



A multibrand company

FY 2020 RESULTS

19 MARCH 2021

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Statement

Rocco Sergi, the Manager responsible for preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results, books and accounting records.



2020 OVERVIEW

2020 OVERVIEW

CLI Acquisition

- In 2020, Newlat acquired a Controlling Interest in Centrale del Latte d'Italia ("CLI")
- With the acquisition, the Group reached **revenues of over €500 million** and became the **third largest operator in the milk & dairy sector in Italy** with significant market shares in reference markets

Quick integration of CLI

- CLI was quickly integrated into the Group, which resulted in:
- **Reductions in administrative costs** deriving from merger of the CLI subsidiaries (Centrale del Latte della Toscana, Centrale del Latte di Vicenza)
 - **Better procurement conditions** of raw materials and packaging materials
 - **Cross-sale of products** under different brands

Baby food contracts signed

During 2020, Newlat signed some **baby food contracts** which will help **saturate spare capacity** in the **Ozzano Taro factory**

Launched >10 new products

During 2020, the Newlat R&D and marketing/commercial teams **launched and designed over 10 new products**

Milk farmers supply agreement

In Q4 2020, Newlat signed an agreement with the **Tuscan milk farmers** to fix milk price at €0.36/L. This agreement is **replicable** with other local farmers of the Newlat supply chain

Record high pasta sales in Germany

2020 was a particularly good year for the German market:
+ 9.760 tons of pasta sold
Delverde was successfully launched into **>7 retailers**

Increased transport by train

Newlat is constantly improving its means of transport in order to decrease CO2 emissions:
In 2020, Newlat avoided 502 tons of CO2e by transporting cargo via train from Italy to Germany

FY 2020 KEY FINANCIAL HIGHLIGHTS

PROFORMA REVENUES

€516.9m, +3.2% vs. FY 2019

with higher growth in *pasta*, *bakery* and *special* products

Germany: +10.6% organic growth

EBITDA

Adj. EBITDA €51.4m, +44.1% vs. FY 2019

EBITDA margin 10.0% vs. 7.1% FY 2019

with double-digit margins in bakery, dairy and special products.

FREE CASH FLOW

FCF was € 44.1 million (excluding M&A). **EBITDA FCF conversion 88.8%**, confirming the Company's ability to generate free cash flow.

NET INCOME

Reported Net Income equal to € 38.4 million.

Adj. NI €14.5 m vs. €3.1 in FY 2019 after deducting €23.95 million negative goodwill .

NET FINANCIAL POSITION

Aggregate NFP equal to 5.2 m vs. -€38.1m in FY 2019 PF

Excluding IFRS 16 lease liabilities, NFP is positive by € 24.2 million.

COMMERCIAL INITIATIVES

2020 COMMERCIAL INITIATIVES

"Bifetta" launch

Launched in 2H 2020 and by
April 2021 in all the major retailers in Italy
(eg. Esselunga, Coop, Conad, Selex)
Higher EBITDA margin vs. original Granfetta



Polenghi 100% Lombard milk

Product sold in its area of origin: **Lombardy**.
100% Lombard milk collected from the best
milk farms in Lombardy
Launched March 2021



2020 COMMERCIAL INITIATIVES

Mukki "BIMBO" infant milk

Exclusive organic recipe
Milk 100% from Tuscany from the "Mukki Oasis"
Launch date: September 2021



Delverde in Germany

Delverde was successfully
launched more than 7 of the
biggest retailers in Germany

Some key clients are:
Rewe, Globus, Rewe Dortmund,
Hit, Citti, K+K, Bartels-Langness



2020 COMMERCIAL INITIATIVES

Latte del Parco and Mukki Selezione Mugello

One of the many ways in which we can help the planet and our Community is to support local businesses by procuring milk From local farmers.

That's why the Latte del Parco (Salerno area) and Selezione Mugello (Tuscany) products were **Launched in 2H 2020**



Polenghi restyling

Polenghi was the first Italian brand of milk
Founded in 1870, 2020 was the 150th Anniversary
To celebrate the 150th anniversary, Newlat launched a new, "nostalgic" packaging
Launch date: 1H 2021



2020 COMMERCIAL INITIATIVES

Mukki Special Donna, milk for women

Lactose free and low fat milk
+Vitamin C and Vitamin D to support the immune system
+Vit. B6, B12 and Magnesium
+Iron
+Folic acid

Launch date: April 2021



Mukki Training

- Sports milk drink with 25g of protein
- Source of BCAA and essential aminoacids
- Lactose free
- Low calorie (65kcal/100ml)
- Rich in magnesium, iron, vitamin B6 and B12

Launch date: June 2021



2020 COMMERCIAL INITIATIVES

100% Natural Yogurt in recyclable container

- 100% natural, no flavouring,
- preservatives, colorants
- Container made out of recyclable paper
- 100% Tuscan milk

Launch date: May 2021



Lactose-free Mascarpone

Still a “niche” market but showing a strong increase: +48% (source: IRI Tot. Ita Feb 2021)

Launch date: May 2021



Plant based drinks

“CuoreVeg” is the company’s brand for plant-based drinks

Made exclusively with Italian raw materials

4 different drinks: soy, rice, oat and almond milk

Launch date: July 2021



Buitoni-Delverde contract amendment with Nestlé

In December 2020, Newlat and Nestlé **signed an agreement to support the transition period** by adding the **Delverde logo** alongside the **Buitoni** one.



- The **Delverde logo is visibly larger** and on top of Buitoni logo, to help the consumer's eye to easily recognise Delverde once Buitoni will be removed.
- Refreshed packaging design adds a **premium perception** vs. original packaging.
- New packaging **sold starting from mid March 2021**.
- Sansepolcro brand is reinforced by the **Tuscany trademark** and is now called «**Sansepolcro Toscana**». This will become Delverde's Tuscan pasta line vs. the «normal» Delverde made in Abruzzo. 12

Short and long pasta visuals: a closer look



- **Aesthetically pleasing** packaging vs. original.
- «**New**», **darker green** vs. Buitoni green adds to premiumness
- «**Puro Gusto/Pure Taste**» pay-off which links this product to original Delverde packaging and reinforces higher quality of this pasta vs. competitors.
- **New fonts** oriented to a premium perception
- **Cooking time easy to find** and recognise

INDUSTRIAL OVERVIEW



WELL-INVESTED FACILITIES with OPERATING LEVERAGE

KEY PERFORMANCE INDICATORS & MONITORING

- Production Budget / Forecast (“Bottom-up” approach)
- Continuous monitoring of the BoM for each product in production phase
- Timing of delivery
- Quality controls across all the production and main processes
- Development and scanning of potential product innovations
- Periodic meeting (weekly, monthly, annual) to monitor production activities

