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Centrale del Latte d'Italia

CENTRALE DEL LATTE D'ITALIA S.P.A. – PRESS KIT

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CENTRALE DEL LATTE D'ITALIA S.p.A. **The third milk and dairy hub in Italy**

► **The third milk and dairy hub in Italy**

Centrale del Latte d'Italia S.p.A. - a company listed on the STAR division of Borsa Italiana, dealing in the production and sale of fresh milk, milk products and ultra-fresh products - represents the **third-largest fresh milk and Extended Shelf Life (ESL) hub in Italy** in terms of volumes sold, with an aggregated turnover of about € 180 million.

The company in its current configuration is the result of a growth strategy with a view to creating an inter-regional hub specializing in the production and sale of milk and dairy products that brings together companies and brands at local level that share fundamental values such as quality, security and the enhancement of the stock rearing and food production chain in the regions concerned.

Group structure



► **5 production plants**

The Group has five production facilities to its name, all equipped with cutting-edge technology for the processing, packaging and cold storage of its products. These are located in: **Turin, Florence, Rapallo (GE), Vicenza and Casteggio (PV)**, where a total of around 119 million litres of milk are processed per year.



The Group today employs around 453 people and distributes its products through a widespread network of over 306 reefer vans, which every day supply about **3,400 points of sale of retail chains and over 12,700 retailers**.

► Territorial presence

Centrale del Latte d'Italia Group is operative in Piemonte, Tuscany, Veneto and Liguria, where it enjoys leadership positions with regard to ESL (Extended Shelf Life) and fresh milk, with a market share of 27.4% (source: IRI Infoscan Iper + Super AT 2016).



► Innovative products

In addition to their core business, the companies in the Group, traditionally attentive to the research and development of innovative products aimed at meeting the changing needs of consumers, have gradually extended their ranges into high-potential areas such as fresh salads (of which they directly manage the production and sale), drinks of plant origin, enriched functional types of milk and milk specifically for providing nutrients to children.

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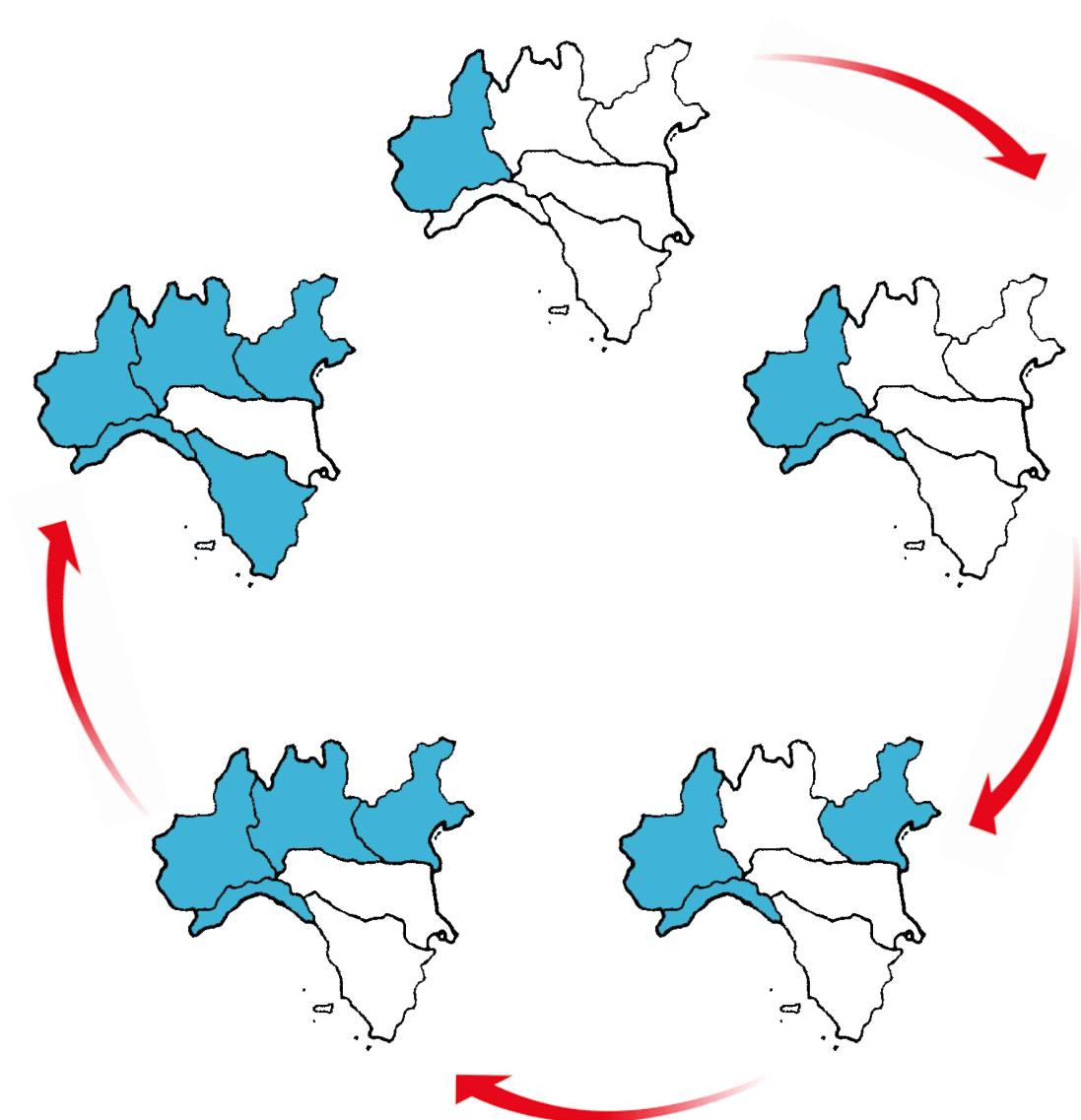
**Centrale del Latte d'Italia**

