

Press Release August 21, 2014

Refresco Gerber delivers strong Q2 and half year earnings

Integration on schedule, synergies realized support results

Second quarter highlights

- We recorded a volume of 1,659.8 million litres and revenue of €550.2 million, an increase of 20.6% and 31.1% compared to the same period last year. The increase in volume and revenue is fully related to the merger of Refresco and Gerber Emig completed in Q4 2013.
- Gross profit margin per litre increased by 15.7% to 14.0 euro cents in Q2 2014 from 12.1 euro cents in Q2 2013. The improvement was realized by merger synergies, continued focus on better contributing volumes, the shift in product mix arising from the merger and slightly more favorable input costs.
- We recorded an adjusted EBITDA of €66.6 million, an improvement of €22.8 million on the same quarter last year supported by merger synergies which kicked in sooner than anticipated.
- Net profit for the quarter was €23.9 million compared to a net profit of €3.5 million in Q2 2013.
- A strong cash position of €107.3 million at the end of Q2 2014 (€87.2 million at the end of Q2 2013) reflects the higher results and more efficient working capital management. During the quarter we made a repayment of €25.0 million on our Revolving Credit Facility.
- With the divestment of Waibstadt manufacturing site in Germany which we signed in Q2 2014 and closed on July 31, we took the last step in the merger process meeting successfully the European Commission's condition for the merger of Refresco and Gerber Emig.

Key figures (in millions of euros)

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

CEO Hans Roelofs

We continued to deliver strong results in the first half of the year. This reflects the strategic choices we made over the past two years, in particular our decision to focus on higher margin volumes which paid off with an increase in margin per liter. We saw a significant increase in volume and revenue due to the successful merger between Refresco and Gerber Emig, although underlying volumes were slightly below the market due to pressure on private label volumes in certain markets and categories. The lower average selling prices from passing on lower input costs to our private label customers decreased our like-for-like revenues.

With the closing of the sale of Waibstadt we met the European Commission's condition for the merger, which is a major milestone in the integration process. Furthermore, we are pleased to report that overall synergies continue to come in faster than foreseen. Integration is progressing well and on schedule to be completed within the two year timeframe that we set earlier. The combined business has a strong market position and we are well positioned to meet our customers' changing needs and requirements. We are confident we can maintain and continue our performance in the second half of 2014."

Group revenue and volume development

We recorded revenue of €550.2 million, an increase of 31.1% from the second quarter of 2013. On a like-for-like basis, excluding Gerber Emig, revenue decreased by €16.5 million or 3.9%. This like-for-like decrease is a combination of 3.5% decrease in revenue from lower average selling prices mainly due to passing on input cost decreases to our private label customers and a volume decrease of 0.4%. This volume decrease reflects some pressure on private label volumes in certain markets and categories, in particular in the Netherlands and Poland. The total soft drinks market in West Europe¹ excluding Poland, increased by 1.2% in volume terms in the second quarter of 2014 compared to the same period last year.

Revenue in the first half of the year amounted to €1,009.2 million, an increase of 32.0% compared to the first half of 2013. Like-for-like half year revenue decreased by €34.7 million or 4.5% due to lower average selling prices and a volume decline of 0.7%.

We have seen revenues increase in all markets except for the Benelux. Weak retail revenue in the Netherlands during the first half of the year negatively impacted our revenues in the Benelux. Volumes in Iberia and Italy were slightly up compared to the second quarter of 2013 despite the challenging economic situation in Southern Europe and tough competition in those local markets. The revenue increase in Germany, France, UK and North East Europe is mainly related to the merger with Gerber Emig.

