Longino & Cardenal Investor Presentation

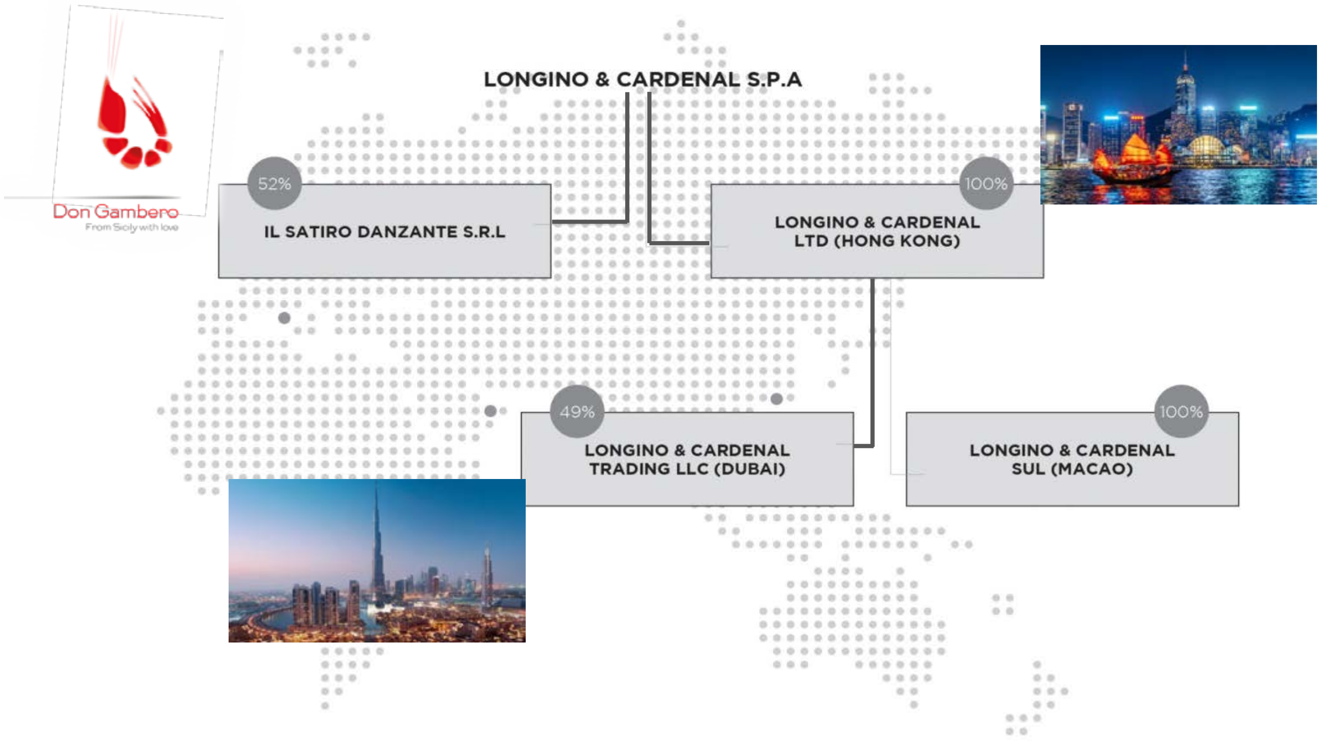
2018: year First-

Riccardo Uleri – CEO
Cristina Sambuchi – CFO

London, 22nd October 2018

LONGINO & CARDENAL GROUP

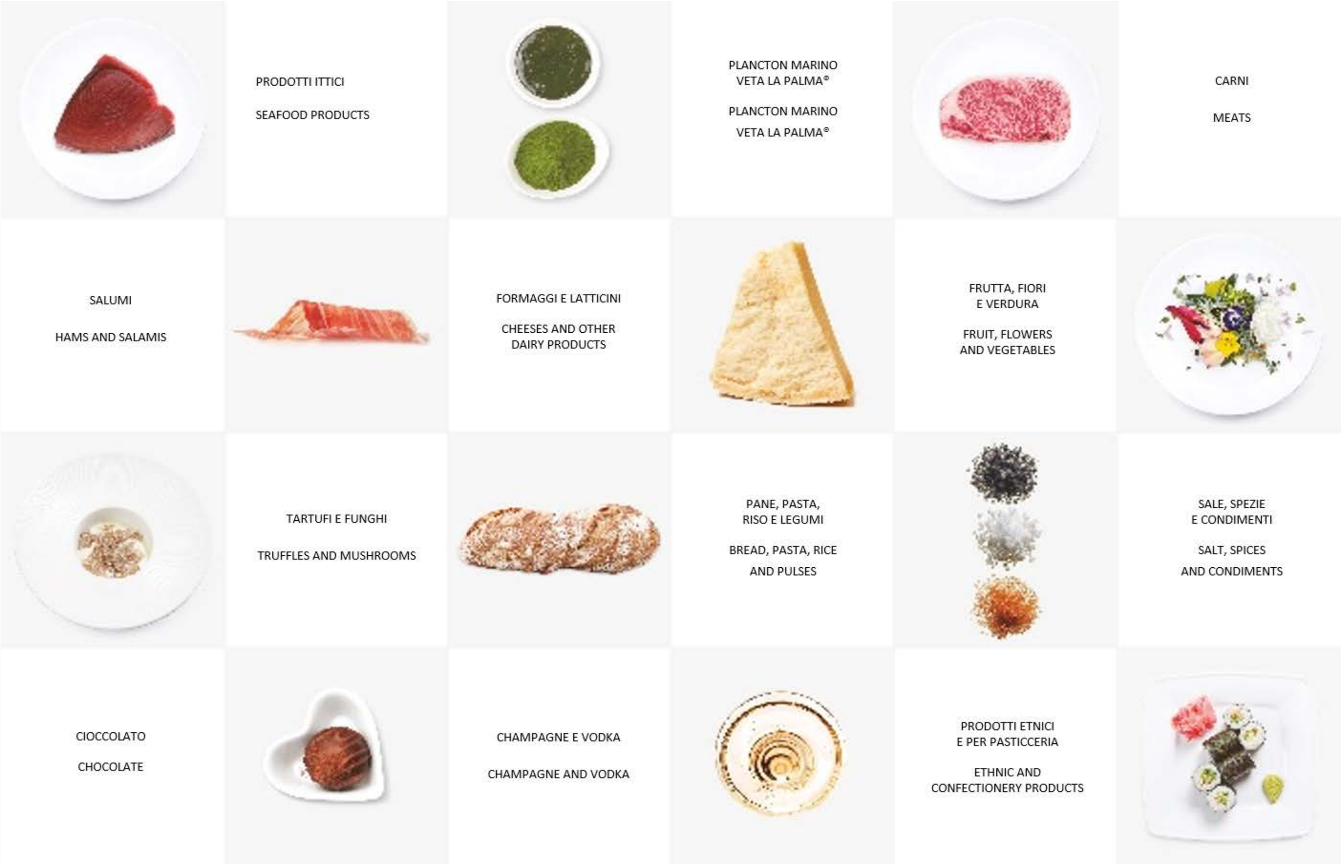
Group companies



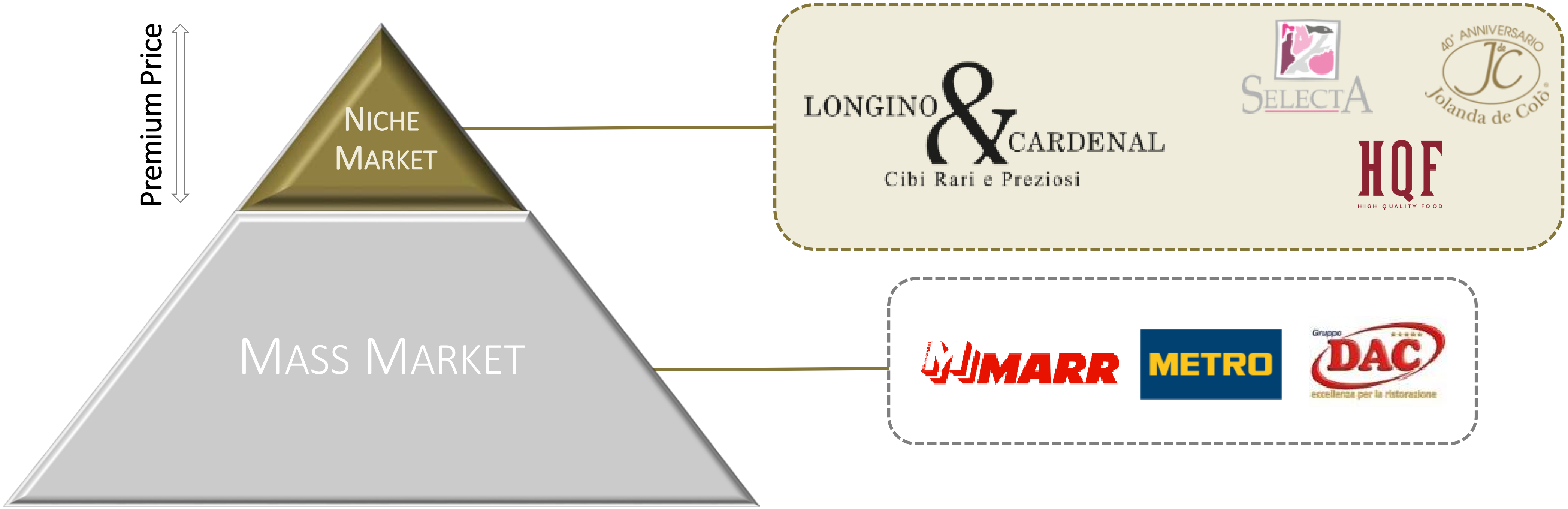
LONGINO & CARDENAL
Cibi Rari e Preziosi

The business

