



1H 2024 Results Presentation

10 September 2024

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The taste



of growing

About us

We are an Italian company whose core business is carried out in the food & beverage sector.

We provide the market with indisputably high-quality products every day, thanks to our historical brands across various categories.

We are leaders in the agri-food sector and one of Europe's leading producers of:

- Pasta and baked goods
- Milk and dairy products
- Canned fish
- Canned foods
- Canned tomatoes and sauces
- Drinks
- Edible oils
- Ready meals & Home baking
- Specialised nutrition and baby food



The group at a glance

- **4 Core markets**
- **Over 30 main brands** across **10 categories**
- **More than 30,000 clients** among the most important retailers in Europe
- **€2.8 bn** revenue in 2023*
- More than **8,800** employees
- Export to more than **60 countries**
- **31 facilities** across Italy, UK, Germany, France, Poland and Mauritius.

* Revenues are proforma including Princes Limited and its subsidiaries.



H1 2024 Highlights



1H 2024 key financial highlights*

Revenues

- € 370.1m vs. €413.3 m in 1H 2023
- The period was impacted by lower average selling prices in all the main business units
- Positive performance of dairy +13.4% (+10% volumes YoY. + 3% pricing YoY)

EBIT

- EBIT €20.7 m vs. adjusted €21.3 in 1H 2023 (excluding €1.7 million of income from business combination in 2023)

Free Cash Flow

- Free Cash Flow: € 28.5 million. Excellent performance of FCF thanks to good operational results.
- EBITDA FCF conversion*: 74%.

EBITDA

- EBITDA €39.3 m vs. €38.5 m in 1H 2023
- EBITDA margin 10.6% vs. 9.3% in 1H 2023
- Good performance thanks to better purchasing conditions of raw materials, resulting in increased margins vs 2023

Net Income

- + 11% vs. adj. NI1H 2023 (€ 10 million vs. € 9 m)
- Excluding the exceptional income from business combination recorded in 2023, NI increased despite lower sales

Net Financial Position

- Net Debt (ex. IFRS 16 lease liabilities): € 1.5 million vs. € 29.5 m in FY 2023.
- Net Debt (incl. IFRS 16): € 42.6 million vs. € 74.3 m in FY 2023.

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

1H 2024 performance

Revenues analysis

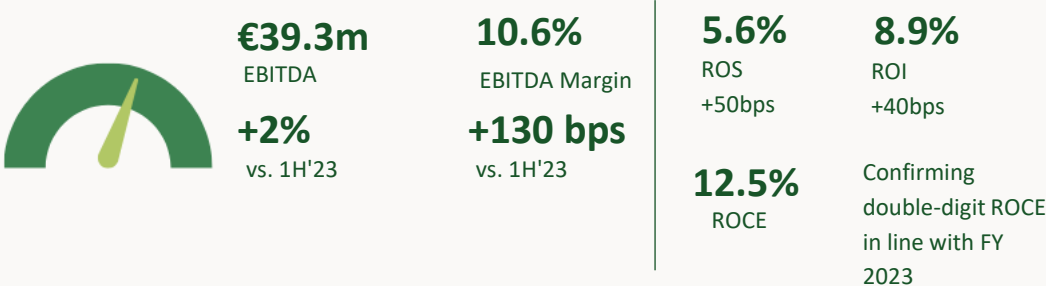


In the first half of 2024, revenue declined by 10.4% impacted by a sharp drop in average selling prices due to deflation.

It should be noted that the comparison base was particularly challenging, as **1H 2023, revenue had increase by an impressive 19.3% organically** (+23.2% including EM Foods).

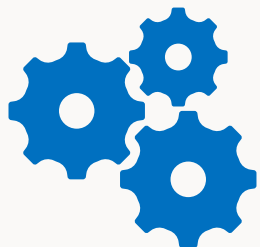
KPI improvement

Despite a volatile market and significant deflationary wave, the Group reported a 2% increase in EBITDA compared to the same period last year, achieving €39.3 million vs. € 38.5 m, with an Ebitda margin of 10.6% (up from 9.3% in H1'23).



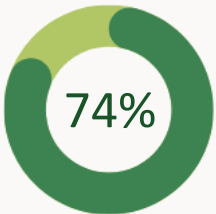
Investments

€10.1m



Investments already announced in the special products segment **continued** in a new baking line and new packaging machines, new liquid milk machinery and enhanced packaging solutions for baby food, significantly enhancing the range of both special and traditional products and **improving industrial efficiency**. Production partially stopped because of these investments but a normalization is expected to arrive in 2H 2024.

