



## PRESS RELEASE

### THE BOARD OF DIRECTORS APPROVES THE 2017 DRAFT FINANCIAL STATEMENTS

- **EBITDA deteriorate: -4.5% at constant exchange rates and scope of consolidation and excluding Venezuela**
- **Net revenue up 3.2% at current exchange rates and scope of consolidation, external growth is continuing through acquisitions in Chile, the United States of America and Italy; in line with the previous year at constant exchange rates and scope of consolidation and excluding Venezuela**
- **Motion to distribute a dividend for 12.9 million euros (0.007 euros per share)**
- **Ordinary Shareholders' Meeting convened for April 19**

*Milan, March 15, 2018* – The Company's Board of Directors, meeting today under the Chairmanship of Gabriella Chersicla, approved the draft financial statements at December 31, 2017, the highlights of which are reviewed below, and the Consolidated non-financial statement at December 31, 2017. The Board also resolved to convene an Ordinary Shareholders' Meeting, scheduled for April 19, 2018.

#### Consolidated Financial Highlights of the Group and Parmalat S.p.A.

##### PARMALAT GROUP

(amounts in millions of euros)	2017	2016	Change at current exchange rates and scope of consolidation (including Venezuela)	Change at constant exchange rates and scope of consolidation (excluding Venezuela)
<b>Net revenue</b>	6,695.5	6,489.4	+3.2%	+0.1%
<b>EBITDA</b>	453.6	458.5	-1.1%	-4.5%
<b>Profit for the year</b>	103.6	79.4	+30.5%	+26.9%
<b>Net financial assets</b>	255.3	334.4		

##### PARMALAT SPA

(amounts in millions of euros)	2017	2016	Change
<b>Profit for the year</b>	27.0	56.9	-52.5%
<b>Regular coupon per share</b>	0.007	0.015	

#### Performance of the Group in 2017

In 2017, the macroeconomic context was characterized by a consolidation of global growth, bolstered by expansive monetary and fiscal policies.

On the currency front, even though the context remained volatile, the foreign exchange effect on the Group's results was basically neutral. More specifically, the strengthening of the euro versus the U.S. dollar in the second half of the year eroded most of the positive effect recorded in the first six months.

As for the cost of raw milk, 2017 saw an increase compared with the previous year, but with different trends in the first and second half of the year.



The Parmalat Group reported **net revenue** of 6,695.5 million euros, or 206.1 million euros more (+3.2%) than the 6,489.4 million euros in 2016.

With data at constant exchange rates and scope of consolidation<sup>1</sup> and excluding the Venezuelan subsidiaries, net revenue was in line with the previous year, with a negative change in Latin America, Brazil in particular, due to lower sales volumes.

**EBITDA** totaled 453.6 million euros, or 4.9 million euros less (-1.1%) than the 458.5 million euros earned in 2016.

With data at constant exchange rates and scope of consolidation and excluding the Venezuelan subsidiaries, EBITDA showed a reduction of 21 million euros (-4.5%), due mainly to negative performances in North America (Canada) and Latin America.

The reduction in profitability is due mainly to a deterioration of the sales mix, with lower volumes of more profitable branded products.

## Europe

In 2017, net revenue of the Europe sales region totaled 1,145.3 million euros with EBITDA amounting to 105.7 million euros.

At constant exchange rates, the data showed a 4.7% gain for net revenue and a contraction of 3.1% for EBITDA compared with the previous year.

The region's profitability was affected by higher purchase costs for production components, milk in particular.

In **Italy**, the dairy market suffered a reduction in consumption compared with the previous year, due mainly to the negative trend that is affecting the UHT milk and cream categories. Despite challenging market conditions, Parmalat retained the leadership of the milk category, both in the pasteurized and UHT segments, thanks to the contribution of the *Zymil* brand.

In the UHT cream category, the local subsidiary strengthened its first-place competitive position, increasing its market share with its *Chef* brand, also supported by investments in advertising.

Please note that in the second half of the year, the Group acquired the business operations of *Silac S.r.l.*, a company active in the pasteurized milk area in the Apulia region.

## North America

In 2017, the North America region generated net revenue of 2,594.7 million euros and EBITDA of 227.4 million euros.

With data at constant exchange rates, the sales region's net revenue grew by 3.6% while EBITDA showed a decrease of 9.3% compared with the previous year.

In the **United States of America**, where the Group strengthened its presence thanks to the acquisition of *Karoun*, a company specialized in ethnic dairy products, Parmalat reported a positive performance, with higher sales volumes compared with 2016.

During a year characterized by steadily growing consumption in the cheese market, Parmalat confirmed its position as the market leader in the soft ripened cheese, chunk mozzarella and ricotta categories and held unchanged its competitive positions in the other segments in which it operates (fresh mozzarella, shredded mozzarella, feta cheese, snack cheese, gourmet cheddar and grated cheese).

In **Canada**, the profitability of the local subsidiary strongly deteriorated compared with the previous year due to increases in the cost of some production components that could not be offset by adjustments to sales prices, nonrecurring costs in the second half of the year and difficulties with the process of fine tuning some production facilities.

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<sup>1</sup> A comparable scope of consolidation is obtained by excluding the results of the activities acquired in 2016 and 2017 (*La Vaquita* Group in Chile, *Karoun* in the United States of America and *Silac* in Italy).



