

Investor Presentation



AIM Conference, London – 21 October 2019

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H1 2019 results: very robust sales & profit growth

➤ REVENUES	€ 83.1 mln (+18%)
➤ EBITDA*	€ 11.2 mln (+19%)
➤ NET INCOME	€ 3.2 mln (+15%)

Fine Foods & Pharmaceuticals N.T.M. S.p.A.



- Fine Foods & Pharmaceuticals N.T.M. S.p.A. ("Fine Foods") is a **CDMO (Contract Development & Manufacturing Organization)** of solid oral forms, for the Nutraceutical and Pharmaceutical industries

TABLETS



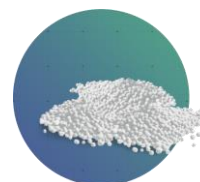
CAPSULES



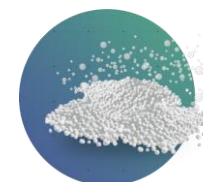
EFFERVESCENT
TABLETS



GRANULES



EFFERVESCENT
GRANULES



POWDERS



-
- Fine Foods deliberately holds **no proprietary brands**, in order to maintain **healthy** partnerships and an **integer image with its clients**
 - **Established in 1984** in Brembate (Bergamo), Fine Foods has grown steadily over time becoming a **leader in its reference market**
 - A history of **continuous growth, innovation and fruitful client relationships**: revenues have grown from 50€m in 2009 to 139€m in 2018, reaching a 2018 EBITDA equal to 18.7€m, mostly organically
 - H1 19 results show **strong sales growth (+18%)** thanks to both Business Units performances; profitability benefits from turnover increase (**EBITDA + 19%**)

Examples of Products Manufactured for Reference Clients

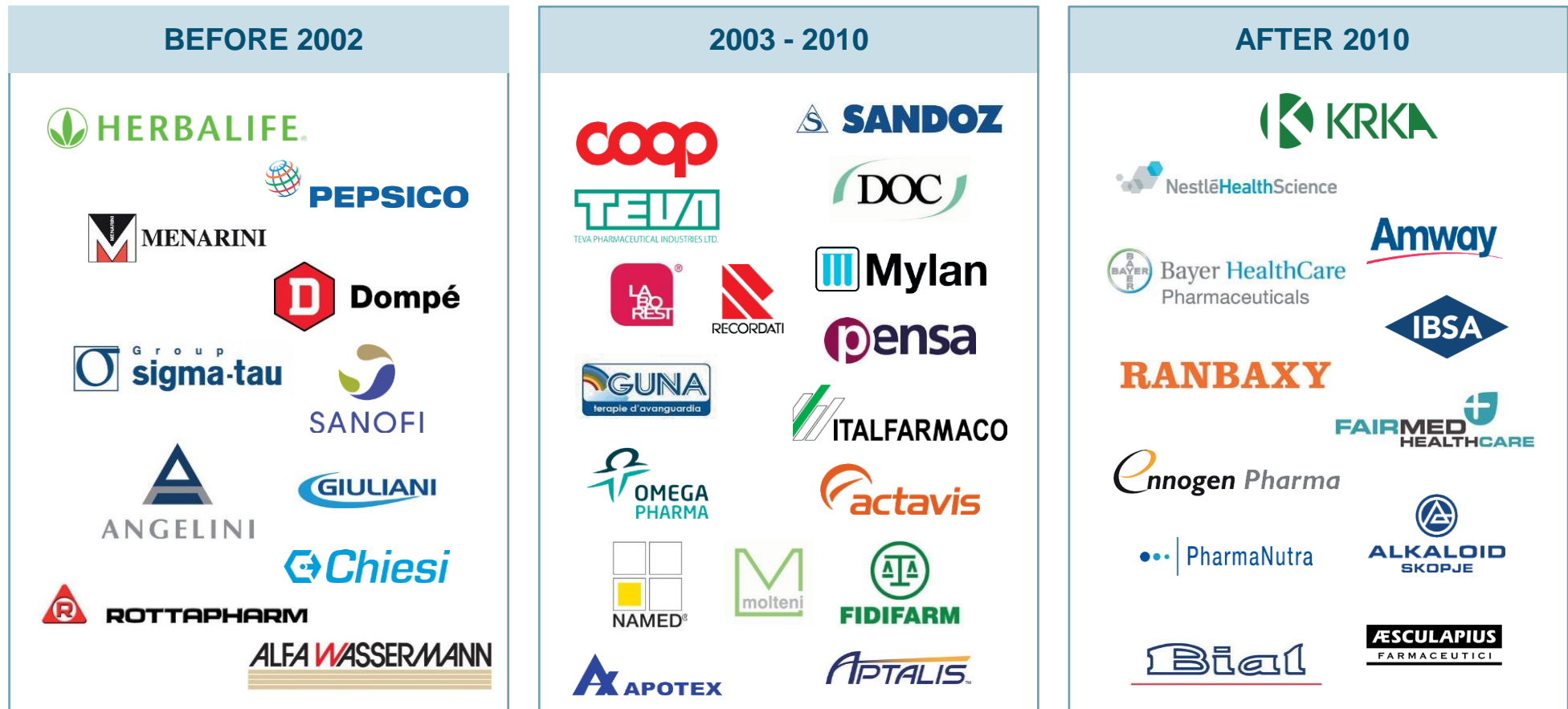
NUTRACEUTICALS



PHARMACEUTICALS

Source:
Company data

Acquisition and Retention of Key Loyal Customers



RETAINED KEY CLIENTS ACQUIRED BEFORE 2002 AND ADDED SEVERAL NEW ONES AFTERWARDS

Fine Foods Key Figures



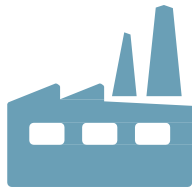
Revenues CAGR of 12% over the last 10 years



Ca. 75% of products sold in 2018 has been delivered abroad⁽¹⁾



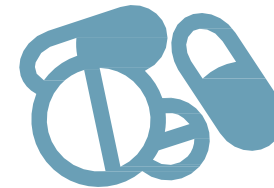
More than 100 customers, including leading Pharmaceutical and Nutraceutical players



92 manufacturing lines in 1 Pharmaceutical plant and 1 Nutraceutical plant



11% of employees dedicated to quality control and assurance

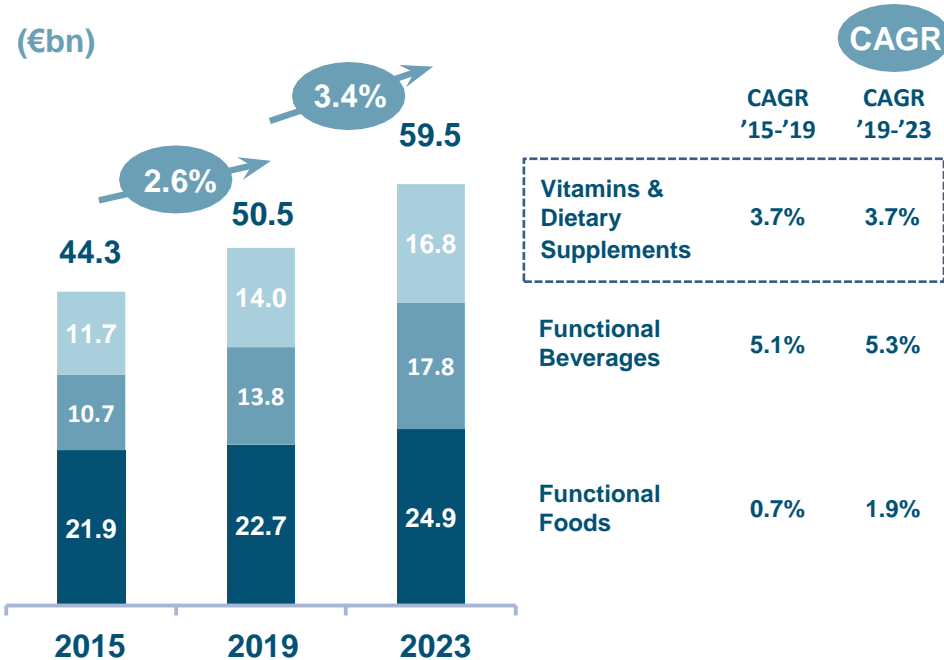


Ca. 1.300 SKUs⁽²⁾, tailored to client needs and delivered with high-quality standards

(1) 52€m revenues invoiced in Italy, of which 33€m delivered abroad | (2) SKUs means "Stock-Keeping Units", namely single product codes

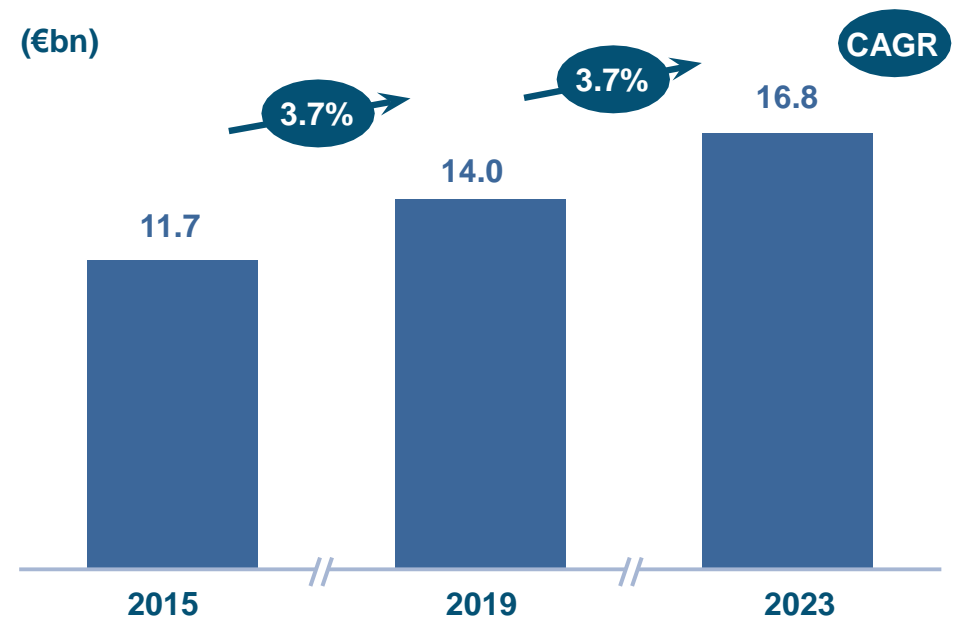
Focus on European Nutraceuticals Market

EUROPEAN NUTRACEUTICALS MARKET VALUE



The **European Nutraceuticals market** has shown **high, steady growth**, and is **expected to accelerate** in coming years

