

Bit Market Services

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Vedi allegato.

PRESS RELEASE

Massimo Zanetti Beverage Group S.p.A.: the BoD approves the interim report at 31 March 2016

- Roasted coffee sales volumes up 8.3% or 31.076 tons
- Consolidated turnover was Eur 218.1 million
- Consolidated Gross profit up 6.3% or Euro 88.8 million
- Consolidated EBITDA up +4.1% or Euro 12.8 million
- Consolidated Operating Profit up 6.9% or Euro 5 million
- Profit for the period +21.6% or Eur 1,3 million
- Net financial Indebtedness of Euro 181.0 million
- New organisation structure implemented

Villorba (Treviso, Italy), 12 May 2016 - Today, the Board of Directors of Massimo Zanetti Beverage Group S.p.A. ("MZBG" or the "Company") approved the interim report at 31 March 2016.

Group's highlights for the first quarter of 2016

	Q1 2016	Q1 2015	% Delta
Sales volumes	31,076	28,696	+8.3%
Revenue	218.1	217.3	+0.4%
Gross profit	88.8	83.5	+6.3%
EBITDA	12.8	12.3	+4.1%
Operating profit	5.0	4.7	+6.9%
Profit for the period	1.3	1.1	+21.6%
Cash flow	7.9	(19,3)	n.m

Figures in millions of Euros, except for sales volumes expressed in tons of roasted coffee sold.

Starting from the interim report as of 31 March 2016, the MZB Group will show Revenue and Volumes of coffee roasted sold by geographical area in order to reflect the new organisational structure, as described below.

Volumes

During the first quarter of 2016, sales volumes of roasted coffee jumped 8.3% versus the same period of the last year, for a total of 31.076 tons. This increase has been reflected in all Group's distribution channels.

The Mass Market segment grew 9.4% to 12,818 tons driven by the strong growth in Northern Europe, thanks to Finland, as well as Germany and Austria. Mass Market accounted for 41.2% of the market in terms of total volumes.

The Food Service segment rose 6.1% to 2,544 tons. This increase was mainly driven by Southern Europe, where Italy posted a double digit growth. Good performance for Americas. The Food Service segment accounted for 8.2% of the market in terms of total volumes.

The **Private Label** segment increased **7.7%** or **15,714 tons**. This performance is mainly due to the satisfactory results achieved in the Americas, mainly the USA, and Southern Europe. This segment accounted for 50.6% of the market in terms of total volumes.

The performance in Asia and of the Single Serve segment (two drivers with high potential) is summarised below.

In Asia, where total volumes amounted to 2% of the total, **Boncafé's** growth trend continued, up 6%, mainly in the Food Service segment.

The **Single Serve** segment grew by 29% with a positive impact on the Mass Market segment, thanks to the performance of the Americas which rose more than 50% led by the Segafredo, Chock full o'Nuts and KAUAI brands. With respect to the Single Serve segment, after the end of the period, the MZB Group launched the first fully biodegradable coffee capsules under the Hills Bros brand. These capsules are based on the Club Coffee technology, a Canadian company in which the Group holds a 15% Equity investment (closing date of the investment: 28 April 2016).

Consolidated revenue

The Group's consolidated revenue for the first quarter of 2016 amounts to Euro 218.1 million and is substantially in line with the same period of last year, up by 0.4%. This performance was achieved despite the unfavourable situation which was characterised by the decrease in the average sale price of roasted coffee and the reduction in the Group's non-core business.

With respect to distribution channels, the Mass Market segment's contribution to consolidated revenue accounted for 37,3%, while the Private Label and the Food Service segments accounted for 36,2% and 20.2%, respectively.

The Americas remain the main geographical area in terms of revenue, accounting for 50,9% of turnover with the USA confirming their position as the Group's main market. Southern Europe is the Group's second geographical area, accounting for 22,1% thereof, while Italy being the first market in the region with a weight of approximately 10% of the total group. Northern Europe and Asia, Pacific and Cafes account for 19,5% and 7,6%, respectively.

