



Massimo Zanetti Beverage Group
9M 2020 Results Presentation
November 9, 2020

9M 2020 KEY FACTS

9M 2020 results have been affected by the containment measures adopted by governments in the various countries in which the Group is present in order to reduce the spread of the virus Covid-19. April was more affected by these lockdown measures, and, as the restrictions were gradually eased, the following months registered a recovery.

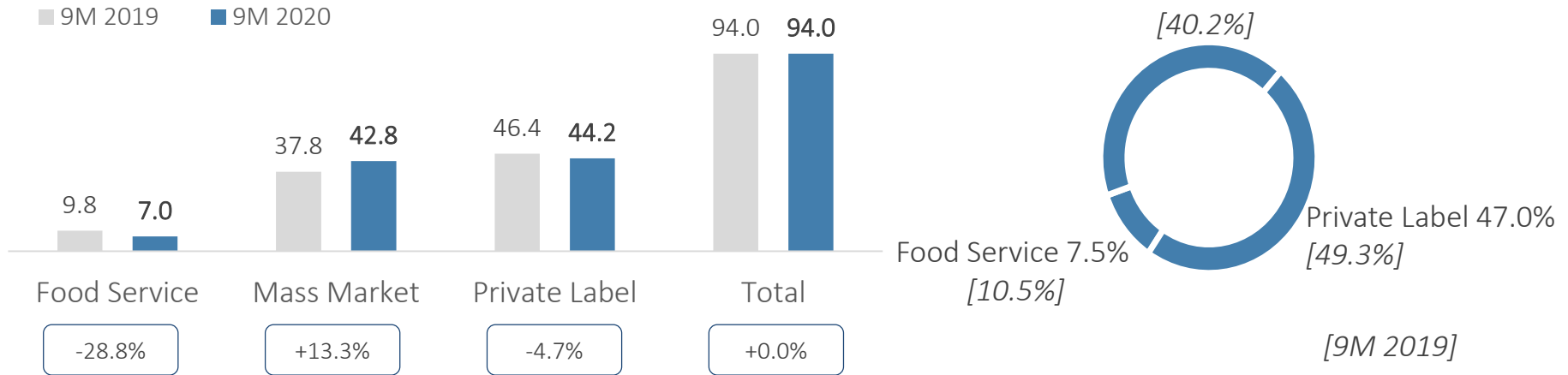
- Volume stable, thousand tons, (-6.1% like-for-like*)
- Revenues: Euro 610.6 million, -8.4% at current FX, -7.6% at constant FX, -9.7% on a comparable basis
- Gross Profit: Euro 256.7 million with the margin on revenues of 42.0%, compared with 45.0% of 9M 2019
- EBITDA adj: Euro 28.3 million vs Euro 58.2 million of 9M 2019
- Net results: Euro -20.5 million vs Euro 8.1 million of 9M 2019
- Net debt: Euro 299.3 million vs Euro 266.5 million as of December 31, 2019. Net debt before IFRS 16 effect: Euro 254.9 million vs Euro 219.3 million as of December 31, 2019.



(*) comparable basis: at constant forex and at the same perimeter (like-for-like, LFL): excluding acquisitions of Café Pacaembu completed in October 2019 and Bean Alliance Group, completed at the end of January 2019

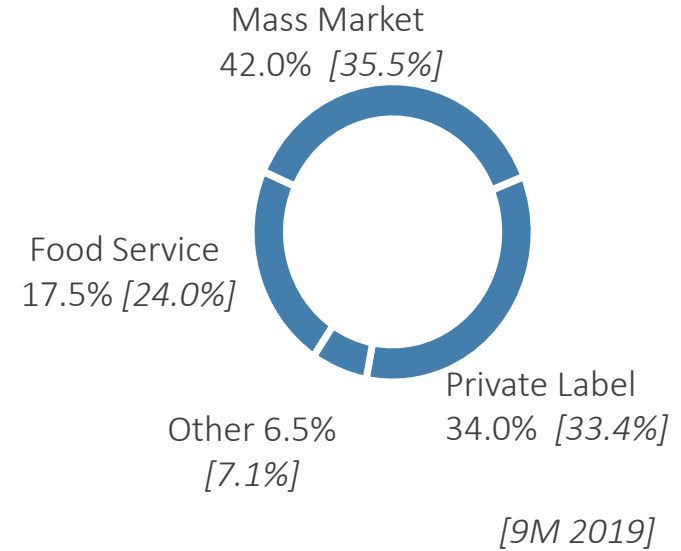
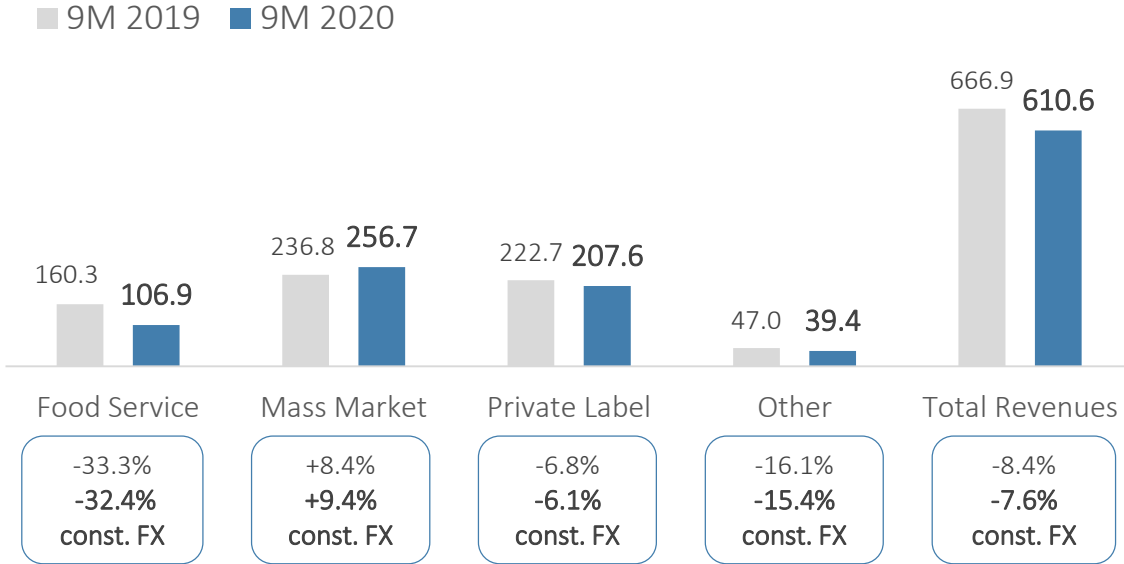
VOLUME BY CHANNEL

