



## **PRESS RELEASE**

**CREMONINI GROUP: The Board of Directors approves the half year report as at 30 June 2005, drafted according International Financial Report Standards (IFRS).**

**Consolidated total revenues amounting to 1,008.6 million Euro (+7.1%).**

**EBITDA amounting to 54.9 million Euro (+6.6%), EBIT amounting to 33.5 million Euro (+12.1%).**

**Net consolidated profits amounting to 29.1 million Euro (6.6 million in 2004).**

The Cremonini S.p.A. Board of Directors today approved the half year report as at 30 June 2005, drafted according to the International Financial Report Standards (IFRS).

### **Main consolidated economic results for the 1<sup>st</sup> half year 2005\***

In the 1<sup>st</sup> half year 2005, the Cremonini Group generated consolidated total revenues of 1,008.6 million Euro, an increase of 7.1% compared to the 941.1 million Euro in the first half of 2004.

The consolidated Gross Operating Margin (EBITDA) reached 54.9 million Euro (+6.6% compared to the 51.5 million Euro in the 1<sup>st</sup> half of 2004), while the consolidated Operating Result (EBIT) rose to 33.5 million Euro (+12.1 million Euro compared to the 29.9 million Euro in 2004).

The results from normal operations reached 25.3 million Euro, an increase of 17.7% compared to the 21.5 million Euro in the first half of 2004.

In the semester in question, the profit before taxation was 46.1 million Euro, compared to 21.5 million Euro in 2004, an increase of 24.6 million Euro which is also due to the income deriving from the Marr IPO, which accounted for approximately 20.6 million during this semester.

The net consolidated profits of the Group reached 29.1 million Euro, which is more than four times the 6.6 million Euro in the first half of 2004.

### **Results of the three sectors of activity**

The *production sector* generated total revenues for 486.2 million Euro, an increase of 1.2% compared to the 480.2 million Euro in the first half of 2004. The EBITDA reached 21.6 million Euro (21.5 million Euro in 2004) and the EBIT amounted to 8.0 million Euro (8.4 million Euro in 2004).

The *distribution sector* recorded total revenues amounting to 408.2 million Euro, an increase of 12.7% compared to the 362.3 million Euro in the first half of 2004. The EBITDA reached 22.9 million Euro (21.2 million Euro in 2004), while the EBIT reached 19.4 million Euro (18.0 million Euro in 2004).

The *catering sector* realised an increase in revenues of 10.6%, reaching 143.6 million Euro (129.9 million Euro in 2004). The EBITDA reached 11.7 million Euro (12.7 million Euro in 2004), while the EBIT was 8.5 million Euro (9.1 million Euro in 2004).

\* It must be stated that by effect of the adoption of the International Financial Report Standards principles IFRS, the non-recurring components are re-classified among operating items. However, in order to provide a correct representation of the profit performance of the Group, the income deriving from the Marr IPO during the 1<sup>st</sup> half year has been re-classified under the item "extraordinary income".



### **The Net Financial Position as at 30 June 2005**

The Net Financial Position as at 30 June 2005 reached 559.8 million Euro, an improvement of 53.4 million Euro compared to the 613.2 million Euro to 30 June 2004. The Net Financial Position, which is historically higher during the first half year due to the seasonal nature of the businesses, increased by 27.0 million Euro compared to 31 December 2004.

The Shareholders' Equity as at 30 June 2005 amounted to 344.7 million Euro, compared to the 300.3 million to 30 June 2004.

### **Relevant events which occurred after the closure of the 1<sup>st</sup> half year of 2005**

On 5 July 2005, the Global Coordinators, Banca Imi and Merrill Lynch, exercised Greenshoe on 1,225,929 Marr Spa shares, put up for sale by Cremonini Spa.

On 8 July 2005, Cremonini Spa exercised the option to purchase 2,478,900 ordinary Marr Spa shares, equal to approximately 3.75% of the corporate capital, from the pool of Institutional investors headed by Arca Impresa Gestioni SGR, Arca Merchant and Barclays Private Equity. Following the exercising of this option, Cremonini Spa held a quota equal to 57.389% of the Marr Spa corporate capital.

