



A multibrand company

1H 2022 RESULTS

9 SEPTEMBER 2022

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.

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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.

1H 2022 KEY FINANCIAL HIGHLIGHTS*

REVENUES

€335.5m, +10.1% vs. PF 1H 2021

Highest increase in *pasta* (+24%) and *dairy* (+34%)

Italy: + 9% growth

UK: +14% growth

Germany: +13% growth

EBIT

EBIT was € 7.7 million vs. € 7m in 1H 2021

Despite the cost increases, EBIT increased vs. 2021

FREE CASH FLOW

FCF: € 6 million. EBITDA FCF conversion**:

81.8%, confirming the Company's ability to generate free cash flow.

EBITDA

EBITDA €25.2 m vs. €25.4 m in 1H 2021

EBITDA margin 7.5% vs. 8.4% in 1H 2021

double-digit margins in bakery, dairy and special products
Margins negatively influenced by higher raw material, packaging, energy and logistics prices

Net Income

Net Income was € 2.2 million vs. € 1 m (excluding non-recurring income) in 1H 2021

NET FINANCIAL POSITION

Net Debt € 42.2 million vs. € 52.9 m in FY 2021

Excluding IFRS 16 lease liabilities, ND would have been € 7.8 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.

STRATEGIC AND COMMERCIAL INITIATIVES

- **All commercial initiatives in pipeline are being/have been successfully launched**
 - In particular: Naked listed in all major Italian and German supermarkets with promotions already running; Crostino range extension launching in October; Birkel minuto relaunch with new products; Birkel Mezzi and Roasted already launched.

SYMINGTON'S UPDATE

- **Re-organisation of the Consett plant → process is ongoing**
- **Working on NPD, continuous investments in efficiency (new pot line, automatisaton)**
- **Investment plan to promote efficiencies and industrial synergies is continuing**, albeit with greater caution in some particular areas due to the sharp increase in the cost of steel and machinery
- **New M&A target to increase the contribution of the bake in box and cake mixes business in Europe**

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 already informed clients of potential additional price increases in 4Q 2022 – 1Q 2023.**

Commercial and marketing initiatives

- Naked listed in CONAD (major retailer) stores in Italy with promotions already running;
- Naked listed in all major retailers in Italy;
- Esselunga enlarged the Naked range;
- **NAKED Germany:** promising launch in the market with high interest from retailers who understand its good brand positioning;
 - ✓ First promotions at Lidl. Interest in products is pushed with ads in specialty food magazines.
- Birkel roasted and mezzi successful launch with important listings & promotions planned at REWE and EDEKA. Multiple Promotions taking place at Penny, Netto, Famila already;
- Crostino Dorato snack and Crostino Dorato Al Cubo to launch in October.



Naked represents a healthier alternative vs. market leaders



kJ	359
Kcal	85
Fat	0.3 g
of which saturates	0.2 g
Carbohydrate	17 g
of which sugars	1.7 g
Fibre	1.2 g
Protein	2.9 g
Salt	0.53 g

kJ	938
Kcal	224
Fat	10 g
of which saturates	4.7 g
Carbohydrate	28 g
of which sugars	3.7 g
Fibre	1.5 g
Protein	4.7 g
Salt	1.2 g

kJ	1916
Kcal	456
Fat	18 g
of which saturates	1.3 g
Carbohydrate	63 g
of which sugars	2.4 g
Fibre	2.6 g
Protein	9.9 g
Salt	3.1 g

Note: nutritional values as consumed per 100g of product

Unfolding synergies: new Birkel Minuto range produced in the UK to launch in Autumn 2022

- By **November 2022**, the **new Birkel Minuto assortment produced at Symington's** will be launched in the German market;
- **Premium** assortment, same price point as Naked;
- Traditional recipes, vegan recipes;
- Combined price promotions at retailers leverage the reach & sales of promotions;
- All Minuto products with **good Nutriscore** results (1x A, 8x B, 1x C);
- New, modern design;
- Birkel Minuto has a **high awareness of 39%** in the instant segment in Germany;
- Goal is to double **the current market share**.



1H 2022 SALES

BREAKDOWN AND ANALYSIS

1H 2022 PRO-FORMA REVENUE HIGHLIGHTS

1H 2022 saw an increase in sales of **+10.1%**.

