



A multibrand company

FY 2019 RESULTS
MARCH 19TH 2020

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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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.

FY2019 KEY FINANCIAL HIGHLIGHTS

REVENUES

€320.9m, +4.9% vs FY 2018

(€325.8m proforma)

with strong growth in *pasta* and *special* products
revenues from foreign countries accounts for approx. 47%
Organic growth +1.5%

EBIT

€14.6 m vs. €9.7m FY 2018

with good profitability in all BUs

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

CASH CONVERSION

83.6% vs 76.1% FY 2018

strong cash conversion ⁽¹⁾ enabling Newlat to deleverage.

EBITDA

€28.3m, +16.9% vs FY 2018

EBITDA margin 8.8% vs 7.9% FY 2018

(Adj. EBITDA €28.5m)

with high double-digit margins in dairy, bakery and special
products as well as an overall increase in margins in all BUs

NET INCOME

€10.3 m, +73.2% vs FY 2018

net income margin increased to 3.2% vs 1.9% FY 2018

NET FINANCIAL POSITION

**NFP equal to positive €48.6m vs negative €39.2m
2018 PF**

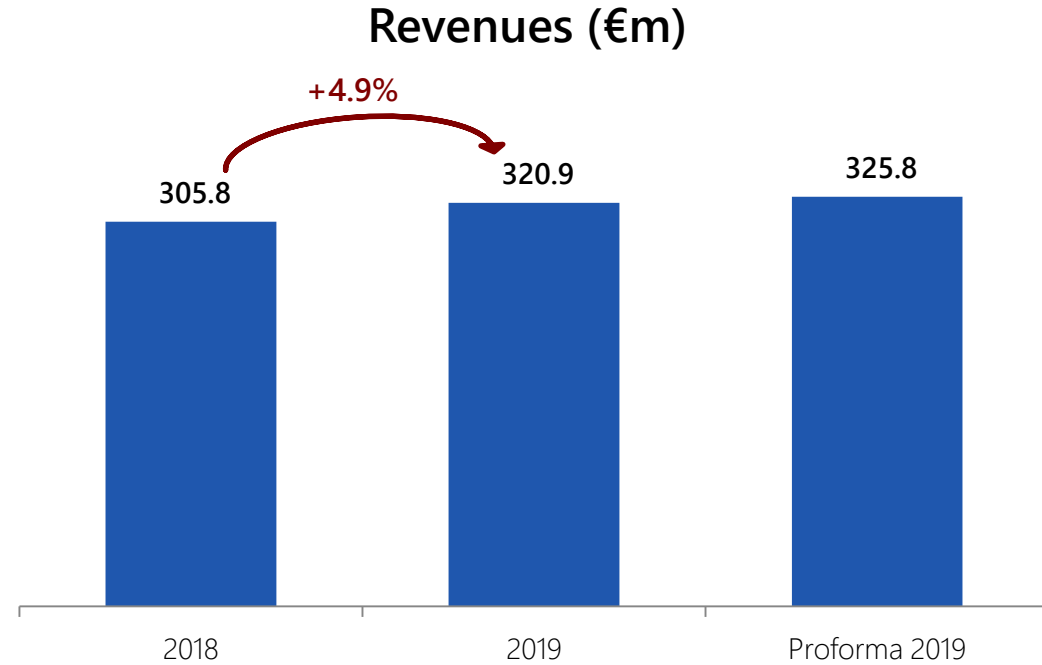
Excluding the effect of *IFRS 16 lease liabilities*, NFP would have
been positive by € 66.4 million.

REVENUES AND COSTS IN CONSTANT IMPROVEMENT

2019 revenues confirm a positive trend in the main aggregated economic and financial data of Newlat Food.

The company's consolidated revenues amounted to **€ 320.9 million (€325.8 proforma)*** in 2019, up 4.9% compared to 2018.

