



## **PRESS RELEASE**

### **LA DORIA: Board of Directors approves 2018 First Quarter Report.**

**Results in line with forecasts: strongly improved revenues and stable earnings, despite a persistently and highly challenging market.**

**Excellent overseas market performance thanks to significant increase in volumes and despite unfavourable Euro/Sterling movements impacting the revenues of the English subsidiary.**

- **Consolidated revenues up 6.9% to Euro 179 million (Euro 167.5 million in Q1 2017). At like-for-like exchange rates, revenues up 8.4%.**
- **EBITDA of Euro 12.2 million (Euro 11.8 million in Q1 2017); EBITDA margin decreases from from 7.1% to 6.8%;**
- **EBIT of Euro 9.2 million (Euro 8.9 million in Q1 2017); EBIT margin reduces from 5.3% to 5.2%;**
- **Net Profit of Euro 5.5 million (Euro 5.2 million in Q1 2017).**
- **Net debt reduces to Euro 91.2 million from Euro 98.1 million at 31.12.2017**
- **Gearing at 0.40 from 0.43 at December 31, 2017.**

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Angri (SA), May 15, 2018 - The Board of Directors of La Doria S.p.A., the leading Group in the production of tomato-based products, sauces, pulses and fruit juices for supermarket private labels, today approved in Angri the 2018 First Quarter Report.

The La Doria Group performance for the first quarter of 2018, in line with expectations, featured strongly improved revenues and stable earnings, despite a persistently and highly challenging market and the pressure imposed by the Supermarkets.

In particular, the parent company La Doria S.p.A. and the subsidiary Eugea Mediterranea S.p.A. increased revenues (+3.6%) on the back of a satisfying rise in volumes sold (+5.2%) and a stable operating margin (and despite the drop in sales prices), essentially due to the increase in quantities sold.

Trading activities by the subsidiary LDH (La Doria) Ltd on the English market also saw improved sales (+13%), due to strong volume growth (+11.3%) and a slight increase in prices due to the inflationary effects from the weakening of Sterling post-Brexit, which continues to hit (although to a reduced extent) the main products imported in Euro and/or Dollars and sold by the company on the British market.



Operating margins slightly contracted on the first quarter of 2017, due to continued pressure from the English Supermarkets amid inflation and heightened competition.

Group results for the first quarter of 2018 were impacted by currency developments, i.e. unfavourable Euro-Sterling movements on the results of LDH with the weakening of Sterling.

### **Consolidated results – Q1 2018**

Consolidated revenues were Euro 179 million, up 6.9% on Euro 167.5 million in the same period of the previous year. At like-for-like exchange rates, revenues would amount to Euro 181.6 million (+8.4%).

Excellent “red line” growth of 11.3%, thanks to major boost in overseas volumes. “Sauces line” (+5.7%) and “Pulses and vegetables line” also performed well. “Other line” (trading) sales also significantly increase (+15.2%).

Group revenues were generated by “Pulses and vegetables” for 27%, “Tomato-based products” for 23%, “Sauces” for 13%, “Fruit” for 9% and “Other lines” (trading) for 28%.

Exports accounted for 81% of sales, increasing 10.8%, with the domestic market accounting for 19% and revenues down 7.4%, partly due to the discontinuation of a number of discount channel orders featuring significant price competition and which the company considers unremunerative.

The principal profit margins at consolidated level were:

- **EBITDA** totalled Euro 12.2 million, compared to Euro 11.8 million in Q1 2017. EBITDA margin of 6.8% from 7.1% in Q1 2017;
- **EBIT** of Euro 9.2 million, compared to Euro 8.9 million in Q1 2017. EBIT margin of 5.2% compared to 5.3% in Q1 2017;
- **pre-tax profit** of Euro 7.8 million compared to Euro 7.5 million in Q1 2017;
- **Net profit** of Euro 5.5 million compared to Euro 5.2 million in the first quarter of 2017.

The key balance sheet figures at consolidated level were:

- The **net financial position** was a debt position of Euro 91.2 million, compared to Euro 98.1 million at December 31, 2017 (Euro 88.3 million at March 31, 2017). Financial payables at March 31, 2018 concern, for Euro 28.3 million, the payable on the put options in favour of the minority shareholders of the subsidiary LDH (La Doria) Ltd. Therefore, operating financial payables at 31.03.2018 amounted to Euro 62.9 million.
- **net equity** of Euro 230.2 million, an increase on Euro 227 million at December 31, 2017 (Euro 212.3 million at March 31, 2017).
- **Debt/Equity ratio** of 0.40, from 0.43 at December 31, 2017 (0.42 at March 31, 2017).



## Outlook

Many of our markets in 2018 will continue to be highly competitive and experience pressure from the Supermarkets, in particular the UK market due to the above-mentioned inflation caused by the weakening of Sterling.

Against this backdrop, the current year will be that in which the La Doria Group lays the foundations to continue developing over the coming years two priority plans - driving revenues and further improving margins.

Therefore, a major four-year investment plan was launched to boost production capacity, principally for the higher added value and potentially significant growth rate product categories (such as ready-made sauces).

The Plan will target, further to the restructuring of Group industrial sites, the extension and automation of warehouses and improved industrial and logistics efficiency - with an eye on becoming even more cost competitive.

