Massimo Zanetti Beverage Group

Q1 2019 Results Presentation

May 9, 2019

MASSIMO ZANETTI
BEVERAGE GROUP

Q1 2019 HIGHLIGHTS

- Revenues increased by 3.1% at current exchange rates, stable at constant exchange rates, mainly due a low single digit increase in volumes, compensated by the reduction in sales prices - in particular in the private label channel - as a consequence of the decrease in raw material cost
- Gross Profit (Euro/kg) slightly increased (+0.4%) due to the positive impact of the sales mix and lower average cost of raw material

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Q1 2019 RESULTS

- Revenues: Euro 217.7 million, +3.1% at current FX, -0.4% at constant FX
- Volume: 31,142 tons, +1.9%
- Gross Profit: Euro 97.0 million +4.1%, with the margin on revenues of 44.6%, compared with 44.1% of Q1 2018, an increase of +50 basis points
- EBITDA before IFRS 16 effect *: Euro 14.8 million, -3.0%
- EBITDA: Euro 17.2 million, +12.8%
- Net income: Euro 2.4 million, -14.3%
- Net debt before IFRS 16 effect *: Euro 204.2 million vs 174.7 million as of December 31, 2018; Euro 249.4 million including IFRS 16 effect

(*) IFRS 16 – Leases has been adopted since January 1, 2019. The effects of this adoption, in the first quarter of 2019, were: an increase in EBITDA of Euro 2.4 million, an increase in amortisation and depreciation of Euro 2.1 million, an increase in finance costs of Euro 0.3 million, net profit unchanged, and an increase in the Net Debt of Euro 45.1 million.

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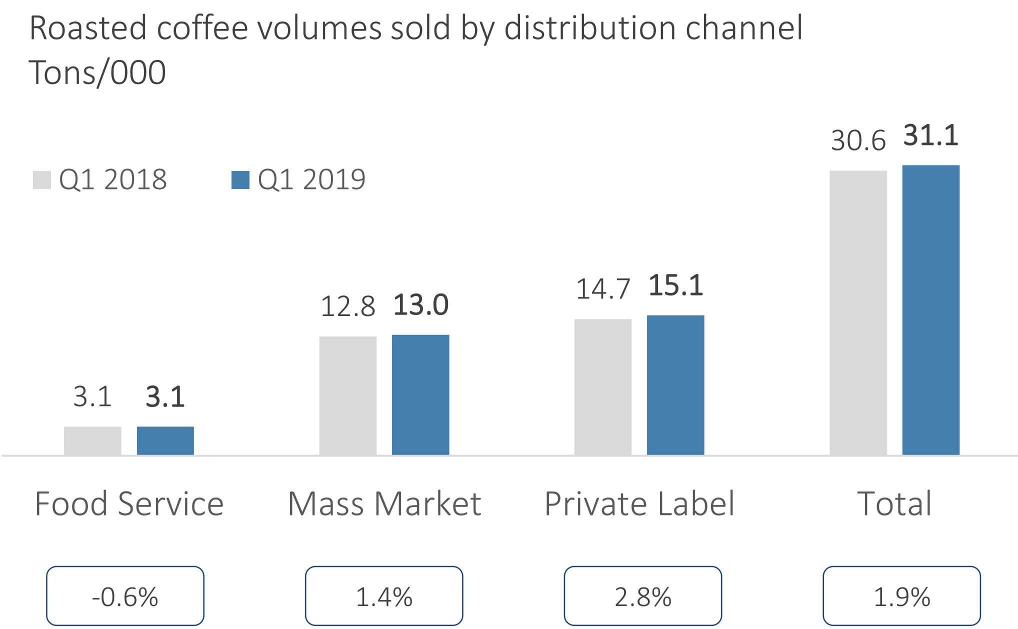
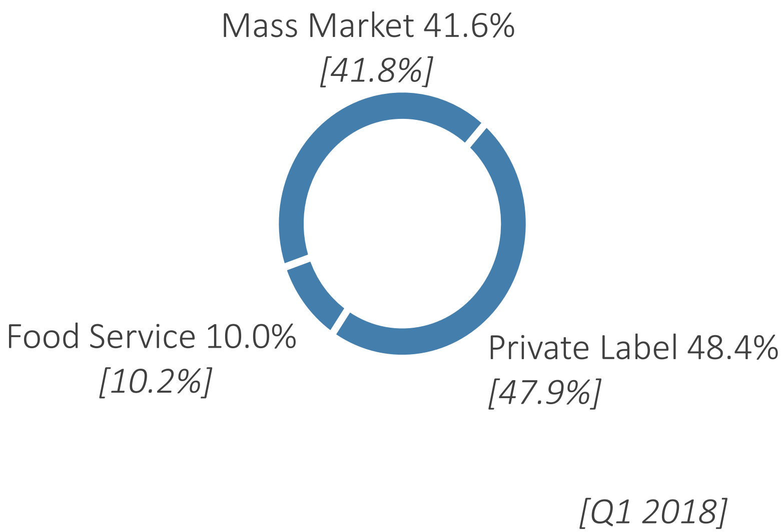
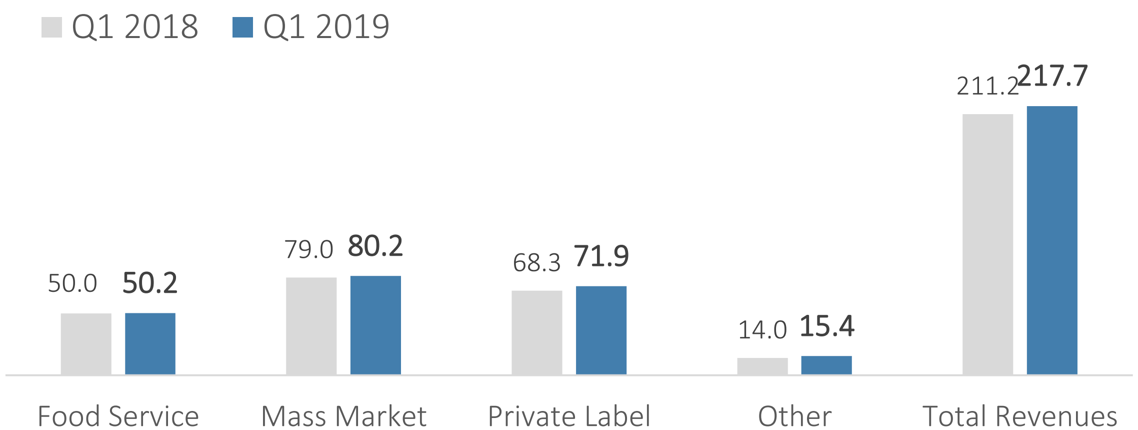
VOLUME BY CHANNEL