Cost of goods sold was equal to **81.7%** of sales as opposed to 83.7% in 2018, this was mainly driven by a more aggressive procurement policy of raw materials and finished products.



*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.

REVENUE BREAKDOWN BY BUSINESS UNIT

- **Pasta** confirms to be Newlat's **main business unit** in terms of sales volumes with a share of 41.5%. The revenue breakdown by business unit remains substantially unchanged.

- 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 decrease after a reduction in sales prices reflecting better procurement conditions. Volumes remain in line with the previous year.

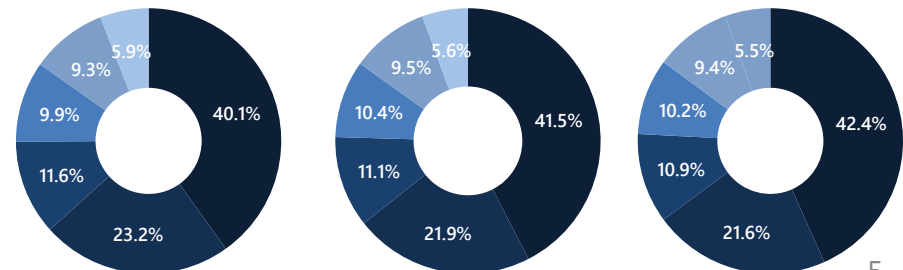
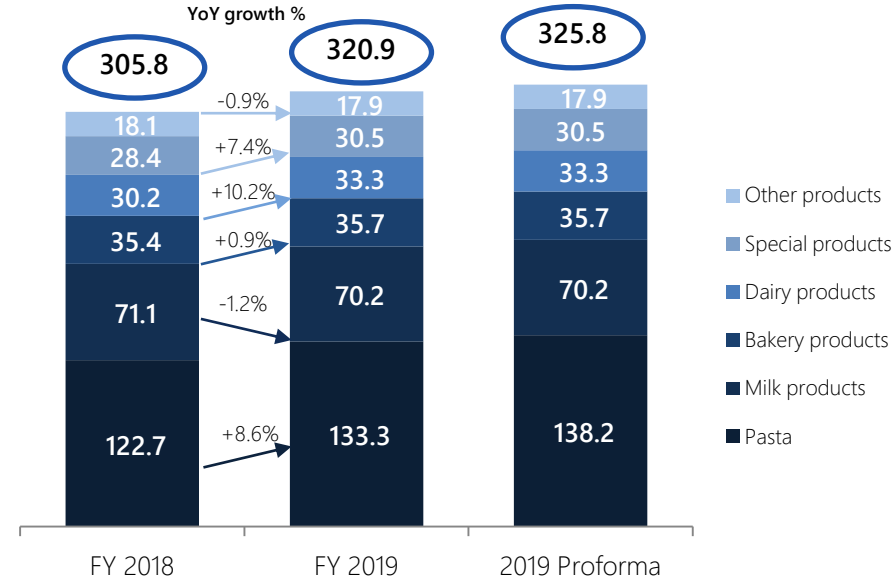
- Revenues from the **bakery products** segment are substantially in line between the periods, with an increase of 1%, as a result of lower promotion activity and better mix.

- Revenues related to the **dairy products** increase the most in the period, by 10.2%

- 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** remain substantially unchanged.

Revenue Breakdown (€m)



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.

