



# **Financial Community Presentation**

13 September 2006

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## Parmalat values

**Total Quality Assurance**

**Added-Value  
Functional Products**



## Main achievements in 1H 2006

- ✓ Execution of the proposal of Composition completed
- ✓ Parmalat assigned shares to 142,152 old creditors from the approval of Composition to 31/08/06
- ✓ Improvement of Revenues, Ebitda and Net Financial Position
- ✓ Launch of new products
- ✓ Restructuring of the Canadian debt
- ✓ Launch of Control chain restructuring plan

### Subsequent events:

- ✓ BPI settlement
- ✓ Approval of Boschi Luigi e Figli proposal of Composition



## Key 1H 2006 consolidated results

### REVENUES

€ 1,967.2 m

*(growth +6.5% vs pro-forma  
1H2005) <sup>1</sup>*

### NET DEBT

€ 311.5 m



### EBITDA

€ 159.8 m

margin 8.1%

*(+21.3% vs pro-forma  
1H 2005) <sup>1</sup>*

### Cash Flow from

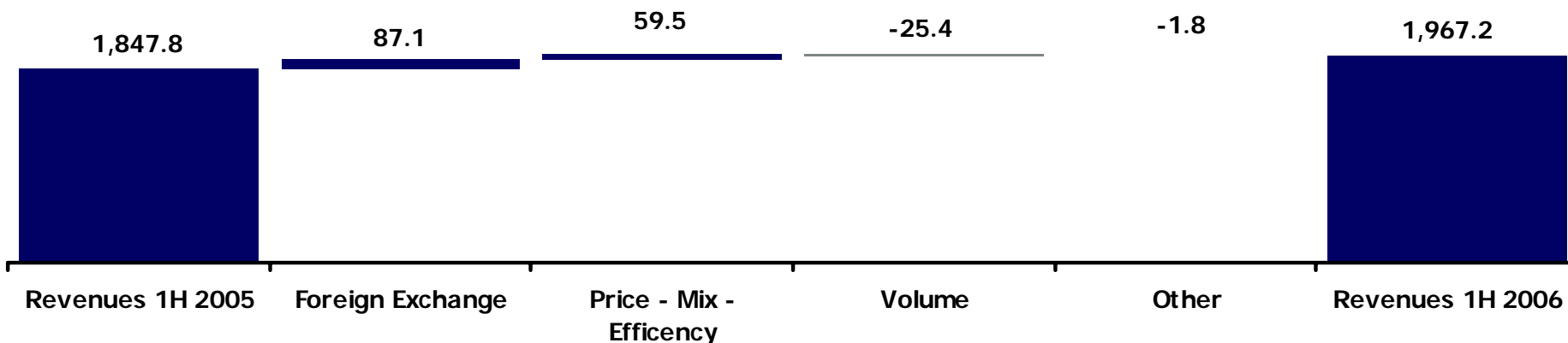
operations

€ 98.1 m

1. Like for like growth is described in the following page



## Like-for-like figures



(€ m)	Foreign Exchange		Price-mix-efficiency		Volume		TOTAL	
	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA
Europe incl. Italy	1.6	0.2	(8.6)	6.3	(5.6)	(0.3)	(12.6)	6.2
North America	76.8	6.4	16.5	7.4	(48.6)	(3.5)	44.7	10.3
Central and South America	2.9	0.3	21.8	11.3	9.2	0.2	33.9	11.8
Australia and Africa	5.8	0.6	29.8	0.1	19.6	2.0	55.2	2.6
SubTotal (continuing core)	87.1	7.6	59.5	25.0	(25.4)	(1.7)	121.2	30.9
Other							(1.8)	(2.9)
Total							119.4	28.1 <sup>1</sup>

1. Ebitda improvement also includes the positive effect of lower receivables write off and other provisions for € 6.8 m (from € 9.8 m in 1H 2005 to € 3.0 m in 1H 2006)  
Please note that 1H 2005 is pro-forma data





