



## PRESS RELEASE

### THE BOARD OF DIRECTORS APPROVES THE FIRST INTERIM REPORT ON OPERATIONS AT MARCH 31, 2014

- THE GROUP'S PERFORMANCE REFLECTS THE IMPACT OF A NEGATIVE TRANSLATION EFFECT AND IT IS HOWEVER CONSISTENT WITH EXPECTATIONS FOR THE PERIOD

- THE GUIDANCE FOR THE FULL YEAR IS CONFIRMED

- Net revenues up in all geographic regions at constant scope of consolidation and exchange rates (+7.8%);
- EBITDA down at constant scope of consolidation and exchange rates (-8.7%) due to a sharp increase in the cost of raw milk but in line with projections for the period;
- Group interest in net profit up by 0.8 million euros at constant scope of consolidation and exchange rates;
- 2014 guidance: at constant exchange rates and scope of consolidation and excluding the effect of hyperinflation, the previously announced growth rate estimates for net revenues (3%) and EBITDA (3%) are confirmed.

Consolidated Financial Highlights of the Group			
Amounts in millions of euros	First quarter 2014	First quarter 2013	% change
<b>Net revenues</b>	1,192.8	1,232.5	-3.2%
<i>Net revenues at constant scope of consolidation and exchange rates and excluding hyperinflation effects</i>	1,326.9	1,230.9	+7.8%
<b>EBITDA</b>	76.4	94.8	-19.4%
<i>EBITDA at constant scope of consolidation and exchange rates and excluding hyperinflation effects</i>	89.7	98.2	-8.7%
<b>Group interest in net profit</b>	47.7	55.8	-14.5%
<i>Group interest in net profit at constant scope of consolidation and exchange rates</i>	56.6	55.8	+1.4%

Amounts in millions of euros	3/31/14	12/31/13	% change
<b>Net financial assets</b>	1,016.6	1,065.6	-4.8%



Parmalat S.p.A. announces that its Board of Directors, meeting today under the chairmanship of Gabriella Chersicla, reviewed and approved the Interim Report on Operations at March 31, 2014.

## **Parmalat Group**

In the first quarter of 2014, the Group's performance was affected to a significant degree by a highly unfavorable currency translation effect, as the currencies of the main countries where the Group operates lost value versus the euro, particularly in the case of the South African rand, Australian dollar and Canadian dollar.

In addition, the key economic and financial indicators, which were adversely affected by widespread increases in the cost of raw milk, are being compared with a particularly positive performance reported in the previous year.

More specifically, **net revenues** decreased to 1,192.8 million euros, or 39.8 million euros less (-3.2%) than the 1,232.5 million euros reported in the first quarter of 2013. With data at constant exchange rates and comparable scope of consolidation (obtained excluding the contribution of Balkis, a Brazilian company acquired at the end of July 2013) and excluding the effects of hyperinflation in Venezuela, net revenues show a gain of 95.9 million euros (+7.8%). List-price increases and sales of more profitable products account for most of this improvement.

**EBITDA** totaled 76.4 million euros, down 18.4 million euros (-19.4%) compared with 94.8 million euros in the first quarter of 2013. With data at constant exchange rates and comparable scope of consolidation (obtained without the contribution of Balkis, a Brazilian company acquired at the end of July 2013) and excluding the effects of hyperinflation in Venezuela, the EBITDA decrease amounts to 8.5 million euros (-8.7%). Higher investments in marketing and a substantial and generalized increase in the purchase cost of raw milk, particularly in Europe, North America and Australia, that could be reflected only partially in final sales prices due to a time lag for the acceptance of list price increases by the trade, are the reason for this reduction. However, these results were in line with projections for the period.

The Group's performance in the main geographic regions in which it operates is reviewed below.

The **Europe sales region** includes the subsidiaries that operate in Italy - which accounts for about 85% of the net revenues and about 90% of the EBITDA of the region - and in Russia, Portugal and Romania.

The region generated net revenues of 274.9 million euros and EBITDA of 22.3 million euros in the first quarter of 2014. At constant exchange rates, net revenues show a gain of 1.9%, but EBITDA decreased by 5.6%. This reduction reflects the impact of an increase in the average purchase cost of raw milk and higher advertising investments to support key brands in Italy and, in Russia, a reduced availability of raw milk, which caused a sharp increase in its cost.