EUROPEAN VITAMINS & DIETARY SUPPLEMENTS MARKET VALUE



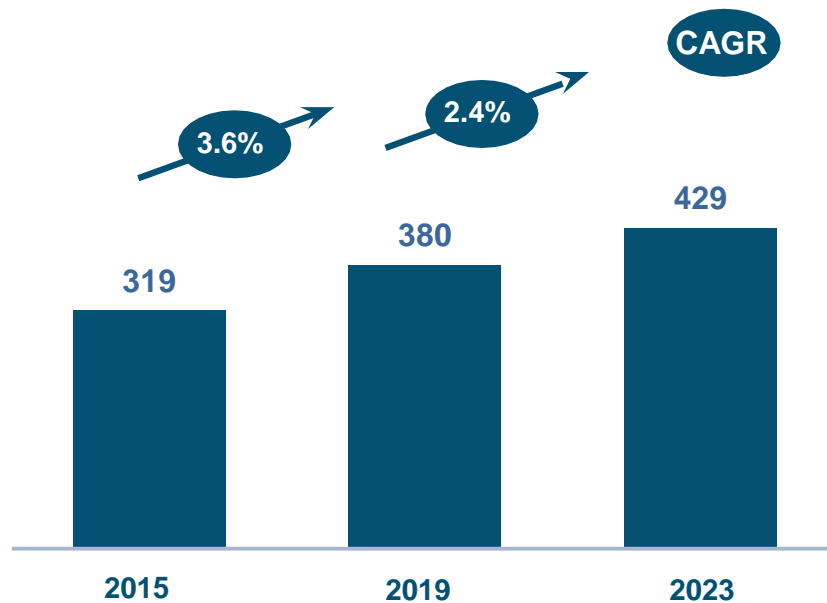
The **Vitamins & Dietary Supplements segment** has consistently shown **strong growth** in the last 5 years, **expected to continue** in coming years. CDMO-driven development and manufacturing, **mostly outsourced**

Source: Euromonitor

Focus on European Pharmaceuticals Market and CDMO

EUROPEAN PHARMACEUTICALS MARKET VALUE

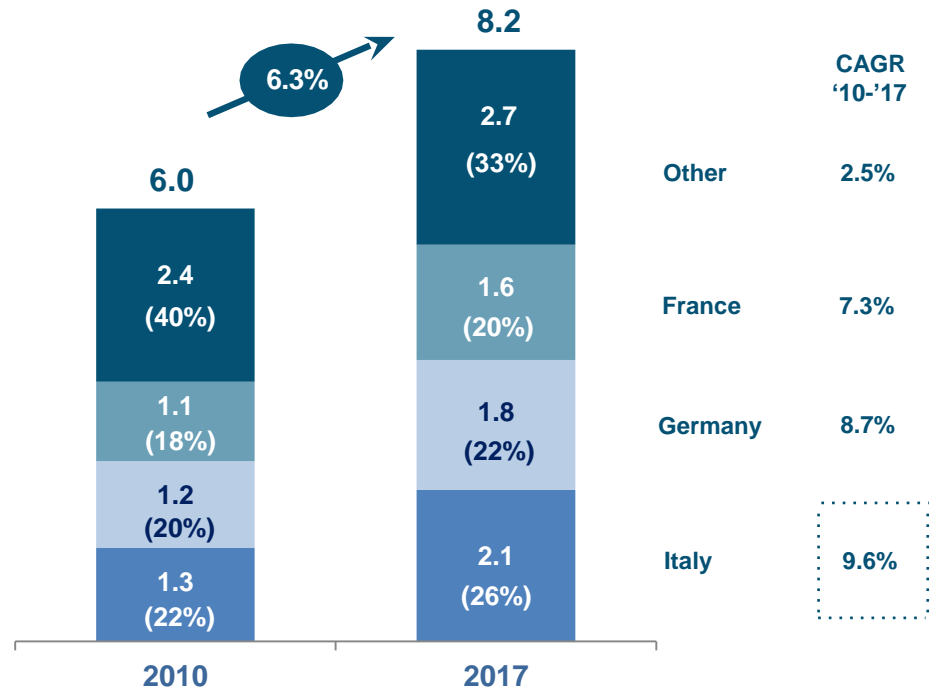
(€bn)





 The **European Pharmaceuticals** market has been showing **consistent non-cyclical growth**

EUROPEAN CDMOS (PHARMA) MARKET VALUE

(€bn)

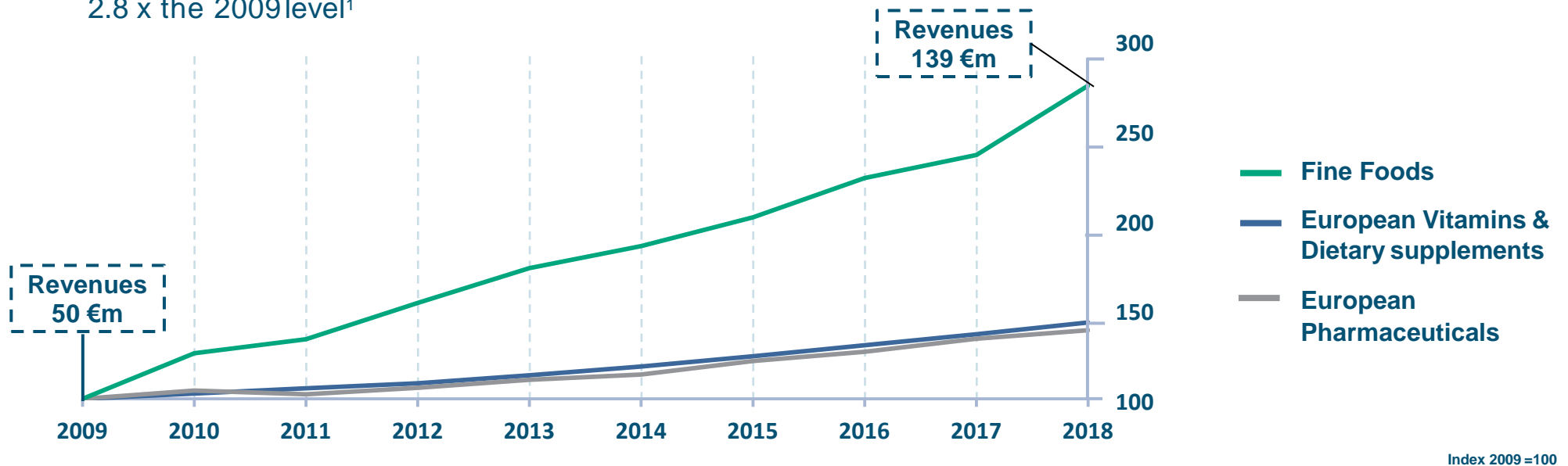


-  Plenty of space for CDMOs to grow further along the outsourcing trend
-  Italy shows one of the highest growth among European markets

Source: Euromonitor, Farindustria, Prometeia | Note: CDMO – Contract Development Manufacturing Organization

Performance Relative to Reference End-Markets

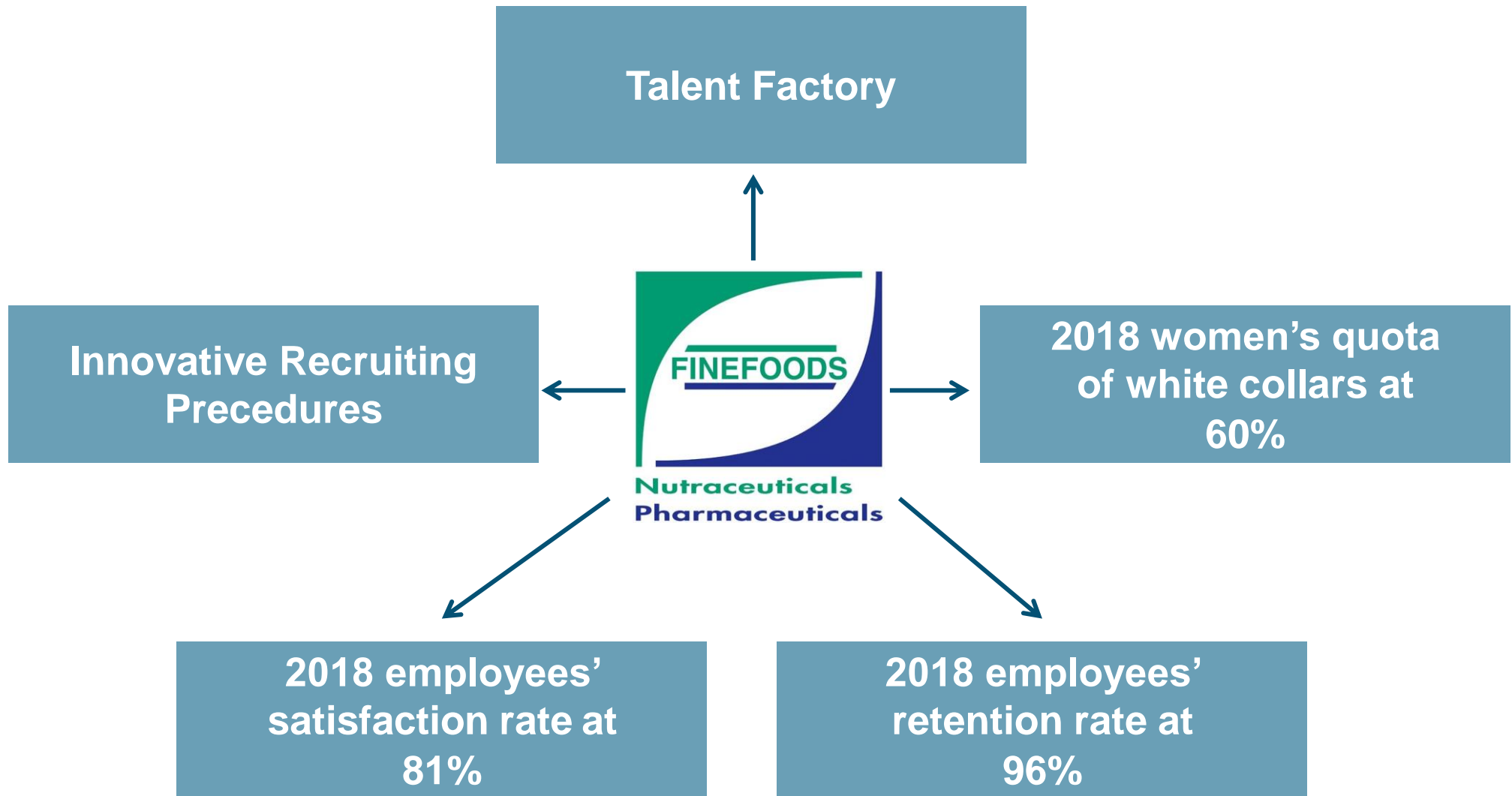
- Nutraceuticals and Pharmaceuticals markets show **high steady growth and resilience during recessions**
- Fine Foods has substantially outgrown its reference end-markets** in the last decade, with 2018 sales at 2.8 x the 2009 level¹



