



1H 2023 Results Presentation

12 September 2023

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This presentation might contain certain forward-looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company and its subsidiaries.

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The taste



of growing

About us

We are an Italian company whose core business is carried out in the agri-food sector.

As one of Italy's leading producers, we provide the market with indisputably high-quality products every day, thanks to our historical brands in the milk and dairy, pasta and baked goods sectors, as well as in the areas of nutraceuticals and children's goods.

We are leaders in the agri-food sector and one of Italy's leading producers of:

- Milk and dairy products
- Pasta and baked goods
- Gluten-free, protein-free and high protein products
- Baby food
- Instant food
- Home baking & baking aids



The group at a glance

- **4 Core markets**
- More than **3,000 products**
- More than **20,000 clients** among the most important retailers in Europe
- ca. **741 million revenue** in 2022
- More than 2,500 employees
- Export to more than **60 countries**
- **19 facilities** across Italy, UK, Germany and France
- **7 product categories**



H1 2023 Highlights

1H 2023 key financial highlights*

Revenues

- €413.3 m, +23.2% vs. 1H 2022
- Organic revenue growth: +19.1%
- Highest increase in instant foods (+36.3%), bakery (+35.1%) and special products (+36.1%)
- Germany: +24.3%; Italy: +21.5%; UK: +15.7%.

EBIT

- EBIT: +197% vs. 1H 2022 (€ 22.9 million vs. € 7.7 m)
- Exceptional result achieved thanks to virtually no increase in administrative and sales costs.

Free Cash Flow

- Free Cash Flow: € 17.4 million. Excellent performance of FCF thanks to good operational results.
- EBITDA FCF conversion**: 76.1%.

EBITDA

- Adj. EBITDA €39.8 m vs. €28.3 m in 1H 2022
- Adj. EBITDA margin 9.6% vs. 8.4% in 1H 2022
- Further recovery of margins compared to 2022 since Q1 2023 results

Net Income

- Net Income: + 391% vs. 1H 2022 (€ 10.7 million vs. € 2.2 m)
- Thanks to the strong operating leverage that more than offset the higher net financial costs caused by interest rate increase

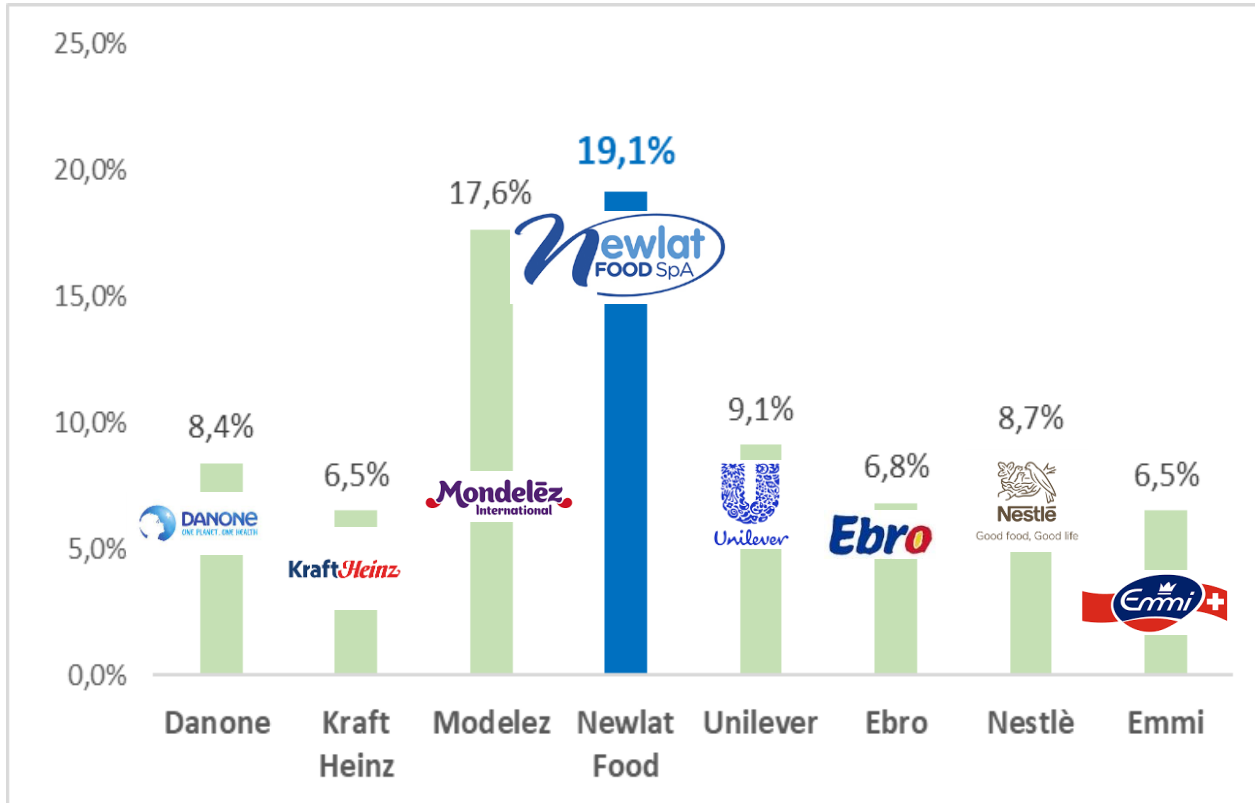
Net Financial Position

- Net Debt (ex. IFRS 16 lease liabilities): € 23.1 million vs. € 63.1 m in FY 2022.
- Net Debt (incl. IFRS 16): € 69.2 million vs. € 109.8 m in FY 2022.

