Refresco Group N.V.
Half Year Report 2017

Refresco

Contents

Refresco

Half Year Report and Report for the second quarter 2017

Interim Executive Board Report first half year 2017

Refresco continues to deliver on buy and build and organic volume growth in Q2 2017

Q2 2017 Highlights[1]:

- Volume increased 20.5% to 2,052 million liters. Organic volume growth was 2.8%.
- Contract Manufacturing volume increased to 37.7% of total volume.
- Gross profit margin per liter decreased to 13.4 euro cents (Q2 2016: 14.0 euro cents). Like-for-like gross margin per liter was 13.9 euro cents.
- Adjusted EBITDA amounted to EUR 66 million (Q2 2016: EUR 68 million).
- Adjusted EPS was EUR 0.34 (Q2 2016: EUR 0.37).

In millions of EUR, unless stated otherwise (unaudited)	Q2 2017	Q2 2016	HY 2017	HY 2016
Volume (millions of liters)	2,052.2	1,703.3	3,726.1	3,027.9
Revenue	642.5	558.7	1,166.0	1,006.6
Gross profit margin per liter (euro cents)	13.4	14.0	13.7	14.3
EBITDA	65.4	66.6	102.2	100.6
Adjusted EBITDA	65.9	68.3	103.0	102.6
Net profit / (loss)	26.8	28.9	32.6	34.6
Adjusted net profit / (loss)	27.3	30.3	33.4	36.3
Adjusted EPS2,3 (euro cents)	33.7	37.3	41.2	44.7
Net debt ratio (net debt/LTM adj. EBITDA)	-	-	2.8	2.6

CEO Refresco, Hans Roelofs:

"In July we announced the acquisition of Cott's bottling activities transforming Refresco into the world's largest independent bottler. In combining the two companies we create nationwide coverage in the US - the largest single soft drinks market globally - while adding significant capacity and extending our broad product portfolio in the UK. This acquisition lies at the heart of our buy & build strategy and is a perfect fit with Refresco's current activities. It taps into the expected private label growth in the US enabling us to support further growth of our core customers and it creates in the US a national platform for contract manufacturing. We look forward to presenting this exciting new development to shareholders for their approval at the Extraordinary General Meeting on September 5, 2017.

"Looking back at the second quarter results we are pleased to report strong volume growth in Europe and the US driven by acquisitions and organic growth. On a like-for-like basis volume in retail brands remained stable and contract manufacturing for A-brands was up double digit. Gross profit margin per liter was in line with our expectations. Volume fluctuations in the quarter and significant startup costs of recently installed production lines affected our results."

[1] Change percentages and totals calculated before rounding.

Volume and revenue by location of sales

In Q2 2017 total group volume was 2,052 million liters (Q2 2016: 1,703 million liters), an increase of 20.5% compared to Q2 2016 driven by acquisitions and organic growth. Like-for-like total group volume increased 2.8% in the second quarter.

Volume in Europe increased 5.2% compared to the same quarter last year, slightly outperforming the market[2]. Benelux reported increased volumes driven by the DIS acquisition and its growing canning business. In Iberia volumes decreased due to strong local competition. In Q2 2017 volume in the US amounted to 261 million liters.

Volume (in million liters)	Q2 2017	Q2 2016	HY 2017	HY 2016
Benelux	399.1	333.6	715.6	559.2
Germany	379.6	366.8	696.1	680.0
France	272.2	262.8	494.9	476.2
Iberia	132.4	156.6	245.8	284.7
Italy	261.4	245.1	445.8	429.7
North East Europe	153.7	152.5	264.5	266.1
UK	192.9	185.9	363.1	332.0
Total Europe	**1,791.3**	**1,703.3**	**3,225.8**	**3,027.9**
US	260.9	-	500.3	-
Total Group	**2,052.2**	**1,703.3**	**3,726.1**	**3,027.9**

Total volume in Contract Manufacturing increased to 773 million liters in Q2 2017 compared to 428 million liters in Q2 2016, on a like-for-like basis Contract manufacturing[3] volume increased 11.5%. Retail brands[4] volume increased slightly this quarter compared to the same quarter last year with 0.3% to 1,279 million liters. On a like-for-like basis retail brands volume was in line with Q2 2016. Contract manufacturing as a percentage of total volume increased to 37.7% in Q2 2017 compared to 25.2% in the same quarter last year.

Contract manufacturing and Retail brands	Q2 2017	Q2 2016	HY 2017	HY 2016
(in million liters)				
Retail brands	1,279.3	1,274.9	2,332.3	2,316.7
Contract manufacturing	772.9	428.4	1,393.8	711.2
Total	**2,052.2**	**1,703.3**	**3,726.1**	**3,027.9**

Revenue in Q2 2017 increased 15% to €643 million compared to €559 million in Q2 2016. As revenue in the US consists almost entirely of filling fees, the revenue is relatively low compared to the volumes.

Revenue (in millions of €)	Q2 2017	Q2 2016	HY 2017	HY 2016
Europe	605.2	558.7	1,092.1	1,006.6
US	37.3	-	73.9	-
Total Group	**642.5**	**558.7**	**1,166.0**	**1,006.6**

Gross margin per liter

Gross profit margin per liter in the second quarter of 2017 was 13.4 euro cents compared to 14.0 euro cents in the second quarter of 2016. The difference is in line with the expected impact of the acquisition in the US. On a like-for-like basis, excluding acquisitions, gross profit margin per liter amounted to 13.9 euro cents in Q2 2017.