Roasted coffee volumes sold by distribution channel - Tons/000



- Volume stable (-6.1% on a comparable basis) due to the positive performance of Mass Market which partially offset the decrease of the Food Service and Private Label channels
- Food Service: -28.8% (-34.8% on a comparable basis) affected by the containment measures adopted in the various countries in which the Group is present in order to reduce the spread of Covid-19
- Mass Market: +13.3% (+6.8% on a comparable basis) thanks to the positive performance of Americas, Apac and Northern Europe
- Private Label: -4.7% (-10.4% on a comparable basis) with a soft performance in all regions

REVENUES BY CHANNEL

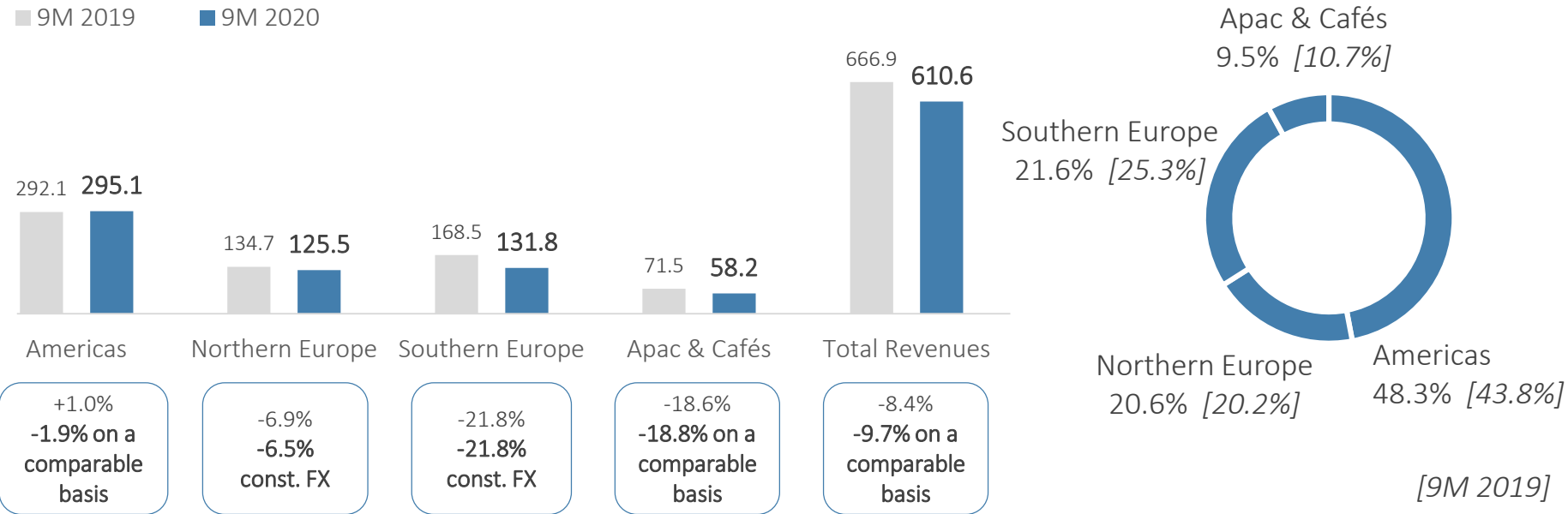


- Total Revenues decreased -8.4% at current FX, -7.6% at constant FX, -9.7% on a comparable basis*
- Food Service channel decreased 32.4% at constant FX (-33.5% on a comparable basis) due in particular to the European performance, region mostly affected by the full closure of all non-essential activities
- Mass Market (+7.1% on a comparable basis) showed positive performance in all regions
- Private Label (-8.8% on a comparable basis) showed soft performance in all main regions

* comparable basis: at constant forex and LFL (like for like, at the same perimeter, excluding acquisitions completed in 2019)

(Euro million)

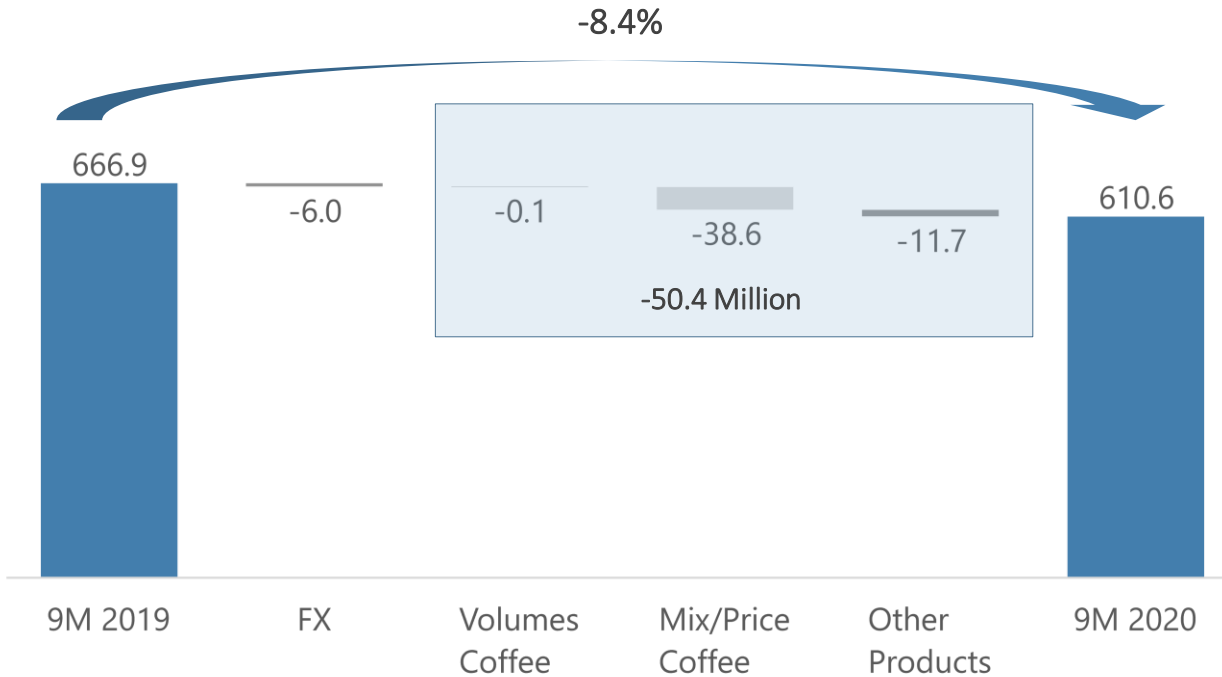
REVENUES BY REGION



- Americas performance, on a comparable basis, is attributable to positive performance of Mass Market
- Northern Europe is affected by decrease of Food Service, partially offset by solid growth in Mass Market
- Revenue in Southern Europe is mostly affected by a steep decrease of Food Service
- Asia-Pacific performance is affected by Food Service channel performance partially offset by a solid revenue growth in the Mass Market