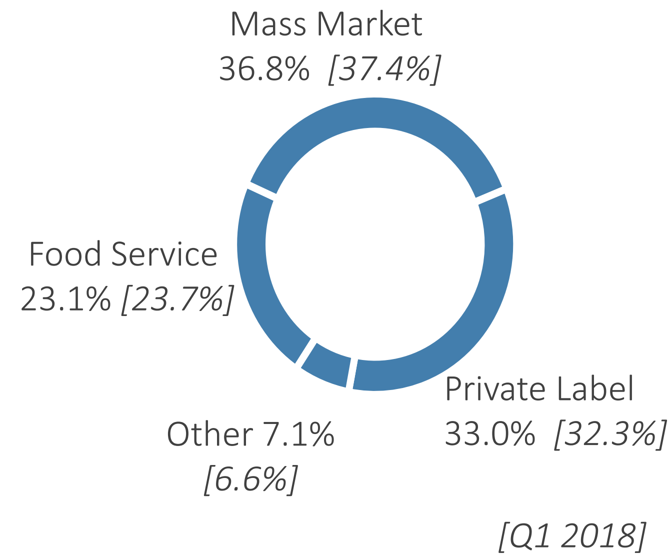


- Food Service: -0.6%, showing a slight decline in Southern Europe, a substantially stable performance of Northern Europe and Americas and a solid growth in Apac
- Mass Market: +1.4%, mainly driven by Northern Europe and Apac
- Private Label: +2.8% mainly led by the growth in Americas

REVENUES BY CHANNEL



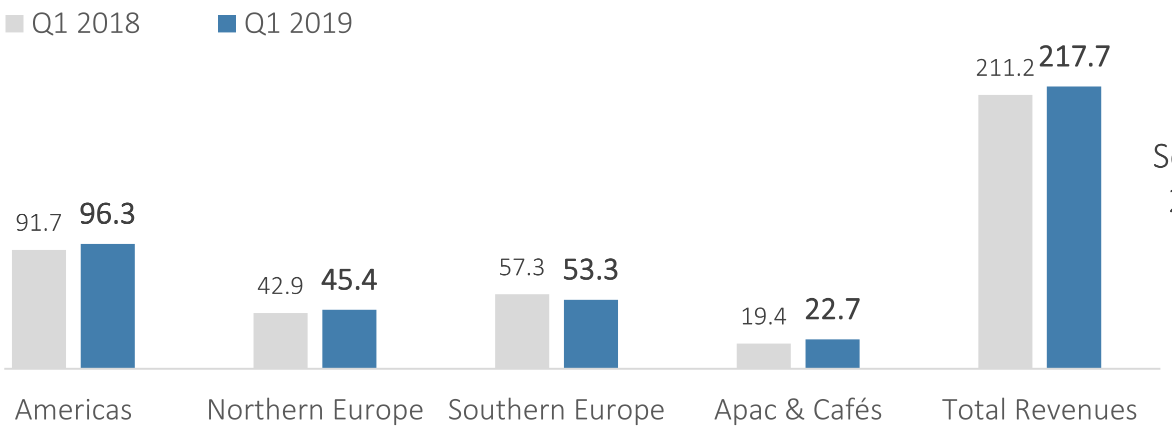
Food Service	Mass Market	Private Label	Other	Total Revenues
+0.6%	+1.5%	+5.3%	+10.2%	+3.1%
+0.2% const. FX	**-1.0% const. FX**	**-1.4% const. FX**	**+5.9% const. FX**	**-0.4% const. FX**



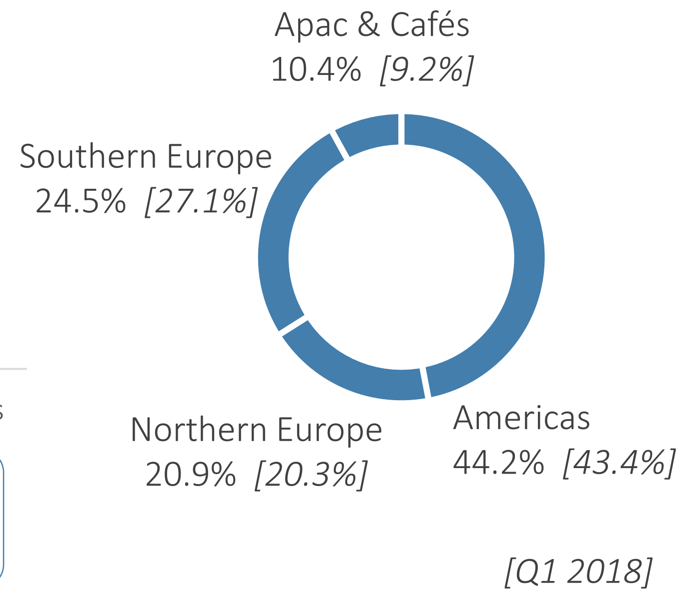
- The revenue from the Food Service channel was in line with the first quarter of 2018, thanks to the strong performance in the Americas and in APAC, offset by the slight decrease in Europe, largely due to the strategy of selecting high traffic and high visibility customers
- Performance of the Mass Market and Private Label channels is explained by the slight decrease of roasted coffee sales price as a consequence of the reduction of the cost of green coffee

(Euro million)

REVENUES BY REGION



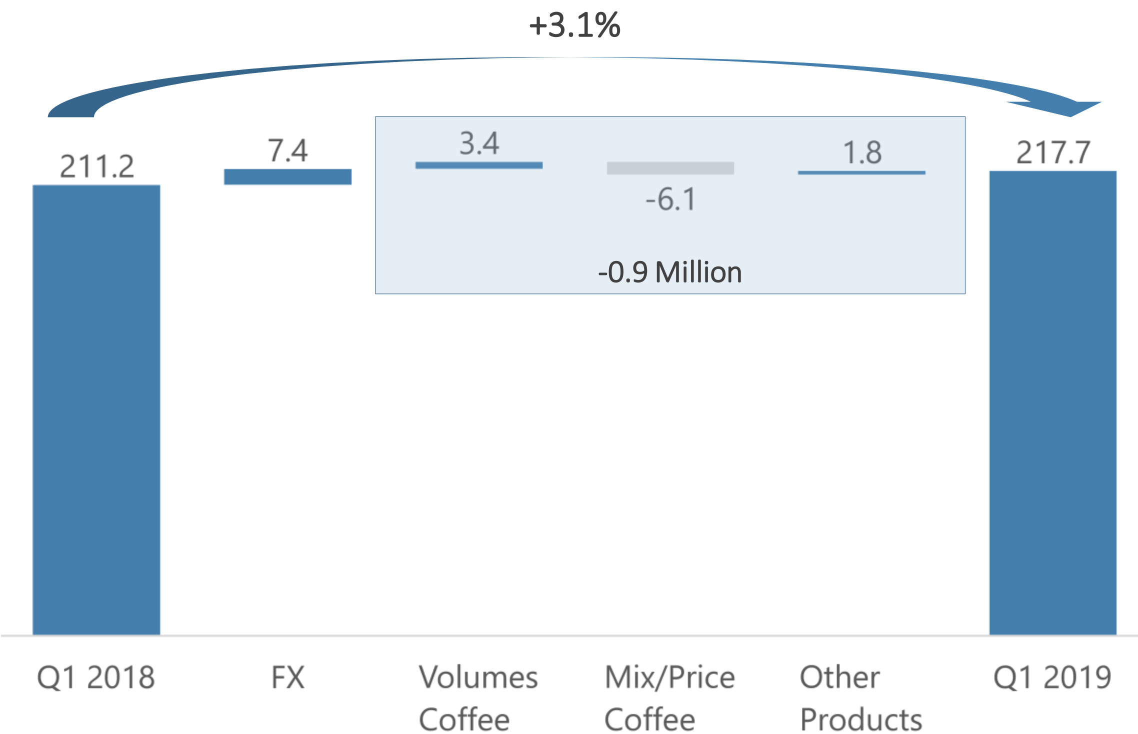
Americas	Northern Europe	Southern Europe	Apac & Cafés	Total Revenues
+5.0% **-1.9%** **const. FX**	+6.0% **+6.3%** **const. FX**	-7.0% **-7.0%** **const. FX**	+17% **+11.7%** **const. FX**	+3.1% **-0.4%** **const. FX**