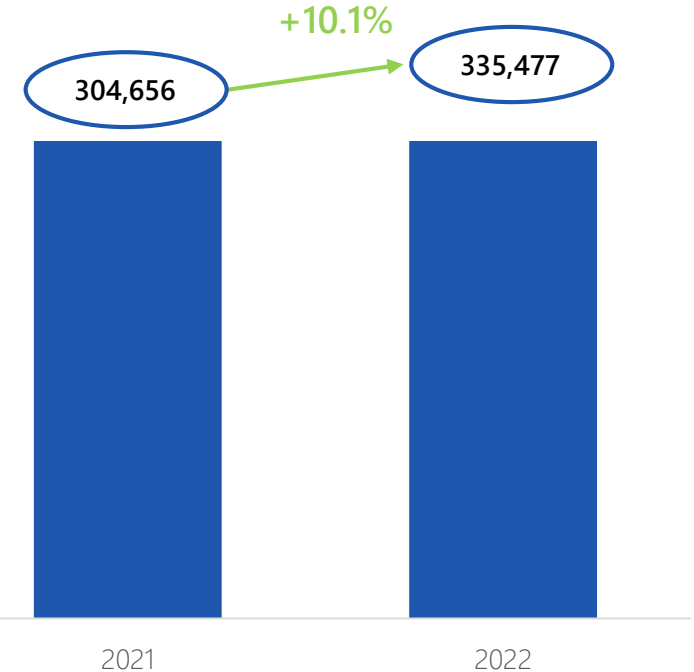
This period was characterized by the following factors:

1. **An overall increase in demand in the main BUs, especially in pasta, milk and dairy;**
2. **An increase in the average selling price due to higher raw material prices.**

After an encouraging slow down experienced in April and May, the inflationary trend picked up again in the second half of June.

On this basis, considering the high volatility and the magnitude of the trend which negatively impacted costs, although a precise forecast cannot be made, the Newlat management and its team is still determined to recover all the margin loss by the first half of 2023.

Revenues (€thousand)



REVENUE BREAKDOWN BY BUSINESS UNIT

- **Pasta** sales increased by **24.5%** vs. 1H 2021 thanks to a mix of price and volume increase (the latter driven by new listings in the reference markets).

- Revenues relating to **Milk Products** recorded an increase **2.7%** following an increase in the average selling price of products.

- The **Instant Noodles** segment recorded an increase of **4.9%** despite a challenging comparison base due to the strong performance of the pre-deal season last year.

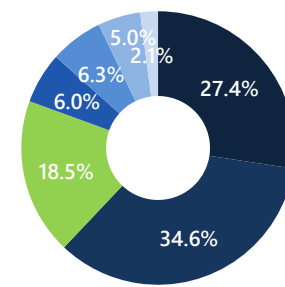
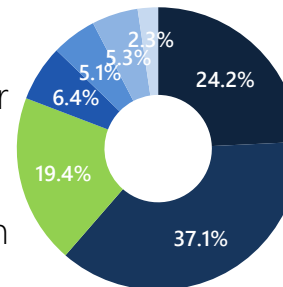
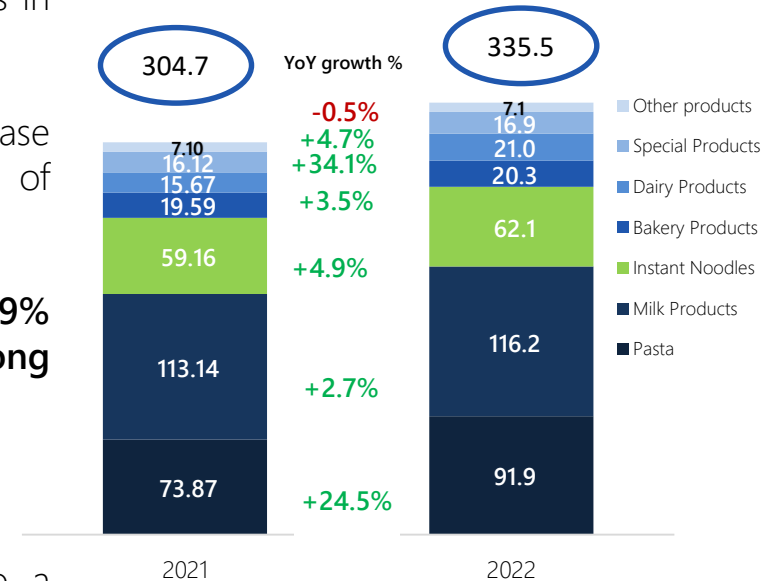
- **Bakery Products** sales increased by **3.5%**.

