



# **Princes Acquisition**

## **Integration and Growth Plan**

**Milan, 4 June 2024**

# The taste



# of growing

# 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.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy Newlat's securities, nor shall the document form the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of Newlat Food.

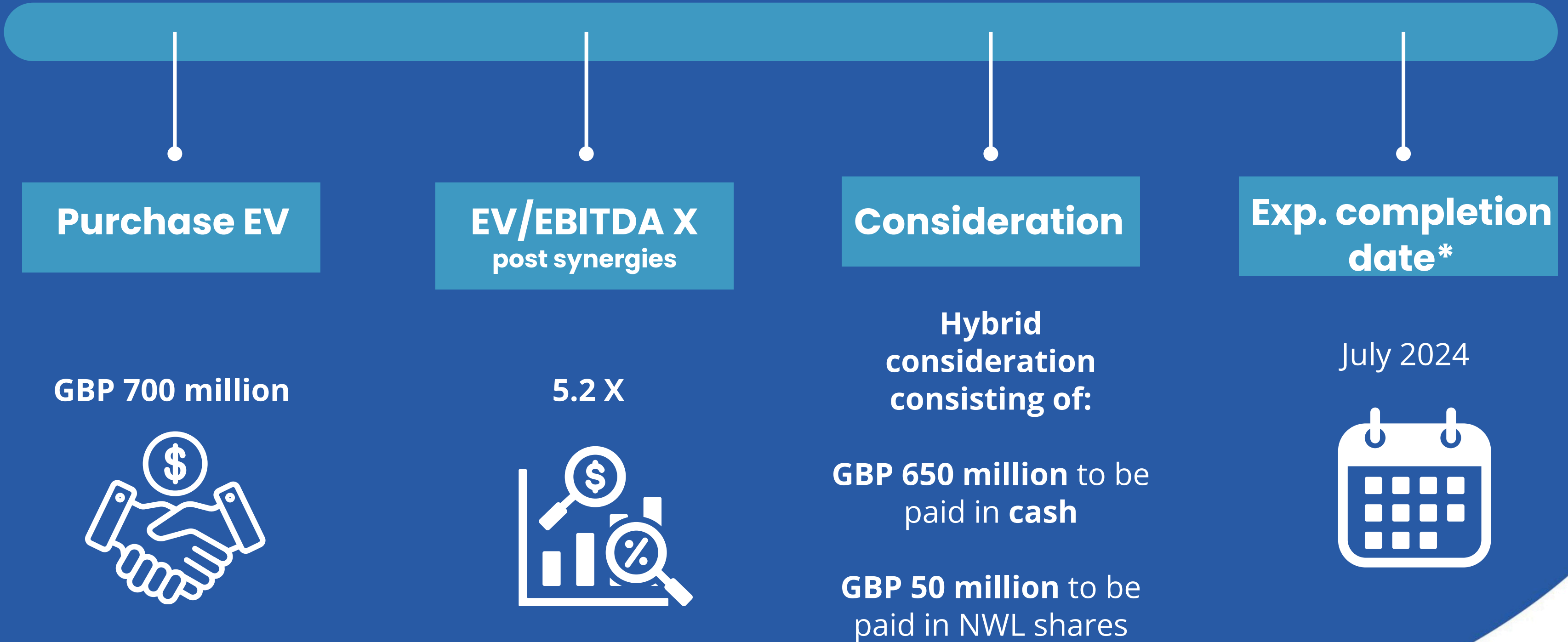
Newlat Food's securities referred to in this document have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The Transaction remains subject to certain customary antitrust approvals, as well as the notification and consultation process with Princes employees, works councils, unions or representative groups (as applicable).

Princes figures are forecasts and the actual results may differ from the forecasts.

Branston is a registered trademark of Mizkan Europe Limited and used under licence; Batchelors is a registered trade mark of Premier Foods Group Limited and used under licence; Olivio / Flora and the sunflower device are registered trade marks of Upfield and used under licence.

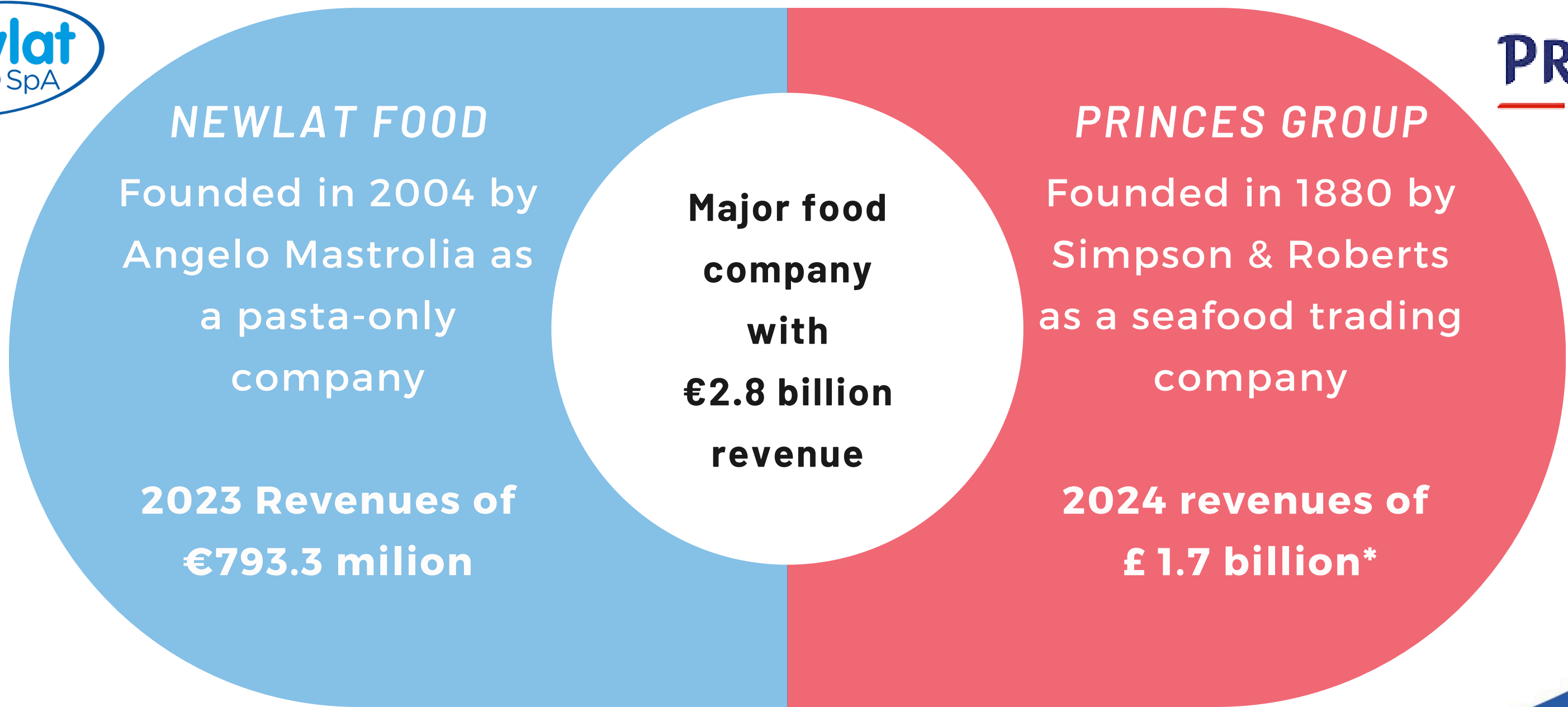
# Transaction details



\*Subject to achieving required regulatory approvals

# Newlat Food has agreed to buy 100% of Princes Limited

Newlat Food has agreed to buy 100% of Princes Limited, a historic food industry group in the United Kingdom, bringing the consolidated turnover close to € 3 billion



