Massimo Zanetti Beverage Group

Nine Months 2018 Results Presentation

November 8, 2018

MASSIMO ZANETTI
BEVERAGE GROUP

9M 2018 HIGHLIGHTS

- Continuous improvement in channel, product mix with a solid growth of APAC region
- Slight decrease, at constant FX, of revenues due to:
  - small decline of volume
  - reduction in sales prices as a consequence of the decrease in raw material cost
- Gross Profit (Euro/kg) increased 5% due to the positive impact of the sales mix and lower average cost of raw material
- Confirmed FY2018 expectation of a continuous increase in profitability

La San Marco: Leva Class® V6
TriestEspresso Expo, October 25, 2018

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BEVERAGE GROUP

9M 2018 RESULTS

- Total revenues: Euro 654.0 million, -3.7% on a comparable basis*
- Volume: 93,400 tons -2.2%
- Gross Profit: Euro 285.8 million, with the margin on revenues of 43.7%, compared with 41.2% of 9M 2017, an increase of +250 basis points
- EBITDA: Euro 50.6 million, +2.8% , +5.0% on a comparable basis*
- Net income: Euro 12.4 million, +50.9%
- Net debt: Euro 201.0 million vs 191.0 million as of December 31, 2017

* comparable basis: excluding FX and IFRS 15 impact

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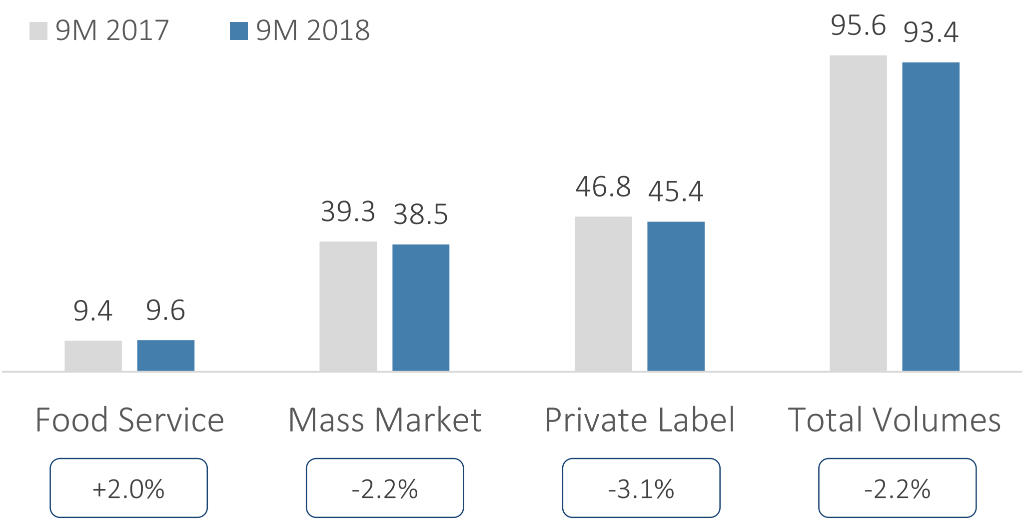
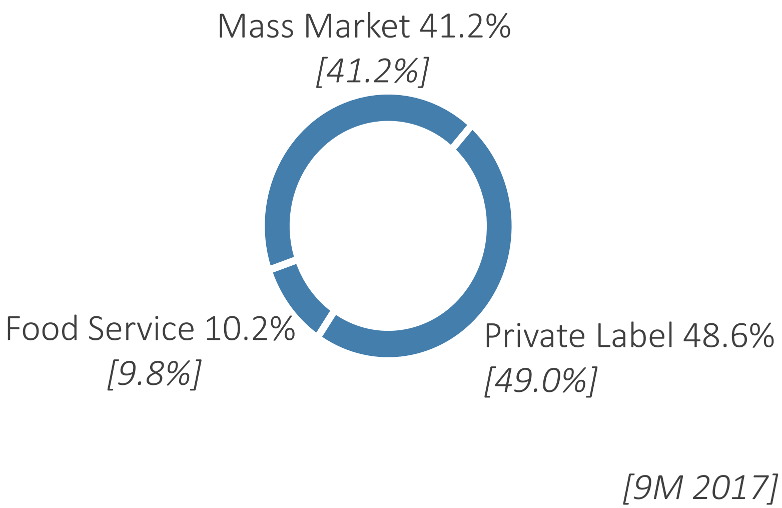
VOLUME BY CHANNEL

Roasted coffee volumes sold by distribution channel
Tons/000





- Food Service: +2.0%, showing a solid growth of Americas and Apac and a substantially stable performance of Europe
- Mass Market: -2.2%, driven by softness in the Americas, nearly offset by the growth of all other regions
- Private Label: -3.1% mainly led by softness in the QSR (Quick Service Restaurant) category in US

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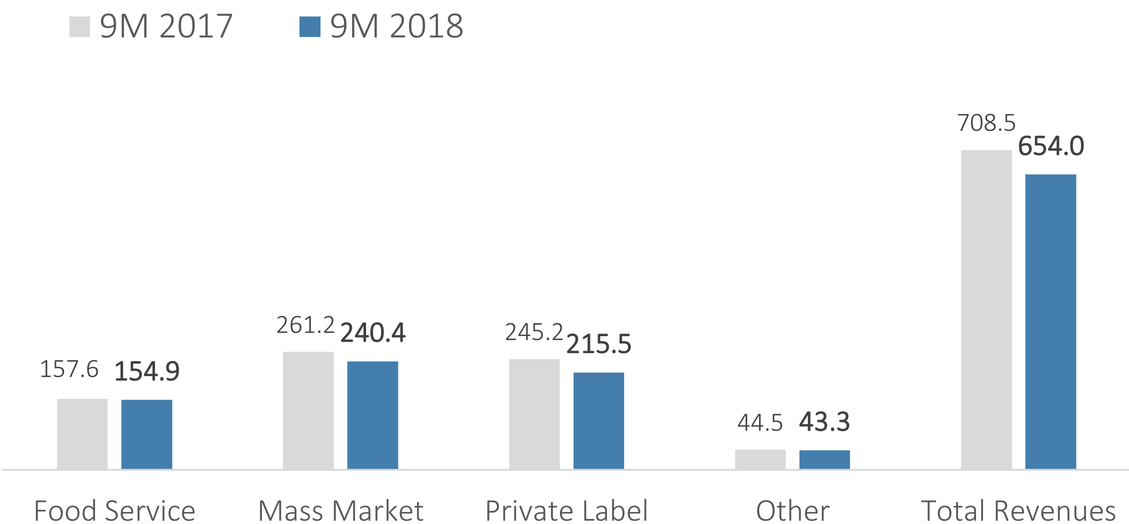
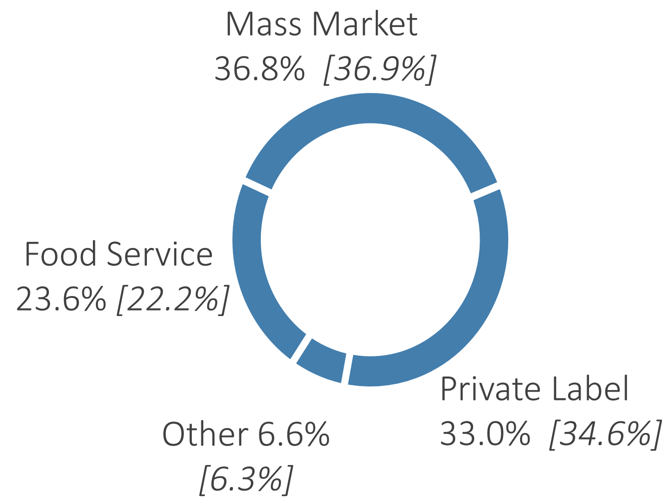
REVENUES BY CHANNEL



