Annual Report 2019

Barilla
The Italian Food Company. Since 1877.

Annual Report 2019

Barilla
The Italian Food Company. Since 1877.

Deputy Chairman Paolo Barilla with Gaetano Benedetto, Director General of WWF Italy, at the presentation of “LA CARTA DEL MULINO”, the sustainable agriculture specification that launched the Buongrano biscuit.

“La Carta del Mulino” was presented at the Castiglione delle Stiviere (Italy) plant and its guidelines used to produce the first Buongrano made with 100% soft wheat flour from sustainable agriculture.

April 2019

Summary

"Give people food you would give to your own children"
Pietro Barilla

From left: Claudio Colzani (Chief Executive Officer and General Manager), Paolo Barilla (Deputy Chairman), Luca Barilla (Deputy Chairman), Guido Barilla (Chairman).

Chairman’s letter

2019 was a year of economic contraction for Italy and some other global economies. Despite this scenario, in 2019 the Barilla Group continued to grow, investing in innovation and in the quality of its products and production processes and strengthening itself in an increasingly challenging, competitive and macro-economically depressed scenario.

Today we can report that the Group's net turnover reached 3,627 million euros, a 4% increase on the previous year (+3% net of the exchange rate effect).

Globally, in the Meal Solutions business, pasta maintained its market positions, with excellent results in the premium segment. Positive results were also recorded for both bakery and sauces, despite the fact that both categories faced an expansion in competition and competitors.

Italy performed excellently in the bakery business, which grew in terms of volume and value thanks to the strengthened offer in the “Better for You” ranges and product initiatives.

Volume and value increases were also recorded in France, Germany and Russia, as well as the United States, which remains our main non-European market.

The growth stems above all from our long-term vision and the consolidation of our strategic lines, thanks to our strong market position, well represented by our mission: ***Good for You, Good for the Planet***. The constant improvements to the nutritional profiles of our products and ***carbon neutrality*** for the Wasa, GranCereale and Harrys brands are just two of the results achieved in this respect.

After a solid start in terms of market performance in 2020, the outbreak of the pandemic caused by Covid-19 created a strong structural discontinuity in our business but, thanks to the ability and quality of our people and the prompt action taken to adapt to the new business and market context, we reacted immediately, facing this new challenge with determination and courage, thus managing to guarantee the full operation of the company in all our regions.

The scenario we face is still uncertain, but our solidity, our values, the strength of our brands and the organization's ability to manage critical situations will allow us to face this difficult situation as effectively as possible.

Parma, April 2020

Guido Barilla

Barilla celebrates Ames, IA, pasta plant expansion
Barilla executives including CEO Claudio Colzani joined the celebrations: "Barilla began U.S. production in Iowa in 1998, and we haven't looked back. Our continued investments in this facility reflect our deep commitment to the Ames community".
April 2019


lant Expansion Grand Opening Celebratio

Directors and officers

BARILLA INIZIATIVE S.p.A

Board of directors

Chairman
Guido Maria Barilla

Deputy chairmen
Luca Barilla
Paolo Barilla

Chief executive officer
Claudio Colzani

Directors
Emanuela Barilla
Gratian Anda
Nicolaus Issenmann
Andrea Pontremoli
Antonio Belloni

Board of statutory auditors

Chairman
Mario Tardini

Auditors
Alberto Pizzi
Augusto Schianchi

BARILLA G. E R. FRATELLI S.p.A

Board of directors

Chairman
Guido Maria Barilla

Deputy chairmen
Luca Barilla
Paolo Barilla

Chief executive officer and General Manager
Claudio Colzani

Directors
Emanuela Barilla
Antonio Belloni
Nicolaus Issenmann
Andrea Pontremoli

Board of statutory auditors

Chairman
Augusto Schianchi

Auditors
Mario Tardini
Marco Ziliotti

Independent auditors
KPMG S.p.A.

Barilla’s history in a nutshell, since 1877

«I STARTED WORKING WHEN I WAS THIRTEEN YEARS OLD. MY FATHER WOULD SEND ME WITH OUR HANDCART TO FETCH A FEW SACKS OF FLOUR, WHICH WERE THEN TRANSFORMED INTO BREAD IN OUR OLD SMALL BRICK OVEN. AFTER A FEW YEARS, IN A SMALL SHOP, WITH THE HELP OF MY SISTERS AND MY MOTHER WHO WORKED AT THE COUNTER, WE SOLD THE BREAD THAT MY FATHER AND I PRODUCED BY WORKING FOR UP TO 18 HOURS A DAY»

Riccardo Barilla

«IT IS MY BELIEF THAT THE THREE CHARACTERISTICS OF A BUSINESSMAN ARE COURAGE, INTUITION, AND OPTIMISM. I THINK THAT THE ENTREPRENEUR HAS AN IMPORTANT ROLE TO PLAY NO MATTER WHAT HIS FIELD. BUT THE FOOD SECTOR HAS A SPECIFIC ROLE, I WOULD CALL IT A DEEPER AND MORE CHALLENGING ONE, BECAUSE FOOD GOES OUT TO EVERYONE: TO CHILDREN, TO THE ELDERLY, TO FAMILIES. FOOD HAS THIS SENSITIVITY, THIS IMPORTANCE FOR THE HEALTH OF PEOPLE»

Pietro Barilla

«THE ITALIAN NUTRITIONAL MODEL IS THE ESSENTIAL POINT OF REFERENCE FOR HEALTHY EATING HABITS, FOR THE RESPECT AND PROTECTION OF THE NATURAL RESOURCES OF OUR PLANET AND FOR SAFEGUARDING THE RIGHTS OF FUTURE GENERATIONS»

Guido, Luca and Paolo Barilla

«I DON'T THINK OF A GREAT COMPANY IN TERMS OF SIZE, I THINK IT SHOULD BE GREAT FOR THE VALUES AND TRUST THAT INSPIRES»

Paolo Barilla

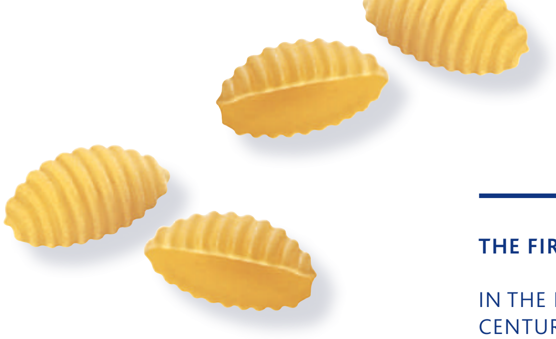
«IT IS IMPORTANT TO UNDERLINE THAT, IF BARILLA AFTER MANY YEARS MANAGED TO BECAME AN ESTIMATED AND WELL REPUTED COMPANY, IT IS ALSO BECAUSE IT HAS ALWAYS BEEN COMMITTED TO CREATE WELLBEING FOR THE ENTIRE COMMUNITY.»

Luca Barilla

«THE BRAND MUST BE ABLE TO BUILD RELATIONSHIPS, NOT JUST TRANSACTIONS, WITH CONSUMERS; AND OUR FUTURE IS DEPENDENT ON OUR CONTINUING TO CREATIVELY RENEW THE WAY WE COMPETE»

Guido Barilla

THE HISTORY OF BARILLA



THE BEGINNINGS

1877

THE BARILLA ADVENTURE STARTS

THE BARILLA STORY BEGINS IN 1877 WITH PIETRO BARILLA, IN A BREAD AND PASTA SHOP IN THE CENTRE OF PARMA.

THE FIRST FACTORY OPENED

IN THE EARLY YEARS OF THE 20TH CENTURY, THE FOUNDER WAS SUCCEEDED BY HIS SONS RICCARDO AND GUALTIERO. THE FIRST FACTORY OPENED, EMPLOYING 100 WORKERS AND PRODUCING 80,000KG OF PASTA A DAY, AND IN THE SAME YEAR BARILLA REGISTERED ITS FIRST TRADEMARK: A LITTLE BOY CRACKING AN EGG YOLK INTO A FLOUR TROUGH.
AFTER THE DEATH OF HIS FATHER AND BROTHER, RICCARDO BARILLA STEERED THE COMPANY'S GROWTH IN THE TWENTIES AND THIRTIES.
IN 1936, PIETRO, RICCARDO'S SON, ENTERED THE COMPANY AND BEGAN DEVELOPING ITS COMMERCIAL NETWORK.

1910

RICCARDO AT THE HELM OF BARILLA

POST WORLD WAR II YEARS

1947

GIANNI AND PIETRO AT THE HELM OF THE COMPANY

AFTER RICCARDO BARILLA'S DEATH IN 1947, HIS SONS PIETRO AND GIANNI TOOK THE REINS OF THE COMPANY, DEVELOPING MODERN PRODUCTION SYSTEMS AND ENGAGING IN INTENSE BUSINESS COMMUNICATION AND ADVERTISING ACTIVITIES.

THE PEDRIGNANO (PARMA) FACTORY IS BUILT

IN THE EARLY SIXTIES, BARILLA BECAME A LIMITED COMPANY. IT HAD 1,300 EMPLOYEES AND 200 SALESPEOPLE.
IN 1965, BARILLA ENTERED THE PACKAGED BAKERY PRODUCTS MARKET FOR THE FIRST TIME, WITH THE PRODUCTION OF BREADSTICKS AND CRACKERS.
IN 1969, THE PEDRIGNANO (PARMA) FACTORY WAS BUILT, THE LARGEST PASTA PRODUCTION PLANT IN THE WORLD, WITH A PRODUCTION CAPACITY OF 1,000 TONS A DAY.

1958 1970

BARILLA ITALIAN LEADER

THE MULINO BIANCO ERA BEGIN

1975

MULINO BIANCO IS CREATED

1975 SAW THE LAUNCH OF MULINO BIANCO, A NEW BAKERY PRODUCTS LINE, INCLUDING BISCUITS, BREAD SUBSTITUTES AND SNACKS, CHARACTERIZED BY AUTHENTICITY AND RECIPES WITH NATURAL INGREDIENTS, USING THE EXPERIENCE
BARILLA HAS GAINED IN CENTURIES OF CEREAL PROCESSING.

THE RELAUNCH

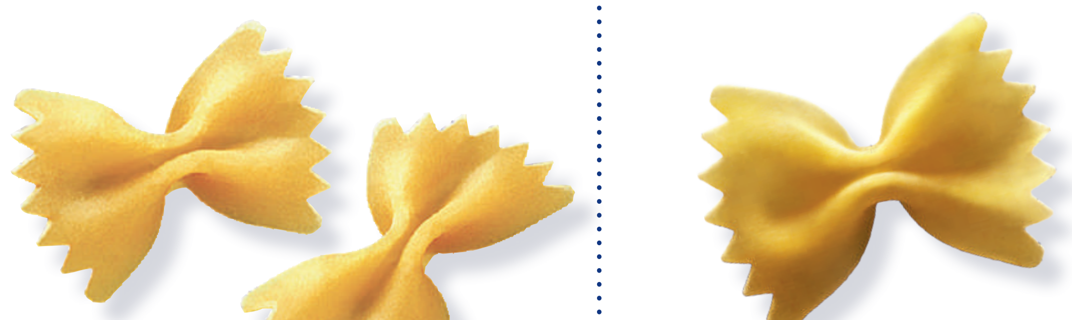
IN 1979, PIETRO BARILLA RETURNED TO THE HELM OF THE COMPANY. THE HISTORIC RE-ACQUISITION COINCIDED WITH THE RESUMPTION OF A LONG-TERM INDUSTRIAL AND ADVERTISING STRATEGY, BASED ON THE IDEA OF RE-LAUNCHING PASTA AND THE ITALIAN FIRST COURSE AND DEVELOPING THE OFFER OF BAKERY PRODUCTS.

GUIDO, LUCA AND PAOLO AT THE HELM OF THE COMPANY

IN 1993, AFTER THE DEATH OF PIETRO BARILLA, LEADERSHIP OF THE COMPANY PASSED INTO THE HANDS OF HIS SONS GUIDO, LUCA AND PAOLO.

1979 1993

THE RETURN OF PIETRO BARILLA



THE HISTORY OF BARILLA

THE INTERNATIONAL EXPANSION

2000

IMPORTANT ACQUISITIONS

THE NINETIES AND THE FIRST DECADE OF THE NEW MILLENNIUM WERE CHARACTERIZED BY A STRONG INTERNATIONALIZATION PROCESS, WITH THE GROWTH OF BARILLA'S PRESENCE IN EUROPEAN AND US MARKETS, THE OPENING OF NEW PRODUCTION PLANTS AND THE ACQUISITION OF IMPORTANT BRANDS SUCH AS PAVESI (ITALY), MISKO (GREECE), FILIZ (TURKEY), WASA (SWEDEN), YEMINA AND VESTA (MEXICO), LIEKEN (GERMANY) AND HARRYS (FRANCE).

CREATION OF THE BARILLA CENTER FOR FOOD AND NUTRITION

THE YEAR 2009 SAW THE LAUNCH OF THE BARILLA CENTER FOR FOOD AND NUTRITION (BCFN), A MULTIDISCIPLINARY RESEARCH CENTRE COMMITTED TO THE PROMOTION AND DEBATE OF TOPICS RELATED TO FOOD AND NUTRITION.

2010

BCFN

EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA

2016

IN **2016** BARILLA CONTINUED ITS GEOGRAPHICAL EXPANSION IN BRAZIL, MIDDLE EAST AND RUSSIA, CONFIRMING AT THE SAME TIME ITS STRENGTH IN THE US AND IN THE EMERGING ASIAN MARKETS. THE COMPANY CONTINUED ALSO TO IMPROVE THE NUTRITIONAL PROFILE OF ITS PRODUCTS, REPLACING PALM OIL IN ITS COMPLETE BAKERY PORTFOLIO AND EXPANDING THE RANGE OF WHOLE GRAIN PRODUCTS.

FEEDING THE FUTURE

SINCE 140 YEARS WE ARE PASSIONATE ABOUT PASTA, FROM THE FIELD TO THE TABLE, AND WE ARE COMMITTED TO BRING PEOPLE THE BEST EXPERIENCES: HIGH QUALITY AND TASTY MOMENTS, PRESERVING OUR PLANET.

2017

140 YEARS OF BARILLA HISTORY

INVEST IN THE FUTURE

2018

BARILLA EXPECTS TO INVEST ABOUT 1 BILLION EUROS OVER FIVE YEARS ON ITS INDUSTRIAL ASSETS. ABOUT 60% OF THE INVESTMENTS WILL BE AIMED AT BOOSTING COMPETITIVENESS AND SUSTAINABILITY BY IMPROVING PROCESSES AND TECHNOLOGIES, WHILE OVER 40% WILL SUPPORT INNOVATION AND GEOGRAPHIC EXPANSION.

INDUSTRIAL INVESTMENTS CONTINUE WITH THE CONSTRUCTION OF TWO NEW PRODUCTION LINES AT THE PLANT IN RUSSIA AND THE EXPANSION OF THE AMES PLANT (USA)

BARILLA ENTERS THE CREAM SPREADS MARKET IN ITALY WITH THE NEW PAN DI STELLE CREAM

WASA IS THE FIRST BARILLA GROUP BRAND TO ACHIEVE 100% CARBON NEUTRALITY

2019

CONTINUED GROWTH IN LINE WITH "GOOD FOR YOU, GOOD FOR THE PLANET"

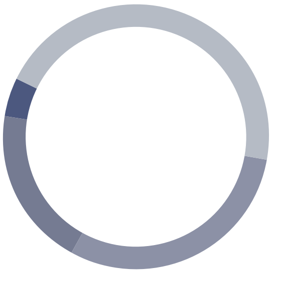
Barilla Group

We were born in Parma in 1877, **more than 140 years ago**, when Pietro Barilla opened a small bread and pasta shop. That moment marked the beginning of a journey of quality and passion that has identified Barilla over the years, leading us to the development of **iconic brands in the food sector.**

TURNOVER (MLN EURO)

2018	2019
3,483	**3,627**

GEOGRAPHICAL AREAS



EMPLOYEES

2018	2019
8,427	**8,481**

Our purpose

We bring to the world joyful and wholesome food habits, coming from clean and responsible supply chains, inspired by the Italian lifestyle and the Mediterranean Diet.

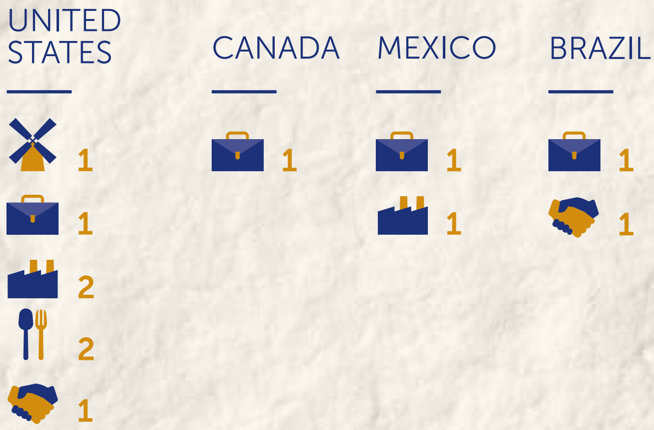
Because food for Barilla is not just food: it is the pleasure you feel, the energy inside you, it is being well for many years to come, it is respect for us and for the planet we live on. With our know-how, with simple and authentic gestures we talk about our only way of doing business: Good for You, Good for the Planet.

We are convinced that a company can only have a long term presence if it is committed to caring for people and the environment every day.

"**Good for You, Good for the Planet**" is Barilla's approach to give its contribution to the 2030 Agenda of the United Nations and the **17 Sustainable Development Goals**.

Barilla worldwide

We have **28 PRODUCTION SITES**, **14 IN ITALY** and **14 ABROAD**.



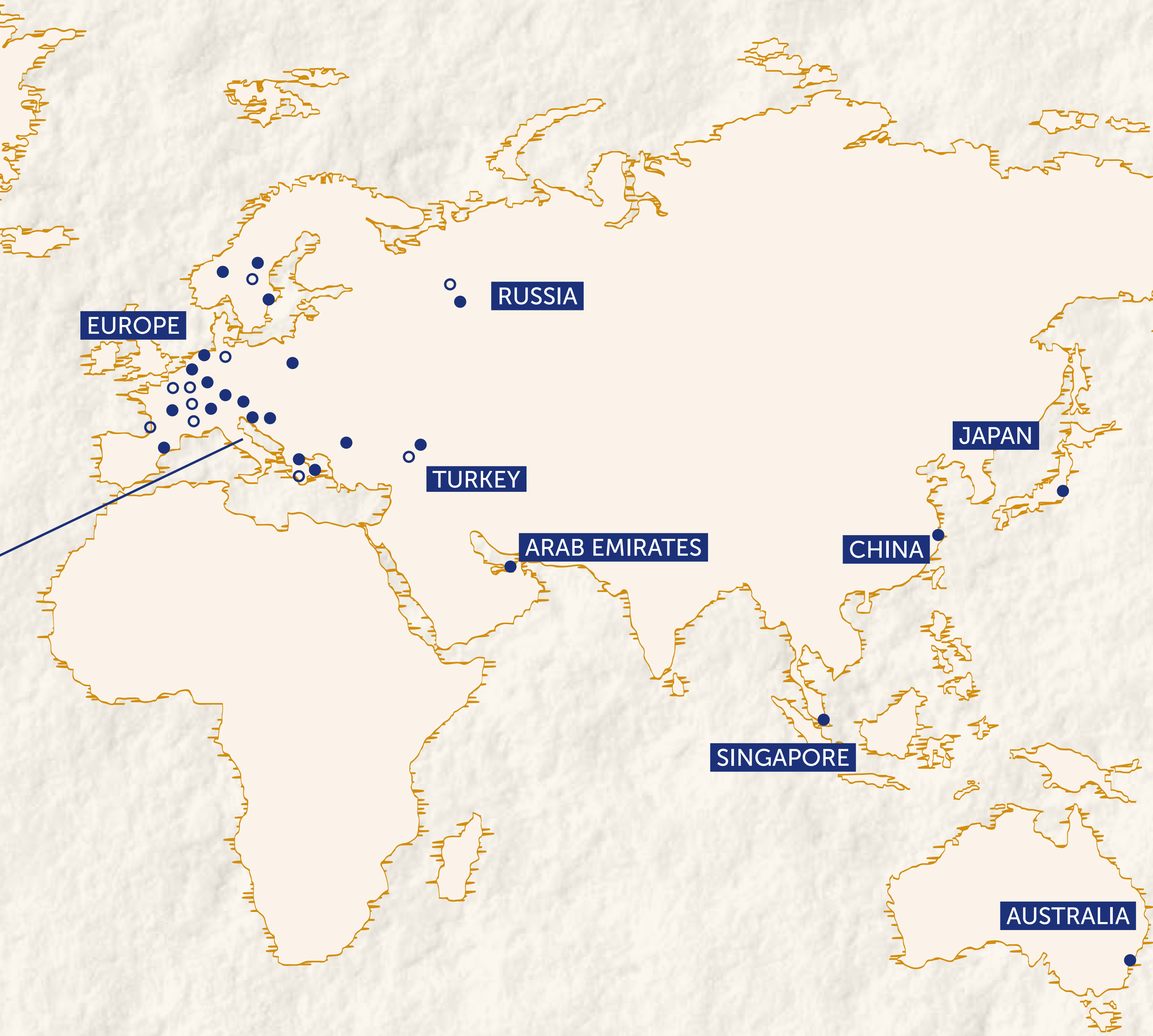
100
COUNTRIES

16
BRANDS

4
CONTINENTS

28
PRODUCTION SITES

14 IN ITALY
14 ABROAD



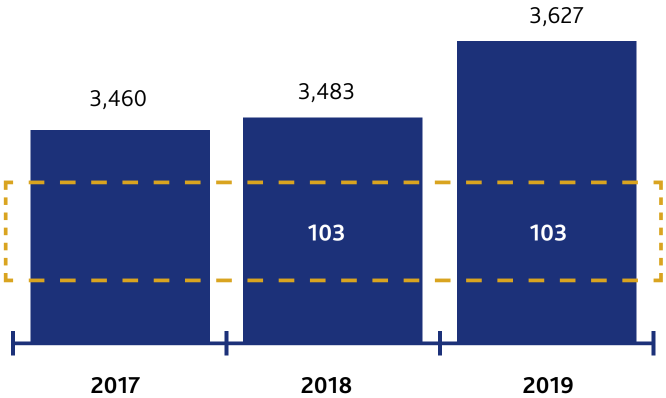
LEGEND

MILLS
PLANTS
OFFICES
RESTAURANTS
CUSTOMER COLLABORATION CENTER

Global growth was 2.9% in 2019. Growth in Italy was more modest, in line with last year and suffered a downturn in the final quarter alongside low inflation and high unemployment. Accommodative monetary policy measures continued with zero interest rates, even in the presence of a lower recourse to incisive fiscal policy due to obvious economic constraints. Persisting international trade tensions hampered growth, Brexit finally took place without however reaching an agreement on post-Brexit trade deals leaving the European Union in a state of decisional unease and unable to move forward.

REVENUES (€/MM)

INDEX vs previuos year net of forex impact



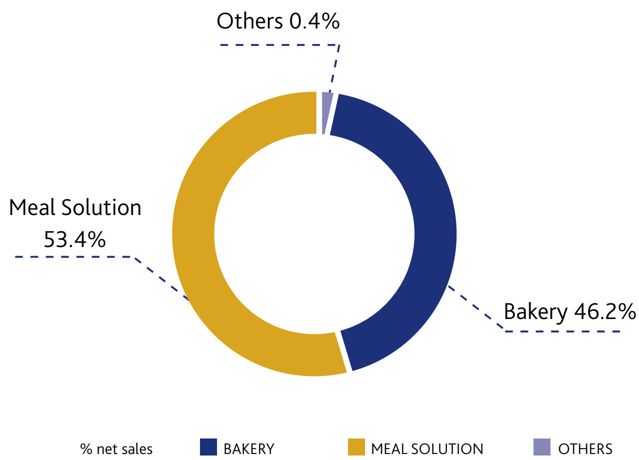
Despite these unfavorable conditions, the Barilla Group succeeded in meeting its growth objectives resulting in increased sales volumes and total revenue of euro 3,627 million, a 4% increase on last year that corresponds to 3% net of the foreign exchange impact.

Growth was positive in the Bakery segment (that had to face a significant increase in competition), in Pasta, which managed to maintain its market position with excellent results recorded by Voiello in the premium pasta segment, and Sauces (this segment also faced strong competition).

The consolidation of the Group's long-term strategy continued in 2019, with particular focus on the following measures:

- The Group continued to strengthen its global sustainability project

Revenues by business area



-Good for You, Good for the Planet (GYGP)- by intensifying its commitment to improving the quality of all of its products (starting with Pasta and Sauces), the progressive expansion of the use of fully recyclable packaging, and setting carbon neutrality targets for the Mulino Bianco and Harrys brands;
- With regard to marketing activities these were intensified in relation to the strategies to support: the premium segment of consolidated products (Pasta), highly innovative products (with the introduction of plant-based protein pasta, sauces and pesto), the Group's global expansion program (Wasa and Russia project), and increased focus on the biscuit segment, in part due to increased competitor intensity, by extending the Pan di Stelle product range;
- A cultural and internal organization revolution took place, implementing new approaches to the multichannel strategies with the aim of introducing consumers, who are increasingly more inclined to change product choices, more effectively and quickly to new categories of branded products as new market forms emerge. From static to dynamic; from mass market to a mass of markets; from one business model to a combination of multiple business models and all part of a value chain that places increasing emphasis on the importance of information;

- The extraordinary investment plan (+70% compared to 2010-2016) made gradual progress (due to the heavy investment in professional resources for project development), resulting in a very limited impact on the net financial position;
- Acquisition of the Zara factory in Muggia (Italy) will be finalized by mid-2020, thus increasing pasta production capacity. The new factory will facilitate the production of new, innovative products.

Transactions involving subsidiaries

The following commentary provides a detailed review of the activities of the individual Group companies and Barilla Iniziative S.p.A. ("the Company") in accordance with the disclosure requirements of article 2428 of the Italian Civil Code and article 40 of Legislative Decree 127 of 9 April 1991, modified by L. D. 32/2007.