In **Italy**, the markets in which Parmalat operates were characterized by a generalized contraction in consumption. The local subsidiary retained the leadership position in the pasteurized milk and UHT cream markets and confirmed its competitive positions in the fruit beverage and yogurt segments. Net revenues were substantially in line with the same period last year thanks to list-price increases implemented in the second half of 2013.

The **North America sales region** includes the subsidiaries in Canada and the United States. In the first three months of 2014, net revenues totaled 506.9 million euros and EBITDA amounted to 39.5 million euros.



With data at constant exchange rates, the net revenues for the North America sales region show an increase of 10.1%, with EBITDA substantially in line with the previous year.

More in detail, in **Canada**, even though consumption was down in the cheese market, Parmalat strengthened its competitive position, ranking second nationwide, and retained the leadership position in the snack segment; the local subsidiary confirmed its positions in the milk and yogurt markets despite highly competitive conditions.

In the **United States of America**, consumption in the cheese market held relatively steady in the first three months of 2014, with the local subsidiary confirming its competitive ranking and retaining the leadership position in the ricotta, chunk mozzarella, gourmet spreadable and soft ripened segments. Net revenues, stated in the local currency, increased thanks to higher sales and price adjustments, while EBITDA contracted slightly compared with the previous year, reflecting the impact of a substantial increase in the purchase price of raw milk.

The **Latin America sales region** includes the subsidiaries that operate in Venezuela, Colombia, Ecuador, Paraguay, Brazil and Mexico. The Group strengthened its presence in this region with the acquisition of Balkis, a Brazilian company, at the end of July 2013. In the first quarter of 2014, net revenues totaled 140.8 million euros and EBITDA amounted to 7.7 million euros.

With data at constant exchange rates and comparable scope of consolidation and without the effects of hyperinflation in Venezuela, the results for this sales region show revenues of 162.8 million euros and EBITDA of 14.2 million euros, up 23.6% and 41.3%, respectively.

In **Venezuela**, where the socio-political context remains uncertain, the local subsidiary retained its market position in the fruit beverage segment, despite an unfavorable consumption trend.

In the **Africa sales region**, which includes the subsidiaries that operate in South Africa, Zambia, Botswana, Swaziland and Mozambique, net revenues totaled 86.5 million euros and EBITDA amounted to 5.6 million euros in the first three months of 2014.

These data reflect a negative translation effect that reduced net revenues and EBITDA by about 20 million euros and 1.2 million euros, respectively, due to the loss of value of the local currencies versus the euro, which was particularly pronounced in the case of the South African rand.

With data stated at constant exchange rates, the results for the region show an increase of 4.3% for revenues and a reduction of 6% for EBITDA. The impact of higher raw milk costs on the South African subsidiary is the main reason for this reduction.

In **South Africa**, Parmalat strengthened its leadership position in the flavored milk market and maintained its competitive positions in the cheese, UHT milk and yogurt categories.

In **Australia**, net revenues totaled 184.5 million euros and EBITDA for the period amounted to 6.4 million euros. The value of the Australian dollar decreased significantly in the first quarter of 2014, falling by 20.1% versus the euro compared with the exchange rate applied in the same period last year; the resulting negative effect on revenues and EBITDA amounted to about 37 million euros and 1.3 million euros, respectively.

With data stated in the local currency, net revenues show an increase of 2.3% and EBITDA a reduction of 57.3% compared with the same period last year, due mainly to the higher purchase cost of raw milk, which could not be fully recovered through list price adjustments due to strong competitive pressure.

The local subsidiary retained the leadership position in the pasteurized milk market and increased its market share in the flavored milk, yogurt and desserts categories.



**Group EBIT** amounted to 46.9 million euros, down 20.4 million euros compared with 67.3 million euros in the first quarter of 2013. With data at constant exchange rates and scope of consolidation, the decrease narrows to 14.2 million euros. Lower EBITDA and a smaller contribution by nonrecurring items are the main reasons for this reduction.