- The **Dairy Products** segment grew **+34.1%** thanks to a combination of new clients' demand as well as an the pass-through of the raw material price increase.

- **Special Products** sales went up by **4.7%** as a result of higher volumes and higher sales prices.

- Revenues relating to the **Other Products** segment remain in line with the previous period.

Revenue breakdown (€)



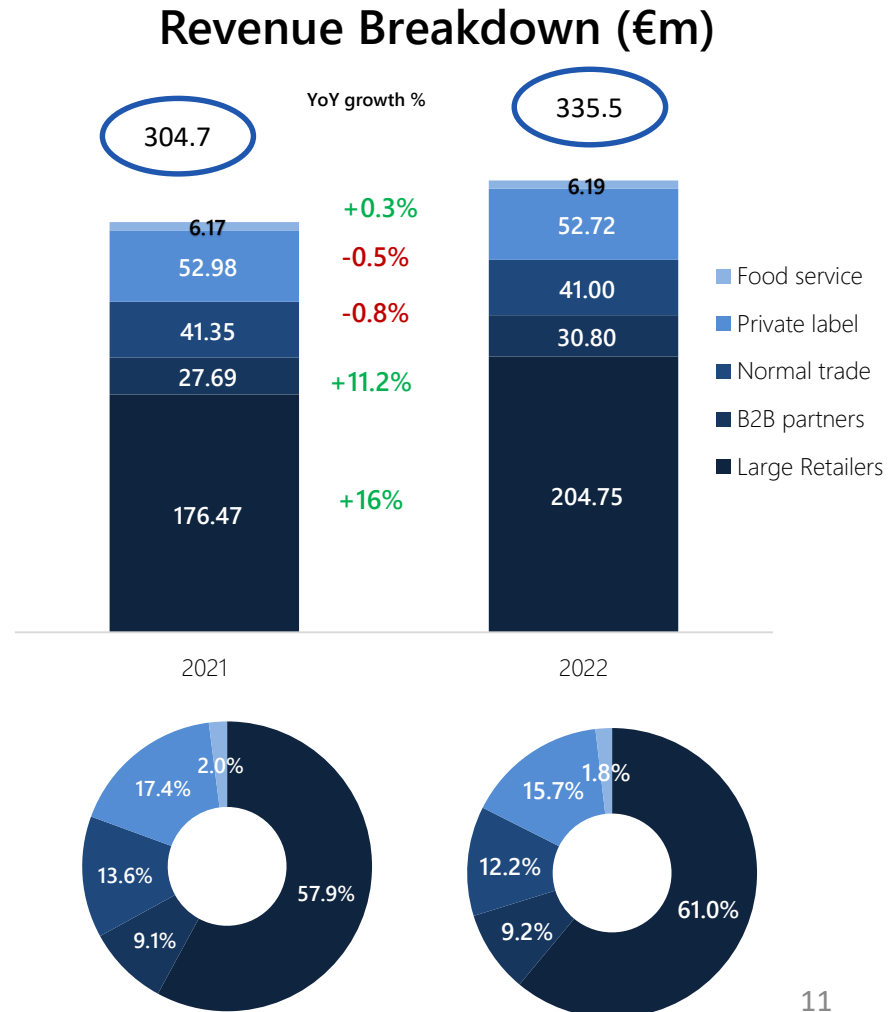
REVENUE BREAKDOWN BY DISTRIBUTION CHANNEL

All the channels experienced a mixed contribution from additional volumes and the increase of the average selling price.

Despite the strong commitment in passing through inflation, especially on raw materials, **the demand for our products remains solid and no impact in terms of elasticity of demand has been experienced neither in large retailers nor in normal trade.**

- **B2B partner** sales continue to increase double digit at **+11.2%** with a **strong contribution from new volumes.**

- The **private label and the food service** sales remained stable throughout the period.