For more than 30 years, Longino & Cardenal has been active in the **B2B distribution of high quality food products**.



Target



Italy B2B suppliers: Market Value 2017*: € 10.0 bn
Based on 2017 market analysis

Mission

To be the **most trusted name and a synonym of excellence** in the premium food & beverage market.

SCOUTING CULINARY EXCELLENCE

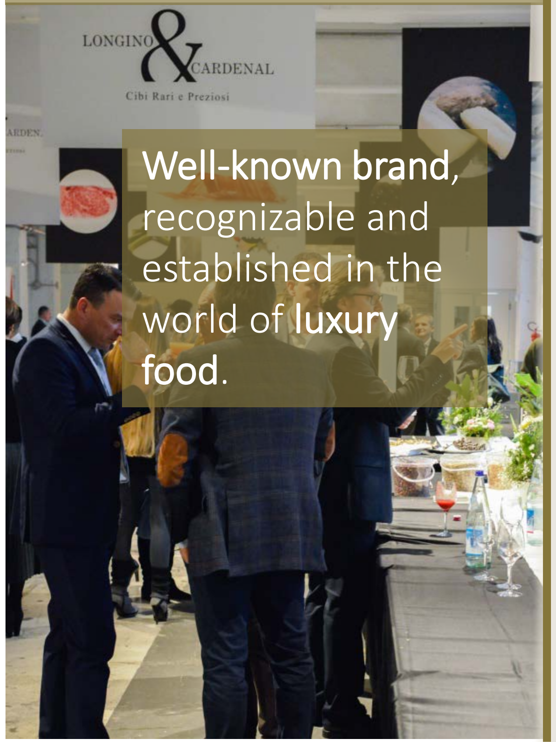
