



## PRESS RELEASE

**LA DORIA - Board of Directors approves 2018 Third Quarter Report.**

**Revenues up thanks to improved sales volumes, with margin reducing due to lower sales prices and increased tomato processing campaign costs which impacted the third quarter.**

**Good international performances; domestic market declines.**

**Major four-year investment plan worth Euro 115 million continues, with a focus on expanding production capacity, boosting industrial and logistics efficiency and restructuring Group facilities, in order to become even more cost competitive and ensure revenue and margin growth.**

- **Consolidated revenues up 1.3% to Euro 512.2 million (Euro 505.6 million in 9M 2017). At like-for-like exchange rates, revenues up 2%. Q3 consolidated revenues of Euro 162.9 million, -1.1% compared to Q3 2017.**
- **9M EBITDA of Euro 40.5 million (Euro 42.4 million in 9M 2017); EBITDA margin decreasing from 8.4% to 7.9%. Q3 EBITDA of Euro 16.1 million (Euro 18 million in Q3 2017). EBITDA margin reduces from 10.9% to 9.9%.**
- **9M 2018 EBIT of Euro 29 million (Euro 30.5 million in 9M 2017); EBIT margin reduces from 6% to 5.7%. Q3 EBIT of Euro 10.9 million (Euro 13.7 million in Q3 2017). EBIT margin reduces from 8.3% to 6.7%.**
- **9M net profit of Euro 21.8 million, substantially stable on Euro 21 million for 9M 2017. Q3 net profit of Euro 8.7 million (in line with Q3 2017);**
- **Net Debt of Euro 79.1 million (Euro 64.4 million at 30.06.2018 and Euro 98.1 million at 31.12.2017).**
- **Gearing at 0.33, from 0.28 at June 30, 2018 (0.43 at December 31, 2017).**

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Angri (SA), November 14, 2018 - The Board of Directors of La Doria S.p.A., leader in the production of tomato-based products, ready-made sauces, pulses and fruit juices for supermarket private labels, today approved in Angri the additional voluntary financial reporting presented as the 2018 Third Quarter Report.

The Group performance in the first nine months of the year featured revenue growth on the basis of a satisfying increase in sales volumes and a contraction in the margin, mainly due to



the reduction in industrial activity sales prices and increased tomato processing campaign costs which impacted the third quarter.

Manufacturing, carried out by the parent company La Doria S.p.A. and the subsidiary Eugea Mediterranea S.p.A., reported improving sales volumes and contracting operating margins, due to the reduction in sales prices across all products categories, in particular ready-made sauces, amid heightened competition and the strong position of the major Supermarkets, with the company focusing on defending market share. Production costs were overall stable on the basis of a significant increase for the “red line” and a reduction for the fruit and the pulses lines.

Trading activities by the subsidiary LDH (La Doria) Ltd on the English market saw a satisfying sales improvement, due to good volume growth 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 were stable on 2017, despite continued pressure from the English Supermarkets amid inflation and heightened competition.

The Group performance in the first nine months of 2018 was impacted also by currency developments, i.e. unfavourable Euro-Sterling movements on the results of LDH with the weakening of Sterling.

### **Consolidated Results - 9M 2018**

Consolidated revenues were Euro 512.2 million, up 1.3% on Euro 505.6 million in the same period of the previous year. At like-for-like exchange rates, revenues would amount to Euro 515.8 million (+2%).

Good “Red line” and “Pulses and Vegetable line” performances, with like-for-like exchange rate growth of 4.4% and 3.5% respectively. “Sauces line” stable, with good volume growth eroded by price decreases. “Other line” (trading) sales also increased (+5.3% at like-for-like exchange rates). Fruit line contracted (-10.4% at like-for-like exchange rates), mainly due to lower domestic market fruit juice sales.

Group revenues were generated by “Pulses and vegetables” for 27.3%, “Tomato-based products” for 21.4%, “Sauces” for 12.7%, “Fruit” for 10.2% and “Other lines” (trading) for 28.4%.

