

Massimo Zanetti

MASSIMO ZANETTI
BEVERAGE GROUP



H1 2016 Results Massimo Zanetti Beverage Group

Villorba, 11th of August, 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



Safe Harbour Statement

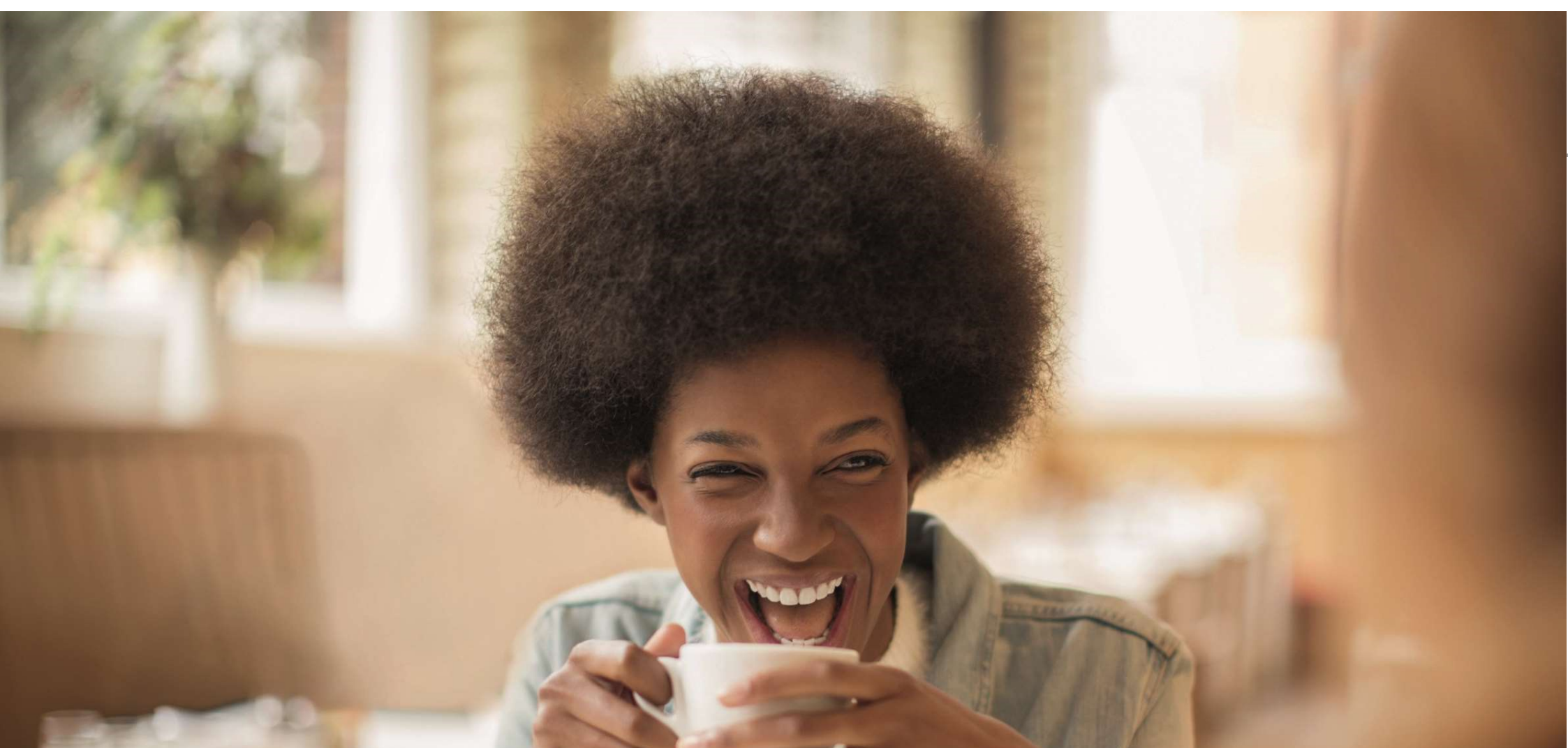
This document, and in particular the section entitled “2016 Outlook”, contains forward-looking statements, which reflect current views of the management of Massimo Zanetti Beverage Group S.p.A. (the “**Company**”) with respect to future events and financial and operational performance of the Company and its subsidiaries (the “**Group**”). These statements may include terms such as “may”, “will”, “expect”, “could”, “should”, “intend”, “estimate”, “anticipate”, “believe”, “remain”, “on track”, “design”, “target”, “objective”, “goal”, “forecast”, “projection”, “outlook”, “prospects”, “plan”, or similar terms. Forward-looking statements are not guarantees of future performance. Rather, they are based on the Company’s current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future and, as such, undue reliance should not be placed on them. Any reference to past performance or trends or activities of the Group shall not be taken as a representation or indicate performance, trends or activities will continue in the future.

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.

Any forward-looking statements contained in this document speak only as of the date of this document and the Company does not undertake any obligation to update or revise publicly forward-looking statements to reflect events or circumstances occurring after the date hereof. Further information concerning the Group and its businesses, including factors that could materially affect the Company’s financial results, is included in the Company’s reports and filings with Borsa Italiana S.p.A. and CONSOB.

This document does not constitute an offer to sell or the solicitation of an offer to buy the Company’s securities, nor shall the document for the basis of or be relied on in connection with any contract or investment decision relating thereto, or constitute a recommendation regarding the securities of the Company. The Company’s securities referred to in this document have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Massimo Zuffi, the manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein corresponds to document results, books and accounting records.



1. Key messages

H1 2016 Key Messages



STRONG BUSINESS GROWTH:

- First Half 2016 continued solid performance
- EBITDA up 13.3% more than covering OPEX increase
- Single serve up 23% outpacing market
- Strong Cash Generation and Debt Reduction
- Guidance confirmed



TRACK RECORD IN M&A:

- Nutricafés Acquisition: closing mid-sept
- Club Coffee innovation continuing to develop
- CECA integration improving Café Montana. Results on plan
- Boncafè in line +6%



BUILDING OUR FUTURE:

Continuing to make investments in:

- Global Brand Awareness:
 - Cafes: rolling out new franchising openings
 - Trek Segafredo: 607k Fans followed on social networks
- Organization
- Systems

A man with dark hair and glasses, wearing a light blue button-down shirt and a dark tie, is standing on a balcony. He is holding a white coffee cup on a saucer in his right hand and looking down at it. The background shows a city skyline with tall buildings under a bright sky. A dark blue horizontal bar is overlaid on the image, containing the text '2. H1 2016 Results' in white.