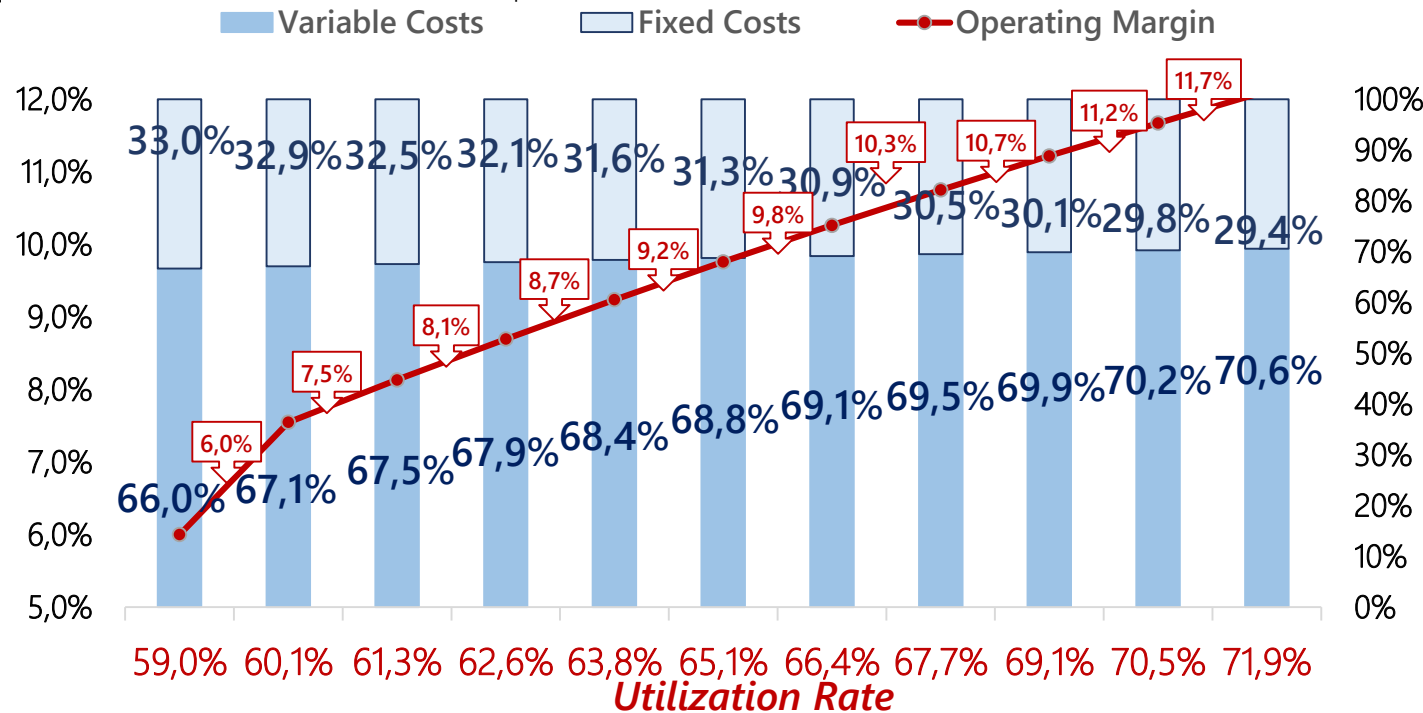
KEY SUCCESS FACTORS

- Being able to ensure the best time-to-delivery to customers
- Ensuring efficiency in all the production phases, through a continuous cost monitoring
- Guarantee the high quality of the products produced

Division	Volumes (K Tons / Year)	Volumes (K Tons / Year)	Volume (%)
	Total Capacity	Utilization	Spare capacity
Pasta	271,0	150,2	44,6%
Bakery	22,0	15,4	29,9%
Milk & Dairy	353,2	223,7	36,7%
Special Products	43,0	17,1	60,3%
Total	689,2	406,4	41,0%

OPERATING LEVERAGE DRIVEN BY UTILIZATION RATE INCREASE

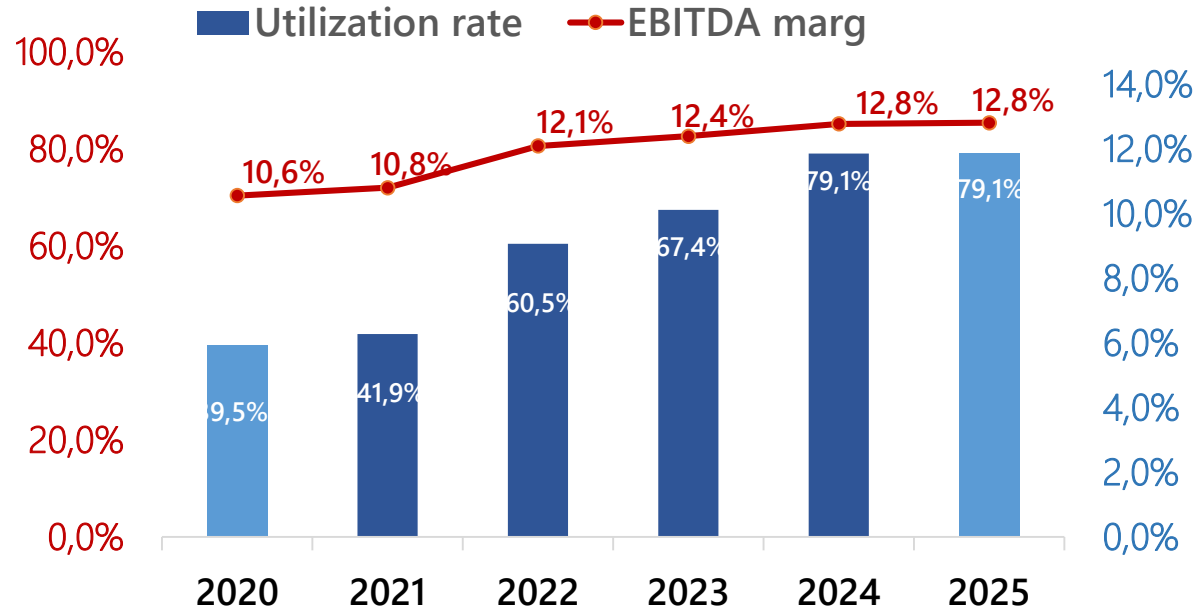
Thanks to current 60% of utilization rate of its production capacity, Newlat Food conserves huge potentials in terms of operating leverage. With a volume increase of 2% per year, the company is able to generate c60 bps of margin improvement (all other variables equal).



