

# Q2 2014 results

Hans Roelofs, CEO and Aart Duijzer, CFO

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# Presenting team



**Hans Roelofs, CEO**

Joined Refresco in 2007 as CEO. Prior to this Hans was CEO of Dumeco, a private label meat producer and processor. Hans started his career at Nutreco, rising to Managing Director of the Agri-Food Business and is a graduate of Wageningen University.



**Aart Duijzer, CFO**

Joined Refresco in 2000 as CFO, one of the founders of the company. Aart previously worked as Finance Director of the Continental European division of Hazlewood Foods Plc. Aart started his career at KPMG and is a graduate of Erasmus University in Rotterdam.

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# A strong Q2 and half year performance with integration firmly on track

## Second quarter highlights

- Volume and revenue increases of 20.6% and 31.1% respectively.
- Gross profit margin per litre increased to 14.0 euro cents compared to 12.1 euro cents in Q2 2013.
- Adjusted EBITDA went up to €66.6 million, an increase of €22.8 million supported by merger synergies which kicked in sooner than anticipated.
- Continued strong cash position at €107.3 million notwithstanding €25.0 million repayment of debt (Revolving Credit Facility) in Q2 2014.

# Market drivers Q2 2014

## Economic recovery - Europe

- Southern European countries are showing encouraging signs of healing
- Overall the recovery process is far from robust

## Commercial beverages in the black

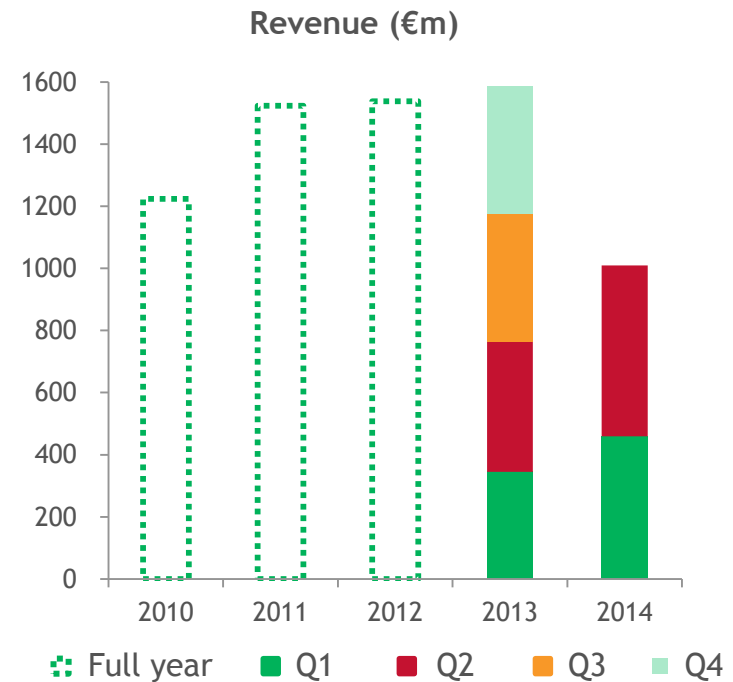
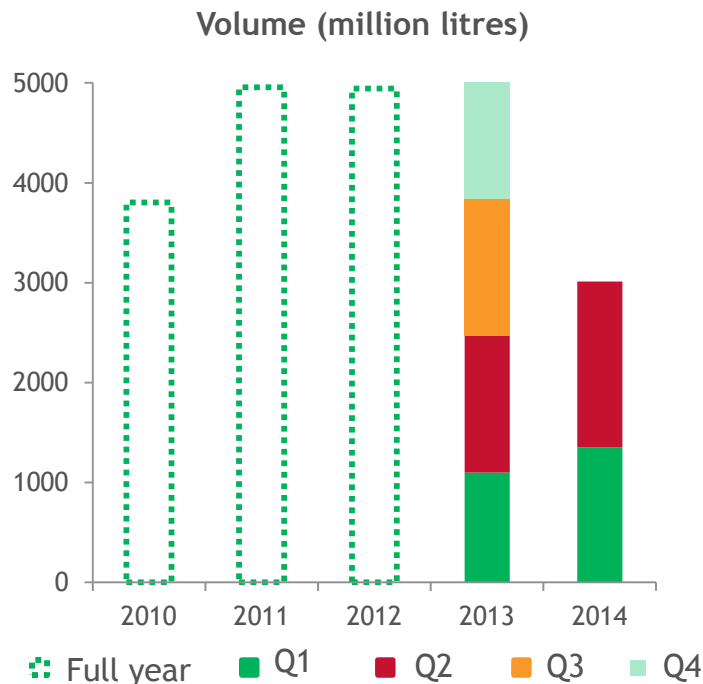
- World Cup has boosted can business, mostly branded
- Juice consumption fell by 4%
- Packaged water consumption increased by 3%
- Energy drinks increased by 5%

## Discounters march on

- Market penetration and market share up
- Share of branded offerings up
- Large investments in shop formats

# Q2 volume and revenue increases of 20.6% and 31.1% respectively

- The total soft drinks market in West Europe\* excluding Poland, increased by 1.2% in volume terms in the second quarter of 2014 compared to the same period last year.
- Refresco Gerber's volumes and revenue increased significantly due to the successful merger completed last year.
- Underlying\*\* volumes decreased by 0.4% due to pressure on private label volumes in certain markets and categories, in particular in the Netherlands and Poland.
- The lower average selling prices from passing on lower input costs to our private label customers decreased our like-for-like revenues.



