



DEOLEO'S PEOPLE

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2014 EARNINGS

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## Annexes



# 1. HIGHLIGHTS

- 2014 was marked by a sharp rise in the price of olive oil from a low of €1.97/kg to a maximum of €3.16/kg. On average this represented €0.9/kg, which represents an increase of 50% during the season. The explanation lies in a 2014/15 season in Spain that will close at slightly above 800,000 tn, 54% less than the previous year.
- Demand remained stable in major consuming countries (Spain, Italy and the United States) and growing at double digits in Asian countries and Russia.
- Our market positions in value stood at 15% in Spain, 23% in Italy and 19% in the US , as the most relevant countries.
- In Spain, private label has lost 0.8 percentage points in value although they have occupied fantasy brands, managed as in&out trademarks.
- In Italy, private label has fallen 2.4 pp. In the US, the brand also declined by 1.5 pp.
- Consumption of vegetable oils during 2014 has fallen by 2% in Spain and has not changed in Italy (Nielsen data)



## 2. GENERAL ENVIRONMENT AND RAW MATERIALS

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- The 2014/15 crop was characterized by a sharp rise in prices concentrated in the second half of the year. Weather conditions (dry spring and a hot summer) have resulted in an estimated harvest in Spain well below the previous season and will be slightly above the 800,000 Tonnes.
- However, there was a bumper crop in Tunisia, Greece and Turkey (+475,000 Tonnes vs the previous season), so that total availability of this year will be only 9% lower than last year and is estimated at 2,840,000 Tonnes, approximately
- The variation in prices in Spain, as of this document on a year-on-year basis for 2014-2013 is (Pool Red Data), is:

Olive Oil Prices in Spain					
€/Tn.	Feb-15	2014	%	2013	%
Lampante	2,724	2,401	13.5%	1,764	36.1%
Extra Virgen	3,280	3,147	4.2%	2,030	55.0%



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## 2. GENERAL ENVIRONMENT AND RAW MATERIALS

- In the case of Italy, the price of extra virgin olive oil of Italian origin stood at €6.1/kg with an annual increase of 94%.
- Consumption of olive oil in our major markets remained stable during 2014, with the following breakdown (Nielsen data):

OLIVE OIL - MAJOR MARKETS			
(Mm litres)	2014	2013	Chg. %
Spain	344.4	341.7	0.79%
Italy	207.3	205.5	0.88%
USA	123.3	123.4	-0.08%

- According to recent data from the IOC, the increase in consumption is double digit in countries like Russia and China and African countries are also incorporating to consumption.
- The market for seed oils has registered no significant changes in price during 2014. Sunflower oil has large supply from Black Sea market, although prices are impacted by the euro/dollar exchange rate.



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### 3. BUSINESS PERFORMANCE

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#### SPAIN BUSINESS UNIT

Units: €000	Dec-14	Dec-13	% Dif	Q4 2014	Q4 2013	% Dif
Sales	164,736	195,713	-15.83%	40,980	50,370	-18.64%
EBITDA	8,302	9,648	-13.95%	1,286	6,618	-80.57%
EBITDA/Sales	5.04%	4.93%	2.23%	3.14%	13.14%	-76.12%

⊙ This business unit has registered better performance than the previous year with an increase of 2% in EBITDA/Sales.

⊙ Last quarter was complicated by the difficulty in translating the price rise into sales prices. The market is under a price war and sales at loss. Due to those circumstances, profitability across the category suffers.

⊙ We have increased ad spending by 21.2% during the year, in which:

- We have relaunched Carbonell
- Launched Koipe Así de Fácil (new Tetra brick packaging)
- Launch of Koipe Friol (new special frying seed oil)
- Introduced new varieties Hojiblanca Virgin Extra with remarkable success.

⊙ Market shares have fallen impacted by the negative trend in the last months of the year to reach 14.8%.

