



Centrale del Latte di Torino & C. S.p.A. Interim report at 30 September 2015



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1. Consolidated accounting schedules

Scope of consolidation and accounting standards adopted

The scope of consolidation includes Centrale del Latte di Torino & C. S.p.A. and Centrale del Latte di Vicenza S.p.A., a wholly-owned subsidiary.

1.1 Reclassified consolidated statement of financial and equity position

	30/09/2015	31/12/2014	30/09/2014		
Technical fixed assets	51,834	51,363	51,735		
Current technical fixed assets	506	308	179		
Intangible fixed assets	11,581	11,706	11,666		
Intangible fixed assets under development	-	-	96		
Equity investments and securities	264	263	263		
Financial receivables from affiliates	391	140	140		
Total fixed assets	64,576	63,780	64,080	95.2%	94.9%
Trade receivables	13,851	15,720	14,424		
Inventories	3,424	3,438	3,471		
Other short-term assets	10,032	7,885	9,340		
Trade payables	(19,274)	(19,309)	(18,110)		
Other payables	(4,354)	(4,435)	(4,898)		
Tax liabilities	(894)	(468)	(754)		
Net working capital	2,786	2,832	3,473	4.1%	5.1%
Non-current assets held for sale	446	-	-	0.7%	
		100.0			
LIABILITIES AND EQUITY	67,808	66,612	67,553	100.0%	100.0%
Employee severance indemnity	3,924	3,985	3,921		
Provision for Directors' indemnity at the end of their terms in office	1,014	124	113		
Other provisions	3,815	1,035	1,030		
Provision for deferred taxes	159	3,815	3,794		
Total long-term liabilities and provisions	8,911	8,960	8,858	13.1%	13.1%
Cash, banks and securities	(8,520)	(10,051)	(8,324)		
Payables to banks	-	1,760	1,582		
Current share of medium/long-term loans	5,503	6,411	5,174		
Current share of payables to other lenders	872	850	834		
Medium/long-term loans	18,422	15,003	16,433		
Medium/long-term payables to other lenders	2,556	3,216	3,341		
Net financial position	18,833	17,189	19,041	27.8%	28.2%
Share capital	20,600	20,600	20,600		
Reserves	19,280	19,073	19,106		
Profit (loss) for the period after taxes	184	791	(53)		
Total Shareholders' Equity	40,064	40,464	39,653	59.1%	58.7%
LIABILITIES AND EQUITY	67,808	66,612	67,552	100.0%	100.0%

1.2 Reclassified statement of consolidated income statement

(€/000)	30/09/2015		30/09/2014		Q3 2015		Q3 2014	
Revenue from sales and services	71,671	99.1%	74,615	98.6%	22,880	99.6%	23,435	98.0%
Change in inventories	(74)	-0.1%	79	0.1%	(162)	-0.7%	206	0.9%
Other revenue and income	711	1.0%	916	1.2%	244	1.1%	188	0.8%
Value of production	72,308	100.0%	75,610	100.0%	22,963	100.0%	23,830	100.0%
Services	(20,197)	-27.9%	(19,307)	-25.5%	(6,638)	-28.9%	(6,176)	-25.9%
Raw materials	(36,598)	-50.6%	(41,690)	-55.1%	(11,964)	-52.1%	(13,255)	-55.6%
Other operating costs	(703)	-1.0%	(751)	-1.0%	(156)	-0.7%	(224)	-0.9%
Added value	14,810	20.5%	13,861	18.3%	4,205	18.3%	4,175	17.5%
Personnel costs	(10,756)	-14.9%	(10,550)	-13.9%	(3,216)	-14.0%	(3,294)	-13.8%
EBITDA	4,054	5.6%	3,311	4.4%	989	4.3%	881	3.7%
Allocation to provision for bad debts	(153)	-0.2%	(124)	-0.2%	(8)	0.0%	(1)	0.0%
Depreciation of tangible fixed assets	(2,364)	-3.3%	(2,194)	-2.9%	(837)	-3.6%	(724)	-3.1%
Amortisation of intangible fixed assets	(126)	-0.2%	(111)	-0.1%	(42)	-0.2%	(37)	-0.2%
EBIT	1,412	2.0%	883	1.2%	102	0.4%	119	0.5%
Financial income	23	0.0%	48	0.1%	4	0.0%	11	0.0%
Financial charges	(526)	-0.7%	(612)	-0.8%	(147)	-0.6%	(177)	-0.7%
Pre-tax result	909	1.3%	319	0.4%	(41)	-0.2%	(48)	-0.2%
Income taxes for the year	(574)	-0.8%	(412)	-0.6%	(51)	-0.3%	(220)	-0.9%
(Deferred) prepaid taxes	162	0.2%	40	0.1%	(30)	-0.1%	160	0.7%
Total net profit (loss)	184	0.3%	(53)	-0.1%	(122)	0.5%	(108)	-0.5%