Food Service	Mass Market	Private Label	Other	Total Revenues
-1.8%	-7.9%	-12.1%	-2.8%	-7.7%
+0.1% comparable basis*	**-4.2% comparable basis***	**-6.6% comparable basis***	**+0.9% comparable basis***	**-3.7% comparable basis***



[9M 2017]

- Revenues by channel, on a comparable basis, is linked to volume performance, as highlighted in the previous slide, and a slight reduction in sales prices, in particular in mass market and private label channels, as a consequence of the decrease in raw material cost

* *comparable basis: excluding FX and IFRS 15 impact* *(all datas are in Euro million)*

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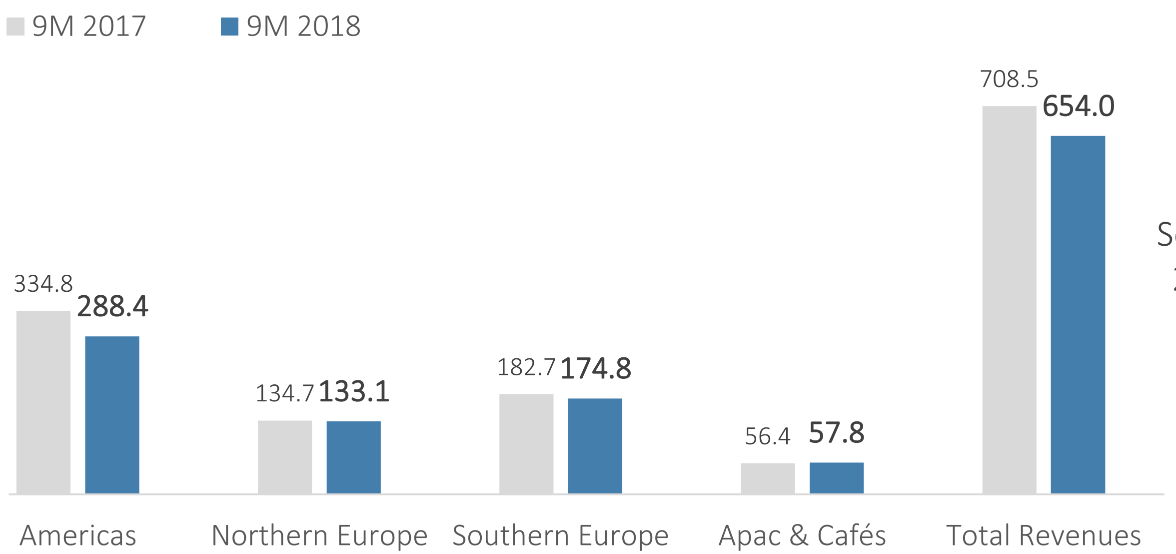
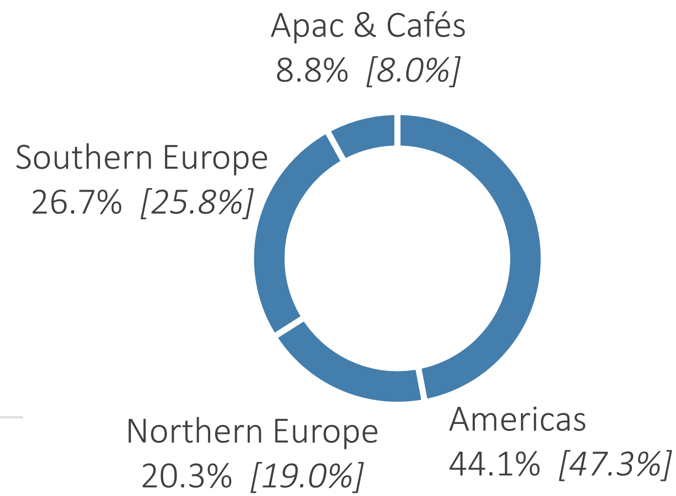
REVENUES BY REGION





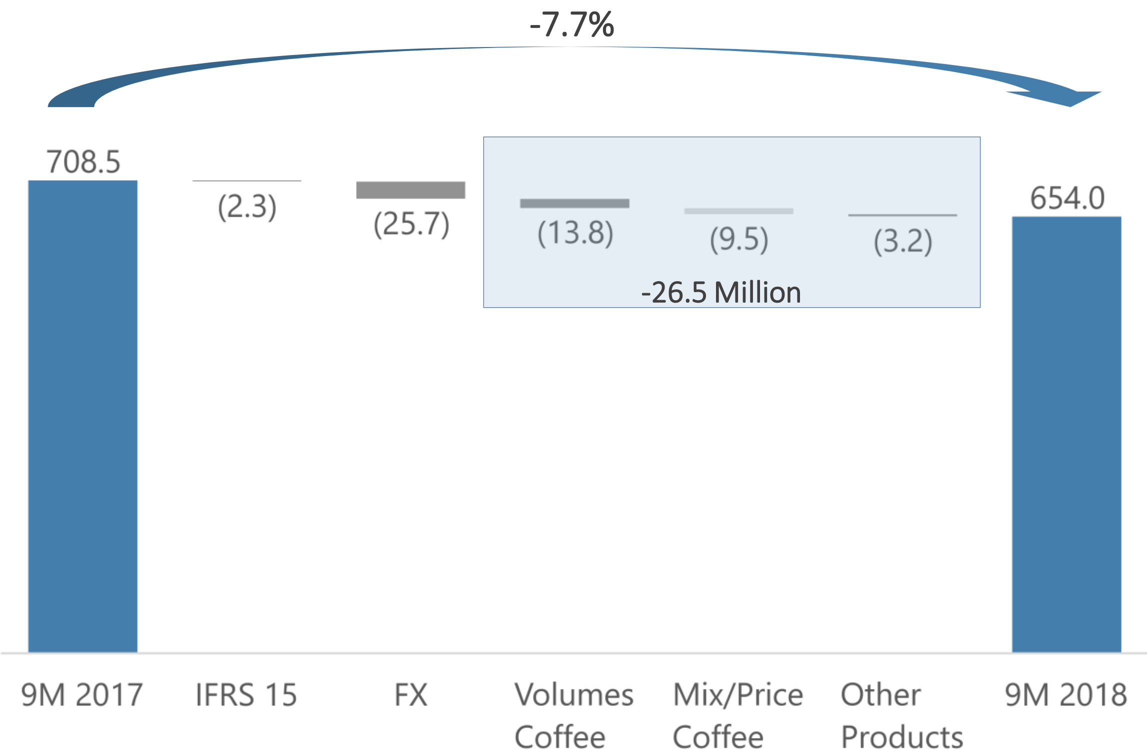
[9M 2017]

Americas	Northern Europe	Southern Europe	Apac & Cafés	Total Revenues
-13.8%	-1.2%	-4.3%	+2.5%	-7.7%
-6.9% comparable basis*	**-2.0% comparable basis***	**-2.5% comparable basis***	**+6.8% comparable basis***	**-3.7% comparable basis***

- Americas: -6.9% on a comparable basis is explained by the Mass Market and Private Label channel while Food Service is growing
- European performance is mostly explained by the price mix, as a result of the decrease of the raw material cost
- Apac & Cafés: +6.8% on a comparable basis with all channels contributing to the growth

** comparable basis: excluding FX and IFRS 15 impact* *(all datas are in Euro million)*

REVENUE BRIDGE



The performance on a comparable basis* was a decline of 3.7% (26.5 million) due to:

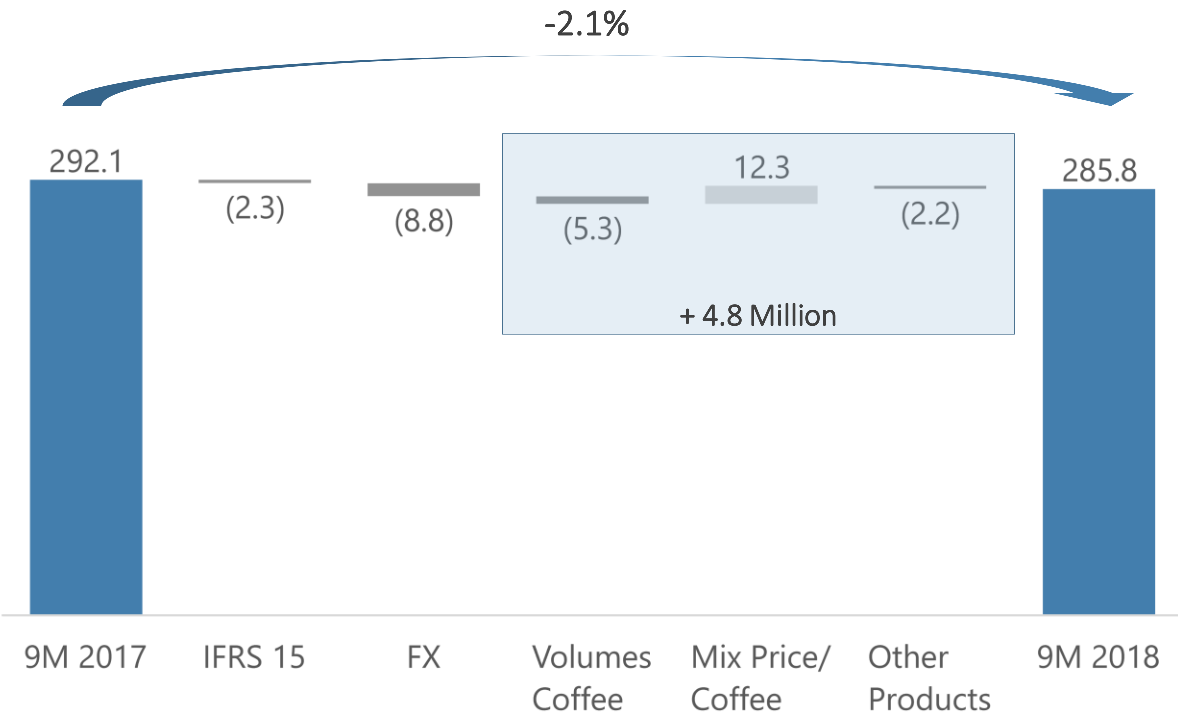
- Decline in volumes for Euro 13.8 million;
- Price mix for Euro 9.5 million as a result of the decrease in raw material cost;
- Other products decreasing Euro 3.2 million.

9M 2018 revenues decreased Euro 54.5 million (-7.7%):

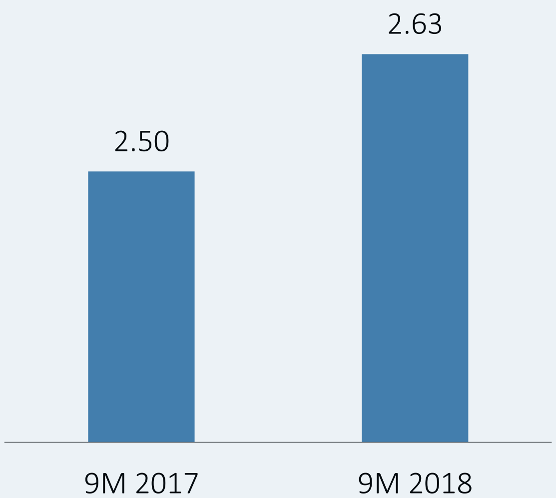
- FX fluctuation negative impact for Euro 25.7 million
- on a comparable basis the decrease was 26.5 million (-3.7%)*

** Comparable basis: excluding FX and IFRS 15 impact*

GROSS PROFIT



Organic * coffee Gross profit (€/kg)



Organic Coffee Gross Profit per Kg improved 5%

Gross Profit decreased by Euro 6.3 million (-2.1%):

- FX negatively affecting by Euro 8.8 million
- Gross Profit, on a comparable basis*, increased Euro 4.8 million

Gross Profit in % on Revenues increased 250 basis points (from 41.2% to 43.7%)

** comparable basis or organic: excluding FX and IFRS 15 impact*

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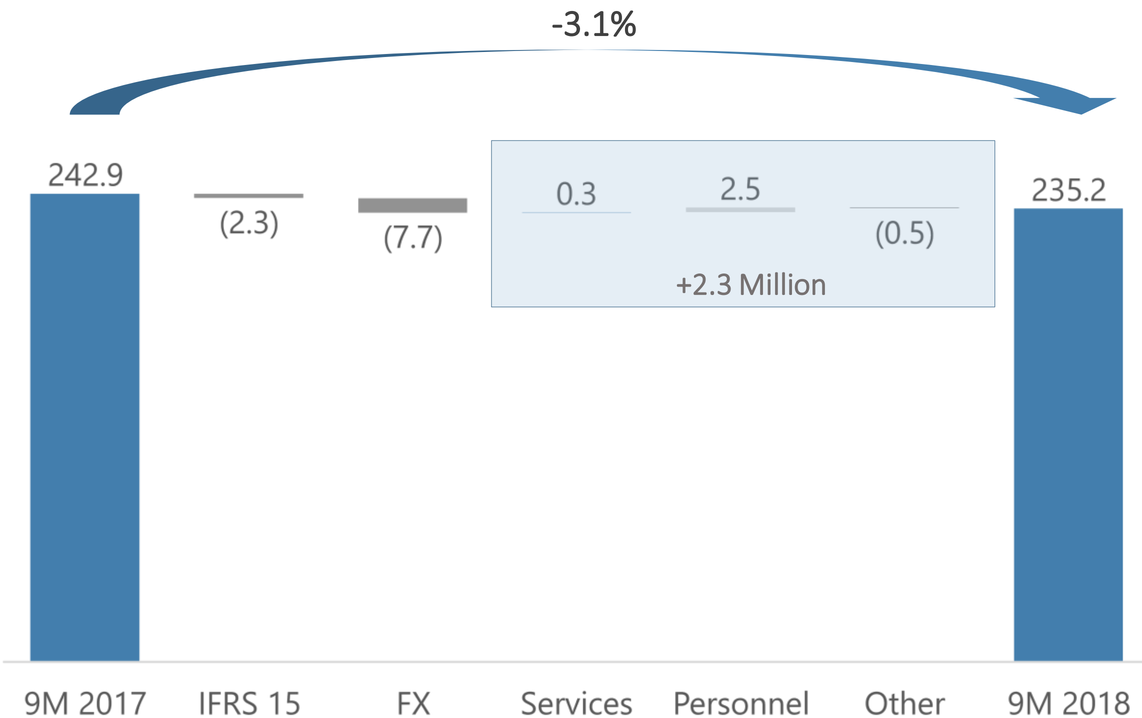
OPERATING EXPENSES



ORGANIC* OPERATING EXPENSES	9M 2017	9M 2018	Delta
Services	132.3	132.6	0.3
Personnel	106.4	108.9	2.5
Other costs	1.9	1.4	(0.5)
TOTAL	240.6	242.9	2.3

**Excluding the impact of FX and IFRS 15*
(figures in Euro million)

Operating expenses decreased by Euro 7.7 million:

- FX positively affecting costs for Euro 7.7 million
- Organic operating expenses nearly stable (Euro +2.3 million)

