



## **Q1 2023 Results Presentation**

12 May 2023

# Disclaimer

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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# The taste



# of growing

**Newlat**  
FOOD SpA

A multibrand company



# 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, 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
- **€ 741.1 million** revenue in FY2022
- More than **2,500 employees**
- Export to more than **60 countries**
- **19 facilities** across Italy, UK, Germany and France
- **7 product categories**



# Q1 2023 Highlights

# Q1 2023 key financial highlights\*

## Revenues

- Consolidated revenues: €207.3 m, +25.3% vs. €165.2 m in 1Q 2022
- Organic growth: 19.3% YoY
- Highest increase in bakery (+46.3%) and special products (+42.3%)

## EBIT

- EBIT was € 9.8 million, +97% vs. € 5.0 m in Q1 2022.

## Free Cash Flow

- Adj. FCF: € 7.2 million.
- Cash conversion\*\*: 79%.

## EBITDA

- Adj. EBITDA €18.2 m, +39.3% vs. €13.1 m in Q1 2022
- Adj. EBITDA margin 8.8% vs. 7.8% in Q1 2022
- Steady improvement of margins following successful completion of price increases and stabilisation of production costs

## Net Income

- Net Income: € 6.4 million, +166% vs. € 2.4 m in Q1 2022
- Improved supply chain management shown in outstanding increase in Net Income vs. 2022.

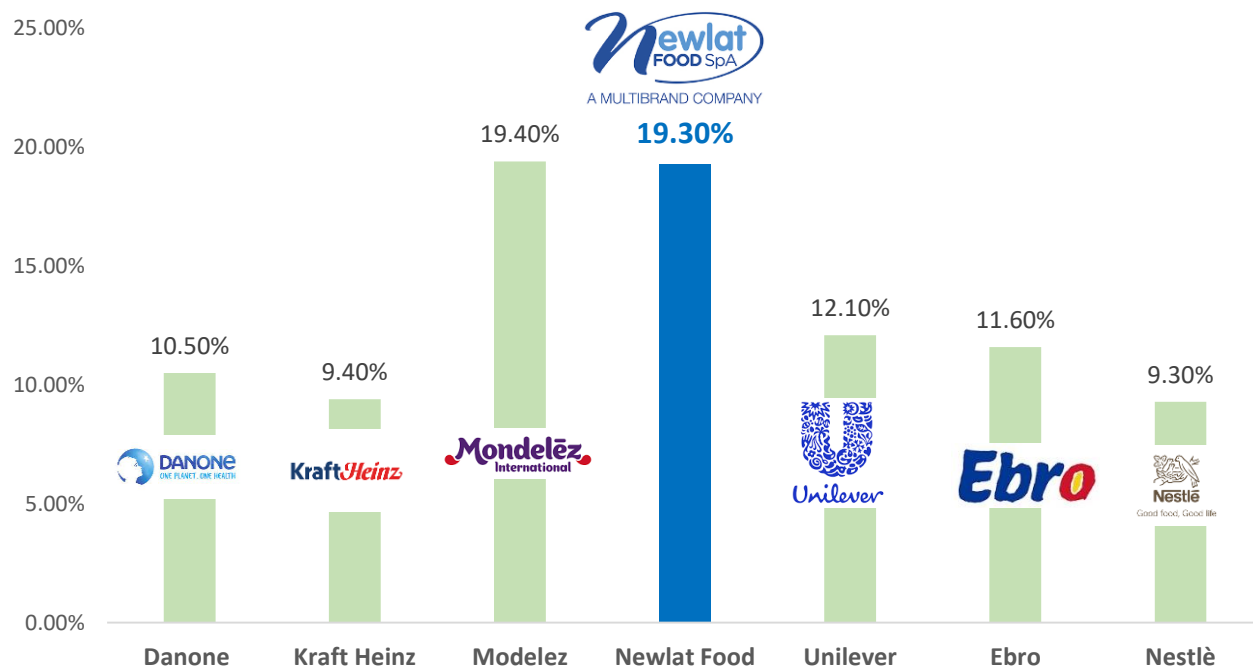
## Net Debt

- Net Debt (ex. IFRS 16 lease liabilities): € 26.1 million vs. € 34.6 m in FY 2022.
- Net Debt (incl. IFRS 16): € 73.0 million vs. € 81.4 m in FY 2022

