Press release

Refresco reports strong volume growth in Q1 2017

Rotterdam, the Netherlands – 11 May 2017. Refresco Group N.V. publishes first quarter 2017 results.

Q1 2017 Highlights[1]:

- Volume increased 26.4% to 1,674 million liters. Organic volume growth was 2.3%.
- Co-Packing volume increased to 37.1% of total volume.
- Gross profit margin per liter was 14.1 euro cents (Q1 2016: 14.6 euro cents).
- Adjusted EBITDA increased 8.5% to €37 million.
- Adjusted EPS increased 2.7% to 7.5 euro cents.

Key figures

In millions of €, unless stated otherwise un-audited	Q1 2017	Q1 2016
Volume (millions of liters)	1,674	1,325
Revenue	524	448
Gross profit margin per liter (euro cents)[2]	14.1	14.6
EBITDA	37	34
Adjusted EBITDA[2]	37	34
Net profit / (loss)	6	6
Adjusted net profit / (loss)[2]	6	6
Adjusted EPS[2,3] (euro cents)	7.5	7.3
Net debt ratio (net debt/LTM adj. EBITDA)[2]	2.9	2.2

CEO Refresco, Hans Roelofs:

”We are pleased to report solid first quarter results. Volume increased this quarter on a reported as well as a like-for-like basis, significantly outperforming the market. Volume growth in Co-Packing was a combination of organic and acquisitive growth. Private Label developed favorably, largely due to strong Private Label volume in the UK where our investments in new customer offerings are paying off. Due to the seasonal nature of our business, volume and profit contributions in the first quarter are typically less significant to our full year results, even more so for the companies we recently acquired.

“In line with expectations, gross profit margin per liter came down compared to the same quarter last year due to the impact of acquisitions and the weaker British pound.

“We see ample opportunities to execute our buy & build strategy in Europe and the US. At the same time we will continue to look for opportunities to strengthen our market positions via investments in production capacity and innovation.”

[1] Change percentages and totals calculated before rounding.
[2] Gross profit margin per liter, adjusted EBITDA, adjusted EPS, net debt ratio (net debt/LTM adjusted EBITDA) and adjusted net profit/(loss) are not a measure of our financial performance under IFRS. We apply adjusted EBITDA and adjusted net profit to exclude the effects of certain exceptional charges/gains that we believe are not indicative of our underlying operating performance. Such adjustments relate primarily to substantial one-off restructurings, costs/gains relating to acquisitions or disposals, refinancing and related tax effect.
[3] Adjusted EPS has been calculated based upon adjusted net profit.

Volume and revenue by location of sales

Total group volume in Q1 2017 increased 26.4% to 1,674 million liters (Q1 2016: 1,325 million liters). On a like for like basis total group volume increased 2.3%, significantly outperforming the European soft drinks market[4].

Volume in Europe increased 8.3% compared to the same quarter last year. This was driven by the DIS acquisition in the Benelux and strong organic private label volume growth in the UK, partly offset by a challenging start of the year in Iberia.

Refresco US, consisting of Whitlock Packaging, was consolidated as of September 7, 2016. The US business has a strong seasonal pattern with a significant higher volume and profit contribution in Q2 and Q3.

Volume (in million liters)	Q1 2017	Q1 2016
Benelux	317	226
France	223	214
Germany	317	313
Iberia	113	128
Italy	184	185
North East Europe[5]	111	114
UK	170	146
Total Europe	**1,435**	**1,325**
US	239	-
Total Group	**1,674**	**1,325**

Total volume in Co-Packing increased in Q1 2017 to 621 million liters compared to 283 million liters in Q1 2016. Growth in Co-Packing was mainly driven by the acquisitions. On a like-for-like basis Co-Packing volume increased 10.2%. Private Label volume returned to positive growth this quarter with an increase of 1.1% to 1,053 million liters. On a like-for-like basis Private Label volume was in line with Q1 2016, despite the later timing of Easter this year. Co-Packing as a percentage of total volume increased to 37.1% in Q1 2017 compared to 21.4% in the same quarter last year.

