



A multibrand company

9M & Q3 2019 RESULTS
NOVEMBER 15TH 2019

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 KEY FINANCIAL HIGHLIGHTS

REVENUES

€222.5m, +4.2% vs 9M 2018

(€227.4m proforma)

with strong growth in *dairy*, *pasta* and *special* products

organic growth (2.7%) mainly from *dairy* and *special* products

revenues from foreign countries accounts for approx. 48%

EBIT

€8.5m, +19.1% vs 9M 2018

(€8.2m proforma)

driven by an increase in sales volumes and improvements in supply chain efficiencies

CASH CONVERSION

82.8% vs 72.8% 9M 2018

strong cash conversion enabling Newlat to deleverage

EBITDA

€18.7m, +11.7% vs 9M 2018

EBITDA margin 8.4% vs 7.8% 9M 2018

(€19.2m proforma)

with exceptionally high double-digit margins in dairy, bakery and special products – driven by an increase in sales volumes and improvements of supply chain

NET INCOME

€5.3m, +23.5% vs 9M 2018

(€4.9m proforma)

net income margin increased to 2.4% vs 2.0% 9M 2018

NET FINANCIAL POSITION

Decrease of €3.5m vs 1H 2019

NFP equal to € (18.7) million

Excluding the effect of *IFRS 16 lease liabilities*, NFP as at 30

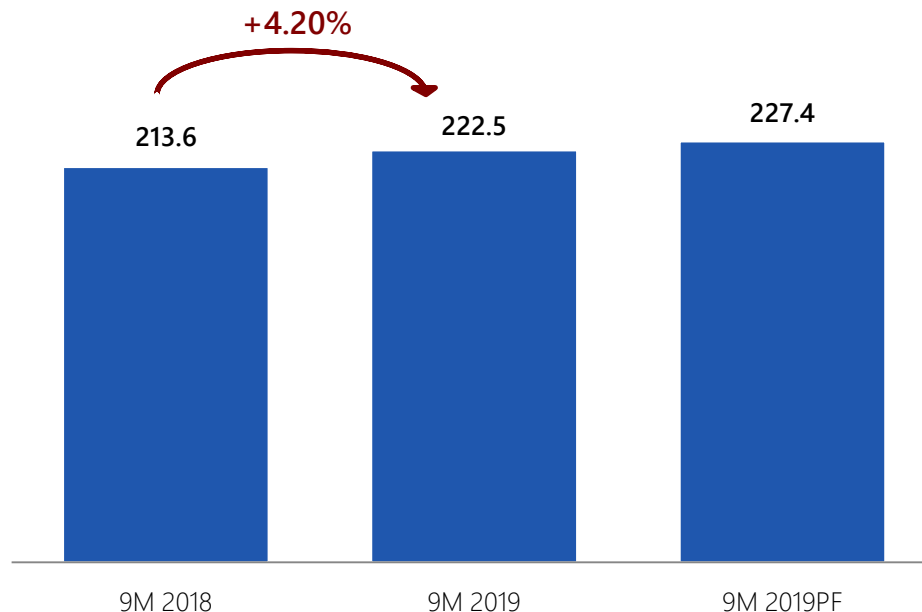
September would have been positive € 1 million vs. negative € 1 million in 1H 2019.

REVENUES SHOWING CONSTANT GROWTH

The first nine months of 2019 confirm a positive trend in the main aggregated economic and financial data of Newlat Food.

The company's consolidated revenues amounted to **€ 222.5 million (€227.4 proforma)*** in 9M 2019, up 4.2% compared to the 9M 2018.

Organic growth equals 2.7%, i.e., excluding the acquisition of Delverde Industrie Alimentari S.p.A.



