



9M 2023 Results Presentation

14 November 2023

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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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The taste



of growing

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 sectors, 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, protein-free and high protein products
- Baby food
- Instant food
- Home baking & baking aids



The group at a glance

- **4 Core markets**
- More than **3,000 products**
- More than **20,000 clients** among the most important retailers in Europe
- ca. **741 million revenue** in 2022
- More than 2,500 employees
- Export to more than **60 countries**
- **19 facilities** across Italy, UK, Germany and France
- **7 product categories**



9M 2023 Highlights

9M 2023 key financial highlights*

Revenues

- €600.7 m, +15.2% vs. 9M 2022
- Organic revenue growth: +11.2%
- Highest increase in instant food (+30.9%), dairy (+24.7%) and bakery (+14.5%).
- Germany: +20%; Italy: +9.8%; UK: +11.7%.

EBIT

- EBIT: +171% vs. 9M 2022 (€ 31.8 million vs. € 11.7 m)
- Exceptional result achieved thanks to virtually no increase in administrative and sales costs.

Free Cash Flow

- Free Cash Flow: € 29.2 million, +166% vs. last year. Excellent performance of FCF thanks to good operational results.

EBITDA

- Adj. EBITDA €58.3 m vs. €42.7 m in 9M 2022
- Adj. EBITDA margin 9.7% vs. 8.2% in 9M 2022
- Further recovery of EBITDA margins with over 10.6% margin in Q3.

Net Income

- Net Income: + 414% vs. 9M 2022 (€ 18.2 million vs. € 3.5m)
- Thanks to the strong operating leverage that more than offset the higher net financial costs caused by interest rate increase

Net Financial Position

- Net Debt (ex. IFRS 16 lease liabilities): € 14.8 million vs. € 63.1 m in FY 2022.
- Net Debt (incl. IFRS 16): € 60.5 million vs. € 109.8 m in FY 2022.

Leading revenue growth rate vs. major F&B companies



With a revenue growth of 11.2%, Newlat Food keeps standing out as one of the leading performers in terms of revenue growth for the first nine months of 2023 compared to other notable food companies. It ranks second among the depicted companies, outperforming major players like Unilever, Nestlé, and Danone. This positions Newlat Food in a strong competitive stance, indicating robust growth and suggesting effective strategies in a challenging market environment.



Minuto makes its way into Edeka in Germany

First Minuto sachets launched into Edeka at the beginning of Q4.

Just a few months after the acquisition of EM Foods, Minuto has secured a spot on the shelves of Germany's premier retail chain.

The design and branding efforts invested in Minuto distinguish it markedly from its rivals, offering a fresh and innovative approach in contrast to the conventional designs and recipes that currently prevail in the market.



9M 2023 SALES BREAKDOWN AND ANALYSIS

9M 2023 revenue highlights

The result for first nine months of 2023 shows considerable growth and efficiency gains over the same period in 2022.