Exports accounted for 80.3% of sales, increasing 3.7% at like-for-like exchange rates, with the domestic market accounting for 20% and sales down 4.4%

The principal profit margins at consolidated level were:

- **EBITDA** of Euro 40.5 million, compared to Euro 42.4 million in 9M 2017. EBITDA margin of 7.9%, compared to 8.4% in 9M 2017;



- **EBIT** of Euro 29 million, compared to Euro 30.5 million in 9M 2017. EBIT margin reducing to 5.7% from 6% for 9M 2017;
- **net profit** of Euro 21.8 million, substantially stable on Euro 21 million for 9M 2017.

The key balance sheet figures at consolidated level were:

- **the net financial position** was a debt position of Euro 79.1 million, increasing on Euro 64.4 million on June 30, 2018 (due to investments and higher inventories following the seasonal production of tomatoes) and reducing on Euro 98.1 million at 31.12.2017;
- **net equity** of Euro 240.1 million increased on Euro 231.7 million at June 30, 2018 and Euro 227 million at December 31, 2017;
- **debt/equity ratio** of 0.33, from 0.28 at June 30, 2018 (0.43 at December 31, 2017).

### Consolidated Results – Q3 2018

**Consolidated sales** in the third quarter amounted to Euro 162.9 million, decreasing 1.1% on Euro 164.7 million in the same period of 2017.

**EBITDA** was Euro 16.1 million, decreasing on Euro 18 million in the third quarter of 2017, while **EBIT** totalled Euro 10.9 million (also reducing on Euro 13.7 million in Q3 2017).

**Q3 net profit** of Euro 8.7 million, in line with the same period of the previous year.

### FY 2018 Forecasts and 2019 Outlook

In terms of the Group's operating performance for 2018, higher revenues are forecast thanks to sales volume growth, while a reduced margin on the previous year is expected to be confirmed in view of the poor tomato processing campaign in the third quarter, and to a slightly greater extent than envisaged in the Plan.

The significant increase in production costs shall only be partly offset by increased tomato-based product sales prices, with a reduction therefore in current year "red line" earnings and, to a greater extent, in the first half of 2019, a period in which the tomato production will generate revenues.

On the other hand, the situation is expected to improve for next year's campaign thanks to the significant reduction in domestic stock levels, which should translate into rising prices, with effects from the final quarter of the present year and particularly from 2020.

La Doria Group markets continue to be highly competitive, as exponentially has been the case over recent years with the growing negotiating power of the major Supermarkets. The proliferation of Discount stores globally - with particularly aggressive pricing policies - the



continued merging of the distribution giants, partnership agreements and the creation of purchasing groups, has increased the pressure on suppliers, particularly in the United Kingdom and also as a result of Brexit and the effects from a weakening Sterling.

In this environment, in 2018 the Group launched a major four-year investment plan involving the deployment of approx. Euro 115 million to restructure the industrial sites and extend and automate the warehouses, in addition to improving industrial and logistics efficiency, with an eye on becoming even more cost competitive. In this regard, at the end of September production activities at the Acerra facility concluded, with the production of ready-made sauces concentrated at the Parma facility.

The Plan will also boost production capacity, principally for the higher added value and potentially significant growth rate product categories (such as the afore-mentioned ready-made sauces).

La Doria will therefore continue to develop over the coming years two priority plans - driving revenues and improving margins.

*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 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 30.09.2018 (unaudited data).

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<b>LA DORIA GROUP - condensed consolidated balance sheet</b>			
In accordance with EU/IFRS in thousands of Euros			
	30/09/2018	30/06/2018	31/12/2017
Trade receivables	107.066	114.437	106.498
Inventories	211.068	175.508	209.484
Other current accounts receivable	18.185	16.318	11.530
<b>Total current assets</b>	<b>336.319</b>	<b>306.263</b>	<b>327.512</b>
Trade payables	154.902	131.455	115.682
Other current accounts payable	29.008	34.152	26.463
<b>Total current payables</b>	<b>183.910</b>	<b>165.607</b>	<b>142.145</b>
<b>WORKING CAPITAL</b>	<b>152.409</b>	<b>140.656</b>	<b>185.367</b>
Intangible assets - net	5.598	5.677	6.090
Property, plant and equipment-net	177.622	166.903	149.919
Equity investments in associates	970	960	267
Other assets	17.681	17.286	17.773
<b>TOTAL NON-CURRENT ASSETS</b>	<b>201.871</b>	<b>190.826</b>	<b>174.049</b>
Non current liabilities	22.894	23.373	22.444
Reserve for employee termination benefit and other reserves	12.168	11.996	11.833
<b>Total non current liabilities</b>	<b>35.062</b>	<b>35.369</b>	<b>34.277</b>
<b>NET INVESTED CAPITAL</b>	<b>319.218</b>	<b>296.113</b>	<b>325.139</b>
Cash and cash equivalents	(48.951)	(82.275)	(66.691)
Short-term borrowings	38.996	55.497	67.621
Medium and long-term borrowings	89.056	91.142	97.220
<b>NET CASH POSITION</b>	<b>79.101</b>	<b>64.364</b>	<b>98.150</b>
Group Shareholders' Equity	240.052	231.689	226.919
Shareholders' Equity pertaining to minority interest	65	60	70
<b>SHAREHOLDERS' EQUITY</b>	<b>240.117</b>	<b>231.749</b>	<b>226.989</b>



