



9M 2022 Results Presentation

11 November 2022

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These forward-looking statements are based on Newlat Food S.p.A.'s current expectations and projections about future events.

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Italian

culinary tradition

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, as well as in the areas of nutraceuticals and children's goods.

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

- Milk and dairy products
- Pasta and baked goods
- Gluten-free and protein-free products
- Baby food
- Instant food



The group at a glance

- 3 Core markets
- More than **3,000** products
- More than **20,000** clients among the most important retailers in Europe
- ca. **630 million** revenue
- More than 2500 employees
- Export to more than **60 countries**
- **18 facilities** across Italy, UK & Germany
- **6 product categories**



9M 2022 Highlights

9M 2022 key financial highlights*

Revenues

- €521.2m, +15.2% vs. PF 9M 2021
- Q3 organic growth vs. Q3 2021: +25.6%
- Highest increase in pasta (+36.4%) and dairy (+26%)
- Italy: + 14.6%; UK: +25.1%; Germany: +12%

EBIT

- EBIT was € 11.8 million vs. € 17.9m in 9M 2021. Good growth of EBIT in Q3 2022 (€ 4.02 million vs. € 2.75 in Q2 2022)

Free Cash Flow

- FCF: € 11 million. EBITDA FCF conversion**: 80%, confirming the Company's ability to generate free cash flow.

EBITDA

- EBITDA €39.6 m vs. €43.5 m in 9M 2021
- EBITDA margin 7.6% vs. 9.6% in 9M 2021
- Margin recovery quarter on quarter vs. Q2
- Margins negatively influenced by higher raw material, packaging, energy and logistics prices

Net Income

- Net Income was € 3.5 million vs. adj. € 6.6 m in 9M 2021 (reported at € 11.9 million, which benefited from an additional € 5.3 million for the release of deferred tax liabilities relating to the redemption of the misalignments resulting from M&A)

Net Financial Position

- Net Debt € 38.4 million vs. € 52.9 m in FY 2021
- Excluding IFRS 16 lease liabilities, ND would have been € 7.0 million vs. € 13.8 m in FY 2021.

*2021 figures are proforma and include Symington's from 1st January 2021

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

Naked already ranked 3rd noodle brand by value in Italy after 6 months of distribution

From the latest data provided by IRI, Naked appears to have already gained 1.8% of volume share and 2.4% of value share (much higher than other pre-existing competitors like MARS and Nestlé), **becoming the 3rd player by value** in the Italian noodle market, with a much **higher price than competition** (average is €23.29 per KG vs €16.15 of the leader) with a distribution that is still only 28% of the total (DP)

Mars (Suzi Wan) and Nestlé (Maggi) are respectively 4th and 8th by value in the Italian noodle market



9M 2022 business update

STRATEGIC AND COMMERCIAL INITIATIVES

All commercial initiatives in pipeline have been successfully launched

Very strong commercial power despite higher prices, confirmed by strong underlying volume growth

SYMINGTON'S UPDATE

Re-organisation of the Consett plant: process is ongoing

Working on NPD, continuous investments in efficiency (new pot line, automatisations)

Positive contribution on EBITDA expected in 2023

EM FOODS ACQUISITION

New M&A deal in place: increase the contribution of the bake in box and cake mixes business in Europe

Development of new lines in "flavor and fragrances" business

RAW MATERIAL AND INFLATION

A strong inflationary wave is continuing to be present on the market and it remains difficult at this point in time to make any kind of prediction .

Thanks to the fixed price contracts we do not expect any impact from energy price increases in 2022.

On the basis of the environment described above, we are negotiating additional price increases in 4Q 2022 – 1Q 2023.

