

# H1-2020 Results Presentation



29 September 2020

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## KEY FIGURES

	H1-2020	H1-2019
➤ REVENUES	€ 75.4 mln	€ 83.1 mln
➤ EBITDA*	€ 9.8 mln	€ 11.2 mln
➤ EBITDA MARGIN*	13%	13.4%
➤ NET INCOME**	€ 3.6 mln	€ 4.2 mln

\* Ebitda Adjusted for non recurring costs amounting to 0.7€m in H1-2020 and 1.4€m in H1-2019

\*\* Adjusted for non recurring costs, net of tax effect, amounting to 0.5€m in H1-2020 and 1.0€m in H1-2019

## **TURNOVER HIGHLIGHTS**

- **H1-2020 at € 75.4 mln (-9.4%) affected by COVID-19**
- **Q3-20 +22% compared to the same period of '19**
- **YTD at the end of September above same period of '19**
- **Historical annual growth trend expected for 2020**

# 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



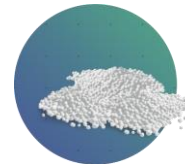
CAPSULES



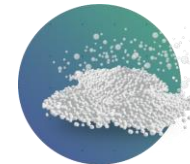
EFFERVESCENT  
TABLETS



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**: from 2009 to 2019 revenues have grown from 50€m to 160€m (12% CAGR), mostly organically
- Last 5-years CAGR: Revenues **+11.2%** and EBITDA **+9.0%**
- Last 5-years investments in capex: **91.2€m**

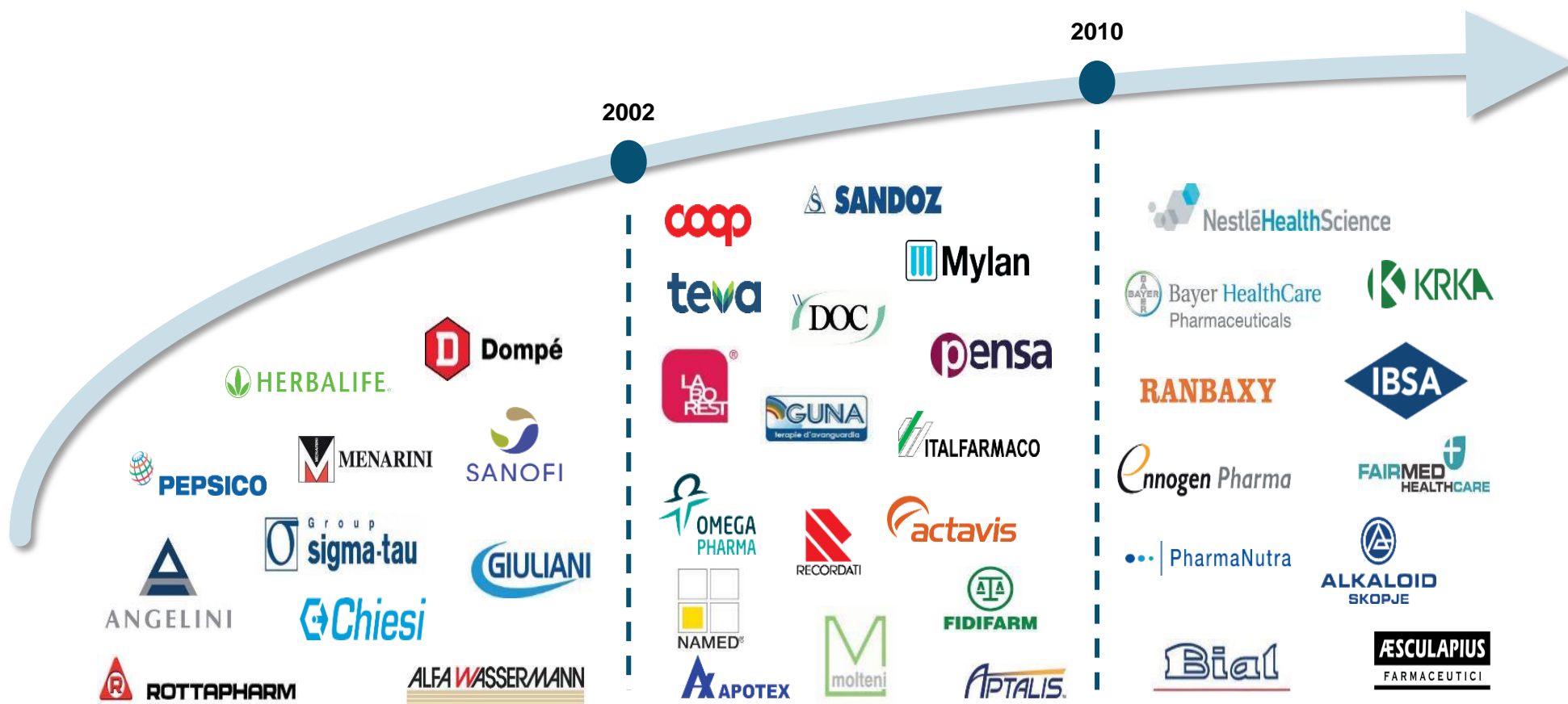
# Examples of Products Manufactured for Reference Clients

NUTRACEUTICALS



PHARMACEUTICALS

# Acquisition and Retention of Key Loyal Clients



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

# Fine Foods Key Figures



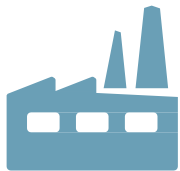
**Revenues CAGR of 12%  
over the last 10 years**



**Ca. 71% of products  
sold in 2019 has been  
delivered abroad <sup>(1)</sup>**



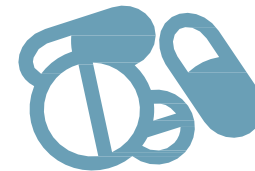
**More than 100  
customers, including  
leading Pharmaceutical  
and Nutraceutical players**



**102 manufacturing lines  
in 1 Pharmaceutical Plant  
and 1 Nutraceutical Plant**



**Ca. 10% of employees  
dedicated to quality  
control and assurance**



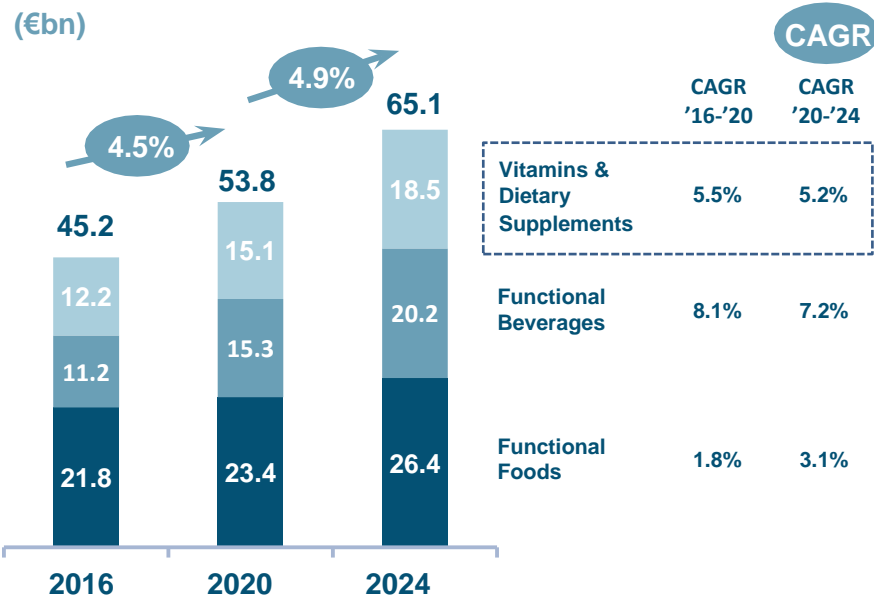
**Ca. 1.300 SKUs<sup>(2)</sup>,  
tailored to client needs  
and delivered with high-  
quality standards**

*(1) 58€m revenues invoiced in Italy, of which 13€m delivered abroad | (2) SKUs means "Stock-Keeping Units", namely single product codes*



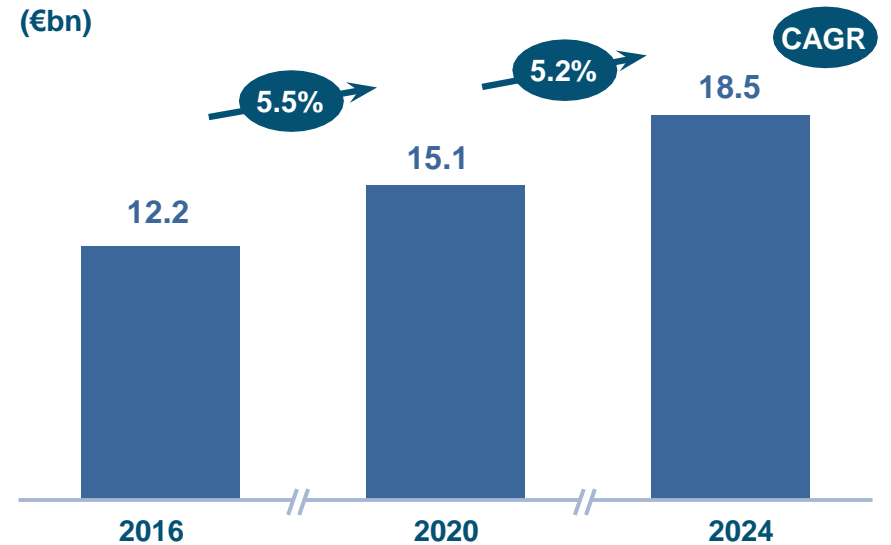
# Focus on European Nutraceuticals Market