[2] Based on Nielsen European market data.
[3] Co-Packing has been renamed to contract manufacturing.
[4] Private Label has been renamed to retail brands.

Reconciliation of operating profit to adjusted EBITDA

Operating profit in Q2 2017 decreased to €41 million compared to €46 million in Q2 2016. Operating costs increased to €234 million from €193 million mainly due to the acquisitions of DIS and Whitlock Packaging, volume fluctuations in the quarter and significant start up costs relating to recently installed new production lines across the business. Volumes were very weak in April while June volumes exceeded our expectations. These differences resulted in relatively higher other operating costs such as temporary staff, external warehousing costs and transportation costs.

EBITDA was €65 million in Q2 2017 compared to €67 million in Q2 2016. As there were no significant one-off costs in the quarter, reported EBITDA was in line with adjusted EBITDA, as is shown in the table below.

In millions of € unaudited	Q2 2017	Q2 2016	HY 2017	HY 2016
Operating profit	41.3	45.8	54.5	59.6
D&A and impairment costs	24.1	20.8	47.7	41.0
EBITDA	65.4	66.6	102.2	100.6
One-off costs/(benefits)	0.5	1.7	0.8	2.0
Adjusted EBITDA	65.9	68.3	103.0	102.6

Finance costs and tax

Finance expenses for the quarter remained stable at €5 million (Q2 2016: €5 million). Net income tax in Q2 2017 decreased to €9 million compared to €12 million in the same quarter last year. The effective tax rate was 25.8% (29.5% in Q2 2016).

Reconciliation of net profit to adjusted net profit

Net profit in Q2 2017 amounted to €27 million compared to €29 million in Q2 2016. As there were no significant one-off costs in the quarter, adjusted net profit was in line at €27 million (Q2 2016: €30 million).

Earnings per share

Earnings per share amounted to 33 euro cents in Q2 2017 (Q2 2016: 36 euro cents). Adjusted earnings per share was 34 euro cents in Q2 2017 compared to 37 euro cents in Q2 2016. The total number of outstanding shares was 81.2 million in both quarters.

Balance sheet and financial position

Balance sheet total amounted to €2,008 million compared to €1,964 million at the end of December 2016. Cash and cash equivalents amounted to €131 million at the end of June 2017 (December 31, 2016: €139 million). Net debt amounted to €621 million (31 December, 2016: €622 million) consisting of €744 million in loans and borrowings, €7 million bank overdraft and €131 million cash and cash equivalents. The net debt ratio was 2.8 at the end of June 2017 compared to 2.8 at the end of December 2016.

Capex, working capital and cash flow

Capex spending in Q2 2017 was €14 million compared to €17 million in Q2 2016. Working capital decreased to €58 million (Q2 2016: €78 million). In Q2 2017 net cash generated from operating activities increased to €66 million compared to €32 million in the same period last year, relating to the change in working capital.

Subsequent event

On July 25 Refresco announced the signing of a definitive agreement with Cott to acquire Cott's bottling activities for USD 1.25 billion, creating the world's largest independent bottler with leadership in Europe and North America. Included in the purchase price is a tax asset of USD 75 million. Cott's bottling activities consist of 24 production sites in North America and 5 in the UK. It is a business with 2016 revenues of USD 1.7 billion (US GAAP), an adjusted EBITDA of USD 136.5 million (US GAAP), an estimated volume of 4.3 billion liter and strong cash flow. The acquisition anticipates the expected retail brands market growth in the US driven by the expansion of hard discounters, expanding footprint of online retailers and macro factors enabling retail brands growth. The acquisition will be fully financed with Term loan B fully underwritten by existing key banks. The company intends to issue €200 million in shares at the earliest opportunity. The transaction is expected to close in the second half of 2017.
Completion of the transaction is subject to customary closing conditions such as regulatory approvals, Refresco's shareholder approval and the absence of material adverse changes. Given the recent timing of the transaction the Group is unable to provide the information regarding acquired assets and liabilities and revenues and profits as if the transaction would have been effected at January 1, 2017. An update will be provided in Q4 2017.

Outlook

In the medium term Refresco targets an average organic volume growth in the low to mid-single digits based on current market outlook. Gross profit margin per liter in the medium term is expected to come down marginally due to product mix effects. For 2017, we also expect the gross profit margin per liter to come down due to the change in product mix relating to the integration of the 2016 acquisitions.

Analyst presentation & conference call

Today, at 10:00 am CET, Refresco will host an analyst call and webcast. The dial-in number is +31 (0)20 703 8261, or +44 330 336 9412 for international participants. The conference ID is 4808726. You can access the webcast and presentation via https://www.refresco.com/investors/investor-centre/. A replay of the call will be available by the end of the day.

