



A multibrand company

1H 2021 RESULTS  
10 SEPTEMBER 2021

# DISCLAIMER

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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. These forward-looking statements are based on Newlat Food S.p.A.'s current expectations and projections about future events.

Any reference to past performance of Newlat Food shall not be taken as a representation or indication that such performance will continue in the future.

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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.

# 1H 2021 KEY FINANCIAL HIGHLIGHTS

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## REVENUES

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**€245.5m, -3.9% vs 1H 2020\***

- **Pasta: +5% growth**
- **Dairy: +10.9% growth** despite difficult comparable basis
- **+6.9% growth in Germany**

## EBITDA

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**EBITDA €21.7m, EBITDA margin 8.8%**

Slight decrease in EBITDA and EBITDA margin vs. 2020 (€23.1 m and 9.1% margin in 2020).

## FCF

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**FCF € 17.4 million. EBITDA FCF conversion 80.5%**

confirming again the Company's ability to generate free cash flow and improve NFP

## NET INCOME

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**€7.2 m, +4% vs €6.9 m 1H 2020**

Strong profitability despite decrease in sales: NI increased compared to 2020.

## NET FINANCIAL POSITION

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**Continuous improvement in NFP equal to positive €16.7m vs positive €5.2m FY20**

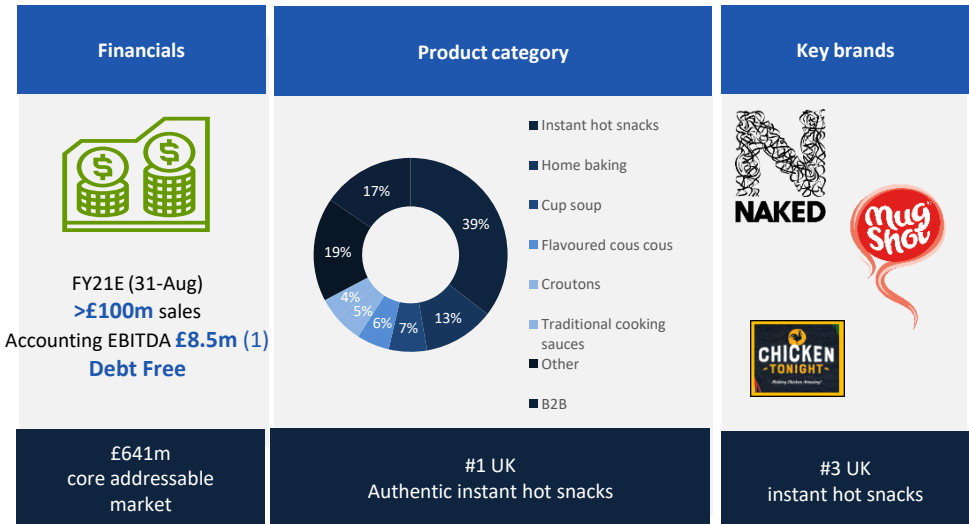
Excluding the effect of *IFRS 16 lease liabilities*, NFP would have been positive by € 32.3 million.

## M&A pipeline

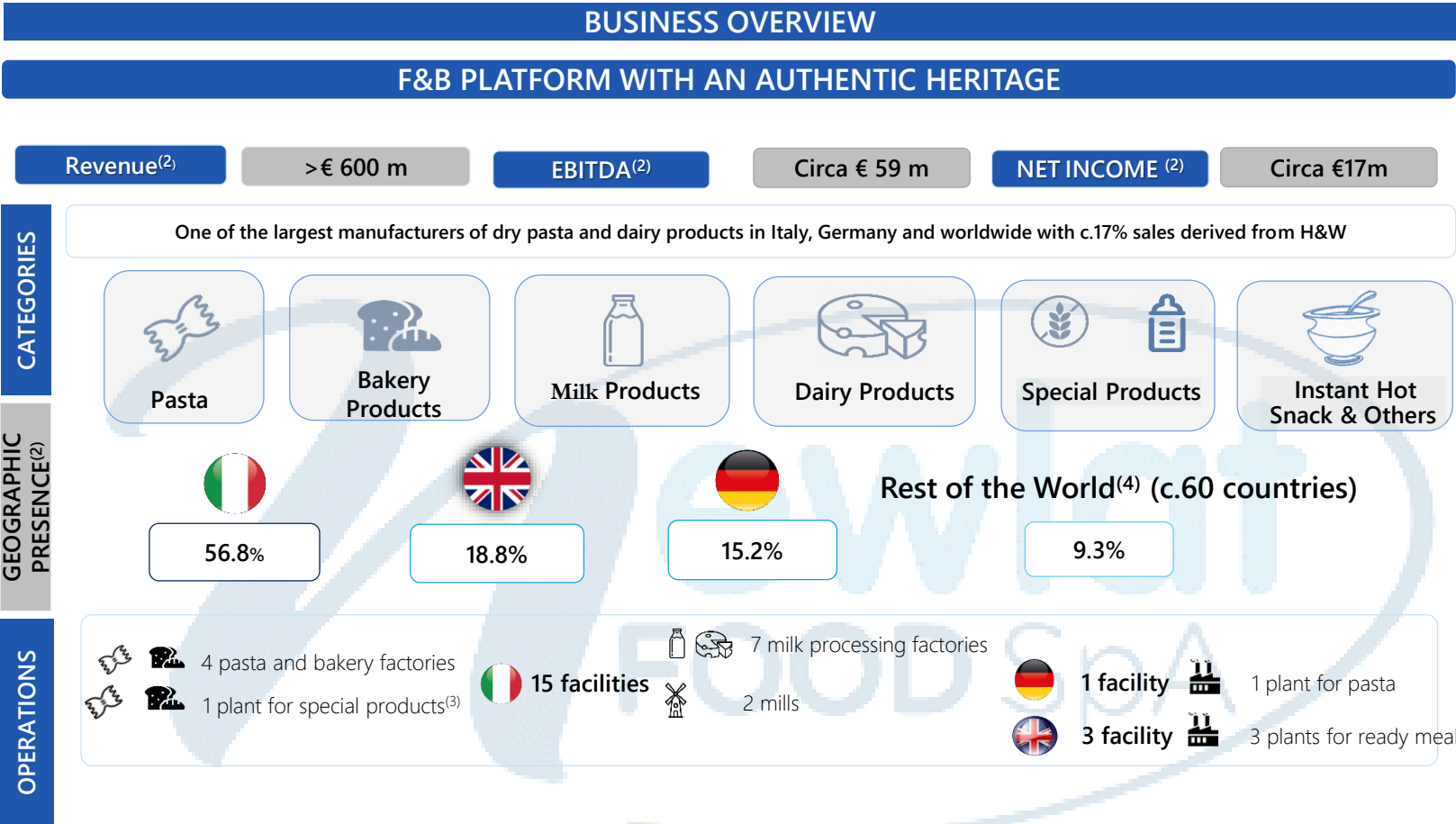
Newlat is actively involved in three deals in Italy, Germany and UK.

