



## **Q1 2024 Results Presentation**

14 May 2024

# 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 Newlat Food shall not be taken as a representation or indication that such performance will continue in the future.

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# The taste



# of growing



# About us

**We are an Italian company whose core business is carried out in the agri-food sector.**

As one of Italy's leading producers, we provide the market with indisputably high-quality products every day, thanks to our historical brands in the milk and dairy, pasta and baked goods sectors, instant foods and home baking, as well as in the areas of nutraceuticals and baby foods.

**We are leaders in the food & beverage sector and one of Italy's leading producers of:**

- Milk and dairy products
- Pasta and baked goods
- Gluten-free, protein-free and high protein products
- Baby food
- Instant food
- Home baking & baking aids





# The group at a glance

- **4 Core markets**
- More than **3,000** products
- More than **20,000** clients among the most important retailers in Europe
- **€793.3 million** revenue in 2023
- More than **2,500** employees
- Export to more than **60 countries**
- **19 facilities** across Italy, UK, Germany and France
- **7 main product categories**





# Q1 2024 HIGHLIGHTS





# Q1 2024 key financial highlights

## Revenues

- €199.6 m vs. € 207. -3.7% vs. Q1 2023
- Positive performance in pasta (+25% volume; +2.3% revenue) and dairy (+23.5% volume; +2.5% revenue);
- Special products still negatively affected by new machinery installations slowing down production
- Germany still showing positive growth (+1.2%) despite the challenging comparison base (Q1 23: + 19.5%)

## EBIT

- EBIT: € 8.5 million, +12.5% vs. € 7.6 m in Q1 2023\*

## Free Cash Flow

- Underlying FCF\*\* : € 10.5 million, well above Q1 2023
- Cash conversion\*\*\*: 85%

## EBITDA

- Adj. EBITDA €18.9 m, +3.9% vs. €18.2 m in Q1 2023
- Adj. EBITDA margin 9.5% vs. 8.8%
- Higher margins despite lower sales thanks to better product mix and new value-added contracts

## Net Income

- Net Income: €5.2 million, +25.4% vs. 4.1 million in Q1 2023\*

## Net Financial Position

- Net Debt (ex. IFRS 16 lease liabilities): €22.3 m vs € 29.5 million at FY 2023
- Net Debt (incl. IFRS 16): €66m vs. € 74.3 million in FY 2023.

\* 1Q 2023 adjusted figure excluding income from business combination of € 2.2 million related to the EM Foods acquisition

\*\* Underlying FCF: Operating CF - CAPEX

\*\*\*Cash conversion is defined as: (EBITDA - CAPEX)/EBITDA.

# Q1 2024 SALES BREAKDOWN AND ANALYSIS



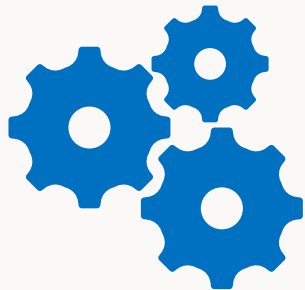


# Q1 2024 performance

## Revenues analysis



In the first quarter of 2024, revenue slightly declined by 3.7%, particularly due to heavy PPE investments in the Ozzano Taro special products plant, which slowed down and partially halted production and sales. Despite a sharp drop in average selling prices due to deflation, **most business lines outperformed their Q1'23 levels** thanks to **higher demand**. Excluding the special foods performance, **revenues would have increased by 0.2% (€195.6m vs. €195.8m)**.



**Investments 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** for new commercial development challenges.

## EBITDA and EBITDA Margin

Despite a volatile market and significant deflationary wave, the Group reported a 3.7% increase in Adj. EBITDA compared to the same period last year, achieving €18.9 million vs. € 18.2 m, with an Ebitda margin of 9.5% (up from 8.8% in Q1'23).

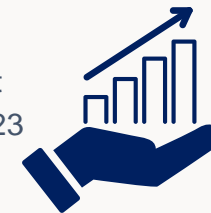


## Cash Generation



## Net Debt

€ 8.4 million improvement since FY 2023



# Special products: new lines and new partnerships underway (1)

Starting from the second half of 2023 and continuing into Q1 2024, important industrial investments were made at the Ozzano Taro special products plant.

