



PRESS RELEASE

PARMALAT GROUP: DISCLOSURE FOR THE FIRST NINE MONTHS OF 2018

- Sales volumes up 1.2% at constant scope of consolidation and excluding Venezuela
- Net revenue down 6.3% 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
- 2018 guidance confirmed

Milan, October 30, 2018 – 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 2018.

Parmalat Group

The raw milk market was characterized by price volatility, with a general reduction in the cost of milk in the first semester and an upward pressure on the cost of production factors in the last period, albeit with differences in some areas.

The Group's **sales volumes**, at constant scope of consolidation - obtained by excluding the results of acquisitions carried out in 2017 (Chile, *Karoun* in the United States of America and *Silac* in Italy) - and excluding Venezuela, showed an increase of 1.2% compared with the first nine months of 2017, attributable to all geographic regions with the exception of Latin America, which reported a slight decrease.

Net revenue, excluding hyperinflation, totaled 4,532.2 million euros, for a decrease of 307 million euros (-6.3%) compared with the first nine months of 2017. With data at constant exchange rates and scope of consolidation and excluding Venezuela, the net revenue amount is in line with the previous year, with a negative change for North America.

PERFORMANCE BY GEOGRAPHIC REGION

Amounts in millions of euros (except for data in %)	Cumulative net revenue at 9/30/18	Cumulative net revenue at 9/30/17	Δ % net revenue at current exchange rates and scope of consolidation	Δ % net revenue at constant ² exch. rates and scope of consolidation and excluding Venezuela	Δ % sales volumes
DATA BY GEOGRAPHIC REGION					
Europe	852.1	842.4	+1.2%	+0.7%	+2.8%
North America	1,725.3	1,860.7	-7.3%	-2.4%	+1.2%
Latin America	896.6 ³	1,035.8 ³	-13.4%	+0.5%	-2.7%
Africa	319.3	322.3	-0.9%	+4.2%	+7.9%
Oceania	753.7	791.5	-4.8%	+3.2%	+2.1%
Corporate and other ¹	(14.8)	(13.6)	-8.8%	-8.8%	-
Group exclud. hyperinfl.	4,532.2	4,839.2	-6.3%	+0.1%	+1.2% ⁴
Hyperinflation in Venezuela	247.5	44.1	+460.8%	-	-
Parmalat Group	4,779.7	4,883.3	-2.1%	-	-

The geographic regions represent the consolidated data for the corresponding countries.

1. Includes smaller companies, inter-region eliminations and the Parent Company.

2. Excluding the activities consolidated in 2017 (Chile, Karoun in the United States of America and Silac in Italy).

3. Excluding hyperinflation.

4. At constant scope of consolidation (excluding Chile, Karoun in the United States of America and Silac in Italy) and without Venezuela.



Europe

In **Italy**, during the first nine months of the year, consumption decreased in the main markets in which Parmalat operates. In this context, the local subsidiary increased its market shares in the milk category, retaining the leadership position in the UHT and pasteurized milk segments, thanks to the contribution of the *Zymil* brand. Parmalat also strengthened its position as the top player in the UHT cream category.

North America

In **Canada**, the local subsidiary is facing critical issues in various categories with losses of market shares in the yogurt and "natural" cheese segments. Furthermore, the difficulty of compensating the increase in costs of production factors with the adjustment of price lists generated a negative impact on commercial side.

The **United States of America** witnessed a steady rise in consumption in the cheese category in the first nine months of 2018 driven by a significant increase in promotional activity. Parmalat confirmed its leadership position in the soft ripened cheese, chunk mozzarella and ricotta segments, with no meaningful changes in position in the other areas in which it operates.

Latin America

In **Brazil**, despite a reduction in sales volumes, the local subsidiary confirmed its leadership position in the UHT milk category and maintained the second-place position in the cheese market. In **Mexico**, even though the cheese market enjoyed a positive trend, the local subsidiary reported a decrease in volumes.

Africa

In **South Africa**, the trend was positive with rising volumes in the UHT milk category. In this environment, Parmalat confirmed its standing as the top player in the flavored milk segment and retained the second-place competitive position in the white milk segment. The local subsidiary maintained the leadership in the cheese market and strengthened its second-place competitive position in the yogurt market.

Oceania

In **Australia**, Parmalat experienced strong difficulties in the market segments in which it operates, in particular with a loss of share in pasteurized milk and yogurt. On commercial side, negative impacts are recorded in relation to the balance between changes in raw material costs and the adjustment of price lists.

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Business Outlook

The first nine months of the year confirmed the strong challenges that the Group is facing in some of the main markets where it operates, including specifically Australia, Canada and some other areas such as Mexico and Zambia.

In this context, the Group deployed important organizational programs and defined action plans in the raw milk procurement, industrial, commercial and logistics areas aimed at addressing the most critical issues.

In addition, the first half of the year was adversely affected by the results in the powdered product segment and by non-recurring events, including strikes and the negative seasonal impact resulting from the valuation of the cheese inventory in Canada.

2018 Guidance

In a context characterized by volatility of the cost of raw milk and the resulting challenges occurring at sales level due to necessary adjustments to sales prices, coupled with some negative factors also non-recurring, projections confirmed a contraction, compared with the previous year, of net revenue by about -1% and of EBITDA between -3% and 0% due to difficulties in particular in Canada and Australia.

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Disclaimer

Projections for 2018 are based, inter alia, on the Group's performance in the third quarter of 2018 and take into account the trends 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 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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