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Owing to its strong dynamic nature and propensity for diversification, through carefully selected sub-suppliers, the Group is selling, under its own brands, other packed products, all of them belonging to the fresh produce segment, such as eggs and egg derivatives, cheeses, pasta, and desserts.

➤ **Growth and development**

The Group's growth strategy contemplates a development policy pursued along internal lines, by expanding the range of products and continually improving production plants, and through external lines, with mergers with similar companies, in line with the idea of growth that has always characterised the companies that today make up Centrale del Latte d'Italia.





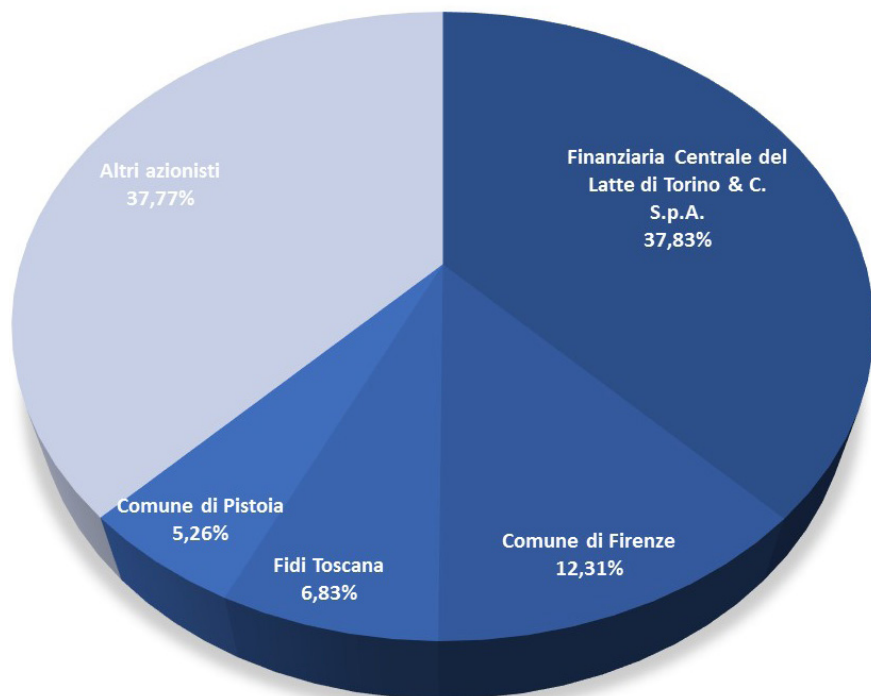
CENTRALE DEL LATTE D'ITALIA S.p.A.

