



A multibrand company

9 M 2020 RESULTS
13 NOVEMBER 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.

KEY MESSAGES

- Resilient business model shown in the capability to adapt to sudden challenges.
- Dynamic approach to business development with launch of new products across all categories.
- Successful and quick implementation of synergies with CLI exceeding expectations.
- Strong ability to generate cash at Group level.
- Dedication to M&A and further business development.



9M 2020 KEY FINANCIAL HIGHLIGHTS

AGGREGATE REVENUES

€372.7m, +5.4% vs. 9M 2019

with double digit growth in *pasta*, *bakery* and *special* products

Germany: 14.5% growth

Organic growth: +4%

EBITDA

Adj. EBITDA €37.8m, +58% vs. 9M 2019

EBITDA margin 10.2% vs. 6.8% 9M 2019

with high double-digit margins in milk, dairy, bakery and special products.

FREE CASH FLOW

FCF was **€ 30.8 million**. EBITDA FCF conversion **81.5%**, confirming the Company's ability to generate free cash flow.

NET INCOME

Reported Net Income equal to € 30.5 million.

Adj. NI €11.3 m vs. €2.15 in 9M 2019 after deducting €19.3 million negative goodwill .

NET FINANCIAL POSITION

Aggregate NFP equal to -€8.8m vs. -€35.3m in FY 2019 PF

Excluding IFRS 16 lease liabilities, NFP is positive by € 8.4 million.

