



## YEAR 2013 RESULTS (January – December)

### I. Highlights

In 2013 Campofrio Food Group has continued consolidating its leading position in Europe in the processed meat market. 2013 has been another year of tough economic conditions and inflationary pressures in raw materials. However, signs of a slight improvement in consumption trends as well as lower inflation in raw materials in the last quarter of the year, have had a positive impact on results and lead to a more positive outlook for 2014.

CFG's performance in 2013 has benefited from all the initiatives undertaken to increase operating efficiency and strengthen CFG brands. Once again, product innovation has proven to be a successful growth strategy when combined with an optimal cross category and country approach. The strong improvement in margins in the last quarter of the year shows that CFG is on the right path to future sustainable growth. Moreover, strong cash generation, outstanding working capital management and a strengthened financial position prove CFG's focus on value creation.

**Total net sales, reaching €1,907.5 million** slightly lower than last year (-0.6%) and with a positive performance of our key brands and new product lines. The key platforms that are driving growth continue to be Health +29%, Snacking +16% and Heritage +6%. Additionally, the "affordable" product line grows by 25% in 2013.

**EBITDA "normalized" stands at €146.1 million** and Ebitda margin on sales at 7.7% impacted mainly by higher raw material expenses. If we include one-off expenses **reported EBITDA amounts to €145.0 million**, with growth of 2% in 2013.

**Net profit amounts to €12.7 million.**

**Operating cash flow of €204.8 million** benefits from lower working capital needs (- € 64.4 million) thanks to effective working capital management.

**Net Financial Debt of €448.5 million** diminishes by €24.7 million vs. 9M13 on reduced indebtedness and increased cash position. The leverage ratio NFD/EBITDA normalized stands at 3.07x meeting the internal leverage targets set by the management.

## II. Consolidated Profit and Loss Account

### Profit & Loss Account CFG

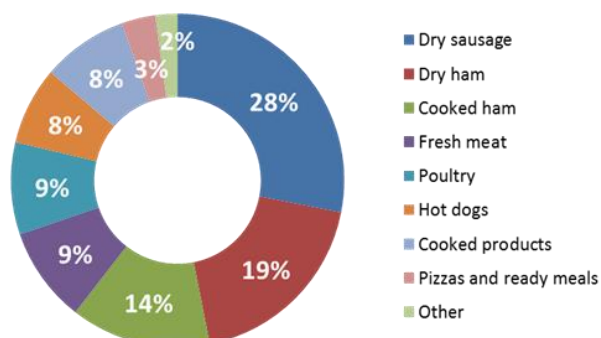
€ M	2013	2012	Var. %
<b>Net Sales Value</b>	<b>1.907.462</b>	<b>1.918.346</b>	<b>-0,6%</b>
Other operating revenues	17.219	10.463	64,6%
Consumption of goods	-1.074.416	-1.060.930	1,3%
Employee benefits expense	-332.428	-351.261	-5,4%
Changes in trade provisions	-3.447	-4.493	-23,3%
Other operating expenses	-369.355	-369.826	-0,1%
Total other operating expenses	-705.230	-725.580	-2,8%
<b>EBITDA reported</b>	<b>145.035</b>	<b>142.299</b>	<b>1,9%</b>
Depreciation & amortization	-67.300	-60.719	10,8%
Impairment of assets	3.697	-284	n.a.
<b>Operating profit EBIT</b>	<b>81.432</b>	<b>81.296</b>	<b>0,2%</b>
Financial results	-51.597	-54.435	-5,2%
Other results	-32.640	-8.321	n.a.
<b>Profit before tax</b>	<b>-2.805</b>	<b>18.540</b>	<b>-115,1%</b>
Income taxes	15.683	4.176	n.a.
<b>Profit from continuing operations</b>	<b>12.878</b>	<b>22.716</b>	<b>-43,3%</b>
Results from discontinued operations	-152	-6.995	-97,8%
<b>Profit / (Loss) for the year</b>	<b>12.726</b>	<b>15.721</b>	<b>-19,1%</b>
One-off charges	-1.094	-8.206	
<b>EBITDA normalized</b>	<b>146.129</b>	<b>150.505</b>	<b>-2,9%</b>
EBITDA normalized / Net Sales	7,7%	7,8%	
EBITDA reported / Net Sales	7,6%	7,4%	

**Total net sales** of €1,907.5 million with positive performance of some key product platforms that record outstanding growth: Health, Snacking, and Heritage growing by 29%, 16% and 6% respectively. These three categories, called “growth accelerators” contributed with 15% to total sales of the Group. A remarkable sales performance is also achieved by the “affordable” product range, which grows by 25% in sales. Considering sales by product type for the Group, it is worth noting the good performance of the categories “poultry” (+4.4%), “pizzas and ready meals” (+3.3%), “fresh meat” (+6.0%) and “dry sausages” (+0.2%). The remaining categories were more impacted by difficult market conditions: Dry ham (-4.3%), cooked ham (-2.5%), cooked products (-2,5%) and hot dogs (-0.7%).