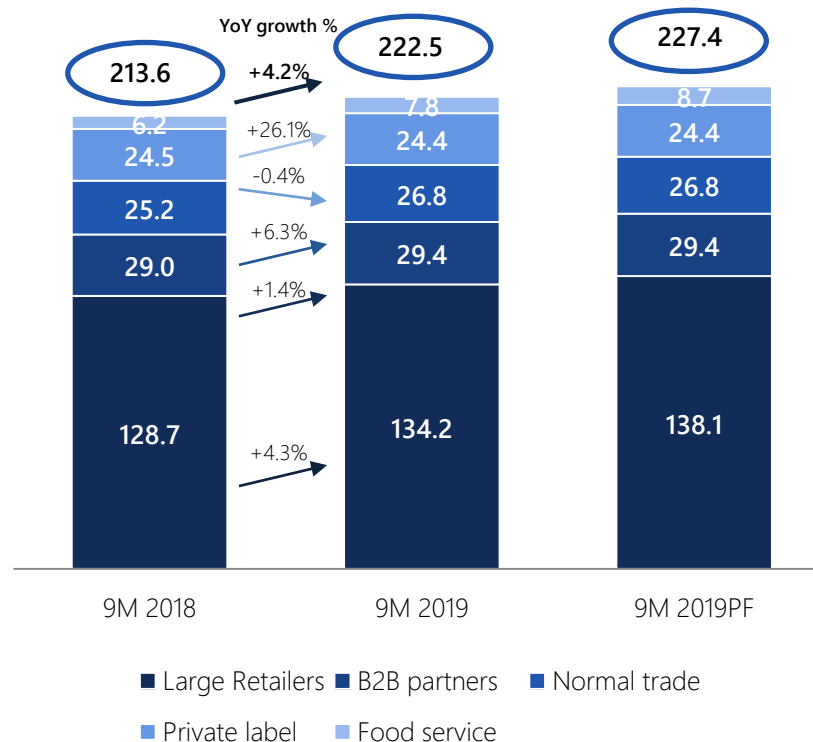
*Proforma figures include:

- i. acquisition of 100% of Delverde Industrie Alimentari S.p.A;
- ii. acquisition of 100% of Newlat Deutschland from Newlat Group SA;
- iii. termination of intercompany service contracts between Group companies and the sole shareholder Newlat Group SA;
- iv. modification of centralized treasury agreements between Group companies and the sole shareholder Newlat Group SA.

REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

- Revenues related to the **large-scale retail distribution** channel increased due to the Delverde contribution, net of which there would have been linearity between the periods.
- The revenues from the **B2B partners** channel increased by 1.4% thanks to new contracts.
- Revenues related to the **normal trade** channel increased mainly due to the increase in sales volumes of the Milk Products and Other Products segments.
- Revenues related to the **private label** channel are substantially in line with the previous year.
- Revenues related to the **food service** channel rose due to the increase in sales of the Dairy Products segments, mainly mascarpone.

