



A multibrand company

9M 2021 RESULTS
12 NOVEMBER 2021

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.

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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.

9M 2021 KEY FINANCIAL HIGHLIGHTS

REVENUES

Consolidated 2021 revenues*: € 383.2 million, showing an increase vs. €325.7 million in 2020

PF 2021 revenues €452.5m**, -2.2% vs 9M 2020***

- **Dairy: +21.1% growth** despite difficult comparable basis
- **+4.6% growth in Germany**
- **Q3 Newlat organic growth: +3%**
- **9M Newlat organic growth: -1.7% vs. -3.9% in 1H2021, showing a recovery vs beginning of year**

EBIT

Consolidated EBIT €16.6m vs. €9.5m in 2020

ROS 5.3% vs. 4.8% 9M 2020

FCF

FCF € 9.8 million. EBITDA FCF conversion 66%

Positive FCF despite investments in WC to increase loyalty of key suppliers in a period of shortage of raw materials and record high inflation

EBITDA

Consolidated 9M 2021 EBITDA €36.4m vs. €36.0 in 2020

PF EBITDA €43.5m, PF EBITDA margin 9.6%

Slight decrease in PF EBITDA and PF EBITDA margin vs. PF 2020 (€45.4 m and 9.8% margin in PF 2020).

NET INCOME

Consolidated NI €11.5m, +9.3% vs. 9M 2020

PF NI €11.9 m vs. €13.7m 9M 2020

ROE 7.7% vs. 8.6% 9M 2020

NET FINANCIAL POSITION

Net debt equal to -€72.8 million vs. -€83.1 m FY2020 PF

Excluding the effect of *IFRS 16 lease liabilities*, NFP would have been -€34.2.

* The consolidated 2021 revenues include Symington's starting from the 1st of August 2021

**The 2021 figures refer to the pro-forma financials which incorporate Symington's from 1st of January 2021

***The 2020 figures refer to the pro-forma financials which incorporate Symington's and CLI from the 1st of January 2020

2021 marketing and commercial initiatives

- NAKED brand to be sold in Esselunga supermarkets in Italy from March 2022

- Italian and German commercial teams to present Naked range to trade mid/end of November 2021. Est. launch date in both markets: March/April 2022

- Delverde to be launched in the UK at top 4 British retailers. Lidl already secured.

- Baby food contracts: commercial production started end of October/beginning of November

- Mukki Bimbo (baby food range) launched at Coop

- Lactose free Optimus mascarpone launched

- New mascarpone production line will be installed to increase production capacity

- Plant based drinks: new recipes to be launched soon, e.g. Coconut+almond milk

- NAKED "remedy rooms" pop up shop in Shoreditch, London

- Mug Shot 100% recyclable packaging

- NAKED even more "premium" range to be launched in 2022

2021 marketing and commercial initiatives



DURUM WHEAT PRICE INCREASE

- Durum wheat prices **begin to stabilise**
- The Group was able to stabilise its effective raw material costs and **renegotiate with clients**
- Next year's **actions already defined to ensure cost pass through**
- Most of the benefits from the price increases will be visible from Q42021

MILK AND CREAM

- Milk prices in the last quarter were in **line with expectations**
- **Strategic procurement actions for 2022 already defined**

ESG: a milestone in the Newlat Food strategy



ENVIRONMENT



SOCIAL



GOVERNANCE

PACKAGING

Switch from Classic to Tetra Rex Plant Based and rPET packaging for most of the products with important impact on the environment:

- Only 19g CO₂-eq/litre for Tetra Rex pack
- Reduction of approx. 25% of CO₂ emission on milk products
- Reduction of plastic yearly utilization by 10%
- From 2021 the plant based package utilized are certified "Carbon Trust – Zero emission"

LOGISTIC

- Starting from 2020 Newlat avoided 502 tons of CO₂ emission by transporting cargo via train from Italy to Germany

INNOVATION

R&D investments to increase digestibility and product quality:

- Launch of special milk only from Farms with "Animal Welfare" certification and only with beta-casein protein A2 increasing (naturally) digestibility.
- Development of unique plant based special formulas in Baby Food

COMMUNICATION

Several initiatives with schools visiting plants, farms and listening about nutrition and food culture.

SERVICE

Collaboration with "Banco Alimentare" and other local charity organizations to manage the product surplus.