### Net Sales Value

€ mill	2013	2012	% Growth
Dry sausage	535,4	534,1	0,2%
Dry ham	359,1	375,3	-4,3%
Cooked ham	259,8	266,5	-2,5%
Fresh meat	176,5	166,6	6,0%
Poultry	170,5	163,3	4,4%
Hot dogs	143,7	144,8	-0,7%
Cooked products	159,3	163,3	-2,5%
Pizzas and ready meals	62,7	60,7	3,3%
Other	40,3	43,6	-7,5%
<b>Total</b>	<b>1.907,5</b>	<b>1.918,3</b>	<b>-0,6%</b>

### 2013 Sales by product category

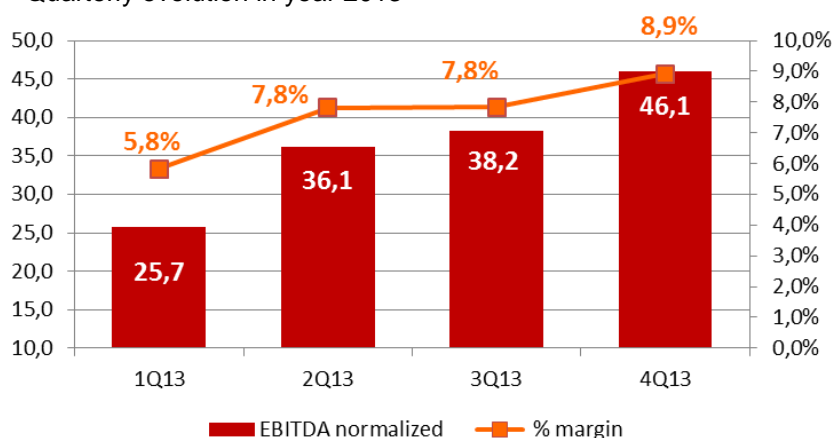


**Total operating expenses of € 1,779.6 million** are lower (-0.4%) as a consequence of lower personnel (-5.4%) and “other operating expenses” (-0.4%) while consumption of goods grow (+1.3%) due, among other to higher meat prices. The decline in personnel and other operating expenses are a result of the cost reduction measures undertaken to ensure future sustainable operating margin growth.

The **consolidated operating profit EBIT reaches € 81.4 million**, slightly above last year figure of €81.3 million on lower operating expenses.

**EBITDA “normalized” amounts to € 146.1 million.** If we take into account one-off charges of €1.1 million, **EBITDA “reported” stands at €145.0 million.** It is worth noting the progressive improvement in EBITDA generation and margins. The efficiency and cost cutting initiatives implemented in 2013 are bearing fruit and will continue to contribute to EBITDA margin enhancement in 2014.

EBITDA normalized (M€ and % of net sales),  
Quarterly evolution in year 2013



The net **financial result** amounts to € -51.6 million below last year’s level (-5.2%).

**Other results** of € -32.6 million mainly refer to the results in our joint ventures, as well as accrued provisions to cover the financial risks associated to those investments.