#### SOUTHERN EUROPE BUSINESS UNIT

Units: €000	Dec-14	Dec-13	% Dif	Q4 2014	Q4 2013	% Dif
Sales	273,130	283,063	-3.51%	76,315	83,628	-8.74%
EBITDA	22,522	22,457	0.29%	4,453	8,979	-50.41%
EBITDA/Sales	8.25%	7.93%	3.94%	5.84%	10.74%	-45.65%

⊙ Southern Europe has improved its profitability in all headings; among which we would highlight the 16% increase in advertising compared to 2013.

⊙ The volume has grown by almost 4%. € sales were down because, during most of the year, selling prices were lower than the previous year.

⊙ Italy is a market dominated by strong promotion sales, which is compounded by a change in the pricing environment such as occurred in the last quarter.

⊙ The Carapelli brand is having an excellent performance in France, attached to this business unit.

⊙ During 2014:

- We returned to TV with Bertolli in Italy
- In France we support Carapelli on TV with a renewal of the image.

⊙ Market shares have remained stable at 22.1%.



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### 3. BUSINESS PERFORMANCE

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#### INTERNATIONAL MARKETS BUSINESS UNIT

Units: €000	Dec-14	Dec-13	% Dif	Q4 2014	Q4 2013	% Dif
Sales	141,420	138,006	2.47%	39,715	38,557	3.00%
EBITDA	17,006	16,641	2.19%	4,817	5,970	-19.31%
EBITDA/Sales	12.03%	12.06%	-0.27%	12.13%	15.48%	-21.67%

- Improved sale volume of almost 10%.
- Most of the relevant markets have registered a significant improvement (Germany, Holland, Brazil).
- Good performance in LATAM (+18.6% vol) and MENA (+ 18% vol) after introducing Hojiblanca and Carbonell.
- We have devoted a significant effort in structural costs with more additions of staff and office openings (Colombia and Dubai)
- The main promotional activities and releases launches have been:
  - We launched Olys in Holland with advertising support
  - New image for Carbonell for Europe
  - Campaign in Chile (Carbonell and healthy habits)
  - Bertolli launched its Spray in Holland
  - Bertolli in India is sponsoring a renowned chef.

#### NORTH AMERICAN BUSINESS UNIT

Units: €000	Dec-14	Dec-13	% Dif	Q4 2014	Q4 2013	% Dif
Sales	148,927	155,843	-4.44%	41,081	40,118	2.40%
EBITDA	25,905	23,185	11.73%	9,255	6,454	43.40%
EBITDA/Sales	17.39%	14.88%	16.92%	22.53%	16.09%	40.04%

- This unit has had magnificent performance.
- The increase in distribution, new clients, improved unit margins and working with major chains (Consumer insight) on prices have led to the excellent performance of this division.
- In Canada the performance has been more stable after the positioning of low-priced brands that impair margins for the entire category.
- The market shares are 19% in the US and 25% in Canada:
  - In the US we launched the Bertolli Spray and Bertolli Organic.
  - We have introduced PET in some Bertolli references in the US.
  - In Canada, we have also launched the Spray range of Bertolli, considered one of the 10 best initiatives of the year there.
  - In Mexico we are promoting the Carbonell Spray and Carapelli Organic.



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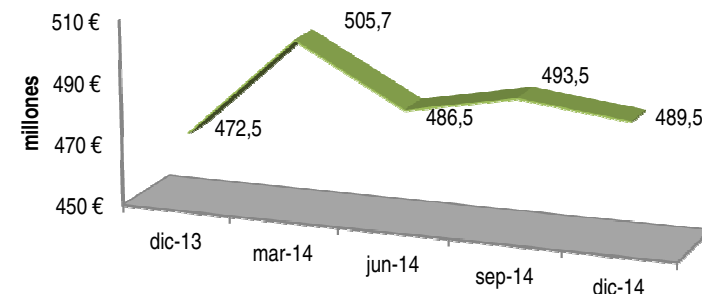
# 4. FINANCIAL SITUATION