The chart above shows the margin improvement as a result of capacity utilization and variable cost incidence (% of total cost base) increase.

THE IMPORTANT OPPORTUNITY IN BABY FOOD

Thanks to the new contracts signed in 2020, the Ozzano Taro plant is expected to gain c40% of additional capacity utilization, with material improvement in profitability.



The new contracts are expected to be fully developed in 2024 (covering 30+ countries around the world), with a back-loaded development of revenues due to the high number of testing required for the complexity and scope of the contracts and products involved.

FY 2020 SALES

BREAKDOWN AND ANALYSIS

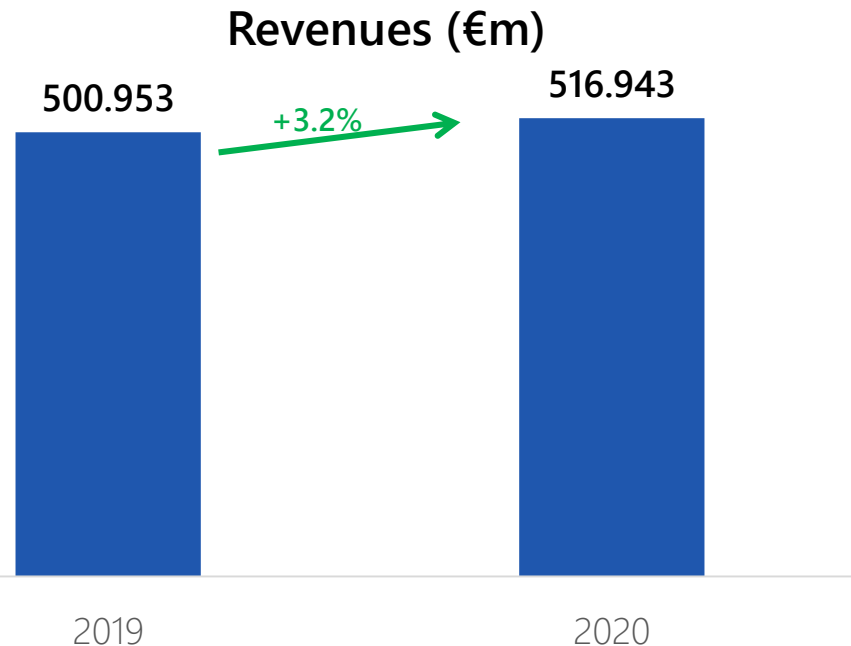
REVENUES AND COSTS IN CONSTANT IMPROVEMENT

2020 saw a positive increase in sales **of 3.2%** compared to 2019. The year saw a particularly sharp increase in sales in the last month of Q1 and first month of Q2 due to the outbreak of the Covid-19 pandemic and a **steady normalization of sales throughout Q3-Q4.**

Extraordinary Covid-19 positive impact in March and April 2020 was fully offset by the reverse Covid impact in the period of June–August.

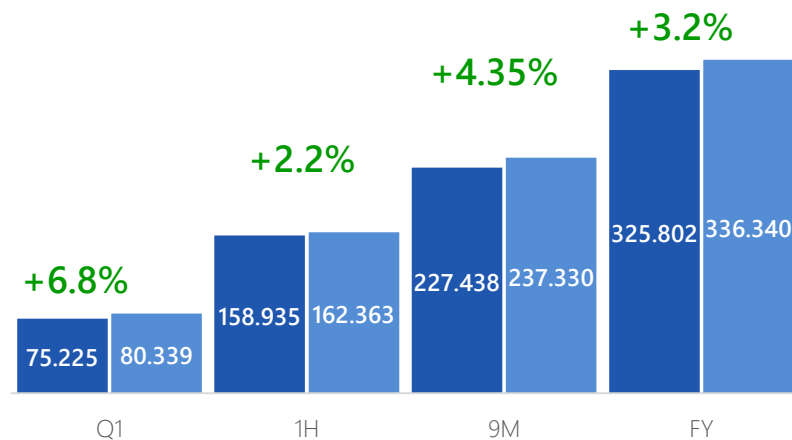
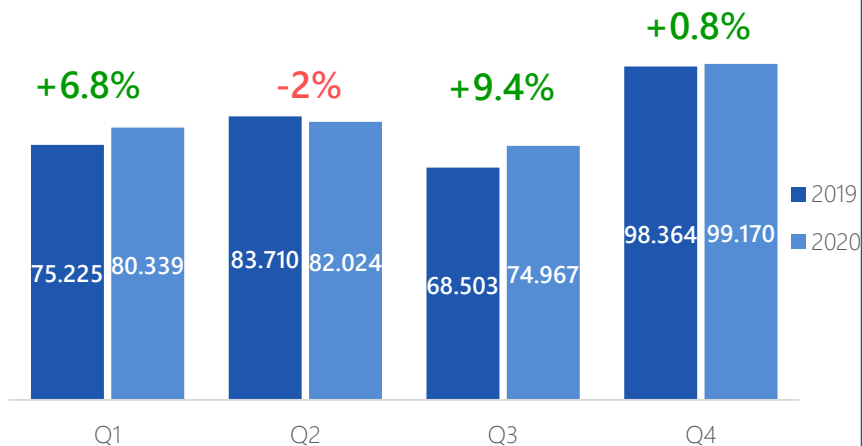
Cost of goods sold was equal to **78.4%** of sales as opposed to 80.0% in 2019, this was mainly driven by a more diligent procurement policy of raw materials and finished products.

The recent agreement with most of the milk farmers gives us important visibility on our cost base; we expect the incidence of COGS to remain quite stable YoY.

