



**PRESS RELEASE**

**THE BOARD OF DIRECTORS APPROVES  
THE PRELIMINARY DATA AT JUNE 30, 2007 AND PROVIDES CLARIFICATION  
ON THE GROUP'S CORPORATE GOVERNANCE SYSTEM**

**Consolidated Financial Highlights**

(in millions of euros)

- NET REVENUES RISE TO 1,811.6 MILLION EUROS (+ 2.8%)
- CONSOLIDATED EBITDA INCREASE TO 163.3 MILLION EUROS (+3.7%) WITHOUT EXCHANGE RATE EFFECTS: +9,5%
- THE NET FINANCIAL POSITION IS POSITIVE BY 64.3 MILLION EUROS
- THE GROUP STREAMLINES ITS BUSINESS PORTFOLIO, SELLING PARMALAT ESPAÑA AND ITS TOMATO SECTOR OPERATIONS<sup>(\*)</sup>

|   | Cumulative<br>at 6/30/06<br>restated(**) | Cumulative<br>at 6/30/07<br>(prelim.<br>data) | %<br>change               |
|---|--|---|---------------------------|
| Net revenues                                  | 1,761.8                                  | 1,811.6                                       | +2.8                      |
| EBITDA  | 157.5                                    | 163.3   | +3.7                      |
| EBITDA<br>without<br>exchange rate<br>effects |  |   | +9,5                      |
|   |  | 12/31/06                                      | 6/30/07<br>(prelim. data) |
| (Net liquid assets)/<br>Net indebtedness      |  | 170.0   | (64.3) <sup>(***)</sup>   |

- (\*) Sale completed early in July 2007.
- (\*\*) Restated. For a better understanding of the Group's performance and a more meaningful comparison with historical data, it is important to keep in mind that, starting in October 2006, the Group changed the accounting principles it applies to trade promotions, making them consistent with best industry practices. This change required a reclassification of trade promotions provided to major retailers, recognizing them as a deduction from sales revenues, as is the case for discounts. In addition, the 2006 income statement and balance sheet data have been recalculated to eliminate the impact of Parmalat España, which was sold in 2007. Please note that Boschi rejoined the Group in July 2006.
- (\*\*\*) Please note that the proceeds from the disposal of Parmalat España and Boschi and from two settlements (Merrill Lynch and Banca Monte) were collected in the second half of 2007.

Parmalat S.p.A. announces that its Board of Directors, meeting today under the chairmanship of Raffaele Picella, approved the preliminary data at June 30, 2007, which show a further improvement in operating performance (+ 3.7%).

**Parmalat Group**

In the first half of 2007, **consolidated net revenues** increased to 1,811.6 million euros, a gain of 2.8% compared with the 1,761.8 million euros reported at June 30, 2006.



**EBITDA**, which grew to 163.3 million euros, or by 5.8 million euros more than the 157.5 million euros earned in the first half of 2006, was equal to 9.0% of revenues, a percentage slightly higher than a year ago.

The Group's performance in the first six months of 2007 was affected by the negative performance of the Venezuelan operations and a worldwide rise in the price of raw milk. This development is the result of a reduction in supply caused by unfavorable weather conditions and, in some areas, by a growing trend towards the transformation of raw milk into powdered milk. Also, the strengthening of the euro against the main Group's currencies has caused a negative exchange rate effect equal to 9.1 million euros at the EBITDA level. EBITDA, net of the exchange rate effect, increased by 9,5% compared to 2006.

