

RATING PUBBLICO

FERRARINI

Joint-stock company

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Chief analyst: Elena SAPORITI

Support analyst: Paola CALDELARI

President of the Rating Committee: Cristina ZUDDAS

Report Analitico Rating

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Rating

Rating

Rating and probability of insolvency

The rating is an opinion on the ability of a subject to meet its engagements and is based on objective elements matched with subjective evaluations expressed by a rating analyst. Cerved Rating Agency issues long-term ratings giving judgments on the reliability of the debtor that are not linked with technical debt structure.

Rating and probability of insolvency

It is the evaluation on the ability of an economic subject to meet its financial engagements within the agreed terms.

Rating: **High credit worthiness (A3.1)**

Probability of insolvency: **Low (0,60%)**
(at 12 months)

Enterprise that does not show any weakness and which is able to meet its financial engagements. The credit risk is limited.

Subject

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|-------------|------|------|------|------|------|
| C2.1 | C1.2 | C1.1 | B2.2 | B2.1 | B1.2 | B1.1 | A3.1 | A2.2 | A2.1 | A1.3 | A1.2 | A1.1 |
|------|------|------|------|------|------|------|-------------|------|------|------|------|------|

Low credit worthiness

High credit worthiness

Rating

Overall judgment

FERRARINI SPA is an enterprise with a very long experience in its sector, in fact its activity began in the 1950's. It is specialized in the production of cooked and seasoned ham and is leader on the market. It also offers several typical products of its region and linked with tradition, such as DOP Parmigiano-Reggiano cheese - PDO ('Protected Designation of Origin') - (taking care of the entire production chain), DOP/IGP balsamic vinegar, wine produced through owned vines.

Over the years it has constantly developed its activity and dimensions, also thanks to the establishment and takeover of several enterprises at international level, with which it has built many synergies. The growth path it has been following gave the subject the opportunity to reach several foreign markets and conquer many distribution channels, as well as to optimize production costs with positive results and influences at group level.

This policy enabled the one to get competitive advantages and a remarkable market success, managing to keep high-profile performances even in a context which has been strongly influenced by the ongoing crisis, together with positive margins and income ratios well above the sector average. The management is focused on further consolidating its presence on the National market and further develop it on the foreign ones, finding new partners able to appreciate the value of its products and keeping a price positioning and operative conditions that can guarantee suitable income level, both at company and group levels.

This process needs an increase of production and logistic capacity in order to face the challenges of the new competitive scenario. Due to the restraints of the Department of Cultural Heritage over Villa Corbelli, where its Headquarters are located, the production facilities cannot be enlarged, therefore a new and more efficient structure must be built and it will take care of the production of cooked ham; moreover a new logistic platform will be built in order to improve the storage capacity in terms of quantity and efficiency. All this will bring to important investments going on for several years but, thanks to them, FERRARINI will meet its development plans and will find further support by the Banks.

The plan will call for a consolidation and renegotiation of debts, which already began in late 2014 and will go on in 2015, in order to find a suitable balance between short-term and medium/long-term financing and improve the level of sustainability of indebtedness. In order to reach this goal, the bond market was taken into consideration and a mini-bond for the maximum amount of 30 million Euros will be issued.

At the time being, the company can rely on good funds under the monetary point of view but this is not enough to completely cover fixed assets. A positive feedback was anyway given to the management efforts aimed at strengthening the overall structure, increasing the share capital and reinvesting profits within the company.

The overall framework is anyway balanced and the company can rely on a structure that is able to meet commercial and financial engagements, thus bringing to a positive judgement on its credit worthiness.

Rating

Points of Strength

- ☐ Well-established activity in its sector, managed by directors who have been able to guarantee ongoing high-level operative, competence, resources, efficiency, competitive standards.
- ☐ Medium-long term vision aimed at getting a higher commercial incisiveness on foreign markets with a growing and more profitable demand.
- ☐ Presence of a remarkable productive structure in Poland offering significant cost advantages at group level.
- ☐ Quality of the product and strength of the brand, both positively perceived by the market.
- ☐ High-value real-estate assets, linked with the production needs of the company.
- ☐ It offers suitable guarantees to the Bank system as it makes use of diversified financing sources.
- ☐ Capacity to create profits, notwithstanding the ongoing economic crisis.
- ☐ Diversified customer portfolio characterized by a good level of overall reliability.

Points of weakness and factors of risk

- ☐ Need to change the current productive and logistic structure to wholly meet market needs.
- ☐ Too complex management methods and need to monitor a group structure in too different geopolitical areas.
- ☐ Financial structure in need of a better balance between shareholders' funds and external sources, as well as of a further improvement of the debt structure to decrease short-term debts and financial expenses.
- ☐ Shareholders' funds are lower than fixed assets.

As far as potential factors of risk or important negative events about the operations of FERRARINI SPA are concerned, they could arise from possible problems/delays in the development of its

production and logistic structure, also because of a missing assets and financial growth which is necessary to support the path of growth at Group level.

Credit risk, represented by the credit lines granted by the company which could bring to potential losses arising from insolvencies of its customers, is particularly high as its customer portfolio can rely on a very good reliability level and also thanks to the diversification of distribution channels.

With reference to the rate risk, the company uses derivatives as a protection from the swinging of variable rates concerning current financing.

As far as liquidity risk is concerned, the company has been able to meet its engagements towards commercial partners and to use the available credit lines to cope with liquidity needs as well as to disinvest from its portfolio without negative consequences.

With regard to market risk, a remarkable role is played by the ongoing impoverishment of the shopping basket of Italian consumers, who are often forced to buy products of lower quality with a lower price; the need to organize more and more promotional sales in supermarkets to attract new customers; the possible increase of bargaining power of modern distribution with clear-cut influences on the margins of enterprises.

Last but not least, the risks linked with the evolution of laws and regulations concerning the activity sectors of the company, which make it necessary to keep on updating and adapting its processes and products.

Rating

Trend development

In the medium term, Gruppo FERRARINI is going to strengthen its activity in Italy and on foreign markets, in particular in Asia and North America which are offering promising growth perspectives, in a logic of turnover improvement and increase of economic profits. Within 2018 it estimates to reach a consolidated turnover higher than 280 million Euros (with a 2015-2018 CAGR of 2.3%) and a considerable increase of its margins.

Following this path, FERRARINI SPA is taking into account possible purchases in Italy and abroad; within late April 2015 it should sign the agreement to buy 30% of an English company active in the sector of food trading (for which a preliminary contract has already been signed). Moreover, it takes measures aimed at optimising its supplies asking for more favourable conditions with its suppliers that will ensure a further increase of production efficiency. It also intends to rationalize its commercial network, making it more suitable to its needs also in terms of cost saving.

In 2016 the project to realize a new production site will be launched, this will be mainly focused on the production of cooked ham and will have a new logistic platform which will be able to cope with all the needs of the Group. The operation will bring to the establishment of a NEWCO with ISTITUTO DI SVILUPPO AGROALIMENTARE SPA, that will own a minority share as high as 35.92%; the participation of ISA will be temporary, anyway no less than 8 years and can be extended up to 10 years. The investment has not been carried out as yet; some lands owned by the FERRARINIS are going to be evaluated as they are placed in a strategic position to make the most of production and logistic synergies.

In order to ensure a sustainable growth process, the Mother Company is developing financial policies focused on the consolidation of debts with a remarkable reduction of short-term debts. The goal is to reach a suitable balance between short-term and medium/long-term financing sources but, above all, to improve the capacity of the enterprise to cope with financial debts.

In 2015, at consolidated level, a total turnover (also including Other Revenues and excluding current contributions of the year) higher than 266 million Euros is expected, together with operating margins slightly decreasing compared to 2014 and a net profit that should reach 3.7 million Euros. The NFP should decrease of more than 10 million Euros in connection with a higher efficiency of financing sources.

Rating

Scenarios

Rating indications in case of a more unfavourable scenario

The most unfavourable scenario, apart from catastrophic events, concerning the subject and its activity sector, could cause a downgrading of its credit worthiness. In particular, it is estimated that the minimum value its rating could reach would be B1.2, which anyway shows a reliable situation for the subject (with a limited “Probability of Insolvency”, swinging between 1.50% and 3.51%).

Rating indications in case of a more favourable scenario

The most favourable scenario concerning the subject and its activity sector, could bring to an upgrading, therefore the credit worthiness would go to the higher class and reach A3.1, which corresponds to a situation of full reliability and a credit risk even more limited than the current one (with a very low “Probability of Insolvency” swinging between 0.40% and 0.77%).

Rating Factors

Rating Factors

Trend

FERRARINI SPA is the mother company of a Group which is active at International level in the production, processing, seasoning and sale of charcuterie and cheese. At the very beginning, it was specialized in the production of cooked ham without lactose and milk proteins, without gluten and added polyphosphates, thus becoming one of the national leaders in its sector. Later on, it began the production of Parma ham, culatello with pork rind and other food specialties.

Cooked ham is processed in the factory of Rivalentella, where deboning and trimming, syringing and massage, printing and cooking, packaging and packing are carried out. Raw ham is instead processed in the factory of Lesignano de' Bagni, close to Langhirano, where deboning, seasoning and cutting are carried out.

It also carries out the production and processing of DOP Parmigiano-Reggiano cheese and other kinds of cheese, being present on the whole chain of production, from fodder to the breeding of dairy cattle, up to product processing and seasoning following certified systems of quality.

The range of products of FERRARINI also includes the production and sale of balsamic vinegar and wine, obtained from vines located on owned lands. In the vinegar factory the following activities are carried out: must processing, that is to say rasping and squeezing, cooking, fermentation, acetification and ageing in several kinds of wood for 12, 18 and 25 years, together with refill and bottling. More than 35 hectares located on the hills of Emilia Romagna produce grapevines for Lambrusco, Malbo Gentile, Spergola, Cabernet Sauvignon, Chardonnay cultivated with an eco-friendly system for the processing of FERRARINI wines.

In 2013, FERRARINI SPA registered a turnover as high as 189.2 million Euros, almost matching the result of the previous year, thanks to the increase of the sales in terms of volume of DOP charcuterie and cheese, which were positively influenced by higher discounts and the decrease of sale of lower-quality products and with a low stock rotation. More in details, the sales of over-the-counter charcuterie increased by 9.3% in general, by 7.5% as far as cooked ham is concerned, by 2.1% for raw ham and by 6.9% for Parma ham. With regard to the sales of DOP cheese, mainly concentrated in the retail sector both in Italy and abroad, an increase by 15.1% in terms of value was registered, confirming the positive trend registered between 2008-2012.

In 2014 a slight decrease of the turnover of the Mother Company was registered, which should be around 185 million Euros against an increase by 1.7% at consolidated level - from the 249.2 million Euros registered on 31/12/2013.

