



PRESS RELEASE

Preliminary figures approved for 2005 financial year – Pro-forma earnings +3.6%, Gross Operating Margin 8.0% of revenue (7.2% in 2004). Net indebtedness falls to EUR 375.9 million compared to EUR 541.9 million as at 31/12/04. Net liquidity of the parent Company amounts to EUR 320.9 million.

Parmalat S.p.A. announces that a Company Board Meeting chaired by Mr. Raffaele Picella was held today in order to discuss the preliminary figures for the 2005 financial year and various other items on the agenda.

Preliminary figures for 2005 financial year

Parmalat Group

a) Operating performance

Parmalat S.p.A. has taken over the business of the 16 companies offering the Composition with Creditors on 1st October 2005, the figures below refer to the period between 1st October 2005 and 31st December 2005.

FINANCIAL YEAR 2005 (01/10/05-31/12/05)						
Amounts in Million Euro	Revenues		Gross Operating Margin		% on Revenue	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Parmalat Group	1,049.9	1,056.0	84.9	89.4	8.1	8.5
Activities for sale (Pomì and Bakery Division)	18.6	11.7	1.0	(1.0)	5.2	-8.4

Group revenues for the three month period exceeded those recorded in the corresponding period of 2004, rising from EUR 1,049.9 million to EUR 1,056.0 million. Gross operating margin (GOM) rose by EUR 4.5 million to EUR 89.4 million compared to EUR 84.9 million in the corresponding period of 2004.

The gross operating margin does not include:

1. € 9.6 million of costs deriving mainly from the devaluation of goods resulting from to the suspected ITX contamination (printing ink on the food packaging wrapping based on isopropyl-tioxanthone);
2. restructuring costs of € 9.4 million, following on from trade union agreements;
3. legal costs of € 6.9 million relating to revocatory law suits and compensation claims sustained after 01.10.05;
4. credit writedown of € 3.2 million.



In order to provide a clearer picture of Group operating performance, pro-forma figures have been drafted for the full financial year 2005.

PRO-FORMA STATEMENT FOR YEAR-END 2005						
Amounts in Million Euro	Revenues		Gross Operating Margin		% on Revenue	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Parmalat Group	3,732.2	3,866.9	268.9	307.8	7.2	8.0
Activities for sale (Pomì and Bakery Division)	79.1	61.4	-3.3	-1.8	-4.2	-3.0

Revenues for the 12-month period recorded by the Group rose 3.6% on the previous year, from EUR 3,732.2 million in 2004 to EUR 3,866.9 million in 2005. Gross Operating Margin increased by EUR 38.9 to EUR 307.8 million compared with EUR 268.9 million in 2004 (gross operating margin up from 7.2% to 8.0%).

The gross operating margin does not include:

1. € 9.6 million of costs deriving mainly from the devaluation of goods resulting from the suspected ITX contamination (printing ink on the food packaging wrapping based on isopropyl-tioxanthone);
2. restructuring costs of € 9.4 million, following on from trade union agreements;
3. legal costs of € 6.9 million relating to revocatory law suits and compensation claims sustained after 01.10.05;
4. credit writedown of € 22.2 million.

Analysis of the main geographic areas:

Italy

Total revenues were up on the corresponding period of 2004. Net sales rose from EUR 1,117.1 million to EUR 1,152.6 million (+3.2%), whilst the net operating profit increased by EUR 4.0 million (up in absolute value from EUR 89.9 million to EUR 93.9 million). In percentage term on revenues the profitability is the same 8.1%.

With a market that is already in difficulty, and with a general fall in consumptions, and notwithstanding the fact that the period has been hit adversely by the effects of the "ITX" case, the Environment Division has substantially reached the set targets, even though operating in a market subject to strong promotional pressures and aggressive campaigns on the part of competitors. In this context, Parmalat, too, has been forced to invest in promotion thought at a lower level than its competitors, focussing on product differentiation.

The Fresh Foods Division suffered a drop in sales, with strong channelling of fresh milk purchases towards organised distribution, to the detriment of the traditional channel in which the Group has always been strongest. In order to increase its presence in the modern channel and to differentiate its own product from that of its competitors, a process has been started for the introduction of special function milks also in the sector of Fresh foods, with the launch of fresh Zymil, which, with adequate advertising and promotional support, and in spite of its higher price compared to "basic" fresh milks, is giving good results in terms of sales and weighted distribution.

In this respect, because of the importance of the logistics and distribution departments and the need for rationalisation and efficiency, a new supply chain department has been created, with effect from the start of 2006; this is managed together with a single sales management for the whole of Italy, in order to maximise synergies throughout the territory deriving from an integrated commercial policy.



