



A multibrand company

Q1 2022 RESULTS

13 MAY 2022

# 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.

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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.

# Q1 2022 KEY FINANCIAL HIGHLIGHTS\*

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## REVENUES

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€165.4m, +7.7% vs. PF 1Q 2021

growth in *pasta* (+22%), *milk* (+5.2%), *dairy* (+27.3%)

Italy: + 7.7% growth

Germany: +17.9% growth

## EBITDA

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EBITDA €13.1 m, vs. €14.0 m in 1Q 2021

EBITDA margin 7.9% vs. 9.1% in 1Q 2021

double-digit margins in bakery, dairy and special products  
Margins negatively influenced by higher raw material, packaging, energy and logistics prices

## FREE CASH FLOW

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FCF: € 9.3 million. EBITDA FCF conversion\*\*:

82.6%, confirming the Company's ability to generate free cash flow.

## EBT

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Pre-tax profit was € 3.1 million vs. € 5.2 in 2021

Net of bond interest paid in 2022, **the result would have been similar to 2021** despite higher production costs in 2022.

## NET FINANCIAL POSITION

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Proforma Net Debt € 42.8 million vs. € 52.9 m in FY 2021

Excluding IFRS 16 lease liabilities, ND would have been € 4 million vs. € 13.8 m in FY 2021.

\*2021 figures are proforma and include Symington's from 1st January 2021

\*\* Cash conversion is defined as: (EBITDA – Total Investments)/EBITDA.

## STRATEGIC AND COMMERCIAL INITIATIVES

- **NAKED listed** in some of the **most important supermarkets in Italy and Germany**
- **NAKED Ultimate** listed in **Sainsbury's, Tesco, Asda, Morrisons.**
- **RAGU pasta range successfully launched at Iceland UK** + to be introduced to more retailers in 2H 2022
- **Increase in orders for special infant formula** with new markets added
- **Very good growth of Delverde in Germany** → proof of very insignificant "Buitoni exit" risk

## SYMINGTON'S: INVESTMENTS IN EFFICIENCY

- **Investments especially in automation to work on efficiencies**
- **Re-organisation of the Consett plant** → new clients in 2022 will double profit by year end

## RAW MATERIAL AND GENERAL INFLATION WAVE

- 2022 was impacted by a **general inflationary wave** not only in raw materials but also: packaging materials, logistics and other additional costs
- Following this trend, **we successfully increased prices in 1Q 2022** and already informed clients of possible new increases in 2H 2022

# Newest product launch: Naked ULTIMATE noodles

**NAKED ULTIMATE** range successfully launched in all main UK retailers (**Sainsbury's, Tesco, Asda, Morrisons** and more).

- First **100% recyclable packaging**;
- Cup made out of **paper and cardboard**;
- **Premium positioning** and design;
- **Richer flavours** than original range;
- All **natural flavours**, no artificial ingredients;
- **Vegetarian**;
- First three Asian-inspired flavours: **Korean Style Beef Flavour, Chinese Style Duck Flavour** and **Japanese Style Chicken Flavour**.



# Q1 2022 SALES

## BREAKDOWN AND ANALYSIS

# Q1 2022 PRO-FORMA REVENUE HIGHLIGHTS

Q1 2022 saw an increase in sales of **+7.7%**.

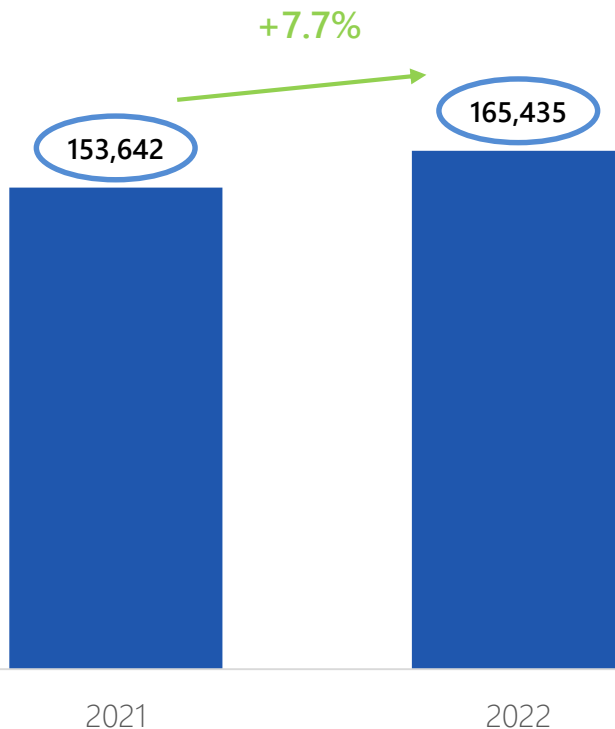
This period was characterized by the following factors:

1. **An overall increase in demand in the main BUs, especially in pasta, milk and dairy;**
2. **An increase in the average selling price due to higher raw material prices**

In the month of **April**, **positive sales growth rates** similar to 1Q22 were recorded in all the business units.