The company is able to create a profit with its characteristic activity, thus showing positive operating margins which improved compared to 2012, mainly because of a 3.9% decrease in service costs obtained through a careful check of advertising and promotion expenses. EBITDA

was as high as 16.2 million Euros, increased by 4.2% compared with 2012, with a margin over the Value of Production of 8.8%, well above the sector average of 3.7%. EBIT instead increased up to 8.2 million Euros (+2.8%), even if it was negatively influenced by the higher negative result given by other revenues (concerning Other Revenues and profits on exchange) and other costs (including Other Operating Costs, managers and auditors fees, insurance costs over financing, expenses concerning mortgages and other insurance costs) increased to 859,000 Euros from 556,000 registered on 31/12/2012. ROS (5.5%) and ROI (3.7%), both higher than the sector average, show a quite good capacity to create a profit with its characteristic activity.

The net result of the year was penalized by higher financial expenses, which brought to a decrease by 62% of the Operating Result. Financial expenses increased by 4.1%, due to the increase by 117.8% of the current account interests linked, in turn, with a higher uses of short-term Bank credit lines. Moreover, in 2013 the extraordinary result showed a negative reading as high as 240,000 Euros because of the registration carried out by Agenzia delle Entrate of Bologna of taxes on profit and VAT. FERRARINI anyway closed its balance sheets with a net result of 1.5 million Euros and a ROE as high as 1.4%, showing a suitable capability of the enterprise to create a profit for its shareholders and that is even higher than the sector average. On 31/12/2013 the net result is similar to the 2012's one, even if EBITDA slightly decreased.

In 2013, the net operating cash flow (that is to say the one coming from operating result after all the changes provided for by the Net working capital and non-financial medium/long-term liabilities) amounted to more than 4.5 million Euros and took advantage of 8.6 million coming from the operating activities. The contribution of capital was instead negative by 4.1 million Euros because of the remarkable decrease of commercial debts, only partially counterbalanced by the increase of credits towards customers; the decrease of stocks also has to be remarked. Therefore, the company self-financed about 45% of the investments carried out in 2013 with the net operating cash flow and showed a slight increase of financial debts compared to 2012.

At consolidated level, EBITDA reached 21.9 million Euros on 31st December 2013, increased by 4.6% compared to the previous year because it took advantage of the more than one million Euro decrease of the expenses for services. EBIT, instead, decreased by about 1% to 11.5 million Euros, due to the worsening by almost 95% of the result of other Income/Expenses. Gruppo FERRARINI closed with a net profit of 2.6 million Euros, slightly decreased compared to 2012.

Data referred to 2014 show an increase of almost one million Euros of the EBITDA, of more than 900,000 Euros of the Operating Result and of about 420,000 Euros of the net result after taxes.

Rating Factors

Negative data

Negative events

No protests have been found neither on the company, nor on its linked subjects. The double checks carried out on “doubtful” cases excluded possible homonymy thanks to detailed verifications.

Bankruptcies and bankruptcy procedures

No Bankruptcies and/or severe Bankruptcy Procedures have been found against the enterprise, nor against its linked subjects.

Prejudicial actions

No Prejudicial Actions coming from Curatorship have been found against the enterprise, nor against its linked subjects.

Negative press review

From our press review, which includes the daily analysis of almost 100 national, regional and above all provincial daily papers, we found no negative elements on the above-mentioned enterprise.

Rating Factors

Sector of activity

The core business of FERRARINI is focused on the production and sale of cooked, raw and seasoned ham and generates almost 80% of the turnover, with an important presence in the sector of over-the-counter charcuterie, too. As far as cooked ham without lactose and milk proteins, without gluten and added polyphosphates is concerned, the subject is the national leader as well as one of the main suppliers of the other kinds of charcuterie. With regard to DOP Parmigiano-Reggiano cheese and other dairy products, the company can rely on a structure that covers the entire production chain. Particular attention is given to underline the added value of its products, trace them among all the production steps and to quality certificates.

The sector of charcuterie, characterized by a relevant degree of fragmentation of the offer, a low level of concentration and a high competitiveness registered in 2013 a turnover higher than 8 billion Euros. Over the last few years, the trend of the sector has been influenced by a negative general economic situation, that caused a decrease of the demand, both at volume and value levels.

The range of products includes a wide presence at national level, that is to say around 900 suppliers of cooked ham - around one hundred at industrial level, the other ones on a smaller scale; 450 suppliers of raw ham, 1,500 suppliers of salami and sausages, 400 suppliers of Mortadella (bologna sausage), for a total staff of almost 23,000 people. They are mainly located in Central and Northern Italy, above all in Emilia Romagna, and they are usually medium/small-sized companies working at local/regional level. Big-sized companies are instead active at National level and some of them even abroad.

Price is the main factor at competitive level considering the high degree of competitiveness, the maturity of the sector and the difficulties to differentiate the products in comparison to competitors. Quality and advertising are other key elements that play an important role on the competition field.

Over the last few years, the profit margins have also been influenced by the increase of costs of production, in particular feed and pigs, also because of the lack of offer at national and European levels. Raw materials are a significant element of the costs of production and jeopardize economic results because of the impossibility to wholly transfer price increases on the final price.

Supermarkets are the most important sale network, in this sector the major brands can exert their bargaining power. Normal trade and, in particular, specialized stores are important for high-range products.

The demand is not cyclic but can be influenced by "extraordinary" events, such as health emergencies with effects on purchases, sales, export. Over the last few years, the sales of over-the-counter products have grown thanks to the support of advertising and promotional campaigns and to the diffusion of "healthy" products. Favourable scenarios are to be found both at EU level and outside EU; in particular, many promising perspectives are offered by the following markets: Germany, France, Great Britain, Eastern Europe, United States and Japan. Further development

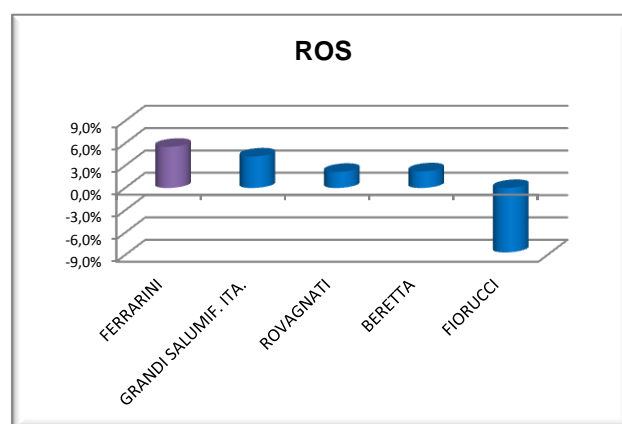
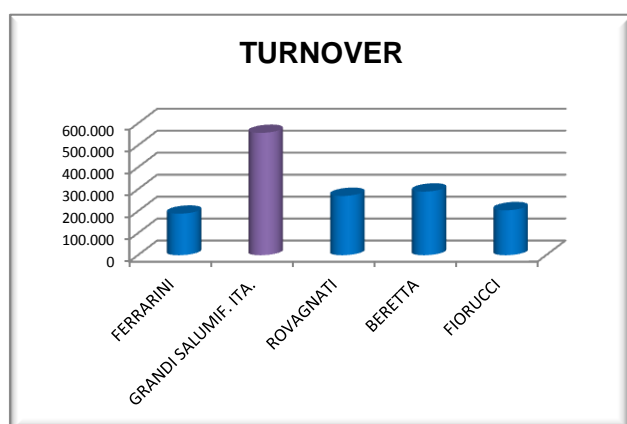
opportunities are to be found in other countries, such as China, India, Hong Kong, South Korea, Australia upon export authorization.

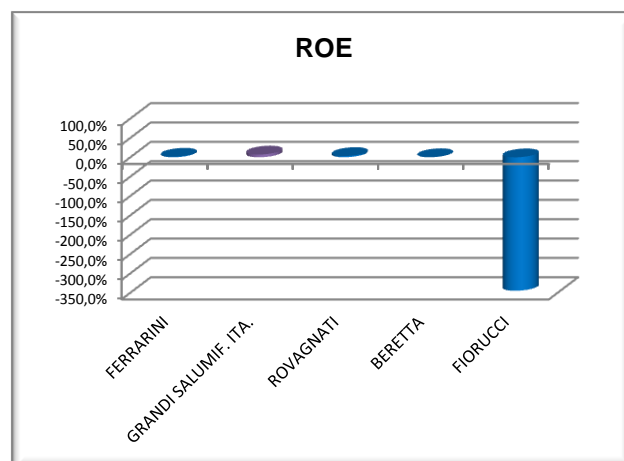
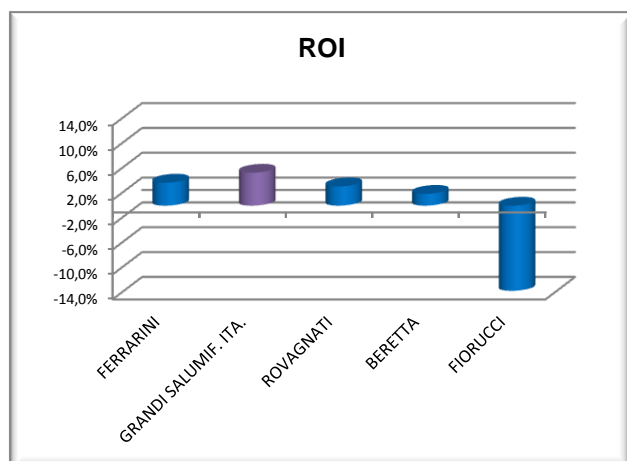
FERRARINI has always dedicated much attention to its products and production process because it knows that high-quality Italian products are really appreciated on foreign markets, therefore it has been carrying out a policy of internationalization which gives it the chance to be present on the main markets. It is now focusing its efforts on Asian markets (Japan, Hong Kong, Singapore, Thailand), which are also more profitable, and has created a suitable distribution network and sale structure for each channel of sale.