(Euro million)

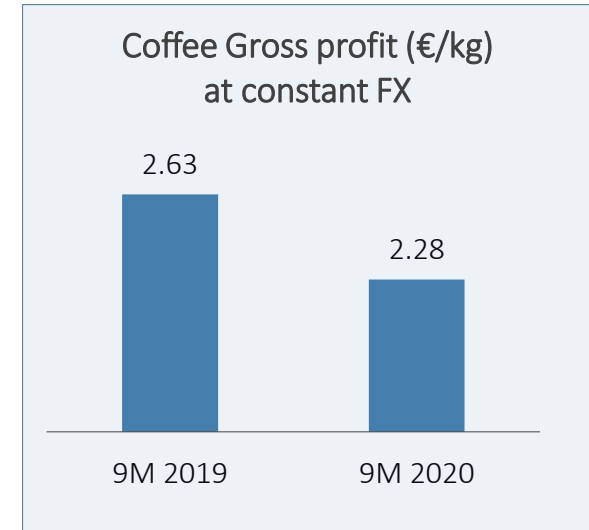
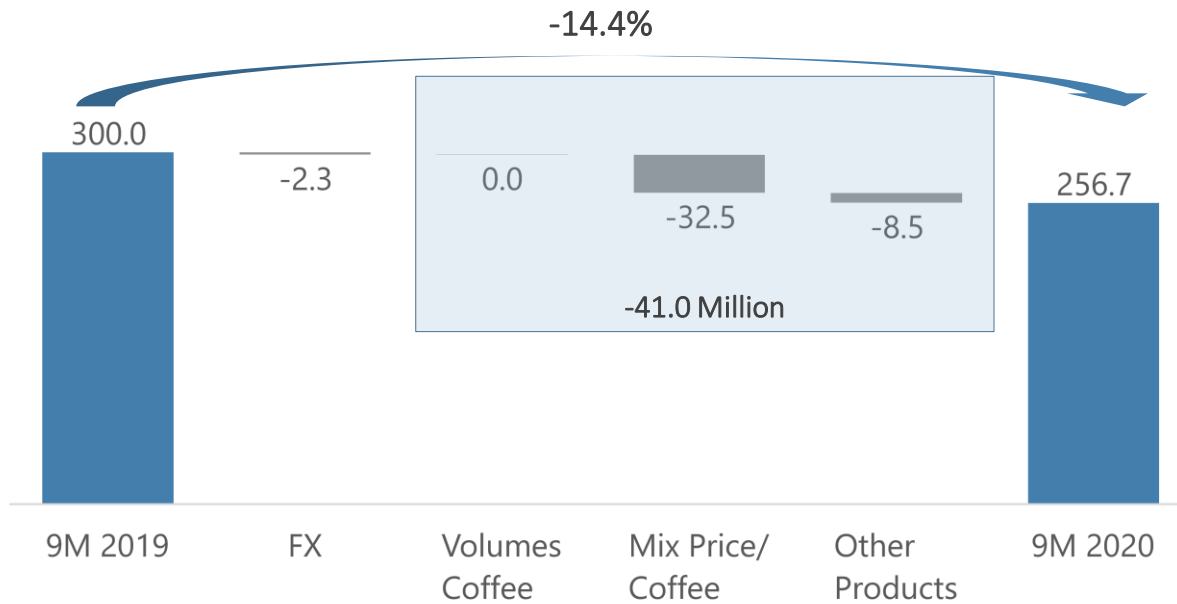
REVENUE BRIDGE



- 9M 2020 revenues decreased -8.4% at current exchange
- Excluding FX fluctuations, which had a negative impact of Euro 6.0 million, 9M 2020 revenues decreased -7.6% (-9.7% on a comparable basis) compared to 9M 2019. This performance is explained by increases in volumes, partially offset by a negative channel/product mix as a consequence of the performance of the Food Service channel

(Euro million)

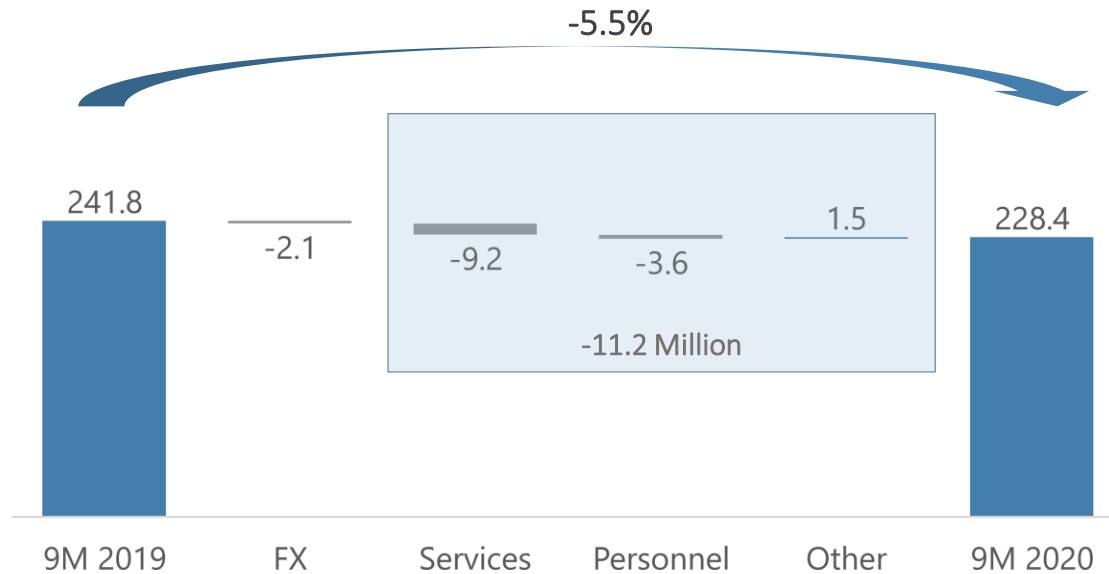
GROSS PROFIT



- Gross Profit decreased by Euro 43.3 million compared with 9M 2019
- Excluding FX, gross profit decreased by Euro 41.0 million. Gross Profit per kilo has been affected by a different channel/products mix compared to the 9M2019, as highlighted previously.