Revenue by location of sales (in millions of euros)

	Three months ended		Six months ended	
	June 30		June 30	
	2014	2013	2014	2013
Benelux ²	122.0	132.9	221.3	243.3
Germany	119.4	90.1	223.0	168.9
France	89.5	69.5	163.8	128.5
UK	93.0	13.1	179.9	23.5
Iberia	41.6	39.0	74.9	70.3
Italy	43.6	43.5	73.8	74.8
North East Europe ³	41.1	31.4	72.5	55.4
Total revenue	550.2	419.5	1,009.2	764.7

¹ Canadean Quarterly Beverage Tracker West Europe Second Quarter 2014

² A Part of the revenue decline in the Benelux relates to changes in reporting principles and to intercompany transfers

³ Poland and Finland

Sales in litres

	Three months ended		Six months ended	
	June 30		June 30	
	2014	2013	2014	2013
Litres (millions)	1,659.8	1,376.4	3,012.6	2,475.5

Margin development

Gross profit margin per litre for the second quarter amounted to 14.0 euro cents compared to 12.1 euro cents in the second quarter of 2013. The 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.

Operating costs

Operating costs amounted to €186.3 million, an increase of €38.5 million from the second quarter of 2013. Operating costs for the first half of 2014 increased by €84.2 million compared to the same period last year. Increases are fully related to the cost base of Gerber Emig.

Results of operations

Operating profit was €45.5 million compared to an operating profit of €18.5 million in the second quarter of 2013 driven by improved margins, synergies realized and lower overall costs in the underlying business.

Adjusted EBITDA in the second quarter amounted to €66.6 million, an improvement of €22.8 million compared to the second quarter of 2013 supported by synergies which kicked in sooner than anticipated.

Depreciation, amortization and impairment costs of €19.9 million in the second quarter of 2013 include an impairment of €4.0 million related to the closure of Heerlen manufacturing site in the Netherlands.

The operating profit for the first half of the year was €55.4 million compared to €21.9 million in the first half of 2013. The half year increase of €5.6 million in depreciation, amortization and impairment cost is fully related to the Gerber Emig activities.

Merger and restructuring costs of €1.6 million during the half year period is due to advisory and legal costs related to the integration process.

Adjusted EBITDA for the first half of 2014 totaled €98.3 million compared to adjusted EBITDA of €65.3 million in the first half of 2013.

Reconciliation of operating profit to adjusted EBITDA (in millions of euros)

	Three months ended		Six months ended	
	June 30		June 30	
	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
EBITDA	66.2	38.4	96.7	57.6
Merger and restructuring costs	0.4	5.4	1.6	7.7
Adjusted EBITDA	66.6	43.8	98.3	65.3

Finance result

Finance income was consistent with the second quarter of 2013. Finance expenses amounted to €12.8 million compared to €10.6 million in the second quarter of 2013. The increase of €2.2 million was mainly related to interest paid on the facilities used to finance the merger.

Net result

Net profit for the second quarter was €23.9 million compared to a net profit of €3.5 million for the second quarter of 2013. Improvement is related to an improved average margin level, synergies achieved and lower overall costs in the underlying business.

Half year net result showed a significant increase and came in at a profit of €21.9 million compared to a net loss of €3.2 million in the same period last year.

Balance sheet and financial position as of June 30, 2014

Balance sheet totaled €1,727.3 million on June 30, 2014 compared to €1,277.2 million on June 30, 2013. The increase is mainly related to the merger and improved cash and cash equivalents.

During the second quarter we repaid €25.0 million of our Revolving Credit Facility (RCF). As of June 30, 2014 €75.0 million of the RCF was undrawn.

Capex spending was €12.5 million in the second quarter of 2014 compared to €10.7 million in the second quarter of 2013. The increase was mainly attributable to capex spending used for the integration of the two businesses. Capital expenditure is closely monitored in our program of rightsizing our manufacturing capacity and integration of the two businesses.

Working capital increased by €2.6 million during the second quarter due to the seasonal nature of the business. Working capital for the half year period decreased by €13.4 million mainly due to alignment of payment terms across the group.

Sale of Waibstadt manufacturing site

On May 27 Refresco Gerber announced the sale of its Waibstadt manufacturing plant in Germany to the riha WeserGold Group, subject to approval of European Commission and German competition authority. The divestment of the plant was a condition of the European Commission's approval of the merger between Refresco and Gerber Emig, which took place in November 2013.

The transaction was closed after the second quarter on July 31. The sale will not have a material impact on Refresco Gerber's 2014 results.