Here below you can find the comparison among the main indicators that characterized 2013's trend of FERRARINI SPA and of some competitors:

ECONOMIC/INCOME PROFILE

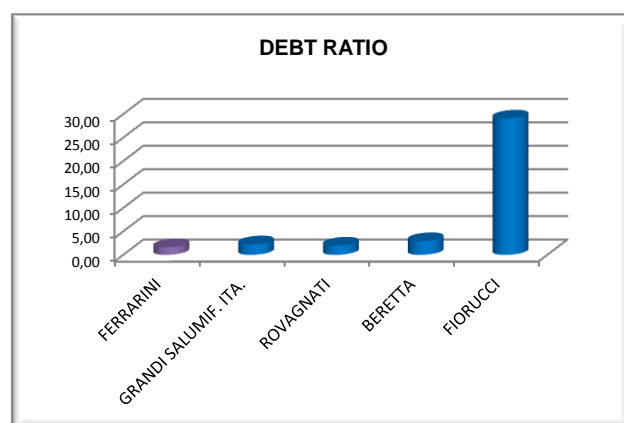
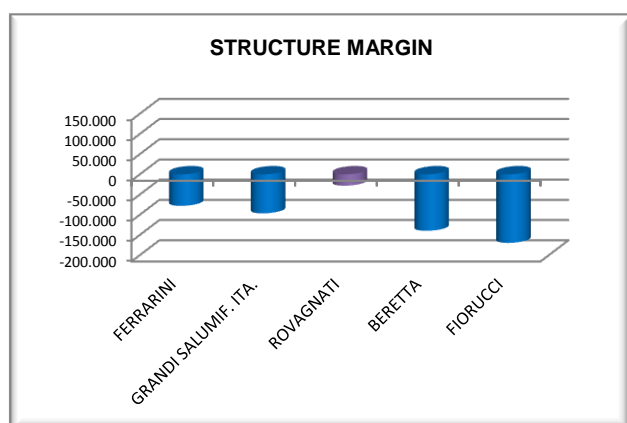
| € (.000) | FERRARINI | GRANDI SALUMIFICI ITALIANI | ROVAGNATI | BERETTA | FIORUCCI |
|----------------------------|----------------|----------------------------|----------------|----------------|-----------------|
| TURNOVER | 189.203 | 557.174 | 270.075 | 289.885 | 204.923 |
| Δ% Turnover (against 2012) | 1,35 | 7,93 | 7,15 | 0,13 | -6,91 |
| STAFF COST | 20.215 | 65.796 | 26.852 | 22.843 | 31.425 |
| % against turnover | 10,68 | 11,80 | 9,94 | 7,88 | 15,33 |
| EBITDA | 16.181 | 32.799 | 16.412 | 15.993 | -5.442 |
| % against turnover | 8,55 | 5,89 | 6,08 | 5,52 | -2,65 |
| EBIT | 8.242 | 21.298 | 5.077 | 5.612 | -17.777 |
| FINANCIAL COSTS | 7.406 | 2.535 | 1.571 | 4.949 | 6.187 |
| % against turnover | 3,91 | 0,45 | 0,58 | 1,71 | 3,02 |
| NET RESULT | 1.531 | 8.826 | 1.685 | 164 | -29.645 |
| | | | | | |
| ROS | 5,52% | 4,23% | 2,16% | 2,23% | -8,64% |
| ROI | 3,70% | 5,30% | 3,10% | 1,90% | -13,70% |
| ROE | 1,40% | 7,10% | 3,20% | 0,20% | -344,70% |

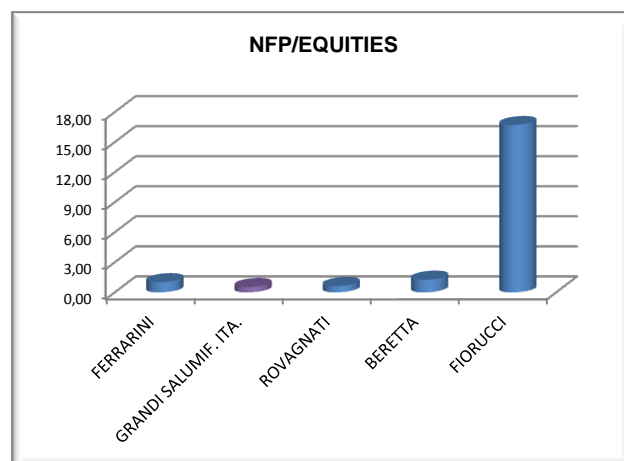
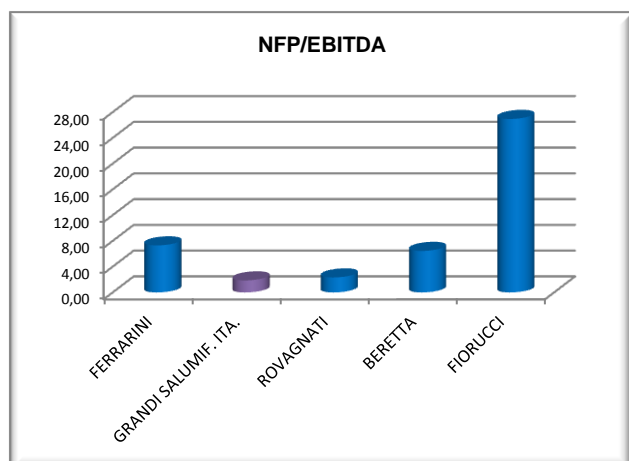




FINANCIAL PROFILE

| € (.000) | FERRARINI | GRANDI SALUMIFICI ITALIANI | ROVAGNATI | BERETTA | FIORUCCI |
|---------------------------------|-----------------|----------------------------|----------------|-----------------|-----------------|
| FIXED ASSETS | 193.781 | 210.255 | 80.640 | 228.701 | 178.367 |
| CURRENT ASSETS | 110.883 | 175.563 | 85.134 | 132.922 | 131.908 |
| TOTAL ASSETS/LIABILITIES | 304.664 | 385.818 | 165.774 | 361.623 | 310.275 |
| TOTAL EQUITIES | 115.838 | 113.771 | 52.624 | 89.106 | 8.777 |
| M/L TERM LIABILITIES | 28.633 | 50.548 | 46.116 | 131.176 | 148.466 |
| SHORT-TERM LIABILITIES | 160.193 | 221.499 | 67.034 | 141.341 | 153.032 |
| STRUCTURE MARGIN | -77.943 | -96.484 | -28.016 | -139.595 | -169.590 |
| DEBT RATIO | 1,60 | 2,25 | 1,97 | 2,93 | 29,08 |
| NFP | -118.289 | -61.391 | -33.606 | -103.116 | -146.685 |
| NFP/EBITDA | 7,31 | 1,87 | 2,33 | 6,45 | 26,95 |
| NFP/EQUITIES | 1,02 | 0,54 | 0,64 | 1,27 | 16,71 |





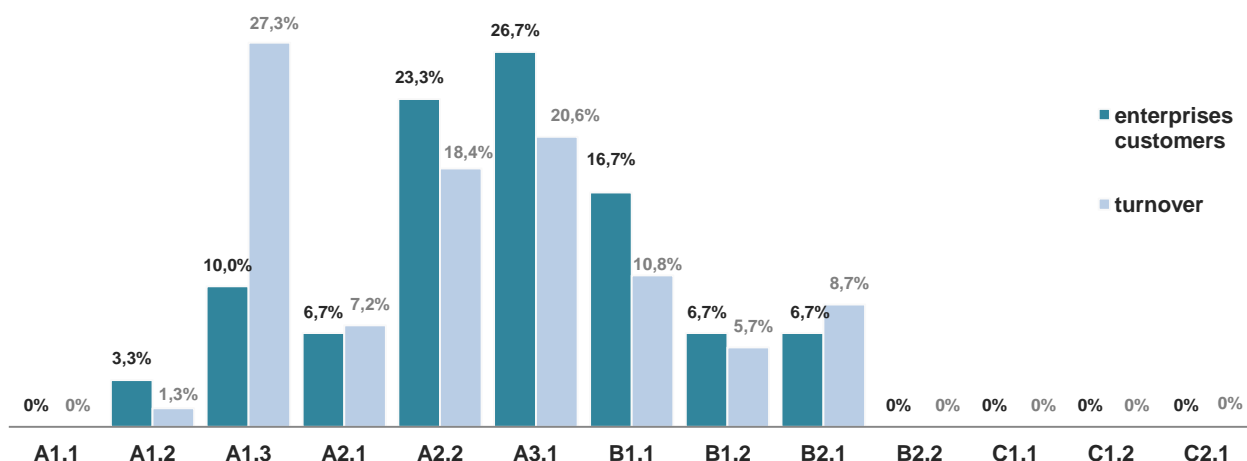
Rating Factors

Quality of customer portfolio

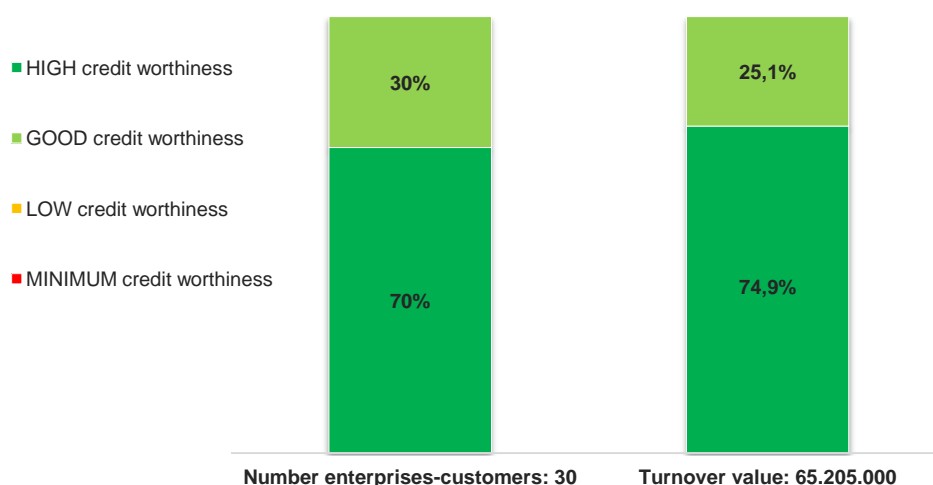
Based on the data provided by FERRARINI SPA with regard to its Italian customer portfolio as at 31/12/2014, we analysed the first 30 customers accounting for a turnover (excluding VAT) of 65.2 million Euros (i.e. 35% of the total turnover).

Particularly, we carried out a risk analysis of the portfolio per number of customers and per their respective turnovers. The first chart shows the distribution of the number of businesses and of the turnovers included in the database per rating class, whereas the second one shows the subdivision of customers and of the turnovers included in the portfolio per class of creditworthiness.

Distribution of customers and credit lines following rating classes



Risk level of customer portfolio



The customer portfolio's score, which briefly expresses a judgment about its risk, is 'AAA', which indicates a low risk of insolvency and a limited amount of Risk Capital. As at 31/12/2014, the estimated expected loss was equivalent to 0.09% of turnover, thus remaining substantially unchanged compared to that of 2013.

Over a third of the company's business volume is achieved thanks to customers whose creditworthiness is 'high' and 'good'. Most of FERRARINI's customers are solvent as the subject selects its customers carefully and minimizes its credit risk exposure to every single one of them by carrying out activities such as an initial assessment of prospective buyers and a periodic monitoring of their risk profiles.

Rating Factors

Level of customer concentration

The good level of FERRARINI's customer loyalty is evidence of the high-quality products and services the company provides.