(Euro million)

OPERATING EXPENSES



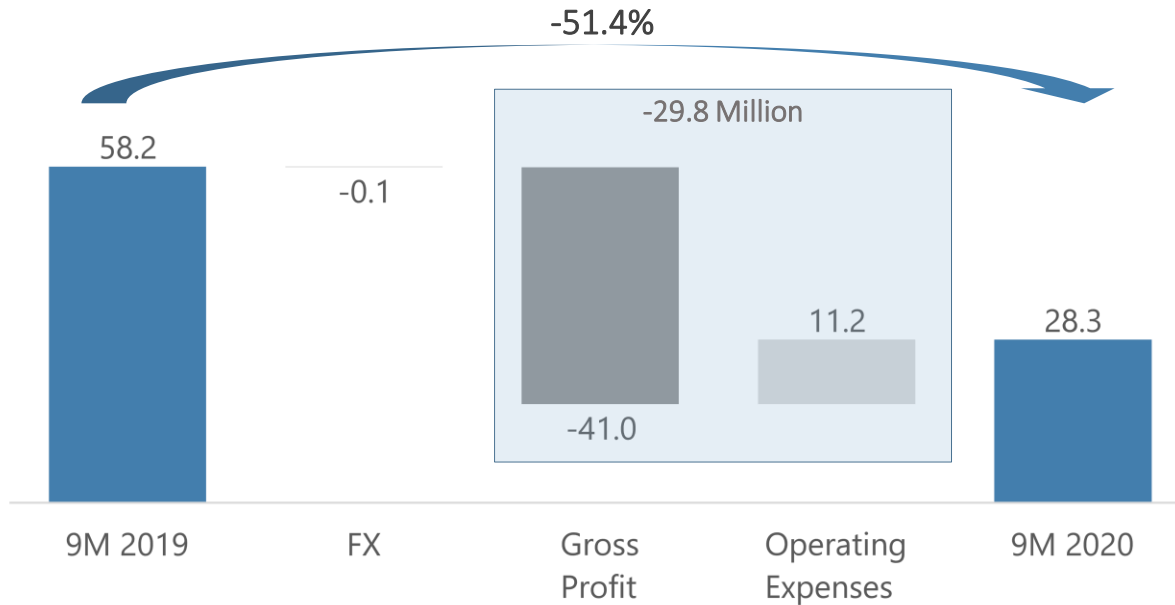
ORGANIC* OPERATING EXPENSES	9M 2019	9M 2020	Delta
Services	125.7	116.5	(9.2)
Personnel	114.4	110.9	(3.6)
Other costs	1.7	3.2	1.5
TOTAL	241.8	230.5	(11.2)

* organic: excluding FX

- Operating expenses, excluding FX, decreased by Euro 11.2 million
- On a comparable basis, this decline was primarily driven by the cost containment measures taken to mitigate the impact of Covid-19.
- During the first nine months of 2020, the Group incurred non-recurring costs of Euro 4.6 million mainly related to efficiency projects in America as well as the accrual to bad debt provision recognized exceptionally to take into account the likely impacts of potential credit loss due to the Covid-19 pandemic.

(Euro million)

EBITDA adjusted



- EBITDA adjusted decreased by Euro 30.0 million; Forex had not a material impact (Euro 0.1 million)
- EBITDA adjusted performance was attributable to the gross profit decrease of Euro 41.0 million and the operating expenses decrease of Euro 11.2 million
- As highlighted in the previous page EBITDA adjusted excludes non-recurring items of Euro 4.6 million

(Euro million)

INCOME STATEMENT

<i>Euro.million</i>	9M 2020		9M 2019		Change
Revenues	610.6	100.0%	666.9	100.0%	-56.3
Purchases of Goods	-353.9	-58.0%	-366.9	-55.0%	13.0
Gross Profit	256.7	42.0%	300.0	45.0%	-43.3
Services, leases and rentals	-115.9	-19.0%	-127.3	-19.1%	11.5
Personnel costs	-111.5	-18.3%	-114.8	-17.2%	3.3
Other operating cost	-3.0	-0.5%	-0.7	-0.1%	-2.2
Impairment	-2.7	-0.4%	-1.2	-0.2%	-1.4
EBITDA	23.7	3.9%	55.9	8.4%	-32.2
Non recurring items	4.6	0.7%	2.4	0.4%	2.2
EBITDA Adjusted	28.3	4.6%	58.2	8.7%	-30.0
D&A	-36.2	-5.9%	-34.0	-5.1%	-2.1
EBIT	-12.4	-2.0%	21.9	3.3%	-34.3
Net finance income (costs)	-7.4	-1.2%	-7.1	-1.1%	-0.3
Profit (loss) on equity consolidated companies	-0.4	-0.1%	-1.0	-0.1%	0.6
Net Result Before Tax	-20.2	-3.3%	13.8	2.1%	-34.0
Income Tax expense	-0.3	0.0%	-5.7	-0.9%	5.4
Tax rate	-1.3%		41.2%		
Net Result	-20.5	-3.4%	8.1	1.2%	-28.6

FREE CASH FLOW AND CHANGE IN NET WORKING CAPITAL

(Euro. M)	9M 19	9M 20
EBITDA adj	58.2	28.3
Special Items (Cash effect)	(2.8)	(2.8)
Change in NWC	(18.2)	(20.0)
CAPEX	(23.6)	(23.3)
Taxes	(6.5)	(3.1)
Others	1.8	2.9
FREE CASH FLOW	9.0	(18.1)