## Symington's acquisition

- Newlat Food acquired Symington's on 4 August 2021
- Integration process already started with commercial and strategic meetings in place between end of August/beginning of September






























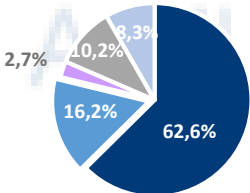
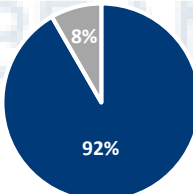


# Current group structure and business overview



# Continuous expansion of brand and product portfolio

## A MULTINATIONAL BUSINESS MODEL TAILOR MADE ON A SMALLER SCALE

	PASTA	BAKERY PRODUCTS	MILK PRODUCTS	DAIRY PRODUCTS	SPECIAL PRODUCTS (2)	INSTANT & OTHERS
REVENUES (1)	22.1%	5.7%	39.4%	5.3%	4.9%	22.6%
EBITDA MRG % (1)	6.1%	14.6%	9.6%	14.7%	10.8%	8.0%
MAIN BRANDS	  	 	   	    	    	   
PRODUCT CATEGORIES	<ul style="list-style-type: none"> <li>Dry Pasta – Spaghetti, Spirals &amp; others</li> </ul>	<ul style="list-style-type: none"> <li>Rusks</li> <li>Crostini</li> <li>Melba Toast</li> <li>Grated</li> </ul>	<ul style="list-style-type: none"> <li>Fresh Milk</li> <li>UHT Milk</li> <li>Butter</li> <li>Fresh Cream</li> <li>Yogurt, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Mascarpone</li> <li>Ricotta</li> <li>Mozzarella</li> <li>Scamorza &amp; provola</li> <li>Plant Based dairy</li> </ul>	<ul style="list-style-type: none"> <li>Gluten Free</li> <li>Low Protein</li> <li>Baby food (milk powder, pasta, biscuits etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Salads</li> <li>Spread Cheese</li> <li>Juice</li> <li>Tomato sauce</li> <li>Instant cups, etc.</li> </ul>
KEY PRODUCTS						
KEY CHANNELS & CUSTOMERS	<div>  <ul style="list-style-type: none"> <li>Modern Trade</li> <li>Normal Trade</li> <li>Foodservice</li> <li>B2B</li> <li>Private Label</li> </ul> </div> <div>  <ul style="list-style-type: none"> <li>Customer A (10%)</li> <li>Customer B</li> <li>Customer C</li> <li>Customer D</li> <li>Customer E</li> <li>Customer F</li> </ul> </div>					

Source: Company information

Notes: (1) Based on 2020 1H results; EBITDA corresponds to normalized numbers; (2) The brand Plasmon is owned by Kraft Heinz and we produce through a co-packing contracts all the special products on the basis of the formulas developed at the Ozzano Taro plant.

