28, 2011	April 17, 2014
Francesco Gatti	June 28, 2011	April 17, 2014
Yvon Guérin	July 12, 2011 April 16 2015	April 17, 2014 currently in office
Marco Jesi	June 28, 2011	April 17, 2014
Daniel Jaouen	June 28, 2011	April 17, 2014
Riccardo Zingales	June 28, 2011	April 17, 2014
Ferdinando Grimaldi Quartieri	June 28, 2011	May 31, 2012
Gaetano Mele	June 28, 2011	May 31, 2012
Nigel William Cooper	June 28, 2011	May 31, 2012
Gabriella Chersicla	May 31, 2012	currently in office
Umberto Mosetti	May 31, 2012	currently in office
Antonio Aristide Mastrangelo	May 31, 2012	April 17, 2014

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*As required by Article 154 bis, Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), Pierluigi Bonavita, in his capacity as Corporate Accounting Documents Officer, declares that the accounting information provided in this press release is consistent with the information in the supporting documents and in the Company's books of accounts and other accounting records.*

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#### Company contacts

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