Depreciation and amortization expense and writedowns of non-current assets amounted to 29.2 million euros (32.5 million euros in the first quarter of 2013).

**Group interest in net profit** totaled 47.7 million euros, or 8.1 million euros less than the 55.8 million euros earned in the first quarter of last year, but shows an increase of 0.8 million euros with data at constant exchange rates and scope of consolidation. This gain reflects primarily the effect of higher net financial income and lower income taxes for the period, which more than offset the reduction in EBIT.

**Net financial assets** decreased to 1,016.6 million euros, or 49 million euros less than the 1,065.6 million euros held at December 31, 2013, due mainly to seasonal factors, as a result of which the cash flow absorbed by operating activities totaled 56.9 million euros, offset in part by cash flow generated by financing activities amounting to 10.9 million euros.

#### **PARMALAT S.p.A.**

**The net profit for the period** decreased to 4.2 million euros, or 19.4 million euro less than the 23.6 million euros reported in March 2013. The main reason for this decrease was the effect of a different timing in the distribution of dividends by investee companies (0.6 million euros compared with 17.4 million euros in the first quarter of 2013), as some subsidiaries declared dividend distributions to Parmalat S.p.A. after the end of the quarter.

**Net financial assets** decreased from 855.6 million euros at December 31, 2013 to 803.8 million euros at March 31, 2014. This decrease of 51.8 million euros reflects the allocation of funds to the Australian subsidiary (50 million euros) to finance the acquisition of Harvey Food and Beverage Ltd (Harvey Fresh).

Liquid assets and other financial assets are invested in short-term instruments with Italian credit institutions.

\* \* \* \* \*

#### **Business Outlook**

The Group confirms its revenue and EBITDA growth targets, in line with the positive trend of recent years.

The continuation of adverse economic conditions, such as the high level of raw material costs and the presence of significant social tensions in an important country where the Group operates, such as Venezuela, point to a more uncertain first half of the 2014, with growth expectations concentrated mainly in the balance of the year.

#### **Guidance**

For 2014, at constant exchange rates and scope of consolidation and excluding the effect of hyperinflation, Parmalat expects net revenues and EBITDA to grow by 3%, even though the first half of the year could still be adversely affected by challenging conditions related to market trends and milk prices.

\* \* \* \* \*



**Disclaimer**

*This document contains forward looking statements, particularly in the section entitled "Business Outlook." Projections for 2014 are based, inter alia, on the Group's performance in the fourth quarter of 2013 and take into account market trends at the beginning of the year. 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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**Conference Call with the Financial Community**

The data of the First Interim Report on Operations will be presented today to the financial community at 4:00 PM (CET) – 3:00 PM (GMT) in a conference call. The presentation will be followed by a Q&A session.

The conference call may be accessed through the following telephone numbers:

- 800 40 80 88 ; +39 06 33 48 68 68 ; +39 06 33 48 50 42  
Access code: \* 0

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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 of Parmalat S.p.A., 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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*The Interim Report on Operations at March 31, 2014 will be made available to the public within the deadline and in the manner required by current laws. This document will also be available on the Company website: [www.parmalat.com](http://www.parmalat.com) → Investor Relations → Financial Reports.*

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*The quarterly report was not audited.*

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*Schedules providing a condensed presentation of the income statement, statement of financial position and cash flow are annexed to this press release.*

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Parmalat S.p.A.

Milan, May 15, 2014



## Data by Geographic Region

<i>(amounts in millions of euros)</i>									
Region	I Quarter 2014			I Quarter 2013			Delta %		
	Revenues	EBITDA	EBITDA %	Revenues	EBITDA	EBITDA %	Revenues	EBITDA	
Europe	274.9	22.3	8.1	275.2	23.8	8.7	-0.1%	-6.4%	
North America	506.9	39.5	7.8	505.6	43.9	8.7	+0.3%	-10.1%	
Latin America	140.8	7.7	5.5	133.4	6.7	5.1	+5.6%	+14.7%	
Africa	86.5	5.6	6.5	102.1	7.3	7.1	-15.3%	-23.1%	
Australia	184.5	6.4	3.4	216.5	17.9	8.3	-14.8%	-64.5%	
Other <sup>1</sup>	-0.9	-5.0	n.s.	-0.3	-4.8	n.s.	n.s.	+4.7%	
<b>Group</b>	<b>1,192.8</b>	<b>76.4</b>	<b>6.4</b>	<b>1,232.5</b>	<b>94.8</b>	<b>7.7</b>	<b>-3.2%</b>	<b>-19.4%</b>	

