



PRESS RELEASE

CENTRALE DEL LATTE D'ITALIA S.p.A.: the Board of Directors approved the 2016 financial statements, the first after the merger of Centrale del Latte di Firenze, Pistoia e Livorno S.p.A. into Centrale del Latte di Torino & C. S.p.A..

These financial statements describe 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.

- **Consolidated net revenue of € 117.7 million (+21.6% vs. € 96.8 million at 31/12/2015)**
- **EBITDA of € 2.9 million (compared to € 4.8 million at 31/12/2015) and negative EBIT of € 1.6 million (compared to € 1.6 million at 31/12/2015), conditioned by extraordinary, non-recurring costs for the merger by incorporation operation of the Centrale del Latte di Firenze, Pistoia e Livorno**
- **Net profit of € 12 million (vs € 517 thousand at 31/12/2015 due to the business combination).**

The Board of Directors of Centrale del Latte d'Italia S.p.A. – a company listed on the STAR segment of Borsa Italiana, dealing in the production and sale of fresh milk, milk products and ultra-fresh products, with plants in Turin, Florence, Vicenza, Rapallo (Ge) and Casteggio (Pv) – today approved the consolidated results at 31 December 2016, the first financial statements following the merger of Centrale del Latte di Firenze, Pistoia e Livorno into Centrale del Latte di Torino, which will be submitted to the Shareholders' Meeting on 27 April 2017.

Merger transaction

The merger by incorporation of Centrale del Latte di Firenze, Pistoia e Livorno S.p.A. (CLF) into Centrale del Latte di Torino & C. S.p.A. (CLT) became effective in 30 September 2016, giving birth to Centrale del Latte d'Italia, third-largest milk hub in Italy leader in Piemonte/Valle d'Aosta, Tuscany, Liguria and Veneto.

Consequently, CLT implemented a) the share capital increase from € 20,600,000 to € 28,840,041.20, by issuing 4,000,020 new ordinary shares with a par value of € 2.06 each, with the same characteristics as those outstanding and destined for CLF's shareholders and b) the change of the company name to "**Centrale del Latte d'Italia S.p.A.**" (CLI).

Subsequently, effective from 1 October 2016, CLI transferred the company already controlled by CLF ("Mukki Company") into a new company, wholly owned by CLI, with registered and operating office in Florence, named "**Centrale del Latte della Toscana S.p.A.**".

Gruppo Centrale del Latte d'Italia has 5 production plants in Turin, Florence, Vicenza, Rapallo (Ge) and Casteggio (Pv), able to directly produce fresh, ESL (Extended Shelf Life) and UHT milk, yoghurt, fresh products and plant-based drinks, and to sell packaged own-brand products



in the fresh sector, such as eggs, cheese and pasta produced through selected customers. It has 430 employees and over 320 reefer vans that every day supply 2750 points of sale of retail chains and over 11,600 customers in normal trade channels, as well as collecting approx. 119 million litres of milk from 161 stables.

The new Group brings together brands with a strong presence at local level, which share essential values such as quality, safety and close links with the local areas. This is combined with an awareness of the need to strengthen, relaunch, diversify and extend the Group's business, while continuing to offer the excellent quality that distinguishes the individual companies within it, making the most of the production facilities by maintaining their value and substantially respecting the way the individual companies operate, without prejudice to any improved organisational solutions that may be adopted to optimise the production chain by maintaining and adding to supplies on the part of local farmers.

Financial Statements Results at 31 December 2016

First of all, it must be noted that the consolidated financial statements of Centrale del Latte d'Italia describe the situation of the assets and liabilities of Centrale del Latte della Toscana from 1 January 2016 to 31 December 2016, while 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 recorded net consolidated revenue of € 117.7 million at 31/12/2016, up 21.6% compared to € 96.8 million recorded at 31/12/2015. As regards sales (which cannot be compared with those of the previous FY because of the change to the scope of consolidation indicated above), Gruppo Centrale d'Italia remains the third milk producing hub in Italy, with a market share of 7.3% in the fresh and extended shelf life (ESL) milk segment, 3.7% in the UHT milk segment and leadership positions in the Piemonte/Valle d'Aosta, Tuscany, Liguria and Veneto regions.

EBITDA went from € 4.8 million at 31/12/2015 to € 2.9 million at 31/12/2016, whereas EBIT went from the positive figure of € 1.6 million at 31/12/2015 to the negative figure of € 1.6 million at 31/12/2016. These margins were conditioned by extraordinary, non-recurring costs for the merger by incorporation operation of the Centrale del Latte di Firenze, Pistoia e Livorno.

At 31 December 2016, the business combination's net profit equalled € 12 million (vs. € 517 thousand at 31/12/2015).

As for the parent company, the net profit at 31 December 2016 equalled € 12,783,720 Euro, to be allocated to the legal reserve and to the extraordinary reserve not available due to the business combination.

Also as a result of the merger, at 31/12/2016 the Group shareholders' equity amounted to € 63.5 million, compared to € 40.8 million at 31/12/2015, while net financial debt went from € -20.6 million at 31/12/2015 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 Via dell'Olmattello 20, Florence, inaugurated in 2005.



Pro-forma results at 31 December 2016

In order to provide a more accurate overall picture of Gruppo Centrale del Latte d'Italia, a summary is provided below of the adjusted pro forma results for the entire FY 2016:

- Revenue from sales: € 176.1 million
- EBITDA: € 7.9 million
- EBIT: € 1.3 million
- Net Financial Position: € -60.2 million
- Shareholders' Equity: € 63.5 million

Business outlook

As regards the outlook, in a situation marked by signs of recovery in both consumption and domestic demand, the first months of the new FY have been positive for the sales of all Group brands. The companies have confirmed their strong market positioning, and 2017 may be considered as a year of consolidation following the extraordinary operations that took place during 2016. In addition, and as confirmation of the Group's strong penchant for product innovation, during 2017, the companies within it will be introducing new products on the market. Lastly, as regards milk raw material costs, in the first months of 2017 there has been a rise in prices, which will be transferred onto the companies' price lists.

The Board of Directors today also approved a number of additions and changes to the Code of procedures for managing transactions with related parties. The parent company has adopted the Code of Conduct with related parties in compliance with the provisions of Consob resolution no. 17221 of 12 March 2010 as amended. The version of the code of conduct for related-party transactions, approved by the Board of Directors on 3 March 2017, is available on the company's website: (www.centralelatteitalia.com) Governance/Corporate Governance section.

Pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Law, the Executive in charge of drafting corporate accounts, Mr. Vittorio Vaudagnotti, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Turin, 3 March 2017