Financial calendar 2017

Extraordinary General Meeting of Shareholders	September 5, 2017
Publication of Q3 2017 results	November 9, 2017

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About Refresco

Refresco (Euronext: RFRG) is the leading independent bottler of soft drinks and fruit juices for retailers and A-brands with production in the Benelux, Finland, France, Germany, Italy, Poland, Spain, the UK and the US. The company realized in 2016 full year volumes and revenue of circa 6.5 billion liters and circa €2.1 billion, respectively. Refresco 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 and glass. Focused on innovation, Refresco continuously searches for new and alternative ways to improve the quality of its products and packaging combinations in line with consumer and customer demand, environmental responsibilities and market demand. Refresco is headquartered in Rotterdam, the Netherlands and has about 5,500 employees.

Notes to the press release

The consolidated financial statements are presented in millions of euros and all values are rounded to the nearest million unless otherwise stated. As a consequence, rounded amounts may not add up to the rounded total in all cases. Change percentages and totals are calculated before rounding.

Like-for-like (organic) numbers exclude the volumes of the acquisitions DIS and Whitlock Packaging.

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Overview risks

Overview of our primary strategic, operational, financial, and other risks isset out in the Executive Board Report in our Annual Report 2016. Financial risks are described in more detail in the Notes to the Consolidated Financial Statements 2016 (Note 3). The Group has established risk management policies to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk assessment policies and the main identified risks as described in our Annual Report 2016 did not change in the first half year of 2017 and we do not have any indication this will significantly change in the remaining six months of the financial year 2017.

Rotterdam, August 9, 2017 Executive Board

Hans Roelofs – Chief Executive Officer

Aart Duijzer – Chief Financial Officer

Vincent Delozière – Chief Operational Officer Europe

Interim consolidated income statement

For the six months ended

(x 1 million euro) unaudited	Note	June 30, 2017	June 30, 2016 unreviewed
Revenue		1,166.0	1,006.6
Other income		(0.1)	0.1
Raw materials and consumables used		(654.8)	(574.9)
Employee benefits expenses		(143.8)	(115.5)
Depreciation, amortization and impairment		(47.7)	(41.0)
Other operating expenses		(265.1)	(215.7)
Operating profit		54.5	59.6
Finance income		0.2	-
Finance expense		(10.4)	(10.2)
Net finance costs		(10.2)	(10.2)
Profit/(loss) before income tax		44.3	49.4
Income tax (expense) / benefit	9	(11.7)	(14.8)
Profit / (loss) for the period		32.6	34.6
Profit / (loss) attributable to:			
Owners of the Company		32.6	34.6
Non-controlling interest			-
Profit / (loss) for the period		32.6	34.6
Earnings per share (euro cents)			
Basic and diluted profit for the period attributable to ordinary equity holders of the parent		40.2	42.7
Basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent		40.2	42.7

Interim consolidated statement of other comprehensive income

For the six months ended

(x 1 million euro) unaudited	Note	June 30, 2017	June 30, 2016 unreviewed
Profit / (loss)		32.6	34.6
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		2.7	0.2
Income tax (expenses) / benefits		(0.7)	-
Total		**2.0**	**0.2**
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	13	(5.2)	(3.2)
Foreign currency translation differences for foreign operations		(3.1)	(25.2)
Income tax (expenses) / benefits		1.6	2.8
Total		**(6.7)**	**(25.6)**
Other comprehensive income / (loss)		(4.7)	(25.4)
Total comprehensive income / (loss)		**27.9**	**9.2**
Attributable to:			
Owners of the Company		**27.9**	**9.2**
Non-controlling interest		-	-
Total comprehensive income / (loss)		**27.9**	**9.2**

Interim consolidated balance sheet

As at

(x 1 million euro)	Note	June 30, 2017 unaudited	December 31 2016 audited
Assets			
Property, plant and equipment		617.6	632.0
Intangible assets		540.7	548.9
Other investments		2.9	3.1
Deferred income tax		11.3	9.5
Total non-current assets		**1,172.5**	**1,193.5**
Inventories		242.5	242.9
Derivative financial instruments		0.1	10.5
Current income tax receivable		-	0.3
Trade and other receivables		462.6	377.7
Cash and cash equivalents		130.6	139.1
Total current assets		**835.8**	**770.5**
Total assets		**2,008.3**	**1,964.0**
Equity			
Issued share capital		9.7	9.7
Share premium		533.0	533.0
Other reserves	11	(27.7)	(23.0)
Retained earnings	11	(12.0)	(62.7)
Result for the period		32.6	81.5
Total equity		**535.6**	**538.5**
Liabilities			
Loans and borrowings	12	740.8	749.7
Derivative financial instruments		8.9	11.9
Employee benefits provisions		45.1	46.4
Other provisions		1.2	1.6
Deferred income tax		19.1	23.5
Total non-current liabilities		**815.1**	**833.1**
Loans and borrowings		10.5	11.1
Derivative financial instruments		0.5	-
Trade and other payables		617.6	554.7
Current income tax liabilities		26.0	22.6
Provisions		3.0	4.0
Total current liabilities		**657.6**	**592.4**
Total liabilities		**1,472.7**	**1,425.5**
Total equity and liabilities		**2,008.3**	**1,964.0**