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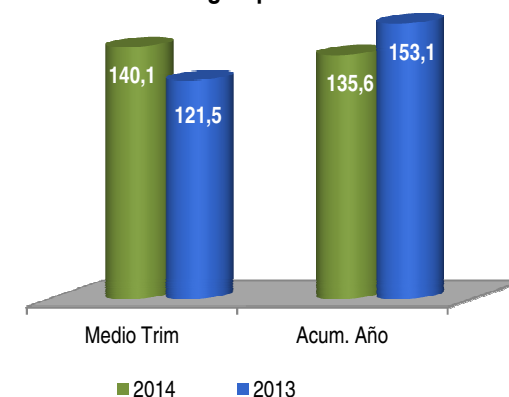
(millions of euro)	31/12/2014	%	31/12/2013	%	31/12/2012
<b>Non-current assets</b>	<b>1,144.2</b>	<b>-8.2%</b>	<b>1,246.6</b>	<b>3.0%</b>	<b>1,210.1</b>
<b>Working capital</b>	<b>109.8</b>	<b>52.1%</b>	<b>72.2</b>	<b>-60.1%</b>	<b>181.0</b>
<b>Net equity</b>	<b>565.5</b>	<b>-9.6%</b>	<b>625.3</b>	<b>11.5%</b>	<b>560.6</b>
<b>Net Financial Debt</b>	<b>489.5</b>	<b>3.6%</b>	<b>472.5</b>	<b>-24.3%</b>	<b>624.5</b>
<b>ROCE</b>	<b>5.2%</b>		<b>5.0%</b>		<b>4.8%</b>

- ROCE rose by 0.2 percentage points from 2013, the previous growth we had been recording has slowed due to heavy investment in working capital made in the latter part of the year to achieve better coverage of raw material prices
- Net financial debt has risen by €17 mm compared to 31 December 2013 due to the effect of rising raw material prices, specifically 50% more expensive than the same time last year.
- We have maintained lower average working capital than the previous year, until the last quarter, when this figure has risen since we had decided to invest.
- Non-current assets decreased as a result of adapting tax credits to the new Corporate Tax Law, as well as the amortisation of tangible and intangible assets.

NFD QUARTERLY DEVELOPMENT



Working Capital 2014-2013



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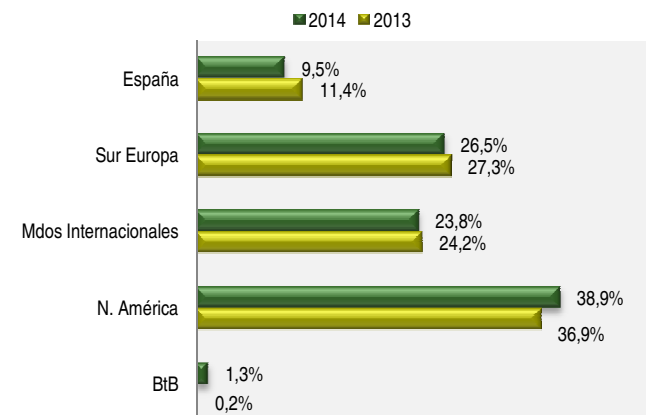
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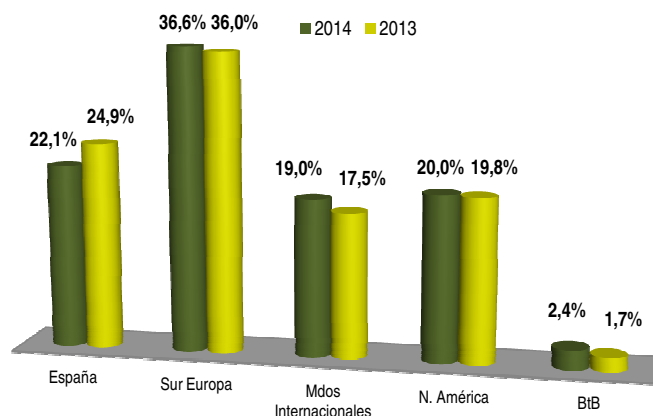
## INCOME STATEMENT