Even though the local subsidiary operates in markets characterized by strong competitive pressure, Parmalat retained its rank as the second-place player in the cheese category, increasing its market share, and held unchanged its positions in the milk and yogurt categories.

### **Latin America**

The Latin America sales region includes the subsidiaries that operate in Brazil, Mexico, Venezuela, Colombia, Ecuador, Paraguay, Chile and some other companies.

During the year, the Group strengthened its presence in this region by acquiring in Chile the *La Vaquita* Group, a manufacturing organization that operates in the cheese market.

In 2017, excluding the effect of hyperinflation in Venezuela, the region's net revenue totaled 1,346.5 million euros and EBITDA amounted to 42.5 million euros.

When restated at constant exchange rates and comparable scope of consolidation and excluding the contribution of Venezuela, the data showed a net revenue decrease of 12.5% and a 33.3% reduction in EBITDA compared with the previous year.

The challenges faced in highly competitive markets, mainly Mexico and Brazil, coupled with the higher costs of production components faced by many Group companies, made it impossible to benefit from the results of the reorganization of industrial activities and logistics and the revamping of the product line.

In **Brazil**, the local subsidiary, engaged in a process to reorganize its production processes and optimize the product line, reported negative results compared with the previous year, particularly in the second half of the year, due mainly to the impact of a reduction in volumes and an adverse sales mix effect.

Parmalat confirmed its position as the leader of the UHT milk category and the second-place player in the cheese segment.

In **Mexico**, the profitability of the local subsidiary decreased due to a negative volume effect and an increase in the cost of production components, that could not be offset by adjustments to sales prices.

In 2017, the cheese market reported a positive trend; in this context, the local subsidiary reported a modest increase in its value market share and confirmed its market position.

### **Africa**

In the Africa sales region, net revenue totaled 438.5 million euros and EBITDA amounted to 33.9 million euros un 2017.

With data stated at constant exchange rates, the region's results showed an increase of 2.7% for net revenue and a decrease of 5% for EBITDA due mainly to a negative performance in Zambia.

In **South Africa**, Parmalat retained the leadership position in the flavored milk market and confirmed its competitive position in the white milk segment. In the cheese category, which experienced strong growth compared with the previous year, the local subsidiary continued to rank as the top player and Parmalat retained the second-place competitive position in the yogurt segment.

In **Zambia**, the situation remains challenging for the local subsidiary, with a strong deterioration of profitability caused by an increase in the cost of production components, a reduction in sales volumes and critical issues in the industrial and logistics areas that arose mainly in the second half of the year.

### **Oceania**

In 2017, the Oceania sales region reported a net revenue of 1,096 million euros and EBITDA of 62 million euros.

With data at comparable exchange rates and scope of consolidation, net revenue increased by 2% and profitability recovered by 10.6% compared with the previous year, thanks to a



reorganization of production activities, sales programs designed to maximize the value of branded products and a positive market trend.

In **Australia** the dairy market consumption grew at a healthy rate in 2017. Parmalat confirmed its position as the leader in the pasteurized milk category and retained its second-place competitive position in the flavored milk and UHT milk segments. In the dessert category, the local subsidiary continued to rank as the top player, thanks mainly by a positive performance by the *Pauls* brand.

The **profit for the year** amounted to 103.6 million euros, or 24.2 million euros more than the 79.4 million euros earned in 2016.

With data at constant scope of consolidation and excluding the Venezuelan subsidiaries, the profit for the year showed an increase of 22.4 million euros.

This gain mainly reflects the impact of lower writedowns of intangible assets recognized in 2017 due to the effect of the impairment test and lower income taxes that more than offset the impact of a deterioration of the industrial activities and lower net proceeds from settlements.

The **net financial position** amounted to 255.3 million euros, down 79.1 million euros compared with 334.4 million euros at December 31, 2016.

This decrease is mainly the result of the following factors: a cash flow from operating activities of 133.9 million euros (154.2 million euros in 2016); the cash flow used for extraordinary transactions for 244 million euros, mainly incurred for the acquisitions of the *Silac* business operations, the *La Vaquita* Group in Chile and the *Karoun* Group in the United States of America; the cash flow from financial activities for 86.5 million euros, including 50 million euros for a time deposit with a maturity now reduced to less than 12 months; the payment of dividends for 29.2 million euros and negative currency translation differences for 28.2 million euros.

### **Parmalat S.p.A.**

The **profit for the year** decreased to 27 million euros, down 29.9 million euros compared with 56.9 million euros in 2016.

Lower net proceeds from settlements and higher writedowns of investments in associates required by the impairment test, offset in part by a reduction in the tax liability, are the main reasons for this negative change.

The **net financial position** went from a net financial asset balance of 61.3 million euros at December 31, 2016 to a net financial debt balance of 24.2 million euros at December 31, 2017, for a negative change of 85.5 million euros.

Investments implemented in support of the acquisitions completed by the Group during the year and the distribution of the 2016 dividend are the main reasons for this change.

The remaining cash and cash equivalents and other financial assets are invested in sight deposits and short-term instruments with counterparties belonging to top financial groups.

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## **Business Outlook and 2018 Guidance**

In the dairy market, a surplus of raw milk characterized the second half of 2017, particularly in some of the areas where the Group operates, such as Europe, North America and Oceania. In this context, the trend for the cost of raw milk in 2018, at least for the first half of the year, appears to be in continuity with the levels of the last quarter of 2017 or likely to decline further.