2. H1 2016 Results

Financial Results

Volumes

63,678 Tons **+6.7%**

Foodservice +2.7%

Private Label +6.2%

Mass Market +8.2%

Revenue

€ 442.7M **-1.7%**

Gross Profit

€ 184.2M **+7.8%**

EBITDA

€ 26.7M **+13.3%**

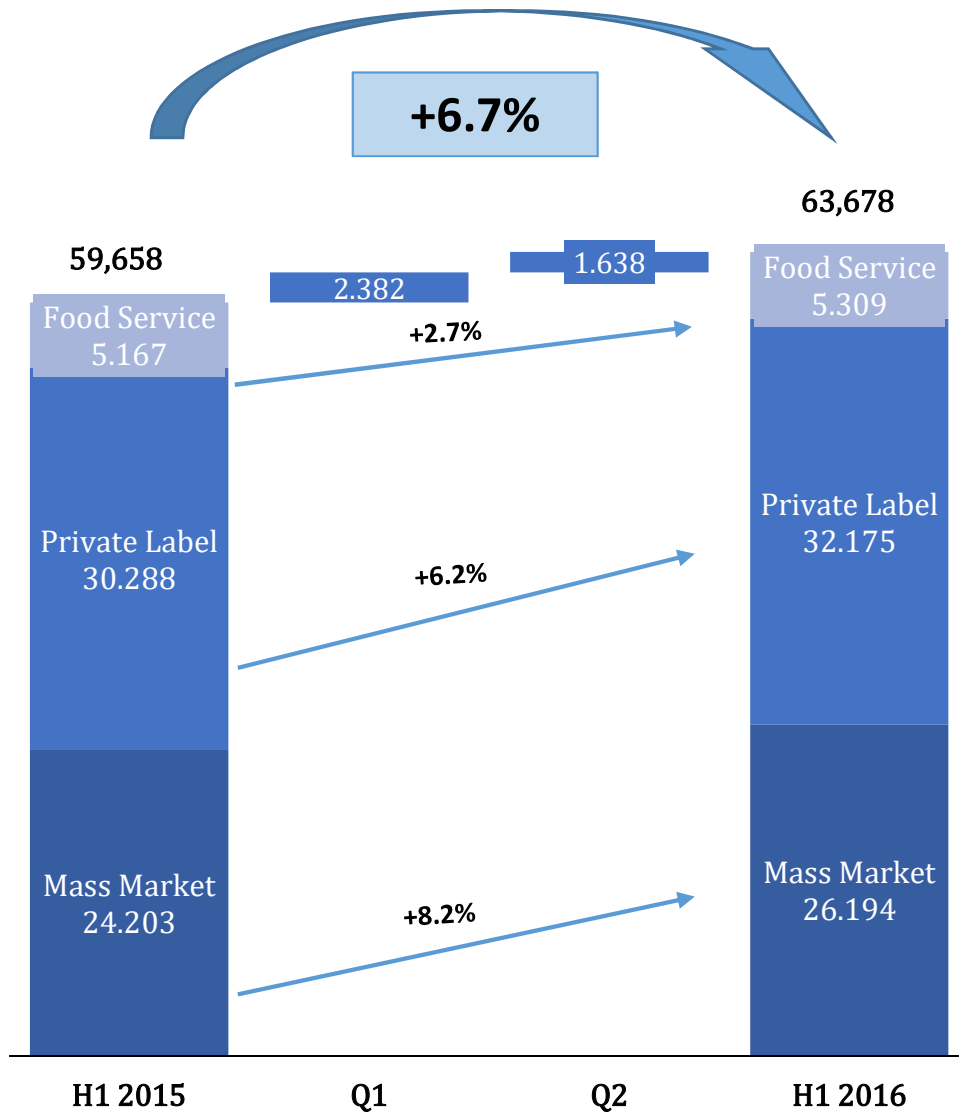
Net Debt

€ 161.6M **(-€24.1M)**



Volumes by Channel

Roasted coffee volumes sold by distribution channel (in Tons)



- **Volumes up 6.7%** with positive performance in all distribution channels
- **Food Service: +2.7%**, with a positive performance achieved in all regions
- **Private Label: +6.2%**, driven by Americas and Southern Europe. It accounts around 50% of total volumes.
- **Mass Market: +8.2%**, led by strong double digit growth in Northern Europe due to promotional activities and mid- single digit growth in Southern Europe reversing trend recorded in Q1. Mass Market accounts about 41% of total volumes.
- **Capsules increased by 23%** driven by strong performance in the US market above 50% versus previous year, as well as good performance in Southern Europe

First Half 2016 Highlights: Americas

KEY FACTS

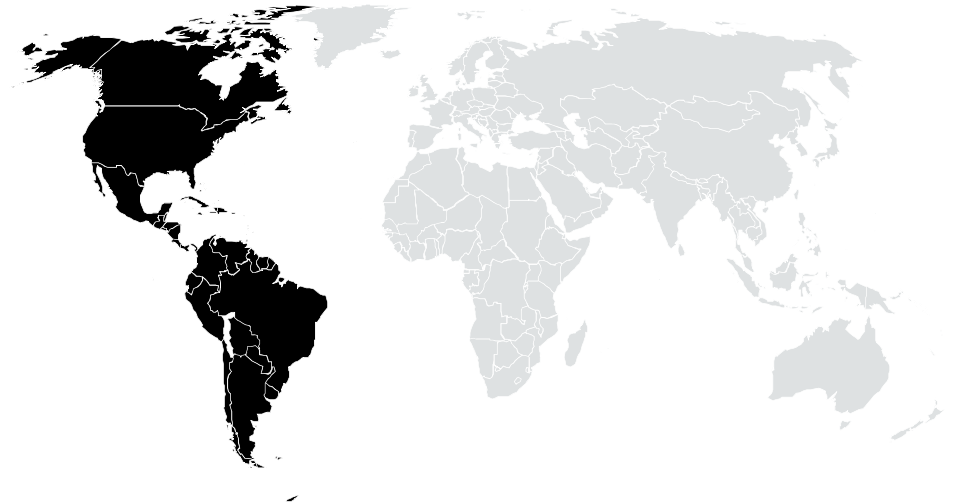
	H1 2016	H1 2015	Delta %
Volume - Tons	39,526	38,076	+3.8%
Revenue – Eur M	220.6	233.5	-5.5%

- Volumes up thanks to Private Label. Food Service recording positive brand performance as Segafredo continues its growth trend;
- Revenue follows green coffee market which slightly decreased in ASP
- Single Serve recorded up >50% mainly thanks to *Kauai*, *Hills Bros* and *Chock Full o' Nuts*;
- Dunkin Donuts relationship extended through 2020;
- Café Montaña confirms its positive trend;

UPDATES

- Hills Certified 100% Compostable Single-Serve Pods in market, Kauai & Chock following;
- Two new Single Serve Compostable customers added in July
- 2016 Hills Bros. Cappuccino Packaging Refresh
- New Chock full o' Nuts packaging coming this Fall
- E-commerce revenue growing greater than 25% YOY

MARKET: 62% of total volume



NEW LAUNCHES



First Half 2016 Highlights: Northern Europe

KEY FACTS

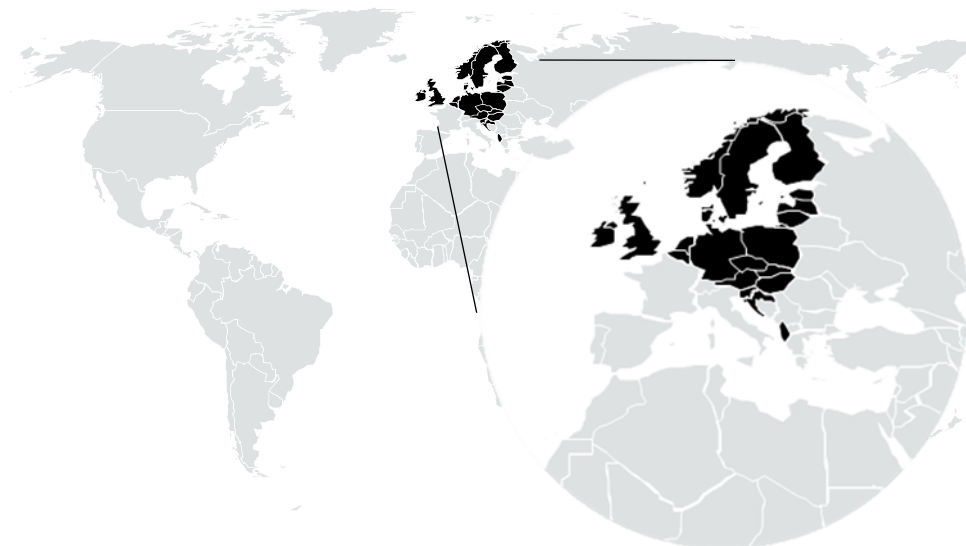
	H1 2016	H1 2015	Delta %
Volume - Tons	10,183	8,120	+25.4%
Revenue - Eur M	85.4	77.0	+11.0%