Cash Generation



Net Debt

€ 31.7 million
improvement
since FY 2023

€ 1.5 million ND excluding
IFRS 16, basically reversing
the heavier debt position
from CLI/ bond issuance



2024 product launches and marketing activity - Italy

Pasta and instant foods



NAKED BEST EVER launch Sept '24 (in store and online)

Increased influencer marketing both online at events



Delverde rusks and crostini new modern packaging



Delverde: new combined website featuring both pasta and bakery products, further intensifying relationship with Delverde brand of Crostino and Granfetta

Milk & dairy products



MUKKI Inside Out 2 comarketing



MUKKI Bimbo e-commerce



Optimus influencer marketing ft. former Masterchef participants



Community engagement events

Naked launches new creative and consumer led NPD



New Creative

Drive Mental Availability with...

- Consistent Communication
- Distinctive Positioning
- Memorable Creative
- Brand Saliency



NPD

Tapping into the trend for exciting and adventurous flavours, drawing on global inspiration with the launch of **Sri Lankan Curry Rice** and 2 new ramen flavours (**Miso & Chilli** and **Chicken Laksa**) in homage to what is currently the most popular noodle dish on the planet.



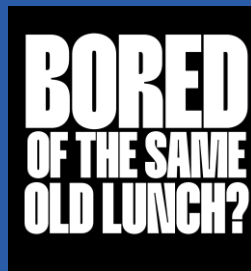
Marketing Activity

H1

- Reached over 5m consumers across multiple media channels.
- Outperformed 2023 and drove brand awareness (+7% vs LY) and purchase intent (+7% vs LY). *

H2

- Optimised creative to improve brand cut through.
- Campaign goes live on the 16th of Sept across VOD, social media, influencers and sampling.



Upcoming



2025 Brand Planning underway



New brand positioning for 2025



*Nexus Brand Uplift Study, June 2024

Mug Shot is driving growth across key metrics



Penetration & Buyers

8.5% penetration (+2.1% vs YA)

2.5 million buyers (+3% vs YA)



Sales Units

15.4M (+0.3% vs YA)

Up 8% in the latest 12 weeks vs YA

Marketing Activity

H1

- Our 360 January campaign reached 3.8 million consumers and delivered successful uplift across key metrics
- The Mug-to-Mug NPD tournament resonated well with our audience, supported by a comprehensive social campaign

H2

- Print & digital campaign currently running targeting our audience during their post-summer reset

NPD

Mug Shot put power in the hands of its social media followers to vote for their favourite flavour which saw **Salt & Pepper Chilli Beef Noodles** launch in Asda in June, set to launch into Morrisons this October

We also launched the new **Mug Shot Max** range in Asda in June, featuring 5 enhanced flavours that cater to our younger pot audience