Interim consolidated statement of changes in equity

For the six months ended

(x 1 million euro) unaudited	Issued share capital	Share premium	Other reserves	Retained earnings	Result for the period	Total	Non-controlling interest	Total Equity
Balance as at January 1, 2017	9.7	533.0	(23.0)	(62.7)	81.5	538.5	-	538.5
Other comprehensive income / (loss)	-	-	(4.7)	-	-	(4.7)	-	(4.7)
Profit / (loss)	-	-	-	-	32.6	32.6	-	32.6
Total comprehensive income / (loss)	-	-	(4.7)	-	32.6	27.9	-	27.9
Appropriation of result	-	-	-	81.5	(81.5)	-	-	-
Dividends paid	-	-	-	(30.8)	-	(30.8)	-	(30.8)
Total transactions with owners recognized directly in equity	-	-	-	(30.8)	-	(30.8)	-	(30.8)
Balance as at June 30, 2017	9.7	533.0	(27.7)	(12.0)	32.6	535.6	-	535.6
Balance as at January 1, 2016	9.7	533.0	6.1	(77.2)	42.2	513.8	-	513.8
Other comprehensive income / (loss)	-	-	(25.4)	-	-	(25.4)	-	(25.4)
Profit / (loss)	-	-	-	-	34.6	34.6	-	34.6
Total comprehensive income / (loss)	-	-	(25.4)	-	34.6	9.2	-	9.2
Appropriation of result	-	-	-	42.2	(42.2)	-	-	-
Dividends paid	-	-	-	(27.6)	-	(27.6)	-	(27.6)
Total transactions with owners recognized directly in equity	-	-	-	(27.6)	-	(27.6)	-	(27.6)
Balance as at June 30, 2016 (unreviewed)	9.7	533.0	(19.3)	(62.6)	34.6	495.4	-	495.4

Interim consolidated statement of cash flows

For the six months ended

(x 1 million euro) unaudited	Note	YTD June 30, 2017	June 30, 2016 unreviewed
Cash flows from operating activities			
Profit / (loss) after tax		32.6	34.6
Adjustments for:			
Depreciation, Amortization and impairments		47.7	41.0
Net change in fair value derivative financial instruments		3.7	(0.1)
Net finance costs		10.2	10.2
(Gain) / loss on sale of property, plant and equipment and other investments		-	0.1
Income tax expense / (benefit)		11.7	14.8
Movements in employee benefits provisions and other provisions		(2.6)	(4.6)
Cash flows from operating activities before changes in working capital		103.3	96.0
Change in:			
Inventories		0.5	(30.4)
Trade and other receivables		(86.4)	(49.1)
Trade and other payables		75.0	46.0
Total change in working capital		(10.9)	(33.5)
Interest received		0.2	-
Interest paid		(10.3)	(8.4)
Income taxes paid		(11.2)	(14.2)
Net cash generated from operating activities		71.1	39.9
Cash flows from investing and acquisition activities			
Proceeds from sale of property, plant and equipment		0.1	1.1
Purchase of property, plant and equipment		(43.3)	(35.0)
Purchase of intangible assets		(0.4)	(0.7)
Purchase / sale of other investments		0.2	0.3
Acquisition of subsidiary, net of cash acquired	7	(6.5)	(87.5)
Net cash used in investing and acquisition activities		(49.9)	(121.8)
Cash flows from financing activities			
Proceeds from loans and borrowings		-	80.0
Repayment of loans and borrowings		(1.9)	(1.9)
Dividend payment		(26.2)	(23.5)
Net cash (used in) / from financing activities		(28.1)	54.6
Net cash (used in) / from operating, investing and financing activities		(6.9)	(27.3)
Translation adjustment		(1.3)	(2.8)
Movement in cash and cash equivalents		(8.2)	(30.1)
Cash and cash equivalents as at January 1 (139.1 -/- 7.3)		131.8	95.7
Cash and cash equivalents as at June 30		130.6	65.6
Bank overdraft		(7.0)	-
Cash movement		(8.2)	(30.1)

Notes to the interim consolidated financial statements

1 Reporting entity

Refresco Group N.V. ('Refresco' or the 'Company' or, together with its group companies, the 'Group') is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam, whose shares are publicly traded. The activities of the Group consist of the manufacturing of beverages for retailers and A-brands. Sales and production are made both domestically and abroad, the European Union and the US being the most important markets.

2 Basis of preparation

Statement of compliance

The interim consolidated financial statements for the six months ended June 30, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2016.

The interim consolidated financial statements of Refresco Group N.V. as at and for the six months ended June 30, 2017 have not been audited. The interim consolidated financial statements were authorized for publication in accordance with a resolution of the Executive Board on August 9, 2017.

3 Accounting principles applied for the preparation of the interim consolidated financial statements

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2016. The IFRS changes applicable as from January 1 , 2017 do not have any or only an immaterial effect on our Consolidated financial statements.

4 Seasonality

The Group's business is impacted by seasonal purchasing patterns. Revenues of Refresco businesses are the strongest during the summer period in the second quarter and the third quarter as the weather conditions determine the sales volumes. The seasonal effect has also an increasing impact on the working capital during the summer period and will decrease thereafter.

The cash flow is the strongest in the third quarter as revenues of the summer period are received.