# Net sales breakdown by country

Country	1H 2005 pro-forma	1H 2006	YoY	
€ m	€ m	€ m	€ m	%
Canada	603.4	648.1		7.4%
Italy <sup>(1)</sup>	598.0	580.9		-2.9%
Australia	192.2	218.4		13.6%
Africa	149.1	178.2		19.5%
Spain	109.1	99.7		-8.6%
Venezuela	70.4	91.1		29.3%
Colombia	45.9	55.5		20.8%
Portugal	32.9	39.0		18.6%
Russia	19.1	26.5		38.9%
Nicaragua	12.6	13.2		4.3%
Romania	5.0	5.5		8.2%
Cuba	0.5	3.6		n.m.
Other	9.5	7.7		n.m.
<b>Total Parmalat Group</b>	<b>1,847.8</b>	<b>1,967.2</b>	<b>119.4</b>	<b>6.5%</b>

1. Breakdown by category as follows:

	1H 2005	1H 2006	YoY %
Products	€ 562.7 m	€ 565.2 m	+0.4%
Bulk milk, Ingredients, Cases	€ 35.3 m	€ 15.7 m	-55.5%



## EBITDA breakdown by country

Country	1H 2005 pro-forma		1H 2006		YoY
€ m	€ m	Margin %	€ m	Margin%	€ m
Canada	43.9	7.3%	54.1	8.4%	
Italy	37.4	6.3%	48.1	8.3%	
Africa	15.4	10.3%	19.5	10.9%	
Australia <sup>(1)</sup>	16.4	8.5%	15.0	6.9%	
Venezuela	5.2	7.3%	14.5	15.9%	
Colombia	4.7	10.3%	5.5	9.9%	
Portugal	3.4	10.3%	4.1	10.5%	
Russia	2.4	12.7%	3.8	14.4%	
Spain	8.3	7.6%	2.2	2.2%	
Nicaragua	1.6	12.7%	2.0	14.9%	
Romania	1.5	29.7%	1.1	20.9%	
Cuba	-0.3	-66.4%	1.0	28.8%	
Other	-8.2	n.m.	-11.0	n.m.	
<b>Total Parmalat Group</b>	<b>131.7</b>	<b>7.1%</b>	<b>159.8</b>	<b>8.1%</b>	<b>28.1</b>

1. 1H 2005 data includes the results of Norco JV sold in 2006

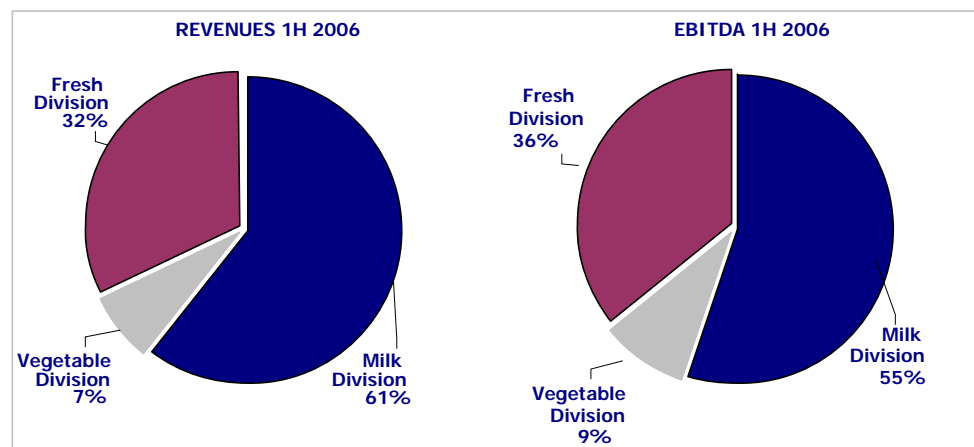
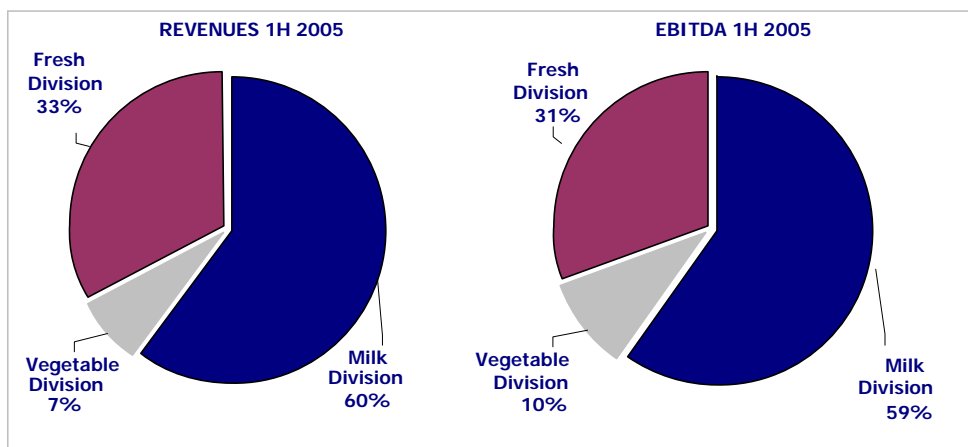