Co-Packing and Private Label (in million liters)	Q1 2017	Q1 2016
Co-Packing	621	283
Private Label	1,053	1,042
Total	**1,674**	**1,325**

[4] Based on Nielsen European market data.
[5] Including Poland and Finland.

Revenue in the quarter increased 16.9% to €524 million compared to €448 million in Q1 2016. Growth in Co-Packing volumes resulted in lower revenue per liter compared to Q1 2016 as revenue in Co-Packing consists mainly of filling fees.

Revenue (in millions of €) un-audited	Q1 2017	Q1 2016
Benelux	126	95
France	79	72
Germany	96	97
Iberia	32	35
Italy	32	32
North East Europe[5]	31	30
UK	89	85
Holding[6]	2	2
Total Europe	487	448
US[7]	37	-
Total Group	524	448

Gross profit margin per liter

Gross profit margin per liter for the quarter was 14.1 euro cents compared to 14.6 euro cents in the first quarter of 2016. The difference is explained by the impact of the acquisitions and the weaker British pound, resulting from Brexit. Like-for-like, excluding the impact of the acquisitions, gross profit margin per liter amounted to 14.7 euro cents.

Reconciliation of operating profit to adjusted EBITDA

Operating profit in Q1 2017 amounted to €13 million compared to €14 million in Q1 2016. Operating costs increased to €223 million from €180 million in the same quarter last year. The increase is mainly related to the acquisitions and is reflected in higher employee benefits expenses, depreciation costs and other operating expenses.

EBITDA increased 8.2% to €37 million in Q1 2017 compared to €34 million in Q1 2016. EBITDA was slightly negatively impacted by the weaker British pound. As there were no significant one-off costs in the quarter, reported EBITDA was equal to adjusted EBITDA, as is shown in the table below.

In millions of € un-audited	Q1 2017	Q1 2016
Operating profit	13	14
D&A and impairment costs	24	20
EBITDA	37	34
One-off costs/(benefits)	-	-
Adjusted EBITDA	37	34

Finance expenses and tax

Finance expenses for the quarter remained stable at €5 million (Q1 2016: €5 million). Net income tax in Q1 2017 was slightly lower at €2 million compared to €3 million in the same quarter last year.

[6] Holding revenue related to the sale of raw materials to third parties.
[7] US, consisting of Whitlock Packaging, was consolidated as of September 7, 2016.

Reconciliation of net profit to adjusted net profit

Net profit in Q1 2017 amounted to €6 million (Q1 2016: €6 million). As there were no one-off costs in the quarter, reported net profit was equal to adjusted net profit.

Earnings per share

Earnings per share amounted to 7.1 euro cents in Q1 2017 (Q1 2016: 7.0 euro cents). Adjusted earnings per share increased to 7.5 euro cents in Q1 2017 compared to 7.3 euro cents in Q1 2016. The total number of outstanding shares was 81.2 million in both quarters.

Balance sheet and financial position

Balance sheet total amounted to €1,953 million compared to €1,964 million at the end of December 2016. Cash and cash equivalents amounted to €110 million at the end of March 2017 (December 31, 2016: €139 million). Net debt amounted to €647 million (March 31, 2016: €471 million) consisting of €752 million in loans and borrowings, €6 million bank overdraft and €110 million cash and cash equivalents. The net debt ratio was 2.9 at the end of March 2017 compared to 2.8 at the end of December 2016. On a pro-forma basis the net debt ratio was 2.7 on March 31, 2017.

Capex, working capital and cash flow

Capex spending in Q1 2017 was €16 million compared to €11 million in Q1 2016. The increase compared to the quarter last year was partly related to acquisitions. Working capital increased to €77 million (Q1 2016: €70 million) which was related to higher inventories at group level. In Q1 2017 net cash generated from operating activities amounted to €5 million compared to €8 million in the same period last year.

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 call & webcast

Today, at 10:00am CET, Refresco will host an analyst call. The dial-in number is +31 (0)20 703 8261, or +44 (0)330 336 9411 for international participants. The conference ID is 4415351. The conference call will be a live audio webcast. 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

Ex-dividend date	May 11, 2017
Dividend record date	May 12, 2017
Dividend payment date	June 6, 2017
Publication of Q2 and HY 2017 results	August 10, 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.