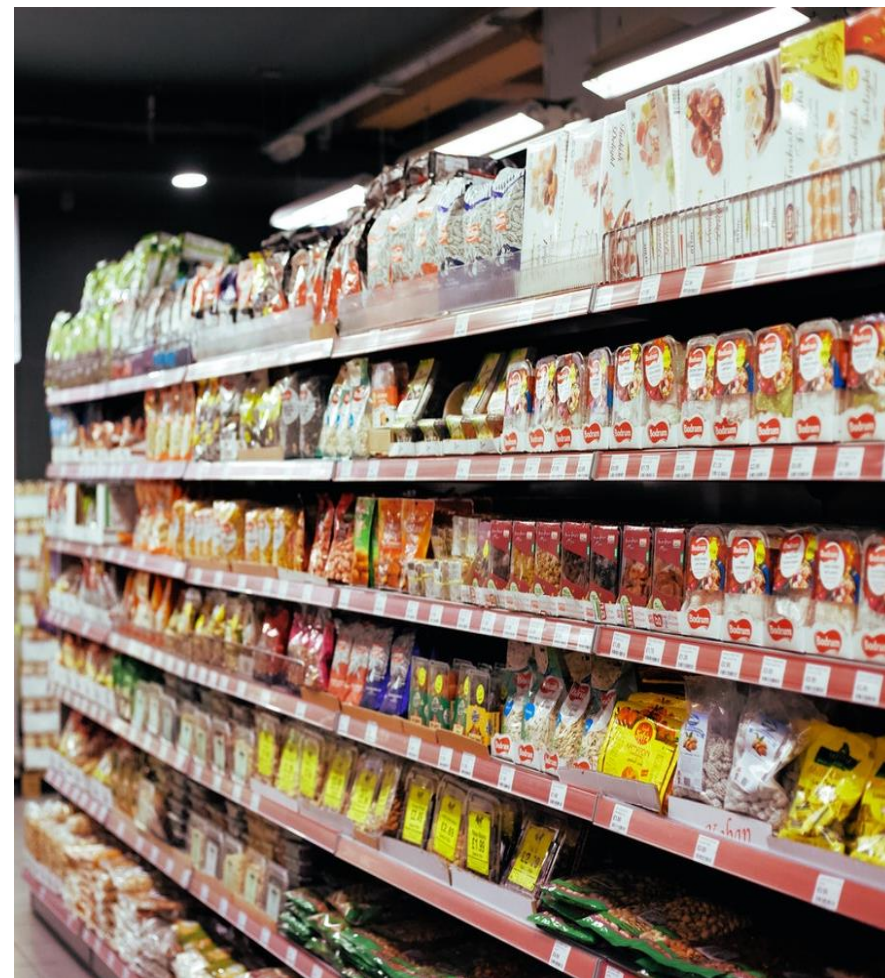
\*Consolidated figures. Includes EM Foods SAS from 1st January 2023.

\*\* Cash conversion is defined as:  $(\text{EBITDA} - \text{CAPEX}) / \text{EBITDA}$ .

# Leading revenue growth rate among the most important food companies in the world



Newlat Food reported in Q1 2023 an unparalleled organic revenue growth even when compared to the most important and diversified Food players, with strong results in terms of both volume growth and positive mix/price contribution.





## EM Foods integration: Minuto range ready to be launched in Europe



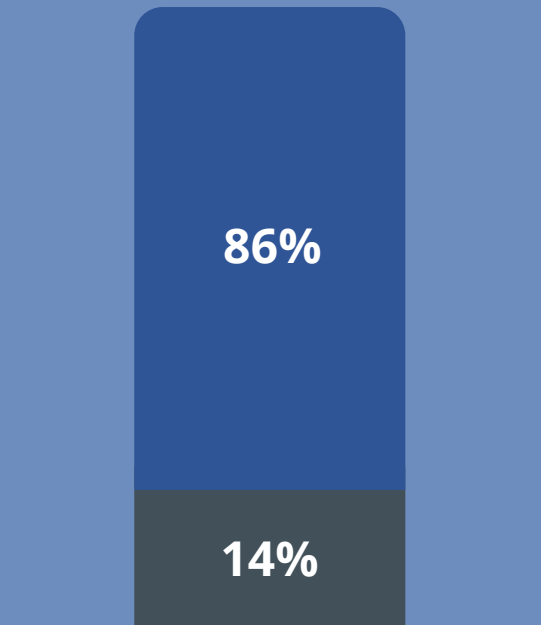
- Modern design
- Vibrant and distinctive colours
- Appetising photography

First mock-ups of new range already displayed at TUTTOFood Trade Show in Milan from 8 to 11 May



# Minuto consumer survey: brand awareness and purchase intention

86% of German consumers declared  
that they know Minuto\*



78%  
purchase  
intention\*\*



71%  
purchase  
intention\*\*



Minuto products seem to be as  
appealing as market leader's

## Naked Ultimate launch: one year later

### Ultimate lands as a huge success in the UK

**£2.2m RSV**

Worth £2.2m RSV annualised\*\*

**80% recommend**

80% consumers would recommend^

**Incremental to Naked**

Landed incrementally  
to Naked range^^

**Younger Demographic**

Appealing to a younger  
demographic than original  
78G range ^^

Sources: \*\*Nielsen Scantrack w/e 25.03.23 | ^ Home Tester Club Reviews | ^^ Nielsen Scantrack Data w/e 28.01.23

