MASSIMO ZANETTI
BEVERAGE GROUP

Presentation of 1H 2015 Results
Massimo Zanetti Beverage Group

Villorba, 28th of August, 2015

Table of Content



1. Group Profile

One of the Largest Coffee Players Worldwide

Strong foundation for further growth

- Pure global coffee player in a growing market selling products in c. 110 countries
- Strong portfolio of leading brands positioned in growing countries
- Fully integrated across the value chain and well positioned across all channels to drive growth

Well Defined Strategy for Profitable Growth

1 **Strengthen market position**	**Mass Market** ▪ Improve **brand awareness** (i.e. sponsorship, cafés network) ▪ Enhance revenues through **single-serve**, **premiumisation** and **cross-selling** **Foodservice** ▪ Develop **branded products** to meet clients needs and drive office coffee services ▪ Expand national accounts (**hotel chains**, **restaurants** and travel stops) **Private label** ▪ Strengthen penetration in **strategic customers**
2 **Exploit Asian opportunities**	▪ Revenues synergies through **cross-selling** ▪ Entering new markets (i.e. China) leveraging on the **proximity** and the roasting platform in Vietnam
3 **M&A**	▪ Focus on **new markets** (e.g. emerging markets) ▪ Expand into **existing markets**
4 **Operational efficiency**	▪ Manufacturing **capacity optimization** (U.S., Europe, Vietnam) ▪ Introduction of Management & Control system "by objective" ▪ Align the organization to facilitate **knowledge sharing** and drive **best practices**

Fully Integrated Across the Value Chain




- **Procurement**
- **Production**
- **Logistics**
- **Marketing**
- **Sales**
- **Delivery**
- **Consumption**

Close **monitoring of raw materials** thanks to a strong knowledge of green coffee	Guaranteed **maximum quality** of finished products
Manufacturing **plants strategically located** in proximity of target markets	High **flexibility in production and logistics**
Widespread distribution and **sales network**	**Customer loyalty** Constant **fine-tuning between production, demand and marketing strategies**
Leading **international network of coffee shops**	Enhance **brand awareness**

Direct control in each geography to reduce the time to market

A Broad Offer to Support All Customers' Needs

Products

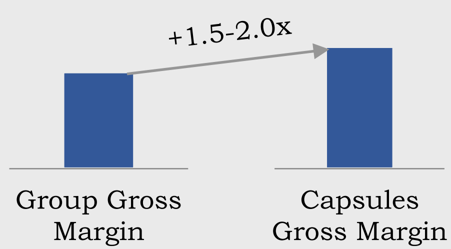
Coffee Products (88.2%)				Coffee Ancillary (5.2%)		Other Food (5.0%)	Other (1.6%)
Whole Beans	Ground	Instant	Single-Serve	Equipment (3.9%)	Cafés (1.3%)		
				 	 	 	 

Leverage on current favorable positioning to capture future growth potential in the capsules segment

Consolidation opportunity

- This segment of the market has one of the highest CAGR: 9.1% forecasted during 2014-'19
- Potential to gain market share from ongoing incumbents IP renewals

Highest profitability



Recent investments/ partnership

- Fully dedicated and state-of-the-art facility in Conscio (Italy) / state-of-the-art facilities in the U.S.
- New investment in Thailand for production of branded Segafredo products

Widest range of branded capsules

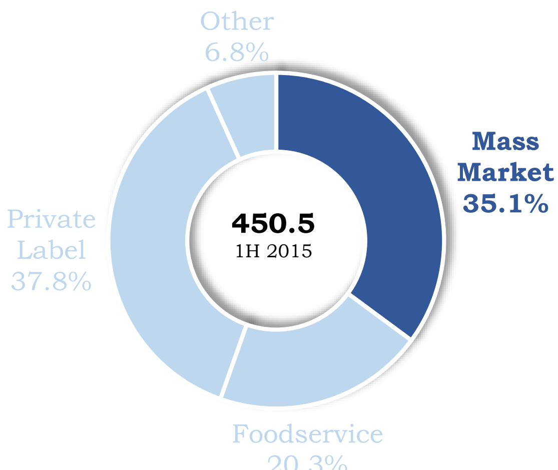
- Segafredo, Chock full o'Nuts and Kauai branded capsules working with proprietary system (e.g. SZ-01, MZ, New SZ)
- MZBG branded capsules compatible with all major third party coffee machines