Events subsequent to the second quarter

In addition to the repayment on the Revolving Credit Facility made during the second quarter, another repayment of €50 million was made in two tranches after the second quarter. With this repayment, there is now €125 million freely available under the RCF.

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Next financial reporting

Refresco Gerber B.V. third quarter 2014 result: Thursday, November 20, 2014.

Notes to the editors:

About Refresco Gerber

Refresco Gerber is the leading European bottler of soft drinks and fruit juices for retailers and branded players with production in the Benelux, France, Germany, Iberia, Italy, the UK, Poland and Finland. The company has expected full year volumes and revenue of circa 6.0 billion litres and circa €2.0 billion, respectively. Refresco Gerber offers an extensive range of product and packaging combinations from 100% fruit juices to carbonated soft drinks and mineral waters in carton, PET, Aseptic PET, cans, pouches and glass. In addition to the efficiency of its bottling processes, the company also provides customers with total supply chain solutions – from planning and sourcing of raw materials and packaging through to warehousing and transportation.

Focused on innovation, Refresco Gerber continuously searches for new and alternative ways to improve the quality of its product and packaging combinations in line with consumer and customer demand, environmental responsibilities and market demand.

Refresco Gerber is headquartered in Rotterdam, the Netherlands and employs circa 4,700 staff.

General information

Refresco Gerber B.V. (“Refresco Gerber”) is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam. The activities of Refresco Gerber consist of bottling of soft drinks and fruit juices for retailers and A-brands. Sales and production are in all the main countries of Western Europe.

On November 11, 2013 the merger of Refresco Group B.V. and Pride Foods Limited (“Gerber Emig”) was completed and subsequently the name of the company was changed to Refresco Gerber B.V. The selected consolidated financial information in this document comprise the consolidated financial information of Refresco Gerber B.V. and its subsidiaries (together the “Group”). In like-for-like comparisons, we have excluded Gerber Emig’s contribution in the second quarter of 2014.

On May 16, 2011 the company issued aggregate principal amounts of €360 million in 7.375% senior secured notes and €300 million in senior secured floating rate notes (3 month EURIBOR + 400bps). The notes are due on May 15, 2018. The notes are listed on the Luxembourg Stock Exchange and have been admitted to trading on the Euro MTF market.

On May 16, 2011 the company entered into a €75 million revolving credit facility agreement (RCF) with seven European banks. In connection with the merger the RCF was extended to €150 million with six European banks. The maturity date of the RCF is May 16, 2017. RCF bears interest at a rate per annum equal to EURIBOR plus 3.0%. The costs per annum for maintaining the RCF are 1.2% of the undrawn facility.

The consolidated income statement, balance sheet, and cash flow statement are prepared in accordance with accounting and measurement recognition criteria of International Financial Reporting Standards, as adopted by the European Union.

The selected consolidated financial information presented in this quarterly report is un-audited.

The Tables section:

Consolidated income statement

Consolidated balance sheet

Consolidated cash flow statement

CONSOLIDATED INCOME STATEMENT
Refresco Gerber BV (in millions of euros)

	Three months ended		Six months ended	
	June 30		June 30	
	2014	2013	2014	2013
Revenue	550.2	419.5	1,009.2	764.7
Other income	0.1	0.2	0.1	0.3
Raw materials and consumables used	(318.5)	(253.4)	(590.3)	(463.7)
Gross Profit Margin	231.8	166.3	419.0	301.3
Gross Profit Margin %	42.1%	39.6%	41.5%	39.4%
Gross Profit Margin per litre, euro cents	14.0	12.1	13.9	12.2
Employee benefits expenses	(57.3)	(43.0)	(112.7)	(81.7)
Depreciation, amortization and impairment costs	(20.7)	(19.9)	(41.3)	(35.7)
Other operating expenses	(108.3)	(84.9)	(209.6)	(162.0)
Operating costs	(186.3)	(147.8)	(363.6)	(279.4)
Operating profit / (loss)	45.5	18.5	55.4	21.9
Finance income	0.0	0.1	0.1	0.2
Finance expense	(12.8)	(10.6)	(25.5)	(22.4)
Net finance result	(12.8)	(10.5)	(25.4)	(22.2)
Profit / (loss) before income tax	32.7	8.0	30.0	(0.3)
Income tax (expense) / benefit	(9.9)	(4.5)	(10.0)	(2.9)
Result discontinued operations	1.1	0.0	1.9	0.0
Profit / (loss)	23.9	3.5	21.9	(3.2)
Profit attributable to:				
Owners of the company	23.9	3.5	22.0	(3.2)
Non-controlling interest	0.0	0.0	(0.1)	0.0
Profit / (loss)	23.9	3.5	21.9	(3.2)