Exclusive products, often ahead of culinary and haute cuisine trends (e.g. plankton, Glacier 51)

HIGH QUALITY STANDARDS

360° quality:

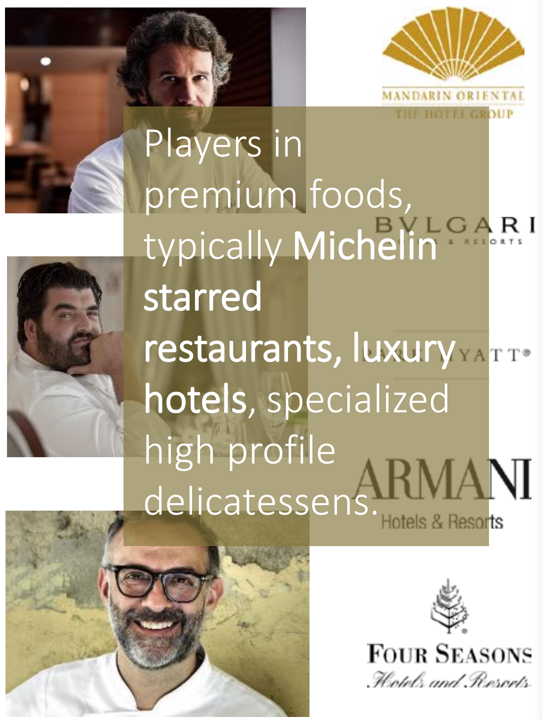
- ✓ Premium products
- ✓ Integrated logistics
- ✓ Dedicated sales accounts
- ✓ Wide distribution network and quick delivery

BRAND AWARENESS



Well-known brand, recognizable and established in the world of **luxury food**.