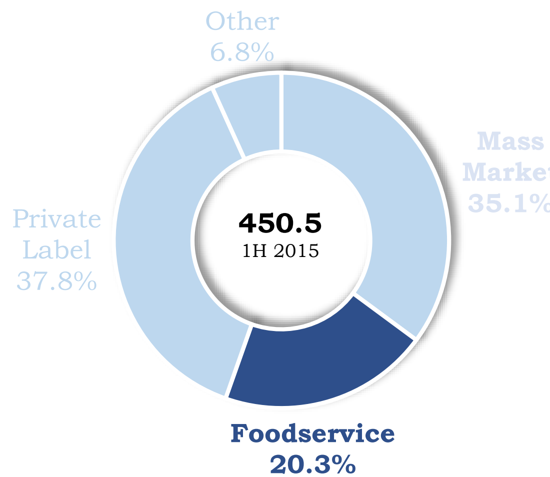
Well Positioned Across All Channels…

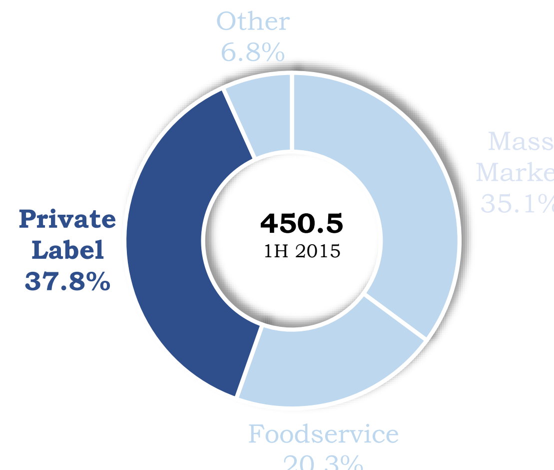
Mass Market	Foodservice	Private Label

Channel

Revenues







2. 1H 2015 Results

1H 2015 Highlights

- IPO 1st trading day: 3rd of June, 2015

Capital increase
Euro 73 M

BANCA IMI
INTESA SANPAOLO

- Intesa Sanpaolo Loan repayment

81.1 M USD

- General Framework Agreement signed for the opening of various Segafredo Espresso Cafes in China and South Korea during the next 5 years
  - ✓ Enhancement of brand awareness in Asia of Segafredo Zanetti brand

50 in China
25 in South Korea

- Coffee Licensing Agreement with Krispy Kreme

Forecast 2017
230 Tons /
EBITDA 250K USD

- Sponsoring Agreement with McLaren in order to enhance the brand awareness of Segafredo Zanetti and Boncafe brands,

19 GP races
in 2015

- Asset Deal CECA (Closing 1st of April, 2015)
  - ✓ +7M USD, +1200 tons (1)
  - ✓ Café Montana → 3rd player in Costa Rica

4.2 M USD

- Production in Vietnam: first shipments delivered in various Asian countries.

(1) Source: FY 2014 by CECA Management figures (integration in MZBG 1st of April 2015)

Strategic Drivers for 1H 2015

- Single Serve products growth in line with expectations by increasing sales performance in USA, France and Italy.
- More to come in Asia and other counties.

+49.1%
Vs 1H 2014

- Volume growth in Foodservice a channel driving higher margin.

+11.2%
Vs 1H 2014

- Very positive growth in Asia
  - ✓ Opening of new subsidiary in Hong Kong
  - ✓ Opening of new Boncafe show room in Thailand
- More to come in 2015 with Single Serve product and market development

+33.1%
Vs 1H 2014(1)

- Strengthen brand awareness with marketing activities such Mc Laren F1 sponsoring agreement and increase of our cafes network.

(1) Source: Financial data 1H 2014 by Boncafe Management figures (Boncafe is consolidated since 1st of August 2014)

Business Premises

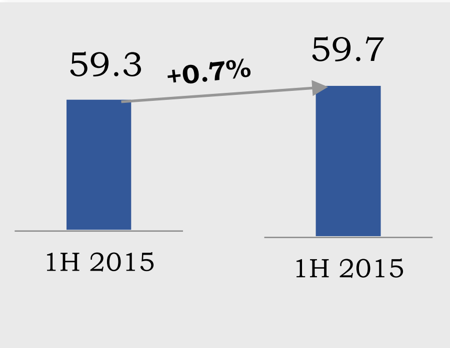
✓Non-linear course of business.

✓The business is tightly tied to the commodity and it's difficult to evaluate it on a short time period.

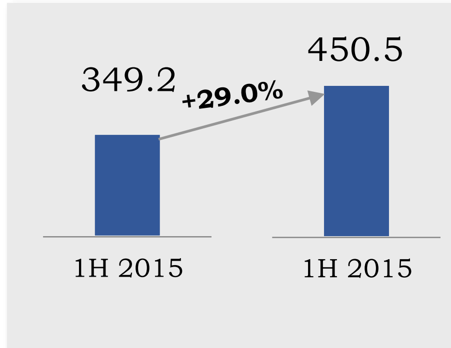
✓Revenues are not a Key Performance Indicator.