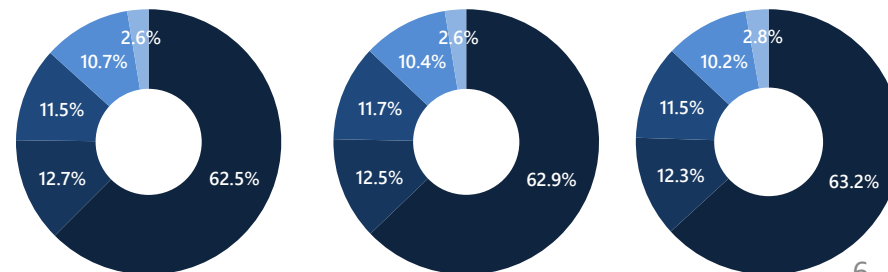
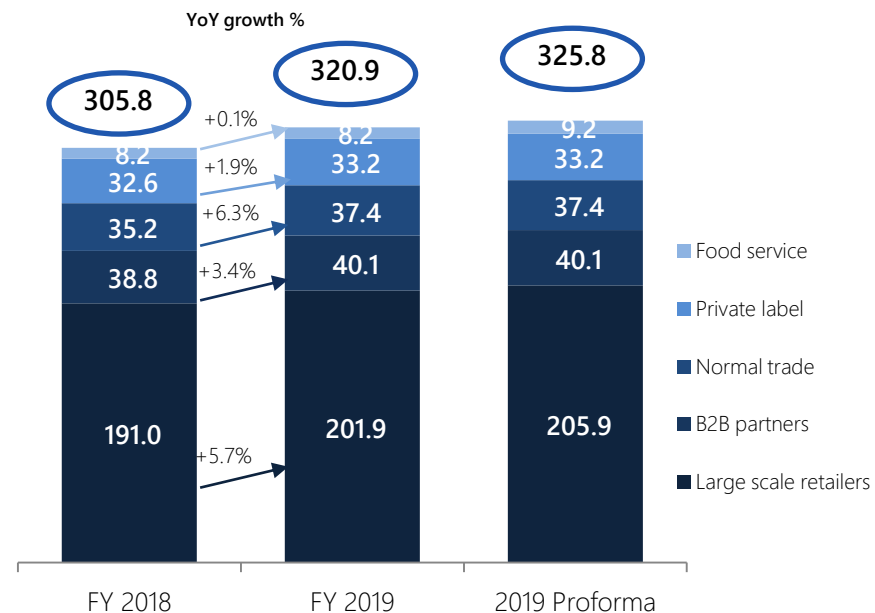
- The revenues from the **B2B partners** channel increased thanks to new contracts in the Special Products segment.

- Revenues related to the **normal trade** channel increased mainly due to the increase in sales volumes of the Milk Products and Delverde.

- Revenues related to the **private label** channel increase thanks to new contracts and more sales volumes.

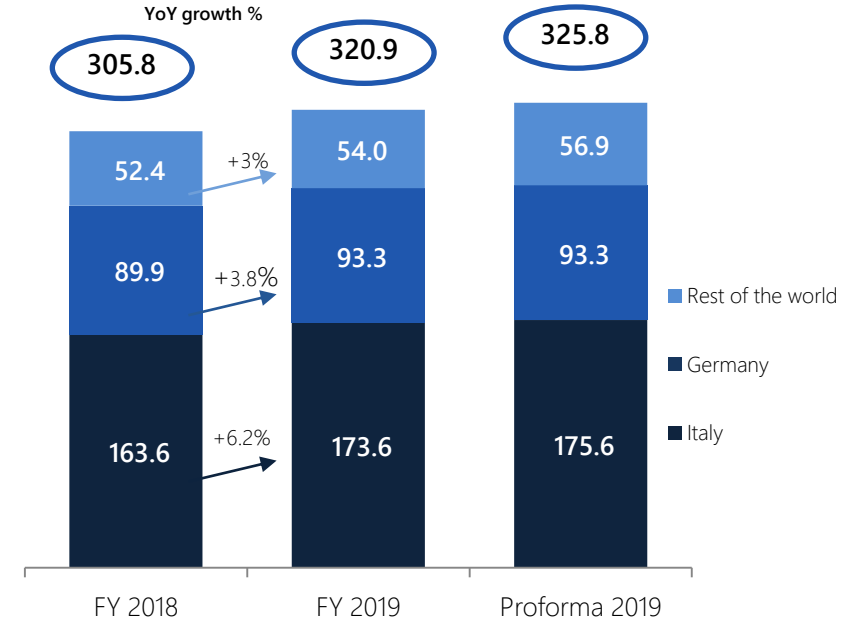
- Revenues related to the **food service** channel rose due to the increase in sales of the Dairy Products segment and Delverde.