CLIENTS OF HIGH STANDING



Players in premium foods, typically **Michelin starred restaurants, luxury hotels**, specialized high profile delicatessens.

A model to be replicated abroad

- Solid position in Italy with a presence in Hong Kong and Dubai
- International network of suppliers and possibility to replicate the business model

Successful vertical integration

- Acquisition in 2015 of *Il Satiro Danzante*, supplier from Mazara del Vallo specialized in red prawns
- Rebranding of the company with the name **Don Gambero**
- Reorganization of the product range
- Improved management

Don Gambero
From Sicily with love

The numbers

70+
Partners
ALL OVER
THE WORLD

1,800+
Carefully
SELECTED PRODUCTS

72
Sales reps
4
Area managers

3
Offices
ALL OVER
THE WORLD
Italy
Dubai
Hong Kong

1,000+
Orders
PER
WEEK

28.5
€
2017 Turnover
C , IN MILLIONS
OF EUROS

3,000+
Packages
SENT
PER WEEK

4,500+
Clients
SERVED
PER YEAR

30
Years
OF EXPERIENCE
IN THE FIELD

53
Qualified
RESOURCES

The listing - timing

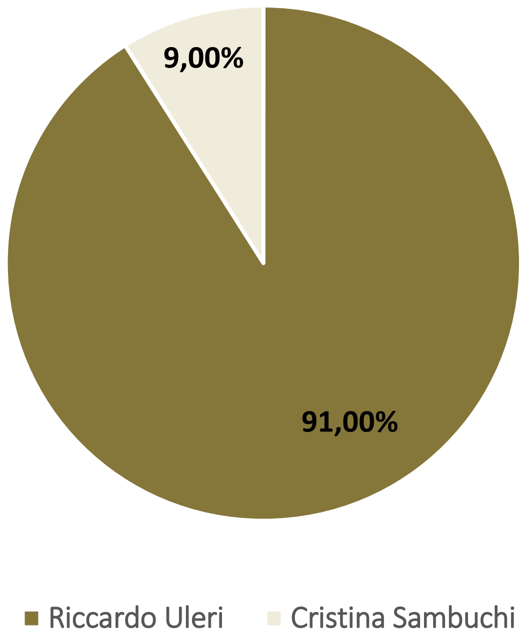
1st half 2018	June 11, 2018 - General meeting of shareholders approves increase in capital for listing June 26, 2018 - Board approves increase in capital for listing
2nd half 2018	July 2, 2018 – Admission to trading July 4, 2018 – Start of L&C trading on AIM Italia

The listing - numbers and performance

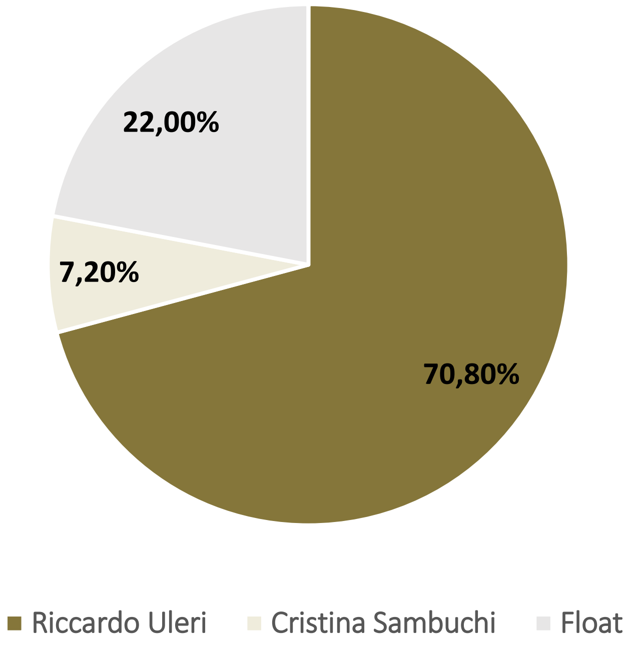
- The listing operation involved the placement of:
  - 1,250,000 new shares
  - 125,000 shares in circulation
- Shares were placed at €3.60/share
- Amount raised: €4.95 m, including €4.5 m from capital increase
- Float: 22% of share capital
- On the listing date, the Company’s capitalization was €22.5 m.