## RAW MATERIALS

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### DURUM WHEAT PRICE INCREASE

- **Price renegotiations with retailers** started at the end of August. Already **50% of price renegotiations were successful.**
- The company was **successful in price renegotiations with B2B partners.**
- The company will benefit from **raw material fixed contracts until end of year** signed in Germany → lower than current prices.
- Italian prices fixed until end of November 2021
- Sector initiating a **general cost pass-through.**

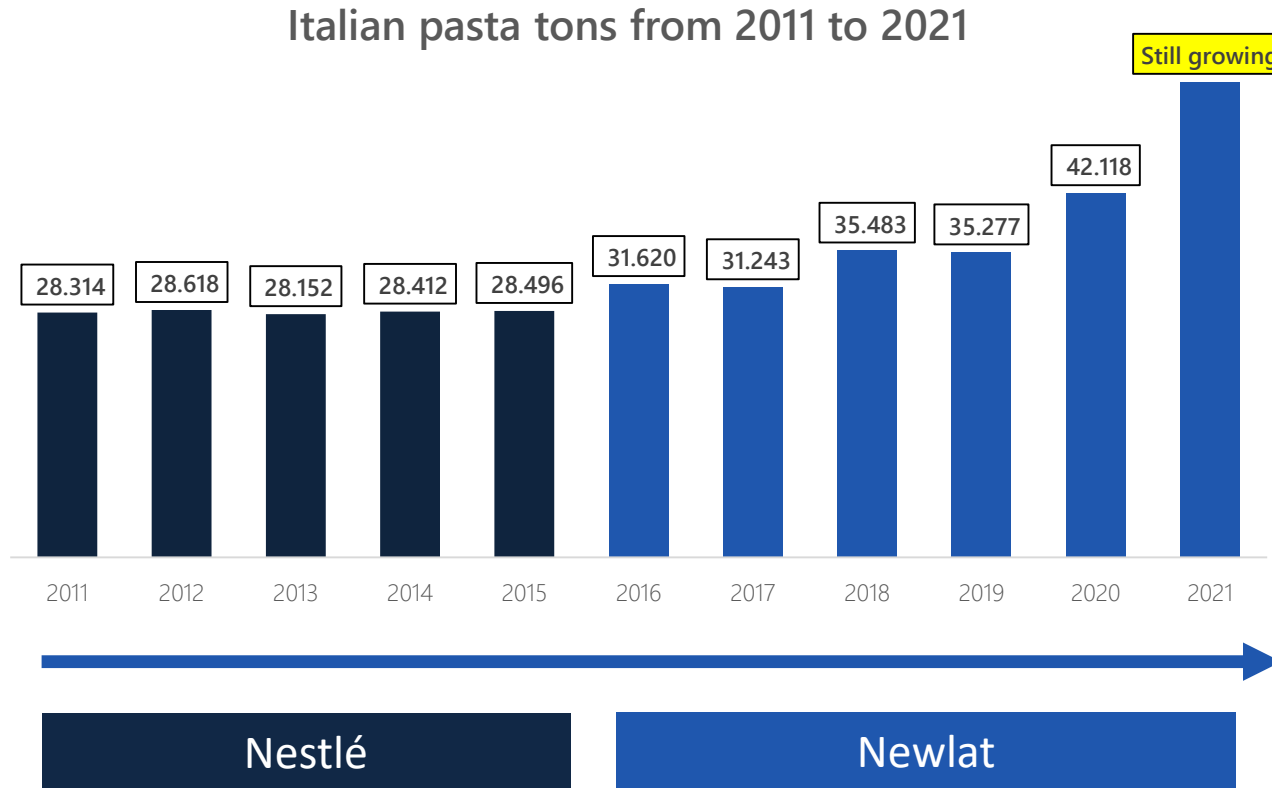
## COMMERCIAL UPDATE

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- **Good progression of the Buitoni-Delverde integration** in Germany.
- **Baby food contracts:** commercial production to start Autumn 2021 → expected sales in 2023 ca. **€ 5 million** and **over 30% EBITDA margin.**
- The **new product launches scheduled for 2021 are proceeding according to plan** with products like Mukki training and other products are already on the shelf.

# Germany's pasta sales increase over the last 10 years

Below is a comparison of the Italian pasta sales in Germany pre and post Newlat's entry. As it can be seen, **sales increased steadily from 2016 and reached an all time high in 2020**. In 2021, the Italian pasta segment is **still growing significantly**.