BOARD OF DIRECTORS

- Three important independent members: Eric Sandrin – Kering General Counsel, Valentina Montanari – CFO Ferrovie Nord, Mariacristina Zoppo Director and member of the Control Committee of IntesaSanpaolo
- Three women directors out of seven board members.
- Four out of seven board members are not linked to Mastrolia family – founder's and major shareholder's family

ESG COMMITTEE

- Committee coordinator with multi-year "big4" experience and seven managers involved covering: Operations, HR, Finance, IR, Quality and R&D, purchasing and marketing.

9M 2021 SALES

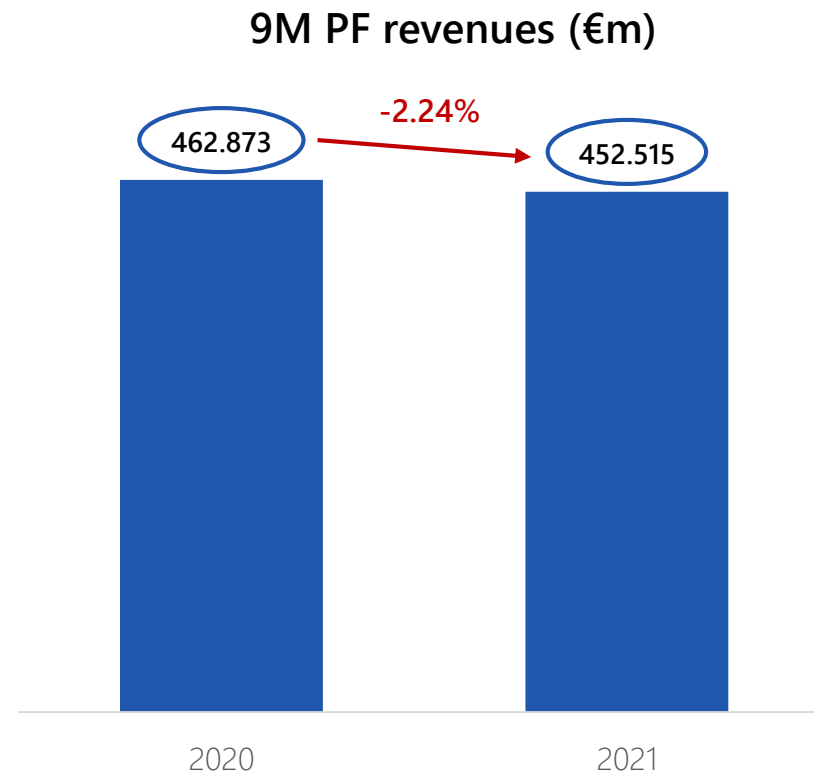
BREAKDOWN AND ANALYSIS

9M PRO-FORMA REVENUE HIGHLIGHTS

The first nine months of 2021 saw a decrease in sales of **2.24%**. Below are some factors that contributed to this result:

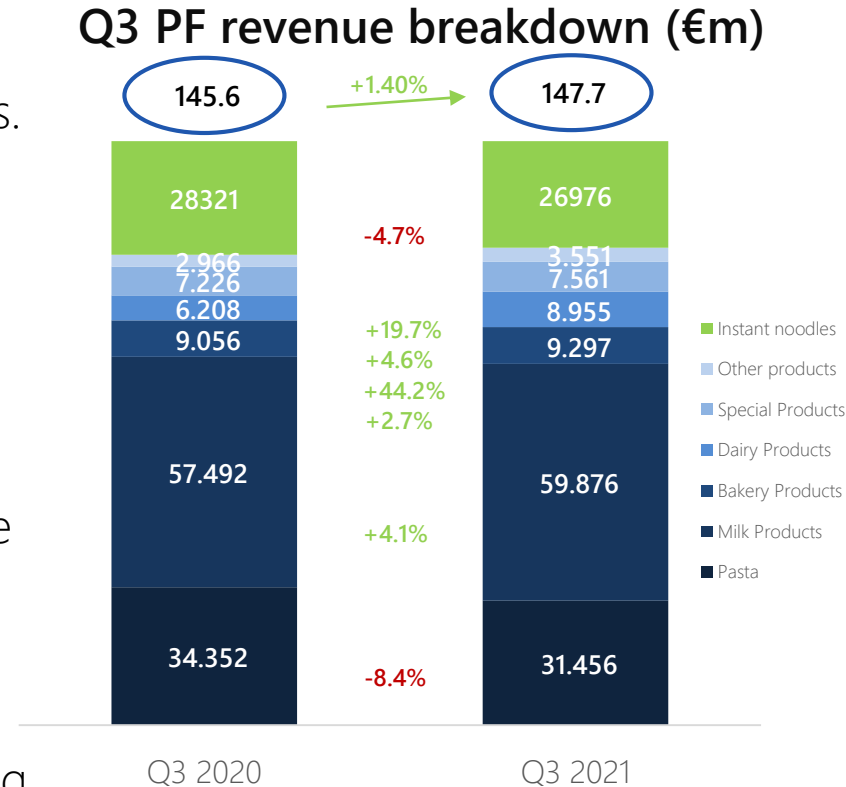
- **Q3 21 recorded an upward trend vs. beginning of the year, with most BUs increasing vs. 2020**
- **In the first months of 2021 there was an increase in marketing and in-store promotional activities to incentivize consumers spending with high profitability.**
- **Very good result** if we take into consideration the exceptional growth recorded in 2020.