At national level, 50% of the firm's turnover is accounted for by modern distribution (i.e. large-scale, organized, and foodservice retailers) and the other 50% by traditional distribution; at international level, such percentages are 70% and 30% respectively.

Here below is a breakdown of the company's sales by product family:

- 65% cooked ham;
- 15% seasoned ham;
- 12% Parmigiano-Reggiano cheese;
- 8% food specialties and by-products.

In 2013, FERRARINI SPA realized 92.6% of its turnover in Italy, 5.3% in the European Union and the remaining 2.1% in Countries outside EU.

The company's sales network spreads throughout the Italian territory and is composed of one-firm sales representatives divided by brands and channels. The subject operates through the main distribution channels: traditional retail and large-scale retail. Overseas sales are mostly made by the Group's companies whose workforce is made up of employees, business agents, and sales representatives.

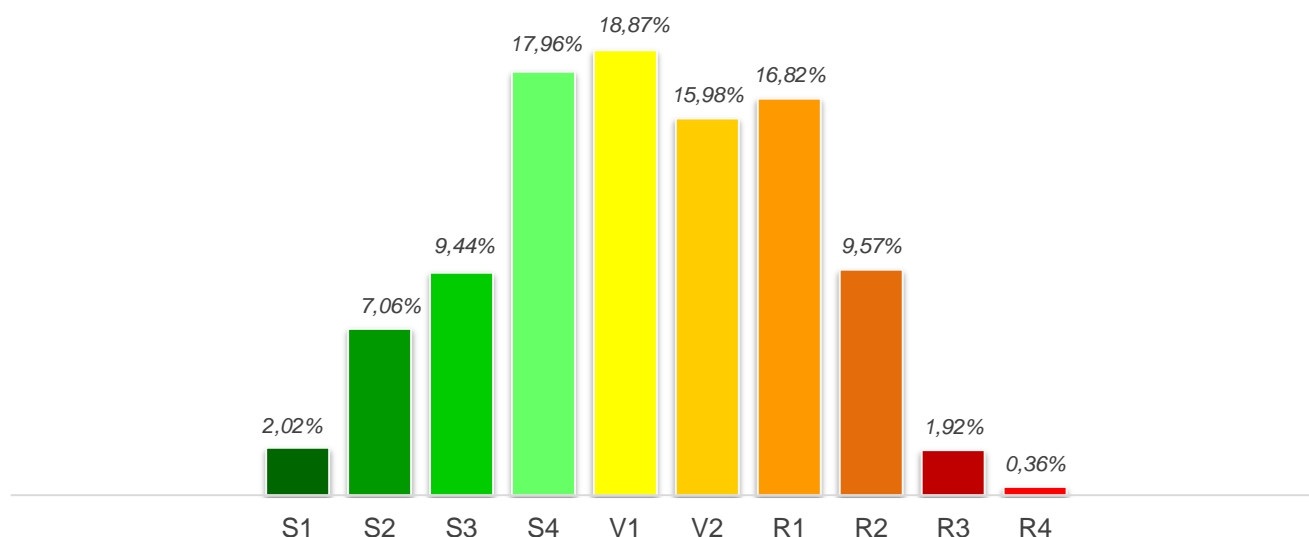
FERRARINI's customer portfolio is diversified and significantly solvent, also because it is continuously monitored.

The first 30 customers are leading large-scale and organized retailers accounting for around 35% of the subject's 2014 turnover (the three top ones represented over 12% of it). The company's level of customer concentration is low, especially with regard to the traditional distribution channel in which the customer portfolio is considerably fragmented.

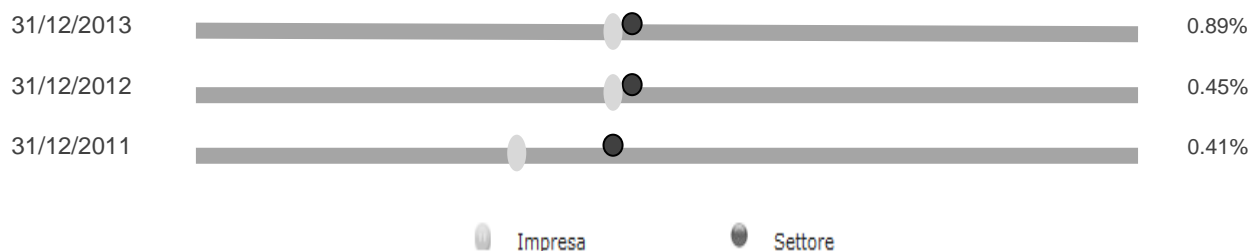
Rating Factors

Economic-financial evaluation

It represents the distribution of the enterprises of the sector following the categories of economic-financial risk and compares the risk of the enterprise with the one of the sector over the last three.



PI 1 year



- S1 High safety
- S2 Safety
- S3 High reliability
- S4 Reliability
- V1 Limited reliability
- V2 Low reliability
- R1 Moderate risk
- R2 Risk
- R3 High risk
- R4 Very high risk

If we consider the latest financial year, the subject was ranked in the V1 category of the economic and financial assessment scale. This is evidence of a risk level which was in line with the average level of the industry in which it operates.

Rating Factors

Income and financial situation

From a monetary point of view, FERRARINI SPA has a significantly solid asset base. Specifically, as at 31/12/2013, liquidity amounted to 38% of total assets. Shareholders' funds rose by 4.1% in 2012, following a 3-million Euro Share Capital increase and the allocation of net income (1.5 million Euros) both to Legal Reserve (5%) and to Extraordinary Reserve (95%). 57% of Shareholders' funds were made up of the 'Revaluation Reserve' which amounted to 66 million Euros, 64.3 of which were registered in 2008, as provided for by the Italian Law Decree no 185.

Nevertheless, shareholders' funds did not fully cover net fixed assets: the 'Shareholders' funds minus non-current assets margin' was -78 million Euros approximately, up by 2.6% compared to the previous fiscal year. The margin remained negative despite the contribution of consolidated liabilities (which were down by 23% between 2013 and 2012), thus showing a slight gap between assets and liabilities. As a result, the Net Working Capital stood at over -49 million Euros.

| SUMMARIZED ASSETS STRUCTURE (€/000) | 31/12/2012 | 31/12/2013 |
|--|----------------|----------------|
| TANGIBLE NET WORTH | 108.027 | 110.916 |
| (-)Tangible and financial assets | 188.043 | 188.859 |
| OVERALL STRUCTURE MARGIN | -80.016 | -77.943 |
| (+) Consolidated funds and debts | 37.078 | 28.633 |
| WORKING CAPITAL | -42.938 | -49.310 |
| (-) Operating working capital | 42.189 | 46.108 |
| SHORT-TERM NET FINANCIAL POSITION | -85.127 | -95.418 |

In 2014, the company reportedly achieved a significant improvement in its Net Working Capital by virtue of strategic transactions aimed at consolidating its debts.

The subject's operating structure is sound and was strengthened throughout 2013, when the firm invested around 8.1 million Euros in both tangible and intangible fixed assets. Particularly, in the framework of a real estate and manufacturing restructuring plan, 1.25 million were invested in the complex of 'Villa Rivalentella', where the subject has executive offices and a factory for the production of cooked ham. 337,000 Euros were spent to purchase a plot, 300,000 to improve the firm's livestock centres and another 300,000 to enhance and optimize the cooked ham production line.

As for the investments in intangible fixed assets, which totalled nearly 4 million Euros, 504,000 Euros were paid for patent rights and, specifically, for new registrations of the FERRARINI trademark in several European and non-European countries. Another 3.5 million Euros were accounted for by the purchase of milk quotas, multi-year costs incurred for legal, notary, management and technical consultancy, and multi-year costs relating to advertising investments and campaigns.

Taking into account the subject's core business, it is worth highlighting the quantity of stocks, which at the end of 2013 amounted to 51.5 million Euros. Specifically, around 70% of stocks (i.e. 35.6 million Euros) were seasoned/aged products, whose seasoning/ageing periods are regulated by their respective consortiums: at least 12 months for Parma ham and for Parmigiano-Reggiano cheese, and no less than 12 years for balsamic vinegar). Stocks accounted for 16.9% of assets, down 9.4% on a year before.

As at 31/12/2013, FERRARINI's total debts amounted to 188.8 million Euros, most of which were short-term debts. More precisely, between 2012 and 2013, short-term debts to Banks increased by 19% and reached 103.3 million Euros, thus representing 33.9% of total liabilities.

The imbalance between short-term and medium/long-term sources of financing forced the subject to adjust its exposure to the banking system. From this perspective, over the last months of 2014, the company took out three ten-year loans totalling 27 million Euros and a five-year loan amounting to 5 million. Furthermore, it extended to 2024 the syndicated loan agreement signed with UNICREDIT BANCA D'IMPRESA SPA, BIPOP CARIRE SPA, BANCA INTESA SPA, and INTERBANCA SPA on 07/12/2006 (total amount: 55 million Euros). The initial maturity date of such loan was 31/12/2018 and, at the end of 2014, its balance amount was 22.5 million. Moreover, the firm has recently entered into a revolving credit facility of 10 million Euros which has been borrowed for six months and has an expected duration of 5 years.

Within April 2015, a bullet mini-bond is set to be issued by the company. Such mini-bond will amount to up to 30 million Euros and will mature after 5 years. It will be listed on Borsa Italiana's segment of ExtraMOT in order to provide financial support to the subject's international expansion plan (currently underway), as well as to balance the structure of its sources of finance.

At the end of 2013, the commitments the company undertook towards third parties accounted for 62% of total sources, slightly decreased compared to the previous year (63.3%). The 2013 debt ratio was lower than the industry average and improved compared to that of 2012 (1.69%), by virtue of a 22.8% fall in consolidated debts which followed a 3.5% increase in the current exposure.

A more in-depth analysis shows that in 2013 FERRARINI SPA posted a moderate growth in its Invested Capital (from 227.1 million Euros in 2012 to 234.1 million Euros), following an increase of over 9% in the Operating Net Working Capital, mainly due to a 10.6% fall in trade debts. This led to a slight worsening of the NFP which amounted to -118.3 million Euros (net of group financial positions) in 2013, compared to -115.8 million Euros as at 31/12/2012.

As for the ratios of NFP to EBITDA and of NFP to Shareholders' funds, as at 31/12/2013 they stood at 7.31 and at 1.02 respectively. Even if they both improved compared to 2012, they are evidence of the fact that the company should optimize its ability to cope with its financial indebtedness. In other words, the firm's financial structure is not fully balanced.