\*FY to end of March 2024



# Newlat & Princes: a platform for pan-european leadership and global growth



A MULTIBRAND COMPANY

A multinational F&B business model on a smaller scale  
Brand > COB  
Majority manufactured  
Pasta, bakery, dairy, special, instant





A scaled, UK-focused European ambient F&B business  
COB > Brand  
Majority manufactured  
Canned foods, oils, Italian, fish, drinks




Leading player in the European food industry – diversified healthy F&B platform with responsible credentials

Brand & COB

Majority manufactured

Across a range of major **healthy ambient F&B** and selected fresh categories



# Princes Group at a glance

**£1.7bn**  
2024 Net Sales

5 product segments

**#1 or #2**  
player across all categories

Diversified brand & COB portfolio

**11** production sites worldwide

Leader in Sustainability and ESG



# By joining forces, the Group will boast a well-diversified portfolio in 10 categories



\*Based on FY 2023 (ended 31 December) for Newlat Food; Princes Limited FY to end of March 2024; GBP/EUR rate 1.18



# A Mediterranean Diet Powerhouse



The New Princes Group will boast a comprehensive product offering that encapsulates the **essence of the Mediterranean diet**.

From fruits and fruit juices to beans and peas, and from the wheat and grains for our diverse pasta and bread alternatives; from the bountiful seas providing a variety of fish to the rich, aromatic olive oils and typical Italian dairy products, all the way to our tempting range of desserts – **we will bring a complete Mediterranean culinary experience to our customers worldwide.**

This merger isn't just about combining businesses; it's about blending **traditions, flavors, and high-quality products to offer a wholesome, balanced diet celebrated worldwide.**

# By joining forces, Newlat Food and Princes Group will enter a new era and become one of the biggest food companies in Europe



