Natra Strategic Plan 2019 - 2023

Summary of the update to the Transformation Plan

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Important Information

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- The Appendix hereto contain further information and enhance its transparency, including a definition of the terms used

NOTE : The Strategic Plan Plan 2019 - 2023, that has been prepared during Q2.2018, It is an update of the Transformational Plan elaborated during 2017. This summarised version contains the important elements to provide a fair view of the drivers and financial output of the Strategic Plan 2019 - 2023.

Business Divisions

CONSUMER Division

INDUSTRIAL Division

Natra Strategic Plan 2019 - 2023 financial output (I)

- Natra is implementing the strategy designed in the **Transformational Plan** (Customer Centric, Efficient Plants as cost centres, Low cost and lean operations), to achieve its long term goals.
- The Strategic Plan (SP) 2019 - 2023 is fully consistent with that strategy and delivers on the targets, **meeting all the financial obligations** at short and long term.

M€	Actual 2016	Actual 2017	Budget 2018	SP 2019	SP 2023
Sales	369	375	388	419	476
EBITDA Adjusted	22	26	31	37	50
EBITDA	22	23	30	37	50
% EBITDA Adj / Sales	6,0%	7,0%	7,9%	8,8%	10,5%
NET Profit (*)	-12	-8	3	8	21
Financial Net Debt	150	142	134	110	-4

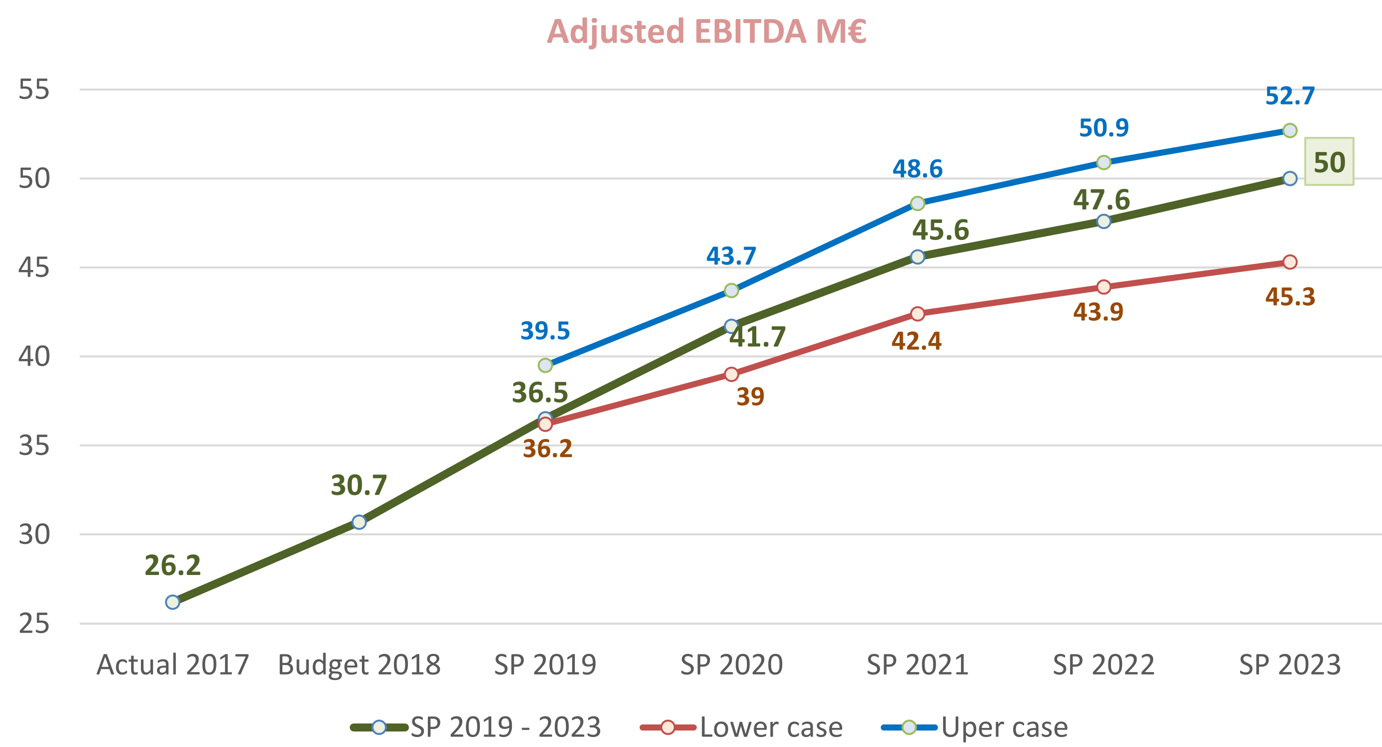
(*) Net Profit assumptions : No relevant deferred tax assets effect / depreciation assets held for sale

