



Press release

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

Rotterdam, the Netherlands – August 10, 2017. Refresco Group N.V. publishes second quarter 2017 results. The Half Year 2017 Financial Report is available at www.refresco.com.

Acquisition of Cott's bottling activities

On July 25, 2017, Refresco announced the signing of a definitive agreement with Cott to acquire Cott's bottling activities for \$1.25 billion, creating the world's largest independent bottler with leadership positions in Europe and North America. 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 \$1.7 billion¹, adjusted EBITDA of \$136.5 million² 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 has significant synergy potential of around €47 million. It will be more than 5% earnings accretive already in the first full year of consolidation and considerably higher in the second and third year. The acquisition will be fully financed with debt. The company intends to issue €200 million in new shares at the earliest opportunity. The transaction is expected to close in the second half of 2017.

Q2 2017 Highlights³

- 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 mainly driven by acquisitions.
- Gross profit margin per liter amounted to 13.4 euro cents in line with the expected impact of last year's acquisition in the US (Q2 2016: 14.0 euro cents). Like-for-like gross margin per liter was 13.9 euro cents.
- Adjusted EBITDA amounted to €66 million (Q2 2016: €68 million).
- Adjusted EPS was €0.34 (Q2 2016: €0.37).

Key figures

In millions of €, unless stated otherwise (unaudited)	Q2 2017	Q2 2016	HY 2017	HY 2016
Volume (millions of liters)	2,052	1,703	3,726	3,028
Revenue	643	559	1,166	1,007
Gross profit margin per liter (euro cents)	13.4	14.0	13.7	14.3
EBITDA	65	67	102	101
Adjusted EBITDA	66	68	103	103
Net profit / (loss)	27	29	33	35
Adjusted net profit / (loss)	27	30	33	36
Adjusted EPS (euro cents)	34	37	41	45
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

¹ Based on US GAAP.

² Based on US GAAP.

³ Change percentages and totals calculated before rounding.

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 a US 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."

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 market⁴. 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	334	716	559
France	272	263	495	476
Germany	380	367	696	680
Iberia	132	157	246	285
Italy	261	245	446	430
North East Europe	154	152	264	266
UK	193	186	363	332
Total Europe	1,791	1,703	3,226	3,028
US	261	-	500	-
Total Group	2,052	1,703	3,726	3,028

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 manufacturing⁵ volume increased 11.5%. Retail brands⁶ 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.

Retail brands and contract manufacturing (in million liters)	Q2 2017	Q2 2016	HY 2017	HY 2016
Retail brands	1,279	1,275	2,332	2,317
Contract manufacturing	773	428	1,394	711
Total	2,052	1,703	3,726	3,028

⁴ Based on Nielsen European market data.

⁵ Co-Packing has been renamed to contract manufacturing.

⁶ Private Label has been renamed to retail brands.

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	559	1,092	1,007
US	37	-	74	-
Total Group	643	559	1,166	1,007

Gross profit 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.

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 shown in the table below.

In millions of € unaudited	Q2 2017	Q2 2016	HY 2017	HY 2016
Operating profit	41	46	55	60
D&A and impairment costs	24	21	48	41
EBITDA	65	67	102	101
One-off costs/(benefits)	1	2	1	2
Adjusted EBITDA	66	68	103	103

Finance expenses 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 €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.

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 10:00 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.

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Consolidated income statement

