PRESS RELEASE

PARMALAT GROUP: DISCLOSURE FOR THE FIRST NINE MONTHS OF 2017

- **Sales volumes** down 3.7% at constant scope of consolidation and excluding Venezuela
- **Net revenue** up 5.5% at current exchange rates and scope of consolidation and excluding hyperinflation; in line with last year at constant exchange rates and scope of consolidation and excluding Venezuela
- **EBITDA** down 5.8% at constant exchange rates and scope of consolidation and excluding Venezuela
- **2017 guidance**: at constant exchange rates and scope of consolidation and excluding Venezuela, net revenue growth within 1% is confirmed; negative year-over-year change for EBITDA in a range between -3% and -5%

Milan, November 9, 2017 – The Board of Directors of Parmalat S.p.A., meeting today under the chairmanship of Gabriella Chersicla, reviewed the Group's performance for the first nine months of 2017.

Parmalat Group

In a market environment characterized by extreme volatility of raw milk prices, the first nine months of 2017 were adversely affected by a worldwide increase in the cost of milk. This development, coupled with a highly competitive market scenario, both at the retail level and the industrial level, triggered unfavorable dynamics in some areas where the Group operates, with significant differences in the various sales regions. In this context, the Group, starting in the first half of the year, implemented in the various markets in which it operates specific sales policies aimed at realigning its sales prices to offset the increase in the abovementioned cost of production components.

With data at constant scope of consolidation - obtained excluding the results of the activities acquired in 2016 (*Parmalat Australia YD*) and 2017 (Chile, *Karoun* in the United States and *Silac* in Italy) - and excluding Venezuela, **sales volumes** showed a contraction of 3.7%, attributable to all geographic regions, but mainly to Latin America (Brazil) and Africa. In addition, there was a general deterioration of the sales mix during the reporting period.

Without hyperinflation, **net revenue** totaled 4,839,2 million euros, or 250.9 million euros more (+5.5%) than in the first nine months of 2016. At constant exchange rates and scope of consolidation and without Venezuela, net revenue was in line with the previous year, with a positive contribution by the North America and Europe sales regions, thanks to sales policies that included price increases, and a negative performance in the Latin America region, Brazil in particular, due to lower sales volumes.

PERFORMANCE BY GEOGRAPHIC REGION

amounts in millions of euros (except for data in %)	Cumulative net revenue at September 30, 2017	Cumulative net revenue at September 30, 2016	Δ % net revenue at current exchange rates and scope of consolidation	Δ % net revenue at constant [2] exchange rates and scope of consolidation and excluding Venezuela	Δ % sales volumes at constant [2] scope of consolidation and excluding Venezuela
DATA BY GEOGRAPHIC REGION					
Europe	842.4	797.4	*+5.6%*	*+3.5%*	*-1.1%*
North America	1,860.7	1,746.0	*+6.6%*	*+4.3%*	*-0.2%*
Africa	322.3	280.1	*+15.1%*	*+2.3%*	*-7.3%*
Oceania	791.5	762.3	*+3.8%*	*-0.4%*	*-0.6%*
Latin America	1,035.8	1,015.9	*+2.0%*	*-10.5%*	*-11.8%*
Corporate and other [1]	(13.6)	(13.4)	*+1.0%*	*-7.2%*	-
Group exclud. hyperinfl.	***4,839.2***	***4,588.3***	***+5.5%***	***+0.1%***	***-3.7%***
Hyperinflation in Venezuela	44.1	43.8	*+0.7%*	-	-
Parmalat Group	4,883.3	4,632.1	*+5.4%*	-	-

The geographic regions represent the consolidated data for the corresponding countries.
1. Includes smaller companies, inter-region eliminations and the Parent Company.
2. Excluding activities consolidated in 2017 (Chile, Karoun in the United States and Silac in Italy) and in 2016 (Parmalat Australia YD).

