

Q3 2017 Results



deoleo



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Outcome summary



Raw
Material

| | 30-sep-17 | 30-sep-16 | YTD |
|--------------|-----------|-----------|-------|
| | €/Tn | €/Tn | % |
| Extra Virgin | 3.699 | 3.200 | 15,6% |
| Virgin | 3.621 | 3.125 | 15,9% |
| Lampante | 3.591 | 3.052 | 17,7% |

Source: Pool Red

Prices in Spain during the financial year remain at around €3.6/kg, which represents an increase of approximately 16% for all varieties compared to the previous year



Profit and
Loss

| | 30-sep-17 | 30-sep-16 | YTD |
|-------------|-----------|-----------|--------|
| | m€ | m€ | % |
| Net Sales | 513.375 | 519.978 | -1,3% |
| EBITDA | 26.825 | 38.012 | -29,4% |
| Net Results | (5.385) | (26.871) | 80,0% |

We continue to improve our Net Profit compared to the previous year, with a reduction in losses of 80% compared to the same period in 2016.
The high price of raw materials is causing a fall in volumes (8% in Spain) in key markets and an erosion of margins, with a subsequent impact on the EBITDA



Other
financial
data

| | 30-sep-17 | 31-dec-2016 | YTD |
|------------------|-----------|-------------|-------|
| | m€ | m€ | % |
| Net Financ. Debt | 548.572 | 532.689 | 3,0% |
| Working Capital | 109.020 | 110.746 | -1,6% |

There is a slight increase in the Net Financial Debt compared to the close of 2016 and an improvement compared to the previous quarter, thanks to the management of the working capital.
The Net Financial Debt remains at the same level as the same period in the previous financial year

H2 Highlights

Markets



- ◆ As we anticipated in the previous quarter, the **high price of olive oil is affecting consumption in Spain and the United States**. This downward trend has become stronger during the quarter.
- ◆ Other markets with a lower volume but of strategic interest are also delaying orders due to price increases.
- ◆ According to **data** from the International Olive Council (**IOC**) concerning the 2016/17 olive campaign, **consumption has fallen by 11%** in the member countries of the organisation.





Raw materials and evolution of consumption

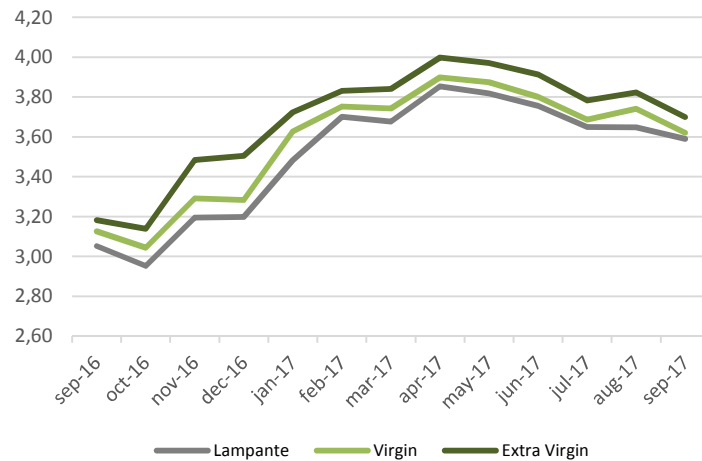
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Raw materials evolution

- ◆ In the last quarter there has been a **slight relaxation in prices in Spain**, which has been stopped due to the **lack of rainfall** in September, with the average year-on-year increase being over 15%.
- ◆ For the recently initiated **2017/18** campaign, the **IOC** estimates **production of 12% higher** than the previous campaign.
- ◆ **This estimate**, in the short term, **is not having an impact on prices** due to the **meteorological situation in Spain**.



Olive Oil Price Evolution (€/Tn)



