



A multibrand company

9M & Q3 2019 RESULTS
NOVEMBER 15TH 2019

DISCLAIMER

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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

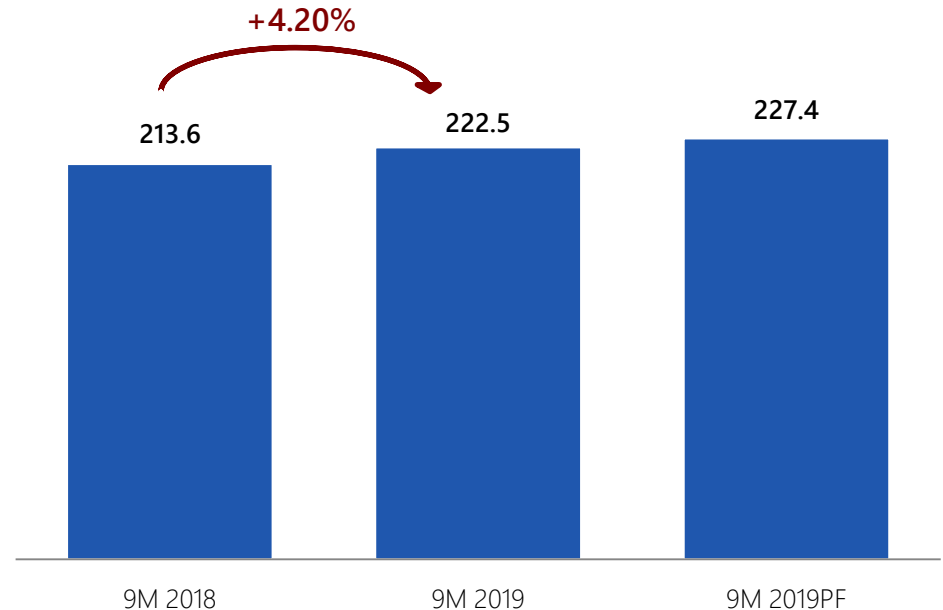
September would have been positive € 1 million vs. negative € 1 million in 1H 2019.

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.



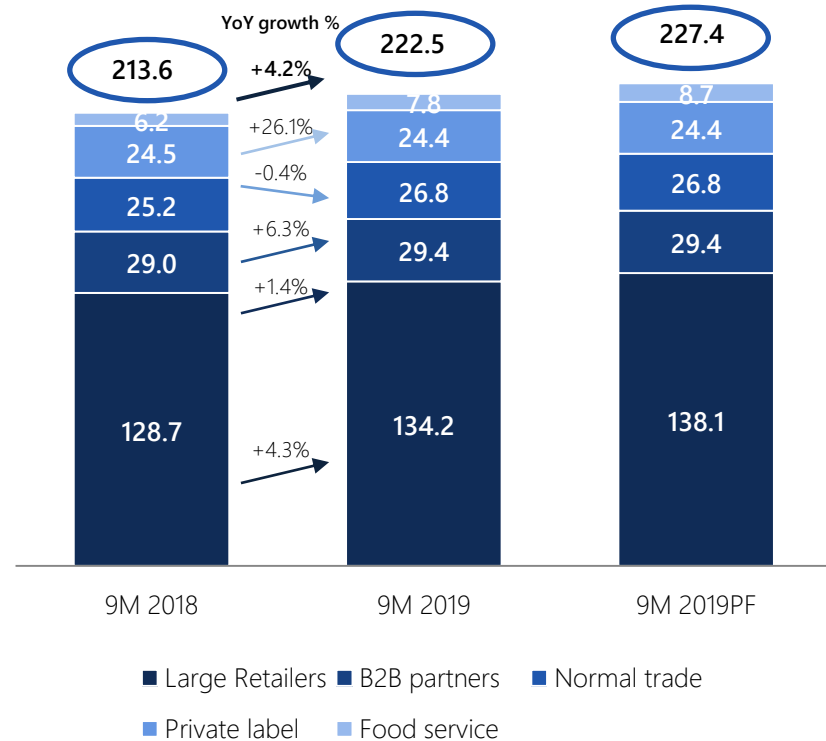
*Proforma figures include:

- 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

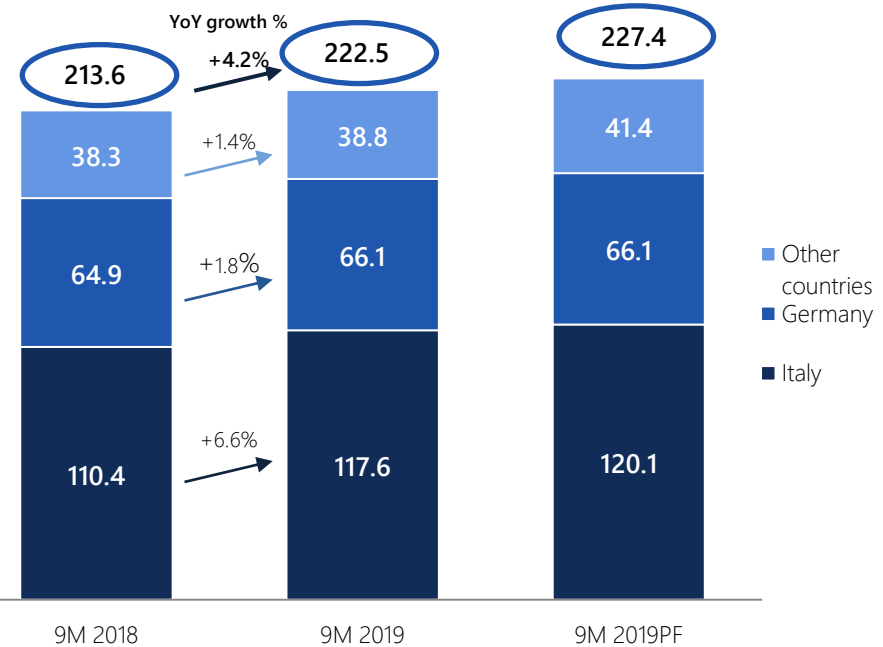
- Revenues related to the **large-scale retail distribution** channel increased due to the Delverde contribution, net of which there would have been linearity between the periods.
- The revenues from the **B2B partners** channel increased by 1.4% thanks to new contracts.
- Revenues related to the **normal 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

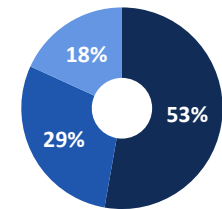
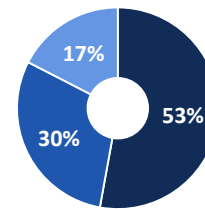
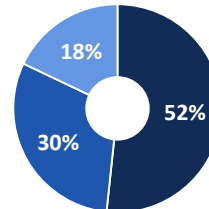
Revenue Breakdown (€m)



- 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*.

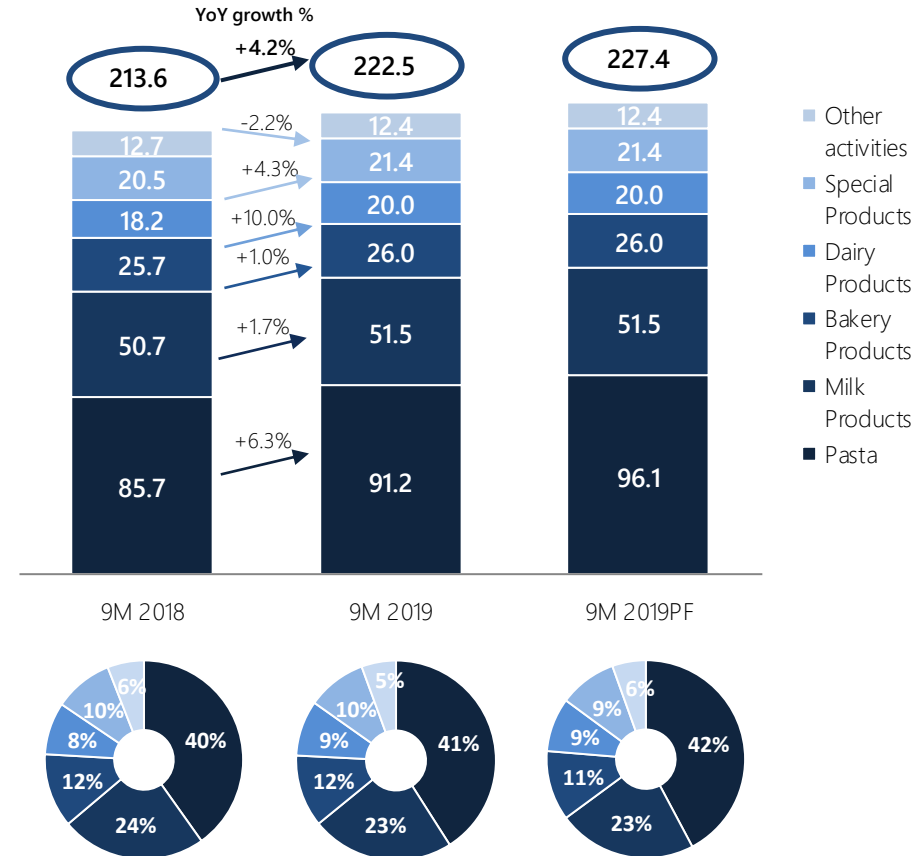
- Revenues related to **Other Countries** increased in the periods analysed.



