

11 March 2020

FY 2019 RESULTS



Agenda

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GROUP OVERVIEW



The Group at a glance



DISTRIBUTION

present in
 PORTUGAL 
 SPAIN 
 FRANCE 
 ITALY 
 GREECE 
 MEXICO 

+300
different
skus (**)

+750,000
tons
distributed every year



IMPORT
& SHIPPING

imported from
 COSTA RICA 
 CAMEROON 
 ECUADOR 
 COLOMBIA 
 DOMINICAN
REPUBLIC 

bananas
& pineapples

~15 million
boxes
imported every year

~1 billion €
of turnover

ORSERO Group among the leader in Mediterranean Europe for the import and distribution of fresh fruit and vegetables active since the 1940.

The Group's Business model is based on two pillars which are also the main Business Sectors: the **DISTRIBUTION** of a vast array of fresh produce, and the **IMPORT & SHIPPING** of bananas and pineapples using its own ships, the most part of which are sourced on behalf of Orsero's distributing companies. Furthermore there is the **Service/Holding Sector** that provides centralized corporate services (finance, ICT, marketing) to both sectors

The Group generates consolidated sales of **one billion €**, of which over 92% by the **Distribution** segment(*).

(*) Year 2019: Total consolidated sales equal to 1006 M€; Distribution sales equal to 928 M€.

(**) Internal reporting statistics based on actual 2018 volumes, plus proforma volumes of companies acquired in 2019 (Sevimpor, Fruttica, Fruttital Cagliari).

Main Milestones from 1940 to Date

40s

Beginning of our fruit distribution business in Italy .

70s

Development of distribution and import of exotic fruits and counter season fruits.

90s

Investments in the distribution sector in Italy, France, Portugal and Greece. Beginning of the shipping business.

2012

Launch of F.lli Orsero own brand for extra Premium Fruit, as the expression of the tradition and passion of a great family-run company.

2014

Refocusing on the Group's core business. Organisational review and management reinforcement.

2017

Through the merger with Glenalta Food, listing of Orsero shares on the AIM Italia. Full integration of JV's in Spain and Italy: Hermanos Fernández López, Fruttital Firenze and Galandi.

2018

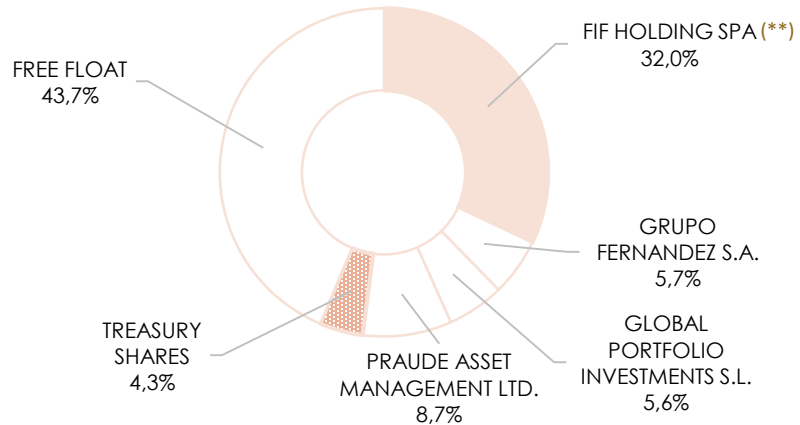
expansion in the distribution sector with the acquisition of Sevimpor. Strengthening of Fresh-cut operation: widening of Florence cutting centre.

2019

Further expansion in the Fresh Cut, opening of 3 new centres in Italy: Molfetta (BA), Verona and Cagliari. Acquisition of 100% of Fruttica Group and of remaining 75% of Fruttital Cagliari. Orsero Shares admitted to trading on the MTA, STAR Segment.

Governance & Shareholders' structure

SHAREHOLDERS(*) (% on share capital)



ANALYST COVERAGE

BANCA AKROS	Andrea Bonfà
BANCA IMI	Gabriele Berti
CFO SIM	Luca Arena
EQUITA SIM	Emanuele Gallazzi

ADVISORS

SPECIALIST	BANCA IMI
AUDITING COMPANY	KPMG

GOVERNANCE



PAOLO PRUDENZIATI
Chairman



RAFFAELLA ORSERO
Deputy Chair and Chief executive Officer



MATTEO COLOMBINI
Managing Director and Chief Financial Officer

- The **Board of Directors** (term 2017-2019) consists of 9 people and, in accordance with the Italian Corporate Governance Code, 3 of them are independent directors. Also the provision concerning the *gender-balance* is fully respected.
- Within the BoD are constituted the following committees, composed of independent or non executive directors:
 - **Remuneration and Nominations committee**
 - **Control, Risks and Related parties committee**

(*) Last Update : 23 Dec. 2019 . Total shares 17.682.500. Voting rights are temporarily suspended for 755,637 treasury shares, representing 4,27% of the total share capital.

(**) In terms of voting rights, FIF Holding accounts for ~33,5%.

KEY FINANCIALS FY 2019



FY 2019 Highlights

CORPORATE

- Cash dividend of 0,12 €/share, paid in May '19, for a total outlay of abt. 2 M€
- M&A 2019:
 - Jan. 19, 100% of Sevimpor SL (Spain) for a consideration of 1,5 M€ (announced in 2018)
 - May 19, 100% of Fruttica Group(France), total outlay 10 M€ (8 M€ paid, 2 M€ to be settled in 2 yearly instalments)
 - July 19, remaining 75% of Fruttital Cagliari (Italy), total consideration of 5,1 M€ (4,05 M€ paid, 1,05 M€ to be paid within 12 months)
- "F.lli Orsero" Brand is positioned as Premium Mass:
 - Advertising and communication strategy is keeping its focus on *media mix* digital oriented
 - Field trial of new branding and customer experience: temporary store at Milan Central Station (main aisle); sponsorship and temporary street shop during a pop music event (Jova Beach Party '19)
- Listing on MTA, Star Segment, since 23 December 2019. The corporate governance system has been improved in accordance to Italian Corporate Governance Code and applicable laws and regulations.
 - Amended company by-laws and corporate procedure; reshuffle and implementation of new BoD Committees (Nominations/Remunerations ; Risk Control/Related Parties); the role of chairman became non-executive; gender diversity (from 2 to 3 directors from the gender less represented) and independent director quota (from 2 to 3 independent directors)