(thousands of euro)	31/12/2014	%	31/12/2013	%	31/12/2012
Sales	773,242	-4.9%	812,989	-1.9%	828,868
Advertising	(17,323)	6.3%	(16,298)	0.4%	(16,225)
OPERATING EARNINGS	40,295	-32.9%	60,053	-144.8%	-134,160
EBITDA	81,428	1.6%	80,111	-9.2%	88,257
EBITDA/Sales	10.5%		9.9%		10.6%
NET FINANCIAL INCOME (LOSS)	(47,591)	100.8%	(23,704)	-18.2%	(28,976)
PRE-TAX PROFIT OR (LOSS)	(7,296)	-120.1%	36,349	-122.3%	(163,136)
YEAR-END RESULTS	(74,080)	-462.9%	19,911	-108.1%	(245,565)

## EBITDA contribution by region



## Sales contribution by region



- We grew more than 2% in volume
- EBITDA improved over 2013, both in absolute and in relative terms against sales and stands with a rate of return of 10.5%.
- The Spain business unit has suffered the most, especially in the last quarter.
- The financial results were affected by the refinancing costs recorded in the month of June.
- As we noted in the previous semester, at year end the new Corporate Income Tax Law was approved and sets the tax rate at 28% by 2015 and 25% for subsequent years; as a result we have adjusted our registered tax credits and the deferred taxes with a net effect of €40 mm in income tax expense.
- Non-relevant brands have deteriorated by the amount of €6 mm.
- The accounting entries for the above facts are non-cash, along with the refinancing costs recorded in the month of June, which have resulted in negative net earnings.



## 5. CONCLUSIONS

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- ✓ The last quarter of 2014, complicated by the environment of a price rise in olive oil, which has been aggravated in Spain by sale at loss practices (Annex II). These practices reduce margins throughout the value chain, compromising the future in this category in Spain.
- ✓ EBITDA ended with a slight improvement in margins, clinching double-digit returns
- ✓ We have increased our indebtedness by €17 mm and working capital has risen; the new scenario in the raw materials market and financial conditions allow us to be ready for any opportunities that would arise and/or to mitigate the volatility of our costs; a year ago this was impossible due to our financial constraints.
- ✓ We are leveraging our core brands, revitalizing the category, relying on its recovery against the trivialization. Our vision is to think of the consumer, provide a product that meets their needs at a reasonable price.
- ✓ We already have a stable shareholder commitment to our company and the industry, also a better financial position, representing a new scenario that will not fail to take advantage of.