Upcoming



2025 Brand Planning underway

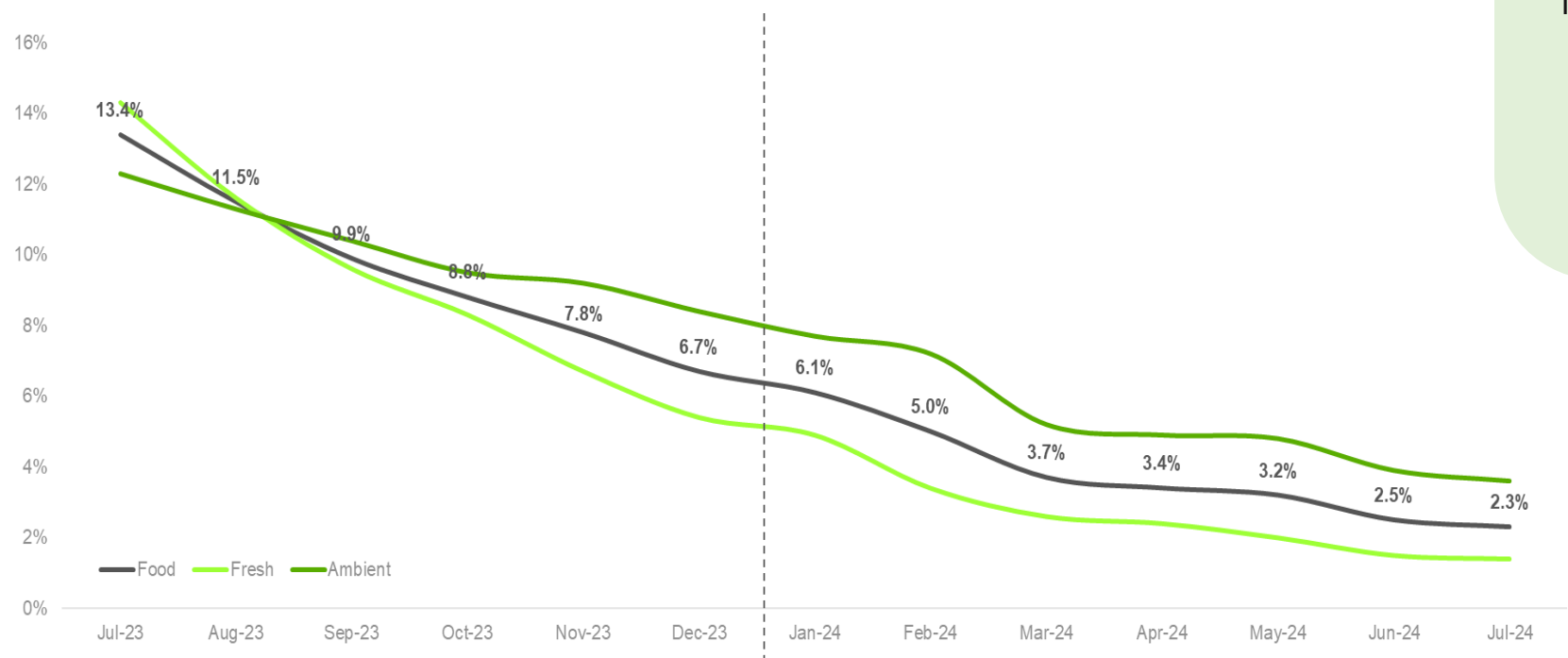


Innovation Pipeline in progress



Food Shop Price Inflation has slowed to its lowest level since February 2022 whilst Out of Home options seek lower prices & promotions

BRC-NielsenIQ Shop Price Index
Year on year % changes in shop prices



The number of promotions on offer at fast-food restaurants, bakeries and coffee shops between April and June this year **jumped by a third** from the same period last year.

During Cost of Living crisis, prices in fast food on average increased slightly more than prices in grocery chains which saw customers either trade down to cheaper menu items or eat at home instead.

A fall in McDonald's sales has forced the company into a rethink of its pricing.



Source: Nielsen Scantrack 4w/e 13.07.24

Newlat GmbH: branded pasta still holding on despite general market contraction

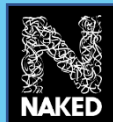
YTD 2024 Performance

Total Volume branded

-0.7%* **-270 tons**

Strong margin improvement despite slight contraction

+5.3% YoY



Delverde still leading some growth

Despite the struggling situation, Delverde* recorded +1% volumes in Germany

+ 200 to



DELVERDE

Competition has been performing poorly in comparison: main competitor losing -8% volume