**Net profit** for the year 2013 reaches €12.7 million vs. €15.7 million in 2012.

### III. Balance Sheet

#### BALANCE SHEET, million €

Assets	2013	2012	Equity and Liabilities	2013	2012
Property, plant and equipment	577,1	576,1	Issued capital	102,2	102,2
Goodwill	458,7	459,0	Share premium	411,1	411,1
Other intangible assets	289,3	272,3	Other reserves	89,0	73,2
Non-current financial assets	39,0	15,0	Currency Translation differences	1,6	3,2
Investments accounted for under the equity method	30,2	28,9	Treasury shares	-18,9	-18,7
Deferred tax assets	157.259,0	136,2	Profit (loss) attributable to equity holders of the parent	12,7	15,7
<b>Non-current assets</b>	<b>1.551,5</b>	<b>1.487,6</b>	<b>Equity</b>	<b>597,7</b>	<b>586,8</b>
Inventories	339,2	340,0	Debentures	492,0	490,7
Trade and other receivables	208,1	217,2	Interest-bearing loans and borrowings	30,0	59,8
Other current financial assets	0,4	0,4	Other financial liabilities	10,4	4,2
Other current assets	7,2	6,3	Deferred tax liabilities	164,1	169,2
Cash and cash equivalents	146,0	169,9	Other non-current liabilities	13,1	15,5
<b>Current assets</b>	<b>700,8</b>	<b>733,7</b>	Provisions	102,0	110,1
Assets classified for sale and discontinued operations	1,1	1,3	<b>Non-current liabilities</b>	<b>811,7</b>	<b>849,5</b>
			Debentures	6,9	6,9
			Interest-bearing loans and borrowings	50,7	42,9
			Trade and other payables	681,1	607,8
			Other financial liabilities	4,9	7,5
			Income tax payables	3,0	4,8
			Provisions	28,8	36,5
			Other current liabilities	68,5	79,7
			<b>Current liabilities</b>	<b>843,9</b>	<b>786,2</b>
			Liabilities discontinued operations	0,0	0,1
			<b>Total liabilities</b>	<b>1.655,6</b>	<b>1.635,7</b>
<b>TOTAL ASSETS</b>	<b>2.253,4</b>	<b>2.222,5</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2.253,4</b>	<b>2.222,5</b>

**Non-current debentures** of €492.0 million correspond to the book value of the group's financial liability corresponding to non-convertible bonds for the nominal value of € 500,0 million issued on November 2<sup>nd</sup> 2009. Regarding the €100.0 million "club deal" arrangement signed in April 2011 to finance the acquisition of Fiorucci S.p.a. the group has amortized € 40.0 million until Dec. 2013. At 31 December 2013 unused and fully available borrowing facilities amount to € 240 million and the cash position to €146 million. Therefore the **liquidity position** stands at € 386 million.

**Net financial debt** of € 448.5 million is reduced by €24.7 million vs. Sept 2013 due to lower debt and higher cash position. Therefore the leverage ratio on normalized EBITDA stands at 3.07 times.

#### Net Financial Debt

€ million	31 Dec 2013	31 Dec 2012
Debentures and Bonds	498,844	497,608
Debts with credit entities	80,726	102,739
Other current financial liabilities	15,253	11,708
Other current financial assets	-0,390	-0,390
Cash and Cash equivalents	145,957	169,910
<b>Total Net Debt</b>	<b>448,476</b>	<b>441,754</b>
<b>EBITDA normalized</b>	<b>146,129</b>	<b>150,505</b>
<b>NFD / EBITDA normalized</b>	<b>3.07x</b>	<b>2.94x</b>

#### IV. Investments

CFG investments (“capex”) in year 2013 amounted to € 83.1 million of which € 61.6 million is related to tangible assets and the remaining € 21.5 million to other assets, mainly investments in software / information systems for the integration of all IT systems of the Group.

#### V. Cash flow

Operating cash flow reaches € 204.9 million with a positive evolution of working capital contributing with € 64.4 million on increased trade payables and lower receivables. Working capital management continues generating value for CFG.

##### Cash Flow Statement CFG

million €	2013	2012	Var. %
<b>Gross operating cash flow</b>	<b>140.491</b>	<b>144.055</b>	<b>-2,5%</b>
Change in Working Capital	64.357	64.708	-0,5%
<b>Operating Cash Flow</b>	<b>204.848</b>	<b>208.763</b>	<b>-1,9%</b>
Interest payments	-49.617	-51.466	-3,6%
Provisions and other	-38.404	-28.276	35,8%
Payments for Income Tax	-14.680	-15.880	-7,6%
Other	121	3.404	n.a.
<b>Net Operating Cashflow</b>	<b>102.268</b>	<b>116.545</b>	<b>-12,3%</b>
Net Cash flows from investing activities	-83.417	-69.692	19,7%
- of which Capex	-83.138	-71.397	16,4%
Cash flows from Financing activities	-42.804	-16.360	161,6%
<b>Net increase / decrease in cash &amp; cash equivalents</b>	<b>-23.953</b>	<b>30.493</b>	<b>n.a.</b>