5 Benchmark figures

The Group uses key performance indicators EBITDA, Adjusted EBITDA, Adjusted net result, Adjusted earnings per share, Net debt ratio, Working capital and Gross profit margin to measure the underlying performance of the business from continuing operations. These performance indicators may differ from the same terms used by other companies and are not defined in IFRS. The performance indicators are presented as additional information and do not replace the information in the consolidated income statement, consolidated balance sheet and the consolidated statement of cash flows. The term 'adjusted' is not a defined term under IFRS.

EBITDA and Adjusted EBITDA

The company applies EBITDA to exclude the effects Depreciation, amortization and impairment costs, Net finance costs and Income tax from the operating profit and applies Adjusted EBITDA to exclude the effects of certain exceptional charges that we believe are not indicative of our underlying operating performance. Such adjustments relate primarily to substantial one-off restructurings, refinancing costs and costs relating to acquisitions or disposals.

(x 1 million euro) unaudited	June 30, 2017	June 30, 2016 unreviewed
Operating profit / (loss)	54.5	59.6
Depreciation, amortization and impairment costs	47.7	41.0
EBITDA	**102.2**	**100.6**
Merger and restructuring cost	0.7	0.4
PPA: revaluation inventory	0.1	1.4
Sales of fixed assets	-	0.2
Adjusted EBITDA	**103.0**	**102.6**

Adjusted net result

The company applies Adjusted net result to exclude the effects of certain exceptional charges that we believe are not indicative of our underlying operating performance from the Net result. Such adjustments relate primarily to substantial one-off restructurings, refinancing costs and costs relating to acquisitions or disposals.

Reconciliation between Net result and Adjusted net result

For the six months ended

(x 1 million euro) unaudited	June 30, 2017	June 30, 2016 unreviewed
Net profit / (loss)	32.6	34.6
Non-controlling interest	-	-
Profit / (Loss) attributable to owners of the company	**32.6**	**34.6**
Merger and restructuring cost	0.7	0.4
PPA: revaluation inventory	0.1	1.4
Sales of fixed assets	-	0.2
Tax effect	-	(0.3)
Adjusted net profit / (loss)	**33.4**	**36.3**

6 Segment reporting

Refresco's operations are presented in two reportable segments Europe and US. Until September 7, 2016 Refresco had one operating segment Europe. The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements as described in note 2.

(x 1 million euro)	June 30, 2017 Europe	June 30, 2017 US	June 30, 2017 Refresco Group	June 30, 2016 Refresco Group unreviewed
Consolidated income statement				
Revenue	1,092.1	73.9	1,166.0	1,006.6
Other income	(0.1)	-	(0.1)	0.1
Raw materials and consumables used	(633.4)	(21.4)	(654.8)	(574.9)
Employee benefits expense	(125.9)	(17.9)	(143.8)	(115.5)
Depreciation, amortization and impairments	(42.0)	(5.7)	(47.7)	(41.0)
Other operating expenses	(238.2)	(26.9)	(265.1)	(215.7)
Operating profit	52.5	2.0	54.5	59.6
Net finance costs	(10.0)	(0.2)	(10.2)	(10.2)
Profit/(loss) before income tax	42.5	1.8	44.3	49.4
Income tax (expense) / benefit	(11.7)	0.0	(11.7)	(14.8)
Profit/(loss) for the year	30.8	1.8	32.6	34.6
Total asset value	1,913.6	170.7	2,008.3	1,767.1
Total liabilities	1,434.5	114.2	1,472.7	1,271.7
Additions and business combinations				
Additions to property, plant and equipment, investment property, and intangible assets	26.6	3.0	29.6	28.0
Property, plant and equipment and intangible assets acquired through business combinations (including Goodwill)	7.6	-	7.6	109.1
Depreciation, amortization and impairments				
Depreciation of property, plant and equipment	(40.5)	(5.4)	(45.9)	(39.7)
Amortization of intangible assets	(1.5)	(0.3)	(1.8)	(1.3)
Depreciation, amortization and impairments	(42.0)	(5.7)	(47.7)	(41.0)

The total asset value of Europe and total liability of US includes an intercompany loan of EUR 76.0 million.

7 Business combinations

On March 1, 2017, Refresco acquired Sanpellegrino's bottling facility in Recoaro, Italy ('Recoaro plant'). The acquisition concerns besides the plant, selected assets and liabilities and employees. This plant is engaged in producing non-alcoholic beverages in PET bottles and glass bottles.

(x 1 million euro)	Recoaro plant
Acquisition price	6.5
Consideration paid in cash	6.5
Less: cash and cash equivalent balances acquired	-
Net movement in cash	6.5

(x 1 million euro)	Recoaro plant
Non-current assets	
Property, plant and equipment	7.6
Current assets	
Inventories	0.9
Trade and other receivables	0.1
Non-current liabilities	
Employee benefits provisions	(1.4)
Current liabilities	
Trade and other payables	(0.7)
Fair value of identifiable net assets acquired	**6.5**

The initial accounting for the acquisition of the Recoaro plant has only been provisionally determined at the end of the interim reporting period. For tax purposes, the tax values of Recoaro assets are required to be reset based on market valuations and other factors. At the date of finalization of this interim financial report, the necessary market valuations and other calculations had not been finalized and the values above have therefore been provisionally determined based on the directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognized fair values of the other assets acquired as part of the business combination.