- Americas: -1.9% at constant FX is mainly due to the decline in the market in the cans category, partially offset by the Private Label channel, stable at constant FX, and by the strong growth in the Food Service channel
- Northern European increase was linked to the significant growth achieved in the Mass Market channel, thanks to new customers and the positive performance of new products, also in the organic and fair trade segments
- Revenue in Southern Europe decreased due to the sales prices adjustment in the Private Label channel (green coffee price decrease) and the timing of the introduction of new products in the Italian Mass Market channel
- Asia-Pacific posted revenue growth of 11.7% at constant exchange rates, also reflecting the recent acquisition of The Bean Alliance

(Euro million)

REVENUE BRIDGE



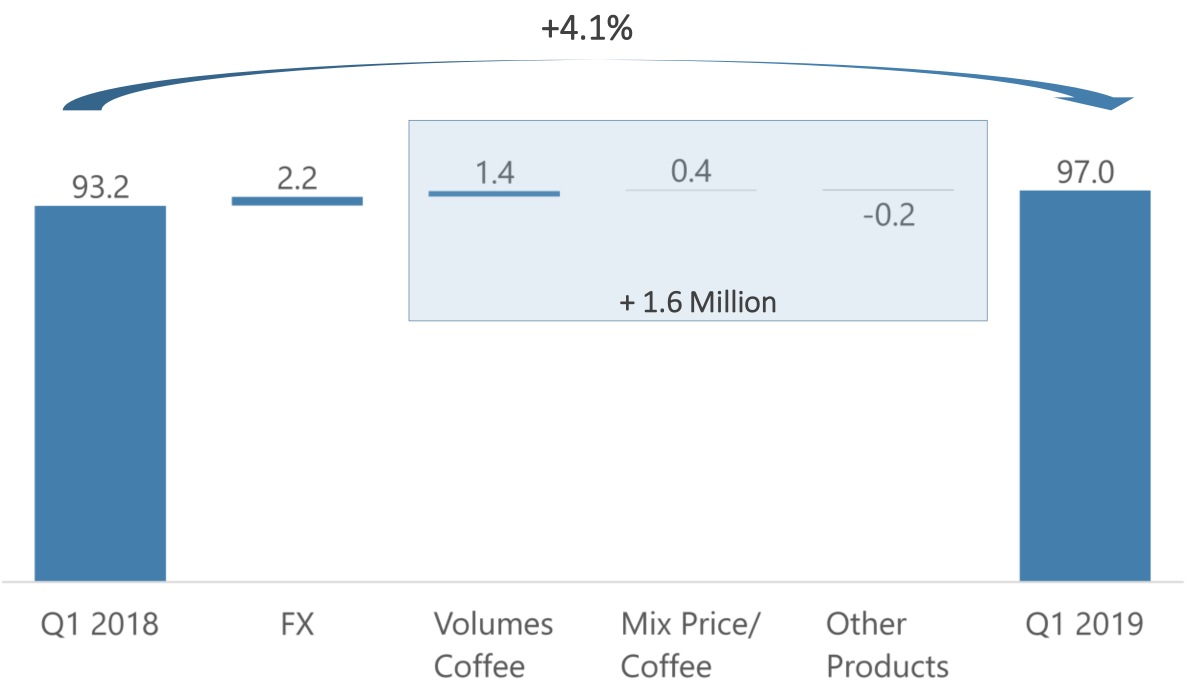
Q1 2019 revenues performance, excluding FX, is explained by:

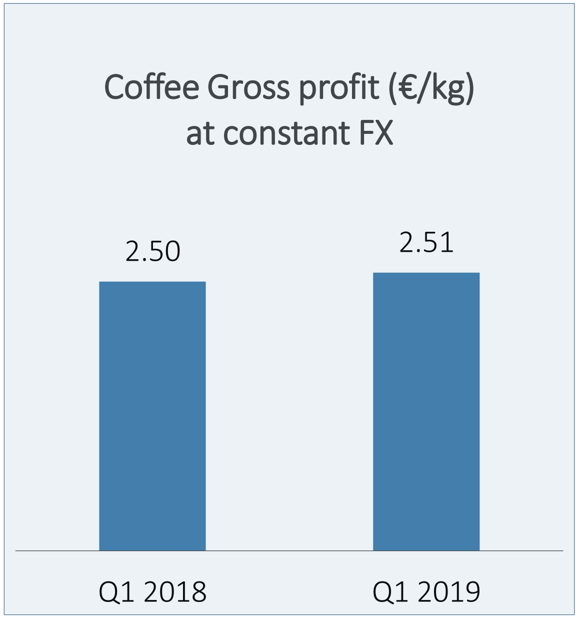
- Increase in volumes for Euro 3.4 million;
- price mix for Euro 6.1 million, mostly related to the private label channel, as a result of the decrease in raw material cost;
- other products increasing for Euro 1.8 million.

- Q1 2019 revenues increased Euro 6.5 million (+3.1%)
- Excluding FX fluctuations, which had a positive impact of Euro 7.4 million, Q1 2019 revenues were substantially stable (-0.4%) compared to Q1 2018

(Euro million)

GROSS PROFIT





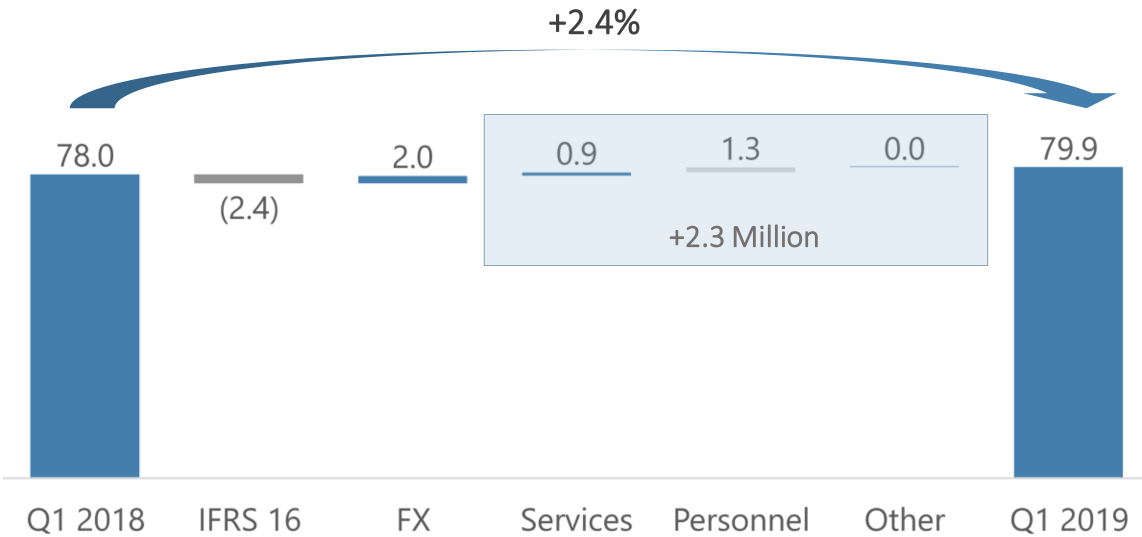
Gross Profit increased by Euro 3.8 million (+4.1%):