Revenue Breakdown (€m)

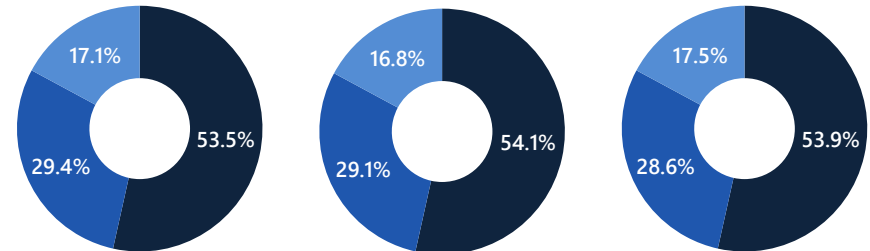


REVENUE BREAKDOWN BY GEOGRAPHY

Revenue Breakdown (€m)



- Revenue distribution by geography remains substantially the same between the two periods. The domestic market accounts for 53.5% of sales, Germany 29.4%, while the rest of the world 17.1%.
- Revenues related to **Italy** increased mainly due to the contribution of Delverde.
- Revenues related to **Germany** increased due to higher sales volumes of *dairy products*.
- Revenues related to **Other Countries** increased in the periods thanks to the contribution of Delverde.



EBITDA BREAKDOWN BY BUSINESS UNIT

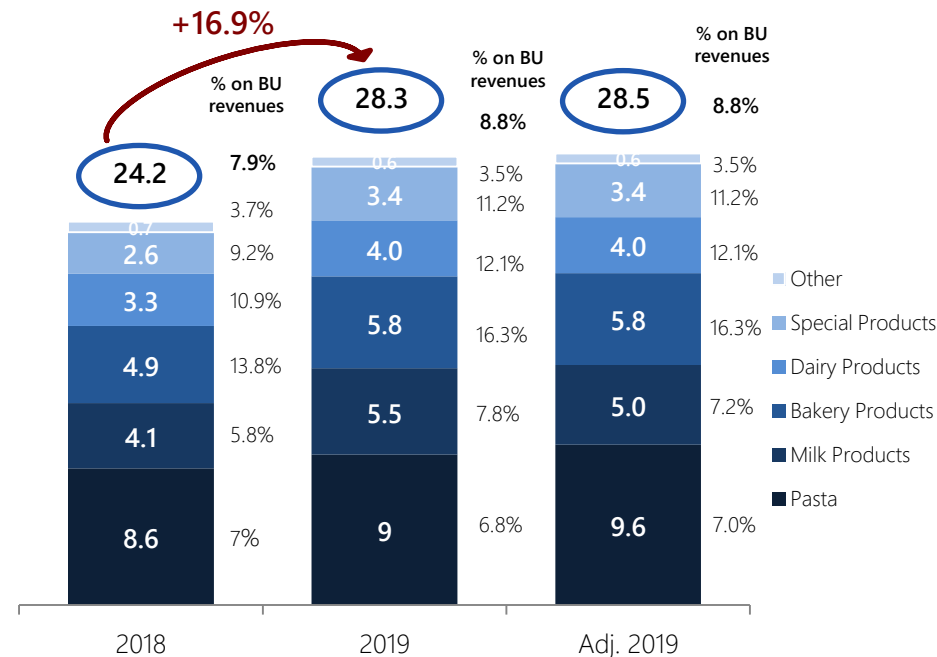
EBITDA increased to **€28.3m**, an increase of **16.9%** versus 2018. EBITDA margin reached high single-digit **8.8%**, up 0.9% compared to 2018.