CONSOLIDATED BALANCE SHEET
Refresco Gerber BV (in millions of euros)

	June 30 2014	Dec 31 2013	June 30 2013
ASSETS			
Non-current assets			
Property, plant & equipment	513.4	525.4	372.2
Intangible assets	421.5	422.8	295.9
Financial fixed assets	5.6	5.9	5.8
Deferred tax	8.4	9.5	9.4
Total non-current assets	948.9	963.6	683.3
Current assets			
Inventories	225.6	214.2	202.4
Other current assets	445.5	358.0	304.3
Cash and cash equivalents	107.3	86.1	87.2
Total current assets	778.4	658.3	593.9
Total assets	1,727.3	1,621.9	1,277.2
EQUITY & LIABILITIES			
Equity			
Share capital	5.9	5.9	4.3
Share premium	440.7	440.7	259.8
Reserves	(131.0)	(103.9)	(99.7)
Profit / (loss) for the period	22.0	(28.4)	(3.2)
Total	337.6	314.3	161.2
Non-controlling interest	3.5	3.6	0.0
Total equity	341.1	317.9	161.2
Non-current liabilities			
Loans and borrowings	760.5	784.6	655.0
Derivatives	10.3	10.6	7.2
Provisions and deferred tax	51.7	52.5	38.7
Total non-current liabilities	822.5	847.7	700.9
Current liabilities			
Loans and borrowings	5.6	7.6	2.8
Trade and other payables	558.1	448.7	412.3
Total current liabilities	563.7	456.3	415.1
Total equity and liabilities	1,727.3	1,621.9	1,277.2

CONSOLIDATED CASH FLOW STATEMENT
Refresco Gerber BV (in millions of euros)

	Three months ended		Six months ended	
	June 30		June 30	
	2014	2013	2014	2013
Operating profit	45.5	18.5	55.4	21.9
Adjustment for:				
Depreciation and amortization	20.7	19.9	41.3	35.7
Net change in fair value derivatives recognized in profit and loss and premiums paid	(1.3)	(1.5)	(0.9)	(0.6)
Discontinued operations	1.1	-	1.9	-
Financial income / (expense) paid	(18.8)	(18.1)	(25.2)	(23.2)
(Gain) / loss on sales of PPE	0.0	(0.2)	-	(0.3)
Income tax paid	(2.8)	(7.6)	(5.6)	(8.3)
Changes in working capital	(2.6)	(7.9)	13.4	(15.8)
Changes in provisions	(1.7)	3.6	(5.1)	2.4
Net cash flow from operating activities	40.1	6.7	75.2	11.8
Investment in property, plant and equipment	(12.4)	(10.7)	(26.0)	(16.8)
Investments in intangible assets	(0.1)	-	-	(0.1)
(Purchase) / sale of other investments	-	(2.2)	-	(2.0)
Disposal of fixed assets	0.4	0.2	0.6	0.3
Net cash flows from investing activities	(12.1)	(12.7)	(25.4)	(18.6)
Loans and borrowings	(0.4)	2.2	(1.7)	(1.4)
Repayment of loans and borrowings	(25.0)	-	(25.0)	-
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 and cash equivalents	1.6	(5.2)	21.8	(8.1)
Cash and cash equivalents at beginning	105.7	92.4	85.5	95.3
Cash and cash equivalents at end	107.3	87.2	107.3	87.2
	1.6	(5.2)	21.8	(8.1)