- FX positively contributing for Euro 2.2 million
- Excluding forex, gross profit increased by Euro 1.6 million

Gross Profit (%) increased 50 basis points (from 44.1% to 44.6%)

(Euro million)

OPERATING EXPENSES



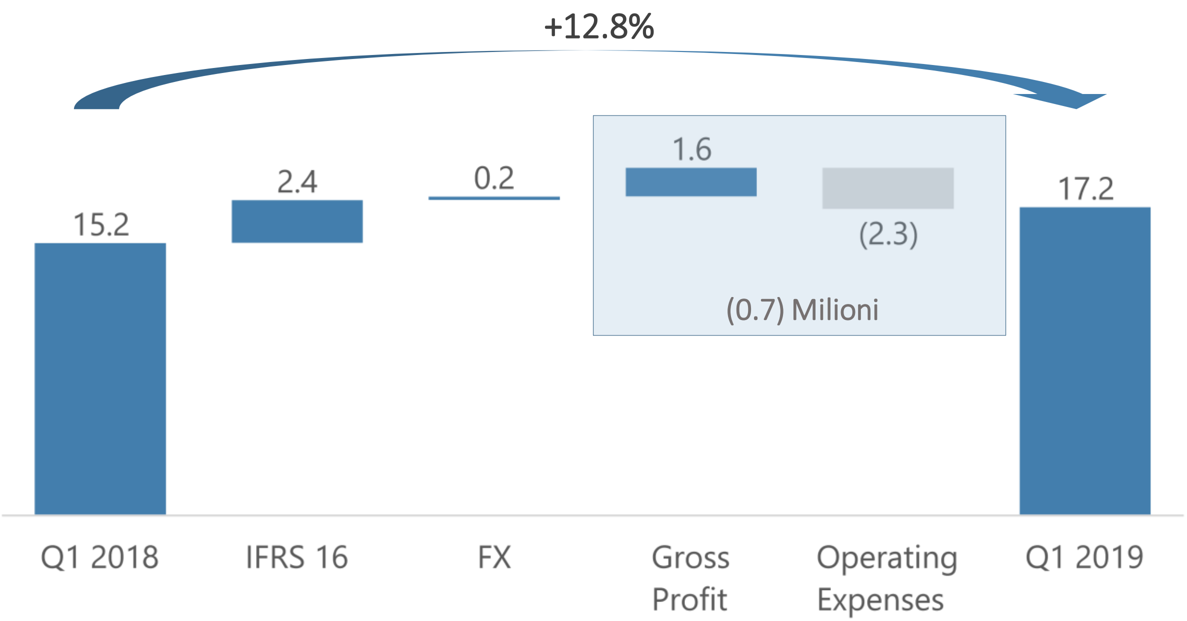
ORGANIC* OPERATING EXPENSES	Q1 2018	Q1 2019	Delta
Services	42.8	43.7	0.9
Personnel	35.0	36.3	1.3
Other costs	0.2	0.2	0.0
TOTAL	78.0	80.3	2.3

- Operating expenses increased by Euro 1.9 million. First-time adoption of IFRS 16 - Leases positively impacted costs for Euro 2.4 million, while FX negatively affected costs for Euro 2.0 million.
- The increase in organic operating expenses (of Euro 2.3 million) is partly due to the acquisitions. On a comparable basis, the increase was mainly driven by i) personnel costs to strengthen the sales departments and ii) the increase in costs for services, including advertising costs to support the launch of new products.

** organic: excluding FX and IFRS 16 impact*

(Euro million)

EBITDA



EBITDA increased by Euro 2.0 million, +12.8%. Excluding the impact of IFRS 16 and FX, EBITDA decreased by Euro 0.7 million:

- Organic gross profit increased by Euro 1.6 million
- Organic operating expenses increased by Euro 2.3 million

(Euro million)

INCOME STATEMENT

Euro.million	Q1 2019		Q1 2018		Change	
Revenues	217.7	100.0%	211.2	100.0%	6.5	3.1%
Purchases of Goods	-120.7	-55.4%	-118.0	-55.9%	-2.7	2.3%
Gross Profit	**97.0**	**44.6%**	**93.2**	**44.1%**	**3.8**	**4.1%**
Services, leases and rentals	-42.4	-19.5%	-42.8	-20.3%	0.4	-1.0%
Personnel costs	-37.3	-17.1%	-35.0	-16.6%	-2.3	6.5%
Other operating cost	0.0	0.0%	0.2	0.1%	-0.3	-107.3%
Impairment	-0.2	-0.1%	-0.4	-0.2%	0.2	-54.3%
EBITDA	**17.2**	**7.9%**	**15.2**	**7.2%**	**2.0**	**12.8%**
D&A	-11.0	-5.1%	-8.9	-4.2%	-2.2	24.6%
EBIT	**6.1**	**2.8%**	**6.4**	**3.0%**	**-0.2**	**-3.5%**
Net finance income (costs)	-2.2	-1.0%	-2.0	-0.9%	-0.2	9.0%
Profit (loss) on equity consolidated companies	-0.4	-0.2%	-0.1	-0.1%	-0.3	191.3%
Profit Before Tax	**3.6**	**1.6%**	**4.2**	**2.0%**	**-0.7**	**-15.7%**
Income Tax expense	-1.2	-0.5%	-1.4	-0.7%	0.3	-18.5%
Tax rate	32.9%		34.0%			
Net Income	**2.4**	**1.1%**	**2.8**	**1.3%**	**-0.4**	**-14.3%**

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FREE CASH FLOW AND CHANGE IN NET WORKING CAPITAL

(Euro. M)	Q1 2019	Q1 2018
EBITDA	17.2	15.2
Special Items (Cash effect)	(0.8)	(0.9)
Change in NWC	(11.8)	(5.3)
CAPEX	(7.1)	(5.8)
Taxes	(0.9)	(0.9)
Others	0.2	0.6
FREE CASH FLOW	(3.2)	2.9

(Euro. M)	Q1 2019	Q1 2018
Change in Inventories	(11.5)	(8.4)
Change in Trade Receivables	3.0	3.9
Change in Trade Payables	(1.2)	(1.2)
Change in Other Asset/Liabilities	(2.1)	0.3
Change in Net Working Capital	(11.8)	(5.3)

The Free Cash Flow was negative for Euro 3.2 million, compared with a cash generation of Euro 2.9 milion in Q1 2018. This is mainly related to the Net Working Capital performance, as a result of inventories.