# 1H 2021 SALES

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## BREAKDOWN AND ANALYSIS

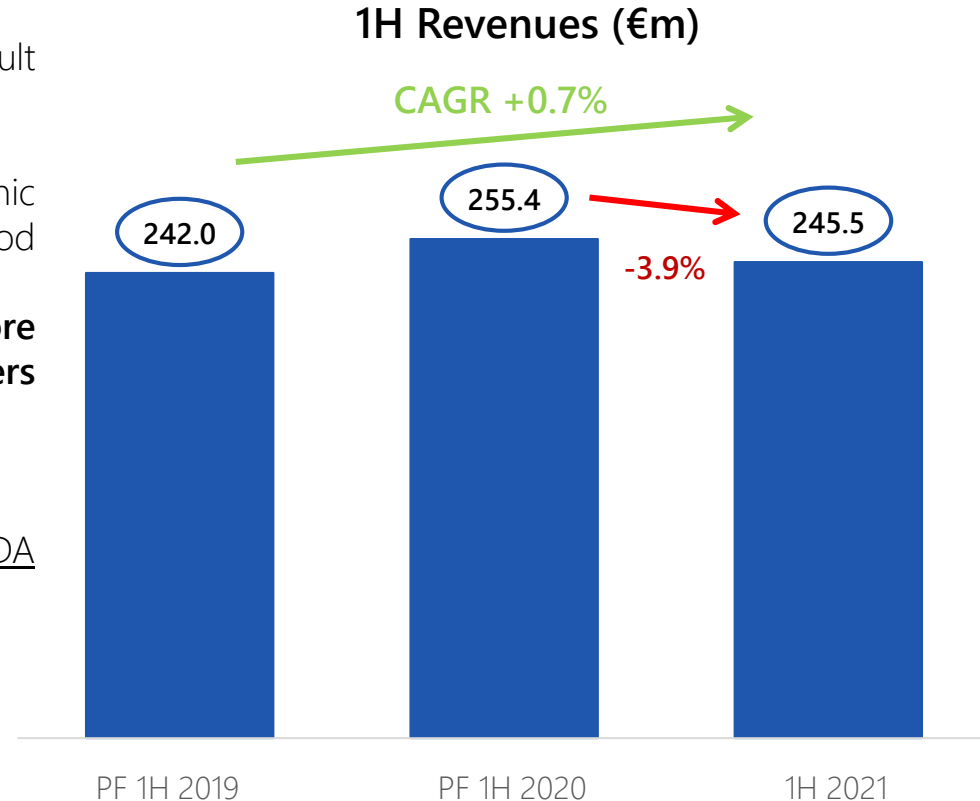
# REVENUES AND COSTS IN CONSTANT IMPROVEMENT

The first half of 2021 saw a decrease in sales as a result of:

- **exceptional results of 1H 2020**, impacted by panic buying and stockpiling, therefore not a good comparison basis.
- **1H 2021 increase in marketing and in-store promotional activities to incentivize consumers spending with high profitability.**

Compared to PF 1H 2019, revenues **increased 1.4%**, thus marking an overall organic increase in sales. EBITDA also increased significantly compared to the 2019 proforma figures (€21.7m vs. €14.2m)

→ **Positive CAGR +0.7% : with an average promotional impact below past year levels.**

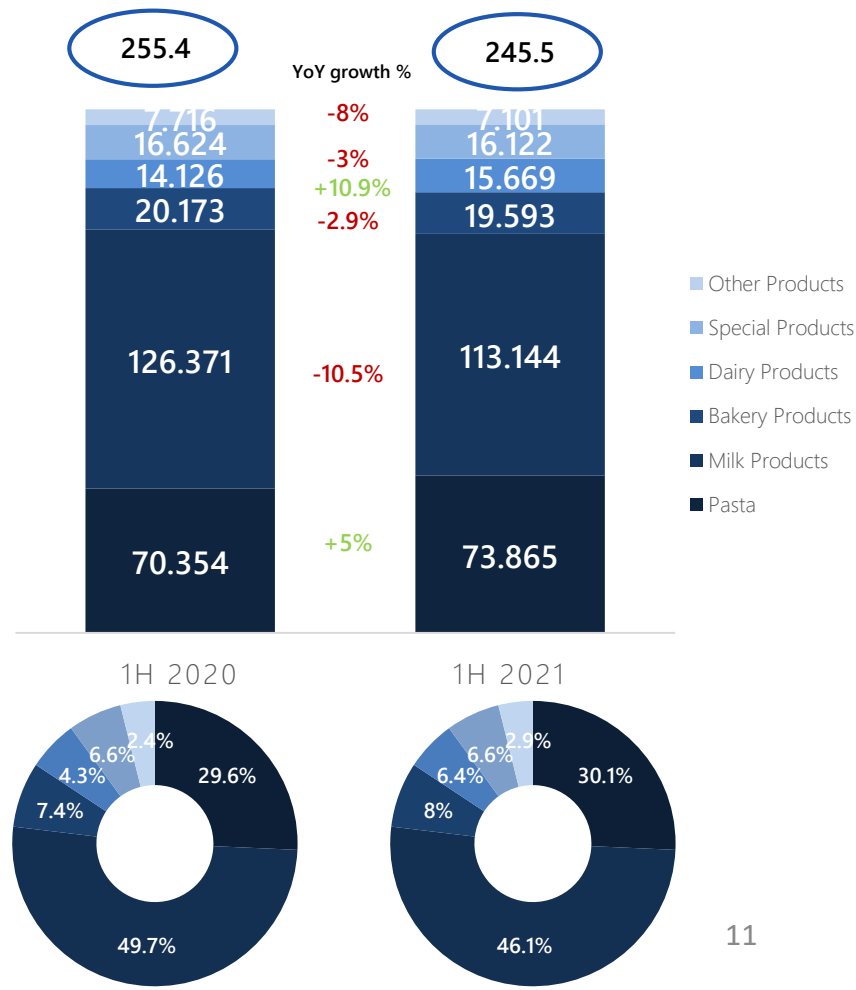


# REVENUE BREAKDOWN BY BUSINESS UNIT

1H 2021 saw an overall decrease in supermarket sales due to the reduction of consumer spending vs. the 2020 high spending linked to lockdowns and stockpiling.