A breakdown of revenues and EBITDA by geographic region is provided below:

| Areas          |              |            |                                   |                |              |            |
|----------------|--------------|------------|-----------------------------------|----------------|--------------|------------|
| 2006           |              |            |                                   | 2007           |              |            |
| Net Sales      | EBITDA       | EBITDA %   | € ml                              | Net Sales      | EBITDA       | EBITDA %   |
| 499,1          | 48,1         | 9,6        | <b>Italy</b>                      | 560,3          | 55,9         | 10,0       |
| 62,3           | 9,0          | 14,5       | <b>Other Europe</b>               | 72,4           | 11,0         | 15,2       |
| 647,6          | 54,1         | 8,4        | <b>North America</b>              | 625,1          | 57,7         | 9,2        |
| 161,1          | 22,7         | 14,1       | <b>Center &amp; South America</b> | 179,4          | 16,1         | 9,0        |
| 175,9          | 19,4         | 11,0       | <b>Africa</b>                     | 168,2          | 17,8         | 10,6       |
| 209,2          | 15,0         | 7,2        | <b>Oceania</b>                    | 209,2          | 14,7         | 7,0        |
| 6,7            | (10,9)       |            | <b>Other *</b>                    | (2,9)          | (9,8)        |            |
| <b>1.761,8</b> | <b>157,5</b> | <b>8,9</b> | <b>Group</b>                      | <b>1.811,6</b> | <b>163,3</b> | <b>9,0</b> |

(\*) Includes Holding, no Core Companies, elimination

An overview of the performance of the Group's operations in the main countries is provided below:

In **Italy**, the data for the first half of 2007 benefited from the contribution of Newlat and Carnini, which were added to the Group's area of consolidation in October 2006.

Net revenues grew from 499.1 million euros in the first six months of 2006 to 560.3 million euros in the same period this year, as a result of a rise in unit sales. Restated on a comparable consolidation basis, revenues show little change from the first half of 2006.

EBITDA rose to 55.9 million euros in the first six months of 2007, compared with 48.1 million euros in the same period last year. Carnini and Newlat contributed 3.3 million euros.

The return on sales was 10.0%, up from 9.6% in the first half of 2006.

A more favorable product mix that benefited primarily from the contribution of fruit juices and other high value added products and a lower cost structure account for this improvement.

On the procurement side, tensions in the raw milk market caused a rise in purchasing costs that could be recovered only in part by raising list prices.

In **Canada**, consolidated revenues totaled 625.1 million euros, compared with 647.6 million euros in the first half of 2006. Without the exchange rate effect, the results would be positive by 48.5 million euros (+4.0%). The strengthening of the euro in the first half of 2007, against the Canadian dollar (+ 7.8%), slightly decreased towards the end of the first semester and it is expected that this trend may continue into the second half of the year.



EBITDA totaled 57.7 million euros (54.1 million euros in the first six months of 2006). Unfavorable changes in the exchange rate compared with the first half of 2006 reduced EBITDA by 4.5 million euros. Growth without the exchange rate effect would have been equal to approximately 15%.

The return on sales improved from 8.4% to 9.2%.

Unit sales increased (+1.2% compared with the first half of 2006) thanks to higher shipments of cheese.

In **Australia**, consolidated revenues totaled 209.2 million euros, about the same as in the first six months of 2006. The local currency appreciated by 0.6% compared with the exchange rate for the first six months of 2006.

Unit sales were down year-over-year due mainly to the following factors:

- Strong competition from low-price brands;
- The entry by several private labels into the UHT and pasteurized milk markets, which caused prices to fall sharply;
- A significant increase in the price of raw milk and a supply shortage of this product.

The Australian SBU has been refocusing its sales mix working to develop products with a high value added.

In **Africa**, net revenues amounted to 168.2 million euros in the first half of 2007, compared with 175.9 million euros in the same period of last year. Among the local currencies, the South African rand lost 22.7% of its value compared with the exchange rate prevailing in the first six months of 2006. The negative impact on revenues for the entire SBU was 39.0 million euros. Without the exchange rate effect net revenue growth was approximately 17.8%.

EBITDA (19.4 million euros in the first six months of 2006) totaled 17.8 million euros. The impact of changes in the exchange rate on EBITDA for the entire SBU was 4.2 million euros. Without this effect, growth would be equal to 13.4%.