Regions represent the consolidated countries

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

In order to improve comparability with the 2013 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding the effects of hyperinflation in Venezuela:

<i>(amounts in millions of euros)</i>									
Region	I Quarter 2014			I Quarter 2013			Delta %		
	Revenues	EBITDA	EBITDA %	Revenues	EBITDA	EBITDA %	Revenues	EBITDA	
Europe	280.3	22.5	8.0	275.2	23.8	8.7	+1.9%	-5.6%	
North America	556.5	43.5	7.8	505.6	43.9	8.7	+10.1%	-0.9%	
Latin America	162.8	14.2	8.7	131.8	10.1	7.6	+23.6%	+41.3%	
Africa	106.5	6.8	6.4	102.1	7.3	7.1	+4.3%	-6.0%	
Australia	221.6	7.6	3.4	216.5	17.9	8.3	+2.3%	-57.3%	
Other <sup>1</sup>	-0.9	-5.0	n.s.	-0.3	-4.8	n.s.	n.s.	+4.7%	
<b>Group</b> (constant scope of consolid./ exchange rates) <sup>2</sup>	<b>1,326.9</b>	<b>89.7</b>	<b>6.8</b>	<b>1,230.9</b>	<b>98.2</b>	<b>8.0</b>	<b>+7.8%</b>	<b>-8.7%</b>	

Regions represent the consolidated countries

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

2. Excluding hyperinflation and activities acquired in the third quarter 2013 (Balkis)

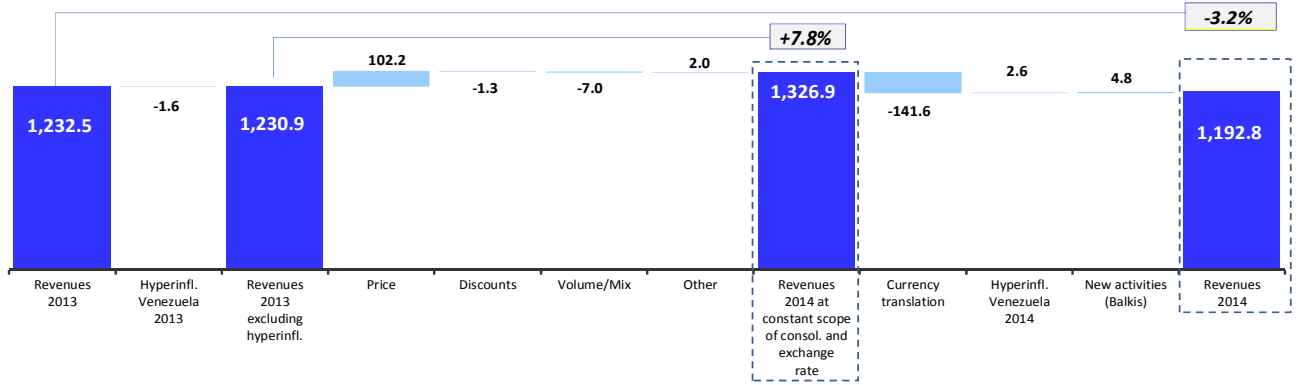


## Like for Like Net Revenues and EBITDA

The diagram below presents the main variables that determined the evolution of net revenues and EBITDA in the first quarter of 2014, compared with the same period in 2013.

