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Riso Scotti forced to keep prices low to be competitive

Angelo Lonati, managing director with Riso Scotti, one of Europe's biggest producers of rice, says the company will not derive income on the domestic market this year because of the 1 million-euro investments in promotion it has made.

"We didn't generate any profit last year and this year we invested one million euros to promote our products; in the wake of this strategic decision we will not be posting profit this year, either," stated Angelo Lonati. Beside investments in promotion, Riso Scotti allocated almost 20 million euros to develop production domestically this year.



"Next year, we will slow down the pace of investments, with the only directions we will centre on being the opening of new plants and land acquisition," Lonati also said.

Riso Scotti finalised a 3 million-euro investment in the opening of a rice processing plant in Vladeni, Ialomita county on year ago. The annual production capacity of the facility is 60,000 tonnes of rice. We plan to open a new rice processing facility in Olt county, where we will also cultivate several hectares of land, since we want to become extremely cost efficient. We have to stick to the lowest prices to be competitive and to be able to

successfully cope with competition. Added the company's managing director.

The producer currently owns 10,000 hectares of farming land. According to its marketing strategy, the company wants to maintain and increase its market share, as well as establish itself as a well-known brand on the Romanian rice market. "Our strategy is to maintain the position of our brand at a medium, medium-high level to be able to become a known brand. We're increasing our market share: our purpose is to hold even 13% of the market in the next 3 years," explained Lonati.

Riso Scotti is present on the domestic market with 22 products at the moment, of which nine types of rice. Lonati stated he did not plan to bring any new products onto the market, but to withdraw part of existing products that did not register significant growth on the Romanian market. This category includes cooked rice.

Rice consumption in Romania amounts to 100,000 tonnes annually, with the rice market being put at around 50-60 million euros. "The Romanian rice market will consolidate over the next 2-3 years and when this happens we will expand to Eastern Europe," added Lonati.