BUSINESS

- Net Sales just over 1 bln € thanks to extremely positive growth of Distribution revenues, whose sales grew by 6,7% all in all (+3,5 % like-for-like)
 - All in all quite satisfactory performance on volumes and sales;
 - Subdued profitability vs a very good performance in FY 2018 and FY 2017 as a consequence of still unsatisfactory performance of the French subsidiary and overall challenging market condition in November and December (in particular on Avocado product)
 - Confirmed focus on diversification of product portfolio and widening of value added product line.
- Convenience products portfolio
 - Opening of 3 New cutting facility in Italy (Bari/Molfetta, Verona and Cagliari) plus a smaller facility in Spain
 - Decent margin achieved despite a start-up phase in H1 2019;
 - total sales in Italy in excess of 9M€, approx. 3 M€ more than LY, despite challenging weather condition at the beginning of sale season (peak season is from May to Sept.).
 - New exclusive distributing agreement with a Fresh Smoothies producer for the Italian market (implemented from Q3/2019).
- Import & Shipping strongly improves overall Adjusted Ebitda, as a consequence of better shipping performance:
 - operational efficiency (via the deployment of a time-chartered vessel in addition to the 4 owned ships to keep the service condition while reducing the speed);
 - reintroduction of freight rate adjustment clauses on fluctuation of fuel costs (BAF clause);
 - remarkable occupancy rate (load factor): ~ 94 % in FY 2019 vs 91% LY;
 - execution of the mandatory maintenance cycles (Dry-dock): Cala Pino (in May/June 2019) and Cala Pula (Aug.2019);
 - Lower than expected returns of the banana import business

Executive summary

M€	FY 2019	FY 2018	Total Change	
			Amount	%
Net Sales	1.005,7	952,8	53,0	5,6%
Adjusted EBITDA	38,7	32,9	5,8	17,8%
Adjusted EBITDA Margin	3,8%	3,4%	+40 Bps.	
Adjusted EBIT	13,0	17,5	(4,5)	-25,9%
Adjusted Net Profit	5,3	11,8	(6,6)	-55,4%
Non-recurring items (net of tax effect)	(3,0)	(3,8)	ns	ns
Net Profit	2,3	8,0	ns	ns
Adjusted EBITDA excl. IFRS 16^(*)	28,9	32,9	(3,9)	-12,0%

M€	FY 2019	FY 2018
Net Invested Capital	277,8	186,2
Total Equity	150,9	150,2
Net Financial Position	126,9	36,1
Net Financial Position Excl. IFRS 16^(*)	66,9	36,1
NFP Excl. IFRS 16 ^(*) / Total Equity	0,44	0,24
NFP Excl. IFRS 16 ^(*) / Adjusted EBITDA	2,31	1,10

- **Consolidated Net sales FY 2019 grow to approx. 1.006 M€**, +53 M€ or +5,6% vs FY 2018 (+2,9% at constant perimeter)
 - Distribution is up by abt. 6,7 % despite the downturn of French operations
 - Import & Shipping improves by abt. 1,9%
- **Adjusted EBITDA is up 17,8 % (or +5,8 M€) , from 32,9 M€ to 38,7 M€**
 - Adjusted Ebitda improvement is led by the adoption of IFRS 16 since Jan.19 (+9,8 M€) and by good performances of Import & Shipping (+2 M€), offset by Distribution's operation (- 5,1 M€ mainly due to French activities)
- **Adjusted EBITDA margin stands at 3,8%**, improving of abt. 40 bps. vs the same period last year (due to IFRS 16 effect)
- **Adjusted EBIT decreases to abt. 13 M€**, due to decremented operating performances
- **Adjusted Net profit stands at 5,3 M€** , excluding non-recurring items
- **Total Equity is close to 151 M€**, the period net profit is almost balanced by dividends paid
- **Net Financial Position Excl. IFRS 16^(*) is less than 67 M€** (Net Debt) or 126,9 M€ including IFRS 16 adoption :
 - Positive Cash generation from continuing operations
 - Slight overall reduction of commercial working capital
 - Operating capex close to 25,3 M€ due to investments in distributing facilities and dry-docking of 2 vessel
 - M&A activity absorbs 17 M€
 - abt. 2 M€ of dividends paid by the parent company

(*) Data excluding the effect of IFRS 16 adoption, consisting chiefly in the recognition of incremental Adjusted Ebitda and NFP of respectively 9,8 M€ and 60 M€.

Distribution BU : M&A 2019

SEVIMPOR

TARGET DESCRIPTION:

- Active in banana ripening (mainly canary Island bananas) and distribution of fresh F&V;
- 1 logistic platform of a abt. 2.000 M2, equipped with 19 ripening cells, several cool rooms and a packing area;
- Total sales FY 2018 abt.12 M€, with an **Adjusted EBITDA of 450 K€** and NFP of 650 K€ (net debt).

TRANSACTION CONDITIONS:

- Acquisition of 100% finalized in **January 2019** by HFL, the Spanish subsidiary of Orsero Group;
- Purchase price **1,5 M€**.

- Sevimpor is fully integrated within the Group.
- The strategic view has been completed with an additional new logistic platform in Sevilla.
- The merger into Hermanos Fernández López is planned in 2020.

FRUTTICA GROUP

TARGET DESCRIPTION :

- Integrated in the supply-chain of imported fresh fruit, most notably Italian produce (grapes 50% of volumes);
- 1 logistic platform of a abt. 1.450 m2, equipped with 150 m2 of cool storage;
- Sales FY 2018 abt. 24 M€, equal to abt. 20.000 tons marketed, with an **Adjusted EBITDA of 2,5 M€**. Neutral NFP.

TRANSACTION CONDITIONS:

- Acquisition of 100% finalized in **May 2019**, carried on by the French subsidiary of Orsero, AZ France;
- Purchase price **10 M€** (plus an Earn-out 2020-21 of 0,4 M€), of which 8 M€ already paid, remaining 2 K€ to be paid in 2 installments in May. 2020-2021.

- The integration of Fruttica within the Group is ongoing.
- The aim is to create synergies on products and customer base.
- Fruttica and AZ France are sharing the same leadership team.

FRUTTITAL CAGLIARI

TARGET DESCRIPTION:

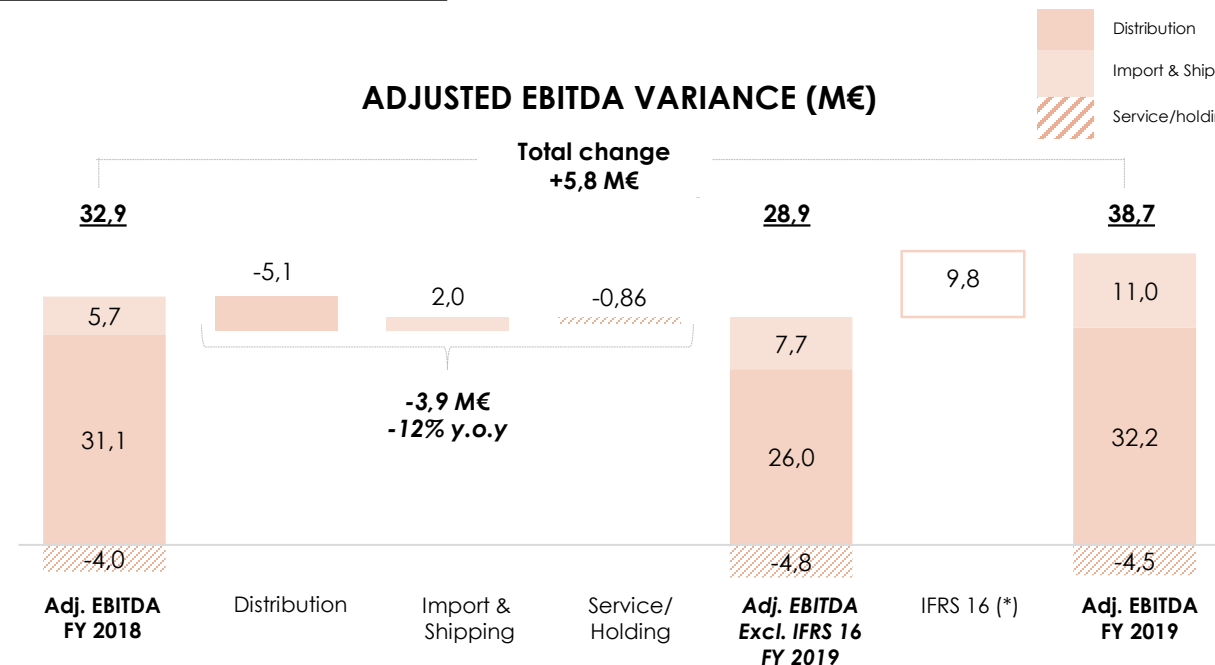
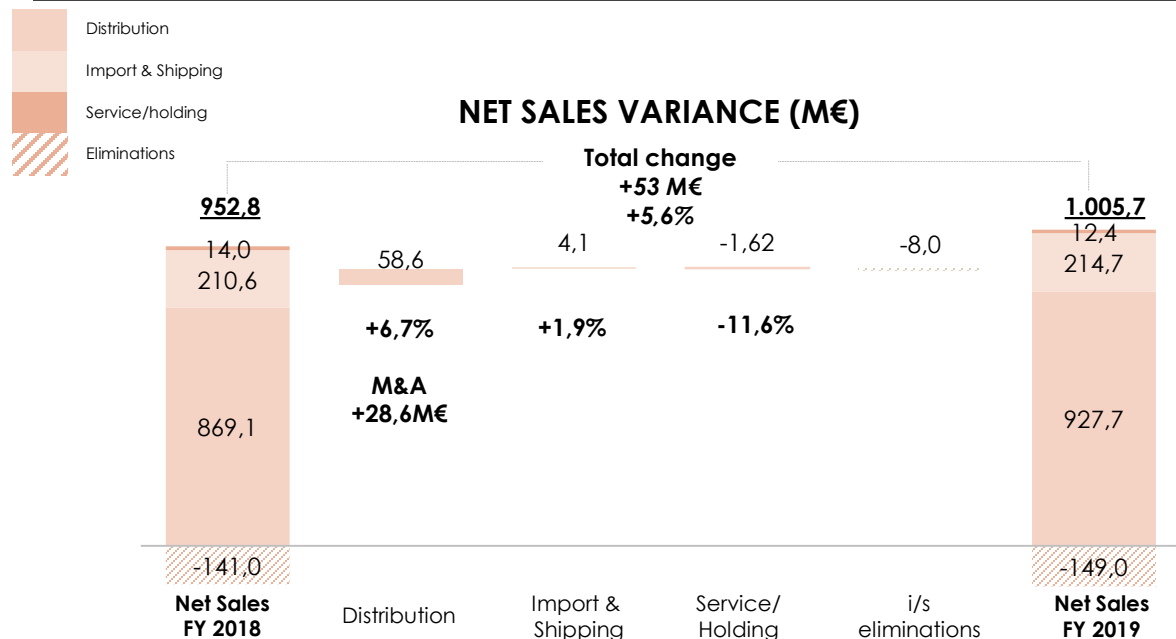
- **Fruttital Cagliari S.r.l. (Sardinia, Italy)** is active in banana ripening and distribution of fresh F&V.
- 1 logistic platform and 1 point-of-sale in a General Wholesale Market.
- Avg. sales 2018-2017 are abt.16 M€, with an average **Adjusted EBITDA of 1,2 M€** and neutral NFP

TRANSACTION CONDITIONS:

- Acquisition of remaining 75% finalized in **July 2019** via Fruttital S.r.l., the main Italian subsidiary of Orsero Group.
- Purchase price abt. **5,1 M€**, of which 4,05 M€ already paid, remaining 1,05 M€ to be paid after 12 month

- The company is fully integrated within the Distribution business in Italy.
- The merger into Fruttital is planned in 2020.

Net Sales and Adj. Ebitda FY 2019



Net sales FY 2019 overtake the 1 billion € mark, total increase of abt. 53 M€ or **+ 5,6%** including M&A.

- **Distribution** is up abt. 6,7%, including M&A(**) /3,5% at constant perimeter
 - ▶ Good sales momentum in Spain and Italy
 - ▶ Declining sales in France
- **Import & Shipping** up 1,9%,
 - ▶ increased transported volumes for shipping services of 3rd parties
- **Service/Holding** sales are declining due to lower custom agency services and to divestment from of a small container services company (VCS)
- Inter-segment eliminations are 8 M€ higher than last year

Adjusted EBITDA FY 2019 is 38,7 M€, up 5,8 M€ vs LY:

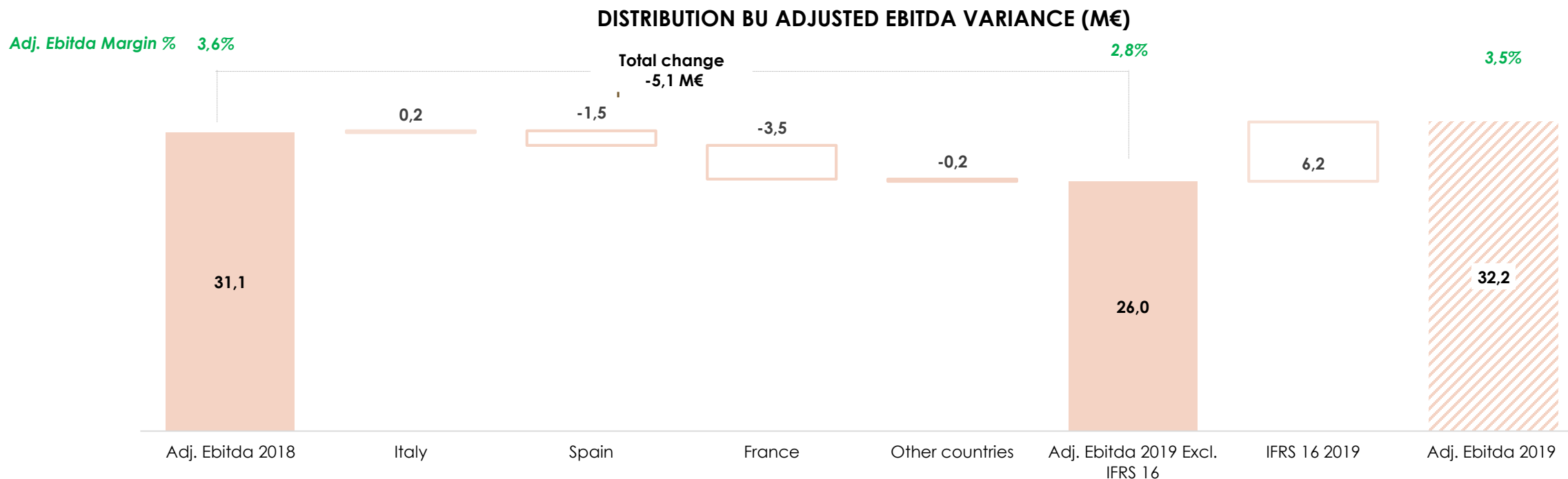
- **Distribution** Adj. Ebitda Excl. IFRS 16(*) **declines by 5,1 M€** :
 - ▶ French subsidiary AZ reports a shortfall of >5 M€ vs LY, as lower sales/margins of H1 were followed by lower than expected results in the very last part of H2
- **Import & Shipping** Adj. Ebitda Excl. IFRS 16 (*) **improves by 2 M€** :
 - ▶ better freight rate in USD and increased carried volumes (load factor ~94%)
 - ▶ Efficiency due to new sailing schedule in abt. 35 days for the round trip instead of 28 days
- **Service/Holding** Adj. Ebitda Excl. IFRS 16 (*) is **down by 0,9 M€** due to higher holding costs (mainly marketing and professional expenses),
- **IFRS 16(*)** adoption has a **positive effect of 9,8 M€**