The listing - numbers and performance

Ownership structure pre-IPO



Ownership structure post-IPO

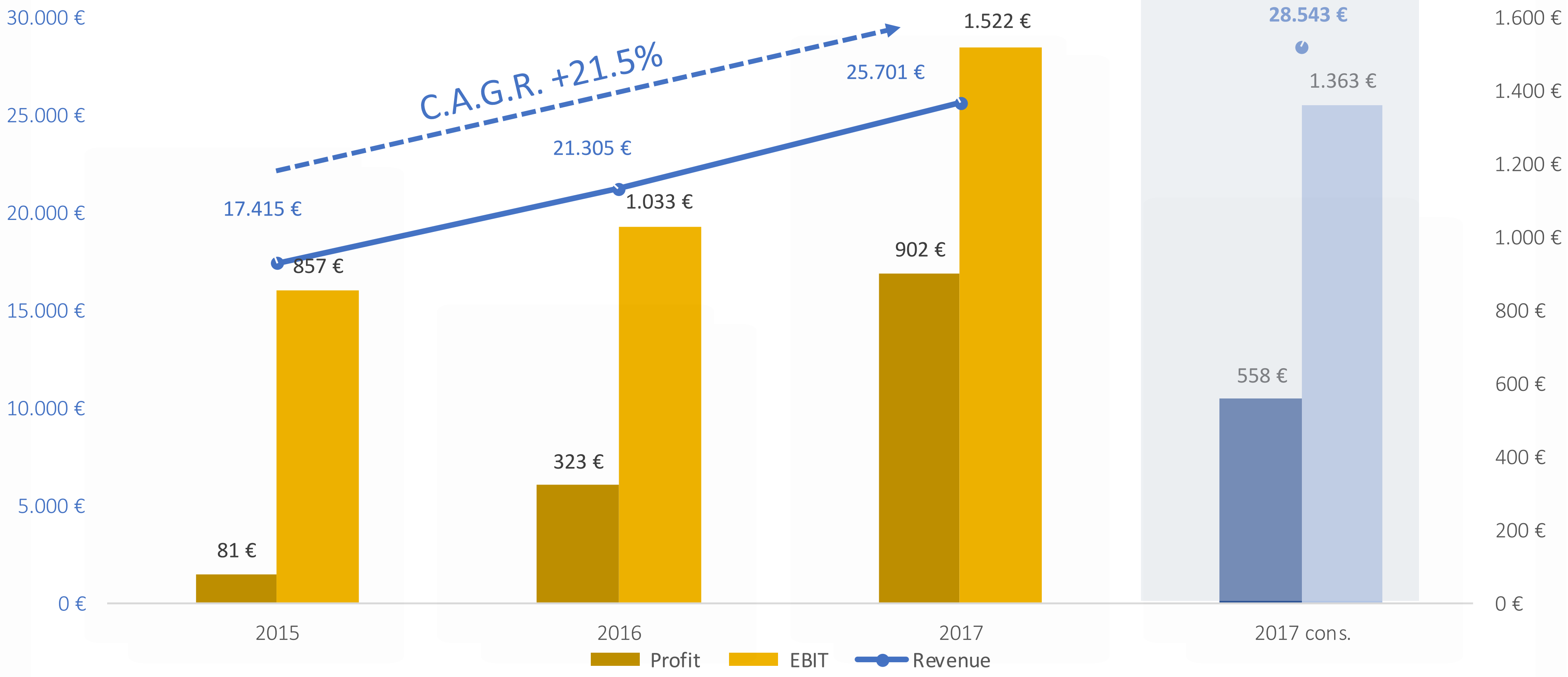


The listing - numbers and performance

- After an initial period of extremely lively trading, the share price became more stable.
- On October 1, 2018, the price was €5.12/share, up 42.2% since the IPO
- Longino & Cardenal capitalization on October 1 is Euro 32.0 m.