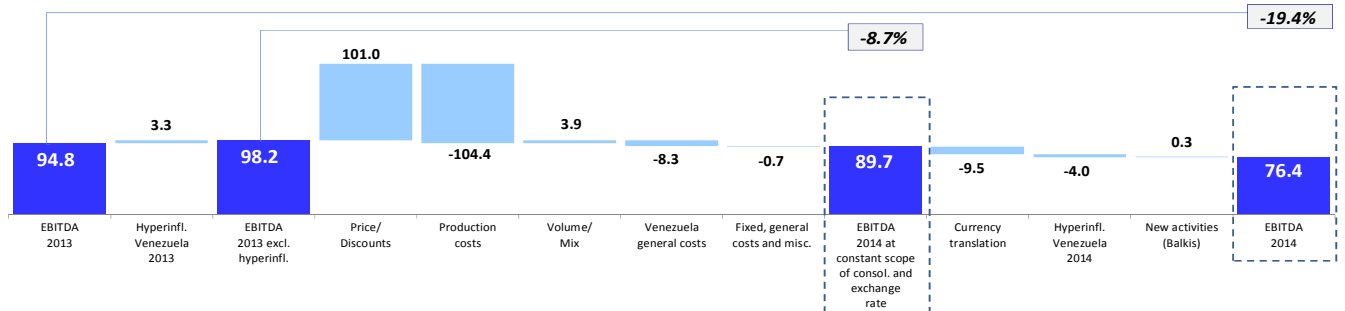
Revenues | Quarter 2014 vs 2013

(€ m)



EBITDA | Quarter 2014 vs 2013

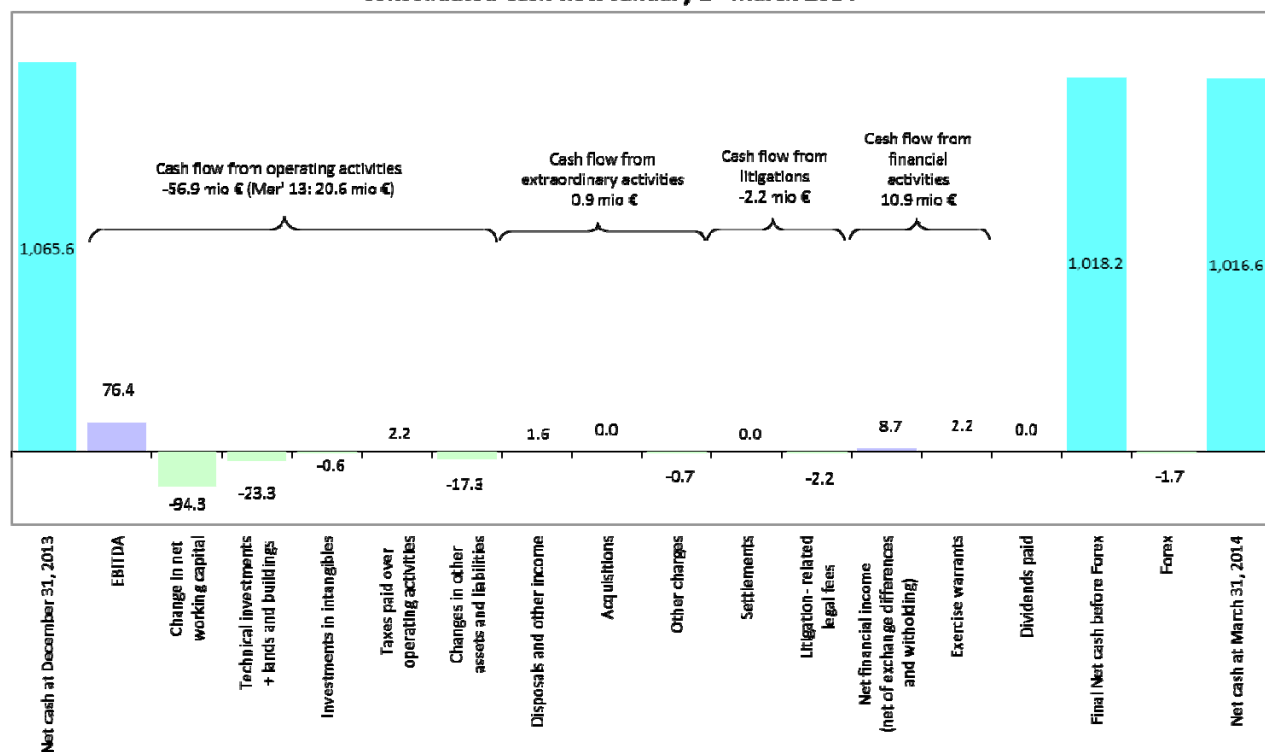
(€ m)





