
Barilla Danmark A/S

Annual Report 2016

Sankt Annæ Plads 13, 3. sal.
1250 København K

CVR-nr. 62 87 41 12

The Annual Report was presented and
adopted at the Annual General
Meeting of the Company on 28/04/2017



Cristiano Alocci

Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	3
Independent Auditor's report	4
Management's Review	
Company information	7
Review	9
Financial Statements	
Income Statement for 1 January - 31 December	10
Balance Sheet 31 December	11
Notes to the Annual Report	12
Accounting policies	14

Management's Statement

The Board of Directors and the Executive Manager have today discussed and approved the annual report of Barilla Danmark A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's activities for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 3 April 2017

Executive Manager

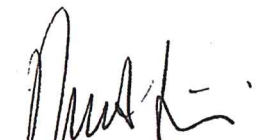


Matteo Vigo

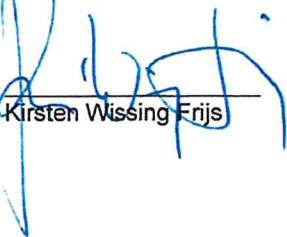
Board of Directors



Cristiano Alocci
Chairman



Roberto Soresini



Kirsten Wissing Frijs



Matteo Vigo



Independent auditor's report

To the shareholder of Barilla Danmark A/S

Opinion

We have audited the financial statements of Barilla Danmark A/S for the financial year 1 January – 31 December 2016, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view



Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 3 April 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'ME', is written over the printed name and title.

Martin Eiler
State Authorised
Public Accountant

Company Information

The Company

Barilla Danmark A/S
Sankt Annæ Plads 13, 3. sal.
1250 København K

Phone: +45 44 91 96 00

Fax: +45 44 91 38 49

Internet: www.barilla.dk

Central Business Registration No: 62 87 41 12

Financial period: 1 January – 31 December

Registered in: Copenhagen

Board of Directors

Cristiano Alocci, Chairman
Roberto Soresini
Kristen Wissing Frijs
Matteo Vigo

Executive Manager

Matteo Vigo

Company auditors

KPMG P/S
Dampfærgevej 28
2100 København Ø

Lawyers

Advokat Kirsten Frijs
c/o advokatfirmaet J. Korsoe Jensen
Sankt Annæ Plads 13, 3
DK 1250 Copenhagen K

Banker

Handelsbanken
Amaliegade 3
DK-1256 København K

Consolidated Financial Statement

The Company's Parent Company is Barilla Sverige AB, Stockholm, Sweden. The Company's ultimate Parent Company, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary is Barilla Holding S.p.A

The Group Annual Report may be obtained at the following address:

Barilla Holding Società per Azioni, Via Mantova 166, 43122 Parma, Italy

Business review

Primary activities

The Company sells crisp bread, pasta and other related products.

Development

The income statement of the Company for 2016 shows a profit of DKK 510.207 and as at 31 December 2016 the balance sheet of the Company shows Equity of DKK 2 042.421.

The crisp bread category had a negative development during 2016. The total category decreased by around 0,6% both in value and volume. This was mainly driven by a negative performance of the private label and main competitors. The Wasa brand had a good performance, growing both in volume (+1,7%) and value (+0.9%) and being able to increase market share in 2016 on 2015 (+1,6 percentage points).

Meal Solution (Pasta and Sauces) performance declined on 2015. Delisting of sauces in COOP at the beginning of the 2016 made it difficult to be able to grow the meal solution business in the Danish market. Nonetheless, Barilla sales had a positive trend in Dansk Supermarket, which should support the future of Barilla pasta and sauces in the Danish Market.

Net sales increased in 2016 due to higher volume sales and a higher value product mix (more bakery and less meal solution). Bakery increased in unit sales and also benefited from a better product mix, while Meal Solution declined in total sales, and resulted in a disadvantageous product mix due to sauce delisting.

The increase in Distribution and Selling costs comes mainly from an increase in the commission to our Distributor. Marketing expenses have decreased in comparison to 2015 due to the loss of Meal Solution distribution in the market.

Expectation for the upcoming year

For 2017, sales trends should have a slightly positive outlook. The crisp bread category is expected to recover from a negative year. Wasa is expected to continue to grow in sales and in market share. Meal Solution relaunch plans will be implemented during 2017 in order to build the Barilla brand in the pasta and sauce categories.