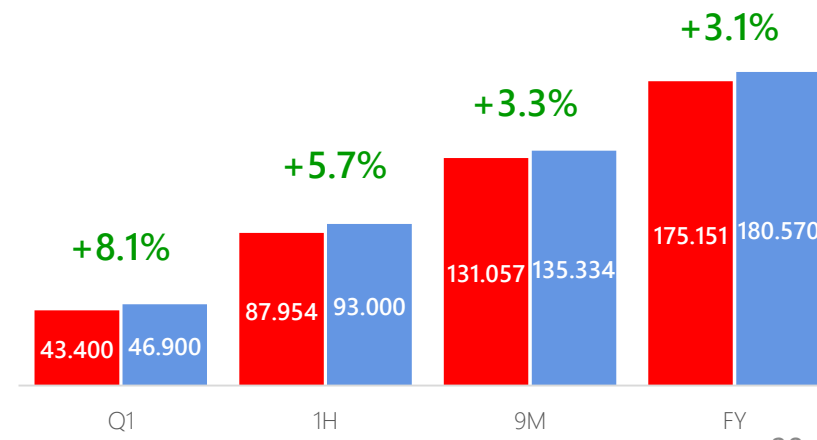
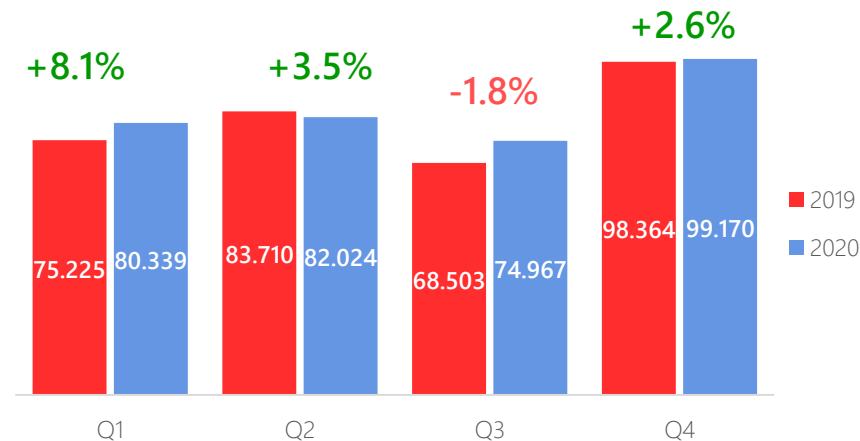


POSITIVE YOY ORGANIC GROWTH

NF YoY growth in % and sales in €m

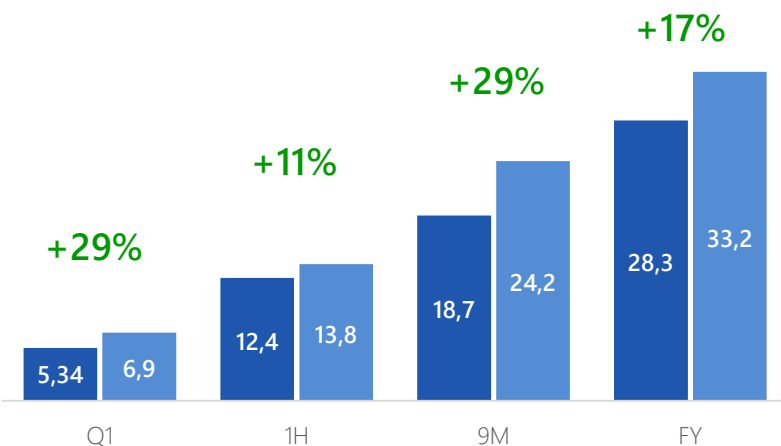
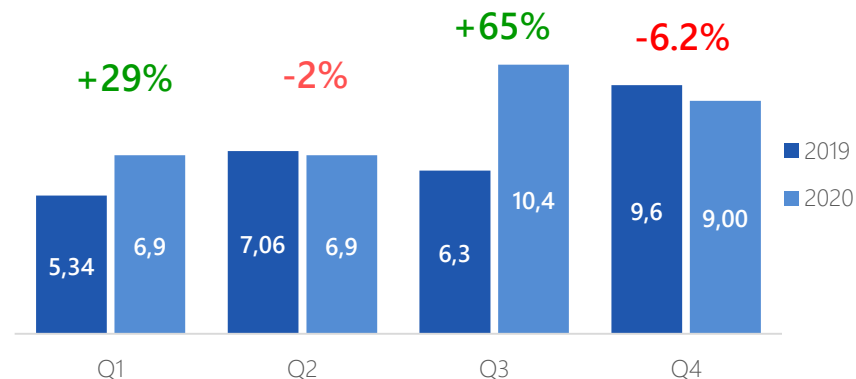


CLI YoY growth in % and sales in €m

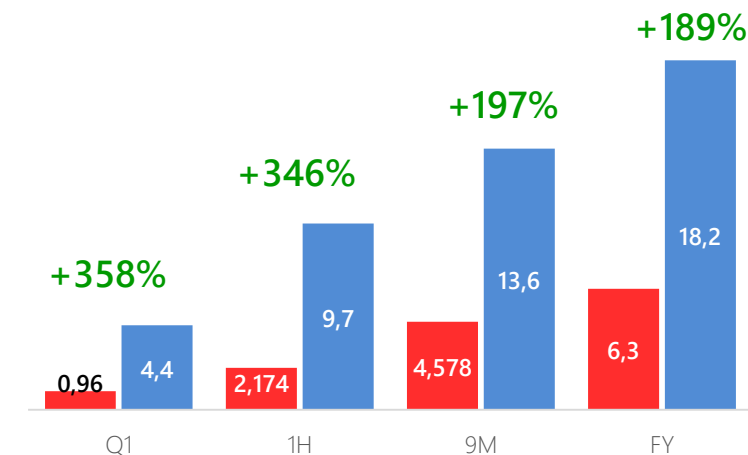
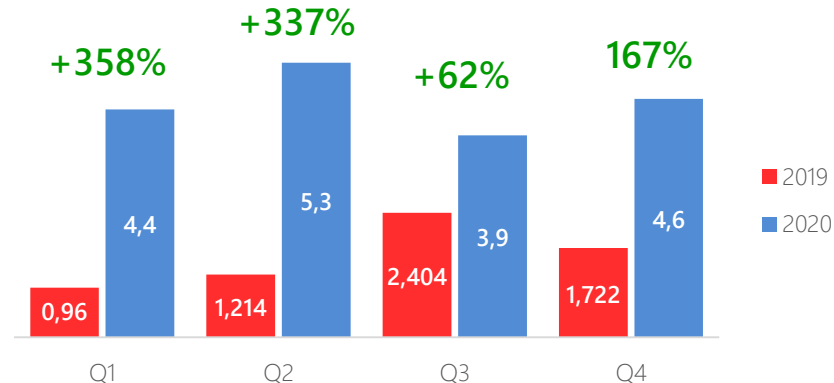


POSITIVE EBITDA GROWTH THROUGHOUT THE Q's

NF YoY EBITDA growth in % and in €m



CLI YoY EBITDA growth in % and in €m



REVENUE BREAKDOWN BY BUSINESS UNIT

- Revenues related to the **pasta business unit** show an increase of **7.5%** mostly due to very good performance of all the pasta brands in the German market.