1H 2015 Financial Highlights

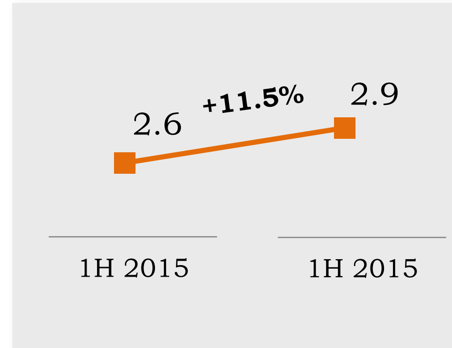
Volumes (K Tons)



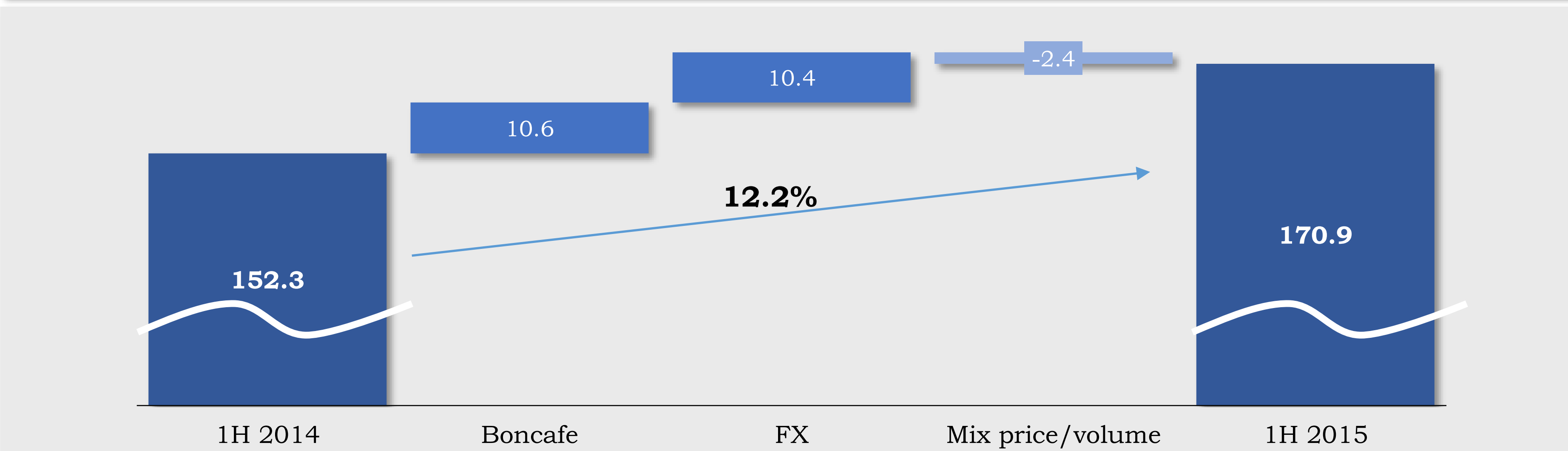
Revenues (Euro M)



Gross Profit (Euro per KG)