(x 1 million euro)	Recoaro plant
Consideration transferred	6.5
Less: fair value of identifiable net assets acquired	(6.5)
Goodwill arising on acquisition	**-**

Acquisition-related costs amounting to EUR 0.1 million have been excluded from the consideration transferred and have been recognized as an expense during the first half year in the Other operating expenses.

Impact of acquisition on the results of the Group

The revenue the first six months ended June 30, 2017 includes EUR 3.9 million in respect of Recoaro and the loss for the first six months ended June 30, 2017 includes EUR 0.4 million in respect of Recoaro. Had the acquisition of Recoaro been effected at January 1, 2017, the revenue of the Group from continuing operations for the six months ended June 30, 2017 would have been EUR 1,167.7 million and the profit for the year from continuing operations would have been EUR 32.4 million. Management of the Group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on a half-year basis and to provide a reference point for comparison in future periods.

8 Share plan

In the context of the Performance related share plan the Group granted as per March 20, 2017 a total of 270,591 conditional shares to the members of the Executive Board and key employees. The number of participants of the performance-related share plan is 49.

The Executive Board will build up, over a three-year period from grant date a maximum of 65% of the gross base salary in Refresco shares and hold these shares for the duration of 2 years after vesting date. For the key employees the build up deviates from 15% until 45% of the gross base salary in Refresco shares without restrictions after vesting date.

The conditional right will vest after 3 years. The performance period is from 1 January 2017 – 31 December 2019 and the conditional right is subject to continued employment and performance conditions Return on capital employed (ROCE) for 75% and Earnings per share (EPS) growth for 25%. For each of these performance criteria, the minimum vesting is 0 percent and the maximum vesting is 150 percent of the relevant part of the conditional share grant. Achievement of the performance targets is determined by the Supervisory Board in the first quarter of the year following the three-year performance period.

The Group determined the fair value of the equity instruments granted at the market share price at grant date less the net present value of the expected dividend until vesting date. The Group makes a best estimate of the realization of the non-market based performance conditions taken into account by adjusting the number of shares that is expected to vest at vesting date. The total expense relating the Performance share plan is expensed over the vesting period.

For the first six months ending June 30, 2017 no amount is included in the Employee benefit expenses and in Equity in the Other reserves.

The Group shall at all times keep available sufficient authorized and unissued Company shares or shall procure that sufficient Company shares are available to satisfy the delivery of all Performance shares taking into account any other obligations of the Group to procure the provision of Company shares.

9 Income tax expense

(x 1 million euro)	June 30, 2017	Six months ended June 30, 2016 unreviewed
Current income tax current year	(15.2)	(14.6)
Current income tax previous years	0.6	0.4
Current portion other taxes	(1.2)	(1.2)
Current income tax	**(15.8)**	**(15.4)**
Deferred income tax current year	4.4	1.3
Deferred income tax previous years	(0.3)	(0.2)
Deferred income tax	**4.1**	**1.1**
Withholding tax charge	-	(0.5)
Total income tax (expense) / benefit	**(11.7)**	**(14.8)**

The current portion of other tax charge includes other profit related taxes.

Reconciliation of effective tax rate:

(x 1 million euro)				Six months ended
	June 30, 2017		June 30, 2016 unreviewed	
		%		%
Result before tax	44.3		49.4	
Income tax based on the Group's blended tax rate	(12.5)	28.1%	(13.7)	27.7%
Non-deductible operational expenses	(0.4)	0.8%	(0.3)	0.6%
Non-deductible interest expenses	(0.5)	1.1%	(0.5)	0.9%
Investment allowances	2.1	(4.7%)	0.3	(0.5%)
Participation related results	-	0.0%	(0.1)	0.1%
Non-deductible M&A expenses	0.0	0.1%	-	0.0%
Tax rate change impact	0.0	(0.1%)	0.3	(0.7%)
(De)recognition (un)recognized deferred tax assets	-	0.0%	0.1	(0.2%)
Other taxes	(0.8)	2.0%	(1.3)	2.6%
Prior period taxes	0.4	(0.8%)	0.3	(0.5%)
Other reconciling items	-	0.0%	0.1	0.1%
Total income tax (expense) / benefits	**(11.7)**	**26.5%**	**(14.8)**	**29.9%**

The effective tax rate is 26.5% compared to the Group's blended tax rate of 28.1%. The lower effective tax rate is mainly explained by investment allowances in France and some positive prior period taxes. The income tax expense for the first six months ended June 30, 2017 is determined based on a year-to-date approach. If the Group had used the integral method by determining the estimated weighted-average annual effective income tax rate for the whole year, applying to the year-to date income before tax, the income tax expense for the first six months would have been not been materially different.