In this scenario, the Group's priorities for the rest of the year will be to regain volumes, carry out efficiency recovery plans to address some specific problems, namely those in Canada and Zambia, implement the organizational programs planned by some subsidiaries, such as those in Latin America, and strive for a more incisive presence in the Group's target markets.

For 2018, considering the challenges faced in 2017 and the indications provided above, with data a constant exchange rates and scope of consolidation and excluding the Venezuelan subsidiary, Parmalat expects year-over-year growth to be about 1.5% for net revenue, with EBITDA improving within a range of about 3% to 5%.

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### **Disclaimer**

*This document contains forward looking statements, particularly in the section entitled "Business Outlook". Projections for 2018 are based, inter alia, on the Group's performance in the fourth quarter of 2017 and take into account trends at the beginning of 2018. 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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## **Dividends**

The draft of the 2017 Annual Report that the Board of Directors reviewed today, before submitting it to the Shareholders' Meeting, contains, *inter alia*, a motion to distribute a dividend of 0.007 euros on each of the 1,853,100,581 common shares outstanding at December 31, 2017 (net of the 2,049,096 treasury shares held by the Company) for a total amount of 12,971,704 euros.

The amount allocated to the coupon will be payable on May 23, 2018, with May 21, 2018 coupon presentation date, to the shares registered in the books of accounts as of May 22, 2018 (record date).

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## **Corporate Governance**

The Board of Directors approved the 2017 Annual Report on Corporate Governance. The purpose of the Report is to provide a general overview of the corporate governance system adopted by Parmalat. This document will be available online, within the statutory deadline, on the Company website: [www.parmalat.com/en/corporate\\_governance/](http://www.parmalat.com/en/corporate_governance/).

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## **Compensation Policy**

The Board of Directors, acting consistent with a prior favorable opinion by the Nominating and Compensation Committee, approved the annual compensation policy, Part One of which, pursuant to Article 123-*ter*, Section 6, of Legislative Decree No. 58/1998 ("TUF"), will be submitted to the Shareholders' Meeting for a consultative vote. The Report on the Compensation of Directors, the



General Manager and Executives with Strategic Responsibilities will be available online, within the statutory deadline, on the Company website at the following address:  
[www.parmalat.com/en/corporate\\_governance/annual\\_general\\_meeting/](http://www.parmalat.com/en/corporate_governance/annual_general_meeting/).

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### **Consolidated non-financial statement at December 31, 2017**

As required by the Legislative Decree No. 254/2016 regarding the disclosure of non-financial information, the Board of Directors approved the Consolidated non-financial statement at December 31, 2017.

This statement will be available within the deadline required pursuant to law at the Company's headquarters in Milan, 9 Via Guglielmo Silva, at the storage mechanism 1Info ([www.1Info.it](http://www.1Info.it)) and on the Company website:

[www.parmalat.com/en/investor\\_relations/financial\\_reports/annual\\_reports/](http://www.parmalat.com/en/investor_relations/financial_reports/annual_reports/).

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### **Notice of Shareholders' Meeting**

The Board of Directors resolved to convene an Ordinary Shareholders' Meeting that will be held at the Hotel Meliã, 19 Via Masaccio, Milan, on a single calling at 10:30 AM on April 19, 2018.

The Shareholders' Meeting will be required, inter alia, to discuss and vote on the election of a Director, as this Meeting marks the end of the mandate given to the Chief Executive Officer, and on filling a vacancy on the Board of Statutory Auditors, due to the resignation of Marco Pedretti from the post of Chairman of the Board of Statutory Auditors.

The Notice of Shareholders' Meeting and the supporting documents concerning the items on the Agenda will be available within the statutory deadline at the Company's registered office, 9 Via Guglielmo Silva, in Milan, through the storage mechanism 1Info ([www.1Info.it](http://www.1Info.it)) and on the Company website: [www.parmalat.com/en/corporate\\_governance/annual\\_general\\_meeting/](http://www.parmalat.com/en/corporate_governance/annual_general_meeting/).

Shareholders may view these documents and request copies of them.

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### **Conference Call with the Financial Community**

The data for 2017 will be presented to the financial community today, at 5:00 PM (CET) – 4:00 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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Financial statement schedules are annexed to this press release.

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*As required by Article 154 bis, Section 2, of the TUF, 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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The draft financial statement at December 31, 2017 and the reports of the Board of Statutory Auditors and the Independent Auditors will be available, within their respective statutory deadlines, at the Company's registered office, 9 Via Guglielmo Silva, in Milan, through the storage mechanism 1Info ([www.1Info.it](http://www.1Info.it)) and on the Company website: [www.parmalat.com/en/investor\\_relations/financial\\_reports/annual\\_reports/](http://www.parmalat.com/en/investor_relations/financial_reports/annual_reports/).