→ Consolidated figures (excl. Symington's): **CAGR 2019-2021: +1.8%**



Q3-21 sales showing a positive trend vs. Q3-20

- Newlat **organic revenue recorded a strong improvement in Q3** in almost all of its divisions.
- Overall Newlat organic growth: **+3%**
- Extraordinary growth in **Dairy**, **+44.2%**.
- **Pasta** went down due to excellent performance of Q3-20 (+15% YoY, with record high sales in Germany).
- **Symington's** sales decreased as a result of lifting of Covid restrictions in the UK, which impacted retail sales favouring the food service channel.

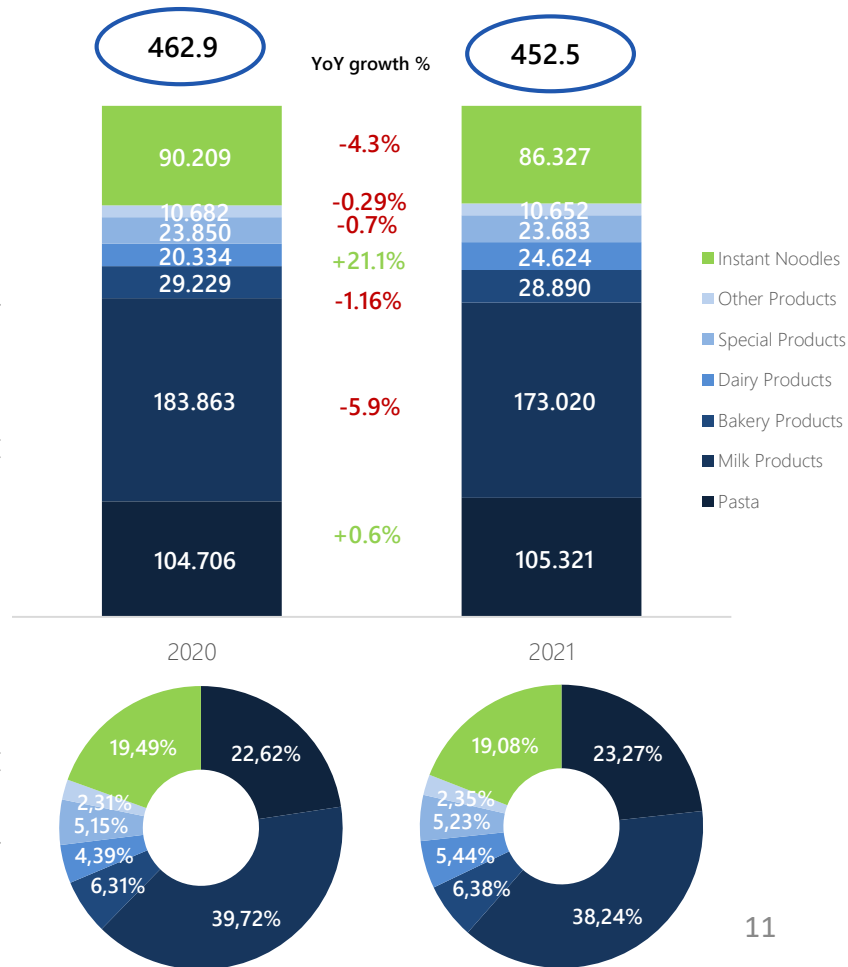


REVENUE BREAKDOWN BY BUSINESS UNIT

The downward trend shown in 9M 2021 slowed down during Q3-21, with an overall decrease of 2.2% compared to 9M 2020.