(Euro million)

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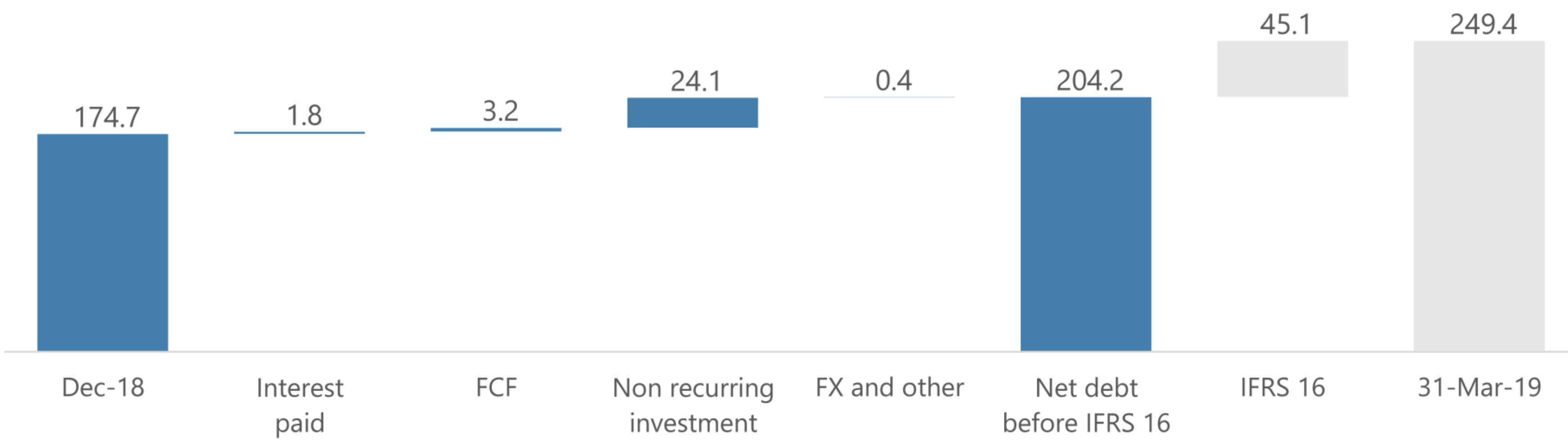
NET DEBT



Debt Profile	December 2018	March 2019
Fixed Interest Rate	49%	50%
Variable Interest Rate	51%	50%
EURO	89%	90%
USD	11%	10%

(Euro million)

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OUTLOOK FOR FY 2019

In view of the results achieved in the First Quarter of 2019 and considering current trends as well as assuming the absence of M&A, excluding those already announced in the First Quarter 2019, management expectation for 2019 is:

- a slight increase in revenues driven by:
    - the improvement in product and channel mix
    - growth in volumes in line with market trends
- EBITDA *adjusted* increase of approximately 3% - 5%
- Net Debt is expected to be around Euro 195 million

These forecasts are assumed at constant exchange rates and exclude the impact of the application of IFRS 16.

AUSTRALIA'S 2019 CERTIFIED ORGANIC
BEVERAGE OF THE YEAR

ANNEX

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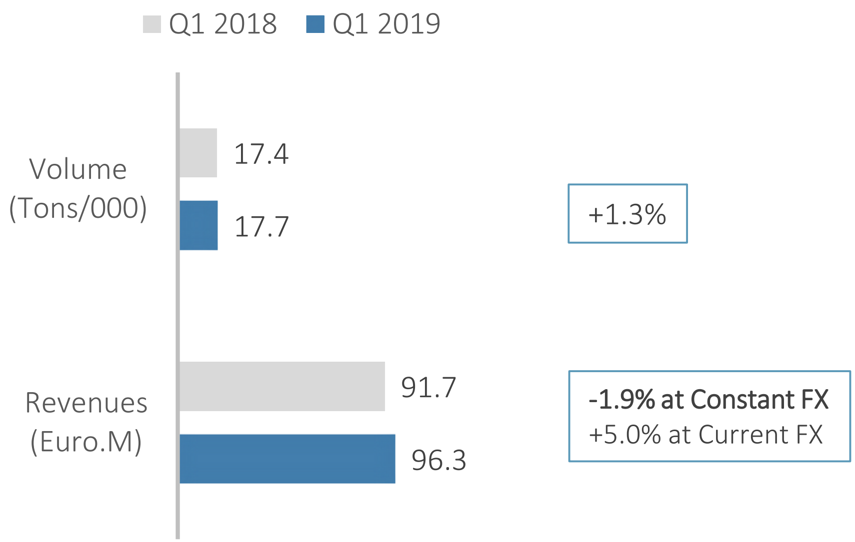
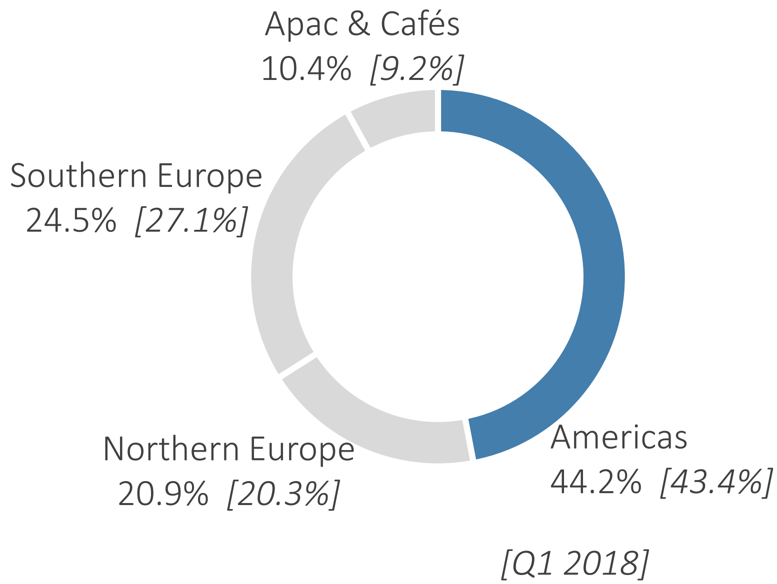
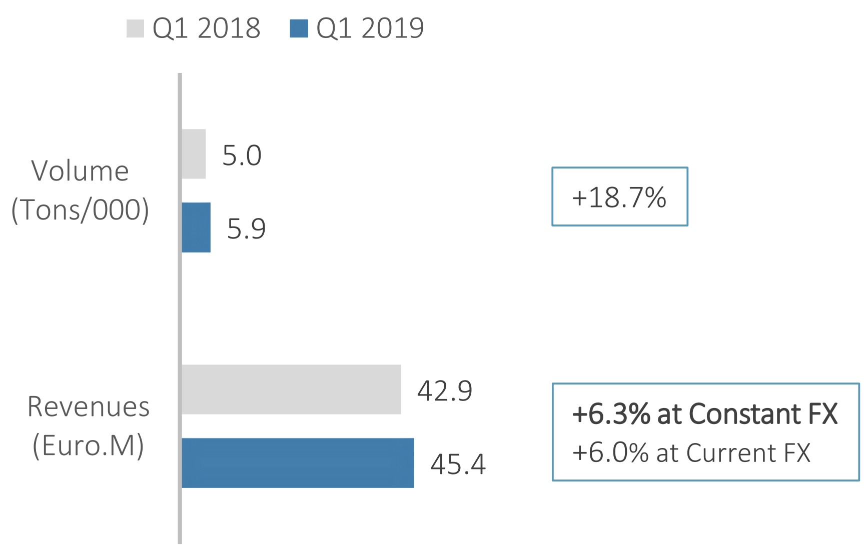
FOCUS ON AMERICAS