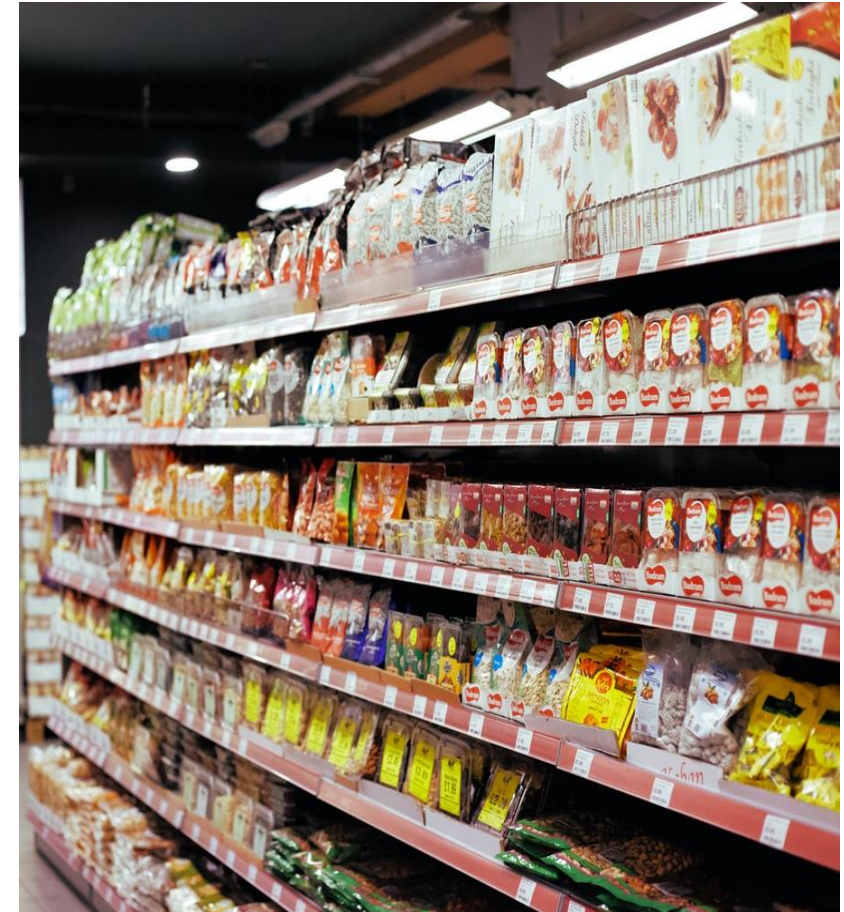
*2023 and 2022 figures are consolidated and include EM Foods from 1° January 2023.

** Cash conversion is defined as: (EBITDA – CAPEX)/EBITDA.

Highest revenue growth rate vs. leading F&B companies



In the first half of 2023, Newlat Food once again affirmed its position as a leader in revenue growth among major diversified food companies. This achievement was propelled by robust performance in volume expansion and a favorable mix/price contribution.



2023 product launches - Italy

Pasta and instant foods



NAKED ULTIMATE launch Sept '23



Won a tender to become Amazon's sole pasta supplier in Europe



Delverde rusks and crostini
Launching in Autumn/Winter



Delverde pasta: outdoor and magazine ADV
campaign & in-store promo

Milk & dairy products



MUKKI lactose free milks with
added vitamins



Optimus Mascarpone
new design and relaunch



Mukki A2 milk



Polenghi sole milk supplier
for Starbucks in Italy



Increased online and offline
marketing activity across
main brands



Naked Italy: increased online presence in 2023

Social media

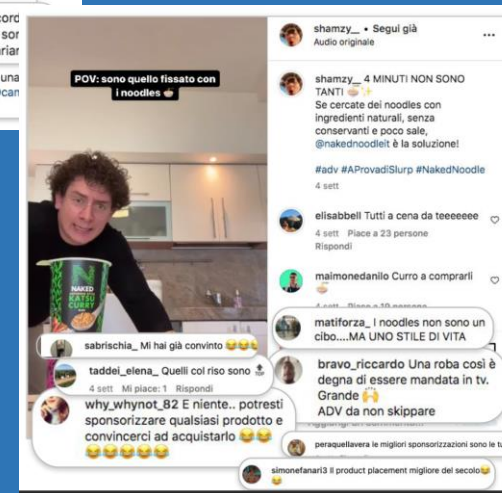


YouTube, TT, IG adv campaign

- > 9 million impressions
- > 400 thousand full views

Influencer marketing

- > 5 million IG reel views
- > 4 million TikTok views
- > 2 million people reached



Further investments to raise Naked's brand awareness and perception in the UK



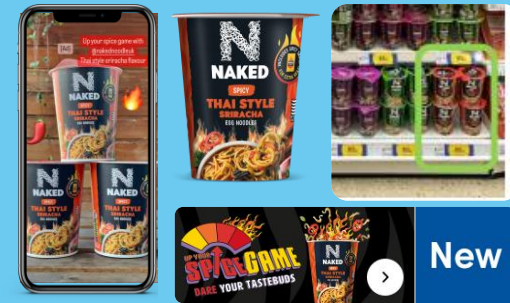
Latest News

£21m Brand
+5.3% YOY
+11% vs 2YA*



Naked Spicy Sriracha launches in Tesco

Comms now live and had highest UROS out of the 7 new category products listed.



Ultimate sees strong growth

Penetration and Frequency have grown gradually since launch with Value in trended growth offering up-trade to shoppers.



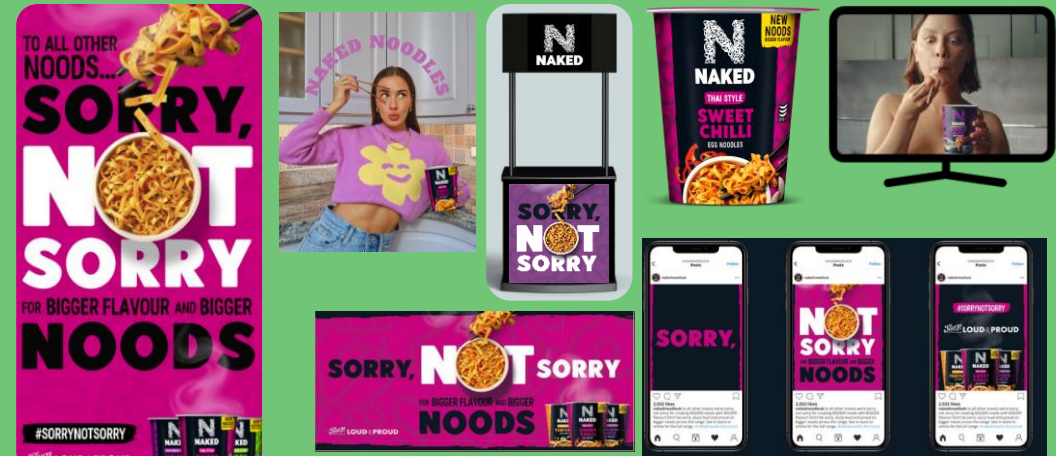
Naked 78g's product and packaging upgrade

Our Best Ever reformulation is now on shelves with bolder packaging, new noodles and punchier flavours.