Shareholding structure

► Shareholders

Further to the merger by incorporation of Centrale del Latte di Firenze, Pisa, Pistoia e Livorno S.p.A. into Centrale del Latte di Torino & C. S.p.A., the shareholding structure of Centrale del Latte d'Italia S.p.A. is as follows:

- 37,83% Finanziaria Centrale del Latte di Torino & C. S.p.A. (a company of the Artom, Pozzoli and Forchino, who founded Centrale del Latte di Torino and in which the Municipality of Turin holds a 20% equity interest);
- 12,31% Municipality of Florence;
- 6,83% Fidi Toscana;
- 5,26% Municipality of Pistoia;
- 37,77% other shareholders < 5%.





CENTRALE DEL LATTE D'ITALIA S.P.A.

Economic-financial Results

The consolidated balance sheet at 31/12/2016 describes the situation of the assets and liabilities of Centrale del Latte della Toscana from 1 January 2016 to 31 December 2016, revenue and costs relating to the period from 1 October 2016 (when the merger became effective) to 31 December 2016 are charged to the income statement.

At a consolidated level, Centrale del Latte d'Italia Group at 31/12/2016 recorded net consolidated revenue of € 117.7 million, with EBITDA standing at € 2.9 million and an EBIT equal to the negative figure of € 1.6 million. At 31 December 2016, the business combination's consolidated net profit equalled € 12 million.

Also as a result of the merger by incorporation operation of the Centrale del Latte di Firenze, Pistoia e Livorno, at 31/12/2016 the Group shareholders' equity amounted to € 63.5 million while net financial debt is equal to € -60.2 million at 31/12/2016; this increase was mainly due to the medium/long-term loans taken out at the time for the construction of the plant in Florence, inaugurated in 2005.



CENTRALE DEL LATTE D'ITALIA S.P.A.

Distribution

➤ **The distribution network in Italy...**

The distribution network of Centrale del Latte di Italia S.p.A. Group is concentrated mainly in the Piemonte, Liguria, Tuscany and Veneto regions, the geographical areas in which the company's production sites are located.

➤ **Piemonte**

In Piemonte, our products are delivered **every day to approximately 5,500 points of sale of retail chains and to traditional shops** with a network of about 90 reefer vans.

Products are distributed directly in the **city and province of Turin**, in the province of **Biella** and also in the province of **Vercelli**, while for the provinces of **Asti and Cuneo** and for the **Pinerolo** area, distribution is outsourced to external distributors.

➤ **Liguria**

As for Liguria, distribution in the provinces of **Genoa, La Spezia, Imperia and Savona** to retail chains as well as to traditional shops, is entrusted to a **network** of around 45 reefer vans, who deliver the products every day to more than 2,500 points of sale served.

➤ **Tuscany**

In Tuscany, products are distributed throughout the region, using 150 reefer vans, to 6700 points of sale, including both retail chains and traditional shops.

➤ **Veneto**

In Veneto, distribution is mostly concentrated in **Vicenza and its province, and in the neighbouring provinces of Padua and Verona**. These areas are served on a daily basis through a direct network with approx. **20 reefer vans**, which, every day, deliver our products to around 1,300 points-of-sale that include large retail chains, retail groups and traditional shops, as well as to some local catering businesses, municipalities and hospitals.

➤ **... and abroad**

Starting in 2014, the Group also embarked on a process of growth abroad, where it began to export a number of products, in particular long-life milk and organic drinks, firstly to China and subsequently also to the UAE Kuwait, Saudi Arabia and Oman.