RECENT COMMERCIAL INITIATIVES

PRE-PORTIONED SNACKS



SUSTAINABILITY & SUPPORTING LOCAL BUSINESSES



MASCARPONE BY AMAZON



HEALTHY SNACKS FOR KIDS



LAUNCH OF DELVERDE IN GERMANY and NEW PACK IN ITALY

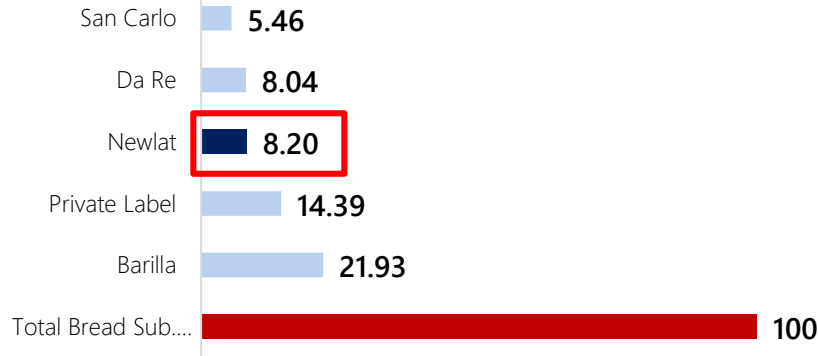


PROTEIN AND VITAMIN ENRICHED DRINKS

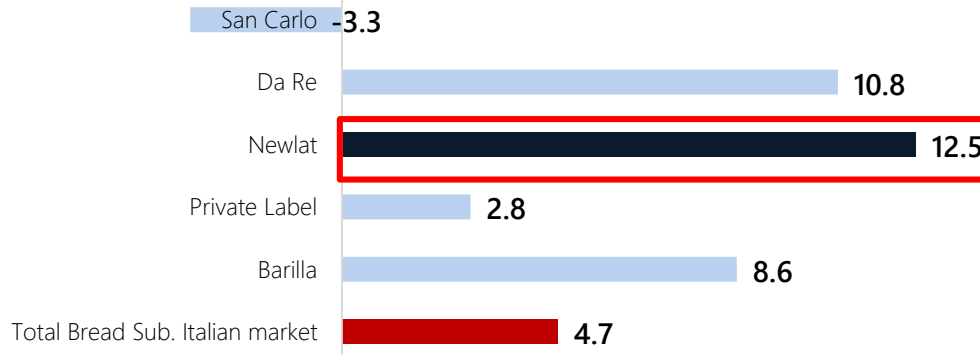


OUTPERFORMING IN THE BREAD SUB. MARKET

Market Share (value) in % YTD 2020



Revenue growth in % YTD 2020

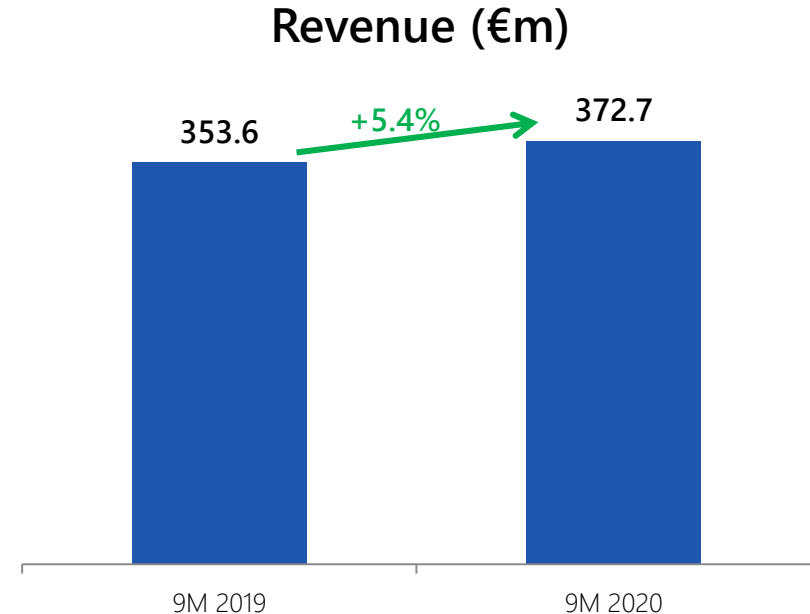


9M 2020 SALES

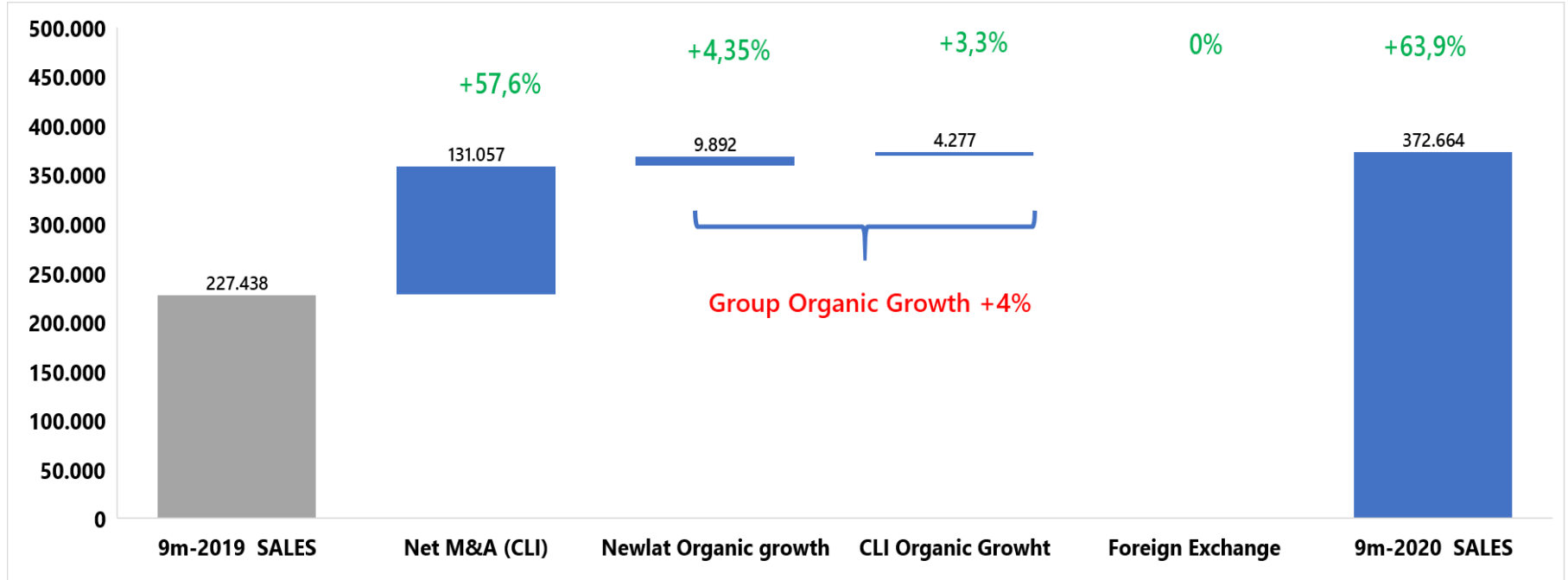
BREAKDOWN AND ANALYSIS

The first 9 months of 2020 had a positive impact on sales, with an **increase of 5.4%** compared to 9M 2019. The three quarters were impacted positively by the pandemic, and sale increase remained stable in Q3 on average.

Cost of goods sold was equal to **77.4%** of sales as opposed to 80.1% in 9M 2019, this was mainly driven by a more aggressive procurement policy of raw materials and finished products.