REVENUE BREAKDOWN BY BUSINESS UNIT

Revenue Breakdown (€m)

- 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%



EBITDA BREAKDOWN BY BUSINESS UNIT

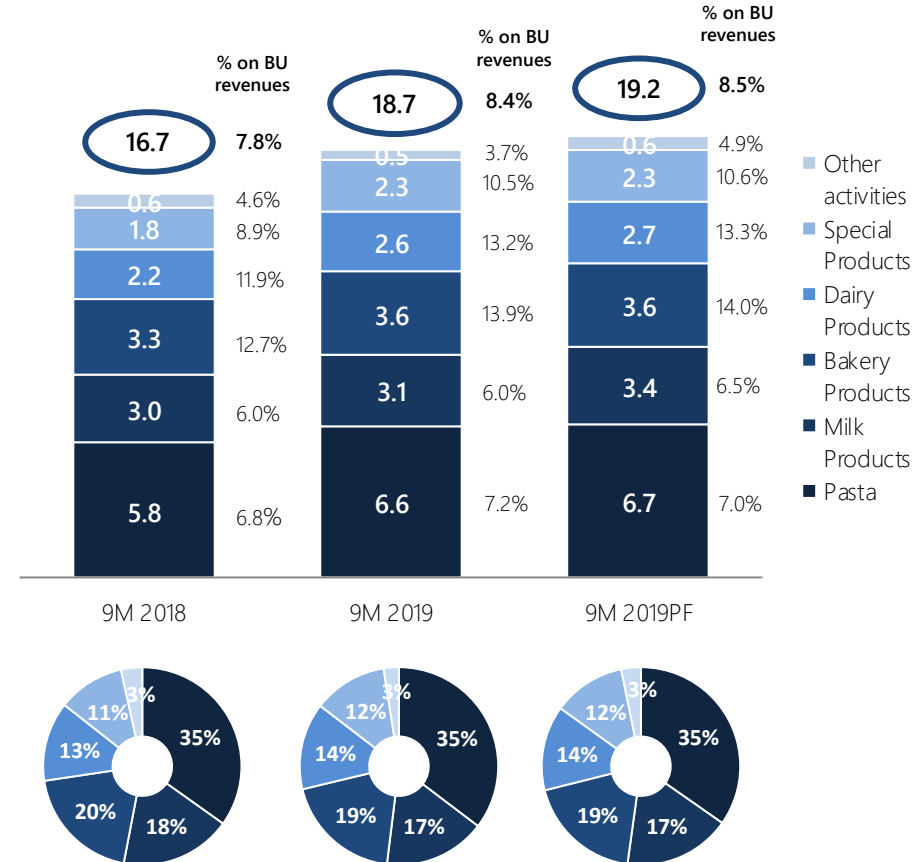
EBITDA Breakdown (€m)

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

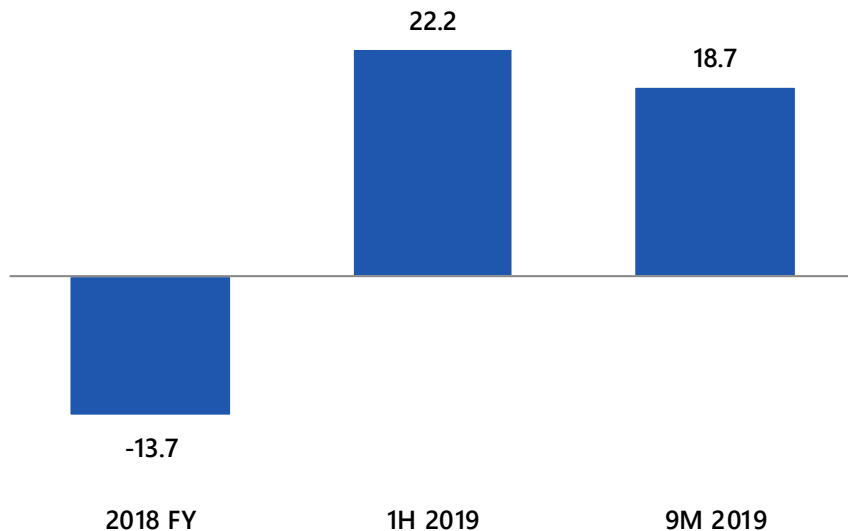
This trend is in line with the company's goal to reach double-digit EBITDA margin in the next years.