## 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



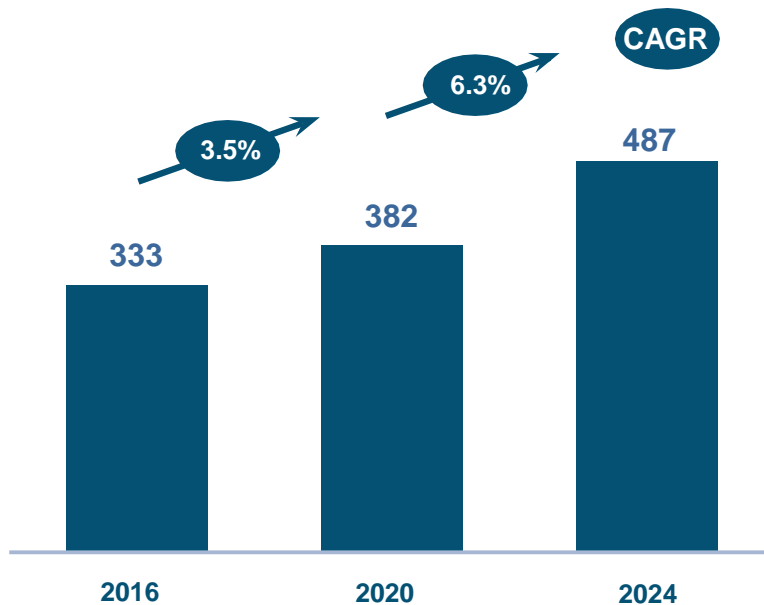
 The **Vitamins & Dietary Supplements** segment has consistently shown **strong growth** in the last 4 years, **expected to continue** in coming years. CDMO-driven development and manufacturing, **mostly outsourced**

Source: Euromonitor

# Focus on European Pharmaceuticals Market and CDMO

## EUROPEAN PHARMACEUTICALS MARKET VALUE

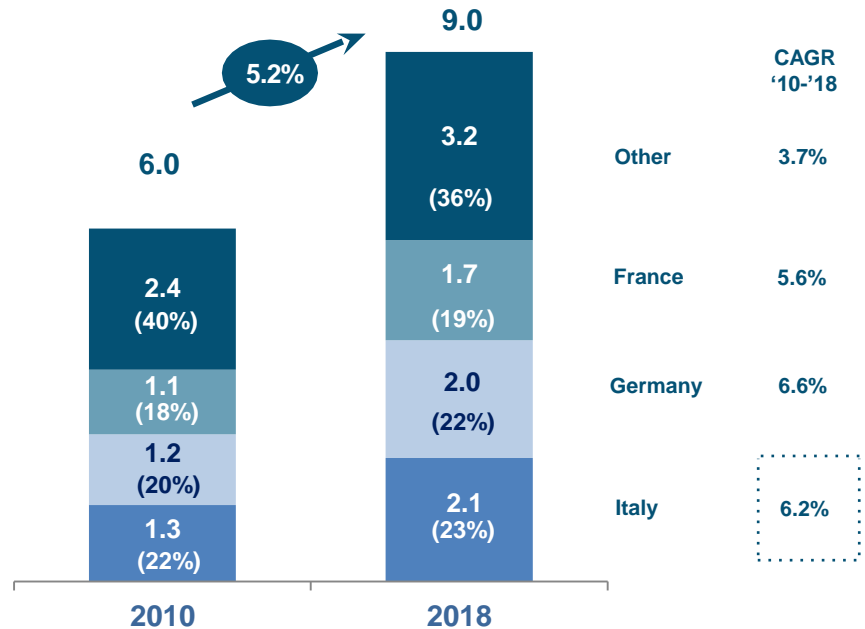
(€bn)



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

## EUROPEAN CDMOS (PHARMA) MARKET VALUE

(€bn)



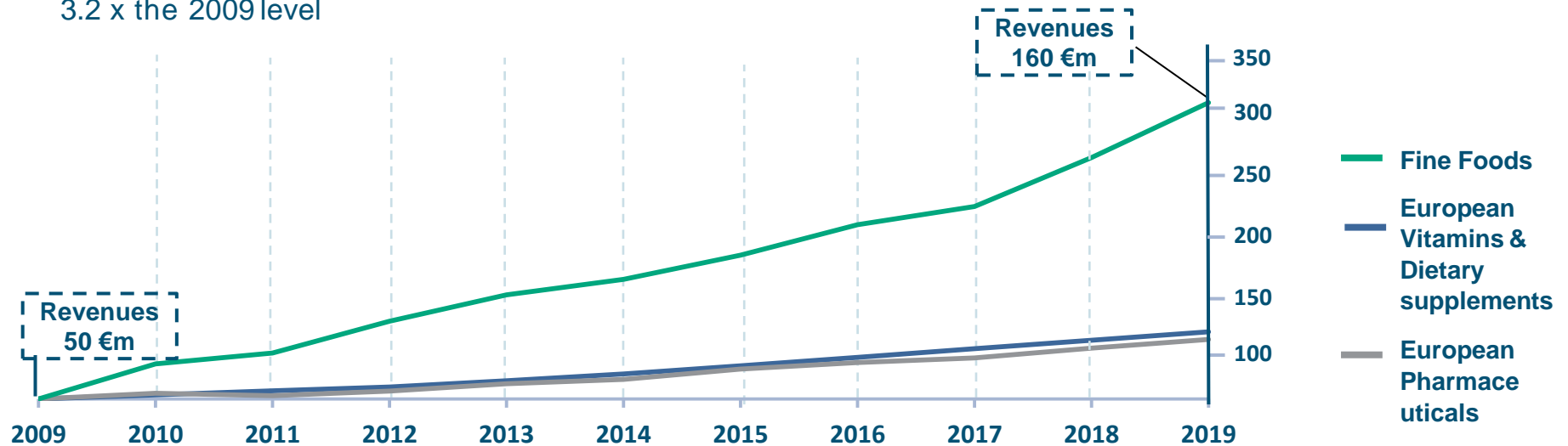
-  CDMO CAGR 5.2% VS PHARMA CAGR 3.5% between 2010 and 2018: Plenty of space for CDMOs to grow further along the outsourcing trend
-  Italy is confirmed at first place in Europe with a market share of 23%

Source: Euromonitor, Prometeia

# 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 2019 sales at 3.2 x the 2009 level



MARKET GROWTH

+

CDMO EXTRA - GROWTH

+

FINE FOODS GROWTH

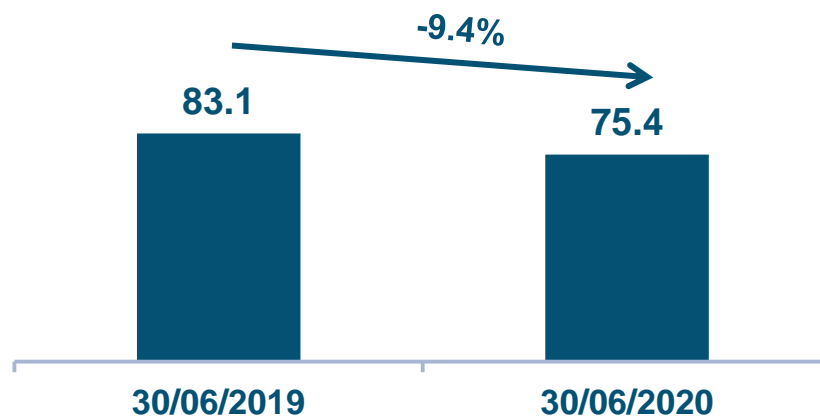
12% FINE FOODS 10-YEARS REVENUES CAGR

Sources: Euromonitor

Methodology: the three variables' time series are divided by their respective 2010 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

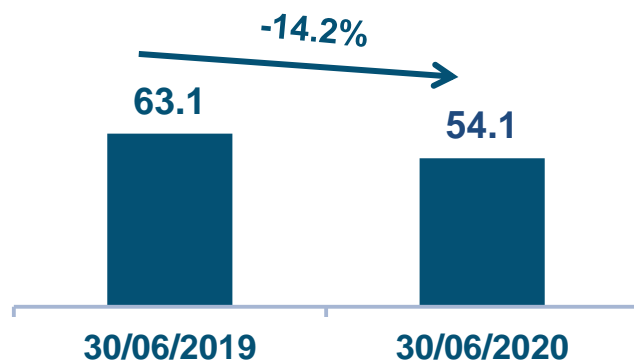
# REVENUES break-down

## REVENUES

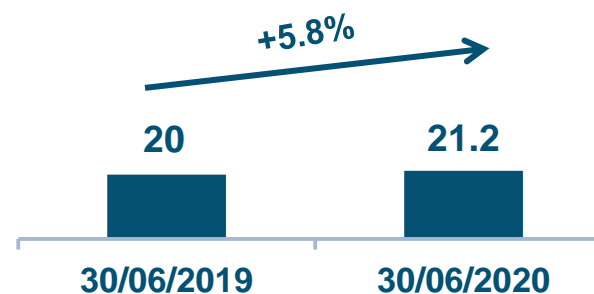


📌 Variance in Revenues mainly due to the decrease in Food sector for the postponement of sales to H2-20