- Revenues related to the **milk products** segment increased by **0.3%**. In this particular segment, we had three trends: 1) sale increase in the large retailers channel; 2) negative result of the HoReCa sector impacted by lockdown and little tourist traffic in reference areas; 3) value dilution from less premium brands due to the decrease in raw material prices.

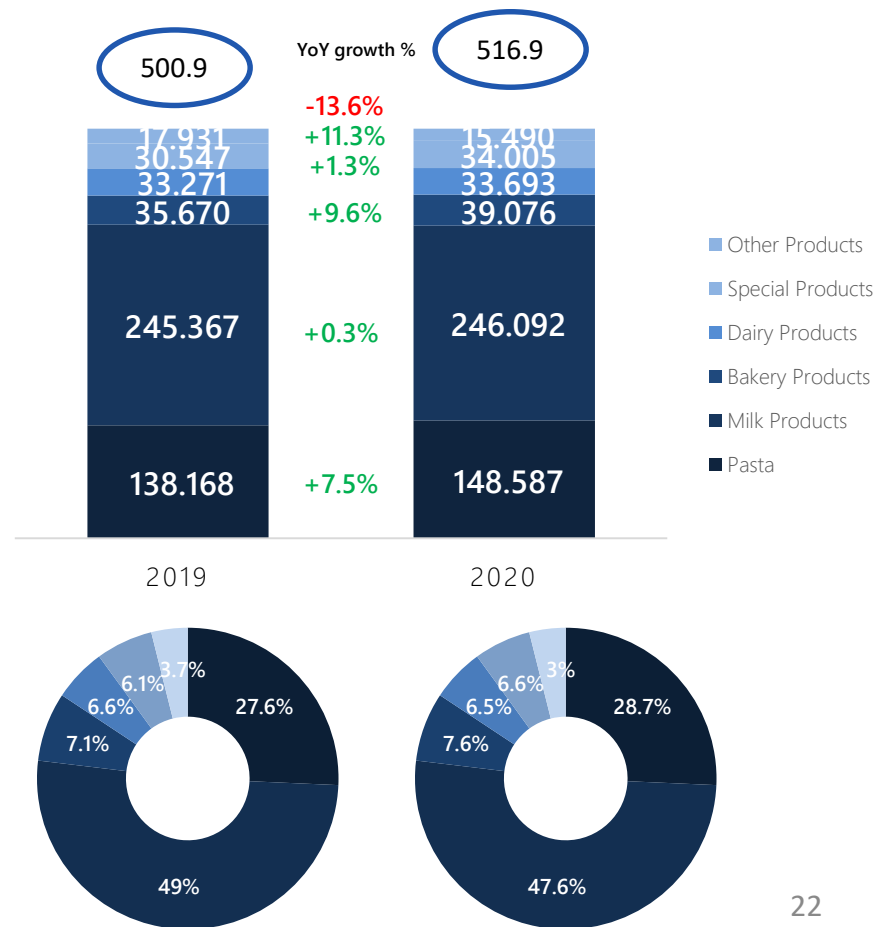
- Bakery products** increase by **9.6%** thanks to higher sales volumes, especially in the bread substitutes segment with Crostino and Crostino Integrale.

- Revenues related to the **dairy products** increase by **1.3%** in the period thanks to an increase in sales in mascarpone.

- Revenues related to the **special products** segment increased by **11.3%** as a result of higher sales volumes and new clients.

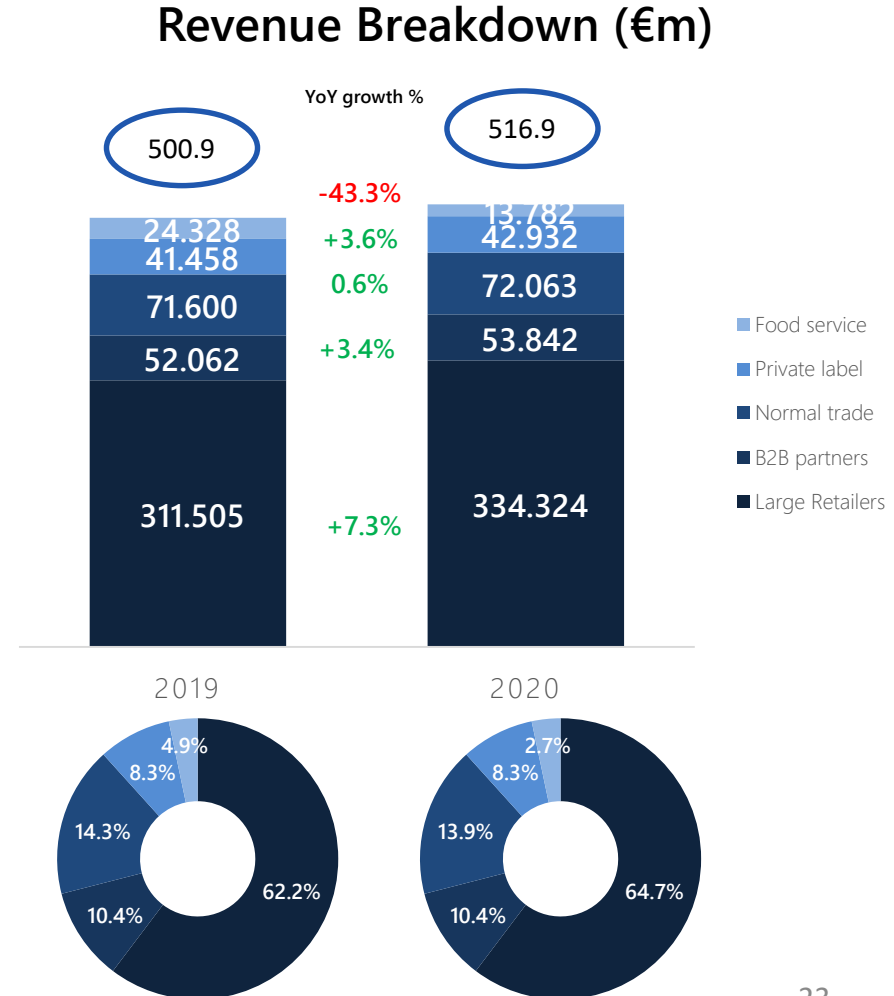
- Revenues from the **other products** decrease as these are mainly linked to the food service and normal trade channels, which were impacted by COVID-19.