Coming up

Naked Best Ever Comms

360 targeted comms plan to support roll out.



Working on 2024 NPD



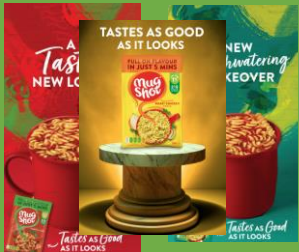
Mugshot: NPD and communication



Highest Units per trip
in the category*



Launched two new
pasta pots



Comms focusing on
taste and including
launch of our new
Tik Tok channel

Comms

Communication channels
include Influencer,
branded partnerships on
social and continued
press and PR as we
approach the colder
months



the
busy
club.



Product

Limited Edition Carbonara
Sachet launching in
November



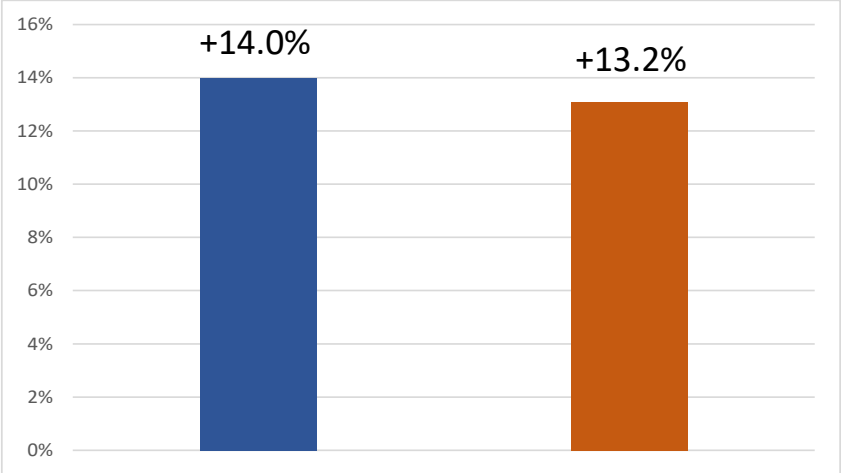
New Pigs & Blanket
Christmas flavour



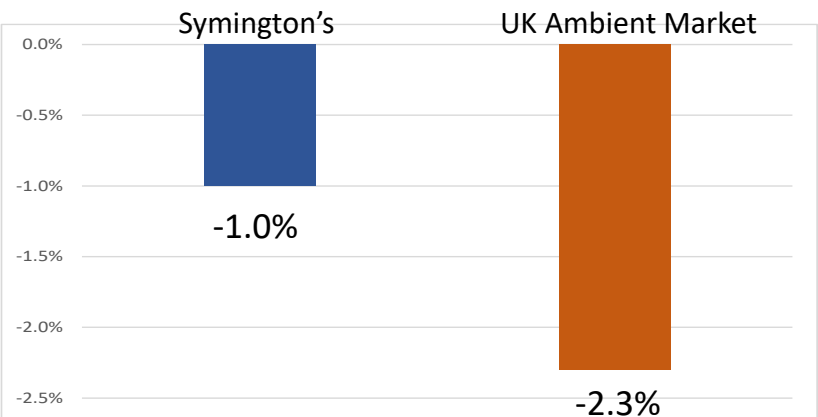
Working on 2024 NPD

Symington's to continue to outperform the market in the UK where volume is contracting on the back of significant inflation

£ Sales



Volume Sales



Symington's sales are performing ahead of the UK Ambient Grocery Market so far in 2023.

Volume has contracted across the UK Ambient Market on the back of significant price inflation, however Symington's volumes have remained relatively stable.

Own Label has grown strongly so far in 2023 with Invoiced Sales **+23%** & volume at **+4%**.

Symington's launched into a number of new categories across Own Label, namely Homebaking, Colours/Flavourings & Cornflour from the Leeds site as well as Wet Grain, Sauces & Soup Pouches coming from the Consett site.

Own Label Wet Meal Pot business from the Consett plant has continued to thrive and invoice sales have doubled in the year to date.

Newlat GmbH: evolving importance of all our brands in the German market

YTD 2023 Performance



Total Volume

+14%*

Total Value

+25%*

Market Share Vol. Development

PASTA. Increasing promotion importance of our pasta products for the retailers is driving our brands growth vs. competition.

INSTANT. Our premium brands hold or increase volume in a price aggressive & growing market.

**

+ 0,3 %P

+ 0,4 %P

+ 2,7 %P

+ 0,2 %P - 0,1 %P



New Product performance since launch



+ 596 to

Pasta Klassiker
4 shapes / FEB 23

+ 953 to

MEZZI
5 shapes
APR 22



Freshly launched New Products

Birkel Oat Pasta
Using a trending ingredient for pasta



Cardboard Box Test
Overwhelming retail feedback

Pasta Kit
Pasta + Sauce Kits,
eg. vegan ragout



Newlat GmbH: the power to get into the stores



Newlat GmbH: Building up a multisegment convenience brand

Savoury Segments



MINUTO

Boldly rethought, Minuto is becoming the new hip brand in the convenience sector, serving up casual & delicious new trends. 2 new products in 2023. Up to 4 new vegan products planned for the start of 2024. Other savory segments in assessment.