# Margin improvement across product mix

## 1H 2005 pro-forma

## 1H 2006

(€ m)	Revenues	EBITDA	EBITDA %	Revenues	EBITDA	EBITDA %
Milk Division	1,049.0	80.4	7.7%	1,138.5	87.5	7.7%
Vegetable Division	125.3	12.9	10.3%	134.8	14.3	10.6%
Fresh Division	574.5	41.2	7.2%	608.1	56.9	9.4%
Other	99.0	-2.8	-2.8%	85.8	1.1	1.3%
<b>Total</b>	<b>1,847.8</b>	<b>131.7</b>	<b>7.1%</b>	<b>1,967.2</b>	<b>159.8</b>	<b>8.1%</b>



*Note:*

- Milk Division includes milk, cream and white sauces
- Vegetable Division includes mainly juices
- Fresh Division includes yoghurt, dessert and cheeses
- Other includes holding, receivables write off and provisions
- Percentages in the pie charts are calculated without factoring in results of Other



## Actions undertaken in 1H 2006 in main countries' operations

### Canada

- /// Astro Jeunesse yoghurt launch
- /// Cheesetrings snack cheese turnaround
- /// Improvement of operations cost control and efficiency
- /// Focus on customer service excellence

### Italy

- /// Functional milks growth
- /// Sales forces integration
- /// Focus on production and distribution efficiency
- /// Milk cost reduction

### Australia

- /// Support of aggressive growth brands in milk beverages, yoghurt and desserts
- /// Dedicated media support and targeted promotional activity for Pauls Smarter white milk
- /// Launched a range of lactose free yoghurt under Vaalia brand