At a Group level, the situation is better, though not optimal. The 'NFP to EBITDA' ratio and the Debt Leverage ratio were 5.69 and 0.99 respectively. The consolidated NFP amounted to -124.8 million Euros in 2013 (substantially unvaried compared to that of 2012) and reportedly slightly increased in 2014 (+2%). Indeed, the financial costs incurred for the development process of the foreign subsidiaries are totally paid by the Mother Company.

In 2014, at consolidated level, the Invested Capital reportedly rose by nearly 10 million Euros following a 11.5% growth in the Operating Net Working Capital.

In order to improve its position towards lenders, FERRARINI SPA makes a remarkable use of non-recourse factoring, mainly because a large part of its customers have a high credit standing.

Despite the fact that the company benefited from a favourable monetary cycle, the average level of liquidity was limited and much lower than the industry average. Moreover, at 31/12/2013 the treasury margin was -100 million Euros and allegedly improved in 2014 thanks to a drastic reduction in short-term debts to Banks.

Rating Factors

Short-term credit relations

As far as short-term credit relations are concerned, nothing detrimental has been found against the subject, which shows a correct behaviour concerning payments even if it makes use of its undeniable bargaining power from time to time, as interviewed external sources have confirmed.

From a commercial point of view, FERRARINI is not exposed to a high credit risk thanks to a wide customer portfolio which is largely composed of major supermarkets with which the subject has established solid relationships. The actual creditworthiness of its customers is constantly assessed and monitored. The company's exposure to them is also secured by insurance policies which cover 95% of any bad debts (excluding accounts receivable lower than 1,500 Euros). As a result, so far the percentage of bad debts has been quite low. At a Group level, losses on receivables accounted for 0.11% of the subject's total exposure.

Over the last fiscal years, by virtue of the introduction of Art. 62, the company also benefited from a significant decrease in collection periods. As a consequence, the monetary cycle has improved and is particularly favourable.

FERRARINI SPA makes a remarkable use of Bank loans (most of which are cash loans) and to date no irregularities have been detected (with the exception of overdraft limits which have been slightly exceeded for technical reasons). The use of alternative medium/long-term sources of finance (e.g. mini-bonds) will enable the firm to achieve a higher visibility in the capital market, even internationally, as well as to take out short-term loans, thus having more liquidity.

Rating Factors

Quality of management

The subject is a family business run by entrepreneurs who have gained a strong experience and expertise in this industry and who are directly involved in trading and management activities. With regard to the decision-making process, as well as to the company's management and strategy, a key role is played by Luca Ferrarini, who in turn is helped by executives with whom he developed profitable partnerships. Such partnerships are aimed at enhancing the firm's development.

Intuitions and specific measures adopted by the company have led to a growth in its size, as well as to a consolidation of the firm itself and of its brand, both on a national and international scale. The ability to develop strategies which may allow the subject to achieve an effective competition over the next years is notably supported by its owners and by the banking system.

Information

Information

Company profile

Identification details

| | |
|-----------------------------|--|
| Name | FERRARINI |
| Address | VIA BELLOMBRA 1 4 – 40136 Bologna (BO) |
| Telephone | +39 0522 9321 |
| Fax | +39 0522 932248 |
| Website | www.ferrarini.it |
| Certified E-mail | FERRARINISPA@PEC.IT |
| Legal Form | JOINT-STOCK COMPANY WITH ONE SHAREHOLDER ONLY |
| Status | ACTIVE |
| Date of establishment | 18/12/1975 |
| Active since | 18/12/1975 |
| Share capital | 25.000.000 Euro |
| Reg. number / registered on | BO 229462, registered on 02/01/1976 |
| Tax ID | 00860480375 |
| VAT number | 00860480375 |
| Istat code | 1013 |
| Company belonging to group | FERRARINI – ELLE EFFE |
| Ultimate mother company | FERRARINI – SOCIETA' PER AZIONI |
| Secondary branches | 22 |

History and Ownership

FERRARINI SPA was established in 1975 with the aim to carry on the activities started by its founder Lauro Ferrarini in 1956. In 1997, the subject's management structure was changed and a Board of Directors was appointed. The Board was chaired by Luca Ferrarini, the current company's President and CEO, who was supported by his siblings (Lucio, Lia, Lisa, and Maria Licia Ferrarini) and by his mother Lina Botti in their capacity as Directors. Therefore, the firm's governance and operations have always been managed by the FERRARINI family, who has proved to be able to develop the company's structure and turn it into one of the major players in the food industry.

The industrial production of cooked ham started in the prestigious 'Villa Corbelli' in Reggio Emilia, which is still the company's trading and administrative office. In 1979, upon building the 'Effe 1' factory in Lesignano de' Bagni, the firm started to produce Parma Ham. In the following years, it built other two manufacturing plants named 'Effe 2' (1989) and 'Effe 3' (2003) to make several types of seasoned raw ham and ready-sliced meats, thus significantly increasing the production activity and efficiency, also thanks to a logistics platform set in Rivalta.

The development of the company's structure will lead to a size and economic growth, both in Italy and overseas, as well as to a diversified activity, which is also carried out in cheese factories, dairy cow farms, vineyards, vinegar factories, and cellars for winemaking and bottling.

Today, the company's staff is made up of 461 employees and of 664 employees at consolidated level (4 directors, 16 senior managers, 187 clerical workers, and 457 factory workers). In 2016, the consolidated staff is expected to grow to 684. The firm has an effective distribution organization which it manages both directly through its business units and subsidiaries and indirectly through a widespread sales network covering the large-scale and the small-scale retail channels.

On 13/05/2002 the subject's legal form was changed from 'Joint-Stock Company' to 'Joint-Stock Company with One Shareholder Only'.

FERRARINI SPA's authorized, subscribed and paid-up Share Capital amounts to 25,000,000 Euros. It is divided into 25 million shares with a nominal value of 1 Euro each.

The subject is wholly owned by ELLE EFFE S.A. (Soparfi), a company based in Rue Beaumont 17, Luxembourg, which does not manage nor coordinate FERRARINI SPA's activity directly. Therefore, we cannot analyse the main economic and financial data of the subject's Sole Shareholder.

Over the years, several Share Capital increases have been registered. With reference to the most recent ones, the share capital was raised from 10,452,000 to 15,000,000 Euros in December 2008 and to 18,000,000 Euros in December 2012. It was further increased to 21,000,000 in December 2013 and, finally, to 25,000,000 Euros in December 2014.

No further Share Capital increases are to be seen in the short/medium run, but FERRARINI usually reinvests its profits year after year. We finally highlight that the subject has authorized a capital contribution of 1 million Euros which is due to be made by the end of 2015.

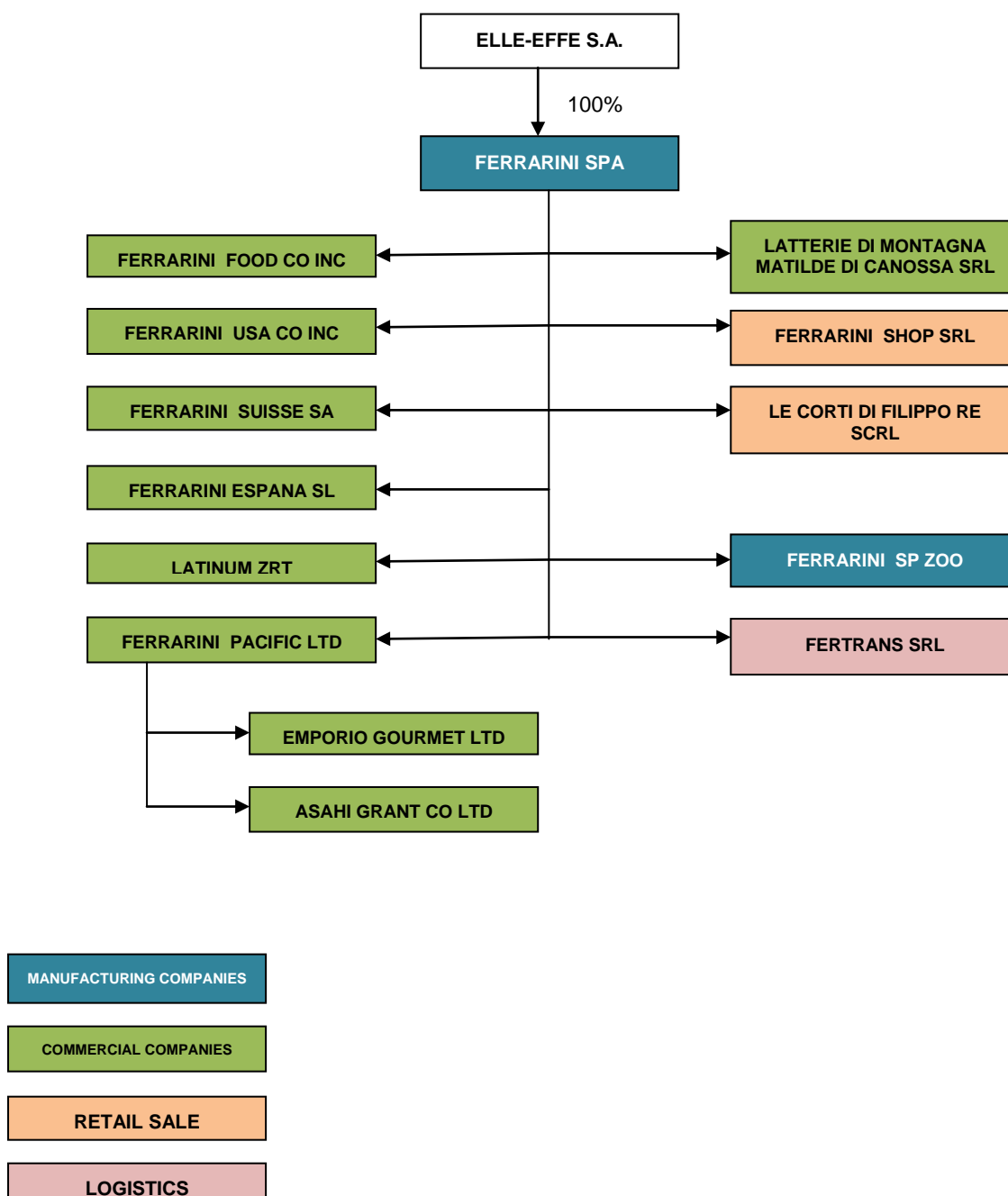
Certificates

The following certificates have been awarded to FERRARINI SPA and to its subsidiary FERRARINI SP. Z.O.O.

