



IN 2021, LAVAZZA GROUP REPORTED REVENUES OF 2.3 BILLION, UP 11% ON 2020

Significant results that demonstrate the solidity of the Group, a key factor for tackling a 2022 characterised by a complex macroeconomic scenario.

Turin, April 13, 2022 - Today Lavazza Group presented its results for financial 2021, in which it reported **turnover of € 2.308 billion, with key financial indicators on the rise and a positive channel and product mix**. The macroeconomic scenario in 2022 looks set to be complex, due on the one hand to the Covid-19 pandemic and on the other to an inflationary spiral that is pushing up the cost of raw materials.

2021 saw the start of a particularly turbulent period for all commodities and, in the agricultural sector, coffee has faced the most significant price rises, with an increase of about 80% in 2021 for both Arabica and Robusta varieties. These increases are mainly due to global supply chain issues and damage caused by weather events linked to climate change. These factors will have an impact on 2022 production, with forecasts pointing to a reduced coffee harvest and the continuation of the inflationary environment, meaning that coffee prices will remain significantly higher.

Adding to this already difficult environment is the dramatic geopolitical scenario, in which the conflict between Russian and Ukraine is having an impact on numerous fronts. Besides international sanctions and the fall in value of the rouble, the main effects are being felt on the raw materials for which Russia and Ukraine are leading producers and exporters, such as gas, oil and metals.

Lavazza has decided to suspend all activities in Russia and, due to force majeure and the impossibility of supplying our products to the market, has also been forced to temporarily halt distribution in Ukraine.

"The Group and the Lavazza Foundation have been committed to helping those affected by the war since the onset of the emergency, both by making donations to various NGOs that we have been working with for years, as well as by sending basic necessities to organisations working to provide support, in the hope that the situation returns to normal as soon as possible," said **Antonio Baravalle, Lavazza Group CEO**. *"The excellent 2021 results are not only a significant milestone for our Group but also the springboard to tackle an extremely complex and challenging year, due to the rise in the price of all the raw materials we use - first and foremost green coffee, but also packaging, energy, logistics - and the risks deriving from the dramatic current geopolitical situation."*

The 2021 results reported by Lavazza Group demonstrate the solidity of the company, the huge popularity of its products, and global recognition of its brand equity. In 2021, against an economic and social backdrop still affected by several complexities caused by the Covid-19 health emergency, the Group reported turnover in excess of € 2.3 billion for the first time and improved results in all channels and geographical areas.

In 2021, the Group reported revenues up 11% on 2020, while the Net Financial Position is positive at € 283 million with operating cash flow standing at € 203 million, an improvement on 2020 (€ 125 million) and a confirmation of the Group's excellent operating performance.



The main growth drivers are first of all sales recovery in the Out Of Home channel (back to 80% of the value reported in 2019), after the slowdown caused by Covid, and steadily rising revenues in the Home channel (+6.3% compared with 2020 and +23.8% with 2019), despite market trends being similar to pre-Covid levels.

At geographical level too, the Group reported sales growth and good performance across the board, both in more mature markets like Italy (+6%) and France (+10%), as well as in expanding ones like North America (+21%) and Germany (+14%), testifying to the health of the Group's brands in all territories.

The product mix generated significant benefits thanks to the development of the Beans segment, which is the most dynamic on the market and where Lavazza reports sell-out growth at twice the average market rate (+16.9% Lavazza vs +8.5% market). In the increasingly competitive Single Serve segment (coffee machines and capsules), the Group continues to implement its launch plan for CO2-neutral aluminium capsules.

Group EBITDA stands at **€ 312 million** versus € 253 million in 2020 (+23.3%), with an EBITDA margin of 13.5%, or at pre-pandemic 2019 levels, compared with 12.1% in 2020.

EBIT stands at € 163 million against € 108 million in 2020 (+50.9%), with **an EBIT margin of 7.1%**. As with EBITDA, the EBIT margin has also returned to pre-pandemic levels (in 2019 it stood at 7.1%).

Net profit of € 105 million was up 44% on € 73 million last year.

During the year, the excellent income statement and balance sheet results were complemented by **a stronger international presence**, particularly through the Joint Venture with **Yum China** to develop coffee shops in the Asian country. Also confirmed were **investments in R&D projects and the Group remains determined to continue integrating ESG criteria into its business model**.

Lavazza's commitment along the value chain involves an **environmental sustainability strategy based on three levels of action**: impact measurement, reduction plans and offsetting plans, which translate into the purchase of carbon credits with the aim of achieving carbon neutrality. In more detail, the Group continues to implement the **"Sustainable Packaging Roadmap"**, which aims to make the entire packaging portfolio reusable, recyclable or compostable by 2025. The roadmap is guided by Lavazza's *Sustainable By Design* approach, which aims to ensure the most responsible and efficient use possible of materials based on eco-design principles.

In 2022, Lavazza Group is again one of the world's **Top 100 most reputable companies** according to the **"2022 Global RepTrak®"** ranking published by **The RepTrak Company**, which specialises in the measurement of Corporate Reputation in the eyes of public opinion. It is the fifth-ranking Italian business and the only Top 100 company working in the beverage segment.

Lastly, the 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. Today the Group is one of the leading players on the global coffee scene, with turnover of over € 2.3 billion and a portfolio of top brands that lead their respective markets, such as Lavazza, Carte Noire, Merrild and Kicking Horse. It is active in all business sectors and has operations in 140 markets, with 9 manufacturing plants in 6 countries and over 4,200 collaborators all over the world. The Group's global presence is the result of over 125 years of growth and the more than 30 billion cups of Lavazza coffee produced every year are a testament to a remarkable success story, with the goal of continuing to offer the best coffee possible, in all forms, by focusing on every aspect of the supply chain, from the selection of the raw material to the product in the cup.

Lavazza Group has revolutionised coffee culture by investing continuously in research and development: from the intuition that marked the company's earliest success - the coffee blend - to the development of innovative packaging solutions; from the first espresso sipped in Space to the dozens of industrial patents. The ability to be ahead of the times is also reflected in the focus on sustainability - economic, social and environmental - which has always been a benchmark for guiding corporate strategies. "Awakening a better world every morning" is the corporate purpose of Lavazza Group, with the aim of creating sustainable value for shareholders, collaborators, consumers and the communities in which it operates, combining competitiveness with social and environmental responsibility.

For further information visit www.lavazzagroup.com and follow @LavazzaGroup on Twitter