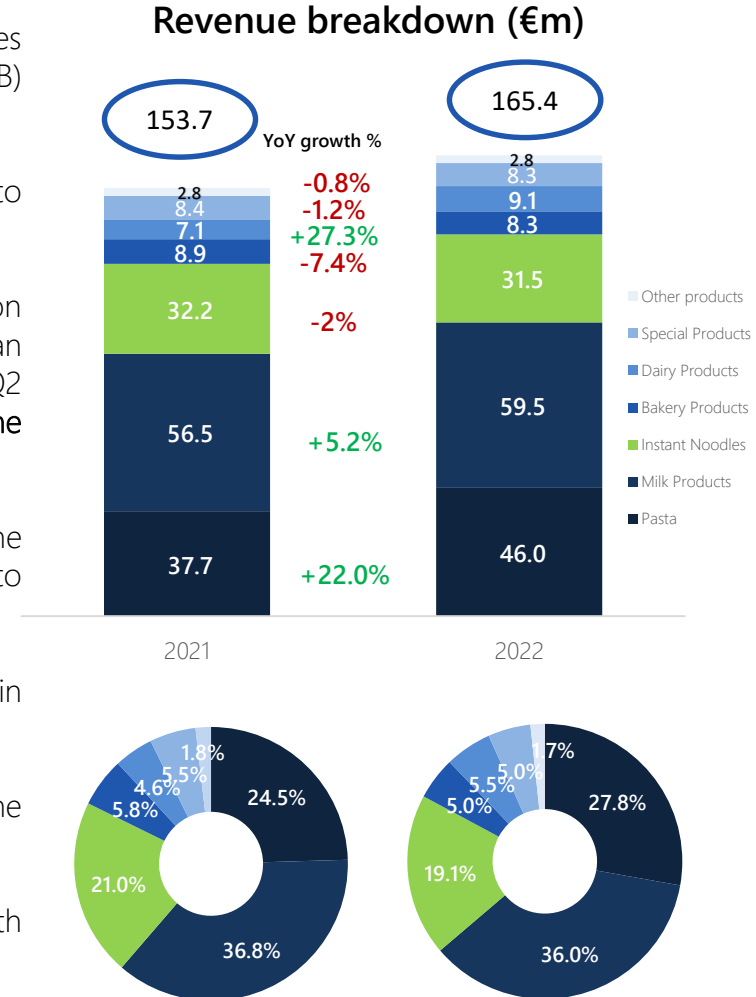
As regards **costs**, a complete stabilization is yet to be recorded but there was an **encouraging slow down the inflationary trend affecting raw materials and other production costs** → good signal that by end of 2Q, marginality might be brought back up to normal levels.

Revenues (€thousand)



# REVENUE BREAKDOWN BY BUSINESS UNIT

- **Pasta** sales increased by **22%** vs. Q1 2021 thanks to an increase in sales volumes and prices in Germany and an increase in volumes in Italy (B2B) and other countries (private label) following a higher demand.
- Revenues relating to **Milk Products** recorded an increase of **5.2%** due to an increase in the average selling price of products, especially in CLI.
- The **Instant Noodles** segment recorded a decrease due to a contraction of sales volumes. An improvement is expected starting from Q2, with an increase in volumes and sales. Most of the price increases will start in Q2 2022 and the budget for 2022 is back-loaded (i.e. more focused on the second half of the year)
- **Bakery Products** sales decreased following lower sales volumes. The decrease is mainly linked to the shifting of promotional activities from 1<sup>st</sup> to 2<sup>nd</sup> quarter.
- The **Dairy Products** segment grew **+27.3%** thanks to an increase in sales volumes and average sales price.
- **Special Products** sales remained substantially stable throughout the period.
- Revenues relating to the **Other Products** segment remain in line with the previous period.