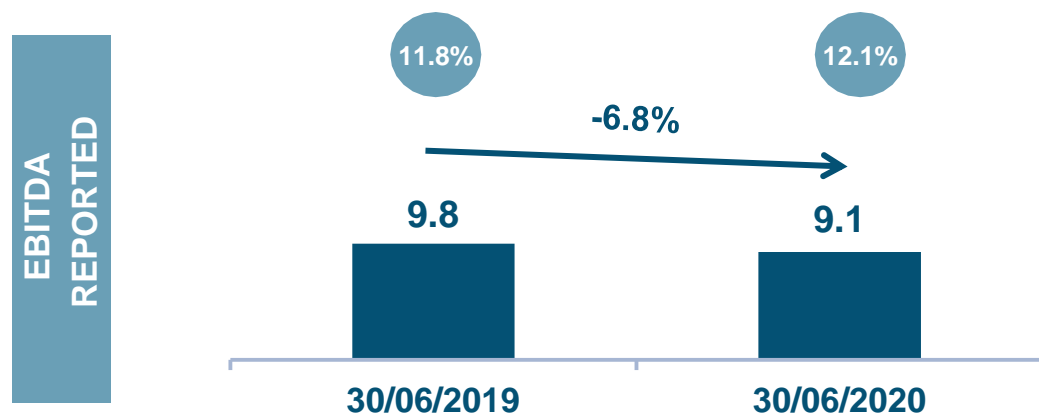
## FOOD




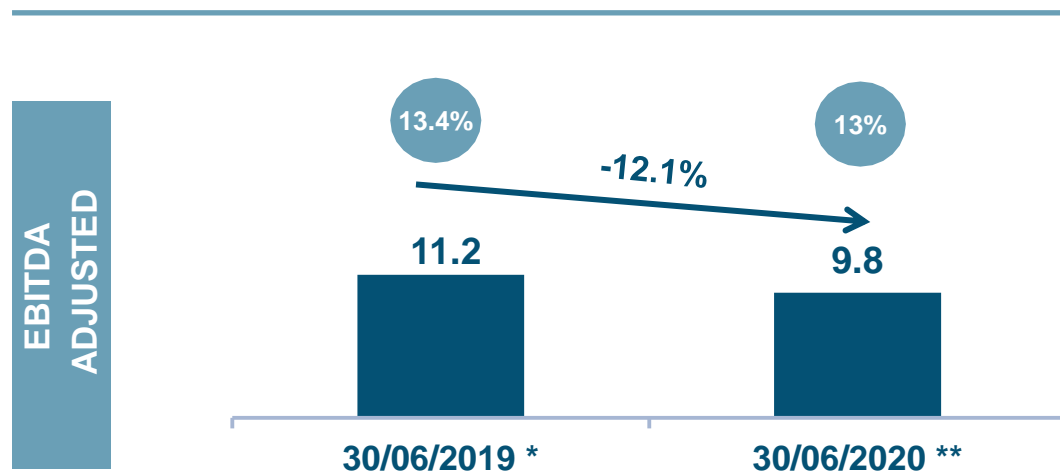
## PHARMA



# EBITDA margin Adj. at 13% in line with historical trend



 **Contraction in marginality** due to inefficiencies related to COVID mitigated by **the efficiency measures implemented** in the new plants



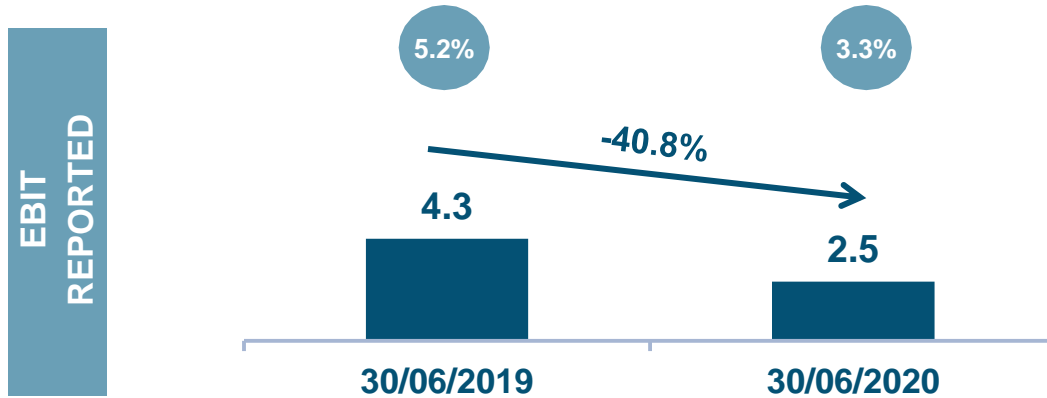
**\*\* 0.7 €m adjustment:**

- 0.5 €m for Covid impacts
- 0.2 €m for extraordinary consultancy fees

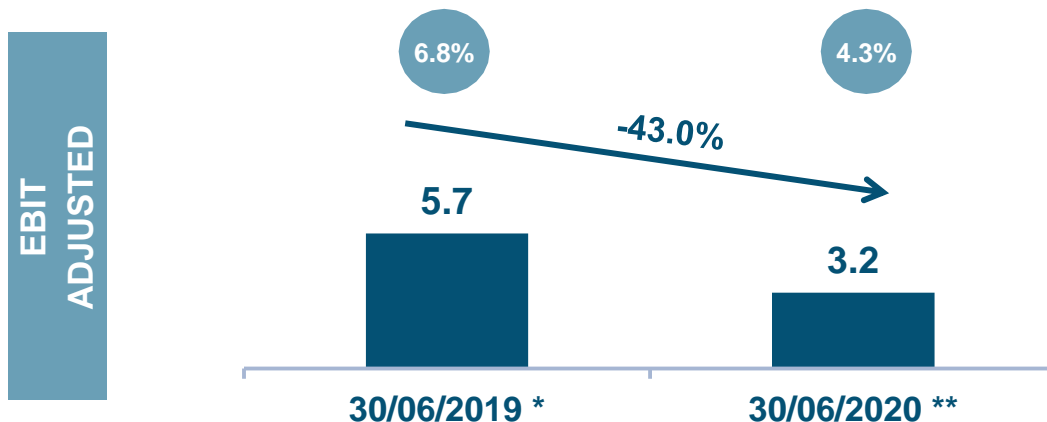
**\* 1.4 €m adjustment :**

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

# EBIT hit by depreciation increase following strong extraordinary Capex



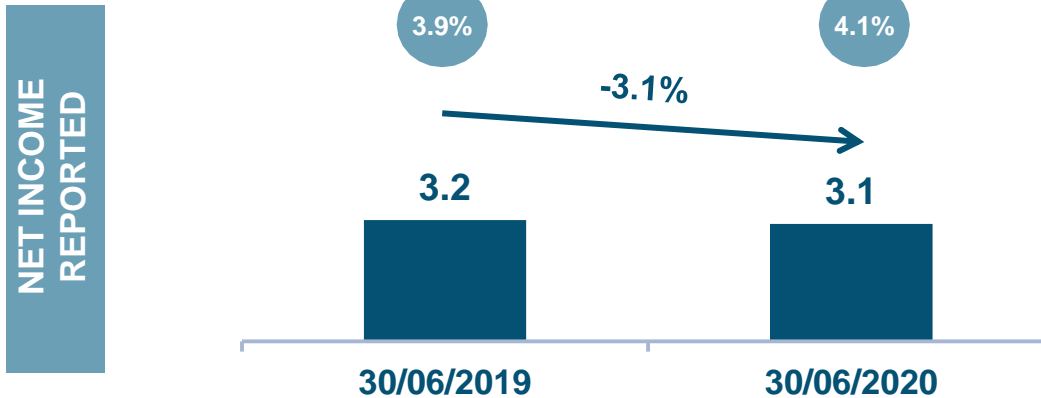
**Decrease in EBIT (both Reported and Adjusted)** mainly due to the increase in depreciations (about 1.4 €m) as a consequence of recent years extraordinary Capex investments