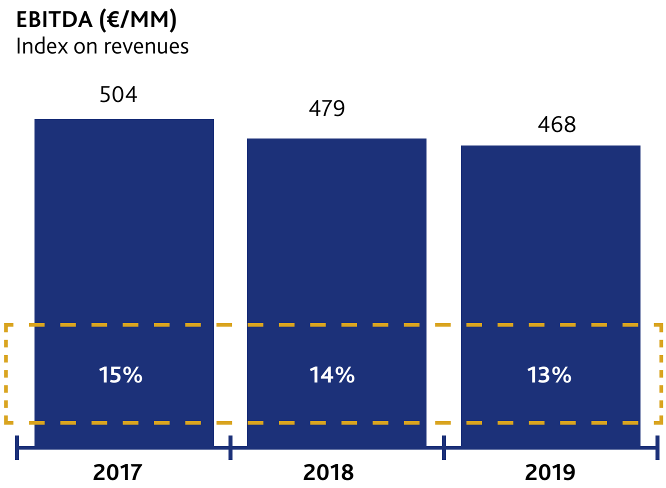
Accounting standards - International Financial Reporting Standards (IFRS)

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards - IFRS (hereinafter IAS/IFRS) endorsed by the European Union. For further detail on the accounting policies adopted, see the Illustrative notes to the Consolidated financial statements.

General information

All amounts are expressed in thousands of euro except where otherwise indicated. All comparisons made throughout this Report and the Consolidated financial statements refer to the financial information for the previous reporting period (disclosed in brackets). Percentages (on margins and changes) are calculated based on the values expressed in thousands of euro.
The Group, of which Barilla Iniziative S.p.A. is the parent company, is defined as "the Barilla Iniziative Group" or "the Group".
Where comments relate specifically to the parent company, or the individual subsidiaries, the full name and legal form of the companies are stated.

Consolidated financial highlights



The results are in line with those of the major international food groups; a slight decrease in EBITDA is due to the extraordinary measures introduced for supply chain optimization.
Profit before income tax amounted to euro 329 million (euro 325 million).

Consolidated profit for the year amounted to euro 267 million, compared to a profit of euro 251 million in 2018.
Consolidated profit attributable to owners of the parent (net of non-controlling interests) amounted to euro 264 million, compared to euro 248 million last year. Profit attributable to non-controlling interests amounted to approximately euro 2 million.
Current and deferred income taxes for the year totaled euro 63 million (euro 74 million); the effective tax rate was 19% (23%).
The Group continued to adopt prudent financial policies given the uncertainty in the financial markets resulting in significant cash generation.
The objective to attain zero indebtedness continued: the Group's net financial position (NFP) was euro 42 million at the end of 2019 despite a euro 32 million negative adjustment following the introduction of the new international accounting standard IFRS 16 that provides guidance on lease accounting. The net financial position was a negative euro 92 million at the previous year end (prior to

Chairman Guido Barilla named Cavaliere del Lavoro by the President of the Italian Republic, Sergio Mattarella

"This recognition is a great honor, which I also accepted on behalf of my brothers Luca and Paolo and which follows the same honor given to my grandfather Riccardo and my father Pietro. I thank all the Barilla People without whom such an achievement would not have been possible".

October 2019

Our brands

The Barilla brand has its roots in a small bread and pasta store opened in Parma in 1877. Today it is the number one pasta in Italy and around the world. Thanks to the best durum wheat and impressive modern technologies, Barilla supplies millions around the world with pasta that always cooks to a perfect al dente texture, as well as ready-to-eat pasta sauces.

Founded in 1975, Mulino Bianco is truly a part of the cultural fabric of Italian food and of the everyday diet of Italian families. This brand offers simple, genuine bakery products in all categories that are perfect for eating at home or on the go.

Voiello was established in 1879 as a small store in Torre Annunziata, a small town outside Naples, a world capital of pasta making since the 16th century. Voiello pasta comes in all the most popular Neapolitan shapes. Its secret is the uneven surface achieved with bronze dies. Voiello was acquired by Barilla in 1973.

The Pavesi brand was established in 1937 by Mario Pavesi, an inventive baker and entrepreneur in the city of Novara. It offers a wide range of bakery products and pastries, all of which have unique flavor and rely on well-developed production technologies.
Pavesi was acquired by Barilla in 1992.

On December 1st, 2013, Barilla opened the company's first restaurants in New York - 6th Avenue 52nd - with the goal of bringing Italian conviviality to the world.

The leading pasta brand in Greece, Misko was established in 1927 and represents Greece's substantial pasta tradition; its logo depicts the monk Akakio on his donkey, going to buy pasta at the village market. Barilla acquired Misko in 1991.

Academia Barilla was set up in 2004 with the aim of promoting Italian gastronomic culture and popularizing the Mediterranean Diet as a healthy and balanced lifestyle.

Established in 1977, Filiz is one of the top pasta producers in Turkey, one of the biggest pasta consuming countries. Barilla acquired Filiz in 1994.

Launched in 1970 on the baked goods market in France, the Harrys brand today is leader in the soft bread market and an important player in the morning goods market. Quality and innovation are two of the most important key success factors.

Founded in Sweden in 1919, Wasa is the world's largest producer of crispbreads. It distributes its many rye and wheat products in more than 40 countries. Barilla acquired Wasa in 1999.

Gran Cereale was founded in 1989 as a Mulino Bianco whole grain biscuit and has grown to become a Barilla brand of whole grain and natural products. Nowadays, the brand offers consumers a wide range of products ranging from Biscuits to Cereals, from Crackers to "Snackbiscotto".

Pan di Stelle was created in 1983 as one of Mulino Bianco's breakfast biscuits. In 2007, with the launch of the snacks and the cake, it began its career as a stand-alone brand to become a trademark in its own right much loved by people everywhere.

Yemina, created in 1952, and Vesta, in 1966, are two of the leading Mexican brands. Barilla entered that market by forming a joint venture with the Mexican Grupo Herdez in 2002.

FIRST is a brand specialized in retail sales services.

Launched in Italy in 2015 via a partnership with Whirpool, CucinaBarilla is a project which offers a "service" comprising a special oven and a series of ready-to-use ingredient kits for the easy preparation of quality recipes.

"I love pasta. I eat it very often. Barilla and I have the same values. It is a family-run company and family is very important to me", says Cori 'Coco' Gauff, a talented young international tennis player with whom Barilla has signed a sponsorship contract.

Coco Gauff is seen here during her visit to the Barilla Headquarters in Parma.

July 2019

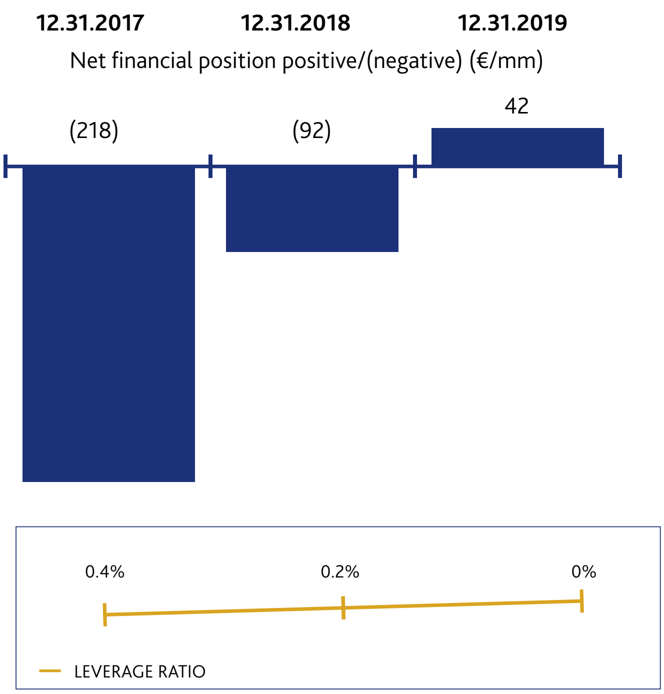
adopting IFRS 16). Further details are set out in the illustrative notes to the consolidated financial statements.

The principal loans in place are:

- Bonds issued by Barilla France S.A.S. totaling USD 125 million, placed with institutional investors in 2011 and divided into tranches (maturing in 2021 and 2023). The bonds, including the related hedging instruments, amounted to euro 85 million at the year-end;
- Bonds issued by Barilla Iniziative S.p.A. totaling USD 335 million, placed with US institutional investors in 2013 and 2015 that mature in 2025 and 2027 respectively. These bonds, including the related hedging instruments valued at mark-to-market, amounted to euro 280 million at the year-end;
- A revolving credit facility that originally was due to mature in January 2023 (with the option to extend for a further two years), was extended in January 2019 to January 2024. Furthermore in January 2020 the option to extend the facility to January 2025 was exercised. The total credit facility amounts to euro 500 million (with an option to increase further to euro 800 million). The borrowers and guarantors remain Barilla Iniziative S.p.A. and Barilla G. e R. Fratelli Società per Azioni, without prejudice to the future assignation to other borrowers within the Group. The credit facility had not been used at 31 December 2019;
- A fixed-term, amortizable loan of euro 200 million maturing in 2024 entered into in May 2019 between Barilla Iniziative S.p.A. and Intesa Sanpaolo S.p.A. The outstanding debt at 31 December 2019 amounted to euro 200 million.

The NFP also includes an investment portfolio created in 2019 that largely comprises Investment Grade bonds in euro with a 5-year average maturity, diversified by sectors and geographical areas. The long-term value of these investments amounted to euro 248 million at 31 December 2019.

The Group's net financial position/EBITDA is as follows:



The Group confirms its ability to generate value while minimizing financial risk.

Group structure and organisation

The Group's investments in its operating subsidiaries are held through the sub-holdings Barilla G. e R. Fratelli Società per Azioni and Finba Bakery Holding GmbH, which focus on the manufacture and sale of pasta, sauces and bakery products both in the domestic and international markets, and IKRG LLC and IKRG LLC OCI, which operate in the development and management of the Restaurants business.

The Group operates directly in 26 countries, exports its products to more than 100 countries and owns 28 production facilities across 9 countries.

Economic scenario

The 2020 economic prospects had been positive, with the expectation of a global economic recovery compared to 2019 in which a slight downturn had been witnessed. With the explosion and spread of the novel coronavirus, COVID-19, everything changed. Initially, compared to the SARS outbreak in 2003, the prospects were not particularly worrying. However, back in 2003, growth recovered quickly as did consumer and business demand.

Unfortunately, the current outlook is very different, not only in terms of the number of deaths (significantly higher than 2003), but in particular for the domino effect on a large part of the international economy following the drastic fall in economic growth in China that currently accounts for almost 20% of the worldwide economy and represents the principal hub of the global production chain. The impact of the downturn in China is already being felt on oil prices, which in turn will transfer this impact on to all other raw materials.

Uncertainties not only surround the impact of the novel coronavirus. International trade disputes that arose in 2019 seem to have eased (following the US-China agreement), also in the wake of the upcoming US elections, alongside the partial cooling of international diplomatic-military conflicts. However, the European Union still faces uncertainties surrounding the new wave of immigrants at the Turkish border, trade agreements post-Brexit, although these would appear to be relatively conciliatory and an acceptable compromise for both sides is expected. The unresolved matters relating to the European Union's internal reform process are of fundamental importance, in particular the banking union.

With regard to Italy, political uncertainty continued throughout 2019, albeit a transitory period prior to the new elections that could anticipate the end of the current legislature. These uncertainties meant that the country's structural issues could not be addressed, such as implementing a robust political reform policy. The economic imbalance persisted with high unemployment, low growth and consumption and the continued delay of investment plans.

It is clear that not only will monetary policy remain expansionary with low interest rates but also that without implementing a recovery plan for public debt, recourse to fiscal measures will not be available, in order to avoid worsening public finances and widening the debt spread.

Traditionally, the food sector is largely unaffected compared to the volatility experienced by other manufacturing sectors due to the stability of food consumption over total expenditure. However this is not a reason to become complacent.

The Barilla Group mission is linked to, and strongly reinforces, its long-term strategy. Sustainability of growth, increase in its products' quality, geographical expansion in areas with high consumption potential, the Group's cultural-organizational revolution alongside progressive digitalization, and diversity & inclusion, continue to represent the pillars that define the Group's future.

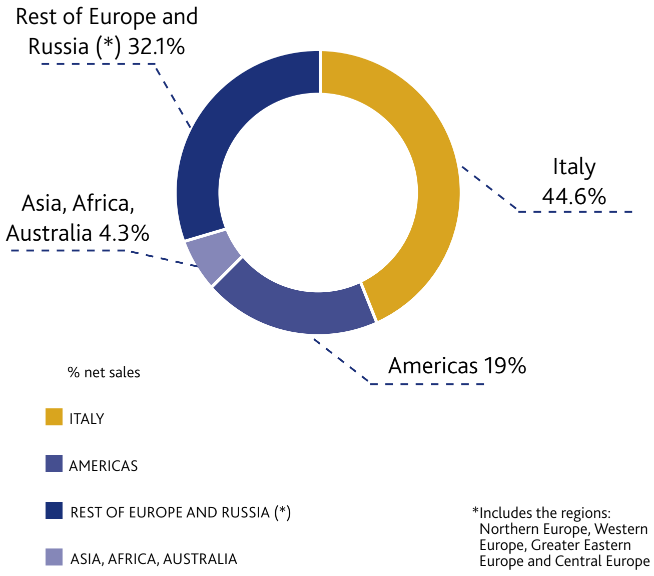
Group operating activities

From a strategic point of view, the Barilla Group confirms its mission to promote growth while pursuing its corporate purpose "Good for You, Good for the Planet".
The structure of the Global Leadership Team is based on the following model:

1. **Regions** that are responsible for ensuring business growth and profitability through the development of Customers and Channels and a solid portfolio of brands and winning product categories for our Consumers while adhering to corporate guidelines:
   - Italy & Group Customer Development;
   - America;
   - Western Europe, comprising France, Iberia (Spain, Portugal), UK, Benelux (Belgium, Holland, Luxembourg);
   - Central Europe, comprising Germany, Switzerland, Austria, Poland;
   - Greater Eastern Europe, comprising:
     a. Eastern Europe markets: Greece, Slovenia, Croatia, South Adriatic (Serbia, Bosnia, Montenegro, Kosovo), Central East (Romania, Hungary, Slovakia, Czech Republic), South East (Albania, Bulgaria, North Macedonia, Cyprus);
     b. Russia & CIS markets.
   - Asia, Africa & Australia;
   - Northern Europe, comprising Sweden, Norway, Finland, Denmark and the Baltics (Latvia, Estonia, Lithuania);
2. **Process Units** that act as global skill centers guaranteeing the alignment of strategies, processes, standards and the development of key capabilities. In order to coordinate global brand development, in 2019 the Marketing function focused on the recentralization of key strategic processes and re-establishing the Job Family on a global scale across the following categories:
   - Meal Solutions, comprising the manufacturing and sale of first courses (pastas and sauces) under the Barilla, Voiello, Misko, Filiz, Yemina, Vesta and Tolerant brands;
   - Bakery, consisting of the production and sale of bakery products principally through the Mulino Bianco, Pan di Stelle, Pavesi, Wasa and Harrys brands.

The Barilla Restaurants business area is responsible for creating and developing the Business to Consumer models and spreading the Italian gastronomic culture and Mediterranean lifestyle throughout the world.

Performances by Region are analyzed below:



Italy Region

Consumer packaged goods performed slightly better in 2019, marking the fifth year of consecutive growth. Growth was driven by food expenditure, in particular fresh products.
Discount and Specialist stores continued to be the most dynamic channels: superstores performed well while large hypermarkets (Hyper > 4,500mq) continued to struggle. The Traditional Trade was also down. Discount stores merit particular attention: they have increased services to compete with supermarkets and take over the role of the local shop.
The trends that represented food growth drivers in recent years slowed or settled down in 2019 (free from, rich-in, gluten free, organic).
Other significant characteristics that influenced domestic consumption include the "Italianness" (currently one product out of four purchases in supermarkets or hypermarkets states the country of origin on the label) and Certifications, an increasingly distinguishing feature for businesses and their products.
With regard to competition, 2019 marked the advance of private brands at the expense of category leaders.
Within this scenario, the Barilla Group enjoyed a positive trend and recorded growth in almost all of the categories in which it operates. The contribution of growth through innovation took on increasing importance.
The Bakery business grew both in volumes and value thanks to strengthening of the product portfolio driven by development of the Better for You & Healthy ranges and, in terms of innovation, the introduction of a new product category, the Pan di Stelle spreadable cream, which has performed beyond expectations.
The growth of the Biscuits and Minicakes categories continued while the Dry Snack category performed particularly well. The Crackers category remained stable and the results of the Rusks and Soft Breads were consolidated this year.
In the Meal Solutions business, Sauces enjoyed continued growth in particular in the pesto segment due to the relaunch of *Pesto alla Genovese*.
In the dried Pasta segment the premium brand Voiello performed particularly well.

America Region

The economies of the relevant markets once again recorded higher growth in 2019 than in the previous year. Within this framework of significant economic growth, total revenue of the America Region increased:

- The United States continues to represent the most important market in the region: Barilla again recorded growth in the Pasta category, increasing its market share in value terms by 1% to 34.2%, thanks to the continued increase in consumption of classic products sold in the iconic Blue Box (durum wheat pasta) and innovative Barilla Premium Pasta products (including Gluten Free, Ready Pasta and the new Legume Pasta), all of which were supported by significant investment in marketing. 2019 was the second year of the 'Masters of Pasta' campaign, which took advantage of this marketing investment with adverts featuring Roger Federer. Barilla experienced a fall in the Sauces segment that was offset by the launch of a new "super-premium" range, Vero Gusto, and the relaunch of the premium range. It is worth highlighting the continued growth of the Pesto line, the undisputed challenger to the Classic range having acquired a 20% market share;
- The market share in the Modern Trade channel in Mexico reached 34.6% in value terms, a 0.1% fall on last year despite the continued support of new product launches and packaging improvements. The Yemina brand suffered following a price increase applied during the year, while the Barilla brand continued to grow thanks once again to the Blue Box, Gluten Free and Collezione ranges;
- in Brazil, the Group strengthened the financial stability of the business despite the negative exchange impact of the Real. This improvement was achieved through price increases that in turn had a negative impact on market share in value terms that fell by 1.1% on last year to 24.5% in the São Paolo area in which the Group's activities are concentrated;
- in Canada, the market value of the Pasta segment in value terms increased to 13% (+0.6%), which is largely due to the continued support of trade and marketing activities.

Western Europe Region

The region continued a seven year growth period, recording a 3% increase in revenue. France, the region's largest market, increased by 4.6% in value terms compared to overall growth of 0.8% and a fall in volume of 1.4%. The brands in France performed well above current trends aided by the 'Better for You' platform and the strong positioning of e-commerce, which currently already represents 9% of total business. Barilla in Belgium recorded more rapid growth than market trends, reaching an 11% market share and strengthening the recently attained leadership position in the Pasta segment. In the Netherlands, Wasa consolidated its market leader position, gaining 3.9% of market share to close at 39.4%. Portugal recorded double digit growth in the Meal Solutions business despite a loss in revenue following the decision to change the business model adopted in the Bakery business.

Central Europe Region

The Region recorded significant growth both in volumes (+9%) and revenue (+7% at constant exchange rates) compared to the previous year, with record high market shares both in the Pasta and Sauces segments in Germany, Switzerland (Sauces) and Poland. Barilla recorded the best performance in terms of total revenue in Germany despite only 0.6% growth in the German economy and the substantially stable dry pasta market in value terms (+1%). Poland recorded 17% growth in revenue that was largely driven by a change in customer mix and strong growth in both Pasta and Sauces.

Greater Eastern Europe Region

With regard to the Eastern Europe markets, growth was recorded across all business categories in 2019, the most dynamic being Bakery and Sauces that increased by 17% and 13% in value respectively. Moreover, the Pasta segment increased by 2% in value while Wasa increased by 36% in value.

With regard to Greece, in 2019 the Group enjoyed accelerated growth in the Premium Pasta and 'Better For You' segments. In particular, the Barilla Premium and 'Better For You' categories continued the positive trend in values in line with the previous year, the Pesto segment increased significantly enjoying a 14% rise in value compared to 2018, the Wasa business performed particularly well with a 70% increase in value compared to last year while the Gran Cereale products fell by 5% in value compared to last year while still remaining profitable.

The Russia & CIS markets increased growth by 17% in volumes and 26% in value in 2019 (at constant exchange rates) compared to the previous year, thus increasing the market share of Barilla brand products and confirming Barilla's position as the third brand in the Russian pasta market, and also reducing the gap with the second brand. It also strengthened its leadership position in value terms and second place in volumes in both Moscow and Saint Petersburg.

An investment project to purchase land on which a mill will be constructed in Russia was approved at the end of 2019 and the related construction contract will be finalized in 2020.

Asia, Africa, Australia Region

2019 was again impacted by market instability caused by the persisting tensions between the United States and China that led to exchange rate volatility, while customs duties and regulatory barriers continued to increase.

In this scenario, demand for consumer goods, in particular niche or premium products, remained high across the whole Asia, Africa and Australia Region. Ecommerce, eco-sustainability and healthy eating are the major trends that influenced the food industry in the Asia Pacific zone in 2019.

In Turkey, despite continued instability in the country's economy and local currency, revenue increased by 28%, at constant exchange rates, compared to 2018, due to a targeted pricing strategy and development of the Food Service channel.

Australia recorded a 10% increase in revenue compared to the previous year, at constant exchange rates, generated by the Pasta, Pesto and Sauces segments that increased market share for the third consecutive year.

In Africa and the Middle East the middle eastern economy in 2019 recorded the poorest performance in recent years, while in the other areas of the region numerous countries witnessed large-scale protests including Algeria, Egypt, Iran, Iraq and Lebanon, arising from economic and political uncertainty that limited Barilla's growth to 2% in volumes and value, at constant exchange rates compared to 2018.

In China, where growth slowed due to trade tensions and limited governmental intervention, Barilla increased revenue by 21% at constant exchange rates, partly due to the boom in e-commerce that doubled revenue in 2019 compared to 2018.

In Japan sales remained sluggish due to strong pressure from local competitors and the stagnant local economy.

Northern Europe Region

Results increased in 2019 compared to the previous year both in volumes (+1%) and revenue (+7% at constant exchange rates).

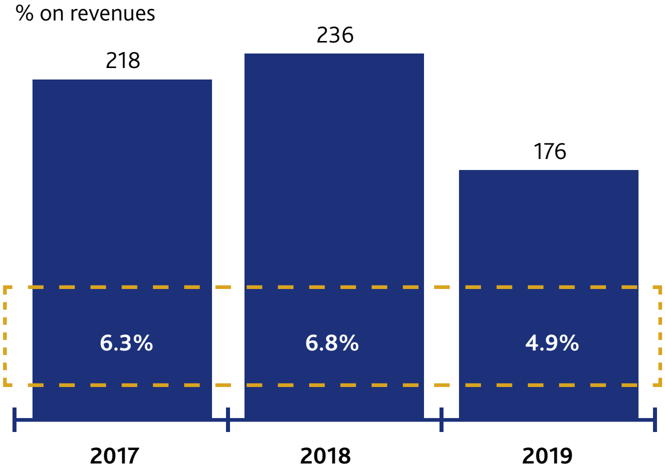
The Meal Solution category continued to grow in the Nordic countries both in volume and revenue and Barilla experienced more rapid growth compared to trends in the category: dry Pasta increased by 5% in volumes and 6% in value while the Sauces category achieved double digit growth (+8% in volumes and +12% in value) compared to 2018. The Crispbread category fell in terms of volumes but was very positive in terms of value due to a shift in the product mix towards higher value products, but in particular to price increases that came into effect in February 2019 to counteract price increases in the principal raw material, rye. The performance of Wasa is in line with this category, with a decrease in volumes (-2% compared to last year) and a significant increase in value (+8%), at constant exchange rates. Market share increased both in volumes and value in both Sweden and Norway, while 2019 was a difficult year for Denmark due to increased competition and management of the distribution network that led to a fall in value (-13%) and volumes (-7%) compared to the previous year. 2019 benefited from the extremely positive performance of the Premium Rounds (3 items) platform and the 'Wasa 100' crispbread that celebrates 100 years since the birth of Wasa.

Barilla Restaurants

The Barilla Restaurants business continued its development plan in 2019 focusing on new initiatives, both strategic and tactical. The unique direct link with the final consumer and the strong awareness of and attention to emerging trends in the restaurant business have been and will be used to inspire the launch of exciting projects in future. From a structural point of view the Barilla Restaurants business continued the simplification process by merging the business with Barilla United States, changing the logo from "Barilla Restaurants" to "Casa Barilla Pasta Kitchen" across both its restaurants, the renovation of the restaurants to facilitate customer orders and the constant reduction of fixed overheads. In 2019 the two "Casa Barilla Pasta Kitchen" restaurants focused on the commitment to "elevate, inspire and explore" the Italian gastronomic experience and Mediterranean lifestyle, providing excellent results and increased revenue, at constant exchange rates, of 12% and 24% in the New York and California restaurants respectively.

Capital expenditure

CAPEX (€/MM)
% on revenues



The objectives of product innovation, increased production capacity and improved efficiency gave rise to Group capital expenditure of euro 176 million, of which euro 3 million relates to new contracts for leased assets entered into during the year. Capital expenditure represented 4.9% of Group turnover.

The main investments comprised:

- Finalizing the expansion of the Ames (America) manufacturing facility for the new pasta production lines and the related packaging equipment;
- Expansion of the production capacity at the Caserta (Italy) factory by installing a new and more efficient short pasta production line, thus increasing capacity and manufacturing flexibility compared to the existing line;
- Increasing production capacity in Germany through the installation of a new 'Wasa Delicate Thin crispbread' production line in the Celle factory and dismantling of the obsolete, existing line in Filipstad;
- Completion of the expansion of the production capacity at the Solnečnogorsk (Russia) plant by installing 2 new pasta production lines in addition to production and packaging equipment for the various pasta shapes, additional moulds and construction work;
- Adapting the production line in Castiglione (Italy) to manufacture Healthy, single-portion, biscuits;
- Expansion of the storage capacity of the Malterie (France) warehouse, at the same time improving safety and the environmental impact;
- Investments made to redesign the packaging of the boxed dry durum wheat pasta in order to make it more flexible and able to meet market demands in terms of quality, achieved through the upgrade of 25 packaging lines across 4 Italian factories;
- Expansion of the storage and flow capacity of the automated product warehouse in Pedrignano (Parma, Italy) continued;
- Replacement of the existing Enterprise Performance Management (EPM) system that manages the planning, management accounting and closing processes;
- Installation of the new trigeneration plant at the Pedrignano factory (Parma, Italy), in order to reduce emissions significantly in line with the Group's mission "Good for You, Good for the Planet".