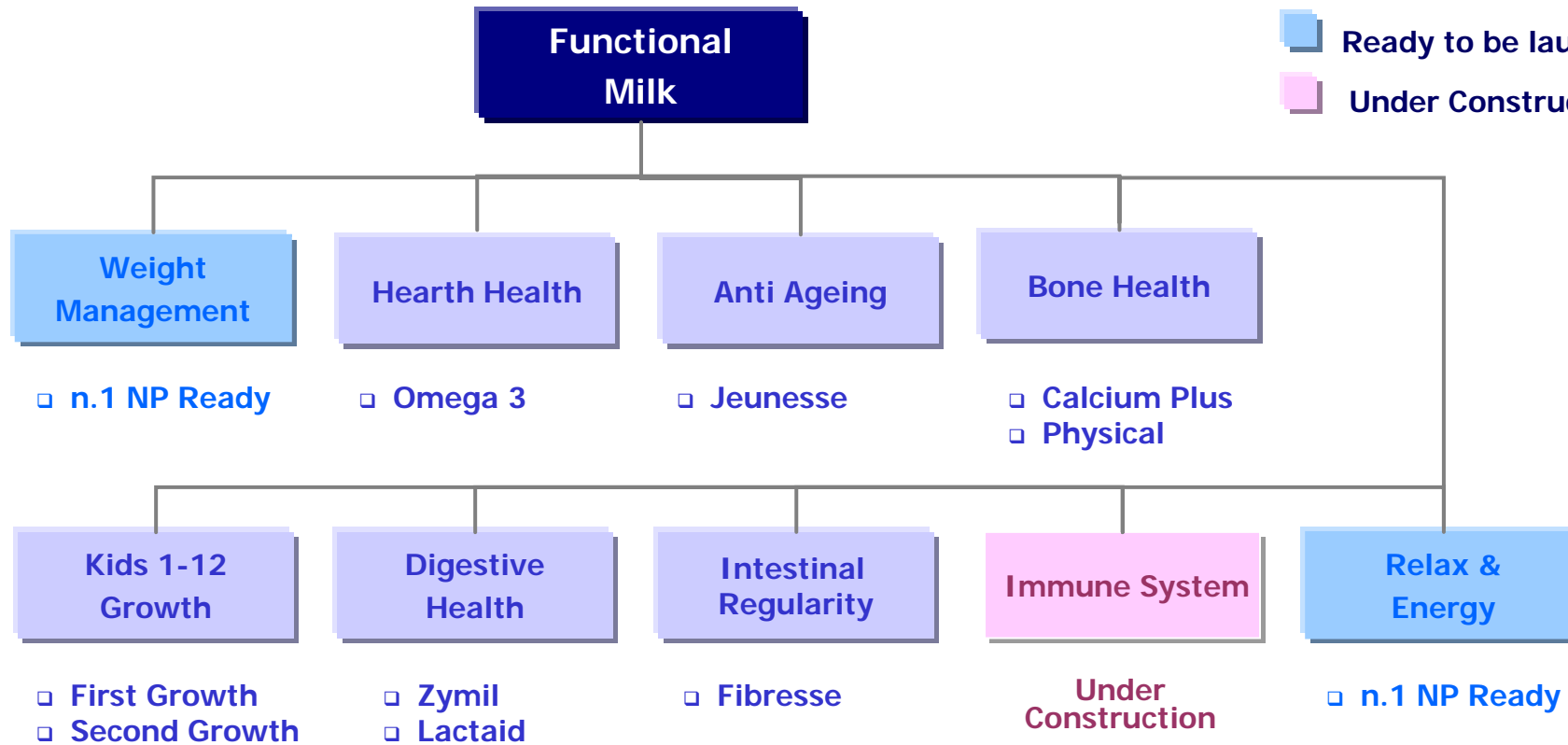
### South Africa

- /// Beginning of comprehensive supply chain optimisation project
- /// Improvement of distribution capability in Gauteng and KwaZulu Natal
- /// Increased focus on functional foods
- /// Enhancement of leadership position in cheese through clear brand positioning and marketing initiatives



# Functional milk products

- Already Launched in some Parmalat core countries
- Ready to be launched
- Under Construction



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## Key 1H 2006 group earnings figures (IFRS/IAS Gaap)

(€ m)	1H 2005 Pro-Forma	1H 2006
<b>Revenues</b>	<b>1,847.8</b>	<b>1,967.2</b>
<i>Growth</i>		6.5%
<b>EBITDA</b>	<b>131.7</b>	<b>159.8</b>
<i>Margin</i>	7.1%	8.1%
Other gains / (losses)	19.5	(34.0)
Depreciation and amortization	(46.3)	(49.0)
<b>Net Operating Result (EBIT)</b>	<b>104.9</b>	<b>76.8</b>
<i>Margin</i>	5.7%	3.9%
Net financial income /(charges) and other	(46.5)	(36.3)
Taxes	(16.6)	(24.1)
Results of activities to be sold	(2.2)	0.6
<b>Result for the period</b>	<b>39.6</b>	<b>17.0</b>
<i>Margin</i>	n.m.	0.9%
Minority interest (profit)/loss		(2.9)
<b>Result for the period (of the Group)</b>	<b>39.6</b>	<b>14.1</b>

1H 2006 Other gains/(losses) mainly include:

- Legal fees: € 25.3 m
- Restructuring cost: € 7.2 m

1H 2006 Taxes include:

- Current taxes:
  - Italy € 4.8 m
  - Other countries € 11.9 m
- Deferred taxes: Other countries € 7.4 m



## Key 30/06/2006 balance sheet items (IFRS/IAS Gaap)

(€ m)	31/12/2005	30/06/2006
<b>Fixed Assets</b>	<b>2,346.6</b>	<b>2,206.9</b>
Intangible assets	1,567.6	1,451.5
Tangible assets	698.3	652.3
Financial assets and prepaid taxes	80.7	103.1
<b>Net Working Capital</b>	<b>337.6</b>	<b>492.2</b>
Operating Working Capital	383.4	387.4
Other Assets/liabilities	(45.8)	104.8
<b>Discontinuing Operations</b>	<b>100.9</b>	<b>11.6</b>
Employee Severance Indemnity Liabilities	(113.0)	(111.3)
Provisions	(425.1)	(421.9)
<b>Net Invested Capital</b>	<b>2,247.0</b>	<b>2,177.5</b>