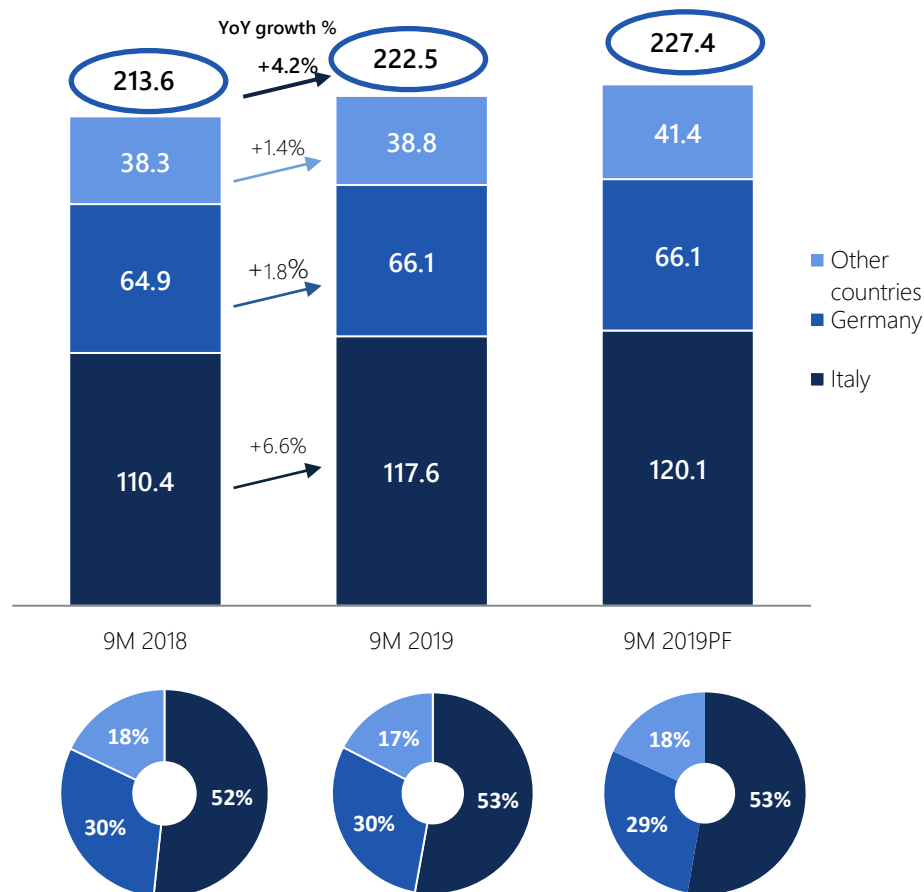
Revenue Breakdown (€m)



REVENUE BREAKDOWN BY GEOGRAPHY

- Revenues related to **Italy** increased mainly due to the contribution of Delverde and to the increase in sales volumes recorded in the *dairy products* and *milk* segment.
- Revenues related to **Germany** increased due to higher sales volumes of *dairy products*.
- Revenues related to **Other Countries** increased in the periods analysed.

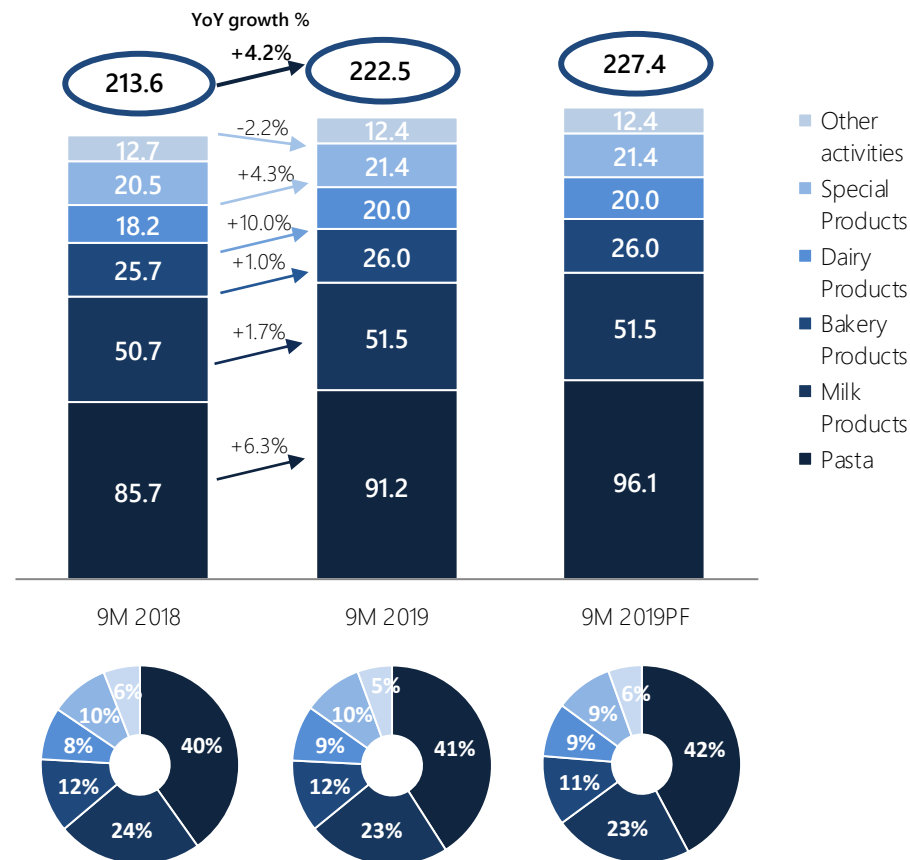
Revenue Breakdown (€m)