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### **Company contacts**

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## Data by Geographic Region

<i>(amounts in millions of euros)</i>							<i>Delta %</i>	
Region	Year 2017			Year 2016			Net Revenue	EBITDA
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %		
Europe	1,145.3	105.7	9.2	1,073.4	108.6	10.1	+6.7%	-2.7%
North America	2,594.7	227.4	8.8	2,489.5	249.2	10.0	+4.2%	-8.7%
Latin America	1,346.5	42.5	3.2	1,387.4	52.9	3.8	-2.9%	-19.8%
Africa	438.5	33.9	7.7	397.3	33.1	8.3	+10.4%	+2.7%
Oceania	1,096.0	62.0	5.7	1,058.4	61.9	5.8	+3.6%	+0.2%
Other <sup>1</sup>	(17.3)	(4.4)	n.s.	(17.9)	(16.5)	n.s.	n.s.	n.s.
<b>Group excl. hyperinflation</b>	<b>6,603.7</b>	<b>467.1</b>	<b>7.1</b>	<b>6,388.2</b>	<b>489.3</b>	<b>7.7</b>	<b>+3.4%</b>	<b>-4.5%</b>
Hyperinflation in Venezuela	91.9	(13.5)	n.s.	101.3	(30.7)	n.s.	n.s.	n.s.
<b>Group</b>	<b>6,695.5</b>	<b>453.6</b>	<b>6.8</b>	<b>6,489.4</b>	<b>458.5</b>	<b>7.1</b>	<b>+3.2%</b>	<b>-1.1%</b>

Regions represent the consolidated countries.

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

In order to improve comparability with the 2016 data, the table below presents the Group's results at constant exchange rates and comparable scope of consolidation and excluding Venezuela:

<i>(amounts in millions of euros)</i>							<i>Delta %</i>	
Region	Year 2017			Year 2016			Net Revenue	EBITDA
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %		
Europe	1,123.7	105.3	9.4	1,073.4	108.6	10.1	+4.7%	-3.1%
North America	2,578.0	226.0	8.8	2,489.5	249.2	10.0	+3.6%	-9.3%
Latin America	1,135.9	20.1	1.8	1,297.9	30.1	2.3	-12.5%	-33.3%
Africa	408.2	31.4	7.7	397.3	33.1	8.3	+2.7%	-5.0%
Oceania	1,003.0	62.8	6.3	983.7	56.8	5.8	+2.0%	+10.6%
Other <sup>1</sup>	(17.3)	(5.0)	n.s.	(17.9)	(16.3)	n.s.	n.s.	n.s.
<b>Group (constant exch. rates/scope of consolidation)<sup>2</sup></b>	<b>6,231.5</b>	<b>440.5</b>	<b>7.1</b>	<b>6,223.9</b>	<b>461.6</b>	<b>7.4</b>	<b>+0.1%</b>	<b>-4.5%</b>

Regions represent the consolidated countries.

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

<sup>2</sup> Excluding Venezuela, new activities consolidated in 2016 (Parmalat Australia YD and Sadefox), in the first half of 2017 (Chile) and in the second half of 2017 (Karoun in the U.S. and Silac in Italy).



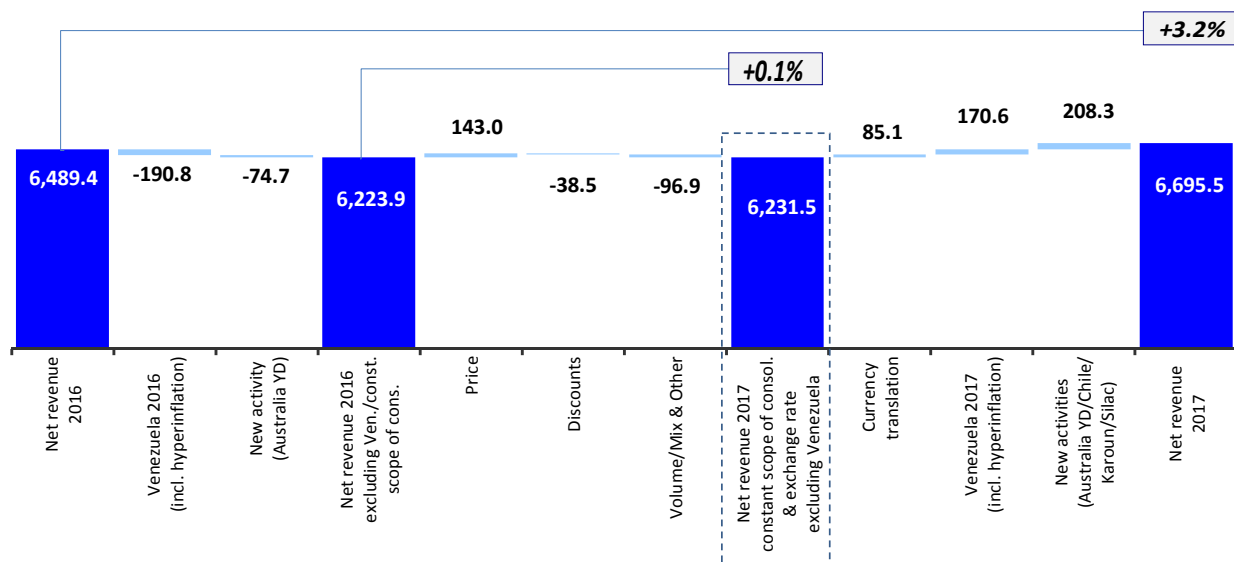


## Like for Like Net Revenue and EBITDA

The diagram below presents the main variables that determined the evolution of net revenue and EBITDA in 2017, compared with the previous year.