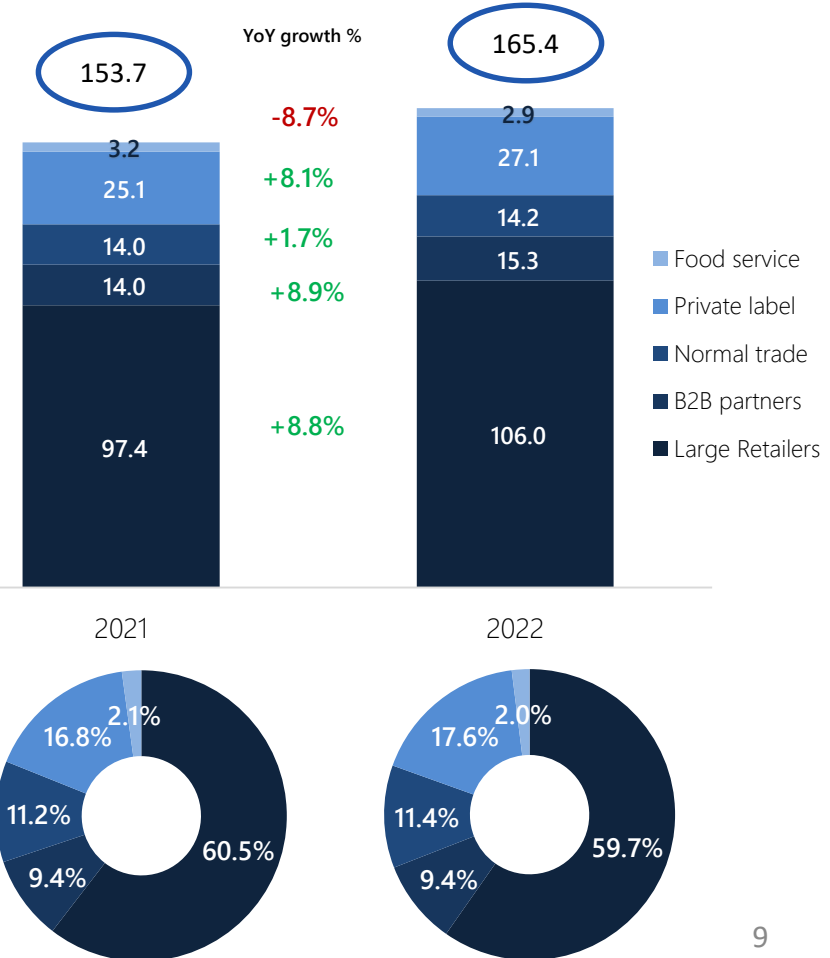




# REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

- Revenues relating to the **large retailers** channel went up by **8.8%** especially thanks to an increase in demand in the pasta segment as well as an increase in the average selling price.
- **B2B partner** sales increased by **8.9%** following the entry of new clients and higher sales volumes.
- The **Normal trade** channel remained substantially in line with the previous year.
- The **private label** channel recorded an increase of **+8.1%** in sales volumes, especially in the pasta and dairy sector as well as an increase in the average sales price.
- **Food service** remained stable throughout the period.