REVENUE BREAKDOWN BY BUSINESS UNIT

- Revenues related to the **pasta business unit** show an increase mainly due to Delverde contribution, net of which pasta sales would have been consistent between the periods.
- Revenues related to the **milk products** segment increased mainly due to the increase in sales volumes.
- Revenues from the **bakery products** segment are substantially in line between the periods, with an increase of 1%.
- Revenues related to the **dairy products** segment rose due to the increase in sales of mascarpone due to the entry of new customers.
- Revenues related to the **special products** segment increased as a result of price renegotiations with Kraft-Heinz, as well as sales to new customers.
- Revenues from the **other products** decreased by 2.2%

Revenue Breakdown (€m)



EBITDA BREAKDOWN BY BUSINESS UNIT

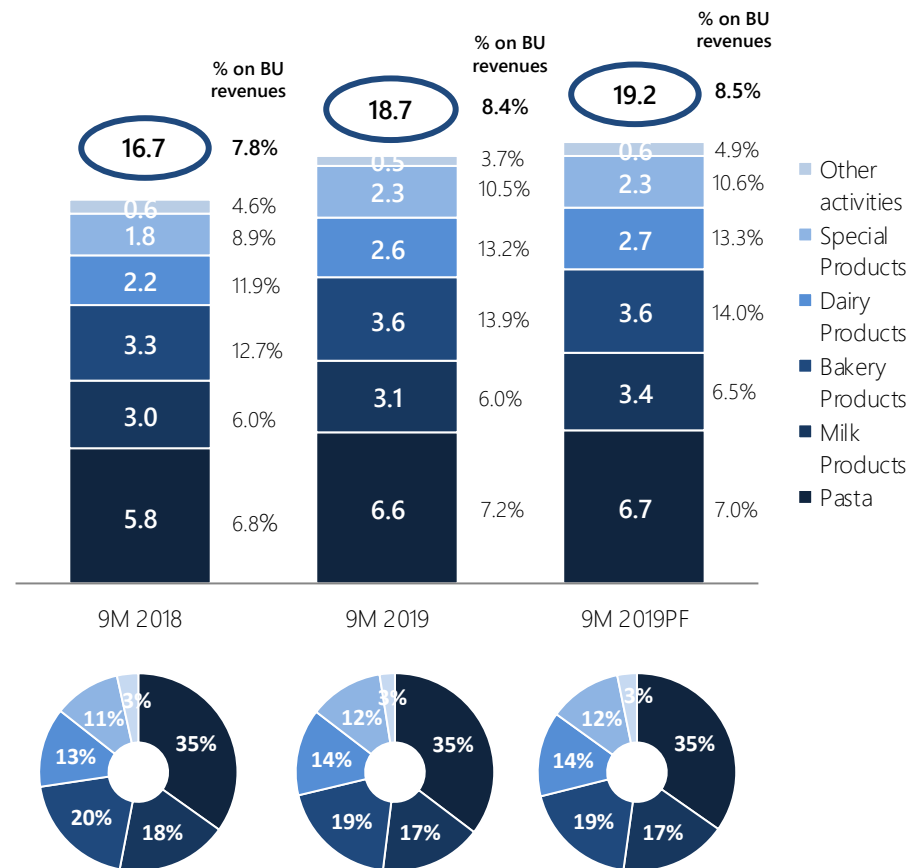
- **EBITDA** increased to **€18.7m**, an increase of 11.7% versus 9M 2018. EBITDA margin reached 8.4%.