- The **Pasta** sales increased slightly in the period due to higher sales volumes in Germany. This was counterbalanced by a decrease in the B2B business especially in Italy and PL in the rest of the world.
- **Milk** decreased due to lower sales volumes and higher promotional activity vs. 2020.
- **Bakery Products** contracted slightly vs. 2020
- Revenues relating to the **Dairy Products** segment increased by **21.1%** thanks to higher sales volumes and new clients.
- The **Special Products** segment was substantially stable throughout the period.
- Revenues relating to the **Other Products** segment was in line with last year.
- The **Symington's** products decreased by 4.3% as a result of a decrease in demand in the UK market, as a natural effect of a return to "normalcy". The category accounts for over 19% of Group revenues.

9M PF revenue Breakdown (€m)



REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

- The **large-scale retail distribution** channel went down **2.5%** due to a decrease in demand especially in the milk sector.

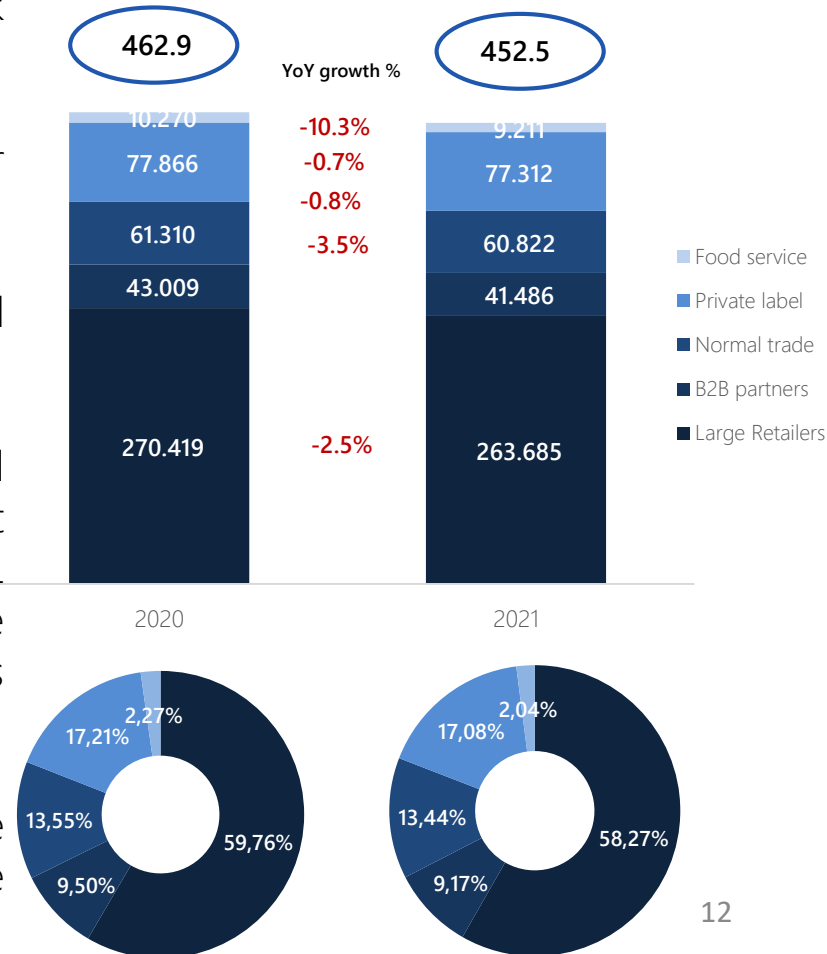
- B2B partners** decreased by **3.2%** as a result of lower pasta sales in this segment.

- The revenues from the **Normal trade** channel remained stable.

- Revenues relating to the **private label** channel recorded remained in line with the previous period but were slightly affected by a decrease in PL pasta sales. PL **now accounts for over 17% of sales** as a result of the acquisition of the Symington's business, which produces bakery products and snacks for major UK retailers.

- Food Service** sales decreased by **10.3%** especially due to a decrease in the milk sector as the food service sector is still struggling to recover.