- Volumes strongly up adding 2,063 tons versus H1 2015 across the region;
- Mass Market driving volume and revenue growth:
 - Finland represents 60% of the growth thanks to the Kultra Katriina relaunch (new advertisement & packaging and promo activities)
 - Netherlands is strongly growing thanks to Albert Heijn new listing and promo activities;
 - Germany and Austria performed ahead of plan driven by promo pricing;
 - Poland up with promo activities in Biedronka
- Revenue up 11% although a declining in ASP reflecting strong growth of lower ASP MM channel and intense promo activities

UPDATES

- New launched: Tiktak Single Origine Beans
- Kultra Katriina new advertisement and packaging
- Holland new listing of SZ in Albert Heijn; N. 1 in NL
- Eni contract renewal

MARKET: 16% of total volume



NEW LAUNCHES



First Half 2016 Highlights: Southern Europe

KEY FACTS

	H1 2016	H1 2015	Delta %
Volume - Tons	12,948	12,424	+4.2%
Revenue - Eur M	103.8	104.3	-0.5%

- Volumes up 4.2%, with positive performance in all distribution channels.
- Good performance in Mass Market reversed Q1 weakness thanks to new product launched and new advertisement campaign.
- France and Italy confirmed their positive trend;
- Strong contribution from Greece;
- Single serve up 7%
- Revenue flat due to a combination of mix channel and ASP impact

UPDATES

- Signed contract with one of major worldwide Hotel Chain and with one major Airlines
- Ground coffee
 - *Segafredo Allora Moka*,
 - *San Marco Selezione*
- Whole beans
 - *Segafredo Zanetti Terramia*
- Capsule Compatible
 - *Espresso per Te*
- Nutricafés Aquisition

MARKET: 20% of total volumes



NEW LAUNCHES



First Half 2016 Highlights: Asia, Pacific and Cafés

KEY FACTS

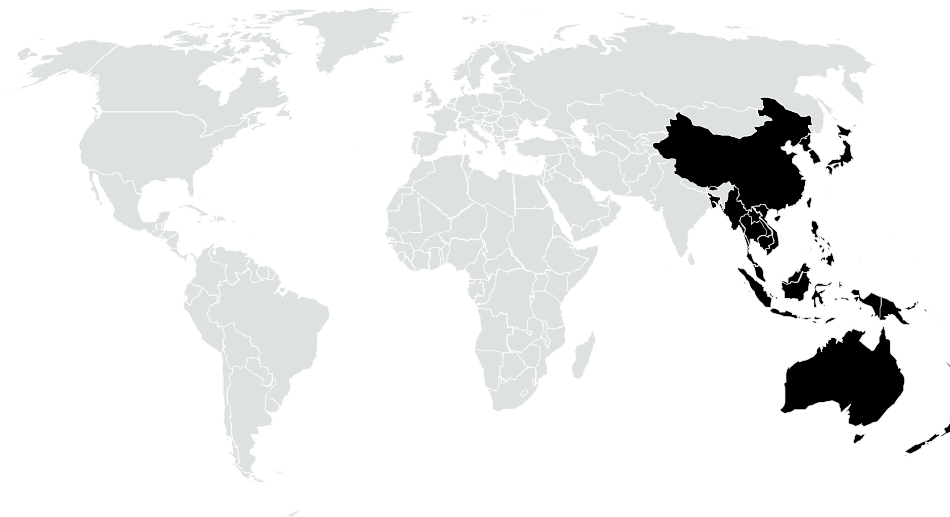
	H1 2016	H1 2015	Delta %
Volume - Tons	1,022	1,038	-1.6%
Revenue – Eur M	32.9	35.7	-7.7%

- Overall volume slightly down and Q2 partially recovered Q1 performance;
- Boncafe volume up 6% led by Thailand, Middle East and Malaysia;
- Volume weakness in Japan and Australia;
- Revenue has been impacted mainly from lower machines and Equipment sales in Middle East due to no recurring sales recorded in H1 2015 as well as FX headwings (USD strength vs THB and Eur) and ASP movement;
- Vietnam Roasting plant start up achieved breakeven in just one year

UPDATES

- Boncafe awarded contract by Singapore Airlines , first delivery in July;
- Opening the first franchising cafe 100% HALAL certified (Brunei);
- Launched Boncafe Compatible System Capsule in Middle East;
- Launched «La San Marco Duale» in New Zeland;
- Minivending Easy Machine launched in Australia;
- Repacked «Matcha Mint Chip», «Matcha Green Tea Latte» and «Mocca Java»