9M 2022 SALES BREAKDOWN AND ANALYSIS

9M 2022 revenue highlights

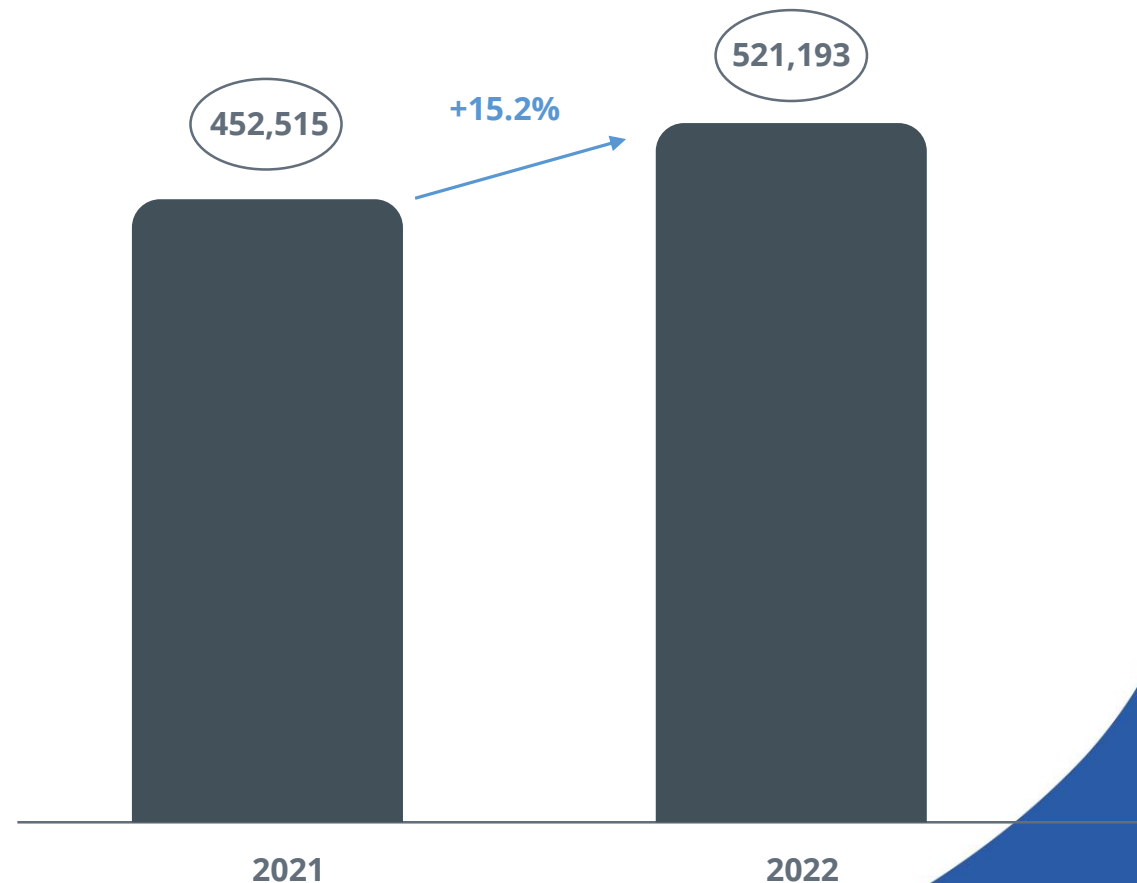
9M 2022 saw an increase in sales of +15.2%

This period was characterized by an acceleration in sales growth thanks to the combined impact of:

- Volume growth of +3% which confirms the strong underlying demand.
- New launches and new listings' contribution confirmed the strong commercial commitment and the quality of our products.
- Strong price increases confirmed the Newlat commitment to protect margins in this challenging environment.

We already started negotiations for additional price increases in all the markets for 2023.