**Workforce**  
Over 8,800  
employees



**Revenue\***  
€2.8 billion



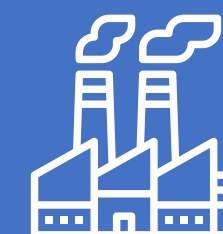
**EBITDA\***  
€ 188 million



**Net Profit\***  
€ 31.4 million



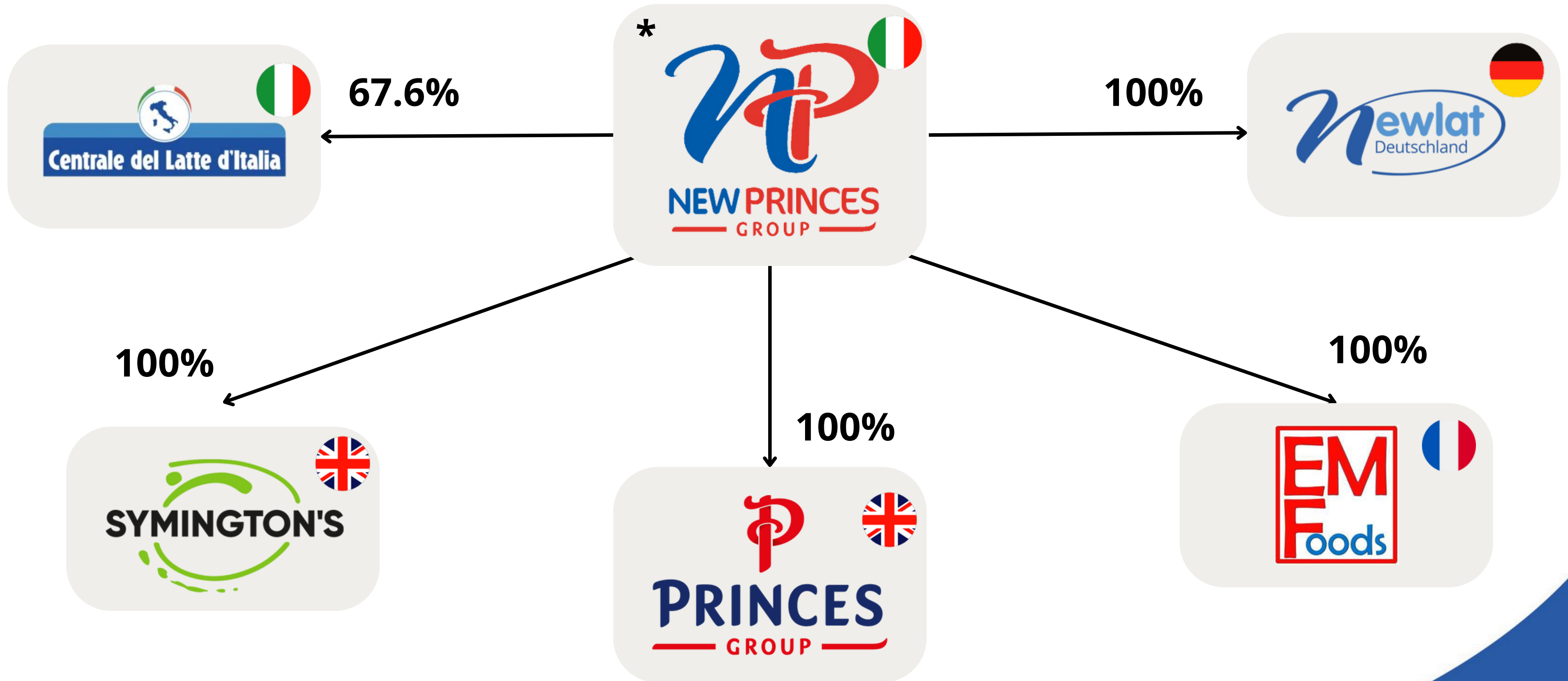
**Brands**  
Over 30 key  
brands



**Facilities**  
31 facilities around  
the world

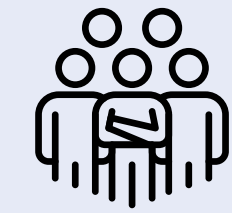
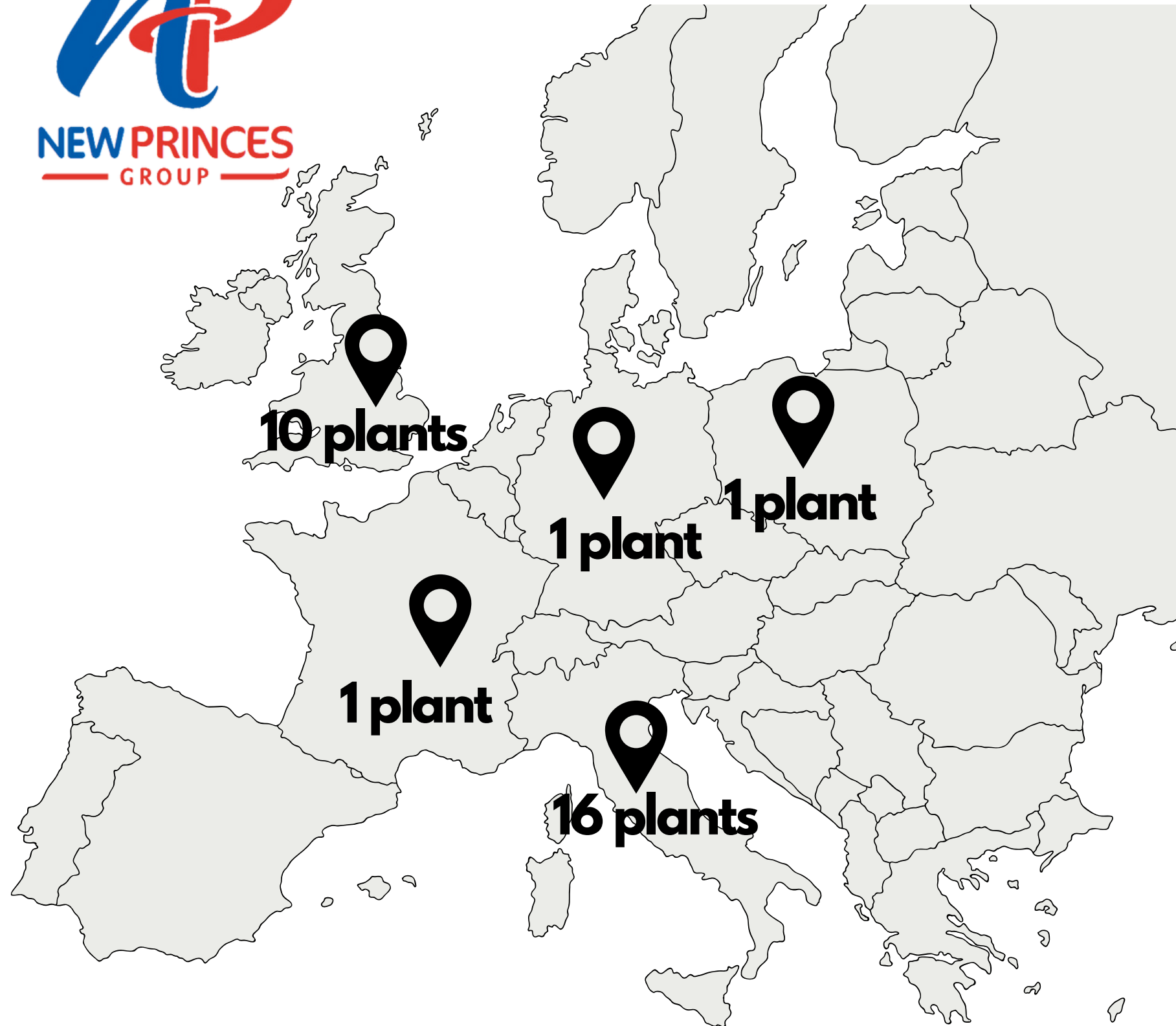
\*Pre-synergies figures

# New company structure after completion

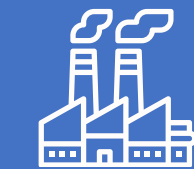


*\*After completion, Newlat Food will be renamed New Princes and, together with its subsidiaries, will be referred to as the New Princes Group. Princes Limited, although fully owned by New Princes, will remain a separate entity in the UK, retaining its original name. Princes Ltd will continue to own its existing subsidiaries and JV interests*