These investments are aimed at:

- consolidating the plant's position as one of **the most specialised and diversified plants in Italy**, capable of manufacturing a wide range of products according to specific dietary needs (baby food, low and high protein, gluten free etc.) and specific packaging requests (aseptic, single-portion, etc.)
- **Entering new and complementary market segments** and subsegments, such as probiotics and postbiotics, functional drinks, flatbread crackers, breakfast biscuits.

In particular:

## 1. New Oven Line

Dedicated to producing both standard breakfast and specialized dietary cookies and bread substitutes, including gluten-free and low-protein options.



## 1. New Bakery Product Launches

- Opportunity to enter for the first time the **breakfast biscuit market** (previously Ozzano Taro only produced GF and low protein) with a variety of recipes.
- New Delverde/Crostino Dorato “sfoglie” launching soon



## Oven and single-portion packaging

- **State of the art ovens** and packaging lines (inc. single-serve), completely automated for maximum efficiency.
- Suitable for different productions: sweet biscuits, crackers, GF, etc.



# Special products: new lines and new partnerships underway (2)

## 2. Infant and Adult Milk

Investing in new technologies for preparation and aseptic packaging of nutritional beverages suitable for various diets. Completely new and automated packaging line for bottles (EU reg. compliant)

## 3. Functional Beverages

Developing drinks for adults and children over one year, including meal replacements, isotonic, enhanced waters, and energy drinks

### Post-Biotic Products

Focusing on functional products enriched with post-biotics to promote digestive, immune, and metabolic health, packaged in resealable single servings for freshness.



## 2. New baby formula packaging line

- New Tetrapak packaging line, EU compliant with cap anchored to the bottle
- More efficient production processes for liquid milks
- New spray drier for powder formula to be installed soon



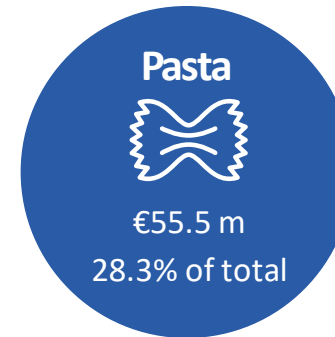
## 3. Functional drinks, probiotics and postbiotics

A wide range of functional milks and beverages, with a special focus on the digestive, immune and metabolic systems

# Revenue breakdown by business unit

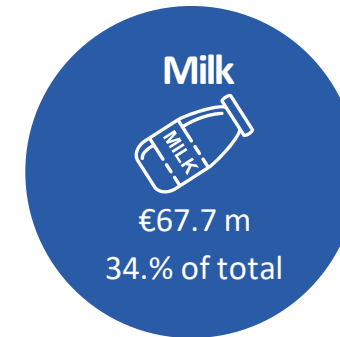
- Our main business units of **Pasta, Milk, Bakery and Dairy** **increased** despite lower prices, underscoring a **significant increase in sales volumes**, in particular in **pasta and dairy with over a 20% increase in volume**.
- Despite lower selling prices, the **Instant Noodles and dessert mixes** segment maintained nearly stable revenues with a slight decrease of 2.6% mainly as a result of lowering prices.
- The **Special Products** segment, only marginal in terms of total revenue contribution, faced a significant reduction, with sales decreasing to €3.7 million, primarily due to lower sales volumes associated with ongoing investments at our Ozzano Taro plant. Despite the downturn, we are focused on the long-term potential and benefits of these strategic investments, including the entry into new markets (e.g. breakfast biscuits, flatbreads and functional drinks).