Proforma revenues (€ thousand)



Revenue breakdown by business unit

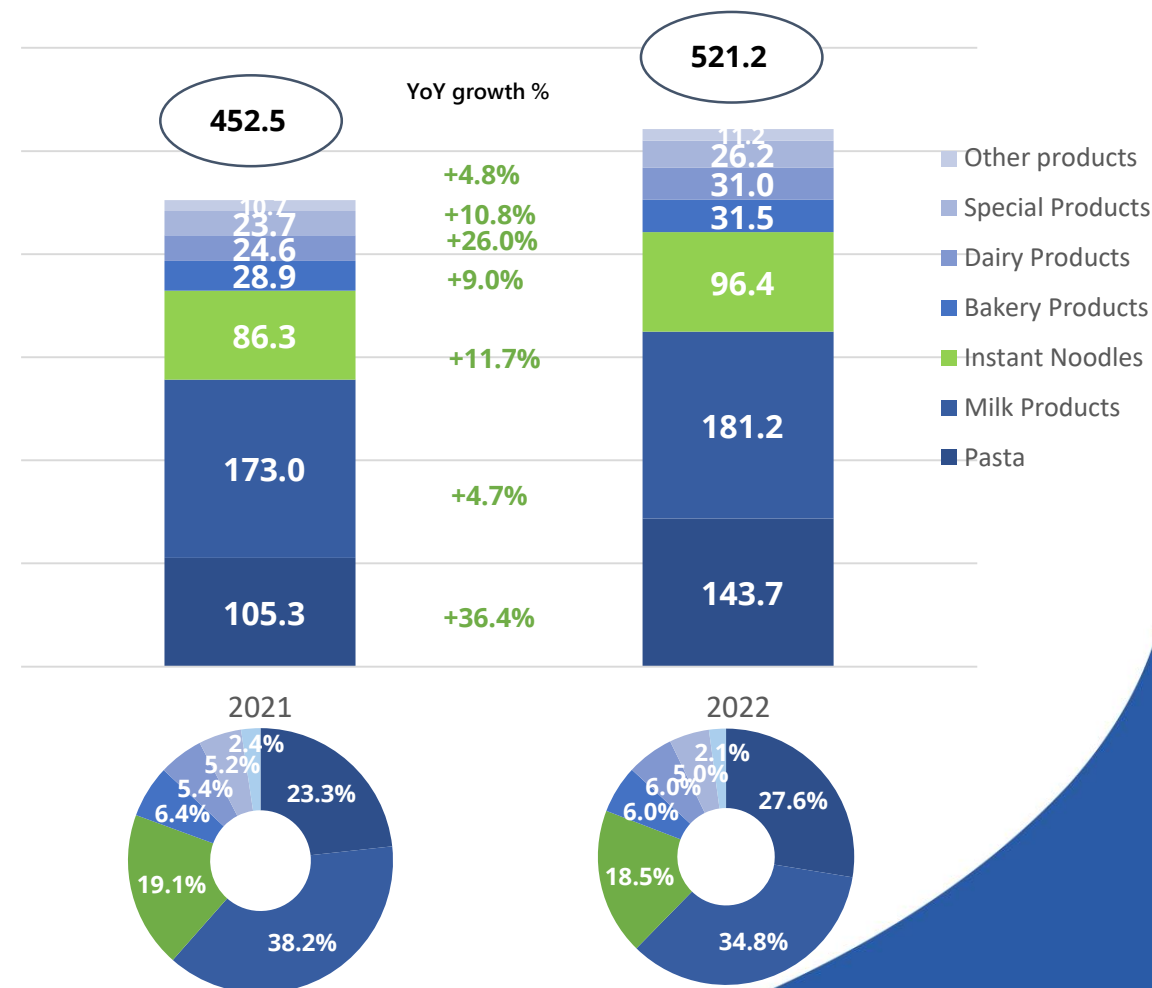
9M 2022 saw an increase in sales of +15.2%.

All the segments were positively impacted by higher average selling prices vs. 2021.

In particular:

- Pasta sales went up by 36.4% also thanks to stronger sales volumes and new customers' contributions.
- The Milk segment grew, driven by a higher demand in the food service and normal trade sectors and a good growth of fresh and UHT milk as well as butter and cream.
- Bakery Products growth was driven by Crostino sales and thanks to an increase in demand in the private label and B2B sectors.
- Dairy Products sales increase was driven by the strong demand of Mascarpone especially in USA (+20%), Canada (+60%), Belgium (+16%), France (+32%) and the Netherlands (+20%). Good growth expected in Q4 due the Christmas period.
- The Instant Noodles revenues grew strongly thanks to product innovation and the export to new markets.
- Special Products segments grew thanks to the development of new countries in the existing contracts.
- Revenues relating to the Other Products increased by 4.8%.