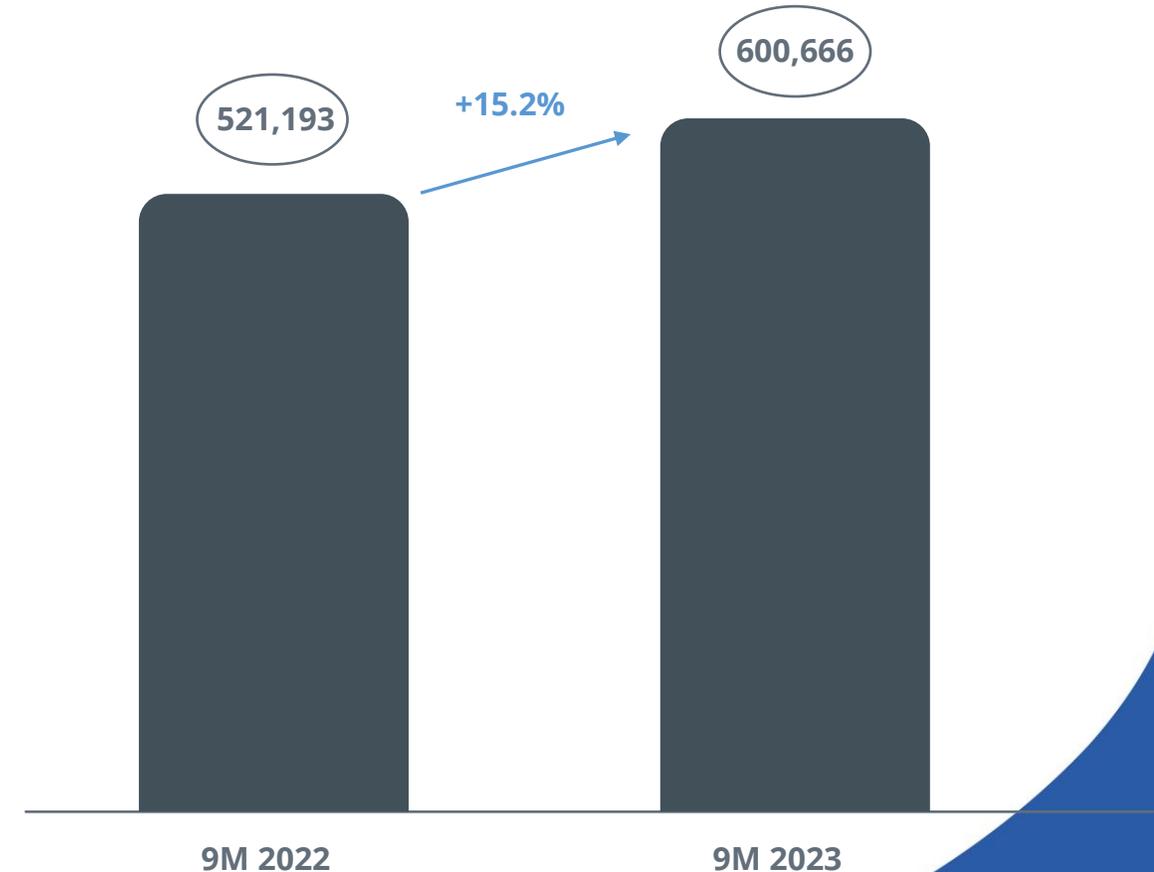
Revenues increased by approximately **15.25%** to **€ 600.7 m** at 9M 2023, up from €521.2 m at 9M2022, supported by a solid expansion in the company's market presence and client base.

Gross margin saw a significant increase of **23.78%** to **€108.7 m**, outpacing revenue growth, indicating enhanced operational efficiency. **COGS** were **81.9%** of sales as opposed to 83.2% in 9M22.

EBIT showed an impressive increase of **170.84%**, proving a strong operational performance and profitability. Sales and distribution expenses rose by a modest 2.91%, while administrative expenses increased by just 1.28%. This controlled growth in expenses demonstrates a disciplined approach to cost management.

Net profit surged by **413.85%** to **€18.2 million**, reflecting Newlat's success in leveraging increased revenue while controlling costs effectively.

Proforma revenues (€ thousand)



Revenue breakdown by business unit

Overall, each business unit shows growth, with **Dairy Products** leading ahead of other categories with a **+24.7%** increase, indicating a strong market presence and successful strategic initiatives. The consistent growth across all the categories demonstrates an effective management and strategic positioning of Newlat's products as well as a favorable market response.

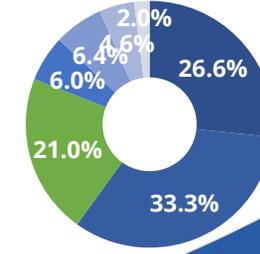
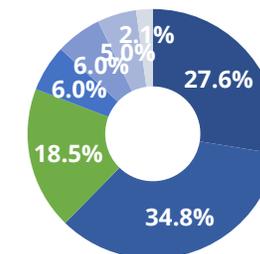
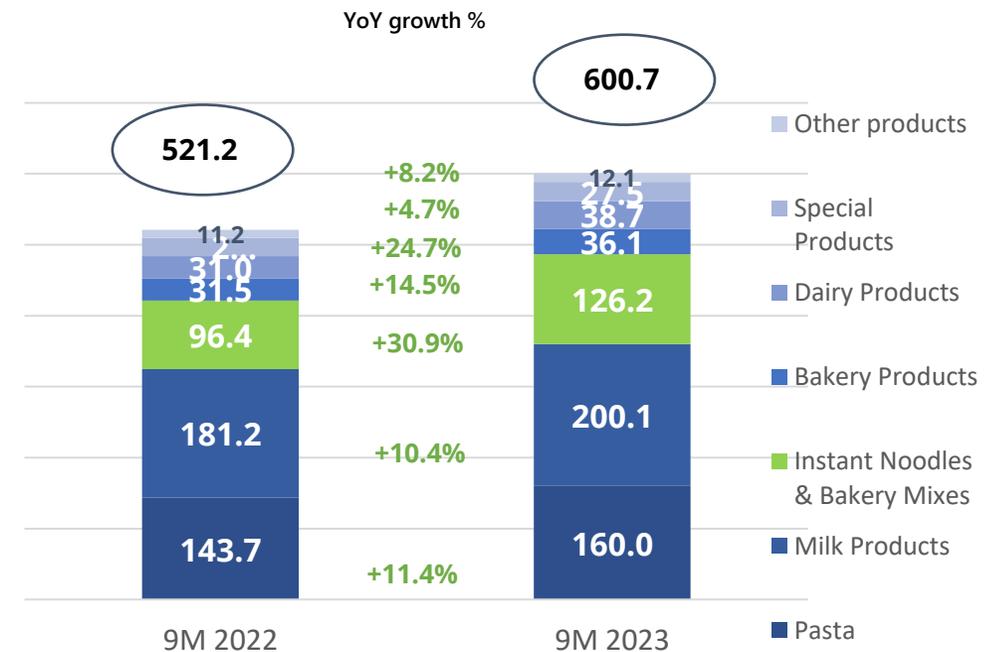
The **pasta, milk** and **bakery** segments show a healthy increase in revenues of, respectively, **11.4%**, **10.4%** and **14.5%** growth. This is attributed to higher sales volumes due to new customers and an increased average selling price.