Corporate Governance and compliance

Group Governance has been established, and consolidated over the years, adopting international best practice and in line with the rules applying to listed companies. The Group's common culture is that of an acute awareness of its responsibilities.
The corporate governance structure of Barilla Iniziative S.p.A. (hereinafter "the Company") consists of the following corporate bodies: the Board of Directors, the Board of Statutory Auditors and the Independent Auditors.
The Board of Directors (BoD) is the body vested with the widest powers possible and is responsible for managing the Company and assessing the adequacy of the organization, administration and accounting functions and the review of the overall operating performance and the adoption of resolutions that require the approval of the BoD pursuant to the articles of association.
The current BoD comprises nine directors (two of whom represent non-controlling interests) whose term of office expires at the next General Meeting of Shareholders (GSM) called to approve the 2019 Annual Report.
The Board of Statutory Auditors, appointed by the GSM, oversees compliance with the law and the articles of association, on matters involving compliance with the principles of correct administration. The term of office of the Board of Statutory Auditors expires on approval of the 2020 Annual Report.
KPMG S.p.A. has been appointed as Independent Auditors to perform the audit of the separate financial statements as required

Deputy Chairman Luca Barilla and CEO Claudio Colzani attended the inauguration ceremony of two new production lines in the Solnečnogorsk plant together with the leaders of Barilla Russia.

September 2019

by law. It has also been appointed to audit the consolidated financial statements of the Barilla Iniziative Group and the separate financial statements of the main Group subsidiaries.
The governance structure of the principal Italian subsidiaries is developed taking into consideration the individual operating conditions and, in the case of overseas entities, local legislation.
Barilla Iniziative S.p.A. adopted, commencing 27 March 2018, an Organization, Management and Control Model that complies with Legislative Decree 231/2001 (hereinafter "the MOG Model" or "the MOG"). The MOG includes a general section and special sections relating to particular offences together with the Code of Ethics. The MOG was subsequently updated to reflect the introduction of new offences with approval by the Board of Directors.
In order to evaluate the effective and correct implementation of the MOG Model, the BoD of Barilla Iniziative S.p.A. appointed a monocratic Supervisory Board (SB), which comprises one external member who is a university lecturer and self-employed professional. The SB reports on a half-yearly basis to the BoD regarding its activities.
With regard to Barilla G. e R. Fratelli Società per Azioni and its principal subsidiaries, the governance structure in general is similar to that of Barilla Iniziative S.p.A. The internal control system of Barilla G e R. Fratelli Società per Azioni however, is more company specific given the nature of the business as it is both the holding company of the investments and an operating company; moreover, it has adopted an Organization, Management and Control Model that complies with Legislative Decree 231/2001 (hereinafter "the MOG Model" or "the MOG"). The MOG includes a general section and special sections relating to particular offences together with the Code of Ethics. These define the types of corporate crimes, the business areas considered at risk of a crime being committed, the procedures, systems and protocols aimed at preventing crimes and the set of principles and values that the Barilla Group companies identify with and that the directors, statutory auditors, employees, external collaborators, suppliers and customers are required to adhere to.
The original version of the MOG Model was approved by the Barilla G. e R. Fratelli Società per Azioni BoD on 4 March 2005; this has been constantly updated following the introduction of new offences.
In light of the increasing internationalization of the Group and in line with growing, global compliance requirements, a Compliance department was established as part of the Legal and Corporate Affairs Process Unit and the head of this unit was appointed to the role of Group Compliance Officer.
The above-mentioned department created an Integrated Compliance System (ICS), consisting of, amongst other things, the basic Compliance Policy, other related policy-procedures and software to carry out "know your supplier-know your customer" checks; the ICS aims to ensure compliance with public legislation, both nationally and internationally, relating to safeguarding competition, food & advertising law, privacy, anti-bribery, international sanctions and anti-money laundering. In the course of 2019, the Group Compliance Officer and the Compliance department continued implementation of the ICS, which entails, where necessary, the strengthening of control policies and procedures, training of Group employees in the relevant areas and monitoring a whistleblowing channel that allows the potential violation of policies to be notified anonymously.
The Group Compliance Officer and the Compliance department hold regular meeting with various bodies including the SB, the Board of Statutory Auditors, the Audit and Risk departments and management as and when necessary.
The Group Compliance Officer and the Compliance Department are expected to meet at least yearly at the BoD meeting called to discuss these activities.
A working group was formed within the ICS and is responsible for implementing EU Regulation 679/2016 regarding personal data protection ("GDPR"), giving rise, among other things, to the following key activities: mapping of IT systems associated with data processing and the processes in place, review of legal documentation (e.g. disclosure information), preparation of a GDPR Master Policy and related procedures, implementation of an IT solution to maintain the Record of Personal Data Treated and carrying out an Impact Assessment, organize training activities, appoint a Data Protection manager and establish a support structure.
Corporate governance, risk management processes (including cybersecurity) and the internal control system are all monitored by the Internal Audit department that works independently and in accordance with International Standards for the Professional Practice of Internal Auditing. This is achieved through the audit of corporate cycles and processes following an audit plan approved by the BoD.
Compliance activities were intensified also from a tax point of view with the definition of a Tax Compliance Framework (TCF) Model, which has allowed the identification and mapping of the various business processes, highlighting of potential tax risks and the actions required in order to mitigate them.

Only one way of doing business: "Good for You, Good for the Planet"

The accelerating rate of climate change and indiscriminate exploitation of natural resources have a significant negative impact on the environment and food production. Barilla must address the issues of nutrition, cultivation models, production, responsible consumption and food waste.
As a global food industry leader, Barilla has a responsibility to make a tangible contribution to the numerous social and environmental challenges outlined by the United Nations' Sustainable Development Goals.
Over the years we have outlined a journey, summed up in the "Good for You, Good for the Planet" mission, which guides us, step by step, to bring the world food that is good, nutritionally balanced and sourced from responsible supply chains, and inspired by the Italian lifestyle and Mediterranean diet.
In order to pursue this objective, Barilla will continue to strive for improvement, investing in the nutritional quality of products, in the supply chain and increasing brand identity.
The Barilla Center for Food and Nutrition Foundation (BCFN), an independent, multi-disciplinary think tank that analyses the environmental, economic and social factors associated with the food industry, plays a fundamental role in influencing the Group's day-to-day activities, guiding them towards more responsible business choices.

Environmental management

Environmental management is a fundamental part of the Group's "Good for You, Good for the Planet" mission.
Barilla's commitment to the environment began more than 10 years ago with the adoption of the Life Cycle Assessment that calculates the environmental impact of its products. In accordance with the international Environmental Product Declaration (EDP) system - www.environdec.com - Barilla publishes certified environmental impact data and is the first food group to have developed and obtained third party certification on a system measuring the environmental impact of its products. In 2019, 66 EPDs (Environmental Product Declaration) on Barilla products were available on the environdec.com website, corresponding to around 70% of production volumes. Barilla,

in its capacity as a pasta manufacturer, took part in a European project to define an agreed method of calculating a products' environmental footprint (PEF-Product Environmental Footprint).

Barilla works constantly to reduce the environmental impact of its products across the entire supply chain and has adopted a number of measures to achieve this:

- Barilla has collaborated with the members of the strategic supply chain to develop and promote the use of more sustainable farming practices;
- 93% of the Group's factories (bakeries, pasta factories and mills) hold an environmental Integrated Management System developed in accordance with international technical standard UNI EN ISO 14001, 2015 edition;
- With regard to our product packaging, the virgin fiber cardboard used for pasta packaging is sourced from responsibly managed forests and 99% of all Barilla packaging on the market is technically recyclable.

At present three Barilla brands have achieved Carbon Neutrality. Wasa was the Group's first Carbon Neutral brand in 2018, followed by Gran Cereale and Harrys in 2019.

In order to achieve this all greenhouse gases (GHG) in the production chain of each of the individual brands' products (from fields to the shelves) were reduced, calculated and offset in compliance with international standard PAS 2060, and the process was certified by an Independent Third Party (DNV-GL).

The brands offset net emissions by supporting a number of projects:

- Wasa supported a project to protect the Peruvian rainforest and a renewable energy project in India;
- Gran Cereale supported a project to safeguard the Marajo forest in Brazil and invested in a local forest preservation project "*I boschi* di Gran Cereale";
- Harrys supported a project to protect the Brazilian rainforest and a solar panel renewable energy project in India.

In November 2019 Barilla intensified its commitment presenting the Science Based Targets (SBTs) initiative, aimed at providing guidance to businesses to define targets relating to the reduction of greenhouse (GHG) emissions that are based on science, that meet the level of decarbonization required to limit the global warming increase to less than 2 degrees more than pre-industrial levels, as outlined in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), and the Paris Agreement.

The SBTs reductions established by Barilla are: -25% for targets 1+2 and -26% for target 3 by 2030 compared to the 2017 starting point.

Health and Safety

The Zero accident target has always been one of the most important for the Barilla Group and the health and safety of its workers is paramount.

The results already achieved last year were upheld in 2019, with a 56% fall in the total number of accidents, a 53% decrease in the accident frequency index and a 34% fall in the severity index compared to 2010.

Moreover in 2019, no accidents took place in the factories in Solnečnogorsk (Russia) and Thiva (Greece) and the 6 mills attained and maintained the "Zero Accident" target (the mills in Castelplanio (Italy) and Ames (USA) have already achieved 14 and 9 years respectively).

This objective was attained also thanks to the implementation of the Barilla Integrated Safety-at-Work Management System that in 2019 changed over from the previous certification standard OHSAS 18001 to the most recent UNI EN ISO 45001.

The global audit plan continues to cover the areas of safety, the environment, fire prevention and energy and around 120 specific checks took place in 2019 across all of the pasta factories, bakeries and mills together with the support of specialist enterprises.

Training continued to play a fundamental role in raising awareness on the subjects of Health and Safety, the Environment and Energy.

No fatal accidents involving employees or third party organizations that work in our production facilities occurred in 2019.

Energy management

Energy management is also a key element of the Group's Mission "Good for You, Good for the Planet" and Barilla constantly strives to improve the energy efficiency of its factories.

The production of Mulino Bianco, *Pan di Stelle*, Gran Cereale, Wasa, Harrys and Barilla sauces is covered by specific certificates (GOs - European Guarantees of Origin) confirming that production uses renewable energy sources, moreover all of the Italian pasta factories run a cogeneration plant that produces both electricity and thermal energy. This reduces the quantity of fossil fuels that would be used in separate energy generation or if purchased on the national grid, resulting in improved efficiency and a lower environmental impact.

The two pasta factories in Parma and Foggia (Italy) are covered by the Emissions Trading Scheme and are subjected to regular checks and the level of CO2 emissions are certified by a third party.

The Melfi (Italy) factory installed Barilla's first photovoltaic plant back in 2018.

The ESP - Energy Saving Project, launched 15 years ago, whereby under the direction of the central offices, colleagues in the technical departments of the factories share the best technical and management solutions in order to improve energy performance and identify optimization plans, continued this year.

Roll-out of the Energy Management System, in accordance with the recent international technical standard ISO 50001, continued in 2019 alongside the related third-party certification. At present, 20 factories have been certified under this standard.

In 2019 all of the Group's Italian factories updated the Energy Diagnosis in accordance with the requirements of the Energy Efficiency Decree (Legislative Decree 102/2014). This has facilitated an analysis of the consumption levels of all of the factories and the identification of efficiency projects to be developed in future.

One of the major innovative projects currently underway is the trigeneration project in Pedrignano: Barilla will replace the current cogeneration plant with a trigenerator that is under construction and expected to commence operation in early 2021.

The plant will benefit greatly particularly in terms of the reduced environmental impact.

Human capital

The number of employees at 31 December 2019 was 8,481 (8,427), of which 4,158 (4,134) are located in Italy and 4,323 (4,293) overseas.

An analysis of employees compared to the previous year is illustrated below:

	12.31.2019	12.31.2018
Managers and white-collar staff	3,313	3,221
Blue-collar staff	5,168	5,206
Total	**8,481**	**8,427**

The project of focusing the organization, on one hand on the key business markets in the seven regions in which the Group operates and on the other to identifying synergies in the central functions, continued in 2019 in line with Group strategy.

The Human Resources function supports the corporate transformation that is based on four pillars:

- Implementation of the strategy through the correct allocation of economic and financial resources;
- implification of key processes to reduce business complexity;
- Introduction of future key skills; significant investment was made in the marketing function to increase the level of digital skills that are essential to conquering future marketing challenges. Other areas of investment included Shopper Marketing, Data Analytics and Innovation skill areas;
- Promotion of more agile working methods.

The transformation also focused on the factories in regard to accelerating the improvements and expansion of a number of key factories. Highly automated plant and equipment required not only financial investment but also new ways of working and new people skills.

In the area of Human Resources Management the Group pursued the process of continuous improvement of managerial practices.

The individual performance development system applies to all employee levels, managerial and other. The annual objectives of the business as a whole are translated by management into individual objectives. Following meetings with each employee, managers continuously share objectives, leadership skills and define personalized development plans.

The Talent Management Program aims to build the future generation of leaders who embody Barilla's values and future vision.

The company continued to strive for transparency with a specific feedback program relating to employee potential. A specific language linked to learning agility has been developed together with arranging extensive discussions between bosses and employees on future career development, differentiated by potential.

With regard to Recruiting and Employer Branding the communication campaigns to increase the Company's attractiveness as a top employer were intensified. The Company was recognized by a Universum study on Italian professionals as the second best employer in Italy in the Fast Moving Consumer Goods industry.

Within the area of People care, the Company pursued the personalized "Sì.mediterraneo" initiative with two aims: firstly to increase awareness of the benefits of following a Mediterranean diet and the link between nutritional choices and the environmental impact and secondly to improve the dietary choices of Barilla employees turning them into ambassadors of the Mediterranean model.

Menus in the staff canteens were improved in line with the Mediterranean model, evaluating both the nutritional content and environmental impact.

Barilla considers knowledge to be a fundamental value and strongly promotes the continued training and development of its People.

Training is an essential element that supports the growth and change management processes and enriches the career opportunities of Barilla's employees. During the year, training activities focused on professional and leadership skills. The former continued through the use of internal training laboratories (Academy) across various corporate functions (Marketing, Sales, Finance), in which all professionals can expand their abilities and skills in order to achieve executive excellence and, as a consequence, improved results. The Academies employ both classic training methods and state of the art business practices.

With regard to leadership skills, training activities centered on the development of business skills relating to corporate identity and change support.

In 2019, the Human Resources function finalized an internal measurement tool for Gender Pay Equality (GPE) based on the "equal pay for equal work" principle. This tool was applied to the entire Barilla Group with the aim of achieving GPE by the end of 2020.

With regard to Diversity & Inclusion, supporting diversity by developing an inclusive environment is essential to supporting the growth strategy. A work environment with a high degree of diversity and inclusive culture incentivizes people involvement and facilitates a better understanding of market needs.

Within Diversity & Inclusion increasing the number of female leaders is a fundamental objective for the Company. In 2019, 51% of the Global Talent Pool members and 37% of Barilla's executives and managers Barilla were women.

In order to promote a private, work and social life balance the Winparenting project, launched at Barilla's headquarters, passed the pilot phase, supporting all of the phases of parenting: before, during and after parental leave. The platform continues to offer guidelines and advice to those directly affected and their managers and provides counselling and training (MAAM ©) for new mothers and fathers.

Barilla's Diversity & Inclusion Board continues to work alongside the Company to ensure it becomes a model business for diversity and inclusion, evaluates current policies and internal initiatives, provides recommendations on areas of potential improvement, adopts new initiatives and monitors and measures progress. David Mixner, an author, political strategist, civil rights activist and advisor and Lisa Kepinski, founder and director of the Inclusion Institute, renewed their roles as external consultants: "In five years of challenging work, I have never seen a company dedicate such passion, speed and success to its mission of diversity, inclusion and equity for its employees. Barilla has set the bar for other companies and did this with authenticity and substance" (David Mixner).

2019 also marked the year in which a new and regular survey was distributed to measure Diversity & Inclusion in Barilla. This was the first time all of the approximately 8,000 employees were involved giving a 78% response rate. The results show a constant improvement in the areas of leadership, flexibility and inclusion and room for improvement in respect of inappropriate behavior.

The Barilla Employee Resource Groups, namely Barilla employee interest groups with more than 900 members across the world, represent a fundamental part of the diversity and inclusion groups.

In 2019 the Bridge project in Russia and Pulse project in the Ames factory in the US, were launched to deal with this subject in other production facilities. The projects ThisAbility, focusing on the topic of disability; Armonia in Greece; Balance, again covering the matter of work life balance; Insieme, in the Avon (USA) plant, Together, in the Nordic countries; Hand in Hand in Asia, Africa, Australia, Inclusivo in Canada, Respeito in Brazil, VOCE supporting LGBT employees, Alleanza, promoting increased awareness for people of color, Welchome that recognizes different multicultural identities and Young to close the generation gap, all continued this year.

Research and development activities

Our commitment: the Group's commitment to promote a sustainable, heathy diet and lifestyle continued in 2019 through research aimed at offering an even wider range of delicious, nutritionally balanced food that encapsulate the Mediterranean diet. The Group invested euro 41 million in Research and Development, with the nutritional reformulation of products representing one of the main activities. More than 450 existing products were reformulated in 2019 to improve further the nutritional profile and offer consumers even more products that when eaten as part of a balanced diet contribute to limiting the daily consumption of sugar, salt and saturated fats and increase fiber intake as recommended by international dietary guidelines.

Less sugar: in 2019 the constant commitment to improving the nutritional profile of products largely focused on reducing the sugar content of recipes and increasing the range of no added sugar products. The sugar content of 9 bakery products (*Cracker Integrale, Pannocchie, Molinetti, Girotondi, Tarallucci, Rigoli, Pagnottelle Classiche, Maxi Pagnottelle, Pagnottelle Hot Dog*) and 4 existing sauces (*Pomodoro, Basilico, Napoletana,* Garlic) was reduced, without compromising the quality and palatability of the previous recipes that consumers had always enjoyed.

Added sugar was completely removed from a further 5 existing bakery products (*Pan Bauletto Integrale, 100% Mie Sans Sucres Ajoutés, American Sandwich Sans Sucres Ajoutés, Beau & Bon Céréales & Graines, Beau & Bon Farine Complete*) and 8 new sauces (*Salsa Ciliegini, Vero Gusto* Tomato & Basil, *Vero Gusto* Heritage *Marinara, Vero Gusto* Sicilian Herb, *Vero Gusto* Calabrian Marinara, Fire Roasted Marinara, Savory Tomato, Tomato Rosa).

Less salt and fats: further work was carried out on the project that has been underway for a number of years to reduce the salt, total fat and saturated fat content of products. This resulted in the reduction of salt compared to the original recipes in 2 bakery products (*Beau & Bon Céréales & Graines, Beau & Bon Farine Complete*) and 4 sauces (*Pomodoro, Basilico, Napoletana*, Garlic). Total and saturated fats were reduced in *Brioche Tressée and Pesto alla Genovese* that also underwent a further reduction in the salt content.

More fiber: in order to promote fiber consumption that is still below the level recommended by international nutritional guidelines, Research and Development activities continued to focus efforts on expanding the offer of wholegrain and fiber rich products. This resulted in the launch of 4 new wholegrain pasta shapes (*Caserecce, Cellentan*i) and with cereal flour (*Mezze Maniche Rigate, Spaghettoni*), a mix of wholegrain cereals with black rice, 2 wholegrain bakery products *(Pagnottelle Integrali*) and 6 dry breads and wholegrain crackers (Wasa 100, *Din Harmoni*, *Din Glädje*, Sandwich Sour Cream & Onion) or rich in fibers (Gran Pavesi Cracker Curcuma, Wasa Chili & Sea Salt). Moreover, the recipes of 8 wholegrain pasta shapes *(Spaghetti, Fusilli, Tortiglioni, Linguine, Farfalle, Mezze Penne Rigate, Penne Rigate, Spaghettin*i) and 8 bakery products *(*Cracker *Integrale, Molinetti,* 100% *Mie Sans Sucres Ajoutés*, American Sandwich *Sans Sucres Ajoutés*, *Beau & Bon* Céréales & Graines, *Beau* & *Bon Farin*e Complete, *Brioche Tressée*) were reformulated to increase the fiber content.

Specific dietary needs: in order to meet consumers' specific dietary needs, 2019 saw the launch of a further 3 new organic bakery products (*Fette Biscottate con Farro Bio, Crostatina all'Albicocca Bio and Tortini con Cacao Bio*) and the naturally gluten free pasta with legumes range was expanded with the addition of 1 new format (*Spaghetti di Lenticchie Rosse*). For vegan customers a new Wasa Sandwich Sour Cream & Onion was launched and is certified vegan thanks to the oat based filling. This certification was awarded to all of the 7 shapes of the high protein content pasta range (Barilla Protein Plus Angel Hair, *Spaghetti,* Thin *Spaghetti*, *Penne, Rotini,* Elbows, *Farfalle*), which was reformulated to replace the previous egg protein with pea protein.

Scientific studies: in the field of scientific research, independent scientific studies continued in 2019 in Europe, the United States and Asia to investigate the impact of low glycemic index foods and rye rich diets on a number of metabolic indicators including glycemic response, cardiovascular risk factors and body weight.

Sustainable supply chain management and relations with the local territory

In line with its "Good for You, Good for the Planet" strategy, the Group has been committed for many years now to purchasing raw materials and packaging materials that minimize the environmental impact and contribute to the well-being of the territory in which they operate.

Barilla's products are created through collaboration with more than 1,200 worldwide suppliers and using more than 800 types of raw materials and 50 of packaging materials.

In order to standardize the approach across the different raw material and packaging material supply chains, Barilla established a Sustainable Agriculture Code (SAC), Animal Welfare Guidelines and Sustainable Packaging Principles. These are founded on the five principles that underpin the responsible management practices of the strategic supply chains.

This commitment led to significant improvements in 2019 across all of the supply chains. The percentage of strategic materials purchased in line with the abovementioned codes and principles increased from 52% to 58% and more specifically the purchase of strategic packaging materials increased to 99.7% while raw materials purchases represented 53% of total volumes.

Two new strategic projects launched in 2018 became operative, "*la Carta del Mulino*", for soft wheat flour used in the production of Mulino Bianco products and the "*Charte Harrys*", for soft wheat flour used in the production of Harrys brand products. The two charters are available on the relative websites together with full details of the projects that are aimed at improving agronomic practices in collaboration with mills, storage facilities and farmers with the support of important external collaborations such as that between the Mulino Bianco supply chain and the WWF.

With regard to the durum wheat supply chain, the cultivation agreements with supply chain partners accounted for 42% of worldwide purchases in 2019. In Italy these purchases accounted for 60% of total volumes, while in Greece these amounted to 55% and in Turkey 12%.

Both in Italy and Greece an increasingly significant number of farmers are applying the "Decalogue for Sustainable Cultivation of Durum Wheat" and the Decisional Support System "Granoduro.net®", aimed at making farming more sustainable.

In Italy, the number of farmers adopting these systems increased to almost 5,200 farmers corresponding to 335,000 tons of production, a 50% increase on 2018 levels. The volume produced in Greece increased by 75% to approximately 12,500 tons.

As testimony to the commitment to the local territory, in 2019 a massive 88% of durum wheat used in the production of the various Barilla Group brands was farmed locally in the same country in which the pasta is manufactured.

Another important decision was the worldwide ban on the use of cages in egg-laying hen farms and from 2019 Barilla is a "cage-free" company with regard to the egg supply chain.

The "*un sogno chiamato cacao*" project, to finance sustainability projects in the Ivory Coast, was launched by the *Pan di Stelle* brand in 2017 in respect of all of its products, and was rolled out to all of the Group's brands the aim being to cover 100% of Barilla's production by the first quarter of 2020 and reached 94% in 2019 thanks to the introduction of a second partner in France. In many other supply chains the 100% target has been or is close to being met, 100% of fresh milk purchased in Italy is CReNBA (National Reference Center for Animal Welfare) certified, while 99% of cane sugar and 98% of tomatoes are procured through SAC supply chains.

99.7% of strategic packaging materials, principally paper and cardboard, plastic materials, glass and caps, is recyclable and more than

99% of packaging provides recycling instructions for the consumer. All of the paper supply chain is certified in accordance with state of the art standards such as FSC and PEFC.
The full roll-out of the Principles in 2020 will pave the way for new challenges for Barilla the aim being the use of packaging materials entirely derived from renewable sources and/or recycled materials. This commitment is confirmed by the endorsement given to the "Global Commitment to eradicate plastic pollution at the source" led by the Ellen MacArthur Foundation in collaboration with the United Nations.

Customer relations

Every year the contribution made by consumers is increasingly important to Barilla, both in improving its products and way of doing business, and to making them feel more involved in the Company's decision making processes.
In addition to the interesting and engaging initiatives in place for a number of years now, the Company's degree of accessibility to the various listening channels is improving all the time.
While many consumers still prefer to contact the Company by telephone or through the website, social channels are gaining increasing importance not only for general comments but also to notify specific problems or place specific requests.
Consequently, Barilla needs to be more active and responsive in the social media world, both the "traditional" and more recently developed platforms. Barilla believes that where existing or potential consumers exist that it must be present with the correct listening tools and means to take effective action.
For this reason, in addition to widening the existing communication channels, the Company is working continuously to strengthen relations in mature and emerging markets taking into account the wide cultural differences and differing consumer needs that the Group encounters throughout the world.