MARKET

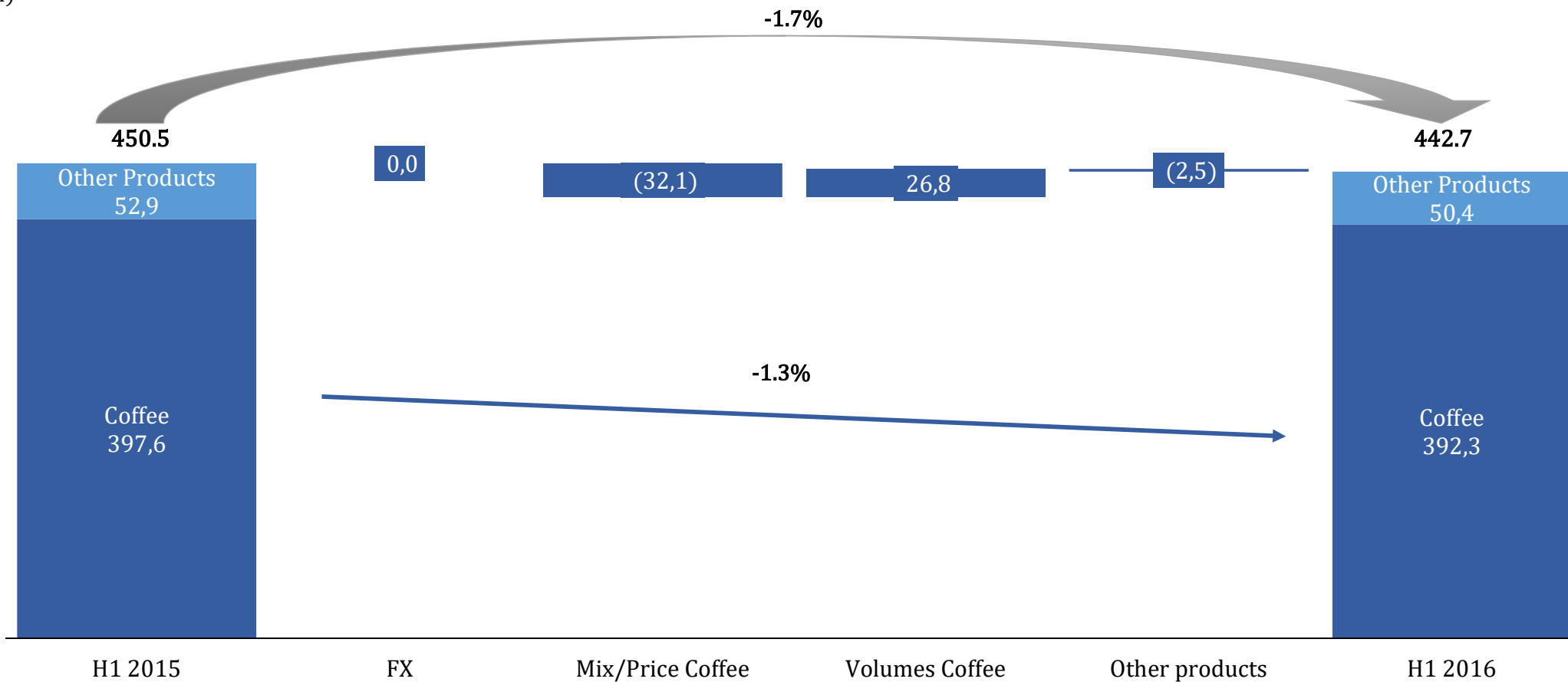


NEW LAUNCHES



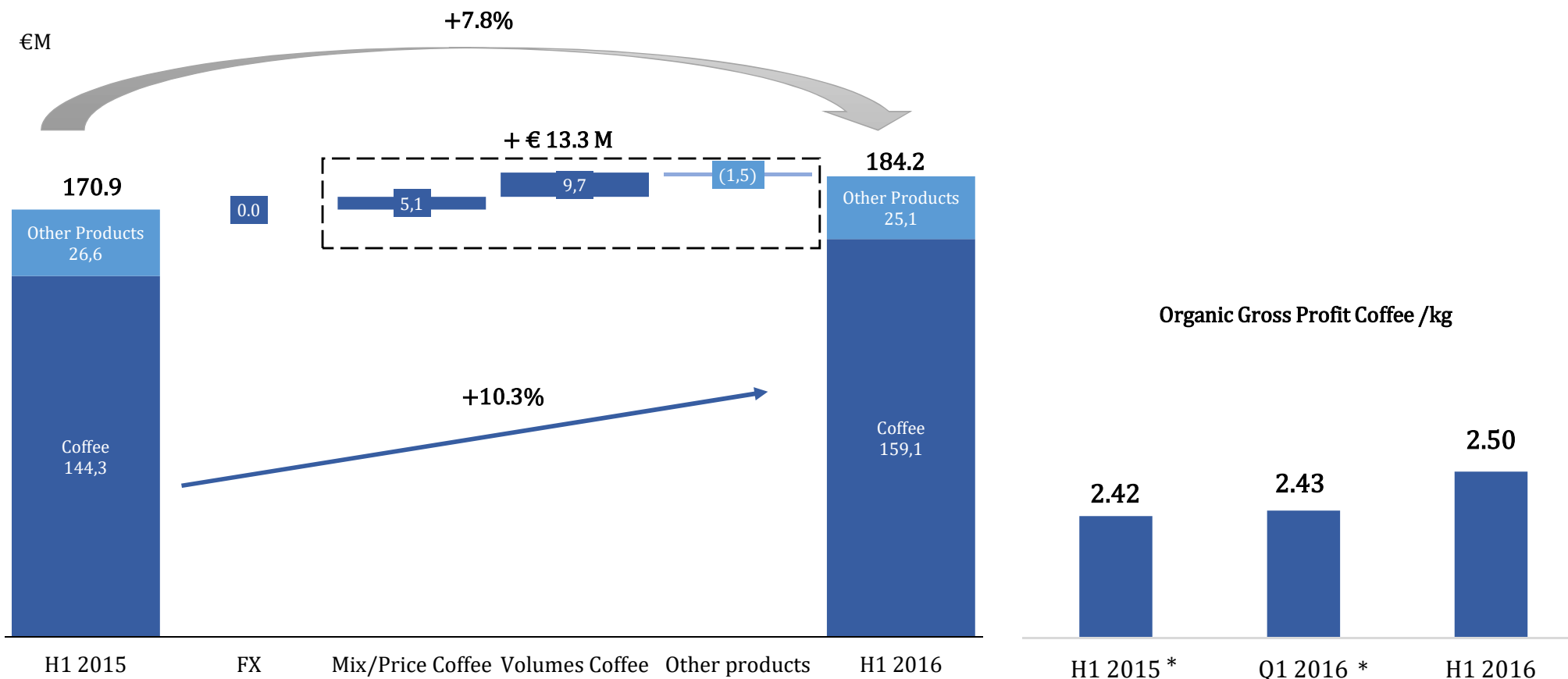
Revenue Bridge H1 2015 – H1 2016

(€M)



- Total sales went down by 1.7%;
- Total coffee sales slightly down by 1.3% and mostly related to Prival Label;
- The positive effect of volumes growth have been nearly offset by the decrease in the Average Selling Price due to a change in the mix channel as well as to the decreasing trend in the green coffee price.

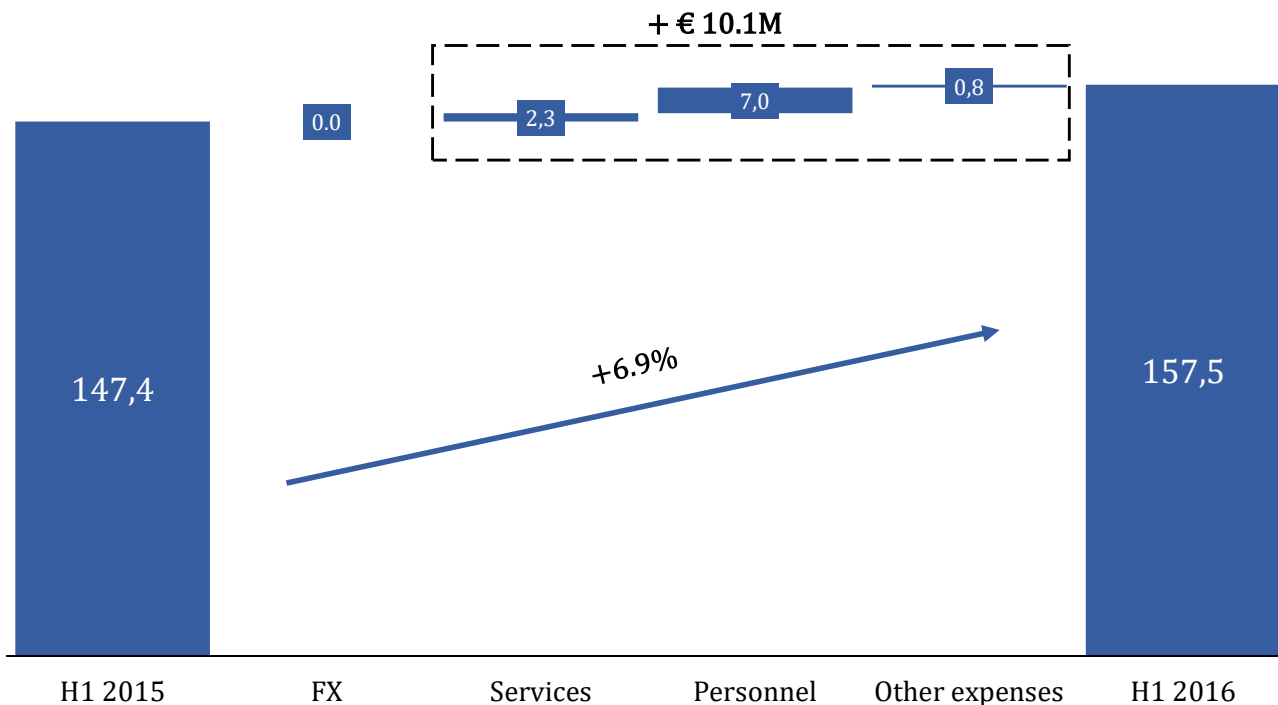
Gross Profit H1 2015 – H1 2016



*H1 2015 and Q1 2016 restated at FX H1 2016
Calculation based only on coffee sales Gross Profit

OPEX Bridge H1 2015 – H1 2016

(€M)