Source: Pool Red

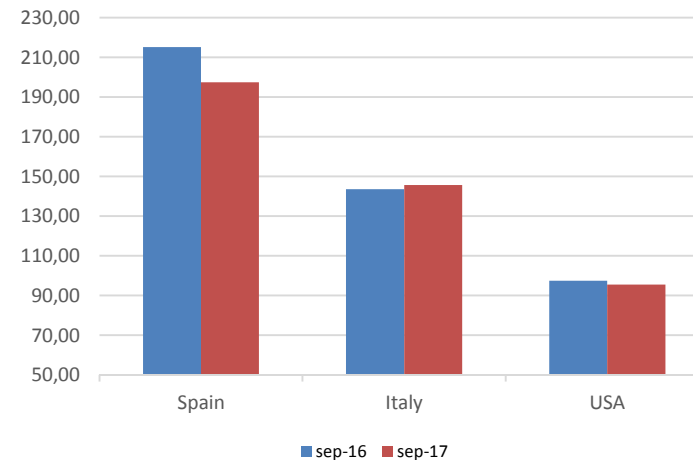


Consumption evolution

- ◆ The consumption by volume of **olive oil in Spain**, according to Nielsen data, **remains low** with an annual decrease of 8%, while for seeds it continues to grow, with an increase of 5%.
- ◆ **In Italy, almost no variation was recorded** with respect to the same **period of 2016**.
- ◆ In the **United States**, the **decrease in consumption** has been **2%** compared to the previous year.



Olive Oil consumption evolution (MMI)



Source: Nielsen



Profit and loss statement

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| | 30-sep-17 | 30-sep-16 | YTD |
|--------------------|----------------|-----------------|---------------|
| | m€ | m€ | % |
| Net Sales | 513.375 | 519.978 | -1,3% |
| Gross Margin | 80.507 | 91.584 | -12,1% |
| OPEX | (53.682) | (53.572) | 0,2% |
| EBITDA | 26.825 | 38.012 | -29,4% |
| EBITDA/Sales | 5,2% | 7,3% | |
| Net Results | (5.385) | (26.871) | 80,0% |

- 🔥 The **net result** of the period has **improved by 80%** compared to the previous year; the **operating profit** is **€8.3 billion** compared to **losses of €2.6 billion in 2016**. The **financial results** have seen an **improvement of 27%** in the period.
- 🔥 As in the second quarter, all the **commercial business units**, with the exception of Northern Europe, **have achieved better results** than in the previous financial year, although the **high prices of raw materials**, the **euro/US dollar exchange rate** and the subsequent **fall in volumes** in our main markets have accentuated the erosion of margins.



Results per Business Unit

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Results

| BU | Sales | | | EBITDA | | | Margin 2017 | Margin 2016 |
|--|----------------|----------------|------------|---------------|---------------|-------------|----------------|----------------|
| | 30-sep.-17 | 30-sep.-16 | YTD | 30-sep.-17 | 30-sep.-16 | YTD | | |
| | m€ | m€ | % | m€ | m€ | % | % | % |
| SE  | 235.198 | 230.656 | 2% | 12.269 | 10.916 | 12% | 5,2% | 4,7% |
| NE  | 62.302 | 76.664 | -19% | (316) | 4.166 | -108% | -0,5% | 5,4% |
| NA  | 113.591 | 119.784 | -5% | 19.367 | 19.126 | 1% | 17,0% | 16,0% |
| International | 80.122 | 76.183 | 5% | 9.870 | 9.763 | 1% | 12,3% | 12,8% |
| Operative, Corporate & Others | 22.162 | 16.691 | 33% | (14.366) | (5.959) | -141% | -64,8% | -35,7% |
| Total | 513.375 | 519.978 | -1% | 26.825 | 38.012 | -29% | 5,2% | 7,3% |

- ◆ The positive trend in terms of EBITDA continues for all business units with the exception of Northern Europe.
- ◆ The sales figures have been affected by the fall in volumes in Spain and the United States, as a consequence of the current market situation and of the exchange rate.
- ◆ In our main markets the accumulated annual market shares by volume have risen compared to the previous quarter.
- ◆ In Northern Europe, the high price situation is hindering recovery of the distribution level of our products.
- ◆ The Corporate Unit recorded an increase in the general costs associated with restructurings, which are extraordinary and non-recurring costs that negatively affect the EBITDA for the financial year.