(€ m)	31/12/2005	30/06/2006
<b>Shareholders Equity</b>	<b>1,877.7</b>	<b>1,866.0</b>
Share Capital	1,619.9	1,640.1
Contested liabilit. excl. convert. into share capital	191.3	183.5
Other reserves and net result	36.9	9.6
Minority interest	29.6	32.8
<b>Net Financial Debt</b>	<b>369.3</b>	<b>311.5</b>
Financial Debt	874.5	762.4
Cash & Other financial assets	(505.2)	(450.9)
<b>Total Sources of Funds</b>	<b>2,247.0</b>	<b>2,177.5</b>

### 30/06/2006 Intangible assets include

- **Goodwill: € 641.7 m (a)**
- **Brands (indefinite life): € 760.5 m (b)**
- **Other intangibles: € 49.3 m**

(a) Of which Parmalat Spa € 304.5 m; Parmalat Dairy & Bakery Inc. € 128.7 m; Parmalat Australia € 73.1 m

(b) Of which Parmalat Spa € 181.7 m; Beatrice (Canada) € 83.5 m; Lactantia (Canada) € 68.9 m; Santal € 56.4 m

### 30/06/2006 Operating working capital includes:

- **Inventories: € 372.6 m**
- **Trade receivables: € 509.1 m**
- **Trade payables: € (494.3) m**

### Other assets/liabilities include:

- **Other current assets: € 337.9 m (including deferred payment for Madrid site)**
- **Other current liabilities: € (233.1) m (after payment of preduction and privileged claims)**





## 30/06/2006 balance sheet items (IFRS/IAS Gaap)

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### 30/06/2006 Provisions include:

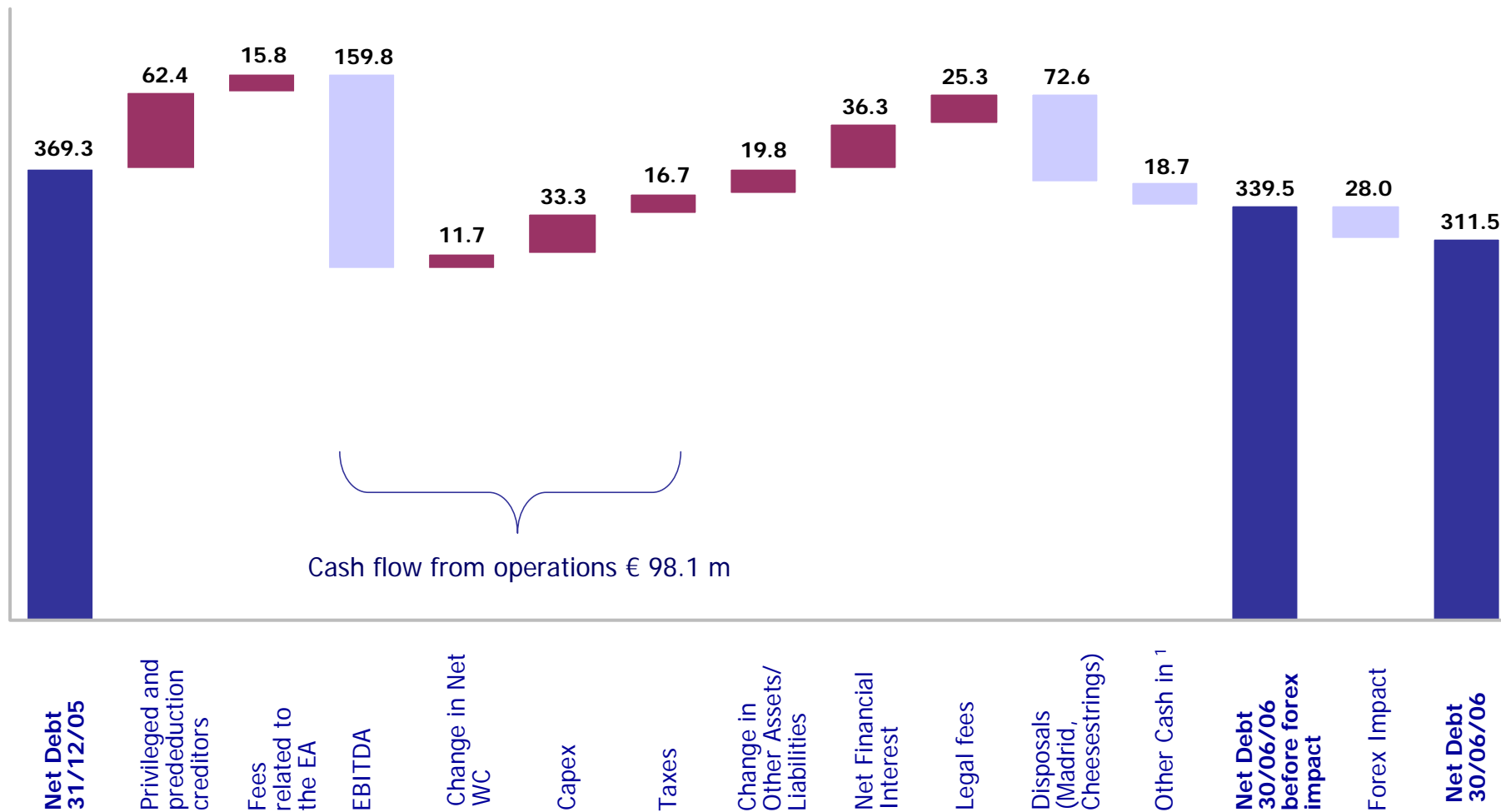
- Provision for contested, preferential and pre-deductional claims: € 23.7m
- Deferred tax liabilities: € 253.3 m
- Provision for contingent liabilities: €144.9 m