Risk management

Risk management plays a central role in corporate governance.
In addition to mitigating risk, through appropriate and effective measures that safeguard the ordinary management of the business, significant organizational investment was made on emerging risk areas. A complete risk mapping assessment was carried out on all business areas. In addition to those already mentioned, for which continuous monitoring through supervisory boards has been established, considerable attention has been paid to digitalization processes: both those relating to new computerized business procedures and new production platforms following the new euro 1 billion manufacturing restructuring plan.
The relevant managers and the Board of Statutory Auditors, place great importance on the findings presented in the internal auditor's Management Letter.
With regard to the investment choices approved by the Board of Directors, an essential factor in business development, all new project proposals requiring approval are sent to the board members well in advance together with detailed, supporting technical and financial evidence showing alternative scenarios that are prepared using calculations and reference parameters that meet current best practice.
The roll-out of the new Enterprise Risk Management model across all business areas was finalized in 2019. It is aimed at supporting the business decision making process and development activities by facilitating the identification of critical factors and stimulating actions aimed at mitigating these factors and the related business impact.
The Enterprise Risk Management project, proposed by the Group Finance & Administration Process Unit and managed by the ERM department, has benefited from the active participation of the Group Leadership Team, the Board of Directors and Board of Statutory Auditors in relation to key business risks. The process covered all business units in order to provide consistent analyses and information in order to prioritize risks and establish a comprehensive action plan. The risk assessment involved all business units and the cooperation of the Group's 7 risk matter experts (Treasury, Tax, Health, Safety and the Environment, Compliance, Quality, Food Safety & Techregulatory, Scientific Relations & Sustainability, Digital & Business Technology) and resulted in a 360 degree mapping of the major risks to which the business is exposed, employing common metrics adopted by all of the business areas.
Particular focus was given to Environmental, Social and Governance risks (ESG Risks) and risks associated with climate change.
The close cooperation with the Internal Audit department has also enabled the continuous monitoring of the implementation of the agreed risk mitigation plans in order to assess the effectiveness of the action plans and the adequacy of the level of controls in relation to the mapped risks.
With regard to Information Technology risk, the Group adopts a disaster recovery service for most of its applications, with more stringent supply requirements in respect of those that are critical to business continuity and are tested yearly. A network infrastructure has been adopted that provides a further level of redundancy for remote access to systems.
Cyber Security presents a constant concern to the Group and it continued to pursue projects and carry out investment in this area. Regular vulnerability assessments are carried out by independent specialists in order to maintain a sufficient level of security. The corporate network is equipped with a sophisticated infrastructure that only allows the connection of automatically recognized, authorized devices and an anti-intrusion system. A Security Information & Event Management (SIEM) system is in place that is equipped with management services to allow the systematic monitoring of all events. The ISO 27001 certification covering the organizational, regulatory and technical measures in place to protect and control information assets, in respect of ICT services managed by head office and used by the entire Group was renewed this year and certification was extended to cover Consumer Digital Technology. The Group employed the "continual improvement" approach to adopting the measures defined in the approved Risk Management Plan as prescribed by ISO-27001.

Significant events after the year-end

- Following the coronavirus outbreak, the Group took immediate action to remove all health risks for its employees. Measures were adopted to guarantee continuity of production and the logistics of delivering products for commercial distribution. The Board of Directors was called to meet and approve the measures taken.
- In January 2020 the *Pan di Stelle* product offer was completed to counteract aggressive competition in the biscuit sector.
- A unanimous decision was made to cease negotiations relating to a collaboration with the Petti brand.

Management outlook

The forecast results for 2020 are currently in line with budget with performance more stable than the 2019 final quarter and particular attention will be paid to growth and protecting trade margins as a significant increase in competition is expected.

Other significant operating events

No significant changes were made to the Group organization structure during the year.

Related party transactions

Transactions with Group companies and related parties are considered neither uncharacteristic nor unusual as they are carried out in the normal course of business of the Group companies. These transactions take place on an arm's length basis, taking into account market conditions.

The nature of the principal transactions with the above parties and the detailed disclosures required by IAS 24 are set out in note 8 of the Illustrative notes to the consolidated financial statements.

Ten years since the earthquake in Abruzzo (Italy), Barilla renewed its commitment to the community of San Demetrio (AQ) by adding to the gym facilities and creating a new canteen with a multipurpose room.

September 2019


TORRIONE

Consolidated financial statements for the year ended 31 December 2019

Statement of financial position

(euro thousands)

Assets	Note	2019	2018
Current assets			
Cash and cash equivalents	6.1	452,308	295,982
Trade receivables	6.2	436,738	419,306
Tax credits	6.3	16,934	19,602
Other receivables due from parent company	6.4	18,308	2,646
Other assets	6.5	123,146	111,236
Inventories	6.6	318,941	302,742
Derivative financial instruments	6.22	1,178	9,624
Total current assets		**1,367,553**	**1,161,138**
Non-current assets			
Property, plant and equipment	6.8	1,134,955	1,101,691
Right of use tangible fixed assets	6.9	37,401	-
Goodwill	6.10	455,562	457,997
Other intangible assets	6.11	36,802	28,182
Trade and other receivables	6.12	2,457	1,938
Other receivables due from parent company	6.4	2,858	2,858
Deferred income tax assets	6.13	37,754	37,842
Equity instruments	6.14	1,006	1,025
Other debt instruments	6.7	247,869	-
Derivative financial instruments	6.22	74,853	52,537
Total non-current assets		**2,031,517**	**1,684,070**
Total assets		**3,399,070**	**2,845,208**

(euro thousands)

Liabilities and equity	Note	2019	2018
Current liabilities			
Trade payables	6.15	779,047	744,314
Borrowings	6.16	71,243	26,073
Derivative financial instruments	6.22	2,447	188
Retirement benefit obligations	6.17	12,019	11,305
Current income tax liabilities	6.18	12,768	3,898
Other liabilities	6.19	187,382	177,732
Provisions for other liabilities and charges	6.20	47,369	57,723
Total current liabilities		**1,112,275**	**1,021,233**
Non-current liabilities			
Borrowings	6.21	660,647	418,660
Derivative financial instruments	6.22	-	5,656
Retirement benefit obligations	6.17	146,772	135,524
Deferred income tax liabilities	6.13	1,872	6,584
Other payables	6.23	4,229	4,087
Provisions for other liabilities and charges	6.20	40,100	39,784
Total non-current liabilities		**853,620**	**610,295**
Equity	6.24		
Share capital		101,000	101,000
Reserves:			
- Currency translation reserve		41,305	27,661
- Other reserves		1,009,519	821,984
Profit/(loss) for the year		264,198	248,084
Capital and reserves attributable to group equity holders		**1,416,022**	**1,198,729**
Non-controlling interests		14,714	11,918
Profit/(loss) attributable to non-controlling interests	6.25	2,439	3,033
Total non-controlling interests		**17,153**	**14,951**
Total equity		**1,433,175**	**1,213,680**
Total liabilities and equity		**3,399,070**	**2,845,208**

Sustainability, respect for the environment and the Mediterranean diet were the main topics of the 11th edition of the Barilla Insieme Day, hosted in 2019 by the Italian Embassy in Berlin.

June 2019

Consolidated income statement

(euro thousands)

	Note	2019	2018
Revenue	6.26	3,626,512	3,483,068
Cost of sales	6.27	(2,182,302)	(2,057,606)
Gross Profit		**1,444,210**	**1,425,462**
Logistic Costs	6.27	(333,477)	(320,956)
Selling Costs	6.27	(153,178)	(157,196)
Marketing Costs	6.27	(392,796)	(378,834)
Research and Development Costs	6.27	(38,883)	(26,651)
General & Administrative expenses	6.27	(189,098)	(185,240)
Other income and (expenses)	6.28	(10,308)	(15,085)
Goodwill and intangible fixed asset impairment loss	6.10 - 6.27	-	(3,567)
Operating Profit		**326,470**	**337,933**
Finance income and (costs)	6.29	2,961	(12,938)
Profit before income tax		**329,431**	**324,995**
Income tax expense	6.30	(62,794)	(73,878)
Profit for the year from continuing operations		**266,637**	**251,117**
Profit /(Loss) for the year		**266,637**	**251,117**
Profit /(Loss) attributable to non controlling interests		**2,439**	**3,033**
Profit /(Loss) attributable to Group equity holder		**264,198**	**248,084**

Statement of comprehensive income

(euro thousands)

	Note	2019	2018
Profit/(loss) for the year	**(a)**	**266,637**	**251,117**
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on future employee benefits	6.17	(13,590)	(232)
Fiscal effect	6.13	4,088	(180)
Total items that will not be reclassified to profit or loss	**(b)**	**(9,502)**	**(412)**
Items that may be subsequently reclassified to profit or loss:			
Hedging reserve		(4,069)	8,737
Fiscal effect	6.13	238	(1,920)
Currency translation adjustment		14,183	11,176
Total items that may be subsequently reclassified to profit or loss	**(c)**	**10,352**	**17,993**
Other comprehensive income for the year	**(b+c)**	**851**	**17,581**
Total comprehensive income/(loss) for the year	**(a+b+c)**	**267,488**	**268,698**
Total profit/(loss) for the year attributable to:			
- Non-controlling interest		**2,439**	**3,033**
- Group equity holders		**264,198**	**248,084**
Total		**266,637**	**251,117**
Total comprehensive income/(loss) attributable to:			
- Non-controlling interest		**3,129**	**3,676**
- Group equity holders		**264,359**	**265,022**
Total		**267,488**	**268,698**

Statement of changes in equity

(euro thousands)

	Share capital	Currency translation reserve	Actuarial gains (losses) reserve	Hedging reserve	Deferred taxes reserve	Retained earnings	Profit	**Total Group equity**	**Non controlling interests**	**Total equity**
Balance at 31 December 2018	**101,000**	**27,661**	**(44,110)**	**10,059**	**9,020**	**847,015**	**248,084**	**1,198,729**	**14,951**	**1,213,680**
Destination of the profit	-	-	-	-	-	248,084	(248,084)	**-**	-	**-**
Dividends and reserves distribution	-	-	-	-	-	(47,066)	-	**(47,066)**	(927)	**(47,993)**
Comprehensive income:										
Profit	-	-	-	-	-	-	264,198	264,198	2,439	**266,637**
Other comprehensive income	-	13,644	(13,682)	(4,069)	4,268	-	-	161	690	**851**
Total comprehensive income	**-**	**13,644**	**(13,682)**	**(4,069)**	**4,268**	**-**	**264,198**	**264,359**	**3,129**	**267,488**
Balance at 31 December 2019	**101,000**	**41,305**	**(57,792)**	**5,990**	**13,288**	**1,048,033**	**264,198**	**1,416,022**	**17,153**	**1,433,175**

	Share capital	Currency translation reserve	Actuarial gains (losses) reserve	Hedging reserve	Deferred taxes reserve	Retained earnings	Profit	**Total Group equity**	**Non controlling interests**	**Total equity**
Balance at 31 December 2017	**101,000**	**17,098**	**(43,845)**	**1,322**	**11,117**	**608,963**	**285,522**	**981,177**	**11,275**	**992,452**
Destination of the profit	-	-	-	-	-	285,522	(285,522)	**-**	-	**-**
Dividends and reserves distribution	-	-	-	-	-	(47,470)	-	**(47,470)**	**-**	**(47,470)**
Comprehensive income:										
Profit	-	-	-	-	-	-	248,084	248,084	3,033	**251,117**
Other comprehensive income	-	10,563	(265)	8,737	(2,097)	-	-	16,938	643	**17,581**
Total comprehensive income	**-**	**10,563**	**(265)**	**8,737**	**(2,097)**	**-**	**248,084**	**265,022**	**3,676**	**268,698**
Balance at 31 December 2018	**101,000**	**27,661**	**(44,110)**	**10,059**	**9,020**	**847,015**	**248,084**	**1,198,729**	**14,951**	**1,213,680**

Statement of cash flow

(euro thousands)

	Note	2019	2018
Profit/(loss) before income tax		329,431	324,995
Finance (profits)/costs - net, excluding gains on disposals of equity investments		(3,019)	12,938
Amortization and depreciation		141,942	137,386
(Profit)/loss on disposal of property, plant and equipment, intangible assets		4,160	(1,192)
Goodwill and intangible fixed assets impairment loss		-	3,567
Change in fair value of equity investments		58	343
Change in trade receivables/payables		17,300	1,407
Change in inventories		(16,199)	(19,282)
Change in provisions (including employee provisions)		(11,757)	(6,125)
Changes in other assets and liabilities		5,455	(20,051)
Net change in derivatives on commodities		3,471	(1,323)
Income taxes paid		(75,581)	(46,881)
Foreign exchange gains/(losses), translation and other minor differences		6,723	18,696
Net cash generated from/(used in) operating activities	**(a)**	**401,984**	**404,478**
Purchases of property, plant and equipment		(157,061)	(226,987)
Purchases of software		(15,407)	(9,158)
Increase for Leasing (IFRS 16)		(3,054)	-
Proceeds from sale of property, plant and equipment, intangible assets		1,708	7,040
Purchases of other intangible assets		(2,415)	(1,930)
Net Purchases of investments		-	(656)
Net cash generated from/(used in) investing activities	**(b)**	**(176,229)**	**(231,691)**
Net change in borrowings and financial investments		(64,796)	(67,709)
Dividends paid and reserve distribution		(47,066)	(47,470)
Dividends paid and reserve distribution third parties		(927)	-
Interest cashed/(paid)		359	(6,838)
Net cash generated from/(used in) financing activities	**(c)**	**(112,430)**	**(122,017)**
Net (decrease)/increase in cash and cash equivalents net of bank overdrafts	**(a+b+c)**	**113,325**	**50,770**
Cash and cash equivalents net of bank overdrafts at beginning of the year		294,975	245,922
Cash and cash equivalents net of bank overdrafts at end of the year		410,919	294,975
Exchange differences on cash and bank overdrafts		(2,618)	1,717
Net (decrease)/increase in cash and cash equivalents net of bank overdrafts		**113,325**	**50,770**
Bank balances		452,308	295,982
Bank overdrafts		(41,389)	(1,007)
Total cash and cash equivalents net of bank overdrafts		**410,919**	**294,975**

Japanese chef Keita Yuge wins the title of Master of Pasta 2019 at the Barilla Pasta World Championship in Paris with his "Penne Gorgonzola Profumo Giapponese". A demonstration that pasta is a universal food, at ease even with the millennial culinary tradition of the Orient.

October 2019

Illustrative notes

1. Group structure and business

Barilla Iniziative S.p.A. (hereinafter "Barilla Iniziative"), with registered offices in Parma (Italy), is the parent company of the Barilla Iniziative Group (hereinafter "the Group" or "Barilla"). The Group operates in the manufacture and sale of pasta, sauces and bakery products, both in Italy and worldwide.
CO.FI.BA S.r.l. owns 85% of Barilla Iniziative with the remaining 15% of share capital owned by Gafina B.V.
The holding company of CO.FI.BA. S.r.l., Guido M. Barilla and F.lli S.r.l. & C. S.a.p.A. draws up the Consolidated financial statements of the Group, which is presented together with the Statutory financial statements, filed to the Parma Companies Register (Italy), together with Directors' and Auditors' Reports.
A list of the companies included in the scope of consolidation is provided in Appendix 1 and a list of investments in associated and other companies in Appendix 2.

2. Significant events after the year-end

Following the onset of the coronavirus, the Group immediately launched timely and adequate initiatives to eliminate the health risks for people. Similarly, several initiatives were put in place to ensure the production regularity and the logistics of product delivery to commercial distribution. The Board of Directors, promptly convened and reported, immediately ratified the measures taken. As required by the accounting principles, no accounting entry concerning the possible effects of the coronavirus have been posted, being difficult to estimate and however referable to year 2020.

In January 2020 the *Pan di Stelle* product offer was completed to counteract aggressive competition in the biscuit sector. The consensual decision was made to cease negotiations relating to a collaboration with the Petti brand.

3. Declaration of compliance with International Financial Reporting Standards (IFRS)

The Group's Consolidated financial statements have been prepared in accordance with all the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). IFRS comprise all of the International Financial Reporting Standards, International Accounting Standards (IAS) and the interpretations issued by the IFRS Interpretations Committee (IFRSIC), previously named the Standards Interpretations Committee (SIC).

4. Basis of preparation - Accounting and valuation policies

In accordance with Regulation 1606 issued by the European Parliament and the European Council in July 2002, the Group's Consolidated financial statements (hereinafter "the Financial Statements") have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS) in force as at 31 December 2019.
IFRS have been adopted in Italy and in other countries. A significant number of IFRS have recently been published or revised for which no established practice relating to their interpretation and application exists. Consequently, the Financial Statements have been prepared based on the most recent information and technical guidance available in respect of IFRS. Any new or revised interpretation or practice will be reflected in future financial statements in accordance with the relevant accounting standards.
The Financial Statements for the year ended 31 December 2019 have been compared with the prior year financial statements (amounts included in brackets in the Notes to the financial statements), and include the statement of financial position, consolidated income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and the illustrative notes to the consolidated financial statements. Where necessary, certain comparative data from prior year, as well as the relative disclosures, have been consistently reclassified. Amounts are presented in thousands of euro, the functional currency of the Group, being the euro the currency of the economy where the parent and the major companies of the Group operate.

The Group has chosen to present the income statement using the classification of expenses by function while the statement of financial position has been prepared with separate disclosure of current and non-current assets and liabilities.
Cost of sales includes all production costs of goods sold, comprising raw materials, components, internal and third party direct and indirect production labour costs, industrial depreciation and amortization and all other production expenses.
The cash flow statement has been presented applying the indirect method.
The consolidation principles, translation of financial statements denominated in foreign currencies, accounting and valuation policies have been applied consistently with the accounts closed on 31 December 2018. The only exception is the adoption of the IFRS 16 - 'Leases', for which comparative data in 2018 has not been restated in the consolidated statement of financial position and consolidated income, since the Group has applied the practical expedients listed in the paragraph "Accounting standards, amendments and interpretations effective from 1 January 2019".

The Group, in accordance with article 1 of the Italian Law n. 124/2017, relating the monitoring of public disbursement and later on complemented with the "Safety" Legislative Decree (n. 113/2018) and "Simplification" Legislative Decree (n. 135/2018), received, during 2019, disbursement equal to euro 1,450. A list of disbursements is provided in Appendix 4.

Accounting standards, amendments and interpretations effective from 1 January 2019

The following accounting standards, interpretations and amendments approved by the European Commission will be applicable for financial years beginning 1 January 2019:

IFRS 16 - 'Leases'

IFRS 16 Leases replaces the requirements in IAS 17 Leases and related interpretations, it is applicable for the first time for entities with an annual reporting period beginning on or after 1 January 2019.
The purpose of IFRS 16 is to report information that faithfully represents lease transactions and provides a basis for users of consolidated financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognize assets and liabilities arising from a lease.
The standard introduces a single lessee accounting model for leases, or the lease component of a service contract, which removes the distinction currently existing between operating and finance lease from the perspective of a lessee. All the contracts in force, with the exception of short-term leases (duration lower than 12 months) or low-value assets (with respect to the price of a single item when new) should be recognized at the lease commencement date in the statement of financial position as a 'right-of-use' asset and respective lease liability. The right-of-use asset is classified as tangible fixed assets and subsequently depreciated in the consolidated income statement on a straight-line basis over its estimated useful life, while the lease liability varies upon payment of capital portions, with the consequent recognition of financial charges in the consolidated income statement applying the effective interest rate method (valuation at amortized cost).
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's marginal borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payed under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method, with respective recognition of financial interest in the consolidated income statement. The standard additionally provides specific application guidelines in the case of sub-leasing.

The Group decided to apply the new standard from 1 January 2019, without the early adoption granted by the standard. In the application of IFRS 16, the analytical activities on the major contracts and the determination of the connected impacts, the Group identified as major cases all the contracts relating the rent of building, equipment and cars.

The Group applied IFRS 16 using the modified retrospective approach recognizing the leases, previously classified as an operating lease applying IAS 17, at the date of initial application as follows:
- a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's marginal borrowing rate at the date of initial application;
- a right-of-use asset at an amount equal to the lease liability.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its marginal borrowing rate at 1 January 2019 determined for the companies owned by the Group taking into consideration the related economic context, the duration and the guarantees. The weighted average rate applied is 2.29%.

For those leases classified as finance lease under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As ruled by the principle, at the date of initial application the Group applied the following practical expedients:
- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclude the contracts for which the lease term ends within 12 months of the date of initial application (short term leases);
- exclude the contracts for which the underlying asset is of low value;
- exclude the initial direct costs from the measurement of the right-of-use asset;
- adjust the right-of-use of asset by the amount of any provision for onerous leases applying IAS 37 'Provision, contingent liabilities and contingent assets' immediately before the date of initial application;
- used hindsight when determining the lease term.

Accordingly, the comparative information presented for 2018 is not restated but it is presented, as previously reported, under IAS 17 and related interpretations.

In the following table is reported the consolidated statement of financial position, as of 01.01.2019, with the impact of the new principle:

(euro thousands)

	Consolidated Statement of financial position 12.31.2018	Effect from application IFRS 16	Reclassification IFRS 16 - financial leasing already accounted in accordance with IAS 17	Consolidated Statement of financial position 01.01.2019 Restated
Property, plant and equipment	1,101,691	-	(9,164)	1,092,527
Right of use tangible fixed assets	-	41,738	9,164	50,902
Borrowings	444,733	41,733	-	486,466
- of which current portion	26,073			26,073
- of which non-current portion	418,660	41,733		460,393
Provisions for other liabilities and charges	97,507	5	-	97,512
- of which current portion	57,723			57,723
- of which non-current portion	39,784	5		39.789

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets;
- the arrangement had conveyed a right to use the asset.

An arrangement conveyed the right to use the asset if one of the following was met:

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases, based on the previous IAS 17 "Leasing" standard and its interpretations.

IFRIC 23 - Uncertainty over Income Tax Treatments'
The standard requires that in case of uncertainties determining the tax liabilities or assets, those should be recognized in the financial statements only when there is a probable certain that the company will pay or receive the amount. Moreover, the amendment clarifies that estimate relates to specific fiscal treatment should be reassessed in case of a change in facts or circumstances that could modify the previous forecast.

Amendments to IFRS 9 - 'Prepayment Features with Negative Compensation'
The amendment allows companies that hold financial assets under a contractual clause that allow (or require) the issuer to repay a debt instrument or allow (or require) the holder to repay a debt instrument to the issuer, before maturity, they can be valued at amortized cost or at fair value with equity balancing entry.

Amendments to IAS 28 - 'Long-term Interests in Associates and Joint Ventures'
The standards establish for the long-term interests in associates or joint ventures, for which is not applied the equity method, should be subject to the application of IFRS 9.

Amendments to IAS 19 - 'Plan Amendment, Curtailment or Settlement'
The amendments clarify that in the event of modification, reduction or extinction of a defined benefit plan, a company now uses updated actuarial assumptions to determine current service costs and net interest for the period; the effect of the asset ceiling is not taken into the calculation of profit and loss and is treated separately in other components of the other comprehensive income (OCI).

Amendments to IFRS - Annual Cycle of Improvements to IFRS Standards 2015-2017
The amendments clarify the formulation of an IFRS standard, correct existing conflicts or errors between IFRS standards.

Accounting standards, amendments and interpretations not yet approved by the European Union on 31 December 2019

The following accounting principles, amendments and interpretations have been issued by the IASB but have not yet been implemented by the EU:

- Amendments to References to the Conceptual Framework in IFRS Standards (mandatory application for financial years beginning on 1 January 2020);
- Amendment to IFRS 3 - 'Business Combinations' (mandatory application for financial years beginning on 1 January 2020);
- Amendments to IAS 1 and IAS 8 - Definition of Material (mandatory application for financial years beginning on 1 January 2020);
- IFRS 17 - Insurance Contracts (mandatory application for financial years beginning on 1 January 2021).

The Group is still evaluating the impact of application of the new above listed standards.

Accounting and valuation policies

Basis of preparation
The Financial Statements are presented in euro and all amounts are

stated in thousands of euro (unless otherwise stated).
The Financial Statements have been prepared under the historical cost convention, as modified for impairment losses where applicable, except for the financial instruments measured at fair value and the effect of business aggregations, with recognition of assets and liabilities subject to aggregation at fair value.
The accounting policies are uniformly adopted by all Group companies.
The purchase or sale of financial assets are recognized or derecognized using settlement date accounting.

Estimates and assumptions
The preparation of the Financial Statements requires the management to adopt estimates based on subjective assumptions derived from historical experience that are considered reasonable and realistic in relation to the specific circumstances. Such estimates affect the reported amounts of assets and liabilities, revenues and costs and the disclosures relating to contingent assets and liabilities at the balance sheet date.
Estimates and assumptions principally relate to the evaluation of the recoverable amount of intangible assets, definition of the useful lives of property, plant and equipment, the recoverability of trade and other receivables and the recognition and measurement of provisions for other liabilities and charges.
Estimates and assumptions are based on the best knowledge available at the date of preparation of the financial statements.

Critical accounting policies
A summary of the accounting policies that require management to exercise more critical judgment in forming estimates, and for which a change in the underlying conditions of the assumptions used could have a significant impact on the Financial Statements, is set out below:

a. Goodwill
The value of goodwill is tested for impairment on an annual basis in order to identify any potential impairment losses (impairment test). This assessment requires goodwill to be allocated to cash generating units (CGU) and determination of the recoverable amount, representing the higher of fair value and value in use.
Where the recoverable amount of the cash generating units is lower than the carrying amount, including allocated goodwill, an impairment loss is recognized. Allocation of goodwill to the CGUs and determination of their value in use require estimates to be made that are based on subjective assumptions and factors that may change over time with potentially significant effects on the valuations carried out by management.

b. Depreciation
The cost of property, plant and equipment is depreciated systematically over the estimated useful lives of the related assets. The useful life of Group assets is determined by management at the acquisition date; this is based on historical experience for similar assets, market conditions and information regarding future events that could affect the useful life, for example changes in technology. As a result, the effective economic life of an asset may differ from the estimated useful life. The Group reviews changes in technology and business factors on a regular basis in order to update the residual useful lives. This update may result in a change in the depreciation period and an adjustment to the depreciation charge for future periods.

c. Impairment of fixed assets
The carrying amount of fixed assets is tested for impairment to identify any impairment losses, when there is any indication that the carrying value cannot be recovered through future use or sale.
The identification of any such impairment indicators requires management to carry out subjective valuations based on both internally and externally available information, and subjective assumptions based on historical experience. Moreover, where there is an indication of a potential impairment, this should be determined applying suitable valuation techniques. The proper identification of impairment indicators and the estimates used to determine the recoverable amounts depend on subjective assumptions and factors which may vary over time, affecting management valuations and estimates.

d. Deferred income tax assets
Accounting for deferred income tax assets is based on expectations relating to the generation of future taxable income, and the evaluation of technical and institutional factors relating to the fiscal regime to which the taxes relate (for example: time limits for the recovery of tax losses). The estimate of future taxable income for the purpose of recording deferred tax assets depends on factors and assumptions that may vary over time and could have a significant impact on the valuation of deferred tax assets.
Where applicable, deferred tax assets are netted with deferred tax liabilities.

e. Provisions for other liabilities and charges
Provisions are made to cover the potential liability relating to legal and tax risks. The measurement of the provisions recognized in the financial statements in relation to these risks, represents management's best estimate at the balance sheet date. This estimate requires assumptions to be made that depend on factors that may change over time and could therefore have a significant effect on the current estimates made by management in the preparation of the financial statements.

f. Determination of the fair value of financial instruments
The fair value of financial instruments is based on market quotations or, where unavailable, applying suitable valuation techniques with up-to-date financial variables used by market investors and, where possible, taking into account the prices of recent transactions on similar financial instruments.
The fair value hierarchy introduces three levels of input:
- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: prices calculated using observable market inputs;
- Level 3: prices calculated using inputs that are not based on observable market data.