*It should be noted that 2023 hit record high volume

Minuto gaining more awareness in Germany thanks to marketing campaigns and NPD

Minuto social & adv

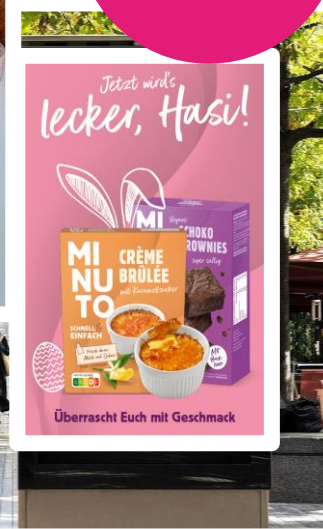
Social media campaign

More than
100 M
contacts

Billboard and sampling advertising

50.000
Product-
samples

More than
160 M
contacts



NPD

23 SKUs
launched 2023

13 SKUs
new in 2024

Premium Baking Mixes
New Shaker variety
2 new segments:
Cup Pudding & Sauce



1H 2024 SALES BREAKDOWN AND ANALYSIS

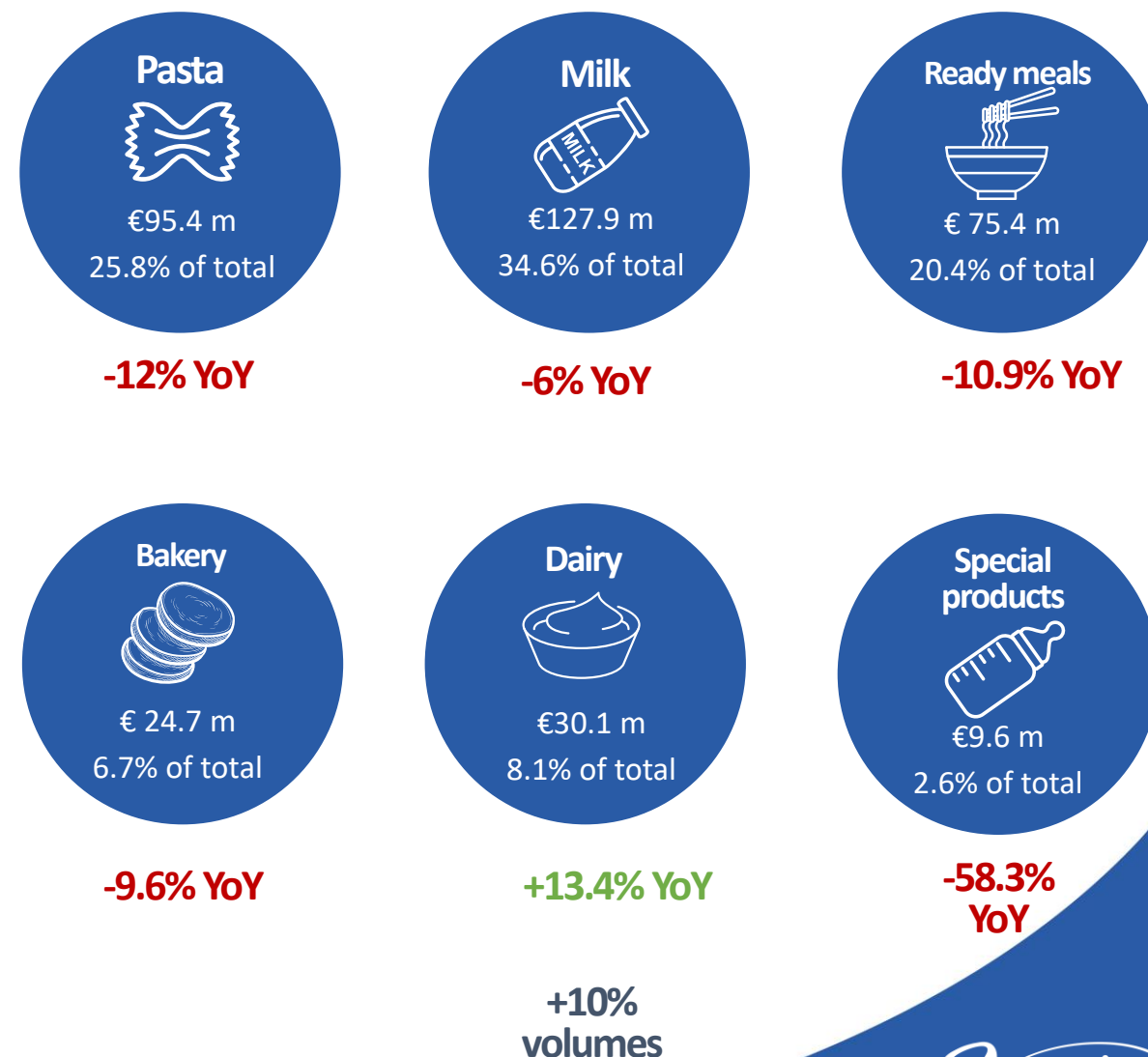


Revenue breakdown by business unit

In 1H 2024, revenue results were affected by several factors across our key segments:

- **Pasta:** Revenue declined due to a combination of lower average selling prices and a slight drop in volumes, particularly in Germany, B2B, and Private Label.
- Both **Milk Products** and **ready meals** decreased driven by lower prices and lower volumes respectively in Italy and UK.
- **Bakery Products** sales decreased following promotional shifts to July and August, reducing volumes by 3%, combined with a 7% price decrease due to deflationary effects.
- **Dairy Products:** Revenue grew by 13.4% to €30.1 million, reflecting a 20% rise in volumes and a 12% increase in average selling prices compared to 1H 2023.
- **Special Products** still showing a slowdown (-58.3%) due to lower volumes caused by ongoing investments at the Ozzano Taro plant, which were not finished at the end of June.

Despite these challenges, we expect strategic investments and adjustments to drive future growth and improved performance.