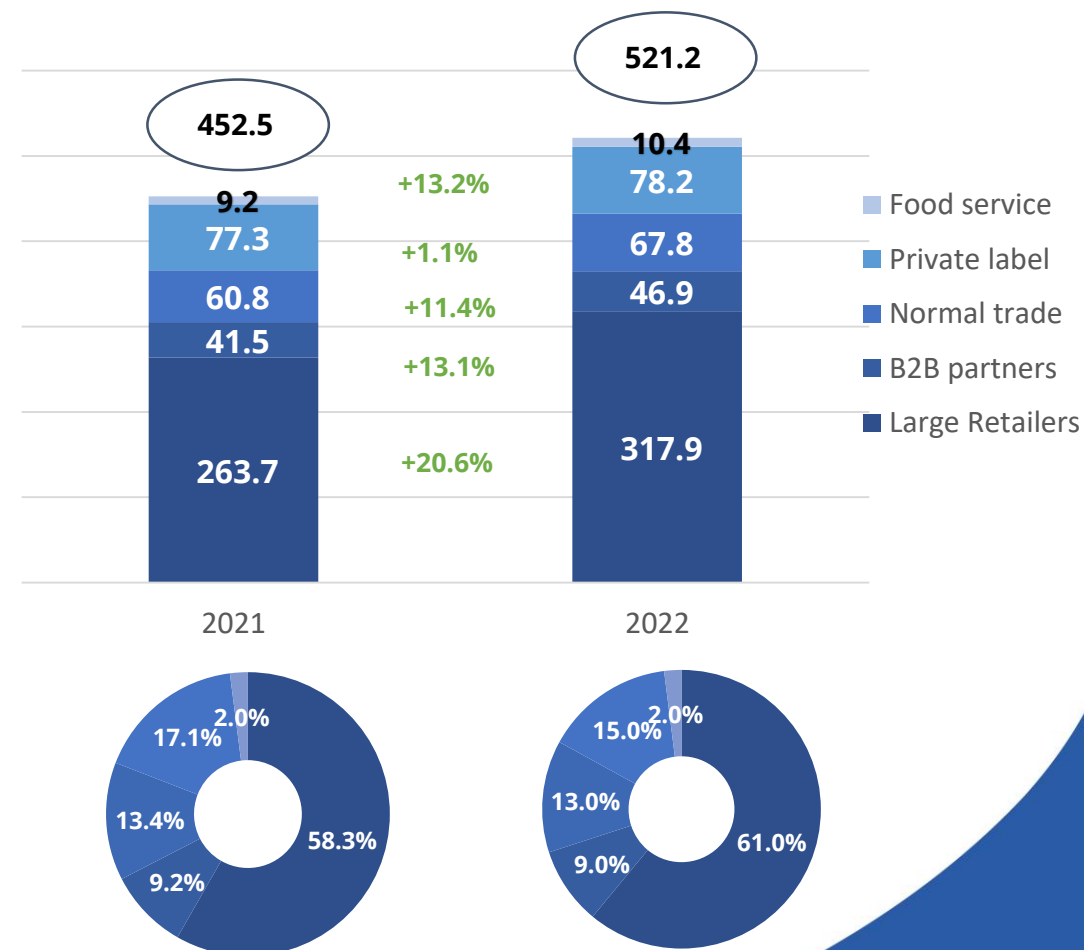
Revenue breakdown (€m)



Revenue breakdown by distribution channel

- The large-scale retail channel sales increased following the entry of new customers and an increase in the average selling price. The product categories that grew the most in this channel were pasta and dairy.
- B2B, normal trade and food service sales went up as a result of higher average selling price and an increase in demand. Very good growth in this channel in the pasta and special products segments.
- Revenues relating to the private label channel recorded an increase compared to the same period of 2021, especially thanks to a growth in the pasta private label business.