| MANUFACTURING PLANT | ACTIVITY | CERTIFICATE |
|--|--|---|
| Via Rivalentella 3 - Reggio Emilia | Production of cooked ham | UNI EN ISO 9001:08 CSQA no 076 - IQnet IT-4752 (Quality Management System) |
| Via della Repubblica 77/1 - Reggio Emilia | Product storage and shipment | UNI EN ISO 9001:08 CSQA no 076 - IQnet IT-4752 (Quality Management System) DTP 035 CSQA no 977 (Controlled Supply Chain for Parmigiano-Reggiano cheese) UNI EN ISO 22005:2008 CSQA no 1529 (Supply Chain Traceability for Parmigiano-Reggiano cheese) DTP 035 CSQA no 2926 (Controlled Supply Chain for Butter) UNI 22005:08 CSQA no 2925 (Supply Chain Traceability for Butter) DTP 030 CSQA no 5594 (Parmigiano-Reggiano cheese and Butter made with milk obtained from non-GMO feed, such as non-GM soy, corn and/or their derivatives) |
| Via F.Menozzi 29 Puianello - Quattro Castella (Province of Reggio Emilia) | Production of DOP Parmigiano-Reggiano cheese (whole and portioned cheese) | IFS International Food Standard (Higher Level) CSQA no IFS 2014-2910 BRC Global Standard for Food Safety CSQA no BRC 2014-2909 DTP 035 CSQA no 977 (Controlled Supply Chain) UNI 22005:08 CSQA no 2925 (Supply Chain Traceability) DTP 030 CSQA no 5594 (Parmigiano-Reggiano cheese made with milk from non-GMO fed cows) |
| | Production of butter distributed through controlled supply chain | DTP 035 CSQA no 2926 (Controlled Supply Chain) UNI 22005:08 CSQA no 2925 (Supply Chain Traceability) |
| Via Cavo 8/A – Lesignano de' Bagni (Province of Parma) | Production, seasoning, boning and slicing of raw ham and Culatello with rind Slicing of charcuterie | UNI EN ISO 22000:05 CSQA no 4546 (Food Safety Management System) BRC Global Standard – Food (Grade:A) CSQA no BRC 2014-2349 IFS International Food Standard (Higher Level) CSQA no IFS 2014-2350 |
| Via Cavo 8/B - Lesignano de' Bagni (Province of Parma) | Production of salamis | UNI EN ISO 22000:05, CSQA no 4546 (Food Safety Management System) BRC Global Standard – Food (Grade:A) CSQA no BRC 2014-2349 IFS International Food Standard (Higher Level) CSQA no IFS 2014-2350 |
| FERRARINI Sp.z.o.o. Ul. Towarowa, 1 64410 Sierakow (Poland) | Production of cooked ham | UNI EN ISO 22000:05 DQS no 399168FSMS (Food Safety Management System) BRC Global Standard – Food (Grade:A) DQS no BRC 399169 IFS International Food Standard (Higher Level) DQS no IFS 399168 |

Group and Participations

FERRARINI SPA, as an operating holding company, has shareholdings in Italian and non-Italian companies with which it has developed close synergies. Such companies play a key role both for the subject's business development and for the internationalization process it has already started.



As at 31/12/2013, the subject had shareholdings totalling 24.2 million Euros, up by 7.5% on 2012 following the authorization of a 487,000-Euro increase in FERRARINI SUISSE S.A.'s share capital and the purchase of a further share (23.2%) of LATTERIE DI MONTAGNA MATILDE DI CANOSSA SRL, for a total amount of 26,500 Euros.

| Name | % | Country | Share Capital (Local Currency) | Shareholders' funds (€) | Book Value (€) | Profit/Loss (FY 2013 - €) |
|---|--------|-----------|--------------------------------------|----------------------------|-------------------|------------------------------|
| FERRARINI FOOD CO. INC | 100% | USA | 1,500,000 | 1,097,634 | 1,153,314 | -55,679 |
| FERRARINI USA CO. INC | 100% | USA | 1,500,000 | 1,107,133 | 2,885,122 | -15,909 |
| FERRARINI SUISSE S.A. | 100% | Swiss | 1,000,000 | 1,559,555 | 1,334,274 | 46,990 |
| FERRARINI PACIFIC LTD | 99,95% | Hong Kong | 2,000,000 | 940,620 | 192,846 | 184,072 |
| LATTERIE DI MONTAGNA MATILDE DI CANOSSA SRL | 99,60% | Italy | 100,000 | 130,101 | 104,500 | 26,871 |
| GLOBAL DELI JAPAN K.K. | 95,10% | Japan | 100,000,000 | 579,808 | 613,019 | -20,000 |
| FERTRANS SRL | 95% | Italy | 10,400 | 528,958 | 9,880 | 36,133 |
| FERRARINI ESPANA S.L. | 95% | Spain | 3,005 | 1,197,642 | 2,850,000 | 218,592 |
| FERRARINI SHOP SRL | 80% | Italy | 50,000 | 36,605 | 40,000 | -6,777 |
| LE CORTI DI FILIPPO RE SCRL | 70% | Italy | 12,000 | 62,013 | 8,400 | 26,865 |
| FERRARINI SP. Z.O.O. | 52,80% | Poland | 5,000,000 | 11,002,068 | 13,029,080 | 1,162,284 |
| LATINUM ZRT | 50% | Hungary | 62,000,000 | 356,110 | 985,400 | 18,393 |
| ASAHI GRANT CO. LTD | 45% | Japan | 52,000,000 | 3,536,718 | 865,081 | 428,052 |

FERRARINI FOOD CO. INC., headquartered in Los Angeles (USA), is engaged in the distribution of food specialties in the US and North American markets, and particularly focuses on the following sales channels: retail, large-scale retail, and foodservice. In 2014 the company's revenues amounted to 11 million Euros, up from 6.3 million Euros in 2013.

FERRARINI USA CO. INC., based in Los Angeles (USA), achieved a 4.1 million-Euro turnover in 2013. It is currently inactive, having ceased its main activity (foodservice distribution) to FERRARINI FOOD CO. INC..

FERRARINI SUISSE S.A., headquartered in Via Giacometti 1 (Lugano), serves the Swiss market offering products belonging to the FERRARINI and VISMARA product ranges. In 2014 its revenues totalled 7.9 million Euros, up from 6.5 million Euros in 2013.

FERRARINI PACIFIC LTD is a company incorporated under the Chinese law and based in Hong Kong. Until the end of 2013, 99.95% of its shares were held by FERRARINI SPA. Then, on 06/05/2014 the latter became the Sole Shareholder and subsequently transferred 49.1% of the shares to SIMEST SPA.

FERRARINI PACIFIC LTD is a commercial business operating through the retail and deli counter sales channels. In 2013 it posted a sales turnover of 4.8 million Euros, which increased to 5.4 million in 2014.

It currently owns 52.5% of **EMPORIO GOURMET LTD**, which runs corner shops in Hong Kong and operates through the HORECA sales channel, and 45% of the Tokyo-based company **ASAHI GRANT CO. LTD**, a share which was previously held by FERRARINI SPA. The Japan firm is involved in the distribution of several types of ham and Italian food specialties in the Asian markets. In 2014 its revenues reached 16.2 million Euros (up from 15.6 million Euros in 2013).

LATTERIE DI MONTAGNA MATILDE DI CANOSSA SRL, headquartered in Castelnuovo ne' Monti (Province of Reggio Emilia), specialized in the sale of DOP Parmigiano-Reggiano cheese through the specialized retail trade channel. Its revenues amounted to 4.4 million Euros in 2013 and dropped to 3.5 million in 2014.

GLOBAL DELI JAPAN K.K., based in Tokyo, has been inactive over the last years and it will be probably closed. Its annual accounts were not consolidated by the subject.

FERTRANS SRL, headquartered in Via Bellombra 1/4 A - Bologna, provides logistics and transport services. In 2014 its revenues amounted to 1.1 million Euros, down by nearly 50,000 Euros compared to 2013. 5% of its shares are owned by Lucio Ferrarini, who is also the firm's Sole Administrator.

FERRARINI ESPANA S.L., based in C.tra Villaverde - Vallecas, is engaged in the sale of food specialties (such as cooked ham, DOP Parmigiano-Reggiano cheese, ready-sliced meats, and Mortadella (bologna sausage) in the Spanish market. The company mainly serves large-scale retailers and its turnover grew from 10 million Euros in 2013 to 11.2 million in 2014.

FERRARINI SHOP SRL, headquartered in Via Rivalentella 3 - Reggio Emilia, manages two shops trading as 'Ferrarini Shop' set in Piazza XX Maggio 1 - Rubiera and in Via Radici in Piano 470 - Sassuolo, respectively. Its revenues stood at 498,000 Euros in 2013 and at 565,000 Euros in 2014. 20% of the company's shares are held by VISMARA SPA.

LE CORTI DI FILIPPO RE SCRL, based in Via Rivalentella 3 - Reggio Emilia, a consortium which runs retail shops in the following locations: Via Conte Re 15 - Albinea (Reggio Emilia), Via Menozzi 29 Puianello - Quattro Castella (Reggio Emilia) and Via Vigna 1 - Castelnuovo né Monti (Reggio Emilia). In 2013 it posted a turnover of 1.9 million Euros, which fell by around 70,000 Euros in 2014.

30% of its share capital is owned by AGRICOLA IL PIU' BELLO SRL (10%), LATTERIA SOCIALE MADONNA DELLA PIETRA DI BISMANTOVA SOC. COOP. AGRICOLA (10%), and by Lisa and Lia Ferrarini (each holding 5%).

FERRARINI SP.Z.O.O., based in Warsaw, makes cooked ham and markets Ferrarini Group's products in the U.S. and in Japan. In 2013 the firm's revenues amounted to 19.5 million Euros, which dropped to 19.2 million in 2014.

LATINUM ZRT, headquartered in Budapest, distributes Made-in-Italy food products in the Hungarian and Ukrainian markets. Its turnover amounted to 9.5 million Euros in 2014 and to 9.8 million in 2013.

As at 31/12/2013, FERRARINI SPA held 50% of IMMOBILIARE VENDINA SRL's shares (the remaining 50% were held by VISMARA SPA). More specifically, IMMOBILIARE VENDINA SRL was included among the subject's subsidiaries and the share book value was 16,000 Euros. In October 2014, such share was transferred to Luca and Maria Licia Ferrarini, who now own 25% each.

Within April 2015, FERRARINI SPA will allegedly take over a food trading British company. In particular, the former will initially buy 30% of the latter's shares and is expected to buy up to 70% of them in the next three years. This is an important transaction which will give FERRARINI Group the opportunity to increase its business presence in an attractive and profitable market.