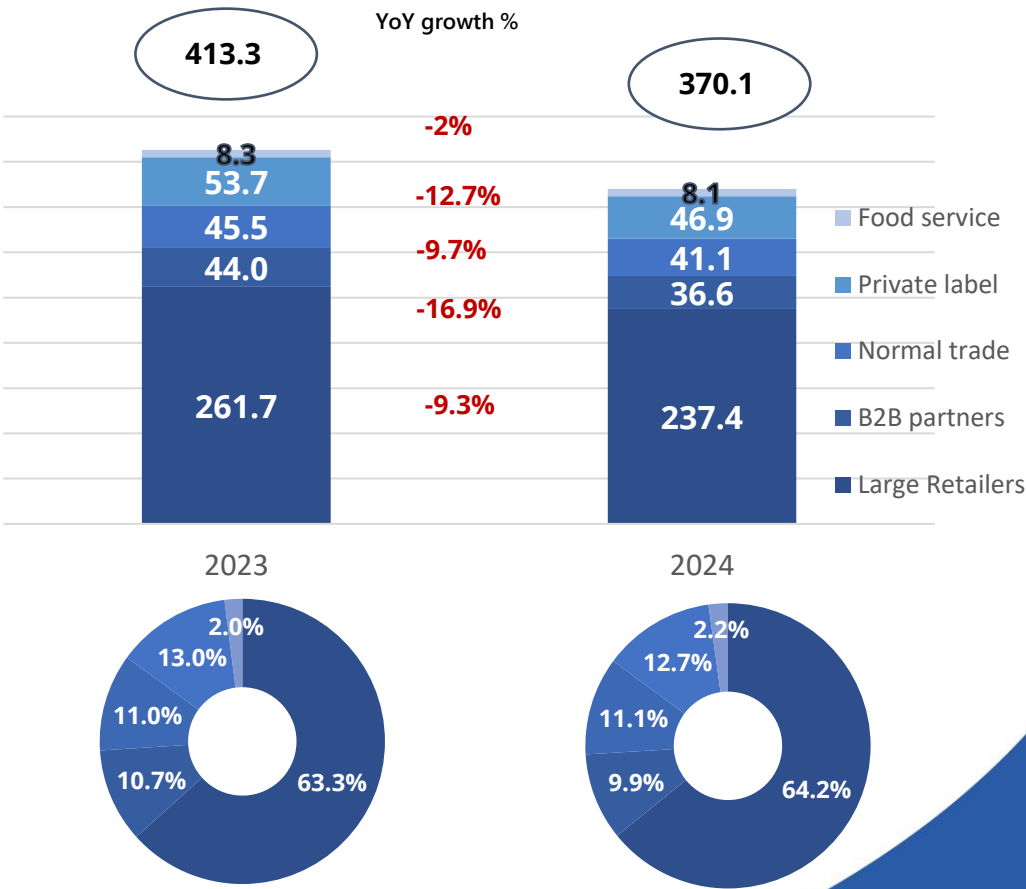
Revenue breakdown by distribution channel

All channels' sales contracted compared to 1H 2023, mainly in relation to lowering selling prices.

The large retailers channel was affected by a combination of lower sales prices and lower sales volumes of the main business units, some as a result of the postponement of some promotional activity to July and August.

B2B partners' revenues went down as a result of the special products investment situation as well as lower sales in the pasta and bakery segments.

Revenue breakdown (€m)



Revenue breakdown by geography

All the main regions were impacted by the deflationary situation, showing lower sales values across the main regions following a ‘normalization’ of prices around the world.

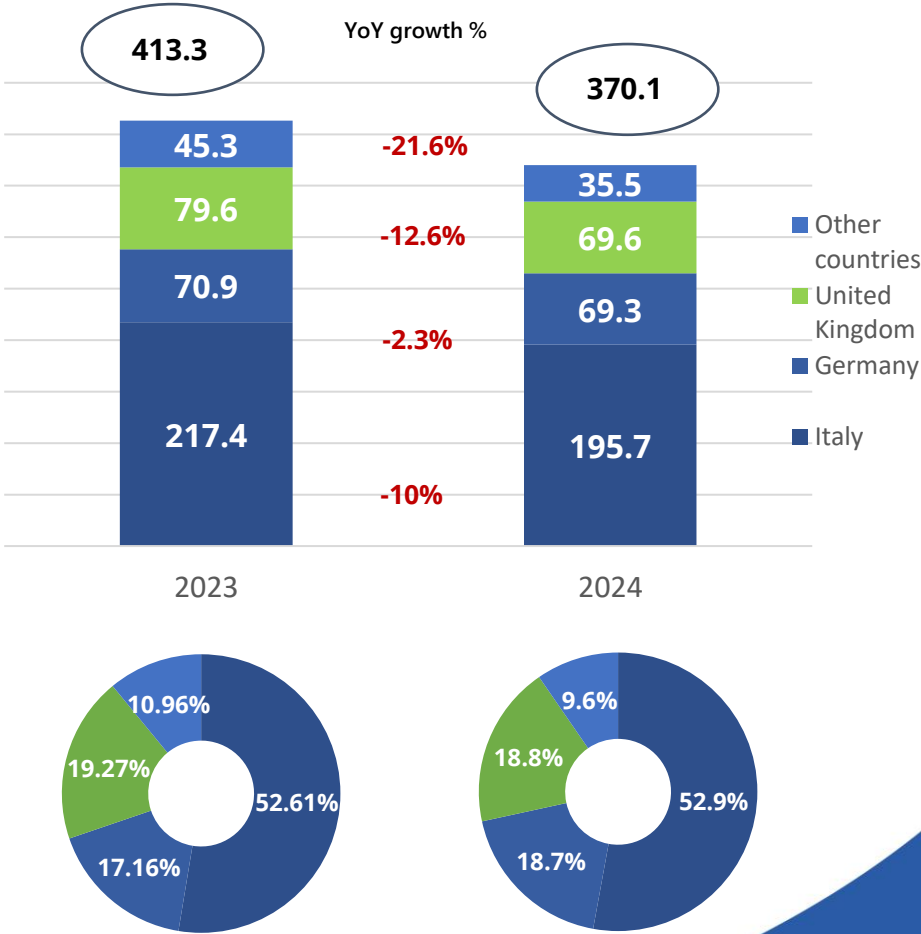
Sales in Italy were mostly impacted by a contraction in revenues coming from the Pasta, Milk and Bakery sectors.