This trend is in line with the company's goal to reach double-digit EBITDA margin in the next years.

- Bakery, dairy and special products confirm their positions displaying an exceptional increase, with double-digit margins and double-digit growth versus 9M 2018. This is mainly due to increased sales volumes.

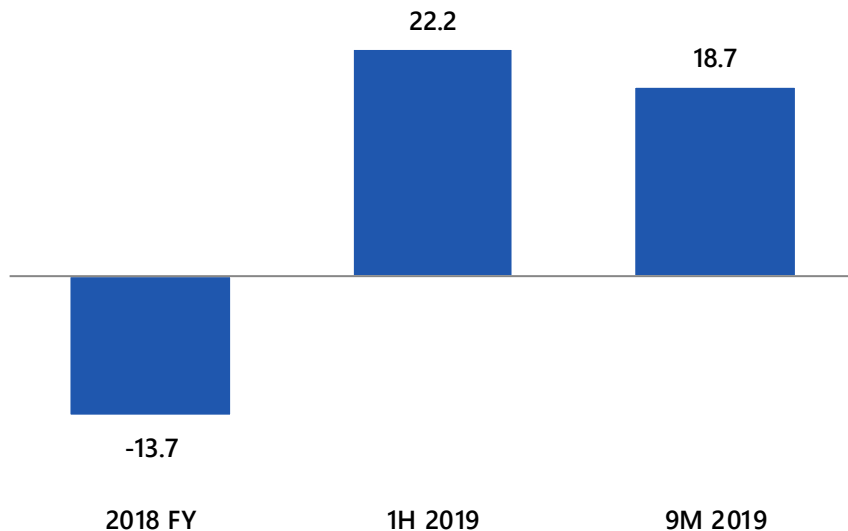
- Pasta marginality rose significantly versus 9M 2018 thanks to an increase in sales volumes of higher marginality SKUs.

EBITDA Breakdown (€m)

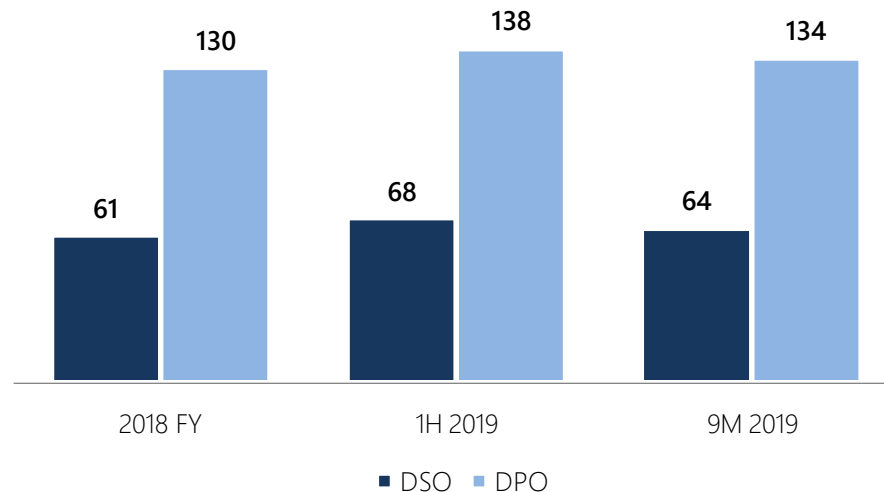


ALTERNATIVE PERFORMANCE INDICATORS

Net Financial Position (€m)



DSO and DPO



Net financial position shows a clear improvement compared to the figures as at 30 June 2019 for around € 3.5 million due to a good performance of the third quarter.

Excluding the effect of *IFRS 16 lease liabilities*, NFP as at 30 September would have been positive € 1 million vs. negative € 1 million in 1H 2019

DSO and DPO levels are constantly optimised in the period thanks to agreements with customers and suppliers.