Adjusted EBITDA margin is abt. 3,8 % or 2,9 % excluding IFRS 16(*)

(**) Pro-rata revenues of companies acquired in 2019, net of I/co eliminations, amount to 28,6 M€ (Sevimpor from Jan.19, Fruttica from Apr.19 Fruttital Cagliari from July 19).

(*) Data excluding the effect of IFRS 16 adoption, the incremental Adjusted Ebitda is 9,77 M€ and consists of: 6,17 M€ Distribution BU, 3,28 M€ Import & Shipping BU and 0,32 M€ Service BU.

Distribution BU focus on Adj. Ebitda

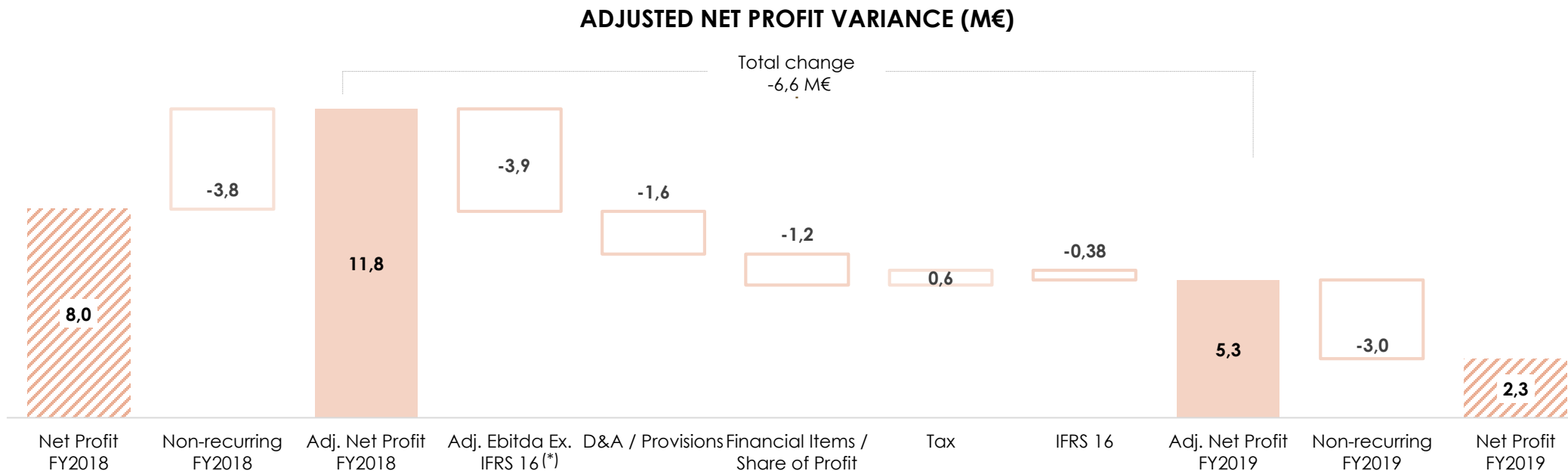


Distribution Adj. Ebitda Excl. IFRS 16(*) declines by 5,1 M€ :

- **Italy** substantially unchanged
- **Spain** declines by 1,5 M€ as a consequence of lower but still good performances of HFL (Adj. Ebitda margin 3%) , balanced by the incremental Ebitda of 2019 acquisition Sevimpor
- **France is down by 3,5 M€** due to unexpected and unsatisfactory profitability of AZ France, related to some counter seasonal campaigns (e.g. pears, pomelo, avocado and citrus) coupled with operating issues (i.e. a fire in the Rungis/Paris warehouse; problems in external cool storage facility), partially offset by the positive contribution of Fruttica
- **Other countries (Portugal, Greece, Mexico)** unchanged as Mexican avocado activities balanced a slight reduction in profitability in Portugal and Greece
- M&A contribution of 3 M€

(*) Data excluding the effect of IFRS 16 adoption, the incremental Adjusted Ebitda is 9,77 M€ and consists of: 6,17 M€ Distribution BU, 3,28 M€ Import & Shipping BU and 0,32 M€ Service BU.

Consolidated NET PROFIT

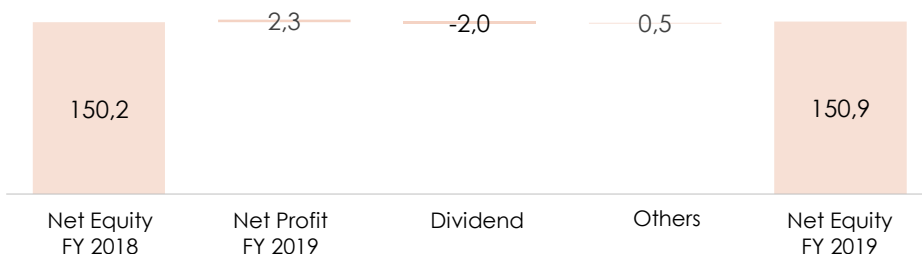


- **Adjusted Net Profit FY 2019**, excluding the non recurring impact and their tax effect, **stands at 5,3 M€**,
 - 6,6 M€ less than last year, primary due to lower operating margin and higher D&A and financials costs
- Non-recurring adjustments FY 2019 equal to a loss of 3 M€, net of tax, mainly due to
 - one-time costs related to Simba duty litigation (see press release on 10 July 2019)
 - other non-recurring costs mainly related to MTA/Star listing process and M&A activity
 - Consolidated Net Profit for FY 2019 is abt. 2,3 M€

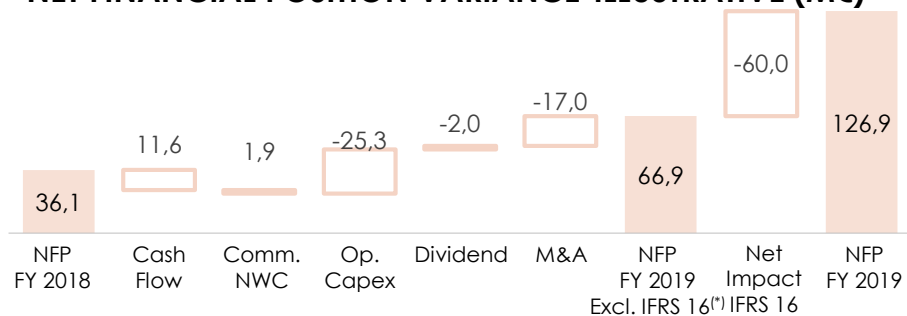
(*) Data excluding the effect of IFRS 16 adoption, consisting chiefly in the recognition of incremental Adjusted Ebitda and NFP of respectively 9,8 M€ and 60 M€.