Revenue Breakdown (€m)



REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

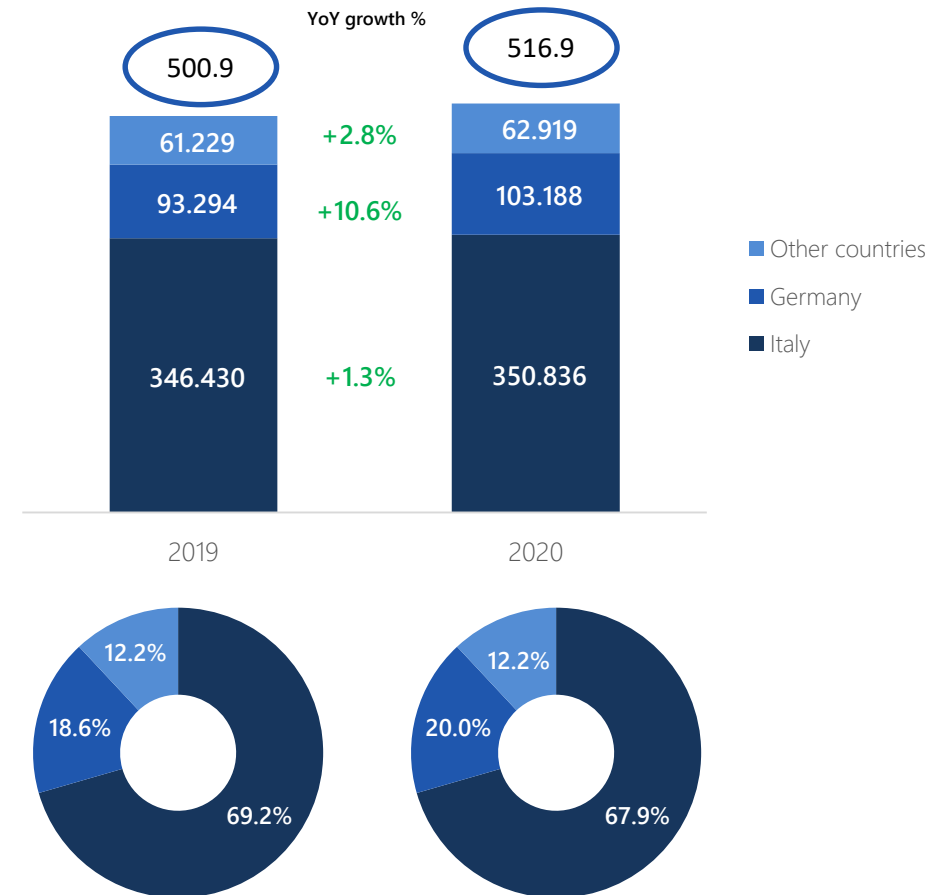
- Revenues related to the **large-scale retail distribution** channel increased by **7.3%** due to an overall increase in sales. Exposure to LSRs also went up to 64.7% in 2020.
- The revenues from the **B2B partners** channel increase by 3.4%. New agreement reached with KH.
- Revenues related to the **normal trade** channel show a slight increase in 2020.
- Revenues related to the **private label** channel increase by 3.6% as a result of higher sales volumes
- Revenues related to the **food service** channel decreased as a result of the COVID-19 impact on restaurants and out-of-home eating.



REVENUE BREAKDOWN BY GEOGRAPHY

- The year saw a positive performance in all key markets, particularly in Germany.
- Revenues related to **Italy** went up mainly due an overall increase in sales volumes.
- Revenues related to **Germany** increased the most, by **10.6%**, especially thanks to an increase in the pasta sales, as all brands performed well. Delverde was also successfully launched in some key retailers in Germany.
- Revenues related to **Other Countries** increased by **2.8%** thanks to an overall increase in demand.

Revenue Breakdown (€ m)



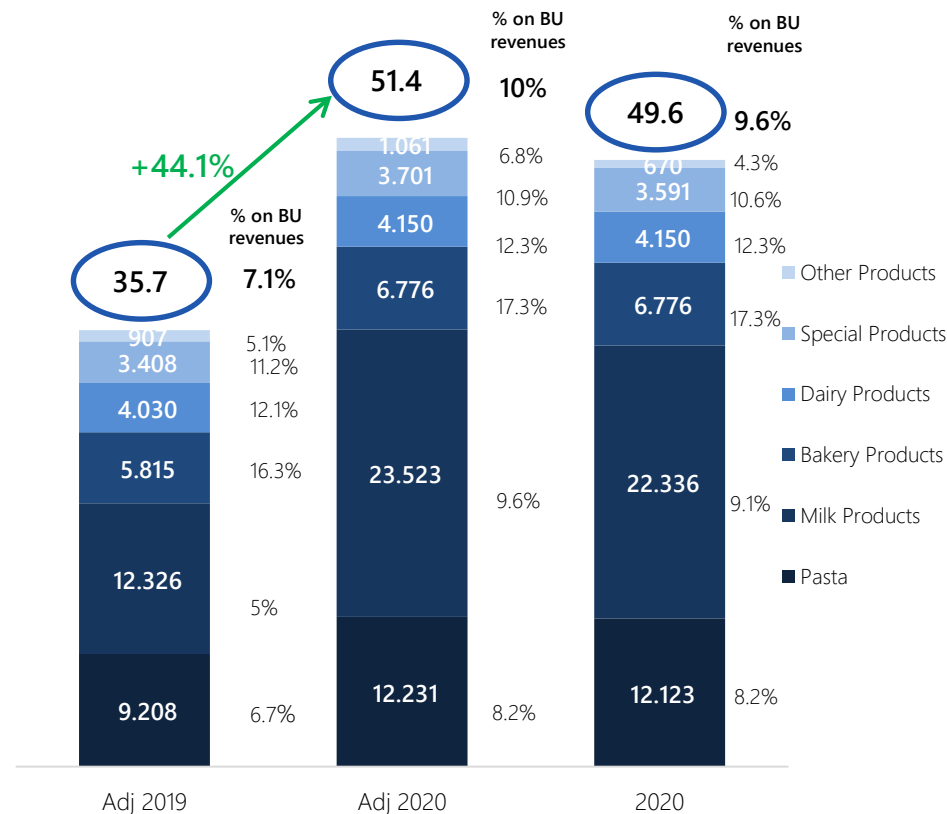
EBITDA BREAKDOWN BY BUSINESS UNIT

Adj. EBITDA went up to **€51.4m** in **2020**, an increase of **44.1%** versus 2019. EBITDA margin reached double digit at **10.0%**, compared to 7.1% in 2019.

This trend confirms the company's goal to reach **double-digit EBITDA margin**.