Sweet Segments



The contemporary design and the best taste in segment approach combined with competitive production abilities is enthusing retailers and might make us a very relevant player fast.

1H 2023 SALES BREAKDOWN AND ANALYSIS

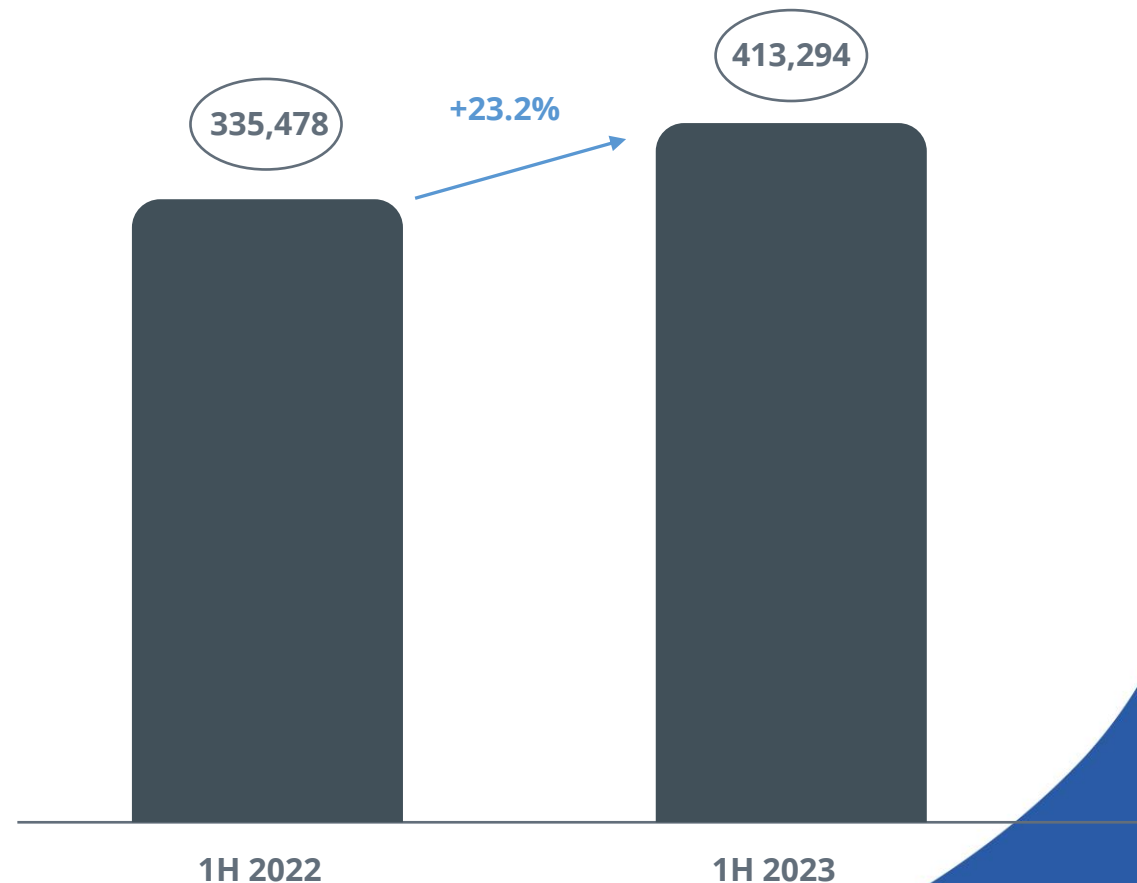
1H 2023 revenue highlights

1H 2023 saw an **increase** in sales of **+23.2%**

This period was characterized by an **acceleration in sales growth** as well as:

- Overall **organic growth** of **+19.1%**.
- **New launches** and **new listings' contribution** confirmed the strong **commercial commitment** and the quality of our products.
- Better operational result – shown in an increase in **EBIT** of **+197%** and an **EBIT margin increase** to **5.6%** as opposed to 2.3% in 1H 2022.
- An increase in **Net Income** of **+391.5%** vs. 1H 2022 despite an upturn in both income tax and financial expenses as a result of higher interest costs.

Proforma revenues (€ thousand)



Revenue breakdown by business unit

All the segments **were positively impacted by higher average selling prices** vs. 1H 2022.