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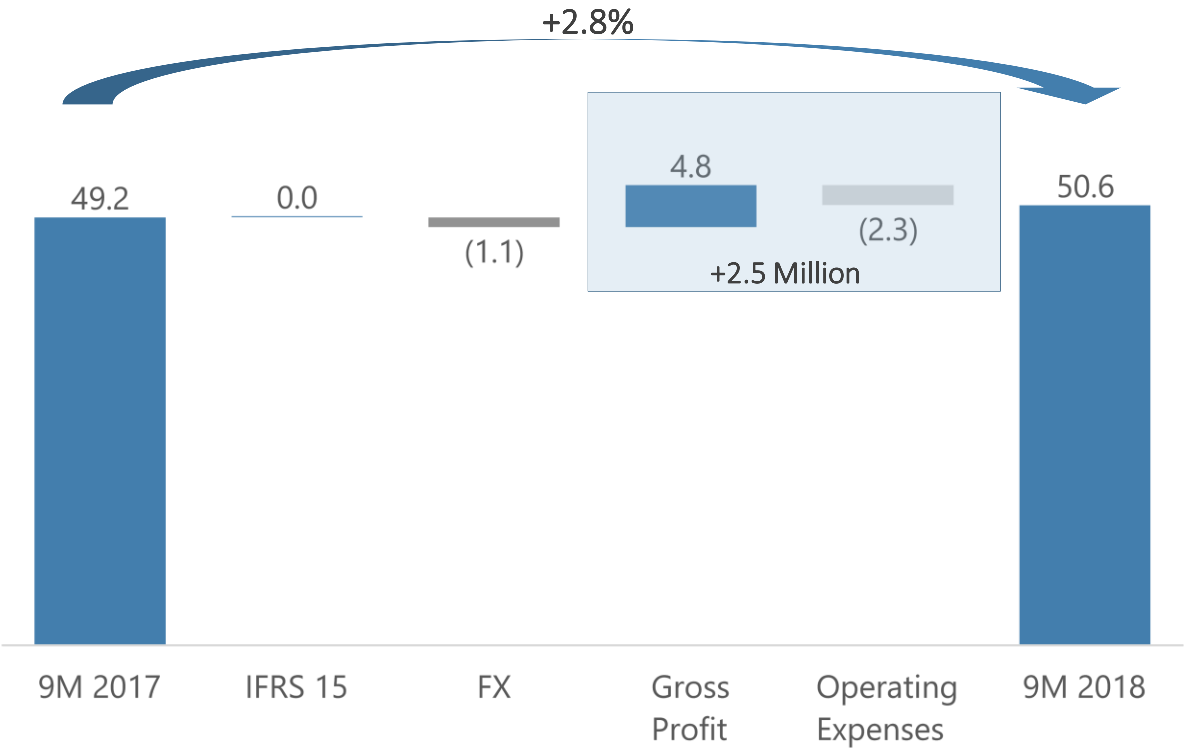
EBITDA



EBITDA reached Euro 50.6 million with the margin coming at 7.7% of revenues, an increase of 80 basis points

EBITDA increased by 2.8% (+5.0% excluding FX):

- Organic gross profit increased by Euro 4.8 million
- Organic operating expenses increased by Euro 2.3 million

(all figures in Euro million)

INCOME STATEMENT

Euro.million	9M 2018		9M 2017		Change	
Revenues	654.0	100.0%	708.5	100.0%	-54.5	-7.7%
Purchases of Goods	-368.2	-56.3%	-416.5	-58.8%	48.2	-11.6%
Gross Profit	**285.8**	**43.7%**	**292.1**	**41.2%**	**-6.3**	**-2.1%**
Services, leases and rentals	-128.8	-19.7%	-134.9	-19.0%	6.1	-4.5%
Personnel costs	-105.1	-16.1%	-107.8	-15.2%	2.8	-2.6%
Other operating cost	0.6	0.1%	0.2	0.0%	0.4	218.9%
Impairment	-1.9	-0.3%	-2.1	-0.3%	0.1	-6.7%
EBITDA	**50.6**	**7.7%**	**47.4**	**6.7%**	**3.1**	**6.6%**
Non recurring items	0.0	0.0%	1.8	0.2%	-1.8	-100.0%
EBITDA Adjusted	**50.6**	**7.7%**	**49.2**	**6.9%**	**1.4**	**2.8%**
D&A	-26.9	-4.1%	-27.6	-3.9%	0.7	-2.6%
EBIT	**23.7**	**3.6%**	**19.8**	**2.8%**	**3.9**	**19.6%**
Net finance income (costs)	-5.0	-0.8%	-6.0	-0.8%	1.0	-16.6%
Profit (loss) on equity consolidated companies	-0.8	-0.1%	-0.5	-0.1%	-0.4	76.3%
Profit Before Tax	**17.9**	**2.7%**	**13.3**	**1.9%**	**4.5**	**33.8%**
Income Tax expense	-5.5	-0.8%	-5.1	-0.7%	-0.3	6.5%
Tax rate	30.6%		38.5%			
Net Income	12.4	1.9%	8.2	1.2%	4.2	50.9%

FREE CASH FLOW AND CHANGE IN NET WORKING CAPITAL

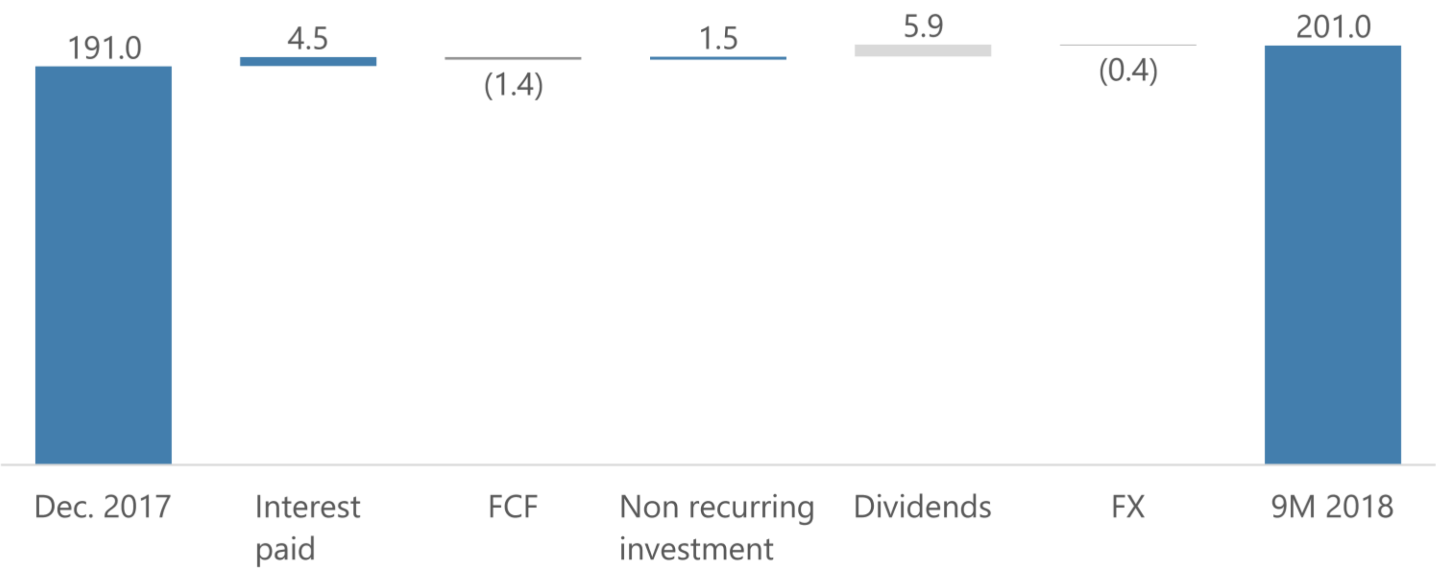
(Euro. M)	9M 2018	9M 2017
EBITDA	50.6	49.2
Change in NWC	(24.5)	(30.3)
CAPEX	(20.7)	(26.2)
Taxes	(6.3)	(4.0)
Others	2.3	2.0
FREE CASH FLOW	1.4	(9.3)