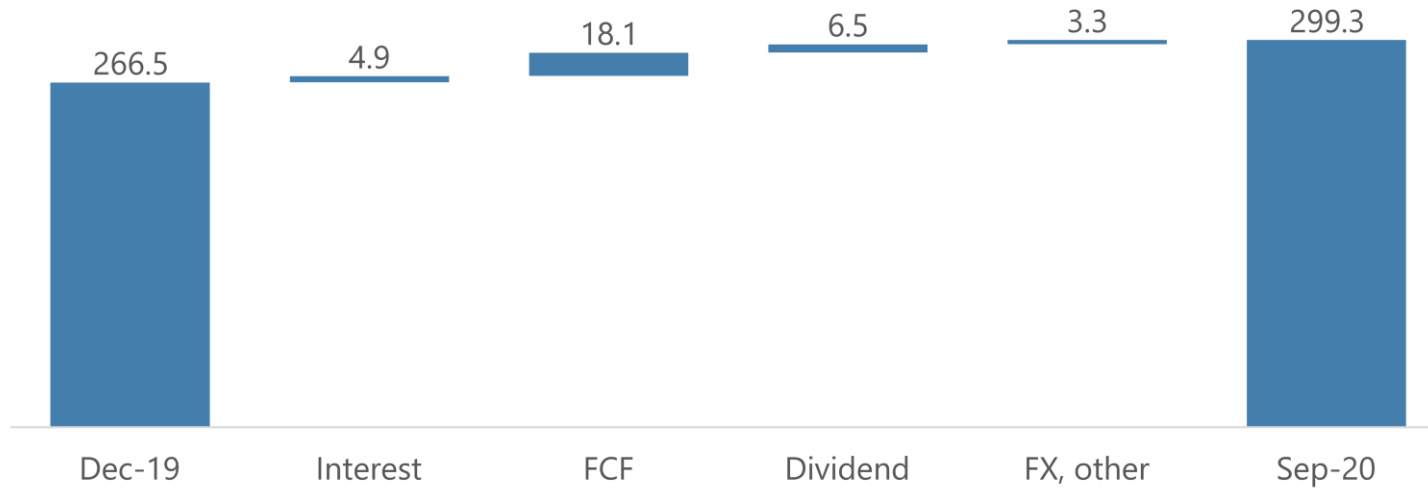
(Euro. M)	9M 19	9M 20
Change in Inventories	(21.2)	(9.7)
Change in Trade Receivables	2.0	18.0
Change in Trade Payables	3.0	(26.2)
Change in Other Asset/Liabilities	(2.0)	(2.1)
Change in Net Working Capital	(18.2)	(20.0)

The Free Cash Flow absorbed Euro 18.1 million, compared with Euro 9.0 million cash generation in 9M 2019. This is mainly related to the Ebitda performance.

Net working capital absorbed Euro 20.0 million in the first nine months 2020 compared with Euro 18.2 million of the first nine months 2019.

(Euro million)

NET DEBT



Debt Profile	December 31, 2019	Sept 30, 2020
Fixed Interest Rate	45%	37%
Variable Interest Rate	55%	63%
EURO	91%	92%
USD	9%	8%

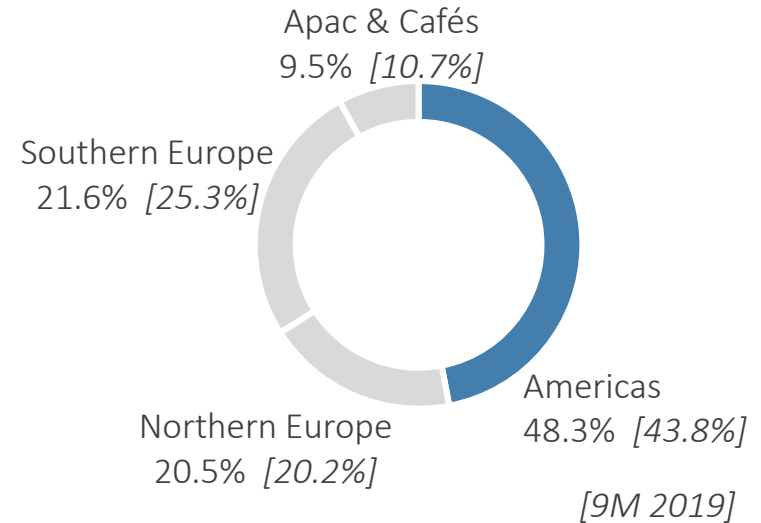
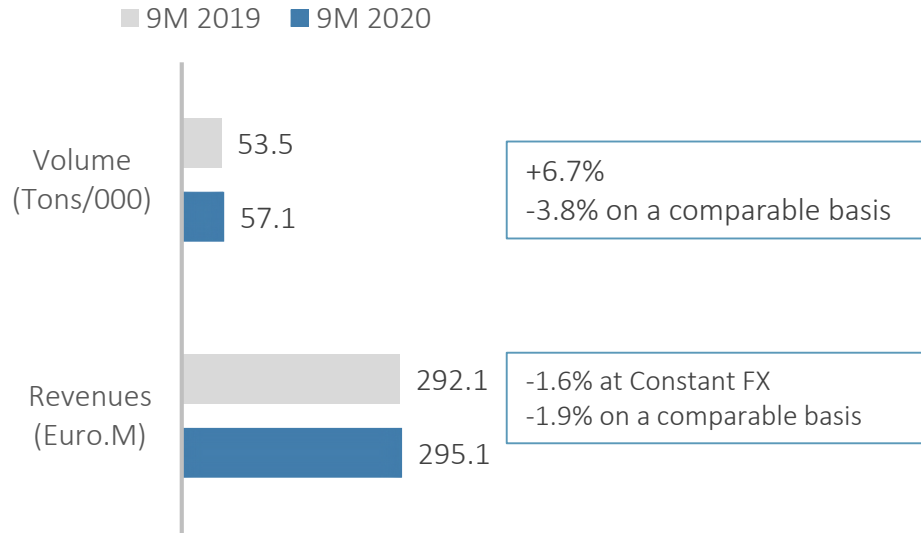
(Euro million)

OUTLOOK FOR FY 2020

- The Covid-19 public health emergency which characterised the first nine months of 2020 with a significant impact on markets and the national and world economy, continues to affect the current context. Despite the signs of recovery shown in the third quarter, the recent increase in contagion, which has already resulted in selective closures in several markets and could lead to further and more far-reaching closures, creates further uncertainty about the possible developments in the public health crisis and the global economic outlook.
- The potential future impacts of the Covid-19 pandemic on the Group appear attributable to an increase in uncertainty regarding certain elements, such as: *i)* the development of the Food Service channel; *ii)* the recoverability of receivables, with particular regard to the Food Service channel; and *iii)* liquidity management.
- Since the outbreak of the health emergency, the Group has intensified its monitoring of these areas in order to ensure that risk profiles are promptly identified, and corrective measures are assessed. Based on this new and strong pandemic phase, the public health emergency and the operational restrictions necessary to contain Covid spread may have a significant effect on the last quarter of the year. Consequently, any forecast as to the foreseeable outlook would be extremely complex.