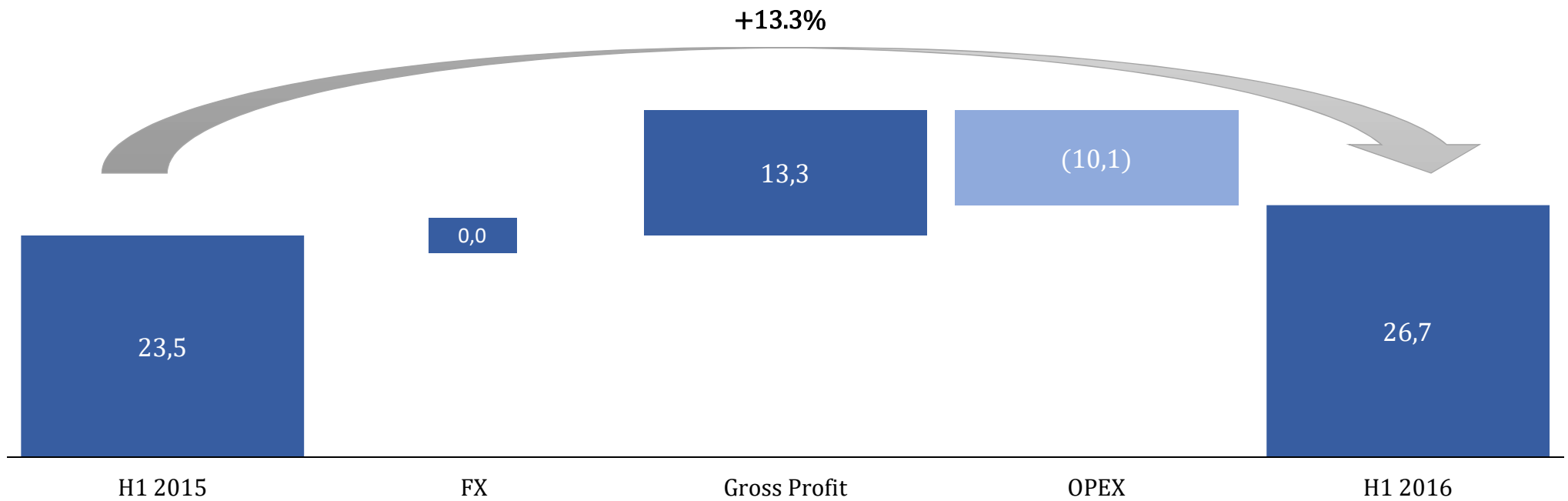


OPEX breakdown	Q1 2016	Q2 2016	1H 2016
Service costs	1.4	0.9	2.3
Personnel costs	3.0	4.0	7.0
Other expenses/ (Incomes)	(0.1)	0.9	0.8
Totale	4.3	5.8	10.1

- Opex increased by € 10.1M or 6.9%
- The increase in service cost by € 2.3M are related to higher advertisement and promotion costs incurred to accelerate single serve growth in the US market as well as for brand awareness activities;
- € 7.0M increase in Personnel Costs are related to organization structure changes and timing differences in the ripartition of variable costs items compared with H1 2015.

EBITDA Bridge H1 2015 – H1 2016

(€M)



- EBITDA increased by 13.3% or € 3.2 M
- The Gross Profit increased (+ €13.3M) covering the increase in OPEX (+ €10.1M)

H1 2016 Free Cash Flow

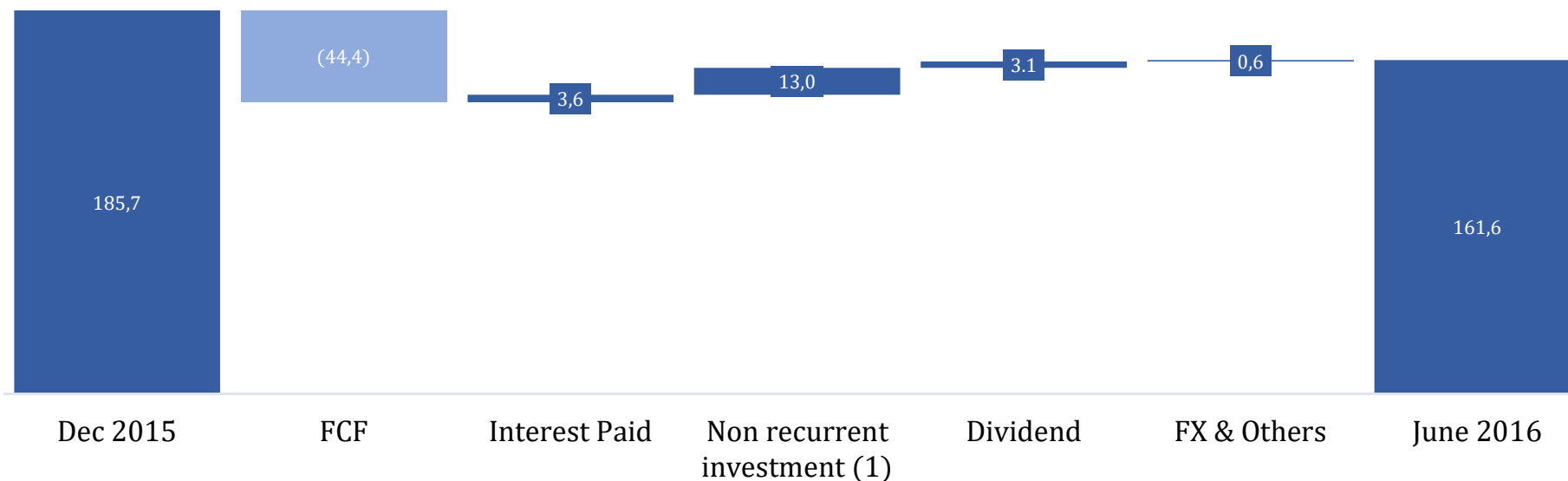
(€M)	1H 2015	Q1 2016	1H 2016
Adj EBITDA	23.5	12.8	26.7
Change in NWC	(31.6)	2.4	32.2
CAPEX	(14.7)	(6.9)	(14.2)
Tax Paid	(4.9)	(1.5)	(3.1)
Others	(1.0)	1.1	2.8
FREE CASH FLOW	(28.7)	7.9	44.4

(€M)	1H 2015	1Q 2016	1H 2016
Change in Inventory	(13.0)	7.2	11.4
Change in Trade Receivables	2.9	(1.2)	(5.1)
Change in Trade Paybles	(3.1)	(3.5)	24.2
Change in other Assets/Liabilities	(18.4)	(0.1)	1.1
Change in NWC	(31.6)	2.4	32.2

- Strong FCF in the first half of € 44.4M
- Strong FCF performance has been driven by a Change in NWC of (€ 32.2 M) due to:
 - A decrease in inventory of € 11.4M due to less volumes in stock s well as a lower average coffee price of the main origins;
 - A strong increase in Paybles of € 24.2M mostly due to a change in contractual payment terms with raw materials supplier;
 - Capex in line with H1 2015

H1 2016 Net Debt Evolution

(€M)



Debt Profile	December 2015	June 2016
Fixed Interest rate	41%	31%
Variable Interest rate	59%	69%
Euro	70%	74%
USD	30%	26%

- The Net Financial Position decreased by € 24.0M thanks to the strong FCF generated in the period;
- Long term debt profile confirms the decreasing trend in the fixed interest rate facilities which are also the ones with the higher interest rate.