Appendix

INCOME STATEMENT

(in €m)	9M 2018	9M 2019	9M 2019PF
Revenue from clients' contracts	213.56	222.54	227.44
Cost of goods sold	-177.38	-183.91	-188.02
Gross margin	36.18	38.62	39.42
Sales and distribution expenses	-20.15	-20.51	-21.13
Administrative expenses	-9.33	-10.06	-10.45
Net write-offs of financial activities	-0.81	-0.90	-0.93
Other income and revenues	3.49	3.44	3.57
Other operating costs	-2.28	-2.12	-2.24
EBIT	7.12	8.47	8.24
Financial income	0.97	0.34	0.38
Financial expenses	-1.40	-1.10	-1.20
EBT	6.69	7.72	7.42
Taxes	-2.38	-2.39	-2.52
Net Income	4.31	5.33	4.90
EBITDA	16.71	18.67	19.23

INCOME STATEMENT – Q3 2019 vs. Q3 2018

(in €m)	Q3 2019	%	Q3 2018	%
Revenues from clients' contracts	68.51	100.0%	62.46	100.0%
Cost of goods sold	-56.08	-81.9%	-51.16	-81.9%
Gross margin	12.4	18.1%	11.30	18.1%
Sales and distribution expenses	-4.67	-6.8%	-6.17	-9.9%
Administrative expenses	-3.63	-5.3%	-3.23	-5.2%
Net write-offs of financial activities	-0.02	0.0%	-0.42	-0.7%
Other income and revenues	0.45	0.7%	1.01	1.6%
Other operating costs	-0.87	-1.3%	0.56	-0.9%
EBIT	3.69	5.4%	1.93	3.1%
Financial income	-0.03	0.0%	0.32	0.5%
Financial expenses	0.16	-0.2%	-0.44	-0.7%
EBT	3.50	5.1%	1.81	2.9%
Taxes	-0.86	-1.3%	-0.85	-1.4%
Net Income	2.64	3.9%	0.96	1.5%
EBITDA	6.79		5.09	

BALANCE SHEET

<i>(In € thousand)</i>	Ended 30 September 2019	Ended 31 December 2018	<i>(In € thousand)</i>	Ended 30 September 2019	Ended 31 December 2018
Non-current assets			Equity		
Property, plant and equipment	32,107	30,669	Share capital	27,000	27,000
Right of use	19,629	18,577	Reserves	-8,829	30,588
Intangible assets	25,188	25,713	Net Income	5,325	5,952
Non-current financial assets valued at fair value with impact on I/S	41	32	Total Equity	23,496	63,540
Financial assets stated at amortised cost	868	858	Non-current liabilities		
Deferred tax assets	3,858	4,844	Provisions for employees	10,879	11,038
Total non-current assets	81,692	80,693	Provisions for risks and charges	1,363	1,008
Current assets			Deferred tax liabilities	3,854	3,850
Inventory	30,006	25,251	Non-current financial liabilities -		1,778
Account receivables	58,657	53,869	Non-current <i>lease</i> liabilities	14,374	14,110
Current tax assets	562	775	Other non-current liabilities	2,118	3,121
Other receivables and current assets	3,527	14,440	Total non-current liabilities	32,588	34,905
Current financial assets valued at fair value with impact on I/S	4	4	Current liabilities		
Cash and cash equivalents	50,143	61,786	Account payables	97,367	92,221
Total current assets	142,899	156,125	Current financial liabilities	48,774	27,163
TOTAL ASSETS	224,591	236,818	Current <i>lease</i> liabilities	5,663	5,087
			Current tax liabilities	287	410
			Other current liabilities	16,416	13,492
			Total current liabilities	168,506	138,373
			TOTAL EQUITY AND LIABILITIES	224,591	236,818

