Press release

Refresco reports Q4 & FY 2017 results and starts integration of Cott's bottling activities

Rotterdam, the Netherlands – 5 March 2018. Refresco Group N.V. publishes fourth quarter and full year 2017 results.

Update on acquisition of Cott's bottling activities and launch of recommended cash offer for all shares

On 30 January 2018, Refresco and Cott's bottling activities joined forces creating the world's largest independent bottler for retailers and A-brands. In combining Refresco's strong European capabilities and Cott's strength in the UK and North America, Refresco almost doubles its production volume to approximately 12 billion liters. Integration of the two businesses has begun in North America while in the UK we are in the process of obtaining clearance from the Competition and Markets Authority. Brad Goist, formerly President of Cott's bottling business in North America has been appointed COO North America and a new member of the Executive Board, subject to shareholder approval at the Annual General Meeting in May.

On 22 January 2018, Refresco, PAI and bcIMC jointly announced the launch of a recommended cash offer for all shares of Refresco for an offer price of €20 (cum dividend) per share. Both the Executive Board and the Supervisory Board unanimously recommend shareholders to tender their shares. The acceptance period, unless extended, expires at 17:40 hours CET, on 19 March 2018. Shareholders will be informed about the offer and are able to vote on the respective resolutions during an Extraordinary General Meeting, held today 5 March 2018 at 14:00 hours CET at Inntel Hotels, Leuvehaven 80, Rotterdam.

Q4 2017 Highlights

- Total volume was 1,525 million liters (Q4 2016: 1,631 million liters).
- Gross profit margin per liter was 14.6 euro cents (Q4 2016: 14.5 euro cents).
- Adjusted EBITDA amounted to €50 million (Q4 2016: €52 million).

FY 2017 Highlights

- Total volume was 7,104 million liters (2016: 6,462 million liters).
- Contract manufacturing volume comprised 36.3% of total volume, up from 26.8% in 2016.
- Gross profit margin per liter was 14.0 euro cents (2016: 14.2 euro cents).
- Adjusted EBITDA amounted to €214 million (2016: €222 million) and adjusted EPS was €1.00 (2016: €1.06).

Key figures	Unaudited		Unaudited	Audited
In millions of €, unless stated otherwise (unaudited)	**Q4 2017**	**Q4 2016**	**YTD 2017**	**YTD 2016**
Volume (millions of liters)	1,525	1,631	7,104	6,462
Revenue	520	529	2,269	2,107
Gross profit margin	223	236	992	916
Gross profit margin per liter (euro cents)	14.6	14.5	14.0	14.2
EBITDA	41	50	191	217
Adjusted EBITDA	50	52	214	222
Net profit / (loss)	10	17	53	82
Adjusted net profit / (loss)	25	19	81	86
Adjusted EPS (euro cents)	31	23	100	106
Net debt ratio (net debt/LTM adj. EBITDA)	-	-	2.8	2.8
Dividend proposal (euro cents)	-	-	-	38

CEO Refresco, Hans Roelofs commented:

"2017 was for Refresco strategically very good year and financially challenging. We signed a transformational deal to acquire Cott's bottling activities, creating the world's largest independent bottler with leadership positions across Europe and North America. As a result we will grow considerably, gain 4,000 new colleagues, 29 manufacturing sites and fulfil our ambition to operate a market leading bottling platform across two continents. It is a huge step forward, right at the heart of our buy & build strategy.

A weak summer in almost all markets and continued pressure on retailer brands had an adverse effect on volumes and results. Our results were also influenced by higher than expected costs linked to the start-up of several new Aseptic PET lines across the business. This technology is critical to our future because it enables us to meet changing consumer preferences for more innovative recipes and packaging formats.

The launch of the recommended cash offer of all Refresco shares by PAI and bcIMC is a further exciting development for our company. With their track record, financial strength and understanding of our business and the beverages industry, the consortium can support Refresco's strategy going forward. We are convinced that this is a good transaction for the company and its stakeholders.