### 30/06/2006 Other reserves and net result include mainly:

- Reserve for claims of late-filing creditors: € 42.1 m
- Other reserve: € (46.3) m
- Prior Year Results: € (0.3) m
- 1H 2006 Result: € 14.1 m



# 1H 2006 consolidated cash flow statement



1. "Other Cash in" includes: Citibank € 9.1 m, Tax Ruling € 6.8 m, assets to be disposed € 2.8 m

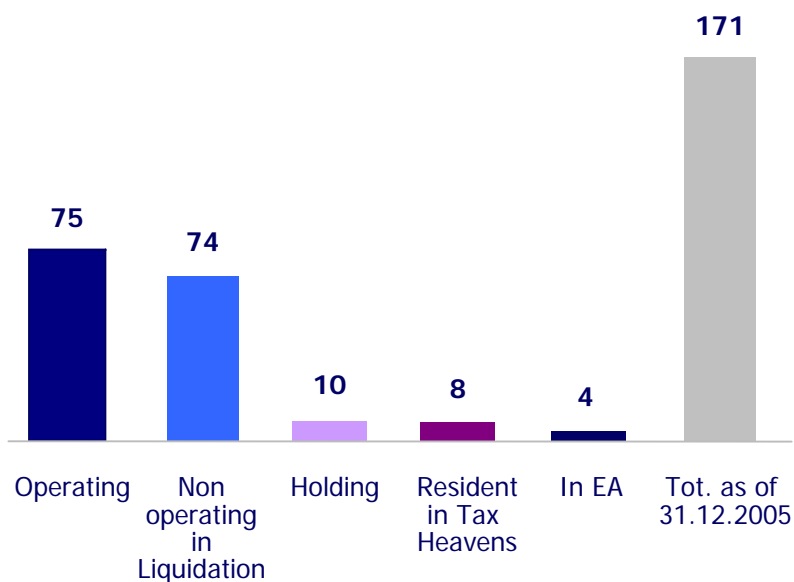


## Objectives of the control chain restructuring plan

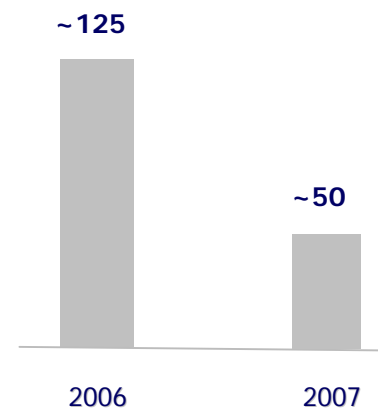
- /// Optimisation of the control chain
- /// Improvement of tax efficiency at Group level
- /// Optimization of dividend flow
- /// Rationalisation of overhead costs
- /// Exit from tax heavens
- /// Application of corporate guidelines for corporate governance as approved by the Board of Directors on March 24th, 2006
- /// Increase market transparency