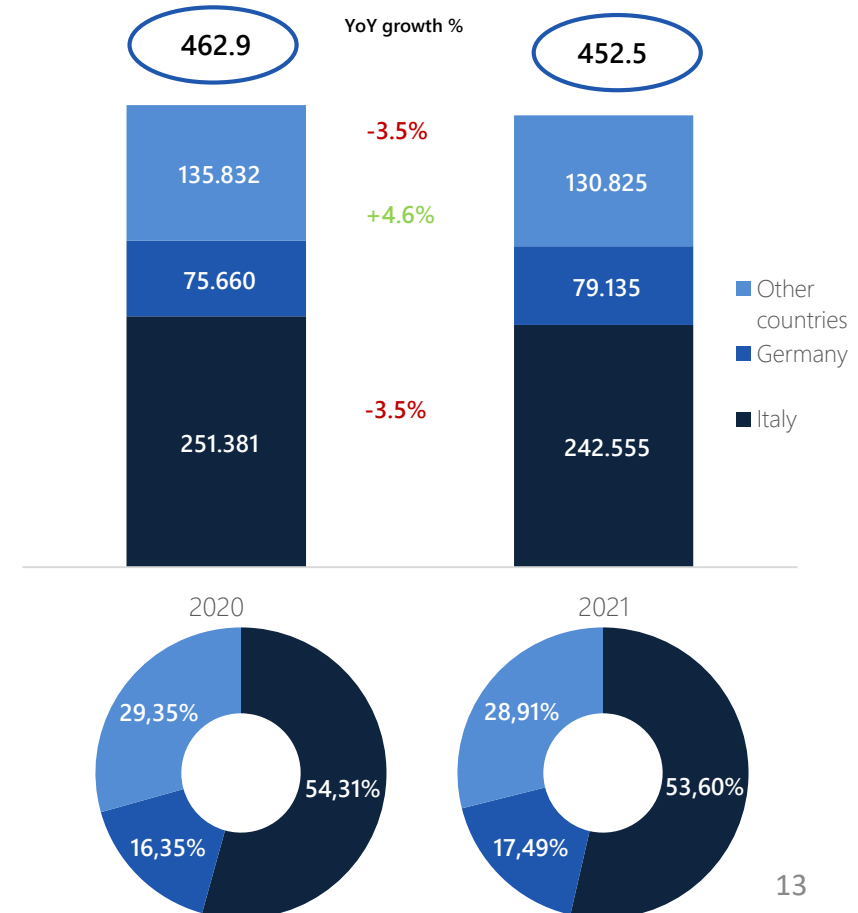
9M PF revenue Breakdown (€m)



REVENUE BREAKDOWN BY GEOGRAPHY

- Other countries now includes UK sales and accounts for almost 30% of revenues.
- Revenues in **Italy** decreased by **3.5%** mainly due to the decrease in the milk and pasta sales.
- Revenues in **Germany** went up **4.6%** as a consequence of higher pasta sales volumes.
- Revenues relating to **Other countries** decrease by 3.5% as a consequence of lower sales volumes in the UK/Symington's business.

9M PF 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 **9.6%** vs. 9.8% in 9M 2020.

The **Pasta** EBITDA went from € 8.0 million in 2020 to €7.1 million in 2021.

The EBITDA relating to **Milk Products** was down compared to 9M 2020, as a result of a less favourable mix. The Milk EBITDA margin was **9.2%**

EBITDA relating to the **Bakery Products** segment increased slightly as a result of better mix contribution. EBITDA Margin **15.6%**.