- The Division **Consumer** is the pillar of the growth, bringing **+19 M€** EBITDA in 2023 vs Budget 2018, due to volume and increased margins from portfolio premiumization
- The Division **Industry** is showing a prudent flat **9 M€** EBITDA in all the horizon, in line to Budget 2018, to de-risk the model given the historic volatility in the past.
- **Operations** is an important contributor of EBITDA, presenting **gross savings of 11 M€** at 2023 vs Budget 2018 base.

Natra Strategic Plan 2019 - 2023 financial output (II)

- By default we are using **Budget 2018** as base for comparison and analysis on trends development, instead of **Latest Estimate (LE) 2018**. The reason is that LE2018 means a big jump in contribution margin vs a normalized year due to (i) high performance in Consumers, which is structural, but (ii) it has come together with infrequent high positive Ratios in Industry with favorable Raw Materials (helped by efficient hedging), plus one-off competitive projects to prepare 2019 and onwards. So any comparison on margins or EBITDA could be distorted otherwise.
- The volume growth strategy has been designed to attend the geographical, categories and consumer **trends.**
- **Innovation** becomes a pillar for such growth, not only on volume but also in margin improvement due to the prioritization of more premium products.
- **Raw Materials** development and assumptions have followed a prudent approach.
- **Personnel costs** accounts for 60 M€ in 2023; in this case we have followed in the model a prudent approach based on historic development in this line.
  Inflation has been incorporated together with a central program of **savings in other overheads and packaging materials**, netting each other
- **Quality** products and **People** engagement are a must to deliver on the plan.

EBITDA scenarios based on Opportunities and Risks



- **Strategic Plan 2019 - 2023 :** Delivers **50 M€** EBITDA at 2023, and a total **221 M€** in the horizon 2019 - 2023.
- **Lower case** : By adding to the SP 2019 - 2023 the total Risks to EBITDA, partially offset by the de-risking already posted as expense within the plan. It provides **45,3 M€** at 2023 and a total **207 M€** EBITDA in 2019 - 2023
- **Upper case** : By adding to the SP 2019 - 2023 the total net of Opportunities and Risks, including the de-risking. It provides **52,7 M€** in 2023 and a total **235 M€** during 2019 - 2023

Consolidated P&L development

€M P&L main lines		TOTAL Consolidated							2023 vs 2018	CAGR 2018 - 2023
		2017	Budget 2018	2019	2020	2021	2022	2023		
Gross Sales (GS)		**374,6**	**388,0**	**419,1**	**447,4**	**462,1**	**467,9**	**476,5**	**88,5**	***4,2%***
Net Sales (NS)		**365,3**	**379,6**	**409,6**	**437,4**	**451,7**	**457,3**	**465,7**	**86,0**	*4,2%*
Gross Margin		**122,5**	**131,7**	**143,4**	**151,5**	**157,6**	**161,9**	**166,2**	**34,5**	***4,8%***
	% GS	32,7%	33,9%	34,2%	33,9%	34,1%	34,6%	34,9%	0,9 pp	
Contribution Margin		**67,5**	**74,9**	**83,9**	**89,6**	**94,0**	**97,3**	**101,2**	**26,3**	***6,2%***
	% GS	**18,0%**	**19,3%**	**20,0%**	**20,0%**	**20,3%**	**20,8%**	**21,2%**	1,9 pp	
Total Fixed Costs		-41,3	-44,1	-47,4	-47,9	-48,4	-49,7	-51,1	-7,0	*3,0%*
	% GS	11,0%	11,4%	11,3%	10,7%	10,5%	10,6%	10,7%	0,6 pp	
ADJUSTED EBITDA		**26,2**	**30,7**	**36,5**	**41,7**	**45,6**	**47,6**	**50,0**	**19,3**	***10,2%***
	% GS	**7,0%**	**7,9%**	**8,7%**	**9,3%**	**9,9%**	**10,2%**	**10,5%**	2,6 pp	