CASH FLOW STATEMENT

Ended 30 September			Ended 30 September		
(In €m)	2019	2018	(In €m)	2019	2018
Earnings before tax	7.72	6.69	Investments in PPE	-3.07	-4.19
- <i>Adjustments for:</i>			Investments in intangible assets	-0.14	-0.355
Depreciation and amortisation	9.29	8.78	Disposal of PPE	0.02	0.024
Net loss/(gain) on disposal of intangible fixed assets	-0.01	-0.02	Divestments of financial assets	-	0.276
Financial expenses/(income)	0.76	0.43	Deferred considerations for acquisitions	-0.95	-1.50
Other non-monetary charges	0.71	-4.96	Acquisition of Delverde Industrie Alimentari S.p.A. net of cash acquired and others	-1.61	-
Cash flow from operating activities before changes in NWC	18.46	10.91	Business combination of Newlat Deutschland	-45.00	-
Change in inventory	-1.96	-1.95	Cash flow from investing activities	-50.74	-5.75
Change in account receivables	-3.22	1.17	Proceeds from long-term debt and others	-	-
Change in account payables	0.880	-6.81	Repayments of long-term debt and others	-1.08	-1.30
Change in other assets and liabilities	12.60	3.51	Change in short-term debt	20.31	19.32
Use of provisions for risks and charges and employees	-0.99	0.13	Principal repayments of lease obligations	-4.03	-3.58
Tax paid	-1.2	-0.94	Net interest paid	-0.676	-0.361
Cash flow from operating activities	24.57	6.03	Cash flow from financing activities	14.52	14.07
			Net change in cash and cash equivalents	-11.64	14.35
			Cash and cash equivalents beginning of period	61.79	72.06
			Total net change in cash and cash equivalents	-11.64	14.35
			Cash and cash equivalents end of period	50.14	86.41

NET FINANCIAL POSITION BREAKDOWN

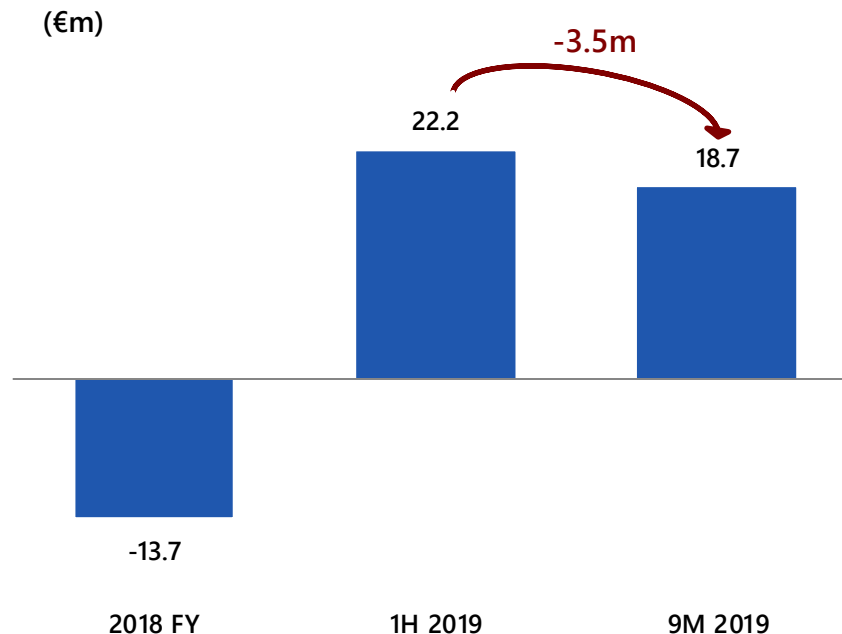
NFP as at 31 December 2018 (€m) 13.7

Acquisition of Newlat Deutschland	-45
Acquisition of Delverde	-6.5
EBITDA	11.9
Working capital	7.5
Interest and tax	-1.2
Investments	-2.2
Other minor	-0.4

NFP as at 30 June 2019 -22.2

EBITDA	6.8
Working capital	-1.6
Interest and tax	-0.6
Investments	-1
Other minor	-0.1

NFP as at 30 September 2019 -18.7





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