+25%  
volumes



+2.3%  
YoY

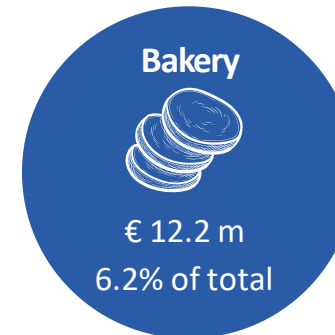
+4.5%  
volumes



+0.3%  
YoY

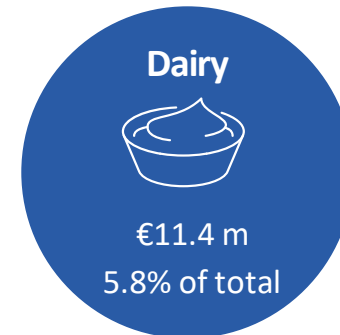


-2.6% YoY



+1.2%  
YoY

+12.4%  
volumes



+2.5%  
YoY

+23.5%  
volumes



-68.4%  
YoY

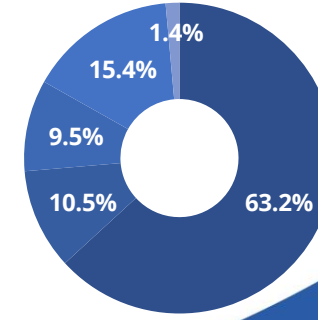
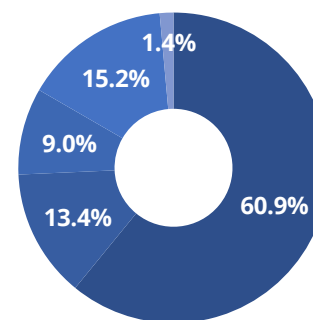
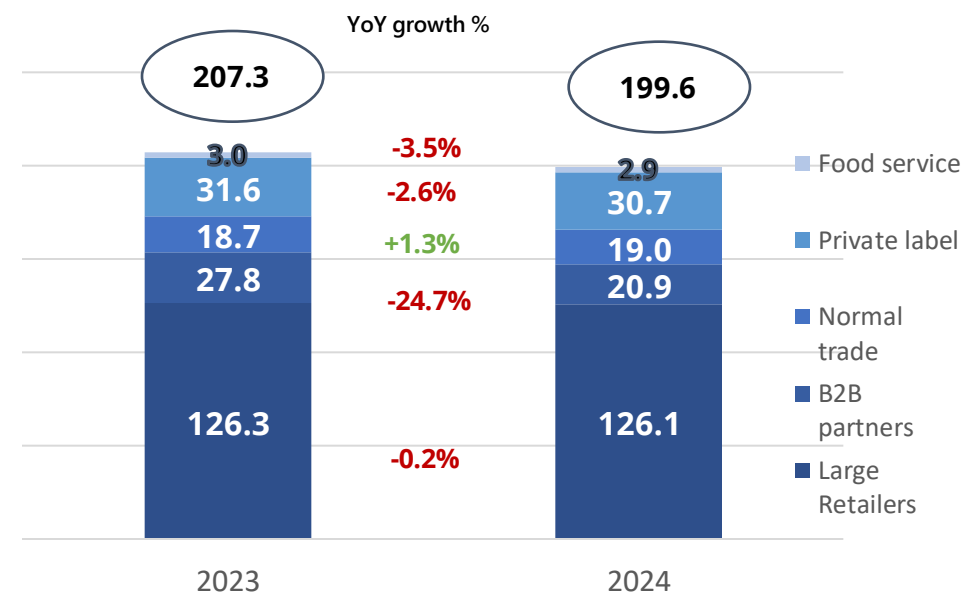


# Revenue breakdown by distribution channel

Most segments had a stable **performance compared** to Q1 2023, with some slight contractions mainly related to lower prices.

- The only channel that went down significantly (-24.7%) was the **B2B channel**, as most of the sales in this area are related to the special products business.
- Normal trade recorded an increase following higher sales volumes of milk, offsetting the reduction in prices.