Finally, integration of Refresco and Cott's bottling activities has begun in 2018 and we are pleased to welcome Brad Goist, COO North America as a new Executive Board member, subject to shareholder approval at the upcoming AGM."

Volume and revenue by location of sales

In Q4 2017, total group volume was 1,525 million liters (Q4 2016: 1,631 million liters), a decrease of of 6.5% compared to Q4 2016. Volume decline was attributable mainly to the Benelux, Germany and UK and weak contract manufacturing performance in the US, partly offset by strong contract manufacturing volumes elsewhere in Europe. Italy reported increased volumes driven by the Recoaro investment and organic growth in retailer brands. In North East Europe both retailer brands and contract manufacturing volumes increased driven by a new high speed production line in Poland that became fully operational in Q4 2017. In Iberia volumes decreased due to strong local competition.

In the full year, volume increased 9.9% to 7,104 million liters (2016: 6,462 million liters) mainly driven by the full year effects of the acquisitions of Whitlock Packaging in the US and DIS in the Benelux and solid organic growth in contract manufacturing, partly offset by decrease in retailer brands, Iberia in particular.

	Unaudited		Unaudited	Audited
Volume (in million liters)	**Q4 2017**	**Q4 2016**	**YTD 2017**	**YTD 2016**
Benelux	307	337	1,404	1,268
France	186	191	912	914
Germany	288	313	1,309	1,361
Iberia	99	127	468	581
Italy	188	168	902	837
North East Europe	128	115	531	528
UK	174	189	715	714
Total Europe	**1,370**	**1,440**	**6,241**	**6,203**
US	155	191	863	259
Total Group	**1,525**	**1,631**	**7,104**	**6,462**

Total volume in contract manufacturing[1] was 498 million liters in Q4 2017 compared to 533 million liters in Q4 2016 largely driven by weak fourth quarter volumes in the US. Retailer brands[2] volume decreased this quarter to 1,027 million liters reflecting the weak market conditions in the Benelux, Germany and UK and our decision to shift certain volumes from retailer brands to contract manufacturing.

In the full year, contract manufacturing amounted to 2,577 million liters, an increase of 48.9% compared to 2016. On organic basis, contract manufacturing increased by 4.6%. As a percentage of total volume, contract manufacturing increased from 26.8% in 2016 to 36.3% in 2017, which is in line with our strategic focus to rapidly grow our contract manufacturing business. In the full year, retailer brands volume decreased 4.3% to 4,528 million liters.

	Unaudited		Unaudited	Audited
Retailer brands and contract manufacturing (in million liters)	**Q4 2017**	**Q4 2016**	**YTD 2017**	**YTD 2016**
Retailer brands	1,027	1,097	4,528	4,732
Contract manufacturing	498	534	2,577	1,731
Total	**1,525**	**1,631**	**7,104**	**6,462**

Revenue in the quarter decreased 1.7% to €520 million compared to €529 million in Q4 2016. For the full year revenue amounted to €2,269 million, an increase of 7.7%. As revenue in the US consists almost entirely of filling fees, the revenue is relatively low compared to the volumes.

	Unaudited		Unaudited	Audited
Revenue (in millions of €)	**Q4 2017**	**Q4 2016**	**YTD 2017**	**YTD 2016**
Europe	497	500	2,143	2,068
US	23	29	126	39
Total Group	**520**	**529**	**2,269**	**2,107**

Gross profit margin per liter

Gross profit margin per liter in the fourth quarter of 2017 was 14.6 euro cents compared to 14.5 euro cents in the fourth quarter of 2016. For the full year, gross profit margin per liter decreased from 14.2 euro cents to 14.0 euro cents. Gross profit margin per liter was better than expected reflecting our decision to decline low margin contracts in the retailer brand market, mainly in Germany and Iberia, partly offset by the full year effect of acquisition of Whitlock Packaging in 2016.