**NAKED**





# **Q1 2023 SALES BREAKDOWN AND ANALYSIS**

# Q1 2023 revenue highlights

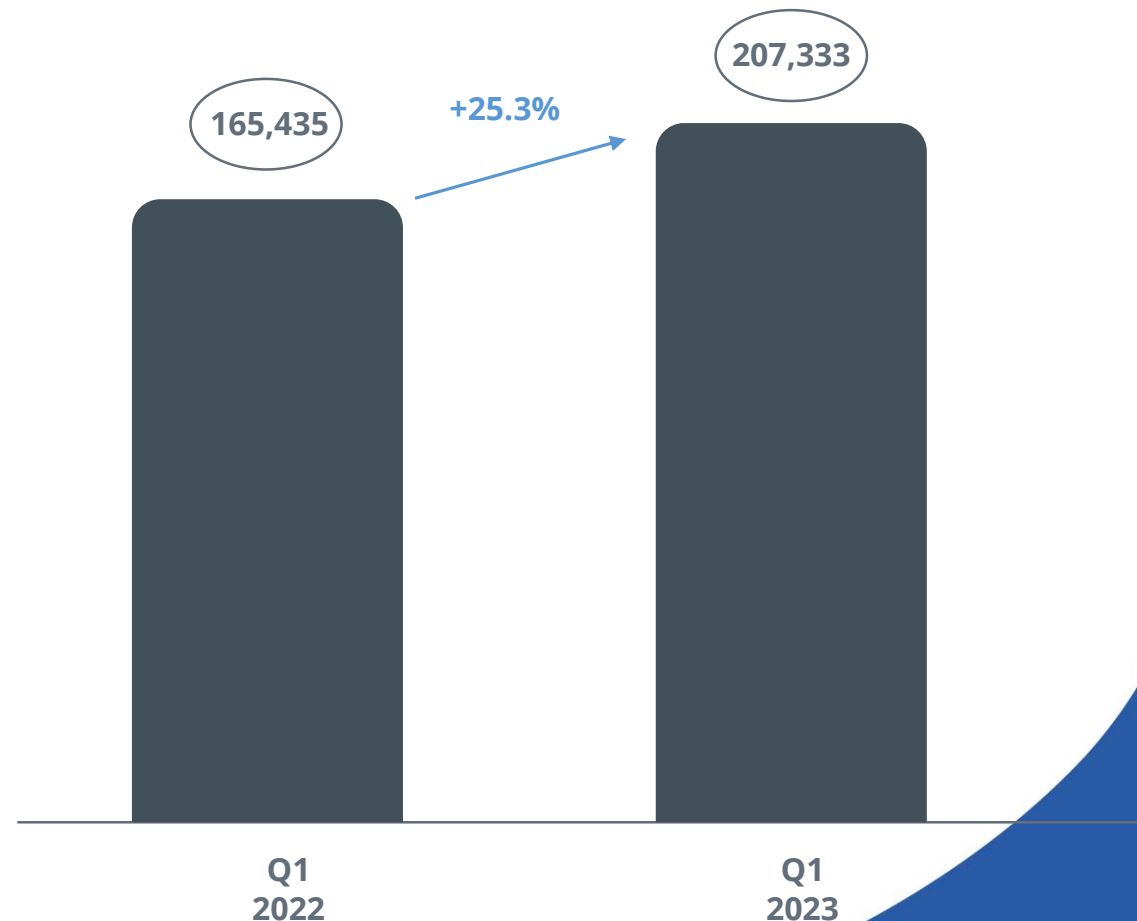
Q1 2023 saw an **increase** in sales of **+25.3%**.

**Excluding the contribution of EM Foods, organic sales growth was 19.3%. Organic volume growth: 6%.**

This period was characterized by an **acceleration in sales growth and improvement of margins** as well as:

- Overall **volume growth of ca. +6%** which **confirms the strong underlying demand**.
- **New launches and new listings' contribution** confirmed the strong **commercial commitment** and the quality of our products.
- Final round of **price increases** applied at the beginning of the year.
- **Excellent bottom line performance** shown in great increase in EBIT (€9.8 m vs. 5.0m) and NI (€6.4m vs. €2.4m) → sales increase + improvement of supply chain thanks to decrease in average purchase price.

Proforma revenues (€ thousand)