2016 Outlook

H1 2016 Financial Results

Volumes +6.7%

Gross Profit +7.8%

EBITDA Adj. +13.3%

Net Debt €161.6 M

2016 Outlook*

Volumes ~+2.0% - ~+3.0%

Gross Profit ~ +4.0% - ~+6.0%

EBITDA Adj. ~ +4.0% - ~ +6.0%

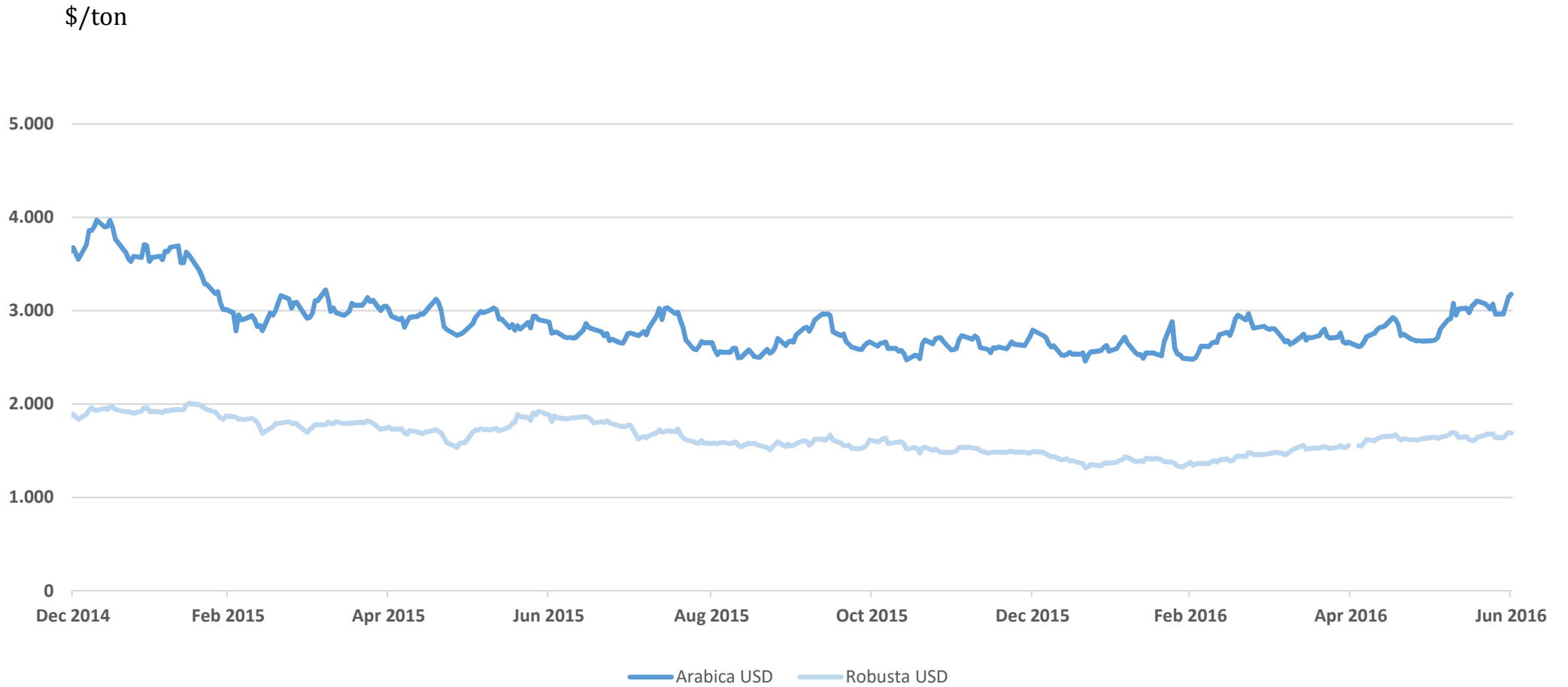
Net Debt € <170.0 M

- In FY16 the positive benefits of lower raw material and packaging costs in addition to operational efficiencies will be utilized to invest in brands, organization and systems. FY 2016 will be a foundational building year however will still deliver solid top line and bottom line growth and position the company well for future EBITDA margin improvements.
- The guidance provided to market did not include the impact of Nutricafés and in general M&A as well as extraordinary items.



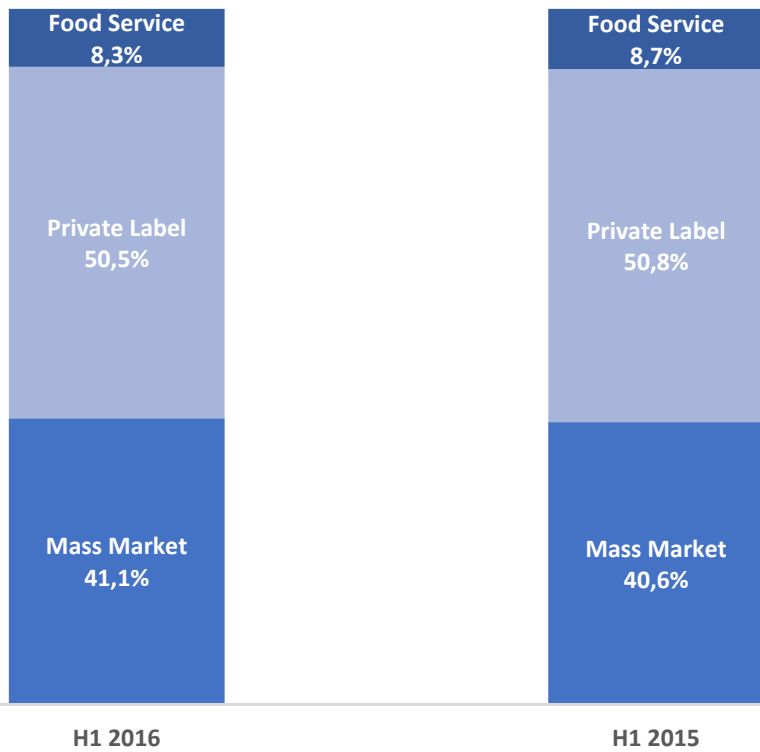
Appendix

Green Coffee Price 2015 -2016

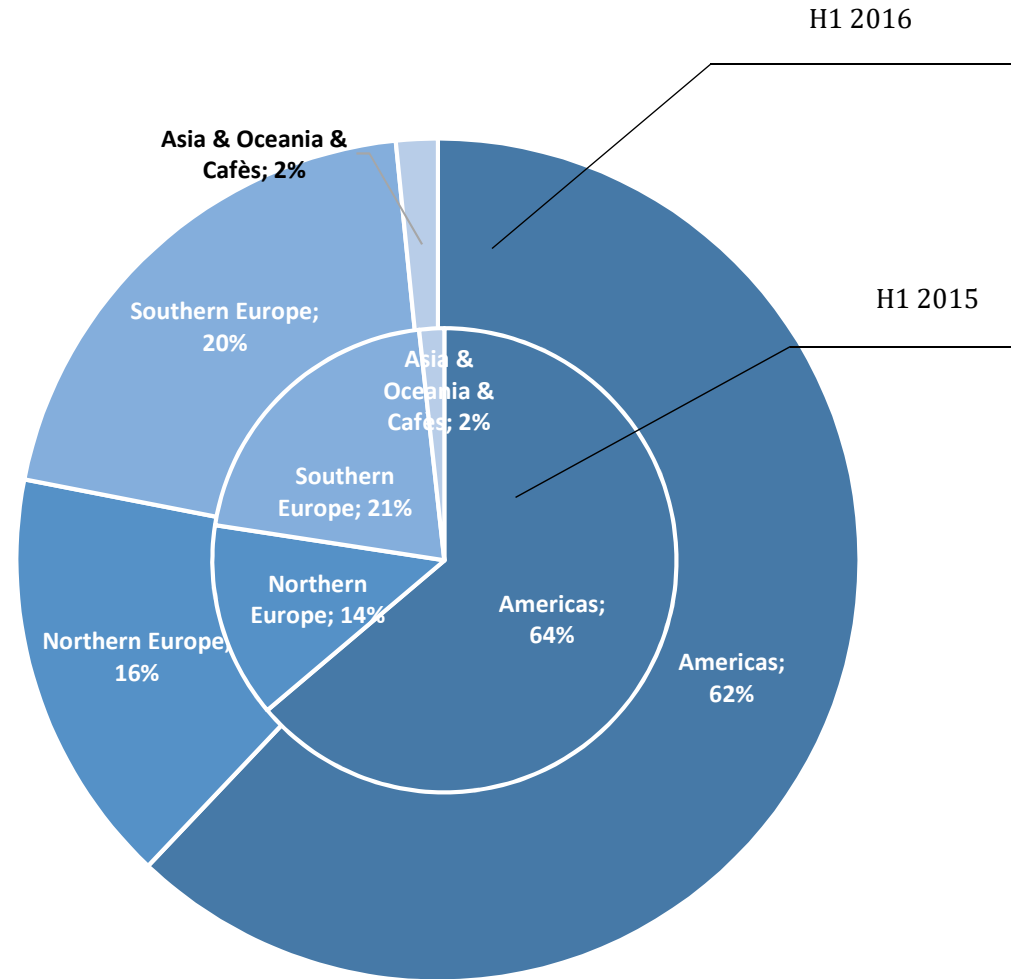


Volume Breakdown

By Channel (%)