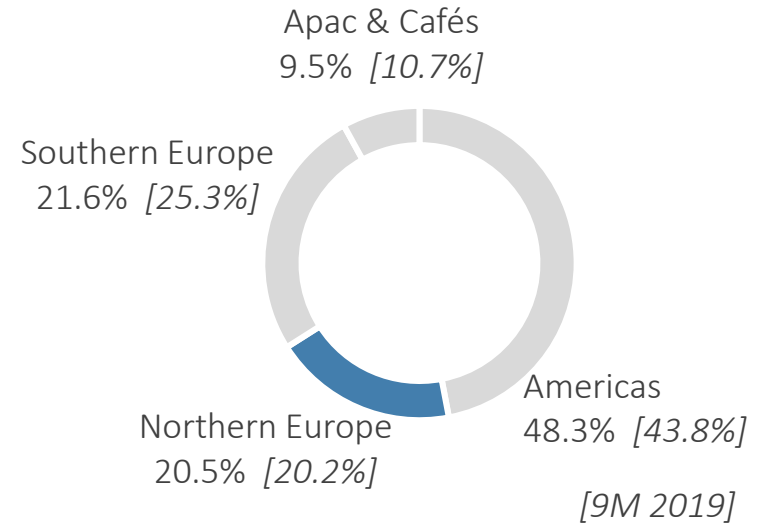
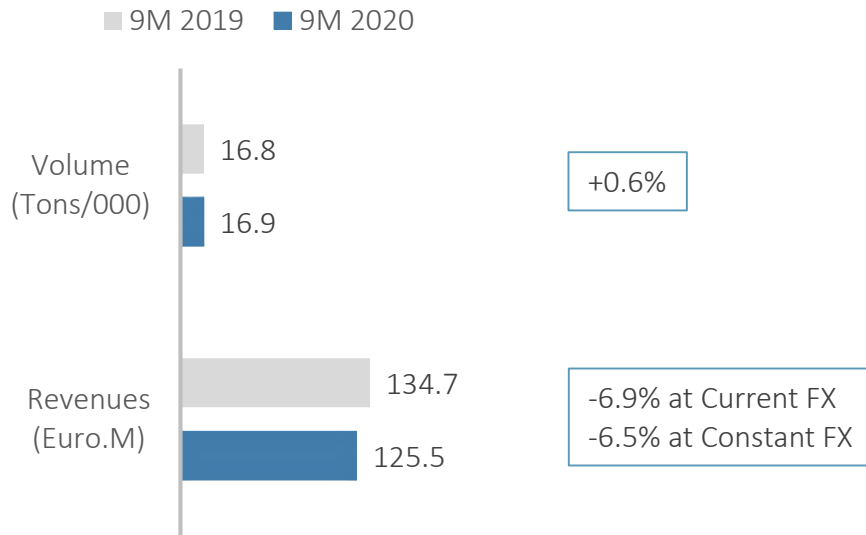


FOCUS ON AMERICAS



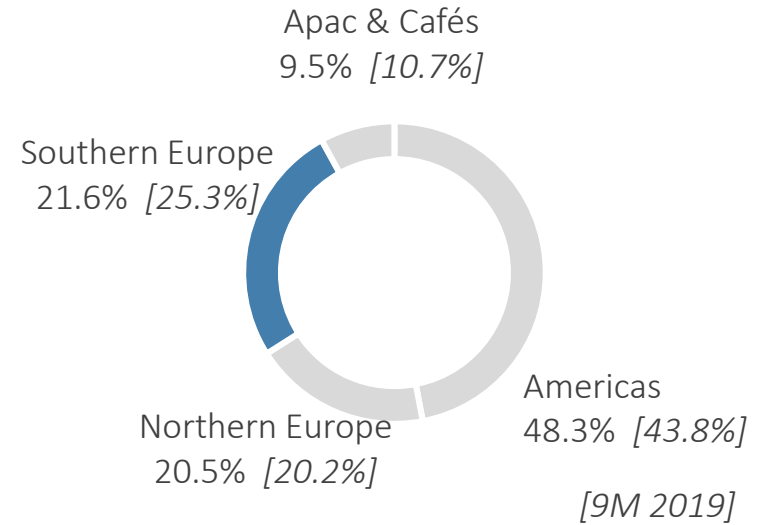
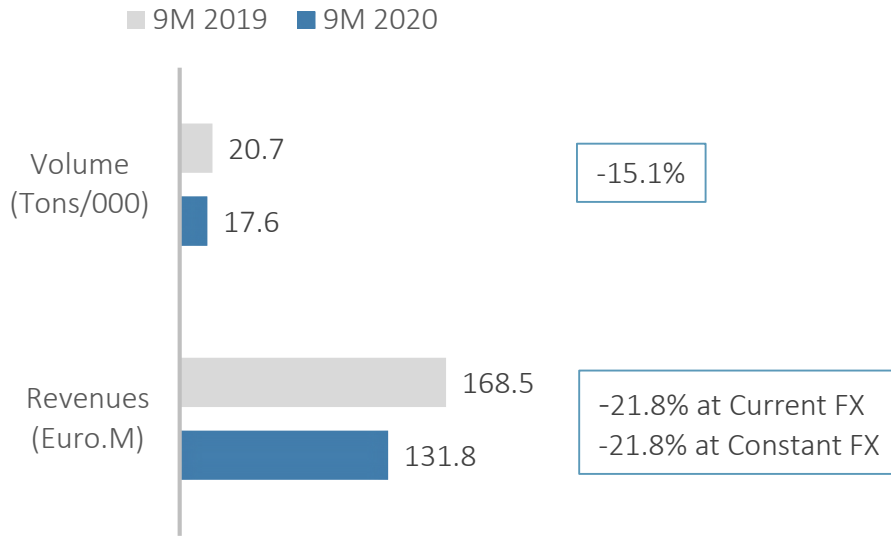
- 9M 2020 volume, on a comparable basis (-3.8%) was driven by impacts related to the Covid virus and the shut down of many Foodservice locations across all segments.
- The USA Mass Market branded business grew volume, as well as unit share across all categories both the Coffee and Cappuccino categories. Increased Marketing support and in home consumption trends both contributed to the growth. There have been offsetting factors in the U.S. Foodservice business, Private Label and Contracts business which all relate to the ongoing Covid impacts.
- Food Service in the U.S while impacted has seen sequential growth each month since June. Limited openings of offices, café's and restaurants are driving this trend.
- E-commerce sales continue to show solid growth, with very strong performance on Kauai coffee and all single serve items