9 MONTHS ORGANIC and M&A GROWTH

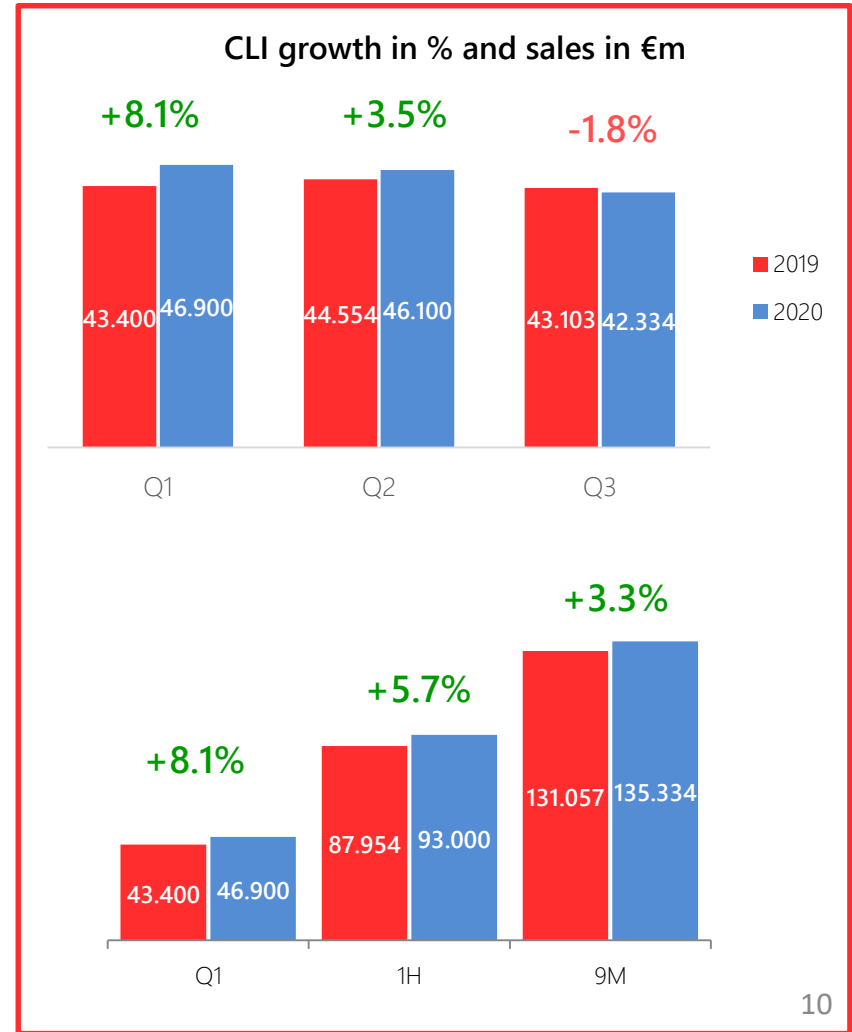


(1) For the sake of consistency with previous presentations, 9m 2019 sales include Delverde and Newlat GmbH from 1 January 2019.