Cumulative Net Revenue December 2017 vs 2016

(€ mln)



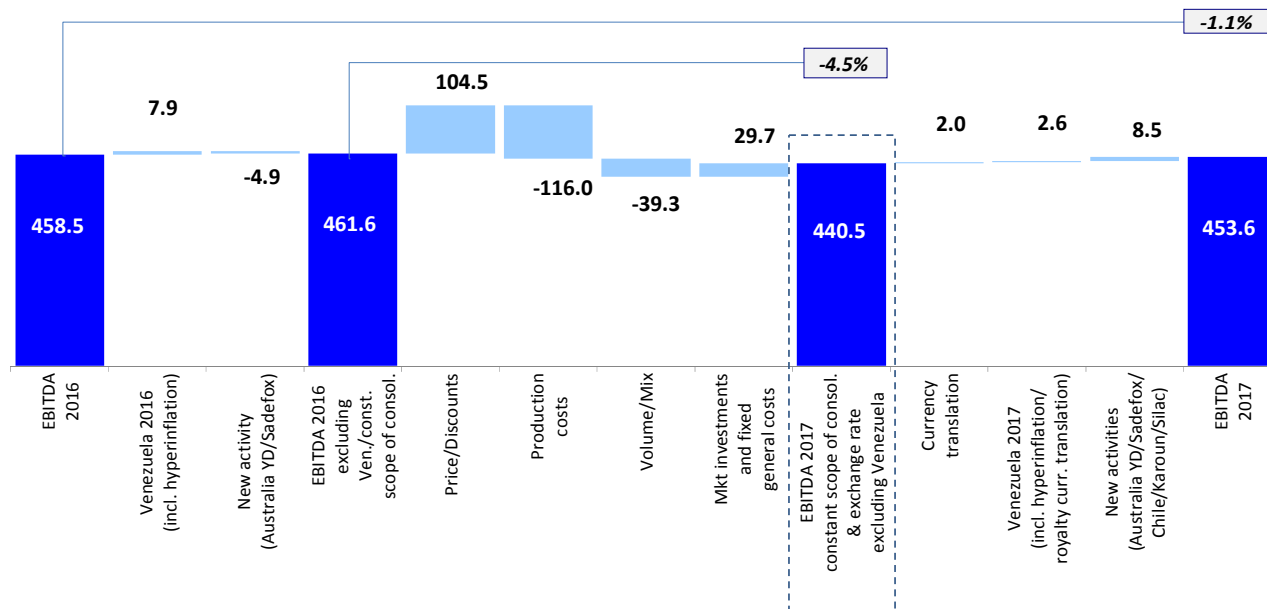
Bridge with Reclassified Consolidated Income Statement:

Net Revenue 2016	6,489.4
Δ Perimeter	133.6
Δ Venezuela	(20.2)
Δ Business	7.7
Curr. translation 17	85.1
<b>Net Revenue 2017</b>	<b>6,695.5</b>

Difference between result of new activities 2017 (208.3 mln euros) and 2016 (74.7 mln euros)  
 Difference between result of Venezuela 2017 incl. hyperinflation (170.6 mln euros) and result 2016 (190.8 mln euros)

Cumulative EBITDA December 2017 vs 2016

(€ mln)



Bridge with Reclassified Consolidated Income Statement:

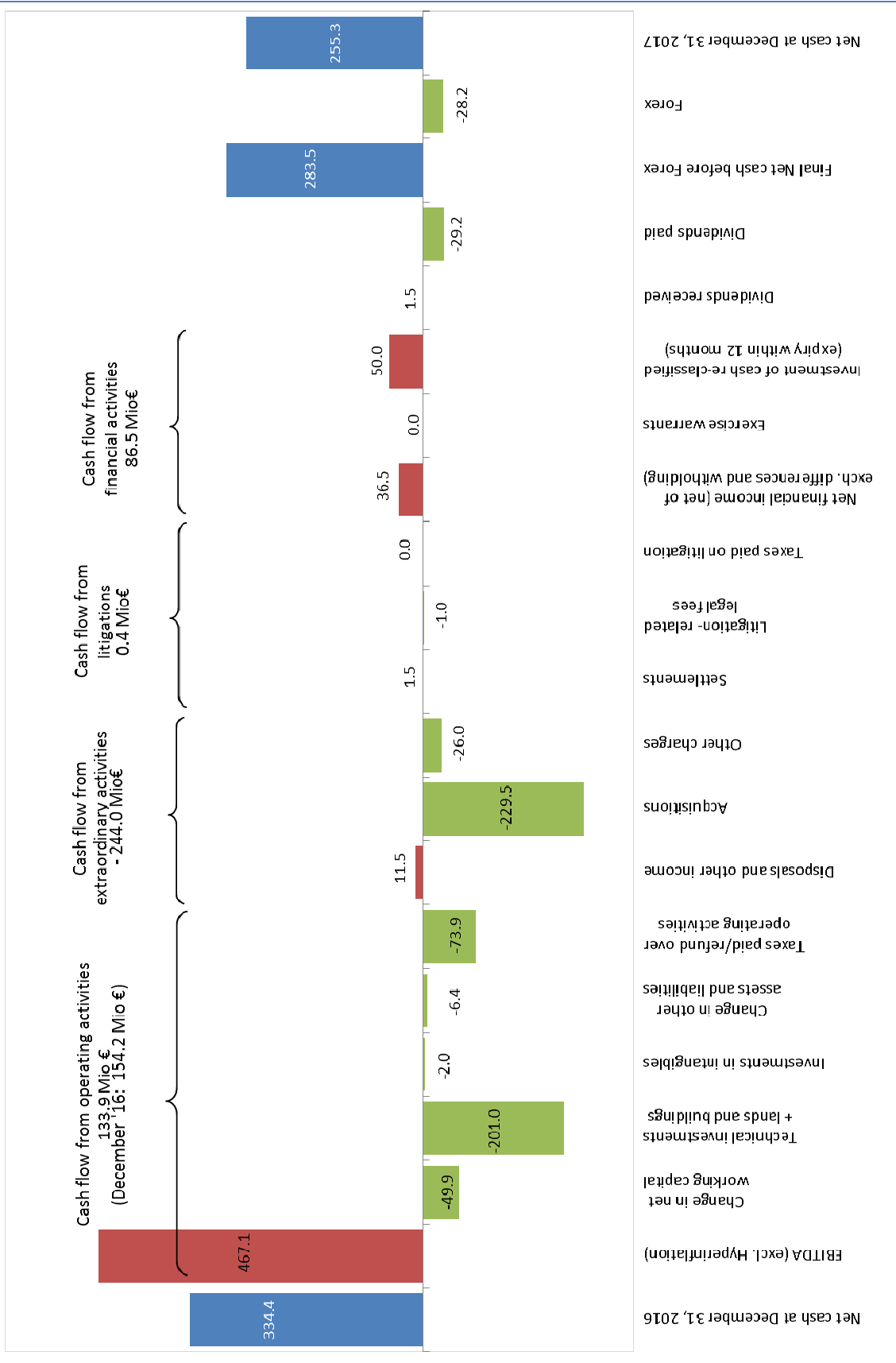
EBITDA 2016	458.5
Δ Perimeter	3.6
Δ Venezuela	10.5
Δ Business	(21.0)
Curr. translation 17	2.0
<b>EBITDA 2017</b>	<b>453.6</b>