Reconciliation of operating profit to adjusted EBITDA

Operating profit in Q4 2017 decreased to €15 million compared to €26 million in Q4 2016. Operating costs increased to €208 million from €210 million. For the full year, operating costs increased to €897 million from €787 million reflecting the acquisitions and significant costs relating to the introduction of new products and new production lines across the business as explained in previous quarters. These differences resulted in relatively higher other operating costs such as temporary staff, direct production cost, external warehousing cost and maintenance cost.

EBITDA was €41 million in Q4 2017 compared to €50 million in Q4 2016. For the full year EBITDA totalled €191 million compared to €217 million in 2016. The one-off costs of €23 million in 2017 were related to the the acquisition of Cott's bottling activities (€12 million) and the restructuring of the plant in Hamburg, Germany (€11 million) as announced in previous quarters.

[1] Co-Packing has been renamed to contract manufacturing.
[2] Private Label has been renamed to retailer brands.

In millions of €	Unaudited Q4 2017	Q4 2016	Unaudited YTD 2017	Audited YTD 2016
Operating profit	15	26	95	129
D&A and impairment costs	25	25	96	88
EBITDA	41	50	191	217
One-off costs/(benefits)	9	1	23	5
Adjusted EBITDA	50	52	214	222

Finance expenses and tax

Finance expenses for the quarter were €8 million compared to €4 million in the same quarter last year. For the full year, finance expenses increased to €24 million from €19 million in 2016. The increase was mainly related to the ticking fee of €3 million for the funding of the acquisition of Cott's bottling activities in the fourth quarter and the increased syndicated loan to fund the acquisition of Whitlock Packaging. Income tax benefit in Q4 2017 amounted to €3 million compared to income tax expense of €5 million in same quarter last year. The tax expense was positively influenced by one-off effects of €3 million related to outcomes of tax audits in various jurisdictions partly offset by additional tax charges due to the consortium of PAI and bcIMC acquiring all shares in Refresco. For the full year, the effective tax rate was 24.6% (26.3% in 2016).

Reconciliation of net profit to adjusted net profit

Net profit in Q4 2017 amounted to €10 million compared to €17 million in Q4 2016. Taking into account the one-off costs relating to the acquisition of Cott's bottling activities, the restructuring of Hamburg (Germany) and tax effects adjusted net profit was €25 million for the quarter (Q4 2016: €19 million) and €81 million for the full year (2016: €86 million).

Earnings per share

In 2017 earnings per share amounted to €0.66 compared with €1.00 in 2016. On an adjusted basis, excluding one-off items, the earnings per share in 2017 was €1.00 compared with €1.06 in 2016. The total number of outstanding shares was 81.2 million in both years.

Balance sheet and financial position

Balance sheet total amounted to €1,928 million compared to €1,964 million at the end of December 2016. Cash and cash equivalents amounted to €146 million at year-end (31 December 2016: €139 million). Net debt amounted to €593 million (31 December 2016: €622 million) consisting of €738 million in loans and borrowings and €146 million cash and cash equivalents. The net debt ratio of 2.8 at the year-end was in line with last year.

Capex, working capital and cash flow

For the full year total capital expenditure spending was €85 million (FY 2016: €88 million). Capex was invested in the installation of several new production lines and in the optimization of the existing manufacturing sites and warehousing facilities. End 2017 working capital was €42 million compared with €50 million in 2016. Net cash generated from operating activities amounted to €147 million in the full year compared with €156 million in the previous year mainly related to lower results, partly offset by improvement in working capital.

Dividend

Pending the intended acquisition by the consortium of PAI and bcIMC for all the issued and outstanding shares of Refresco, Refresco will refrain from paying a dividend over 2017. Over 2016 Refresco paid a dividend of EUR 0.38 per share in cash.

Refinancing

To finance the acquisition of the Cott bottling activities Refresco entered into a new financing arrangement with a large number of institutional investors and an international bank syndicate on a new (secured) term loans totaling €1,090 million, $620 million and £200 million.