(Euro. M)	9M 2018	9M 2017
Change in Inventories	(9.6)	(17.4)
Change in Trade Receivables	(2.8)	(11.5)
Change in Trade Payables	(5.5)	1.2
Change in Other Asset/Liabilities	(6.6)	(2.5)
Change in Net Working Capital	(24.5)	(30.3)

The Free Cash Flow generated Euro 1.4 million, compared with a cash absorbtion of Euro 9.3 milion in 9M 2017. This improvement is mainly related to the Net Working Capital performance, as a result of:

- Lower cash absorption from inventory
- Improvement in inventory and receivables

NET DEBT



Debt Profile	December 2017	September 2018
Fixed Interest Rate	45%	48%
Variable Interest Rate	55%	52%
EURO	88%	89%
USD	12%	11%

(all figures in Euro million)

OUTLOOK FOR FY 2018

In view of the results achieved in the nine months of 2018 and considering current trends as well as assuming the absence of extraordinary transactions, management expectation for 2018 is:

- Revenue on a comparable basis* substantially in line with 2017
- EBITDA *adjusted** increase of approximately 5.0%
- Net Debt below Euro 180 million.

** on a comparable basis: at constant exchange rates and with the retrospective application of IFRS 15 on 2017 revenue.*

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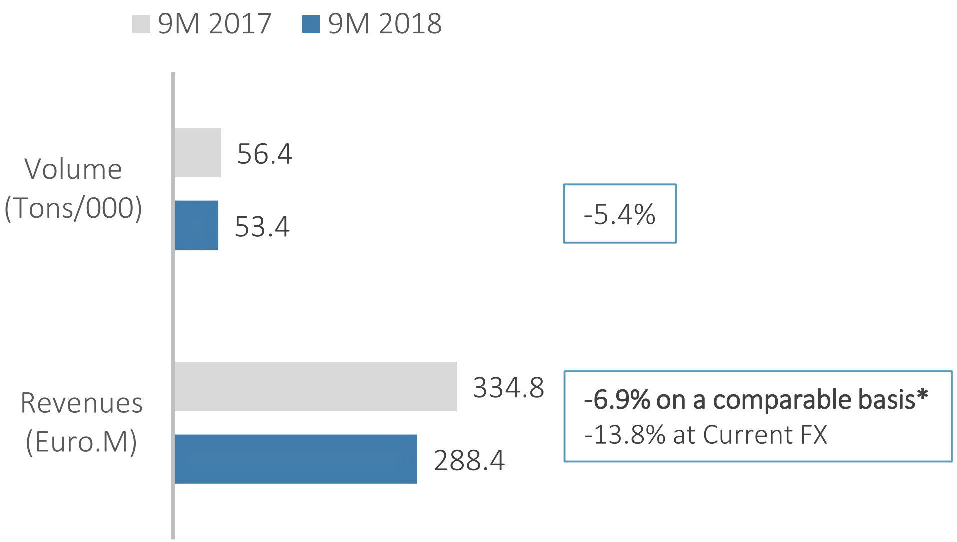
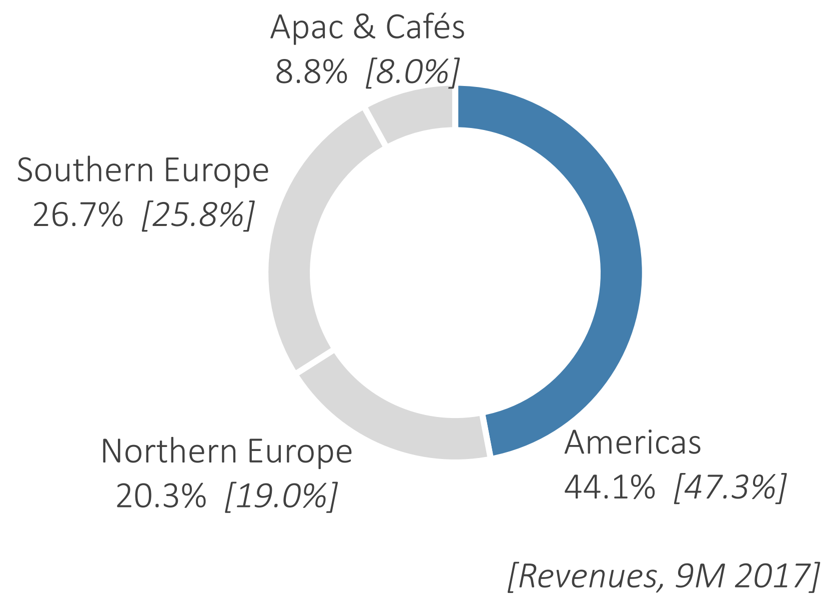
ANNEX


ESPRESSO SAN MARCO
N°10 NAPOLI
PUISSANT ET CORSÉ
CAPSULE DE CAFÉ BIODÉGRADABLE COMPOSTABLE
N°9 VENEZIA
INTENSE ET ROND
N°8 LUNGO
INTENSE ET AROMATIQUE
N°8 VERONA
RICHE ET SUBTIL
x10


CAFÉ SAN MARCO
Vous en avez assez de consommer des capsules qui impactent notre environnement ? Vous avez le sentiment de polluer, chaque jour, un peu plus la planète ? Aujourd'hui, votre consommation peut avoir un impact positif. C'est pour cela que San Marco a inventé
la 1ère capsule de café
COMPOSTABLE, BIODÉGRADABLE
éco conçue, sans aluminium, sans emballage individuel tout en conservant tous les arômes de votre café, et compatible avec votre machine Nespresso®**.
PER AMORE DEL CAFFÈ.*
*Par amour du café
** Marque appartenant à un tiers n'ayant aucun lien avec Segafredo Zanetti France S.A.S. et Massimo Zanetti Beverage Group S.p.A.

FOCUS ON AMERICAS





- Branded Food Service volume grew across the region with expansion in commercial and work place segments; Food Service branded volume in the U.S. (and in particular the Segafredo Brand) is up low teens
- North America volume decline is related largely to one large private label customer and continued weakness in the mainstream canned and value segments of the mass market
- Standard margins continued to be strong despite revenue declines driven by lower volumes and pricing resulting from historically low green coffee prices
- Effective cost control and efficiency improvements drove savings across the region helping to offset volume weakness and competitive environment