Operating Cashflow 2019 - 2023

M€	A'2017	2018 BGT	2.019	2.020	2.021	2.022	2.023	Sum 2019-23
EBITDA	22,7	30,2	36,5	41,7	45,6	47,6	50,0	221,4
Changes in working capital	8,6	(0,3)	(0,3)	(3,6)	(1,1)	0,4	0,0	(4,6)
Capex	(10,5)	(9,1)	(9,0)	(9,0)	(9,0)	(9,0)	(9,0)	(45,2)
Tax & Personel	(4,7)	(2,3)	(2,6)	(3,0)	(3,0)	(3,5)	(3,5)	(15,6)
Other cash movements	1,9	0,0	0,0	0,0	0,0	0,0	0,0	
Other cash movements	(13,3)	(11,4)	(11,6)	(12,0)	(12,0)	(12,5)	(12,5)	(60,8)
Cash flow for debt service	18,0	18,6	24,5	26,1	32,4	35,5	37,5	156,0

Net Financial Debt development

Figures (M€)	Actual 2017	2.018	2.019	2.020	2.021	2.022	2.023
Syndicated NAT TA	24,1	20,7	16,6	12,1	6,5	0,0	0,0
Syndicated NAT TB	69,2	63,8	53,7	42,7	29,6	-0,0	-0,0
Syndicated NAT TC	51,5	52,5	53,6	54,7	55,8	18,2	0,0
Obligations	14,8	8,9	3,0	1,5	0,7	0,0	0,0
Leasings	4,3	3,5	2,6	1,9	1,3	0,7	-0,0
Subsidised Loans	3,7	3,1	2,5	1,9	1,4	0,8	0,3
Other	0,3	0,1	0,0	0,0	0,0	0,0	0,0
Gross Debt (LT)	**167,8**	**152,6**	**132,0**	**114,7**	**95,4**	**19,7**	**0,3**
ST Facilities (On Bce)	2,5	4,1	4,1	4,1	4,1	4,1	4,1
Cash	-11,9	-15,0	-17,4	-20,4	-27,5	-3,5	-18,2
Net Debt	**158,4**	**141,7**	**118,7**	**98,4**	**71,9**	**20,3**	**-13,8**
Canada	6,9	5,7	4,6	4,5	4,4	4,3	4,1
Medici	4,1	4,1	4,1	4,1	4,1	4,1	4,1
Constituted Deposits	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Derivatives	1,4	1,4	1,4	1,4	1,4	1,4	1,4
Obligation Adjustment	-4,9	-3,0	-1,0	-0,5	-0,2	0,0	0,0
Syndicated Amortized Cost	-23,5	-21,7	-17,2	-10,9	-2,3	0,0	0,0
Others Account.Regularization	-0,8	-0,8	-0,8	-0,8	-0,8	-0,8	-0,8
Total Net Debt	**141,5**	**127,4**	**109,8**	**96,2**	**78,5**	**29,2**	**-5,0**
EBITDA	22,7	30,2	36,5	41,7	45,6	47,6	50,0
NET DEBT / EBITDA	**6,2**	**4,2**	**3,0**	**2,3**	**1,7**	**0,6**	**-0,1**

- ✓ Cash generated fully pays Syndicated Loan **Tranches A and B** at due dates.
- ✓ Syndicated Loan **Tranche C** planned to be refinanced one year by 18 M€. That amount would be fully repaid in 2023
- ✓ The **cash excess** generated will be dedicated to early repayment of debt (cash sweeps)

Note : Net Financial debt according to Natra reporting criteria. It excludes Reig Jofre participation and it includes the obligations.
Natra also finances the working capital through Factoring Off Balance, not included above.
Same reporting criteria applied throughout all the periods above.

APPENDIX : ALTERNATIVE PERFORMANCE MEASURES

Glossary - Alternative Performance Measures

- **Sales :** It follows the Management criteria in this document, that allocates some operations with customers in different lines than IFRS accounting (Sales vs Fixed cost), with no material effect and not changing any conclusion
- **EBITDA**: Earnings before tax, interest, depreciation and amortisation. The company uses this metric to draw up its budget and monitor the extent to which it is met. It is also used for comparison with the previous year and as a measure of the company's ability to generate cash flows considering only its production and commercial activity.
- **Adjustments to EBITDA**: These are items not directly related with the company's normal production and commercial activities (Restructuring and Transformation plans; non-trade receipts from clients), which Natra considers hinder the comparison of EBITDA across different periods, affecting consistent generation of EBITDA and decision-making.
- **Adjusted EBITDA**: EBITDA plus/less Adjustments to EBITDA.
- **Net Debt** is the sum of the short and long-term financial debts of the company less the value of cash and derivative financial assets.


Natra