Sources: Euromonitor; Company data

Methodology: the three variables' time series are divided by their respective 2009 value (the basis) and multiplied by a factor of 100; the considered variables are Fine Foods revenues, European Nutraceuticals – Vitamins & Dietary Supplements segment size and European Pharmaceuticals market size

Fine Foods' Special Attention to Human Resources



Source: Company Data

Fine Foods' Sustainability Framework

- Continuously enhanced quality and sustainability management corroborates Fine Foods' reputation with clients
- In 2018 only, Fine Foods passed successfully 27 audits from customers and authorities

QUALITY	
 ISO9001 QUALITY	 ISO22000 FOOD SAFETY
 AIFA APPROVAL	 MEDICAL DEVICES

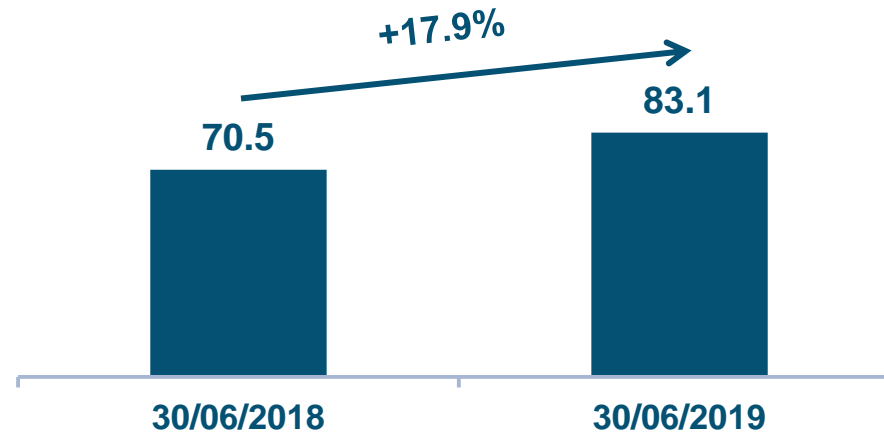
SUSTAINABILITY	
 ISO14001 ENVIRONMENTAL	 OHSAS18001 HEALTH AND SAFETY
 D.LGS. 231/2001	 ETHICAL STANDARDS