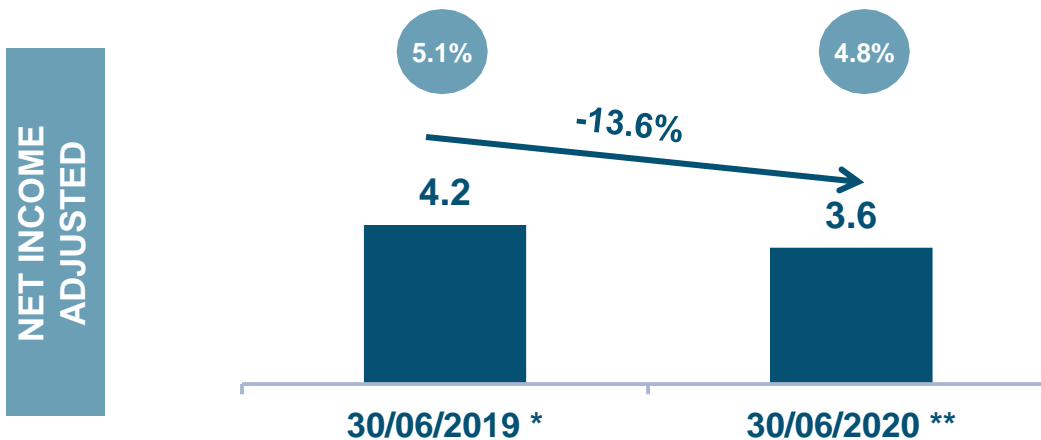
\*\* 0.7 €m adjustment

\* 1.4 €m adjustment

# NET INCOME only marginally impacted by H1-2020 extraordinary events



 **Positive Result in H1-2020 despite Covid impact**



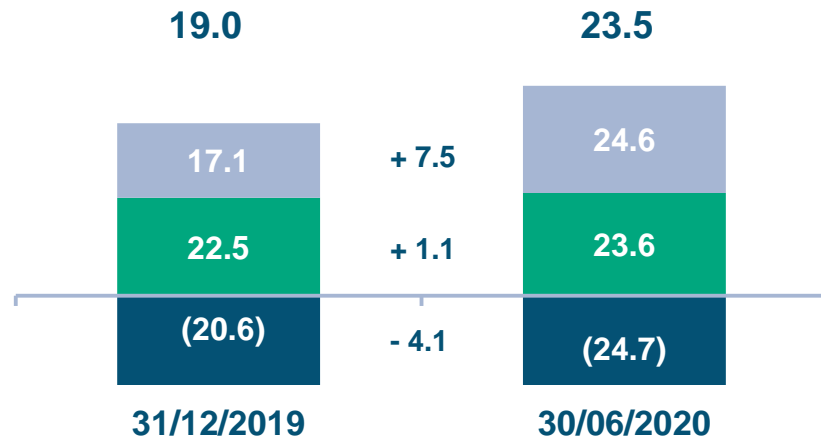
**\*\* 0.5€m adjustment (net of tax effect)**

**\*1.0€m adjustment (net of tax effect)**

# Healthy Capital Allocation

## NET WORKING CAPITAL

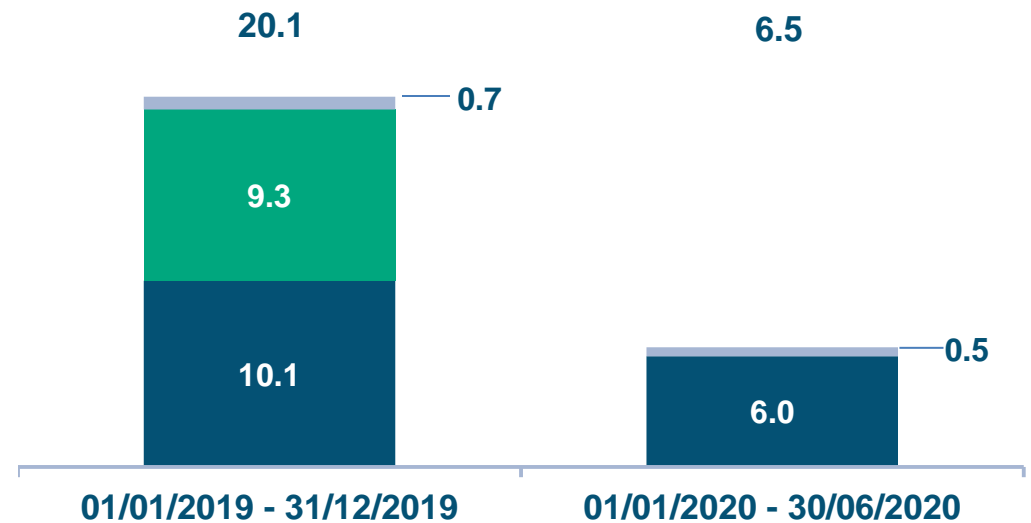
- NWC increased compared to Year End 2019 mainly **due to cash collections postponed in early July 2020**