The fair value of financial instruments of level 2 is determined by using standard valuation techniques. Barilla has developed a model based on market practices, which are commonly based on similar financial instruments indicators, cash flow analysis and pricing models based on observable market data. In the determination of the valuation, the Group maximizes the use of market data compared to internal specific estimates.

Principles of consolidation
The Financial Statements comprise the financial statements of the parent company Barilla Iniziative and the subsidiaries in which Barilla Iniziative holds, either directly or indirectly, a controlling interest.
Subsidiaries represent those companies over which Barilla Iniziative exercises the control, i.e. it has the power, either directly or indirectly, over the investee or it is exposed to variable returns from its involvement with the subsidiary, or it has the rights to variable returns based on the ability to affect those returns through its power over the investee's significant activities.

Speech by Chairman Guido Barilla at the 10th BCFN International Forum.
December 2019


#ACTIONFORCHANGE
“THE FOOD SECTOR MUST JOIN FORCES TO CONTRIBUTE TO TACKLING PLANETARY AND SOCIAL CHALLENGES BY PROMOTING HEALTHY AND SUSTAINABLE DIETS: EAT BETTER, EAT LESS, FOOD FOR ALL.”
GUIDO BARILLA
10TH INTERNATIONAL FORUM ON FOOD & NUTRITION

The financial statements of the subsidiaries are consolidated on a line-by-line basis from the date on which the parent gains effective control up to the date on which such control ceases. All the transactions between the Group's legal entities are eliminated.
The reporting date of all Group companies is 31 December.

Non-controlling interests
Non-controlling interests are measured at their proportionate share of the net assets from the date of the acquisition.

Foreign currency transactions
All transactions are measured using the currency of the primary economic environment in which each Group company operates (the functional currency). Transactions denominated in currencies different from the functional currency of the Group companies are translated at the exchange rate prevailing on the transaction date. Monetary assets and liabilities are translated using year-end exchange rates and exchange differences are recognized in the consolidated income statement as financial items. Non-monetary assets and liabilities, which are measured at historical cost and denominated in foreign currency, are converted at the exchange rate prevailing on the transaction date.

Translation of financial statements denominated in foreign currencies
The financial statements of subsidiaries denominated in non-euro functional currencies, are translated as follows:
- assets and liabilities are translated at the year-end rate;
- revenue and expenses are translated at average exchange rates for the period;
- all resulting translation differences are reported in the statement of comprehensive income.

On disposal of those entities that gave rise to exchange differences, the cumulative amount of exchange differences deferred in a separate component of the statement of comprehensive income are recognized in the income statement.
The exchange rates used are presented in the Appendix 3.

Intangible assets
Intangible assets with a finite useful life are valued at cost, net of amortization and impairment losses, while those with an indefinite useful life, comprising exclusively goodwill, are reviewed annually for impairment. Cost does not include capitalized borrowing costs. Amortization commences when the asset is available for use.

Goodwill
The positive difference between the purchase price and the Group's share of the fair value of assets, liabilities and contingent liabilities acquired as part of a business combination, is recorded as goodwill and is classified as an intangible asset with an indefinite useful life, if recoverable with future cash flows.
Goodwill is not amortized but is subjected to an annual impairment test. For the purpose of this assessment, goodwill is allocated to groups of cash generating units (CGU). Goodwill impairment losses may not be reversed under no circumstances.

Trademarks and licenses
Trademarks and licenses are valued at cost less amortization and accumulated impairment losses. Trademarks are amortized over their useful lives while licenses are amortized over the lower of the contract duration and their useful lives.

Software
The cost of software licenses, including other incremental costs, is capitalized and recorded in the financial statements net of amortization and accumulated impairment losses.

Research and development costs
The research costs relating to new products and/or processes are entirely expensed when incurred. Given the nature of the Group's business, no development costs, qualified for capitalization, are incurred.
The useful lifes of intangible assets are as follows:

Category	Useful life
Trademarks	5 to 20 years
Software	3 to 5 years

Property, plant and equipment
Property, plant and equipment are stated at acquisition or production cost, potentially revalued without exceeding the fair value according to designated monetary revaluation laws, including directly attributable expenses, less accumulated depreciation and accumulated impairment losses, with the exception of land, which is not depreciated but valued at cost less accumulated impairment losses. Based on the type of investment activities, cost does not generally include capitalized borrowing costs.
Depreciation is recorded from the month in which the asset is available for use, or when it is potentially able to provide economic benefits.
Depreciation is calculated systematically on a monthly basis applying depreciation rates that allocate the depreciable amount of the asset over its useful life or, where the asset is disposed of, up until the last entire month of use.

The Useful lifes by property, plant and equipment are as follows:

Category	Useful life
Buildings	15 - 50 years
Plant and machinery:	
- generic	10 - 30 years
- specifici	5 - 30 years
- highly-technological	10 years
Industrial and commercial equipment:	
- furniture and fittings	8.33 years
- electronic machinery	2 - 3.5 years
Motor vehicles	5 years
Other equipments	2.5 years

Government grants relating to property, plant and equipment are recorded as a reduction in the value of the related asset and are recognized as income over the depreciation period.
Leasehold improvements are classified in property, plant and equipment in line with the nature of the cost incurred.
The depreciation period is the lower between the residual useful life of the asset and the residual period of the lease contract.
Spare parts that are significant in value are capitalized and depreciated over the useful life of the asset to which they relate; the cost of other spare parts is expensed in the income statement as incurred.

Leasing

Property, plant and equipment acquired under right-of-use whereby the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset it must involves the use of an identified asset and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. Furthermore when, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use and has the right to direct the use of the asset; this right is obtain when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The longer term of the useful life of the asset is considered if the lease transfers ownership of the asset to the lessee at the end of the lease term or if the value of the right of use also considers the fact that the lessee will exercise the purchase option.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Impairment of property, plant and equipment and intangible assets

In the presence of specific indicators of a loss in value, an impairment test should be carried out on property, plant and equipment and intangible assets.

The impairment test consists in the measurement of the recoverable value of the assets and comparison with the related carrying amount. If the recoverable amount of an asset is lower than its carrying amount, the latter should be reduced to the recoverable amount. This reduction represents an impairment loss and should be recognized as an expense in the consolidated income statement. In respect to assets that are not amortized, property, plant and equipment that are no longer used and intangible assets and property, plant and equipment not yet available for use, the impairment test is carried out on an annual basis, irrespective of whether specific indicators exist.

During the year, the Group assesses whether there is any indication that property, plant and equipment and intangible assets with finite useful lives may be impaired. For this purpose, both internal and external sources of information are taken into consideration.

With regard to internal sources, the following indicators are considered: obsolescence or physical deterioration of the asset, significant adverse changes in the extent to which an asset is used and deterioration in the expected level of the asset's performance.

With regard to external sources, these include: trend of the market price of the asset, significant adverse changes in the technological, market, and legal environment, the trend in market rates of return and the discount rate used in valuing investments.

The recoverable value of an asset is defined as the higher of the fair value net of selling costs and value in use. The value in use is determined as the present value of expected future cash flows calculated applying a discount rate that reflects the current market valuation of the time value of money and the risks inherent in the asset.

Where it is not possible to estimate the recoverable value of a single asset, the Group estimates the recoverable value of the cash generating unit to which it belongs. Where the conditions that led to the reduction in value no longer exist, the carrying value of the asset or the cash generating unit is restated to the new estimated recoverable value, which may not exceed the carrying value that would have been recognized if the original impairment had not been incurred. This restatement is recorded in the consolidated income statement.

Purchased goodwill that is allocated to units or groups of cash generating units (CGU) during the year is subjected to an impairment test prior to the end of the financial period in which the purchase and allocation took place.

In order to assess its recoverability, the goodwill is allocated at the purchase date to each of the CGUs or groups of CGUs that are expected to benefit from the acquisition.

Where the carrying value of the CGU (or groups of CGUs) is higher than the respective recoverable amount, an impairment loss is recognized as an expense in the consolidated income statement. Under no circumstances the value of goodwill which was formerly impaired may be restored.

The impairment loss is initially recorded as a reduction in the carrying amount of the goodwill allocated to the CGU (or group of CGUs) and secondly to other assets in the CGU on a pro-rata basis considering the relative carrying amount of each asset in the CGU up to the recoverable amount of individual assets with a finite useful life.

The future cash flows derive from the business plans prepared by Group management, which normally cover a period not exceeding five years. The long-term growth rate used for the purpose of estimating the terminal value of the CGU (or group of CGUs) does not generally exceed the average long-term growth rate for the industry, the country or the market in which the CGU (or group of CGUs) operates.

The future cash flows are estimated with reference to current conditions of the CGUs and do not consider benefits that may arise from future restructuring to which the company is not yet committed, or future investments intended to improve or enhance the performance of the CGU.

The Group has identified the cash generating units at production line level.

For the purpose of the impairment test, goodwill is allocated to groups of CGUs, as described in Directors' Report in the paragraph 'Group operating activities'.

Amortized cost method of measuring financial assets and liabilities

The amortized cost method requires calculation of the effective interest rate at the time the transaction is entered into. The effective interest rate is the rate that exactly discounts the future cash flows to the net carrying amount at initial recognition.

Any changes in future cash flows, if not attributable to changes in market conditions, result in the restatement of the carrying value of the financial assets and liabilities with a corresponding entry to the income statement.

Financial assets

On initial recognition, financial assets are measured at fair value and divided based on their type:

- Debt instruments
- Equity instruments

The purchase and sale of financial assets are recognized when the entity becomes party to the contractual provisions of the instrument. They are derecognized when the contractual rights to the financial asset have expired or the Group has substantially transferred all the risks and rewards relating to the asset.

Debt instruments are measured as follows:

(a) Amortized costs

Debt instruments measured at amortized costs are simple financial instruments that involve exclusively the payment of principal and interest and are owned with the aim to collect contractual cash flows ("Held to collect").

These financial assets are recognized initially at fair value, adding the transactions costs, and are subsequently accounted for at amortized cost using the effective interest rate, net of impairment losses.

The interest, foreign exchange differences, impairment losses, gains/(losses) for cash flow forecast reviews and for derecognition are recorded in the consolidated income statement.

The instruments are classified as current assets, with the exception of those having contractual maturity after twelve months from the reporting date, which are classified as non-current assets.

Trade receivables due within one year are recognized at fair value, which normally coincides with the nominal value.

The receivables that have been securitized or transferred to factor, with or without recourse, which do not fulfil all the required conditions for derecognition of financial assets, are maintained among the assets in the statement of financial position; a financial liability with equivalent amount is recorded in the financial statements as "Payables due to banks".

The receivables that have been transferred, which fulfil all the required conditions for derecognition of financial assets, are derecognized at the time of the transfer. The gains or losses related to the transfer of these assets are recognized into the consolidated income statement when the same assets are removed from the statement of financial position, being the only aim of the transfer to collect cash flows.

(b) Fair Value through Other Comprehensive Income

The financial assets valued at Fair value through Other Comprehensive Income are represented by simple instruments that involve exclusively the payment of principal and interest held with the aim to collect contractual cash flows and potential/possible sales.

The gains and losses originating from the changes in fair value are recognized in the other comprehensive income (OCI) in the period that they are incurred. The possible reclassification to the consolidated income statement at the line "Profit/loss for change in fair value of financial assets" is made only when the financial asset is effectively transferred.

The interests, foreign exchange differences and the impairment losses are instead recorded in the consolidated income statement.

(c) Fair Value Through Profit and Loss

The assets valued at Fair value through Profit and Loss are those instruments that are held for other purposes than the collection of contractual cash flows.

The changes in fair value, foreign exchange differences and the gains/(losses) for derecognition are recognized in the consolidated income statement.

At each reporting date the Group evaluates the expected losses related to the debt instruments measured at amortized cost, mainly represented by trade receivables, and financial assets at Fair value through Other Comprehensive Income.

According to the general principle, all financial assets at initial recognition are subject to impairment using the "12-month expected credit loss" methodology, that is assessing the expected loss of the asset for all default events that may occur within the next twelve months after the reporting date (Stage I financial assets).

In case a significant increase in credit risk occurs subsequently to the initial recognition (Stage 2 financial assets) and when there is objective evidence of impairment (Stage 3 financial assets), the loss allowance should be measured according to the "lifetime expected credit losses" methodology, that is assessing the expected loss for all default events that may occur over the whole lifetime of the instrument.

For the financial receivables without a significant financial component, a simplified approach is applied that allows to calculate the expected losses always based on the "lifetime expected credit losses" method.

Expected credit losses are calculated based on the probability of default, on the expected exposure at the time of default (EAD - Exposure at default) evaluated from the future cash flows and the estimated loss in case of default (LGD - Loss given default).

The loss allowance is accounted for as an adjustment of the carrying value of the instrument, except in the case of financial assets at Fair Value through Other Comprehensive Income where it is recorded in the other comprehensive income (OCI).

Equity instruments are valued at Fair Value Through Profit and Loss in case the entity does not opt for the irrevocable option at Fair Value through Other Comprehensive Income at initial recognition.

If the aforesaid option is adopted for some investments, the initial carrying amount of the instrument will amount to the sum of fair value and transaction costs, if any. The subsequent changes in fair value, the foreign exchange differences, the impairment losses and the gains/(losses) for derecognition are recorded in the other comprehensive income applying the accrual basis.

So far, the Group has not exercised the option for any equity instrument. If the option is not exercised, the changes in fair value, the gains and the losses for derecognition are recognized in the relative items of the consolidated income statement.

In any case, dividends coming from the equity participations are shown as dividend income in the consolidated income statement under the heading "Dividends" when the Group has acquired the right to receive this payment.

Financial liabilities

The financial liabilities that are not held for trading are initially recorded at fair value net of transaction costs, and subsequently to the initial recognition are measured at amortized cost applying the effective interest rate. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the term of the liability.

Upon initial recognition, the fair value option can instead be exercised (Fair Value Through Profit and Loss) only to avoid an "accounting mismatch" between the asset and its respective liability or when the liability is based on fair value or in case the liability includes an embedded derivative to separate.

Financial liabilities are classified as current liabilities unless the Group has, at the reporting date, an unconditional right to extend the term of the financing at least over twelve months from the end of the period.

Trade payables and other payables whose maturity fall within the normal commercial terms are recognized at fair value which normally coincides with the nominal value.

In case of financial liabilities hedged by fair value hedge derivative instruments, their carrying value is determined based on the fair value of the corresponding hypothetical derivative, which represents a hypothetical derivative contract calibrated at a null value at the time of designation of the hedging relationship.

Inventories

Inventories are stated at the lower of cost, measured applying the FIFO (first in - first out) method, and net realizable value. To account for obsolete or slow-moving inventory provisions are recognized, that are reversed if the circumstances of the abovementioned provisions are no longer applicable. The repackaging materials are managed as inventory and valued at weighted average cost.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and postal deposits and short-term highly liquid investments that are readily convertible into cash (three months from the date of acquisition) and not subject to significant fluctuations in value.

Employee benefits

(a) Pension funds

Group companies operate both defined contribution and defined benefit plans.

A defined contribution plan is a plan where the Group pays fixed contributions to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. With respect to defined contribution plans, the Group pays contributions, either voluntary or specified in the plan rules, to public and private insurance pension funds. Contributions are recognized as payroll costs applying the accrual basis.

The defined benefit obligation recorded in the financial statements corresponds to the present value of the obligation at the balance sheet date, less, where applicable, the fair value of any plan assets. The defined benefit obligations are determined on an annual basis by an independent actuary using the Projected Unit Credit Actuarial Method. The present value of the defined benefit plan is determined discounting future cash flows by a rate equal to that of high-quality corporate bonds of equivalent currency and term to the benefit obligations. Remeasurements of actuarial gains and losses arising on the above adjustments and changes in the actuarial assumptions are reflected in the statement of comprehensive income.

Service costs and net interest related to the time value in the actuarial calculation (classified within "Finance income and costs") are recognized in the consolidated income statement.

(b) Termination benefits

Termination benefits are those payable on termination of an employment before the normal retirement date, or when an employee accepts voluntary redundancy. The Group recognizes termination benefits when a demonstrable commitment exists and is governed by a detailed formal plan specifying details of the employment termination, or when payment of the benefit is the result of an offer made to encourage voluntary redundancy.

Provisions for other liabilities and charges

Provisions are recorded to cover the Group's legal, contractual or constructive obligations that derive from a past event. A provision is recognized where it is probable that an outflow of resources will be required and a reliable estimate of the amount can be made. Where it is estimated that these obligations will arise more than twelve months after the balance sheet date and that they will have a material impact on the financial statements, they are recorded at present value applying a discount rate that reflects current market assessments of the time value of money and the country risk. Any adjustment to the estimated provision is recognized in the consolidated income statement in the period in which the adjustment occurred. Where discounting is used, any increase in the provision to reflect the passage of time and the impact of changes in the discount rate are recognized as borrowing costs.

Restructuring provisions are recognized when there is a constructive obligation, which takes place when the Group has a detailed formal plan and has informed those affected by the plan or when the Group has announced the plan in sufficient detail to raise valid expectation in those affected by the plan that the restructuring will be carried out.

Provisions for tax risks are recognized in view of probable tax liabilities for assessments notified to the Group not yet settled at the reporting date.

Derivative financial instruments

Accounting for derivative financial instruments

Derivative financial instruments are measured at fair value, with any difference charged to the consolidated income statement, with the exception of cash flow hedges, where gains or losses are recognized in the statement of comprehensive income.

Derivatives that qualify for hedge accounting

In all cases where derivatives are designated as hedging instruments, the Group formally documents, from the inception of the hedge, the relationship between the hedging instrument and the related hedged item or transaction, the risk management objectives and the hedging strategy adopted.

The Group also documents the valuation methodology and the hedging instrument's effectiveness to compensate changes attributable to the hedged risk based on changes in the fair value of the hedging instrument compared to changes in the fair value of the hedged item. This assessment is carried out at inception and on a continuous basis throughout the life of the hedge. At the same time, the potential causes of hedging ineffectiveness are reported.

Categories of derivatives

Hedging instruments are categorized as follows:

I) Derivatives designated as cash flow hedge: if the hedging instrument is designated to cover the exposure to fluctuation in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly foreseeable transaction, the gains or losses on the effective portion of the hedging instrument are recognized in the statement of comprehensive income; the ineffective portion of the gain or loss on the hedging instrument is recognized in the consolidated income statement. Depending on the nature of the hedge, financial or commodity related, the ineffective portion is classified in either finance income/costs on financial transactions or operating income/costs, respectively.

   The amounts directly recognized in the statement of comprehensive income are reclassified into the consolidated income statement in the period in which the hedged item affects profit or loss.

   When a hedging instrument reaches maturity, or it is sold, or it no longer meets the conditions required to be classified as a hedge, the related fair value adjustments accumulated to date will be retained until the hedged item affects profit or loss, and only at that time will it be recognized in the consolidated income statement applying the accounting treatment relevant to the hedged item. If the forecast transaction that was subject to the hedge is no longer expected to affect the consolidated income statement, the accumulated fair value adjustments are immediately recognized in the consolidated income statement.

   For the valuation of the financial liabilities hedged by cash flow hedges, please refer to the specific paragraph.

WASA celebrates 100 years and announces the full offsetting of its CO_2 emissions. Ronen Dimant, Marketing Director Central Europe and Claus Butterwegge, President Region Central Europe.

March 2019


WASA
CO2 COMPENSATED
Wir feiern
Leinsamen,
O2 kompensiert.

II) Derivatives designated as fair value hedge are classified based on the hedged item. The accounting treatment of changes in fair value is the following:

a) when the hedge item relates to commodities, the variation is classified as operating income/costs;

b) when the hedged item is purely financial, the variation is classified as follows:

- the difference between the valuation, at reporting date, of the mark-to-market actual derivative, which includes the interest rate basis spread component (hereafter 'basis'), and the mark-to-market actual derivative without basis is recognized in the statement of comprehensive income;
- the basis component of the derivative, as calculated at the inception date, is spread over the consolidated income statement on a straight-line basis over the life of the instrument;
- the foreign exchange differences and the interest component, excluding the basis effect described above, are recognized in the consolidated income statement at the line "finance income and costs"; refer to the dedicated paragraph for further details about the valuation of the hedged item.

At the time the financial instrument is transferred, the residual portion of the basis recorded in the other comprehensive income (OCI) is reclassified into the consolidated income statement.

III) Derivative financial instruments at fair value through profit or loss that are not designated as hedges are classified as current or non-current assets or liabilities based on their contractual maturity. The gain or loss arising from changes in the fair value of these instruments is recognized in the consolidated income statement. Depending on the nature of the underlying instrument, financial or commodity related, the variation of fair value is classified in either finance income/costs on financial transactions or operating income/costs, respectively.

Determination of the fair value of a hedging instrument

The fair value of an interest rate swap is determined based on the present value of the expected future cash flows, also considering the market interest rates and the creditworthiness of counterparties. The fair value of forward foreign exchange contracts is determined using the forward exchange market rates at the balance sheet date.
The fair value of other hedging instruments listed on an active market is based on the market prices prevailing at the balance sheet date.
The fair value of unlisted instruments is determined using valuation techniques based on a commonly adopted methods and assumptions and market information at the balance sheet date.

Non-current assets and liabilities held for sale and discontinued operations

A non-current asset, or group of non-current assets and liabilities, is classified as held for sale when the carrying amount is to be recovered primarily from a sale transaction rather than through continuing use. The assets (or groups of assets) held for sale are measured at the lower of their carrying amount and their fair value less estimated selling costs. The results and the carrying amount of a component of an entity that represents a separate major line of business or geographical area, or even a operative segment, of operations are classified separately in the income statement and in the balance sheet (in case of 'held for sale' only) when they meet the conditions to be classified as held for sale or discontinued operations.

Total equity

Costs directly attributable to share capital transactions are recorded as a deduction from total equity.

Revenue recognition

Revenue is recognized at the fair value of the amount received for the sale of products or services, net of returns, discounts and consideration payables to customers (for example, couponing redemption costs) according to the accrual principle and to the standard that requires five steps: (i) identifying a contract with a customer; (ii) identifying the performance obligations entailed by the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; (v) recognizing revenues when the entity satisfies a performance obligation.

Sale of products

Revenues from product sales are recognized when for each performance obligation all of the following conditions are met, which normally take place upon the delivery to the customer:

- the significant risks and rewards arising from ownership of the goods are transferred to the buyer;
- effective control over the goods is transferred;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Dividends

Dividends received from not consolidated entities are recognized when the legal right to receive a payment is established.

Government grants

Revenue based government grants are recognized in the income statement when the right to receive the payment is established.

Finance income and costs

Finance income and costs are recorded on an accrual basis and comprise: interest payable accrued on all the borrowings, interest income on cash and cash equivalents and similar securities, dividends, foreign exchange gains and losses and the financial impact arising from hedging transactions over the exposure to interest rate and foreign exchange risk that are booked in the consolidated income statement.

Taxation

Taxation includes both current and deferred income taxes. Current income taxes are based on the estimated amount that the Group expects to pay calculated by applying to the taxable income the enacted tax rates, or those substantially enacted, in each of the relevant tax jurisdictions.
Deferred income tax assets and liabilities are determined applying the liability method, whereby all of the temporary differences between the tax bases of assets and liabilities and the carrying amounts at the balance sheet date, except for goodwill, are calculated. Deferred income tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset will be realized or the liability settled. Income taxes arising upon distribution of dividends are recognized at the time of distribution.
For the purpose of recognizing deferred tax assets, the Group assesses the likelihood that sufficient future taxable income will be available to recover these assets. Tax assets and liabilities, both current and deferred, may only be offset where the amounts relate to the same tax

authority, when the reversal period is the same and there is a legally enforceable right to offset the recognized amounts.

Distribution of dividends

Dividends payable to shareholders are recognized when the legal obligation of payment is established.

Transactions with non-controlling interests

The acquisition and disposal of non-controlling interests in companies whose control is already effective are classified as transactions with Group shareholders. Any differences between the carrying value and the purchase price paid or received are recorded in equity.

5. Change in the scope of consolidation

During 2019, the consolidation area did not change unless for a new production company established in Russia in December, named Barilla Rus Production LLC, and for the liquidation of the American companies IKRG - LADC LLC, IKRG - LA1 LLC e MXO USA Inc.
Please refer to Annexes 1 and 2 for a list of subsidiaries.

6. Notes to the consolidated financial statements

Statement of financial position

6.1 Cash and cash equivalents

Cash and cash equivalents, which amounts to euro 452,308 (euro 295,982), include bank and postal deposit accounts held in primary financial institutions, cheques and other cash on hand.
The change in cash and cash equivalents recorded during the year is reported in the statement of cash flow.

6.2 Trade receivables

	2019	2018
Trade Receivable	471,868	456,977
Allowance for doubtful accounts	(35,130)	(37,671)
Total	**436,738**	**419,306**

Trade receivables consist of amounts due from customers in relation to the sale of goods and provision of services, net of allowances for doubtful accounts.
The fair value of trade receivables approximates their carrying amount at the year-end. This also represents the maximum exposure to credit risk.

Detail of receivables by maturity, net of allowance for doubtful accounts, is as follows:

	2019	2018
Not yet overdue	417,180	393,871
Less than 3 months	13,616	24,243
Between 3 and 6 months	2,160	948
Between 6 and 12 months	3,782	244
Total	**436,738**	**419,306**

At year-end all trade receivables past due are subject to certain analyses for the identification of possible risks of customer insolvency.