The **Instant Noodles & Bakery Mixes** BU reports a significant surge in growth by 30.9%. This rise is linked to the acquisition of EM Foods and a rise in the average selling price, particularly in the United Kingdom.

As mentioned, the **Dairy Products** segment stands out with the highest percentage growth among all segments at 24.7%, with revenue moving up from €31.0 million to **€38.7 million**. The principal factor behind this substantial increase is the growth in sales volumes especially of mascarpone.

Special Products show a growth of **4.7%**, from €26.2 million to €27.5 million, in particular thanks to the B2B business channel.

Revenue breakdown (€m)



Revenue breakdown by distribution channel

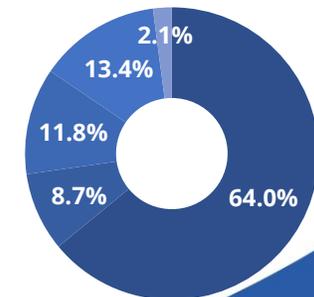
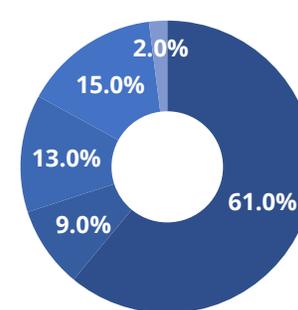
All the main channels saw a positive increase in the period and were impacted by an higher ASP and higher demand.

In particular, **large retailers and food service** revenues went up by **21% and 18.9% respectively**. Growth attributable to large retailers was driven by an overall higher demand, in particular in the instant noodles, milk & dairy and pasta segments, while food service increased mainly thanks to an increase in the milk segment.

As regards the B2B and private label channels, most growth is attributable to an increase in sales in the pasta and bakery segments.

An increase in milk and dairy was the main driver of growth in the normal trade channel.

Revenue breakdown (€m)



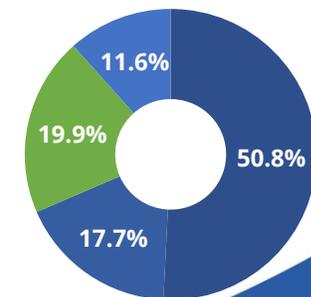
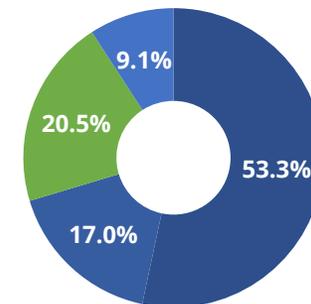
Revenue breakdown by geography

All the main regions saw a positive trend in the period. In particular, **Germany** keeps leading the most growth among the reference markets with over a **20% increase**, thanks to higher sales in both **pasta** and **instant noodles/bakery mixes**. The end of the third quarter saw the launch of the “**Minuto**” dessert mixes range into the most important German retailers, such as Edeka.

The **UK** also saw an increase in sales by **11.7%**, mainly attributable to new product launches and the **Naked “Best Ever”** relaunch.

