



**LAVAZZA: BOARD OF DIRECTORS APPROVES
DRAFT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2018¹**

**The results for 2018 reflect solid and profitable growth.
The Group continues to pursue its internationalization strategy, with foreign
markets now generating 64% of revenues.**

- **Revenues: €1.87 billion, up 9.3% compared to €1.71 billion in 2017² (organic growth = 6.6%)**
- **EBITDA: €197.3 million, up 6.2% compared to €185.8 million in 2017, with an EBITDA margin of 10.6%, in line with the previous year**
- **Adjusted EBITDA³: €206.5 million, up 9% compared to €189.5 million in 2017**
- **EBIT: €110.7 million, up 2.0% compared to €108.5 million in 2017, with an EBIT margin of 5.9%, in line with the previous year**
- **Net profits: €87.9 million, up 12.9% compared to €77.9 million in 2017**
- **Net financial position: €15.0 million against €503.0 million in 2017 due to acquisitions completed in 2018 and significant cash generation**

Turin, April 2, 2019 – The **Board of Directors of Lavazza** has examined and approved the company's draft financial statements and consolidated financial statements at 31 December 2018, the latter drawn up for the first time according to **IFRS international accounting standards**.

*"2018 was a year of solid growth characterized by increased operating profitability, continuous strengthening of our brand and strong expansion both in Italy and foreign markets, in particular in France, North America, Eastern Europe and the UK," commented **Lavazza Group CEO Antonio Baravalle**. "We continued to invest in the innovation of our offering and, thanks to the acquisitions of the Australian company Blue Pod and the drinks business of Mars Inc. in the automatic vending sector, we have further strengthened our direct operations in all coffee segments. We consolidated the development of our governance by adopting advanced risk management systems and by appointing Enrico Cavatorta, a top manager with in-depth knowledge of international business, as Chief Financial and Corporate Officer. 2019 will be a year of further expansion driven by both the integration of our acquisitions and the Group's organic growth."*

Consolidated revenues amount to €1.87 billion, up 9.3% compared to €1.71 billion of the previous year. Such growth is attributable to both the integration of businesses acquired in 2017 (Nims, Kicking Horse and ESP)

¹ In its financial statements at 31/12/2018, Lavazza Group has stated its income and equity values according to international accounting standards (IFRS). The figures for 2017 were reclassified to such standards. The financial statements of Luigi Lavazza S.p.A., as in the past, continue to be drawn up according to Italian accounting standards (OIC).

² The 2017 financial statements drawn up to Italian accounting standards posted consolidated revenues of €2 billion.

³ Before one-off costs relating to acquisitions.



and to good performances in the organic perimeter, especially in Italy, France, North America, Eastern Europe and the UK.

In **Italy**, which accounts for around 36% of total revenues, Lavazza Group maintained its leadership position in all channels thanks to the broadening of its commercial offering in the Single Serve segment, which continues to be the most dynamic in Retail, and of its commercial operations in the Out of Home sector.

Lavazza Group **EBITDA** stands at **€197.3 million**, up 6.2% compared to €185.8 million of the previous year, with an EBITDA margin of 10.6%.

Adjusted EBITDA stands at **€206.5 million**, up 9% compared to €189.5 million in 2017, before one-off costs relating to acquisitions.

The **operating result (EBIT)** of **€110.7 million** is up 2.0% compared to €108.5 million in 2017, with an EBIT margin of 5.9%.

Net profits reported of **€87.9 million** are up 12.9% compared to €77.9 million in 2017.

The **net financial position** is **€15.0 million** against €503.0 million in 2017 due to acquisitions made in 2018 and significant cash generation.

In 2018, Lavazza Group carried forward its **international development strategy**, designed to strengthen independence and competitiveness on a global level, and pursued its mission to be a premium pure coffee company focused exclusively on high-quality coffee in all forms by implementing a multi-brand strategy.

During the year, the Group **completed the integration of companies Nims, Kicking Horse Coffee and ESP**. In line with its internationalization strategy, it also finalized two acquisitions in the automatic distribution sector. In July 2018, **the Group acquired 100% of the business of Blue Pod Coffee Co.**, an Australian company (Mulgrave, Victoria) specializing in the distribution of Lavazza espresso systems (capsules and machines) for the Office Coffee Service (“OCS”) sector.

In December 2018, the Group completed the acquisition of Mars Inc.’s coffee business (now Lavazza Professional) in North America, Germany, UK, France, Canada and Japan and the relative systems and production facilities in the UK and USA. *Lavazza Professional* includes the Flavia tabletop and KLIX automatic vending machines, two businesses with a large machine park in their respective markets and an extensive portfolio of coffee and other drinks, sold under proprietary labels (e.g. Alterra) or licensed brands. The two acquired companies generated sales of around USD350 million in 2017 and employ around 900 people. The operation enabled Lavazza to further strengthen its direct operations in all coffee segments, especially the out of home segment, to ensure increasingly direct dialogue with consumers.

2018 also saw the inauguration of Nuvola, the Group’s new headquarters in Turin. The fruit of a complex investment plan worth over €120 million, Nuvola Lavazza embodies the company’s values and its over 120-years of history. The project, by architect Cino Zucchi, has given a new face – upgraded and smart – to the Aurora district of Turin and is an ecosystem designed to inspire people and stimulate dialogue by offering sharing experiences: cultural, social, taste and business. Thanks to Lavazza Group’s uncompromising stance on sustainability, the new Nuvola building obtained the Platinum LEED certification, the highest level of the system that assesses buildings’ energy and environmental excellence. Nuvola Lavazza is recognized as one of the most eco-sustainable buildings in the world.



TORINO, ITALIA, 1895

Lastly, Lavazza is in the **world's top 100 brands by reputation according to Global Rep Track**, the annual ranking of the world's most reputable companies by Reputation Institute, a world leading provider of business reputation measurement and management services (Lavazza was 49th in 2018 and 38th in 2019).

About Lavazza group

Established in 1895 in Turin, the Italian coffee company has been owned by the Lavazza family for four generations. Among the world's most important roasters, the Group currently operates in more than 90 countries through subsidiaries and distributors, with 64% of revenues coming from markets outside of Italy and it employs a total of over 4,000 people. Companies part of the Lavazza Group include France's Carte Noire and ESP (acquired in 2016 and 2017 respectively), Denmark's Merrild (2015), North America's Kicking Horse Coffee (2017), Italy's Nims (2017), and Australia's Blue Pod Coffee Co (2018). At the end of 2018, following an acquisition, the Lavazza Professional Business Unit was created, which includes the leading Office Coffee Sector (OCS) and Vending systems Flavia and Klix.

For further information: www.lavazza.com

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