Highlights – Turnover and EBIT

Figures in thousands of Euros



Highlights - Consolidated income statement

	30.06.2018	30.06.2017	Var.	Var. %
REVENUE	14,810,165	12,811,910	1,988,255	+15.60%
EBITDA	605,693	395,492	210,201	+ 53.15%
EBITDA MARGIN	*4.09%*	*3.09%*		*32.49%*
EBIT	500,911	326,966	173,945	+ 53.20%
EBIT MARGIN	*3.38%*	*2.55%*		*32.53%*
PRE-TAX PROFIT	434,839	142,423	292,416	
NET PROFIT	289,402	54,653	234,749	

Highlights – Balance sheet & cash flow

	30.06.2018	31.12.2017	Var.	Var. %
Non-current assets	1,707,373	1,436,497	270,876	
Net working capital	3,376,299	2,637,520	738,779	
Reserves	(547,836)	(502,336)	(45,500)	
CAPITAL EMPLOYED	**4,535,836**	**3,571,680**	**964,155**	**+26.99%**
NET EQUITY	**810,618**	**516,496**	**294,122**	**+56.95%**
Non-current NFP	898,705	1,176,992	(278,287)	
Current NFP	2,826,513	1,878,192	948,321	
NET FINANCIAL POSITION	**3,725,218**	**3,055,184**	**670,034**	**+21.93%**

L&C Group – Strategy

GROWTH STRATEGY

Organic

- ↑ Product portfolio
- ↑ Strengthen commercial network
  - ↑ Geographic coverage
  - ↑ Number of customers
  - ↑ Average turnover per customer

By acquisition

- Internationalization (planned opening in NYC)
- Upstream vertical integration

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Appendix

Highlights - Consolidated income statement

(EURO)	1st half 2018	% of revenue	1st half 2017	% of revenue
Revenue	14,810,165	100.0%	12,811,910	100.0%
Cost of goods sold and variable selling costs	(11,558,342)	(78.0%)	(10,137,318)	(79.1%)
Profit margin	**3,251,823**	**22.0%**	**2,674,592**	**20.9%**

- REVENUE

Revenue increased by **15.6%,** confirming the growth achieved in previous years.
All group companies enjoyed double-digit revenue growth:

  - ITALY + 13.2%
  - HK + 22.1%
  - DB +70.0%

- PROFIT MARGIN

The profit margin comes to **22%, an increase of 1.1 points** compared to the first half of 2017. Two factors explain the positive profit margin trend:

  - more efficient purchasing/logistics processes at the parent company
  - the performance of the Dubai subsidiary, which is close to breaking even, and has now started to make a positive contribution to consolidated results

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Profit margin	**3,251,823**	**22.0%**	**2,674,592**	**20.9%**
Sales & marketing costs	(1,186,353)	(8.0%)	(946,896)	(7.4%)
Warehouse & logistical costs	(594,651)	(4.0%)	(532,074)	(4.2%)
General & administrative costs	(865,126)	(5.8%)	(800,130)	(6.2%)
Total overheads	*(2,646,130)*	*(17.9%)*	*(2,279,100)*	*(17.8%)*
EBITDA	**605,693**	**4.1%**	**395,492**	**3.1%**
Depreciation	(104,782)	(0.7%)	(68,526)	(0.5%)
EBIT	**500,911**	**3.4%**	**326,966**	**2.6%**
Net financial income (charges)	(65,972)	(0.4%)	(146,344)	(1.1%)
Net non-recurring income (charges)	(99)	(0.0%)	(38,199)	(0.3%)
Pre-tax profit	**434,839**	**2.9%**	**142,423**	**1.1%**
Income tax	(145,438)	(1.0%)	(87,771)	(0.7%)
Net profit	**289,402**	**2.0%**	**54,653**	**0.4%**

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- OVERHEADS

Overheads as a percentage of revenue were essentially unchanged from one half-year to the next.
Marketing costs increased as a result of the greater number of initiatives carried out: a product launch meeting at the start of the year, three traveling Quality First events (Turin, Rome and Bari), and participation at trade fairs and conventions. These initiatives all took place during the first half of the year and account for the lion's share of the parent company's annual marketing plan.
Other costs decreased as a percentage of sales, thanks to the economies of scale achieved through the increase in revenue.

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- DEPRECIATION

Depreciation came to €104.8 thousand, compared with €68.5 thousand in the first half of 2017. The increase reflects capital expenditure during the second half of last year and in early 2018, for the expansion and modernization of the industrial building and offices making up the parent company's premises.