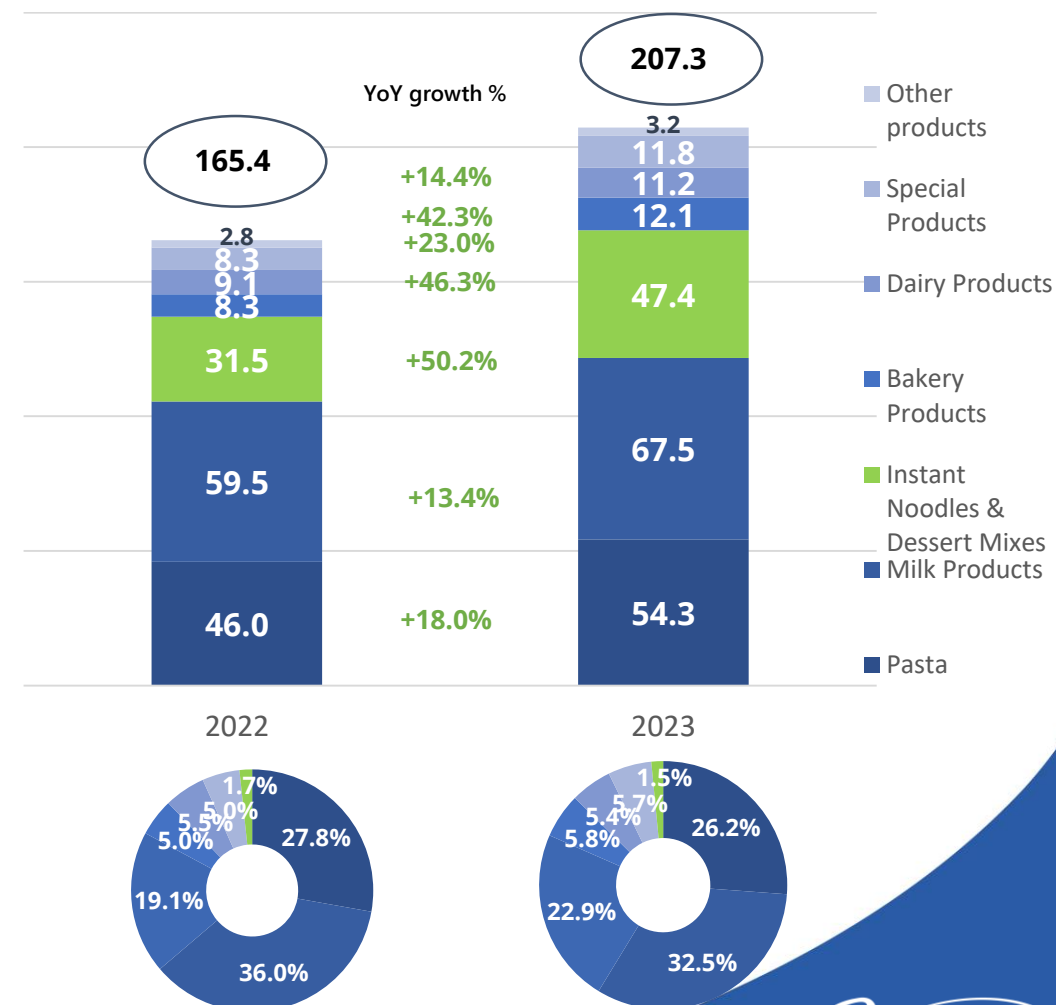
# Revenue breakdown by business unit

All the segments were positively impacted by higher average selling prices vs. Q1 2022. Roughly 1/3 was influenced by an increase in sales volumes across the main categories and the remaining 2/3 by price increases.

In particular:

- **Pasta** sales went up by **18%** also thanks to stronger sales volumes and the entry of **new customers**. Most of the increase was recorded in the large retailers and B2B channels in Italy and Germany, as well as an increase in PL in other countries.
- The **Milk segment** grew **13.4%**, especially in relation to higher sales volumes in B2B.
- The **Instant Noodles** and **Bakery Mixes** segment grew mostly because of the acquisition of EM Foods but organic growth remained very strong: if we exclude the EM Foods contribution, **Instant Noodles sales were up ca. 19%** thanks to an increased demand and an increase in average selling price mainly in the UK.
- **Bakery Products** grew **43.3%**, driven by **Crostino** sales and thanks to an increase in demand in the private label and B2B sectors.
- The **Dairy Products** sales increase of **23%** was driven by an higher demand, especially in **Mascarpone**.
- The **Special Products** segment grew **+42.3%** thanks to the development of **baby food** and **special products B2B contracts**.

## Revenue breakdown (€m)

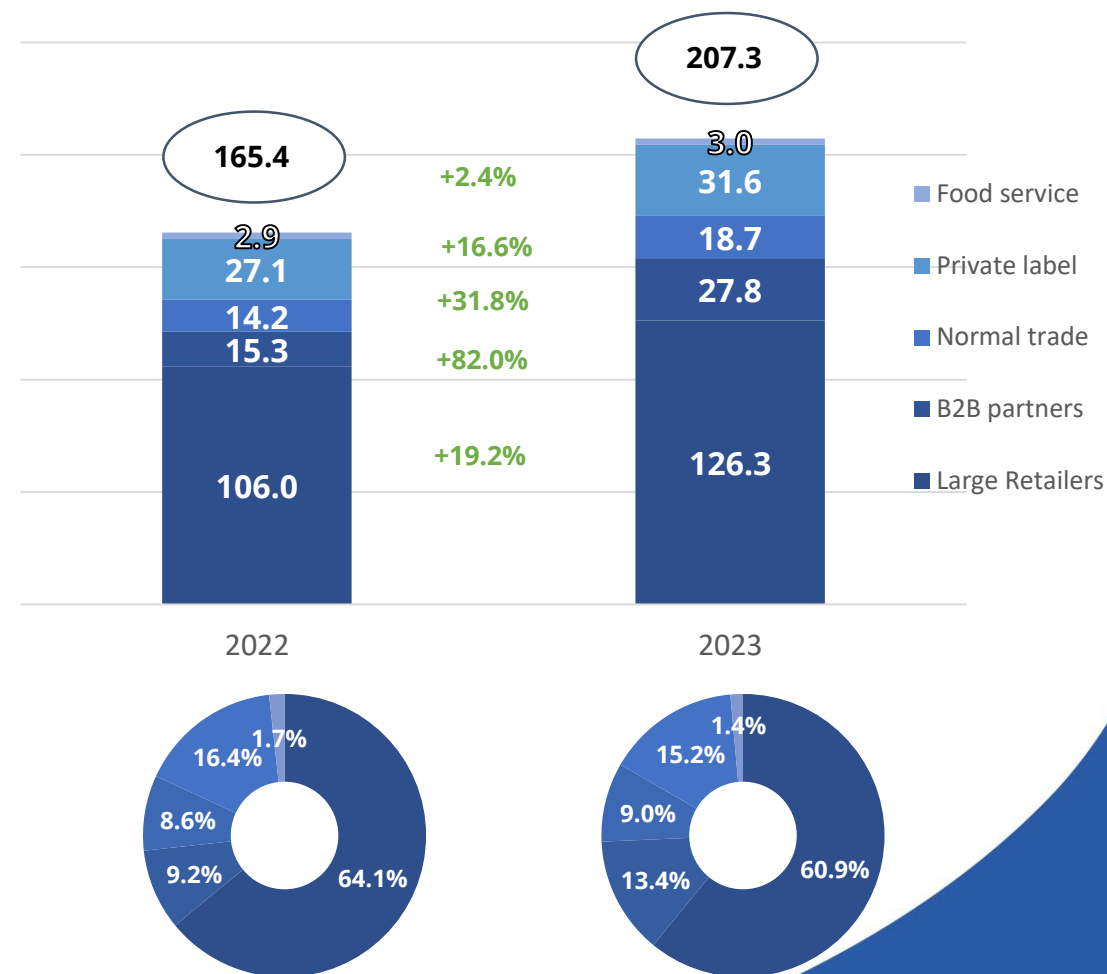




# Revenue breakdown by distribution channel

- The **large-scale retail channel** sales went up **19.2%** following an overall increase in demand of all the Group's main product categories.
- **B2B** sales increased by **82%** as a combined effect of **higher sales volumes thanks to new clients and the development of existing contracts** as well as the **EM Foods acquisition**.
- **Normal trade** sales were up by **31.8%** as a result of higher average selling price and an increase in demand and new clients.
- Revenues relating to the **private label channel** recorded an increase of **16.6%** especially in the **Pasta** and **Dairy** business.
- **Food service** revenues remained stable with a slight increase of **2.4%**.