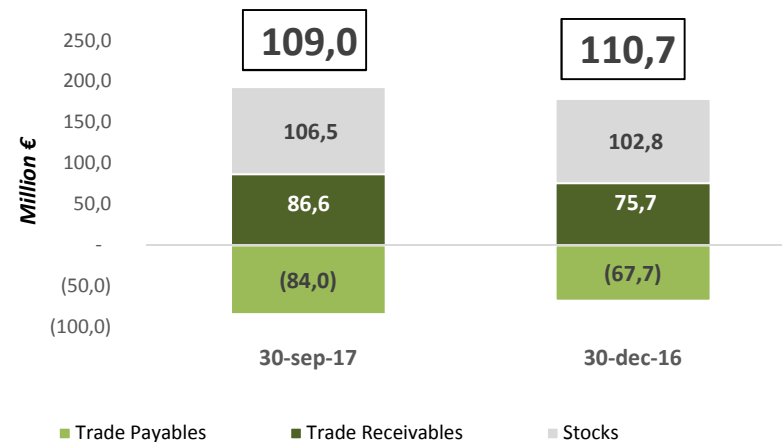
Balance Sheet

Q3 2017
Results

Balance Sheet Data

| | 30-sep-17 | 31-dec-16 | YTD |
|--------------------|-----------|-----------|-------|
| | m€ | m€ | % |
| Non Current Assets | 903.005 | 914.743 | -1,3% |
| Working Capital | 109.020 | 110.746 | -1,6% |
| Equity | 314.211 | 328.858 | -4,5% |
| Net Financial Debt | 548.572 | 532.689 | 3,0% |

Working Capital



- ◆ We have **substantially stabilised the position of debtors compared to the previous quarter**, which has meant a slight **improvement** in the **working capital** compared to the **close** of the **2016** financial year.
- ◆ Similarly, **we have improved our level of debt compared to the previous quarter** and we have recorded a slight rise compared to the close of 2016



Cash generation

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Cash generation managing analysis

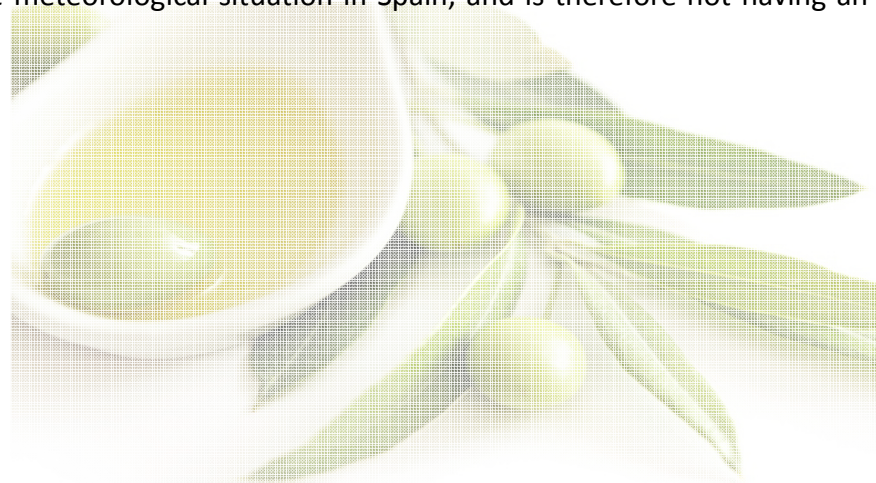
| | 30-sep-17 | 30-sep-16 | YTD |
|---------------------------|--------------|-----------------|---------------|
| | m€ | m€ | % |
| Cash at the beginning | 29.906 | 46.605 | |
| EBITDA | 26.825 | 38.012 | -29,4% |
| Changes in WC | 1.726 | (11.331) | -115,2% |
| Interest Payment | (20.653) | (24.930) | -17,2% |
| Tax income Payment | (1.873) | 80 | 2445,1% |
| NRI and others | (14.379) | (19.120) | -24,8% |
| CF Investment Activities | (5.693) | (7.856) | -27,5% |
| CF Financing Activities | 15.388 | 11.616 | 855,0% |
| YTD Cash generated | 1.340 | (13.529) | 109,9% |
| Cash at the end | 31.247 | 33.075 | |

Source: Managing Accounts

- ◆ We have generated income during the 2017 financial year, despite the reduction in the EBITDA, thanks to the improved performance of other financial variables.
- ◆ We have cash flows and liquidity for the use of the revolving and factoring lines that ensure sufficient liquidity and the ability to expand our base of suppliers in this way.
- ◆ We are complying with our financial covenants as of September 30, 2017

Conclusions

- ◆ We have **reduced losses** by **80%** compared to September 2016, with these now standing at **€5.4** billion. The **operating profit** amounts to **€8.3** billion compared to **losses** of **€2.6** billion in the same period in 2016.
- ◆ There have **continued to be market problems** in the third quarter of 2017, causing a negative trend in consumption in certain countries.
- ◆ The relaxation of the prices of raw materials seen during the quarter has been stopped due to the lack of rainfall in Spain.
- ◆ The first estimates for the coming campaign consider a growth in the availability of raw materials for the next financial year, although this will be heavily dependent on the meteorological situation in Spain, and is therefore not having an effect on prices in the short term.