# The newly formed group will have significant operational presence across Europe and Mauritius

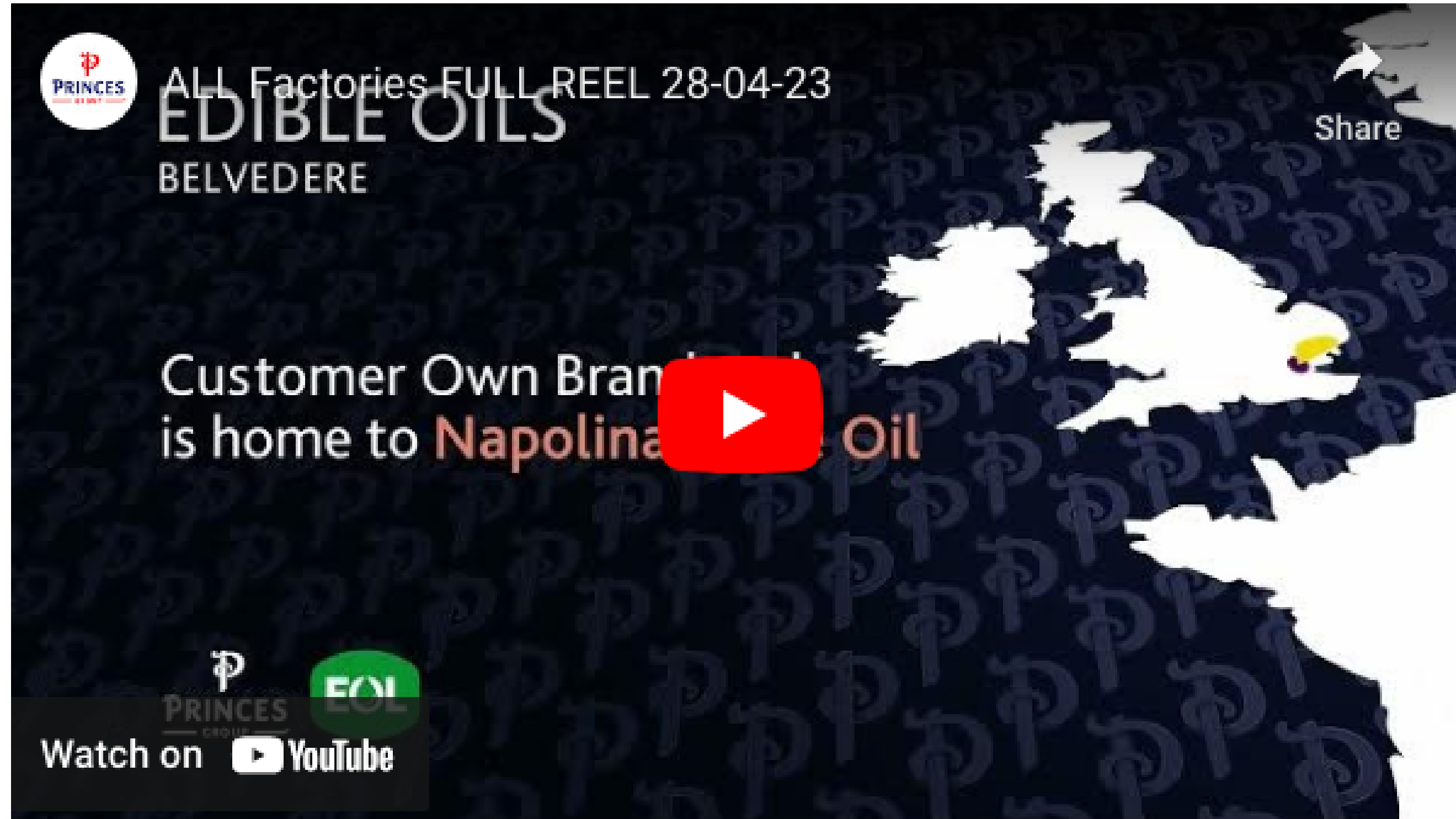


**Workforce**  
Over 8,800  
employees



**Facilities**  
31 plants

# A closer look at Princes' operations




ALL Factories FULL REEL 28-04-23

EDIBLE OILS  
BELVEDERE


Customer Own Brand  
is home to **Napolina** Oil

Share

PRINCES GROUP  
EOL


Watch on  YouTube

# Meet the Princes Ltd Board...




**Simon Harrison**  
*Chief Executive Officer*

3 25




**Stephen Cardall**  
*Chief Financial Officer*

26 26



**Joe Dent**  
*Chief People Officer*

18 27




**Barry McDonnell**  
*Chief Operations Officer*

4 18




**Neil Bohannon**  
*Chief Procurement Officer*

28 28




**Connie Emerson**  
*Chief Strategy Officer*

2 24



**Ian Rooney**  
*Chief Supply Chain Officer*

3 20



**Ruth Simpson**  
*Chief Commercial Officer*

19 26

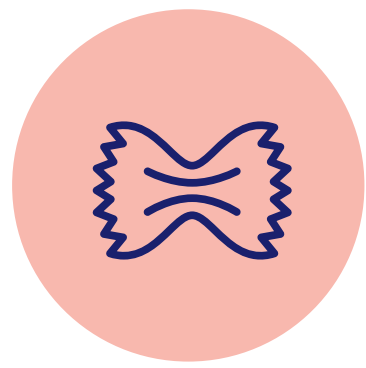
x Years at Princes

x Years in the FMCG industry

# SYNERGIES

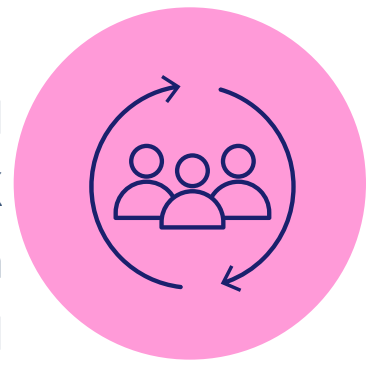
# We see significant potential synergies across the combined group that will drive growth

Princes and Newlat's strong fit results from non-overlapping portfolios, with promising synergies in commercial, industrial, and distribution areas.



## Pasta growth

Potential internalisation of Napolina pasta production, yielding benefits for both Newlat (spare capacity reduction) and Princes (cost reduction) and possibility for growth through innovation in Napolina & COB.



## UK Synergies

Economies of scale and cost synergies in our UK operations from an enlarged network and infrastructure.



## Commercial opportunities

Newlat's strong presence in Germany, Italy, and France could aid Princes' business growth, leveraging logistic advantages from its production sites in UK.



## Princes Industrie Alimentari

PIA will benefit from access to Newlat's commercial structure in Germany and Italy for increased volume and operating benefits.

Expected cost-only synergies of ca. € 36 million and more to come from commercial initiatives





# We also anticipate broader commercial synergies to unlock in the future



## Strong market positioning

Leverage both companies' well established relationships and capabilities with retailers all around the world



## Revenue growth

Underlying annual revenues (without considering potential commercial and innovation synergies) growth is expected to be 3%



## Brand reputation

Increased brand reputation in Europe both at corporate and consumer level



## Cross-selling

Possibility to sell Newlat brands through Princes existing channels and customers and vice versa



## Procurement

Combined group will benefit from both companies' procurement relationships and some third party produced products could be switched to internal production



## Innovation

NPD in product and packaging, in both existing and adjacent categories, with existing brands and in COB



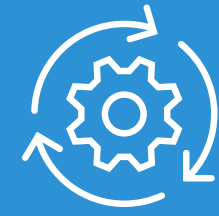
Expected underlying revenues CAGR 2023-2028: +3%  
We expect commercial synergies to potentially double the underlying figures



# Italian growth synergies

## 1. Line extensions of existing Newlat brands to enter into the canned tomato market

- Possibility to enter the **complementary category** of canned tomatoes with **Delverde, Pezzullo, Birkel and other existing pasta brands** within Newlat's portfolio.
- The Foggia plant currently works at a very high spare capacity, where we can leverage Newlat's commercial presence in Italy, Germany and France to increase volumes and diversify production and packaging options



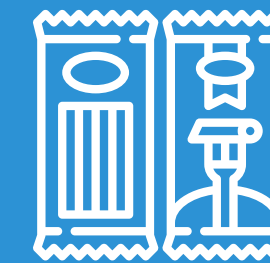
## 1. Foggia tomato processing plant

- Largest tomato processing plant in Europe
- Based in the main tomato processing region in Italy
- Approx. 300,000 tons production capacity



## 2. In-house production of Napolina

- Currently outsourced, the Napolina production could potentially be internalised
- Possibility to introduce new shapes and types of pasta thanks to Newlat's state of the art facilities to drive topline growth in Napolina and UK COB





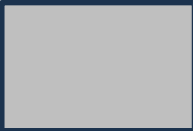
## 2. Napolina in-house production

Currently outsourced to a third party manufacturer, the entire Napolina pasta range could be internalised within Newlat's plants, increasing capacity utilisation in the pasta segment



