



Massimo Zanetti Beverage Group
H1 2020 Results Presentation
August 6, 2020



H1 2020 KEY FACTS

The first half 2020 results have been affected by the containment measures adopted by governments in the various countries in which the Group is present in order to reduce the spread of the virus Covid-19. In particular, April was more affected by these lockdown measures, and, as the restrictions were gradually eased, May and especially June registered a recovery.

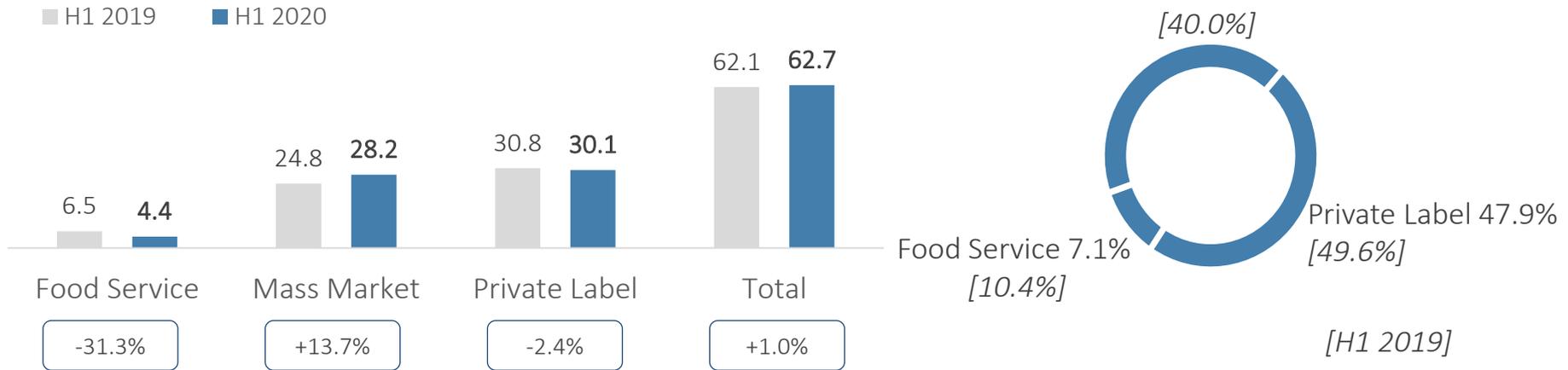
- Volume: 62.7 thousand tons, +1.0% vs H1 2019 (-5.2% *like-for-like**)
- Revenues: Euro 404.0 million, -8.1% at current FX, -8.5% at constant FX, -10.8% on a comparable basis
- Gross Profit: Euro 169.5 million with the margin on revenues of 41.9%, compared with 44.7% of H1 2019
- EBITDA adj: Euro 14.7 million vs Euro 35.7 million of H1 2019
- Net results: Euro -17.0 million vs Euro 3.5 million of H1 2019
- Net debt: Euro 287.3 million vs Euro 266.5 million as of December 31, 2019. Net debt before IFRS 16 effect: Euro 240.6 million vs Euro 217.4 million as of December 31, 2019.

(*) *comparable basis: at constant forex and at the same perimeter (like-for-like, LFL): excluding acquisitions of Café Pacaembu completed in October 2019 and Bean Alliance Group, completed at the end of January 2019*



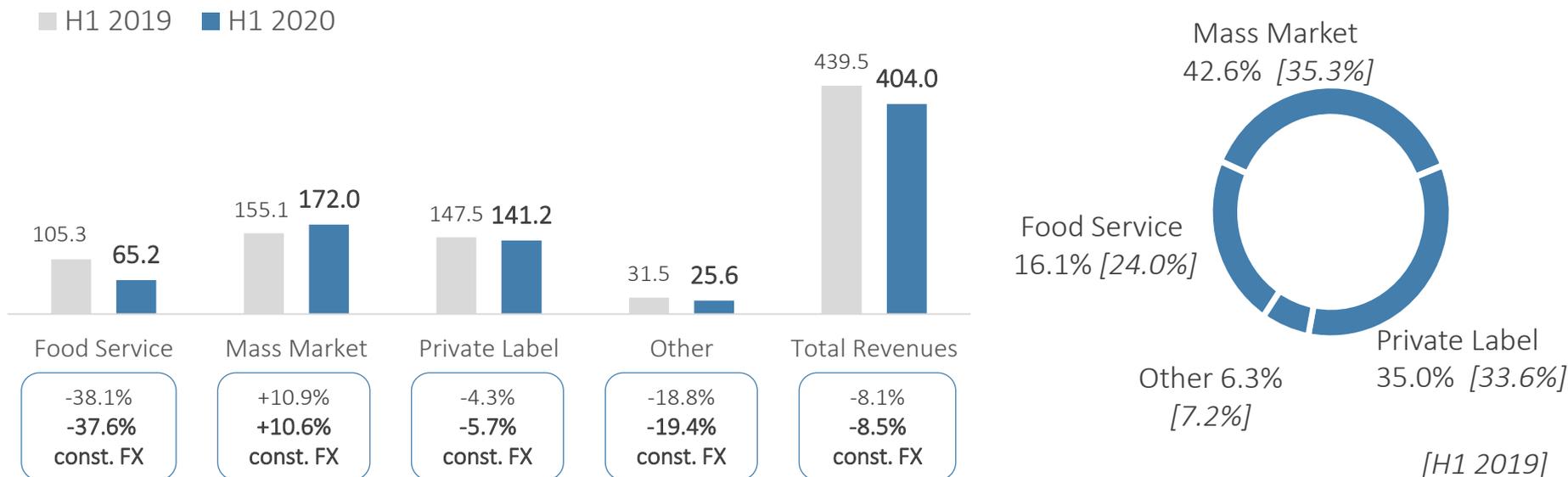
VOLUME BY CHANNEL

Roasted coffee volumes sold by distribution channel - Tons/000



- Volume increased +1.0% (-5.2% on a comparable basis) due to the positive performance of Mass Market which partially offset the decrease of the Food Service and Private Label channels
- Food Service: -31.3% (-38.3% on a comparable basis) affected by the containment measures adopted in the various countries in which the Group is present in order to reduce the spread of Covid-19
- Mass Market: +13.7% (+7.2% on a comparable basis) thanks to the positive performance of Americas, Apac and Northern Europe
- Private Label: -2.4% (-8.2% on a comparable basis) with a soft performance in all regions

