



A multibrand company

Sede Centrale: Via J. F. Kennedy, 16 – 42124 Reggio Emilia – Telefono: 0522.7901 Fax: 0522.790266

Cap. Soc € 40.780.482,00 i.v. – REA di RE n° 277595 – P.IVA e Cod. Fis. 00183410653

Società soggetta all'attività di direzione e coordinamento da parte di Newlat Group S.A. ai sensi degli artt. 2497 ss. del codice civile.

PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT STATEMENT AS AT 31 MARCH 2020

- Consolidated revenues: € 80.3 million, up 12.4% vs. € 71.5 million in the first quarter of 2019.
- Consolidated Adj. EBITDA: € 6.9 million, up 26.2% vs. € 5.5 million in the first quarter of 2019.
- Consolidated net income: € 2.3 million, up 92.2% compared to €1.2 million in Q1 2019.
- Consolidated Net Financial Position at 31 March 2020 equal to positive € 52 million vs. positive € 48.6 million at 31 December 2019.

Reggio Emilia, 14 May 2020 – the Board of Directors of Newlat Food S.p.A. (“**Newlat Food**” or the “**Company**”), which met today under the chairmanship of Angelo Mastrolia, examined and approved the Interim Management Statement as at 31 March 2020.

The figures confirm a positive trend in the main aggregate economic and financial figures of the Group.

The **consolidated revenues** of the Company in the first quarter of 2020 were equal to **€ 80.3 million**, an increase of **12.4%** compared to the first three months of 2019 (proforma revenues in Q1 2019 were equal to € 76.4 million).

The Company's **Adjusted EBITDA** was **€ 6.9 million**, an increase of **26.2%** compared to the same period of 2019.

EBIT was equal to **€ 3.3 million**, an increase of € 1.3 million compared to € 2 million in the first quarter of 2019.

Net Income was equal to **€ 2.3 million** compared to € 1.2 million in Q1 2019, thus recording an increase of **92.2%**.

Net Financial Position, including the effects of IFRS 16, went from € 48.6 million at 31 December 2019 to **€ 52 million** at 31 March 2020, thanks to the Company's ability to generate cash from operating activities.

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Angelo Mastrolia, the Chairman of Newlat Food, commented: “Newlat proves to be a company capable of generating constant organic growth and a cash, which allows it to plan its future growth strategy with optimism. The acquisition of CLI and the results of the first quarter of the latter confirm that the investment has great potential, also taking into account all the synergies that the Group as a whole can generate. The Q1 consolidated proforma results record revenues of € 127.3 million and an EBITDA of 11.3 million, equal to an 8.9% margin. Therefore, we believe that 2020 will be a year of strong growth, both organically and inorganically, keeping in mind that the Group, thanks to a strong cash generation and a solid net financial position, will be able to grasp investment opportunities on a series of very interesting targets under evaluation. ”

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Analysis of consolidated revenues

In the first quarter of 2020, Newlat Food achieved consolidated results equal to **€ 80.3 million**, up **12.4%** compared to 71.4 million in the previous year. The revenues by Business Unit were split as follows:

Revenues by Business Unit

(In € thousand and in percentage)	Ended 31 March				Change	
	2020	%	2019	%	2020 vs 2019	%
Pasta	37,647	46.9%	31,484	44.0%	6,164	19.6%
Milk Products	16,329	20.3%	15,242	21.3%	1,087	7.1%
Bakery Products	9,479	11.8%	8,101	11.3%	1,378	17.0%
Dairy Products	5,502	6.9%	5,256	7.4%	246	4.7%
Special Products	8,372	10.4%	7,617	10.7%	755	9.9%
Other Products	3,010	3.7%	3,775	5.3%	(765)	(20.3%)
Revenues from clients' contracts	80,339	100%	71,474	100%	8,865	12.4%

The first three months of 2020 saw a strong increase in sales in all the main Business Units.

The revenues relating to the **Pasta** segment were up **19.6%**; excluding the Delverde contribution, organic growth was equal to 6.8% thanks to an increase in sales volumes in Germany and other countries.