- The **Pasta** sales increased by **5%** in the period due to higher sales volumes and in particular in Germany.
- **Milk** decreased due to lower sales volumes due to a less favourable product mix vs. 2020.
- The **Bakery Products** segment was down due to a decrease in sales volumes.
- Revenues relating to the **Dairy Products** segment increased thanks to higher sales volumes in mascarpone, especially linked to new clients and new contracts obtained in the PL segment.
- The **Special Products** segment was slightly down due to a decrease in sales volumes.
- Revenues relating to the **Other Products** segment fell as a result of a decrease in sales volumes in the food service sector.

## Revenue Breakdown (€m)



# REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

- The **large-scale retail distribution** channel went down 5.5% due to an overall decrease in demand.

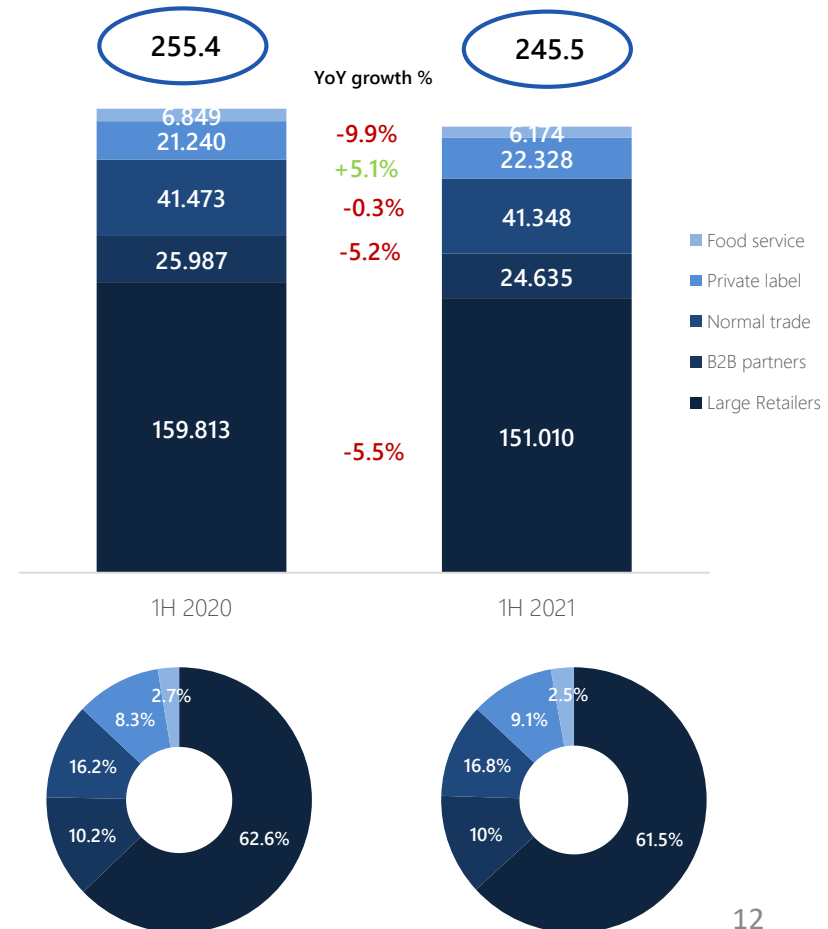
- B2B partners** decreased by 5.2% as a consequence of lower demand.

- The revenues from the **Normal trade** channel decreased slightly, showing a gradual sales catch up vs. Q1 2021.

- Revenues relating to the **private label** channel recorded a **5.1% increase** reflecting a sales volume growth thanks to additional contracts with new retailers.

- Food Service** sales decreased by **9.9%** due to a decrease in the "other products" sales volumes.

## Revenue Breakdown (€m)



# REVENUE BREAKDOWN BY GEOGRAPHY

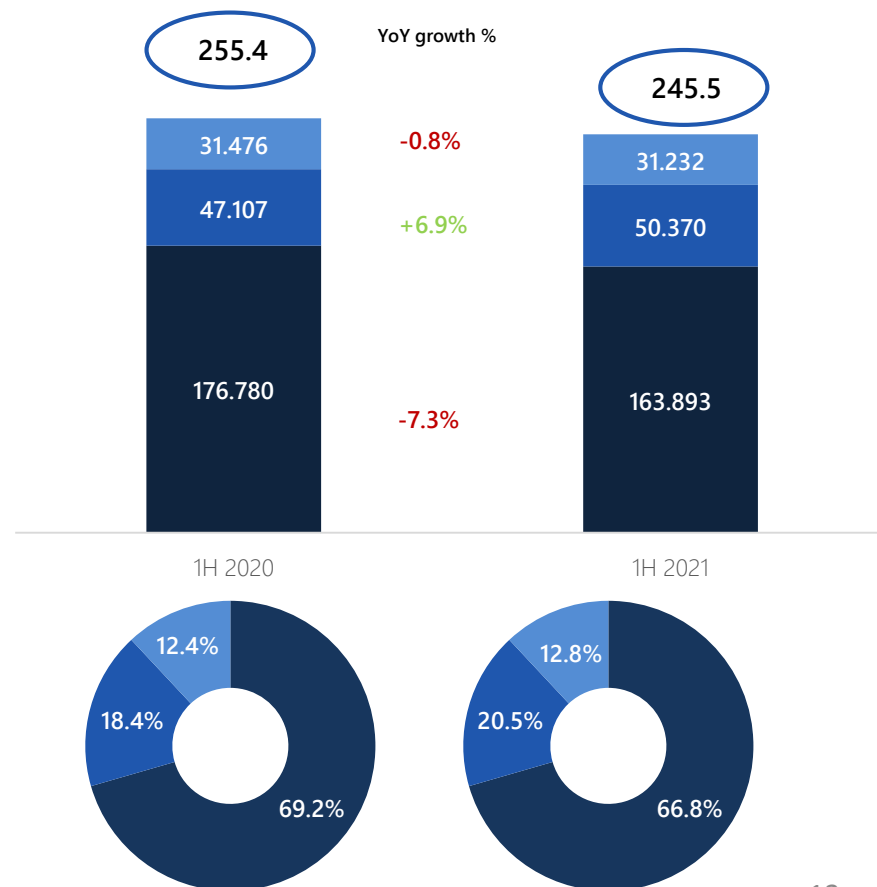
- Revenue distribution by geography remains substantially the same between the two periods. Germany accounts for 20.5% of sales.