REVENUES BY CHANNEL

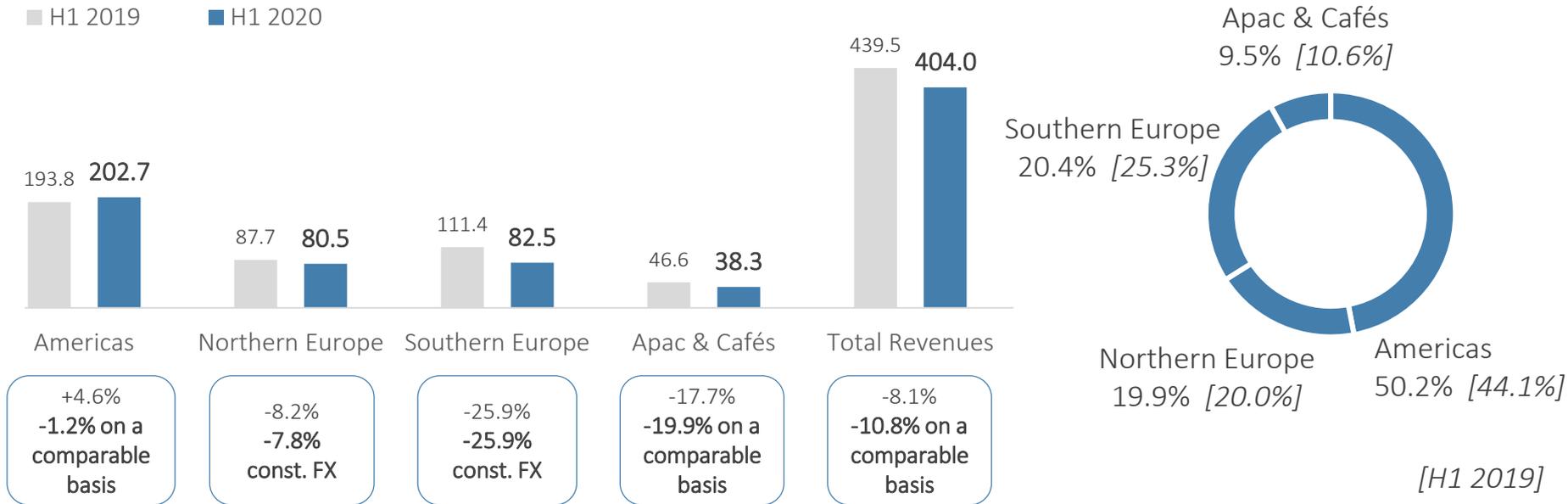


- Total Revenues decreased -8.1% at current FX, -8.5% at constant FX, -10.8% on a comparable basis*
- Food Service channel decreased 37.6% at constant FX (-38.9% on a comparable basis) due in particular to the European performance, region mostly affected by the full closure of all non-essential activities
- Mass Market (+8.2% on a comparable basis) showed positive performance in all regions
- Private Label (-8.6% on a comparable basis) showed soft performance in all main regions

* comparable basis: at constant forex and LFL (like for like, at the same perimeter, excluding acquisitions completed in 2019)

(Euro million)

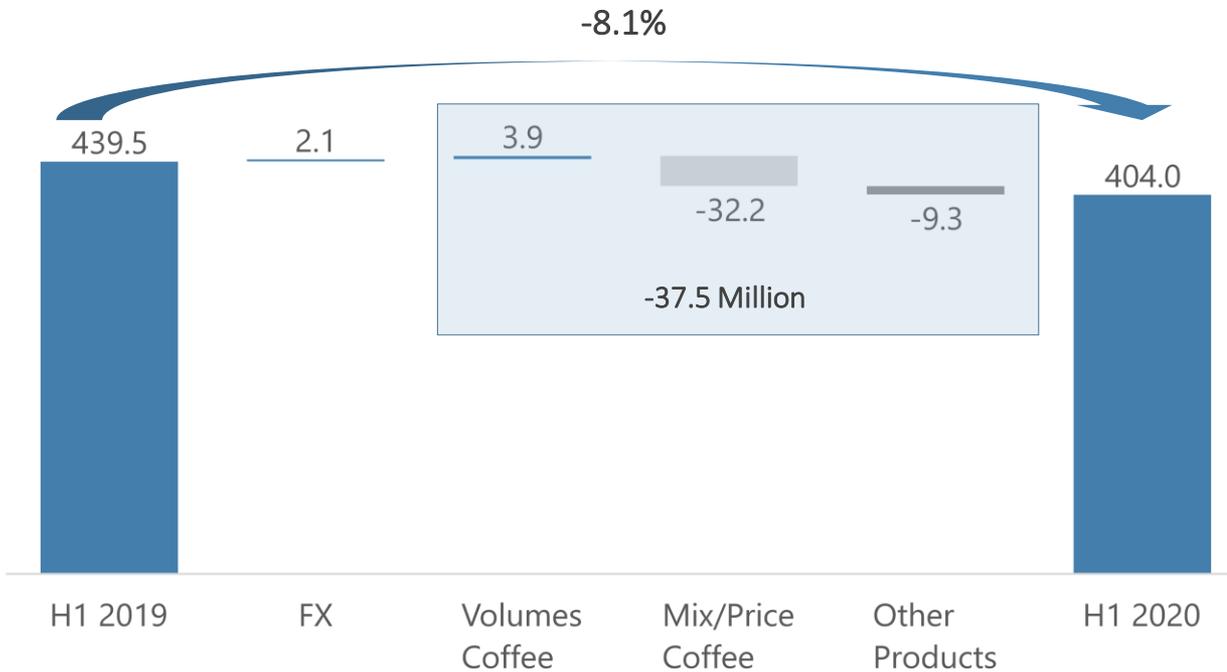
REVENUES BY REGION



- Americas performance, on a comparable basis, is attributable to positive performance of mass market
- Northern Europe is affected by decrease of Food Service, partially offset by solid growth in Mass Market
- Revenue in Southern Europe is mostly affected by a steep decrease of Food Service
- Asia-Pacific performance is affected by Food Service channel performance partially offset by a solid revenue growth in the Mass Market

(Euro million)