10 Working capital

The group defined the working capital as follows:

(x 1 million euro)	Note	June 30, 2017 unaudited	December 31, 2016 audited
Inventories		242.5	242.9
Derivative financial instruments		0.1	10.5
Current income tax receivable		-	0.3
Trade and other receivables		462.6	377.7
Derivative financial instruments		(0.5)	-
Trade and other payables		(617.6)	(554.7)
Current income tax liabilities		(26.0)	(22.6)
Provisions		(3.0)	(4.0)
Working capital		**58.1**	**50.1**

11 Other reserves

The other reserves consist of translation reserves, hedging reserves and actuarial gains and losses. The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

The movement of the other reserves is as follows:

(x 1 million euro) unaudited	Hedge reserve Interest rate swaps	Hedge reserve FX instruments	Currency translation reserve	Actuarial gains and losses on pensions	Total Other reserves	Non-controlling interest	Total Other reserves
Balance as at January 1, 2017	(5.0)	5.0	(4.7)	(18.3)	(23.0)	-	(23.0)
Changes in cash flow hedge	2.2	(7.4)	-	-	(5.2)	-	(5.2)
Translation results	-	-	(3.1)	-	(3.1)	-	(3.1)
Change in employee benefits	-	-	-	2.7	2.7	-	2.7
Tax	(0.6)	1.9	0.3	(0.7)	0.9	-	0.9
Balance as at June 30, 2017	(3.4)	(0.5)	(7.5)	(16.3)	(27.7)	-	(27.7)
Balance as at January 1, 2016	(3.1)	1.6	23.7	(16.1)	6.1	-	6.1
Changes in cash flow hedge	(5.8)	2.6	-	-	(3.2)	-	(3.2)
Translation results	-	-	(25.2)	-	(25.2)	-	(25.2)
Change in employee benefits	-	-	-	0.2	0.2	-	0.2
Tax	1.4	(0.6)	2.0	-	2.8	-	2.8
Balance as at June 30, 2016 (unreviewed)	(7.5)	3.6	0.5	(15.9)	(19.3)	-	(19.3)

Retained earnings

The profit of 2016 has been added to the retained earnings.

Dividends

A final dividend of EUR 0.38 per share was declared and paid during the period relating to the prior year financial results. Dividend tax is recorded as Trade and other payables as per June 30, 2017.

Earnings per share (EPS)

For the six months ended June 30, 2017 the number of shares amount to 81.2 million (June 30, 2016 81.2 million).

12 Loans and borrowings

The interest-bearing loans and borrowings are recognized at amortized cost.

(x 1 million euro) Non-current	June 30, 2017 unaudited	December 31, 2016 audited
Syndicated external loan	720.0	727.8
Capitalized finance costs	(6.0)	(7.0)
Mortgage loan	20.6	22.4
Other loan	3.8	3.8
Finance lease liabilities	2.4	2.7
Loans and borrowings	740.8	749.7

(x 1 million euro) Current	June 30, 2017 unaudited	December 31, 2016 audited
Mortgage loan	2.9	2.9
Finance lease liabilities	0.6	0.9
Loans and borrowings	3.5	3.8
Bank overdrafts	7.0	7.3
Total	10.5	11.1

The face value of the syndicated external loan is EUR 720.0 million.

13 Fair values of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For additional information we refer to the Annual report 2016, note 3.3.

Foreign currency risk

The fair value of foreign currency instruments per reporting date is -/- EUR 0.5 million (December 31, 2016 EUR 9.7 million debit). The effective part of the intrinsic value changes of the foreign currency option contracts and the fair value of the forward contracts amounted to a EUR 0.5 million loss net of deferred taxes (December 31, 2016 EUR 5.0 million profit) in other comprehensive income. During the first six months of 2017 no amounts are recorded in raw material costs due to ineffectiveness.

The amounts deferred in equity at June 30, 2017 are expected to affect profit or loss in the second half of 2017 and 2018. All of the resulting fair value estimates are valued according valuation technique Level 2.

The following significant exchange rates were applied during the period:

Value of EUR 1	Average first six months		As at June 30	
	2017	2016	2017	2016
USD	1.09	1.12	1.14	1.11
GBP	0.86	0.77	0.88	0.83
PLN	4.27	4.37	4.23	4.43

Interest rate risk

The fair value of interest rate swaps per reporting date is -/- EUR 8.9 million (December 31, 2016: -/- EUR 11.9 million). The effective part of the fair value changes of the interest rate swaps amounts to EUR 3.4 million loss net of deferred taxes (December 31, 2016 EUR 5.0 million loss) in other comprehensive income. In 2017 no amounts are reclassified from other Comprehensive Income to financing costs relating the fair value. Throughout the first six months of 2017 the cash flow hedge accounting relationships were effective. The Group reported an amount of EUR 1.7 million relating the effective interest rate swaps in finance cost during the first six months of 2017. The amounts deferred in equity as per reporting date are expected to affect financing costs within the coming five years. All of the resulting fair value estimates are valued according valuation technique Level 2.

Commodity swaps

The Group hedges the raw material aluminum through derivatives. The fair value of the aluminum swaps per reporting date amounts to EUR 0.1 million (December 31, 2016: EUR 0.8 million). All of the resulting fair value are valued according valuation technique Level 2.

Fair values of other financial assets and liabilities

The fair values of other financial assets and liabilities approximate the carrying amounts, as the impact is not significant.