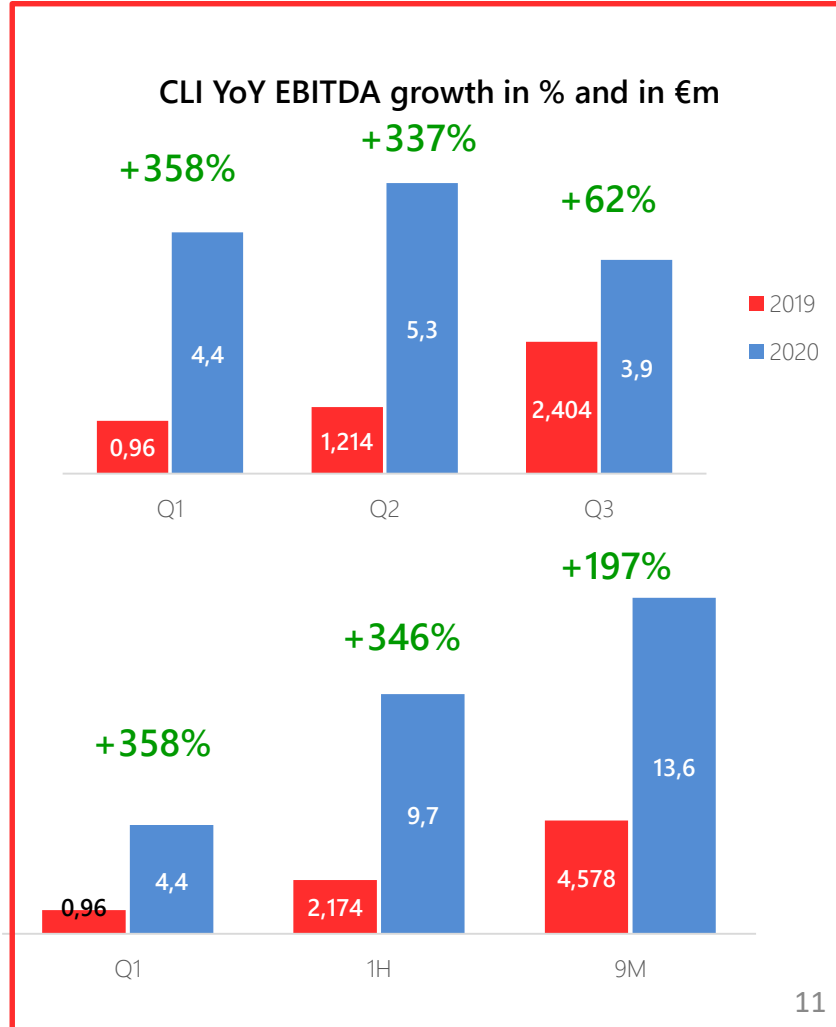
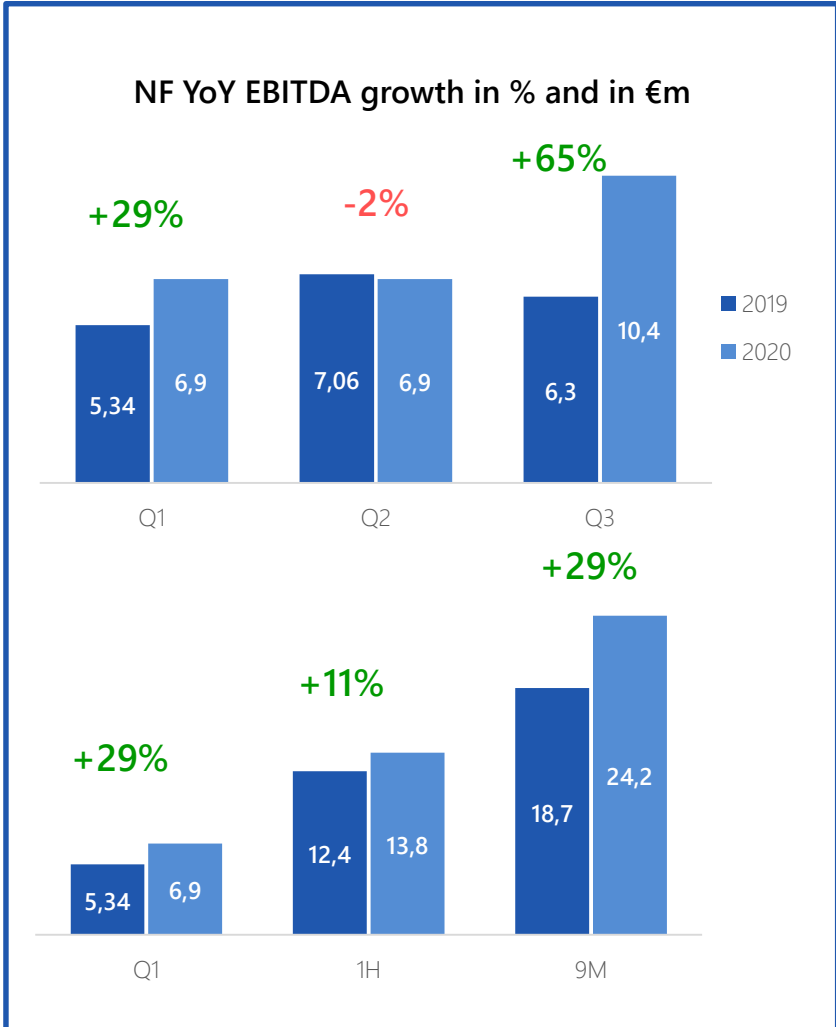
(2) Organic growth refers to like-for-like growth vs. 9m 2019, excluding the effect of Centrale del Latte d'Italia.

(3) Net M&A growth refers to the revenue deriving from CLI.

POSITIVE YOY ORGANIC GROWTH



POSITIVE EBITDA GROWTH THROUGHOUT THE Q's



REVENUE BREAKDOWN BY BUSINESS UNIT

- Revenues related to the *pasta business unit* show an increase of **14.8%** due to very good performance of all the pasta brands in the German market, where Delverde was successfully launched at some key retailers.

- Revenues related to the *milk products* segment increase by **0.7%** thanks to both volume and price increases. In this particular segment, we had two opposite trends: 1) sale increase in the large retailers channel; 2) negative result of the HoReCa sector impacted by lockdown and tourism slowdown.