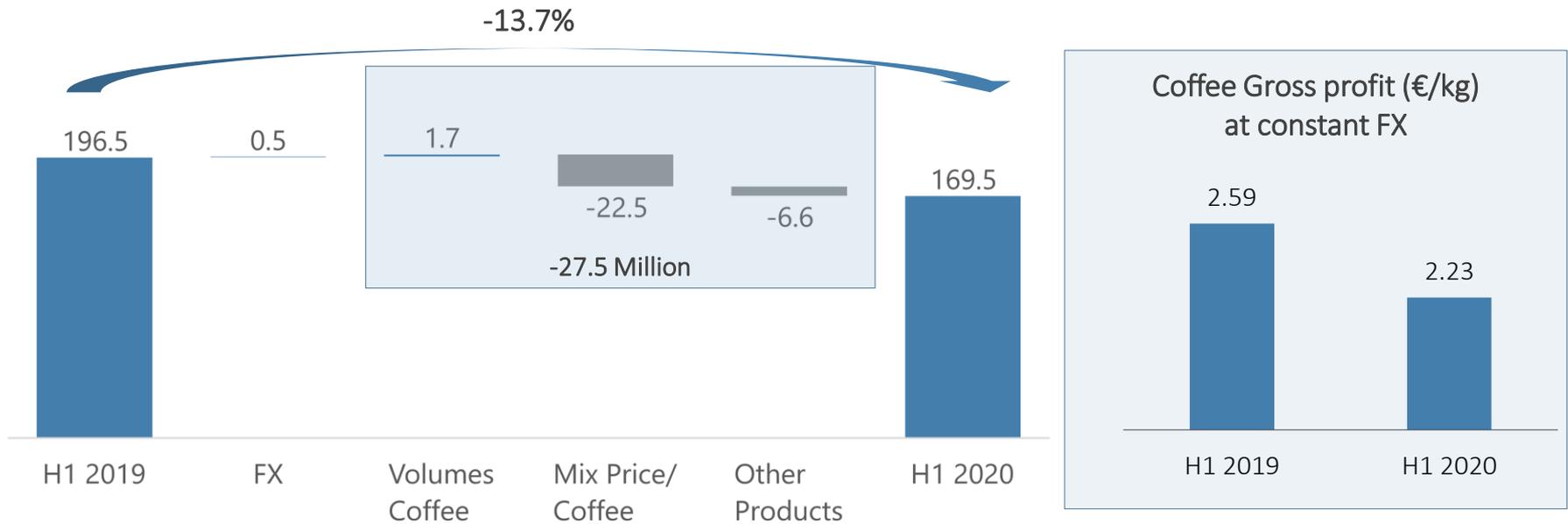
REVENUE BRIDGE



- H1 2020 revenues decreased -8.1% at current exchange
- Excluding FX fluctuations, which had a positive impact of Euro 2.1 million, H1 2020 revenues decreased -8.5% (-10.8% on a comparable basis) compared to H1 2019. This performance is explained by increases in volumes, partially offset by a negative channel/product mix as a consequence of the performance of the Food Service channel

(Euro million)

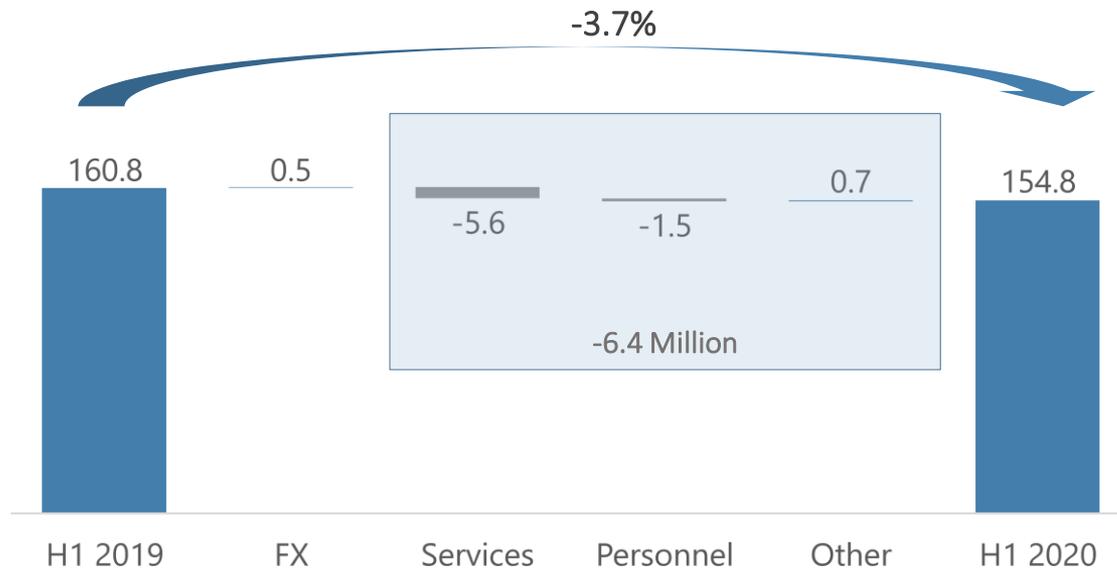
GROSS PROFIT



- Gross Profit decreased by Euro 27.0 million compared with H1 2019
- Excluding FX, gross profit decreased by Euro 27.5 million. Gross Profit per kilo has been affected by a different channel/products mix compared to the first half 2019, as highlighted previously.

(Euro million)

OPERATING EXPENSES



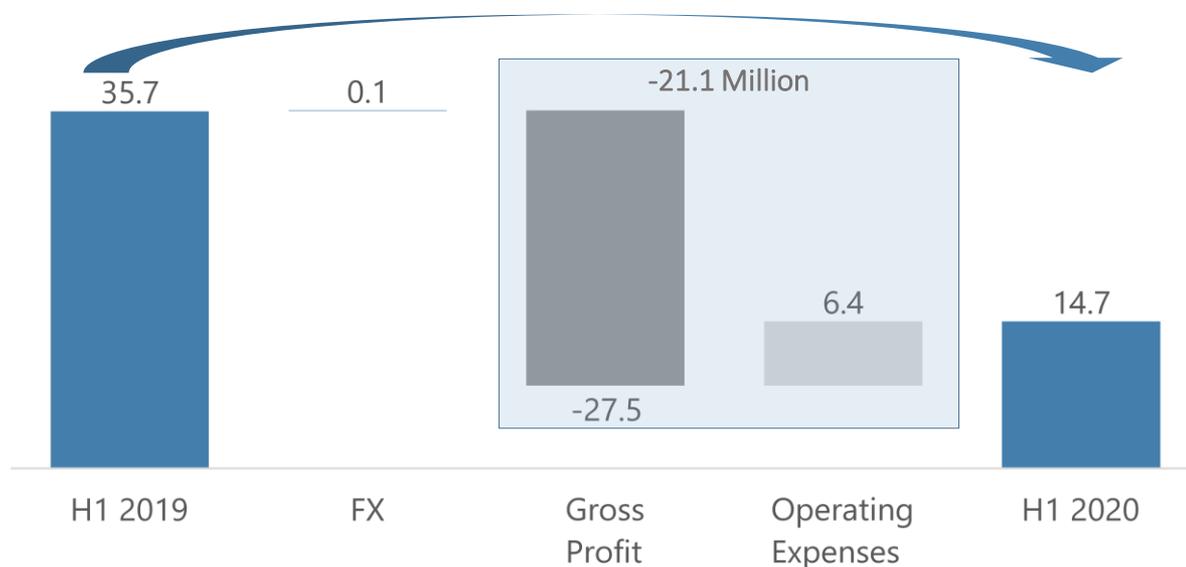
ORGANIC* OPERATING EXPENSES	H1 2019	H1 2020	Delta
Services	83.6	78.0	(5.6)
Personnel	76.2	74.6	(1.5)
Other costs	1.0	1.7	0.7
TOTAL	160.8	154.3	(6.4)