REVENUE BREAKDOWN BY GEOGRAPHY

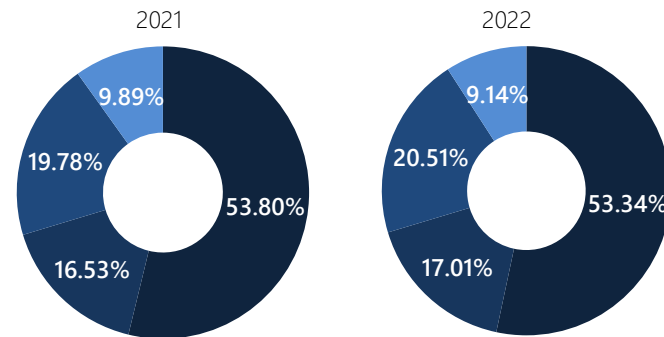
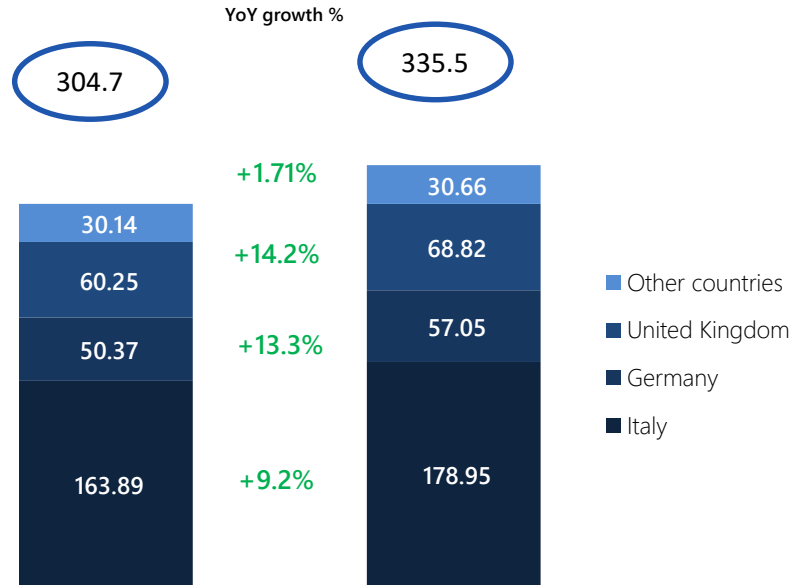
- Revenues in **Italy** increased by **9.2%**. This growth was particularly driven by **new contracts in PL and B2B**. The region also benefitted from **product innovation initiatives and new launches**.

- Sales in **Germany** increased **+13.3%** thanks to new customers in pasta (Delverde continues to lead the performance after the Buitoni exit), new product launches, as well as an increase in the ASL.

- In the **United Kingdom**, sales grew **14.2%** vs. 2021, a very good performance if we consider the high sales volumes of 1H21.

- Revenues generated in **Other Countries** increased by **+1.71%** due to a combination of higher sales volumes and higher average selling prices.

Revenue Breakdown (€ m)



EBITDA BREAKDOWN BY BUSINESS UNIT

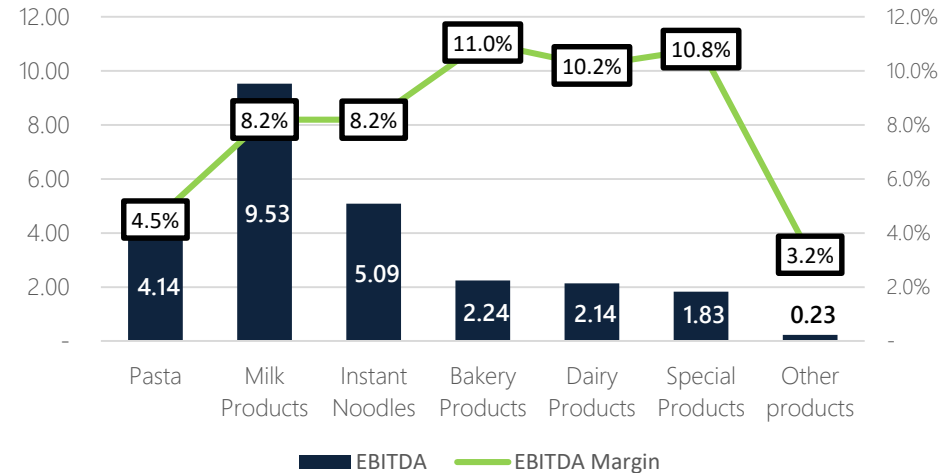
EBITDA was €25.19m in H1 2022, compared to €25.45 million in 2021.