** comparable basis: excluding FX and IFRS 15 impact*

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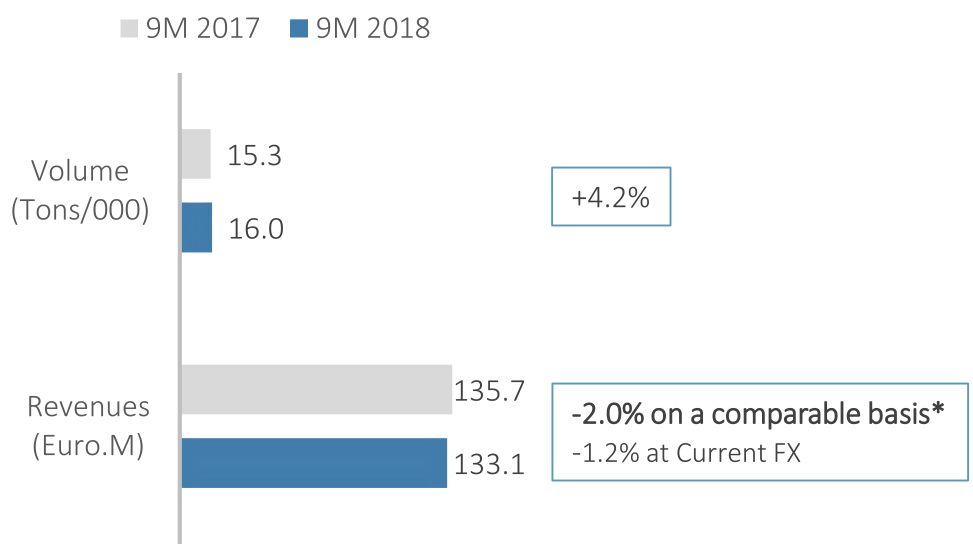
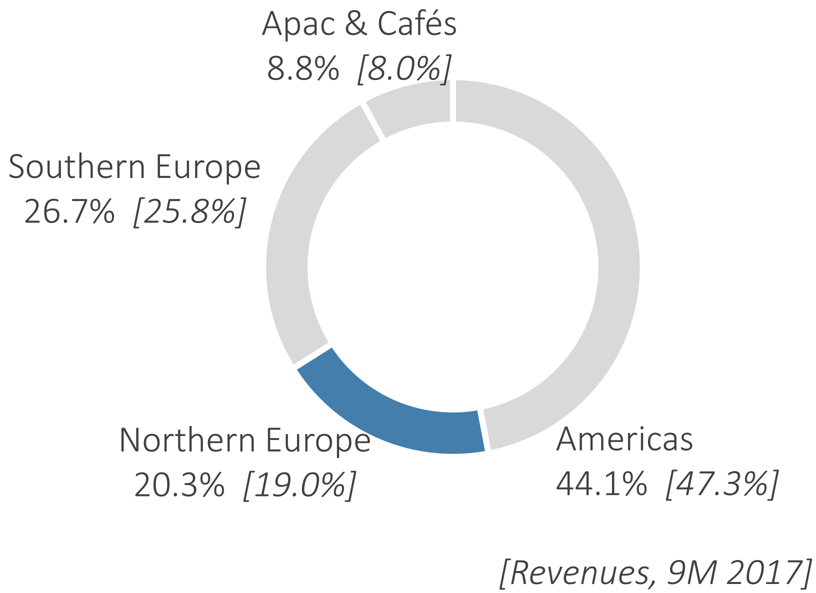
FOCUS ON NORTHERN EUROPE

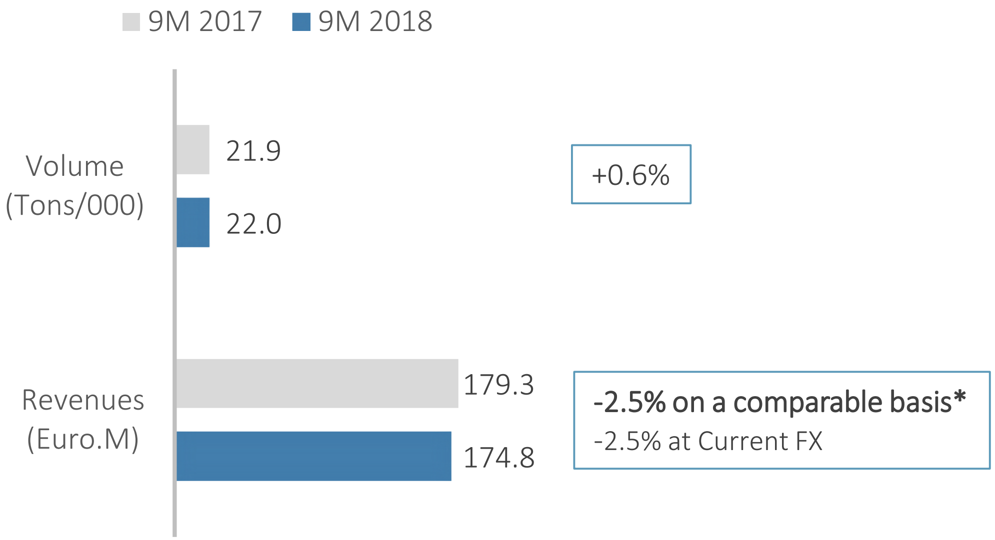


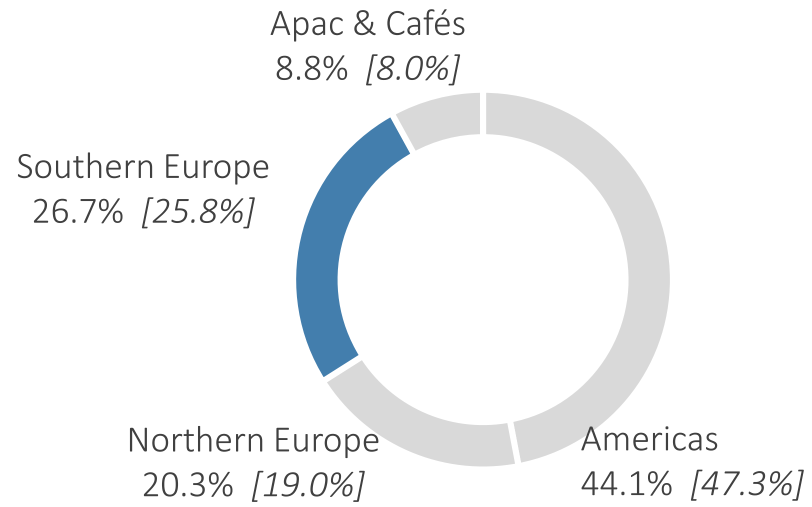


- Volume benefited from positive performance in particularly in Mass Market channel thanks to new products, distribution expansion and significant increase in media and promotion
- Sales performance reflects the effects of the lower raw material price. Hence, gross margin per kg did improve significantly in all channels
- Continued expansion in all markets of new premium products, particularly fair trade and organic products, are driving higher margins. In Finland Kulta Katrina is the leader in the organic segment; in the Netherlands SZ Organic and in UK Brodies Fair Trade and Organic continue to trend strongly
- Overall the share of premium products continues to expand, reflecting the strategy to grow this higher ASP margin segment

** comparable basis: excluding FX and IFRS 15 impact*

FOCUS ON SOUTHERN EUROPE





[Revenues, 9M 2017]

- Volume benefited from positive performance particularly in Mass Market channel thanks to new products and a very effective communication, especially in France where new TV commercial on San Marco brand is bringing positive results
- In Italy the new commercial organization in Food Service is delivering according to plan: increased focus on high traffic/high visibility locations (shopping malls, city centres)
- Sales reflects the effects of the lower raw material price. Hence gross margin per kg did improve significantly in all channels
- France increasing and enlarging assortment of San Marco with the recent launch – first on the market - of a range of biodegradable, compostable and organic Nespresso compatible capsules