Difference between result of new activities 2017 (8.5 mln euros) and 2016 (4.9 mln euros)  
 Difference between result of Venezuela 2017 incl. hyperinflation (2.6 mln euros) and result 2016 (-7.9 mln euros)



## Consolidated Statement of Cash Flows

### Consolidated Cash flow December 31, 2017





## Parmalat Group

### RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	2017 (A)	$\Delta$ scope of consolidation (2017 vs 2016) (B)	$\Delta$ Venezuela (2017 vs 2016) (C)	2017 pro forma at current exchange rates (D=A-B-C)	2016
<i>(in millions of euros)</i>					
<b>REVENUE</b>	<b>6,747.9</b>	<b>141.1</b>	<b>(21.1)</b>	<b>6,627.9</b>	<b>6,529.9</b>
Net revenue	6,695.5	139.4	(20.2)	6,576.3	6,489.4
Other revenue	52.4	1.7	(0.9)	51.6	40.5
<b>OPERATING EXPENSES</b>	<b>(6,290.0)</b>	<b>(131.1)</b>	<b>32.7</b>	<b>(6,191.6)</b>	<b>(6,061.9)</b>
Purchases, services and miscellaneous costs	(5,428.5)	(116.1)	24.0	(5,336.4)	(5,233.3)
Personnel expense	(861.5)	(15)	8.7	(855.2)	(828.6)
<b>Subtotal</b>	<b>457.9</b>	<b>10.0</b>	<b>11.6</b>	<b>436.3</b>	<b>468.0</b>
Impairment losses on receivables and other provisions	(4.3)	0.0	(1.1)	(3.2)	(9.5)
<b>EBITDA</b>	<b>453.6</b>	<b>10.0</b>	<b>10.5</b>	<b>433.1</b>	<b>458.5</b>
Depreciation, amortization and impairment losses on non-current assets	(202.7)	(7.4)	(3.3)	(192.0)	(260.6)
Other income and expense:					
- Litigation-related legal expenses	(1.0)			(1.0)	(2.1)
- Miscellaneous income and expenses	(23.6)	(0.8)	0.1	(22.9)	9.4
<b>EBIT</b>	<b>226.3</b>	<b>1.8</b>	<b>7.3</b>	<b>217.2</b>	<b>205.2</b>
Net financial income/(expense)	0.9	(1.1)	22.0	(20.0)	(10.3)
Other income from (Charges for) equity invest.	2.5	0.0	0.0	2.5	0.2
<b>PROFIT BEFORE TAXES</b>	<b>229.7</b>	<b>0.7</b>	<b>29.3</b>	<b>199.7</b>	<b>195.1</b>
Income taxes	(126.1)	(1.4)	(26.8)	(97.9)	(115.7)
<b>PROFIT FOR THE YEAR</b>	<b>103.6</b>	<b>(0.7)</b>	<b>2.5</b>	<b>101.8</b>	<b>79.4</b>
Non-controlling interests	(0.2)	0.0	0.0	(0.2)	(0.9)
Owners of the parent	103.4	(0.7)	2.5	101.6	78.5

### Continuing operations:

Basic earnings per share (in euros)	0.0557	0.0423
Diluted earnings per share (in euros)	0.0557	0.0423