■ Inventory ■ Trade Receivables ■ Trade Payables

## CAPEX

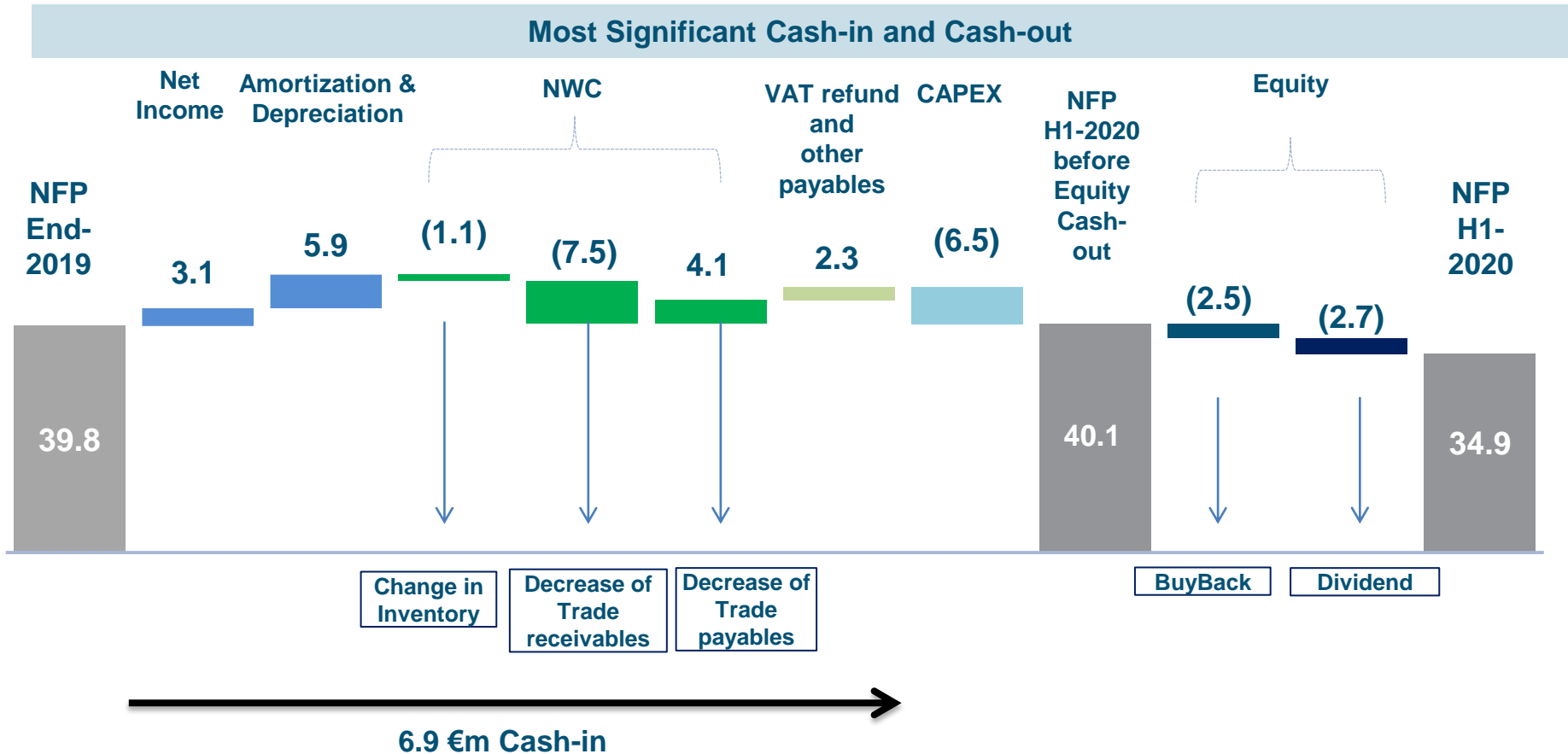
- Capex support business expansion



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



# Net Financial Position Evolution from end-2019 to H1-2020



# 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

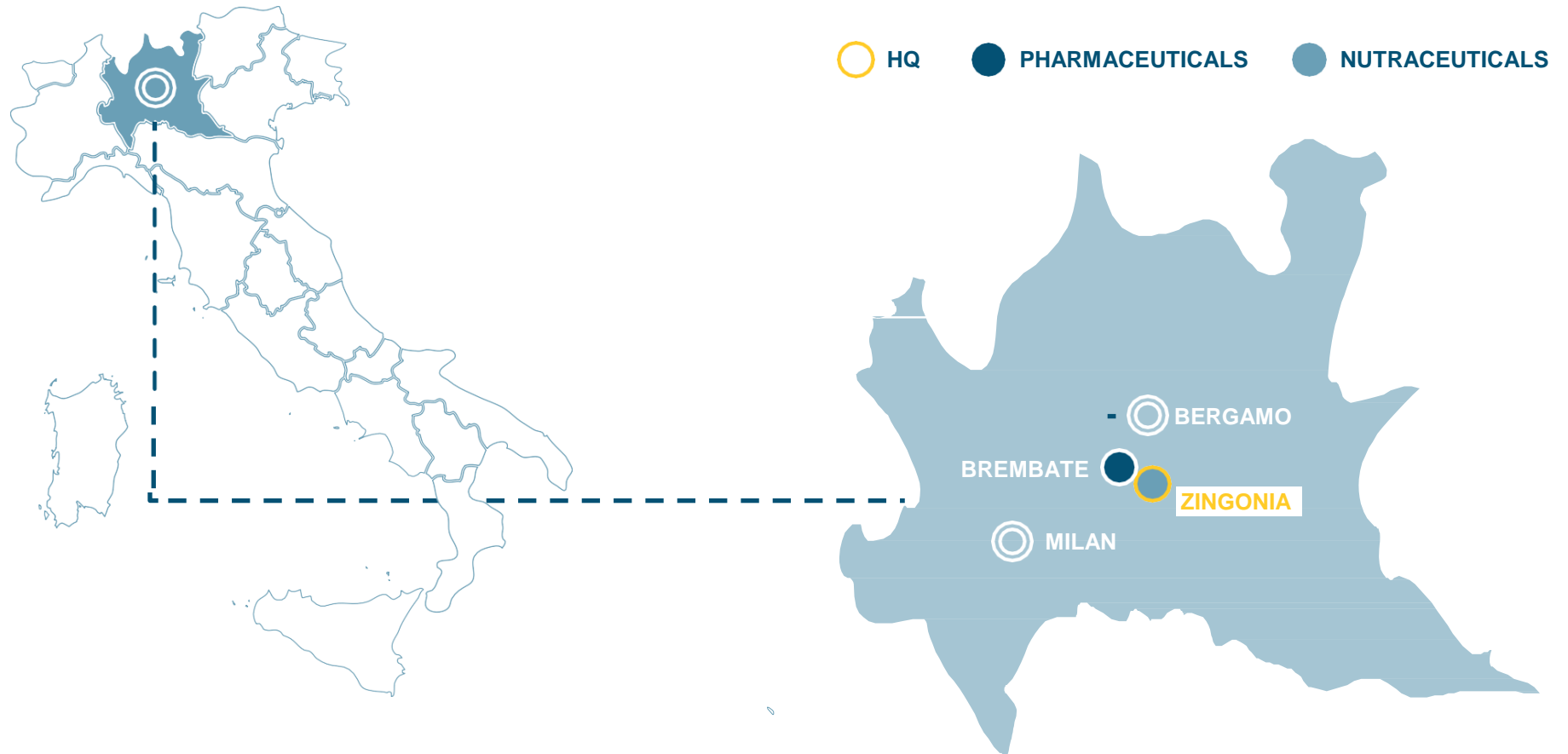
# Why Fine Foods?

- **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

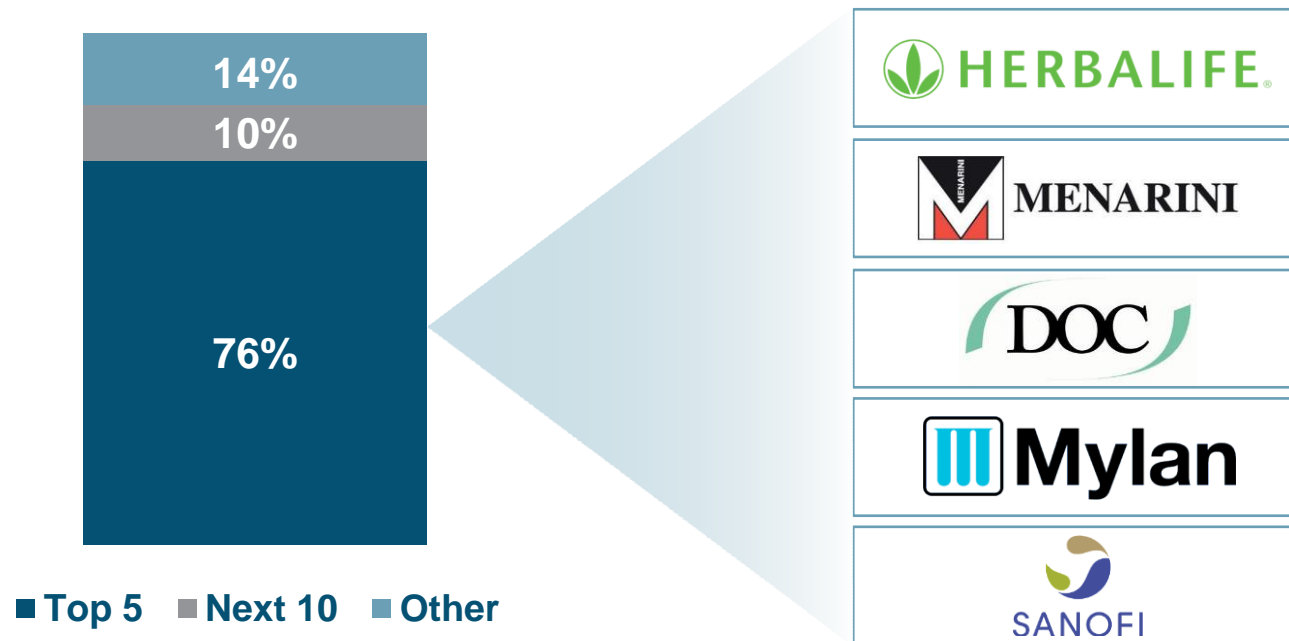


# Manufacturing Plants Geographical Footprint



# Customer Concentration

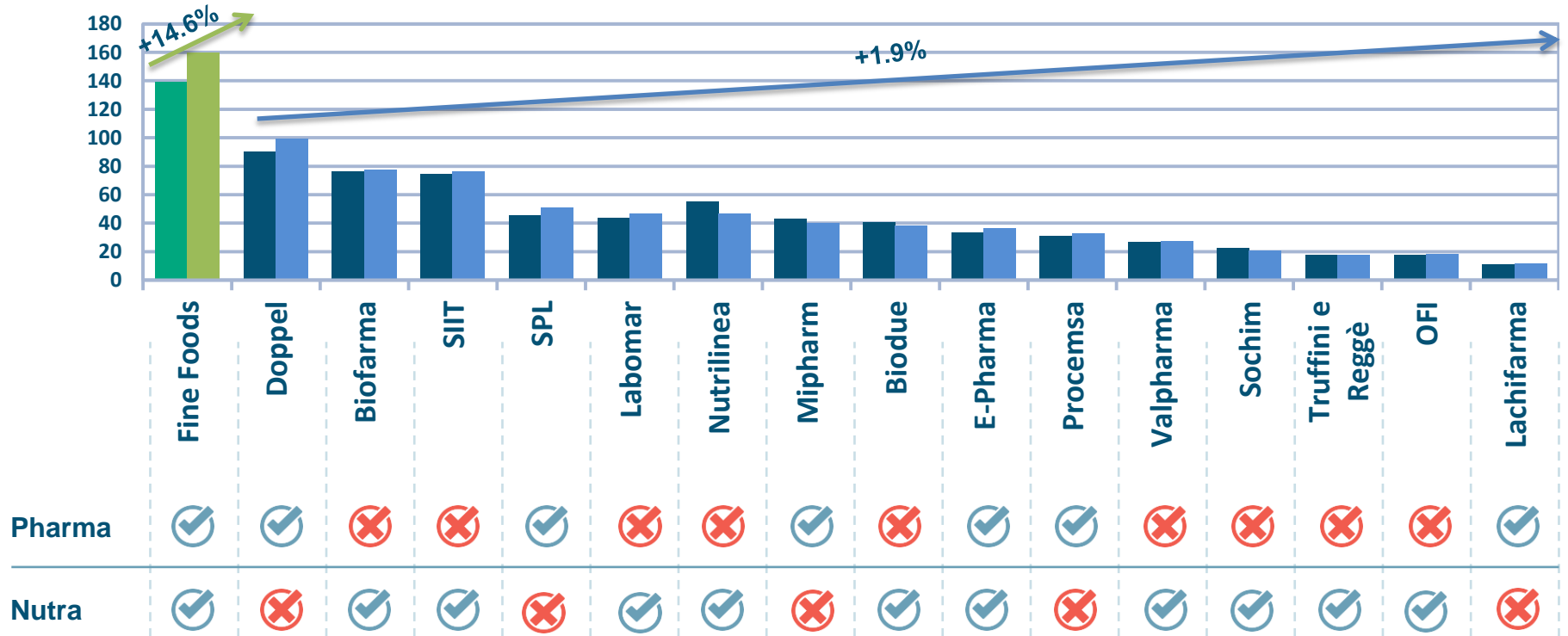
## 2019 CUSTOMERS IN % OF TOTAL REVENUES



# Fine Foods Benchmarking Analysis - Italy

- Fine Foods is the largest Italian CDMO
- Fine Foods is one of the few players active in both Pharmaceuticals and Nutraceuticals
- Fine Foods revenues increased 12.6% more than average competitors growth

SELECTED FINE FOODS' COMPETITORS AT ITALIAN LEVEL – 2019 and 2018 REVENUES (€M)