- 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.

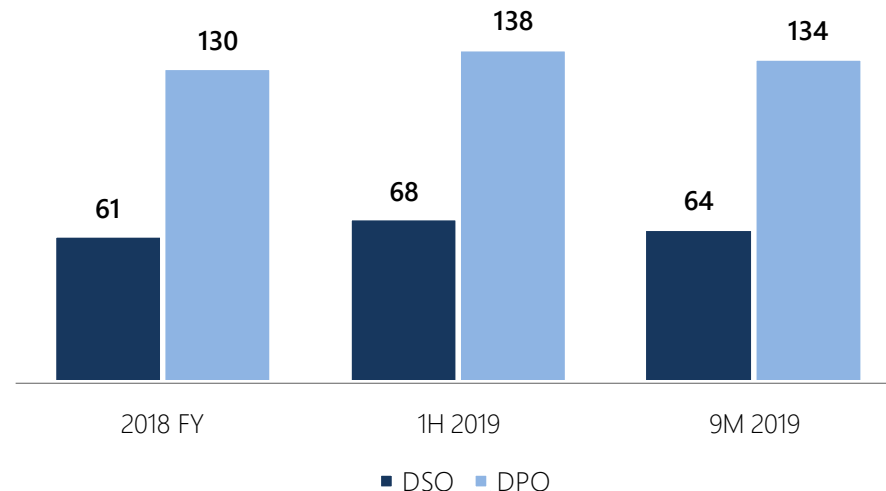
- Pasta marginality rose significantly versus 9M 2018 thanks to an increase in sales volumes of higher marginality SKUs.



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

<i>(in €m)</i>	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

<i>(in €m)</i>	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

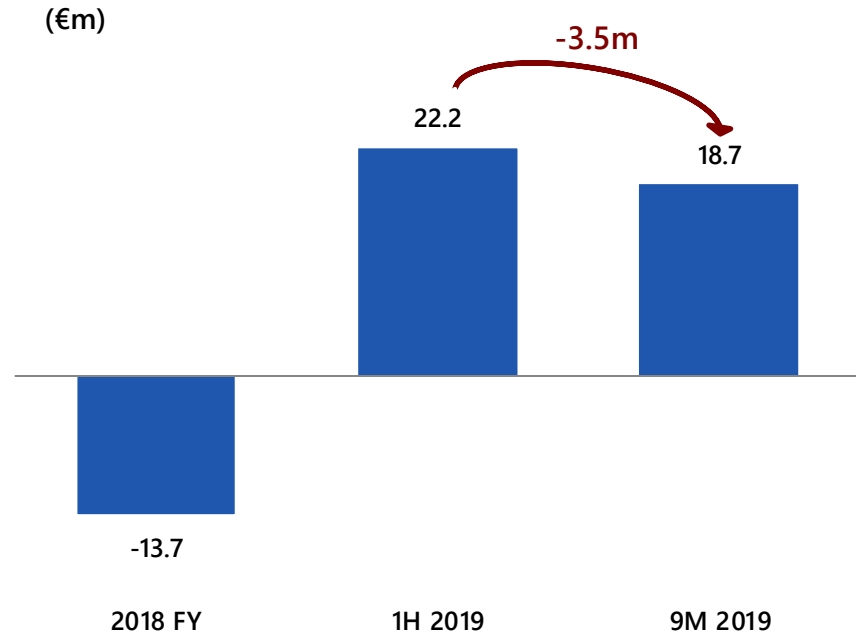
<i>(In € thousand)</i>	Ended 30 September 2019	Ended 31 December 2018	<i>(In € thousand)</i>	Ended 30 September 2019	Ended 31 December 2018
Non-current assets			Equity		
Property, plant and equipment	32,107	30,669	Share capital	27,000	27,000
Right of use	19,629	18,577	Reserves	-8,829	30,588
Intangible 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

(In €m)	Ended 30 September		(In €m)	Ended 30 September	
	2019	2018		2019	2018
Earnings before tax	7.72	6.69	Investments in PPE	-3.07	-4.19
- Adjustments for:			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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