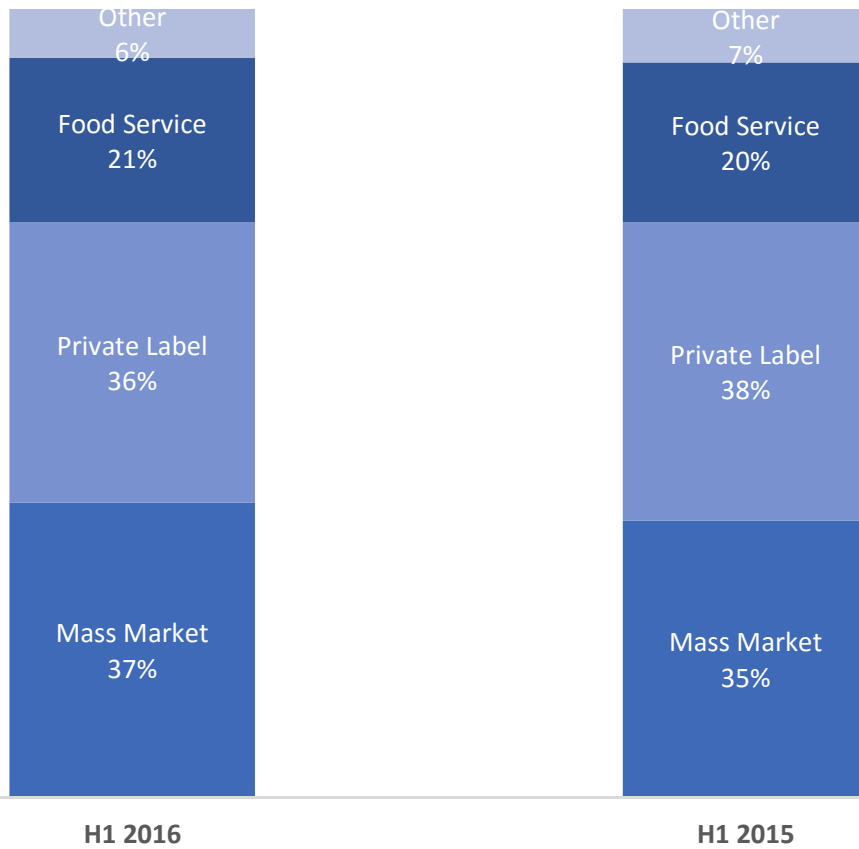


By geography (%)

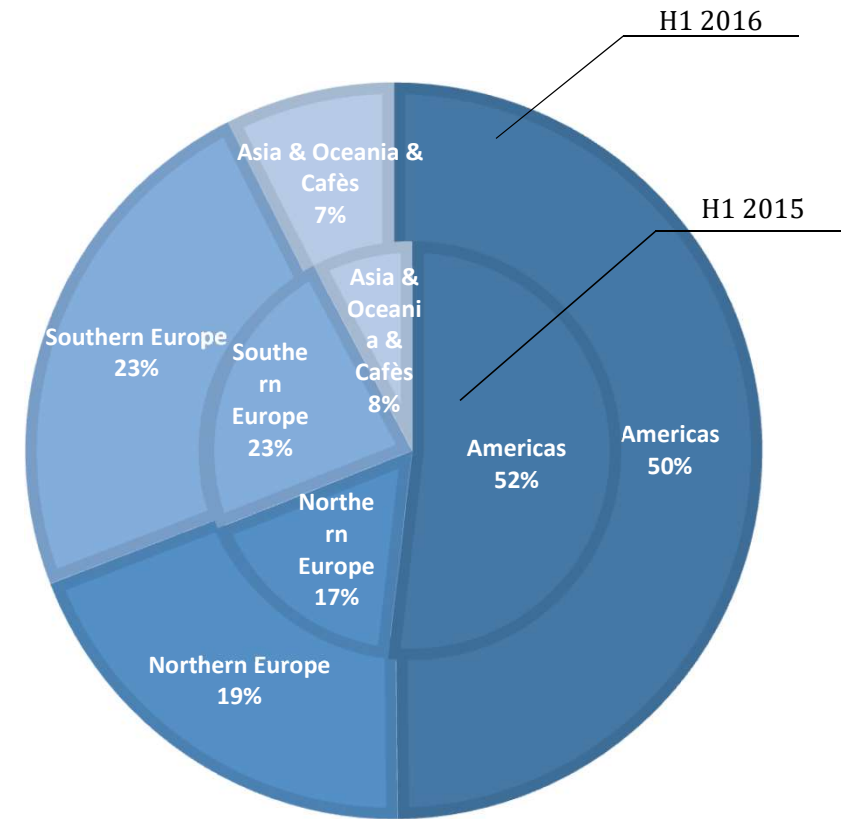


Revenue Breakdown

By Channel (%)