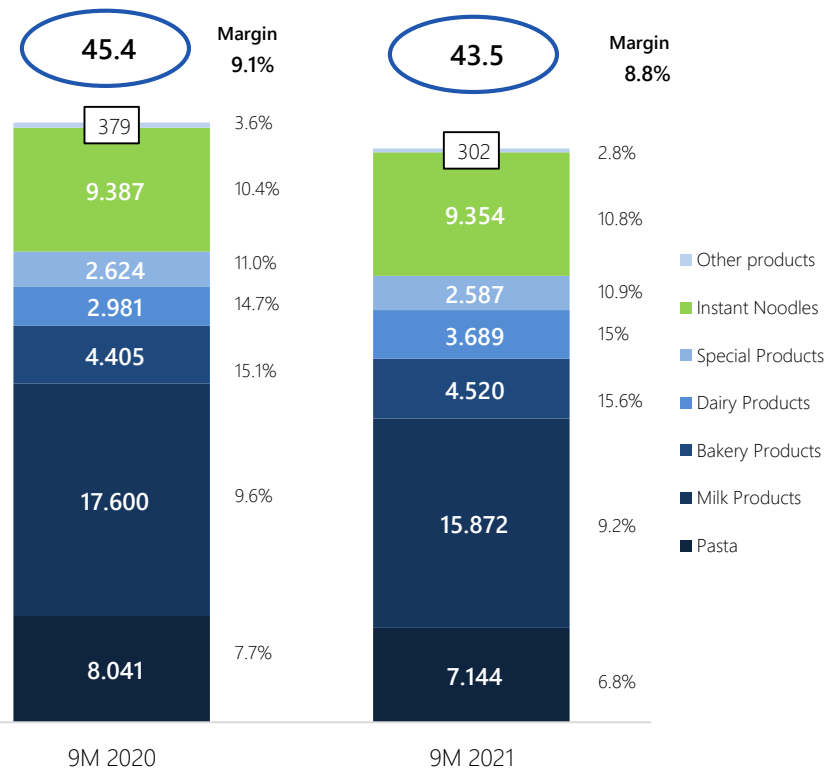
The EBITDA generated from **Dairy Products** increased as a result of the increase in sales volumes, in particular of Mascarpone. EBITDA Margin was **15.6%** vs. 14.1% in 2020.

The EBITDA relating to the **Special Products** segment remain unchanged.

The Symington's EBITDA remains in line with the previous year despite a decrease in sales. EBITDA margin is **10.8%**.

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

EBITDA PF 9M breakdown by business unit



FCF AND NFP IMPROVEMENT

NWC for Newlat Food and Symington's impacted by the decision to reduce DPO in order to increase the loyalty of the suppliers in a period of shortage of raw materials and to increase the opportunity to pay interesting prices by lowering DPOs.

- **We expect a material improvement of Symington's Working Capital** in the next quarters thanks to the harmonization of the working capital policy (particularly, higher DPOs and lower DSOs).
- Considering the interesting valuation of the Newlat Food shares, part of the FCF has been used to **buy back 1.59 million of shares** with a **total investment of €7.6mln**. The buy back could be practically considered as a dividend in shares with circa **2.7% return for each shareholder**.

CASH FLOW STATEMENT €mn	Newlat Food Aggregated 9M 2021	Symington's 9M 2021	Newlat Food 9M 2021
Adj. EBITDA	43.5	9.4	34.1
Net Interest costs	-5.5	0.0	-5.5
Δ NWC	-10.8	-5.0	-5.8
TAX & Others	-2.7	0.0	-2.7
Other	0.0	0.0	0.0
(A) Cash flow from operating activities	24.5	4.4	20.2
Capex	-8.2	-2.0	-6.2
Proceeds from sale of property	0.0	0.0	0.0
IFRS16 CAPEX	-6.5	-1.3	-5.3
Acquisition of businesses	-63.6	0.0	-63.6
(B) Cash flow from investing activities	-78.3	-3.2	-75.1
FFC (Oper. CF-CAPEX-non contr.min.)	9.8	1.1	8.7

Q&A

Appendix

CONSOLIDATED BALANCE SHEET

In € thousand	30 September 2021	31 December 2020	In € thousand	30 September 2021	31 December 2020
Non-current assets			Equity		
Property, plant and equipment	156,624	151,541	Share capital	43,935	43,935
Right of use	39,205	18,452	Reserves	90,588	61,134
Intangible assets	91,902	51,058	Currency translation reserve	(445)	
Investments measured with equity method	1,401	1,397	Net Income	8,268	37,556
Non-current financial assets valued at fair value with impact on I/S	741	746	Total Group Equity	142,345	142,626
Financial assets stated at amortized cost	801	801	Equity attributable to non-controlling interests	16,557	13,431
Deferred tax asset	7,347	5,466	Total Consolidated Equity	158,902	156,057
Total non-current assets	298,021	229,461	Non-current liabilities		
Current assets			Provisions for employees	14,525	15,411
Inventory	64,781	41,347	Provisions for risks and charges	1,619	1,587
Account receivables	64,324	71,268	Deferred tax liabilities	6,738	12,081
Current tax assets	1,786	1,888	Non-current financial liabilities	281,832	94,811
Other receivables and current assets	14,731	11,003	Non-current lease liabilities	30,985	12,436
Current financial assets valued at fair value with impact on I/S	1	4	Total non-current liabilities	335,699	136,326
Cash and cash equivalents	345,088	182,127	Current liabilities		
Total current assets	490,711	307,637	Account payables	165,234	151,388
TOTAL ASSETS	788,732	537,099	Current financial liabilities	97,459	63,121
			Current lease liabilities	7,565	6,57
			Current tax liabilities	5,478	3,438
			Other current liabilities	18,394	20,2
			Total current liabilities	294,129	244,717
			TOTAL EQUITY AND LIABILITIES	788,732	537,099