\* Canadian Quarterly Beverage Tracker West Europe Second Quarter 2014  
 \*\* Excluding Gerber Emig's contribution in the second quarter of 2014.

# Revenue by location of sales

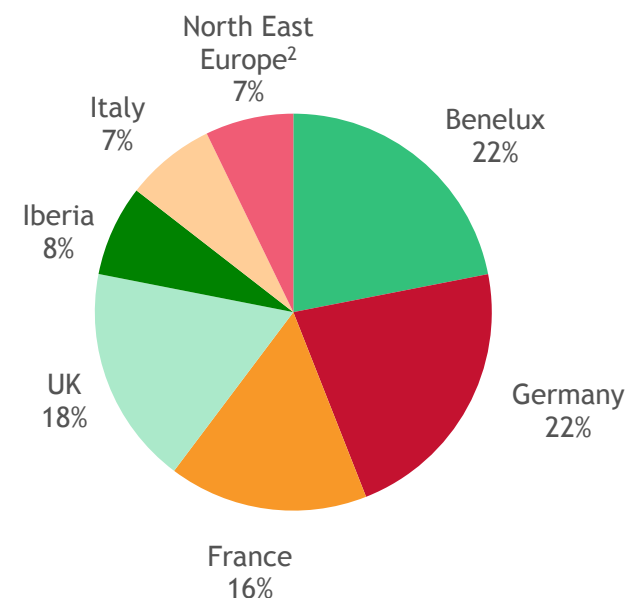
## Second quarter

(€m)	2014	2013
Benelux <sup>1</sup>	122.0	132.8
Germany	119.4	90.1
France	89.5	69.5
UK	93.0	13.1
Iberia	41.6	39.0
Italy	43.6	43.5
North East Europe <sup>2</sup>	41.1	31.4
<b>Total revenue</b>	<b>550.2</b>	<b>419.5</b>

## Half year

(€m)	2014	2013
Benelux <sup>1</sup>	221.3	243.3
Germany	223.0	168.9
France	163.8	128.5
UK	179.9	23.5
Iberia	74.9	70.3
Italy	73.8	74.8
North East Europe <sup>2</sup>	72.5	55.4
<b>Total revenue</b>	<b>1,009.2</b>	<b>764.7</b>