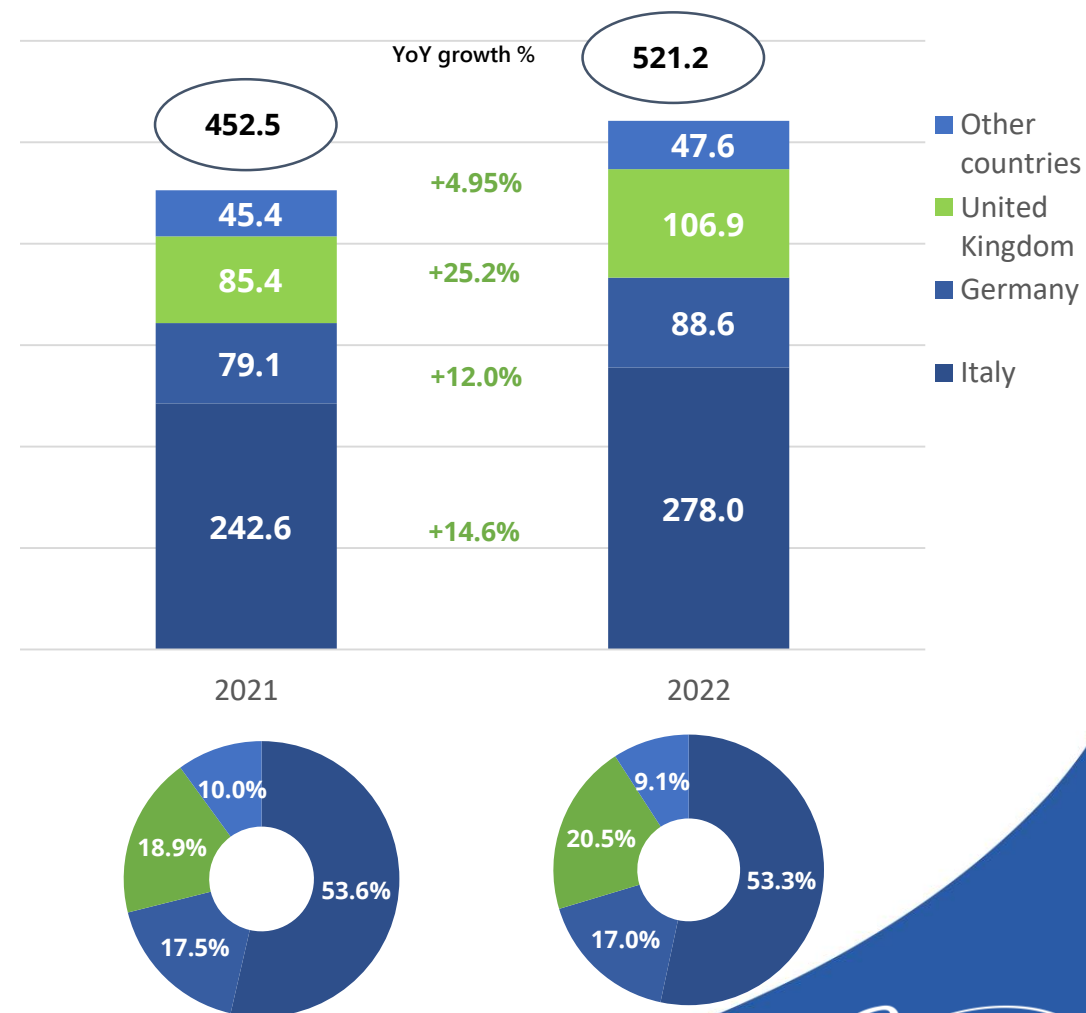
Revenue breakdown (€m)



