



LAVAZZA GROUP CARBON NEUTRAL BY 2030

Revenues of over EUR 2 billion in 2020 and operating cash flow of EUR 125 million, in line with 2019, confirming the Group's financial solidity.

ESG criteria are increasingly integrated in Group strategy, with the first milestone reached in the "Roadmap to Zero", for which about EUR 50 million has been set aside in the period 2020-2021.

Turin, April 1, 2021 - Lavazza Group took advantage of the presentation of its 2020 results to announce the "Roadmap to Zero", its ambitious plan to completely neutralise the Group's carbon footprint by the end of 2030, with an investment of about EUR 50 million in the 2020-2021 period alone.

In 2020, against a highly complex economic and social backdrop that has seen world markets severely hit by Covid-19, the Group reported turnover of EUR 2.085 billion and operating cash flow of EUR 125 million, in line with 2019, as well as solid Retail channel growth in its core markets.

"We are basing our approach to this complex period on three priorities: personal health and safety, business continuity, and future development," said Antonio Baravalle, Lavazza Group CEO. "In 2020, we delivered good results despite the difficult period, pursued the development of our projects, and continued to look to the future by investing in and focusing on the innovation and sustainability that are increasingly central to our strategy."

The Group is therefore determined to continue to **integrate ESG criteria** into its business operations, with the implementation of an **environmental sustainability strategy focused on carbon neutrality** and the **circular economy**, in line with the UN 2030 Agenda signed in 2017.

There are various areas of action, one being today's announcement of the **"Roadmap to Zero"**, which will **completely neutralise Lavazza Group's carbon footprint by the end of 2030** with a **three-pronged approach**: emissions monitoring and measurement; ongoing processes to improve efficiency and reduce impacts; and offsetting residual emissions that cannot be reduced.

This ambitious plan has already enabled the Group to reach an important milestone at the **end of 2020: zero impact from the direct CO2 emissions** generated by all the company's activities, including production facilities, offices, flagship stores, corporate vehicles (scope 1), **and from indirect emissions** generated by the purchase and consumption of electricity, heat and steam (scope 2). **By the end of 2030**, indirect emissions will be offset across the entire supply chain, both upstream and downstream of Group operations (scope 3), from green coffee to packaging, logistics and disposal.

One of the key milestones leading up to 2030 will be achieved through the **"Roadmap to Sustainable Packaging"**, the strategic plan that **by the end of 2025** aims to **make the entire packaging portfolio reusable, recyclable or compostable**: Sustainability remains one of the pillars of the innovation processes developed



by the Group's Research & Development unit, based on the concept of **Sustainable by Design** and the principles of the circular economy.

A global Group has a responsibility not only to the environment, but also to the **communities** in which and with which it operates. This is the thinking behind Lavazza Group's allocation in 2020 of **EUR 10 million** for projects to support healthcare, education and vulnerable groups in Italy's Piedmont region. In addition, a further **EUR 2.5 million** has been allocated to support local communities in Italy and abroad. Business continuity has also been ensured in this period characterised by the pandemic, during which the primary concern has been the **safety of employees**, whose efforts have been rewarded with **objectives-based bonuses** amounting to a total of **over EUR 4.5 million** paid out in 2020.

Turning to **2020 business performance**, Lavazza Group reported solid results, even though the impact of COVID-19 and the restrictive measures introduced in the various countries has affected operating results.

*"2020 got off to a very good start and then the outbreak of the pandemic changed everything," said **Antonio Baravalle, Lavazza Group CEO**. "We are satisfied with the results achieved despite the complexity of the period, with a slight downturn in revenues, cash generation substantially in line with 2019, and a positive net financial position. Our growth was well above the market average in both the Retail channel and our main geographical areas."*

At December 31, 2020, Lavazza reported **Revenues** of EUR 2.085 billion, slightly down on the 2019 figure of EUR 2.2 billion (-5%). In terms of **margins**, Group Ebitda at 2020 year end stood at EUR 253m, against EUR 291m in 2019 (-13%). Ebitda net of donations fell -8.8% on the previous year. Net profit amounted to EUR 73 million compared to EUR 127.4 million in 2019, due both to the real difficulties experienced during a complex year, but also as a result of the Group's decision to continue to invest, by allocating resources to personal safety and protection, bonuses for employees, donations to support communities, sustainability projects, Research & Development, and the improvement of information systems and production capacity. After deducting resources allocated for personal safety and protection and donations to support local communities, net profits in 2020 were down -34% on 2019.

The **Net Financial Position** is **positive** at EUR 102 million (compared to December 31, 2019, when it stood at a positive EUR 82.1 million), with operating cash flow of EUR 125 million in line with 2019, confirming the Group's financial solidity.

The Group reported a **+17.3% rise in Retail channel revenues**, with growth well above the market average in key markets and all segments - Roast&Ground, Capsules, Beans. In particular, the numbers confirm the upward trend in the **Beans segment**, the most dynamic in the industry, which reported a performance of **+30.1%**, or 10 percentage points higher than the reference market (+20.1%). Taking the 15 key markets into consideration, Lavazza Group holds a position of leadership in the **Beans segment** with a share by value of 15.1%.

At geographical level too, the Group reported excellent **Retail channel** growth rates in **Germany (+35%), United States (+22%), United Kingdom (+15%), Russia (+30%) and Poland (+10%)**, while the Group's key markets of **Italy and France** grew by over **+7%**.



The increase in the Retail channel partially offset the significant and inevitable **contraction of the Out Of Home business** (Food Service -40%, Office Coffee Service -30%) caused by the lockdown, the closure of cafes and restaurants, and reduced consumption in offices due to remote working. The downturn in the sector is the result of an exceptional and unforeseeable negative condition that has not affected the Group's growth strategies, even in this sector.

*"In 2020, we never shut down our operations and have continued to invest in our activities across the board, giving a positive signal in the fight against the pandemic through donations to support the local communities in which the Group operates," continued **Antonio Baravalle**. "The opening months of 2021, while encouraging, have continued to prove complex and we are sure we have the solidity and determination to meet the challenges ahead and pursue our Group's growth, supported by solid resources, a coherent strategy and the skills of our people."*

Lastly, in 2021 Lavazza Group continues to be a **Top Employer in Italy**, thanks to continuous improvement centred on people and the ongoing quest for excellence in human resource management processes and strategies.

About Lavazza Group

Lavazza, founded in Turin in 1895, has been owned by the Lavazza family for four generations. As one of the world's most important coffee roasters, the Group now operates in more than 140 countries through its subsidiaries and distributors, with 70% of revenues generated abroad and a total of over 4,000 employees. Companies that form part of the Lavazza Group include France's Carte Noire and ESP (acquired in 2016 and 2017 respectively), Denmark's Merrild (2015), North America's Kicking Horse Coffee (2017), Italy's Nims (2017), and the business of Australia's Blue Pod Coffee Co. (2018). At the end of 2018, following an acquisition, the Lavazza Professional Business Unit was created, which includes the Office Coffee Service (OCS) and Vending systems Flavia and Klix.

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