- Revenues in **Italy** decrease by **7.3%** mainly due to the decrease in the milk products sales as a mixed effect of prices and volumes.

- Revenues in **Germany** went up **6.9%** as a consequence of higher pasta sales volumes.

- Revenues relating to **Other countries** remain substantially unchanged vs. 1H 2020.

## Revenue Breakdown (€m)



# EBITDA MARGIN INCREASES SHOWING RESILIENCE

Following the decrease in sales, the Company showed a **slight but natural decrease in terms of EBITDA and EBITDA margin**, which was equal to **8.8%** vs. 9.1% in 1H 2020.

The **Pasta** EBITDA went from € 4.07 million in 2020 to €4.25 million in 2021.

The EBITDA relating to **Milk Products** was down compared to 1H 2020, as a result of a less favourable mix. The Milk EBITDA margin was **9.2%**

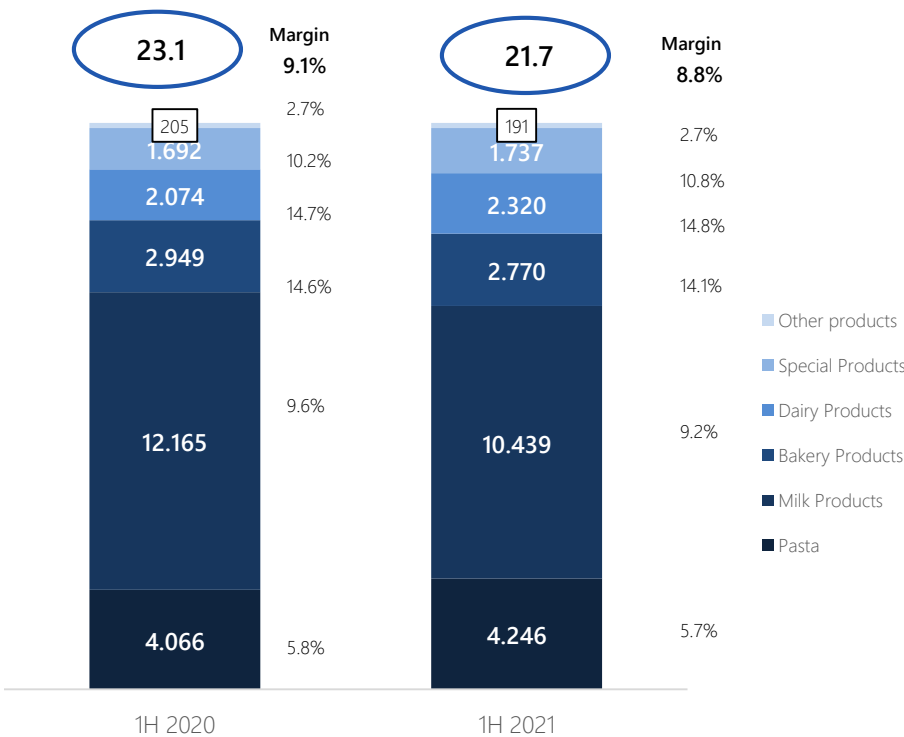
EBITDA relating to the **Bakery Products** segment decreased due to the decrease in sales volumes and a slight increase in promotional activity. EBITDA Margin **14.1%**.

The EBITDA generated from **Dairy Products** increased mainly due to the increase in sales volumes, in particular of Mascarpone. EBITDA Margin was **14.8%** vs. 14.7% in 2020.

The EBITDA relating to the **Special Products** segment increased thanks to an improvement in the supply chain. Margin was **10.8%**.

The EBITDA relating to the **Other Products** segment is substantially in line with the same period of the previous year.