The financing arrangement includes a Revolving Credit Facility of up to EUR 200 million to finance general corporate purposes, including capital expenditure investments and acquisitions, and working capital purposes. The new financing arrangement will also be used to fully repay the existing syndicated (unsecured) bank financing and has become effective at the date of closing of the acquisition of the Cott bottling activities.

Expansion of the Executive Board

Following the completion of the acquisition of Cott's bottling activities on 30 January 2018 the Executive Board and the Supervisory Board ("Boards") have decided to expand the Executive Board, currently consisting of CEO Hans Roelofs, CFO Aart Duijzer and COO Europe Vincent Delozière, with a new position of Chief Operating Officer (COO) North America. The Boards are pleased to nominate Brad Goist,formerly President of Cott's bottling business in North America, for appointment to this new position, subject to approval of the Annual General Meeting on May 17, 2018.

Other subsequent events

Refresco is to build a new manufacturing site and warehouse in Le Quesnoy, France to replace current facilities and to accommodate Aseptic PET volumes to service customers in northern France. Le Quesnoy carton volumes will be transferred to the new manufacturing site and two new Aseptic PET lines will be installed. The first phase of the construction work will begin in Q2 2018, with production scheduled to start in 24 months. In 2018 investments are estimated at €43 million and are to be funded partially through operational lease and partially through operating cash flow.

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 may come down marginally due to product mix effects.

The integration of Cott's bottling activities to Refresco will have significant effect on our volumes, results, financing and capital expenditures.

Analyst call & webcast

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 (0)330 336 9411 for international participants. The conference ID is 3897094. 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

Extraordinary General Meeting of Shareholders	5 March 2018
Publication of Annual Report 2017	8 March 2018
Publication of Q1 2018 results	9 May 2018
Annual General Meeting of Shareholders	17 May 2018
Publication of Q2 2018 results	9 August 2018

Indicative timetable public offer

Acceptance closing time	17:40 hours CET, 19 March 2018, subject to extension
Unconditional date	Ultimately 22 March 2018
Commencement of post-acceptance period	Promptly following the unconditional date
Settlement date	Ultimately 29 March 2018

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About Refresco

Refresco (Euronext: RFRG) is the world's largest independent bottler of beverages for retailers and A-brands with production in Europe, North America and Mexico. The company has pro forma volumes and revenue of circa 11.6 billion liters and circa €3.6 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 more than 9,500 employees. www.refresco.com

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.

Refresco Group N.V. prepares its financial reports in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS). For the principles of financial reporting of Refresco Group N.V. reference is made to the 2017 financial statements.

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

The 2017 financial information included in the consolidated statements attached to this press release are derived from the Annual Report 2017. The external auditor has not issued an auditor's report on the 2017 financial statements yet. The full Annual Report will be available to download on our website (www.refresco.com) from March 8, 2018. The Annual Report will be presented for adoption by the General Meeting of Shareholders on 17 May 2018.

Tables section:

Consolidated income statement

Refresco Group NV

(x 1 million euro)	Unaudited		Unaudited	Audited
	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Revenue	**520**	**529**	**2,269**	**2,107**
Other income	0	0	1	0
Raw materials and consumables used	(297)	(294)	(1,277)	(1,192)
Gross Profit Margin	**223**	**236**	**992**	**916**
Gross Profit Margin %	42.9%	44.6%	43.7%	43.5%
Gross Profit Margin per liter, euro cents	14.6	14.5	14.0	14.2
Employee benefits expenses	(68)	(67)	(286)	(244)
Depreciation, amortization and impairment	(26)	(24)	(96)	(88)
Other operating expenses	(114)	(119)	(516)	(455)
Operating costs	**(208)**	**(210)**	**(897)**	**(787)**
Operating profit / (loss)	**15**	**26**	**95**	**129**
Finance income	-	-	0	0
Finance expense	(8)	(4)	(24)	(19)
Net finance costs	**(8)**	**(4)**	**(24)**	**(19)**
Profit/(loss) before income tax	**7**	**22**	**71**	**111**
Income tax (expense) / benefit	3	(5)	(17)	(29)
Net profit / (loss)	**10**	**17**	**53**	**82**
Profit / (loss) attributable to:				
Owners of the Company	10	17	53	82
Net profit / (loss)	**10**	**17**	**53**	**82**