Spain

The fall in revenues in Spain, from € 222.7 million to € 208.1 million (-9.0%), is matched by a reduction in gross operating margin both in absolute value (from € 14.7 Million to € 10.5 million) and in percentage terms (from 6.6% to 5.0% on revenues).

The general fall-off in consumptions, and the weak position of Parmalat products in the country (except for Cacaolat, which, has strong distribution at regional level) has led to a drastic and continual reduction in volumes throughout the whole of 2005.

Added to this was the unsuccessful outcome of certain new product launches (for example in the juices sector) and an increase in the cost of plastic materials and of energy, only partially compensated by savings achieved on the purchase prices of certain raw materials (milk, sugar, cocoa). In particular, compared with the previous year, there was a reduction the cost of raw milk.

In the second half of 2005, the managerial structure of the SBU was modified.

The new management is now working on an in-depth market survey and studying Parmalat's position, in order to prepare a development plan and the relaunch of activities.

Furthermore, during 2005 an agreement was reached for the sale of the Madrid factory, which will bring in a considerable capital gain compared with the book value.

Portugal

Annual revenues from Portugal totalled € 78.2 million, down 10.1% compared with € 87.0 million in December 2004. The downturn in net turnover resulted in a reduction in gross operating margin from € 8.1 to € 6.8 million (percentage on revenues, from 9.3% to 8.7%).

Not a positive year for Portugal, caused by the unfavourable economic situation and by the lack of strength/customer loyalty of the group's brands (especially Santal), resulting, particularly in the supermarket chain channel, in consumer choice being oriented towards private label products with lower prices. Leverage capitalising on its strengths in Portugal (distribution of the Santal fruit juices through the HoReCa channel; strength of the UCAL brand particularly in the fermented milk segment, capacity of innovation), in the second half of the year measures were initiated for the rationalization of the product range and for their partial repositioning, concentrating on the available resources.

This, combined with an extremely efficient operating costs structure, permitted a slight recovery already towards the end of the year.

Africa

The pro-forma results for the year show a clear improvement compared with the same period in the previous year. The net turnover grew from € 278.0 million to € 322.4 million (+16.0%) while the gross operating margin increased by 44.7% going from € 26.4 million to € 38.2 million (in percentage from 9.5% to 11.8%).

The marked growth in the African GDP has naturally led to strong growth in consumptions, which has greatly benefited the products portfolio of the Group. More specifically, UHT milk and fruit juices have witnessed the highest growth rates in terms of volume compared with December 2004. Also, a number of initiatives to rationalize and improve the efficiency of the production sites and a sharp fall in the purchase price of fresh milk allowed the year to be closed with decidedly positive results.

Also of note is a slight increase in value of the South African Rand in relation to the Euro compared with the previous year (+1.2%).

Canada

The pro-forma revenues for the year total € 1,328.5 million, up 11.9% compared with € 1,187.4 million for the same period in 2004. Similarly the operating margin increased from € 87.4 million to € 105.2 million (+16.9%), up from 7.4% to 7.9% on revenues.

The year that has just ended has been very positive for Canada in terms of profit, even with substantially stable volumes. The reasons lie in the savings and efficiency achieved on costs structuring, in the rationalisation of the SKU (with a reduction of the same of around 30% compared to 2004, which has in fact simplified management), the strong presence on the territory



(albeit only at a regional level) and in the fact that the brand names are well known and very strong (local jewels).

In addition, a project for the rationalisation of production sites was started up in 2005, which will give further efficiency in cost structures.

The average rate of exchange for the Canadian Dollar in relation to the Euro increased by 6.7% over the year compared with the same period in 2004.

Australia

Revenues for the period increased from € 384.3 million to € 410.3 million. This corresponds to a growth in the operating margin of € 5.9 million, rising from € 32.8 million to € 38.7 million (in relative terms, from 8.5% to 9.4%).

2005 has been characterised by effective implementation of market strategies, where the development of new products and rationalisation of brands and sales channels have been the main driving forces behind the increase in volumes (in spite of the fact that the market has been subjected to strong competitive pressures), as well as industrial strategies, where many cost reducing programmes and initiatives have been put into practice.

In particular, during the year non-strategic businesses have been abandoned (for example, the Coca-Cola bottling licence was sold) and production has been streamlined, with the closure of two factories; this has led to greater control of industrial costs and a considerable reduction in overheads. These savings have allowed for greater investments in advertising and promotion in support of products with higher profitability.

Financial results also benefited from the stronger Australian Dollar compared to the Euro (+3.4% of the average 2004 rate).

Venezuela

The results at 31 December show a substantial growth, both in terms of net sales (from € 144.8 million in 2004 to the current € 154.9 million, i.e. +7.0%) and in terms of profit. The absolute value of the gross operating margin increased from € 7.3 million to € 13.0 million, and in terms of percentages proceeds have risen from 5.0% to 8.4%.