Revenue breakdown by geography

- Sales were positively impacted by higher ASPs in all geographies.
- Revenues in Italy went up as a result of higher sales volumes in the Pasta, Instant Noodles and Bakery sector. The introduction of the Naked Noodles and Rice range was very well received by Italian retailers and consumers, which can be seen in market data.
- In Germany, revenues increased following higher sales volumes in the Pasta and Dairy sectors as well as thanks to the introduction of the Symington's instant noodles range in Germany.
- United Kingdom sales grew 25.2% thanks to higher sales volumes in the Pasta and Instant Noodles sectors.
- Revenues relating to the Other Countries increased by 4.95% in the period under review.

Revenue breakdown (€m)



EBITDA breakdown by business unit

EBITDA was €39.6m in 9M 2022, compared to €43.5 million in 9M 2021.

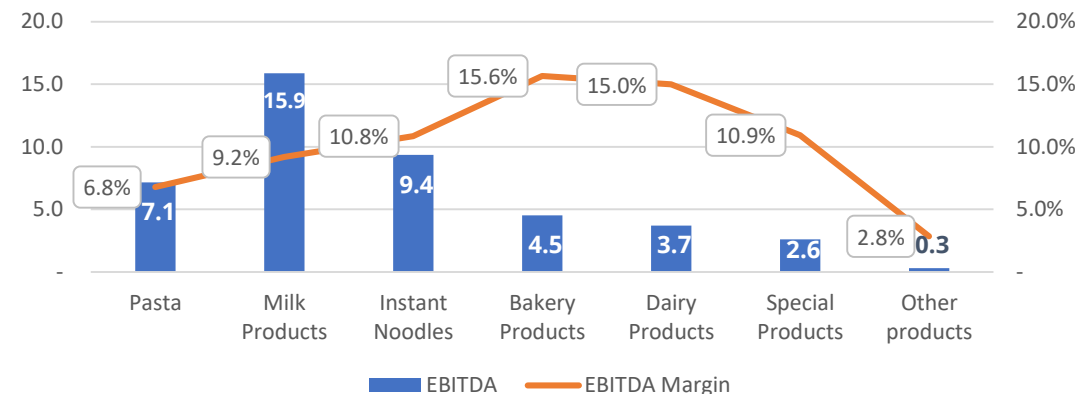
In Q3, EBITDA was € 14.2 million, reaching the peak of the year with an increase of +19.2% vs. Q2 and +11% vs. Q1 2022.

Despite the very challenging scenario in terms of cost inflation, the Group has been able to mitigate the dilution of profitability driven by the time mismatch between cost increase and cost pass through.

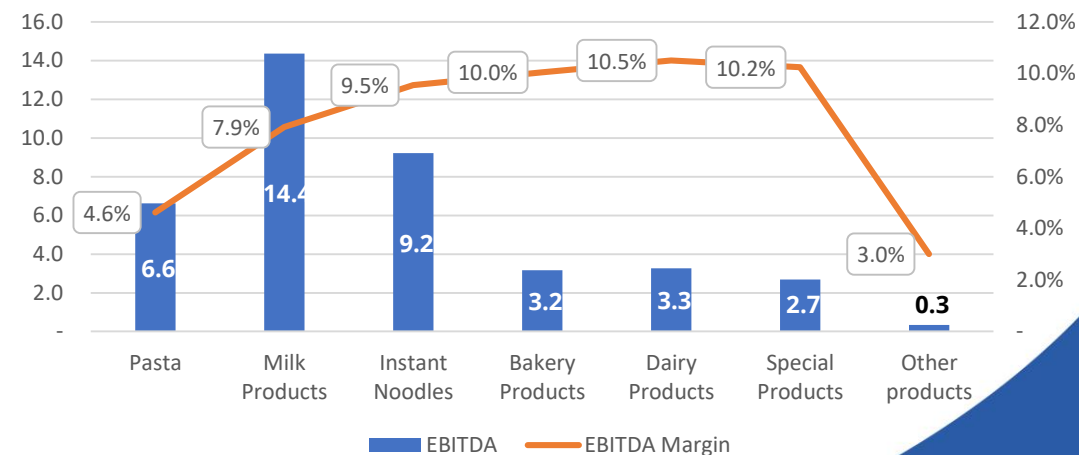
On this basis, the management is very confident that after a stabilization of the inflationary scenario, Newlat will likely recover profitability in a short period of time thanks to its portfolio diversification, industrial efficiency, high own brand positioning and strong financial flexibility.

