



A multibrand company

Sede Centrale: Via J. F. Kennedy, 16 – 42124 Reggio Emilia – Telefono: 0522.7901 Fax: 0522.790266

Cap. Soc € 39.700.000,00 i.v. – REA di RE n° 277595 – P.IVA e Cod. Fis. 00183410653

Società soggetta all'attività di direzione e coordinamento da parte di Newlat Group S.A. ai sensi degli artt. 2497 ss. del codice civile.

## PRESS RELEASE

### THE BOARD OF DIRECTORS APPROVES THE 2019 PRELIMINARY CONSOLIDATED RESULTS

- Consolidated aggregate Net Profit of € 10.2 million: up 71% compared to € 5.9 million in 2018
- Consolidated aggregate EBITDA equal to € 28.3 million: up 17% vs. € 24.2 million in 2018
- EBITDA margin equal to 8.8% vs. 8.3% in 2018 figures
- Net Financial Position equal to positive € 48.6 million vs. negative € 39.2 million in 2018

Reggio Emilia, 19 February 2020 – the Board of Directors of Newlat Food S.p.A. ("Newlat Food" or the "Company"), which met today under the chairmanship of Angelo Mastrolia, examined and approved the consolidated aggregate preliminary data for the year ended 31 December 2019.

**Angelo Mastrolia, Chairman of Newlat Food**, commented: "We are very satisfied with the Group's performance in 2019. Despite a slowdown in industrial production in Italy and Germany, markets for us core, we have managed to consolidate our positions and perform better than the market, exceeding the closing forecasts for the year 2019 that were foreseen in the Business Plan. With a Net Profit of € 10.2 million and an aggregate EBITDA of € 28.3 million, we have achieved a significant increase in margins in a market with deflationary trends, thanks to the increase in sales in the segments with high added value and a careful cost structure optimization policy. In the first month of 2020, aggregate sales figures confirm once again our ability to outperform the market, consolidating growth in volumes in the business lines with the highest added value (Bakery, Dairy, Special Products)."

#### Analysis of the 2019 preliminary aggregate results

In 2019, Newlat Food recorded consolidated aggregate<sup>1</sup> revenues of € 320.9 million, in line with the expectations indicated in the Business Plan and with an increase of 4.9% versus the 2018 aggregate figures.

Aggregate EBITDA amounted to € 28.3 million compared to € 24.2 million in 2018, up 17% and with an incidence on revenues of 8.8% compared to 8.3% in 2018.

The normalized EBITDA was equal to € 28.6 million compared to € 26.9 million, an increase of 5.98% compared to the previous year and with a margin of 8.8% compared to 8.3%.

<sup>1</sup> The official Consolidated figures differ from the Aggregate figures as the consolidated perimeter includes Newlat GmbH starting from the first day of listing and not from the beginning of the FY.





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The Company's Net Profit was equal to **€ 10.2 million** compared to € 5.9 million in 2018 and therefore marking an **increase of 71%**.

EBITDA and Net Profit for the year showed a better performance than foreseen in the Business Plan. The increase in EBITDA and Net Profit was particularly due to an optimization of costs and a maintenance of lower promotional pressure thanks to the recognition and strength of all the Group's brands, which maintained their market shares.

### Analysis of the net financial position during 2019

The net financial position showed a strong improvement and was **positive by € 48.6 million** compared to negative **€ 39.2 million** in 2018. Disregarding the *IFRS 16 lease* effects, net debt is positive and equal to **€ 66.4 million**. The situation also improved compared to the figures for the first half and the first nine months of 2019, especially taking into account that, during the year, the Company made a payment of **€ 58.3 million** for the purchase of Newlat Deutschland from the parent company Newlat Group and 6.5 million for Delverde Industrie Alimentari S.p.A.

### Implementation of the Business Plan and Acquisitions

The company has successfully started to implement the 2020-2022 business plan.

- 1) In particular, following the merger of Centrale del Latte di Salerno S.p.A. and Delverde Industrie Alimentari S.p.A. into Newlat Food, significant commercial, industrial and financial synergies were recorded in January which increased the Group's margins. In addition to improving purchasing conditions on raw materials and consumables, the Company has achieved significant reductions in fixed costs. In addition, as foreseen in the Business Plan, the Company has reworked its marketing strategies focusing on the repositioning of the Delverde brand, reworking the entire graphic image as well as redefining the new communication plan that will focus on three communication pillars. Delverde will be a green and eco-friendly brand which will enhance its production areas, namely the Majella National Park (Fara San Martino, Abruzzo) and in the Val Tiberina (Sansepolcro, Tuscany), historically "green" regions and which guarantee purity and quality of the air, water and subsoil, using rigorously Italian raw materials to give the consumer high quality products and the expression of a Delverde way of life, an experience oriented towards green products to protect taste, quality and the environment.
- 2) The Company also confirms its strategy for acquisitions and is concentrating its energies in developing dialogues with counterparties so as to close deals over the next few months. The reference countries in which the management is concentrated are Germany, Italy and the United Kingdom, however not excluding opportunities in third countries.





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The Company confirms its interest in the targets identified during the roadshow phase and has identified additional possible targets. These companies could present a variety of opportunities and synergies.

To date, the target companies identified for possible acquisitions have the following characteristics:

- (i) Company operating in Germany in the *Health & Wellness* segment;
- (ii) Company operating in Italy in the *Milk & Dairy* and *Healthy* sector;
- (iii) Company operating in the United Kingdom in the *Ambient* segment;
- (iv) Company operating in the Netherlands in the *Pasta, Bakery, Instant cups* sectors.
- (v) Company operating in Italy in the *Pasta, Bakery Products* and *Sauces* sectors.

However, it should be noted that, as of today, the Company has not submitted any binding offers to any of the possible acquisition targets.

### **Contracts**

The Company confirms that it is currently undergoing negotiations for long-term contracts for the supply of *Baby Food* products. At least one of these contractual negotiations is expected to close by the end of March.

### **Strengthening of Management Team**

As anticipated in the press release of January 29, 2020, in order to strengthen its management, Newlat Food has involved two professionals with proven experience in the field.

The first professional to join the Newlat team from March 1<sup>st</sup> will be Mr. Fabio Fazzari. Mr. Fazzari will be the Group Financial Director with a special focus on M&A activity and value creation through external growth as well as managing relationships with financial stakeholders together with Ms. Benedetta Mastrolia, Newlat's Investor Relator. Furthermore, Mr. Fazzari will work in close collaboration with the Company's Chairman Mr. Angelo Mastrolia and the Chief Financial Officer Mr. Rocco Sergi in the M&A activity.

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### **DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE ACCOUNTING DOCUMENTS**

The manager responsible for preparing the corporate accounting documents Rocco Sergi declares, pursuant to and for the purposes of Article 154-bis, paragraph 2, of Legislative Decree no. 58 of 1998, that the information contained in this press release corresponds to the document results, books and





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accounting records.

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This press release is available on the Company's website [www.newlat.it](http://www.newlat.it) and on the authorised storage mechanism eMarketstorage at the following address [www.emarketstorage.com](http://www.emarketstorage.com).

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## FOR MORE INFORMATION:

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## The Newlat Group

The Newlat Group is a relevant multinational, multi-brand and multi-channel player in the Italian and European agri-food sector, having a large portfolio of products and brands well known in Italy and internationally. The Newlat Group holds a consolidated positioning in the Italian and German markets and sale products in more than 60 countries. The Newlat Group is mainly active in the pasta, dairy, bakery and special products sectors, and in particular in the health & wellness, gluten free and baby food sectors.

For more information, visit our website [www.newlat.it](http://www.newlat.it).