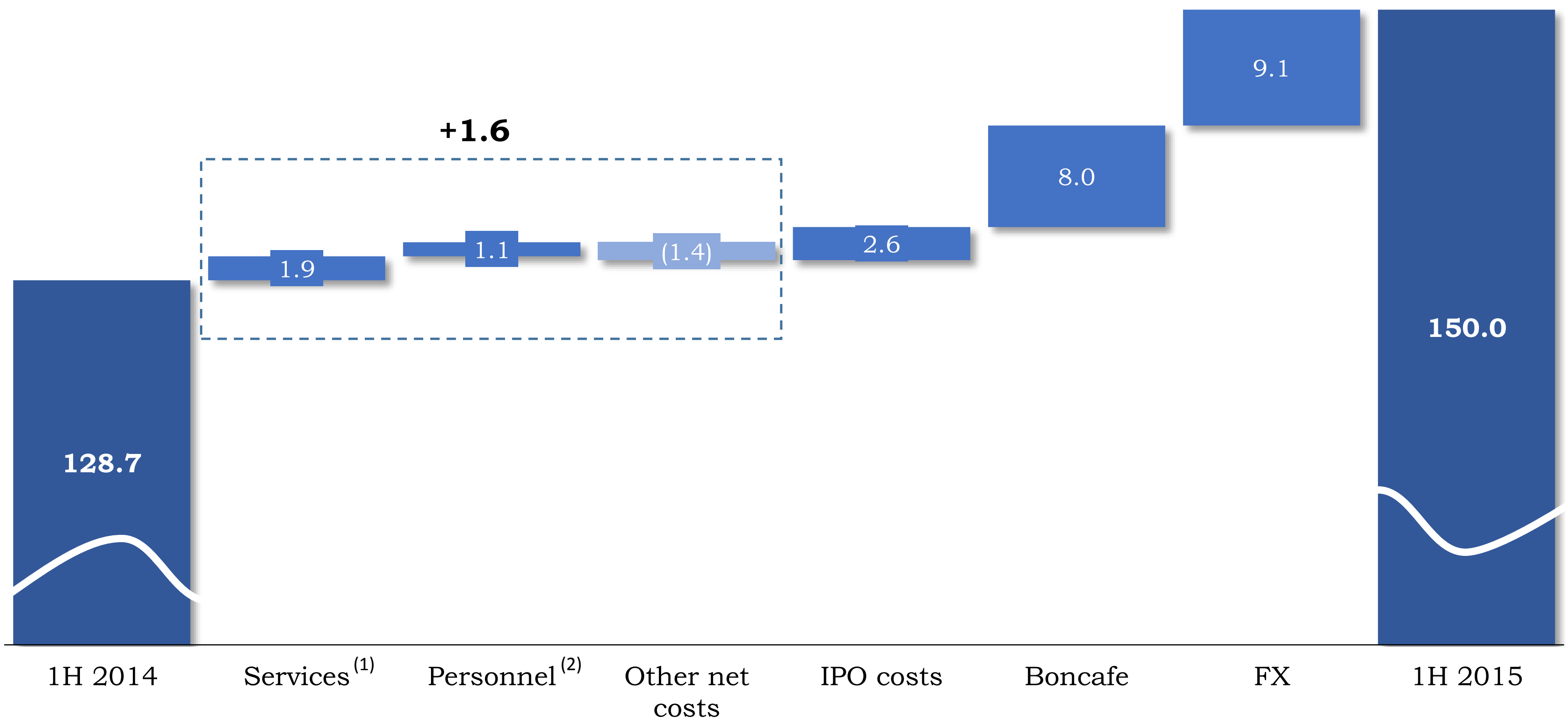


Gross Profit (Euro M) (1)



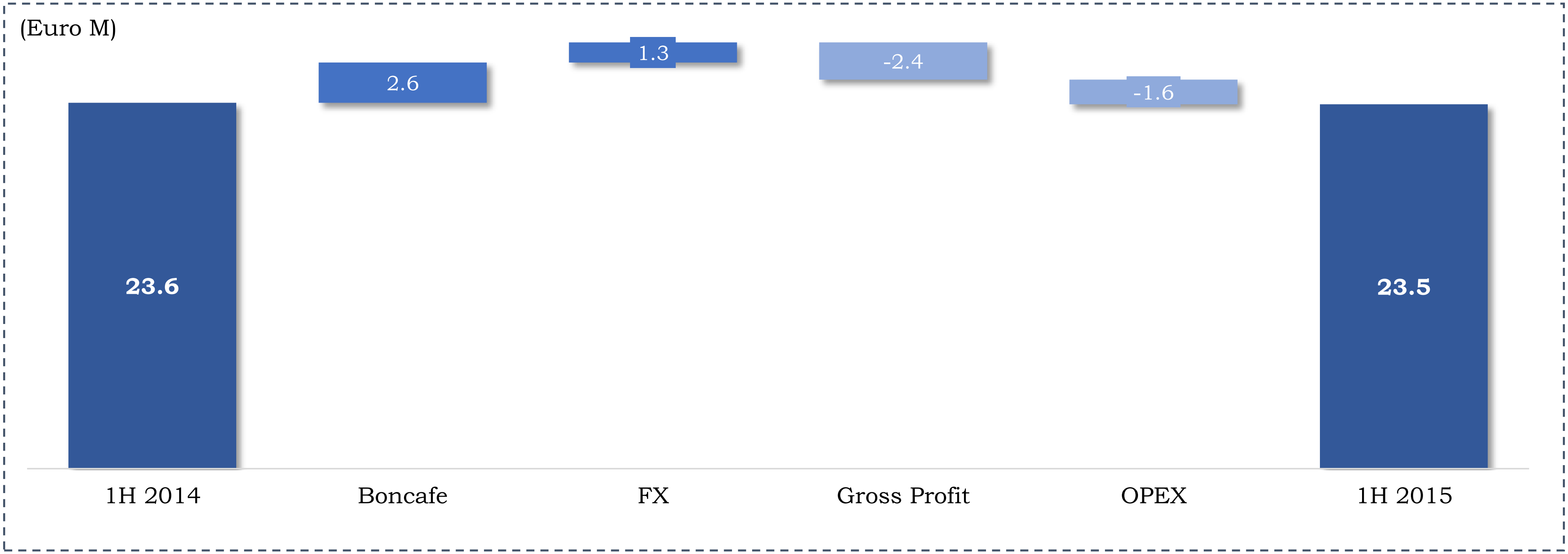
(1) Gross Profit means Revenues less Purchase of goods

Operating Expenses in Line With Expectations



(1) The increase in the cost of services of 1.9 M Euros mainly relates to higher expenses incurred by Segafredo Zanetti France, for the productions and commercialization of capsules, not yet started in 1H 2014.
(2) The increase recorded in personnel costs mainly refers to one-off costs.