Statement of comprehensive income

(€/000)	30/09/2015	30/09/2014	Q3 2015	Q3 2014
Total net profit (loss)	184	(53)	(122)	(108)
Actuarial gains (losses) due to defined-benefit retirement plans	128	(413)	15	(205)
Tax effect due to other profits (losses)	(35)	114	(4)	56
Total other comprehensive profits (losses)	93	(299)	11	(149)
Comprehensive net profit (loss)	277	(352)	(111)	(257)

2. Comments to the accounting schedules

2.1 Introduction

This Interim report on operations at 31 March 2015 has been prepared in accordance with Article 82 of CONSOB Resolution No. 11971 of 14 May 1999 and Schedule 3 D, amended by Resolution No. 12475 of 6 April 2000.

2.2 Valuation criteria and accounting standards

International accounting standards (IASs/IFRSs) are applied in drawing up the interim accounts prepared by the parent company and by the subsidiary and thus in drawing up the consolidated interim accounts.

2.3 Comments on comprehensive income.

The Group ended the third quarter with a turnover that – although down 3.9% compared to 30 September 2014 – showed recovery compared to the 4.7 % drop in sales in 1H. This result, obtained in an economic situation marked by a slight recovery, reflects a gradual improvement in the general situation and an improvement in the ability of families to purchase products with greater added value and service content.

Turnover at 30 September reached € 71.671 million, compared to € 74.615 million for the same period in 2014. Worth mentioning is the rise in sales of fresh salads, up 25%, and of the soya drink, up 76% compared to last year.

Exports were consolidated during the quarter, both to China, with an increase in the number of clients selling the products, and to other markets.

Promotional and advertising activities also continued, with a view to supporting sales and boosting market shares, especially in the Veneto region.

At the end of the period, EBITDA reached € 4.054 million, i.e. 5.6% of the value of production (€ 3.311 million at 30 September 2014), whereas EBIT equalled € 1.412 million, i.e. 2% of the value of production (€ 883 thousand at 31 December 2014). The period closed with positive net result after taxes of € 184 thousand (€ 53 thousand at 30 September 2014).

As regards the facility in Carmagnola, inoperative for some time now, a procedure has been undertaken to dispose of it, so the net values of the property have been reclassified in the financial statements as non-current assets held for sale.

Set forth below is a comparison between the main economic indicators at 30 September 2015 and those referring only to Q3 2015 compared to the same periods in 2014.

(€/000)	30/09/2015		30/09/2014		Change for the period	
Value of production	72,308		75,688		(3,380)	-4.5%
EBITDA	4,054	5.6%	3,311	4.4%	743	22.4%
EBIT	1,412	2.0%	883	1.2%	529	59.9%
Result after taxes	184	0.3%	(53)	-0.1%	315	594%

(€/000)	Q3 2015		Q3 2014		Change for the quarter	
Value of production	22,963		23,830		867	-3.6%
EBITDA	989	4.3%	881	3.7%	108	12.2%
EBIT	102	0.4%	119	0.5%	(17)	14.3%
Result after taxes	(122)	-0.5%	(108)	-0.5%	14	12.9%

The **Group's consolidated turnover** came to € 71.671 million in Q3 2015 compared to the € 74.615 million in the same period of 2014, marking a drop of 3.9%.