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

Adjusted EBITDA equals €28.5m, the increase is reflected by the decrease in non-recurring costs.

- **Bakery, dairy and special products** confirm their high profitability, displaying an exceptional increase, with double-digit margins in all three segments.
- **Bakery products'** profitability is the highest at 16.3%, this is thanks to higher sales volumes of higher-margin products and better raw material costs.
- **Milk products'** profitability rose significantly thanks to a decrease in raw material costs.
- **Special products'** profitability also reached double-digit in the period thanks to new contracts and price renegotiations of existing contracts.

EBITDA Breakdown (€m)

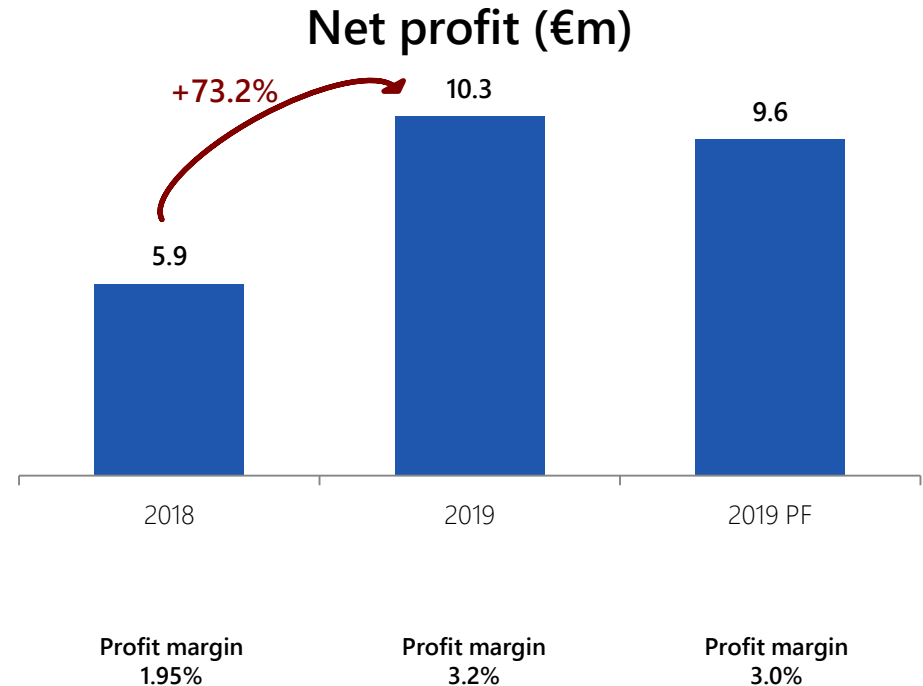


HIGH DOUBLE DIGIT NET PROFIT GROWTH

Net profit increased by 73.2% compared to 2018, bringing net profit to **€10.3 million**.

The factor that contributed to the improvement was the increase in overall profitability thanks to supply chain efficiencies and a better balanced mix contribution.