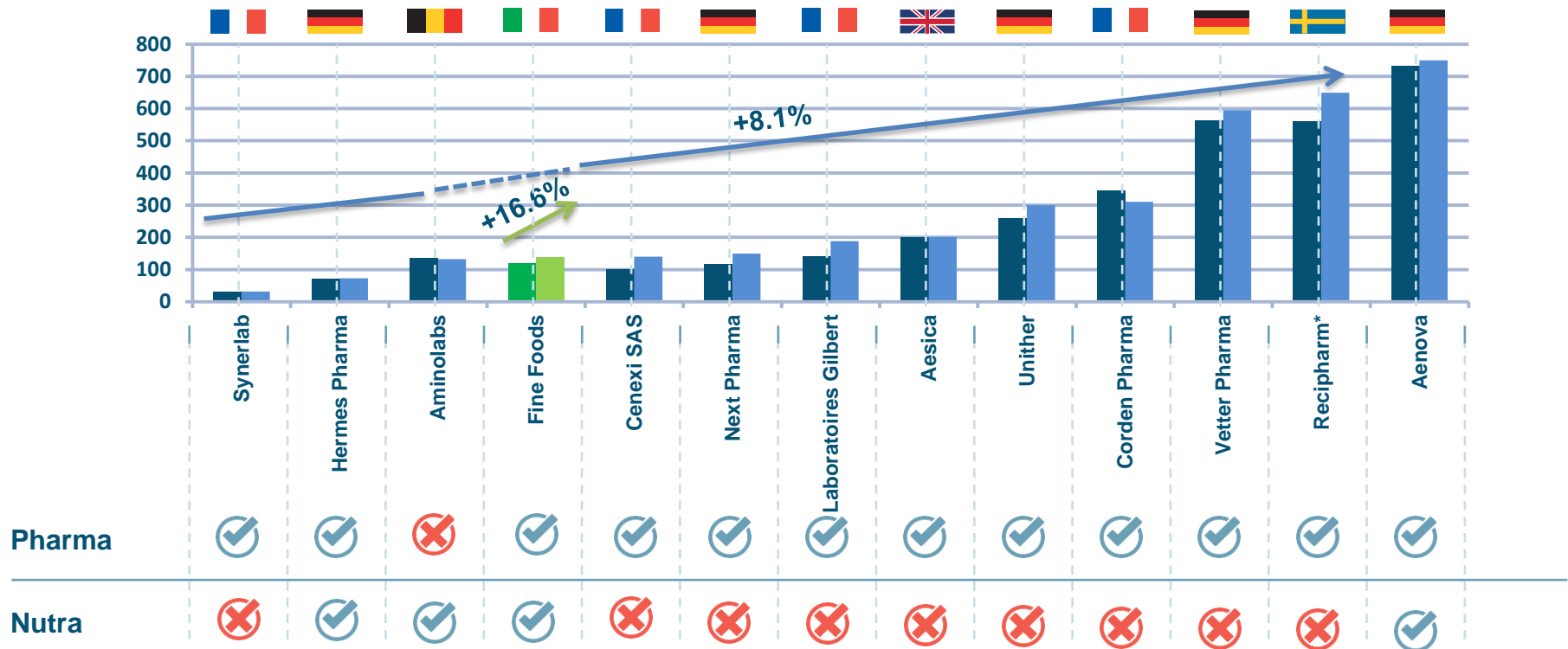


Note: Nutrilinea, Doppel, Biopharma, Nutrilinea, Mipharm, Procemsa and OFI are controlled by Private Equity investors  
Source: Management elaboration on publicly retrievable selected information

# Fine Foods Benchmarking Analysis - Europe

- 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
- In general, the largest European CDMOs are focused almost exclusively on Pharmaceuticals
- Fine Foods revenues increased 8.5% more than average competitors growth

SELECTED FINE FOODS' COMPETITORS AT EUROPEAN LEVEL – 2018 and 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 45,600 sqm**
- 🔧 **19.7€m in CAPEX** over the 2016-2019 period
- 🔧 The planned expansion will increase the covered area by **ca. 80%**
- 🔧 **Completed in 2019**



Pre-existing covered area: 15,900 sqm



Final covered area: 28,700 sqm



Note: all squared-meters data have been approximated to the nearest hundreds

# Pharmaceutical Plant Expansion – BREMBATE

- 🔧 The operating complex covers a **total area of 20,700 sqm**
- 🔧 **15.2€m in CAPEX** over the 2016-2019 period
- 🔧 The planned expansion will increase the covered area by **ca. 120%**
- 🔧 **Completed in 2019**



Pre-existing covered area: 5,700 sqm



Final covered area: 12,700 sqm



Note: all squared-meters data have been approximated to the nearest hundreds

# Superior Technical Competence

## STRONGEST TECHNICAL TEAM AMONG ITALIAN CDMOS

- 60 people in **Quality Assurance** and **Quality Control**
- 22 people in **R&D** and **industrialization**

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

- 106 Nutraceutical projects in 2019**
  - 32 new products in production
  - 3-12 months from origination to production
- 10 Pharmaceutical projects in 2019**
  - 5 new products in production
  - 6-12 months from origination to production