Revenues from **other countries** went up by approximately **46.3%**, mainly due to the EM Foods acquisition. Excluding the acquisition, revenues from other countries would still show an increase as a result of higher demand and the average selling price.

Revenue breakdown (€m)



EBITDA breakdown by business unit

Adjusted EBITDA was **€58.3 million** in 9M 2023, an increase of **+36.6%** compared to €42.7 million. The adjusted **EBITDA margin** was **9.7%** vs. 8.2%.

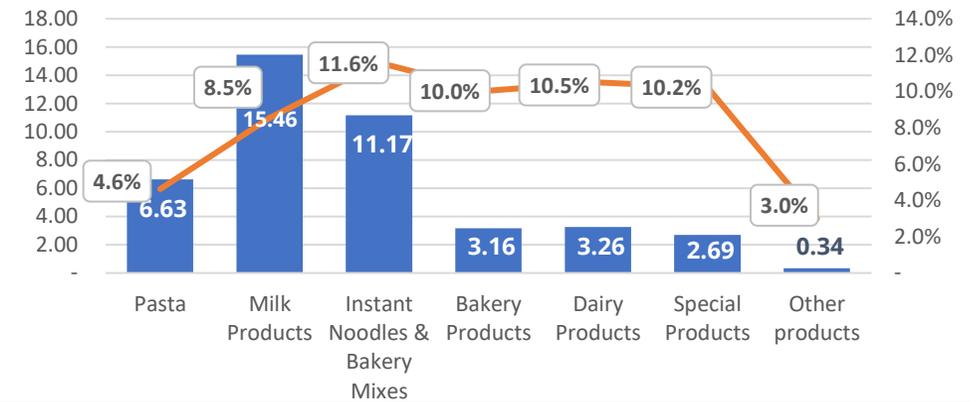
The highest increase in EBITDA was recorded in **Pasta**, with a growth of **+162.3%**, and its EBITDA margin improved from 4.6% to **10.9%**.

Bakery Products' EBITDA also increased significantly by **+58.3%**. The EBITDA margin for Bakery Products was **13.9%** vs. 10.0% in 2022, indicating improved profitability, in particular due to better purchasing conditions and higher sales.

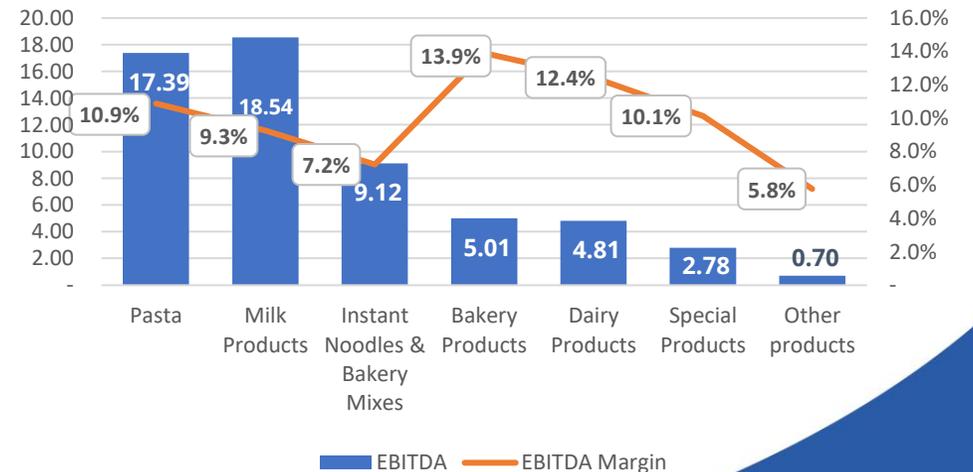
Overall, all business units saw an increase in margins except for the Instant Noodles & Bakery Mixes segment, which experienced a decrease in EBITDA, with the margin dropping from 11.6% to 7.2%, this segment was negatively impacted by the lower average EBITDA margin of the newly acquired EM Foods.

In general, the data from 2023 reflect a complete recovery of the margins lost in 2022, in particular in the last quarter, which recorded an average adjusted EBITDA margin of 10.6%.