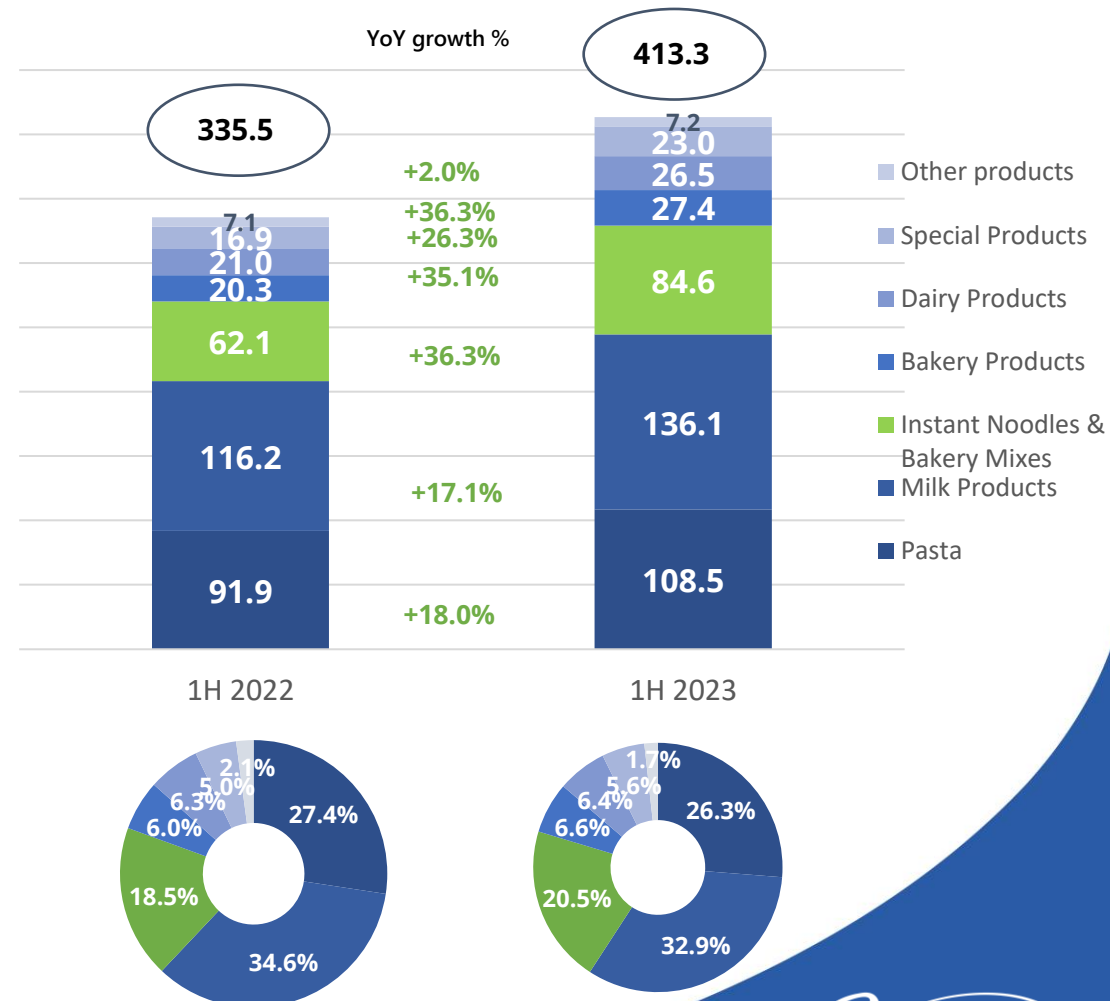
Pasta revenues kept their upward trend shown at the beginning of the year, with an increase of **18.0%**, especially thanks to new business in Germany and in Italy.

Milk saw an acceleration of sales compared to the beginning of the year, marking an increase of **17.1%**.

Instant Noodles & Bakery Mixes went up by **36.1%** due to the acquisition of EM Foods as well as higher sales prices, especially in the UK.

Sales in **Bakery, Dairy and Special Products** also kept the positive momentum with an increase of 35.1%, 26.3% and 36.3% respectively, especially following an increase in the B2B and private label businesses as well as new clients.

Revenue breakdown (€m)

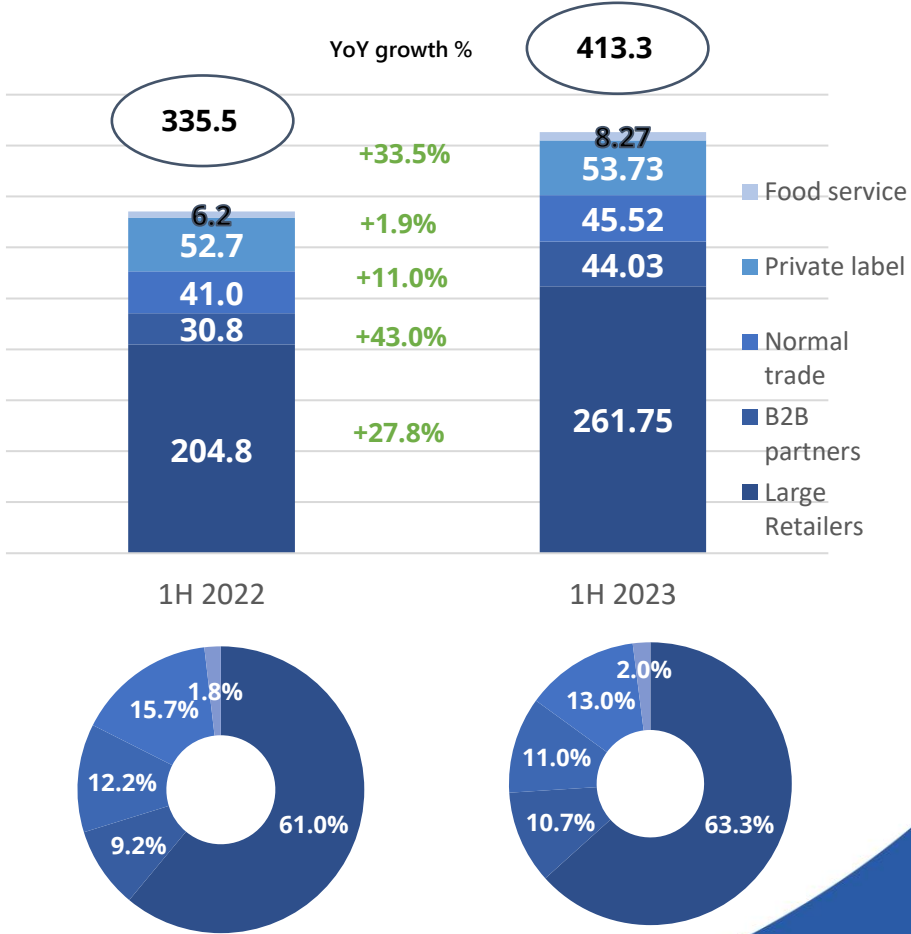


Revenue breakdown by distribution channel

All the main channels saw a positive increase in the period and were impacted by an higher ASP and higher demand.

In particular, **B2B** partners' revenues went up by **43%**, driven by an overall higher demand and new clients, particularly in the bakery sector. The figures as at 30 June 2023, are also influenced by the inclusion of the newly acquired EM Foods in the consolidation scope.