Stable EBITDA Adjusted With Positive Outlook



Outlook

- Gross Profit recovering due to APP reduction
- Increase in volumes
  - ✓ Trend in progress
  - ✓ Seasonal effect
- One-off severance costs not foreseen
- Operating leverage

Free Cash Flow Impacted by NWC Increase

Euro M	1H 2014	1H 2015
EBITDA Adjusted	**24**	**24**
Change in NWC	(14)	(32)
Capex[1]	(14)	(15)
Taxes paid	(4)	(5)
Others[2]	2	(1)
Free Cash Flow	**(6)**	**(29)**

Detail of Change in NWC

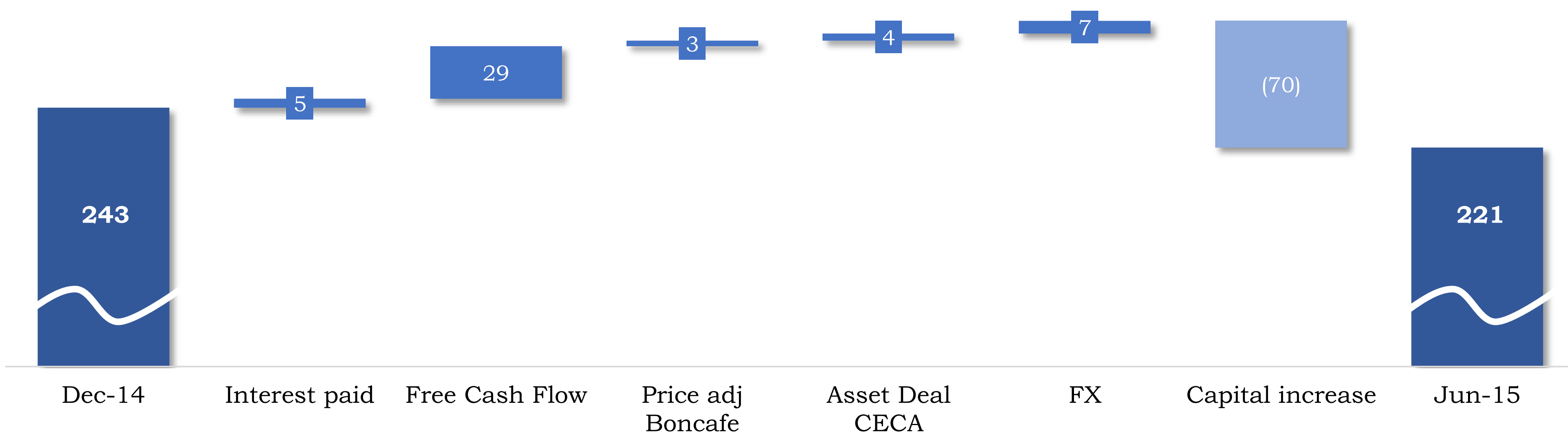
Euro M	*1H 2014*	*1H 2015*
Increase in inventory	*(14)*	*(13)*
Changes in trade receivables	*(6)*	*3*
Decrease in trade payables	*0*	*(3)*
Changes in other assets/liabilities	*6*	*(19)*
Changes in NWC	***(14)***	***(32)***

Use of advance payment received from a customer during 2H 2014

(1) Capex exclude the cash used in business combinations and asset deal CECA
(2) Other non monetary items and IPO costs

Net Debt Evolution

Net Debt profile and bridge to Jun-2015 (Euro M)