In Germany, pasta sales went down in the period but an increase in dairy sales was recorded.

In the UK, revenue was impacted by the instant noodles performance.

In other countries, a general contraction across the main categories was recorded.

Revenue breakdown (€m)



EBITDA breakdown by business unit

Adjusted EBITDA for 1H 2024 **grew 2.0%**, with the EBITDA margin increasing to 10.6% from 9.3% in 2023. The positive result is attributable on one hand to lower COGS and on the other hand to a better mix contribution of sales.

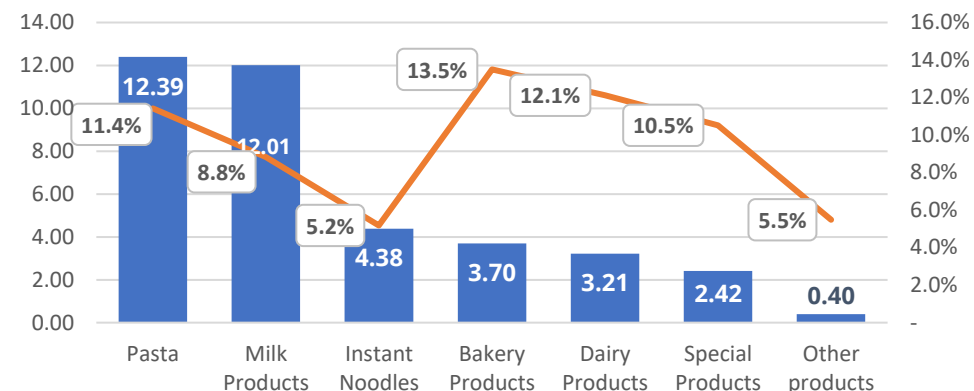
Pasta continued to record a double digit margin, reaching a record-high 12.7%.

Instant Noodles grew the most in terms of EBITDA, with an increase of +38.7%, and the margin improving from 5.2% to 8.1%.

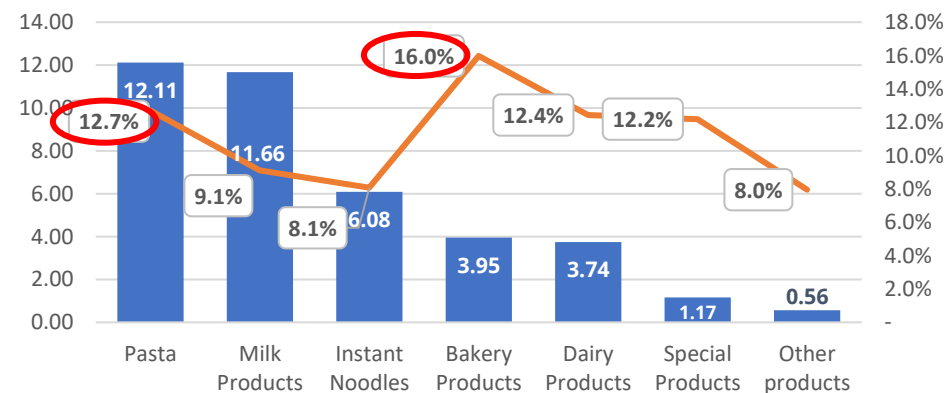
The Bakery Products segment also performed well with EBITDA margin rising from 13.5% in 2023 to 16.0% in 2024.

Despite the ongoing investments, the Special Products the margin increased from 10.5% to 12.2% thanks to a focus on more value-added contracts.