The following table breaks down sales performance by product line on a like-for-like basis.

(€/000)	30/09/2015		30/09/2014		Change for the period	
Fresh milk/ESL	30,010	42%	31,157	42%	(1,147)	-3.7%
UHT milk	13,495	19%	15,428	20%	(1,933)	-12.5%
Yogurt	5,858	8%	6,026	8%	(168)	-2.8%
Fresh vegetables	4,259	6%	3,560	5%	698	19.6%
Soya drink	909	1%	517	0.7%	392	75.8%
Bulk milk and cream	2,133	3%	2,880	4%	(746)	-25.9%
Other packaged products	14,416	20%	14,458	19%	(41)	-0.3%
Export	591	0.8%	590	1%	1	0.1%
Total	71,671	100%	74,615	100%	(2,944)	-3.9%

(€/000)	Q3 2015		Q3 2014		Change for the quarter	
Fresh milk/ESL	9,313	41%	9,565	41%	(253)	-2.6%
UHT milk	4,190	18%	4,758	20%	(569)	-12.0%
Yogurt	1,975	9%	1,954	8%	20	1.0%
Fresh vegetables	1,468	6%	1,176	5%	292	24.8%
Soya drink	414	2%	416	1%	103	33.2%
Bulk milk and cream	537	2%	883	4%	(346)	-39.2%
Other packaged products	4,732	21%	4,920	20%	123	2.7%
Export	253	1%	179	1%	74	41.5%
Total	22,880	100%	23,435	100%	(555)	-2.4%

Geographical breakdown

As regards the geographical breakdown of the turnover at 30 September 2015, 50% was accounted for in Piedmont, with the remaining 50% divided equally between the Liguria and Veneto regions.

2.4 Consolidated financial position

The Group's net financial position at 30 September 2015 was negative for € 18.833 million, down compared to 31 December 2014 but up compared to 30 September 2014. A significant contribution to the increase in net financial debt was made by the delay in receiving VAT refunds, which at 30 September 2015 amounted to € 5.320 million, while at 31 December 2014 these receivables totalled € 4 million.

(€/000)	30/09/2015	31/12/2014	30/09/2014
Cash and cash equivalents	8,520	10,051	8,324
Total current financial assets	8,520	10,051	8,324
Payables to banks	-	(1,760)	(1,582)
Current share of medium/long-term loans	(5,503)	(6,411)	(5,174)
Current share of payables to other lenders	(871)	(850)	(834)
Total current financial liabilities	(6,374)	(9,021)	(7,590)
Payables for medium/long-term loans	(18,422)	(15,003)	(16,433)
Medium/long term payables to other lenders	(2,556)	(3,216)	(3,341)
Total non-current financial liabilities	(20,978)	(18,219)	(19,775)
Total financial liabilities	(27,352)	(27,239)	(27,365)
Net financial position	(18,833)	(17,189)	(19,041)

3. REMARKS CONCERNING THE PERFORMANCE OF THE COMPANY WITHIN THE SCOPE OF CONSOLIDATION

Centrale del Latte di Vicenza S.p.A.

Centrale del Latte di Vicenza S.p.A. closed the third quarter of 2015 with a loss after tax of € 619 thousand compared to a loss of € 644 thousand at 30 September 2014. The value of production, gross of intra-group sales, amounted to € 20.176 million, compared to € 21.285 million at the end of Q3 2014.

4. BUSINESS OUTLOOK

The economic recovery forecast, with consumers gaining in confidence and consumption thus likely to rise, makes it likely that the closure of the FY will be positive.