14 New standards and interpretations

The following standards are issued but not yet effective as of June 30, 2017:
- IFRS 15 Revenue from Contracts with Customers, effective January 1, 2018 (endorsed by EU September 22, 2016)
- IFRS 9 Financial Instruments (issued in 2014), effective January 1, 2018 (endorsed by EU November 22, 2016)
- IFRS 16 Leases, effective January 1, 2019 (endorsement EU expected in fourth quarter 2017)
- Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses, effective January 1, 2017 (endorsement EU expected in fourth quarter 2017)
- Amendments to IAS 7 - Disclosure Initiative, effective January 1, 2017 (endorsement EU expected in fourth quarter 2017)
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective January 1, 2018 (endorsement EU expected in fourth quarter 2017)
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions, effective January 1, 2018 (endorsement EU expected in fourth quarter 2017)
- Amendments to IAS 40 Investment Property – Transfers of Investment Property3, effective January 1, 2018 (endorsement EU expected in fourth quarter 2017)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration3, effective January 1, 2018 (endorsement EU expected in fourth quarter 2017)
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016), effective January, 1 2017 and January 1, 2018 (endorsement EU expected in fourth quarter 2017)
- IFRIC 23 Uncertainty over Income Tax Treatments, effective January 1, 2019 (endorsement EU expected in 2018)

For IFRS 15 the Group will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group uses the five-step model framework and identified the main contracts with customers, identified performance obligations, determined the transaction prices, allocated the transaction price to the performance obligations. The Group recognizes revenue when the performance obligations are satisfied. After reviewing the main part of the customer contracts no significant changes are identified. However the screening of sales contracts has not completely finished yet and the estimated impact has not yet been audited by the external auditor, the Group is not able yet to report the quantitative impact of the new standard. The Group will report the estimated impact of IFRS 15 in the annual report of 2017.

The Group leases office buildings, warehouses, machinery and equipment and cars. For the half year ending June 30, 2017 the Group recognizes an expense in the income statement of EUR 19.5 million. The future minimum lease payments relating these assets amounts to EUR 158.0 million as per June 30, 2017. Under IFRS 16 the most of these contracts classify as leases because the Group has the right to control the use of the underlying assets. Under IFRS 16 the discounted value of minimum lease payments relating these contracts will be recorded as Non- current assets and the corresponding lease liability will be recorded as a liability. Besides the lease expenses will be transferred from the Other operating expenses to Depreciation, Amortization and impairments and Finance expenses. The Group is reviewing the lease contracts, identifying proper measurements and establishing the transition method. At this moment the Group is not able to make a proper and reliable assessment of the quantitative impact of the new standard.

The Group is reviewing the impact of IFRS 9 Financial Instruments (issued in 2014), effective 1 January 2018 and other standards.

15 Subsequent events

On July 25 Refresco announced the signing of a definitive agreement with Cott to acquire Cott's bottling activities for USD 1.25 billion, creating the world's largest independent bottler with leadership in Europe and North America. Included in the purchase price is a tax asset of USD 75 million. Cott's bottling activities consist of 24 production sites in North America and 5 in the UK. It is a business with 2016 revenues of USD 1.7 billion (US GAAP), an adjusted EBITDA of USD 136.5 million (US GAAP), an estimated volume of 4.3 billion liter and strong cash flow. The acquisition anticipates the expected retail brands market growth in the US driven by the expansion of hard discounters, expanding footprint of online retailers and macro factors enabling retail brands growth. The acquisition will be fully financed with Term loan B fully underwritten by existing key banks. The company intends to issue €200 million in shares at the earliest opportunity. The transaction is expected to close in the second half of 2017.
Completion of the transaction is subject to customary closing conditions such as regulatory approvals, Refresco's shareholder approval and the absence of material adverse changes. Given the recent timing of the transaction the Group is unable to provide the information regarding acquired assets and liabilities and revenues and profits as if the transaction would have been effected at January 1, 2017. An update will be provided in Q4 2017.

Executive Board's statement on the interim consolidated financial statements for the six months ended June 30, 2017

The Executive Board of Refresco Group N.V. hereby declares that, to the best of their knowledge, the financial statements in this Half year report 2017, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" give a true and fair view of the Group's assets and liabilities, financial position at June 30, 2017, and of the result of the Group's consolidated operations for the first half year of 2017 and the Interim Executive Board Report first half year 2017 includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Rotterdam, August 9, 2017
Executive Board

Hans Roelofs – Chief Executive Officer

Aart Duijzer – Chief Financial Officer

Vincent Delozière – Chief Operational Officer Europe

Review report

To: the Shareholders and Supervisory Board of Refresco Group N.V.

Introduction

We have reviewed the accompanying interim consolidated financial statements for the six month period ended 30 June 2017 of Refresco Group N.V., Rotterdam, which comprise the interim consolidated income statement and the interim consolidated statement of other comprehensive income for the six month period ended 30 June 2017, the interim consolidated balance sheet as at 30 June 2017, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six month period ended 30 June 2017, and the notes comprising a summary of the significant accounting policies and other explanatory information.

The executive board is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements for the six month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Corresponding figures not reviewed

We have not reviewed the 'interim financial information' 2016. Consequently, we have not reviewed the corresponding figures included in the interim consolidated income statement and in the interim consolidated statements of other comprehensive income, changes in equity and cash flows and the related notes.

Rotterdam, August 9, 2017

Ernst & Young Accountants LLP

Signed by M. Bangma-Tjaden