In the month of July, Marr Spa formalised a contract for the acquisition of the company AS.Ca Spa, with registered office in Castenaso (BO), which operates in the foodservice sector, with a turnover of over 30 million Euro in 2004. The operation was made effective from 5 September 2005, following the go-ahead from the Guarantee Authority for Competition and the Market and the positive outcome of the due diligence activities.

### ***Management's views on future developments***

Although in the presence of market scenarios which have in various ways conditioned the sectors in which the Group operates, the Company foresees an improvement in income results for the 2005 fiscal year.

Management remains oriented towards pursuing the development policies in the various operating sectors, in a context of continuous improvement of both profitability and the main financial indicators.

### ***Results of the Cremonini S.p.A. Parent Company***

Parent company **Cremonini S.p.A.** realized total revenues during the six-month period totalling 64.4 million Euro, compared to the 63.2 million Euro in 2004. The Net Profit of the 1<sup>st</sup> half of 2005 reached 30.6 million Euro, increasing compared to the negative result of 1.7 million Euro in 2004. It should be stated that this result included also an extraordinary income regarding the previously mentioned operation of Marr spa IPO.

**Impact of the transition of Cremonini Group to IFRS for the 2004 full year and 1<sup>st</sup> half consolidated financial statements**

The main differences between Italian and IFRS accounting principles in the consolidated results for the full year and the 1<sup>st</sup> half of 2004 are shown below:

**BALANCE SHEET –TRANSITION TO THE 2004 IFRS:**

mln/€	Italian principles	IFRS impact	IFRS principles
Total fixed asset	<b>540.9</b>	+121.2	<b>662.1</b>
Net working capital	<b>175.8</b>	+104.1	<b>279.9</b>
Staff severance and other funds	<b>(45.3)</b>	(50.8)	<b>(96.1)</b>
Net capital employed	<b>671.4</b>	+174.5	<b>845.9</b>
Shareholder's Equity	<b>245.6</b>	+ 67.5	<b>313.1</b>
Net financial position	<b>425.8</b>	+107.0	<b>532.8</b>

**STATEMENT OF INCOME**

Total revenues	<b>1,993.1</b>	(0.6)	<b>1,992.5</b>
Ebitda	<b>125.1</b>	(10.9)	<b>114.2</b>
Ebit	<b>69.8</b>	+ 0.9	<b>70.7</b>
Net profits	<b>8.0</b>	+ 2.8	<b>10.8</b>

**BALANCE SHEET– TRANSITION TO IFRS TO 30 JUNE 2004**

mln/€	Italian principles	IFRS impact	IFRS principles
Total fixed asset	<b>538.9</b>	+ 119.2	<b>658.1</b>
Net working capital	<b>251.7</b>	+ 110.8	<b>362.6</b>
Staff severance and other funds	<b>(56.1)</b>	(51.0)	<b>(107.1)</b>
Net capital employed	<b>734.4</b>	+ 179.1	<b>913.5</b>
Shareholder's Equity	<b>236.5</b>	+ 63.8	<b>300.3</b>
Net financial position	<b>497.9</b>	+ 115.3	<b>613.2</b>

**STATEMENT OF INCOME**

Total revenues	<b>941.6</b>	(0.2)	<b>941.4</b>
Ebitda	<b>56.5</b>	(5.0)	<b>51.5</b>
Ebit	<b>29.0</b>	+ 0.9	<b>29.9</b>
Net profits	<b>4.4</b>	+ 2.2	<b>6.6</b>

**The Cremonini Group** employs more than 6,000 people and is one of the most important European food groups, active in three business areas: production, distribution and catering

With total revenues of 1,993.1 million Euros in 2004 the Group is Italian leader in the production of beef and meat-based products (**Montana**) and in the marketing and distribution of food products to the foodservice industry (**Marr**). It also has an important presence in the catering sector and in particular is Italian leader in railway catering, both on-board trains and at railway stations (**Chef Express**).



Castelvetro di Modena, 28 September 2005