Revenue breakdown (€m)



Revenue breakdown by geography

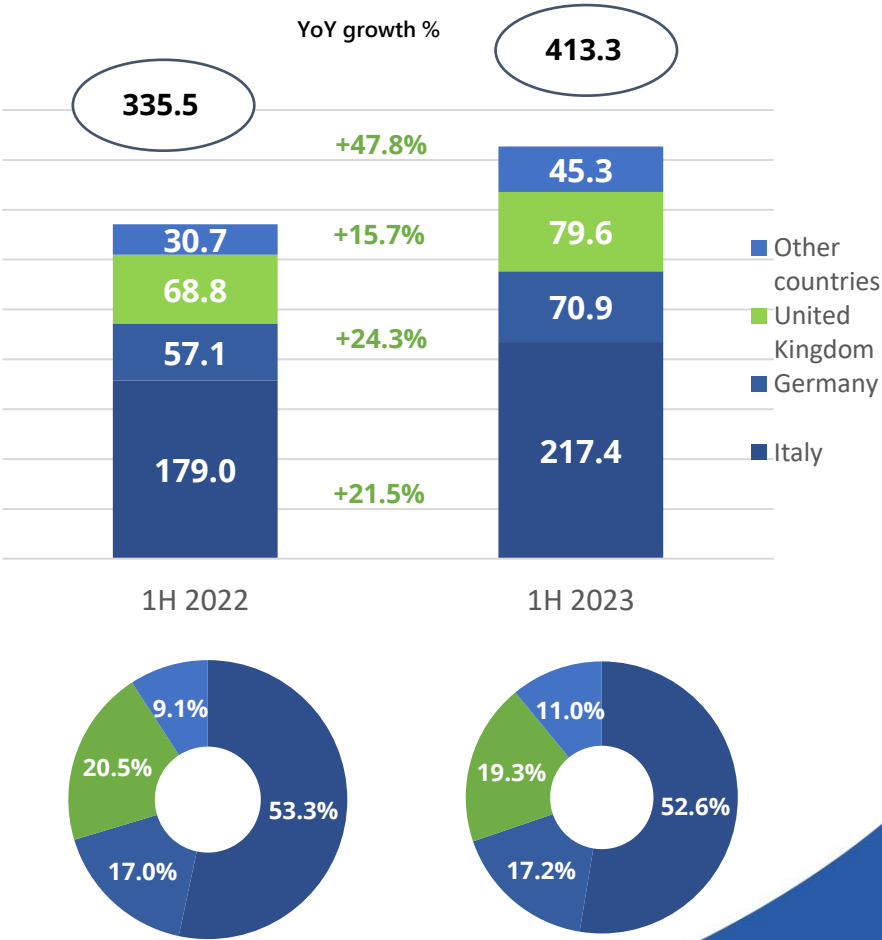
All the main regions saw a positive trend in the period. In particular, Italy and Germany saw the highest increase thanks to the introduction of new products into both markets.

In particular, in Italy bakery, milk, dairy and instant noodles had a positive impact on sales, while pasta and instant noodles were the key drivers for growth in Germany.

The UK also saw an increase in sales, mainly attributable to new product launches within Symington’s both in instant noodles and home baking PL in the last year.

Revenues from other countries went up by approximately 47.8%, mainly due to the EM Foods acquisition. Excluding the acquisition, revenues from other countries would still show an increase as a result of higher demand and the average selling price.

Revenue breakdown (€m)



EBITDA breakdown by business unit

Adjusted EBITDA was €39.8 m in 1H 2023, an increase of +40.7% compared to €28.2 million in 1H 2022. Adj. EBITDA margin was 9.6% vs. 8.4%.

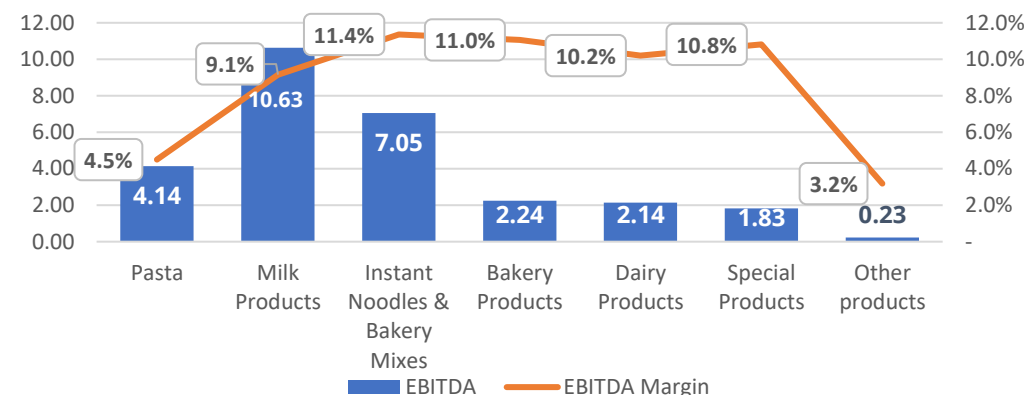
The highest increase in EBITDA was recorded in **pasta** (+199.6%), with EBITDA margin jumping from 4.5% to **11.4%**.

Bakery's EBITDA also increased significantly by +65%. EBITDA margin was 13.5% vs. 11% in 1H 2023, this was achieved thanks to better purchasing conditions as well higher sales.

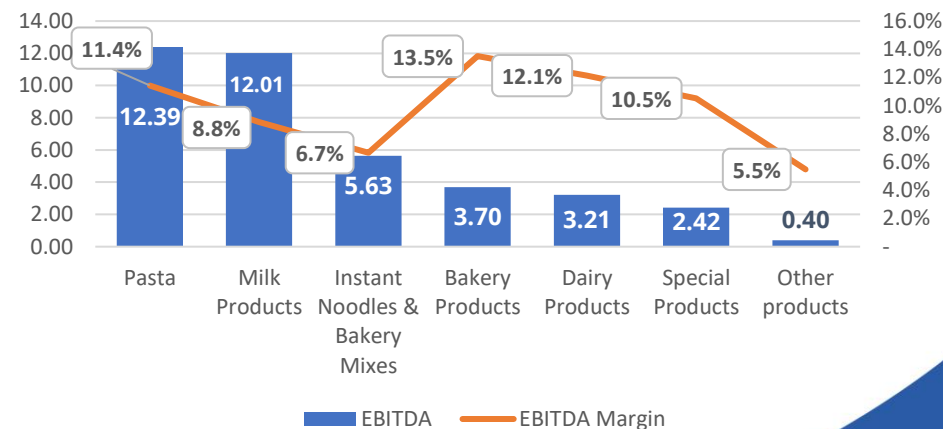
Overall, all BUs saw an increase in margins except for the Instant Noodles and Bakery Mixes segment, which was negatively impacted by the lower EBITDA margin of the newly acquired EM Foods.