### Number of Group companies

As of 31/12/2005



Target 2006 - 2007



# Capex

<b>CAPEX</b>				
<i>€ m</i>	1H 2005 pro-forma		1H 2006	
	Amount	%	Amount	%
Europe	10.1	49%	15.9	48%
North America	2.5	12%	4.4	13%
Central and South America	0.9	4%	3.5	11%
Africa and Australia	7.2	35%	9.5	29%
<b>GROUP</b>	<b>20.7</b>	<b>100%</b>	<b>33.3</b>	<b>100%</b>



## Advertising costs

<b>ADVERTISING COSTS</b>				
<i>€ m</i>	1H 2005 pro-forma		1H 2006	
	Amount	%	Amount	%
Europe	13.9	51%	15.9	51%
North America	5.3	19%	5.1	16%
Central and South America	1.9	7%	2.4	8%
Africa and Australia	6.4	23%	7.8	25%
<b>GROUP</b>	<b>27.5</b>	<b>100%</b>	<b>31.2</b>	<b>100%</b>



## Share capital

(€ m)	Extraordinary General Meeting	Update as of
	September 19, 2005	August 31, 2006
	<u>Approved</u>	<u>Issued</u>
Share Capital	1,930.0	1,639.1
Warrant	80.0	1.6
Total	2,010.0	1,640.7*

\* Of which approx. 59.2 million shares at par value (1 Euro) registered in the name of the Foundation, of which:

- 42.0 million shares or 2.6% of share capital which pertain to currently undisclosed creditors
- 120,000 shares representing the initial share capital of Parmalat S.p.A.



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## Revocatory actions

**Revocatory actions**

/// 75 actions pending for €7.26 billion

**Constitutional review**

/// After the favourable decision by the Italian Constitutional Court, cases pending in Parma are proceedings with discovery and depositions in Parma Court





## Damages actions

		Status
<b>Damages actions in Italy</b>	<ul style="list-style-type: none"><li>/// 12 actions against financial institutions</li><li>/// Derivatives: against 6 banks</li><li>/// S&amp;P</li></ul>	/// All in preliminary stage of discovery
<b>Damages actions in USA</b>	<ul style="list-style-type: none"><li>/// 3 actions pending against<ul style="list-style-type: none"><li>- Bank of America</li><li>- Citigroup</li><li>- Deloitte &amp; Touche / Grant Thornton</li></ul></li></ul>	/// Discovery in progress; expected trial dates early fall 2007



## Other

**Title 11, SEC. 304 (USA)**

/// Parmalat is protected under preliminary injunction in SDNY

**Parmalat Securities Litigation**

/// Class has filed third amended complaint including Parmalat as a defendant.



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## Corporate events

### // Board of Directors

- // 10 November 2006, Approval of the third quarter report for 2006

### **Contacts:**

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+39 0521 808550





# Appendix



# Parmalat SpA – 1H 2006

PARMALAT SPA			
	1H 2005 <i>pro-forma</i>	1H 2006	%
REVENUES	€525.7 m	€504.5 m	100
EBITDA	€23.4 m	€32.0 m	6.3
NET OPERATING RESULT (EBIT)	€16.2 m	€(7.2) m <sup>1</sup>	<i>n.a.</i>
NET RESULT	€19.1 m	€2.0 m	<i>n.a.</i>