Half year revenue per location of sales



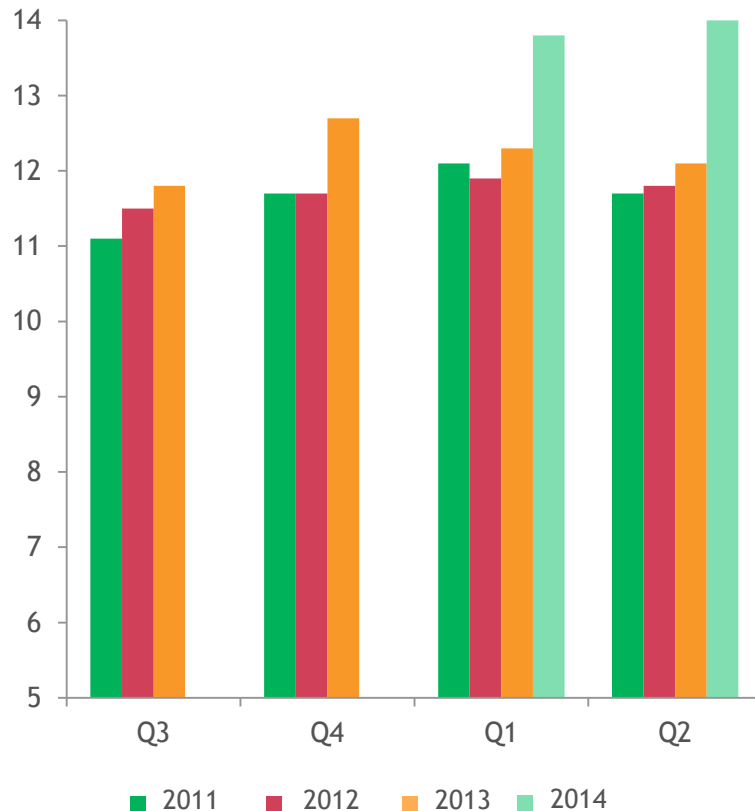


# Key financial indicators

(€m)	Q2		Half year	
	2014	2013	2014	2013
Revenue	<b>550.2</b>	419.5	<b>1,009.2</b>	764.7
Sales in litres, millions of litres	<b>1,659.8</b>	1,376.4	<b>3,012.6</b>	2,475.5
Margin per litre, euro cents	<b>14.0</b>	12.1	<b>13.9</b>	12.2
Adjusted EBITDA	<b>66.6</b>	43.8	<b>98.3</b>	65.3
Merger and restructuring costs	<b>0.4</b>	5.4	<b>1.6</b>	7.7
Operating profit	<b>45.5</b>	18.5	<b>55.4</b>	21.9
Net profit / (loss)	<b>23.9</b>	3.5	<b>21.9</b>	(3.2)
Cash and cash equivalents at the end of the period	<b>107.3</b>	87.2	<b>107.3</b>	87.2

# Margin development

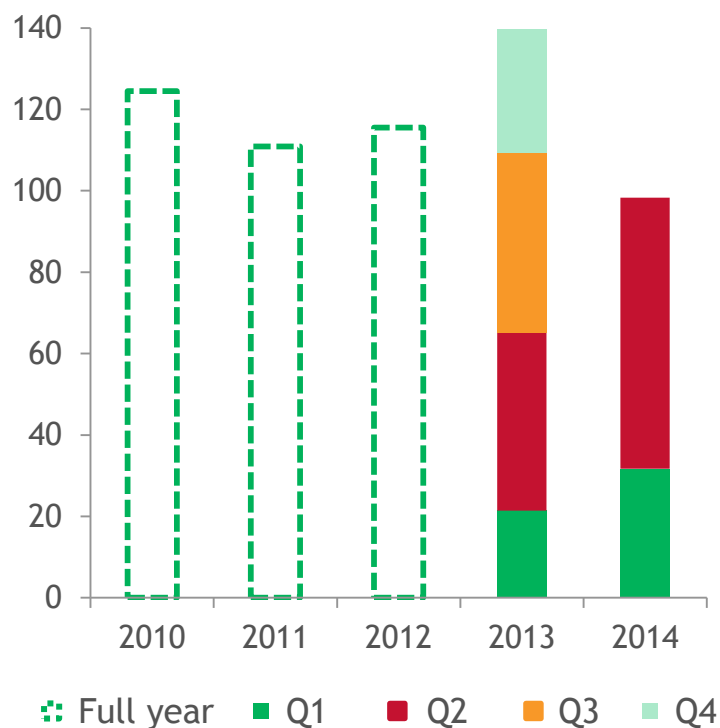
Gross profit margin per litre per quarter (euro cents)



- Gross profit margin per litre increased to 14.0 euro cents compared to 12.1 euro cents in Q2 2013.
- Increase reflects merger synergies, our strategy to focus on higher margin products and the shift in product mix arising from the merger. These factors were supported by slightly more favorable input costs.

# EBITDA development

Adjusted EBITDA (€m)



Reconciliation of operating profit to adjusted EBITDA

	Q2		Half year	
(€m)	2014	2013	2014	2013
Operating profit	45.5	18.5	55.4	21.9
Depreciation, amortization and impairment costs	20.7	19.9	41.3	35.7
<b>EBITDA</b>	<b>66.2</b>	<b>38.5</b>	<b>96.7</b>	<b>57.6</b>
Merger and restructuring costs	0.4	5.4	1.6	7.7
<b>Adjusted EBITDA</b>	<b>66.6</b>	<b>43.8</b>	<b>98.3</b>	<b>65.3</b>

# Cash flow statement

	Q2		Half year	
€m	2014	2013	2014	2013
Operating profit / (loss)	45.5	18.5	55.4	21.9
Net cash flow from operating activities	40.1	6.7	75.2	11.8
Net cash flows from investing activities	(12.1)	(12.7)	(25.4)	(18.6)
			49.8	(6.8)
Net cash flows from financing activities	(25.4)	2.2	(26.7)	(1.4)
Translation adjustment	(1.0)	(1.4)	(1.3)	0.1
Movement in cash / cash equivalents	1.6	(5.2)	21.8	(8.1)

- Change in net cash flows from operating activities mainly related to higher overall results and improved working capital across the group.
- Change in net cash flows from financing activities mainly related to the RCF repayment of €25.0m in Q2 2014.
- Capex spending was €12.5m compared to €10.7m in Q2 2013.