Information

Economic-financial profile

- Abridged accounts FERRARINI SPA

| ECONOMIC-FINANCIAL INFORMATION <i>Note: only the balance sheets with a comparable reclassification are given</i> AMOUNTS EXPRESSED IN THOUSANDS OF EUROS | | | | | | |
|--|-------------------|-------------------|-------------------|----------------------|-------------------|----------------------|
| | | | | 2013 on production | | |
| Abridged Profit and Loss Account | 31/12/2011 | 31/12/2012 | 31/12/2013 | enterprise(%) | sector (%) | 2013/2012 (%) |
| Turnover | 187.532 | 186.685 | 189.203 | 102,43 | 99,22 | 1,35 |
| + Var. stocks of products under processing, semi finished and | 1.818 | -2.242 | -4.962 | -2,69 | 0,54 | n.c. |
| + Increase assets for internal work | 0 | 0 | 0 | 0,00 | 0,05 | n.c. |
| + Contribution for the year | 674 | 652 | 466 | 0,25 | 0,19 | -28,53 |
| = Production | 190.024 | 185.095 | 184.707 | 100,00 | 100,00 | -0,21 |
| - Purchases | 109.424 | 105.342 | 104.654 | 56,66 | 72,31 | -0,65 |
| + Variation raw materials | 1.125 | 638 | -383 | -0,21 | -0,02 | n.c. |
| - Costs for services and third-parties goods | 46.115 | 45.205 | 43.274 | 23,43 | 16,14 | -4,27 |
| = Added value | 35.610 | 35.186 | 36.396 | 19,70 | 11,53 | 3,44 |
| - Staff Costs | 19.694 | 19.655 | 20.215 | 10,94 | 7,82 | 2,85 |
| = EBITDA | 15.916 | 15.531 | 16.181 | 8,76 | 3,71 | 4,19 |
| - Depreciations tangible assets | 5.475 | 5.080 | 4.601 | 2,49 | 1,68 | -9,43 |
| - Operative provisions | 200 | 150 | 150 | 0,08 | 0,27 | 0,00 |
| - Depreciations intangible assets | 796 | 1.727 | 2.329 | 1,26 | 0,30 | 34,86 |
| + Result other income/expenses | -730 | -556 | -859 | -0,47 | 0,00 | n.c. |
| = EBIT | 8.715 | 8.018 | 8.242 | 4,46 | 1,45 | 2,79 |
| Financial result | -4.683 | -4.916 | -5.196 | -2,81 | 0,85 | n.c. |
| Financial income | 2.290 | 2.197 | 2.210 | 1,20 | 0,24 | 0,59 |
| Financial expenses | 6.973 | 7.113 | 7.406 | 4,01 | 1,10 | 4,12 |
| = Result of the year | 4.032 | 3.102 | 3.046 | 1,65 | 0,59 | -1,81 |
| - Adjustment financial activities | -6 | -8 | 0 | 0,00 | -0,19 | n.c. |
| + Result extraordinary activities | 0 | 0 | -240 | -0,13 | 0,09 | n.c. |
| = Result before taxes | 4.026 | 3.094 | 2.806 | 1,52 | 0,49 | -9,31 |
| - Taxes | 1.621 | 1.066 | 1.275 | 0,69 | 0,59 | 19,61 |
| = Net result | 2.405 | 2.028 | 1.531 | 0,83 | -0,10 | -24,51 |
| + Other items | 0 | 0 | 0 | 0,00 | 0,01 | n.c. |
| = Profit/Loss of the year | 2.405 | 2.028 | 1.531 | 0,83 | -0,09 | -24,51 |
| Cash flow | 8.805 | 8.656 | 8.368 | 4,53 | 20,26 | -3,33 |

ECONOMIC-FINANCIAL INFORMATION

Note: only the balance sheets with a comparable reclassification are given
AMOUNTS EXPRESSED IN THOUSANDS OF EUROS

| | | | | 2013 on total assets | | |
|-------------------------------------|-------------------|-------------------|-------------------|---------------------------|-------------------|----------------------|
| ASSETS | 31/12/2011 | 31/12/2012 | 31/12/2013 | enterprise(%) | sector (%) | 2013/2012 (%) |
| Assets | 296.100 | 303.231 | 304.664 | 100,00 | 100,00 | 0,47 |
| Fixed assets | 171.173 | 191.323 | 193.781 | 63,60 | 37,88 | 1,28 |
| Intangible assets | 2.461 | 3.280 | 4.922 | 1,62 | 2,46 | 50,06 |
| Tangible assets | 143.846 | 162.519 | 162.003 | 53,17 | 28,76 | -0,32 |
| Financial assets | 24.866 | 25.524 | 26.856 | 8,81 | 6,66 | 5,22 |
| Current assets | 124.927 | 111.908 | 110.883 | 36,40 | 62,12 | -0,92 |
| Stocks | 58.405 | 56.806 | 51.457 | 16,89 | 22,60 | -9,42 |
| Receivables | 51.023 | 42.020 | 44.610 | 14,64 | 29,67 | 6,16 |
| Other short-term assets | 7.567 | 4.140 | 4.544 | 1,49 | 5,98 | 9,76 |
| Liquidity | 7.932 | 8.942 | 10.272 | 3,37 | 3,86 | 14,87 |
| | | | | 2013 on total liabilities | | |
| LIABILITIES | 31/12/2011 | 31/12/2012 | 31/12/2013 | enterprise(%) | sector (%) | 2013/2012 (%) |
| Liabilities | 296.100 | 303.231 | 304.664 | 100,00 | 100,00 | 0,47 |
| Shareholders' funds | 106.279 | 111.307 | 115.838 | 38,02 | 27,00 | 4,07 |
| Share Capital | 15.000 | 18.000 | 21.000 | 6,89 | 8,14 | 16,67 |
| Other reserves | 88.874 | 91.279 | 93.307 | 30,63 | 19,13 | 2,22 |
| Profit /loss previous year | 2.405 | 2.028 | 1.531 | 0,50 | -0,27 | -24,51 |
| Consolidated funds and debts | 43.834 | 37.078 | 28.633 | 9,40 | 17,94 | -22,78 |
| Mlt debts towards Banks | 39.422 | 33.321 | 24.885 | 8,17 | 11,40 | -25,32 |
| Mlt funds and other debts | 4.412 | 3.757 | 3.748 | 1,23 | 6,54 | -0,24 |
| Short-term liabilities | 145.987 | 154.846 | 160.193 | 52,58 | 55,06 | 3,45 |
| Short-term debts towards Banks | 78.065 | 86.847 | 103.353 | 33,92 | 21,41 | 19,01 |
| Debts towards suppliers | 55.686 | 56.914 | 50.909 | 16,71 | 26,50 | -10,55 |
| Other liabilities | 12.236 | 11.085 | 5.931 | 1,95 | 7,15 | -46,50 |

| FINANCIAL RATIOS | | | | |
|--|------------|------------|------------|-------------|
| | 31/12/2011 | 31/12/2012 | 31/12/2013 | Sector 2013 |
| Development ratios | | | | |
| Variation % turnover | 1,60 | -0,50 | 1,40% | 3,72 |
| Variation % production | 2,80 | -2,60 | -0,20 | 2,90 |
| Variation % added value | 8,90 | -1,20 | 3,40 | -0,88 |
| Variation % assets | 9,10 | 2,40 | 0,50 | 0,45 |
| Variation % shareholders' funds | 8,00 | 4,70 | 4,10 | 1,18 |
| Profitability ratios | | | | |
| R.O.S. (%) | 5,87 | 5,47 | 5,52 | 1,71 |
| R.O.I. (%) | 4,20 | 3,90 | 3,70 | 2,19 |
| R.O.E. (%) | 2,40 | 1,90 | 1,40 | -0,54 |
| Cash flow / assets (%) | 3,10 | 2,90 | 2,80 | 3,37 |
| Turnover (revenues / assets) | | 0,62 | 0,62 | 1,41 |
| Financial costs / revenues (%) | 3,72 | 3,81 | 3,91 | 1,11 |
| Production ratios | | | | |
| Revenues per employee (€/000) | 429,1 | 405 | 401,7 | 493,22 |
| Added value per employee (€/000) | 81,5 | 76,3 | 77,3 | 57,3 |
| Staff costs per employee (€/000) | 45,1 | 42,6 | 42,9 | 38,87 |
| Cash-flow management | | | | |
| Current ratio (%) | 85,6 | 72,3 | 69,2 | 112,83 |
| Acid test (%) | 45,6 | 35,6 | 37,1 | 72,07 |
| Average days of stock | 98,5 | 111,1 | 103 | 55,77 |
| Days of customers credit | 97,7 | 89,7 | 82,4 | 78,87 |
| Days of suppliers credit | 124,6 | 135,2 | 131,2 | 76,43 |
| Net working capital (€/000) | -21.060 | -42.938 | -49.310 | |
| Financial structure | | | | |
| Margin of treasury (€/000) | -79.465 | -99.744 | -100.767 | |
| Margin of structure (€/000) | -64.894 | -80.016 | -77.943 | |
| Debt ratio | 1,75 | 1,69 | 1,60 | 2,56 |
| Tangible shareholders' funds / total financial debts (%) | 84,40 | 87,40 | 88,70 | 72,18 |
| Short-term debts on production | 0,77 | 0,84 | 0,87 | 0,39 |

| ECONOMIC-FINANCIAL INFORMATION | | | |
|--|-----------------|-----------------|-------------|
| ASSETS AND LIABILITIES (€/000) | 31/12/2012 | 31/12/2013 | 2013/2012 % |
| Intangible assets | 3.280 | 4.922 | 50,06% |
| Tangible assets | 162.519 | 162.003 | -0,32% |
| Participations and financial assets | 22.915 | 24.843 | 8,41% |
| Fixed Capital (A) | 188.714 | 191.768 | 1,62% |
| Stocks | 56.806 | 51.457 | -9,42% |
| Trade receivables | 42.020 | 44.610 | 6,16% |
| Other assets | 4.140 | 4.544 | 9,76% |
| Short-term assets (B) | 102.966 | 100.611 | -2,29% |
| Commercial debts | -56.914 | -50.909 | -10,55% |
| Other liabilities | -3.863 | -3.595 | -6,94% |
| Short-term liabilities (C) | -60.777 | -54.504 | -10,32% |
| Net operative current capital (D) = (B) - (C) | 42.189 | 46.107 | 9,29% |
| Funds and other M/L-term liabilities (E) | -3.757 | -3.748 | -0,24% |
| INVESTED CAPITAL = (A) + (D) - (E) | 227.146 | 234.127 | 3,07% |
| Shareholders' funds | -111.307 | -115.838 | 4,07% |
| Short-term Net Financial Position | -85.128 | -95.418 | 12,09% |
| M/L-term Net Financial Position | -30.711 | -22.871 | -25,53% |
| Net Financial Position | -115.839 | -118.289 | 2,12% |
| TOTAL INCOME (Shareholders' funds + Net Financial Position) | -227.146 | -234.127 | 3,07% |

| NET FINANCIAL POSITION | | | |
|---|-----------------|-----------------|---------------|
| (€/000) | 31/12/2012 | 31/12/2013 | 2013/2012 % |
| Liquidity | 8.941 | 10.272 | 14,89 |
| Contributions and other current financial sources | 0 | 0 | 0,00 |
| Short-term Bank debts | -86.847 | -103.353 | 19,01 |
| Other short-term financial debts | -7.222 | -2.337 | -67,64 |
| Short-term net financial position (A) | -85.128 | -95.418 | 12,09 |
| M/L-term financial credits | 2.610 | 2.014 | -22,84 |
| Mortgages expiring after following year | -33.321 | -24.885 | -25,32 |
| Other financial debts expiring after following year | 0 | 0 | 0,00 |
| M/L-term net financial position (B) | -30.711 | -22.871 | -25,52 |
| NET FINANCIAL POSITION = (A) + (B) | -115.839 | -118.289 | 2,12 |
| <i>NFP / EBITDA</i> | <i>7,46</i> | <i>7,31</i> | <i>-2,01</i> |
| <i>NFP / SHAREHOLDERS' FUNDS</i> | <i>1,04</i> | <i>1,02</i> | <i>-1,92</i> |