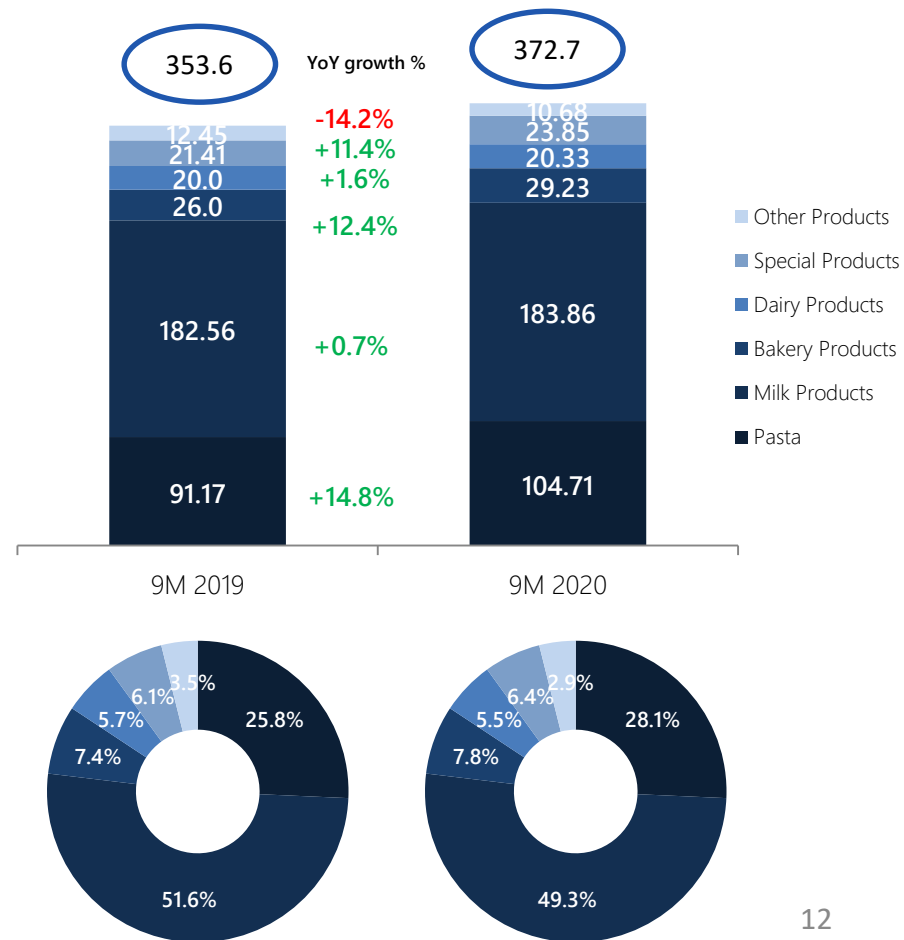
- Bakery products* increase by **12.4%** thanks to higher sales volumes, especially in the bread substitutes segment.

- Revenues related to the *dairy products* increase by **1.6%** in the period.

- Revenues related to the *special products* segment increased by **11.4%** as a result of price renegotiations with Kraft-Heinz, as well as the entry of new customers.

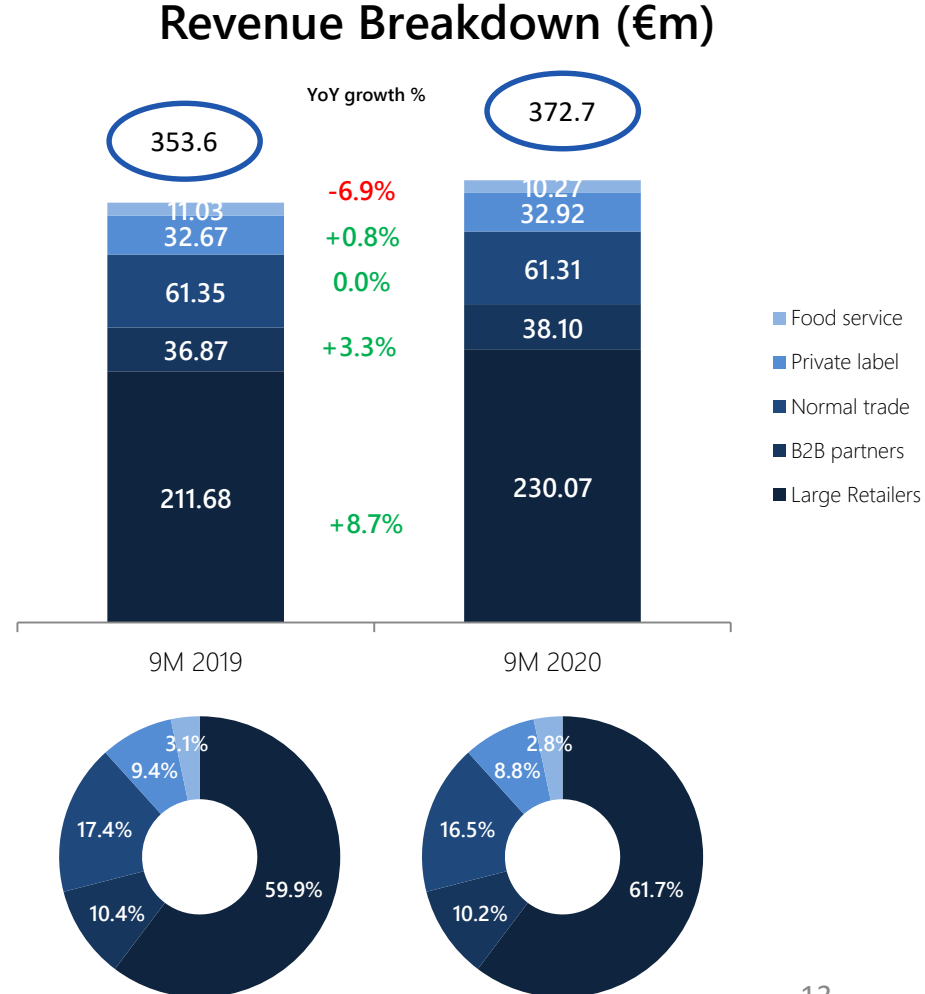
- Revenues from the *other products* decrease as these are mainly linked to the food service and normal trade channels, which were impacted by COVID-19.