**FINE FOODS GUARANTEES THE HIGHEST QUALITY AND RELIABILITY
ALONG ALL THE STEPS OF THE PROCESS**

Source: Company Data

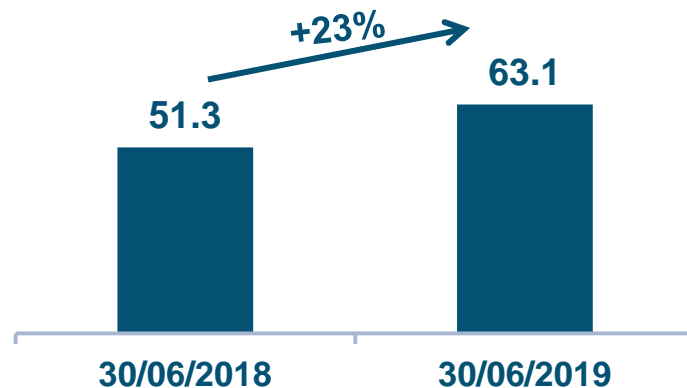
Strong sales growth in H1 2019

REVENUES

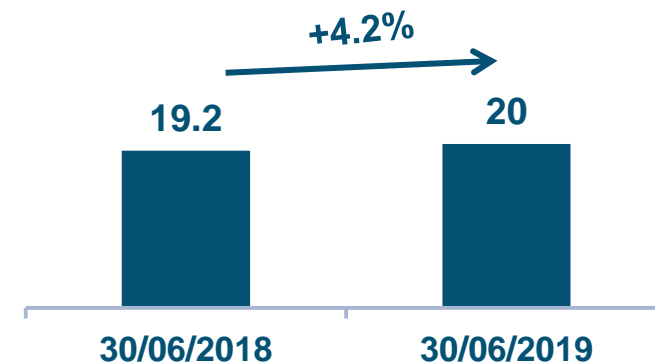


Attractive revenue growth from both Business Units

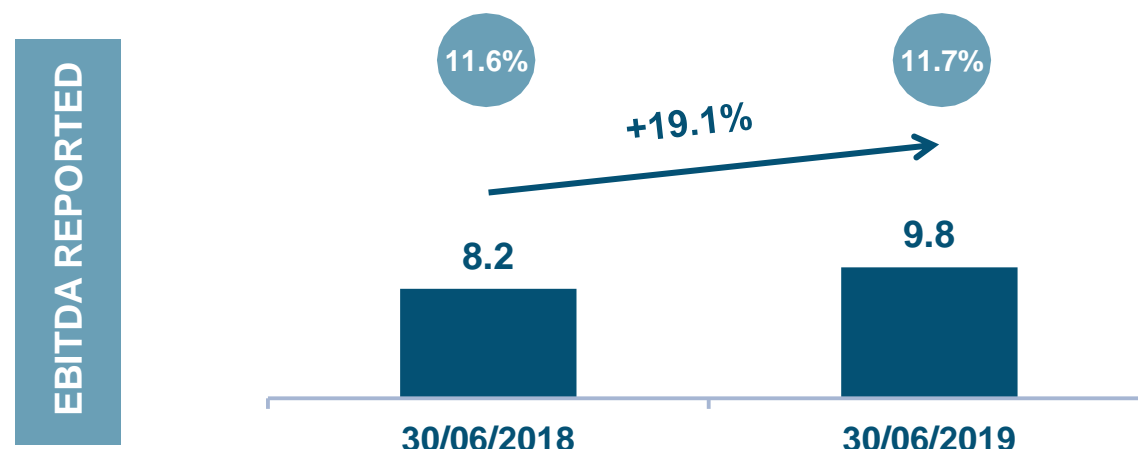
FOOD




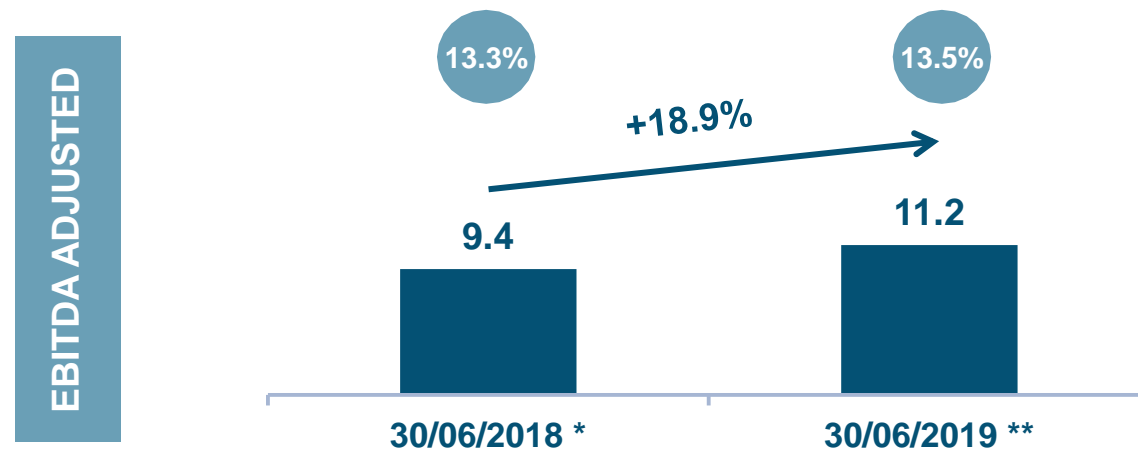
PHARMA



EBITDA increased by 19%



 **Profitability benefits** from the strong growth in turnover

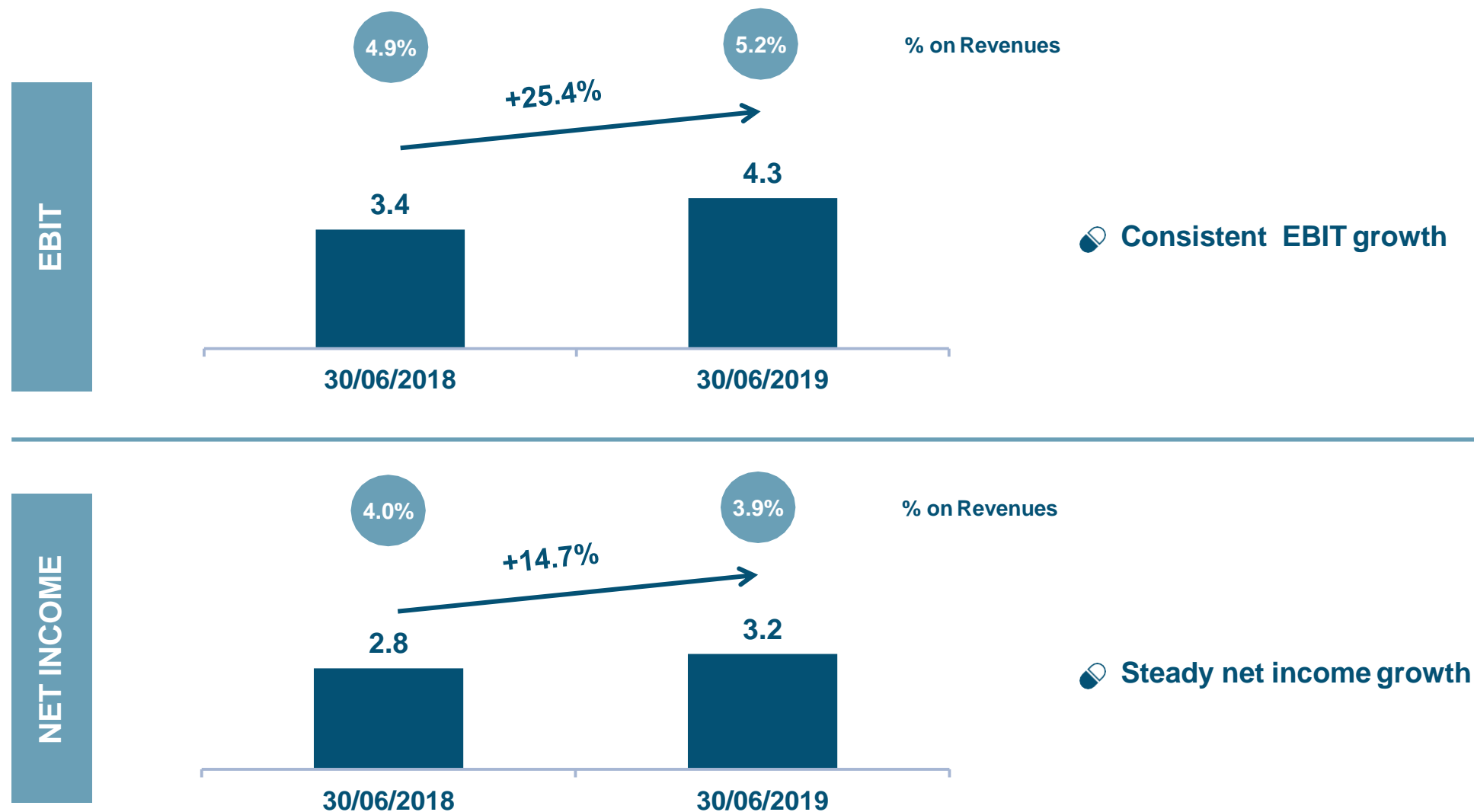


* 1.2 €m adjustment for Business Combination costs

** 1.4 €m adjustment :

- 0.8 €m for plants expansion start-up costs
- 0.6 €m for Nembro plant closing and production transfer costs

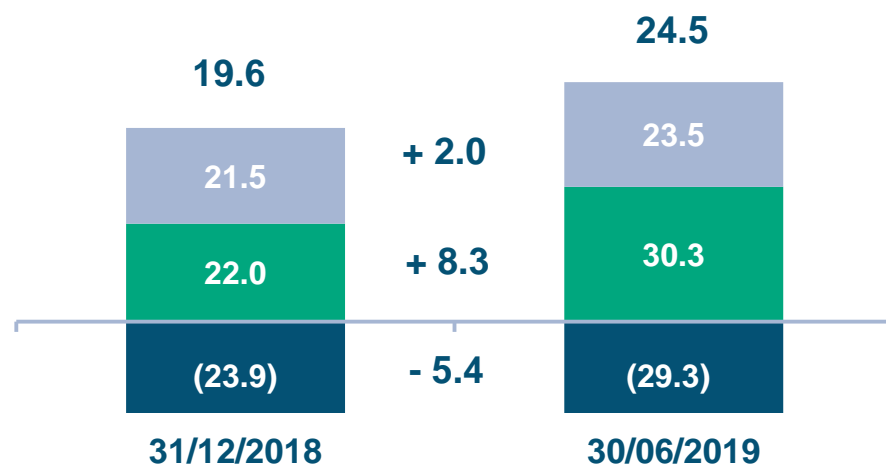
Consistent Improvements in Profitability



Healthy Capital Allocation

NET WORKING CAPITAL

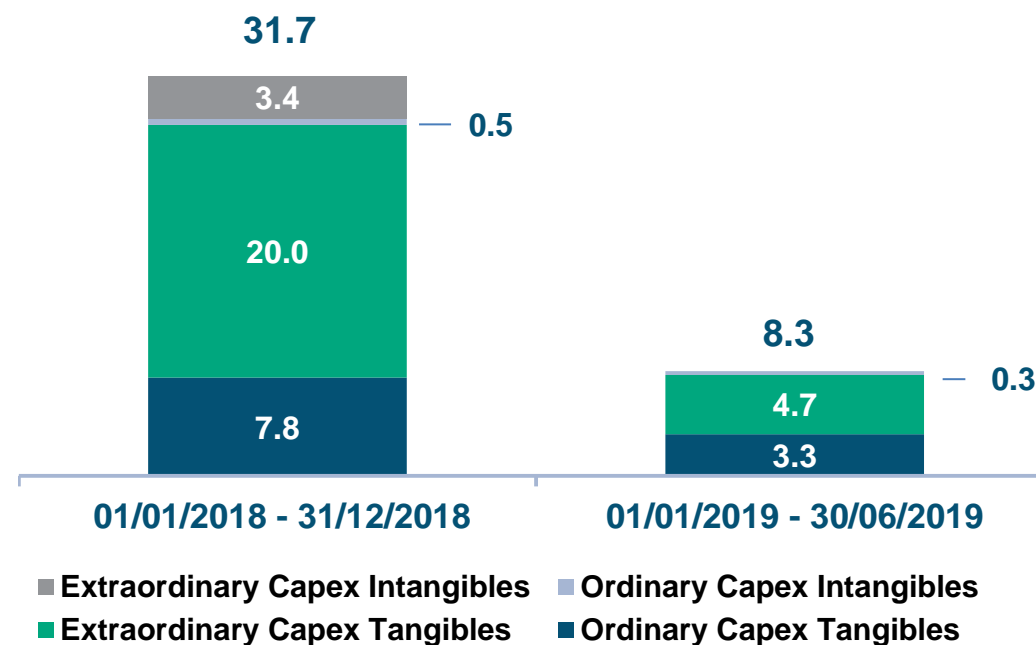
- Change in inventories is mainly due to significant order backlog: 20 €m turnover achieved in July



■ Inventory ■ Trade Receivables ■ Trade Payables

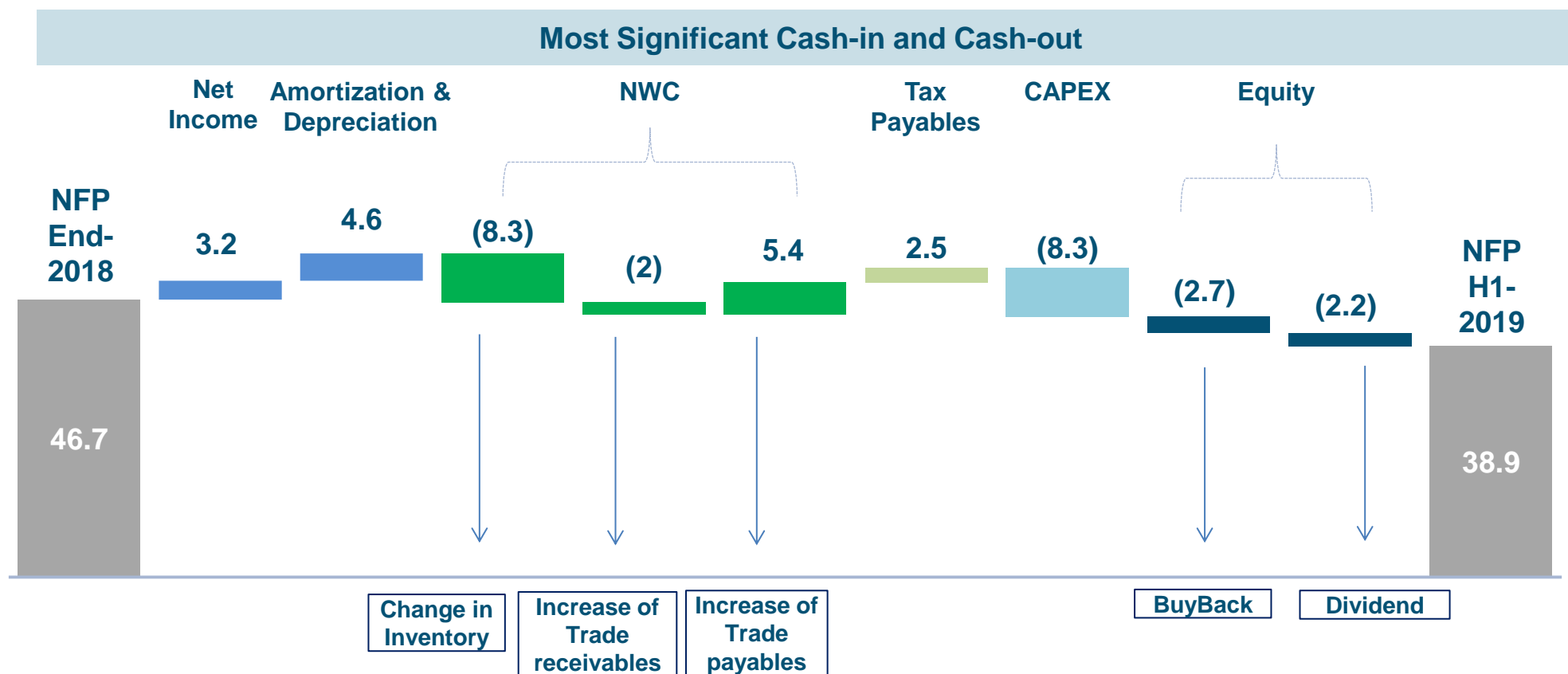
CAPEX

- Capex support business expansion



■ Extraordinary Capex Intangibles ■ Ordinary Capex Intangibles
■ Extraordinary Capex Tangibles ■ Ordinary Capex Tangibles