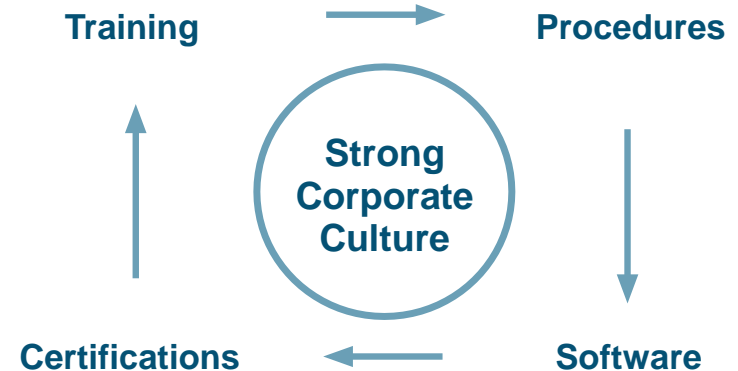


No R&D expenditure has been capitalized

## QUALITY MANAGEMENT PARADIGM

2,199 training hours  
in 2019

319 Standard Operating  
Procedures and Operating  
Instructions

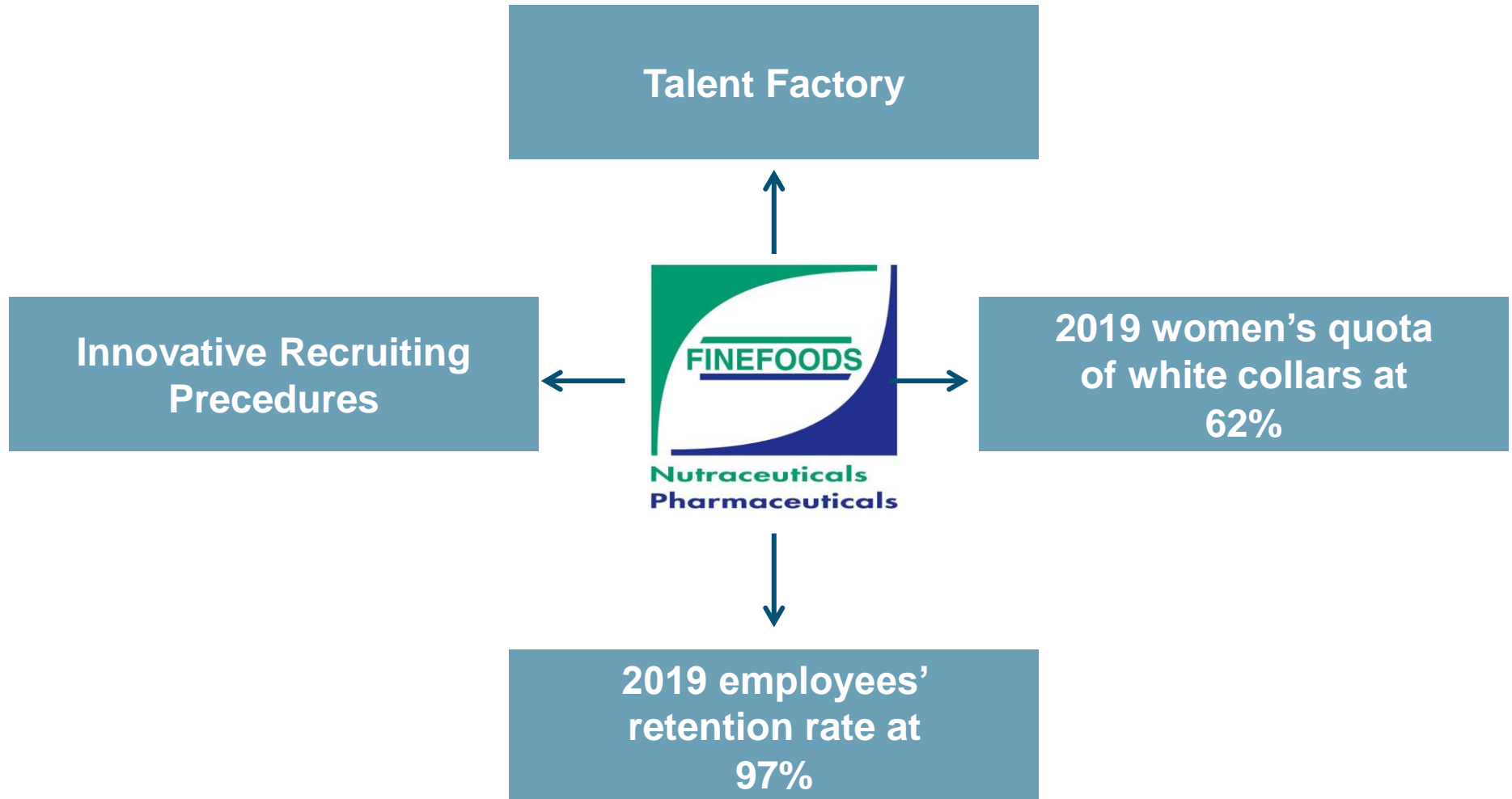


Compliance with the  
highest industry  
standards

Integrated and  
traceable quality  
management, at all  
decisional levels

**82 employees dedicated to scientific activities, representing 14% of total workforce**

# Fine Foods' Special Attention to Human Resources



# Fine Foods' Sustainability Framework

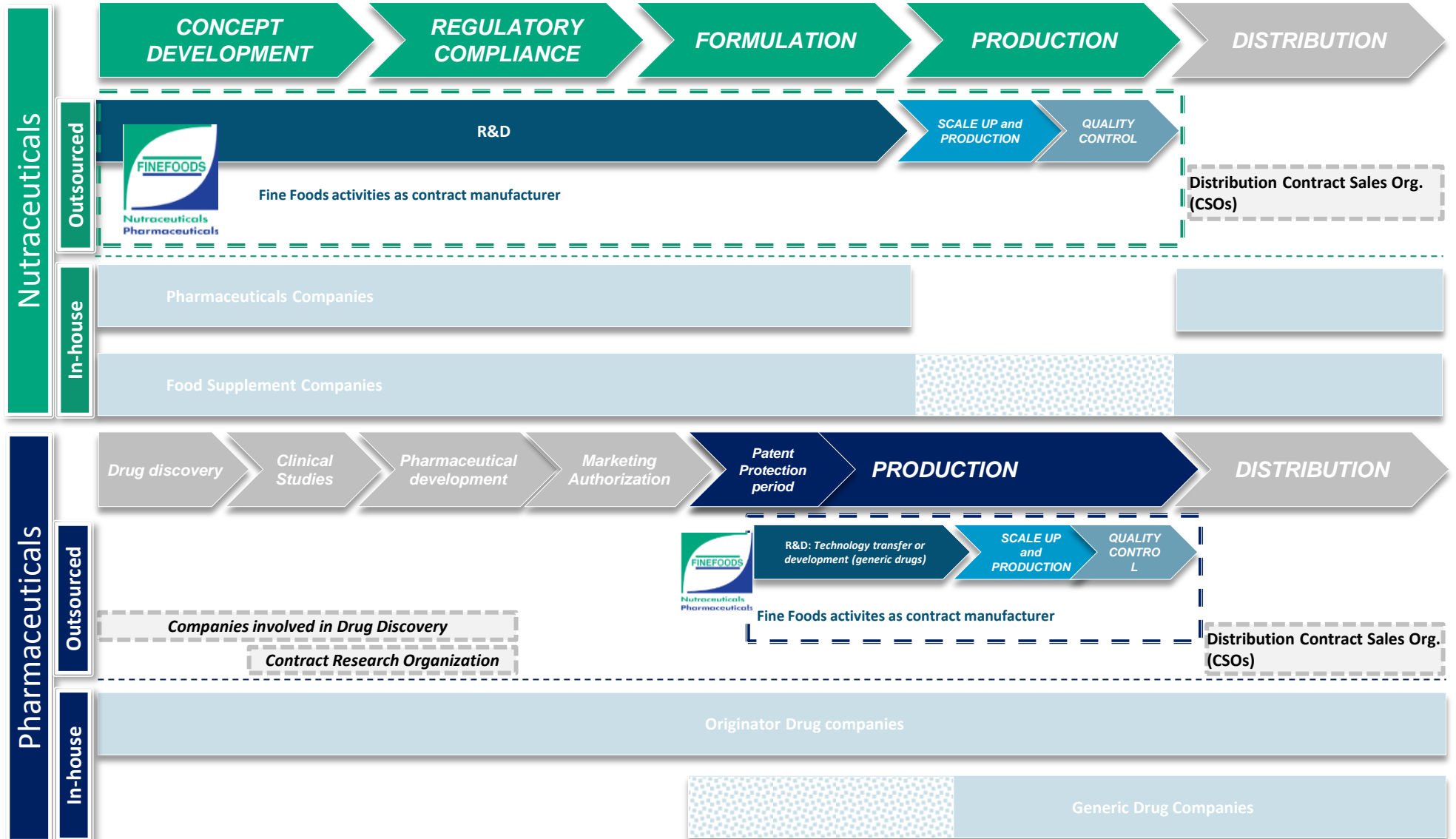
- Continuously enhanced quality and sustainability management corroborates Fine Foods' reputation with clients
- In 2019 only, Fine Foods passed successfully 28 audits from customers and authorities

QUALITY	
 ISO9001 <b>QUALITY</b>	 ISO22000 <b>FOOD SAFETY</b>
 <b>AIFA APPROVAL</b>	 <b>MEDICAL DEVICES QUALITY</b>

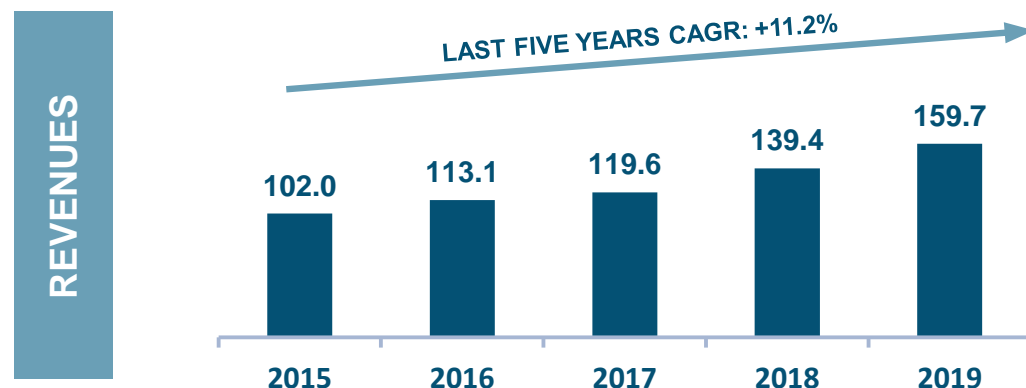
SUSTAINABILITY	
 ISO14001 <b>ENVIRONMENTAL</b>	 OHSAS18001 <b>HEALTH AND SAFETY</b>
 <b>D.LGS. 231/2001</b>	 <b>ETHICAL STANDARDS</b>

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

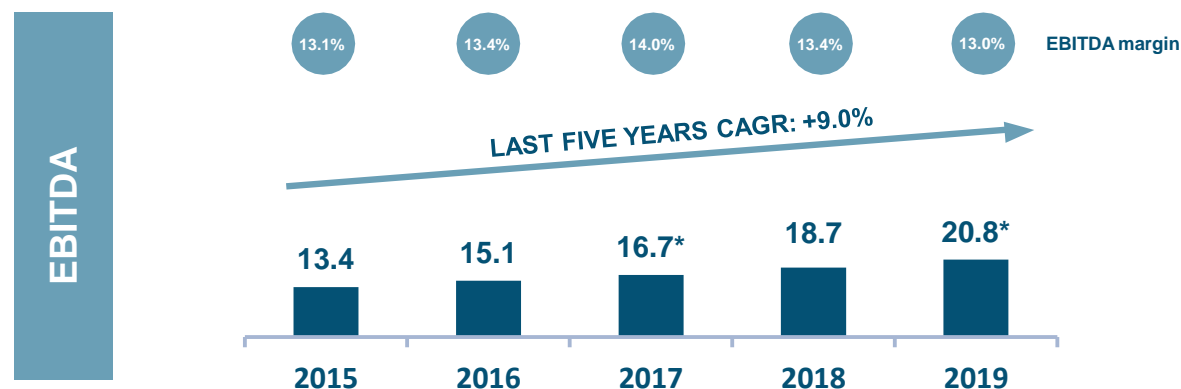
# Fine Foods Positioning in the Pharmaceuticals and Nutraceuticals Value Chain