Adj. EBITDA (€m) and EBITDA margin 1H 2023



Adj. EBITDA (€m) and EBITDA margin 1H 2024

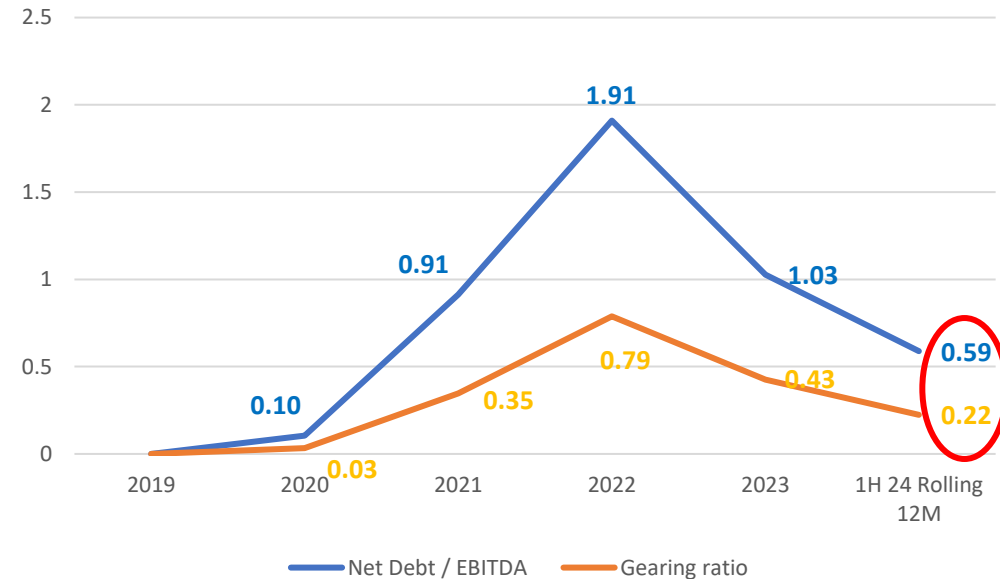


■ EBITDA ■ EBITDA Margin

Strong Cash Flow generation and optimal financial indicators

Cash Flow Generation (€m)	1H 2024
Adj. EBITDA	39.8
Net Interest Costs/Profit	-5.04
Δ Net Working Capital	10.73
Tax & Other	-1.49
Cash Flow from Operations (A)	44.00
CAPEX	-10.09
Other Investments	
Acquisition/Dismissal	
IFRS 16 CAPEX	-5.40
Cash Flow from Investing activities (B)	-15.49
Underlying FREE CASH FLOW	28.51
(A-B+Acquisition/Dismissal +Other Invest.)	

In € thousand	1H 2024	FY 2023
Inventory	79,308	74,099
Trade Receivables	89,913	84,634
Trade Payables	(187,849)	(172,198)
NTWC	(18,628)	(13,465)
Other current assets	21,216	23,852
Other current liabilities	(40,224)	(34,617)
NWC	(37,636)	(24,230)



- **FCF: > € 28 million** showing ability of the company to generate cash from operations.
- **Strong improvement in NWC thanks to better** liquidity and a strategic management of suppliers.
- Improved **key financial indicators**, with **ND/EBITDA** well below 1 (**0.59**) and **gearing ratio at 22%** as a testament to the Group's financial stability

Since the acquisition of Princes Group in late July 2024, immediate focus has concentrated on scale & efficiency opportunities, with broader synergy analysis underway



Immediate focus – predominantly infrastructure efficiency to unlock potential to reinvest



Broader synergies being explored post ‘day 1’



There has been notable progress in working capital and procurement, and early analysis has shown clear opportunities for revenue growth

Development and planning work is also underway for the broader set of synergies, and Princes Group is continuing to drive performance through excellent execution of their existing business plan

Improvement in working capital

Aligning supplier payment terms with rest of Newlat Group has already resulted in a several days' improvement in trade creditor days

Procurement opportunities

Analysing pasta sourcing opportunities and exploring premium pasta launch

Review underway of group purchasing synergies

European revenue synergy opportunities

Progress underway on launch of tuna and tomatoes in Italy and Germany, and investigation of innovation opportunities leveraging Symingtons and Princes UK manufacturing capability

Consolidated net debt at 31 August 2024

Net Debt



- € 444.2 million ND excl. € 200 m shareholder loan from Newlat Group.
- ND excl. IFRS 16: € 354.2 m

Deleveraging process expected to show results by end of year thanks to **better management of resources** and **financial efficiency** leading to high cash generation at Group level.