Income statement for 2016

	<u>Notes</u>	<u>DKK 2016</u>	<u>DKK 2015</u>
Net sales		115.924.649	112 847.306
Cost of sales		<u>(81.131.916)</u>	<u>(77.719.305)</u>
Gross profit		34.792.733	35.128.001
Distribution and selling expenses		(17.730.942)	(16.447.892)
Marketing expenses		(14.444.809)	(17.752.631)
Administration costs		(1.780.641)	(1.478.523)
Other operating income/expense		<u>(188.539)</u>	<u>190.693</u>
Operating profit/(loss)		647.802	(360.352)
Financial expenses	1	<u>(137 595)</u>	<u>(143.499)</u>
Net result before taxes		510.207	(503.851)
Income tax of the year	2	<u>0</u>	<u>0</u>
Net result of the year		510.207	(503.851)
Allocation of profit/(loss) of the year			
Proposed dividend for the year		<u>0</u>	<u>0</u>
Transfer to Retained earnings		510.207	(503.851)

9

Balance sheet as at 31.12.2016

Assets

	<u>Notes</u>	<u>DKK 2016</u>	<u>DKK 2015</u>
Trade receivables		31.699.007	29.812.654
Total receivables		<u>31.699.007</u>	<u>29.812.654</u>
Cash and cash equivalents		17.347.192	13.951.384
Current assets		<u>49.046.199</u>	<u>43.764.038</u>
Total assets		<u>49.046.199</u>	<u>43.764.038</u>

Liabilities and equity

Share capital		500.000	500.000
Retained earnings		1.542.421	1.032.214
Total equity	3	<u>2.042.421</u>	<u>1.532.214</u>
Trade payables		6.966.107	7 683.106
Payables to group companies		34.841.043	26.504.044
Other payables		5.196.628	8.044.674
Short-term liabilities		<u>47.003.778</u>	<u>42.231.824</u>
Liabilities and provisions		<u>47.003.778</u>	<u>42.231.824</u>
Liabilities and equity		<u>49.046.199</u>	<u>43.764.038</u>

Notes to the Annual Report

1. Financial expenses

	DKK 2016	DKK 2015
Interest paid to group enterprises	(107.150)	(95.513)
Other financial expenses	(7.243)	(3.893)
Exchange rate loss	(23.202)	(44.093)
	(137.595)	(143.499)

2. Tax on profit/loss for the year

The taxation charge in the income statement that would arise at the standard rate of corporation tax is reconciled to the actual tax charge as follows:

	DKK 2016	DKK 2015
Tax calculated on earnings before tax	112.246	(118.405)
Non-deductible costs and non-taxable income	5.264	6.132
Effect from change in tax rate	0	7.166
Non-capitalized deferred taxes	(117.509)	105.107
	0	0

Unrecognised deferred tax assets amount to DKK 2.573.858. The basis for the unrecognised deferred tax assets includes tax losses of DKK 11.699.354.

3. Equity

2016

	Share capital	Retained earnings	TOTAL
Equity as at January 1	500.000	1.032.214	1.532.214
Net profit/loss for the year	0	510.207	510.207
Equity as at December 31	500.000	1.542.421	2.042.421

Ownership

The share capital consists of 18 shares of a nominal value of DKK 500 or any multiple herof. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the shares capital.

Barilla Sverige AB, Stockholm, Sverige/Sweden

4. Related parties

The company's related parties are other entities that are members of the same Group. Transactions with related parties were carried out under arm's length conditions.

Q

m

Accounting policies

Basis of Preparation

The Annual Report of Barilla Danmark A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Accounting policies

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Distribution and selling costs

Distribution and selling costs comprise costs incurred to distribute goods sold during the year and other selling expenses, including costs relating to sales staff.

Marketing costs

Marketing costs comprise costs incurred to conduct sales campaigns, advertising and exhibitions

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Other operating income/costs

Other operating income/costs comprise items secondary to the activities of the entities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consist of current tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. Taxable income is assessed according to the national rules and regulations. Deferred tax is not recognized in balance sheet and therefore no adjustment in deferred taxes recognized in income statement.

Balance Sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

ea

m