## EBITDA breakdown by business unit



# NET PROFIT INCREASES DESPITE DROP IN REVENUE

**Net profit** grew by **4%** compared to the adjusted 1H 2020 PF figure (€6.9 million), reaching **€7.1 million, despite:**

- Drop in revenue
- Lower operating margin
- Interest payments of bond issued in February

**The increase is also attributable to tax loss carry forwards.**

Profit margin improved and reached **2.9%** vs 2.7% in 1H 2020.

(In € thousand)	30 June	
	PF 2020	2021
Revenue from clients' contracts	255.363	245.495
Cost of goods sold	(199.517)	(194.321)
<b>Gross margin</b>	<b>55.845</b>	<b>51.173</b>
Sales and distribution €	(31.306)	(31.285)
Administrative expenses	(14.472)	(11.810)
Net write-offs of financial activities	(696)	(920)
Other income	5.125	5.649
Income from business combination	19.271	0
Other operational costs	(3.320)	(4.104)
<b>EBIT</b>	<b>30.448</b>	<b>8.702</b>
Financial income	313	462
Financial expenses	(1.618)	(3.798)
<b>EBT</b>	<b>29.144</b>	<b>5.366</b>
Tax	(2.978)	1.794
<b>Net profit</b>	<b>26.165</b>	<b>7.160</b>
Net income attributable to third parties	1.132	2.396
<b>Group Net Income</b>	<b>25.033</b>	<b>4.763</b>

# FCF AND NFP IMPROVEMENT

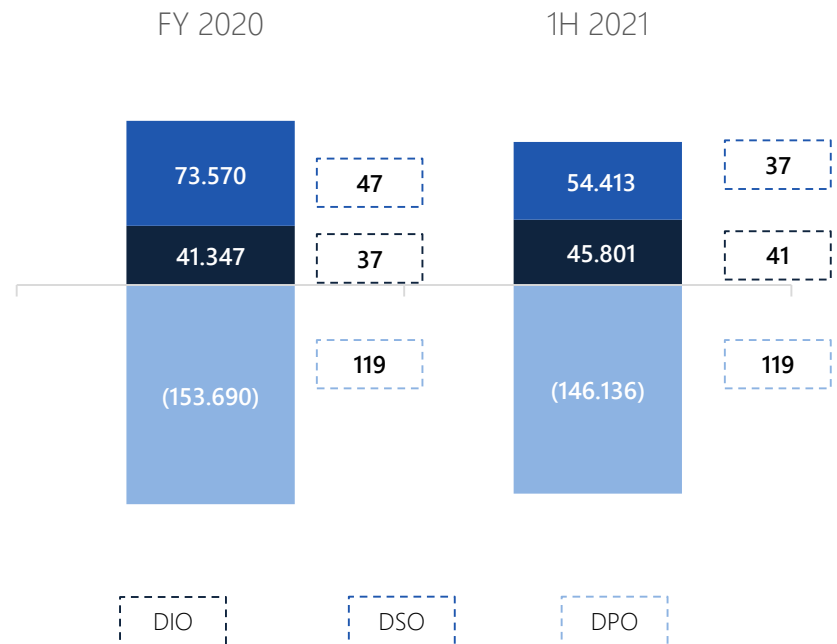
- The Cash Flow Statement confirms once again the **strong cash conversion of the Company.**
- Consolidated **FCF was equal to € 17.4 million**, with an **EBITDA FCF conversion rate of 80.5%** at Group level.
- **Further improvement of NFP: €16.7 million** vs. € 5.2 m at 31 December 2020.
- **Positive contribution of NWC** to FCF despite the very strong performance in 2020.

CASH FLOW STATEMENT €mn	Newlat Food 1H 2021
EBITDA	21.7
Net Interest costs	-3.3
Δ NWC	7.2
TAX	-1.1
Other	0.2
<b>Cash flow from operating activities</b>	<b>24.6</b>
Capex	-4.2
% of sales	1.7%
Proceeds from sale of property	0.0
IFRS16 CAPEX	-3.0
Acquisition of businesses	-0.7
<b>Cash flow from investing activities</b>	<b>-7.9</b>
<b>FFC (Oper. CF-CAPEX) excluding M&amp;A</b>	<b>17.4</b>
EBITDA	21.7
<b>EBITDA FCF conversion post tax</b>	<b>80.5%</b>



# OPTIMISATION OF NWC and CCC

- Constant improvement of DSO (37 days vs. 47 days in FY 2020) thanks to strong focus on client portfolio and the strong relationship built in the past years with key accounts.
- Trade receivables decreased significantly (€ 54.4 millions vs. € 73.5 m FY2020)
- NWC equal to €(58.9)m vs. €(49.5)m in FY2020.