* organic: excluding FX

- Operating expenses, excluding FX, decreased by Euro 6.4 million
- On a comparable basis, this decline was primarily driven by the cost containment measures taken to mitigate the impact of Covid-19.

(Euro million)

EBITDA adjusted



EBITDA decreased by Euro 21.0 million; Forex had not a material impact (Euro 0.1 million)

EBITDA performance was attributable to the gross profit decrease of Euro 27.5 million and the operating expenses decrease of Euro 6.4 million, as highlighted before

During the first six months of 2020, the Group incurred non-recurring costs of Euro 2,8 million mainly related to efficiency projects in America as well as the accrual to bad debt provision recognized exceptionally to take into account the likely impacts of potential credit loss due to the Covid-19 pandemic.

(Euro million)

INCOME STATEMENT

<i>Euro.million</i>	H1 2020		H1 2019		Change
Revenues	404.0	100.0%	439.5	100.0%	-35.4
Purchases of Goods	-234.5	-58.1%	-243.0	-55.3%	8.5
Gross Profit	169.5	41.9%	196.5	44.7%	-27.0
Services, leases and rentals	-78.3	-19.4%	-84.7	-19.3%	6.4
Personnel costs	-76.5	-18.9%	-76.5	-17.4%	0.1
Other operating cost	-0.9	-0.2%	-0.2	0.0%	-0.7
Impairment	-1.9	-0.5%	-1.1	-0.2%	-0.8
EBITDA	11.9	2.9%	33.9	7.7%	-22.0
Non recurring items	2.8	0.7%	1.8	0.4%	1.0
EBITDA Adjusted	14.7	3.6%	35.7	8.1%	-21.0
D&A	-24.3	-6.0%	-22.2	-5.1%	-2.1
EBIT	-12.4	-3.1%	11.7	2.7%	-24.1
Net finance income (costs)	-5.1	-1.3%	-5.0	-1.1%	-0.1
Profit (loss) on equity consolidated companies	-0.3	-0.1%	-1.1	-0.2%	0.7
Net Result Before Tax	-17.8	-4.4%	5.6	1.3%	-23.4
Income Tax expense	0.9	0.2%	-2.1	-0.5%	3.0
Tax rate	5.0%		38.2%		
Net Result	-17.0	-4.2%	3.5	0.8%	-20.4



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FREE CASH FLOW AND CHANGE IN NET WORKING CAPITAL

(Euro. M)	H1 19	H1 20
EBITDA adj	35.7	14.7
Special Items (Cash effect)	(2.1)	(0.9)
Change in NWC	(10.3)	(8.3)
CAPEX	(16.5)	(15.6)
Taxes	(3.4)	(1.5)
Others	1.5	2.2
FREE CASH FLOW	4.9	(9.5)



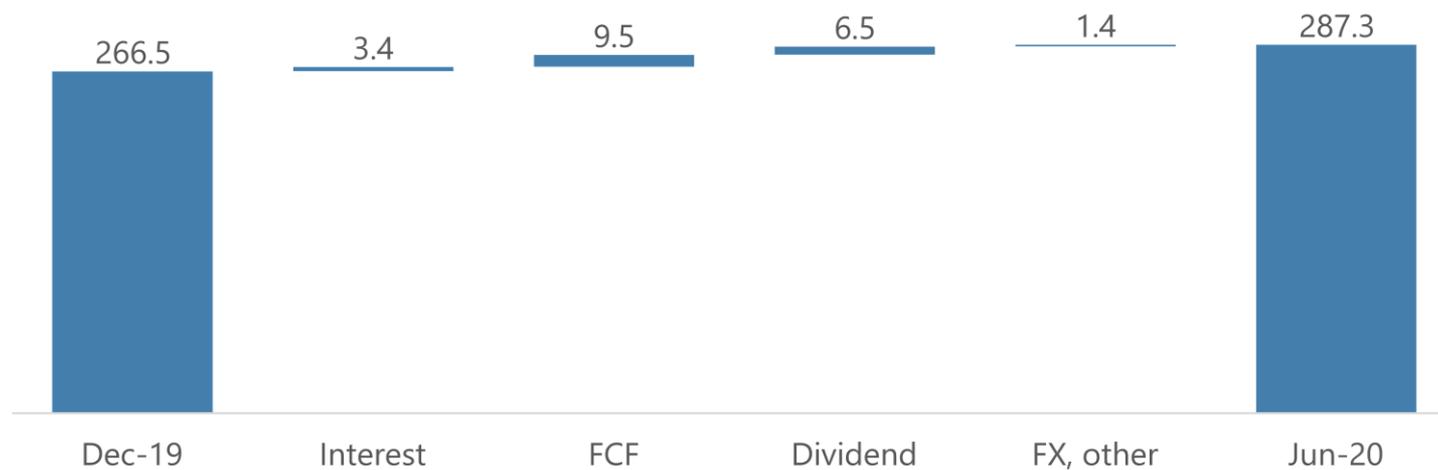
(Euro. M)	H1 19	H1 20
Change in Inventories	(15.2)	(19.9)
Change in Trade Receivables	2.2	29.1
Change in Trade Payables	4.8	(16.4)
Change in Other Asset/Liabilities	(2.1)	(1.1)
Change in Net Working Capital	(10.3)	(8.3)

The Free Cash Flow absorbed Euro 9.5 million, compared with Euro 4.9 million in H1 2019. This is mainly related to the Ebitda performance.

