

Massimo Zanetti

MASSIMO ZANETTI
BEVERAGE GROUP



Acquisition of :

Nutricafés SA – Portugal
Analyst Presentation

Villorba, 12th July 2016



BONCAFÉ

restaurant
BONcaféVino

BONCHOCO™

BONTEA
SIGNATURE COLLECTION



Cafe Mag



Chock
full o' Nuts

ABBA
ORIGINAL WIENER KAFFEE



HILLS
BROS.
CAPPUCCINO

KAUAI
COFFEE

Kulta
Katriina

meira



Puccino's™



Reilu
KAHVI

Saludo



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Actual results may differ materially from those expressed in or implied by such statements as a result of a variety of factors, including: the Group’s ability to preserve and enhance the value of its brands; changes in client preferences and trends; changes in the general economic environment; the Group’s ability to successfully carry out its growth strategy and, particularly, the Group’s ability to grow its presence in emerging market countries; competition in the coffee industry; increases in commodity costs, disruptions of supply or shortages raw materials; disruptions at the Group’s manufacturing facilities; the Group’s ability to protect its intellectual property rights and to avoid infringing on the intellectual property rights of others; product recalls and liability claims; exchange rate fluctuations, interest rate changes, credit risk and other market risks; potential conflicts of interest due to director and officer overlaps with the Group’s largest shareholders and other factors discussed elsewhere in this document.

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- **Nutricafés** is the **third largest operator in the Portuguese market** with a **22% market share in Lisbon**, the richest and most populated region of Portugal **and 9% market share across Portugal**, continuing to increase
- The main activities include roasting, grinding, packaging distribution and service

Two distinct leading brands:

	<ul style="list-style-type: none"> • The flagship brand of the Group Nicola is one of the most prestigious brands in Portuguese market • Originated in 1779, in the symbolic Café Nicola of Lisbon, traditionally a meeting place for writers, politicians and artists • 93% awareness level among consumers • Target: Younger generations, perceived as a modern attractive, stylish, innovative brand • Portfolio: coffee, tea and chocolate beverages
	<ul style="list-style-type: none"> • Chave D'Ouro dates back to the early 20th century • Originated in 1916 with over 100 years of brand tradition • 76% awareness level among consumers • Target: Conservative, traditional clients, focused on value such as tradition • Portfolio: coffee, tea and hot chocolate







... With a multi-channel Approach



Multi-channel, nationwide distribution supported by Nutricafés team

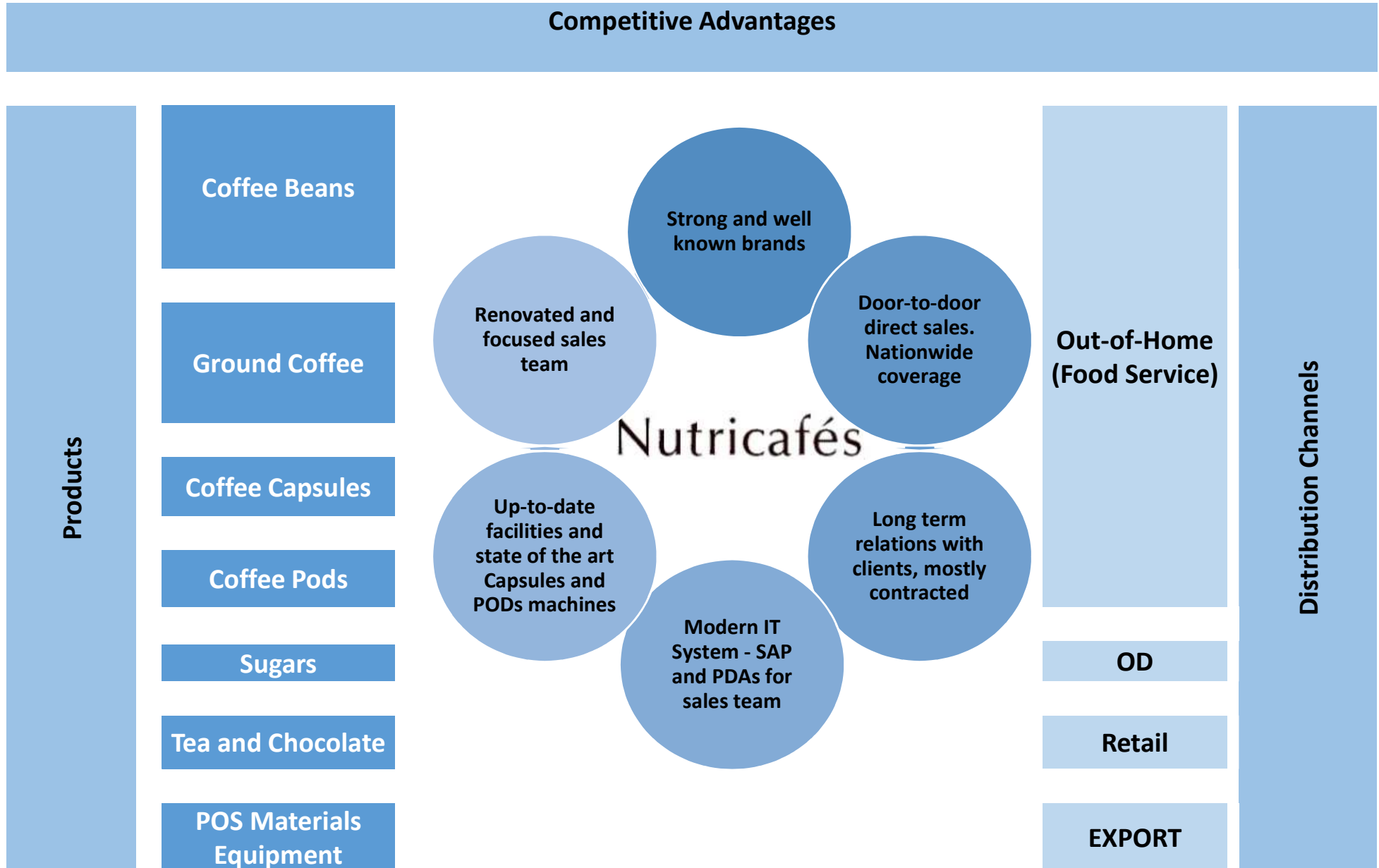
Nutricafés S.A.