Refresco Group NV

(x 1 million euro)				
unaudited	Q2 2017	Q2 2016	HY 2017	HY 2016
Revenue	643	559	1,166	1,007
Other income	0	0	0	0
Raw materials and consumables used	(367)	(321)	(655)	(575)
Gross Profit Margin	275	238	511	432
Gross Profit Margin %	42.8%	42.6%	43.8%	42.9%
Gross Profit Margin per liter, euro cents	13.4	14.0	13.7	14.3
Employee benefits expenses	(73)	(59)	(144)	(116)
Depreciation, amortization and impairment	(24)	(21)	(48)	(41)
Other operating expenses	(137)	(113)	(265)	(216)
Operating profit	(234)	(192)	(457)	(372)
Operating profit / (loss)	41	46	55	60
Finance income	-	-	0	-
Finance expense	(5)	(5)	(10)	(10)
Net finance costs	(5)	(5)	(10)	(10)
Profit/(loss) before income tax	36	41	44	49
Income tax (expense) / benefit	(9)	(12)	(12)	(15)
Net profit / (loss)	27	29	33	35
Profit / (loss) attributable to:				
Owners of the Company	27	29	33	35
Net profit / (loss)	27	29	33	35

Consolidated balance sheet

(x 1 million euro)	30 June 2017 unaudited	31 December 2016	30 June 2016 unaudited
Assets			
Property, plant and equipment	618	632	555
Intangible assets	541	549	485
Financial fixed assets	3	3	3
Deferred tax	11	10	13
Total non-current assets	1,173	1,194	1,055
Inventories	243	243	239
Derivative financial instruments	0	11	7
Current income tax receivable	-	0	1
Other current receivables	463	378	399
Cash and cash equivalents	131	139	66
Total current assets	836	771	712
Total assets	2,008	1,964	1,767
Equity			
Share capital	10	10	10
Share premium	533	533	533
Reserves	(40)	(86)	(82)
Profit / (loss) for the period	33	82	35
Total equity	536	539	495
Liabilities			
Loans and borrowings	741	750	628
Derivative financial instruments	9	12	17
Provisions and deferred tax	65	72	55
Total non-current liabilities	815	833	699
Loans and borrowings	11	11	4
Derivative financial instruments	1	-	0
Trade and other payables	618	555	552
Current income tax liabilities	26	23	13
Provisions	3	4	4
Total current liabilities	658	592	572
Total liabilities	1,473	1,426	1,272
Total equity and liabilities	2,008	1,964	1,767

Consolidated cash flow statement

(x 1 million euro)

unaudited

	Q2 2017	Q2 2016	HY 2017	HY 2016
Cash flows from operating activities				
Profit / (loss) after tax	27	29	33	35
Adjustments for:				
Depreciation, Amortization and impairments	24	21	48	41
Net change in fair value derivative financial instruments	4	(1)	4	0
Net finance costs	5	5	10	10
Income tax expense / (benefit)	9	12	12	15
Movements in employee benefits provisions and other provisions	(3)	(2)	(3)	(5)
Cash flows from operating activities before changes in working capital	67	64	103	96
Change in:				
Inventories	12	(1)	1	(30)
Trade and other receivables	(81)	(56)	(86)	(49)
Trade and other payables	81	41	75	46
Total change in working capital	12	(16)	(11)	(34)
Interest received / (paid)	(5)	(4)	(10)	(8)
Income taxes paid	(7)	(12)	(11)	(14)
Net cash generated from operating activities	66	32	71	40
Cash flows from investing and acquisition activities				
Proceeds from sale of property, plant and equipment	0	1	0	1
Purchase of property, plant and equipment	(19)	(13)	(43)	(35)
Purchase of intangible assets	0	0	0	(1)
Acquisitions	-	(88)	(7)	(88)
Net cash used in investing and acquisition activities	(20)	(100)	(50)	(122)
Cash flows from financing activities				
Proceeds from loans and borrowings	-	80	-	80
Repayment of loans and borrowings	(1)	(1)	(2)	(2)
Dividend payment	(26)	(24)	(26)	(24)
Net cash (used in) / from financing activities	(27)	56	(28)	55
Movement in cash and cash equivalents	20	(12)	(7)	(27)
Translation adjustment	(1)	(1)	(1)	(3)
Movement in cash and cash equivalents	19	(13)	(8)	(30)
Cash and cash equivalents at beginning	105	79	132	96
Cash and cash equivalents at end	131	66	131	66
Bank overdraft	(7)	-	(7)	-
Movement in cash and cash equivalents	19	(13)	(8)	(30)