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The **Milk Products** segment's sales increased by **7.1%**, mainly due to higher sales volumes.

Revenues in the **Bakery products** segment were up **17%** as a result of higher sales volumes primarily in Italy.

Revenues deriving from the **Dairy Products** increase by **4.7%** thanks to an increase in the mascarpone sales.

The **Special Products** segment recorded an increased in sales by **9.9%**, mainly due to the renegotiation of the price lists with Kraft-Heinz as well as the entry of new customers.

The **Other products** segment, which refers to commercialised products which are not produced by Newlat, decreased by **-20.3%** compared to the same period of 2019 as a result of lower sales volumes in the normal trade channel, which was impacted by the COVID-19 emergency. Nonetheless, marginality in this segment remains in line with an higher EBITDA margin.

Revenues by Distribution Channel

(In € thousand and in percentage)	Ended 31 March				Change	
	2020	%	2019	%	2020 vs 2019	%
Large retailers	54,206	67.5%	45,263	63.3%	8,944	19.8%
B2B partners	9,656	12.0%	9,158	12.8%	498	5.4%
Normal trade	6,5014	7.5%	6,845	9.6%	(331)	(4.8%)
Private label	8,277	10.3%	8,157	11.4%	120	1.5%
Food service	1,686	2.7%	2,051	2.9%	(365)	(17.8%)
Revenues from clients' contracts	80,339	100.0%	71.474	100.0%	8,865	12.4%

Revenues relating to the **large-scale distribution** channel grew by **19.8%** thanks to the organic growth recorded in all segments as well as to the contribution of Delverde.

Revenues in the **B2B partners** channel were up **5.4%** due to the increase in sales of the Special Products segment as well as the price renegotiations with Kraft-Heinz.

Sales in the **Normal trade** channel decreased by **-4.8%** mainly due to the drop in sales of the "Other products" category as a result of the COVID-19 lockdown.





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The **Private label** channel recorded a sales increase of **1.5%** due to an growth in sales volumes.

Revenues related to the **Food service** channel decreased by **-17.8%** due to the drop in sales as a result of the COVID-19 lockdown.

Revenues by Geography

(In € thousand and in percentage)	Ended 31 March				Change	
	2020	%	2019	%	2020 vs 2019	%
Italy	39,864	49.6%	35,487	49.7%	4,377	12.3%
Germany	25,395	31.6%	22,113	30.9%	3,282	14.8%
Other countries	15,080	18.8%	13,874	19.4%	1,206	8.7%
Revenues from clients' contracts	80,339	100%	71,474	100%	8,865	12.4%

Revenues in **Italy** grew by **12.3%** thanks to the organic growth of the Milk, Dairy and Bakery segments as well as the Delverde contribution .

Germany recorded the highest increase by country as sales went up **14.8%** in the first three months of 2019 as a result of higher sales volumes, particularly in the Pasta segment.

Revenues in **Other Countries** increased by **8.7%** between the two periods reflecting the organic growth achieved throughout all the main business units.

Analysis of Consolidated Results

In the first three months of 2020, **Cost of Goods Sold** was equal to € 66.95 million, bearing **83.3%** of revenues compared to 84.8% in the first quarter of 2019. This improvement was achieved through a more efficient procurement policy, which improved the terms of purchase of raw materials.

Adjusted EBITDA¹ was up **26.2%** and equal to **€ 6.9 million** as opposed to € 5.5 million in the first quarter of 2019 and with a margin of **8.6%** as opposed to 7.6%.

¹ Adjusted EBITDA is defined as EBITDA plus adjustments deriving from removal of one-time, non-recurring income and expenses.





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EBIT is reported at **€ 3.3 million** with a margin of **4.1%**, while in Q1 2019, EBIT was € 2 million with a margin of 2.8%. The increase was thus **62.9%**.

Net Profit was up **92.2%** from the previous year and stands at **€ 2.3 million**. Such result was possible thanks to the implementation of better supply chain management and more balanced business mix contribution.