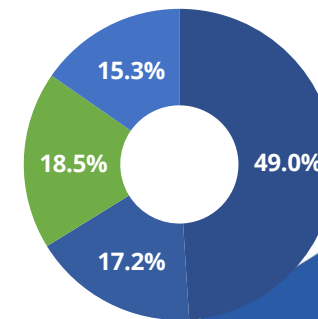
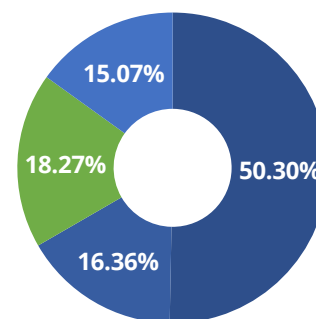
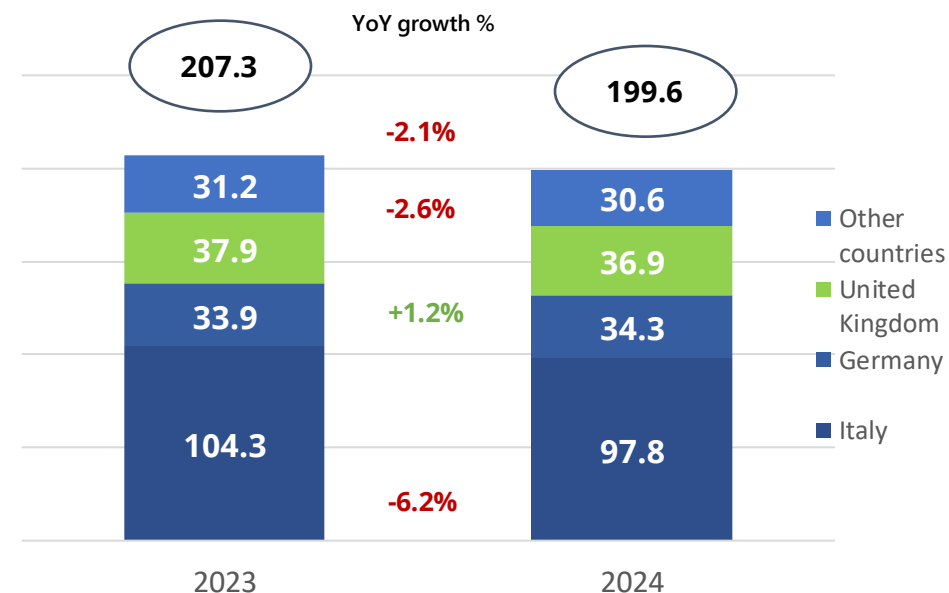
Revenue breakdown (€m)



# Revenue breakdown by geography

- Italy: slight decrease in revenues by 6.2% from Q1'23, this change is largely attributed to a decrease in sales volumes in the special products sector following the investments that slowed down production.
- We reported an increase in revenues in Germany, by 1.2% YoY. This increase is thanks to a surge in pasta sales volumes, which more than offset a slight reduction in average selling prices, reflecting our strong market positioning and ongoing efforts to optimize our product mix.
- In the UK, revenues saw a modest decline of 2.6% to €36.9 million, primarily due to lower average selling prices. Despite these pressures, we remain committed to strengthening our market strategies and enhancing value proposition to rebound and drive growth. → New investments currently under analysis to improve product quality and packaging solutions for instant noodles and pasta.

## Revenue breakdown (€m)





# EBITDA breakdown by business unit

Despite the decrease in revenues, Adjusted **EBITDA increased to €18.9 m** compared to €18.2 million in Q1 2023. **Adj. EBITDA margin** was **9.5%** vs. 8.8%. The increase in margins is mainly related to a better mix and new contracts especially in the pasta business.

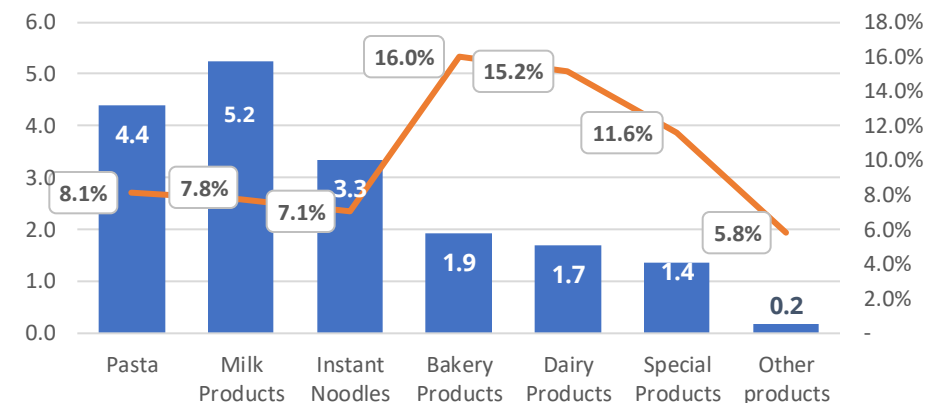
**Pasta and special products** had the best performance in terms of EBITDA margin improvement with an increase of 110 bps and 300 bps respectively. **Milk** margins also increased slightly to reach 8%.