Revenue breakdown (€m)



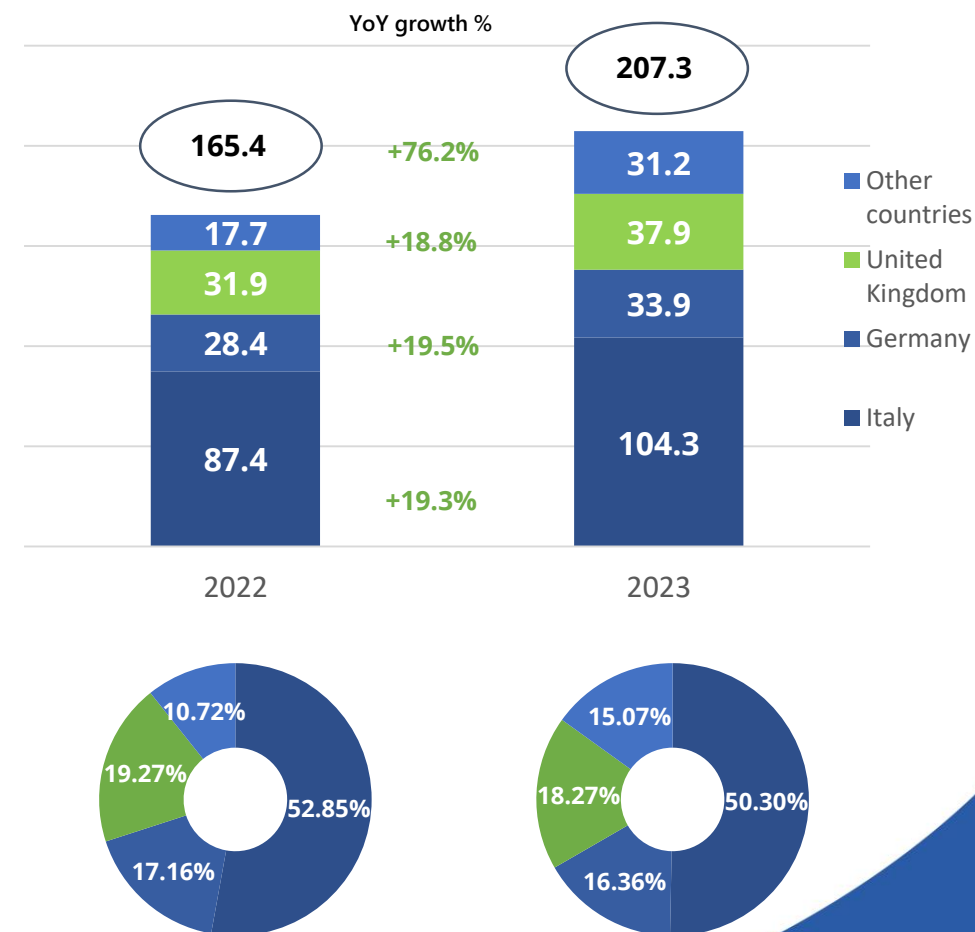
# Revenue breakdown by geography

Sales were positively impacted by higher ASPs in all geographies. However, all markets saw an increase in sales volumes.

All the reference markets (Italy, Germany, UK) displayed an extremely good performance with sales increasing at least roughly 19% in each country.

- Revenues in Italy went up by **19.3%** as a result of **higher sales volumes** in the **Pasta, Instant Noodles and Bakery sector**.
- In **Germany**, revenues increased by **19.5%** following higher sales volumes in **Pasta** and a **good contribution coming from instant noodles**.
- **United Kingdom** sales grew **18.5%** thanks to higher sales volumes in the **Pasta and Instant Noodles** sectors. In particular, the Naked Ultimate launch and marketing campaign, as well as the Ragu pasta launch positively impacted sales in these categories in the UK.
- Revenues relating to the **Other Countries** increased by **76.2%** especially thanks to the acquisition of EM Foods. Excluding EM Foods, Other Countries revenues also performed well with an overall growth of ca. **20%**.