# 5 Years Revenues and EBITDA Trend



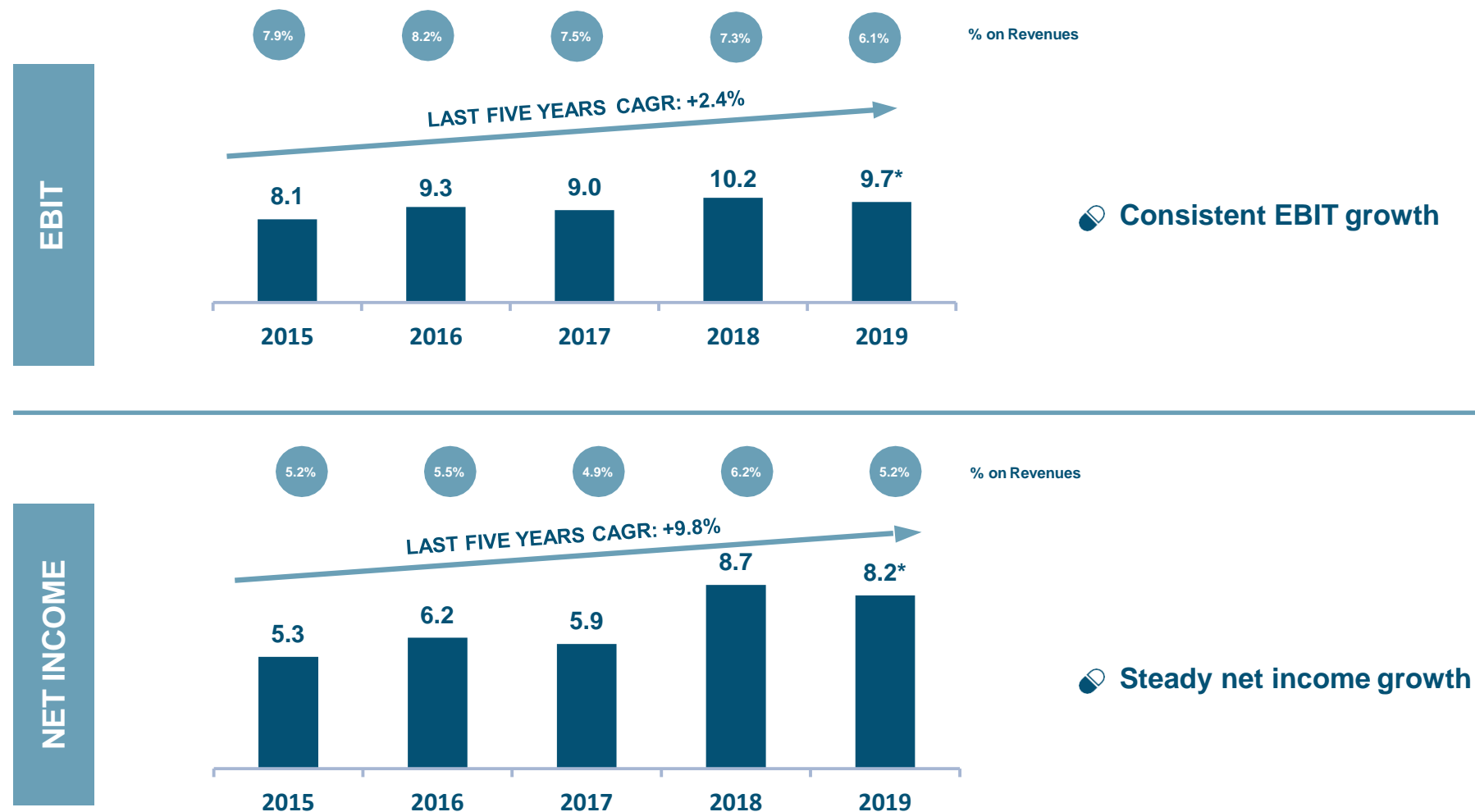
💊 **Attractive revenue growth** driven by increasing volumes from loyal clients and by a constant inflow of new ones



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

\*2017 and 2019 EBITDA figures have been respectively adjusted by 1.2 €million and 2.8 €million

# 5 Years EBIT and Net Income Trend



\*2019 EBIT and NET INCOME have been adjusted respectively by 2.8 €million and 2.2 €million

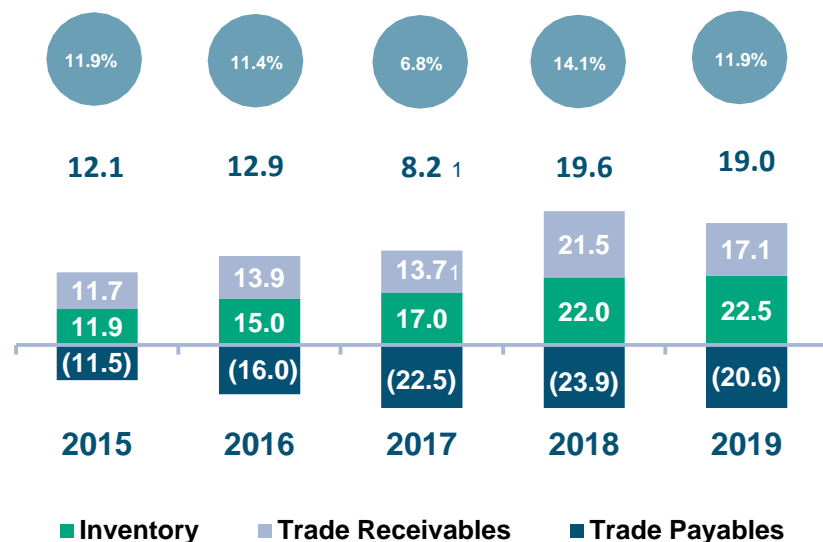


# 5 Years NWC and CAPEX Trend

## NET WORKING CAPITAL

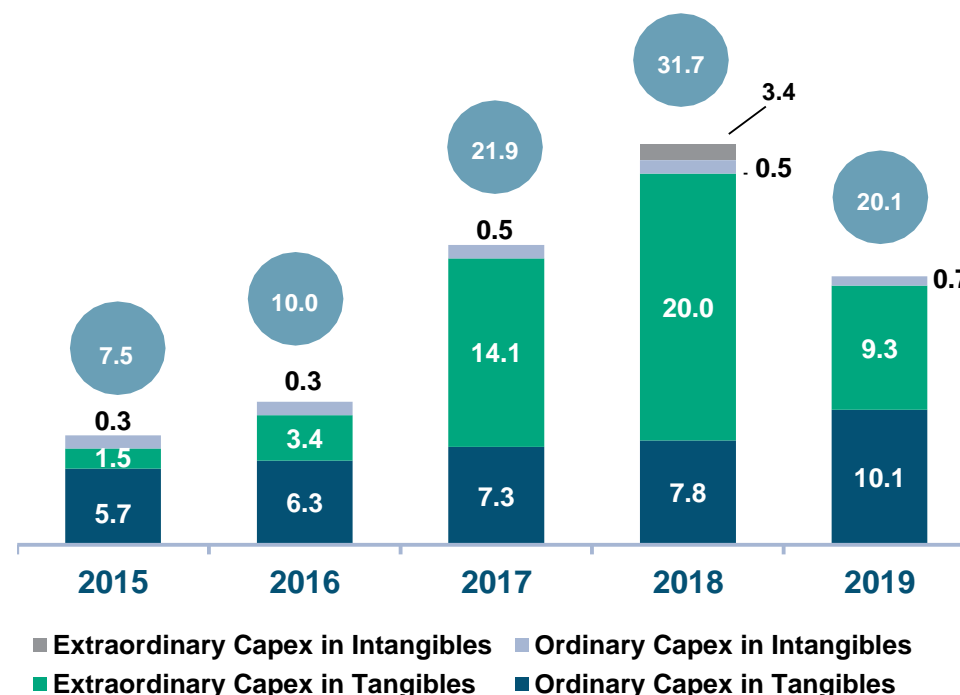
- Efficient working capital management, with collection time structurally lower than payment time

WC% on Revenues



## CAPEX

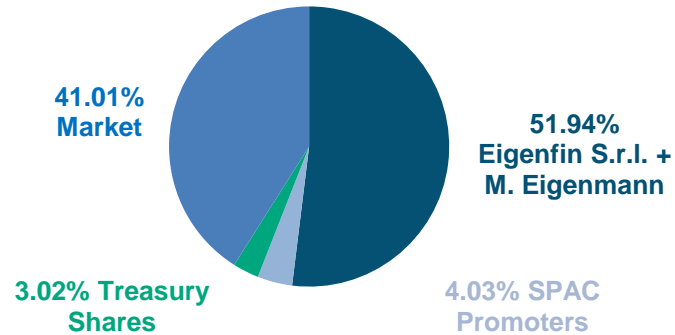
- Increase of Capex to support business expansion



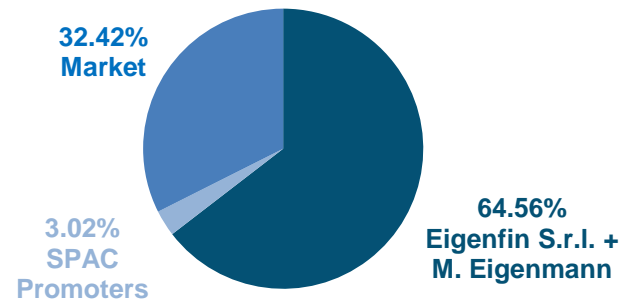
(1) Adjusted adding back the effect of a stand-alone no-recourse ("pro soluto") 2017 factoring transaction of 5€m  
 Note: the split between ordinary and expansionary capex was elaborated according to management accounts

# Shareholding Structure as of 15 September 2020

## % OF EQUITY CAPITAL



## % OF VOTING RIGHTS



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