**Instant noodles** performed positively with an EBITDA margin improvement of 140 bps, reaching 8.5%.

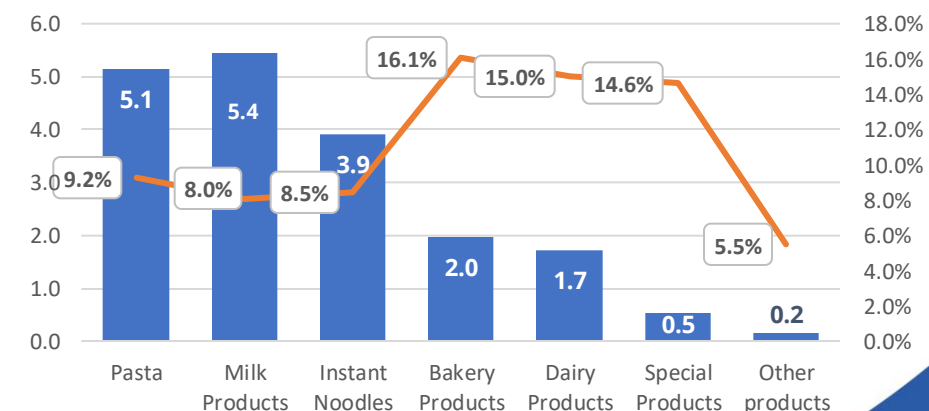
**Bakery and dairy** maintained a double-digit **EBITDA margin** at around **16.1%** and **15%** respectively.

This positive result confirms that all strategic and commercial initiatives put in place during the first quarter of the year were successful in improving average profitability despite a general decrease in average selling price.

Adj. EBITDA (€m) and EBITDA margin Q1 2023



Adj. EBITDA (€m) and EBITDA margin Q1 2024



# Free cash flow analysis

Newlat reported a **positive FCF of €10.4 million in Q1 2024, well above 2023's level (€7.2 million).**

In particular we highlight:

- The robust **cash flow from operations (€16 million)**, supported by an increase in EBITDA, certainly laid the groundwork for this positive FCF.
- Good cash conversion of ca. 85% vs. 79% in 2023, underscoring Newlat's ability to effectively manage our financial resources.

Cash Flow Generation (€m)	1Q 2024
Adj. EBITDA	18.8
Net Interest Costs/Profit	-1.32
Δ Net Working Capital	-0.85
Tax & Other	-0.67
<b>Cash Flow from Operations (A)</b>	<b>15.96</b>
CAPEX	-2.57
Other Investments	
Acquisition/Dismissal	
IFRS 16 CAPEX	-2.90
<b>Cash Flow from Investing activities (B)</b>	<b>-5.47</b>
<b>Underlying FREE CASH FLOW</b>	<b>10.49</b>



# 2024 outlook

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

## Positive organic growth

Positive organic growth outlook thanks to expansion in European and international markets. Special products expected to recover volumes in 2H 2024



A multibrand company

## Increased margins

Q1 already showed strong margin dynamics, that we expect will continue in the coming quarters, despite deflation and further potential reduction in prices in 2024

## Innovation and investments

Industrial efficiency and product innovation investments made in 2023 and beginning of 2024 to start showing some of their positive contribution in the second half of the year

## M&A focus

Hold strong strategic focus on M&A:  
4 dossiers under analysis

## Increased exports

Increased exposure to international markets and consolidation of partnerships with important industrial counterparts

# Q&A



# Appendix



# Consolidated Income Statement

(In € thousand)	31 March	
	2024	2023
Revenue from clients' contracts	199,572	207,333
Cost of goods sold	(166,177)	(173,704)
<b>Gross margin</b>	<b>33,395</b>	<b>33,629</b>
Sales and distribution expenses	(20,181)	(20,982)
Administrative expenses	(5,075)	(4,846)
Net write-offs of financial activities	(121)	(350)
Other income	0	2,236
Income from Business Combination	2,302	2,652
Other operational costs	(1,826)	(2,554)
<b>EBIT</b>	<b>8,494</b>	<b>9,785</b>
Financial income	4,079	1,586
Financial expenses	(5,403)	(3,125)
<b>EBT</b>	<b>7,169</b>	<b>8,244</b>
Income tax	(1,977)	(1,866)
<b>Net profit</b>	<b>5,193</b>	<b>6,378</b>
Net income attributable to third parties	642	554
<b>Group Net Income</b>	<b>4,550</b>	<b>5,824</b>
Basic EPS	0.11	0.15
Diluted EPS	0.11	0.15