Gross profit

Consolidated gross profit **grew 6.3%** on the same period of the previous year to Euro 88.8 million. The increase in sales volumes despite the reduction in average sales prices, had a positive impact on gross profit.

EBITDA

EBITDA for the period was Euro 12.8 million, up 4.1% on the same period of the previous year. This positive result was achieved despite greater marketing and advertising investments and the costs incurred to strengthen the Group's organisational structure.

Operating Profit

Operating profit for the first quarter of 2016 was Euro 5.0 million, up 6.9% versus the same period of the last year. This performance reflects the same trends described in relation to EBITDA.



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Profit for the period

Profit for the period for the first quarter of 2016 amounts to Euro 1.3 million, up on the same period of the previous year (Euro 1.1 million).

Free cash flow

The free cash flow shows a positive balance of Euro 7.9 million mainly due to the improvement in changing working capital.

Net financial Indebtedness

The net financial Indebtedness as of March 31 was Eur 180,0 million with an improvement of Euro 4.7 million thanks to the contribution of the free cash flow.

New organisation structure implemented

Today, the Board of Director approved the hiring of new managers with whom the company will be able to implement a new organisational structure developing around 8 key positions reporting directly to the CEO.

1. **Chief Operating Officer**, Pascal Héritier, has responsibility for all operations in Asia/Middle East/Oceania as well as global marketing, cafes and M&A.
2. John Boyle becomes **Americas' Managing Director**, in charge of all operations in North, Central, and South America.
3. Francesco Cantini is **Northern Europe's Managing Director**, has the responsibility of the operations in a cluster of 14 countries of the region
4. For **Southern Europe's Managing Director**, company has identified a strong manager who is going to start in July.
5. Pilar Braga is **Performance and Commercial Capabilities Managing Director** and is in charge of internal support to export-related activities, the production of capsules and machines and of human resources.
6. Ivan Davide Borriello is the **Managing Director of the Group's Supply Chain** and will drive the Group's operational efficiencies.
7. **Chief Financial Officer**, Massimo Mambelli is responsible for all financial and accounting reporting, compliance, legal, internal auditing and information systems functions of the Group.
8. **Chief Global Strategist, Larry Quier** is responsible for strategic planning, organizational structure, cultural development, process improvement and, in coordination with the Investor Relator, communication improvement.

The Group's first quarter 2016 results will be presented during the conference call to be held today, Thursday, May 12, at 18:00 CET. The presentation will be available on the corporate website (www.mzb-group.com) and on the storage system (www.emarketstorage.com).

The Manager in charge of the Company's financial reports, Massimo Zuffi, pursuant to paragraph 2 of Article 154-bis of Italy's Consolidated Law on Finance (TUF), declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Disclaimer

This press release contains forward-looking statements related to: investment plans, future management performance, growth objectives in terms of revenues and results, both at global level and by business area, net financial position and other aspects of the Group's business. Forward-looking statements involve risks and uncertainties inasmuch as they depend on the occurrence of future events and circumstances. Actual results may therefore differ materially from those announced herein due to several factors.

Massimo Zanetti Beverage Group is a world leader in the production, processing and marketing of roasted coffee and other selected categories of colonial products, distributed in about 110 countries. The Group manages the different activities, from procurement to consumption, operating 18 facilities across Europe, Asia and the Americas, and through a global network of about 400 coffee shops in 50 countries. Moreover, MZBG completes the range of its products through the sale of coffee makers and complementary products, such as tea, cocoa, chocolate and top quality spices.