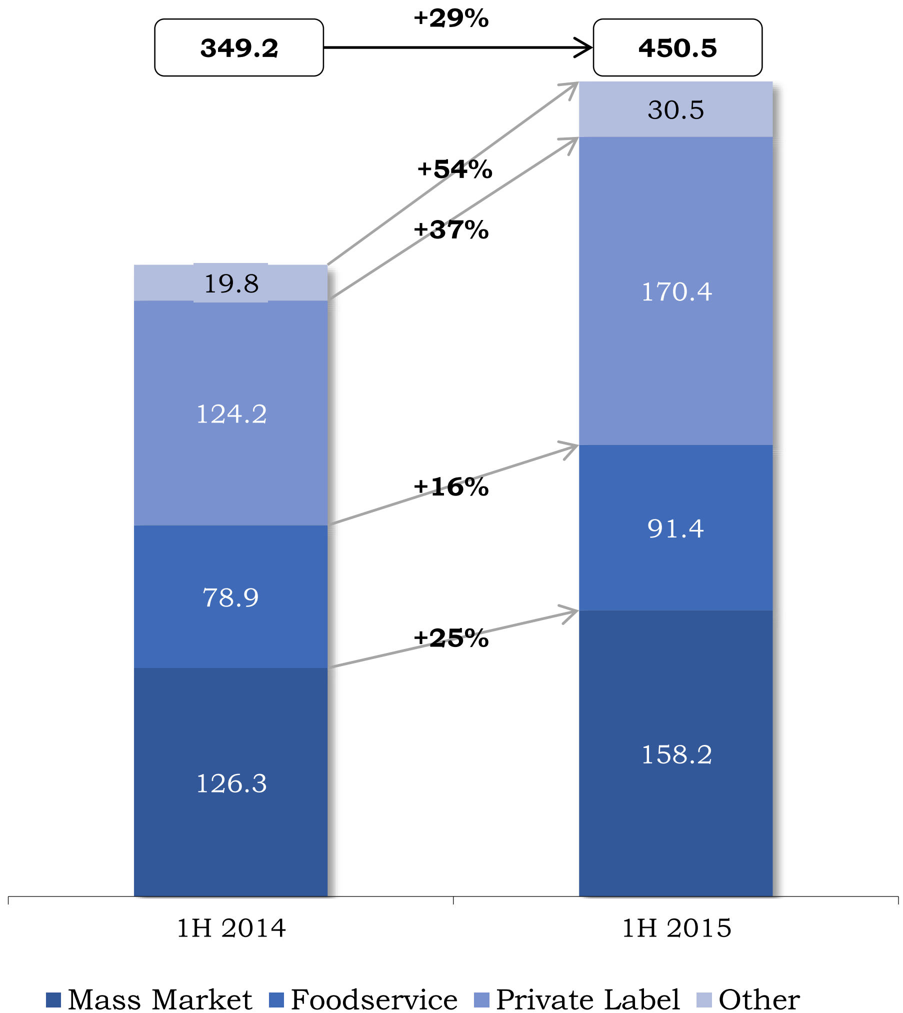
Debt Profile	Dec-2014	Jun-2015
Fixed interest rate[1]	32%	46%
Variable interest rate	68%	54%
Euro	45%	70%
USD	55%	30%