Net Financial Position Evolution from end-2018 to H1-2019



Strong Potential Growth, Organic and by M&A

ORGANIC GROWTH, LEVERAGING ON A LOYALTY-BASED CLIENT PORTFOLIO, THAT WILL BENEFIT FROM:

- NEW PRODUCTION CAPACITY
- CDMO INDUSTRY TRENDS

CDMOs' **clients** want few, long-term, reliable relations, with a **preference for nimble yet structured players**

Along with the ongoing **outsourcing trend** in the Pharma industry, CDMOs have been **acquiring manufacturing assets**

INORGANIC GROWTH IN ADJACENT MARKETS. MANY POTENTIAL TARGETS IN ITALY AND ABROAD

ACQUISITION OF NEW TECHNOLOGIES (I.E. SEMI-SOLIDS, LIQUIDS) IN EXISTING END-MARKETS



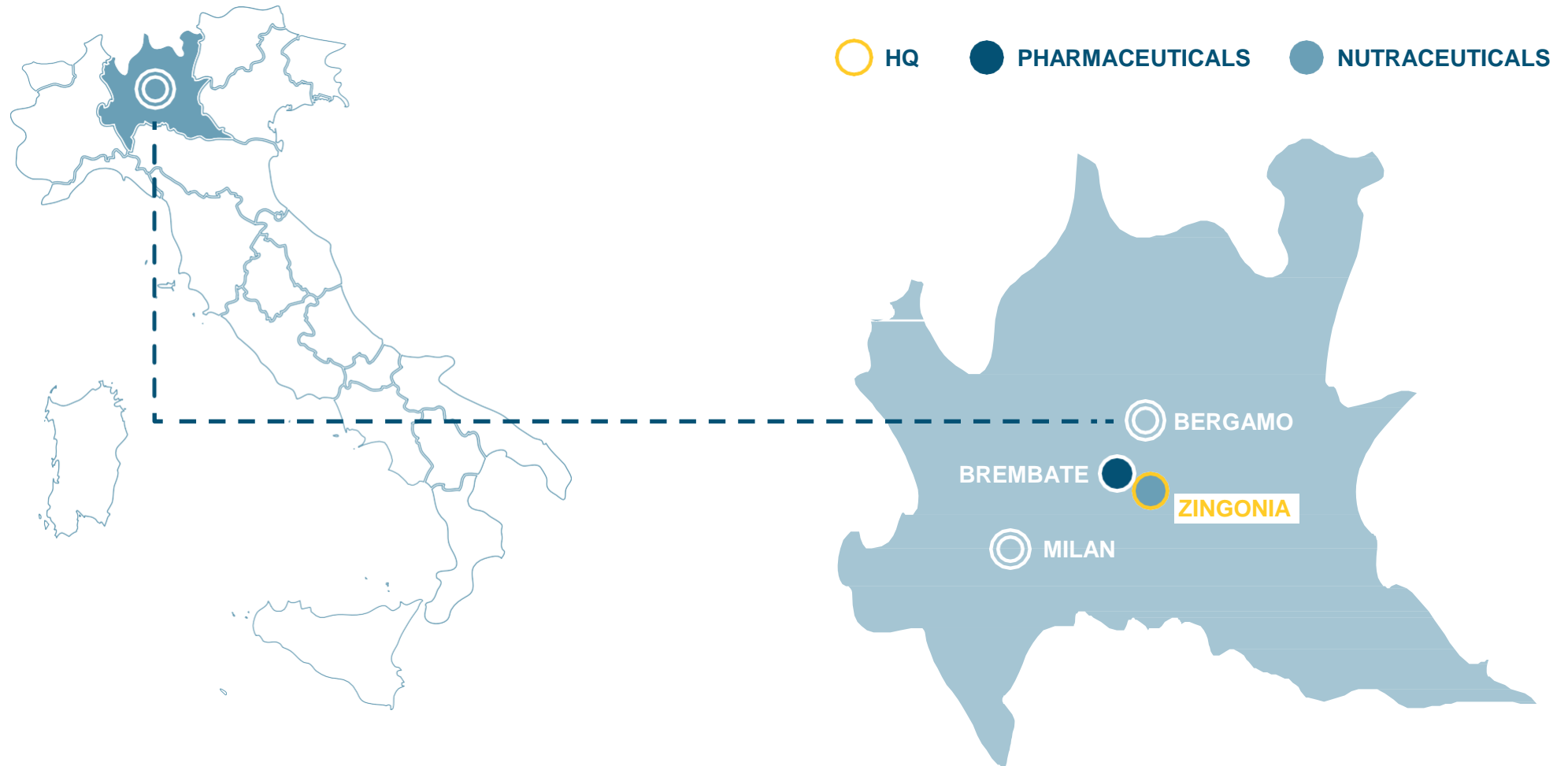
Why Fine Foods?

- **SOLID TRACK RECORDS**
- **ATTRACTIVE AND GROWING MARKETS**
- **LONG LASTING CUSTOMER'S RELATIONS**
- **IDEAL POSITIONING**
- **SUSTAINABLE BUSINESS MODEL**
- **SIGNIFICANT ORGANIC GROWTH**
- **STRONG FINANCIALS**
- **POTENTIAL INORGANIC GROWTH DRIVEN BY M&A**