## Consolidated Statement of Cash Flows

### Consolidated Cash flow January 1 - March 2014







## Parmalat Group

### RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in millions of euros)

	First quarter 2014	First quarter 2013
<b>REVENUES</b>	<b>1,201.0</b>	<b>1,242.1</b>
Net revenues	1,192.8	1,232.5
Other revenues	8.2	9.6
<b>OPERATING EXPENSES</b>	<b>(1,121.9)</b>	<b>(1,145.8)</b>
Purchases, services and miscellaneous costs	(956.9)	(973.2)
Labor costs	(165.0)	(172.6)
<b>Sub Subtotal</b>	<b>79.1</b>	<b>96.3</b>
Writedowns of receivables and other provisions	(2.7)	(1.5)
<b>EBITDA</b>	<b>76.4</b>	<b>94.8</b>
Depreciation, amortization and writedowns of non-current assets	(29.2)	(32.5)
Other income and expenses:		
- Litigation-related legal expenses	(0.9)	(0.4)
- Miscellaneous income and expenses	0.6	5.4
<b>EBIT</b>	<b>46.9</b>	<b>67.3</b>
Net financial income/(expense)	13.7	10.3
<b>PROFIT BEFORE TAXES</b>	<b>60.6</b>	<b>77.6</b>
Income taxes	(12.2)	(21.0)
<b>NET PROFIT FOR THE PERIOD</b>	<b>48.4</b>	<b>56.6</b>
Attributable to:		
- Non-controlling interest	(0.7)	(0.8)
- Owners of the parent	47.7	55.8
<b>Continuing operations:</b>		
<b>Basic earnings per share</b>	<b>0.0261</b>	<b>0.0317</b>
<b>Diluted earnings per share</b>	<b>0.0259</b>	<b>0.0313</b>



## Parmalat Group

### RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)

	3/31/14	12/31/13
<b>NON-CURRENT ASSETS</b>	<b>2,102.1</b>	<b>2,113.6</b>
Intangibles	1,035.7	1,045.4
Property, plant and equipment	931.9	934.7
Non-current financial assets	63.6	63.6
Deferred-tax assets	70.9	69.9
<b>AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES</b>	<b>2.5</b>	<b>2.4</b>
<b>NET WORKING CAPITAL</b>	<b>459.0</b>	<b>376.3</b>
Inventories	480.2	454.1
Trade receivables	460.1	439.9
Trade payables (-)	(536.6)	(578.2)
<b>Operating working capital</b>	<b>403.7</b>	<b>315.8</b>
Other current assets	186.4	184.7
Other current liabilities (-)	(131.1)	(124.2)
<b>INVESTED CAPITAL NET OF OPERATING LIABILITIES</b>	<b>2,563.6</b>	<b>2,492.3</b>
<b>PROVISIONS FOR EMPLOYEE BENEFITS (-)</b>	<b>(112.1)</b>	<b>(125.7)</b>
<b>PROVISIONS FOR RISKS AND CHARGES (-)</b>	<b>(335.1)</b>	<b>(335.6)</b>
<b>PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS (-)</b>	<b>(6.1)</b>	<b>(6.1)</b>
<b>NET INVESTED CAPITAL</b>	<b>2,110.3</b>	<b>2,024.9</b>
<b>Covered by:</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>3,126.9</b>	<b>3,090.5</b>
Share capital	1,825.6	1,823.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	53.2	53.2
Other reserves and retained earnings	1,176.0	968.6
Profit for the year	47.7	221.0
Non-controlling interest	24.4	24.3
<b>NET FINANCIAL ASSETS</b>	<b>(1,016.6)</b>	<b>(1,065.6)</b>
Loans payable to banks and other lenders	133.9	137.4
Loans payable to investee companies	0.2	2.2
Other financial assets (-)	(314.0)	(264.9)
Cash and cash equivalents (-)	(836.7)	(940.3)
<b>TOTAL COVERAGE SOURCES</b>	<b>2,110.3</b>	<b>2,024.9</b>