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Consolidated Condensed Interim Income Statement

<i>(in thousands of euro)</i>	Three months ended March 31	
	2016	2015*
Revenue	218,123	217,266
Other income	1,324	1,067
Purchases of goods	(129,304)	(133,723)
Purchases of services, leases and rentals	(41,981)	(40,270)
Personnel costs	(32,917)	(29,687)
Other operating costs	(1,749)	(1,493)
Amortization, depreciation and impairment	(8,469)	(8,458)
Operating profit	5,027	4,702
Finance income	60	46
Finance costs	(2,567)	(2,697)
Profit before tax	2,520	2,051
Income tax expense	(1,224)	(985)
Profit for the year	1,296	1,066
<i>Profit attributable to:</i>		
<i>Non-controlling interests</i>	55	64
<i>Owners of the parent</i>	1,241	1,002
Earnings per share basic / diluted (in euro)	0.04	0.04

(*) Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafe group of entities



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Consolidated Interim Statement of Financial Position

<i>(in thousands of euro)</i>	As at March 31	As at December 31
	2016	2015
Intangible assets	116,642	117,834
Property, plant and equipment	206,862	208,871
Investment properties	4,396	4,422
Investments in joint venture	134	138
Non-current trade receivables	13,942	13,783
Deferred tax assets	12,821	11,046
Other non-current assets	5,971	5,865
Total non-current assets	360,768	361,959
Inventories	125,023	134,807
Trade receivables	114,881	115,950
Income tax assets	2,818	3,242
Other current assets	13,316	12,464
Cash and cash equivalents	43,140	25,574
Total current assets	299,178	292,037
Total assets	659,946	653,996
Share capital	34,300	34,300
Other reserves	115,496	121,803
Retained earnings	135,664	135,786
Equity attributable to owners of the parent	285,460	291,889
Non-controlling interests	1,857	1,797
Total equity	287,317	293,686
Non-current borrowings	110,865	98,338
Employee benefits	9,601	9,624
Other non-current provisions	2,493	2,258
Deferred tax liabilities	24,524	24,008
Other non-current liabilities	5,949	5,881
Total non-current liabilities	153,432	140,109
Current borrowings	113,358	113,100
Trade payables	77,364	80,745
Income tax liabilities	893	620
Other current liabilities	27,582	25,736
Total current liabilities	219,197	220,201
Total liabilities	372,629	360,310
Total equity and liabilities	659,946	653,996



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Consolidated Interim Statement of Cash Flows

<i>(in thousands of euro)</i>	Three months ended March	
	2016	2015*
Profit before tax	2,520	2,051
Adjustments for:		
Depreciation, amortization and impairment	8,469	8,458
Provisions for employee benefits and other charges	417	278
Finance expenses	2,507	2,651
Other non-monetary items	47	(746)
Net cash generated from operating activities before changes in working capital	13,960	12,692
Decrease in inventory	7,181	2,459
Increase in trade receivables	(1,220)	(313)
Decrease in trade payables	(3,464)	(16,359)
Decrease/(Increase) in other assets/liabilities	217	(10,560)
Payments of employee benefits	(327)	(174)
Interest paid	(1,203)	(1,776)
Income tax paid	(1,537)	(796)
Net cash generated from / (used in) operating activities	13,607	(14,827)
Acquisition of subsidiary, net of cash acquired		(2,640)
Acquisition under common control, net of cash acquired	(2,624)	-
Purchase of property, plant and equipment	(6,842)	(6,185)
Purchase of intangible assets	(316)	(267)
Proceeds from sale of property, plant and equipment	261	216
Decrease/(Increase) in financial receivables	73	(243)
Interest received	42	44
Net cash used in investing activities	(9,406)	(9,075)
Proceeds from borrowings	20,000	12,754
Repayment of borrowings	(4,413)	(2,313)
Increase/(decrease) in short-term loans	(1,868)	21,018
Net cash generated from financing activities	13,719	31,459
Exchange gains/(losses) on cash and cash equivalents	(354)	848
Net increase in cash and cash equivalents	17,566	8,405
Cash and cash equivalents at the beginning of the period	25,574	18,302
Cash and cash equivalents at the end of the period	43,140	26,707

(*) Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafe group of entities



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