Unit sales were higher than in the first half of 2006, particularly for UHT milk, fruit juices and cheese.

In Africa, the Group's markets have been growing not just in South Africa but also in smaller markets (Mozambique, Botswana, Zambia and Swaziland), where Parmalat is the market leader.

In **Europe, excluding Italy**, revenues increased to 72.4 million euros, or 16.3% more than the 62.3 million euros reported at June 30, 2006. EBITDA (9.0 million euros in the first half of 2006) improved to 11.0 million euros. At 15.2%, the return on sales was slightly better than in the first six months of 2006 (14.5%).

The Group's performance in European countries outside Italy was characterized by a positive trend in Russia and Romania. The Russian operations broadened their geographic footprint and improved the positioning of Parmalat products, while the return on sales of the Romanian operations improved significantly.

The Portuguese SBU continued to report favorable results, owing to a positive impact of higher sales of flavored milk, offset in part by a reduction in fruit juice revenues.

In **Central and South America**, revenues grew to 179.4 million euros, up from 161.1 million euros (+11.4%) in the first half of 2006. EBITDA (22.7 million euros in the first six months of 2006) amounted to 16.1 million euros in the first half of 2007.

There are several reasons for this performance. The profitability of the Venezuelan SBU was adversely affected essentially by an increase in the cost of raw milk and by government controls on milk prices. In Colombia, raw milk prices also increased while unit sales decreased sharply; these factors were offset in part by raising list prices and launching a new pasteurized milk. In Nicaragua, there was a shortage in the supply of raw milk and a consequent increase in its price.



At June 30, 2007, the Group's **net financial position** showed an improvement of 234.3 million euros, moving from a net indebtedness of 170.0 million euros as at December 31, 2006 to net liquid assets of 64.3 million euros as at June 30, 2007. The balance of the net financial position includes the indebtedness of the Venezuelan subsidiaries, which totaled 150.7 million euros at December 31, 2006 and 156.3 million euros at June 30, 2007.

This improvement, which was made possible by cash flow generated by the Group's operations and reflects the contribution of proceeds from the settlement of legal disputes, is net of the payment of litigation costs. During the first half of 2007, the Group has provided for the disbursement of dividends totaling 42.4 million euros (40.4 million euros paid to Parmalat SpA).

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

In the first half of 2007, **net revenue** totaled 426.9 million euros, substantially in line with the 427.7 million euros reported at June 30, 2006.

**EBITDA** totaled 34.9 million euros, or 2.9 million euros more than the 32.0 million euros earned in the first six months of 2006. The return on sales was 8.2%, a gain of 0.7 percentage points compared with the 7.5% reported for the first half of 2006.

**Net liquid assets** grew from 341.4 million euros at December 31, 2006 to 570.0 million euros at June 30, 2007. The cash flow generated by the Company's operations and the non-recurring transactions mentioned when discussing the Group's performance, account for this gain.

### **OUTLOOK FOR THE BALANCE OF 2007**

The performance recorded in the first half of 2007, notwithstanding the referred to unfavourable performance of the Venezuelan operations, was consistent with expectations, confirms that the Parmalat Group is continuing to grow and make progress in terms of revenues and profitability, both in absolute terms and as a percentage of EBITDA. The improved product mix and reduction of costs also contributed to this result.

The change in the area of consolidation (with the exclusion of Boschi and the Spanish operations) that occurred in the first half of 2007 will reduce EBITDA by about 15 million euros on an annualized basis.

During the second half of the year, steadily rising raw milk prices, both powder and liquid, in most of the countries in which the Group operates and continuing difficulties associated with the Venezuelan operations could have an impact on the Group's annual EBITDA target. The growth rate is expected in a range of between 7% and 10%, net of the impact of changes in the scope of consolidation, compared to 2006.