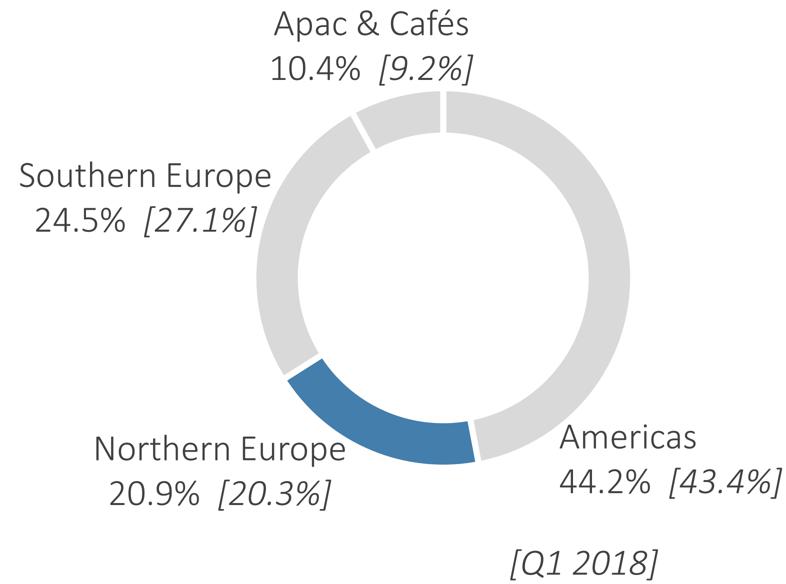




- Volume growth of 1.3% is driven by increases in the Private Label segment. The Mass Market channel declined due to the canned coffee category weakness and intense competition related to historically low green coffee commodity pricing
- Revenue declines (-1.9% at Constant FX) is a result of lower green costs being passed through to consumers and increases in promotional support. Average selling prices YOY in all segments saw appreciation.
- Food service coffee is up high single digit

FOCUS ON NORTHERN EUROPE





- Volume benefited from positive performance particularly in Mass Market channel thanks to new products, distribution expansion combined with media and promotional support
- Gross margin per kg improved in all channels despite the competitive pressure deriving from raw material price
- 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

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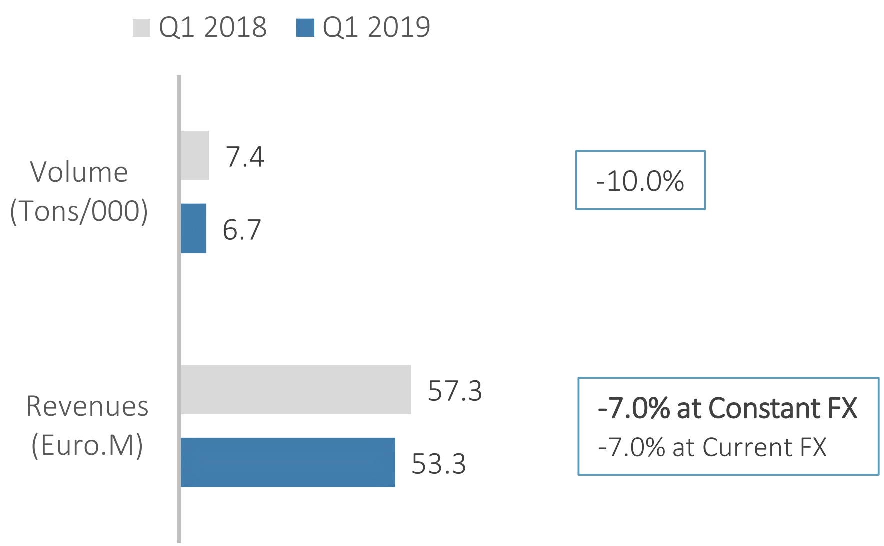
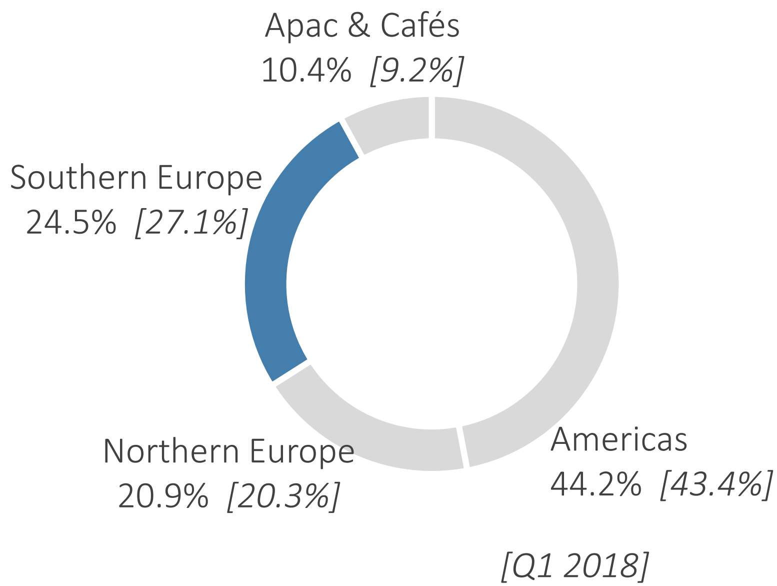
FOCUS ON SOUTHERN EUROPE





- Volume performance is linked to timing effect on the launch of new products in Italy, in the mass market channel
- In France the San Marco premium range is growing significantly thanks to media support and especially in capsules (organic, biodegradable, compostable) recently awarded Product of the year 2019
- In February 2019 Massimo Zanetti Beverage Iberia has completed the acquisition of the Portuguese company Cafés Nandi SA, operating in the Food Service segment and owner of a production site adjacent to the current one. This will enable the Group to double the current production capacity of the Portuguese plant

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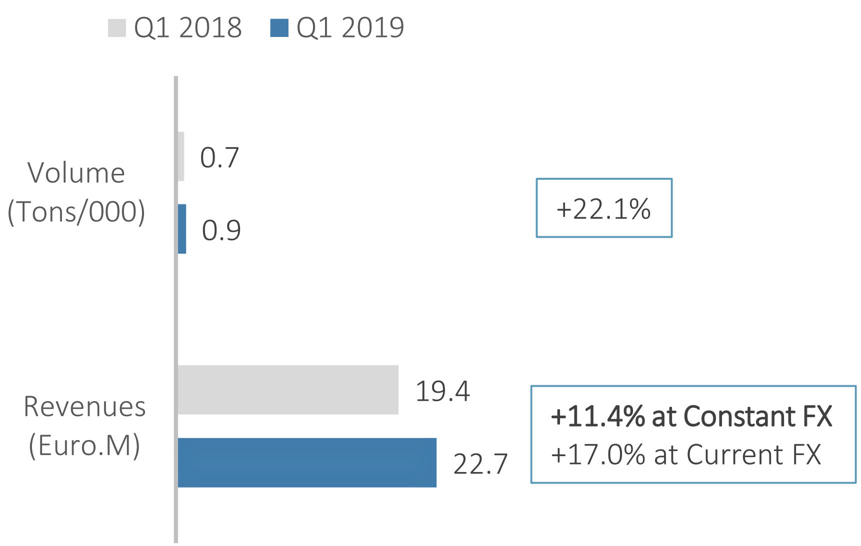
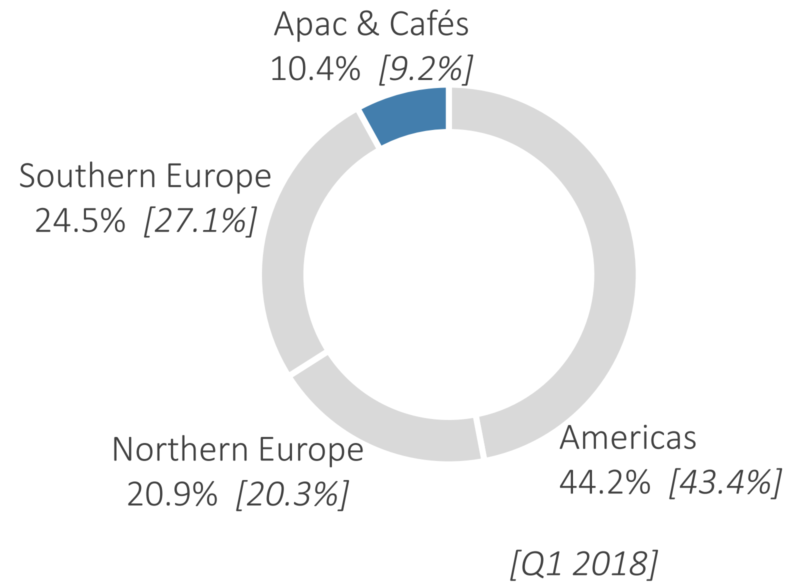
FOCUS ON ASIA PACIFIC AND CAFÉS