# Balance sheet

<i>In € thousand</i>	31 March 2024	31 December 2023
<b>Non-current assets</b>		
Property, plant and equipment	162,664	164,732
Right of use	42,675	43,773
Intangible assets	90,594	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	799	800
Deferred tax asset	6,522	6,362
<b>Total non-current assets</b>	<b>305,432</b>	<b>309,392</b>
<b>Current assets</b>		
Inventory	77,915	74,099
Account receivables	74,974	84,634
Current tax assets	1,512	1,323
Other receivables and current assets	22,780	22,529
Current financial assets valued at fair value with impact on I/S	77	69
Financial claims valued at amortised cost	13,099	13,099
Cash and cash equivalents	366,866	312,459
<b>Total current assets</b>	<b>557,225</b>	<b>508,212</b>
<b>TOTAL ASSETS</b>	<b>862,657</b>	<b>817,604</b>

<i>In € thousand</i>	31 March 2024	31 December 2023
<b>Equity</b>		
Share capital	43,938	43,935
Reserves	114,176	102,079
Currency translation reserve	(997)	(1,703)
Net Income	4,550	14,325
<b>Total Group Equity</b>	<b>161,668</b>	<b>158,636</b>
Equity attributable to non-controlling interests	16,664	16,022
<b>Total Consolidated Equity</b>	<b>178,332</b>	<b>174,658</b>
<b>Non-current liabilities</b>		
Provisions for employees	10,554	10,951
Provisions for risks and charges	2,475	2,337
Deferred tax liabilities	22,682	22,868
Non-current financial liabilities	352,513	290,466
Non-current lease liabilities	35,641	37,160
<b>Total non-current liabilities</b>	<b>423,865</b>	<b>363,783</b>
<b>Current liabilities</b>		
Account payables	166,198	172,198
Current financial liabilities	49,840	64,653
Current lease liabilities	8,022	7,694
Current tax liabilities	4,835	2,988
Other current liabilities	31,564	31,630
<b>Total current liabilities</b>	<b>260,459</b>	<b>279,163</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>862,657</b>	<b>817,604</b>

# Cash flow statement

(In € thousand)	2024	31 March 2023
Earnings before tax	7,169	8,244
- <i>Adjustments for:</i>		
Depreciation and amortization	8,726	10,098
Financial expenses/(income)	1,324	(1,540)
<b>Cash flow from operating activities before changes in NWC</b>	<b>17,219</b>	<b>16,803</b>
Change in inventory	(3,817)	(14,546)
<i>Change in account receivables</i>	9,539	20,346
Change in account payables	(6,000)	(15,018)
Change in other assets and liabilities	(317)	8,709
Use of provisions for risks and charges and employees	(259)	(150)
<i>Tax paid</i>	(665)	(2,143)
<b>Cash flow from operating activities</b>	<b>15,700</b>	<b>14,002</b>
Investments in PPE	(2,433)	(3,343)
<i>Investments in intangible assets</i>	(133)	(236)
Investments in financial assets	(7)	(10,112)
Deferred considerations for acquisitions		(1,000)
<b>Cash flow from investing activities</b>	<b>(2,572)</b>	<b>(14,692)</b>

(In € thousand)	2024	31 March 2023
Proceeds from long-term debt	70,000	20,000
<i>Repayments of long-term debt</i>	(22,766)	(26,707)
Principal repayments of lease obligations	(2,324)	(3,426)
Net interest paid	(1,324)	1,540
Own shares	(2,306)	(909)
<b>Cash flow from financing activities</b>	<b>41,280</b>	<b>(9,502)</b>
<b>Net change in cash and cash equivalents</b>	<b>54,407</b>	<b>(10,192)</b>
Cash and cash equivalents at the beginning of the period	312,459	287,820
Total net change in cash and cash equivalents	54,407	(10,192)
<b>Cash and cash equivalents at the end of the period</b>	<b>366,866</b>	<b>277,627</b>





## UPCOMING EVENTS

**10 September**

1H 2024 Earnings release

**12 November**

9M 2024 Earnings release

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