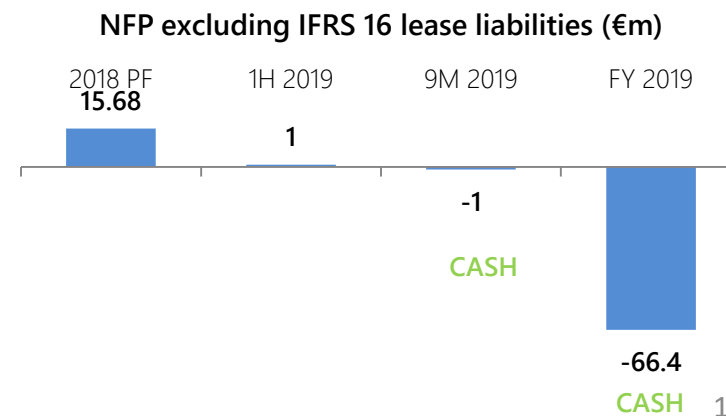
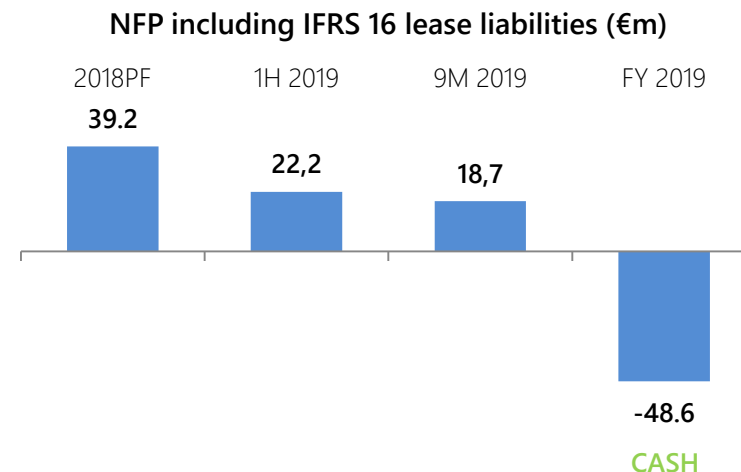
In fact, profitability visibly improved and reached 3.2% vs. 1.95% in 2018.



NET FINANCIAL POSITION EVOLUTION

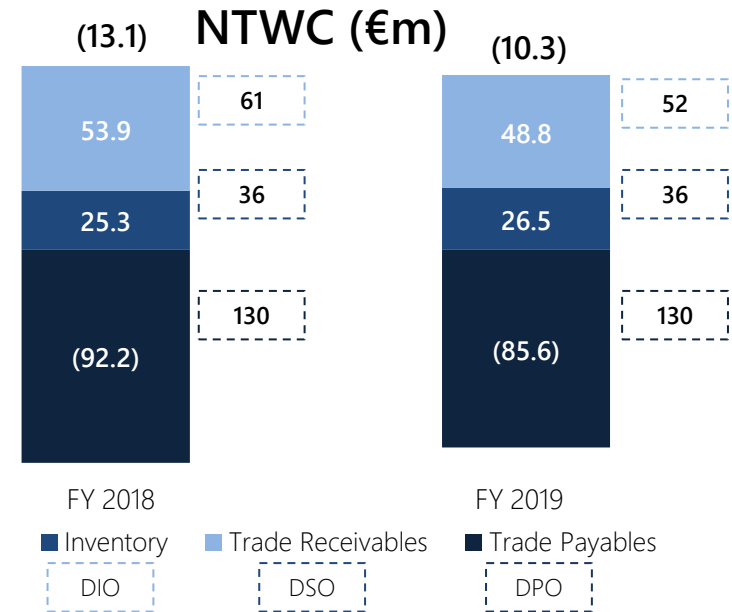
NFP shows a visible improvement compared to 1H and 9M 2019. During the course of 2019, NFP was negative mainly due to the payment of € 58.3 million for Newlat Deutschland and of € 6.5 million Delverde Industrie Alimentari S.p.A., however it already showed a clear improvement from 1H 2019 to 9M 2019. By December 31, 2019, the Company had positive cash by **€48.6 million** thanks to its free cash flow generation and to the capital raised during the IPO process. Although a final consideration of €13 million for Newlat Deutschland.

Excluding IFRS 16 lease liabilities, Newlat's NFP would be positive by **€66.4 million**.