FOCUS ON NORTHERN EUROPE



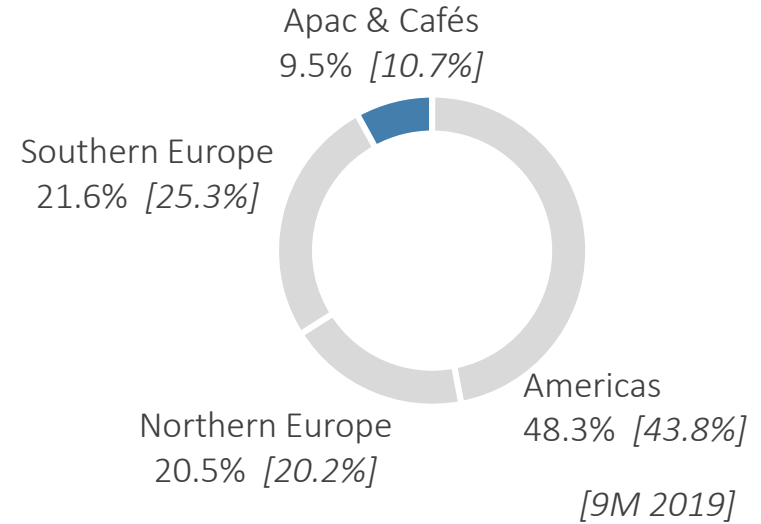
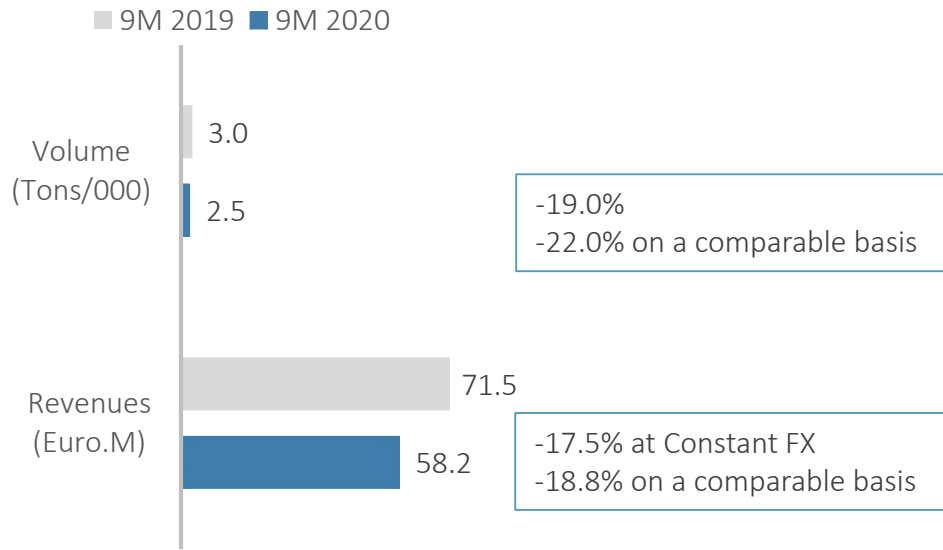
- Solid growth in Mass Market partially offsetting decline in Food Service, in all main Countries
- Food Service decreased as a result of the containment measures of Covid-19
- Continued growth of Organic and Certified products

FOCUS ON SOUTHERN EUROPE



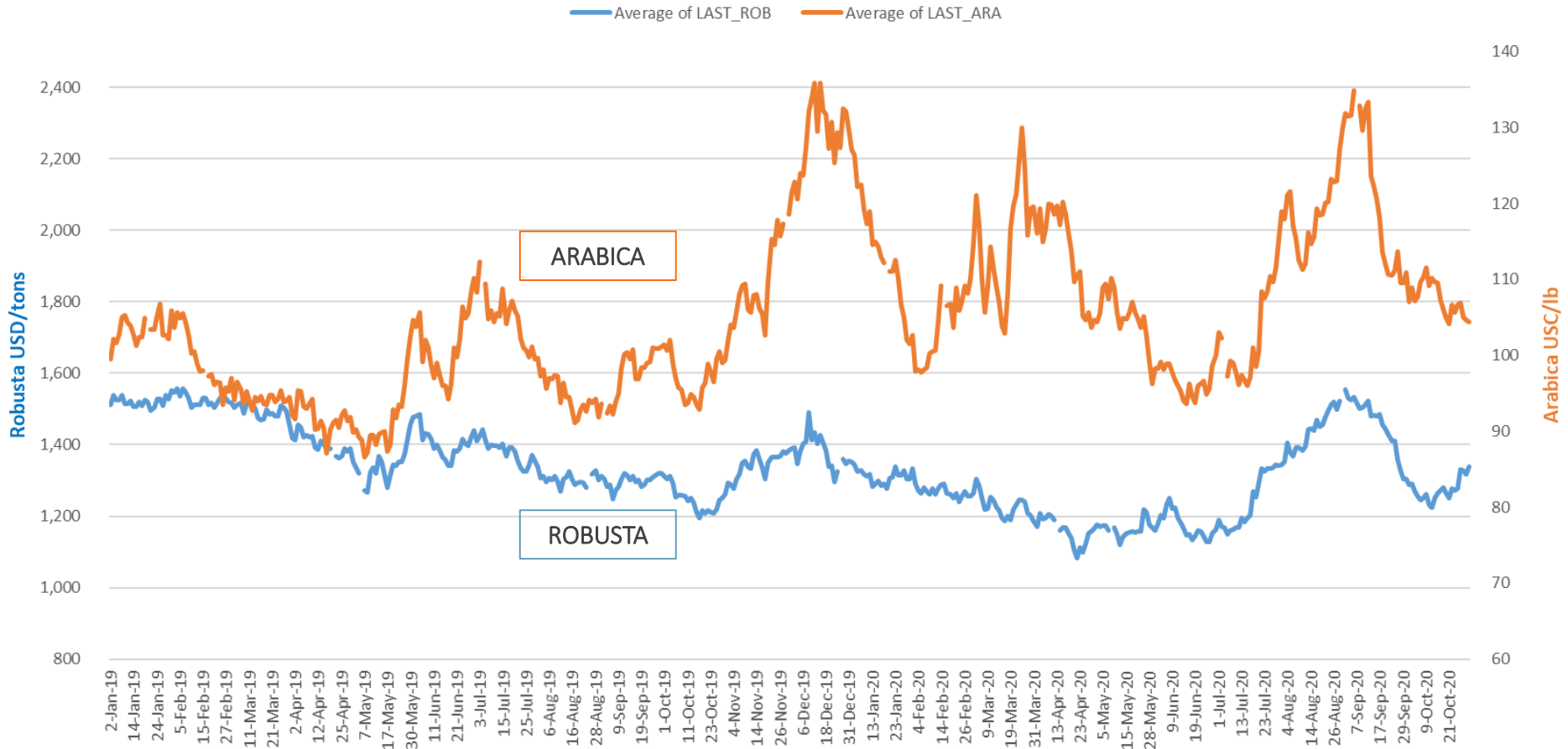
- Food Service heavily impacted by the containment measures adopted for Covid-19
- Mass Market performance in line with previous year even though all new activities (NPD, Segafredo range relaunch in Italy) have been slowed down by the retailers
- Compatible capsules insourcing is progressing and is in line with expectations