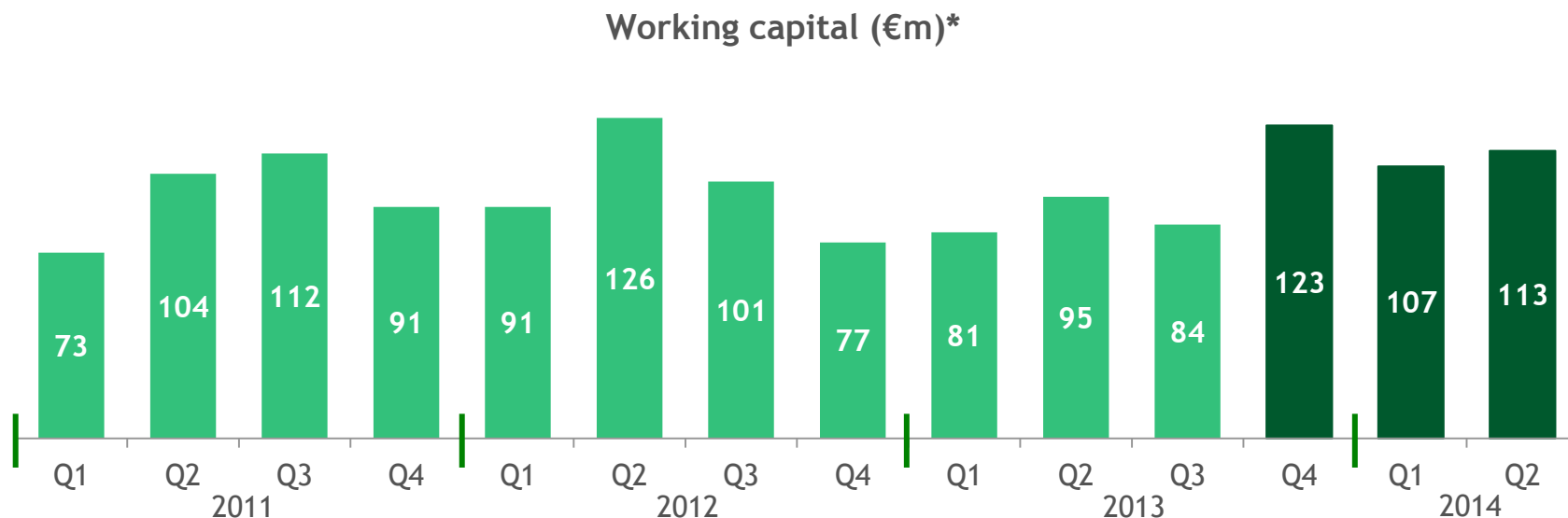
# Balance sheet

(€m)	June 30 2014	Dec 31 2013	June 30 2013
Total assets	<b>1,727.3</b>	1,621.9	1,277.2
Total non-current liabilities	<b>822.5</b>	847.7	700.9
Total current liabilities	<b>563.7</b>	456.3	415.1
Total equity	<b>341.1</b>	317.9	161.2
Cash and cash equivalents	<b>107.3</b>	86.1	87.2

- Liquidity on June 30, 2014:
  - Cash and cash equivalents €107.3m
  - Undrawn RCF €75.0m
- Increase in cash & cash equivalents relates to improved cash flow from operations & lower working capital.
- Strong equity position at €341.1m.
- In addition to an RCF repayment in Q2 2014, another repayment of €50m was made in two tranches after Q2 2014. €125m is now freely available under the RCF.

# Working capital

- Working capital\* increased by €6.0 million within the review period due to the seasonal nature of the business. Working capital for the half year period decreased by €10.0 million mainly due to alignment of payment terms across the group.
- Working capital management continues to be a key area of attention.



\* Including items not reported in cash flow statement under changes in working capital.

# Integration update

- Key merger milestone met with the divestment of Waibstadt (Germany) manufacturing plant in May and completion by end July.
- Substantial procurement synergies realized earlier than foreseen.
- New action plans underway to make Bridgwater (UK) and Calvorde (Germany) manufacturing sites more competitive.
- New Group values programme introduced.
- Numerous integration activities continue in all countries.

# Summary

- Continued positive trend in results supported by earlier than expected merger synergies.
- Integration progressing well and on schedule to be completed within the two year timeframe we set earlier.
- Significant increases in volume and revenue due to the successful merger. Underlying volume development slightly below market.
- With the divestment of Waibstadt manufacturing site in Germany, we took the last step in the merger process meeting successfully the European Commission's condition for the merger of Refresco and Gerber Emig.
- We are confident we can maintain and continue our performance in the second half of 2014.



# Q&A

# IR Calendar and contacts



For further information, please contact us:  
Corporate Communications  
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## Coming events

**Q3 2014 Refresco Gerber result**  
Thursday, November 20, 2014  
Investor Conference Call at 15.00 CET

\*To join quarterly conference calls, please register with  
Minna Lyijynen by email [minna.lyijynen@refrescogerber.com](mailto:minna.lyijynen@refrescogerber.com).



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