Net working capital absorbed Euro 8.3 million in the first half 2020 compared with Euro 10.3 million of the first half 2019.

(Euro million)

NET DEBT



Debt Profile	December 31, 2019	June 30, 2020
Fixed Interest Rate	45%	38%
Variable Interest Rate	55%	62%
EURO	91%	92%
USD	9%	8%

(Euro million)

OUTLOOK FOR FY 2020

- The results for the first half of the year were affected by the Covid-19 health emergency and by the containment measures adopted to combat the spread of the virus. In particular, April was more affected by these lockdown measures, and, as the restrictions were gradually eased, May and especially June registered a recovery that was increasingly more robust than initially forecast. The preliminary results for July also indicate that this trend continues.
- Given the continuously evolving context causing uncertainty, Management confirms the decision taken on April 23*, to conservatively suspend the financial guidance to the market, disclosed on March 5, 2020 before the outbreak of Covid-19 pandemic.

* released with the press release of the same day after the BoD

BONCAFÉ

GO GREEN

We are Going Compostable in 2020

All our compatible coffee capsules would be plastic and aluminum free!

Biocapsule
62% renewable materials

Cardboard Ring Seal
100% cellulose and biodegradable

Seal Paper
Oxygen-tight and Aluminum Free

Love Coffee, Love the Environment.

Compatible with Nespresso® COMPATIBLE

*This brand is owned by a third party which has no connection whatsoever with Boncafé Middle East LLC.

Logos: Massimo Zanetti Beverage Group, TÜV AUSTRIA INDUSTRIAL, 100% COMPOST, 100% GREEN, Nespresso.



100% COMPOSTABLE COMPATIBLE CAPSULE

Discover rich flavours and enticing aromas of our NEW 4 compatible coffee capsule in an environmentally friendly pod. The capsules can be composted industrially or domestic gardening.



ESPRESSO
Round and Intense

INTENSITY **9** | 40ML



LUNGO
Intense and Aroma

INTENSITY **8** | 110ML



RISTRETTO
Rich and Subtle

INTENSITY **8** | 40ML



DECAF
Mild and Balanced

INTENSITY **6** | 110ML



Love Coffee, and Love Environment



Biocapsule
62% renewable materials

Cardboard Ring Seal
100% cellulose and biodegradable

Seal Paper
Oxygen-tight and Aluminum Free

Oxygen-Tight
The first and only true oxygen-tight bio coffee capsules in the world. Guarantee a minimum shelf life of up to 24 months.

Aluminum Free
Through the use of our biodegradable seal paper, our biocapsule is completely free from aluminium!

Product Life Cycle
Our capsules are compostable not only in industrial composting plants, but also in domestic gardens. In an industrial composting plant, 95.6% of the biocapsule will decompose into water and CO2 within a period of 62 days. In domestic compost the biocapsule requires a period of 23 weeks.


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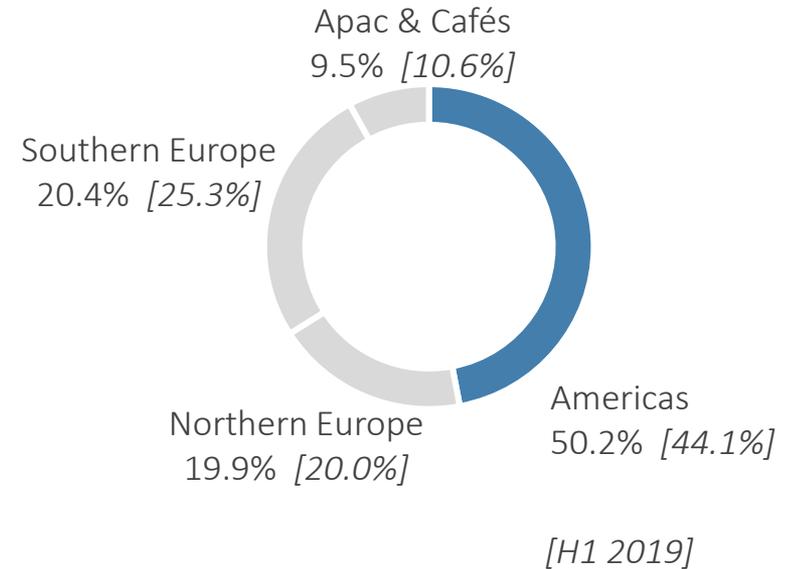
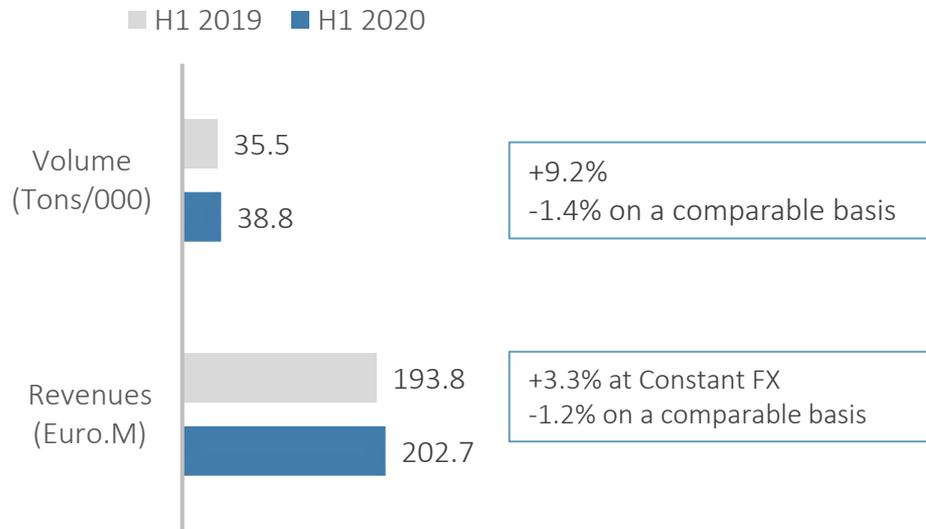



NESPRESSO® COMPATIBLE

*This brand is owned by a third party which has no connection whatsoever with Boncafe Middle East LLC.