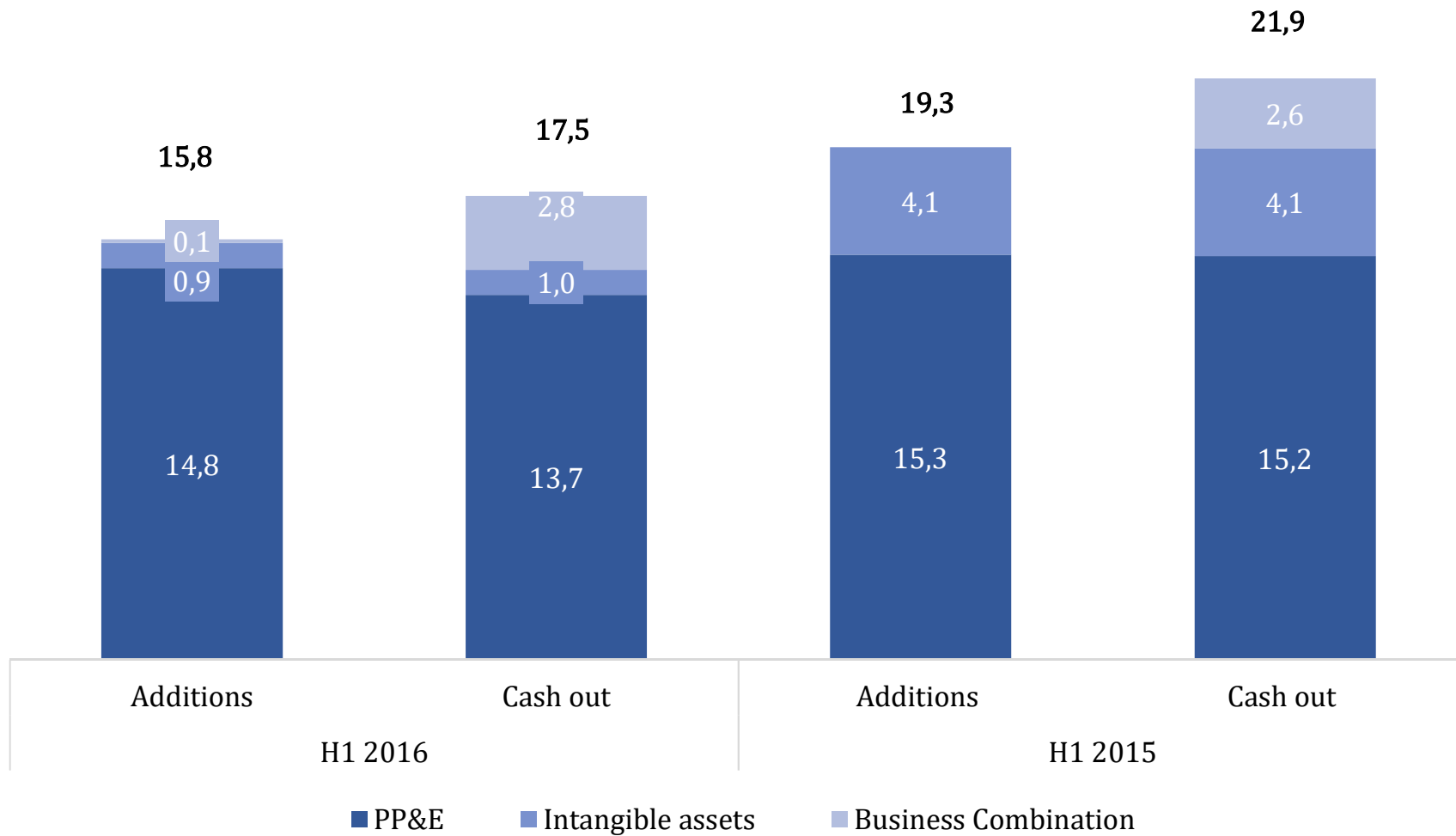


By geography (%)



Capex Profile

(€M)



H1 2016 Consolidated Income Statement

<i>(in thousands of euro)</i>	Six months ended June 30	
	2016	2015*
Revenue	442,728	450,522
Other income	3,009	2,884
Purchases of goods	-258,482	-279,614
Purchases of services, leases and rentals	-85,471	-83,209
Personnel costs	-69,141	-62,104
Other operating costs	-3,530	-5,726
Amortization, depreciation and impairment	-17,961	-17,422
Operating profit	11,152	5,331
Finance income	130	94
Finance costs	-2,940	-4,440
Profit before tax	8,342	985
Income tax expense	-3,186	-401
Profit for the period	5,156	584
Profit attributable to:		
<i>Non-controlling interests</i>	<i>112</i>	<i>89</i>
<i>Owners of the parent</i>	<i>5,044</i>	<i>495</i>
Earnings per share basic / diluted (in Euro)	0.15	0.02

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

H1 Consolidated Statement of Financial Position

<i>(in thousands of euro)</i>	As of June 30, 2016	As of December 31, 2015
Intangible assets	117,915	117,834
Property, plant and equipment	208,665	208,871
Investment properties	4,370	4,422
Investments in joint venture	10,507	138
Non-current trade receivables	13,735	13,783
Deferred tax assets	11,383	11,046
Other non-current assets	6,392	5,865
Total non-current assets	372,967	361,959
Inventories	122,119	134,807
Trade receivables	117,959	115,950
Income tax assets	4,273	3,242
Other current assets	12,200	12,464
Cash and cash equivalents	28,493	25,574
Total current assets	285,044	292,037
Total assets	658,011	653,996
Share capital	34,300	34,300
Other reserves	117,639	121,803
Retained earnings	139,336	135,786
Equity attributable to owners of the parent	291,275	291,889
Non-controlling interests	1,905	1,797
Total equity	293,180	293,686
Non-current borrowings	103,094	98,338
Employee benefits	9,282	9,624
Other non-current provisions	2,305	2,258
Deferred tax liabilities	24,825	24,008
Other non-current liabilities	5,745	5,881
Total non-current liabilities	145,251	140,109
Current borrowings	87,089	113,100
Trade payables	105,061	80,745
Income tax liabilities	1,114	620
Other current liabilities	26,316	25,736
Total current liabilities	219,580	220,201
Total liabilities	364,831	360,310
Total equity and liabilities	658,011	653,996

H1 Consolidated Statement of Cash Flows

<i>(in thousands of Euro)</i>	Six months ended June 30	
	2016	2015*
Profit before tax	8,342	985
Adjustments for:		
Depreciation, amortization and impairment	17,961	17,422
Provisions for employee benefits and other charges	274	224
Finance expense	2,810	4,346
Other non-monetary items	144	-423
Net cash generated from operating activities before changes in working capital	29,531	22,554
Increase in inventory	11,410	-13,026
Decrease/(increase) in trade receivables	-5,098	2,882
Decrease in trade payables	24,217	-3,096
(Increase)/decrease in other assets/liabilities	2,459	-18,237
Payments of employee benefits	-797	-118
Interest paid	-3,640	-4,816
Income tax paid	-3,090	-4,939
Net cash (used in) generated from operating activities	54,992	-18,796
Acquisition of subsidiary, net of cash acquired	-148	-2,640
Investments in Entities under Common Control, net of cash	-2,624	-
Purchase of property, plant and equipment	-13,738	-15,253
Purchase of intangible assets	-949	-4,054
Proceeds from sale of property, plant and equipment	412	418
Proceeds from sale of intangible assets	49	328
Investments in Joint Ventures	-10,139	-
Increase in financial receivables	-187	-30
Interest received	92	205
Net cash used in investing activities	-27,232	-21,026
Proceeds from borrowings	20,000	35,837
Repayment of borrowings	-12,016	-81,175
Increase in short-term loans	-29,537	18,825
Proceeds from sale of shares	-	69,659
Dividends paid to non-controlling interests	-3,087	-
Net cash generated from financing activities	-24,640	43,146
Exchange gains on cash and cash equivalents	-201	443
Net increase/(decrease) in cash and cash equivalents	2,919	3,767
Cash and cash equivalents at the beginning of the period	25,574	18,302
Cash and cash equivalents at the end of the period	28,493	22,069

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

Non-GAAP Measure Reconciliation

<i>(in thousands of Euro)</i>	H1 2016	H1 2015*
Gross Profit (1)	184,246	170,908
Purchases of services, leases and rentals	-85,471	-83,209
Personnel costs	-69,141	-62,104
Other operating costs, net (2)	-521	-2,842
Impairment (3)	-2,433	-1,879
EBITDA	26,680	20,874
Non-recurring expense (4)	-	2,665
Adjusted EBITDA (1)	26,680	23539

*Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafé Group of entities

- (1) Non-GAAP Measures
- (2) Includes other revenue and other operating costs
- (3) Includes impairment of receivables
- (4) Includes costs related to the IPO

2015 Volume and Revenue by quarter restated by new geographical area

Volumes in Tons	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Americas	18,497	19,579	20,253	22,655	80,984
Northern Europe	3,725	4,395	5,342	4,927	18,390
Southern Europe	5,943	6,481	6,760	6,773	25,957
Asia , Pacific and Cafés*	531	507	479	570	2,087
Total	28,697	30,962	32,834	34,926	127,418

Revenue €M	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Americas	114.6	119.0	124.1	129.7	487.4
Northern Europe	36.0	41.1	45.4	44.6	167.2
Southern Europe	49.3	55.4	55.0	56.5	216.2
Asia , Pacific and Cafés*	17.4	17.7	16.8	19.0	70.9
Total	217.3	233.3	241.3	249.9	941.7

(*) This geographical area includes also revenue related cafés.

Massimo Zanetti

MASSIMO ZANETTI
BEVERAGE GROUP



Q&A Session