This potential reduction in profit margin has already been more than offset, with the settlements of legal disputes and by gains on transactions involving the Group's investment portfolio.

\* \* \* \* \*

***Financial statement data are provided in the schedules attached to this press release.***

\* \* \* \* \*

### **Clarification Regarding the Group's Corporate Governance System**

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Cap. Soc. € 1.651.836.034 i.v. R.E.A. Parma n. 228069 Reg. Imprese Parma n. 04030970968 Cod. Fisc. e P. IVA n. 04030970968



Lastly, at today's meeting, the Board of Directors, based on the input provided by the Corporate Governance Committee with regard to the need to clarify the manner in which the recommendations set forth in the Code of Conduct published by Borsa Italiana S.p.A. are being implemented, explained that, concerning issues that are exclusively under the jurisdiction of the Board of Directors, the Board of Directors, in discharging its obligations, substantively:

- Reviews and approves the strategic, industrial and financial plans of the Company and the Group, as well as the Company's corporate governance system and the Group's structure;
- Assesses the effectiveness not only of the organizational and administrative structure, but also the general accounting system of the Company and its strategically significant subsidiaries, as developed by the Chief Executive Officer, particularly with reference to the internal control system and the handling of conflicts of interest;
- Monitors and assesses the overall performance of the Group's operations, based primarily on the information provided by the Chief Executive Officer, and compares on a regular basis reported results against planned results;
- Reviews and approves in advance transactions executed by the Company and its subsidiaries when these transactions are material from the standpoint of the Company's income statement, balance sheet or financial position, paying special attention to situations in which one or more Directors may have an interest directly or on behalf of third parties and, more specifically, to transactions with related parties. In this area, the Board of Directors has already provided in Article 9.3 of the Directors' Code of Conduct general guidelines to identify material transactions.

Lastly, at today's meeting, the Board of Directors agreed to adopt as a formal rule of conduct until the expiration of its term of office the performance of the activities that have been placed exclusively under its jurisdiction, as explained above.

The above clarifications have been added to Article 3 "Powers of the Board of Directors" of the Directors' Code of Conduct, the updated version of which is available on the Group's website: "[www.parmalat.com](http://www.parmalat.com)" under "Corporate Governance → How we govern Parmalat → Corporate Governance Policies → Code of Conduct."

### **Conference Call with Investors**

The preliminary data at June 30, 2007 will be presented to the financial community in a conference call that will be held today at 5:00 PM Central European Time (4:00 PM British Summer Time). The presentation can be followed in audioconferencing mode by dialling the following numbers:

- +44 (0) 20 7162 0025 (London – UK)
- +39 02 30350 9003 (Milan – Italy)

The event password is: # Parmalat #.

Additional information regarding the conference call is available on the Group's website: [www.parmalat.com](http://www.parmalat.com).

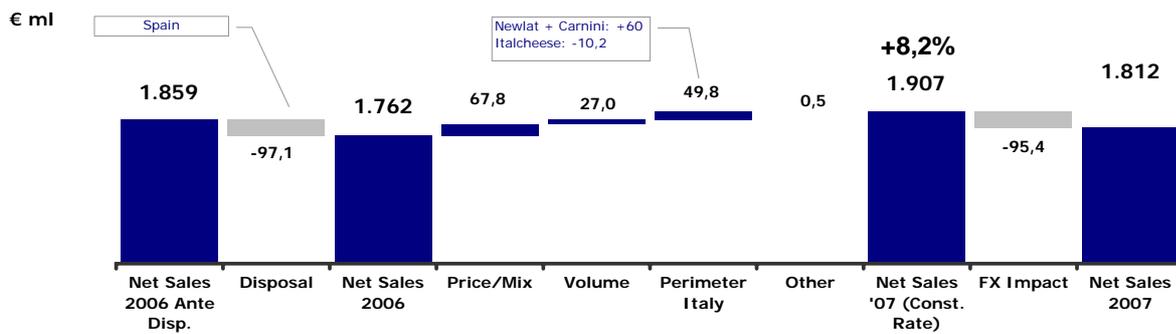
Parmalat S.p.A.