Channels	Out-of-Home (Food Service)			Retail	Export
	Single Site	Multi Site	Office		
	53.6% of Revenue*				
10,000+ clients			83% Retail chain coverage	27 countries	

Brands	Out-of-Home (Food Service)		Retail		Export	
						

- Multi-Channel distribution across three major channels (i) Out-of-Home, (ii) Retail and (iii) Export;
- Countrywide coverage in Portugal allowing reach to over 10,000 clients in the Out-of-Home channel and 83% of the retail channel market with over 1 million coffees served every day;
- Growing export business through specialist and gourmet distribution for coffee aficionados seeking Portuguese flavor;
- Service excellence in the Out-of-Home channel complements Nutricafés distribution capabilities, by offering:
 - Fast customer service;
 - Excellent service standards and performance
 - Carefully selected equipment suppliers
 - Provision of high quality equipment

Nutricafés Positioning



In Fiscal Year 2015

- 4,304 Tons of coffee
- **€34.1m of Turnover**
- **€ 19.5 million in Gross Profit** with a **57.2% in gross margin**
- **€8.7m EBITDA** with more than **25% of EBITDA Margin**
- Net Financial Position of €36m
- HR: 182 Employees led by 3 Top Managers
- 22% Market share in Lisbon and **9% Market share across Portugal**

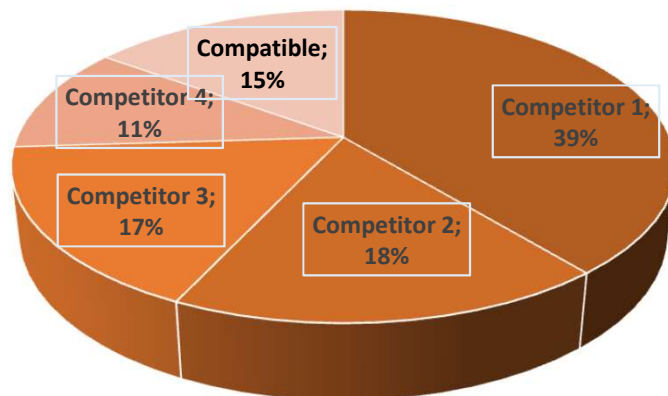


- Portugal is one of the few coffee-importing countries with a dominant Out-of-Home (Food Service) coffee consumption
- **Out-of-Home is 69%** of the National consumption compared with 31% for At-Home
- The Portuguese coffee market in volume is **32,000 Tons** (excl. soluble coffee)
- Within this market, fresh roasted coffee represents about 84% of Portuguese volumes and single serve market about 16%
- **Out-of-Home:** The dominant channel in the Portuguese coffee market counts **76,000 points of sales** (restaurants 6%, snack bars 42% and cafés 52%)
- **Retail:** In this channel the growth is associated with private label and the increased sales of coffee capsules. The channel is split between supermarkets (75% of volume sales), hypermarkets and small grocers. ***In the supermarkets, the single serve represents 37% of sales volume.***