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- NET FINANCIAL AND NON-RECURRING CHARGES

The steady improvement in the group's average debt balances during the first half of 2018, along with the gradual depreciation of the euro against the accounting currencies of foreign subsidiaries, led to a significant improvement in financial charges as a percentage of revenue compared with the same period last year.

All costs shown in the income statement are recurring in nature, so there are no non-recurring charges worthy of note in the 2018 accounts.

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Income tax	(145.438)	(1,0%)	(87.771)	(0,7%)
Net profit	**289.402**	**2,0%**	**54.653**	**0,4%**

Highlights - Balance sheet and cash flow

- Balance sheet figures for the first half of the year are in line with those at December 31, 2017 as they do not reflect the impact of the listing. Therefore, NFP does not include the proceeds of the IPO.
- Net working capital increased by €738.8 thousand compared with December 31, 2017 due to the typical pattern in the first half of the year, when liquidity is generally absorbed.
- net equity increased to €811 thousand from €516 thousand at the end of 2017, reflecting the profit for the period.
- Net financial position
  Overheads are generally higher in the first half of the year than in the second, mainly due to the timing of marketing events, lease payments and insurance, while revenue is traditionally higher during the second half; as a result, the parent company almost always requires more funding during the first six months of the year. Along with capital expenditure of €376 thousand, the result is an increase of €670 thousand in net debt, in line with the 2018 budget.

USE OF FUNDING	June 30, 2018	December 31, 2017	Change
Non-current assets	**1,707,373**	**1,436,497**	**270,876**
- Inventory	1,482,819	1,366,593	116,226
- Trade receivables	7,431,702	7,545,851	(114,149)
- Trade payables	(4,851,830)	(5,687,533)	835,703
- Other receivables	506,454	379,436	127,018
- Other payables	(1,192,847)	(966,827)	(226,020)
NET WORKING CAPITAL	**3,376,299**	**2,637,520**	**738,779**
Current financial assets			
Reserves	(547,836)	(502,336)	(45,500)
NET CAPITAL EMPLOYED	**4,535,836**	**3,571,680**	**964,155**

SOURCES OF FUNDING	June 30, 2018	December 31, 2017	Change
Net equity (group's share)	826,664	514,777	311,887
Non-controlling interests in net equity	(16,046)	1,719	(17,765)
TOTAL NET EQUITY	**810,618**	**516,496**	**294,122**
Non-current NFP	898,705	1,176,992	(278,287)
Current NFP	2,826,513	1,878,192	948,321
NET FINANCIAL POSITION	**3,725,218**	**3,055,184**	**670,034**
TOTAL SOURCES	**4,535,836**	**3,571,680**	**964,155**

Highlights - Balance sheet and cash flow

- Cash flow absorbed by operating activities decreased by 56.8%, even as revenue and profit rose substantially.

- **Investing activities,** which absorbed €376 thousand in cash, refer to:
  - renovation of the company premises;
  - implementation of new software;
  - advances paid in connection with the listing process.

- The increased profit for the period, along with the lower absorption of cash by operating and investing activities, allowed the group to reduce its reliance on third-party financing: -59.1% in the first half of 2018 compared with the same period last year.

		June 30, 2018	June 30, 2017	% change
	1. Pre-tax profit	**478,047**	**261,197**	83.0%
	Depreciation, provisions and other non-monetary items	230,580	249,405	
	2. Cash flow before changes in net working capital	**708,627**	**510,602**	38.8%
	Changes in net working capital	(945,769)	(1,071,869)	
	3. Cash flow after changes in net working capital	**(237,142)**	**(561,267)**	
	Other adjustments	(57,233)	(120,396)	
(A)	**Cash flow from operating activities**	**(294,375)**	**(681,663)**	-56.8%
	Investment in property, plant and equipment	*(222,560)*	*(548,227)*	
	Investment in intangible assets	*(153,098)*	*(28,881)*	
	Disposal of financial fixed assets	-	*24,465*	
(B)	**Cash flow from investing activities**	**(375,658)**	**(552,643)**	-32.0%
(C)	**Cash flow from financing activities**	**597,266**	**1,459,462**	-59.1%
Total cash flow (A±B±C)		(72,768)	225,156	
Cash balance at beginning of year		*269,887*	*61,847*	
Cash balance at end of year		*197,119*	*287,003*	