Analysis of Net Debt and Cash Conversion

Net cash position at 31 March 2020 was equal to **€ 52 million** as opposed to a positive NFP of € 48.6 million at 31 December 2019. Excluding the effects of IFRS 16 lease liabilities, NFP was equal to **€ 68.6 million**.

The period confirmed the ability of the Company to generate cash as a cash conversion rate² of **90%** was achieved.

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SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING PERIOD

On 1 April 2020, the Company acquired the relative majority, 46.24%, of Centrale del Latte d'Italia S.p.A. ("**CLI**").

As a result of the acquisition of the Significant Shareholding in CLI, Newlat Food launched a mandatory public purchase and exchange offer (the "**OPAS**") on the remaining ordinary CLI shares, pursuant to and in accordance with applicable legislation – it is expected that the transaction will be completed within July.

In the first 45 days of post-acquisition activities, a series of actions were implemented, including the merger of the subsidiaries Centrale del Latte di Vicenza S.p.A. and Centrale del Latte della Toscana S.p.A. into CLI. The integration of the procurement and commercial networks was also initiated, rationalizing, in particular, costs, and improving the supply capacity.

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BUSINESS OUTLOOK

In line with what has already been communicated to the market, the Company confirms that the COVID-19 epidemic has not had any negative impact on the performance of the business. The months of April and May confirmed the trend of the first quarter with a growth of approximately + 8%. On this basis, the management confirms the expectations of good organic growth and improved margins for the year 2020.

² Cash Conversion Rate is calculated as follows: (EBITDA-CAPEX)/EBITDA.





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CONFERENCE CALL ON THE 2019 RESULTS OF THE NEWLAT FOOD GROUP

The Q1 2020 results of the Newlat Food Group will be illustrated during the conference call to be held today at 16:00 (CET). To participate in the *conference call* (Meeting ID: 851 0678 5336) it is necessary to connect, at least 10 minutes before the beginning of the call, to the following numbers: (i) for Italy: +39 069 480 6488; (ii) for the United Kingdom: +44 131 460 1196; (iii) for Germany: +49 69 7104 9922; (iv) for France: +33 7 5678 4048; (v) for Switzerland: +41 43 210 71 08; or – to follow the presentation live-streaming – connect at the link: <https://us02web.zoom.us/j/85106785336>.

The presentation will be available on the Company's website (www.newlat.com) and in the storage system (www.emarketstorage.com) about half an hour before the conference call begins. Moreover, the MP3 file of the call will be available on the Company's website starting from 15 May 2020.

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DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING THE CORPORATE ACCOUNTING DOCUMENTS

The manager in responsible for preparing the corporate accounting documents Rocco Sergi declares, pursuant to and for the purposes of Article 154-bis, paragraph 2, of Legislative Decree no. 58 of 1998, that the information contained in this press release corresponds to the document results, books and accounting records.

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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 the Newlat Group shall not be taken as a representation or indication that such performance will continue in the future. This presentation does not constitute an offer to sell or the solicitation of an offer to buy Newlat's securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of Newlat Food. Newlat's securities referred to in this document have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

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This press release is available on the Company's website at www.newlat.it as well as at the authorized storage mechanism eMarket Storage at www.emarketstorage.com.

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The Interim Management Report at 31 March 2020 will be made available on the Company's website at www.newlat.it as well as at the authorized storage mechanism eMarket Storage at www.emarketstorage.com.

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FOR MORE INFORMATION:

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The Newlat Group

The Newlat Group is a relevant multinational, multi-brand and multi-channel player in the Italian and European agri-food sector, having a large portfolio of products and brands well known in Italy and internationally. The Newlat Group holds a consolidated positioning in the Italian and German markets and sale products in more than 60 countries. The Newlat Group is mainly active in the pasta, dairy, bakery and special products sectors, and in particular in the *health & wellness*, *gluten free* and *baby food* sectors.

For more information, visit our website www.newlat.it.