Unfortunately, the general inflationary scenario still persists with high volatility and an uncertain trend; The company will commit to recovering all the margin losses that it will incur due to future inflation, in order to keep marginality similar to its historical average.

EBITDA (€m) and EBITDA margin 9M 2021



EBITDA (€m) and EBITDA margin 9M 2022



Free cash flow

CASH FLOW STATEMENT €mn	Newlat Food Consolidated 9M 2022
Adj. EBITDA	39.6
Net Interest costs	-6.6
Δ NWC	-3.9
TAX & Others	-1.7
(A) Cash flow from operating activities	27.5
Capex	-7.9
Proceeds from sale of property	
IFRS16 CAPEX	-8.5
Acquisition of businesses	-0.3
(B) Cash flow from investing activities	-16.7
FCF (Oper. CF-CAPEX)	11.0
Cash Conversion (EBITDA-CAPEX)/EBITDA	80.0%

In € thousand	1Q 2022	2Q 2022	1H 2022	3Q 2022	9M 2022
Revenues	165,435	170,043	335,478	185,714	521,193
EBIT	4,969	2,750	7,719	4,026	11,745
EBITDA	13,068	12,377	25,445	14,199	39,644
Net Income	2,400	(217)	2,183	1,354	3,537

FCF generation remained solid despite the «investment» in working capital in a very difficult market environment.

We expect cash generation to continue in Q4 2022, driving a further reduction of net debt.

Consolidated revenues (+15.2%): strong organic volume and value growth of + 25.6% recorded during the third quarter compared to Q3 2021.

EBITDA: € 39.6 million thanks to a strong recovery in Q3 compared to previous quarters (+ 19% compared to Q2 and + 11% compared to Q1) and with a recovery of margins (3Q EBITDA margin 7.8% vs. 7.1% in Q2).

Net profit equal to € 3.5 million, a decrease compared to € 6.6 million at 30 September 2021, with a strong and prompt recovery of € 1.35 million in Q3 2022 after a very weak Q2 2022.

2023 expectations

Complicated scenario due to the impact of **energy costs** and persistent **geopolitical uncertainty**; despite this, Newlat confirms its commitment in:

- **Further price increase campaigns** for downstream transfer of energy costs;
- **Industrial efficiency** and **product innovation** plans;
- Strong **strategic focus on M&A** with interesting opportunities already in an advanced negotiation stage.



Appendix

Proforma Income Statement

(In € thousand)	30 September	
	2022	PF 2021
Revenue from clients' contracts	521,193	452,515
Cost of goods sold	(433,379)	(353,178)
Gross margin	87,814	99,337
Sales and distribution expenses	(62,496)	(56,921)
Administrative expenses	(15,518)	(21,375)
Net write-offs of financial activities	(533)	(1,108)
Other income	7,018	6,379
Income from business combination	0	0
Other operational costs	(4,540)	(8,350)
EBIT	11,745	17,964
Financial income	2,349	776
Financial expenses	(8,988)	(6,824)
EBT	5,105	11,917
Income tax	(1,569)	(47)
Net profit	3,537	11,869
Net income attributable to third parties	955	3,193
Group Net Income	2,582	8,677