Movements in the allowance for doubtful accounts are as follows:

	2019	2018
Opening Balance	**37,671**	**32,878**
Charges	1,004	6,064
Utilization and release	(3,615)	(1,345)
Foreign exchange differences	70	74
Closing Balance	**35,130**	**37,671**

The charges to and utilization of the allowance for doubtful accounts are included in "Other income and expenses" in the consolidated income statement under the sub-headings "Allowance and losses on trade receivables" and "Net charges to/utilization of provisions", respectively.

6.3 Tax credits

Tax credits for euro 16,934 (euro 19,602) represent the amounts due from tax authorities in the various countries where the Group operates. The fair value of tax credits substantially approximates their carrying value.

6.4 Other receivables due from parent company

The balance of euro 21,166 (euro 5,504), that includes a current portion for euro 18,308 (euro 2,646) and a non-current portion for euro 2,858 (euro 2,858), relates to the amount due from the parent companies CO.FI.BA. S.r.l., as result of the participation in the group tax consolidation regime.

6.5 Other assets

The balance is detailed as follow:

	2019	2018
VAT receivables	62,764	45,883
Amounts due from factoring entities	33,173	40,679
Accrued income and prepayments	8,048	5,263
Other receivables	7,608	7,344
Amounts due from employees	3,303	3,518
Amounts due from social security authorities	3,115	4,452
Guarantee deposits	2,791	530
Supplier advances	2,344	3,567
Total	**123,146**	**111,236**

During the year, VAT receivables were collected in Italy for euro 68.2 million.
The "Amounts due from factoring entities" comprise receivables due from factoring companies in respect of trade receivables sold but not yet paid. The change compared to the previous year is attributable to the collection of receivables from customers transferred to factoring companies.
The change in the item "Accrued income and prepaiments" is attributable to legal services, consultancy and other services already paid, but that refer to the future construction of a new mill in Russia, insurance and marketing.
The fair value of the credits approximates the book value.

6.6 Inventories

Inventories are detailed as follows:

	2019	2018
Raw materials and semi-finished goods	137,982	134,094
Finished goods	180,547	168,090
Advances	412	558
Total	**318,941**	**302,742**

Movements in the inventory obsolescence provision are detailed as follows:

	2019	2018
Opening Balance	**5,334**	**7,814**
Charges	2,035	1,672
Utilization	(2,230)	(4,138)
Foreign exchange differences	(11)	(14)
Closing Balance	**5,128**	**5,334**

6.7 Other debt instruments

The item refers to Investment Grade bond portfolios (both issued by private companies and government bonds), purchased during 2019 by the subsidiaries Barilla Sverige AB and Barilla Netherlands B.V. Such debt securities, with an average maturity of 5 years, are diversified by sector and geographical areas, and are denominated in EUR. All the securities are directly owned, except for 4% of the portfolio invested through mutual funds.
The balance as at 31 December 2019 is equal to 247,869 euro (0 euro), the entire amount is due over 12 months.

6.8 Property, plant and equipment

Movements in property, plant and equipment are as follows:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other Asset	Assets under construction	Total
2018 Movements							
Net book amounts at 1/1/2018	**31,354**	**298,915**	**539,039**	**13,641**	**9,205**	**108,991**	**1,001,145**
Capital expenditure	-	-	-	-	-	226,987	226,987
Capitalization	5,594	47,409	146,650	15,909	3,695	(219,257)	-
Disposal Cost	-	(2,734)	(62,943)	(16,073)	(1,626)	-	(83,376)
Disposal Accumulated Depreciation	-	2,302	58,816	14,894	1,555	-	77,567
Depreciation and impairment losses	-	(24,702)	(84,898)	(7,038)	(3,871)	-	(120,509)
Foreign exchange differences	356	(516)	(259)	(177)	(428)	901	(123)
Net book amount at 12/31/2018	**37,304**	**320,673**	**596,406**	**21,156**	**8,530**	**117,621**	**1,101,691**
Of which:							
Historical cost	37,304	696,136	2,448,367	107,447	61,436	117,622	3,468,313
Depreciation and accumulated impairments losses		(375,462)	(1,851,962)	(86,291)	(52,906)		(2,366,621)
Net book amounts at 1/1/2019	**37,304**	**320,673**	**596,406**	**21,156**	**8,530**	**117,622**	**1,101,691**
Recognition to Right of Use tangible assets IAS 17	-	(680)	(8,484)	-	-	-	(9,164)
Net book amounts adjusted at 1/1/2019	**37,304**	**319,993**	**587,922**	**21,156**	**8,530**	**117,622**	**1,092,527**
Capital expenditure	-	-	-	-	-	157,061	157,061
Capitalization	479	21,866	160,596	6,320	2,991	(192,253)	-
Disposal Cost	-	(5,241)	(64,283)	(4,030)	(2,033)	-	(75,587)
Disposal Accumulated Depreciation	-	4,874	60,139	3,801	2,301	-	71,115
Depreciation and impairment losses	-	(20,660)	(87,350)	(5,724)	(3,227)	-	(116,961)
Foreign exchange differences	426	1,962	3,980	137	(86)	380	6,800
Net book amount at 12/31/2019	**38,209**	**322,794**	**661,004**	**21,661**	**8,476**	**82,811**	**1,134,955**
Of which:							
Historical cost	38,209	714,197	2,508,751	110,059	62,180	82,811	3,516,209
Depreciation and accumulated impairments losses		(391,403)	(1,847,749)	(88,399)	(53,704)		(2,381,255)

As of 31 December 2019, the accumulated impairment losses amounted to euro 14,104 (euro 20,992).

6.9 Right of use tangible fixed assets

As described in the paragraph "Accounting standards, amendments and interpretations effective from 1 January 2019", the Group has applied IFRS 16 using the modified retrospective approach, recognizing the lease previously classified as IAS 17 - financial leases, in the item right of use right on the transition date, 1 January 2019.
Movements in right of use are as follows, due to the application of the new accounting principles IFRS 16 from 1 January 2019:

	Land	Buildings & warehouse	Plant, machinery and equipment	Cars and other transportation	Total
Movements 2019					
Effect from application IFRS 16 as at 1/1/2019	**367**	**31,878**	**4,245**	**5,248**	**41,738**
Recognition from Property, plant and equipments IAS 17	-	680	8,484	-	9,164
Net book amounts adjusted at 1/1/2019	**367**	**32,558**	**12,729**	**5,248**	**50,902**
Capitalization	-	774	589	1,691	3,054
Remeasurement	-	(341)	8	27	(306)
Derecognition	-	(1,151)	-	-	(1,151)
Depreciation and impairment losses	(34)	(7,754)	(5,208)	(2,688)	(15,684)
Foreign exchange differences	43	530	19	(6)	586
Net book amount at 12/31/2019	**376**	**24,616**	**8,137**	**4,272**	**37,401**
Of which:					
Historical cost	411	31,614	46,289	6,937	85,252
Depreciation and accumulated impairments losses	(35)	(6,998)	(38,152)	(2,666)	(47,851)

The net book value at 31 December 2019 of assets held under finance leases, already booked in the last years under the accounting principles IAS 17 - Finance Leasing, amounted to euro 5,402 (euro 9,164), and it's relates to:

- Barilla G. e R. Fratelli has two finance lease contracts relating to the cogeneration plants in Italy, amounting to euro 3,895 (euro 7,499), which will expire in 2020 and 2022 with purchase options available at the end of the lease term;
- Barilla Deutschland has entered a finance lease contract for a mill that will expire in 2029. The net book value at 31 December 2019 amounted to euro 1,507 (euro 1,666).

The present value of future financial minimum lease payments undiscounted by maturity is as follows:

	2019	2018
Not later than one year	15,231	5,052
Later than 1 year and no later than 5 years	22,357	6,141
Later than 5 years	5,617	1,422
Total value of future minimum lease payments	**43,205**	**12,615**

The reconciliation between the future minimum lease payments and the present value of the lease payments is as follows:

	2019	2018
Total fuvture minimum lease payments	43,205	12,615
Interests	(3,900)	(1,203)
Present value of lease payments	**39,305**	**11,412**

The net amount of the rent payments for leasing, not included in the valuation of the IFRS 16 Leasing liabilities and, therefore, recognized in the consolidated operating income statement as at 31 December 2019, amounts to euro 18,871.
Please refer to the item 6.27 for the analysis of rental costs not included in the total amount of leasing liabilities in compliance with the new IFRS 16 accounting principle.

6.10 Goodwill

Movements in goodwill are as follows:

Goodwill	2018
Movements	
Opening balance at 1/1	**467.254**
Impairment of goodwill	(3.567)
Foreign exchange differences	(5.690)
Total at 12/31	**457.997**

Goodwill	2019
Movements	
Foreign exchange differences	(2.436)
Total at 12/31	**455.562**
- of wihch gross value	487.483
- of which accumulated impairments	(31.921)

An analysis of goodwill by groups of Cash Generating Unit - CGU for impairment test purposes at 31 December 2019 is summarized in the table below:

CGU Groups identified	Amount
Europe - Bakery	453,821
Other minor	1,741
Total	**455,562**

The annual impairment test on goodwill consists in estimating the recoverable amount of the groups of cash generating units to which the goodwill is allocated and comparison with the carrying value of the related assets including goodwill. The recoverable amount of the groups of cash generating units was determined based on the value in use, calculated as the present value of the expected future cash flows relating to the groups of cash generating units.

The cash flows utilized to determine value in use cover a five-year period plus a terminal value. The plans are prepared with varying detail depending on specific requirements and the relevance of the selected variables, starting from a series of key macroeconomic indicators (e.g. foreign exchange rates, inflation rates, market assumptions) and economic-financial targets.

Group management formulates the qualitative and quantitative content of the plan used for the relevant impairment. The flows deriving from groups of cash generating units at the end of the plan period correspond to the perpetual income based on the final year of the plan, appropriately normalized.

The key assumptions used to perform the impairment test are as follows:

Identified Groups of CGU	Discount rate		Growth rate	
	2019	**2018**	**2019**	**2018**
Europe Region - Bakery	5.6%	7.3%	1.9%	1.9%

Based on the annual impairment test as of 31 December 2019, no further impairment is required.

Sensitivity analysis on the key assumptions has demonstrated that the variations necessary for a consequent impairment of the CGUs to which the goodwill is allocated are remote, due to a significantly higher excess value compared to the carrying amount of the group of cash generating units.

The goodwill denominated in foreign currencies, mainly in Swedish Krone and Danish Krone have undergone a change in value due to the accumulated impact of exchange rates fluctuation.

At 31 December 2019 the effect of conversion shows mainly a net accumulated loss of euro 21,515.

6.11 Other intangible assets

Other intangible assets consist of the following:

	Licenses and software	Trademarks	Other	Assets under construction	Total
2018 Movements					
Opening balance at 1/1/2018	**17,422**	**10,335**	**301**	**4,798**	**32,856**
Acquisitions and capitalizations	5,442	1,108	117	4,420	11,087
Foreign exchange differences	(19)	5	-	15	2
Disposals	(4)	-	(16)	-	(20)
Amortization	(6,666)	(9,834)	(377)	-	(16,877)
Variation in scope	-	1,134	-	-	1,134
Total at 12/31/2018	**16,176**	**2,748**	**24**	**9,234**	**28,182**
Of which:					
Historical cost	115,339	266,282	615	9,234	391,470
Amortization and accumulate impairment losses	(99,163)	(263,534)	(591)		(363,288)
2019 Movements					
Opening balance 1/1/2019	**16,176**	**2,748**	**24**	**9,234**	**28,182**
Acquisitions and capitalizations	15,502	1,310	74	936	17,822
Foreign exchange differences	8	19	-	7	34
Disposals	-	-	60	-	60
Amortization	(7,552)	(1,673)	(71)	-	(9,296)
Total at 12/31/2019	**24,134**	**2,404**	**87**	**10,177**	**36,802**
Of which:					
Historical cost	130,750	266,968	344	10,177	408,239
Amortization and accumulate impairment losses	(106,616)	(264,564)	(257)		(371,437)

A selection of excellent ingredients, such as semolina derived from the finest wheat, are chosen to obtain the superior quality of the 3D printed pasta BluRhapsody. The dough is worked with traditional methods and in small quantities, to ensure and maintain a perfect consistency every time.
The result is BluRhapsody, the quintessential Italian pasta.

"Trademarks" are principally related to Harrys and, from the previous year, the new brand Tolerant, reported in the table under "change in scope of consolidation", due to the acquisition in the 2018 of MXO Global Inc., specialized in the production of gluten free, legume-based pasta. The trademarks of Barilla G. e R. (Barilla, Mulino Bianco) have not been recognized in the financial statements as they were developed internally. The increase in "Licenses and software" and "Assets under construction" refers for euro 15,407 to software "Enterprise Performance Management" (EPM), software for controlling and management system.
The amount of "Assets under construction" mainly relates to the costs for the software not yet in use.

6.12 Trade and other receivables

The balance comprises:

	2019	2018
Guarantee deposits	625	527
Other non-current receivables	1,832	1,411
Total	**2,457**	**1,938**

The fair value of trade and other receivables approximates their carrying value.

6.13 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are recognized separately in the statement of financial position, exclusively in relation to temporary differences between the carrying value of assets and liabilities in the balance sheet and their tax base.
Deferred tax assets on tax losses carried forward are only recognized where it is probable that sufficient future taxable profits will be earned to allow recovery of the tax differences that will be reversed.
The table below illustrates the composition and movements in deferred income tax assets and liabilities represented as net for each entity where they could be actually offset by underlying balance sheet items and period of generation:

2019	Opening Balance	Reversals/charges through income statement	Impact on equity	Foreign exchange impact	Closing Balance
Deferred Taxes					
Property, plant and equipment	(41,830)	3,550	-	(246)	(38,526)
Leasing	2,689	(1,004)	-	(48)	1,637
Intangible assets	1,891	148	-	(33)	2,006
Financial liabilities and derivatives	(1,254)	(807)	238	3	(1,820)
Inventories	3,877	(763)	-	21	3,135
Spare Parts	5,960	589	-	34	6,583
Provisions for other liabilities and charges	31,473	(3,286)	-	7	28,194
Pension funds	14,514	34	4,088	(59)	18,577
Tax losses carried forward	7,405	1,859	-	640	9,904
Other	6,533	(598)	-	257	6,192
Total	**31,258**	**(278)**	**4,326**	**576**	**35,882**
Deferred income tax assets	37,842				37,754
Deferred income tax liabilities	(6,584)				(1,872)
Total	**31,258**				**35,882**

2018	Opening Balance	Reversals/charges through income statement	Impact on equity	Foreign exchange impact	Closing Balance
Deferred Taxes					
Property, plant and equipment	(43,098)	1,652	-	(384)	(41,830)
Leasing	4,416	(1,719)	-	(8)	2,689
Intangible assets	2,007	(93)	-	(23)	1,891
Financial liabilities and derivatives	549	122	(1,920)	(5)	(1,254)
Inventories	4,256	(412)	-	33	3,877
Spare Parts	5,624	292	-	44	5,960
Provisions for other liabilities and charges	32,844	(1,380)	-	9	31,473
Pension funds	15,622	(752)	(180)	(176)	14,514
Tax losses carried forward	963	6,785	-	(343)	7,405
Other	4,105	2,369	-	59	6,533
Total	**27,288**	**6,864**	**(2,100)**	**(794)**	**31,258**
Deferred income tax assets	41,902				37,842
Deferred income tax liabilities	(14,614)				(6,584)
Total	**27,288**				**31,258**

Deferred income taxes have not been recognized on the undistributed earnings of subsidiaries, as the Group is able to control the timing of these distributions and it is probable that they will not be distributed in the near future.

6.14 Equity instruments

The item principally comprises equity investments in BRW S.p.A., amounting to euro 680 and other minor non-current financial assets totaling euro 1,006 (euro 1,025).

According to the accounting standard IFRS 9, the Group aligned the carrying value of its equity instruments to their fair value. The relevant change in fair value of euro 58 (euro 343) was booked in the consolidated income statement line "Finance income and (costs)" (note 6.29).

6.15 Trade payables

Trade payables, which amounted to euro 779,047 (euro 744,314), represent amounts due in relation to the purchase of goods and services. Trade payables are recorded at nominal value, which substantially approximates their fair value. All amounts are payable within one year. The total amount includes euro 1,187 (euro 2,779) due to BRW S.p.A. The balance includes the amounts due to co-packers, which are governed by medium/long-term supply contracts negotiated at arm's length, that establish guaranteed minimums disclosed in contractual commitments for finished good supplies.

6.16 Borrowings

Current borrowings, classified as current liabilities, comprise amounts due within one year and are detailed as follows:

	2019	2018
Short-term portion of bank overdrafts and leasing obligations	67,880	19,723
Current portion of long-term bank loans	3,363	6,350
Total borrowings	**71,243**	**26,073**

The short-term portion of bank overdrafts and leasing obligations comprise bank overdrafts amounting to euro 41,389 (euro 1,007), the leasing obligations due within 12 months for euro 14,394 (euro 4,562), loans due within one year for euro 12,097 (euro 14,154).

As a consequence of the adoption of the new standard IFRS 16, the leasing obligations increased versus 2018. The short-term leasing already booked, in accordance with IAS 17 - Financial lease, in the previous years, amounting to euro 3,822 (euro 4,562).

During the year has been signed a new loans between Barilla Iniziative S.p.A. and Intesa Sanpaolo S.pA., with a nominal amount of euro 200 million, fixed amortizable from the third year; in addition has been issued a new medium-long term loan, named "Save and Smart" presented and approved within the national technology cluster, activated after the Italian Directorial Decree n. 257 of May 2012, entitled "Notice for the development and strengthening of national technological clusters" issued by MIUR , for an initial amount of euro 155 and expiring date in 2024. The short-term amount are respectively 98 and 34 euro, included in the "Current portion of long-term bank loans". This item includes also the loan with the European Investment Bank (EIB), amounting to euro 3,124 (euro 6,236) and the amount of short term loan in the face of demand of non-repayable grant, send to

Piemonte region (Italy) in 2018, for an investment in energy-savings systems in the Novara plant, for euro 107 (euro 107).

Current borrowings are measured at amortized cost, which is deemed to represent their fair value.
Bank borrowings are not guaranteed by any property, plant or equipment.
Refer to note 6.21 for the reconciliation of the changes in liabilities arising from financing activities, within and after one year, as highlighted in section "Net cash from financing activities" of the statement of cash flows.

6.17 Retirement benefit obligations

Retirement benefit obligations comprise amounts paid to employee defined benefit plans, including the staff leaving indemnity fund (as the Italian "TFR" and other equivalent plans and pension schemes).
Total obligations relating to future benefits payable to employees amounts to euro 158,791 (euro 146,829), of which amounts due within one year are euro 12,019 (euro 11,305) and due after more than one year are euro 146,772 (euro 135,524), net of plan assets for euro 3,637 (euro 3,564).
The significant increase in the item, compared to the previous year, is mostly due to the significant decrease of discount rates recorded in all the countries where the Group holds employee plans.
In Italy, the TFR represents the deferred compensation payable by companies to employees on termination of employment, in accordance with article 2120 of the Italian Civil Code. Following reforms introduced in the Italian law, the TFR provision accrued until 31 December 2006 is still considered a defined contribution plan, while the portion further matured is annually paid to managing institution.
The main specific risks related to this plan refers to the accrued benefit that is payable to the members as a lump sum when retiring or leaving the company. According to the Italian law, it is also possible to receive an advance from the total accumulated benefit. Therefore, there is the risk that members will leave the plan sooner than expected or demand an advance payment in a larger size than expected, generating an actuarial loss in the plan due to cash flow acceleration. Other risks to which the plans are exposed are limited to inflation, to which the accrued benefits are linked, and discount rate.
The foreign other plans and pension schemes relate to companies operating in France, Greece, Germany, Sweden, Turkey, Norway, Mexico and Switzerland.

The principal features of some of the most significant plans are as follows:

- In France, there are the "Retirement Indemnity Plan" and the "Long Service Awards Plan". The first plan attributes the right to receive a sum of money on termination of employment upon retirement, in proportion to the number of years of service, final salary levels and whether termination was voluntary or not. The specific risks are related to the fact that Retirement Indemnity Plans are mandatory by law and are defined by national bargaining agreements, therefore these plans are subject to the legislative risk and rate of withdrawal of beneficiary from the plan. The "Long Service Awards Plans" pay benefits at any defined anniversary of working life related to the service in the company. The awards paid are exempt of payroll taxes within the value of one month of salary. The main risks on these plans are linked to changes of fiscal legislation risk characterizing them that could require additional costs. Other risks that can be identified are related to the change in the discount rate and withdrawal rate of employees. The French benefit plans are partially funded by the Asset Plan which at the 31 December 2019 amounted to 6 euro;
- In Greece, there is the pension plan (Retirement Indemnity Plan) which provides that the employer is required to pay an indemnity where the employee has reached pensionable age or employment is terminated involuntarily. The payment indemnity received from the employee depends on several factors including years of service, the equivalent monthly salary in the last year of service (including bonuses) and the reason for termination. The indemnity paid by the entity is for several months and not one-off, based on a scale of multiples in relation to years of service and also taking into consideration the reason for termination. Main risks are related to the changes in the discount rate;
- In Germany, the pension plan paid by the entity when the employee has reached pensionable age or in case of disability, with the possibility of the right of pension plan for the assisting spouse. The pension plan provides for the payment of an ongoing pension and not a one-off lump sum. The plan is based on a pre-determined percentage of annual salary and taking into consideration the increase of salaries and longevity risk. The risk connected to this plan, linked to national contracts, is relating to pension increased established by the local law, that may have to be increased retrospectively (up to a limit of three years) as well as in respect of future increases;
- In Sweden, "IPT2 Plan" is the pension scheme for white collar employees based on the collective bargaining agreement. The risks are linked to any changes on the collective bargaining agreement. An external influence on the possible increase in pensions derives from the funding level in the short term of the monopoly insurer of plans in Sweden.

The retirement benefit obligations are determined applying actuarial calculations carried out by an independent expert or company and are adjusted for events that require changes to be reflected therein.
The last actuarial valuation was performed at 31 December 2019 using the projected unit credit method, under which the present value of future retirement obligations to be paid is determined.

	2019	2018
Opening balance	**146,829**	**147,263**
Services costs	3,673	3,796
Finance costs	2,429	2,412
Actuarial (gains) / losses	13,590	16
Exchange differences for the year	(365)	(1,243)
Benefits paid	(7,365)	(5,415)
Closing Balance	**158,791**	**146,829**
Of which:		
- Due within one year	12,019	11,305
- Due after one year	146,772	135,524

Services costs relate to the charges for the year.

The assumptions adopted in determining retirement benefit obligations may be summarized as follows:

2019	Discount rate	Expected rate of return on plan assets	Estimated salary growth	Inflation rate
Italy	0.70%	n.a.	2.72%	1.75%
Germany	(0.25%) 0.75% 1.00%	0.98%	2.25%	-
France	1.00% 1.70%	0.99%	1.75% 2.25%	1.75%
Greece	1.00%	n.a.	1.75%	1.75%
Mexico	7.25%	7.25%	4.50%	3.50%
Norway	2.30%	2.30%	2.50%	1.50%
Sweden	1.50%	n.a.	3.00%	2.00%
Turkey	11.30%	n.a.	8.50%	7.00%
Switzerland	0.20%	0.20%	1.00%	1.00%

2018	Discount rate	Expected rate of return on plan assets	Estimated salary growth	Inflation rate
Italy	1.40%	n.a.	2.72%	1.75%
Germany	(0.10%) 1.50% 1.75%	1.74%	2.25%	-
France	1.20% 1.65%	1.64%	1.75% 2.25%	1.75%
Greece	1.75%	n.a.	1.50%	1.50%
Mexico	9.00%	9.00%	4.50%	3.50%
Norway	2.60%	2.60%	2.50%	1.50%
Sweden	2.30%	n.a.	3.00%	2.00%
Turkey	16.00%	n.a.	6.50%	5.00%
Switzerland	0.85%	0.85%	1.00%	1.00%

The cost of future employee retirement benefits recognized in the income statement is classified under the following headings:

	2019	2018
Cost of sales	1,188	1,349
Logistics costs	290	221
Selling costs	615	683
Marketing costs	98	96
General and administrative expenses, technical and development costs	1,482	1,447
Total	**3,673**	**3,796**

The plan assets composition is as follows:

	2019	2018
Listed shares and bonds	10	10
Cash and cash equivalents	4	4
Total listed assets	**14**	**14**
Insurance contracts	3,515	3,450
No listed - other	108	100
Total asset	**3,637**	**3,564**

The weighted duration of defined benefit obligations is equal to 13 years, split by plan as follows:

Years	Weighted duration	Average future working lifetime
Average	**12.7**	**10.5**
Italy	9.2	10.4
Germany	14.9	6.8
France	12.6	15.0
Sweden	17.9	11.7
Greece	16.0	15.8
Turkey	6.1	11.6

The effect on the retirement benefit obligation of a reasonably possible change in the actuarial assumption considered in computing the defined-benefit obligation is provided below:

Effect	Increase in actuarial assumption	Decrease in actuarial assumption
Discount rate (0.5% movement)	(6.06) %	6.64%
Rate of salary increase (0.5% movement)	4.29%	(3.78%)
Inflation rate (0.25% movement)	1.89%	(1.82%)
Life expectancy (1 year variation)	0.89%	n.a.

6.18 Current income tax liabilities

Current income tax liabilities amount to euro 12,768 (euro 3,898) and comprise the provision for current taxes on profit for the year. Concerning the Italian entities that participate in the group tax consolidation regime, the current tax liability relates to the balance of IRAP (trade income tax). The IRES (corporation tax) liability was transferred to the parent company CO.FI.BA. S.r.l., included in note 6.19, under the group tax consolidation regime in Italy.

6.19 Other liabilities

Other liabilities consist of the following:

	2019	2018
Amounts due to employees	117,047	108,253
Amounts due to social security authorities	26,565	27,618
Withholding taxes from employees, consultants and freelance workers	12,707	11,758
Other liabilities	8,866	7,227
VAT payable	8,634	1,489
Amounts due to customers	7,407	10,385
Other taxes	3,659	3,865
Accruals and deferred income	2,461	842
Amounts due to parent companies	36	6,295
Total	**187,382**	**177,732**

The Barilla Yearly Leadership Team Meeting (YLTM) is our most important global internal event: it is the annual occasion for the Company's leaders to meet and hear from the Global Leadership Team on the key results, learnings, and short- and long-term priorities.
During the 2019 YLTM we thanked Umberto Panizzi for his commitment and contribution throughout his years spent in Barilla and we welcomed Maria Bianca Tulumello, our new Chief Human Resources Officer.