BACK-UP

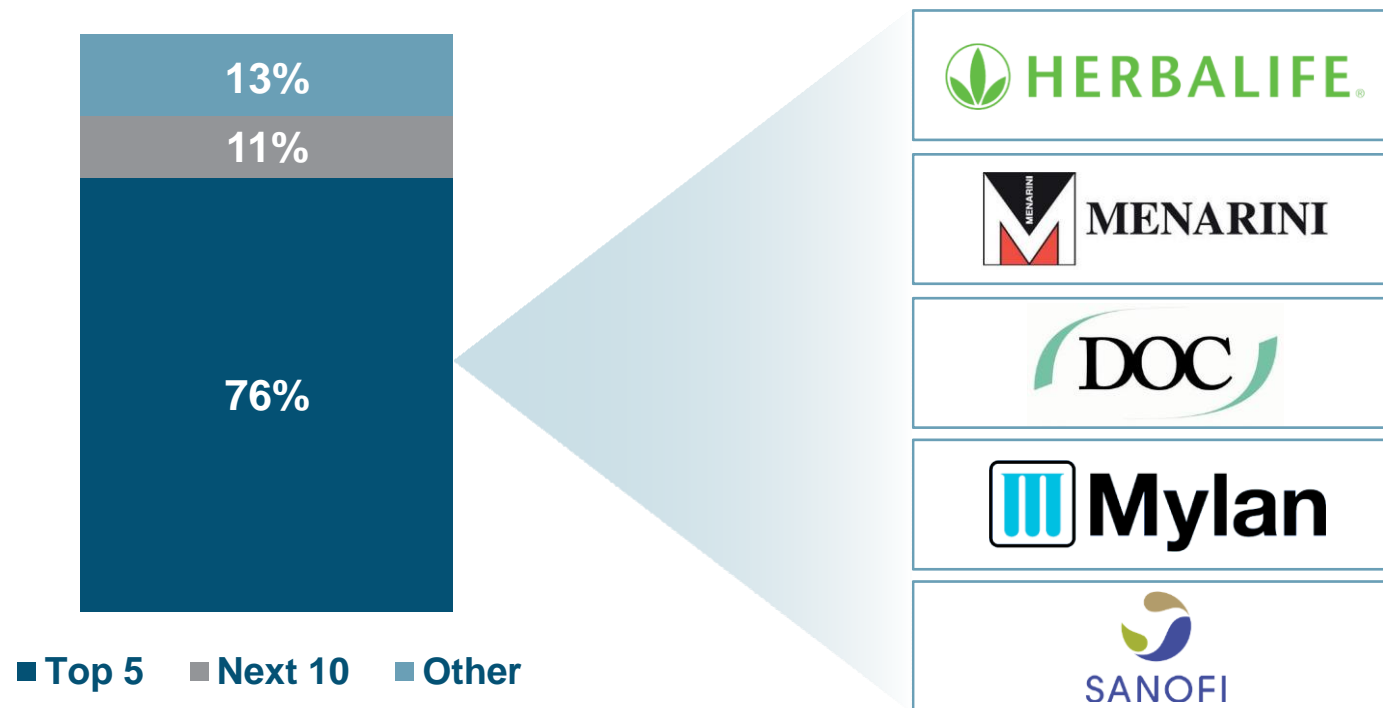


Manufacturing Plants Geographical Footprint






Customer Concentration

2019 CUSTOMERS IN % OF TOTAL REVENUES

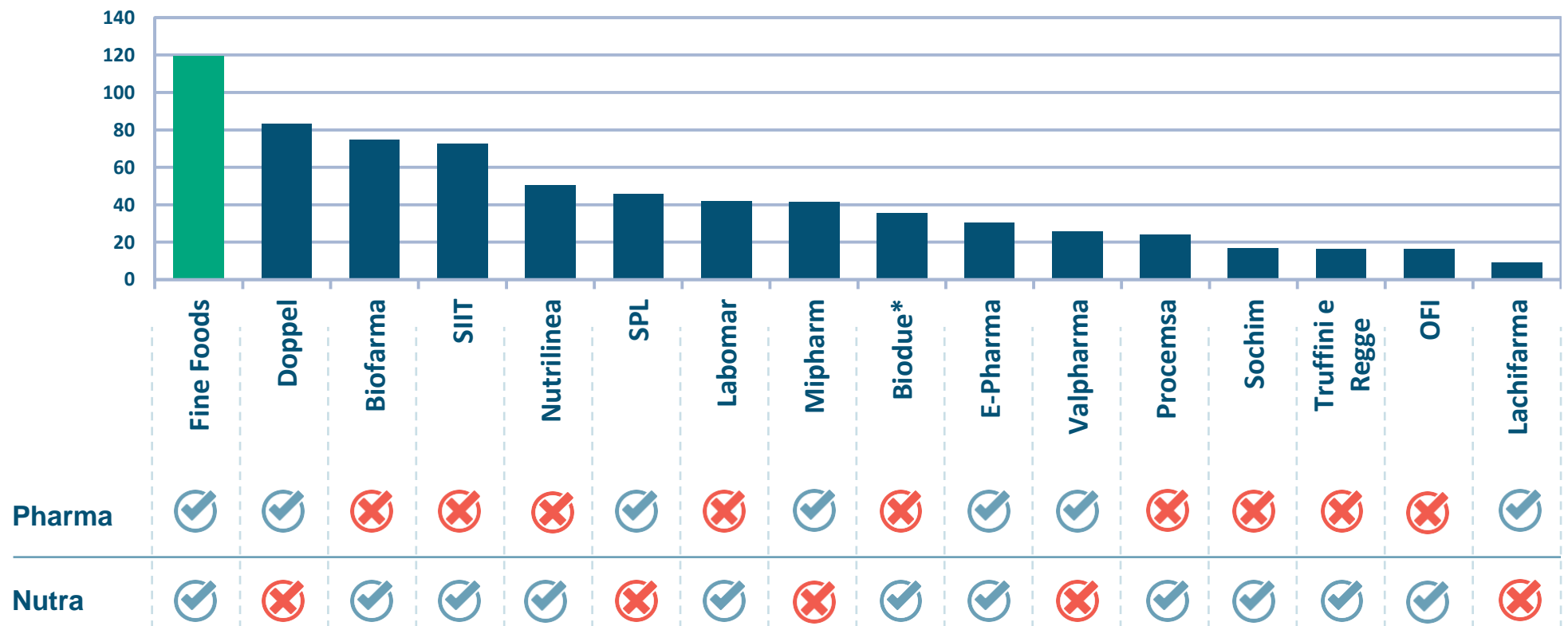


Source: Management elaboration on Company data

Fine Foods Benchmarking Analysis

-  Fine Foods is the largest Italian CDMO
-  Fine Foods is one of the few players active in both Pharmaceuticals and Nutraceuticals
-  In general, the largest European CDMOs are focused almost exclusively on Pharmaceuticals

SELECTED FINE FOODS' COMPETITORS AT ITALIAN LEVEL – 2017 REVENUES (€M)

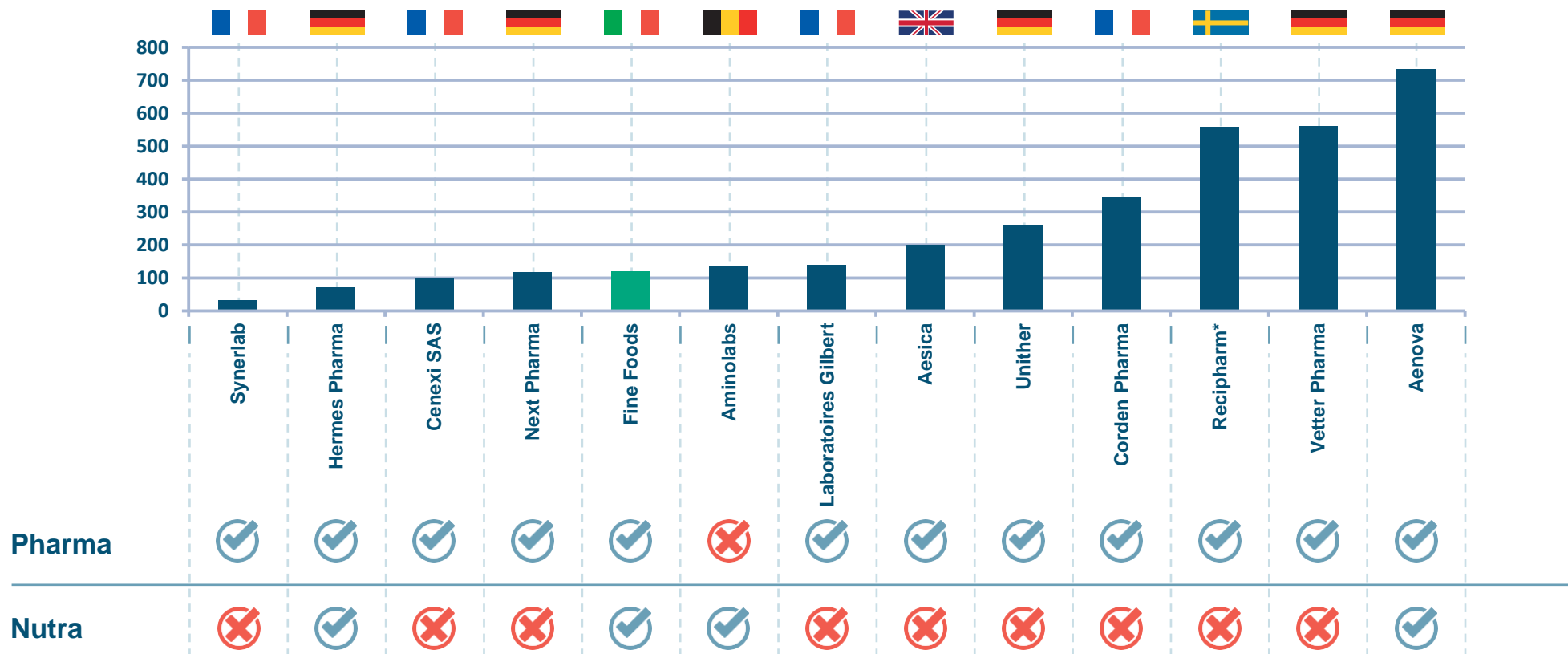


* Listed companies | Note: Nutrilinea, Mipharm and Doppel are respectively controlled by the Private Equity investors White Bridge, Mandarin Capital and Trilantic Europe Source: Management elaboration on publicly retrievable selected information

European CDMO Pharmaceutical Landscape

-  Fine Foods' goal is to achieve premium European positioning, leveraging (i) its business mix and solid business model, and (ii) a strong financial position enabling inorganic growth

SELECTED FINE FOODS' COMPETITORS AT EUROPEAN LEVEL – 2017 REVENUES (€M)



*Listed companies

Source: Management elaboration on publicly retrievable selected information

Nutraceutical Plant Expansion - ZINGONIA

- 🔍 The operating complex covers a **total area of 45,600sqm**
- 🔍 **18.1€m in CAPEX** over the 2016-2018 period
- 🔍 The planned expansion will increase the covered area by **ca. 80%**
- 🔍 **Completion by 2019**



Pre-existing covered area: 15,900 sqm



Final covered area: 28,700 sqm



Source: Company Data | Note: all squared-meters data have been approximated to the nearest hundreds

Pharmaceutical Plant Expansion – BREMBATE

- 🔍 The operating complex covers a **total area of 20,700sqm**
- 🔍 **14.7€m in CAPEX** over the 2016-2018 period
- 🔍 The planned expansion will increase the covered area by **ca. 120%**
- 🔍 **Completion by 2019**



Pre-existing covered area: 5,700 sqm



Final covered area: 12,700 sqm



Source: Company Data | Note: all squared-meters data have been approximated to the nearest hundreds

Superior Technical Competence

STRONGEST TECHNICAL TEAM AMONG ITALIAN CDMOS

- 57 people in **Quality Assurance** and **Quality Control**
- 20 people in **R&D** and **industrialization**

Recognized excellence in custom product development as a key pillar of revenue growth:

- 108 Nutraceutical projects in 2018**
 - 35 new products in production
 - 3-12 months from origination to production
- 20 Pharmaceutical projects in 2018**
 - 13 new products in production
 - 6-12 months from origination to production