(1) After considering the effect of interest rate swap

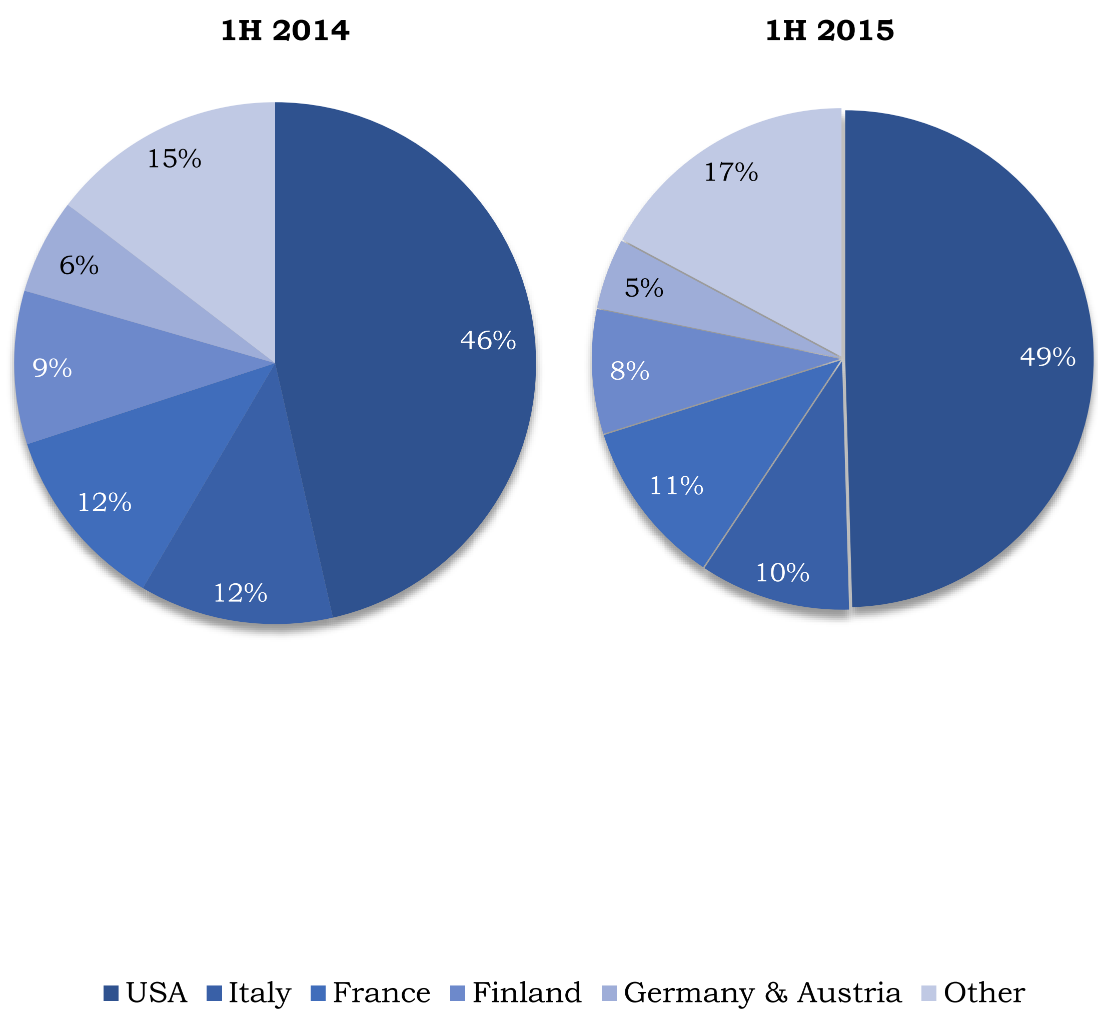
3. Appendix

Revenues Breakdown by Distribution Channel and Geography

Revenues breakdown by distribution channel (Euro M,%)

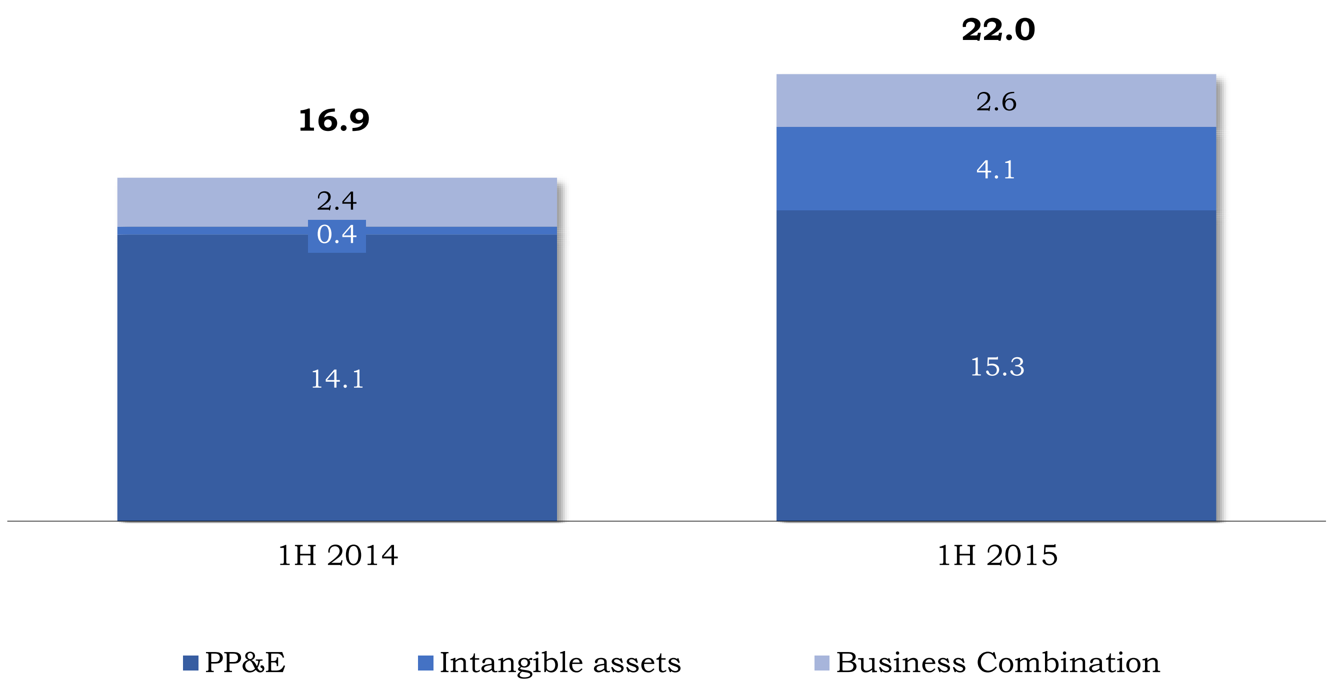


Revenues breakdown by geography (Euro M,%)



Capex profile

(Euro M)



- **Business combination** refers to the price adjustment of Boncafe acquisition paid in 1H 2015 and to Segafredo Zanetti New Zealand acquisition in 1H 2014.
- **Intangible assets** in 1H 2015 investments include 3.5 M USD relating to CECA trademarks.
- **PP&E** investments net of Capex made by Boncafe (1.2 M Euros), CECA equipments (0.7 M USD) and FX (0.9 M Euros) are lower than investments made in 1H 2014 by 1.6 M Euro.