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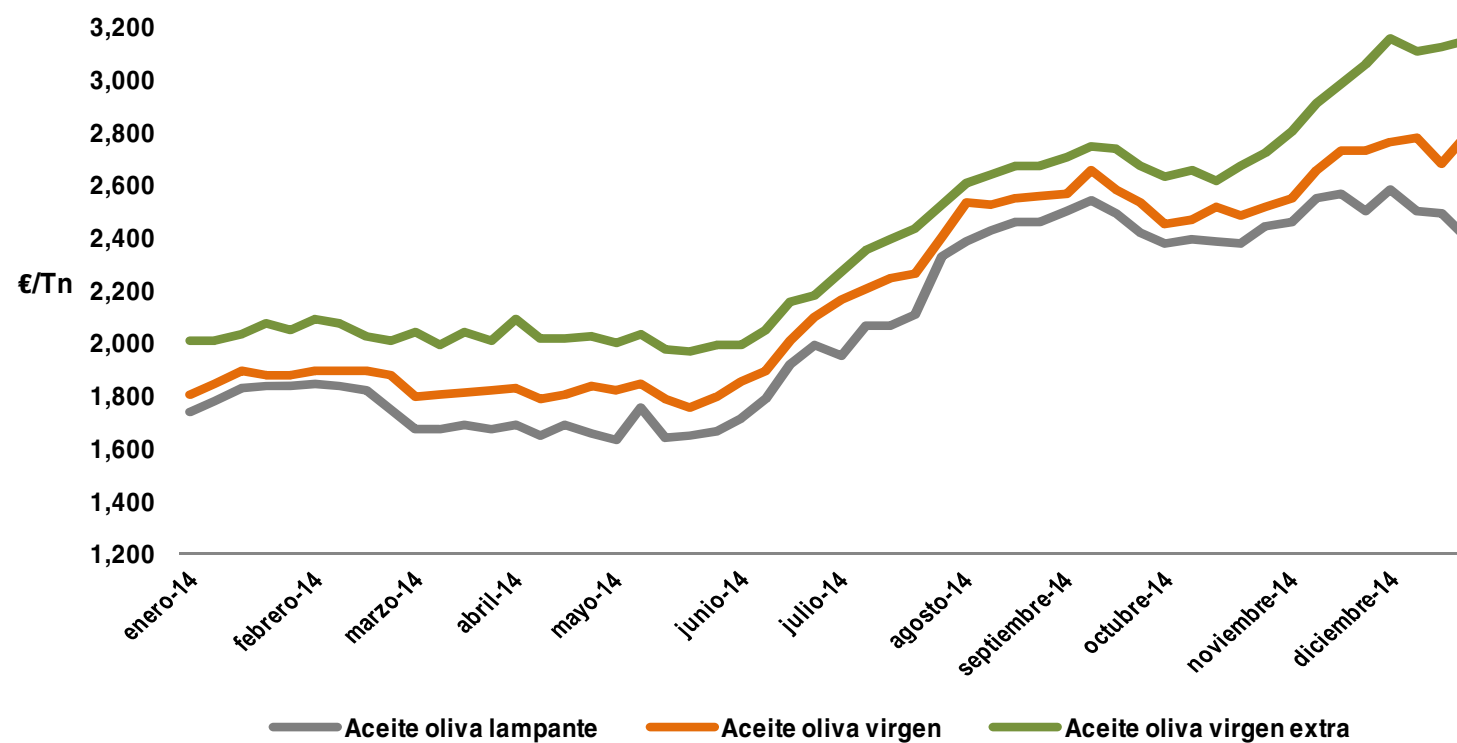
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## ANNEX I Olive Oil Price History in Spain