Revenue Breakdown (€m)



REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

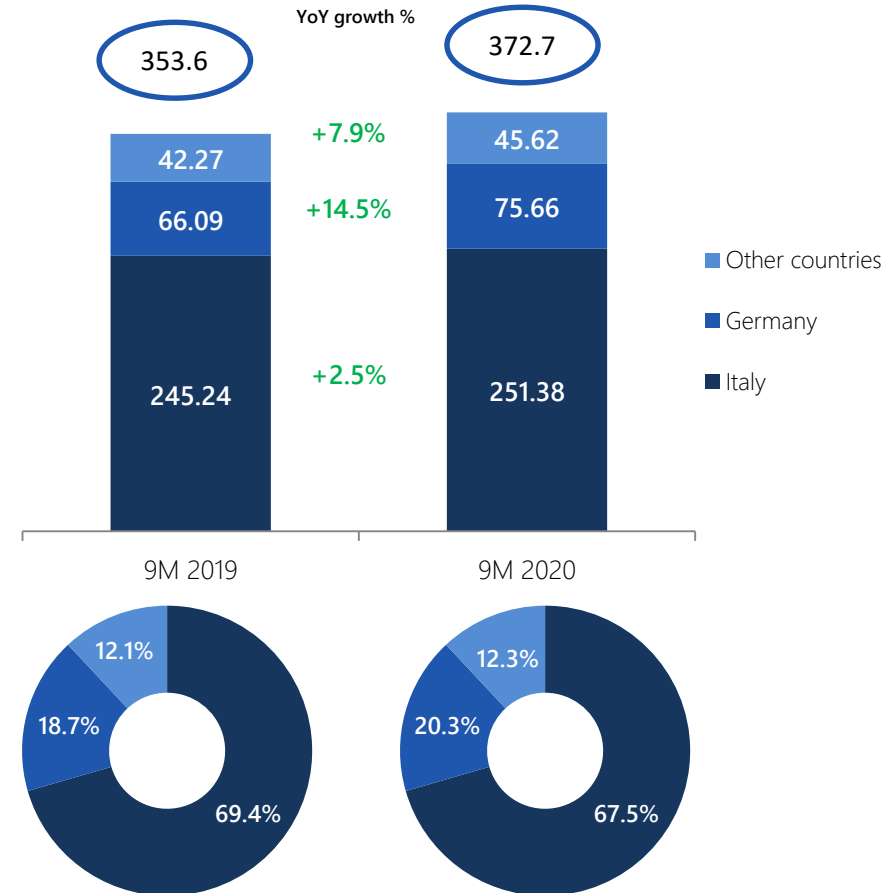
- Revenues related to the **large-scale retail distribution** channel increased by **8.7%** due to an overall increase in sales.
- The revenues from the **B2B partners** channel increase by 3.3%.
- Revenues related to the **normal trade** channel decrease slightly due to the negative effect of the Spring lockdown.
- Revenues related to the **private label** channel increase slightly by 0.8%.
- Revenues related to the **food service** channel decreased as a result of the COVID-19 impact on restaurants and out-of-home eating.



REVENUE BREAKDOWN BY GEOGRAPHY

- The period saw a positive performance in all key markets, particularly in Germany.
- Revenues related to **Italy** went up mainly due an overall increase in sales volumes.
- Revenues related to **Germany** increased the most, by **14.5%**, especially thanks to an increase in the pasta sales, as all brands performed well. Delverde was also successfully launched in some key retailers in Germany.
- Revenues related to **Other Countries** increased by **7.9%** in the periods thanks to an increase in pasta consumption worldwide.

Revenue Breakdown (€ m)