## Parmalat S.p.A.

### RECLASSIFIED INCOME STATEMENT

<i>(in millions of euros)</i>	First quarter 2014	First quarter 2013 proforma <sup>1</sup>
<b>REVENUES</b>	<b>219.4</b>	<b>218.4</b>
Net revenues	209.6	209.7
Other revenues	9.8	8.7
<b>OPERATING EXPENSES</b>	<b>(204.8)</b>	<b>(204.6)</b>
Purchases, services and miscellaneous costs	(176.3)	(178.0)
Labor costs	(28.5)	(26.6)
<b>Subtotal</b>	<b>14.6</b>	<b>13.8</b>
Writedowns of receivables and other provisions	(2.1)	(0.7)
<b>EBITDA</b>	<b>12.5</b>	<b>13.1</b>
Depreciation, amortization and writedowns of non-current assets	(7.5)	(8.1)
Other income and expenses:		
- Litigation-related legal expenses	(0.9)	(0.4)
- Miscellaneous income and expenses	(2.3)	(0.6)
<b>EBIT</b>	<b>1.8</b>	<b>4.0</b>
Net financial income (expense)	6.8	6.2
Other income from (Charges for) equity investments	0.6	17.4
<b>PROFIT BEFORE TAXES</b>	<b>9.2</b>	<b>27.6</b>
Income taxes	(5.0)	(4.0)
<b>NET PROFIT FOR THE PERIOD</b>	<b>4.2</b>	<b>23.6</b>

<sup>1</sup> Following the merger by absorption of Carnini S.p.A., Latte Sole S.p.A. and Parmalat Distribuzione Alimenti S.r.l. into Parmalat S.p.A. in December 2013, a pro forma income statement was prepared that simulates, retrospectively, the effects of the merger at March 31, 2013.



## Parmalat S.p.A.

### RECLASSIFIED STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	<b>3/31/14</b>	<b>12/31/13</b>
<b>NON-CURRENT ASSETS</b>	<b>2,336.9</b>	<b>2,290.4</b>
Intangibles	360.2	361.6
Property, plant and equipment	154.3	158.8
Non-current financial assets	1,786.5	1,734.0
Deferred-tax assets	35.9	36.0
<b>AVAILABLE-FOR-SALE ASSETS, NET OF CORRESPONDING LIABILITIES</b>	<b>0,0</b>	<b>0,0</b>
<b>NET WORKING CAPITAL</b>	<b>45.0</b>	<b>30.4</b>
Inventories	50.6	46.9
Trade receivables	130.6	139.3
Trade payables (-)	(188.3)	(207.4)
<b>Operating working capital</b>	<b>(7.1)</b>	<b>(21.2)</b>
Other current assets	96.9	94.7
Other current liabilities (-)	(44.8)	(43.1)
<b>INVESTED CAPITAL NET OF OPERATING LIABILITIES</b>	<b>2,381.9</b>	<b>2,320.8</b>
<b>PROVISIONS FOR EMPLOYEE BENEFITS (-)</b>	<b>(26.0)</b>	<b>(26.0)</b>
<b>PROVISIONS FOR RISKS AND CHARGES (-)</b>	<b>(174.9)</b>	<b>(171.8)</b>
<b>PROVISION FOR LIABILITIES ON CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS (-)</b>	<b>(5.7)</b>	<b>(5.7)</b>
<b>NET INVESTED CAPITAL</b>	<b>2,175.3</b>	<b>2,117.3</b>
<b>Covered by:</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>2,979.1</b>	<b>2,972.9</b>
Share capital	1,825.6	1,823.4
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	53.2	53.2
Other reserves and retained earnings	1,096.1	986.8
Profit for the period	4.2	109.5
<b>NET FINANCIAL ASSETS</b>	<b>(803.8)</b>	<b>(855.6)</b>
Loans payable to banks and other lenders	0.2	0.2
Loans payable to (receivable from) investee companies	(105.5)	(106.7)
Other financial assets (-)	(275.6)	(235.5)
Cash and cash equivalents (-)	(422.9)	(513.6)
<b>TOTAL COVERAGE SOURCES</b>	<b>2,175.3</b>	<b>2,117.3</b>