CENTRALE DEL LATTE D'ITALIA S.P.A. **A programme of growth by mergers**

Gruppo Centrale del Latte d'Italia is the result of a long series of mergers, from the 1950s up to the present day, among companies in the milk and dairy sector with the same fundamental values, such as quality, safety, a local dimension, continuing relations with the local stock rearing and food production chain. This process was spearheaded by Centrale del latte di Torino.

► **Fonded in 1950**

Centrale del Latte di Torino was incorporated in **1950** by a group of private industry operators (still shareholders today) and the Municipality of Turin, with a view to complying with the requirements for a quality milk supply in terms of hygiene, rationalizing production, and meeting the local population's demand for milk.



In 1980, to improve its business performance, it demerged its industrial and sale business from the financial business, by establishing Centrale del Latte di Torino Gestione Industriale S.p.A. (later Centrale del Latte di Torino & C. S.p.A.), and at the same time adding new products to milk, such as yogurt, cream, and soft white cheeses.

► **1999 acquisition of Centro Latte Rapallo**

In line with its growth and differentiation policies on a local level, in 1999 Centrale del Latte di Torino & C. S.p.A. acquired Centro Latte Rapallo S.p.A., a milk and dairy company based in the Province of Genoa, producing and selling milk and dairy products in Genoa and in the eastern Riviera.



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In July of the same year, the Shareholders' Meeting approved the company's listing on the Italian Stock Exchange.

➤ **2000
going public**

On 3 November 2000, Centrale del Latte di Torino & C. S.p.A. was listed **on the Electronic Stock Market of Borsa Italiana S.p.A** and on **2 April 2001** it was approved for listing on the **STAR** segment.

**Borsa Italiana**

➤ **2002
acquisition
of Centrale
del Latte di
Vicenza**

In April 2002 Centrale del Latte di Torino & C. S.p.A. acquired the local milk production plant from the Municipality of Vicenza.



➤ **2007
acquisition of
Salads & Fruits**

In July 2007, **Centrale del Latte di Torino & C. S.p.A.** acquired control of **Salads & Fruits S.r.l.** (Casteggio - PV), in an attempt to expand its presence in the fresh salads sector, a market with increasing importance for the Group.



➤ **2008
acquisition of
Centrale Latte
di Vicenza**

In June 2008, Centrale del Latte di Torino & C. S.p.A. Group opened the new plant of Centrale del Latte di Vicenza, so far the most modern production site in the milk-dairy industry in Italy.

➤ **2013
merger by
incorporation
of Centro Latte
Rapallo**

Starting from 1 April 2013, the merger by incorporation of Centro Latte Rapallo S.p.A. into Centrale del Latte di Torino & C. S.p.A. became effective.

The financial reasons for the operation are linked to a plan to streamline organisation, with the twin aim of allowing the Parent Company to directly carry out the activities conducted by Centro Latte Rapallo S.p.A., and of increasing efficiency and cutting decision-making and operating costs thanks to a leaner Group structure.

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2014 beginning of exports

In 2014, Centrale del Latte di Torino & C. S.p.A. Group began exporting UHT Milk and its soya drink to China.



2015 - 2016 merger of Centrale del Latte di Firenze

February 2015 saw the beginning of the merger process between Centrale del Latte di Torino & C. S.p.A. and Centrale del Latte di Firenze, Pistoia e Livorno S.p.A., which will be completed on 30 September 2016 with the creation of Centrale del Latte d'Italia S.p.A..

**Centrale del Latte d'Italia**

Brief history of Centrale del Latte di Firenze

The origins of Centrale del Latte di Firenze, Pistoia e Livorno S.p.A. date back to the 1930s, with the setting up, in 1934, of two companies for storing and distributing fresh milk: Consorzio Produttori and Consorzio Esercenti Latterie. In 1945, these two consortia were replaced by two new cooperatives: Cooperativa Latte e Derivati and Ente Toscano Approvvigionamenti Latte.