Adj. EBITDA (€m) and EBITDA margin 9M 2022

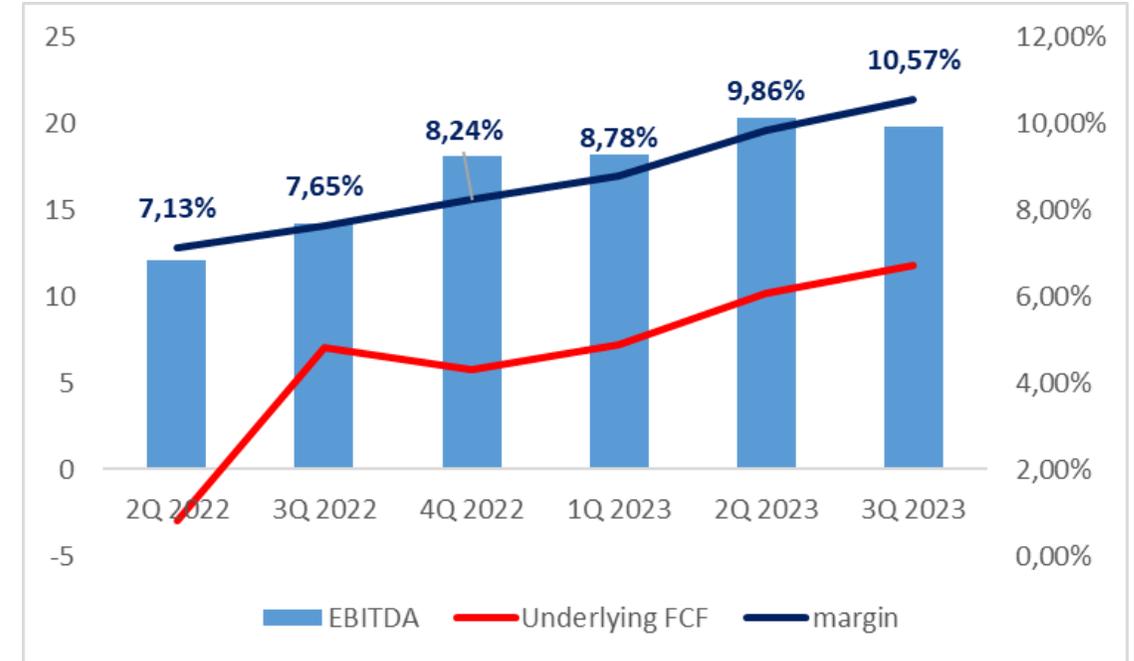


Adj. EBITDA (€m) and EBITDA margin 9M 2023



Strong Cash Flow generation thanks to profitability improvement and Net working capital normalization

CASH FLOW STATEMENT €mn		Newlat Food 9M 2023
Adj. EBITDA		58.3
Net Interest costs		-6.7
Δ NWC		3.0
TAX & Others		-2.9
(A) Cash flow from operating activities		51.7
Capex		-12.9
Other investments		
IFRS16 CAPEX		-9.6
Acquisition of businesses		-1.0
(B) Cash flow from investing activities		-23.5
Underlying FCF (Oper. CF -CAPEX)		29.23



	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Revenue (€'000)	170,043	185,714	219,902	207,333	205,961	187,372
EBITDA (€m)	12,123	14,199	18,111	18,200	20,300	19,800
<i>Margin (%)</i>	<i>7.13%</i>	<i>7.65%</i>	<i>8.24%</i>	<i>8.78%</i>	<i>9.86%</i>	<i>10.57%</i>
Underlying FCF (€m)	-3.0	7.0	5.8	7.2	10.2	11.8

M&A Opportunities

M&A remains integral to Newlat Food's strategic approach. The rise in interest rates and prevailing credit market conditions are fostering a more advantageous environment for Newlat Food, attributable to:

- Interest rate increase leaves less room for private equity return equation;
- Current credit market environment leaves lower opportunity for heavy leverage structures;
- Financials investors are looking for targets with a clear growth profile (different than traditional food players) to try to match higher cost of funding with expected high returns;

In this favourable environment, Newlat Food recently entered into some important processes with different multinational corporations:



Transformational potential acquisition in UK: > € 1 bn turnover in different categories with huge potential synergies already visible and immediately realisable.

Several opportunities in different food sectors with revenues between € 50 and 200 million.

The potential deal we started last year with an important multinational corporation for their operations in Europe is still on hold waiting for the end of the internal reorganization process of the seller.

FY 2023 outlook

By end of year, the Newlat Food management is committed to reaching results in line with the 9M 2023 figures. In particular:

- **Consolidated revenues expected to keep growing double digit;**
- **Adj. EBITDA margin expected to be above 9%;**
- **FCF expected to surpass € 35 million with FCF yield of over 13%;**
- **Strong strategic focus on M&A** with interesting opportunities already in an advanced negotiation stages.