Consolidated NET EQUITY and NFP

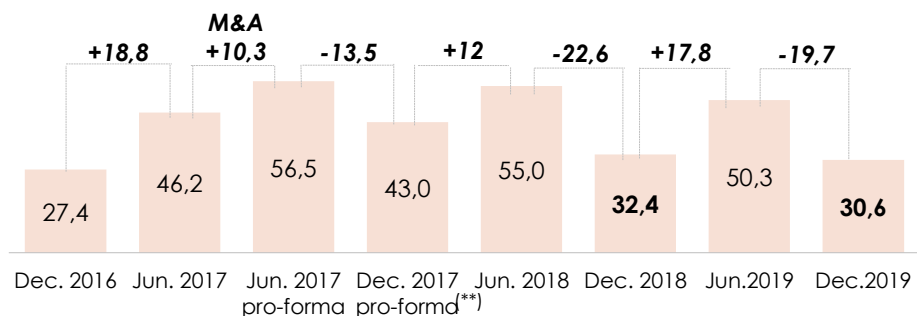
NET EQUITY VARIANCE (M€)



NET FINANCIAL POSITION VARIANCE-ILLUSTRATIVE (M€)



COMMERCIAL NWC - SEASONAL EVOLUTION (M€)



- Total Shareholders' Equity is almost 151 M€:
 - Net profit of the period contributes of circa 2,3 M€
 - dividend paid in May 2019 of abt. 2 M€ (0,12 €/share for each outstanding ordinary shares excluding treasury shares)
 - Other equity effects for a comprehensive positive impact of + 0,5 M€ (including MTM impact of hedging instruments)
- At the end of Dec. 2019, the Group NFP excluding the impact of IFRS 16^(*), is equal to abt. 66,9 M€, or 126,9 M€ including IFRS 16:
 - Positive cash flow generation, abt. 12 M€
 - Commercial net working capital reduction by 1,9 M€ to 30,6 M€
 - ▶ Seasonal NWC swing followed usual path, cash absorption in H1 and release at the end of H2 (see NWC evolution on the right)
 - Operating Capex, in excess of 25 M€, comprises several investments in core activities:
 - ▶ 1,8 M€ fresh-cut project in Italy;
 - ▶ 3,3 M€ for dry-docking of 2 vessels;
 - ▶ 3,2 M€ for new ripening rooms and cooling equipment in France (Rungis-Tours);
 - ▶ 2,2 M€ (included taxes) for the purchase of an instrumental property of a warehouse in France previously leased
 - ▶ 3,2 M€ for the preparation of the new warehouse of Dos Hermanas in Spain;
 - ▶ 4,3 M€ first tranche of Verona warehouse enlargement and refurbishment
 - ▶ 1M€ EPR Project
 - Cash dividend paid by the parent company abt. 2 M€
 - 2019 Acquisitions (*Sevimpor, Fruttica Group, Fruttital Cagliari*) for 17 M€

(*) Data excluding the effect of IFRS 16 adoption, consisting chiefly in the recognition of incremental Adjusted Ebitda and NFP of respectively 9,8 M€ and 60 M€.

(**) 2017 Pro forma data take into account all the effects of the acquisition carried on during the year 2017. Limited to this purpose, the acquired companies have been assumed fully controlled from Jan. 1, 2017.

OUTLOOK



NEW BUSINESS SEGMENTS 2020

Business Unit reshuffle implemented since 1/1/2020:

- **Distribution: also** the companies active in the **import of bananas and pineapples** (especially Simba) join the BU
- Import & Shipping: as a consequence of the above described reallocation, the BU is renamed "**Shipping**", being now concentrated exclusively on ship owning, serving the Group and third parties (approx. 50% -50%)
- **Services: unchanged**, except for the divestiture from a small company in the container maintenance business (VCS).

This reorganization reflects the increasing **interconnection** between the **banana and pineapple import business and the distribution business**: 85% of the revenues relating to this business are developed through the Group's distribution network; in addition.

The new business segmentation will bring a simplification in the understanding of the BU data, reducing the amount of intra-segment revenues originated in the past from Simba and, thus, the elimination among Group's different BU's.

SHIPPING

- The sector is made up essentially of Cosiarma (ship owning company) and its subsidiary in Costa Rica.
- It mainly deals with the **reefer maritime transport of bananas and pineapples** between Central-South America and South Europe (mainly carried out with owned ships), as well as some marginal activities such as the transport of dry containers and the management of a container park for third parties .
- The shipping business is ancillary to the importation of bananas and pineapples. ~ 50% of transported volume, while the remaining space is sold to 3rd parties.

DISTRIBUTION

- Under this BU are gathered the companies operating in the **distribution of wide range of imported and local fresh produce** through a **distinctive geographical presence** in Southern – EU.
- The distribution network consists of more than **20 ripening centres, logistic platforms for cool storage and re-packing** of fruit and veg, along with **5 fresh cut processing facilities** and several **sales outlets in wholesale markets**.
- The group is also directly present in the **export of avocados from Mexico** by means of a small farm and of an important packing house.
- The **Import of banana and pineapple** is the main integrated supply-chain within the Group, providing 52-weeks a year the distributing companies thanks to a network of **long-term relationships with main independent producers** in Central-South America.