Refresco

Tables section:

Consolidated income statement

Refresco Group NV

	Q1 2017	Q1 2016
Revenue	524	448
Other income	-	-
Raw materials and consumables used	(288)	(254)
Gross profit margin	**236**	**194**
Gross profit margin %	45.1%	43.2%
Gross profit margin per liter (euro cents)	14.1	14.6
Employee benefits expenses	(71)	(57)
Depreciation, amortization and impairment costs	(24)	(20)
Other operating expenses	(128)	(103)
Operating costs	**(223)**	**(180)**
Operating profit / (loss)	13	**14**
Finance income	-	-
Finance expense	(5)	(5)
Net finance result	**(5)**	**(5)**
Profit / (loss) before income tax	8	**8**
Income tax (expense) / benefit	(2)	(3)
Net profit / (loss)	6	**6**
Profit attributable to:		
Owners of the company	6	6
Non-controlling interest	-	-
Net profit / (loss)	**6**	**6**

Consolidated balance sheet

Refresco Group NV

In millions of €	March 31, 2017	December 31, 2016 audited	March 31, 2016
ASSETS			
Non-current assets			
Property, plant & equipment	633	632	510
Intangible assets	548	549	436
Financial fixed assets	3	3	3
Deferred tax	12	10	14
Total non-current assets	**1,196**	**1,194**	**962**
Current assets			
Inventories	256	243	234
Derivate financial instruments	7	11	3
Current income tax receivable	1	-	1
Other current assets	384	378	337
Cash and cash equivalents	110	139	79
Total current assets	**758**	**771**	**653**
Asset classified as held for sale	-	-	1
Total assets	**1,953**	**1,964**	**1,616**
EQUITY & LIABILITIES			
Equity			
Share capital	10	10	10
Share premium	533	533	533
Reserves	(4)	(86)	(46)
Profit / (loss) for the period	6	82	6
Total equity	**545**	**539**	**503**
Non-current liabilities			
Loans and borrowings	748	750	547
Derivatives	10	12	15
Provisions and deferred tax	72	72	43
Total non-current liabilities	**830**	**833**	**605**
Current liabilities			
Loans and borrowings	9	11	4
Derivative financial instruments	-	-	1
Trade and other payables	542	555	484
Current income tax liabilities	24	23	17
Provisions	4	4	3
Total current liabilities	**579**	**592**	**508**
Total equity and liabilities	**1,953**	**1,964**	**1,616**

Consolidated cash flow statement

Refresco Group NV

In millions of €, un-audited	Q1 2017	Q1 2016
Cash flows from operating activities		
Profit / (loss) after tax	6	6
Adjustments for:		
Depreciation, amortization and impairments	24	20
Net change in fair value derivative financial instruments recognized in profit and loss and premiums paid	(1)	1
Net finance costs	5	5
Income tax expense / (benefit)	2	3
Movements in provisions pensions and other provisions	-	(3)
Cash flows from operating activities before changes in working capital and provisions	37	32
Change in:		
Inventories	(12)	(29)
Trade and other receivables	(6)	7
Trade and other payables	(6)	5
Total change in working capital	(23)	(18)
Interest received/ (paid)	(5)	(4)
Income taxes paid	(4)	(2)
Net cash generated from operating activities	5	8
Cash flows from investing and acquisition activities		
Purchase of property, plant and equipment	(24)	(22)
Purchase of intangible assets	-	(1)
Acquisitions	(7)	-
Net cash used in investing and acquisition activities	(30)	(22)
Cash flows from financing activities		
Repayment of loans and borrowings	(1)	(1)
Net cash (used in) / from financing activities	(1)	(1)
Movement in cash and cash equivalents	(27)	(16)
Translation adjustment	(1)	(1)
Movement in cash and cash equivalents	(27)	(17)
Net cash and cash equivalents at beginning	132	96
Cash and cash equivalents at end	110	79
Bank overdraft	(6)	-
Movement in cash and cash equivalents	(27)	(17)