## Revenue breakdown (€m)



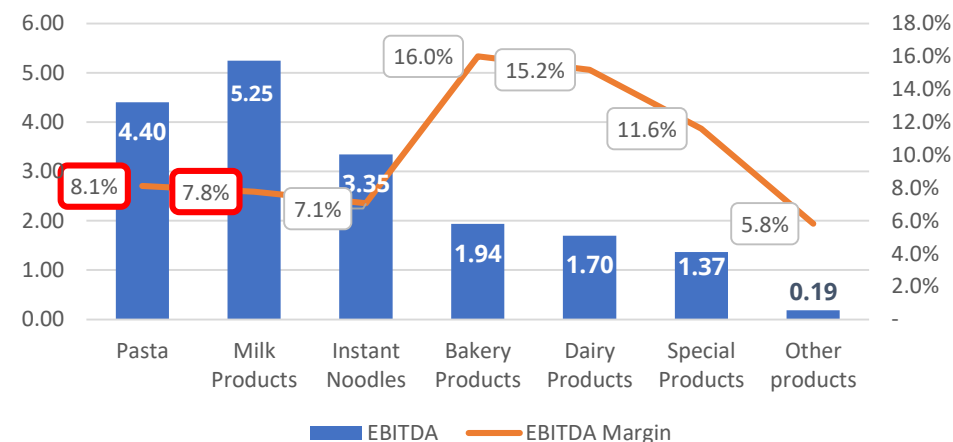
# EBITDA breakdown by business unit (1)

Adjusted EBITDA was €18.2 m in Q1 2023, compared to €13.1 million in 2022. Adj. EBITDA margin was 8.8% vs. 7.9% in Q1'22. In general, a clear improvement can be seen in all BU's EBITDA margins from both 1Q22 and FY22.

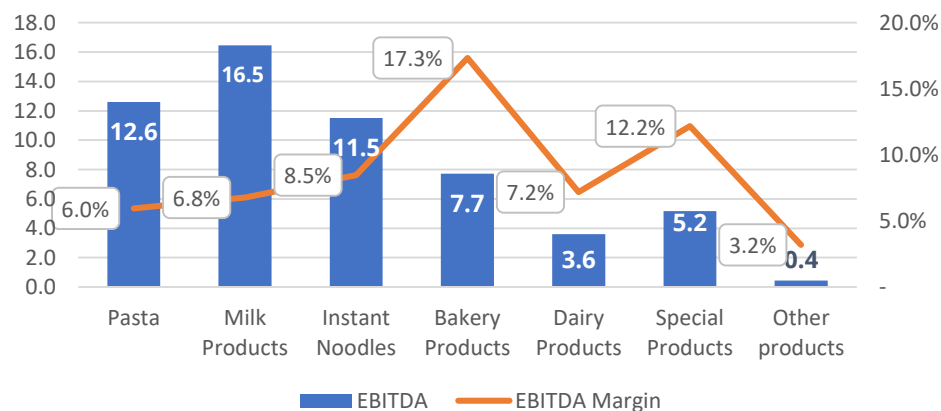
The Pasta EBITDA margin steadily increased from 4.1% in Q1 2022 to 6% in FY 22 to finally reach 8.1% in Q1 2023.

The milk market had suffered a tremendous raw material price increase in Q2 2022 which can be seen in the progression of margins from 8.2% (Q122 – before the increase) to 6.8% (FY22) → margins were almost completely recovered by Q1 2023 (7.8%).

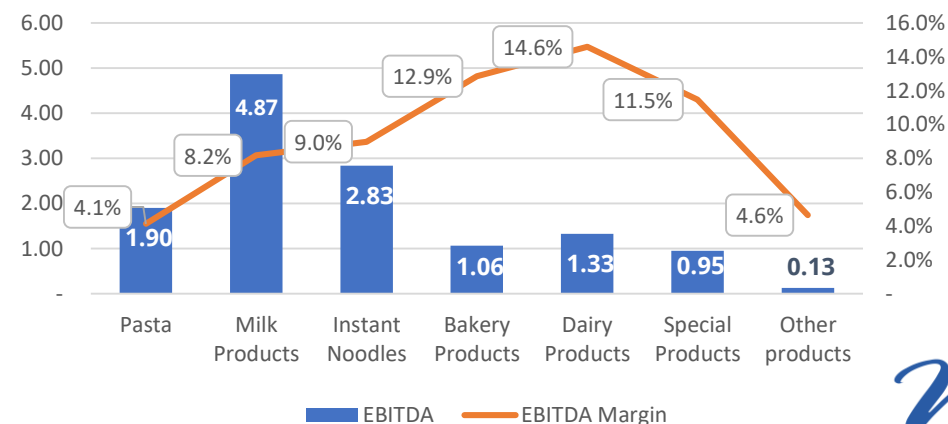
Adj. EBITDA (€m) and EBITDA margin Q1 2023



