



Deoleo adjusts the value of its assets downwards and declares losses of 291 million euros

Madrid, February 28, 2019.- During the second half of 2018 Deoleo has carried out an impairment test of the value of its assets, essentially goodwill and intangibles, once the negative evolution of its operations in essential olive oil markets, such as Italy and the United States, was confirmed. This test shows an impairment of 201 million euros, of which 111 million correspond to business in the United States. Once recorded in the company's 2018 accounts, the outcome of the impairment is a loss of 291 million euros, compared to the 18.3 million negative outcome for the previous year.

As a consequence of the recording of the impairment of assets, the parent company of the group needs to rebalance its net worth in accordance with the provisions of the Ley de Sociedades de Capital. The Board of Directors will make the decisions and implement the necessary measures in accordance.

The recorded impairment represents a purely accounting adjustment that has no impact on the group's financial situation, which has reduced its net financial debt by 5 million euros at the end of the fiscal year and has 74 million euros of liquidity after the increase both in capital and its syndicated financing facility.

In 2018 Deoleo's sales amounted 605.5 million euros, 12.5% lower than the previous year. The adjusted EBITDA, without taking into account extraordinary costs and adjustments, was 15.4 million euros, 50.7% less than in 2017. Including asset impairment, amortization, non-recurring costs and a financial expense of 32.4 million euros, the consolidated result of the group is reflected in 291 million euros of losses. Net financial debt stood at 556 million euros, 1% less than in 2017, due to the increase in the Group's liquidity.

The decrease in sales in 2018 was mainly due to the fall in prices as a result of the evolution of the prices of raw materials and the lower sales volumes. In order to face this situation, the company has made a notable commercial effort, increasing investments in advertising actions and the promotion of its brands.

In Spain, one of the most mature olive oil markets in the world and where the company started from a very unfavorable situation, the trend has been reversed. There is gain in market share and profitability and Deoleo's brands (Carbonell, Koipe, Hojiblanca, Elosúa ...) are among the 10 in the food sector that have grown in number of consumers in Spain. While the consumption of olive oil falls in the United States (2.1%) and in Italy (5.4%), in Spain consumption is recovering 2.6% driven by the increase in the extra virgin olive oil segment and lower prices at origin.



Deoleo maintains its commitment to quality. The olive oil business is strongly conditioned by a product offering where the only buying incentive is a low price. There is no future if this trend is followed. Deoleo promotes the creation of value throughout the olive oil production chain, from the field to the packaging, creating a differentiated product that attracts a demanding consumer.