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

In accordance with EU/IFRS in thousands of Euros

	3rd Quarter 2018		3rd Quarter 2017		at 30/09/2018		at 30/09/2017	
<b>Revenues</b>	<b>162.872</b>	<b>100,0%</b>	<b>164.666</b>	<b>100,0%</b>	<b>512.223</b>	<b>100,0%</b>	<b>505.566</b>	<b>100,0%</b>
Changes in inventories of work in progress and semi-finished and finished goods	43.480	26,7%	55.713	33,8%	3.057	0,6%	26.193	5,2%
Other income	2.384	1,5%	2.504	1,5%	7.430	1,5%	8.470	1,7%
<b>Production value</b>	<b>208.736</b>	<b>128,2%</b>	<b>222.883</b>	<b>135,4%</b>	<b>522.710</b>	<b>102,0%</b>	<b>540.229</b>	<b>106,9%</b>
Operative expenses	174.610	107,2%	186.464	113,2%	441.033	86,1%	456.338	90,3%
<b>Value added</b>	<b>34.126</b>	<b>21,0%</b>	<b>36.419</b>	<b>22,1%</b>	<b>81.677</b>	<b>15,9%</b>	<b>83.891</b>	<b>16,6%</b>
Labour costs	18.020	11,1%	18.446	11,2%	41.175	8,0%	41.456	8,2%
<b>EBITDA</b>	<b>16.106</b>	<b>9,9%</b>	<b>17.973</b>	<b>10,9%</b>	<b>40.502</b>	<b>7,9%</b>	<b>42.435</b>	<b>8,4%</b>
Amortisation and depreciation expenses	5.190	3,2%	4.265	2,6%	11.453	2,2%	11.921	2,4%
<b>EBIT</b>	<b>10.916</b>	<b>6,7%</b>	<b>13.708</b>	<b>8,3%</b>	<b>29.049</b>	<b>5,7%</b>	<b>30.514</b>	<b>6,0%</b>
Financial income and expenses, net	(332)	-0,2%	(246)	-0,1%	(1.141)	-0,2%	(1.340)	-0,3%
Exchange gains (losses)	1.088	0,7%	(1.225)	-0,7%	1.932	0,4%	(49)	0,0%
<b>Profit/(loss) from operating activities</b>	<b>11.672</b>	<b>7,2%</b>	<b>12.237</b>	<b>7,4%</b>	<b>29.840</b>	<b>5,8%</b>	<b>29.125</b>	<b>5,8%</b>
Gain on discontinued operations	0	0,0%	0	0,0%	0	0,0%	0	0,0%
<b>Profit (loss) before tax</b>	<b>11.672</b>	<b>7,2%</b>	<b>12.237</b>	<b>7,4%</b>	<b>29.840</b>	<b>5,8%</b>	<b>29.125</b>	<b>5,8%</b>
Income taxes	2.983	1,8%	3.571	2,2%	8.012	1,6%	8.123	1,6%
<b>Net profit (loss)</b>	<b>8.689</b>	<b>5,3%</b>	<b>8.666</b>	<b>5,3%</b>	<b>21.828</b>	<b>4,3%</b>	<b>21.002</b>	<b>4,2%</b>
of which Group	8.684	5,3%	8.661	5,3%	21.833	4,3%	21.005	4,2%
of which minority interest	5	0,0%	5	0,0%	(5)	0,0%	(3)	0,0%