Source: Pool Red



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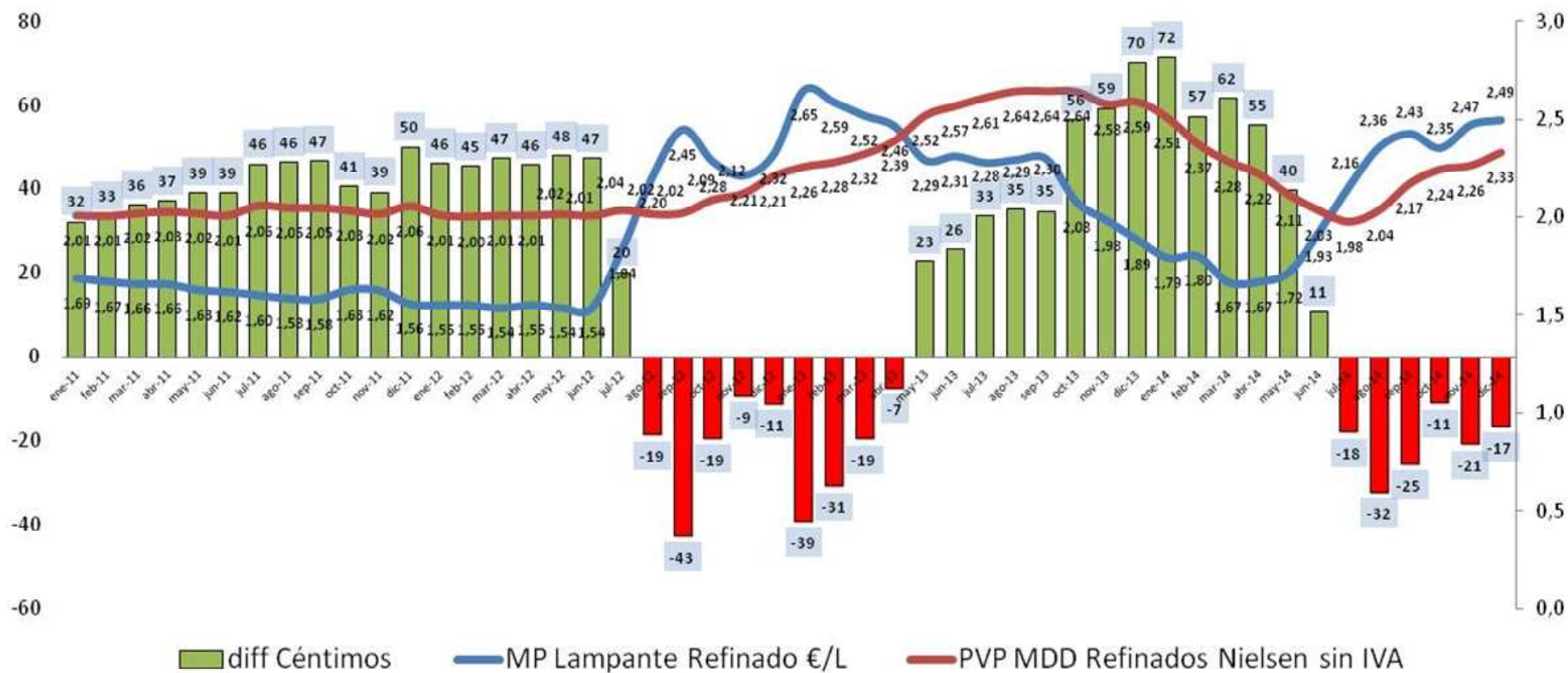


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## ANNEX II MDD vs raw material price spread

Correlación PVP (sin IVA) MDD Refinados con Materia Prima (Lampante Refinado) 2011-2014



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FIRENZE

BERTOLLI

MONTOLIVO

FIGARO



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## ANNEX III

### Breakdown of EBITDA by Business Unit

(€ '000)	31/12/2014	31/12/2013
Spain	8,302	9,648
Southern Europe	22,522	22,457
International market	17,006	16,641
North America	25,905	23,185
BtB	1,142	133
Corporate (1)	6,281	7,174
Rest (2)	270	873
<b>TOTAL</b>	<b>81,428</b>	<b>80,111</b>

### Breakdown of main non-recurring expenses for the year

€ MM	31/12/2014
New financing expenses	23,000
Impairment minor brands	5,726
Impairment assets and provisions	7,901
New estimate tax credits and compensation deductions	64,187
New estimate deferred tax	(24,334)
Legal and advisory fees	5,346
<b>TOTAL</b>	<b>81,826</b>

(1) Corporate supports the financing, structure and impact of the royalties and cost units.

(2) Rest is primarily a result of activities available for sale.

### Breakdown of EBITDA by Quarters 2014

(thousands of euro)	1Q	2Q	3Q	4Q	Rolling 2014
<b>Sales</b>	<b>169.999</b>	<b>186.868</b>	<b>205.501</b>	<b>210.874</b>	<b>773.242</b>
Advertising	5.538	5.395	5.230	1.160	17.323
<b>EBITDA</b>	<b>19.587</b>	<b>21.640</b>	<b>18.723</b>	<b>21.478</b>	<b>81.428</b>
<b>EBITDA/Sales</b>	<b>11.5%</b>	<b>11.6%</b>	<b>9.1%</b>	<b>10.2%</b>	<b>10.5%</b>
<b>PRE-TAX PROFIT</b>	<b>9.362</b>	<b>(21.909)</b>	<b>7.659</b>	<b>(2.408)</b>	<b>(7.296)</b>
<b>NET PROFIT</b>	<b>3.627</b>	<b>(29.150)</b>	<b>1.427</b>	<b>(49.984)</b>	<b>(74.080)</b>





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