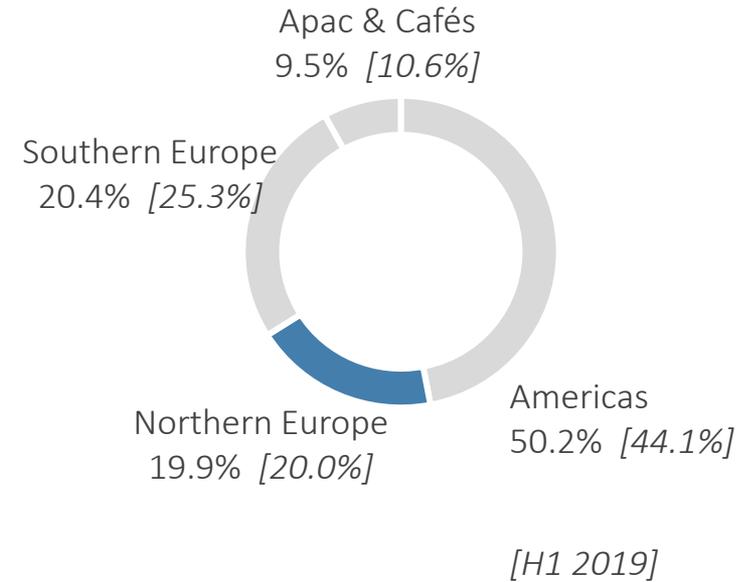
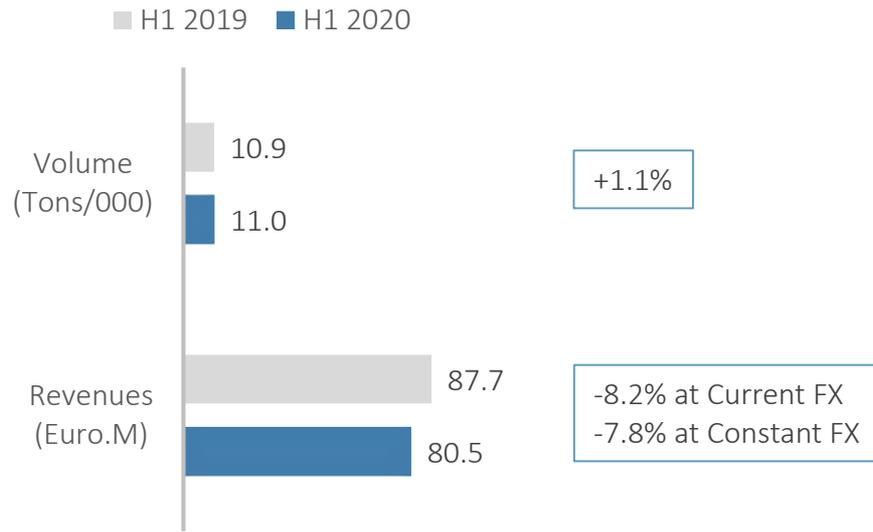


FOCUS ON AMERICAS



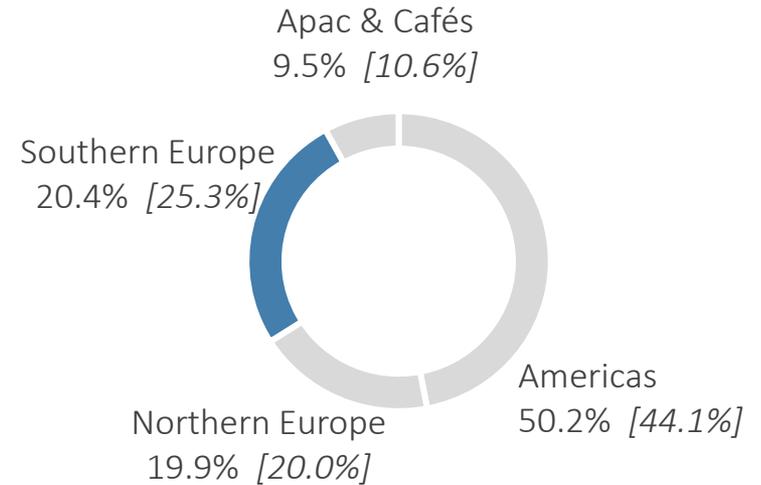
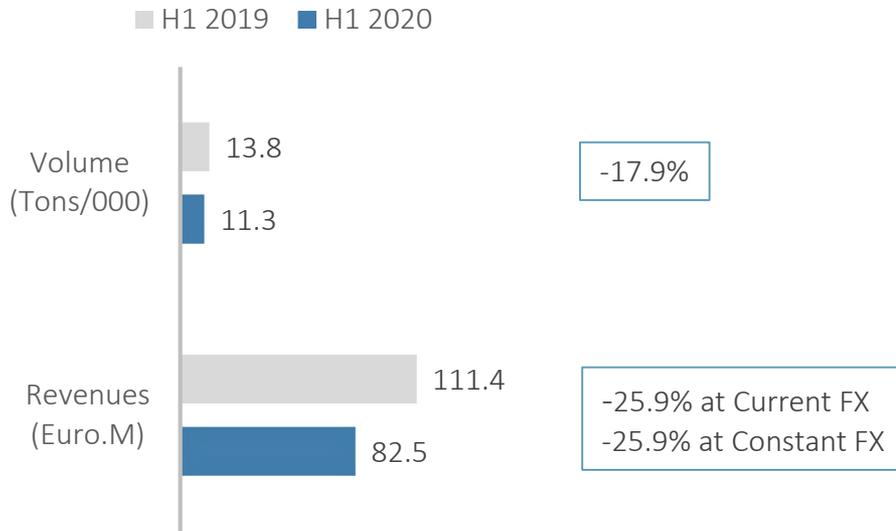
- Volume growth, on a comparable basis, was driven by increases in all key Brands in the Mass Market and E-Commerce channels. Key Private Label, Mass Market brands also grew (+9% YOY) as in home consumption grew due to Covid-19
- The USA Mass Market branded business grew volume (+9% YOY), as well as unit share across all categories both the Coffee and Cappuccino categories. Increased Marketing support and in home consumption trends both contributed to the growth
- Food Service decreased as a result of the containment measures of Covid-19
- E-commerce sales continue to show solid growth, with very strong performance on Kauai coffee and all single serve items

FOCUS ON NORTHERN EUROPE



- Solid growth in Mass Market partially offsetting decline in Food Service, in all main Countries
- Food Service decreased as a result of the containment measures of Covid-19
- Continued growth of Organic and Certified products