# The cross-selling and innovation opportunities across our combined brands and geographies are significant

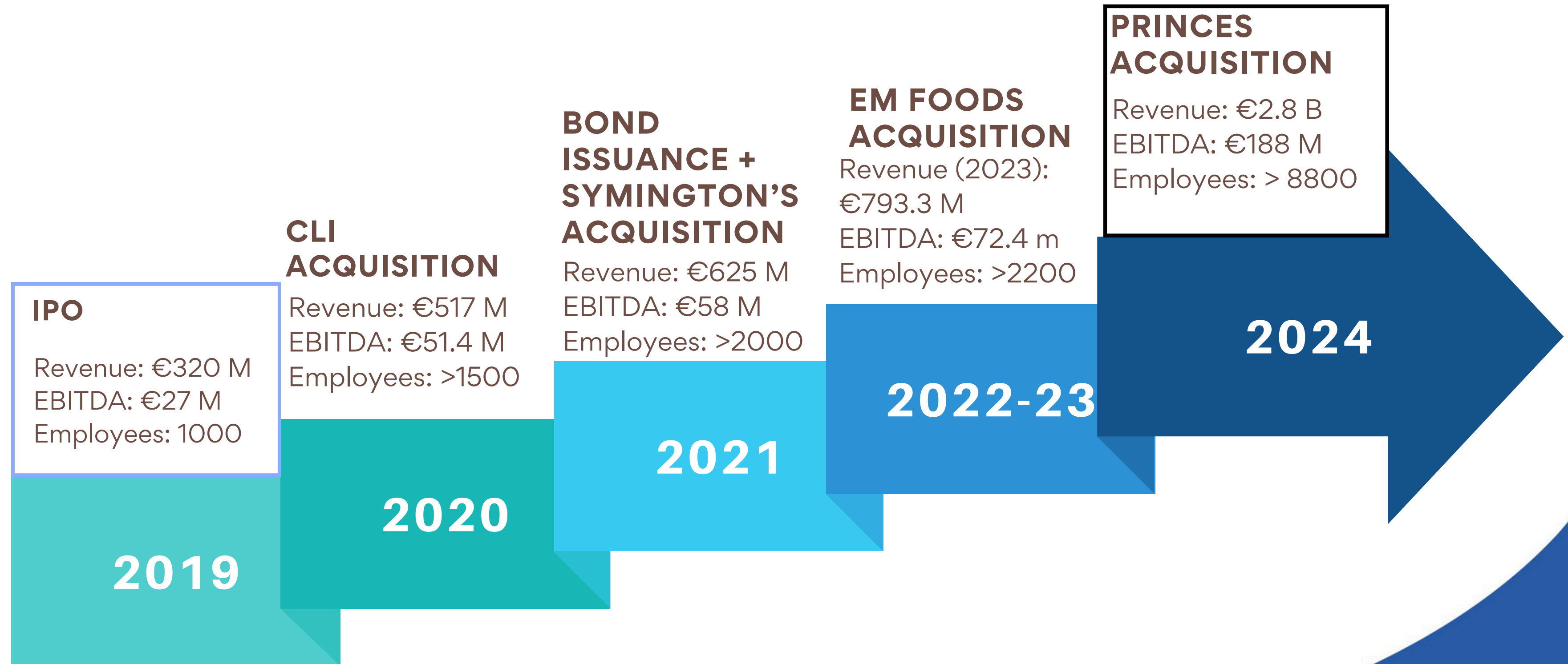


-  Leverage Princes portfolio and innovation through Newlat customers
-  Leverage Newlat portfolio and innovation through Princes customers
-  Potential for growth through combined portfolios, innovation and existing and new customer relationships

Potential examples could include:

- Innovating in **pasta in UK** under Napolina through Newlat capabilities
- Selling **tomato products** from PIA under **Delverde** and **COB** across Europe
- **Grow Symingtons products** and **Newlat bakery products** through **UK** customer relationships
- Product and packaging **NPD in UK** through leverage of the Symingtons and Princes manufacturing capabilities and brands
- Increased **growth in fish** under Princes brand, Vier Diamanten and COB through Newlat customers across continental Europe
- Selling the Princes portfolio through Newlat's **German** retailer relationships, and the Newlat portfolio through Princes' **German** retailer relationships
- **Win in breakfast** in Horeca with the combined bakery, juice and milk portfolios
- Further growth in **US and Canada** and other geographies, together

# Company evolution since IPO in 2019

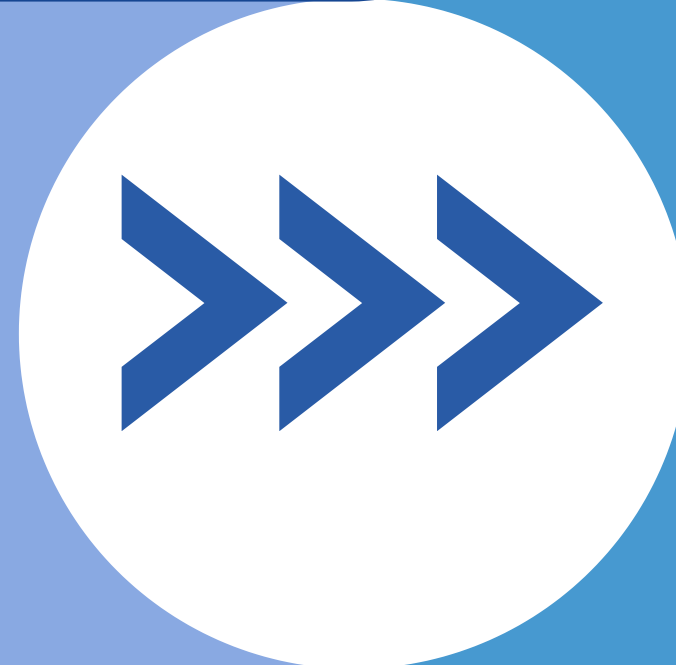


# Company evolution since our IPO



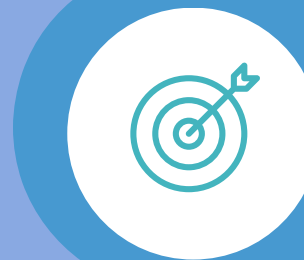
Revenue: €2.8 billion  
EBITDA: €188 million  
10 product categories  
Employees: > 8800  
31 production plants

2019



Revenue: €320 million  
EBITDA: €27 million  
5 product categories  
Employees: ca. 1000  
9 production plants

2024



# 2024-2030 BUSINESS PLAN

# New Princes 2030 Financial Targets

## Revenues CAGR 3% to € 3,34 bn

- Consolidated **Organic Revenues** expected to reach **€3.34 bn in 2030** from € 2.8 bn pro-forma reported at the end of 2023.
- The company aims to reach **€ 5 bn revenues including the additional external growth contribution.**

## Net Income above € 100 mln

- **Recurring Net Income** is expected to **overpass € 100 mln by 2030** from the € 31.4 mln pro-forma at the end of 2023.
- **2024 Net income expected above € 300 mln**, including a “badwill” of circa € 288 mln.

## Free Cash Flow

- **Underlying FCF** expected to reach **€ 172 mln in 2030.**

## EBITDA CAGR 8% to € 317 mln

- **Adj. EBITDA** expected to reach **€ 317mln in 2030** from the € 188 mln pro forma reported at the end of 2023, with 9,5% margin.
- **EBITDA will grow 15% CAGR 2023-26 to € 287 mln** driven by synergies, operating leverage and efficiency.

## Total Shareholder Equity above € 700 mln

- **Total Shareholder Equity is expected above € 700 mln**, mainly driven by the badwill of € 288 and the shareholder loans of € 200 mln.

## Net Financial Position

- **Net Debt (including IFRS)** expected at **€ 227 mln in 2026** with a **Net Debt / EBITDA** ratio of **0.8x.**
- **Net cash position above €100 mln in 2030.**

# Strong margin improvement driven by synergies, mix, operating leverage

The top line of the combined entity is expected to grow at **3% CAGR** on the underlying basis **between 2024 and 2030**.

The expected growth is in line with the market trend but it is important to highlight that, on a conservative approach, **it does not include any commercial synergies coming from the interaction of Princes and Newlat**.