## Parmalat Group

### RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	<b>12/31/17</b>	<b>12/31/16</b>
<b>NON-CURRENT ASSETS</b>	<b>2,997.8</b>	<b>3,024.7</b>
Intangible assets	1,368.8	1,309.5
Property, plant and equipment	1,459.5	1,489.7
Non-current financial assets	109.1	153.5
Deferred tax assets	60.4	72.0
<b>NON-CURRENT ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES</b>	<b>3.1</b>	<b>0.9</b>
<b>NET WORKING CAPITAL</b>	<b>426.4</b>	<b>452.2</b>
Inventories	682.1	729.8
Trade receivables	612.7	631.2
Trade payables (-)	(891.1)	(937.4)
<b>Operating working capital</b>	<b>403.7</b>	<b>423.6</b>
Other assets	197.3	226.2
Other liabilities (-)	(174.6)	(197.6)
<b>INVESTED CAPITAL NET OF OPERATING LIABILITIES</b>	<b>3,427.3</b>	<b>3,477.8</b>
<b>EMPLOYEE BENEFITS (-)</b>	<b>(91.6)</b>	<b>(98.7)</b>
<b>PROVISIONS FOR RISKS AND CHARGES (-)</b>	<b>(361.4)</b>	<b>(374.7)</b>
<b>PROVISION FOR LIABILITIES FOR CONTESTED PREFERENTIAL AND PREDEDUCTION CLAIMS</b>	<b>(7.8)</b>	<b>(10.0)</b>
<b>NET INVESTED CAPITAL</b>	<b>2,966.5</b>	<b>2,994.4</b>
<i>Covered by:</i>		
<b>EQUITY</b>	<b>3,221.8</b>	<b>3,328.8</b>
Share capital	1,855.1	1,855.1
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	52.9	52.9
Other reserves and retained earnings	1,191.9	1,322.3
Profit for the year	103.4	78.5
Non-controlling interests	18.5	20.0
<b>NET FINANCIAL POSITION</b>	<b>(255.3)</b>	<b>(334.4)</b>
Loans payable to banks and other lenders	458.6	694.3
Other financial assets (-)	(237.8)	(288.6)
Cash and cash equivalents(-)	(476.1)	(740.1)
<b>TOTAL COVERAGE SOURCES</b>	<b>2,966.5</b>	<b>2,994.4</b>



## Parmalat Group

### STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN 2017

<i>(in millions of euros)</i>	2017	2016
<b>Net financial position at beginning of the year</b>	<b>(334.4)</b>	<b>(310.8)</b>
Changes during the year:		
- Cash flow from operating activities for the year	(328.3)	(360.3)
- Cash flow for acquisitions	229.5	35.3
- Cash flow from other investing activities	148.0	259.2
- Accrued interest expense	21.3	18.4
- Cash flow from settlements	(0.5)	(11.5)
- Dividend payments	29.2	33.0
- Miscellaneous items	(48.3)	11.2
- Translation effect	28.2	(8.9)
Total changes during the year	79.1	(23.6)
<b>Net financial position at end of the year</b>	<b>(255.3)</b>	<b>(334.4)</b>

### BREAKDOWN OF NET FINANCIAL POSITION

<i>(in millions of euros)</i>	12/31/17	12/31/16
Loans payable to banks and other lenders	458.6	694.3
Other financial assets (-)	(237.8)	(288.6)
Cash and cash equivalents (-)	(476.1)	(740.1)
<b>Net financial position</b>	<b>(255.3)</b>	<b>(334.4)</b>

### RECONCILIATION OF CHANGE IN NET FINANCIAL POSITION TO THE STATEMENT OF CASH FLOWS (Cash and Cash Equivalents)

<i>(in millions of euros)</i>	Cash and cash equivalents	Other financial assets	Gross indebtedness	Net financial position
<b>Opening balance</b>	<b>(740.1)</b>	<b>(288.6)</b>	<b>694.3</b>	<b>(334.4)</b>
Cash flow from operating activities for the year	(328.3)	-	-	(328.3)
Cash flow for acquisitions	213.5	-	16.0	229.5
Cash flow from other investing activities	103.1	44.9	-	148.0
New borrowings	(180.8)	-	180.8	-
Loan repayments	390.8	-	(390.8)	-
Accrued interest expense	-	-	21.3	21.3
Cash flow from settlements	(0.5)	-	-	(0.5)
Dividend payments	29.2	-	-	29.2
Miscellaneous items	-	(0.1)	(48.2)	(48.3)
Translation effect	37.0	6.0	(14.8)	28.2
<b>Closing balance</b>	<b>(476.1)</b>	<b>(237.8)</b>	<b>458.6</b>	<b>(255.3)</b>



## Parmalat S.p.A.

### RECLASSIFIED INCOME STATEMENT

<i>(in millions of euros)</i>	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>	<b>927.9</b>	<b>883.7</b>
Net revenue	888.9	846.4
Other revenue	39.0	37.3
<b>OPERATING EXPENSES</b>	<b>(856.9)</b>	<b>(810.2)</b>
Purchases, services and miscellaneous costs	(739.3)	(689.3)
Personnel expense	(117.6)	(120.9)
<b>Subtotal</b>	<b>71.0</b>	<b>73.5</b>
Impairment losses on receivables and other provisions	(3.0)	(2.5)
<b>EBITDA</b>	<b>68.0</b>	<b>71.0</b>
Depreciation, amortization and impairment losses on non-current assets	(24.0)	(25.1)
Other income and expense:		
- Litigation-related legal expenses	(1.0)	(2.1)
- (Accruals to)/Reversals of provisions for investee companies	(12.9)	(3.8)
- Miscellaneous income and expense	(11.3)	14.7
<b>EBIT</b>	<b>18.8</b>	<b>54.7</b>
Net financial income/(expense)	11.3	12.2
Other income from (Charges for) equity investments	6.2	5.7
<b>PROFIT BEFORE TAXES</b>	<b>36.3</b>	<b>72.6</b>
Income taxes for the year	(9.3)	(15.7)
<b>PROFIT FOR THE YEAR</b>	<b>27.0</b>	<b>56.9</b>