- Particularly remarkable are the **Bakery, dairy and special products EBITDA margin improvements**, which confirm the Company's ability to optimise costs and increase prices thanks to its unique product offering.
- In particular, the **Bakery** EBITDA margin reached **17.3%** thanks to a **supply chain optimisation and higher sales volumes** in particular of Crostino Integrale (wholewheat) and Crostino Multicereali (multicereal) which outperform the bread substitute market.

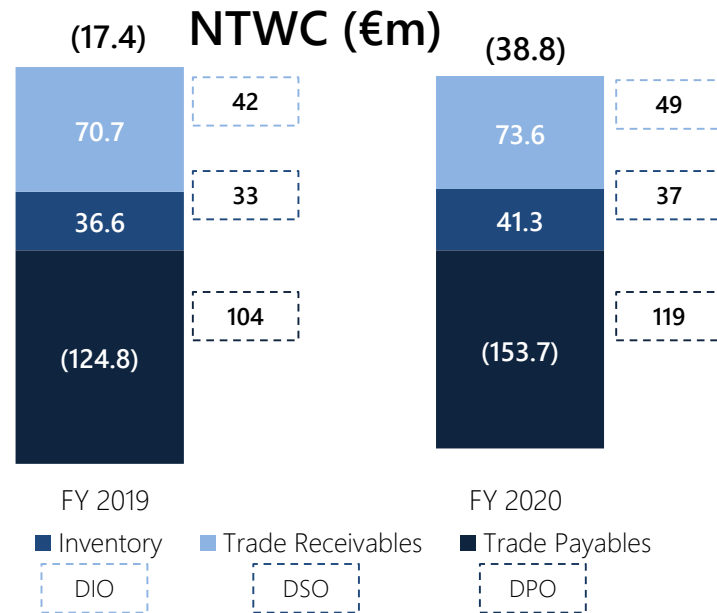
EBITDA Breakdown (€m)



- **Improvement in NTWC vs. 2019** despite the pandemic and the increase in revenues for the same period. Cash conversion cycle was also improved thanks to better **DSO** agreed with customers. DSO reached 49 days (vs. 42 last year) thanks to the **strong focus on client portfolio and the strong relationship** built in the past years **also thanks to the company's ability to deliver products on time to all customers during the lock down period.**

- **Inventories** remained stable despite the increase in revenues.

- **NWC** equal to **€(49.5)m** vs. €(22.2)m in 2019 confirmed an ongoing NWC improvement.



In € millions	FY 2019	FY 2020
Inventory	36.6	41.3
Trade Receivables	70.7	73.6
Trade Payables	(124.7)	(153.7)
NTWC	(17.4)	(38.8)
Other current assets	17.3	12.9
Other current liabilities	(22.1)	(23.6)
NWC	(22.2)	(49.5)

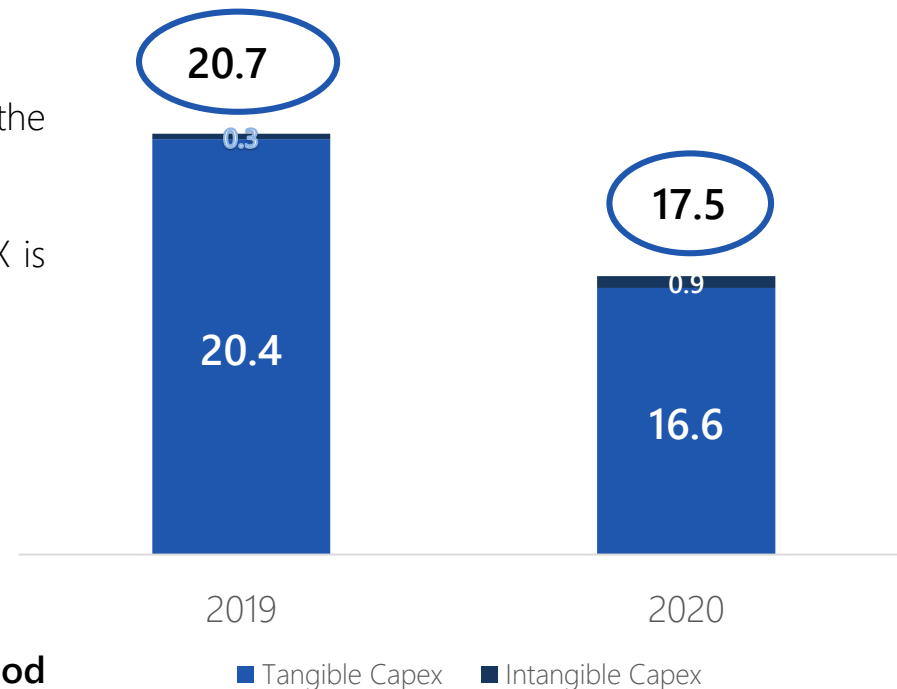
Capex increase in Q4 is linked to investments already planned by CLI, which were halted due to Covid in 1H 2020.

Therefore **Capex was concentrated in Q4**, following the **work-in-progress accounting principle**

In 2021, this will only be reflected in 1H 2021 and CAPEX is expected to be around 1.8-2% of revenue in 2021.

Main investments are related to:

- Completion of **automatic warehouse** in Turin
- **Technical investments** related to new **baby food contracts**
- Technical investments related to new contract in **plant-based drinks**.



FREE CASH FLOW

The Cash Flow Statement of the Company generally confirms the **strong cash conversion** ability already visible in previous results.

In particular, we highlight the significant contribution of CLI to cash generation: it is evident that in **FY 2020, CLI is able to convert economic results into cash**

This, together with a declining ND figure, confirms that CLI is successfully implementing a **deleveraging process on a standalone basis** (FCF € 15.4 million; 84.2% EBITDA FCF conversion)

Consolidated FCF (ex M&A) was equal to € 44.1 million, with an **EBITDA FCF conversion rate of 88.8%** at Group level.