Annex I: Profit and loss statement

Q3 2017
Results

Profit and Loss Statement (Thousand of €)

| | Q3 17 | Q3 16 | YTD |
|--|-----------------|-----------------|---------------|
| Net Sales | 513.375 | 519.978 | -1,3% |
| COGS | (432.868) | (428.394) | 1,0% |
| Gross Margin | 80.507 | 91.584 | -12,1% |
| Staff Costs | (33.680) | (39.452) | -14,6% |
| OPEX | (20.002) | (14.120) | 41,7% |
| Operating Expenses | (53.682) | (53.572) | -0,2% |
| Adjusted EBITDA | 26.825 | 38.012 | -29,4% |
| <i>% Sales</i> | <i>5,2%</i> | <i>7,3%</i> | |
| Amortization and Depreciation | (12.856) | (14.491) | -11,3% |
| EBIT before NRI | 13.968 | 23.521 | -40,6% |
| NRI | (5.702) | (26.166) | -78,2% |
| EBIT | 8.266 | (2.645) | 412,5% |
| <i>% Sales</i> | <i>1,6%</i> | <i>-0,5%</i> | |
| Financial Result | (17.679) | (24.315) | -27,3% |
| Profit (Loss) Before Tax | (9.413) | (26.960) | 65,1% |
| Income Tx | 4.028 | 89 | -4438,0% |
| Profit (Loss) for the period | (5.385) | (26.871) | 80,0% |
| Attributable Profit (Loss) for the period | (5.385) | (26.871) | 80,0% |



Annex II: Balance Sheet

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Results

Balance Sheet (Thousand of €)

| | 30/09/2017 | 31/12/2016 |
|--|------------------|------------------|
| Non-Current Assets | 903.005 | 914.743 |
| Stocks | 106.450 | 102.794 |
| Payables | 86.594 | 75.659 |
| Other current assets | 24.484 | 21.173 |
| Cash and Cash Equivalents | 24.611 | 23.406 |
| Total Assets | 1.145.145 | 1.137.775 |
| Equity | 314.211 | 328.858 |
| Financial liabilities (preferred shares) | 42.453 | 42.453 |
| Long Term Debt | 511.813 | 503.357 |
| Provisions | 20.590 | 26.073 |
| Deferred tax liabilities | 144.377 | 151.005 |
| Short Term Debt | 25.554 | 16.785 |
| Receivables | 84.024 | 67.707 |
| Other current liabilities | 2.121 | 1.537 |
| Total Liabilities | 1.145.145 | 1.137.775 |



Annex III: Net Financial Debt

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Net Financial Debt (Thousand of €)

| | 30-sep-17 | 31-dic-16 | YTD |
|---------------------------|----------------|----------------|--------------|
| | <i>m€</i> | <i>m€</i> | % |
| Long Term Debt | 554.266 | 545.810 | 1,5% |
| <i>Syndicated Loan</i> | 510.375 | 501.019 | 1,9% |
| <i>Preferred Shares</i> | 42.453 | 42.453 | 0,0% |
| <i>Other Debt</i> | 1.438 | 2.338 | -38,5% |
| Short Term Debt | 25.553 | 16.785 | 52,2% |
| Financial Debt | 579.819 | 562.595 | 3,1% |
| Cash and Cash Equivalents | (31.247) | (29.906) | -4,5% |
| Net Financial Debt | 548.572 | 532.689 | 3,0% |



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 - ***EBITDA:** The earnings before depreciation, amortisation and earnings due to disposals and transfers of real estate and non-current assets maintained for sale and corresponding impacts as well as other non-recurring income and expenses (the elements considered non-recurring are those primarily associated with the comprehensive redesign of the Group's global model affecting processes, systems and structures that allow a more solid company and growth to be maintained).*
 - ***Net Financial Debt:** Gross financial debt minus cash and other equivalent liquid assets.*
 - ***Working capital (rolling fund):** Part of the non-financial working capital which is financed by permanent resources. It is calculated as: Stocks + Commercial debtors and other accounts payable – Commercial creditors and other accounts due.*