OPTIMISATION OF NWC and CCC

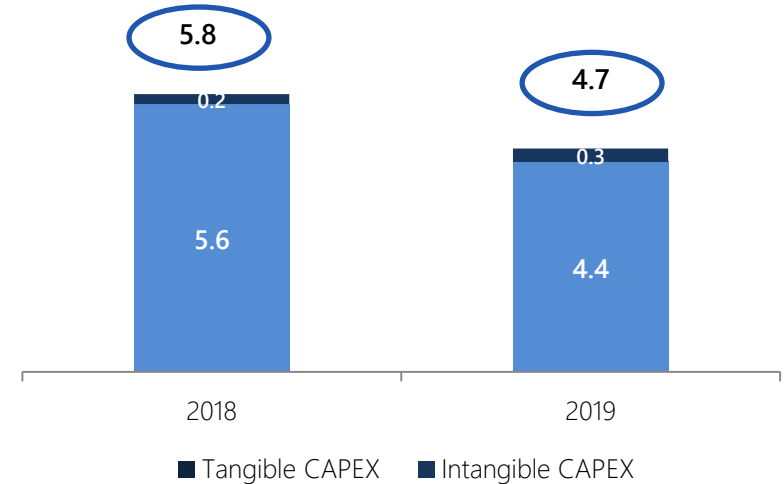
- Improvement in NTWC vs. 2018** notwithstanding the increase in revenues for the same period as well as optimization of cash conversion cycle thanks to improved **DSO** agreed with customers. DSO reached 52 days (vs. 61 last year) thanks to the **strong focus on client portfolio and the strong relationship** built in the past years **with key accounts**.
- Inventories** remained substantially unchanged despite the increase in revenues, while the amount of **payable (€ 85.6m) is circa 7% below** the previous year's level (€92.2).
- NWC** equal to **€(20.7)m** vs. €(11.8)m in 2018 confirmed the continuation of the improving trend the company showed in the past years.



In € millions	FY 2018	FY 2019
Inventory	25.3	26.5
Trade Receivables	53.9	48.8
Trade Payables	(92.2)	(85.6)
NTWC	(13.1)	(10.3)
Other current assets	15.2	5.4
Other current liabilities	(13.9)	(15.9)
NWC	(11.8)	(20.7)

CAPEX AND CASH GENERATION

- **Tangible capex** mainly related to investments in **plants & machinery** to renovate the production and packaging lines (**€4.7m** in 2019, €5.8m in 2018). In 2019, investments in PPE are in line with company's policies.
- Overall, the company requires limited **capex requirements**, mainly referred to tangible assets. This is thanks to the company's spare production capacity as well as previous PPE and line optimisations carried out throughout the years.
- Limited need for capex gives a better cash generation of **€23.6m** vs. 18.4 in 2018.
- Improvement of cash conversion of to **83.6%** vs 76% in 2018.



(In € millions and in %)

	2018	2019
EBITDA (*) (A)	24.2	28.3
Capex (B)	(5.8)	(4.7)
Cash generation	18.4	23.6
Cash conversion [(A)-(B)]/(A)	76.1%	83.6%

REVENUES

+2% in Italy and +3% in Germany in the first two months of 2020

First two weeks of March recorded growth of ca. +35% vs. same period in 2019.

The management does not think that the COVID-19 pandemic could have impacts on the business

Around **73%** of Newlat sales are linked to Large Retailers whose sales have been surging in the last few weeks. Less than 5% is linked to Food Service.

ACQUISITIONS

Centrale del Latte d'Italia

The Chairman announced to day that Newlat Group S.A. signed a letter of intent with Finanziaria Centrale del Latte di Torino S.p.A., majority shareholder of Centrale del Latte d'Italia ("CLI" or the "Target") as to exclusively negotiate the acquisition of a majority stake in the Target so to initiate the M&A project involving companies operating in the Food industry that was foreseen by the strategic guidelines announced during the IPO. The value of CLI's production amounts to € 178 million and, if successful, the transaction would bring the Group's revenues to **€ 500 million**.