Despite the very challenging scenario in terms of cost inflation, **the Group reached a small dilution of profitability in absolute terms, very relative considering the sector, with a recovery in Q2; the company benefitted from its portfolio diversification, industrial efficiency and high own brand positioning.**

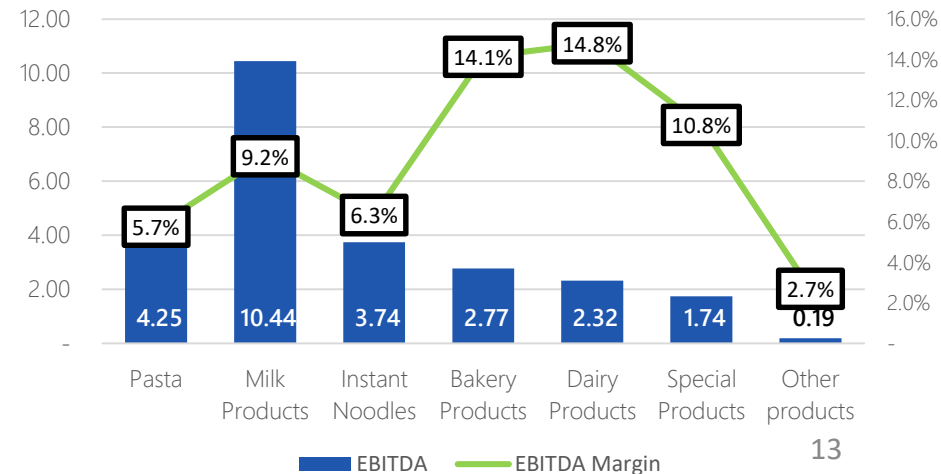
Unfortunately, the general inflationary scenario still persists with **high volatility and an uncertain trend;** The company will commit to recovering all the margin losses that it will incur due to future inflation, in order to keep marginality similar to its historical average.

Additional initiatives will be put in place in the upcoming months to protect the profitability in 2023.

EBITDA (€m) and EBITDA margin (%) 1H 2022



EBITDA (€m) and EBITDA margin (%) 1H 2021



FREE CASH FLOW

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

We expect cash generation to continue in 2H 2022, **driving a further reduction of net debt.**

The strong commercial activities focused on **production cost increase pass-through** have been the main driver for **profitability protection** and cash generation.

The table shows how, after the first round of price increase planned at the end of 2021, an **additional and material increase was experienced in 2Q 2022**, driving the margin dilution reported at the end of 1H22.

CASH FLOW STATEMENT €mn		Newlat Food Consolidated 1H 2022
Adj. EBITDA		25.2
Net Interest costs		-4.6
Δ NWC		-2.1
TAX & Others		-3.3
(A) Cash flow from operating activities		15.1
Capex		-4.6
Proceeds from sale of property		
IFRS16 CAPEX		-4.5
Acquisition of businesses		
(B) Cash flow from investing activities		-9.1
FCF (Oper. CF-CAPEX)		6.0
Cash Conversion (EBITDA-CAPEX)/EBITDA		81.8%

€ mln	1Q 2022	2Q 2022	1H 2022
Revenues	165.435	170.043	335.478
<i>YoY growth</i>	<i>7.68%</i>	<i>12.60%</i>	<i>10.12%</i>
EBITDA	13.068	12.123	25.191
<i>margin</i>	<i>7.90%</i>	<i>7.13%</i>	<i>7.51%</i>
<i>YoY COGS increase</i>	<i>10.8%</i>	<i>14.2%</i>	<i>12.6%</i>
€ mln Pro-Forma	1Q 2021	2Q 2021	1H 2021
Revenues	153.642	151.014	304.656
EBITDA	14.006	11.44	25.446
<i>margin</i>	<i>9.12%</i>	<i>7.58%</i>	<i>8.35%</i>

Q&A

Appendix

PROFORMA INCOME STATEMENT

(In € thousand)	Ended 30 June	
	2022	PF 2021
Revenue from clients' contracts	335,478	304,656
Cost of goods sold	(274,635)	(243,619)
Gross margin	60,844	61,037
Sales and distribution expenses	(42,915)	(38,104)
Administrative expenses	(10,900)	(14,236)
Net write-offs of financial activities	(387)	(920)
Other income	4,873	5,649
Income from business combination	0	0
Other operational costs	(3,797)	(6,380)
EBIT	7,719	7,046
Financial income	1,274	462
Financial expenses	(5,919)	(3,860)
EBT	3,073	3,648
Income tax	(891)	2,368
Net profit	2,183	6,015
Net income attributable to third parties	897	2,396
Group Net Income	1,285	3,619