- Volume and sales increased in all distribution channels, thanks also to the contribution of Bean Alliance Group.
- During latest months of 2018 the presence of the Group in APAC has been strengthened:
  - Boncafé China Limited, in Shenzhen, next to Guangzhou and Hong Kong that represents an important step for the development in Asia
  - 4 new show rooms have been opened in Thailand and one in Jakarta (Indonesia)
- On February 1, 2019 the Group has finalized the acquisition of the business and assets of “The Bean Alliance”, an Australian group with a portfolio of premium brands
- APAC main countries are: Thailand (around 32% of the sales of the region), Australia 22%, Japan 11%, Middle East 10%, Singapore 8%

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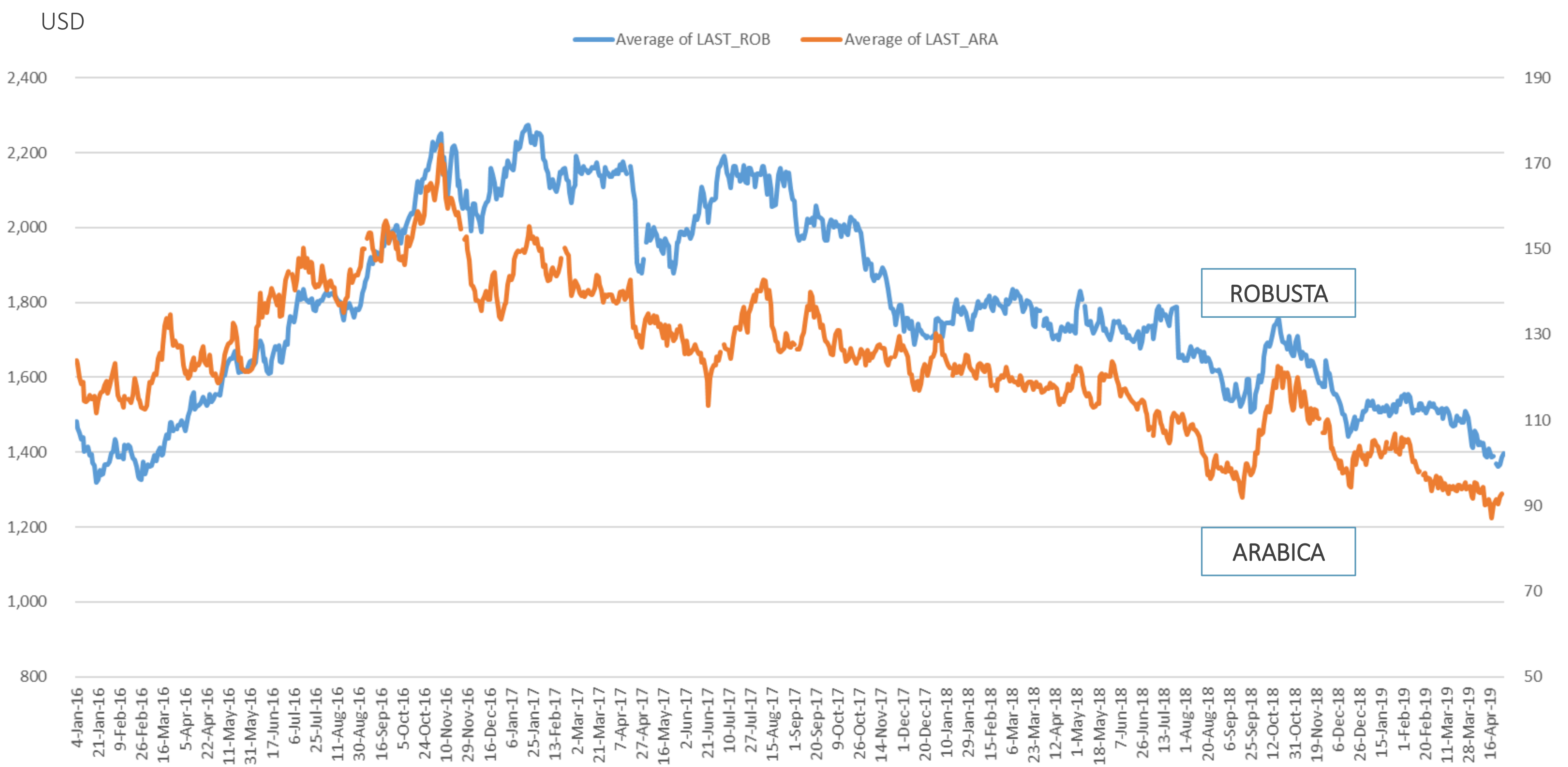
GREEN COFFEE PRICE



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ASSET & LIABILITIES

Euro.million	Q1 2019	2018
Intangible assets	206.0	182.8
Property, plant and equipment and investment properties	261.7	219.9
Investments in joint ventures and associates	10.8	10.4
Non current advances and trade receivables	2.8	2.5
Deferred tax assets and other non current assets	35.6	25.2
Non current assets	**516.9**	**440.8**
Net working capital	104.9	94.4
Employee benefits	(9.1)	(8.8)
Other non current provisions	(3.1)	(3.2)
Deferred tax liabilities and other non current liabilities	(34.5)	(29.9)
Non current liabilities	**(46.7)**	**(41.9)**
Net Invested Capital	**575.0**	**493.4**
Equity	325.7	318.6
Net debt (*)	249.4	174.7
Sources of financing	**575.0**	**493.4**

(*) The adoption of the new accounting standard IFRS 16 increased the Net Debt of the Q1 2019 by Euro 45.1 million.