Adj. EBITDA (€m) and EBITDA margin FY 2022



Adj. EBITDA (€m) and EBITDA margin Q1 2022



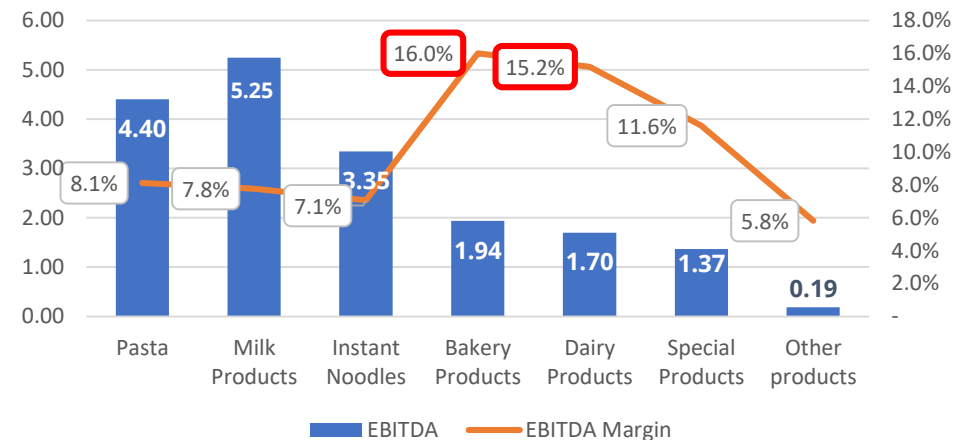


## EBITDA breakdown by business unit (2)

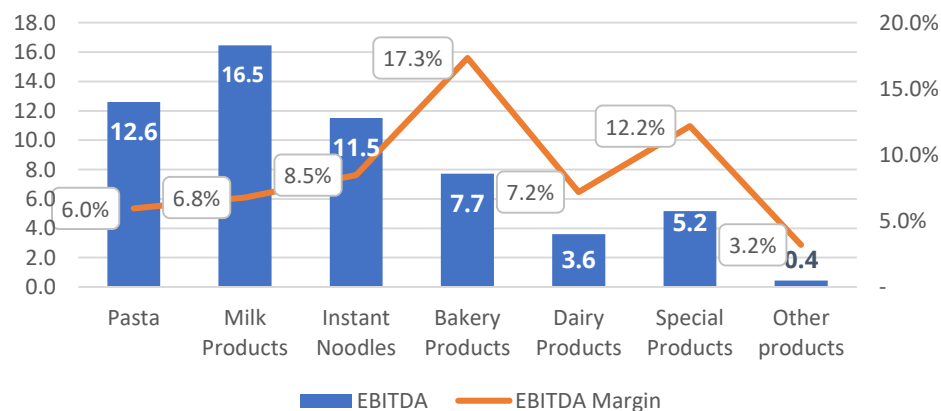
As regards **bakery**, a clear improvement of **310bps** in EBITDA margin can be appreciated from Q1 2022 to Q1 2023.

Particularly remarkable is the **almost complete recovery of margins of the Dairy segment**, which had suffered from a severe increase in raw material prices starting from Q2'22 which reached **15.2% in Q1 2023**, having more than **doubled compared to FY22 (7.2%)**.

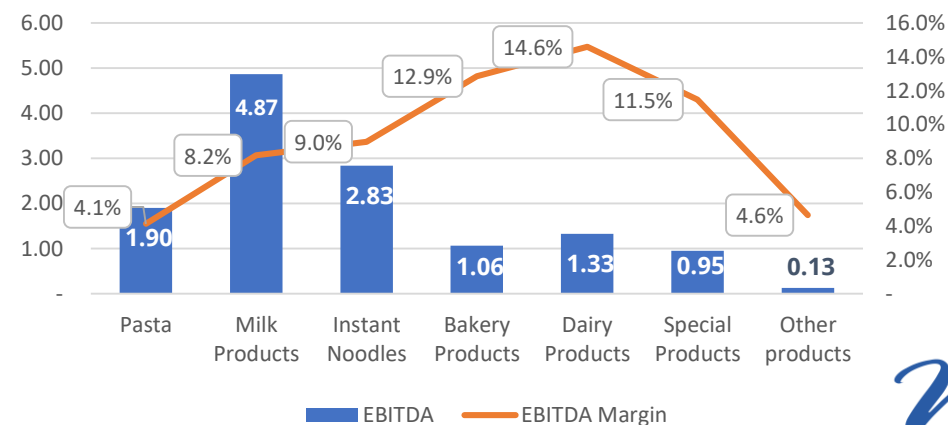
Adj. EBITDA (€m) and EBITDA margin Q1 2023



Adj. EBITDA (€m) and EBITDA margin FY 2022



Adj. EBITDA (€m) and EBITDA margin Q1 2022



# Free cash flow and margin improvement by quarter

CASH FLOW STATEMENT €mn	Newlat Food 1Q 2023
Adj. EBITDA	18.2
Net Interest costs	-1.5
Δ NWC	-0.5
TAX & Others	-2.1
<b>(A) Cash flow from operating activities</b>	<b>14.0</b>
Capex	-3.6
Other investments	
IFRS16 CAPEX	-3.2
Acquisition of businesses	-1.0
<b>(B) Cash flow from investing activities</b>	<b>-7.8</b>
<b>Underlying FCF (Oper. CF -CAPEX)</b>	<b>7.2</b>

It can be appreciated that the working capital situation has been recovering since the end of year 2022 to reach normal levels in 1Q23. This is also shown in a good FCF generation of **€ 7.2 million** in the first quarter of 2023.

A steady margin improvement has been going on quarter by quarter since last year, having reached the lowest point in Q2 2022 (when most raw material price increases occurred) to almost 9% in Q1 2023, thanks to CPI pass-throughs and a stabilisation of raw material and production costs.

A clear margin improvement quarter by quarter thanks to the commercial actions put in place

€ mln	2Q 2022	1H 2022	3Q 2022	9M 2022	4Q 2022	FY 2022	1Q 2023
Revenue	170.043	335.478	185.714	521.192	219.902	741.094	207.333
EBITDA	12.123	25.191	14.199	39.39	18.11	57.5	18.2
margin	7.13%	7.51%	7.65%	7.56%	8.24%	7.76%	8.78%



# M&A Opportunities

M&A activity continues to be a key part of the Newlat Food strategy.

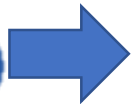
The interest rate increase and the current credit market conditions are also creating a more favourable environment for Newlat Food, thanks to :

- 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 three important processes, two with two different multinational corporations and one (bakery) with a private company in Germany:



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



Important acquisitions in the special product sector in Italy and in the pasta and bakery sectors in Germany.