Consolidated Income Statement

(In € thousand)	Ended 30 September	
	2022	2021
Revenue from clients' contracts	521,193	383,152
Cost of goods sold	(433,379)	(298,626)
Gross margin	87,814	84,526
Sales and distribution expenses	(62,496)	(48,827)
Administrative expenses	(15,518)	(18,229)
Net write-offs of financial activities	(533)	(1,108)
Other income	7,018	6,120
Income from business combination	0	0
Other operational costs	(4,540)	(5,856)
EBIT	11,745	16,627
Financial income	2,349	776
Financial expenses	(8,988)	(6,272)
EBT	5,106	11,131
Income tax	(1,569)	329
Net profit	3,537	11,460
Net income attributable to third parties	955	3,193
Group Net Income	2,582	8,268
Basic EPS	0.07	0.19
Diluted EPS	0.07	0.19

Balance sheet

In € thousand	30 September 2022	31 December 2021
Non-current assets		
Property, plant and equipment	151,570	157,417
Right of use	32,237	38,572
Intangible assets	94,224	97,824
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	1,164	731
Financial assets stated at amortized cost	799	801
Deferred tax asset	8,043	7,580
Total non-current assets	289,438	304,326
Current assets		
Inventory	89,209	63,881
Account receivables	61,140	67,184
Current tax assets	3,228	3,324
Other receivables and current assets	7,651	11,262
Current financial assets valued at fair value with impact on I/S	4,314	35
Cash and cash equivalents	409,093	384,888
Total current assets	574,634	530,574
TOTAL ASSETS	864,071	834,900

In € thousand	30 September 2022	31 December 2021
Equity		
Share capital	43,935	43,935
Reserves	76,642	81,447
Currency translation reserve	(2,548)	(478)
Net Income	2,582	5,134
Total Group Equity	120,611	130,038
Equity attributable to non-controlling interests	15,415	14,477
Total Consolidated Equity	136,026	144,515
Non-current liabilities		
Provisions for employees	13,911	14,223
Provisions for risks and charges	2,108	2,030
Deferred tax liabilities	18,997	19,097
Non-current financial liabilities	263,939	287,216
Non-current lease liabilities	22,460	31,175
Other non-current liabilities	-	-
Total non-current liabilities	321,414	353,741
Current liabilities		
Account payables	187,421	179,024
Current financial liabilities	183,575	127,280
Current lease liabilities	8,879	7,887
Current tax liabilities	3,746	3,364
Other current liabilities	23,008	19,087
Total current liabilities	406,631	336,643
TOTAL EQUITY AND LIABILITIES	864,071	834,900

Cash flow statement

(In € thousand)	30 September	
	2022	2021
Earnings before tax	5,106	11,132
- Adjustments for:		
Depreciation and amortization	27,900	19,784
Financial expenses/(income)	6,639	5,495
Cash flow from operating activities before changes in NWC	39,645	36,411
Change in inventory	(25,329)	(6,496)
Change in account receivables	5,512	11,523
Change in account payables	8,397	(327)
Change in other assets and liabilities	7,535	(1,659)
Use of provisions for risks and charges and employees	(234)	(853)
Tax paid	(1,656)	(2,664)
Cash flow from operating activities	33,870	35,936
Investments in PPE	(7,261)	(6,546)
Investments in intangible assets	(677)	(1,763)
Investments in financial assets	(4,363)	4
Deferred considerations for acquisitions		(600)
Lylag acquisition	(300)	(63,631)
Cash flow from investing activities	(12,601)	(72,536)

(In € thousand)	30 September	
	2022	2021
Proceeds from long-term debt	70,000	36,532
Repayments of long-term debt	(36,983)	(13,607)
Bond issue	-	198,434
Principal repayments of lease obligations	(11,071)	(8,682)
Net interest paid	(6,639)	(5,495)
Dividend paid		(1,961)
Purchase of minority interest	(17)	(67)
Own shares	(10,396)	(7,554)
Cash flow from financing activities	4,894	199,561
Net change in cash and cash equivalents	26,163	162,961
Cash and cash equivalents at the beginning of the period	384,888	182,127
Total net change in cash and cash equivalents	26,163	162,961
Foreign currency translation reserve	(1,958)	
Cash and cash equivalents at the end of the period	409,093	345,088



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