CONSOLIDATED INCOME STATEMENT

(In € thousand)	30 September	
	2021	2020
Revenue from clients' contracts	383,152	325,686
Cost of goods sold	(298,626)	(254,039)
Gross margin	84,526	71,647
Sales and distribution expenses	(48,827)	(39,061)
Administrative expenses	(18,229)	(16,318)
Net write-offs of financial activities	(1,108)	(927)
Other income	6,120	5,428
Income from business combination	0	20,296
Other operational costs	(5,856)	(3,767)
EBIT	16,627	37,299
Financial income	776	447
Financial expenses	(6,272)	(2,411)
EBT	11,132	35,335
Income tax	329	(4,555)
Net profit	11,461	30,780
Net income attributable to third parties	3,193	799
Group Net Income	8,268	29,981

PROFORMA INCOME STATEMENT

(In € thousand)	30 September	
	PF 2021	PF 2020
Revenue from clients' contracts	452,516	462,873
Cost of goods sold	(353,178)	(356,888)
Gross margin	99,337	105,985
Sales and distribution expenses	(56,921)	(58,376)
Administrative expenses	(21,375)	(23,273)
Net write-offs of financial activities	(1,108)	(1,095)
Other income	6,379	6,631
Income from business combination	0	19,271
Other operational costs	(8,350)	(8,434)
EBIT	17,963	40,710
Financial income	776	497
Financial expenses	(6,824)	(3,677)
EBT	11,916	37,530
Income tax	47	(4,579)
Net profit	11,868	32,951
Net income attributable to third parties	3,193	1,050
Group Net Income	8,676	31,901

CASH FLOW STATEMENT

(In € thousand)	30 September	
	2021	2020
Earnings before tax	11,132	35,334
- <i>Adjustments for:</i>		
Depreciation and amortization	19,381	17,188
Net loss/(gain) on disposal of intangible fixed assets	-	(5)
Financial expenses/(income)	5,495	1,964
Other non-monetary charges from business combinations	-	(20,296)
Other non-monetary charges	-	(15)
Cash flow from operating activities before changes in NWC	36,008	34,170
Change in inventory	(6,496)	(7,380)
Change in account receivables	18,909	6,224
Change in account payables	(7,309)	4,381
Change in other assets and liabilities	(1,659)	6,789
Use of provisions for risks and charges and employees	(853)	(461)
Tax paid	(2,664)	(2,036)
Cash flow from operating activities	35,935	41,687

(In € thousand)	30 September	
	2021	2020
Investments in PPE	(6,546)	(3,908)
Investments in intangible assets	(1,763)	(338)
Divestments of PPE	-	-
Investments in financial assets	4	56
Deferred considerations for acquisitions	(600)	-
Business combination of Centrale del Latte d'Italia Symington's acquisition	-	19,760
	(63,631)	-
Cash flow from investing activities	(72,536)	15,570
Proceeds from long-term debt	36,532	63,500
Repayments of long-term debt	(13,607)	(47,801)
Bond issue	198,434	-
Principal repayments of lease obligations	(8,682)	(5,337)
Net interest paid	(5,495)	(1,964)
Dividend paid		
Purchase of minority interest	(67)	(2,803)
Own shares	(7,554)	(211)
Cash flow from financing activities	199,561	5,384
Net change in cash and cash equivalents	162,960	62,642
Cash and cash equivalents at the beginning of the period	182,127	100,884
Total net change in cash and cash equivalents	162,960	62,642
Cash and cash equivalents at the end of the period	345,088	163,527



A multibrand company

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