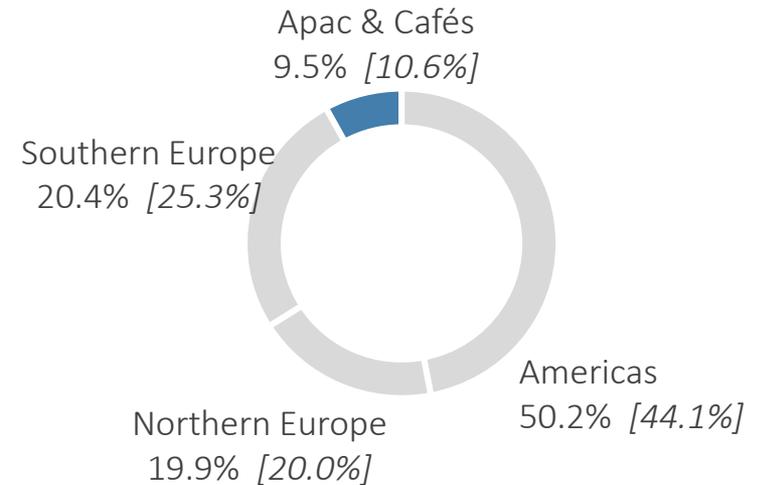
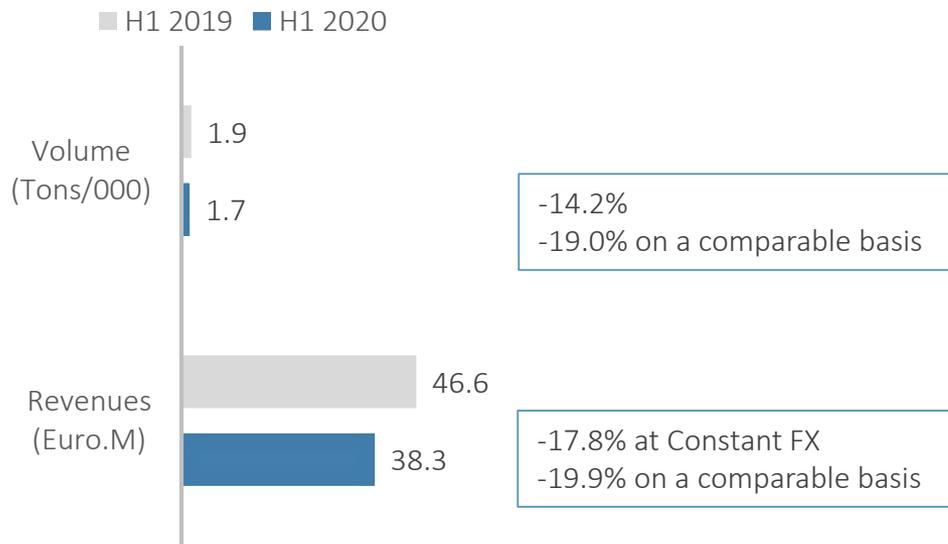
FOCUS ON SOUTHERN EUROPE



[H1 2019]

- Food Service heavily impacted by the containment measures adopted for Covid-19, but recovering in last two months
- Mass Market performance in line with previous year even though all new activities (NPD, Segafredo range relaunch in Italy) have been slowed down by the retailers
- Compatible capsules insourcing is progressing and is in line with expectations

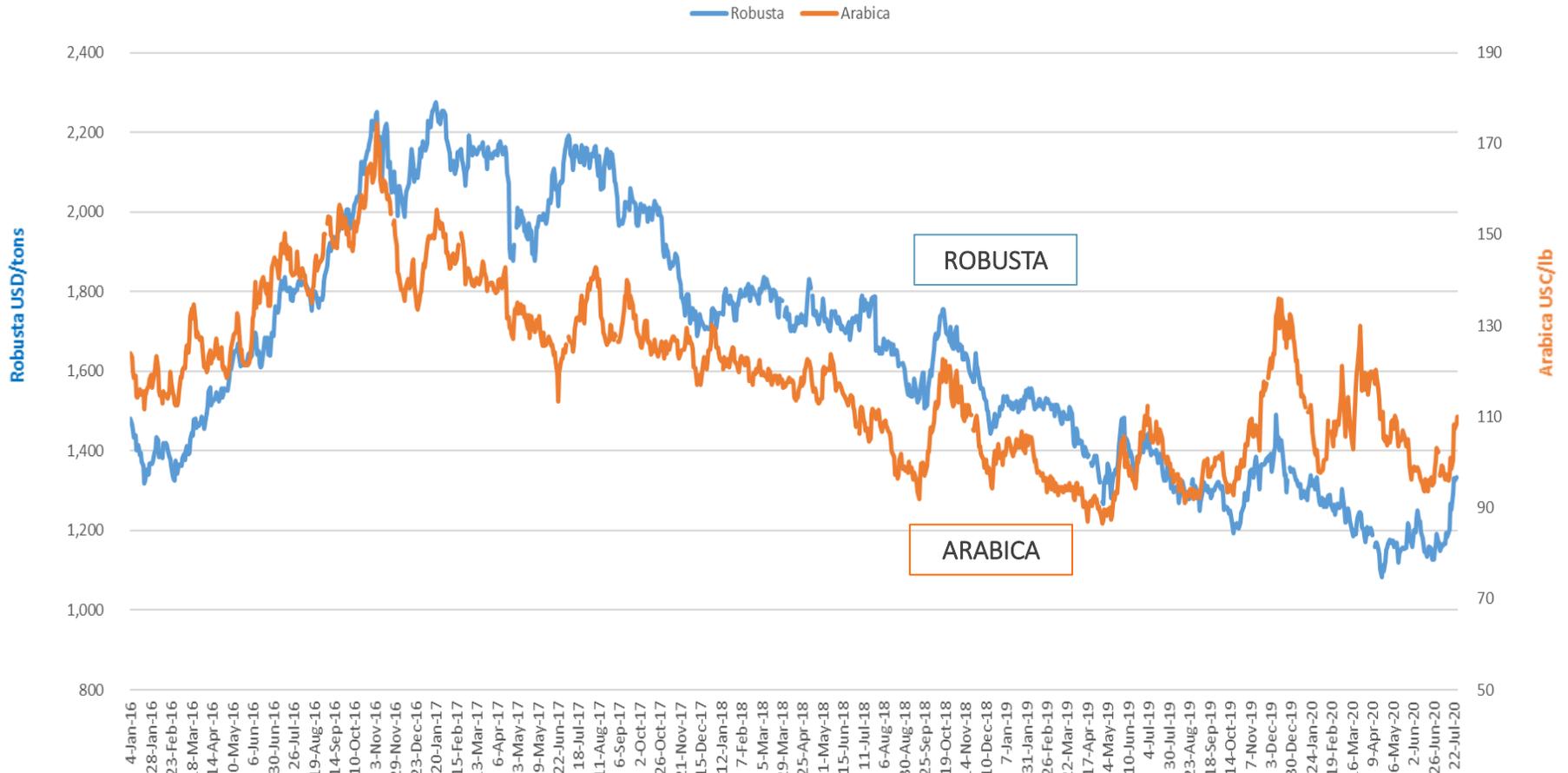
FOCUS ON ASIA PACIFIC AND CAFÉS



[H1 2019]