In € millions	FY 2020	1H 2021
Inventory	41.347	45.801
Trade Receivables	73.570	54.413
Trade Payables	(153.690)	(146.136)
<b>NTWC</b>	<b>(38.772)</b>	<b>(45.923)</b>
Other current assets	12.891	13.164
Other current liabilities	(23.639)	(26.121)
<b>NWC</b>	<b>(49.520)</b>	<b>(58.880)</b>

Q&A

# Appendix

# CONSOLIDATED BALANCE SHEET

<i>In € thousand</i>	30 June	31 December
	2021	2020
<b>Non-current assets</b>		
Property, plant and equipment	149,518	151,541
Right of use	15,496	18,452
Intangible assets	50,602	51,058
Investments measured with equity method	1,401	1,397
Non-current financial assets valued at fair value with impact on I/S	745	746
Financial assets stated at amortized cost	801	801
Deferred tax asset	4,485	5,466
<b>Total non-current assets</b>	<b>223,048</b>	<b>229,461</b>
<b>Current assets</b>		
Inventory	45,801	41,347
Account receivables	54,413	71,268
Current tax assets	1,042	1,888
Other receivables and current assets	12,121	11,003
Current financial assets valued at fair value with impact on I/S	4,746	4
Cash and cash equivalents	399,665	182,127
<b>Total current assets</b>	<b>517,788</b>	<b>307,637</b>
<b>TOTAL ASSETS</b>	<b>740,836</b>	<b>537,099</b>

# CONSOLIDATED BALANCE SHEET

<i>In € thousand</i>	30 June	31 December
	2021	2020
<b>Equity</b>		
Share capital	43,935	43,935
Reserves	93,049	61,134
Net Income	4,763	37,556
<b>Total Group Equity</b>	<b>141,747</b>	<b>142,626</b>
Equity attributable to non-controlling interests	15,760	13,431
<b>Total Consolidated Equity</b>	<b>157,508</b>	<b>156,057</b>
<b>Non-current liabilities</b>		
Provisions for employees	14,846	15,411
Provisions for risks and charges	1,588	1,587
Deferred tax liabilities	6,902	12,081
Non-current financial liabilities	286,498	94,811
Non-current lease liabilities	9,158	12,436
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>318,991</b>	<b>136,326</b>
<b>Current liabilities</b>		
Account payables	146,136	151,388
Current financial liabilities	85,615	63,121
Current lease liabilities	6,465	6,570
Current tax liabilities	3,891	3,438
Other current liabilities	22,230	20,200
<b>Total current liabilities</b>	<b>264,337</b>	<b>244,717</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>740,836</b>	<b>537,099</b>

# PROFORMA INCOME STATEMENT

(In € thousand)	30 June	
	2021	PF 2020
Revenue from clients' contracts	245,495	255,363
Cost of goods sold	(194,321)	(199,517)
<b>Gross margin</b>	<b>51,173</b>	<b>55,845</b>
Sales and distribution expenses	(31,285)	(31,306)
Administrative expenses	(11,810)	(14,472)
Net write-offs of financial activities	(920)	(696)
Other income	5,649	5,125
Income from business combination	0	19,271
Other operational costs	(4,104)	(3,320)
<b>EBIT</b>	<b>8,702</b>	<b>30,448</b>
Financial income	462	313
Financial expenses	(3,798)	(1,618)
<b>EBT</b>	<b>5,366</b>	<b>29,144</b>
Income tax	1,794	(2,978)
<b>Net profit</b>	<b>7,160</b>	<b>26,165</b>
Net income attributable to third parties	2,396	1,132
<b>Group Net Income</b>	<b>4,763</b>	<b>25,033</b>

# CASH FLOW STATEMENT

(In € thousand)	30 June		(In € thousand)	30 June	
	2021	2020		2021	2020
Earnings before tax	5,366	29,038			
- <i>Adjustments for:</i>					
Depreciation and amortization	13,002	9,237	Proceeds from long-term debt	29,452	25,000
Net loss/(gain) on disposal of intangible fixed assets	-	(5)	Repayments of long-term debt	(15,271)	(12,020)
Financial expenses/(income)	3,336	772	Bond issue	200,000	
Other non-monetary charges from business combinations	-	(20,296)	Principal repayments of lease obligations	(6,934)	(2,485)
Other non-monetary charges	-	15	Net interest paid	(3,336)	(772)
<b>Cash flow from operating activities before changes in NWC</b>	<b>21,704</b>	<b>18,760</b>	Purchase of minority interest	(67)	
Change in inventory	(4,454)	(7,618)	Own shares	(5,642)	
Change in account receivables	15,935	1,843	<b>Cash flow from financing activities</b>	<b>198,202</b>	<b>9,723</b>
Change in account payables	(5,252)	7,538	<b>Net change in cash and cash equivalents</b>	<b>217,537</b>	<b>48,640</b>
Change in other assets and liabilities	1,511	5,628	Cash and cash equivalents at the beginning of the period	182,127	100,884
Use of provisions for risks and charges and employees	(564)	(278)	Total net change in cash and cash equivalents	217,537	48,640
Tax paid	(1,105)	(2,871)	<b>Cash and cash equivalents at the end of the period</b>	<b>399,665</b>	<b>149,524</b>
<b>Cash flow from operating activities</b>	<b>27,777</b>	<b>23,003</b>			
Investments in PPE	(3,075)	(3,703)			
Investments in intangible assets	(21)	(163)			
Divestments of financial assets	(4,745)	21			
Deferred considerations for acquisitions	(600)	-			
Business combination of Centrale del Latte d'Italia	-	19,760			
<b>Cash flow from investing activities</b>	<b>(8,441)</b>	<b>15,914</b>			

## UPCOMING EVENTS

- **12 November**  
9M Results



A multibrand company

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