In the light of the trends described above, EBITDA – which at the beginning of the year had been projected to increase but that already in the first half of the year slowed down, leading to a review of the guidance when approving half-year results - showed a further downturn in the third quarter, with significant impact on the forecast for the full fiscal year.
Given this background, in the first nine months of 2017 **EBITDA**, excluding hyperinflation, totaled 325.4 million euros, down 11.5 million (-3.4%) compared to the first nine months of 2016. At constant exchange rates and scope of consolidation and without Venezuela, EBITDA decreased of 5.8% compared to the previous year.

Europe

The main categories in which Parmalat operates in **Italy** experienced negative consumption trends. In this context, the local subsidiary confirmed its leadership position in the UHT milk and pasteurized milk segments (considering all sales channels) and strengthened its first-place position in the UHT cream category with the *Chef* brand.
More specifically, while sales volumes were down for the milk and fruit beverage categories, net revenue increased thanks to the effects of a sales policy implemented to offset the increase in the cost of raw milk.

North America

In **Canada**, the local subsidiary strengthened its market position in the snack cheese and natural slice cheese segments. In the milk and yogurt categories it held unchanged its competitive positions, despite a reduction in sales volumes.
It is worth noting that difficulties in the sales area, coupled with industrial and logistic challenges, affected the performance of the local subsidiary in the third quarter.
In the **United States of America,** Parmalat confirmed its leadership position in the soft ripened cheese, chunk mozzarella and ricotta segments, while holding unchanged its positions in the other categories in which it operates, reporting sales volume trends in line with last year.
In this context, the local subsidiary implemented a sales policy designed to offset the increase in the cost of raw milk.

Africa

In **South Africa**, Parmalat confirmed its status as the top player in the flavored milk market, with a 50% value share, and retained its competitive position in the cheese category, reporting outstanding result in the cheese slice segment. In the yogurt category, the local subsidiary retained its second-place competitive position.
Please note that the local subsidiary reported a contraction in sales volumes, but net revenue increased thanks to the sales policy implemented by the Group.
In this context, the South African subsidiary experienced slower growth in the third quarter, while difficulties in the industrial and logistic areas continued in Zambia.

Oceania

In **Australia**, the local subsidiary was the category leader in the pasteurized milk and dessert segments, with a value market share of more than 50% for desserts. It also confirmed its position as the second-place player in the flavored milk and yogurt market segments.
Even though it retained its competitive positions, the local subsidiary reported slight reductions in sales volumes and net revenue, with data at comparable scope of consolidation and constant exchange rates.

Latin America

At the main subsidiaries in this sales region, the Group is implementing a series of organizational programs, involving processes and systems, aimed at improving the effectiveness and efficiency of their operations, the effects of which are still not readily visible.
Sales volumes and net revenue were down for this region, particularly in Brazil.

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Business Outlook and 2017 guidance

The Group's original projections called for a significant acceleration in the second half compared with the first six months of the year; in light of the results for August and September and the preliminary data for October, these expectations, which had been already updated in connection with the approval of the semiannual financial report, are not materializing, as the Group was not able to fully offset the increase in the cost of production components, despite the sales policies that it implemented starting in the first half of the year.

These developments had a significant impact on the performance of the Canada business unit, which continues to experience challenges at the industrial and logistic levels, despite the implementation of improvement programs.

Lastly, specific problems developed in the other regions where the Group operates.
In the African continent, while the trend was positive in South Africa, growth projections were scaled back in Zambia, where the local subsidiary is faced with a difficult situation.
In Latin America, some subsidiaries are still experiencing delays in the implementation of scheduled programs, while others are faced with highly competitive market conditions.

These situations adversely affected the performance in the third quarter and signal expectations of further contraction in profitability by the year's end.

In light of these considerations, at constant exchange rates and scope of consolidation and excluding the impact of Venezuela, the expectation of a net revenue gain of up to 1% is confirmed, but EBITDA are expected to decrease compared with the previous year in a range between -3% and -5%.

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Disclaimer
Projections for 2017 are based, inter alia, on the Group's performance in the third quarter of 2017 and the trend in the month of October. 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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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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