Q&A

Appendix

Consolidated Income Statement

(In € thousand)	30 September	
	2023	2022
Revenue from clients' contracts	600,666	521,193
Cost of goods sold	(491,968)	(433,379)
Gross margin	108,698	87,814
Sales and distribution expenses	(64,317)	(62,496)
Administrative expenses	(15,716)	(15,518)
Net write-offs of financial activities	(586)	(533)
Other income	6,712	7,018
Income from business combination	1,685	0
Other operational costs	(4,666)	(4,540)
EBIT	31,810	11,745
Financial income	6,788	2,349
Financial expenses	(13,447)	(8,988)
EBT	25,152	5,106
Income tax	(6,977)	(1,569)
Net profit	18,175	3,537
Net income attributable to third parties	2,187	955
Group Net Income	15,988	2,584
Basic EPS	0.37	0.07
Diluted EPS	0.37	0.07

Balance sheet

In € thousand	30 September 2023	31 December 2022
Non-current assets		
Property, plant and equipment	158,718	154,106
Right of use	44,523	46,509
Intangible assets	92,690	92,345
Investments measured with equity method	1,401	1,401
Non-current financial assets valued at fair value with impact on I/S	777	1,213
Financial assets stated at amortized cost	804	801
Deferred tax asset	7,100	7,148
Total non-current assets	306,014	303,522
Current assets		
Inventory	83,045	85,213
Account receivables	76,529	91,982
Current tax assets	2,266	1,889
Other receivables and current assets	14,635	19,045
Current financial assets valued at fair value with impact on I/S	1,128	6,525
Financial claims valued at amortised cost	21,876	13,099
Cash and cash equivalents	320,744	287,820
Total current assets	520,223	505,573
TOTAL ASSETS	826,236	809,095

In € thousand	30 September 2023	31 December 2022
Equity		
Share capital	43,935	43,935
Reserves	100,816	77,296
Currency translation reserve	2,461	(2,982)
Net Income	15,988	6,223
Total Group Equity	163,200	124,471
Equity attributable to non-controlling interests	17,020	14,834
Total Consolidated Equity	180,220	139,306
Non-current liabilities		
Provisions for employees	10,679	11,399
Provisions for risks and charges	1,601	2,038
Deferred tax liabilities	25,116	19,991
Non-current financial liabilities	289,375	304,723
Non-current lease liabilities	38,108	39,173
Total non-current liabilities	364,880	377,324
Current liabilities		
Account payables	170,860	193,776
Current financial liabilities	69,184	65,780
Current lease liabilities	7,562	7,567
Current tax liabilities	8,506	3,688
Other current liabilities	25,025	21,654
Total current liabilities	281,137	292,466
TOTAL EQUITY AND LIABILITIES	826,236	809,094

Cash flow statement

(In € thousand)	30 September	
	2023	2022
Earnings before tax	25,152	5,106
- <i>Adjustments for:</i>		
Depreciation and amortization	26,968	27,900
Other non monetary changes from business combination	(1,685)	
Financial expenses/(income)	6,659	6,639
Cash flow from operating activities before changes in NWC	57,093	39,645
Change in inventory	5,548	(25,329)
<i>Change in account receivables</i>	20,298	5,512
Change in account payables	(29,252)	8,397
Change in other assets and liabilities	6,408	7,535
Use of provisions for risks and charges and employees	(1,156)	(234)
<i>Tax paid</i>	(3,163)	(1,656)
Cash flow from operating activities	55,775	33,870
Investments in PPE	(11,804)	(7,261)
<i>Investments in intangible assets</i>	(1,092)	(677)
Investments in financial assets	(3,096)	(4,363)
Acquisition	(1,000)	(300)
Cash flow from investing activities	(16,992)	(12,601)

(In € thousand)	30 September	
	2023	2022
Proceeds from long-term debt	19,500	70,000
Repayments of long-term debt	(28,420)	(36,983)
Principal repayments of lease obligations	(7,341)	(11,071)
Net interest paid	(6,659)	(6,639)
Third party share acquisition	-	(17)
Own shares	20,085	(10,396)
Cash flow from financing activities	(2,835)	4,894
Net change in cash and cash equivalents	35,948	26,162
Cash and cash equivalents at the beginning of the period	287,820	384,888
Compensation in cash and cash equivalents	(3,025)	
<i>Total net change in cash and cash equivalents</i>	35,948	26,162
Foreign currency translation reserve		(1,959)
Cash and cash equivalents at the end of the period	320,744	409,091



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