- Volume and sales are particularly affected by the restrictive measures adopted by local governments to combat the spread of the Covid-19. Revenues were down 17.8% at Constant Fx, -19.9% on a comparable basis (i.e. excluding BAG January result)
- Double digit-increase in Mass Market offset by the decrease in Food Service channel due to lockdown measures and private label channel
- APAC main countries are: Thailand (around 31% of the sales of the region), Australia 27%, Japan 10%, Singapore 10%, Middle East 8%

GREEN COFFEE PRICE



ASSET & LIABILITIES

<i>Euro.million</i>	H1 2020	2019
Intangible assets	218.8	227.0
Property, plant and equipment and investment properties	262.6	270.4
Investments in joint ventures and associates	10.9	11.2
Non current advances and trade receivables	2.9	2.9
Deferred tax assets and other non current assets	38.2	35.4
Non current assets	533.4	546.9
Net working capital	96.9	103.8
Employee benefits	(10.4)	(10.5)
Other non current provisions	(3.0)	(3.0)
Deferred tax liabilities and other non current liabilities	(31.8)	(33.3)
Non current liabilities	(45.1)	(46.8)
Net Invested Capital	585.2	603.9
Equity	297.9	337.4
Net debt	287.3	266.5
Sources of financing	585.2	603.9



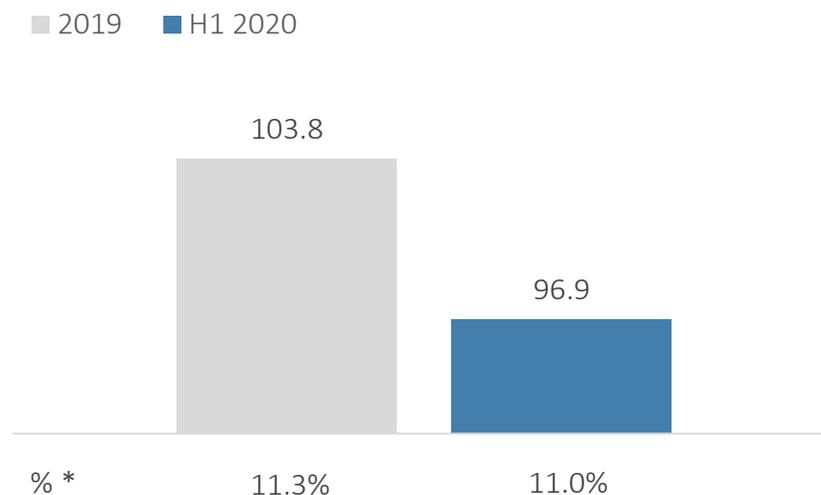
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NET WORKING CAPITAL

<i>Euro.million</i>	H1 2020	2019
Inventories	174.5	154.5
Trade receivables	83.9	114.6
Income tax assets	3.5	3.5
Other current assets	14.0	20.6
Trade payables	(139.2)	(155.2)
Income tax liabilities	(2.2)	(2.5)
Other current liabilities	(37.6)	(31.7)
Net working capital	96.9	103.8
% on last twelve months revenues	11.0%	11.3%

Net working capital - Euro.million



* on last twelve months revenues

CASH FLOW

<i>Euro.million</i>	H1 2020	H1 2019
EBITDA adj	14.7	35.7
Non recurring items paid	(0.9)	(2.1)
Change in Net Working Capital	(8.3)	(10.3)
Net recurring investments	(15.6)	(16.5)
Income tax paid	(1.5)	(3.4)
Other operating items	2.2	1.5
Free Cash Flow	(9.5)	4.9
Net non recurring investments	(1.6)	(22.3)
Investments in financial receivables	(7.6)	1.5
Interest paid	(3.4)	(3.5)
Net cash generated from financing activities	36.8	23.3
Cash outflow from leasing accounted under IFRS 16	(5.7)	(4.9)
Dividends	(6.5)	(6.7)
Exchange gains/(losses) on cash and cash equivalents	(0.8)	0.4
Net increase in cash and cash equivalents	1.6	(7.2)
Cash and cash equivalents at the beginning of the year	94.8	93.5
Cash and cash equivalents at the end of the year	96.5	86.2



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NET DEBT

<i>Euro.million</i>		H1 2020	31/12/2019
Cash and cash equivalent	A	(0.9)	(1.1)
Cash at bank	B	(95.6)	(93.7)
Securities held for trading	C	-	-
Liquidity (A+B+C)	D	(96.5)	(94.8)
Current financial receivables	E	(9.6)	(2.0)
Current loans	F	76.9	61.7
Current portion of non current loans	G	133.1	66.2
Other current financial payables	H	15.7	15.6
Current indebtedness (F+G+H)	I	225.7	143.5
Net current indebtedness (I+E+D)	J	119.6	46.7
Non current loans	K	128.9	175.0
Issued Bonds	L	-	-
Other non current financial payables	M	38.8	44.9
Non current indebtedness (K+L+M)	N	167.7	219.9
Net debt (J+N)	O	287.3	266.5



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Figures are reported under IAS/IFRS. Certain statements made in this presentation are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward looking statements. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Massimo Zanetti Beverage Group S.p.A. shares. Any reference to past performance is not a guide to future performance.

BOARD OF DIRECTORS

Chairman and CEO	Massimo Zanetti
Director	Matteo Zanetti
Director	Laura Zanetti
Director	Leonardo Rossi
Director	Pascal Héritier
Director	Monika Dutkiewicz
Independent Director	Giorgio Valerio
Independent Director	Mara Vanzetta
Independent Director	Ivana Casonato

SHAREHOLDERS

M. ZANETTI INDUSTRIES SA	68.047%	23,339,963
Market	31.953%	10,960,037
Total N. of Shares	100.000%	34,300,000

2020 FINANCIAL CALENDAR - UPCOMING EVENTS

November 9	Nine Months 2020 Results
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INVESTOR RELATIONS

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