In general, the first six months of 2023 recorded a complete recovery of the margin lost in 2022, going even slightly above 2021 levels.

Adj. EBITDA (€m) and EBITDA margin 1H 2022

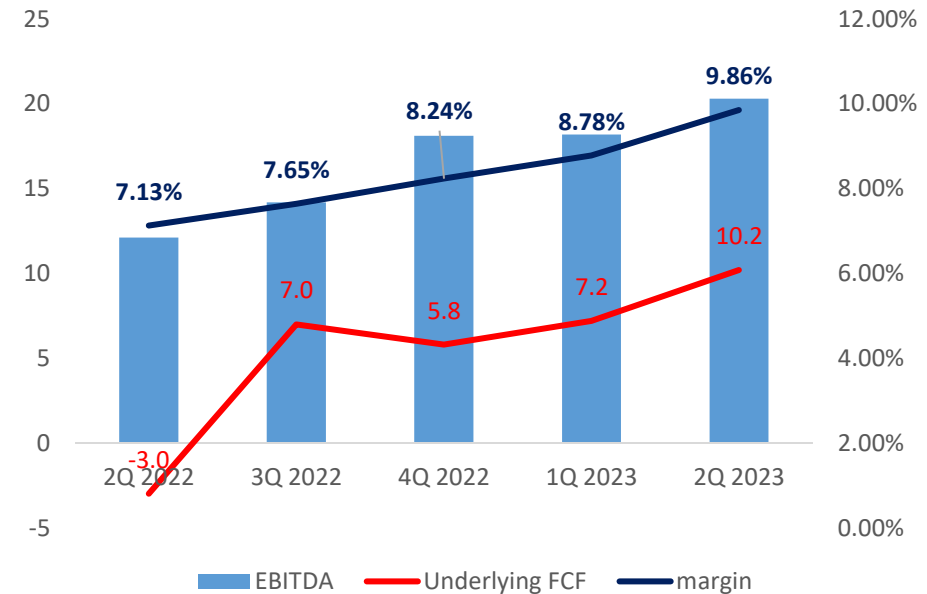


Adj. EBITDA (€m) and EBITDA margin 1H 2023



Strong Cash Flow generation thanks to profitability improvement and Net working capital normalization

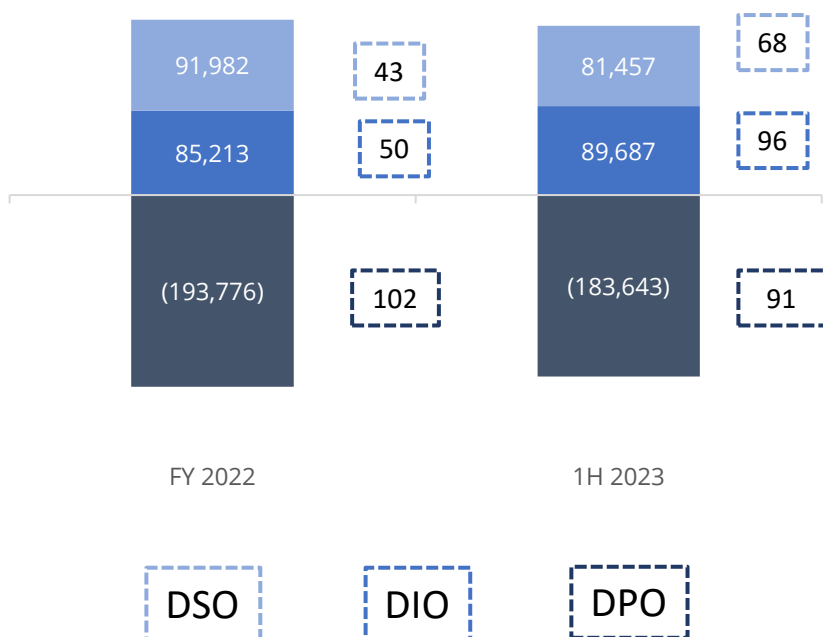
CASH FLOW STATEMENT €mn	Newlat Food 1H 2023
Adj. EBITDA	39.8
Exceptional items	-1.3
Net Interest costs	-8.3
Δ NWC	5.6
TAX & Others	-2.9
(A) Cash flow from operating activities	33.0
Capex	-9.2
Other investments	
IFRS16 CAPEX	-6.4
Acquisition of businesses	-1.0
(B) Cash flow from investing activities	-16.6
Underlying FCF (Oper. CF -CAPEX)	17.4



€ thousand	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023
Revenue	170,043	185,714	219,902	207,333	205,961
EBITDA	12,123	14,199	18,11	18,2	20,3
<i>margin</i>	7.13%	7.65%	8.24%	8.78%	9.86%
Underlying FCF	-3.0	7.0	5.8	7.2	10.2

NWC and Cash Conversion Cycle

NTWC (€ million)



In € thousand	FY 2022	1H 2023
Inventory	85,213	89,687
Trade Receivables	91,982	81,457
Trade Payables	(193,776)	(183,643)
NTWC	(16,581)	(12,499)
Other current assets	20,933	18,126
Other current liabilities	(25,342)	(33,926)
NWC	(20,990)	(28,299)

Following on from 2022's results, which had seen an "investment" in NWC as an effect of the particularly inflationary environment, the half year NWC figure was characterized by:

- **Higher inventory levels** as a consequence of buying larger amounts of ambient and long shelf-life raw materials thanks to lower purchase prices compared to 2022.
- **Lower receivables** as a progression to normal levels after 2022's surge in raw material and input costs.