2024 outlook

The Newlat Food management reconfirms its commitment in 2024 in regards to:

Growth from cross selling and NPD

New growth coming from entering new markets post acquisition (eg. Tuna and tomato) in Italy and Germany as well as export markets



A multibrand company

Improved margins and stable sales

Following the strong cost synergies put in place from 'day 1', the combined Group will aim to increase its margins swiftly, improving EBITDA margin by end of 2024.

Innovation and investments

Industrial efficiency and product innovation investments made recently + new ones post-closing to start showing some of their positive contribution in the second half of the year.

Procurement and production synergies

To start show some visible results in 2H 2024, with considerable gains coming in 2025.

Increased exports

Increased exposure to international markets and consolidation of partnerships with important industrial counterparts, especially thanks to the enlarged group infrastructure and network.



Q&A

Appendix



Consolidated Income Statement

(In € thousand)	30 June	
	2024	2023
Revenue from clients' contracts	370,129	413,294
Cost of goods sold	(293,789)	(336,735)
Gross margin	76,340	76,558
Sales and distribution expenses	(44,952)	(45,109)
Administrative expenses	(11,711)	(10,954)
Net write-offs of financial activities	(311)	(459)
Other income	4,537	4,534
Income from Business Combination		1,685
Other operational costs	(3,242)	(3,312)
EBIT	20,661	22,945
Financial income	6,334	3,637
Financial expenses	(11,375)	(11,939)
EBT	15,619	14,641
Income tax	(5,577)	(3,919)
Net profit	10,042	10,722
Net income attributable to third parties	1,652	1,265
Group Net Income	8,391	9,458
Basic EPS	0.19	0.22
Diluted EPS	0.19	0.22

Balance sheet

<i>In € thousand</i>	30 June 2024	31 December 2023
Non-current assets		
Property, plant and equipment	164,387	164,732
Right of use	41,366	43,773
Intangible assets	90,272	91,548
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	777	777
Financial assets stated at amortized cost	803	800
Deferred tax asset	6,770	6,362
Total non-current assets	305,776	309,392
Current assets		
Inventory	79,308	74,099
Account receivables	89,913	84,634
Current tax assets	1,454	1,323
Other receivables and current assets	19,762	22,529
Current financial assets valued at fair value with impact on I/S	1	69
Financial claims valued at amortised cost	12,099	13,099
Cash and cash equivalents	394,236	312,459
Total current assets	596,773	508,213
TOTAL ASSETS	902,550	817,604

<i>In € thousand</i>	30 June 2024	31 December 2023
Equity		
Share capital	43,935	43,935
Reserves	119,690	102,079
Currency translation reserve	671	(1,703)
Net Income	8,391	14,325
Total Group Equity	172,687	158,636
Equity attributable to non-controlling interests	17,674	16,022
Total Consolidated Equity	190,361	174,658
Non-current liabilities		
Provisions for employees	10,378	10,951
Provisions for risks and charges	2,410	2,337
Deferred tax liabilities	22,398	22,868
Non-current financial liabilities	338,964	290,466
Non-current lease liabilities	33,289	37,160
Total non-current liabilities	407,439	363,783
Current liabilities		
Account payables	187,849	172,198
Current financial liabilities	68,831	64,653
Current lease liabilities	7,845	7,694
Current tax liabilities	7,437	2,988
Other current liabilities	32,786	31,630
Total current liabilities	304,749	279,163
TOTAL EQUITY AND LIABILITIES	902,550	817,604

Cash flow statement

(In € thousand)	30 June	
	2024	2023
Proceeds from long-term debt	77,000	19,500
<i>Repayments of long-term debt</i>	(24,324)	(36,783)
Principal repayments of lease obligations	(5,396)	(4,196)
Net interest paid	(5,041)	(8,302)
Own shares	652	21,044
Cash flow from financing activities	42,891	(8,737)
Net change in cash and cash equivalents	81,777	18,394
Cash and cash equivalents at the beginning of the period	312,459	287,820
Total net change in cash and cash equivalents	81,777	18,394
Cash and cash equivalents at the end of the period	394,235	306,213
Use of provisions for risks and charges and employees	(500)	(864)
<i>Tax paid</i>	(1,489)	(2,873)
Cash flow from operating activities	48,019	41,275
Investments in PPE	(9,388)	(8,093)
<i>Investments in intangible assets</i>	(700)	(1,092)
Investments in financial assets	954	(3,959)
Deferred considerations for acquisitions		(1,000)
Cash flow from investing activities	(9,133)	(14,144)

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	2024	2023
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UPCOMING EVENTS

8 October

Intesa San Paolo Italian Excellences
Conference – Paris

12 November

9M 2024 Earnings release

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