## Parmalat S.p.A.

### RECLASSIFIED STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	<b>12/31/17</b>	<b>12/31/16</b>
<b>NON-CURRENT ASSETS</b>	<b>3,345.0</b>	<b>3,252.4</b>
Intangible assets	351.5	353.4
Property, plant and equipment	152.7	157.9
Non-current financial assets	2,822.2	2,719.5
Deferred tax assets	18.6	21.6
<b>ASSETS HELD FOR SALE, NET OF CORRESPONDING LIABILITIES</b>	<b>0.0</b>	<b>0.0</b>
<b>NET WORKING CAPITAL</b>	<b>(9.1)</b>	<b>(5.4)</b>
Inventories	54.5	47.2
Trade receivables	130.5	119.3
Trade payables (-)	(199.6)	(188.8)
<b>Operating working capital</b>	<b>(14.6)</b>	<b>(22.3)</b>
Other assets	44.6	60.2
Other liabilities (-)	(39.1)	(43.3)
<b>INVESTED CAPITAL NET OF OPERATING LIABILITIES</b>	<b>3,335.9</b>	<b>3,247.0</b>
<b>EMPLOYEE BENEFITS (-)</b>	<b>(25.4)</b>	<b>(26.1)</b>
<b>PROVISIONS FOR RISKS AND CHARGES (-)</b>	<b>(177.4)</b>	<b>(179.8)</b>
<b>PROVISION FOR CONTESTED LIABILITIES FOR PREFERENTIAL AND PREDEDUCTION CLAIMS</b>	<b>(7.2)</b>	<b>(9.6)</b>
<b>NET INVESTED CAPITAL</b>	<b>3,125.9</b>	<b>3,031.5</b>
<i>Covered by:</i>		
<b>SHAREHOLDERS' EQUITY</b>	<b>3,101.7</b>	<b>3,092.8</b>
Share capital	1,855.1	1,855.1
Reserve for creditor challenges and claims of late-filing creditors convertible into share capital	52.9	52.9
Other reserves and retained earnings	1,166.7	1,127.9
Profit for the year	27.0	56.9
<b>INDEBTEDNESS/NET FINANCIAL ASSETS</b>	<b>24.2</b>	<b>(61.3)</b>
Loans payable to banks and other lenders	369.7	519.2
Loans payable to/(receivable) from investee companies	(3.5)	(12.1)
Other financial assets (-)	(229.5)	(278.2)
Cash and cash equivalents(-)	(112.5)	(290.2)
<b>TOTAL COVERAGE SOURCES</b>	<b>3,125.9</b>	<b>3,031.5</b>



## Parmalat S.p.A.

### STATEMENT OF CHANGES IN NET FINANCIAL POSITION IN 2017

<i>(in millions of euros)</i>	2017	2016
<b>Indebtedness/(Net financial assets) at the beginning of the year</b>	<b>(61.3)</b>	<b>(136.8)</b>
Changes during the year:		
- Cash flow from operating activities	(65.2)	(40.3)
- Cash flow from investing activities	123.0	101.3
- Interest expense	5.4	2.9
- Cash flow from settlements, net of litigation expenses <sup>1</sup>	0.6	(14.2)
- Dividends paid to shareholders	27.9	31.5
- Dividend income	(6.2)	(5.7)
Total changes during the year	85.5	75.5
<b>Indebtedness/(Net financial assets) at the end of the year</b>	<b>24.2</b>	<b>(61.3)</b>

<sup>1</sup>This amount is net of legal expenses and taxes directly attributable to collected settlements.

### BREAKDOWN OF NET FINANCIAL POSITION

<i>(in millions of euros)</i>	12/31/17	12/31/16
Loans payable to banks and other lenders	369.7	519.2
Net loans payable to/(receivable from) investee companies	(3.5)	(12.1)
Other financial assets (-)	(229.5)	(278.2)
Cash and cash equivalents (-)	(112.5)	(290.2)
<b>Total</b>	<b>24.2</b>	<b>(61.3)</b>

### RECONCILIATION OF THE CHANGE IN NET FINANCIAL POSITION TO THE STATEMENT OF CASH FLOWS (Cash and Cash Equivalents)

<i>(in millions of euros)</i>	Cash and cash equivalents	Other financial assets	Gross indebtedness	Indebtedness/Net financial assets
<b>Opening balance</b>	<b>(290.2)</b>	<b>(290.3)</b>	<b>519.2</b>	<b>(61.3)</b>
Cash flow from operating activities	(65.2)			(65.2)
Cash flow from investing activities	123.0			123.0
New borrowings/Loan repayments	140.9	8.6	(149.5)	0.0
Interest expense	5.4			5.4
(Investments in)/Divestments of financial assets	(48.7)	48.7		0.0
Cash flow from settlements	0.6			0.6
Dividend payments	27.9			27.9
Dividend income	(6.2)			(6.2)
<b>Closing balance</b>	<b>(112.5)</b>	<b>(233.0)</b>	<b>369.7</b>	<b>24.2</b>