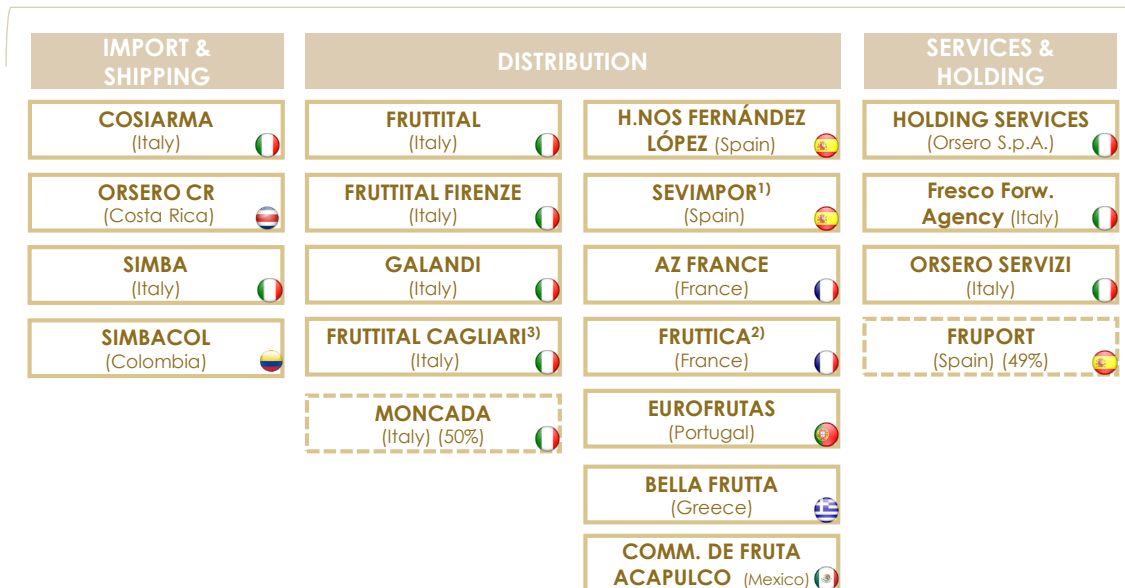
SERVICE

- the Service segment is residual and comprises the parent company Orsero (strategic coordination and promotion/marketing of "F.lli Orsero" brand) and some companies engaged in providing ancillary services (ICT and Customs clearance).

Condensed Company structure

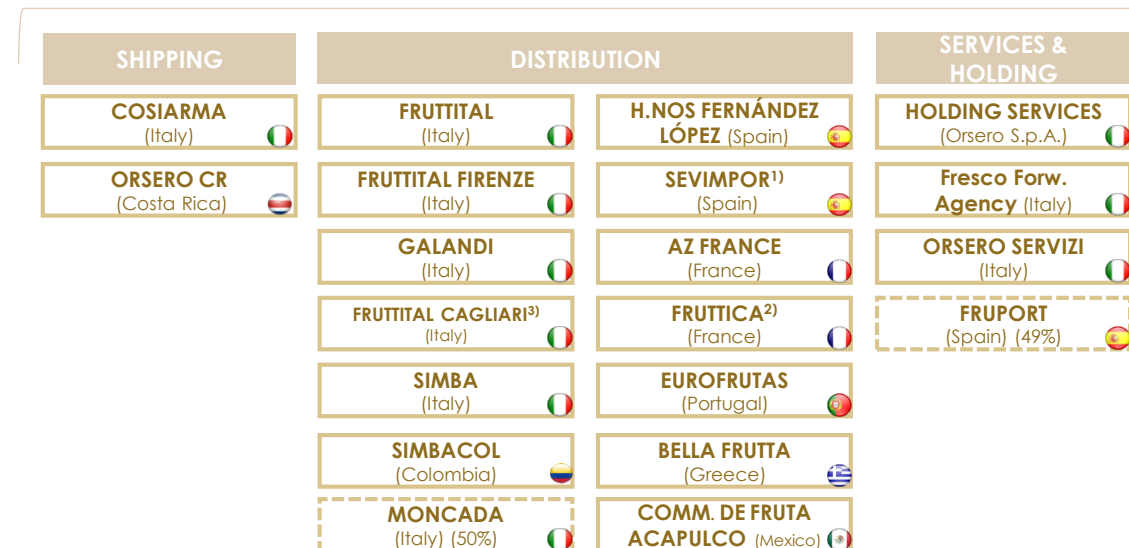
OLD BUSINESS SEGMENTS UP 31.12.2019

ORSERO SPA



NEW BUSINESS SEGMENTS FROM 01.01. 2020

ORSERO SPA



Line by Line Consolidation

Equity Method

- Over the period 2020-2021, in a continuous efforts to streamline the organization chart, the following simplification will be implemented :
 - *Sevipor* to be merged into **Hermanos Fernández López**
 - *Fruttital Firenze*, *Galandi* and *Fruttital Cagliari* to be merged into **Fruttital**

Note: This slide is an illustrative and simplified company structure showing only the main operating subsidiaries/associates/joint ventures of Orsero Group. If not otherwise specified the companies are intended as wholly owned by the Group.

(1) Acquisition of 100% finalized in Jan. 2019. Line-by-Line consolidation from 1 Jan 2019.

(2) Acquisition of 100% finalized in May 2019. Line-by-Line consolidation from 1 April 2019.

(3) Acquisition of 75% finalized in Jul. 2019 (25% already owned by the Group). Line-by-Line consolidation from 1 July 2019.

KEY NUMBERS

- **Net Sales** between € 1.030 million and € 1.050 million;
- **Adjusted Ebitda excluding IFRS 16** effect between € 37.5 million and € 39.5 million
 - including the IFRS 16 effect between € 44.5 million and € 46.5 million
- **Net Financial Position** (Dec. 2020) excluding IFRS 16 effect between € 70 million and € 75 million
 - including the IFRS 16 effect between € 100 million and € 105 million.

DRIVERS

The expected results for 2020 are based on **four main drivers**:

- **Organic growth** of the Distribution BU in addition to the effect of the consolidation for the full year of the acquisitions made in 2019 (Fruttica and Fruttital Cagliari);
- **Recovery** in profitability on the **French market**, after a significant drop in 2019;
- **Further improvement** in the performance of the **Shipping** business;
- Maintaining a **sound financial position**
 - NFP/ Adjusted EBITDA ratio abt. 2X(*)

(*) It does not include the effect of the application of the accounting principle IFRS 16; the ratio including the application of IFRS 16 is expected to be less than 2.5X.

Distribution BU : 2020 Purchase of 4 industrial properties in Italy

PROPERTIES DESCRIPTION

- The buildings have a total area of approx. **34,200 square meters** and are located in Milan, Verona, Rome and Molfetta (BA).
- The buildings are already deployed as logistic platform by Fruttital, the main distributing company of Orsero Group, under a lease agreement (stipulated in 2015 and expiring in 2035) at an **annual rent of approx. € 2.1 million.**

Location	Total surface (sqm)	Appraisal CBRE (K€)	Purchasing Price (K€)	Discount
Verona	14.081	23.430	17.020	-27,4%
Milano	5.880			
Roma	6.188			
Molfetta (BA)	8.069			
Total	34.218			

TRANSACTION CONDITIONS

- Acquisition of 4 properties was **finalized in January 2020** though Fruttital;
- Purchase price **17 M€**, plus charges and taxes, paid at the sign off.
- This disbursement was financed, for an amount of € 15 million, through a ten-year mortgage loan and, for the remaining part, with the Group's own resources deriving from the recently made sale of a non-instrumental and non-income building.
- The selling party, Nuova Beni Immobiliari S.r.l., is a related party of Orsero since its shareholders' are also shareholders of FIF Holding. Given the size of the transaction, it is qualified as a "transaction of greater importance with related party". In this respect, an information document pursuant to art. 5 of Consob Regulation no. 17221/2010 is available to the public on the corporate website (www.orserogroup.it).