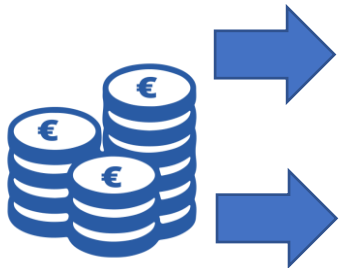
Cash Conversion Cycle improved (going from -9 to **-73** days) thanks to better commercial conditions as opposed to 2022 as a result of better input costs.

M&A Opportunities

M&A remains integral to Newlat Food's strategic approach. The rise in interest rates and prevailing credit market conditions are fostering a more advantageous environment for Newlat Food, attributable to:

- Interest rate increase leaves less room for private equity return equation;
- Current credit market environment leaves lower opportunity for heavy leverage structures;
- Financials investors are looking for targets with a clear growth profile (different than traditional food players) to try to match higher cost of funding with expected high returns;

In this favourable environment, Newlat Food recently entered into two new important processes with two different multinational corporations:



Transformational potential acquisition in UK: > € 1 bn turnover in different categories with huge potential synergies already visible and immediately realisable.

Several opportunities in different food sectors with revenues between € 50 and 200 million.

The potential deal we started last year with an important multinational corporation for their operations in Europe is still on hold waiting for the end of the internal reorganization process of the seller.

2023 outlook

By end of year, the Newlat Food management is committed to reaching the following results:

- **Consolidated revenues expected to keep growing double digit;**
- **Adj. EBITDA margin expected to be at least 9%;**
- **FCF expected to surpass € 30 million with FCF yield of 14%;**
- **Strong strategic focus on M&A** with interesting opportunities already in an advanced negotiation stages.



Q&A

Appendix

Consolidated Income Statement

(In € thousand)	30 June	
	2023	2022
Revenue from clients' contracts	413,294	335,478
Cost of goods sold	(336,735)	(274,635)
Gross margin	76,559	60,844
Sales and distribution expenses	(45,109)	(42,915)
Administrative expenses	(10,954)	(10,900)
Net write-offs of financial activities	(459)	(387)
Income from business combination	4,534	4,873
Other income	1,685	
Other operational costs	(3,312)	(3,797)
EBIT	22,944	7,718
Financial income	3,637	1,274
Financial expenses	(11,939)	(5,919)
EBT	14,643	3,073
Income tax	(3,919)	(891)
Net profit	10,724	2,182
Net income attributable to third parties	1,265	897
Group Net Income	9,459	1,287
Basic EPS	0.22	0.03
Diluted EPS	0.22	0.03

Balance sheet

In € thousand	30 June 2023	31 December 2022
Non-current assets		
Property, plant and equipment	159,895	154,106
Right of use	45,299	46,509
Intangible assets	93,637	92,345
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	787	1,213
Financial assets stated at amortized cost	803	801
Deferred tax asset	7,210	7,148
Total non-current assets	309,032	303,522
Current assets		
Inventory	89,687	85,213
Account receivables	81,457	91,982
Current tax assets	2,416	1,889
Other receivables and current assets	15,710	19,045
Current financial assets valued at fair value with impact on I/S	1,981	6,525
Financial claims valued at amortised cost	21,877	13,099
Cash and cash equivalents	303,191	287,820
Total current assets	516,318	505,573
TOTAL ASSETS	825,350	809,095

In € thousand	30 June 2023	31 December 2022
Equity		
Share capital	43,935	43,935
Reserves	101,963	77,296
Currency translation reserve	2,021	(2,982)
Net Income	9,459	6,223
Total Group Equity	157,379	124,471
Equity attributable to non-controlling interests	16,098	14,834
Total Consolidated Equity	173,477	139,306
Non-current liabilities		
Provisions for employees	11,005	11,399
Provisions for risks and charges	1,568	2,038
Deferred tax liabilities	25,449	19,991
Non-current financial liabilities	296,795	304,723
Non-current lease liabilities	38,115	39,173
Other non-current liabilities	-	-
Total non-current liabilities	372,933	377,324
Current liabilities		
Account payables	183,643	193,776
Current financial liabilities	53,400	65,780
Current lease liabilities	7,974	7,567
Current tax liabilities	5,665	3,688
Other current liabilities	28,259	21,654
Total current liabilities	278,940	292,466
TOTAL EQUITY AND LIABILITIES	825,350	809,094

Cash flow statement

(In € thousand)	2023	30 June 2022
Earnings before tax	14,643	3,073
- <i>Adjustments for:</i>		
Depreciation and amortization	17,252	17,473
Other non monetary changes from business combination	(1,685)	
Financial expenses/(income)	8,302	4,645
Cash flow from operating activities before changes in NWC	38,511	25,191
Change in inventory	(1,094)	(21,013)
<i>Change in account receivables</i>	14,435	6,106
Change in account payables	(15,405)	11,111
Change in other assets and liabilities	8,565	1,647
Use of provisions for risks and charges and employees	(864)	(285)
<i>Tax paid</i>	(2,873)	(832)
Cash flow from operating activities	41,275	21,925
Investments in PPE	(8,093)	(4,080)
<i>Investments in intangible assets</i>	(1,092)	(502)
Investments in financial assets	(3,959)	(5,599)
Acquisition	(1,000)	(300)
Cash flow from investing activities	(14,144)	(10,481)

(In € thousand)	2023	30 June 2022
Proceeds from long-term debt	19,500	
Repayments of long-term debt	(36,783)	(35,646)
Principal repayments of lease obligations	(4,196)	(7,019)
Net interest paid	(8,302)	(4,645)
Third party share acquisition	-	(17)
Own shares	21,044	(8,588)
Cash flow from financing activities	(8,737)	(55,915)
Net change in cash and cash equivalents	18,394	(44,472)
Cash and cash equivalents at the beginning of the period	287,820	384,888
<i>Total net change in cash and cash equivalents</i>	(3,024)	
Foreign currency translation reserve	18,394	(44,472)
Cash and cash equivalents at the end of the period	303,191	340,417



UPCOMING EVENTS

10-11 October

Intesa San Paolo Italian Excellences
Conference – Paris

14 November

9M 2023 Earnings release

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