EBITDA BREAKDOWN BY BUSINESS UNIT

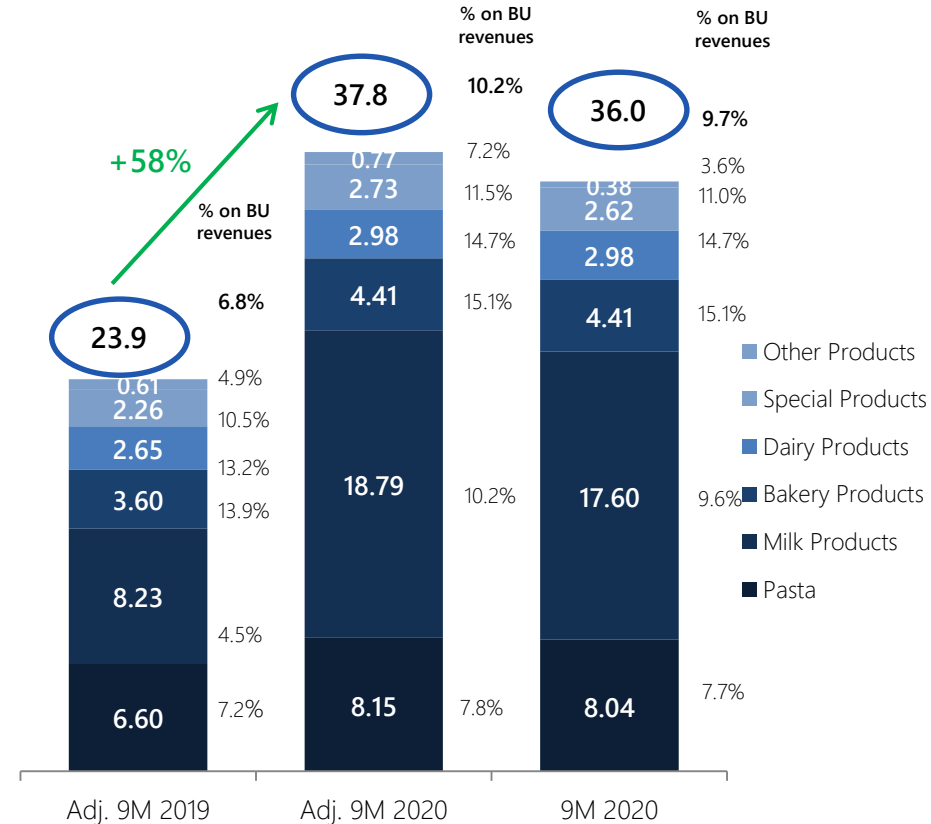
Adj. EBITDA went up to **€37.8m** in **9M 2020**, an increase of **58%** versus 9M 2019. EBITDA margin reached double digit at **10.2%**, compared to 6.8% in 9M 2019.

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

The Group's **quick implementation in Q2 and Q3 2020 of synergies** between Newlat Food and CLI is shown in such good performance, which is evident in the more-than-double increase in the milk segment EBITDA margin, from 4.5% to **10.2%**.

- Particularly remarkable are the **Bakery, dairy and special products EBITDA margin improvements**, which confirm the Company's ability to optimise costs and increase prices thanks to its unique product offering.

9M EBITDA Breakdown (€m)



EBIT AND NET PROFIT BREAKDOWN

Same as for 1H 2020, EBIT and Net Income were positively impacted by **€19.3 million of negative goodwill** arising from the CLI acquisition.

EBIT, excluding negative goodwill, amounted to **€ 37.9 million** compared to € 5.6 million at 30 September 2019.

Net profit for the period was **€30.5m**. Excluding badwill, **adjusted net profit** was **€ 11.3 million** as opposed to € 2.15 million at September 2019.

Net Income is subject to **non-controlling interest**, equal to **€ 1.05 million**

(In € thousand)	Ended 30 September	
	2019	2020
Revenues from clients' contracts	353,595	372,664
Cost of goods sold	-283,338	-288,479
Gross margin	70,257	84,185
Sales and distribution expenses	-45,792	-46,756
Administrative expenses	-19,947	-19,626
Net write-offs of financial activities	-1,250	-1,095
Other income and revenues	6,001	6,341
Profits arising from business combination	0	19,271
Other operating costs	-3,712	-4,375
EBIT	5,557	37,946
Financial income	579	497
Financial expenses	-2,596	-2,993
EBT	3,539	35,450
Taxes	-1,390	-4,921
Net Income	2,149	30,529
Less Net Income attributable to non-controlling interest	(1,714)	1,050
Group Net Income	795	29,479

FREE CASH FLOW

The Cash Flow Statement of the Company generally confirms the **strong cash conversion** ability already visible in previous results.

In particular, we highlight the significant contribution of CLI to cash generation: it is evident that **also in this quarter, CLI is able to convert economic results into cash despite a slight decline in sales attributable to a downturn in tourism in the Summer in all major Italian cities.** This, together with a declining ND figure, confirms that CLI is successfully implementing a **deleveraging process on a standalone basis** (FCF € 12.4 million; 90.9% EBITDA FCF conversion)

Consolidated FCF was equal to € 30.8 million, with an **EBITDA FCF conversion rate of 81.5%** at Group level.

CASH FLOW STATEMENT €mn	N.F. Consolidated (*)	C.L.I.	Newlat Food
	9M 2020	9M 2020	9M 2020
Adj. EBITDA	37.8	13.6	24.2
Net Interest costs	-2.5	-1.5	-1.0
Δ NWC	7.7	5.7	2.1
TAX & Others	-2.9	-1.4	-1.5
Other	-0.4	-0.4	0.0
(A) Cash flow from operating activities	39.8	16.0	23.8
Capex	-5.5	-2.7	-2.7
Proceeds from sale of property	0.0	0.0	0.0
IFRS16 CAPEX	-3.5	-0.9	-2.7
Acquisition of businesses	-9.4	0.0	-9.4
(B) Cash flow from investing activities	-18.3	-3.6	-14.8
Other financial revenues (costs)	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0
IFRS16 lease liabilities	0.0	0.0	0.0
Proceeds from cap increase	0.0	0.0	0.0
Other items including exceptional	-1.5	0.0	-1.5
(C) Cash flow from financing activities	-1.5	0.0	-1.5
NFP at December 31st 2019	-28.7	-77.3	48.5
Change in NFP (A+B+C)	19.9	12.4	7.5
NFP at September 30th 2020	-8.8	-64.9	56.0
IFRS 16 NPV obligation	-17.2	-2.7	-14.6
NFP excluding IFRS 16	8.4	-62.2	70.7
FCF (Oper. CF-CAPEX-non contr.min.)	30.8	12.4	18.4
Adj. EBITDA	37.8	13.6	24.2
EBITDA FCF conversion post tax	81.5%	90.9%	76.2%