Consolidated balance sheet

(x 1 million euro)	Unaudited 31 December 2017	Audited 31 December 2016
Assets		
Property, plant and equipment	624	632
Intangible assets	540	549
Financial fixed assets	3	3
Deferred tax	4	10
Total non-current assets	**1,171**	**1,194**
Inventories	233	243
Derivative financial instruments	4	11
Current income tax receivable	1	0
Other current receivables	374	378
Cash and cash equivalents	146	139
Total current assets	**757**	**771**
Total assets	**1,928**	**1,964**
Equity		
Share capital	10	10
Share premium	533	533
Reserves	(40)	(86)
Profit / (loss) for the period	53	82
Total equity	**556**	**539**
Liabilities		
Loans and borrowings	735	750
Derivative financial instruments	7	12
Provisions and deferred tax	58	72
Total non-current liabilities	**800**	**833**
Loans and borrowings	3	11
Derivative financial instruments	3	0
Trade and other payables	544	555
Current income tax liabilities	9	23
Provisions	13	4
Total current liabilities	**572**	**592**
Total liabilities	**1,372**	**1,425**
Total equity and liabilities	**1,928**	**1,964**

Consolidated cash flow statement

(x 1 million euro)	Unaudited		Unaudited	Audited
	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Cash flows from operating activities				
Profit / (loss) after tax	10	17	53	82
Adjustments for:				
Depreciation, Amortization and impairments	26	24	96	88
Net change in fair value derivative financial instruments	-	(1)	4	(1)
Net finance costs	9	4	24	19
(Gain) / loss on sale of property, plant and equipment and other investments	(1)	(1)	(1)	0
Income tax expense / (benefit)	(3)	5	17	29
Movements in employee benefits provisions and other provisions	3	3	7	(2)
Cash flows from operating activities before changes in working capital	**43**	**52**	**201**	**214**
Change in:				
Inventories	5	(18)	10	(28)
Trade and other receivables	36	2	1	(16)
Trade and other payables	(35)	11	(10)	25
Total change in working capital	**6**	**(5)**	**1**	**(18)**
Interest received / (paid)	(5)	(5)	(21)	(17)
Income taxes paid	(6)	(3)	(35)	(22)
Net cash generated from operating activities	**37**	**40**	**147**	**156**
Cash flows from investing and acquisition activities				
Proceeds from sale of property, plant and equipment	1	0	3	1
Purchase of property, plant and equipment	(24)	(30)	(82)	(81)
Purchase of intangible assets	(2)	(2)	(2)	(3)
Acquisitions	(9)	(1)	(16)	(138)
Net cash used in investing and acquisition activities	**(33)**	**(32)**	**(96)**	**(221)**
Cash flows from financing activities				
Proceeds from loans and borrowings	-	(1)	-	198
Repayment of loans and borrowings	(1)	0	(4)	(66)
Dividend payment	-	-	(31)	(27)
Net cash (used in) / from financing activities	**(1)**	**(1)**	**(35)**	**105**
Movement in cash and cash equivalents	**3**	**6**	**16**	**40**
Translation adjustment	(1)	1	(2)	(4)
Movement in cash and cash equivalents	**3**	**7**	**14**	**36**
Cash and cash equivalents at beginning	143	125	132	96
Cash and cash equivalents at end	**146**	**139**	**146**	**139**
Bank overdraft	0	(7)	0	(7)
Movement in cash and cash equivalents	**3**	**7**	**14**	**36**