5. ACCOUNTING SCHEDULES OF THE PARENT COMPANY

5.1 Parent Company's reclassified statement of financial and equity position

(€/000)	30/09/2015		31/12/2014		30/09/2014	
Technical fixed assets	16,594		15,223		15,417	
Current technical fixed assets	-		248		150	
Intangible fixed assets	6,295		6,420		6,380	
Intangible fixed assets under development	-		-		96	
Equity investments and securities	27,460		27,459		27,460	
Financial receivables from affiliates	391		140		140	
Total fixed assets	50,740	97.5%	49,491	99.1%	49,642	98.8%
Trade receivables	8,565		10,203		8,641	
Inventories	2,065		1,939		1,923	
Other short-term assets	8,490		5,754		7,407	
Trade payables	(14,494)		(13,982)		(13,254)	
Other payables	(2,954)		(3,130)		(3,463)	
Tax liabilities	(792)		(324)		(609)	
Net working capital	881	1.7%	459	0.9%	644	1.3%
Non-current assets held for sale	446	0.9%	-	-	-	-
LIABILITIES AND EQUITY	52,066	100.0%	49,949	100.0%	50,287	100.0%
Employee severance indemnity	3,126		3,159		3,091	
Provision for Directors' indemnity at the end of their terms in office	159		124		113	
Other provisions	757		780		776	
Provision for deferred taxes	2,316		2,317		2,296	
Total long-term liabilities and provisions	6,359	12.2%	6,381	12.8%	6,277	12.5%
Cash, banks and securities	(6,647)		(8,236)		(8,137)	
Payables to banks	-		-		-	
Current share of medium/long-term loans	2,928		4,563		4,078	
Current share of payables to other lenders	35		41		34	
Medium/long-term loans	5,860		3,831		5,544	
Medium/long-term payables to other lenders	116		145		65	
Net financial position	2,291	4.4%	344	0.7%	1,583	3.1%
Share capital	20,600		20,600		20,600	
Reserves	22,013		21,210		21,238	
Profit (loss) for the period after taxes	803		1,414		590	
Total Shareholders' Equity	43,416	83.4%	43,224	86.5%	42,427	84.4%
LIABILITIES AND EQUITY	52,066	100.0%	49,949	100.0%	50,287	100.0%

Net financial position

The net financial position of the Company at 30 September 2015 was negative for € 2.291 million. A significant contribution to the increase in net financial debt was made by the delay in receiving VAT refunds, which at 30 September 2015 amounted to € 4.954 million, while at 31 December 2014 these receivables totalled € 3.161 million.

(€/000)	30/09/2015	31/12/2014	30/09/2014
Cash and cash equivalents	6,647	8,236	8,137
Total current financial assets	6,647	8,236	8,137
Current share of medium/long-term loans	(2,928)	(4,563)	(4,078)
Current share of payables to other lenders	(35)	(41)	(34)
Total current financial liabilities	(2,963)	(4,604)	(4,112)
Payables for medium/long-term loans	(5,860)	(3,831)	(5,544)
Medium/long term payables to other lenders	(116)	(145)	(65)
Total non-current financial liabilities	(5,976)	(3,977)	(5,609)
Total financial liabilities	(8,939)	(8,580)	(9,721)
Net financial position	(2,291)	(344)	(1,583)

5. 2 Parent Company's reclassified income statement

(€/000)	30/09/2015		30/09/2014		Q3 2015		Q3 2014	
Revenue from sales and services	54,827	99.3%	56,489	99.1%	17,381	99.8%	17,699	98.2%
Change in inventories	9	0.0%	65	0.1%	(43)	-0.2%	252	1.4%
Other revenue and income	364	0.7%	447	0.8%	85	0.5%	81	0.4%
Value of production	55,200	100.0%	57,002	100.0%	17,423	100.0%	18,032	100.0%
Services	(15,909)	-28.8%	(15,209)	-26.7%	(5,181)	-29.7%	(4,868)	-27.0%
Raw materials	(27,275)	-49.4%	(30,682)	-53.8%	(8,941)	-51.3%	(9,890)	-54.8%
Other operating costs	(481)	-0.9%	(517)	-0.9%	(95)	-0.5%	(164)	-0.9%
Added value	11,535	20.9%	10,594	18.6%	3,206	18.4%	3,109	17.2%
Personnel costs	(8,028)	-14.5%	(7,842)	-13.8%	(2,356)	-13.5%	(2,425)	-13.4%
EBITDA	3,507	6.4%	2,752	4.8%	850	4.9%	684	3.8%
Allocation to provision for bad debts	(50)	-0.1%	(52)	-0.1%	(1)	0.0%	7	0.0%
Depreciation of tangible fixed assets								
Tangible fixed assets	(1,428)	-2.6%	(1,291)	-2.3%	(528)	-3.0%	(412)	-2.3%
Depreciation of intangible fixed assets								
Intangible fixed assets	(125)	-0.2%	(111)	-0.2%	(41)	-0.2%	(37)	-0.2%
EBIT	1,904	3.4%	1,298	2.3%	280	1.6%	243	1.3%
Financial income	17	0.0%	45	0.1%	5	0.0%	10	0.1%
Financial charges	(245)	-0.4%	(256)	-0.4%	(56)	-0.3%	(33)	-0.2%
Pre-tax result	1,676	3.0%	1,087	1.9%	229	1.3%	220	1.2%
Income taxes for the year	(696)	-1.3%	(547)	-1.0%	(94)	-0.5%	(90)	-0.5%
(Deferred) prepaid taxes	(177)	-0.3%	50	0.1%	(56)	-0.3%	42	0.2%
Total net profit (loss)	803	1.5%	590	1.0%	79	0.5%	172	1.0%