(*) consolidated figures including C.L.I. from January 1st 2020

- Organic growth should remain coherent with the market expectation of 3-3.5%.
- Further optimisations of synergies between Newlat and CLI expected to support an additional quarter of profitability improvement.
- Continuous focus on M&A targets likely to result in new deals by early 2021

Management reiterates its message that **the Company will meet analysts' expectations for the years 2020-2021.**

Q&A

Appendix

AGGREGATE INCOME STATEMENT

(In € thousand)	Ended 30 September	
	2019	2020
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EBT	3,539	35,450
Taxes	(1,390)	(4,921)
Net Income	2,149	30,529
Less Net Income attributable to non-controlling interest	(1,714)	1,050
Group Net Income	795	29,479²¹

BALANCE SHEET

(In € thousand)	Ended 31 December 2019	Ended 30 September 2020
Non-current assets		
Property, plant and equipment	31,799	146,893
Right of use	17,326	17,052
Intangible assets	25,217	44,458
Equity investments		1,401
Non-current financial assets valued at fair value with impact on I/S	42	698
Financial assets stated at amortized cost	866	806
Prepaid tax assets	5,034	5,866
Total non-current assets	80,284	220,491
Current assets		
Inventory	25,880	44,006
Account receivables	49,274	68,730
Current tax assets	716	2,719
Other receivables and current assets	4,701	8,674
Current financial assets valued at fair value with impact on I/S	4	4
Cash and cash equivalents	100,884	163,527
Total current assets	181,459	287,659
TOTAL ASSETS	261,744	504,834

BALANCE SHEET

(In € thousand)

Ended 31 December 2019

Ended 30 September 2020



	Ended 31 December 2019	Ended 30 September 2020
Equity		
Share capital	40,780	43,935
Reserves	43,591	62,668
Net Income	7,173	29,757
Total Group Equity	91,546	136,360
Equity attributable to non-controlling interests	-	13,224
Total Consolidated Equity	91,546	149,584
Non-current liabilities		
Provisions for employees	10,646	15,055
Provisions for risks and charges	1,396	1,506
Deferred tax liabilities	3,850	9,900
Non-current financial liabilities	12,000	102,311
Non-current lease liabilities	13,032	11,277
Other non-current liabilities	600	600
Total non-current liabilities	41,524	140,648
Current liabilities		
Account payables	85,592	129,594
Current financial liabilities	22,456	52,778
Current lease liabilities	4,776	5,950
Current tax liabilities	471	3,139
Other current liabilities	15,379	23,141
Total current liabilities	128,674	214,601
TOTAL EQUITY AND LIABILITIES	261,744	504,835

CASH FLOW STATEMENT

<i>(In € thousand)</i>	Ended 30 September	
	2019	2020
Earnings before tax	5,447	35,334
- Adjustments for:		
Depreciation and amortization	9,292	17,188
Net loss/(gain) on disposal of intangible fixed assets	(14)	(5)
Financial expenses/(income)	796	1,964
Other non-monetary charges from business combinations	-	(20,296)
Other non-monetary charges	711	(15)
Cash flow from operating activities before changes in NWC	16,231	34,170
Change in inventory	(1,337)	(7,371)
Change in account receivables	(2,016)	1,082
Change in account payables	3,131	4,843
Change in other assets and liabilities	23,489	9,337
Use of provisions for risks and charges and employees	(988)	(1,387)
Tax paid	(498)	(2,192)
Cash flow from operating activities	38,372	38,482
Investments in PPE	(3,412)	(5,201)
Investments in intangible assets	(264)	(314)
Divestments of financial assets	-	56
Deferred considerations for acquisitions	(1,607)	
Business combination of Delverde	(3,608)	
Business combination of Newlat Deutschland	(45,000)	
Business combination of Centrale del Latte d'Italia	-	8,565
Cash flow from investing activities	(63,351)	3,106

<i>(In €m)</i>	Ended 30 September	
	2019	2020
Proceeds from long-term debt	-	63,500
Repayments of long-term debt	(1,077)	(35,146)
Change in short-term debt	14,096	-
Principal repayments of lease obligations	(4,036)	(5,337)
Net interest paid	(716)	
Cash flow from financing activities	8,268	21,065
Net change in cash and cash equivalents	(16,712)	62,642
Cash and cash equivalents beginning of period	37,682	100,884
Total net change in cash and cash equivalents	(16,712)	62,642
Cash and cash equivalents end of period	12,874	163,527



A multibrand company

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