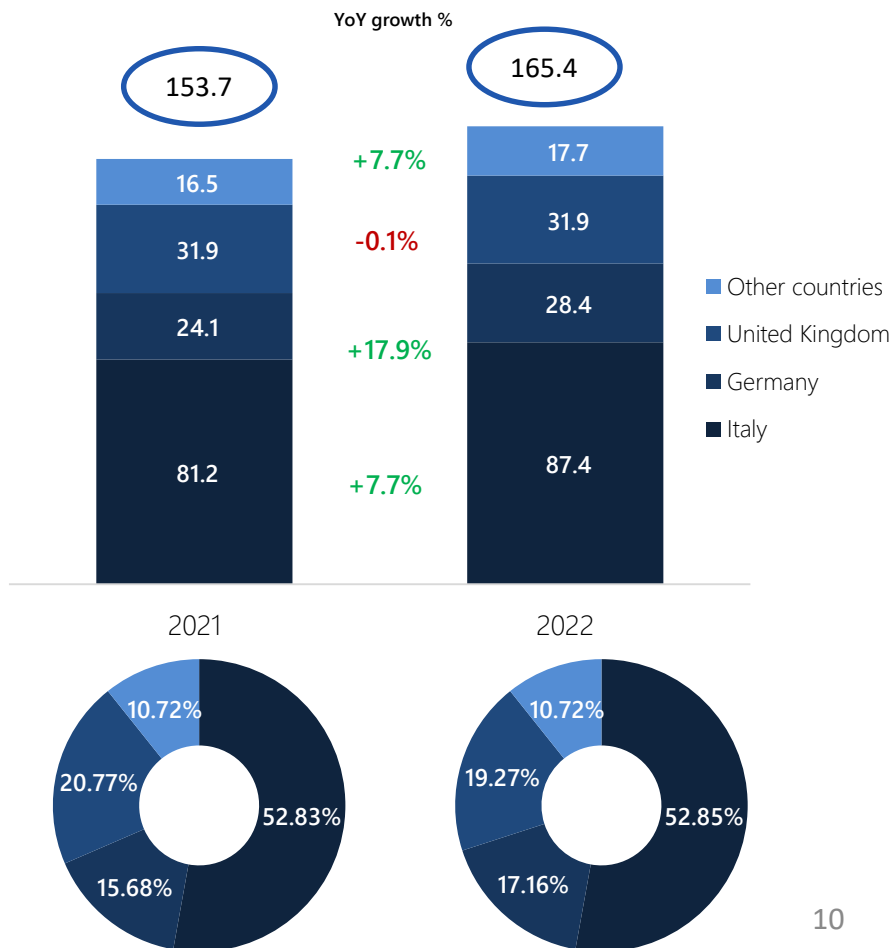
## Revenue Breakdown (€m)



# REVENUE BREAKDOWN BY GEOGRAPHY

- Revenues in **Italy** increased by **7.7%** thanks to an increase in sales volumes and ASL.
- Sales in **Germany** increased **+17.9%** following an increase in the pasta volumes as well as an increase in the ASL.
- In the **United Kingdom**, sales remained in line with the previous period. Sales and profitability improvement expected in the next quarters.
- Revenues generated in **Other Countries** increased by **+7.7%** due to higher sales volumes and higher average selling prices.

## Revenue Breakdown (€ m)



# EBITDA BREAKDOWN BY BUSINESS UNIT

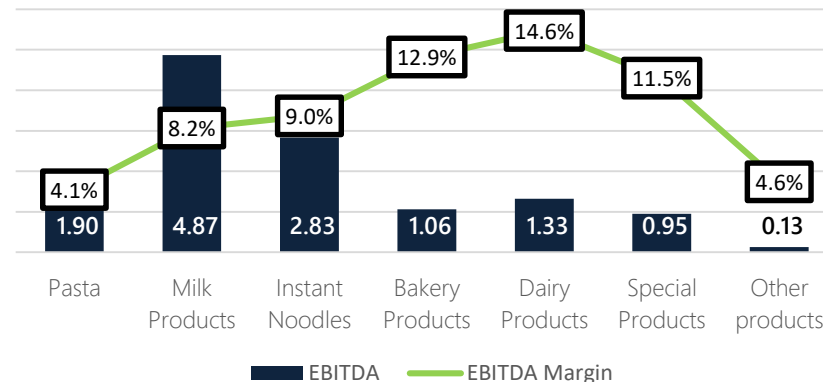
**EBITDA** was **€13.1m** in **1Q 2022**, a decrease compared to **€14.0 million** in **2021**, following an effect of higher raw material and packaging material prices.

Despite the very challenging scenario in terms of cost inflation, **the Group reached a small dilution of profitability, benefiting from its portfolio diversification, industrial efficiency and high own brand positioning.**

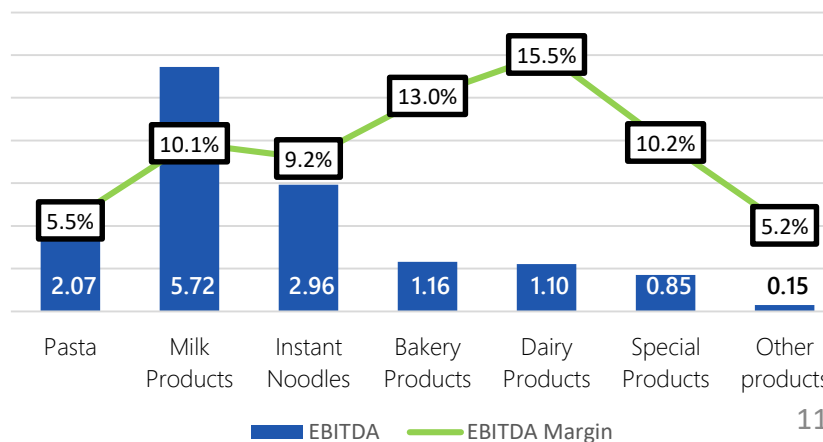
In particular, we highlight:

- **Special products EBITDA margin increased** thanks to the production of higher margin special formulas.
- Double digit EBITDA margins remain in **Bakery (12.9%)**, **dairy (14.6%)** and **special products (11.5%)** despite the increase in the prices of raw materials and packaging materials.

**EBITDA (€m) and EBITDA margin (%) Q1 2022**



**EBITDA (€m) and EBITDA margin (%) Q1 2021**



# FREE CASH FLOW

In the first three months of 2022, Newlat Food confirmed its **capability to convert into cash more than 82.6% of EBITDA**, despite the increase of interest costs due to the interest linked to the bond issued in February 2021.

The Company continues its efficiency management of NWC which gave a positive contribution.

Capex spending to be further reduced on an yearly basis vs. 2021.

CASH FLOW STATEMENT €m	Newlat Food Consolidated 1Q 2022
Adj. EBITDA	13.0
Net Interest costs	-1.9
Δ NWC	3.8
TAX & Others	-1.2
Other	-
<b>(A) Cash flow from operating activities</b>	<b>13.7</b>
Capex	-2.3
Proceeds from sale of property	0.0
IFRS16 CAPEX	-2.2
Acquisition of businesses	-
<b>(B) Cash flow from investing activities</b>	<b>-4.4</b>
<b>Recurring FCF (Oper. CF-CAPEX-non contr.min.)</b>	<b>9.3</b>

The first months of 2022 have been characterised by a high level of uncertainty mainly driven by the general **inflationary wave** and the **war in Ukraine**.

Despite this challenging environment, the measures already put in place by our Group since the beginning of September 2021 are giving us enough flexibility to confirm our aim to reach by **FY 2022**:

- **Low to mid single digit organic revenues growth;**
- **Stable profitability** (the scenario in Q1 was worse than expected but the cost increase deceleration experience in April and the potential additional price increases should drive Newlat to get the target in 2H 2022);
- **Cash flow generation:** enough to drive the Group back to a **net cash position** (excluding M&A) by the end of the year.

On the basis of the negotiations we have in place, we are in the position to confirm again our aim to get to:

- **€ 1 billion consolidated revenues** (pro forma, including the 12 month revenues of the target) by the end of 2022.

Q&A

# Appendix

# PROFORMA INCOME STATEMENT

(In € thousand)	31 March	
	2022	PF 2021
Revenue from clients' contracts	165,435	153,642
Cost of goods sold	(133,695)	(120,621)
<b>Gross margin</b>	<b>31,741</b>	<b>33,021</b>
Sales and distribution expenses	(21,774)	(19,598)
Administrative expenses	(5,355)	(7,857)
Net write-offs of financial activities	(158)	(329)
Other income	2,197	2,822
Income from business combination	0	0
Other operational costs	(1,683)	(2,421)
<b>EBIT</b>	<b>4,968</b>	<b>5,639</b>
Financial income	358	125
Financial expenses	(2,233)	(547)
<b>EBT</b>	<b>3,093</b>	<b>5,217</b>
Income tax	(695)	(1,318)
<b>Net profit</b>	<b>2,398</b>	<b>3,899</b>
Net income attributable to third parties	568	567
<b>Group Net Income</b>	<b>1,832</b>	<b>3,333</b>



# CONSOLIDATED INCOME STATEMENT

(In € thousand)	31 March	
	2022	2021
Revenue from clients' contracts	165,435	121,458
Cost of goods sold	(133,695)	(95,468)
<b>Gross margin</b>	<b>31,741</b>	<b>25,990</b>
Sales and distribution expenses	(21,774)	(16,091)
Administrative expenses	(5,355)	(5,815)
Net write-offs of financial activities	(158)	(329)
Other income	2,197	2,822
Income from business combination	0	0
Other operational costs	(1,683)	(1,852)
<b>EBIT</b>	<b>4,969</b>	<b>4,725</b>
Financial income	358	125
Financial expenses	(2,233)	(519)
<b>EBT</b>	<b>3,094</b>	<b>4,331</b>
Income tax	(695)	(1,176)
<b>Net profit</b>	<b>2,400</b>	<b>3,155</b>
Net income attributable to third parties	568	567
<b>Group Net Income</b>	<b>1,832</b>	<b>2,589</b>