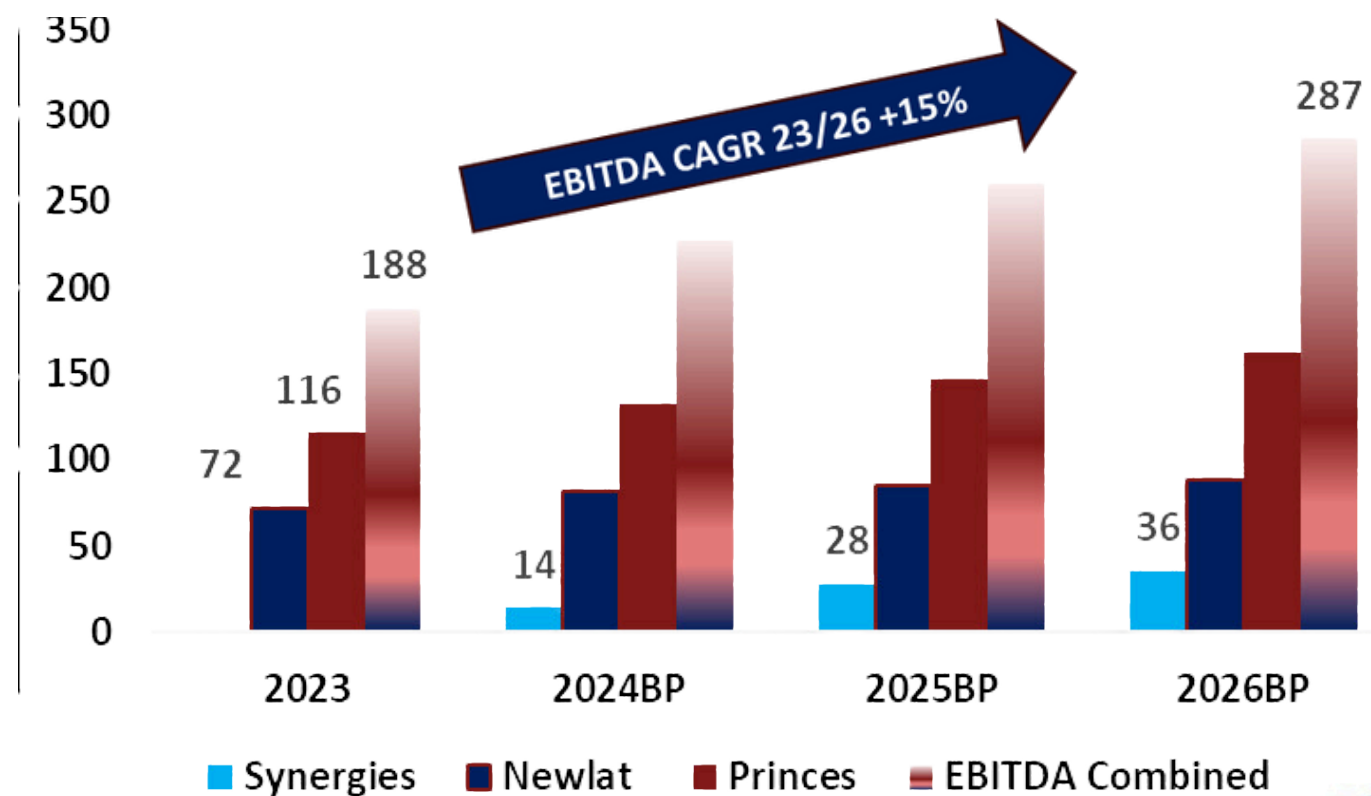
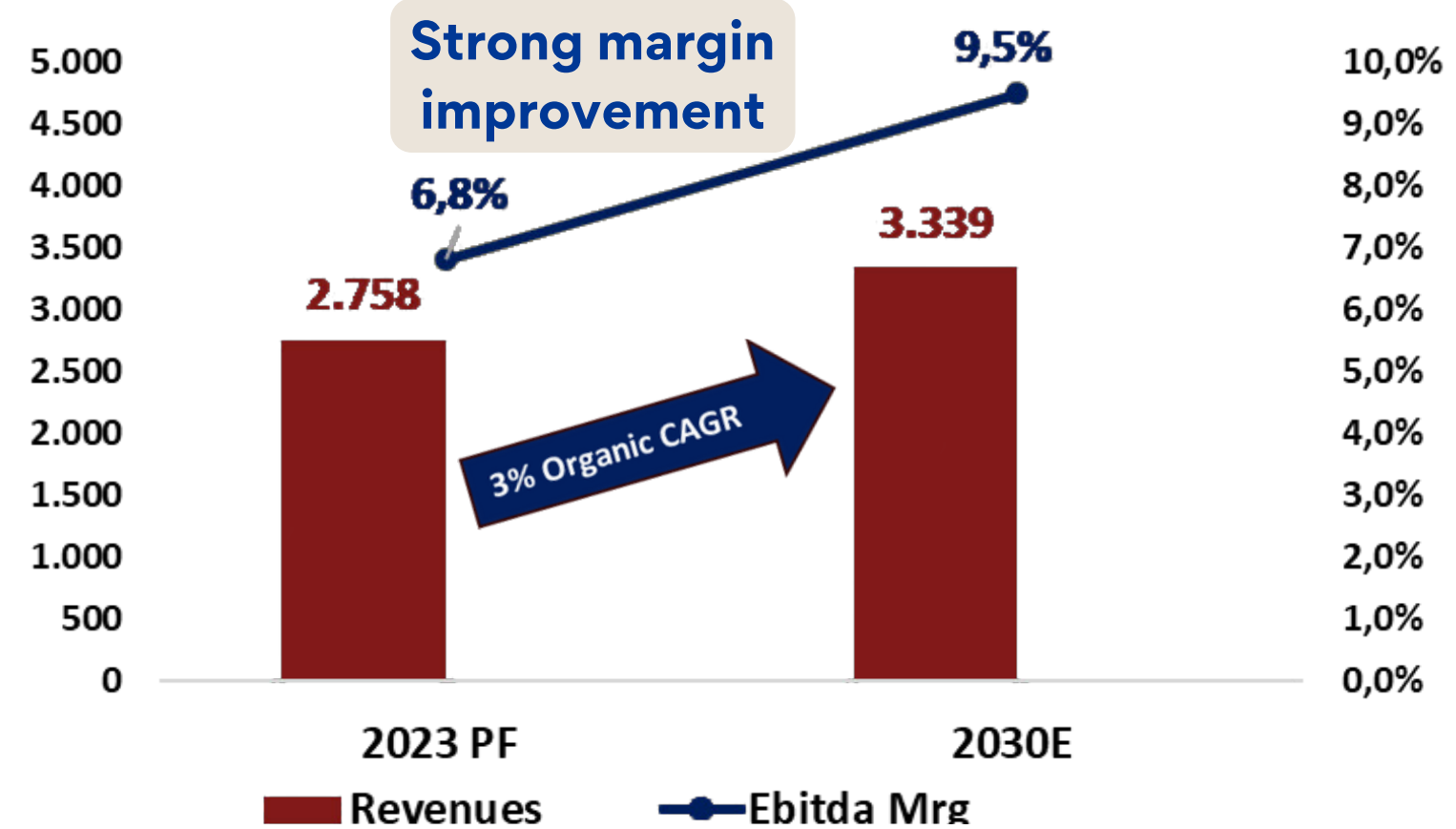
The **additional volumes** we expect in several different areas like, for example, the tomatoes business, **could materially increase the average level of organic growth**.

In this conservative scenario, the **profitability** is expected to **increase by 270 bps**, reaching a **9.5% EBITDA margin** in 2030, driven by **synergies, mix improvement, brand business contribution increase and operating leverage**.

In a very conservative scenario for the top line growth, the profitability will increase materially due to the Euro 36 mln synergies we expect to be fully independent from the top line.