CASH FLOW STATEMENT €mn	Newlat Food Consolidated (*) FY 2020	C.L.I. FY 2020	Newlat Food FY 2020
EBITDA	49,6	18,2	31,4
Net Interest costs	-3,8	-1,9	-2,0
Δ NWC	26,8	11,8	15,0
TAX & Others	-4,1	0,0	-4,1
Other	0,5	-1,1	1,6
(A) Cash flow from operating activities	68,9	27,1	41,8
Capex	-17,5	-9,5	-7,9
% of sales	3,4%	5,3%	2,4%
Proceeds from sale of property	0,0	0,0	0,0
IFRS16 CAPEX	-7,4	-2,2	-5,2
Acquisition of businesses	-9,4	0,0	-9,4
(B) Cash flow from investing activities	-34,2	-11,7	-22,5
Other financial revenues (costs)	0,0	0,0	0,0
Dividends paid	0,0	0,0	0,0
IFRS16 lease liabilities	0,0	0,0	0,0
Buy Back of ordinary shares	-0,9	0,0	-0,9
Proceeds from cap increase	0,0	0,0	0,0
Other items including exceptional	0,0	0,0	0,0
(C) Cash flow from financing activities	-0,9	0,0	-0,9
NFP at December 31st 2019	-28,7	-77,3	48,5
Change in NFP (A+B+C)	33,8	15,4	18,4
NFP at December 31st 2020	5,1	-61,9	66,9
IFRS 16 NPV obligation	-19,0	-4,0	-15,0
NFP excluding IFRS 16	24,1	-57,9	81,9
FFC (Oper. CF-CAPEX) excluding M&A	44,1	15,4	28,7
EBITDA	49,6	18,2	31,4
EBITDA FCF conversion post tax	88,8%	84,2%	91,5%

(*) consolidated figures including C.L.I. from January 1st 2020

(*) consolidated figures including C.L.I. from January 1st 2020

- 2021 expected to show a **constant low-single digit revenue growth**.
- **Profitability expected to improve** in 2021 vs. 2020.
- **Q1 2021 expected to show a decrease vs. the extraordinary performance of Q1 2020 which resulted from** worldwide food stockpiling in March 2020.
- The company will keep **focusing on M&A opportunities** considering available **liquidity of ca. € 300 million**.

Q&A

Appendix

PROFORMA INCOME STATEMENT

(In € thousand)	Ended 31 December	
	2019	2020
Revenues from clients' contracts	500,952	516,943
Cost of goods sold	(400,678)	(404,767)
Gross margin	100,274	112,176
Sales and distribution expenses	(67,203)	(62,067)
Administrative expenses	(25,704)	(26,032)
Net write-offs of financial activities	(1,865)	(1,677)
Other income and revenues	8,713	8,970
Profits from business combination	-	23,839
Other operating costs	(5,585)	(5,844)
EBIT	8,630	49,365
Financial income	974	586
Financial expenses	(3,883)	(4,433)
EBT	5,722	45,519
Taxes	(2,635)	(7,127)
Net Income	3,087	38,392
Less Net Income attributable to non-controlling interest	(5,197)	(1,339)
Group Net Income	(2,110)	37,053³²

PROFORMA BALANCE SHEET

(In € thousand)	Ended 31 December 2019	Ended 31 December 2020
Non-current assets		
Property, plant and equipment	151,857	151,541
Right of use	21,630	18,452
Intangible assets	44,872	51,057
Investments measured with equity method	1,397	1,397
Non-current financial assets valued at fair value with impact on I/S	698	746
Financial assets stated at amortized cost	867	801
Deferred tax asset	6,698	5,466
Total non-current assets	228,019	229,460
Current assets		
Inventory	36,635	41,347
Account receivables	70,739	72,729
Current tax assets	3,946	1,888
Other receivables and current assets	13,316	11,003
Current financial assets valued at fair value with impact on I/S	4	4
Cash and cash equivalents	110,371	182,127
Total current assets	235,011	309,099
TOTAL ASSETS	463,030	538,560

PROFORMA BALANCE SHEET

(In € thousand)	Ended 31 December 2019	Ended 31 December 2020
Equity		
Share capital	43,935	43,935
Reserves	76,678	61,276
Net Income	3,087	37,054
Total Group Equity	126,701	142,265
Equity attributable to non-controlling interests	12,451	13,790
Total Consolidated Equity	139,152	156,055
Non-current liabilities		
Provisions for employees	16,502	15,411
Provisions for risks and charges	1,461	1,587
Deferred tax liabilities	9,939	12,080
Non-current financial liabilities	68,278	94,811
Non-current lease liabilities	15,316	12,436
Other non-current liabilities	600	-
Total non-current liabilities	112,096	136,325
Current liabilities		
Account payables	124,752	152,850
Current financial liabilities	58,089	63,121
Current lease liabilities	6,828	6,570
Current tax liabilities	483	3,438
Other current liabilities	21,630	20,201
Total current liabilities	211,782	246,179
TOTAL EQUITY AND LIABILITIES	463,030	538,560

PROFORMA CASH FLOW STATEMENT

(In € thousand)	Ended 31 December	
	2019	2020
Earnings before tax	13,195	45,519
- Adjustments for:		
Depreciation and amortization	13,692	24,120
Net loss/(gain) on disposal of intangible fixed assets	84	(5)
Financial expenses/(income)	1,368	3,847
Other non-monetary charges from business combinations	-	(23,839)
Other non-monetary charges	652	(15)
Cash flow from operating activities before changes in NWC	28,991	49,626
Change in inventory	1,184	(4,721)
Change in account receivables	6,384	1,475
Change in account payables	(10,821)	27,637
Change in other assets and liabilities	10,250	2,422
Use of provisions for risks and charges and employees	(1,084)	(24)
Tax paid	(1,171)	(4,095)
Cash flow from operating activities	33,733	72,320
Investments in PPE	(4,460)	(16,665)
Investments in intangible assets	(499)	(870)
Divestments of financial assets	-	0
Deferred considerations for acquisitions	(2,521)	(1,500)
Business combination of Delverde	(2,795)	
Business combination of Newlat Deutschland	(58,324)	
Business combination of Centrale del Latte d'Italia	-	19,760
Cash flow from investing activities	(68,599)	725

(In € thousand)	Ended 31 December	
	2019	2020
Proceeds from long-term debt	15,000	65,000
Repayments of long-term debt	(9,866)	(41,921)
Change in short-term debt	-	-
Principal repayments of lease obligations	(6,345)	(7,309)
Net interest paid	(1,368)	(3,847)
IPO costs	76,544	
Purchase of minority interest		(2,803)
Own shares		(922)
Cash flow from financing activities	73,965	8,198
Net change in cash and cash equivalents	39,099	81,242
Cash and cash equivalents beginning of period	61,786	100,884
Total net change in cash and cash equivalents	(39,099)	81,242
Cash and cash equivalents end of period	100,884	182,127

UPCOMING EVENTS

- **23-24 March**
STAR Conference
- **29 April**
Shareholders' Meeting
- **14 May**
1Q 2021 Results

INVESTOR RELATIONS CONTACTS

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A multibrand company