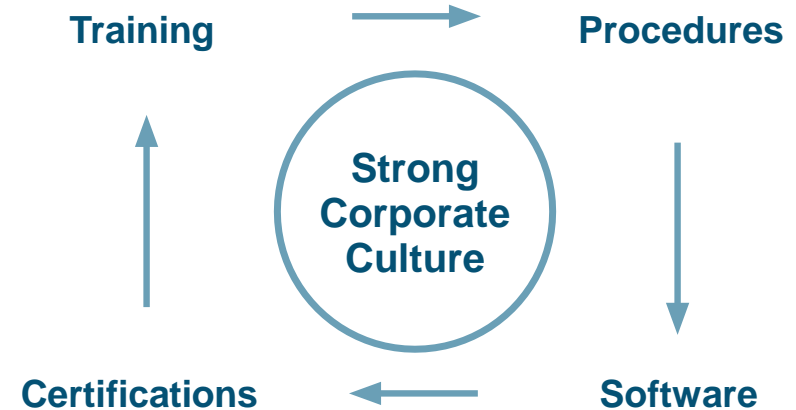


No R&D expenditure has been capitalized

QUALITY MANAGEMENT PARADIGM

1,952 training hours
in 2018

412 Standard Operating
Procedures and Operating
Instructions

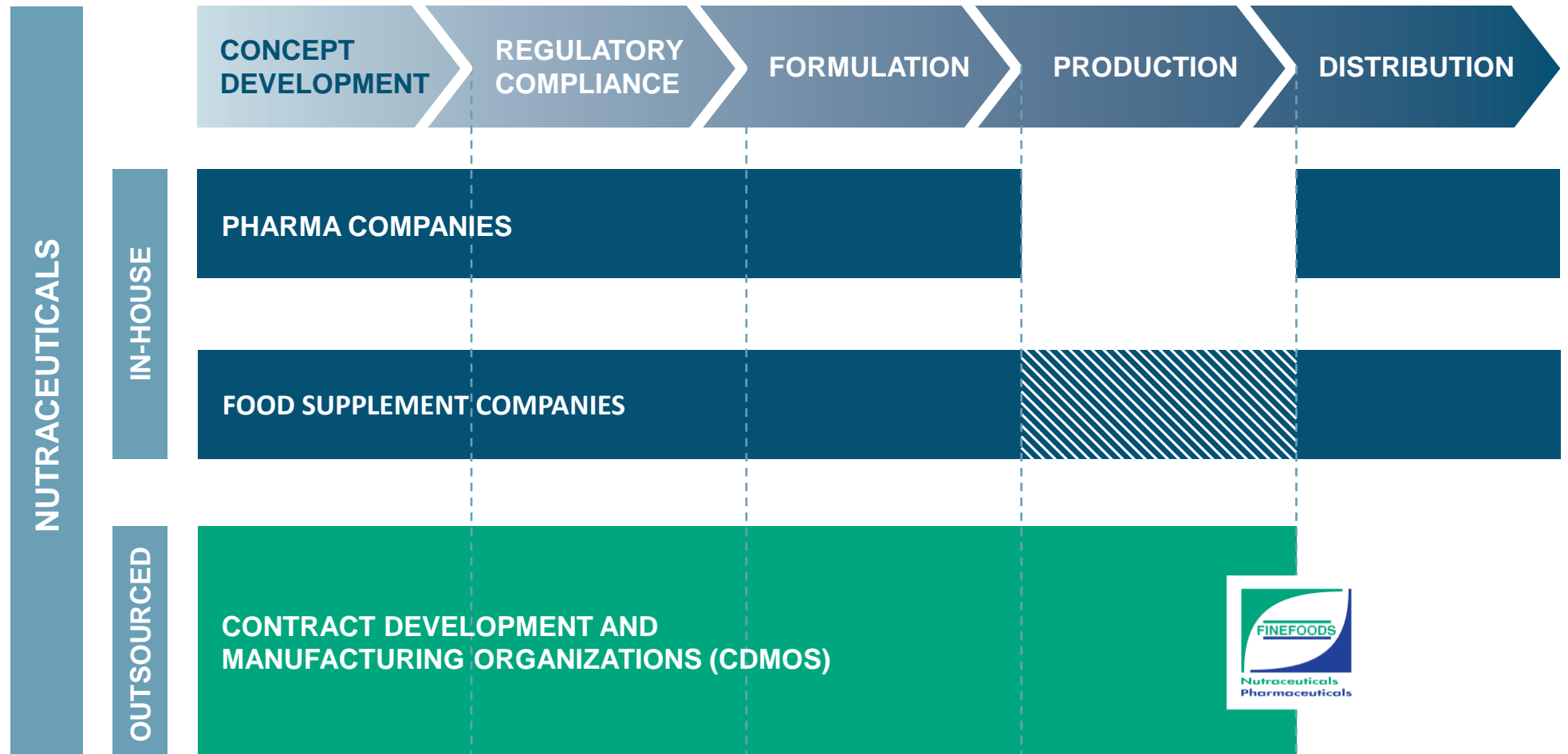


Compliance with the
highest industry
standards

Integrated and
traceable quality
management, at all
decisional levels

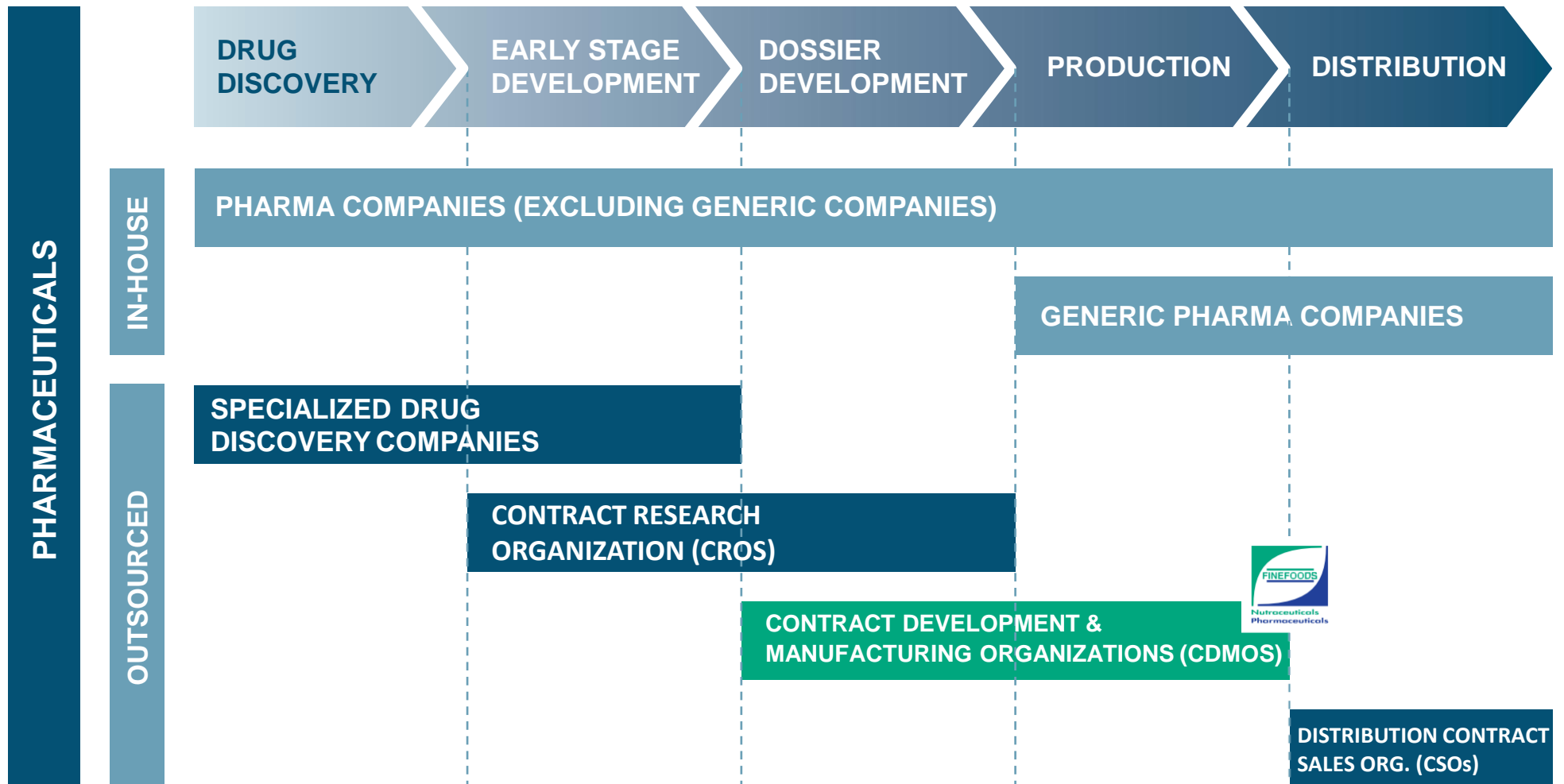
77 employees dedicated to scientific activities, representing over 15% of total workforce

Fine Foods Positioning in the Nutraceuticals Value Chain



Source: Management elaboration

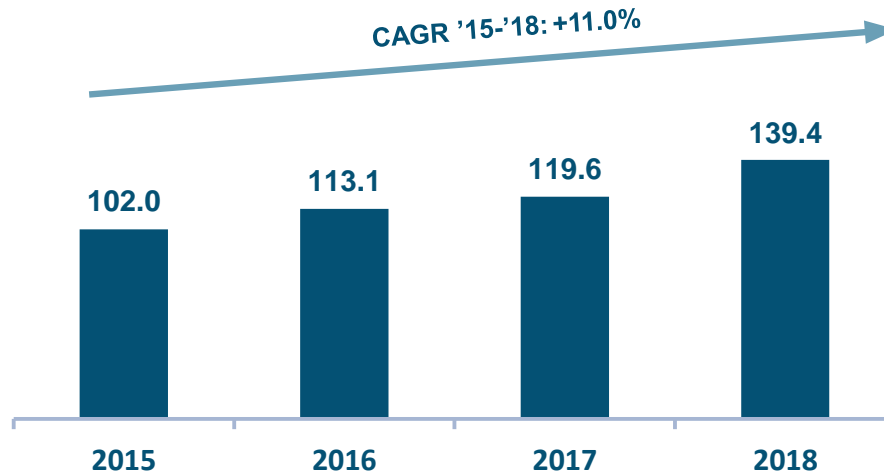
Fine Foods Positioning in the Pharmaceuticals Value Chain



Source: Management elaboration

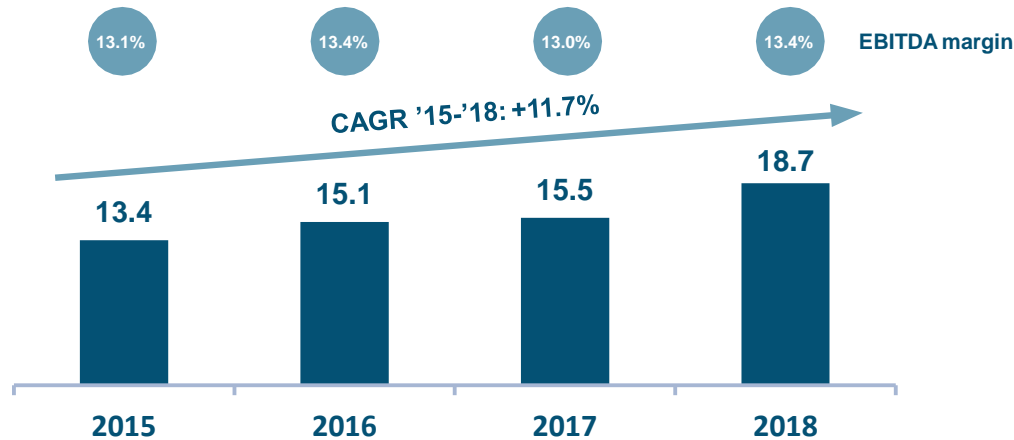
Attractive Revenues and EBITDA Growth Profile...