The potential deal we started last year with an important multinational corporation for the operations in Germany Italy and France 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 grow double digit;**
- **Adj. EBITDA margin expected at 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 → at least one new acquisition to be closed by end of year.



# Q&A

# Appendix

# Consolidated Income Statement

(In € thousand)	31 March	
	2023	2022
Revenue from clients' contracts	207,333	165,435
Cost of goods sold	(173,704)	(133,695)
<b>Gross margin</b>	<b>33,629</b>	<b>31,741</b>
Sales and distribution expenses	(20,982)	(21,774)
Administrative expenses	(4,846)	(5,355)
Net write-offs of financial activities	(350)	(158)
Income from business combination	2,236	-
Other income	2,652	2,197
Other operational costs	(2,554)	(1,683)
<b>EBIT</b>	<b>9,784</b>	<b>4,968</b>
Financial income	1,586	358
Financial expenses	(3,125)	(2,233)
<b>EBT</b>	<b>8,244</b>	<b>3,093</b>
Income tax	(1,866)	(695)
<b>Net profit</b>	<b>6,378</b>	<b>2,398</b>
Net income attributable to third parties	554	568
<b>Group Net Income</b>	<b>5,824</b>	<b>1,832</b>
Basic EPS	0.15	0.05
Diluted EPS	0.15	0.05



# Balance sheet

In € thousand	31 March 2023	31 December 2022
<b>Non-current assets</b>		
Property, plant and equipment	154,074	154,106
Right of use	46,217	46,509
Intangible assets	92,150	92,345
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	1,209	1,213
Financial assets stated at amortized cost	807	801
Deferred tax asset	7,598	7,148
<b>Total non-current assets</b>	<b>303,455</b>	<b>303,522</b>
<b>Current assets</b>		
Inventory	103,504	85,213
Account receivables	76,739	91,982
Current tax assets	1,465	1,889
Other receivables and current assets	11,489	19,045
Current financial assets valued at fair value with impact on I/S	16,643	6,525
Financial claims valued at amortised cost	13,099	13,099
Cash and cash equivalents	277,627	287,820
<b>Total current assets</b>	<b>500,566</b>	<b>505,573</b>
<b>TOTAL ASSETS</b>	<b>804,021</b>	<b>809,095</b>

In € thousand	31 March 2023	31 December 2022
<b>Equity</b>		
Share capital	43,935	43,935
Reserves	82,585	77,296
Currency translation reserve	(2,437)	(2,982)
Net Income	5,824	6,223
<b>Total Group Equity</b>	<b>129,907</b>	<b>124,471</b>
Equity attributable to non-controlling interests	15,388	14,834
<b>Total Consolidated Equity</b>	<b>145,296</b>	<b>139,306</b>
<b>Non-current liabilities</b>		
Provisions for employees	11,044	11,399
Provisions for risks and charges	2,242	2,038
Deferred tax liabilities	19,683	19,991
Non-current financial liabilities	301,060	304,723
Non-current lease liabilities	37,532	39,173
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>371,560</b>	<b>377,324</b>
<b>Current liabilities</b>		
Account payables	184,900	193,776
Current financial liabilities	62,747	65,780
Current lease liabilities	9,339	7,567
Current tax liabilities	6,021	3,688
Other current liabilities	24,158	21,654
<b>Total current liabilities</b>	<b>287,166</b>	<b>292,466</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>804,021</b>	<b>809,095</b>

# Cash flow statement

(In € thousand)	31 March	
	2023	2022
Earnings before tax	8,244	3,094
- <i>Adjustments for:</i>		
Depreciation and amortization	10,098	8,098
Financial expenses/(income)	(1,540)	1,875
<b>Cash flow from operating activities before changes in NWC</b>	<b>16,803</b>	<b>13,067</b>
Change in inventory	(14,546)	(11,134)
<i>Change in account receivables</i>	20,346	15,028
Change in account payables	(15,018)	4,345
Change in other assets and liabilities	8,709	(4,460)
Use of provisions for risks and charges and employees	(150)	(162)
<i>Tax paid</i>	(2,143)	(1,027)
<b>Cash flow from operating activities</b>	<b>14,002</b>	<b>15,656</b>
Investments in PPE	(3,343)	(2,206)
<i>Investments in intangible assets</i>	(236)	(63)
Investments in financial assets	(10,112)	-
Acquisition	(1,000)	-
<b>Cash flow from investing activities</b>	<b>(14,692)</b>	<b>(2,269)</b>

(In € thousand)	31 March	
	2023	2022
Proceeds from long-term debt	20,000	10,000
<i>Repayments of long-term debt</i>	(26,707)	(26,212)
Principal repayments of lease obligations	(3,426)	(1,708)
Net interest paid	1,540	(1,875)
Dividend paid		
Own shares	(909)	(7,399)
<b>Cash flow from financing activities</b>	<b>(9,502)</b>	<b>(27,194)</b>
<b>Net change in cash and cash equivalents</b>	<b>(10,192)</b>	<b>(13,808)</b>
Cash and cash equivalents at the beginning of the period	287,820	384,888
<i>Total net change in cash and cash equivalents</i>	(10,192)	(13,808)
<b>Cash and cash equivalents at the end of the period</b>	<b>277,627</b>	<b>371,083</b>



## INVESTOR RELATIONS CONTACTS

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## Upcoming events

- **1H 2023 Earnings release**  
11 September 2023
- **Intesa Italian Excellences Conference – Paris**  
10-11 October 2023
- **9M 2023 Earnings release**  
13 November 2023