*La Doria, a company listed on the STAR segment of Borsa Italiana, is the leading Italian producer of processed pulses and tomato-based products (peeled and chopped) and second for fruit juices and beverages. With the acquisition of the Pa.f.i.al Group, La Doria has become the leading Italian producer of private label ready-made sauces and among the leaders in Europe.*

*Revenues in 2017 totalled Euro 669.1 million, of which over 90% generated by the private label segment (retail chain brands), with customers such as Carrefour, Auchan, Selex and Conad in Italy and Tesco, Sainsbury, Morrisons and Waitrose on foreign markets, which represent the main commercial outlet for the Group.*

The executive officer for financial reporting, Dr. Alberto Festa, declares in accordance with Article 154 *bis*, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Attached to the present press release are the reclassified balance sheet and income statement of the La Doria Group at 31.03.2018 (unaudited data).

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**LA DORIA GROUP - condensed consolidated balance sheet**

In accordance with EU/IFRS in thousands of Euros

	31/03/2018	31/12/2017	31/03/2017
Trade receivables	120.638	106.498	113.773
Inventories	181.534	209.484	174.502
Other current accounts receivable	11.926	11.530	12.362
<b>Total current assets</b>	<b>314.098</b>	<b>327.512</b>	<b>300.637</b>
Trade payables	110.362	115.682	106.439
Other current accounts payable	27.075	26.463	26.873
<b>Total current payables</b>	<b>137.437</b>	<b>142.145</b>	<b>133.312</b>
<b>WORKING CAPITAL</b>	<b>176.661</b>	<b>185.367</b>	<b>167.325</b>
Intangible assets - net	5.869	6.090	9.820
Property, plant and equipment-net	155.030	149.919	142.451
Equity investments in associates	269	267	242
Other assets	17.765	17.773	18.948
<b>TOTAL NON-CURRENT ASSETS</b>	<b>178.933</b>	<b>174.049</b>	<b>171.461</b>
Non current liabilities	22.332	22.444	24.340
Reserve for employee termination benefit and other reserves	11.853	11.833	13.816
<b>Total non current liabilities</b>	<b>34.185</b>	<b>34.277</b>	<b>38.156</b>
<b>NET INVESTED CAPITAL</b>	<b>321.409</b>	<b>325.139</b>	<b>300.630</b>
Cash and cash equivalents	(68.326)	(66.691)	(59.015)
Short-term borrowings	45.399	67.621	44.150
Medium and long-term borrowings	114.145	97.220	103.153
<b>NET CASH POSITION</b>	<b>91.218</b>	<b>98.150</b>	<b>88.288</b>
Group Shareholders' Equity	230.125	226.919	212.276
Shareholders' Equity pertaining to minority interest	66	70	66
<b>SHAREHOLDERS' EQUITY</b>	<b>230.191</b>	<b>226.989</b>	<b>212.342</b>



**LA DORIA GROUP - reclassified consolidated income statement**

In accordance with EU/IFRS in thousands of Euros

	31/03/2018		31/03/2017		31/12/2017	
<b>Revenues</b>	<b>178.975</b>	<b>100,0%</b>	<b>167.537</b>	<b>100,0%</b>	<b>669.096</b>	<b>100,0%</b>
Changes in inventories of work in progress and semi-finished and finished goods	(30.373)	-17,0%	(17.577)	-10,5%	20.879	3,1%
Other income	2.035	1,1%	2.072	1,2%	11.008	1,6%
<b>Production value</b>	<b>150.637</b>	<b>84,2%</b>	<b>152.032</b>	<b>90,7%</b>	<b>700.983</b>	<b>104,8%</b>
Operative expenses	127.138	71,0%	128.903	76,9%	587.595	87,8%
<b>Value added</b>	<b>23.499</b>	<b>13,1%</b>	<b>23.129</b>	<b>13,8%</b>	<b>113.388</b>	<b>16,9%</b>
Labour costs	11.301	6,3%	11.305	6,7%	53.266	8,0%
<b>EBITDA</b>	<b>12.198</b>	<b>6,8%</b>	<b>11.824</b>	<b>7,1%</b>	<b>60.122</b>	<b>9,0%</b>
Amortisation and depreciation expenses	2.974	1,7%	2.903	1,7%	18.517	2,8%
<b>EBIT</b>	<b>9.224</b>	<b>5,2%</b>	<b>8.921</b>	<b>5,3%</b>	<b>41.605</b>	<b>6,2%</b>
Financial income and expenses, net	(338)	-0,2%	(578)	-0,3%	(1.862)	-0,3%
Exchange gains (losses)	(1.058)	-0,6%	(882)	-0,5%	193	0,0%
<b>Profit/(loss) from operating activities</b>	<b>7.828</b>	<b>4,4%</b>	<b>7.461</b>	<b>4,5%</b>	<b>39.936</b>	<b>6,0%</b>
Gain on discontinued operations	0	0,0%	0	0,0%	0	0,0%
<b>Profit (loss) before tax</b>	<b>7.828</b>	<b>4,4%</b>	<b>7.461</b>	<b>4,5%</b>	<b>39.936</b>	<b>6,0%</b>
Income taxes	2.290	1,3%	2.253	1,3%	9.522	1,4%
<b>Net profit (loss)</b>	<b>5.538</b>	<b>3,1%</b>	<b>5.208</b>	<b>3,1%</b>	<b>30.414</b>	<b>4,5%</b>
of which Group	5.542	3,1%	5.213	3,1%	30.414	4,5%
of which minority interest	(4)	0,0%	(5)	0,0%	0	0,0%