ECONOMIC AND FINANCIAL IMPACT

- The NFP including the effect of IFRS 16 will decrease by abt. 10 M€ due to the difference between the "right of use" value of the properties (equal to approx. 27.5 M€) and the consideration (indicated above) for the purchase of the properties.
- Adjusted Ebitda excl. IFRS16 will increase by 2,1 M€ but is neutral in respect to the Adjusted Ebitda including IFRS 16.
- Net result will benefit by abt. 0,8 M€ from the positive difference between the incremental costs connected to the ownership of the Properties (property taxes, depreciation etc.) compared to the decrement of leases previously paid.
- On the period 2020-2035 the overall benefit will be on average abt. 1 M€/year.

M€	Main effects:		Total effect
	IFRS 16	NO IFRS 16	
Adjusted EBITDA	-2,1	+2,1	=
Net Financial Position	-27,5	+17,7	-9,8
<i>Adjusted EBITDA excl. IFRS 16</i>		+2,1	+2,1
<i>Net Financial Position Excl. IFRS 16</i>		+17,7	+17,7

Mid-long term strategy

ORSERO

The Group's strategy is to keep focusing on its core business, with particular regard to fresh fruit and vegetables, strengthening its competitive position in southern Europe, while maintaining a solid financial and asset structure.

DISTRIBUTION SEGMENT

In the coming years, the Distribution BU revenue growth drivers will be:

- **organic growth**, which in turn is based on some development guidelines:
 - ▶ **limited but steady increase of consumption** of fresh Fruit and Vegetables,
 - ▶ **consolidation** of the **European distribution** market,
 - ▶ development of products with a greater level of "**convenience**"/ **service** such as fresh-cut fruit, portioned and prewashed fruit, exotic fruit and fresh smoothies.
- **growth by external lines**:
 - ▶ **acquisitions in the distribution sector**;
 - ▶ investment in companies specialized in **market segments or high potential product lines**, e.g. berries.
- **reduction of the dependence on bananas**, by increasing the weight of the other products.
- **Import, to maintain the current position in green banana and pineapples**,
 - ▶ search for attractive partnerships with growers
 - ▶ monitoring of EUR/USD exchange rate;

Medium-long term: increase from ~1% to ~10% the share of distribution sales from all **new and added-value product** families

SHIPPING

Shipping, to **preserve the value of the ship** and trying to **mitigate the exposure to the operational risks** of this activity:

- execution of the mandatory maintenance cycles (Dry-dock),
- Reduction of fuel consumption,
- BAF Clause (freight rate adjustment on fluctuation of fuel costs)

IMO – MARPOL 2020(*), is effective from 1 Jan. 2020:

- the Group's refer vessels are burning bunker fuel compliant with new regulations (i.e. Sulphur content <0,5%)

(*) Environmental regulation promoted by the IMO to curb Sulphur emission, further information to the link: <http://www.imo.org/en/mediacentre/hottopics/pages/sulphur-2020.aspx>

APPENDIX



Consolidated INCOME STATEMENT

Amounts in €/000	a		b		c = a + b			
	31/12/2019 No IFRS 16	%	IFRS 16 Effect	Reported 31/12/2019	%	Reported 31/12/2018	%	
Net sales	1.005.718	100,0%	-	1.005.718	100,0%	952.756	100,0%	
- cost of goods sold	(928.398)	-92,3%	784	(927.614)	-92,2%	(874.801)	-91,8%	
Gross Profit	77.320	7,7%	784	78.105	7,8%	77.956	8,2%	
- overheads	(67.935)	-6,8%	242	(67.693)	-6,7%	(67.016)	-7,0%	
- other income and expenses	(2.045)	-0,2%	12	(2.033)	-0,2%	412	0,0%	
Operating Result (Ebit)	7.340	0,7%	1.038	8.378	0,8%	11.352	1,2%	
- net financial items and exch. rate	(3.209)	-0,3%	(1.414)	(4.623)	-0,5%	(2.461)	-0,3%	
- net result from equity investments	959	0,1%	-	959	0,1%	1.163	0,1%	
- Share of net profit of associated and JV	751	0,1%	-	751	0,1%	1.187	0,1%	
Profit before tax	5.841	0,6%	(375)	5.465	0,5%	11.241	1,2%	
- tax expenses	(3.201)	-0,3%	-	(3.201)	-0,3%	(3.239)	-0,3%	
Net profit from continuing operations	2.640	0,3%	(375)	2.264	0,2%	8.002	0,8%	
- Net profit of "discontinued operations"	-	-	-	-	-	-	-	
Net profit	2.640	0,3%	(375)	2.264	0,2%	8.002	0,8%	
- attributable to non-controlling interests	246	-	(3)	242	-	29	-	
- attributable to parent company	2.394	-	(372)	2.022	-	7.974	-	
INCOME STATEMENT ADJUSTMENTS:								
ADJUSTED EBITDA	28.929	2,9%	9.777	38.706	3,8%	32.857	3,4%	
D&A	(14.969)	-1,5%	(8.738)	(23.707)	-2,4%	(13.673)	-1,4%	
Provisions	(2.046)	-0,2%	-	(2.046)	-0,2%	(1.706)	-0,2%	
LTI Plan	-	0,0%	-	-	0,0%	(2.142)	-0,2%	
Non recurring Income	820	0,1%	-	820	0,1%	279	0,0%	
Non recurring Expenses	(5.395)	-0,5%	-	(5.395)	-0,5%	(4.263)	-0,4%	
Operating Result (Ebit)	7.340	0,7%	1.038	8.378	0,8%	11.352	1,2%	

(*) Data excluding the effect of IFRS 16 adoption, the incremental Adjusted Ebitda is 9,77 M€ and consists of: 6,17 M€ Distribution BU, 3,28 M€ Import & Shipping BU and 0,32 M€ Service BU.

Consolidated STATEMENT of financial position

Amounts in €/000	31/12/2019 No IFRS 16	IFRS 16 Effect	31/12/2019 Reported	31/12/2018 Reported
- goodwill	46.828	-	46.828	32.975
- other intangible assets	5.145	-	5.145	5.057
- tangible assets	122.109	59.612	181.722	103.145
- financial assets	8.117	-	8.117	8.919
- other fixed assets	5.401	-	5.401	6.080
- deferred tax assets	9.122	-	9.122	9.277
Non-Current Assets	196.724	59.612	256.336	165.453
- inventories	36.634	-	36.634	35.838
- trade receivables	121.439	-	121.439	109.360
- current tax receivables	16.971	-	16.971	17.210
- other current asset	11.066	-	11.066	9.014
- cash and cash equivalent	56.562	-	56.562	76.285
Current Assets	242.672	-	242.672	247.706
Assets held for sale	-	-	-	-
TOTAL ASSETS	439.396	59.612	499.008	413.160