The incorporation of Centrale del Latte di Firenze (now CLF) laid the foundations for the construction of a single plant for the production of milk, bringing both the milk processing and distribution phases under the control of a single entity, leaving it to the pertinent municipal bodies to verify the organoleptic and hygiene conditions of the milk.



1966 saw the début of the "MUKKI" brand, and the launch on the market of "Mukkilatte", a fresh, full-cream, homogenised milk that soon became the company's leading brand. This product was also the first in Italy to be sold in the more practical, sterile rectangular cartons.

Over the following years, in particular between 1970 and 1980, the company underwent renewal, strengthening its market position and embarking on an intense programme aimed at modernising the production plants, which allowed it to expand its range further by introducing cream, butter, yogurt, mozzarella and cheeses.



1982 saw the completion of the transfer, on the part of the Municipality of Pistoia, of Centrale del Latte di Pistoia into Centrale del Latte di Firenze, thus giving rise to the Consorzio per la Centrale del Latte di Firenze e Pistoia S.p.A..

In 1993, Consorzio Provinciale Livornese del Latte purchased 12% of Consorzio per la Centrale del Latte di Firenze e Pistoia, which gave rise to Centrale del Latte di Firenze, Pistoia e Livorno S.p.A..

Lastly, 2005 saw the inauguration of the new premises, in Via dell'Olmately 20, with the new production facility.

➤ **Centrale del
Latte della
Toscana S.p.A.**

At the same time as the merger, CLI transferred the "Mukki Company" (controlled by CLF) into a new company, wholly owned by CLI, with registered and operating office in Florence, Via dell'Olmately 20, named "Centrale del Latte della Toscana S.p.A..".

The aim of this transaction was to guarantee equity consolidation, to safeguard the production facility and current levels of employment of the present CLF company, which is an important institutional presence locally.

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CENTRALE DEL LATTE D'ITALIA S.p.A.**The Company in a nutshell**

Name:	Centrale del Latte d'Italia S.p.A.
Business activity:	Production and sale of milk, dairy products, fresh and extra-fresh produce.
Share capital:	Euro 28,840,041.20, divided into 14,000,020 shares with a par value of Euro 2.06 each.
Registered Office:	Via Filadelfia, 220 - 10137 Turin
Plants:	Via Filadelfia, 220 - Turin Via dell'Olmattello, 20 - Florence Via S. Maria del Campo, 181 - Rapallo (Ge) Via Faedo, 60 - Vicenza Via Rossini, 10 - Casteggio (PV)
Website:	www.centralelatteitalia.com
Turnover:	approx. € 180 million
Sales outlets:	about 3,400 with retail chains; about 12,700 corporate customers
Distribution:	about 306 vans
Brands:	Tapporosso, Piemonte, Mukki, Centrale del Latte di Vicenza, Latte Tigullio, Alta Quota, Capuccino Lovers, Monviso, Maramao, Piemonte, Salads&Fruits, FondamenTali&Quali
Employees:	around 453
Stables supplying milk:	149
Tot. volume of milk processed:	around 119 million litres



Board of Directors:	Luigi Luzzati Chairman Riccardo Pozzoli Vice Chairman and Managing Director Lorenzo Marchionni Vice Chairman Adele Artom Piera Braja Antonella Forchino Elsa Fornero Renato Giallombardo Maurizio Macchiavello (CEO of CLR - Latte Tigullio operating unit) Laura Materassi Lorenzo Petretto Luciano Roasio Alberto Tazzetti Directors
Board of Statutory Auditors:	Francesco Fino Giovanni Rayneri Vittoria Rossotto
Investor Relators:	Vittorio Vaudagnotti Edoardo Pozzoli
Auditing Firm:	Deloitte & Touche S.p.A.
Communication consultants:	Barabino & Partners
Shareholding structure:	37,83% Finanziaria Centrale del Latte di Torino & C. S.p.A.; 12,31% Municipality of Florence; 6,83% Fidi Toscana; 5,26% Municipality of Pistoia; 37,77% other shareholders < 5%
Specialist:	Banca IMI
Research by:	Edison Investment Research