Appendix

INCOME STATEMENT

<i>(In € thousand)</i>	Ended 31 December	
	2018	2019
Revenues from clients' contracts	305,830	320,902
Cost of goods sold	(256,060)	(262,212)
Gross margin	49,770	58,690
Sales and distribution expenses	(27,864)	(31,717)
Administrative expenses	(12,663)	(13,417)
Net write-offs of financial activities	(937)	(674)
Other income and revenues	4,577	5,141
Other operating costs	(3,153)	(3,464)
EBIT	9,730	14,559
Financial income	1,327	582
Financial expenses	(2,077)	(1,946)
EBT	8,980	13,196
Taxes	(3,028)	(2,884)
Net Income	5,952	10,311

BALANCE SHEET

<i>(In € thousand)</i>	Ended 31 December 2018	Ended 31 December 2019
Non-current assets		
Property, plant and equipment	30,669	31,436
Right of use	18,577	17,326
Intangible assets	25,713	25,580
Non-current financial assets valued at fair value with impact on I/S	32	42
Financial assets stated at amortized cost	858	866
Deferred tax assets	4,844	5,026
Total non-current assets	80,693	80,276
Current assets		
Inventory	25,251	26,536
Account receivables	53,869	49,274
Current tax assets	775	716
Other receivables and current assets	14,440	4,701
Current financial assets valued at fair value with impact on I/S	4	4
Cash and cash equivalents	61,786	100,884
Total current assets	156,125	182,116
TOTAL ASSETS	236,818	262,392

BALANCE SHEET

<i>(In € thousand)</i>	Ended 31 December 2018	Ended 31 December 2019
Equity		
Share capital	27,000	40,780
Reserves	30,588	40,454
Net Income	5,952	10,311
Total Equity	63,540	91,546
Non-current liabilities		
Provisions for employees	11,038	10,646
Provisions for risks and charges	1,008	2,052
Deferred tax liabilities	3,850	3,850
Non-current financial liabilities	1,778	12,000
Non-current lease liabilities	14,110	13,032
Other non-current liabilities	3,121	600
Total non-current liabilities	34,905	42,180
Current liabilities		
Account payables	92,221	85,584
Current financial liabilities	27,163	22,456
Current lease liabilities	5,087	4,776
Current tax liabilities	410	471
Other current liabilities	13,492	15,379
Total current liabilities	138,373	128,666
TOTAL EQUITY AND LIABILITIES	236,818	262,391

CASH FLOW STATEMENT

(In €m)	Ended 31 December	
	2019	2018
Earnings before tax	8,980	13,196
- Adjustments for:		
Depreciation and amortization	13,561	4,268
Net loss/(gain) on disposal of intangible fixed assets	(71)	84
Financial expenses/(income)	750	1,368
Other non-monetary charges	(6,627)	1,292
Cash flow from operating activities before changes in NWC	16,593	20,207
Change in inventory	484	(1,285)
Change in account receivables	(375)	2,651
Change in account payables	1,469	(6,637)
Change in other assets and liabilities	7,616	11,618
Use of provisions for risks and charges and employees	(294)	(1,151)
Tax paid	(2,200)	(1,162)
Cash flow from operating activities	23,293	24,241
Investments in PPE	(5,585)	4,223
Investments in intangible assets	(208)	(1,045)
Disposal of PPE	73	(84)
Divestments of financial assets	276	(10)
Deferred considerations for acquisitions	(1,998)	(2,521)
Business combination of Newlat Deutschland	(10,000)	(58,324)
Cash flow from investing activities	(17,442)	(57,761)

(In €m)	Ended 31 December	
	2019	2018
Proceeds from long-term debt and others	-	15,000
Repayments of long-term debt and others	(11,624)	(9,485)
Change in short-term debt	1,379	
Principal repayments of lease obligations	(5,275)	(5,762)
IPO	-	76,265
Net interest paid	(605)	(1,368)
Cash flow from financing activities	(16,125)	72,619
Net change in cash and cash equivalents	(10,274)	39,099
Cash and cash equivalents beginning of period	72,060	61,786
Total net change in cash and cash equivalents	(10,274)	39,099
Cash and cash equivalents end of period	61,786	100,884



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