Amounts in €/000	31/12/2019 No IFRS 16	IFRS 16 Effect	31/12/2019 Reported	31/12/2018 Reported
- share capital	69.163	-	69.163	69.163
- reserves	79.036	-	79.036	72.567
- net result	2.394	(372)	2.022	7.974
Group Equity	150.593	(372)	150.221	149.704
Non-Controlling Interest	714	(3)	710	475
TOTAL SHAREHOLDERS' EQUITY	151.307	(375)	150.931	150.178
- non-current financial liabilities	79.676	51.907	131.583	82.984
- other non-current liabilities	349	-	349	482
- deferred tax liabilities	5.216	-	5.216	5.451
- provisions for risks and charges	4.345	-	4.345	2.697
- employees benefits liabilities	9.422	-	9.422	8.559
NON-CURRENT LIABILITIES	99.008	51.907	150.915	100.173
- current financial liabilities	43.816	8.081	51.897	29.387
- trade payables	127.523	-	127.523	112.751
- current tax and social security liabilities	6.400	-	6.400	7.316
- other current liabilities	11.343	-	11.343	13.354
CURRENT LIABILITIES	189.081	8.081	197.162	162.808
Liabilities held for sale	-	-	-	-
TOTAL LIABILITIES AND EQUITY	439.396	59.612	499.008	413.160

Segment reporting highlights - FY 2015-2019

NET SALES

Net sales	FY 2015	FY 2016	FY 2017^(**)	FY 2018	FY 2019	FY 2019	FY 2019
M€			pro-forma		reported	IFRS 16	Excl. IFRS 16
Distribution	490,1	555,7	851,6	869,1	927,7		927,7
Var. y.o.y.		13,4%	53,2%	2,1%	6,7%		6,7%
Import & Shipping	227,4	233,8	218,0	210,6	214,7		214,7
Var. y.o.y.		2,8%	-6,8%	-3,4%	1,9%		1,9%
Service	14,3	13,5	13,4	14,0	12,4		12,4
Var. y.o.y.		-5,7%	-0,8%	4,8%	-11,6%		-11,6%
Inter Segment (*)	(114,4)	(118,0)	(145,1)	(141,0)	(149,0)		(149,0)
Net Sales	617,4	685,0	937,8	952,8	1.005,8	0,0	1.005,8
Var. y.o.y.		10,9%	36,9%	1,6%	5,6%		5,6%

ADJUSTED EBITDA

Adjusted EBITDA	FY 2015	FY 2016	FY 2017^(**)	FY 2018	FY 2019	FY 2019	FY 2019
M€			pro-forma		reported	IFRS 16	Excl. IFRS 16
Distribution	11,1	15,7	29,1	31,1	32,2	6,2	26,0
Adj. Ebitda Margin %	2,3%	2,8%	3,4%	3,6%	3,5%		2,8%
Import & Shipping	21,5	24,9	7,1	5,7	11,0	3,3	7,7
Adj. Ebitda Margin %	9,5%	10,6%	3,2%	2,7%	5,1%		3,6%
Service/Holding	(4,4)	(5,4)	(4,8)	(4,0)	(4,5)	0,3	(4,8)
Adj. Ebitda	28,2	35,2	31,3	32,9	38,7	9,8	28,9
Adj. Ebitda Margin %	4,6%	5,1%	3,3%	3,4%	3,8%		2,9%

(*) Intersegment eliminations are for the vast majority attributable to the sales of bananas and pineapples sourced by the Import & Shipping Segment to the Distribution Segment.

(**) 2017 Pro forma data take into account all the effects of the acquisition carried on during the year 2017. Limited to this purpose, the acquired companies have been assumed fully controlled from Jan. 1, 2017.

Implementation of IFRS 16 – leases

IFRS 16-Leases main features:

The standard, effective for annual account beginning after 1 January 2019, has the following implications:

- Setting a single model for lessees, removing the distinction between operating and finance leases, recognizing all leasing on the balance sheet through an asset representing the rights to use the leased item and a liability for the obligation to make lease payments.
- Changing the nature of the costs related to the leases, replacing the accounting of the costs for operating leases with the amortization of the right of use and the financial charges arising from the lease as net borrowing

IFRS 16 impact on 2019 (*):

- **Adjusted EBITDA** is significantly higher (+9,8 M€) than under the previous accounting standards as expenses related to operating leases are no longer included.
- **Net profit** decreases slightly (-375 K€) due to incremented financial expenses.
- **Invested Capital and Net Financial Position** will be higher to take into consideration the Rights of use of assets (59,6 M€) and the corresponding Liability (60 M€).

As far as Orsero Group is concerned, the impact is significant given the existence of *numerous concession and/or lease contracts for warehouses and sales outlets* on the general wholesales markets, as well as *operating leases on the reefer container fleet* used by the maritime company.

In the table on right, the details by nature of asset as of 31 December 2019.

Thousands of euro	Lands and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Carrying amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Balance at December 31, 2018	-	-	-	-	-
<i>Change of year:</i>					
Reclassification at January 1, 2019	56.073	312	7.108	1.470	64.962
Consolidation perimeter changes	237	-	-	-	237
Investments	1.288	-	4.053	652	5.994
Disposal - carrying amount	(3.021)	-	-	-	(3.021)
Disposal - accumulated depreciation	179	-	-	-	179
Depreciations	(5.234)	(81)	(2.809)	(614)	(8.738)
Carrying amount	54.577	312	11.161	2.122	68.171
Accumulated depreciation	(5.055)	(81)	(2.809)	(614)	(8.559)
Balance at December 31, 2019	49.522	230	8.352	1.508	59.612

(*) Estimated impact, unaudited, subject to possible material changes.

DEFINITIONS & Symbols

- Y.o.y. = year on year,
- Abt. = about
- Adjusted ebitda = Earning Before Interests Tax, Depreciation and Amortization excluding non-recurring items and figurative costs related to LT incentives
- AGM = Annual General Meeting
- Approx. = Approximatively
- BAF = Bunker Adjustment Factor
- BC = Business Combination
- BoD = Board of Directors
- Bps. = basis points
- BU = Business Unit
- D&A = Depreciations and Amortizations
- EBIT = Earnings Before Interests Tax
- EBITDA = Earnings Before Interests Tax Depreciations and Amortizations
- Excl.= exuding
- F&V = Fruit & Vegetables
- FTE = Full Time Equivalent
- FY = Full Year
- H1 = first half (i.e. period 1/1/2019 – 30/6/2019)
- H2= second half (i.e. period 1/7/2019-31/12/2019)
- HFL = Hermanos Fernández López S.A.
- I/S = Inter Segment
- LFL = Like for like
- LTI = Long- Term Incentive
- M&A = Merger and Acquisition
- MLT = Medium Long Term
- MTM = Mark to market
- NFP = Net Financial Position, if positive is meant debt
- NS = Not significant
- PBT = Profit Before tax
- Plt. = Pallet
- PY = previous year or prior year
- SPAC = Special Purpose Acquisition Company
- TTM = Trailing 12 months
- **M** = million
- **K** = thousands
- **€** = EURO
- **, (comma) = separator of decimal digits**
- **. (full stop) = separator of thousands**



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