REVENUES



● **Attractive revenue growth** driven by increasing volumes from loyal clients and by a constant inflow of new ones

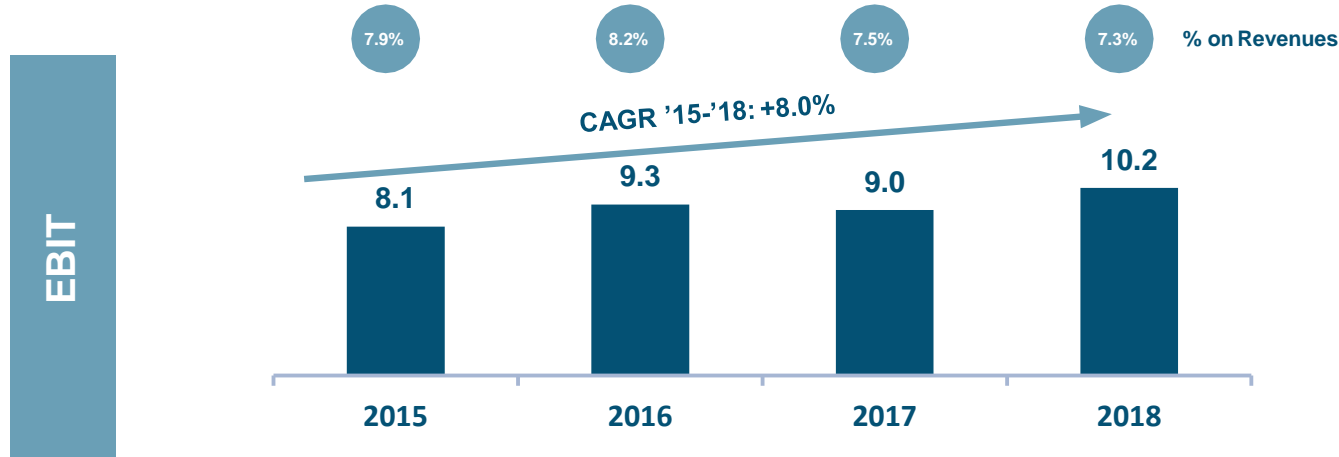
EBITDA



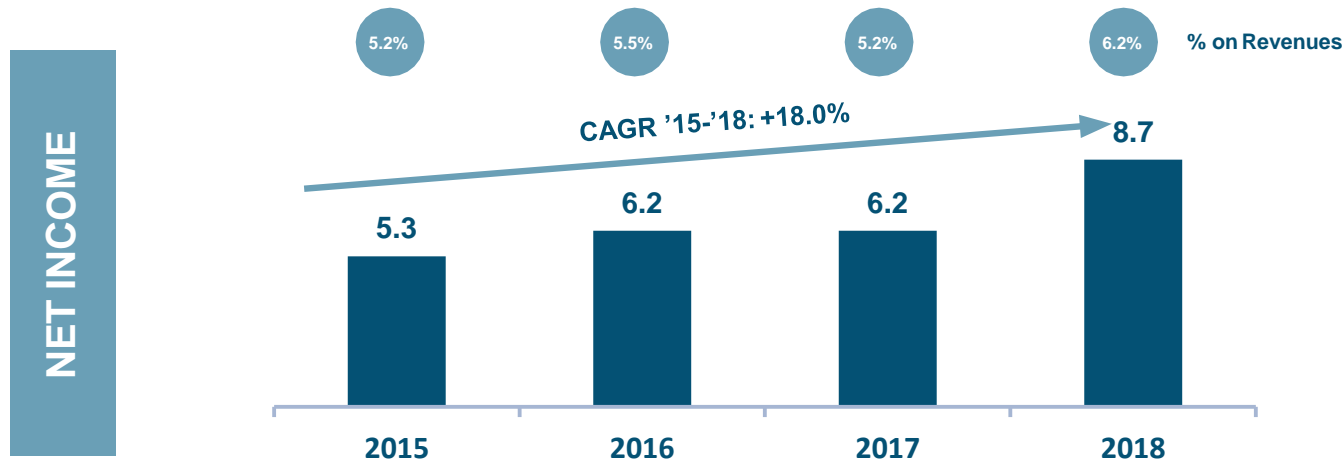
● **Profitability increase** driven by an improved product mix and the optimization of production costs

Source: Company Data

...Leading to Consistent Improvements in Profitability



 Consistent EBIT growth



 Steady net income growth

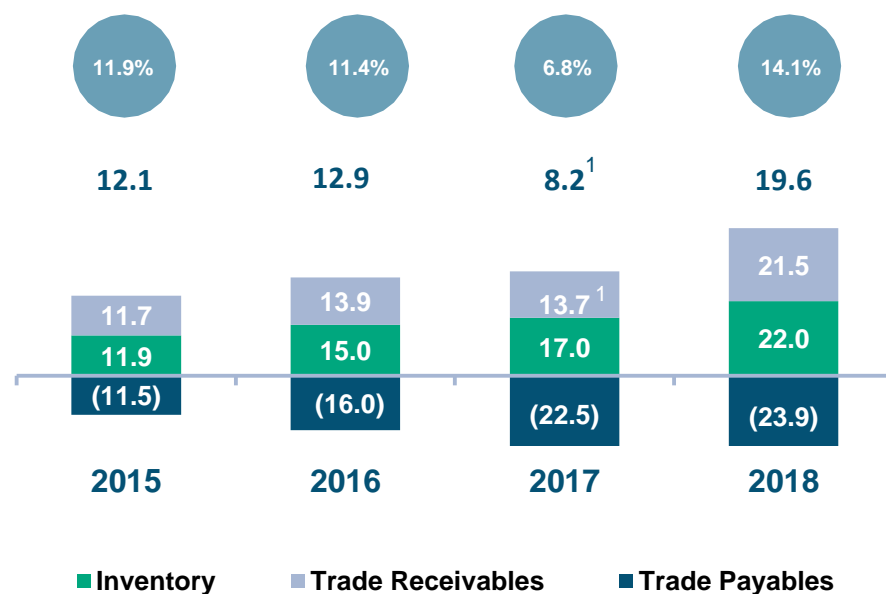
Source: Company Data

Healthy Capital Allocation

NET WORKING CAPITAL

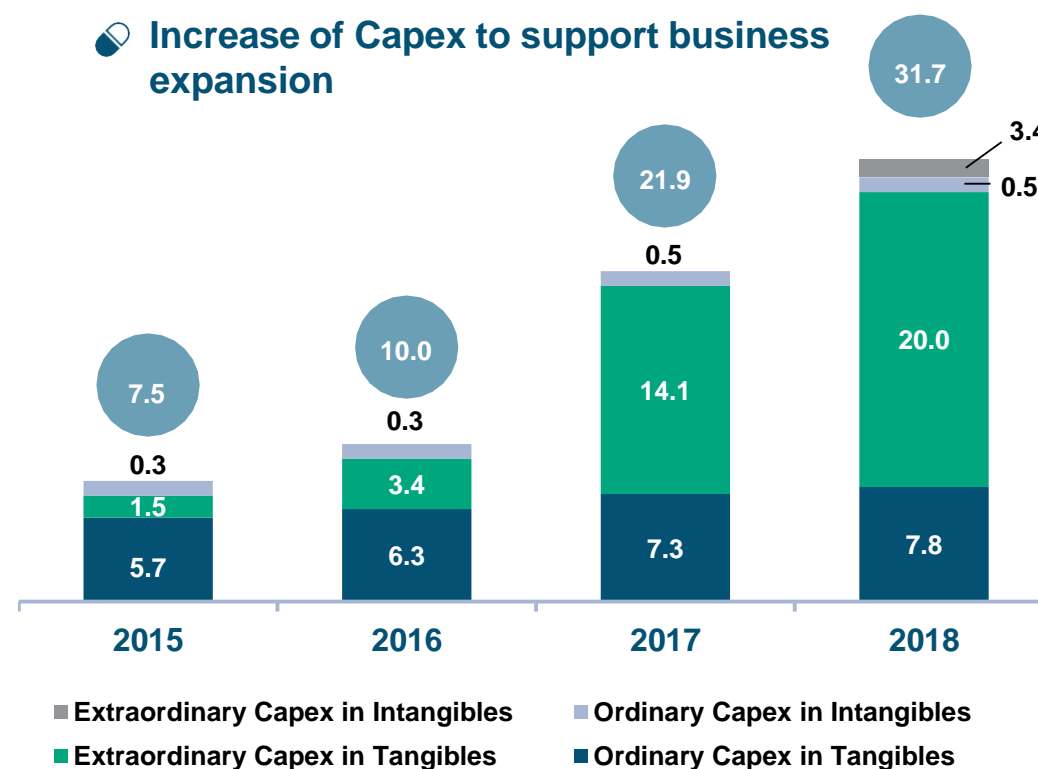
- Efficient working capital management, with collection time structurally lower than payment time

WC% on Revenues



CAPEX

- Increase of Capex to support business expansion



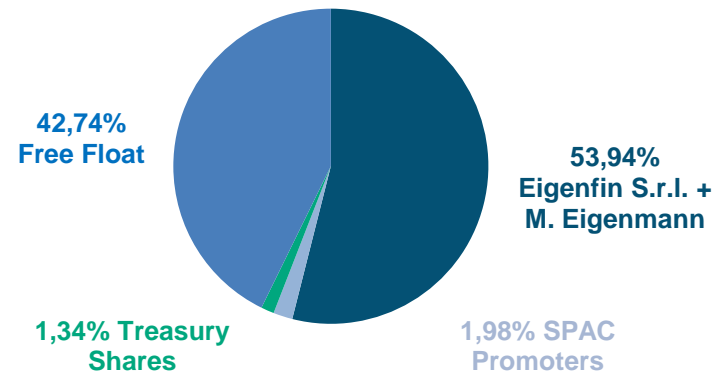
(1) Adjusted adding back the effect of a stand-alone no-recourse ("pro soluto") 2017 factoring transaction of 5€m

Note: the split between ordinary and expansionary capex was elaborated according to management accounts

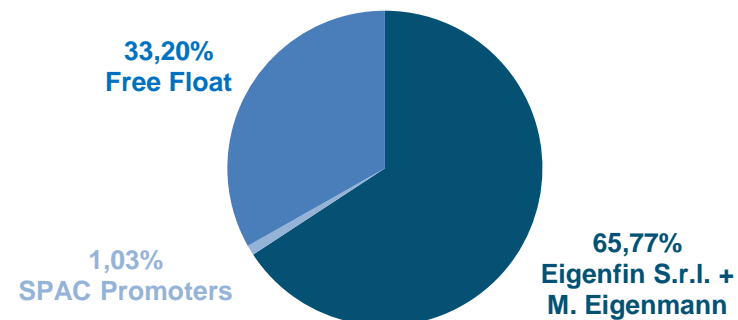
Source: Company Data

Shareholding Structure

% OF EQUITY CAPITAL



% OF VOTING RIGHTS



Source: Managementelaboration

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