CONSOLIDATED INCOME STATEMENT

<i>(In € thousand)</i>	Ended 30 June	
	2022	2021
Revenue from clients' contracts	335,478	245,495
Cost of goods sold	(274,635)	(194,321)
Gross margin	60,844	51,173
Sales and distribution expenses	(42,915)	(31,285)
Administrative expenses	(10,900)	(11,810)
Net write-offs of financial activities	(387)	(920)
Other income	4,873	5,649
Other operational costs	(3,797)	(4,104)
EBIT	7,719	8,702
Financial income	1,274	462
Financial expenses	(5,919)	(3,798)
EBT	3,073	5,366
Income tax	(891)	1,794
Net profit	2,183	7,160
Net income attributable to third parties	897	2,396
Group Net Income	1,285	4,763

BALANCE SHEET

In € thousand	30 June 2022	31 December 2021
Non-current assets		
Property, plant and equipment	153,578	157,417
Right of use	34,515	38,572
Intangible assets	95,896	97,824
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	731	731
Financial assets stated at amortized cost	800	801
Deferred tax asset	8,394	7,580
Total non-current assets	295,315	304,326
Current assets		
Inventory	84,894	63,881
Account receivables	60,692	67,184
Current tax assets	3,249	3,324
Other receivables and current assets	13,057	11,262
Current financial assets valued at fair value with impact on I/S	5,344	35
Cash and cash equivalents	340,417	384,888
Total current assets	507,653	530,574
TOTAL ASSETS	802,968	834,900

In € thousand	30 June 2022	31 December 2021
Equity		
Share capital	43,935	43,935
Reserves	78,232	81,447
Currency translation reserve	(1,435)	(478)
Net Income	1,285	5,134
Total Group Equity	122,017	130,038
Equity attributable to non-controlling interests	15,357	14,477
Total Consolidated Equity	137,374	144,515
Non-current liabilities		
Provisions for employees	13,912	14,223
Provisions for risks and charges	2,057	2,030
Deferred tax liabilities	19,470	19,097
Non-current financial liabilities	268,510	287,216
Non-current lease liabilities	25,208	31,175
Other non-current liabilities	-	-
Total non-current liabilities	329,156	353,741
Current liabilities		
Account payables	190,135	179,024
Current financial liabilities	110,341	127,280
Current lease liabilities	9,215	7,887
Current tax liabilities	3,791	3,364
Other current liabilities	22,955	19,087
Total current liabilities	336,437	336,643
TOTAL EQUITY AND LIABILITIES	802,968	834,900

CASH FLOW STATEMENT

(In € thousand)	30 June		(In € thousand)	30 June	
	2022	2021		2022	2021
Earnings before tax	3,073	5,366	Investments in PPE	(4,080)	(3,075)
- <i>Adjustments for:</i>			Investments in intangible assets	(502)	(21)
Depreciation and amortization	17,473	13,002	Divestments of PPE	-	-
Financial expenses/(income)	4,645	3,336	Investments in financial assets	(5,599)	(4,745)
Other non-monetary charges from business combinations	-	-	Deferred considerations for acquisitions		(600)
Other non-monetary charges	-	-	Lylag acquisition	(300)	
Cash flow from operating activities before changes in NWC	25,191	21,704	Cash flow from investing activities	(10,481)	(8,441)
Change in inventory	(21,013)	(4,454)	- Proceeds from long-term debt	-	29,452
Change in account receivables	6,106	15,935	Repayments of long-term debt	(35,646)	(13,607)
Change in account payables	11,111	(5,252)	Bond issue	-	198,336
Change in other assets and liabilities	1,647	1,511	Principal repayments of lease obligations	(7,019)	(6,934)
Use of provisions for risks and charges and employees	(285)	(564)	Net interest paid	(4,645)	(3,336)
Tax paid	(832)	(1,105)	Dividend paid		
Cash flow from operating activities	21,925	27,777	Purchase of minority interest	(17)	(67)
			Own shares	(8,588)	(5,642)
			Cash flow from financing activities	(55,915)	198,202
			Net change in cash and cash equivalents	(44,471)	217,538
			Cash and cash equivalents at the beginning of the period	384,888	182,127
			Total net change in cash and cash equivalents	(44,471)	217,538
			Cash and cash equivalents at the end of the period	340,416	399,665



UPCOMING EVENTS

- **11-12 October**
Italian Excellences Conference – Le
Bristol, Paris, France
- **11 November**
9M 2022 Results

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A multibrand company