** comparable basis: excluding FX and IFRS 15 impact*

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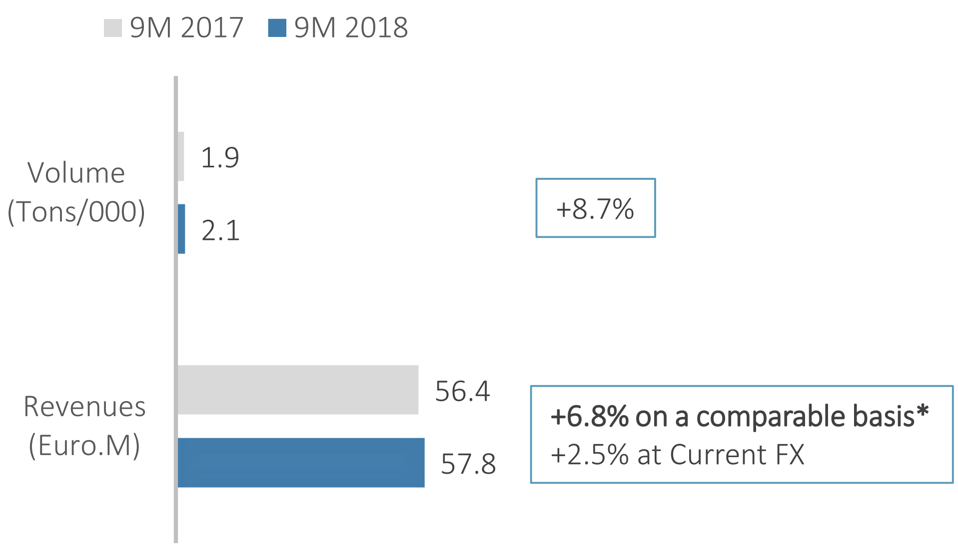
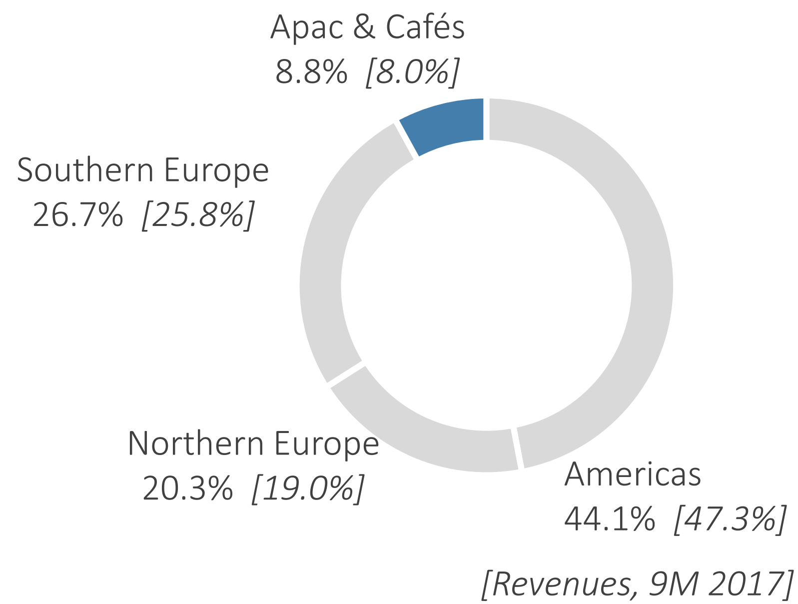
FOCUS ON ASIA PACIFIC AND CAFÉS





- Volume and sales increased in all distribution channels.
- On October 29 has been signed an agreement to acquire the business and assets of "The Bean Alliance", an Australian group with a portfolio of premium brands. In fiscal year ended June 30 2018 The Bean Alliance reached AUD 24.5 million and normalized EBITDA was AUD 3.0 million. The acquisition, driven by a strong complement of the product range and the commercial and industrial synergies, strengthens Massimo Zanetti Beverage Group in the Australian market and opens up an additional development opportunity in the APAC market. The acquisition price is AUD 24.0 million (Euro 14.9 million) with net financial position equal to zero. Furthermore, the agreement provides for a potential earn-out to be paid in three annual instalments, starting from 31 January 2020, should the specific annual qualitative and quantitative targets agreed be achieved. The deal is expected to close by end of January 2019.

** comparable basis: excluding FX and IFRS 15 impact*

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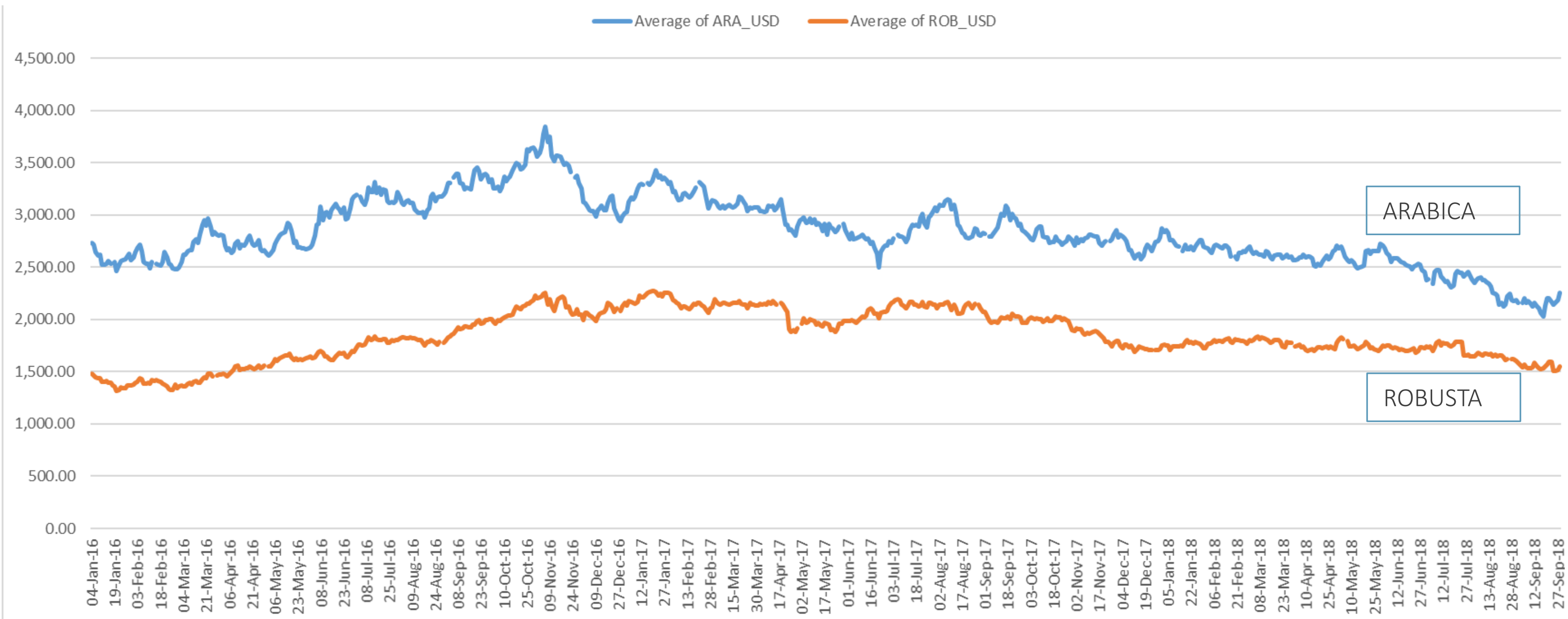
GREEN COFFEE PRICE

USD



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ASSET & LIABILITIES

Euro.million	9M 2018	2017
Intangible assets	182.0	183.2
Property, plant and equipment and investment properties	216.2	217.7
Investments in joint ventures and associates	10.3	9.6
Non current advances and trade receivables	2.7	3.1
Deferred tax assets and other non current assets	25.8	23.9
Non current assets	**436.9**	**437.6**
Net working capital	**115.1**	**92.2**
Employee benefits	(8.7)	(9.0)
Other non current provisions	(3.1)	(3.0)
Deferred tax liabilities and other non current liabilities	(28.9)	(25.9)
Non current liabilities	**(40.7)**	**(37.9)**
Net Invested Capital	**511.3**	**491.8**
	-	
Equity	310.3	300.9
Net debt	201.0	191.0
Sources of financing	**511.3**	**491.8**