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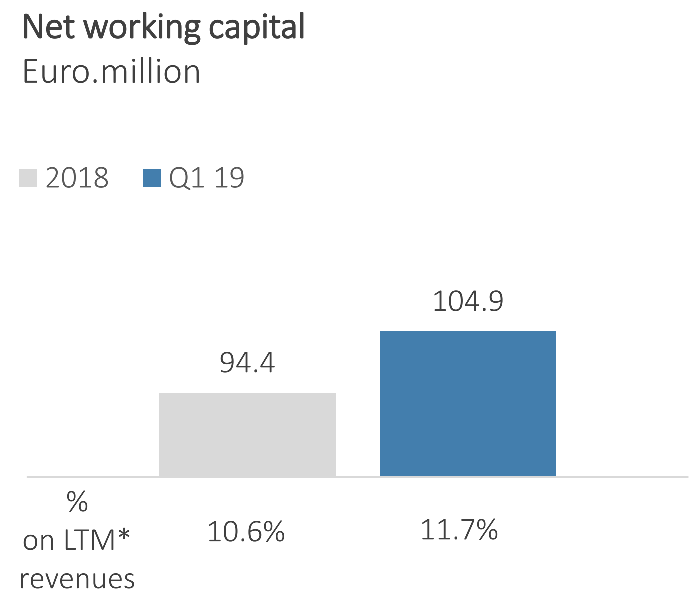
NET WORKING CAPITAL

Euro.million	Q1 2019	2018
Inventories	145.6	131.6
Trade receivables	118.2	120.8
Income tax assets	3.6	3.3
Other current assets	20.9	15.6
Trade payables	(144.2)	(144.3)
Income tax liabilities	(2.2)	(1.7)
Other current liabilities	(37.0)	(31.0)
Net working capital	**104.9**	**94.4**
% on LTM revenues	11.7%	10.6%



** LTM: Last Twelve Months*

CASH FLOW

Euro.million	Q1 2019	2018
EBITDA	**17.2**	**15.2**
Non recurring items paid	**(0.8)**	**(0.9)**
Change in Net Working Capital	(11.8)	(5.3)
Net recurring investments	(7.1)	(5.8)
Income tax paid	(0.9)	(0.9)
Other operating items	0.2	0.6
Free Cash Flow	**(3.2)**	**2.9**
Net non recurring investments	(22.3)	(0.3)
Investments in financial receivables	(1.8)	(0.7)
Interest paid	(1.8)	(1.8)
Net cash generated from financing activities	31.5	(3.2)
Dividends paid	-	-
Exchange gains on cash and cash equivalents	0.8	(0.9)
Net increase in cash and cash equivalents	**3.2**	**(4.0)**
Cash and cash equivalents at the beginning of the year	93.5	89.6
Cash and cash equivalents at the end of the year	**96.7**	**85.6**

NET DEBT

Euro.million		Q1 2019	2018
Cash and cash equivalent	A	(0.9)	(1.0)
Cash at bank	B	(95.8)	(92.5)
Securities held for trading	C	-	-
Liquidity (A+B+C)	**D**	**(96.7)**	**(93.5)**
Current financial receivables	**E**	**(8.1)**	**(3.7)**
Current loans	F	54.9	49.7
Current portion of non current loans	G	47.7	45.2
Other current financial payables	H	11.7	1.7
Current Indebtedness (F+G+H)	**I**	**114.3**	**96.6**
Net current indebtedness (I+E+D)	**J**	**9.4**	**(0.6)**
Non current loans	K	200.1	172.8
Issued Bonds	L	-	-
Other non current financial payables	M	39.8	2.5
Non current indebtedness (K+L+M)	**N**	**240.0**	**175.3**
Net debt (J+N)	**O**	**249.4**	**174.7**

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IMPACTS FROM NEW ACCOUNTING STANDARDS – IFRS 16 (page 1/2)

- IFRS 16 "Leases" eliminates the difference between operating and finance leases for the purposes of the preparation of lessees' financial statements. For all leases with a term of more than 12 months, except for those related to assets with a low unit value, an entity shall recognise an asset and a liability, representing the right to use the underlying asset and the obligation to make contract payments, respectively. Conversely, for the purposes of lessors' financial statements preparation, the difference between operating and finance leases is maintained. IFRS 16 strengthens disclosure requirement for both lessors and lessees.
- Starting from January 1, 2019 the Group applied IFRS 16 using the simplified approach, which does not require the restatement and recalculation of the accounting balances prior to the application of the standard. Specifically, the right-of-use asset is equal to the carrying amount of the related liability at the date of first-time adoption, adjusted to reflect the prepayments and accrued expenses related to back-and front-loaded lease payments recognised on said date. The Group will apply the exemptions provided for by the standard, with respect to leases with a term less than 12 months, including contracts whose residual term at the transition date is below 12 months, and related to assets of a low value.
- Lease liabilities will be measured at the present value of the residual lease payments at the date of the first-time application of the standard, which are fixed and remain substantially fixed over the lease term. The lease term includes all non-cancellable periods for which the Group has the right to use an underlying asset and the periods covered by an extension option if exercise of that option by the Group is reasonably certain. Lease liabilities do not include significant non-lease components.
- The discount rate used to measure the carrying amount of lease liabilities takes into account the country and currency risks, the lease term and the Group's credit risk.
- The table here below shows the reconciliation between operating lease commitments disclosed as at December 31, 2018 in the note 31 "Commitments" and the amount of the lease liability recognised as at January 1, 2019:

(in thousands of Euro)	As of January 1, 2019
Operating lease commitments as at December 31, 2018	50,154
Discount effects	(6,124)
Finance lease liabilities as at December 31, 2018	4,246
Short-term leases recognized as expense	(1,316)
Low-value leases recognized as expense	(246)
Contracts reassessed as service agreements	(16,505)
Adjustments as a result of a different treatment of extension and termination option	17,394
Adjustments relating to changes in the index or rate affecting variable payments	1,046
Lease liability recognized as at January 1, 2019	**48,649**

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IMPACTS FROM NEW ACCOUNTING STANDARDS – IFRS 16 (page 2/2)

- The amount "Contracts reassessed as service agreements" includes the portion of commitments disclosed as at December 31, 2018 that were not recognised as lease component as they relate to maintenance service of tangible asset subject to operating lease contracts.
- As mentioned above, when reporting the impact from the first adoption of IFRS 16, 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, 2019, without presenting the comparative amounts, as shown in the following table:

(in thousands of Euro)	As of December 31, 2018	IFRS 16 effects	As of January 1, 2019
Asset			
Property, plant and equipment	215,127	34,098	249,225
Other non-current assets	6,574	8,629	15,203
Other current assets	15,572	1,677	17,249
Liability			
Non-current borrowings	(175,300)	(35,402)	(210,702)
Current borrowings	(96,637)	(9,001)	(105,638)

- Lease contracts recognised by the Group refers to property, plant and equipment as well as other non-current assets, mainly vehicles.
- "Other non-current asset" and "Other current asset" refers to some sub-leasing contracts that, due to the adoption of IFRS 16, are qualified as finance lease and for those the Group accounts lease financial receivable instead of the relative right-of-use.
- The discount rate used to measure the carrying amount of lease receivable takes into account the country and currency risks, the sub-lease term and the Group's credit risk.
- The impact due to the adoption of IFRS 16 as at March 31, 2019 are:
  - in the Consolidated Income Statements i) the reduction of use of third-party costs for Euro 2,399 thousand, ii) the increase of the amount of depreciation of the right-of-use accounted among the depreciation of tangible asset for Euro 2,106 thousand as well as, iii) the accounting of Euro 303 thousand, among finance income and expense for interests calculated on lease liabilities and lease receivables.
  - in the Consolidated Balance Sheet: the increase of the amount of lease liability equal to Euro 47,391 thousand and current lease receivable for Euro 2,261 thousand.

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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

2019 FINANCIAL CALENDAR - UPCOMING EVENTS

August 7	First Half 2019
November 7	Nine Months 2019

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