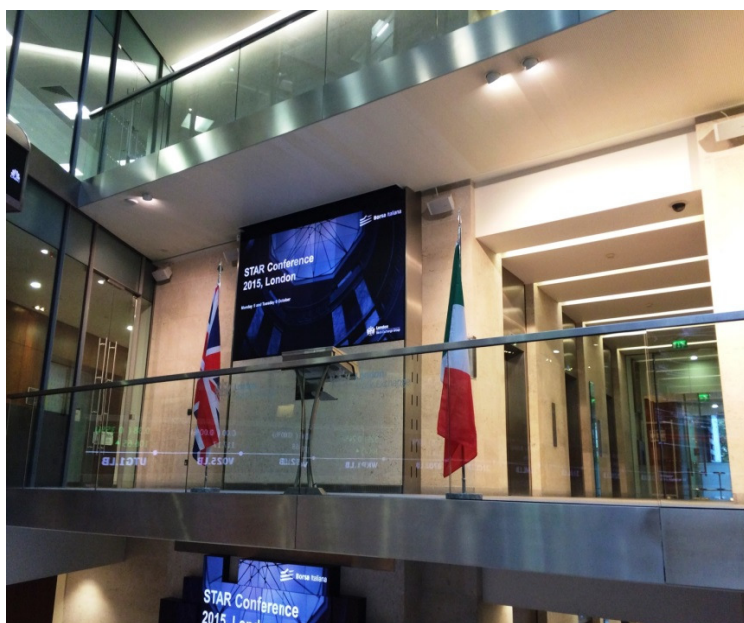
Statement of comprehensive income

(€/000)	30/09/2015	30/09/2014	Q3 2015	Q3 2014
Total net profit (loss)	803	590	79	113
Actuarial gains (losses) due to defined-benefit retirement plans	91	(341)	13	19
Tax effect due to other profits (losses)	(25)	94	(3)	(3)
Total other comprehensive profits (losses)	66	(247)	10	16
Comprehensive net profit (loss)	869	343	89	128

6. EVENTS AFTER THE CLOSE OF THE QUARTER

- On 5 October, the Company took part in the STAR Conference 2015, organised in London by Borsa Italiana S.p.A.. During the event, the Company presented investors and financial analysts with the results for 1 H 2015, as well as its strategies and objectives.

The presentation to analysts is available on the Company's website at the address:
www.centralelatte.torino.it/ita/finanza/analisti



- During the period, encounters continued with Centrale del Latte di Firenze, Pistoia e Livorno S.p.A. for further discussion on the project of integration with our Company and how the operation is to be structured, as well as the exchange ratio, governance and industrial development projects.

Turin, 30 October 2015

The Chairman of the Board of Directors

Luigi LUZZATI

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Law, the Executive in charge of drafting corporate accounts, Mr. Vittorio Vaudagnotti, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Turin, 30 October 2015

The Executive in charge of drafting financial statements

Vittorio VAUDAGNOTTI