**Additional synergies on the commercial side could easily drive the profitability above 10% by 2030.**

In € million and in %



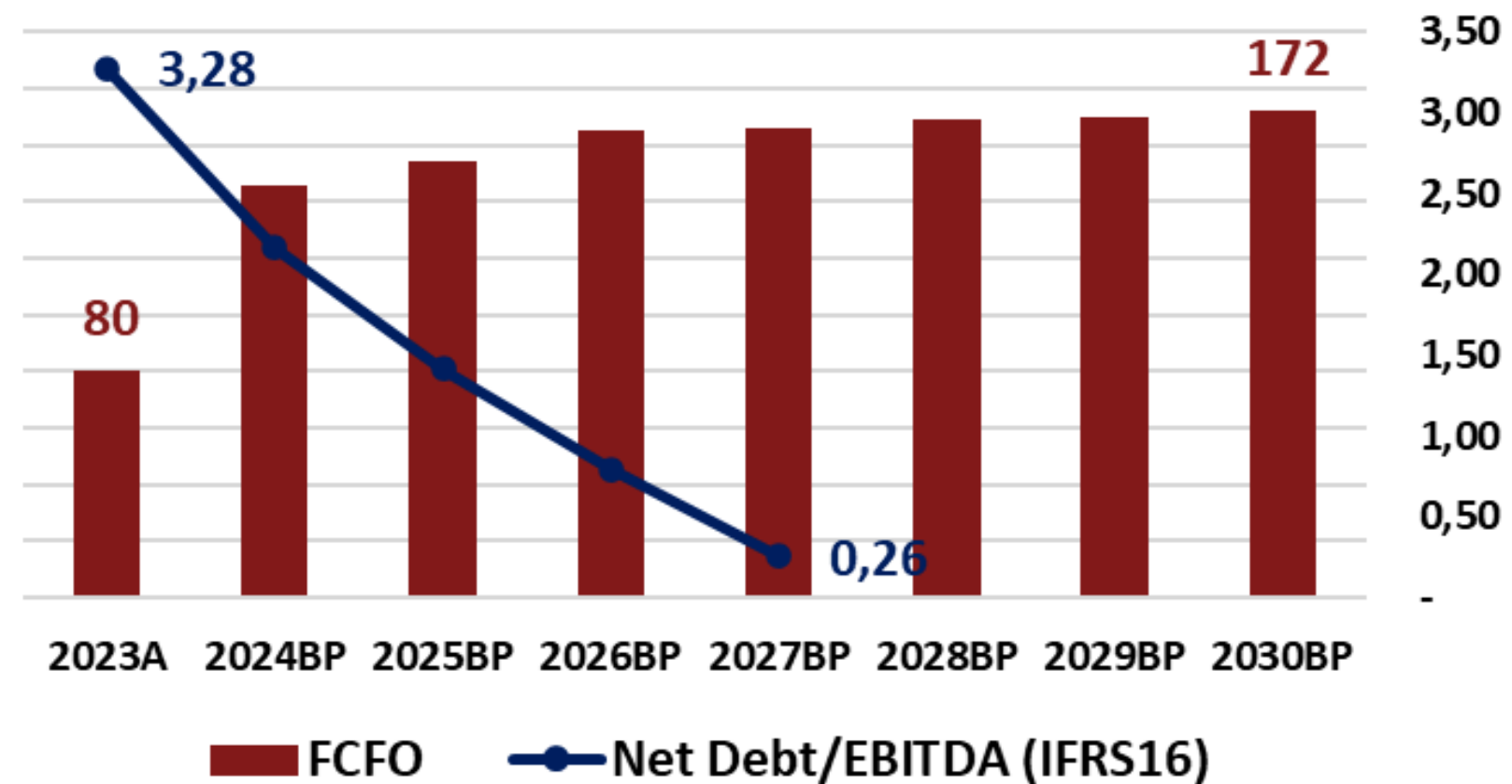


# Strong margin improvement driven by synergies, mix, operating leverage (cont)

The quality of the margin improvement will be highlighted by the considerable cash flow generation that will be driven by:

- **Efficient** management of **Working Capital**.
- **Optimization** of operating asset structure and the related **CAPEX spending**
- Reduction of interest costs linked to the virtuous triangle of: i) EBITDA improvement; ii) average spread reduction (margin grid linked to leverage ratio); iii) progressive reduction of the average amount of debt.

FCFO in € million



According to the ND/EBITDA projection, New Princes should be substantially deleveraged already in 2026 and this should allow the Group to:

- Repay or renew the existing bond
- Be ready for additional strategic M&A activity that could drive the New Princes Group to get to € 5 bn revenues in 2030.

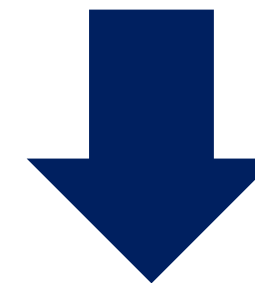
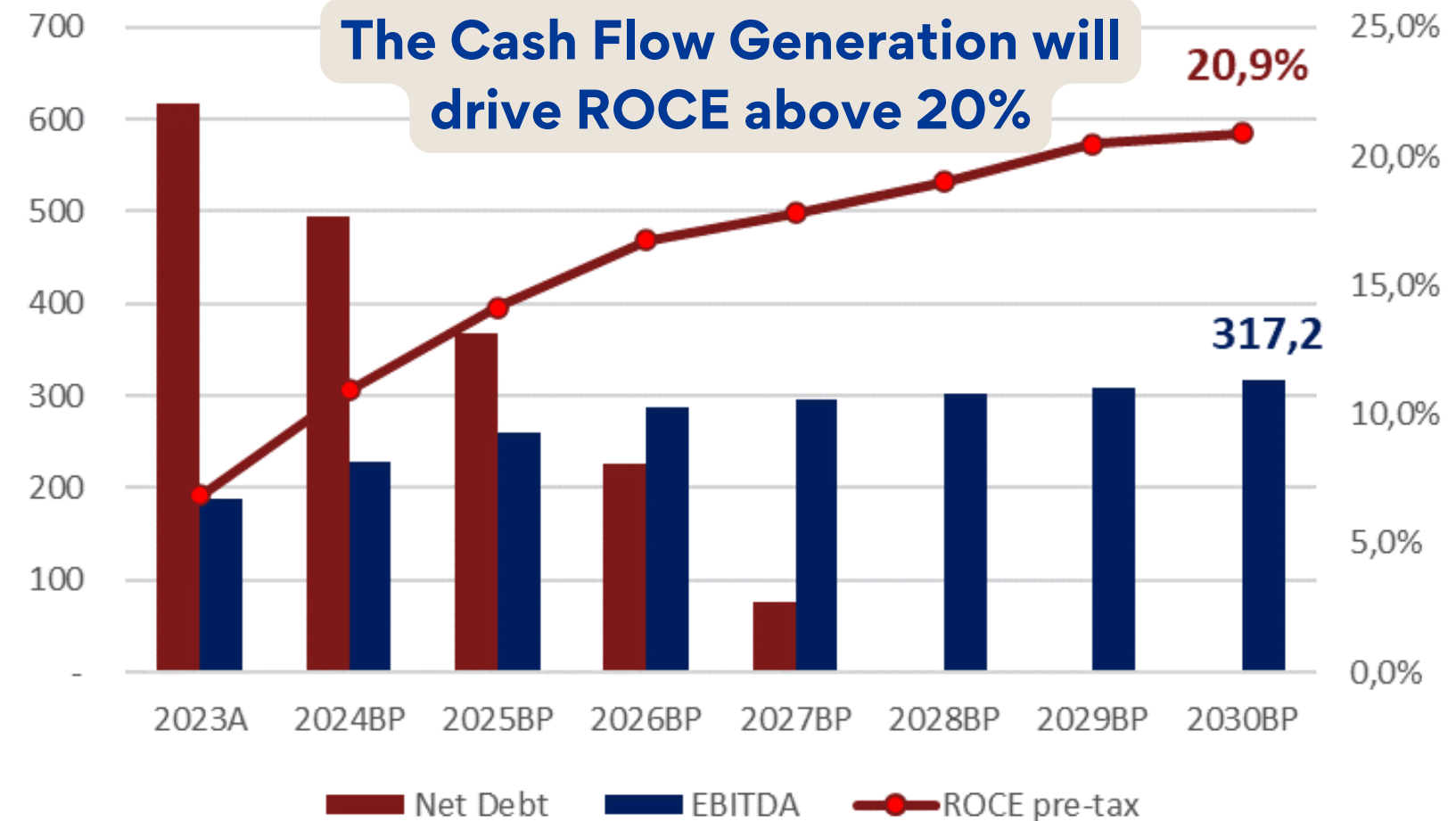
# The value creation

After the J-curve effect dilution in the first year after the acquisition due to the increase of the company leverage, the **Return on Capital Employed – ROCE (\*)** - is expected to show a consistent and continuous growth with a more than double level by 2030.

