



TORINO, ITALIA, 1895

## IN 2017, LAVAZZA GROUP CONTINUES TO REPORT SOLID GROWTH DRIVEN BY FOREIGN MARKETS, REPRESENTING OVER 63% OF REVENUES

- Revenues of €2.0 billion (+6.3% compared to 2016)
- EBITDA of €200.8 million (+12.5% compared to 2016); EBITDA margin of 10% (9.4% in 2016)
- EBIT of €67.0 million (+8.5% compared to 2016)
- Net financial position of €457.7 million, compared to €687.5 million on December 31<sup>st</sup>, 2016, as a result of the acquisitions concluded in 2017

**Turin, Italy (March 28<sup>th</sup>, 2018)** – The **Lavazza Board of Directors** has examined and approved the draft Financial Statements and the Consolidated Financial Statements as of December 31, 2017, prepared according to Italian accounting principles (ITA GAAP).

*“In 2017, our brand continued to grow stronger, with an increasingly international presence and revenue growth of 6.3%, three times the market average. All this has been made possible by significant investments and action to improve the competitiveness of our offering, both of which are fundamental for the Group’s long term financial sustainability,”* comments **Lavazza CEO Antonio Baravalle**. *“In 2017, as well as completing the integration of the Merrild and Carte Noire brands, the company also acquired Kicking Horse Coffee, ESP and Nims, another three profitable growth accelerators. Lavazza was also included as one of the top 100 brands in the annual Global RepTrak® 2018 ranking of the companies with the best reputation worldwide. In 2018, there will be a strong focus on the Group’s organic growth, consistent with the guidelines set out in the strategic plan: internationalization, brand strengthening, and further expansion of the operating margin.”*

**Consolidated revenues** of €2.0 billion are up 6.3% over the €1.9 billion from the previous year. This result is attributable to expansion in key countries: France (the Group’s second largest market), Germany, the United Kingdom and the United States, where there was sustained growth in terms of both value and market share.

In Italy, which represents about 37% of total revenues, Lavazza has maintained its position of leadership. The product portfolio and the clear strategy of segmenting the offering according to the various types of customer have allowed the Group to present important novelties to the market in all channels, in line with consumption trends.



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In 2017, Lavazza completed some major foreign acquisitions. In May, it acquired Kicking Horse Coffee, a leading Canadian organic coffee company and a local jewel that has further consolidated the brand's premium positioning and accelerated growth in North America. Then in September, the acquisition of French company *ESP* (Espresso Service Proximité) was completed, allowing Lavazza to strengthen its presence in the out-of-home segment of a key market within the company's current internationalization strategy. Finally, in October 2017, the Group acquired Nims, an Italian door-to-door distributor and vendor of coffee in capsules and coffee machines, consolidating Lavazza's business in the portioned segment in Italy.

**EBITDA at €200.8 million** rose **12.5%** on €178.5 million reported the previous year, with an EBITDA margin standing at 10% (against 9.4% in 2016).

The **operating result (EBIT)** stands at **€67.0 million**, a rise of **8.5%** on €61.7 million in 2016.

**Net profit in 2017** stands at **€44.7 million** and is not comparable to the 2016 result, which benefited from non-recurring positive items totaling about **€37 million**.

The **net financial position** stands at **€457.7 million**, against €687.5 million as of December 31, 2016, as a result of the acquisitions concluded during the financial year 2017.

#### **About Lavazza Group**

*Established in 1895 in Turin, the Italian roaster 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, exporting 63% of its production. Lavazza employs a total of about 3,000 people with a turnover of more than €2.0 billion in 2017. Lavazza invented the concept of blending — or in other words the art of combining different types of coffee from different geographical areas — in its early years and this continues to be a distinctive feature of most of its products. The company also has over 25 years' experience in production and sale of portioned coffee systems and products. It was the first Italian business to offer capsule espresso systems. Lavazza operates in all business segments: at home, away-from-home and office coffee service, always with a focus on innovation in consumption technologies and systems. Lavazza has been able to develop its brand awareness through important partnerships perfectly in tune with its brand internationalization strategy, such as those in the world of sport with the Grand Slam tennis tournaments, and those in fields of art and culture with prestigious museums like New York's Guggenheim Museum, the Peggy Guggenheim Collection Venice, and The Hermitage State Museum in St. Petersburg, Russia. As the company continues on a strategic globalization path, the Lavazza Group has acquired local jewels in key markets such as France's Carte Noire (2015), Denmark's Merrild (2015) and North America's Kicking Horse Coffee (2017). Additionally, in 2017 the Group amplified its distribution reach with the acquisition of France's Espresso Service Proximité and Italy's Nims.*