Milan, July 25, 2007

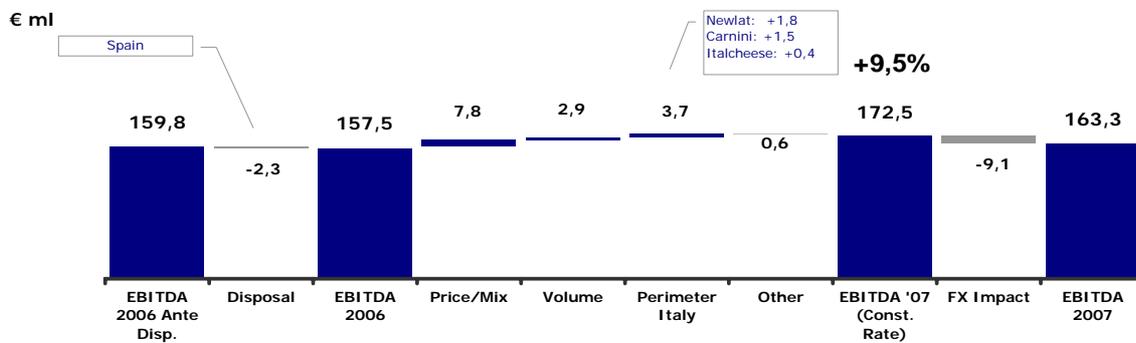
Corporate contact: [affari.societari@parmalat.net](mailto:affari.societari@parmalat.net)



## Like for Like Net Sales First Half 2007 vs First Half 2006



## Like for Like EBITDA First Half 2007 vs First Half 2006





## Group and Company Financial Highlights

| <i>(in millions of euros)</i>                       |   |   |
|---|---|---|
|   | <b>Group</b>                                  |   |
|   | <b>Cumulative at<br/>6/30/06<br/>restated</b> | <b>Cumulative at<br/>6/30/07<br/>(prelim. data)</b> |
| <b>NET REVENUES</b>                                 | 1,761.8                                       | 1,811.6   |
| <b>EBITDA</b>                                       | 157.5   | 163.3   |
| <b>AS A % OF REVENUES</b>                           | 8.9   | 9.0   |
|   | <b>12/31/06</b>                               | <b>6/30/07<br/>(prelim. data)</b>                   |
| <b>Indebtedness owed to banks and other lenders</b> | 694.2   | 638.9   |
| <b>Indebtedness owed to investee companies</b>      | 5.4   | 3.5   |
| <b>Liquid assets and other financial assets</b>     | (529.6)                                       | (706.7)   |
| <b>NET INDEBTEDNESS</b>                             | 170.0   | (64.3)  |

| <i>(in millions of euros)</i>                       |   |   |
|---|---|---|
|   | <b>Parmalat S.p.A.</b>                        |   |
|   | <b>Cumulative at<br/>6/30/06<br/>restated</b> | <b>Cumulative at<br/>6/30/07<br/>(prelim. data)</b> |
| <b>NET REVENUES</b>                                 | 427.7   | 426.9   |
| <b>EBITDA</b>                                       | 32.0  | 34.9  |
| <b>AS A % OF REVENUES</b>                           | 7.5   | 8.2   |
|   | <b>12/31/06</b>                               | <b>6/30/07<br/>(prelim. data)</b>                   |
| <b>Indebtedness owed to banks and other lenders</b> | 12.5  | 11.8  |
| <b>Indebtedness owed to investee companies</b>      | (7.1)   | (5.8)   |
| <b>Liquid assets and other financial assets</b>     | (346.8)                                       | (576.0)   |
| <b>NET LIQUID ASSETS</b>                            | (341.4)                                       | (570.0)   |