The two main drivers will be, in macro terms:

- The **strong and quick deleveraging**
- The **material improvement in EBITDA**, which is expected to reach, in absolute terms, **Euro 317 million in 2030**.

In € million and in %



The strong trend expected for ROCE as a result of EBITDA improvement and deleveraging, will allow the company to generate a consistent positive spread between the average cost of capital and the average return on capital starting from the third year after the acquisition.

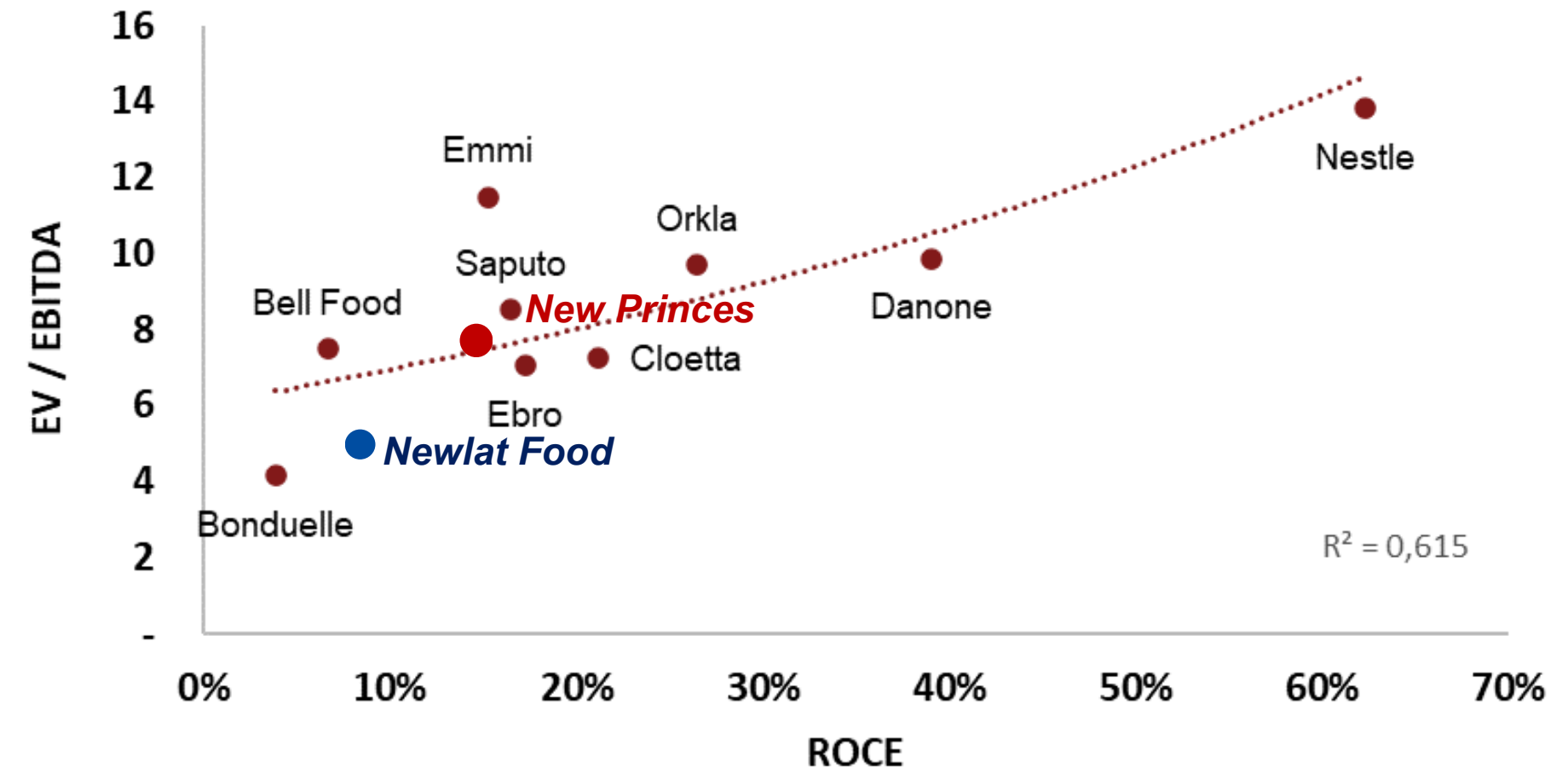
(\*) Please note that the ROCE represented in the chart is a pre-tax ROCE.

# The value creation

The value map shows the **average market combination** between **ROCE** and **EV/EBITDA**.

Considering that ROCE remains a fundamental variable in the EV/EBITDA multiple equation, the chart shows that a ROCE improvement will drive the company multiple to a re-rating.

The combined effect of ROCE improvement and leverage reduction will create the right basis for the EV/EBITDA multiple re-rating and for a consistent increase of the Equity value.



The strong trend expected for ROCE should drive New Princes to a **material re-rating from 4.3x EV/EBITDA** (before signing) to a **theoretical 7.5x EBITDA (+74%)**, with a consisted increase of Equity Value thanks to the significant deleverage.

# The leadership teams of both Newlat and Princes would be excited and inspired to work together to achieve our shared ambitions



**01** Commit to revenue growth and margin improvement

**03** Focus on long term sustainability goals

**02** Build a global scale business through shared expertise and integrated networks

**04** Continuous value creation for all stakeholders

# 2004-2024: the taste of growing

The image shows a YouTube video player thumbnail. At the top left is the Newlat logo and the video title 'Newlat Food 2004-2024: the taste of growing'. At the top right is a 'Share' button. The main content area features the Newlat logo with a red play button icon overlaid. Below the logo, the text '2004 - 2024 THE TASTE OF GROWING' is displayed. The background is a collage of various brand logos including 'Makki', 'DELVERDE', 'Matese', 'GIGLIO', 'latti tigu', 'ala', 'EGLOCKEN', and 'MI NU TO'. At the bottom left, there is a 'Watch on YouTube' button.

# Q&A



## UPCOMING EVENTS

**10 September**

1H 2024 Earnings Release

**8-9 October**

Italian Excellences Conference  
by Intesa Sanpaolo - Paris

**12 November**

9M 2024 Earnings Release

## INVESTOR RELATIONS CONTACTS

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