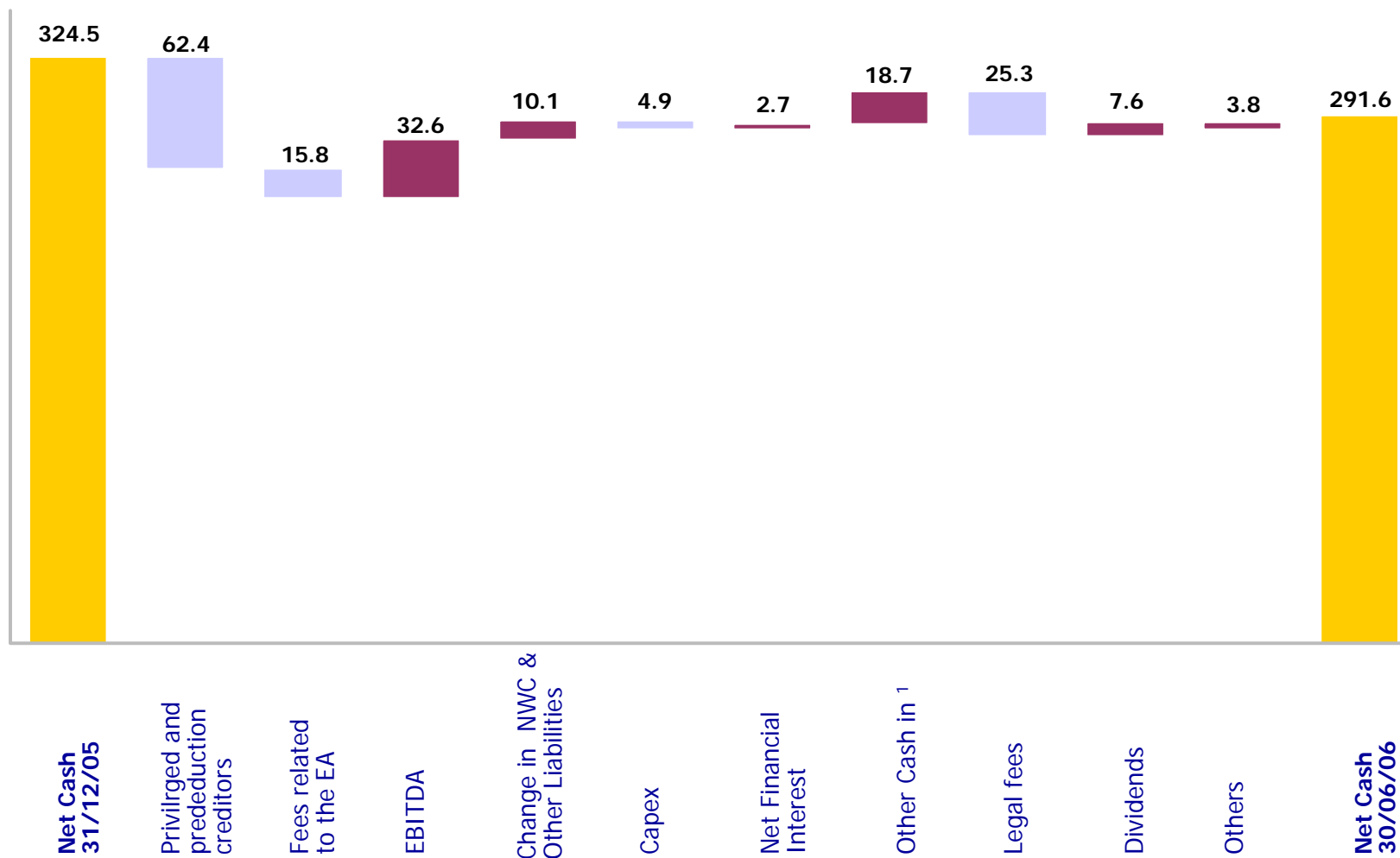
OPERATIONS			
			%
Revenues	1H 2005	€ 525.7 m	100
Revenues	1H 2006	€ 503.0 m	100
EBITDA	1H 2005	€ 31.0 m	6.3
EBITDA	1H 2006	€ 42.4 m	8.1

CORPORATE			
Revenues	1H 2005	€ 0.0 m	
Revenues	1H 2006	€ 1.5 m	
EBITDA	1H 2005	€ (7.6) m	
EBITDA	1H 2006	€ (10.4) m	

1. Including € 25.3 m of legal fees



# 1H 2006 Parmalat SpA cash flow statement



1. "Other Cash in" includes: Citibank € 9.1 m, Tax Ruling € 6.8 m, assets to be disposed € 2.8 m