December 2019


ERSHIP
MEETING
2019

Accruals and deferred income mainly relate to accrued interest payable. Amounts due to parent companies refer to the balances due to CO.FI. BA. S.r.l. is euro 36 (euro 6,295), for the group tax consolidation regime in Italy. Compared to 2018, the difference is due to the higher advance payment compared to the effective tax burden, for most of the companies participating in the national tax consolidation; refer to note 6.4 for the comments.
The fair value of other liabilities approximates the carrying value.

6.20 Provisions for other liabilities and charges

The current and non-current portions of provisions for other liabilities and charges may be detailed as follows:

	Initial Balance	Effect from application IFRS 16 as at 1/1/2019	Charges	Used / reversed / reclassification	Foreign exchange impact	Ending Balance
Employee risk provision	10,593	-	4,346	(3,879)	(26)	11,034
Restructuring provision	40,855	-	189	(9,000)	(2)	32,042
Tax risk provision	1,967	-	233	(1,155)	1	1,046
Price contest risk provision	779	-	232	(776)	2	237
Returns and unsold goods provision	2,286	-	-	-	-	2,286
Revocatory risk provision	9,943	-	830	(378)	-	10,395
Litigation provision	2,970	-	685	(1,200)	(16)	2,439
Other provisions	28,113	-	1,895	(1,998)	(26)	27,985
Provision for Rent IFRS 16	-	5	-	-	-	5
Total	**97,507**	**5**	**8,411**	**(18,386)**	**(68)**	**87,469**
Of which:						
Provisions for other liabilities and charges	57,723					47,369
Provisions for other liabilities and charges	39,784					40,100

The “Employee risk provision” and the “Restructuring provision” have been recognized in relation to reorganization programs that include redundancy incentives and other future employee obligations.
The "Revocatory risk provisions" were registered for collected commercial receivables for which there is a risk of a clawback action.
The “Other provisions” mainly include commercial risks and risks against distributors.
The provisions due after more than one year have not been discounted due to the uncertainty of the period of utilization.

6.21 Borrowings

The entry “Medium/long-term borrowings” is composed as follows:

	2019	2018
Bonds	435,801	408,280
Bank borrowings and leasing obligations	224,846	10,380
Total	**660,647**	**418,660**

Detail of the outstanding bonds are summarized below (included the current portion classified as current financial debt for which refer to the note 6.16):

	Nominal value in currency (USD thousands)	USD coupon	Maturity	Carrying value	Hedging transaction		Effective interest rate in euro
					Notional value in euro	Average interest rate paid	
	75,000	4.76%	15 July 2021	70,039	50,562	1.01% (V)	1.19%
	50,000	4.86%	15 July 2023	48,728	33,718	0.90% (V)	1.02%
	150,000	4.43%	13 Dec 2025	143,199	115,050	0.75% (V)	0.80%
	185,000	4.03%	28 Oct 2027	173,835	169,867	0.75% (V)	0.81%
Total Notes	**460,000**			**435,801**	**369,197**		

(V)Variable (Floating) interest rate

The interest rate and foreign exchange risks relating to the US Private Placements are hedged by cross currency and interest rate swaps, details of which are provided in note 7. During 2018, one tranche of the bonds amounting to USD 75 million was repaid on the maturity date.

The "Bank borrowings and leasing obligations" mainly include the new loan with Intesa Sanpaolo for a nominal value of euro 200 million, at a fixed rate amortizable from the third year. The non-current portion outstanding as of 31 December 2019 amounted to euro 199,534. In addition has been issued a new medium/long-term loan, named "Save and Smart" presented and approved within the national technology cluster, activated after the Italian Directorial Decree n. 257 of May 2012, entitled "Notice for the development and strengthening of national technological clusters" issued by MIUR , for an initial amount of euro 155 and expiring date in 2024; the relating amount long term is euro 104. The same line item includes the portion of medium/long-term leasing obligations for the effect of the adjustment for the new standard IFRS 16, with a balance at year-end of euro 24,911 (euro 6,850). The medium/long-term leasing already booked, in compliance with IAS 17 - Financial lease, in the previous years, as of 31 December 2019 amounts to euro 3,028 (euro 6,850).

The financial cash flow for the year 2019, relating to leasing contracts subject to the new Standard IFRS 16, amounted to euro 14.8 million.

A revolving credit facility that originally was due to mature in January 2023 (with an extension option for further two years), was firstly extended until January 2024 during the month of January 2019, then, during January 2020, the maturity has been further extended until January 2025. The total amount of revolving credit facility is equal to 500 million of euro (with an option to increase to euro 800 million). The parties in the banking pool remain unchanged vs the previous year; Barilla Iniziative S.p.A. and Barilla G. e R. Società per Azioni remain co-borrowers and co-guarantors, with the option for Barilla Iniziative S.p.A. to designate other subsidiaries as additional borrower.
This credit facility results unused at 31 December 2019.

The maturity dates of medium/long-term borrowings are illustrated in the table below:

	due between 2 and 5 years	due after 5 years	Total
Bonds	118,767	317,034	**435,801**
Bank borrowings and leasing obligations	220,980	3,866	**224,846**
Total	**339,747**	**320,900**	**660,647**

The following table depicts the borrowings (including the respective hedging instruments) by maturity date and type of interest rate:

Borrower	Description	Interest rate	As at 12/31/2019	Maturity
Barilla France	Bonds (including cross currency and interest rate swaps)	floating	84,568	2021 - 2023
Barilla Iniziative	Bonds (including cross currency and interest rate swaps)	floating	279,776	2025 - 2027
Barilla Iniziative	EIB loan	floating	3,124	2020
Barilla Iniziative	Intesa Sanpaolo loan	fixed	199,632	2024
Barilla Iniziative Group	Banks	floating	55,802	2020 - 2024
Barilla Iniziative Group	Leasing	fixed	39,305	2020 - 2048
Total bank borrowings (either due within or after one year) *			**662,207**	

The analysis of borrowings by date of interest rate renegotiation is as follows:

Period	Carrying value 2019	Carrying value 2018
Within 1 year	423,270	372,220
From 2 to 5 years	199,632	9,367
Over 5 years	39,305	11,412
Total borrowings due within one year and after more than one year *	**662,207**	**392,999**

Borrowings due within one year and after more than one year are denominated in the following currencies:

Currency	Carrying value 2019	Carrying value 2018
Euro	264,228	15,142
USD (American Dollar)	377,500	363,672
TRY (Turkish Lira)	12,756	14,155
SEK (Krone - Sverige)	2,428	30
RUB (Ruble - Russia)	2,133	-
Other	3,162	-
Total borrowings due within one year and after more than one year *	**662,207**	**392,999**

After the application of the new Standard IFRS 16, the entry "Other Currency" increased for the addition of the subsidiaries leasing contracts subscripted in foreign currency different to legal entities functional currency.

According to IAS 7, par. 44-a), it is provided below a reconciliation of the changes in liabilities arising from financing activities, both within and after one year, as highlighted in section 'Net cash from financing activities' of the statement of cash flows, which corresponds to the sum of "Borrowings disbursement/reimbursement", "Foreign exchange effect on foreign currency debts" and "Fair value changes through consolidated income statement", net of 'Bank overdrafts' movements.

	Total borrowings due within one year and after one year	*thereof: Bank overdraft*
Total debt at December 31, 2017 (a)	**464,532**	***971***
Movements in 2018:		
Monetary changes of the period:		
Borrowing disbursement/reimbursement, including those due to parent company	(54,257)	*21*
Total monetary changes of the period	**(54,257)**	***21***
Non-monetary changes of the period:		
Foreign exchange effect on foreign currency debt	(2,611)	*15*
Fair value changes through income statement	(9,446)	
Fair value changes through OCI	(5,219)	
Total non-monetary changes of the period	**(17,276)**	***15***
Total changes (b)	**(71,533)**	***36***
Total net financial liabilities at December 31, 2018 * (a+b) (c)	**392,999**	***1,007***
Total derivatives (assets)/liab at December 31, 2018	(51,736)	
Total Debt at December 31, 2018	444,735	*1,007*
Movements in 2019:		
Monetary changes of the period:		
Borrowing disbursement/reimbursement, including those due to parent company	219,204	*40,385*
Total monetary changes of the period	**219,204**	***40,385***
Non-monetary changes of the period:		
IFRS 16 adoption leasing at January 1, 2019	41,733	
Foreign exchange effect on foreign currency debt	(1,358)	*(3)*
Fair value changes through income statement	11,365	
Fair value changes through OCI	(1,736)	
Total non-monetary changes of the period	**50,004**	***(3)***
Total changes (d)	**269,208**	***40,382***
Total net financial liabilities at December 31, 2019 * (c+d)	**662,207**	***41,389***
Total derivatives (assets)/liab at December 31, 2019	(69,683)	
Total Debt at December 31, 2019	731,890	*41,389*

** Total borrowings due within one year and after one year, detailed in the tables, include negative derivatives and are expressed net of the positive value of derivatives, except for derivatives on commodities as disclosed in paragraph 6.22 "Derivate financial instruments".*

The effective interest rates on borrowings amounted to 1.3% (1.8% in 2018). The calculation does not include non-recurring items relating to bonds or early repayment of loans and the fair value changes related to bonds.
The comparison between the carrying value and fair value of borrowings is disclosed in note 7.

Financial covenants and other contractual obligations

The Bonds and Bank facility currently outstanding (the "Financing") require the compliance with certain contractual obligations and financial covenants (collectively, the "Covenants").
The main Covenants, as defined in one or more Financing contracts, are in line with market practice for similar transactions, as follows:

Financial covenants

- Ratio of Net Borrowings to EBITDA;
- Ratio of EBITDA to Net Interest on borrowings;
- Ratio of borrowings of operating companies plus borrowings secured by real guarantees (except where permitted contractually) to Total Assets as resulting from the financial statements.

Other restrictions and contractual obligations

- Change of control;
- Undertaking not to subordinate the Financing to other debt ("*pari passu*") and/or not to grant liens/pledges in favour of such debtholders (except where permitted contractually);
- Undertaking not to dispose certain key assets (such as: key plants, trademarks, licenses and intellectual property);
- Limitations in disposal proceeds, acquisition policies and dividends (where applicable).

Events of Default

The main events of default, which are not applicable to non-material Group companies, are summarized as follows:

- Failure to pay any sum due under the Financing;
- Non-compliance with financial covenants and/or other contractual

obligations (subject to materiality thresholds);
- Cross default (in relation to event of defaults under other Financing that exceed certain thresholds);
- Insolvency, bankruptcy and other insolvency proceeding;
- Significant change in the Group's business.

Where an event of default occurs, which is not cured within the applicable time limits, the Lenders have the right to request the immediate repayment of the borrowed amount, together with interest and any other sums contractually due.
No defaults arose either during the year or at the year end and moreover the Group was compliant with all the financial covenants.

6.22 Derivative financial instruments

	12.31.2019		12.31.2018	
	Assets	Liabilities	Assets	Liabilities
- Fair value hedge - interest rate derivatives	71,457	-	50,891	5,656
- Held for trading - forward exchange contracts	2,790	-	-	-
- Cash flow hedge - commodities	606	-	1,646	-
Total non-current portion	**74,853**	**-**	**52,537**	**5,656**
- Cash flow hedge - commodities	403	-	1,758	-
- Held for trading - forward exchange contracts	673	2,447	6,664	165
- Held for trading - commodities	102	-	1,202	23
Total current portion	**1,178**	**2,447**	**9,624**	**188**
Total derivative financial instruments	**76,031**	**2,447**	**62,161**	**5,844**

The Group has designated the following hedging types, related to currency and interest rate swap contracts, concerning the US Private Placement bond, all designated as fair value hedge:
- contracts for the tranches, with a nominal value of USD 75 million, that expire on 15 July 2021. The positive fair value at 31 December 2019 amounted to euro 19,447. The positive impact on the consolidated income statement amounted to euro 1,998 and impact on comprehensive income to euro 24;
- contracts for the tranches, with a nominal value of USD 50 million, that expire on 15 July 2023. The positive fair value at 31 December 2019 amounted to euro 14,751. The positive impact on the consolidated income statement amounted to euro 2,306 and the impact on comprehensive income to euro 13;
- contracts for the tranches, with a nominal value of USD 150 million, that expire on 15 December 2025. The positive fair value at 31 December 2019 amounted to euro 30,074. The positive impact on the consolidated income statement amounted to euro 7,185 and the impact on comprehensive income to euro 870;
- contracts for the tranches, with a nominal value of USD 185 million, that expire on 28 October 2027. The negative fair value at 31 December 2019 amounted to euro 5,372. The positive impact on the consolidated income statement amounted to euro 13,742 and the impact on comprehensive income to euro 902.

"Derivative contracts on commodities" mainly includes hedge electricity costs and the price of wheat.

Movements in the hedging reserve were as follows:

	Gross reserve	Tax effect
Movements in 2018		
Opening balance at 1/1/2018	**1,322**	**(441)**
Change in basis	(1,100)	265
Change in fair value	10,258	(2,297)
Exchange difference recognized in the consolidated income statement	(421)	112
Total at 12/31/2018	**10,059**	**(2,361)**
Movements in 2019		
Opening balance at 1/1/2019	**10,059**	**(2,361)**
Change in basis	(1,101)	265
Change in fair value	(2,968)	650
Total at 12/31/2019	**5,990**	**(1,446)**

The hedging reserve includes the hedge portion of derivatives on commodities and the effective portion related to the interest rate hedge, for the derivatives designated as cash flow hedge, as well as the basis component for the currency and interest rate swap contracts designated as fair value hedge.

As of December 31, 2019, the notional value of the contracts refers to the cross currency and interest rate swap contracts designated as fair value hedge for euro 369,197 in respect of the bonds that expire from 2021 to 2027, and to derivatives on commodities and electricity contracts for euro 9,312.
The financial risk management policy is disclosed in note 7.

Barilla Turkey project
- #wearetogether against domestic violence - rewarded at the Barilla Excellence Awards.

Barilla Turkey has become a partner of Sabanci University for the "Business Against Domestic Violence" project, aimed at raising awareness about gender equality and domestic violence issues and therefore developing support tools for employees experiencing domestic violence.

December 2019


VIOLENCE
OUR

6.23 Other payables

Other payables, that amounted to euro 4,229 (euro 4.087), largely represent the liability in respect of social security contributions.

6.24 Equity

Fully paid share capital as of 31 December 2019, unchanged with respect to prior year, is referred to n. 101,000,000 ordinary shares with a nominal value of euro 1 each.
During 2019 the shareholders' meeting approved the distribution of dividend for euro 47,066, paid to CO.FI.BA. S.r.l. for euro 40.006 and to Gafina BV for euro 7,060.
It should be noted that the parent company does not hold, nor has held or acquired, any treasury stock, either directly or indirectly through its subsidiaries or associates.

6.25 Non-controlling interests

The following table provides information on the subsidiary controlled by the Group with significant participation of non-controlling interests. The amounts are gross of intercompany eliminations:

Barilla Mexico SA de CV sotto-gruppo Barilla Mexico SA de CV sub-group	31/12/2019	31/12/2018
Percentage of non-controlling interests	**50%**	
Revenue	81,332	71,458
Result of the period	4,878	6,067
Profit/(Loss) attributable to non-controlling interests	**2,439**	**3,033**
Total comprehensive income/(loss)	1,380	1,286
Total comprehensive income/(loss) attributable to non-controlling interests, without result	**690**	**643**
Total comprehensive income/(loss) attributable to non-controlling interests	**3,129**	**3,676**
Current assets	40,819	33,737
Non-current assets	10,058	9,400
Current liabilities	(15,487)	(12,773)
Non-current liabilities	(727)	(461)
Net assets	**34,663**	**29,903**
Net assets attributable to non-controlling interest	**17,331**	**14,951**
Net cash generated from/(used in) operating activities	**4,103**	**820**
Net cash generated from/(used in) investing activities	**(702)**	**(386)**
Net cash generated from/(used in) financing activities	**(927)**	**-**
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	**2,474**	**434**
Total dividends paid to non-controlling interests (included in cash flow from financing activities)	**927**	**-**

Commitments and guarantees

Contractual commitments at the year-end that are not recognized in the statement of financial position amount to euro 1,001,585 (euro 911,764) and comprise:

- commitments for the purchase of finished goods, wheat, other raw materials and packaging for euro 835,047 (euro 740,260);
- commitments for capital expenditure for euro 41,636 (euro 64,502);
- commitments for energy purchase for euro 124,902 (euro 107,002).

Third party guarantees

They comprise guarantees provided by banks and/or insurance companies to government agencies in connection with VAT refunds on behalf of the subsidiary Barilla G. e R. Fratelli Società per Azioni, equal to euro 330,278 (euro 330,278).

Group obligations guaranteed by third parties

They comprise bank guarantees amounting to 1,731 (euro 1,731) and issued by financial institutions to Barilla G. e R. Fratelli Società per Azioni for prize contests/competitions and for the quality of imported wheat.

Contingent liabilities

The Group has contingent liabilities in respect of legal and tax claims arising in the normal course of the business. Those claims are not deemed to originate any material liabilities other than those already provided in the financial statements.

Consolidated income statement

6.26 Revenue

Revenue may be analyzed as follows:

	2019	2018
Total sales of finished goods	3,573,319	3,434,342
Sales of by-products	48,384	44,642
Sales of raw materials and others	4,809	4,084
Total	**3,626,512**	**3,483,068**

6.27 Detail of costs by nature

The following table sets out the composition of costs by nature in relation to the sum of cost of sales, logistics expenses, selling expenses, marketing expenses, technical and development costs and general and administrative expenses that are presented in the consolidated income statement:

	2019	2018
Purchase of raw materials, semi-finished goods, finished goods, materials and change in inventories	1,478,770	1,387,842
Employee costs	520,257	501,592
Promotional and advertising services	305,726	305,201
Transport and warehousing services	316,705	303,725
Depreciation, amortization and impairment	141,942	137,386
Services	118,289	108,877
Third party manufacturing costs	83,261	78,060
Utilities	87,675	71,518
Sales commissions	53,959	50,996
Maintenance costs	40,598	40,551
Property leases, rentals and leases	18,871	28,752
Purchase of other materials	28,779	23,606
Consultancy costs	18,742	15,923
Travel and expenses	15,721	15,271
Customs duties	10,802	10,988
Other taxes	9,719	9,524
Insurances	8,790	8,373
Green dot	8,258	6,276
Postage and telephone expenses	6,230	5,905
Directors' and statutory auditors' emoluments	5,149	5,034
Impairment Goodwill	-	3,567
Employee training costs	4,121	3,483
Canteen's costs	3,506	3,359
Demolition cost	1,654	1,762
Guest expenses	1,667	1,500
Others	543	979
Total	**3,289,734**	**3,130,050**

The detail of "Property leases, rentals and leases", for 18.9 million of euro, is as follows:

	value in euro million
Agreements in scope IFRS 16 adoption	
Service costs	3.3
Agreements not in scope IFRS 16 adoption	
Exempted contracts:	
- short-term	4.4
- low value of underline asset	10.0
Excluded contracts	1.2

The agreements with low value of underline assets mainly refer to rent of pallets for euro 8.1 million (10.2 million of euro in 2018). During the year no variable payments of leasing have been paid.

Depreciation on property, plant and equipment, amortization of intangible assets and goodwill impairment, charged to the consolidated income statement, are classified under the following headings:

	2019	2018
Cost of sales	112,445	101,258
Logistic Costs	5,375	3,518
Selling Costs	2,781	8,264
Marketing Costs	321	258
General and administrative expenses, technical and development costs	21,020	27,655
Total	**141,942**	**140,953**

6.28 Other income and expenses

Other income and expenses comprise:

	2019	2018
Income and expenses from continuing operations:		
Income/(expenses) relating to other accounting periods	13,757	6,140
Net utilization of/charges to provisions	2,693	3,667
Income/(Services) rendered and other minor amounts	3,675	1,863
Insurance repayments	621	1,358
Net gains/(losses) on disposals of property, plant and equipment	(4,160)	1,192
Membership fees	(1,857)	(1,663)
Employee leaving incentives	(2,329)	(2,023)
Bank commission and factoring services	(2,028)	(2,155)
Allowance and losses on trade receivables	(942)	(6,090)
Property and other taxes	(7,488)	(6,923)
Donations to employees and third parties	(12,250)	(10,451)
Total income/(expenses) from continuing operations	**(10,308)**	**(15,085)**

In 2018 the item "Income/(services) rendered and other minor amounts" included penalties paid to lessors for the closing of American restaurants and amount for the resolution of franchising agreement in Middle East, equal to euro 3.4 million.

6.29 Finance costs - net

Finance costs - net consisted of the following:

	2019	2018
Net profits/(costs) relating to the net financial position:		
Interest income on bank accounts	3,873	246
Net profit from debt instruments	6,961	-
Interest expense on short-term bank borrowings	(475)	(1,837)
Interest expense on medium/long-term bank borrowings	(2,467)	(2,607)
Interest expense on bonds	(3,164)	(3,895)
Positive/(negative) change in fair value of bonds and hedging instruments	436	(1,532)
Interest expense on leases	(1,443)	(734)
Total net finance profits/(costs) relating to the net financial position	**3,721**	**(10,359)**
Other finance income/(costs):		
Net realized exchange gains/(losses)	282	(2,032)
Net unrealized exchange gains/(losses)	1,260	2,109
Commissions on undrawn amounts	(810)	(905)
Interest costs on pension liabilities	(2,429)	(2,412)
Change in fair value of equity instruments	(58)	(343)
Other income/(costs)	995	1,004
Total other finance income/(costs)	**(760)**	**(2,579)**
Total finance profits/(costs) - net	**2,961**	**(12,938)**

"Net profit from debt instruments" refers to Investment Grade bonds' accrued coupons and their fair value evaluation. The debt instruments have been acquired during the year by subsidiaries Barilla Sverige AB and Barilla Netherlands BV.

The positive fair value impact of bond loans and derivatives instruments, written with the Fair Value Hedge method, depends from the application of amortized cost and the fair value on bonds, nets of variation of fair values hedge instruments.

The increase of "Interest expense on leases" concerns the first adoption of new standard IFRS 16 - Leases.

Commissions on undrawn amounts relate to the committed Revolving Credit Facility - RCF, not used during the year.

"Other income/(costs)" mainly includes interest income collected during the year for a refund of VAT receivables, for euro 948, while in 2018 the amount referred to interest income collected for a refund of income tax in Italy, for euro 750, in addition of other financial income for deferred payments and interest income on other receivables.

In 2018, interest expenses on short term bank borrowing included the amortization of expenses related to the Committed Revolving Credit Facility ("RCF"), independently from its utilisation, and the write off in the consolidated income statement of the expenses yet to be amortized related to the previous revolving credit facility, renegotiated during the previous year, for euro 1,366.

6.30 Income tax expense

The reconciliation between the theoretical and effective tax charge from the financial statements is provided below. The effective tax rate on profit before income tax amounted to 19% (23%).

The variation compared to previous year is mainly due to the increase of benefits derived from some tax incentives, such as Industry 4.0 (for example "*Iper* and *Superammortamento*"), referred to Italian subsidiary Barilla G. e R. Fratelli Società per Azioni.

	Year ended 31 December 2019
Profit before income tax	329,431
Theoretical tax charge	91,470
Unrecognized deferred tax assets	(518)
Net non-deductible expenses/(income not subject to tax)	(27,652)
Use of deferred tax assets not recognized in prior periods and re-measurement of deferred taxes	(506)
Effective tax charge	**62,794**

The lower effective tax charge compared to the theoretical amount, calculated as the weighted average of the tax rates in the countries in which the Group operates, is principally due to the abovementioned factors.

The nominal tax rates in the countries in which the principal Group companies operate are as follows:

Europe	
Italy	27.90%
Germany	31.50%
Sweden	22.00%
France	28.00%-33.33%
Austria	25.00%
Turkey	22.00%
Greece	24.00%

North America	
USA	21.00%

Other Countries	
Russia	20.00%
Brazil	34.00%
Mexico	30.00%
Australia	30.00%

Tax losses carried forward and unrecognized deferred income tax assets are summarized as follows:

Company	Tax losses	Period for which losses may be carried forward	Rate %	Recognized deferred income tax assets	Unrecognized deferred income tax assets
Barilla Espana S.L.	1,082	Unlimited	25.00 %	271	-
Barilla Gida A.S.	2,883	5 years	22.00 %	-	634
Barilla America Inc.	19,060	20 years	various	4,663	-
Barilla Do Brazil LTDA	27,133	Unlimited	34.00 %	-	9,225
Barilla Rus LLC	20,410	10 years	20.00 %	4,103	-
Barilla Canada Inc.	25,760	20 years	26.50 %	-	6,826
Barilla Belgium S.A.	6,206	Unlimited	25.00 %	-	1,552
MXO Global Inc.	1,544	20 years	26.50%	-	409
Barilla Poland Sp. Z.o.o.	2,250	5 years	19.00 %	428	-
Barilla Singapore Pte Ltd	2,489	Unlimited	17.00 %	439	-
Barilla Shanghai Trading Company Limited	2,083	5 years	25.00 %	-	521
Finba Bakery Holding GmbH *	99,969	Unlimited	various	-	28,265
Total	**210,869**			**9,904**	**47,432**

** for Trade Tax purpose the amount of tax losses is 80,812 euro*

7. Financial instruments and net financial position

Risk management policies

The Group's activities expose it to a variety of financial risks, among which: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
As part of its risk management policy and in order to minimize the impact of market risks, the Group also utilizes hedging instruments (whereas no instrument is used or held for speculative purposes). The Group manages all the hedging transactions centrally. The Group has introduced certain guidelines and procedures that govern risk management and control all derivative transactions.

(a) Market risk

(i) Interest rate risk

The exposure to market risk arising from changes in interest is mainly related to euro rates, the currency in which nearly all Group borrowings at floating rate are denominated or converted by virtue of the hedging contracts. Considering its low use of financial leverage and other factors, the Group decided to maintain a balancing of fixed and floating rate debt. At 31 December 2019 approximately 41% (3%) of gross indebtedness was at fixed rate, either directly or through specific derivative financial instruments. The increase compared to the previous period refers to the new fixed rate loan, with Intesa Sanpaolo, for a nominal value of 200 million euros, and for the application of the new international accounting standard IFRS 16 Leases.