The high level of debt, equivalent to 173.8 million USA dollars of capital excluding the accumulated interest matured and not paid, will have a decisive impact on the ability of the company to survive unless a restructuring agreement is reached.

Colombia

The pro-forma results at 31 December show a sharp rise compared to the corresponding values of 2004. While revenues increased by 29.5%, from € 81.1 million to € 105.0 million, the gross operating margin improved by € 3.7 million to € 11.0 million compared with € 7.3 million for the same period last year (percentage-wise, going from 9.0% to 10.5%).

The considerable improvement in results compared to last year is due to two main factors, the increase in volumes sold to third parties, equal to 8.0% compared to 2004 (particularly pasteurised milk), and the rise in the Colombian Peso against the Euro (12.3% on the 2004 value).

In addition, the Colombian management has undertaken to reorganise and relaunch business in nearby Ecuador, which can represent a source of operating and commercial synergies.



b) Net Financial Position

Values in Millions of Euro	Pro-forma situation at 31 December 2004	Situation at 31 December 2005
Total short-term financial assets	(430.9)	(566.7)
Total financial liabilities	952.4	939.2
Financial payables of fully consolidated companies towards companies in local judiciary insolvency proceedings	20.4	3.4
Fin. indebtedness/(availability) of the fully consolidated companies	541.9	375.9

Net financial indebtedness for the totally consolidated companies amounts to € 375.9 million, € 166.0 less than at 31 December 2004. This variation reflects both the negative effect of the depreciation of the main currencies used by the companies of the Group, and the effects of:

- day-to-day management
- collections of a non-recurrent nature, including the Morgan Stanley settlement, which contributed for € 155.0 million, and the sale of the Nom Ag shareholding for € 35.0 million.

Parmalat Spa

Values in Millions of Euro	Financial year 2005		
	Operations	Corporate	Total
- Revenues	250.2		250.2
- EBITDA	26.0	-5.8	20.2
- EBITDA %	10.4	n.a.	8.1

The gross operating margin does not include:

1. € 9.6 million of costs deriving mainly from the devaluation of goods resulting from to the suspected ITX contamination (printing ink on the food packaging wrapping based on isopropyl-tioxanthone);
2. restructuring costs of € 9.4 million, consequent to the stipulation of trade union agreements;
3. legal costs of € 6.9 million relative to revocatory suits and compensation claims sustained after 01.10.05;
4. credit devaluation for € 2.2 million.



Parmalat SpA - Pro-forma year 2005

Values in Millions of Euro	Dec-04			Dec-05		
	Operations	Corporate	Total	Operations	Corporate	Total
- Net revenues	1,033.3		1,033.3	1,011.5		1,011.5
- EBITDA	67.5	-15.0	52.5	76.1	-17.8	58.3 (a)
- EBITDA %	6.5	n.a.	5.1	7.5	n.a.	5.8
- Financial debts			15.5			18.2
- Available liquidity and other assets			249.2			335.8
- Financial receivables from subsidiaries			n.a.			3.3
NET FINANCIAL ASSETS			233.7			320.9

(a) EBITDA including the Tetrapak contribution

The gross operating margin does not include:

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2. restructuring costs of € 9.4 million, consequent to the stipulation of trade union agreements;
3. legal costs of € 6.9 million relative to revocatory suits and compensation claims sustained after 01.10.05;
4. credit devaluation for € 15.3 million.

Financial assets have increased due to both certain extraordinary revenues and for the cash flow generated by operating management.

Boschi Luigi & Figli S.p.A. in extraordinary administration

The Board of Directors has approved the commitment to undersign a capital increase of Euro 6,000,000 for Boschi Luigi & Figli S.p.A. in extraordinary administration, on the condition that approval is granted to the proposal for arrangement with creditors, drawn up within the scope of the Restructuring Plan presented by the Extraordinary Commissioner to the Ministry of Productive Activities.

Relations with companies under extraordinary administration and with the Parmalat Creditors Foundation

The Board of Directors has approved two contracts that discipline relations between Parmalat S.p.A. and the 16 companies under extraordinary administration, which have conferred the assets to Parmalat S.p.A., and with the Parmalat Creditors Foundation.



Appointment of the Internal Audit System Manager

In compliance with the Corporate Governance provisions, the Board of Directors has appointed an Internal Audit Manager to head the internal control system.

Appointment of the Supervisory Board pursuant to Lgs. Decree 231/2001

Within the sphere of the process for the preparation of the organisation model for Parmalat S.p.A. and the Group, the Board of Directors, pursuant to Lgs. Decree 231/2001, has proceeded to appoint the members of the Supervisory Board.

Collecchio (Pr), 10 February 2006

Parmalat S.p.A.

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