# BALANCE SHEET

In € thousand	31 March 2022	31 December 2021
<b>Non-current assets</b>		
Property, plant and equipment	154,908	157,417
Right of use	36,773	38,572
Intangible assets	97,887	97,824
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	731	731
Financial assets stated at amortized cost	801	801
Deferred tax asset	7,639	7,580
<b>Total non-current assets</b>	<b>300,139</b>	<b>304,326</b>
<b>Current assets</b>		
Inventory	75,014	63,881
Account receivables	51,999	67,184
Current tax assets	3,352	3,324
Other receivables and current assets	15,509	11,262
Current financial assets valued at fair value with impact on I/S	34	35
Cash and cash equivalents	371,083	384,888
<b>Total current assets</b>	<b>516,992</b>	<b>530,574</b>
<b>TOTAL ASSETS</b>	<b>817,130</b>	<b>834,900</b>

In € thousand	31 March 2022	31 December 2021
<b>Equity</b>		
Share capital	43,934	43,935
Reserves	79,215	81,447
Currency translation reserve	(730)	(478)
Net Income	1,830	5,134
<b>Total Group Equity</b>	<b>124,249</b>	<b>130,038</b>
Equity attributable to non-controlling interests	15,045	14,477
<b>Total Consolidated Equity</b>	<b>139,294</b>	<b>144,515</b>
<b>Non-current liabilities</b>		
Provisions for employees	14,066	14,223
Provisions for risks and charges	2,025	2,030
Deferred tax liabilities	18,575	19,097
Non-current financial liabilities	281,499	287,216
Non-current lease liabilities	30,572	31,175
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>346,737</b>	<b>353,741</b>
<b>Current liabilities</b>		
Account payables	183,370	179,024
Current financial liabilities	116,786	127,280
Current lease liabilities	8,207	7,887
Current tax liabilities	3,641	3,364
Other current liabilities	19,095	19,087
<b>Total current liabilities</b>	<b>331,099</b>	<b>336,643</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>817,130</b>	<b>834,900</b>

# CASH FLOW STATEMENT

(In € thousand)	31 March	
	2022	2021
Earnings before tax	3,094	4,331
- <i>Adjustments for:</i>		
Depreciation and amortization	8,098	6,318
Net loss/(gain) on disposal of intangible fixed assets	-	
Financial expenses/(income)	1,875	394
<b>Cash flow from operating activities before changes in NWC</b>	<b>13,067</b>	<b>11,043</b>
Change in inventory	(11,134)	(2,990)
Change in account receivables	15,028	(1,371)
Change in account payables	4,345	7,022
Change in other assets and liabilities	(4,460)	(1,246)
Use of provisions for risks and charges and employees	(162)	(276)
Tax paid	(1,027)	(689)
<b>Cash flow from operating activities</b>	<b>15,658</b>	<b>11,493</b>

(In € thousand)	31 March	
	2022	2021
Investments in PPE	(2,206)	(1,487)
Investments in intangible assets	(63)	(175)
Divestments of PPE	-	-
Investments in financial assets	0	(62)
Deferred considerations for acquisitions		(500)
<b>Cash flow from investing activities</b>	<b>(2,268)</b>	<b>(2,224)</b>
Proceeds from long-term debt	10,000	39,116
Repayments of long-term debt	(26,212)	(5,525)
Bond issue	-	198,490
Principal repayments of lease obligations	(1,708)	(1,305)
Net interest paid	(1,875)	(394)
Dividend paid		
Purchase of minority interest		
Own shares	(7,399)	(2,268)
<b>Cash flow from financing activities</b>	<b>(27,194)</b>	<b>228,114</b>
<b>Net change in cash and cash equivalents</b>	<b>(13,804)</b>	<b>237,383</b>
Cash and cash equivalents at the beginning of the period	384,888	182,127
Total net change in cash and cash equivalents	(13,804)	237,383
<b>Cash and cash equivalents at the end of the period</b>	<b>371,083</b>	<b>419,511</b>

## UPCOMING EVENTS

- **9 September**  
1H 2022 Results
- **11 November**  
9M 2022 Results



A multibrand company

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