- Abridged consolidated accounts

| ECONOMIC-FINANCIAL INFORMATION | | | | | | |
|---|----------------|----------------|----------------|--------------------|---------------|---------------|
| Note: only the balance sheets with a comparable reclassification are given AMOUNTS EXPRESSED IN THOUSANDS OF EUROS | | | | | | |
| | | | | 2013 on production | | |
| Abridged Profit and Loss Account | 31/12/2011 | 31/12/2012 | 31/12/2013 | group (%) | sector (%) | 2013/2012 (%) |
| Turnover | 240.382 | 245.396 | 249.280 | 101,89 | 99,22 | 1,58 |
| + Variation stocks of products under processing, semi finished and finished | 1.989 | -2.200 | -4.921 | -2,01 | 0,54 | 123,68 |
| + Increase assets for internal work | 0 | 0 | 0 | 0,00 | 0,05 | n.c. |
| + Contribution for the year | 343 | 332 | 296 | 0,12 | 0,19 | -10,84 |
| = Production | 242.714 | 243.528 | 244.655 | 100,00 | 100,00 | 0,46 |
| - Purchases | 138.985 | 142.601 | 142.685 | 58,32 | 72,31 | 0,06 |
| + Variation raw materials | -24 | 897 | -445 | -0,18 | -0,02 | n.c. |
| - Costs for services and third-parties goods | 55.659 | 55.423 | 53.996 | 22,07 | 16,14 | -2,57 |
| = Added value | 48.046 | 46.401 | 47.529 | 19,43 | 11,53 | 2,43 |
| - Staff Costs | 25.605 | 25.433 | 25.594 | 10,46 | 7,82 | 0,63 |
| = EBITDA | 22.441 | 20.968 | 21.935 | 8,97 | 3,71 | 4,61 |
| - Depreciations intangible assets | 6.948 | 6.366 | 5.804 | 2,37 | 1,68 | -8,83 |
| - Operative provisions | 252 | 208 | 150 | 0,06 | 0,27 | -27,88 |
| - Depreciations tangible assets | 817 | 1.777 | 2.517 | 1,03 | 0,30 | 41,64 |
| + Result other income/expenses | -942 | -1.011 | -1.968 | -0,80 | 0,00 | 94,66 |
| = EBIT | 13.482 | 11.606 | 11.496 | 4,70 | 1,45 | -0,95 |
| Financial result | -6.874 | -6.808 | -6.568 | -2,68 | 0,85 | -3,53 |
| Financial income | 529 | 732 | 1.106 | 0,45 | 0,24 | 51,09 |
| Financial expenses | 7.403 | 7.540 | 7.674 | 3,14 | 1,10 | 1,78 |
| = Result of the year | 6.608 | 4.798 | 4.928 | 2,01 | 0,59 | 2,71 |
| - Adjustment financial activities | -6 | -8 | 0 | 0,00 | -0,19 | n.c. |
| + Result extraordinary activities | 0 | 0 | -240 | -0,10 | 0,09 | n.c. |
| = Result before taxes | 6.602 | 4.790 | 4.688 | 1,92 | 0,49 | -2,13 |
| - Taxes | 2.696 | 1.685 | 2.048 | 0,84 | 0,59 | 21,54 |
| = Net result | 3.906 | 3.105 | 2.640 | 1,08 | -0,10 | -14,98 |
| Profit / loss of the year pertaining to third parties | 779 | 656 | 875 | 0,36 | n.c. | n.c. |
| Profit / loss of the year pertaining to the Group | 3.127 | 2.449 | 1.765 | 0,72 | n.c. | n.c. |
| Cash flow | 11.929 | 11.464 | 11.111 | 4,54 | 20,26 | -3,08 |

ECONOMIC-FINANCIAL INFORMATION

Note: only the balance sheets with a comparable reclassification are given
AMOUNTS EXPRESSED IN THOUSANDS OF EUROS

| | | | | 2013 on total assets | | |
|-------------------------------------|-------------------|-------------------|-------------------|---------------------------|-------------------|----------------------|
| ASSETS | 31/12/2011 | 31/12/2012 | 31/12/2013 | group (%) | sector (%) | 2013/2012 (%) |
| Assets | 321.205 | 333.284 | 334.844 | 100,00 | 100,00 | 0,47% |
| Fixed assets | 171.676 | 191.191 | 189.329 | 56,54 | 37,88 | -0,97% |
| Intangible assets | 11.873 | 12.809 | 14.873 | 4,44 | 2,46 | 16,11% |
| Tangible assets | 158.207 | 176.598 | 172.536 | 51,53 | 28,76 | -2,30% |
| Financial assets | 1.596 | 1.784 | 1.920 | 0,57 | 6,66 | 7,62% |
| Current assets | 149.529 | 142.092 | 145.515 | 43,46 | 62,12 | 2,41% |
| Stocks | 67.507 | 67.339 | 60.923 | 18,19 | 22,60 | -9,53% |
| Trade receivables | 57.724 | 52.725 | 56.594 | 16,90 | 29,67 | 7,34% |
| Other short-term assets | 15.039 | 11.991 | 14.739 | 4,40 | 5,98 | 22,92% |
| Liquidity | 9.259 | 10.037 | 13.259 | 3,96 | 3,86 | 32,10% |
| | | | | 2013 on total liabilities | | |
| LIABILITIES | 31/12/2011 | 31/12/2012 | 31/12/2013 | group (%) | sector (%) | 2013/2012 (%) |
| Liabilities | 321.205 | 333.284 | 334.844 | 100,00 | 100,00 | 0,47 |
| Shareholders' funds | 111.687 | 116.870 | 125.468 | 37,47 | 27,00 | 7,36 |
| Share Capital | 15.000 | 18.000 | 21.000 | 6,27 | 8,14 | 16,67 |
| Other reserves | 92.781 | 95.765 | 101.828 | 30,41 | 19,13 | 6,33 |
| Profit /loss previous year | 3.906 | 3.105 | 2.640 | 0,79 | -0,27 | -14,98 |
| Consolidated funds and debts | 48.238 | 41.778 | 33.718 | 10,07 | 17,94 | -19,29 |
| Mlt debts towards Banks | 44.070 | 37.701 | 29.291 | 8,75 | 11,40 | -22,31 |
| Mlt funds and other debts | 4.168 | 4.077 | 4.427 | 1,32 | 6,54 | 8,58 |
| Short-term liabilities | 161.280 | 174.635 | 175.658 | 52,46 | 55,06 | 0,59 |
| Short-term financial debts | 80.651 | 90.274 | 107.507 | 32,11 | 21,41 | 19,09 |
| Commercial debts | 66.552 | 70.400 | 59.684 | 17,82 | 26,50 | -15,22 |
| Other liabilities | 14.077 | 13.961 | 8.467 | 2,53 | 7,15 | -39,35 |

| ECONOMIC-FINANCIAL INFORMATION | | | |
|--|-----------------|-----------------|-------------|
| ASSETS AND LIABILITIES (€/000) | 31/12/2012 | 31/12/2013 | 2013/2012 % |
| Intangible assets | 12.809 | 14.873 | 16,11% |
| Tangible assets | 176.598 | 172.536 | -2,30% |
| Participations and financial assets | 1.725 | 1.897 | 9,97% |
| Fixed Capital (A) | 191.132 | 189.306 | -0,96% |
| Stocks | 67.339 | 60.923 | -9,53% |
| Trade receivables | 52.725 | 56.594 | 7,34% |
| Other assets | 10.633 | 13.273 | 24,83% |
| Short-term assets (B) | 130.697 | 130.790 | 0,07% |
| Commercial debts | -70.400 | -59.684 | -15,22% |
| Other liabilities | -6.350 | -6.130 | -3,46% |
| Short-term liabilities (C) | -76.750 | -65.814 | -14,25% |
| Net operative current capital (D) = (B) - (C) | 53.947 | 64.976 | 20,44% |
| Funds and other M/L-term liabilities (E) | -4.077 | -4.018 | -1,45% |
| INVESTED CAPITAL = (A) + (D) - (E) | 241.002 | 250.264 | 3,84% |
| Shareholders' funds | -116.870 | -125.468 | 7,36% |
| Short-term Net Financial Position | -86.431 | -95.096 | 10,03% |
| M/L-term Net Financial Position | -37.701 | -29.700 | -21,22% |
| Net Financial Position | -124.132 | -124.796 | 0,53% |
| TOTAL INCOME (Shareholders' funds + Net Financial Position) | -241.002 | -250.264 | 3,84% |

| NET FINANCIAL POSITION | | | |
|---|-----------------|-----------------|---------------|
| (€/000) | 31/12/2012 | 31/12/2013 | 2013/2012 % |
| Liquidity | 10.037 | 13.259 | 32,10 |
| Contributions and other current financial sources | 1.417 | 1.489 | 5,08 |
| Short-term Bank debts | -90.274 | -107.507 | 19,09 |
| Other short-term financial debts | -7.611 | -2.337 | -69,29 |
| Short-term net financial position (A) | -86.431 | -95.096 | 10,03 |
| M/L-term financial credits | 0 | 0 | 0,00 |
| Mortgages expiring after following year | -37.701 | -29.291 | -22,31 |
| Other financial debts expiring after following year | 0 | -409 | n.c. |
| M/L-term net financial position (B) | -37.701 | -29.700 | -21,22 |
| NET FINANCIAL POSITION = (A) + (B) | -124.132 | -124.796 | 0,53 |
| <i>NFP / EBITDA</i> | <i>5.92</i> | <i>5.69</i> | <i>-3,89</i> |
| <i>NFP / SHAREHOLDERS' FUNDS</i> | <i>1.06</i> | <i>0.99</i> | <i>-6,60</i> |

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