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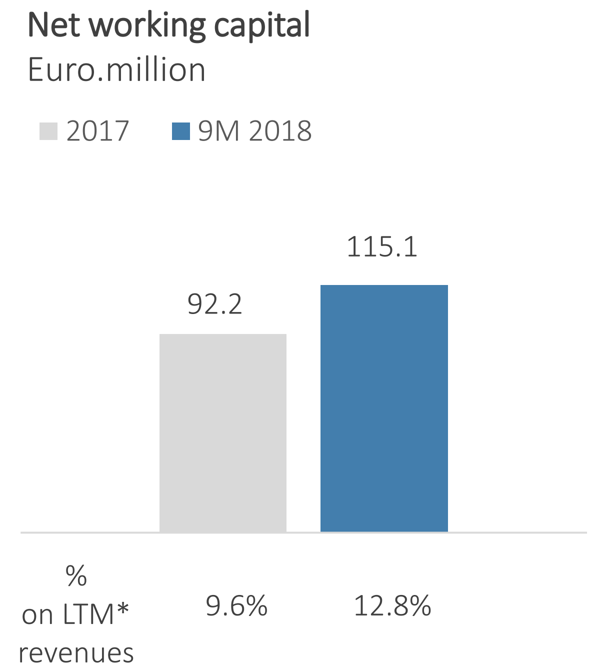
NET WORKING CAPITAL

Euro.million	**9M 2018**	**2017**
Inventories	139.4	128.0
Trade receivables	122.2	123.4
Income tax assets	4.2	2.0
Other current assets	17.4	15.9
Trade payables	(135.7)	(139.3)
Income tax liabilities	(1.7)	(1.4)
Other current liabilities	(30.7)	(36.3)
Net working capital	**115.1**	**92.2**
% on LTM revenues	12.8%	9.6%



** LTM: Last Twelve Months*

CASH FLOW

Euro.million	9M 2018	9M 2017
EBITDA	50.6	49.2
Change in Net Working Capital	(24.5)	(30.3)
Net recurring investments	(20.7)	(26.2)
Income tax paid	(6.3)	(4.0)
Other operating items	2.3	2.0
Free Cash Flow	**1.4**	**(9.3)**
Net non recurring investments	(1.2)	(3.4)
Investments in financial receivables	(3.1)	0.5
Interest paid	(4.5)	(5.3)
Net cash generated from financing activities	(2.1)	33.4
Dividends paid	(5.9)	(5.3)
Exchange gains on cash and cash equivalents	0.7	(0.8)
Net increase in cash and cash equivalents	**(14.7)**	**9.7**
Cash and cash equivalents at the beginning of the year	89.6	45.2
Cash and cash equivalents at the end of the year	**74.9**	**54.9**

NET DEBT

Euro.million		9M 2018	2017
Cash and cash equivalent	A	(0.7)	(0.8)
Cash at bank	B	(74.2)	(88.8)
Securities held for trading	C	-	-
Liquidity (A+B+C)	**D**	**(74.9)**	**(89.6)**
Current financial receivables	**E**	**(5.7)**	**(2.3)**
Current loans	F	54.1	53.0
Current portion of non current loans	G	39.7	24.3
Other current financial payables	H	1.4	1.5
Current Indebtedness (F+G+H)	**I**	**95.2**	**78.7**
Net current indebtedness (I+E+D)	**J**	**14.6**	**(13.2)**
Non current loans	K	183.6	201.5
Issued Bonds	L	-	-
Other non current financial payables	M	2.9	2.7
Non current indebtedness (K+L+M)	**N**	**186.4**	**204.1**
Net debt (J+N)	**O**	**201.0**	**191.0**

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IMPACTS FROM NEW ACCOUNTING STANDARDS (1/2)

IFRS 15

Under IFRS 15, an entity shall account for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service received from the customer and measured at fair value. Therefore, as of January 1, 2018, the Group has reclassified this type of consideration from “purchases of services, leases and rentals” to a decrease in “revenue”. The application of IFRS 15 have implied in the nine month ended September 30, 2018 a reclassification from “Purchase of services, leases and rentals” to “Revenues” of Euro 3,670 thousand. The table below shows the effect of the application of IFRS 15 on September 30, 2018 for revenues.

	Nine months ended September 30, 2018		
(in thousands of Euro)	Reported Figures	Reclassification	Restated Figures
Foodservice	154,851	(229)	154,622
Mass Market	240,406	3,750	244,156
Private Label	215,513	149	215,662
Other	43,278		43,278
Total	**654,048**	**3,670**	**657,718**

	Nine months ended September 30, 2018		
(in thousands of Euro)	Reported Figures	Reclassification	Restated Figures
Americas	288,428		288,428
Northern Europe	133,053	(871)	132,182
Southern Europe	174,802	4,541	179,343
Asia-Pacific and Cafés	57,765		57,765
Total	**654,048**	**3,670**	**657,718**

Under IFRS 15, contract assets and liabilities shall be presented separately in the statement of financial position. Therefore, the Group has reclassified some contract assets and liabilities (e.g., the discounts granted to the Foodservice channel customers and advances from customers) which are currently included in “other current assets”, “other non-current assets” and “other current liabilities” and “other non-current liabilities”. For these assets and liabilities, it has been given separate evidence of those related to “contracts” with customers, as shown in the following table.

IMPACTS FROM NEW ACCOUNTING STANDARDS (2/2)

(in thousands of Euro)	As of September 30, 2018		
	Reported Figures	IFRS 15	Data without the impact of IFRS 15
Asset			
Current and non-current contract assets	10,626	(10,626)	-
Other current and non-current assets	26,164	10,626	36,790
Liabilities			
Current and non-current contract liabilities	794	(794)	-
Other current and non-current liabilities	32,554	794	33,348

IFRS 9

Under the new impairment model applicable to financial assets, the accruals to the allowance for impairment are based on expected losses rather than on the losses already incurred as set out in IAS 39. The Group has applied the simplified approach envisaged by IFRS 9 to asses the recoverability of its own trade receivables. As at September 30, 2018 have been confirmed the values of the "expected write-off rate" used in the calculation done for the first application.

As mentioned above, when reporting the impact from the first adoption of IFRS 9, the Group has used the "*modified retrospective method*". According to this method, the cumulated effects related to the implementation of the new standard are recorded in the "Retained Earnings" as at January 1, 2018, without presenting the comparative amounts, as shown in the following table:

(in thousands of Euro)	As of December 31	IFRS 9 effect	As of January First
	2017		2018
Asset			
Current and non current trade receivables	126,481	(3,791)	122,690
Deferred tax assets and liabilities	10,244	821	11,065
Liabilities			
Retained earnings	166,443	(2,953)	163,490
Equity attributable to non-controlling interests	1,977	(17)	1,960

NOTE AND DISCLAIMER

Figures are reported under IAS/IFRS. Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward looking statements. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Massimo Zanetti Beverage Group S.p.A. shares. Any reference to past performance is not a guide to future performance.

BOARD OF DIRECTORS

Chairman and CEO	Massimo Zanetti
Director	Matteo Zanetti
Director	Laura Zanetti
Director	Leonardo Rossi
Director	Massimo Mambelli
Director	Maria Pilar Braga
Indipendent Director	Sabrina Delle Curti
Indipendent Director	Mara Vanzetta
Indipendent Director	Giorgio Valerio

SHAREHOLDERS

M. ZANETTI INDUSTRIES SA	68.047%	23,339,963
Market	31.953%	10,960,037
Total N. of Shares	100.000%	34,300,000

INVESTOR RELATIONS investors@mzb-group.com

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Pascal Héritier - Chief Operating Officer
Leonardo Rossi - Chief Financial Officer

Massimo Zanetti Beverage Group S.p.A. Viale G.G. Felissent, 53 31020 Villorba (Treviso)

MASSIMO ZANETTI
BEVERAGE GROUP