Green Coffee Price 2011 -2015

Interim Consolidated Income Statement

(in thousands of euro)	Six months ended June 30 2015	 2014
Revenue	450,522	349,153
Other revenue	2,884	2,174
Purchases of goods	(279,614)	(196,807)
Purchases of services, leases and rentals	(83,209)	(72,778)
Personnel costs	(62,104)	(52,429)
Other operating costs	(5,726)	(2,937)
Amortization, depreciation and impairment	(16,988)	(15,382)
Operating profit	**5,765**	**10,994**
Finance income	94	184
Finance costs	(4,440)	(3,926)
Profit before tax	**1,419**	**7,252**
Income tax expense	(477)	(3,197)
Profit for the year from continuing operations	**942**	**4,055**
Loss for the year from discontinued operations	-	(708)
Profit for the period	**942**	**3,347**
Profit attributable to:		
Non-controlling interests	89	58
Owners of the parent	853	3,289
Earnings per share basic / diluted (in euro)	**0.03**	**0.12**
From continuing operations	0.03	0.14
From discontinued operations	-	(0.02)

Interim Consolidated Statement of Financial Position

(in thousands of euro)	As at June 30 2015	As at December 31 2014
Intangible assets	117,128	108,435
Property, plant and equipment	210,978	203,226
Investment properties	4,473	4,525
Investments in joint venture	125	128
Non-current trade receivables	14,545	15,079
Deferred tax assets	16,798	10,311
Other non-current assets	5,744	5,521
Total non-current assets	**369,791**	**347,225**
Inventories	145,047	139,302
Trade receivables	118,438	119,903
Income tax assets	2,947	510
Other current assets	17,722	19,042
Cash and cash equivalents	22,069	18,302
Total current assets	**306,223**	**297,059**
Total assets	**676,014**	**644,284**
Share capital	34,300	28,000
Other reserves	135,415	62,754
Retained earnings	113,145	114,062
Equity attributable to owners of the parent	**282,860**	**204,816**
Non-controlling interests	1,852	1,759
Total equity	**284,712**	**206,575**
Non-current borrowings	102,804	145,731
Post-employment benefits	9,633	9,743
Other non-current provisions	2,439	2,291
Deferred tax liabilities	24,785	23,515
Other non-current liabilities	5,477	4,178
Total non-current liabilities	**145,138**	**185,458**
Current borrowings	140,793	116,504
Trade payables	79,614	92,576
Income tax liabilities	1,536	2,084
Other current liabilities	24,221	41,087
Total current liabilities	**246,164**	**252,251**
Total liabilities	**391,302**	**437,709**
Total equity and liabilities	**676,014**	**644,284**

Interim Consolidated Statement of Cash Flows

(in thousands of euro)	Six months ended June 30 2015	2014
Profit before tax	**1,419**	**7,252**
Adjustments for:		
Depreciation, amortization and impairment	16,988	15,382
Provisions for employee benefits and other charges	224	128
Finance costs	4,346	3,742
Other non-monetary items	(423)	(125)
Net cash generated from operating activities before changes in working capital	**22,554**	**26,379**
Increase in inventory	(13,026)	(13,576)
Decrease/(Increase) in trade receivables	2,882	(5,859)
Decrease in trade payables	(3,096)	(148)
Decrease/Increase in other assets/liabilities	(18,237)	5,413
Payments of employee benefits	(118)	(172)
Interest paid	(4,816)	(3,351)
Income tax paid	(4,939)	(4,067)
Net cash generated/(used) in operating activities	**(18,796)**	**4,619**
Acquisition of subsidiary, net of cash acquired	(2,640)	(2,423)
Purchase of property, plant and equipment	(15,253)	(14,070)
Purchase of intangible assets	(4,054)	(434)
Proceeds from sale of property, plant and equipment	418	454
Proceeds from sale of intangible assets	328	53
Increase in financial receivables	(30)	(581)
Interest received	205	119
Net cash used in investing activities	**(21,026)**	**(16,882)**
Proceeds from borrowings	35,837	10,996
Repayment of borrowings	(81,175)	(5,937)
Increase in short-term loans	18,825	3,838
Increase in share capital	69,659	-
Dividends paid to non-controlling interests	-	(220)
Net cash generated in financing activities	**43,146**	**8,677**
Exchange gains on cash and cash equivalents	443	66
Net increase/(decrease) in cash and cash equivalents	**3,767**	**(3,520)**
Net cash used from operating activities of discontinued operations	-	(13,073)
Net cash used from investing activities of discontinued operations	-	(163)
Net cash generated from financing activities of discontinued operations	-	16,986
Net cash generated from discontinued operations	**-**	**3,750**
Total net increase in cash and cash equivalents	**3,767**	**230**
Cash and cash equivalents at the beginning of the period	18,302	19,856
Cash and cash equivalents at the end of the period	**22,069**	**20,086**

Non-GAAP Measure Reconciliation

Euro M	1H 2014	1H 2015
Gross Profit	**152.3**	**170.9**
Services	(72.8)	(83.2)
Personnel	(52.4)	(62.1)
Other net costs	(3.5)	(4.7)
Total net operating costs	**(128.7)**	**(150.0)**
EBITDA	**23.6**	**20.9**
IPO costs	-	2.6
EBITDA Adjusted	**23.6**	**23.5**