FOCUS ON ASIA PACIFIC AND CAFÉS



- Volume and sales are particularly affected by the restrictive measures adopted by local governments to combat the spread of the Covid-19. Revenues were down 17.5% at Constant Fx, -18.8% on a comparable basis (i.e. excluding BAG January result)
- Double digit-increase in Mass Market offset by the decrease in Food Service channel due to lockdown measures and private label channel
- APAC main countries are: Thailand (around 30% of the sales of the region), Australia 28%, Japan 10%, Singapore 10%, Middle East 9%

GREEN COFFEE PRICE



ASSET & LIABILITIES

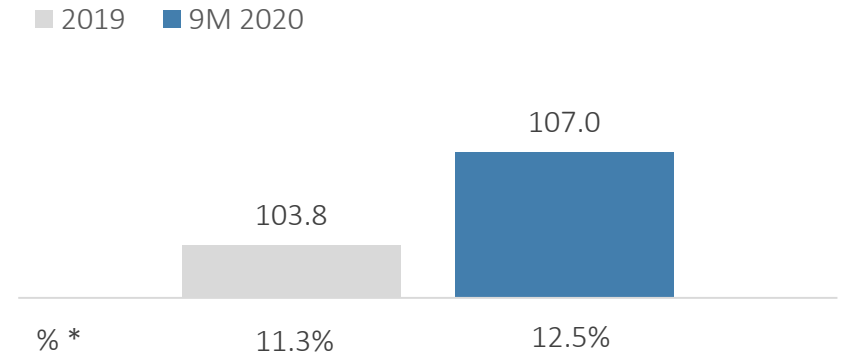
<i>Euro.million</i>	9M 2020	2019
Intangible assets	214.2	227.0
Property, plant and equipment and investment properties	256.7	270.4
Investments in joint ventures and associates	10.3	11.2
Non current advances and trade receivables	2.9	2.9
Deferred tax assets and other non current assets	38.0	35.4
Non current assets	522.0	546.9
Net working capital	107.0	103.8
Employee benefits	(10.2)	(10.5)
Other non current provisions	(3.0)	(3.0)
Deferred tax liabilities and other non current liabilities	(31.3)	(33.3)
Non current liabilities	(44.4)	(46.8)
Net Invested Capital	584.6	603.9
Equity	285.3	337.4
Net debt	299.3	266.5
Sources of financing	584.6	603.9



NET WORKING CAPITAL

<i>Euro.million</i>	9M 2020	2019
Inventories	161.7	154.5
Trade receivables	93.0	114.6
Income tax assets	3.2	3.5
Other current assets	13.5	20.6
Trade payables	(126.9)	(155.2)
Income tax liabilities	(1.4)	(2.5)
Other current liabilities	(36.2)	(31.7)
Net working capital	107.0	103.8
% on last twelve months revenues	12.5%	11.3%

Net working capital - Euro.million



* on last twelve months revenues

CASH FLOW

<i>Euro.million</i>	9M 2020	9M 2019
EBITDA adj	28.3	58.2
Non recurring items paid	(2.8)	(2.8)
Change in Net Working Capital	(20.0)	(18.2)
Net recurring investments	(23.3)	(23.6)
Income tax paid	(3.1)	(6.5)
Other operating items	2.9	1.8
Free Cash Flow	(18.1)	9.0
Net non recurring investments	(1.6)	(22.5)
Investments in financial receivables	(3.5)	1.9
Interest paid	(4.9)	(5.2)
Net cash generated from financing activities	25.0	29.2
Cash outflow from leasing accounted under IFRS 16	(7.9)	(7.7)
Dividends	(6.5)	(6.7)
Exchange gains/(losses) on cash and cash equivalents	(2.7)	1.8
Net increase in cash and cash equivalents	(20.2)	(0.2)
Cash and cash equivalents at the beginning of the year	94.8	93.5
Cash and cash equivalents at the end of the year	74.6	93.2

NET DEBT

<i>Euro.million</i>		9M 2020	31/12/2019
Cash and cash equivalent	A	(1.0)	(1.1)
Cash at bank	B	(73.6)	(93.7)
Securities held for trading	C	-	-
Liquidity (A+B+C)	D	(74.6)	(94.8)
Current financial receivables	E	(5.5)	(2.0)
Current loans	F	78.7	61.7
Current portion of non current loans	G	62.1	66.2
Other current financial payables	H	15.1	15.6
Current Indebtedness (F+G+H)	I	155.9	143.5
Net current indebtedness (I+E+D)	J	75.8	46.7
Non current loans	K	185.7	175.0
Issued Bonds	L	-	-
Other non current financial payables	M	37.8	44.9
Non current indebtedness (K+L+M)	N	223.5	219.9
Net debt (J+N)	O	299.3	266.5

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	Pascal Héritier
Director	Monika Dutkiewicz
Independent Director	Giorgio Valerio
Independent Director	Mara Vanzetta
Independent Director	Ivana Casonato

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

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Pascal Héritier - Chief Operating Officer

Leonardo Rossi - Chief Financial Officer

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