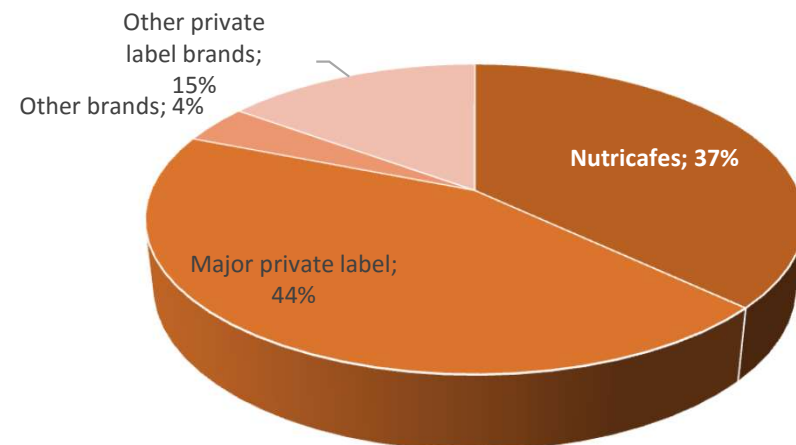


- The total single serve Portuguese market recorded an important growth (according to Nielsen a CAGR of 13% between Nov. 2013 and Nov. 2015) in recent years with increasing share in the total coffee market. If we take into account only the compatible category the CAGR is 30% for the same period.
- **Nutricafés grow with a CAGR of 139%** during the same period with **Nicola Cafés up 98%**
- 2015 Market volumes: 900 millions capsules (representing 10% of the total volume and 30% in value)
 - The compatible category represents 15% of the total single serve
 - **Nutricafés holds 37% (+50m capsules) of market share of the compatible category**

Market in volumes
Around 900 million capsules



Capsules compatible
around 135 million capsules



- A perfect fit with the Massimo Zanetti Beverage Group strategies
 - Nutricafés **Out-of-Home** (Food-Service) sales represents more than 50% of their revenues
 - Important and increasing market share in the **single serve** (6% of the total category and 37% of the compatible segment)
 - Very strong and **iconic brand's equity** with «Nicola Cafés» and **complementary** to the premium **brand image of Segafredo Zanetti**
 - Similarities in the mission and the values between Nutricafés and MZB Group
 - **Opportunity** to develop a stronger business **activity in Spain**

- **Strong Financials: Expected EBITDA for FY2016 higher than FY2015**

- **Segafredo Zanetti Portugal** is strong in the **North** of the Country and **Nicola Cafés** strong is in the **South**. The combined entity will have therefore a global presence in all the Portuguese market and in all segments (Out-of-Home and At-Home)

- The **transaction** will create **synergies and efficiencies** as :
 - The **new combined entity** will consolidate the n°3 position with roughly **14% of market share**
 - There is room for synergies at all levels
 - It gives an **opportunity to produce locally** products of the Massimo Zanetti Beverage Group
 - It creates a **strong portfolio** of products to win a position of stronger leadership with the **global brand Segafredo Zanetti** and establishing the basis to build up an important presence in Spain gaining market share
 - It brings in MZB Group new talented managers with strong background in the Coffee Industry

Deal Structure



- The intention is to **acquire the 100% shares of Nutricafés** presently in the hands of
 - MCH Private Equity (Spanish Fund) 49,267%
 - Explorer Investments (Portuguese Fund) 49,267%
 - Management 1,464%
 - Others 0,001%

- **Transaction value: €74.5m**

- **Multiple:**
 - Taking into consideration the **2015 EBITDA** [€8.7m], **multiple is 8.6x**
 - Taking into consideration **EBITDA Target for FY 2016 multiple drop down below 8x**, in line with our strategy and internal guidelines

- **Financing :**
 - The Operation will be financed with new credit lines
 - MZB Group will continue to respect and be below the covenants
 - The cost of this new Financing is below the current one

- The **Closing** will take place by the second fortnight of **September 2016**

- ✓ **Nutricafés**, with its **iconic brand** «Nicolas Café» is a **perfect fit** to the **MZBG strategy**
- ✓ **Strong and profitable growth**
- ✓ **Enhance** our position of **coffee leader in Portugal** as we will reach the 3rd position with a **market's share close to 14%**
- ✓ Create a unique opportunity to become again a leader in **Spain**
- ✓ **Enhance** the Group's exposure and expertise in the **single serve** category with a factory able to produce compatible capsules with **37% market share** in this segment
- ✓ **Qualified and talented managers** with strong coffee background and experience will join the Group

As conclusion we will..

- ✓ Continue **to leverage a strong footprint** in coffee markets with strong local brands
- ✓ Continue to leverage our acquisition framework in a **very disciplined** and consistent manner for **future growth**

THANK YOU
Q&A