The Group analyzes its interest rate exposure on a dynamic basis. In particular, the Group simulates its financing requirements and prospective generation of cash flows on different scenarios applying varying assumptions based on economic expectations, existing positions and potential renewals, alternative financing, hedging policy and potential refinancing.

Sensitivity analysis:

The potential after-tax effects on the income statement and other comprehensive income of a +/-0.5 percentage point change in euro and in US dollar interest rates, with all other conditions remaining unchanged, applied to the Group's floating rate borrowings at 31 December would have amounted to:

Income - (cost)	2019		2018	
	+0,5%	-0,5%	+0,5%	-0,5%
Effect on Net Result	5,941	(5,925)	1,351	(1,368)
Effect on Other Comprehensive Income	40	(41)	54	(55)

The tax effects were calculated applying the Group's effective tax rates at 31 December 2019 and 2018.

(ii) Foreign exchange risk

Operating an international business, the Group is potentially exposed to the risk that exchange rate fluctuations may have on its assets, liabilities and cash flows generated outside the euro area. Actually, the Group is not heavily exposed to such risk as the risk that arises in the normal course of business is managed through a policy of compensating assets and liabilities, using also, when necessary, derivative contracts (principally forward foreign exchange contracts).

Sensitivity analysis:

The analysis included receivables and payables denominated in foreign currencies and derivative financial instruments.
At 31 December 2019 and 2018 the potential after-tax effects on the net result and on other comprehensive income of a strengthening/(devaluation) of the euro against the other foreign currencies (mainly US dollar), with all other conditions remaining equal, would have amounted to:

Income - (cost)	2019		2018	
	+10%	-10%	+10%	-10%
Effect on Net Result	8,701	(8,413)	6,151	(3,855)
Effect on Other Comprehensive Income	-	-	262	(262)

On the shelves from January 2019 is the new Pan di Stelle Cream, with 100% Italian hazelnuts and sustainable cocoa purchased by supporting the social initiatives of the Cocoa Horizons Foundations in support of communities in the Côte d'Ivoire.

“EVERYTHING IS DONE FOR THE FUTURE”

Pietro Barilla

(iii) Price risk

The Group manages the mitigation of operating risks relating to the trend in prices of those commodities used in the production process mainly through the adoption of medium-term purchasing contracts with its suppliers, integrating also to a limited extent, by derivative contracts on wheat. Hedging contracts are entered into in respect of the Swedish electrical energy market using the "Nord Pool" mechanism through the supplier.

Sensitivity analysis:

The analysis considers derivatives on commodities, mainly related to derivative contracts on wheat and electrical energy.

At 31 December 2019 and 2018, the potential after-tax effects on the income statement and other comprehensive income of a strengthening/(devaluation) of commodities' prices, with all other conditions remaining equal, would have amounted to:

Income - (cost)	2019		2018	
	+5%	-5%	+5%	-5%
Effect on Net Result	(83)	83	(953)	953
Effect on Other Comprehensive Income	(816)	816	(2,752)	2,752

b) Credit risk

Credit risk represents the risk that one of the parties to a transaction does not fulfil the financial obligations undertaken. This risk relates to outstanding trade receivables, securities and cash and cash equivalents, and operations with banks and other financial institutions comprising: deposits and other transactions, derivative instruments and the ability to meet the commitment on the irrevocable credit facilities. The Group's accounts receivable is concentrated in the large-scale retail channel. The Group periodically assesses the creditworthiness of its counterparties and regularly monitors the respect of the credit limits assigned. Insurance policies have been also underwritten to cover potential losses related to commercial receivables.

The Group determines the value of debt instruments and the bank deposits in accordance with the expected credit losses criterion. As far as the credit risk on bank deposits and other financial investments is concerned, the Group has established exposure limits for each counterparty on the basis of the external credit rating, the level of credit default swaps and other market information. The Group believes not to be currently exposed to significant risks.

(c) Liquidity risk

The Group's policies aim to make the liquidity risk reasonably remote. This is achieved through the constant availability of funding through undrawn committed credit facilities, which cope with any reasonably foreseeable future financial commitments, also taking into account the Group's significant generation of cash flows.

At 31 December 2019, the Group held undrawn credit facilities expiring in 2024 of approximately euro 500,000 in addition to cash and cash equivalents in excess of euro 452,308.

An analysis of financial liabilities and derivatives assets/liabilities by maturity is provided in the table below. The maturity buckets are based on the period between the year-end date and the contractual maturity of the obligations.

The amounts in the table represent the undiscounted cash flows including interest estimated applying year-end exchange rates.

At 31 December 2019	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings with banks, other lenders and leases	77,646	335,590	307,112	720,348
Derivative financial instruments through consolidated profit or loss	4,564	-	-	-
Trade and other payables	979,196	4,229	-	983,424
Total	**1,061,406**	**339,818**	**307,112**	**1,708,336**

At 31 December 2018	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Borrowings with banks, other lenders and leases	32,202	122,759	312,293	467,254
Derivative financial instruments through consolidated profit or loss	(6,500)	-	-	(6,500)
Trade and other payables	925,944	4,087	-	930,031
Total	**951,646**	**126,846**	**312,293**	**1,390,785**

Categories of financial instruments

In order to provide full financial risk disclosures, the reconciliation between the categories of financial assets and liabilities as reported in the Group financial position and the categories of financial assets and liabilities identified in accordance with IFRS 7 is presented below, along with the information of fair value evaluation level provided for by IFRS 13:

31 December 2019	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Equity instruments at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Hedging derivatives assets	Hedging derivatives liabilities	Fair value	Fair value evaluation Level
Equity instruments	-	-	1,006	-	-	-	-	**1,006**	Level 3
Derivatives (assets)	3,564	-	-	-	-	72,466	-	**76,030**	Level 2
Other debt instruments	-	247,869	-	-	-	-	-	**247,869**	
Trade and other receivables	-	600,439	-	-	-	-	-	**600,439**	
Cash and cash equivalents and financial assets	-	452,308	-	-	-	-	-	**452,308**	
Borrowings with banks and other lenders	-	-	-	54,027	677,862	-	-	**733,220**	
Trade payables	-	-	-	-	779,046	-	-	**779,046**	
Other payables	-	-	-	-	204,378	-	-	**204,378**	
Derivatives (liabilities)	-	-	-	2,447	-	-	-	**2,447**	Level 2
Total	**3,564**	**1,300,616**	**1,006**	**56,474**	**1,661,286**	**72,466**	**-**		

31 December 2018	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Equity instruments at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Hedging derivatives assets	Hedging derivatives liabilities	Fair value	Fair value evaluation Level
Equity instruments	-	-	1,025	-	-	-	-	**1,025**	Level 3
Derivatives (assets)	7,866	-	-	-	-	54,295	-	**62,161**	Level 2
Trade and other receivables	-	557,586	-	-	-	-	-	**557,586**	
Cash and cash equivalents and financial assets	-	295,982	-	-	-	-	-	**295,982**	
Borrowings with banks and other lenders	-	-	-	25,041	419,692	-	-	**446,266**	
Trade payables	-	-	-	-	744,314	-	-	**744,314**	
Other payables	-	-	-	-	185,717	-	-	**185,717**	
Derivatives (liabilities)	-	-	-	188	-	-	5,656	**5,844**	Level 2
Total	**7,866**	**853,568**	**1,025**	**25,229**	**1,349,723**	**54,295**	**5,656**		

During 2019, there was no transfer of financial assets or liabilities from level 1 to level 2 of the fair value hierarchy. For the valuation techniques of the financial instruments in the level 2, refer to the previously commented 'Accounting and valuation policies'.

The market value of borrowings with banks and other lenders was determined as follows:

- about the floating rate revolving facility, assuming the same credit rating, the nominal repayment value was used, as the adjustment of future lending rates in line with Euribor determined by the markets ensures the substantial alignment in values;
- with regard to the US dollar fixed rate US Private Placement, the valuation method for the portion qualified as cash flow hedge considers the amortized cost converted in euro at the current exchange rate; for the portion qualified as fair value hedge, the valuation method considers the amortised cost, net of the change in value of the hypothetical derivative which underlies the hedging relationship, with all amounts converted to euro at the current exchange rate;
- for all other borrowings, given the low value and the fact that these largely relate to short-term and/or floating rate instruments, the carrying value is considered representative of their fair value.

The other debt instruments, consisting of Investment Grade bonds, they are measured at fair value through consolidated income statement. Regarding equity investments in unlisted companies included in the category equity instruments, the Group during the year determined their fair values and adjusted accordingly the carrying values. Further details are provided in note 6.14.

Net financial position (alternative performance indicator not required by accounting standards)

The net financial position of the Group at the year-end represents the sum of financial receivables and payables that originated respectively from borrowings and deposits, cash, bank and postal accounts, securities classified as financial assets at amortized cost and fair value through profit or loss, mark-to-market derivatives.

The net financial position of the Group at 31 December 2019 was positive and amounted to euro 41,872, despite the negative contribution of euro 32,455 due to the adoption of the new standard IFRS 16, that rules the accounting treatment of Leases. Previous year, the net financial position was negative for euro 92,434 (without IFRS 16 standard application).

Derivatives entered into to hedge the risk relating to commodities used in the production process, included in the above total, have a positive mark-to-market of euro 1,111 (euro 4,582 in 2018).

The Group's net financial position may be summarized as follows:

	12.31.2019	12.31.2018
Cash and cash equivalents	452,308	295,982
Current financial assets at fair value	1,178	9,624
Banks and other borrowings (including derivatives)	(73,690)	(26,261)
Short-term net financial position	**379,796**	**279,345**
Non-current financial assets at fair value	322,722	52,537
Borrowings (including derivatives)	(660,646)	(424,316)
Medium/long-term net financial position	**(337,924)**	**(371,779)**
Total net financial position	**41,872**	**(92,434)**

Capital risk management

The Group's objectives regarding capital risk management are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure to reduce the cost of debt.

The Group monitors its capitalization based on the ratio between the net financial position and EBITDA. This ratio is an indicator of the ability to repay borrowings and is normalized to exclude non-recurring items.

Below is the analysis of operating profit from continuing operations (EBIT-EBITDA):

	2019	2018
Operating profit from continuing operations (EBIT)	**326,470**	**341,500**
Amortization and impairment losses of intangible fixed assets (continuing operations)	9,296	16,877
Depreciation and impairment losses of tangible fixed assets (continuing operations	132,646	120,509
Operating profit from continuing operations before depreciation, amortization and impairment losses on fixed assets (EBITDA)	**468,412**	**478,886**

The ratio net financial position to EBITDA at 31 December is the following:

	2019	2018
Net financial position	41,872	(92,434)
EBITDA	468,412	478,886
EBITDA/net financial position	**n.a.**	**0.19**

8. Disclosures in accordance with IAS 24 for related party transactions and key management compensation

8.1 Key management compensation

Key management with authority and responsibility for planning, directing and controlling the Group's activities are the executive and non-executive directors, represented by the Managing Directors and Finance Directors of Barilla Iniziative and the principal Group operating subsidiaries.

Total compensation paid to these individuals is presented below:

	2019	2018
Short-term benefits	15,705	15,625
Post-employment benefits	1,214	1,220
Other long-term benefits	4,179	4,242
Total	**21,098**	**21,087**

8.2 Related parties

Transactions with other Group companies and related parties are not considered to be uncharacteristic or unusual as they are carried out in the normal course of business. These transactions take place on an arm's length basis, where possible taking into account market conditions. Further information is presented in the Directors' Report.

8.3 Fees to Audit company

KPMG S.p.A. has been engaged for a new 3-year period, from year 2019 to 2021, to perform the audit of the Consolidated financial statements of Barilla Iniziative Group, as required by the Italian law (Article n. 14 Legislative Decree 39 of 2010 and articles n. 2409-bis et seq. of the Italian Civil Code). The 2019 fees in respect of the legal activities for the statutory audit of the annual accounts, the other audit services and the other consulting services amounted to euro 1,139.

8.4 Relationships with company bodies

The emoluments of the directors of Barilla Iniziative S.p.A. for the year 2019 amounted to euro 4,314.

The remuneration of the Board of Statutory Auditors of Barilla Iniziative in relation to Group appointments amounted to a total euro 474 in 2019.

Barilla has always opened its doors: in 2019 we welcomed over 10,000 people to our production plants. Visitors can appreciate our know-how and learn about the production processes used to create all the Group's brands eaten in 100 countries around the world.

“OUR WAY OF DOING BUSINESS: CREATING VALUE FOR PEOPLE AND FOR THE SOCIETY AS A WHOLE”

Guido, Luca and Paolo Barilla

Appendices

Appendix 1.

List of companies included in the scope of consolidation

Company, headquarter and activity	Currency	Share Capital (nominal values)	% Group ownership	Through	%
Blu1877 S.r.l. Via Madre Teresa di Calcutta 3/A - Parma (Italy) Start up Food industry	EURO	10,000	100.00	Barilla Iniziative S.p.A.	100.00
3D Food S.r.l. Via Madre Teresa di Calcutta 3/A - Parma (Italy) Production and trade	EURO	25,000	100.00	Blu1877 S.r.l.	100.00
IKRG - Midtown West, LLC c/o Tarter Krinsky & Drogin LLP, 1350 Broadway, New York, NY (USA) Restaurant	USD	10,000	100.00	Barilla America Inc.	100.00
IKRG - LADC, LLC c/o CSC-Lawyers Incorporation Service - Sacramento California (USA) Liquidate in 2019	USD	10,000	100.00	Barilla America Inc.	100.00
IKRG - LA1, LLC c/o CSC-Lawyers Incorporation Service - Sacramento California (USA) Liquidate in 2019	USD	10,000	100.00	Barilla America Inc.	100.00
IKRG - OC1, LLC c/o CSC-Lawyers Incorporation Service - Sacramento California (USA) Restaurant	USD	10,000	100.00	Barilla America Inc.	100.00
Finba Bakery Holding GmbH Fritz-Volmfelde-Strasse 14-20 - Düsseldorf (Germany) Financial company	EURO	25,000	100.00	Barilla Iniziative S.p.A.	100.00
Barilla G. e R. Fratelli Società per Azioni - Socio Unico Via Mantova 166 - Parma (Italy) Production and trade	EURO	180,639,990	100.00	Barilla Iniziative S.p.A.	100.00
Barilla Servizi Finanziari S.p.A. - Socio Unico Via Mantova 166 - Parma (Italy) Leasing	EURO	30,000,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
FIRST S.p.A. - Socio Unico Via Mantova 166 - Parma (Italy) Trade	EURO	5,000,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
FIRST Commerciale S.r.l. - Socio Unico Via Mantova 166 - Parma (Italy) Trade	EURO	10,000	100.00	FIRST S.p.A. Socio Unico	100.00
Barilla Hellas S.A. 26 Pappou & Akragantos Str. - Athens (Greece) Production and trade	EURO	7,611,840	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla America Inc. 191 North Wacker Drive - Chicago IL (USA) Production and trade	USD	1,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
MXO Global Inc. 151 Yonge Street, Suite 1500 c/o Torkin Manes LLP Toronto (Canada) Trade	CAD	300	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
MXO USA Inc. 191 North Wacker Drive - Chicago IL (USA) Liquidate in 2019	USD	1,000	100.00	MXO Global Inc.	100.00
Barilla Japan KK 9F, 2-7-3 Hirakawacho Chiyoda-ku - Tokyo (Japan) Trade	JPY	400,050,000	100.00	Barilla Singapore Pte Ltd	100.00
Barilla Do Brasil LTDA Avenida Brigadeiro Faria Lima 1336 block 121, 12° Andar São Paulo (Brazil) Trade	BRL	127,937,135	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	99.99
				Barilla Servizi Finanziari S.p.A. Socio Unico	0.01
Barilla Austria GmbH Grabenweg 64 - Innsbruck (Austria) Trade	EURO	436,000	100.00	Finba Bakery Holding GmbH	100.00

Company, headquarter and activity	Currency	Share Capital (nominal values)	% Group ownership	Through	%
Barilla Mexico S.A. de C.V. Calzada San Bartolo Naucalpan 360 Col. Argentina Ponente Deleg. M. Hildalgo - Mexico City (Mexico) Trade	MXN	227,348,096	50.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	50.00
Serpasta S.A. de C.V. Calzada San Bartolo Naucalpan 360 Col. Argentina Ponente Deleg. M. Hildalgo - Mexico City (Mexico) Production and trade	MXN	2,050,000	50.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.05
				Barilla Mexico S.A. de C.V.	99.90
Barilla Singapore Pte Ltd 27 Kreta Ayer Road - Singapore (Singapore) Trade	SGD USD	1,000,000 38,000,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla (Shanghai) Trading Company Limited Room 830-838, Floor 8, Central plaza n.381, Middle Huai Road, Huangpu District - Shanghai (China) Trade	USD	15,120,000	100.00	Barilla Singapore Pte Ltd	100.00
Barilla Middle East FZE Office No. LB191803, Jebel Ali - Dubai (United Arab Emirates) Trade	AED	1,000,000	100.00	Barilla Singapore Pte Ltd	100.00
Barilla Espana S.L. Zurbano 43 - Madrid (Spain) Trade	EURO	3,100	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Canada Inc. 26 Yonge Street - Toronto (Canada) Trade	CAD	25,010,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Gida A.S. Askent sokak n.3A Kosifler Plaza D. 11 Ataşehir - Istanbul (Turkey) Production and trade	TRY	129,800,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Switzerland A.G. Zugerstrasse 76B - Baar (Switzerland) Trade	CHF	1,000,000	100.00	Finba Bakery Holding GmbH	100.00
Barilla Sverige AB PO BOX 6722, 113 85 - Stockholm (Sweden) Production and trade	SEK	5,000,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Norge AS Sandvikavegen 55 - Ottestad (Norway) Trade	NOK	1,952,000	100.00	Barilla Sverige AB	100.00
Barilla Danmark A/S c/o J. Korsoe Jensen, Sankt Annae Plads 13, 3 sal, 1250 - Copenaghen (Denmark) Trade	DKK	500,000	100.00	Barilla Sverige AB	100.00
Barilla Poland Sp. Z.o.o. Ul. Poleczki. 23 - Warsaw (Poland) Trade	PLN	14,050,000	100.00	Finba Bakery Holding GmbH	100.00
Barilla Deutschland GmbH Gustav-Heinemann-Ufer 72 c - Cologne (Germany) Production and trade	EURO	51,100	100.00	Finba Bakery Holding GmbH	89.9002
				Barilla Sverige AB	10.0998
Barilla Australia PTY Ltd c/o Norton Rose Australia, Level 16, 225 George Street - Sydney (Australia) Trade	AUD	30,050,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Netherlands B.V. Orteliuslaan 1000 - Utrecht (The Netherlands) Trade	EURO	18,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Adriatik d.o.o. Tržaška cesta 315 - Ljubljana (Slovenia) Trade	EURO	50,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Hrvatska d.o.o. Radnička cesta 39 - Zagreb (Croatia) Trade	HRK	75,200	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla America N.Y. Inc. Livington County - New York NY (USA) Production and trade	USD	1,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Barilla Rus LLC Butyrskij Tupik 1 Solnečnogorsk - Moscow (Russia) Production and trade	RUB	500,000,000	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00

Company, headquarter and activity	Currency	Share Capital (nominal values)	% Group ownership	Through	%
Barilla Rus Production LLC Shmatovo rural area, Stupino urban district - Moscow (Russia) Production and trade	RUB	10,000	100.00	Barilla Rus LLC	100.00
Barilla France S.A.S. 30 Cours de l'île Seguin - Boulogne Billancourt (France) Production, financial and trade	EURO	126,683,296	100.00	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	100.00
Harrys Restauration S.A.S. 72 Route de Chauny - Gauchy (France) Production and trade	EURO	153.,000	100.00	Barilla France S.A.S.	100.00
Barilla Belgium S.A. 166 Chaussée de la Hulpe - Bruxelles (Belgium) Trade	EURO	693,882	100.00	Barilla Netherlands B.V.	71.20
				Barilla France S.A.S.	28.80

Appendix 2.

List of investments in associated and other companies

Company, headquarter and activity	Currency	Share Capital (nominal values)	% Group ownership	Through	%
BRW S.p.A. Via Savona. 16 - Milan (Italy) Advertising	EURO	5,440,085	33.620	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	33.620
Food Farms s.c.p.a. Strada ponte Caprazucca 6/A - Parma (Italy) Development Envirorment	EURO	53,000	14.815	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	14.815
Fiere di Parma S.p.A. Via delle Esposizioni 393A, Baganzola - Parma (Italy) Fair activities	EURO	25,401,010	0.2814	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.2814
CE.P.I.M. - Centro Padano Interscambio Merci S.p.A. Piazza Europa 1, Fontevivo - Parma (Italy) Warehousing	EURO	6,642,928	0.380	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.380
Immobiliare Caprazucca S.p.A. Strada al Ponte Caprazucca 6 - Parma (Italy) Real estate trade	EURO	7,517,948	0.00003	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.00003
SI.GRA.D. Scrl in liquidazione Piazza Annibaliano 18 - Rome (Italy) Agri-food research	EURO	40,000	2.600	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	2.600
SOGEAP - Aeroporto di Parma Società per la gestione S.p.A. Via Ferretti Licinio 50/a - Parma (Italy) Other airport-related activities	EURO	16,554,528	0.620	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.620
Pallino Pastaria Company 1207 208th Avenue S.E. - Sammamish WA (USA) Production and trade	USD	501,500	11.060	Barilla America Inc.	11.060
Italia del Gusto - Consorzio Export La gastronomia di marca Via delle Esposizioni 393/A, Baganzola - Parma (Italy) Trade	EURO	90,000	2.860	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	2.860
COMIECO Via Litta Pompeo 5 - Milan (Italy) Other	EURO	1,161,900	0.0012	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.0012
CO.NA.I. Via Tomacelli 132 - Rome (Italy) Other	EURO	14,958,633	0.110	Barilla G. e R. Fratelli Società per Azioni - Socio Unico	0.110
FASTIGHETSAKTIEBOLAGET TAREDOM Pumpgatan 5 - Karlstad (Sweden) Other	SEK	796,700	0.200	Barilla Sverige AB	0.200
STOREBRAND ABA Professor Kohts vei 9 - Lysaker (Norway) Other	NOK	2,250,000,000	0.0003	Barilla Norge AS	0.0003
TÅGÅKERIET I BERGSLAGEN AB Kristinehamn (Sweden) Other	SEK	3,000,000	10.000	Barilla Sverige AB	10.000

Appendix 3.

Currency rates of exchange

The main foreign exchange rates used to translate the financial statements are set below:

Currency		Average 2019	Year end 12/31/2019
AUD	Australian Dollar	1.611	1.600
AED	Arab Emirates Dirham	4.111	4.126
BRL	Brazilian Real	4.413	4.516
CAD	Canadian Dollar	1.485	1.460
CHF	Swiss Franc	1.112	1.085
CNY	Chinese Yuan	7.735	7.821
DKK	Danish Krone	7.466	7.472
HRK	Croatian Kuna	7.418	7.440
JPY	Japanese Yen	130.396	125.850
MXN	Mexican Pesos	21.557	21.220
NOK	Norwegian Krone	9.851	9.864
PLN	Polish Zloty	4.298	4.257
RUB	Russian Ruble	72.455	69.956
SEK	Swedish Krone	10.589	10.447
TRY	Turkish Lira	6.358	6.684
USD	United States Dollar	1.119	1.123

Appendix 4.

Summary of public disbursements in accordance with article 1 of Italian Law n. 124/2017

Name Beneficiary	Tax Code Beneficiary	Name Disbursing	Amount received (euro)	Date Collection	Purpose
Barilla G. e R. Fratelli Società per Azioni	01654010345	GSE (through FENICE SpA)	981,521	12/3/2019	EEC autoproducers Pedrignano (Parma - Italy) - year 2018
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	60,649	10/18/2019	My tool box
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	50,644	5/29/2019	Medgold
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	47,250	9/6/2019	Strenght2Food
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	29,260	9/4/2019	Food integrity
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	13,877	10/15/2019	Safe & Smart
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	76,355	11/19/2019	Safe & Smart
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	39,122	6/28/2019	Ingreen
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	19,967	5/17/2019	Safe & Smart
Barilla G. e R. Fratelli Società per Azioni	01654010345	European Comunity	131,089	7/23/2019	Safe & Smart
		Total	**1,449,734**		

Report of Indipendent Auditors

KPMG S.p.A.
Revisione e organizzazione contabile
Viale Giovanni Falcone, 30/A
43121 PARMA PR
Telefono +39 0521 236211
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Barilla Iniziative S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Barilla Iniziative Group (the "group"), which comprise the statement of financial position as at 31 December 2019, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes thereto, which include a summary of the key accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Independent auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the parent company Barilla Iniziative S.p.A.. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the company's directors and board of statutory auditors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the related disclosures. The use of this basis of accounting is appropriate unless the directors either intend to liquidate the parent company Barilla Iniziative S.p.A. or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in accordance with the Italian law, the company's financial reporting process.

Independent auditors' responsibilities for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, 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.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2019 and for the consistency of such report with the related consolidated financial statements and its compliance with applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the group's consolidated financial statements at 31 December 2019 and its compliance with applicable law and to express a statement on any significant misstatement.

In our opinion, the directors' report is consistent with group's consolidated financial statements at 31 December 2019 and has been prepared in compliance with the applicable law.

With reference to the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the company and its environment obtained when performing our audit, we have nothing to report.

Parma, 10 April 2020

KPMG S.p.A.

(signed on the original)

Lino Barbieri
Director of Audit

Corporate information and contacts

Barilla Iniziative S.p.A

Registered office and headquarters
Via Mantova, 166 - 43122 Parma, Italy

Share capital: euro 101,000,000.00 fully paid-in
Parma Company Register, Tax ID
and VAT no. 020407380340
R.E.A Parma no. 235460

Contacts
Tel. +39 0521 2621
Fax +39 0521 270621
ufficiorelazioniesterne@barilla.com
mediarelations@barilla.com
www.barillagroup.com
@barillagroup

Photo
Barilla historical archive
www.archiviostoricobarilla.com

Design and layout
The Brand Company (Parma - Italy)

Cover graphic design
Visualmade (Milan - Italy)

Printing
Grafiche Step (Parma - Italy)

FSC
www.fsc.org
MISTO
Carta
da fonti gestite in
maniera responsabile
FSC® C105250