



MASSIMO ZANETTI
BEVERAGE GROUP

PRESS RELEASE

Massimo Zanetti Beverage Group S.p.A.: The BoD approved the interim report at 30 June 2016

The first half of 2016 confirmed the positive growth trend of MZB Group, in particular with a strong performance in terms of EBITDA, which has offset the increase in OPEX related to the strengthening of the Segafredo global brand and of the organisational structure. The single serve grew by 23 %.

- Roasted coffee sales volumes growth +6.7% to 63,678 tons
- Consolidated turnover of Euro 442.7 million in line with the first semester of last year
- Consolidated gross profit up +7.8% to Euro 184.2 million
- Strong consolidated Adjusted EBITDA, up +13.3% to Euro 26.7 million
- Consolidated Operating Profit reached Euro 11.1 million
- Profit for the period totalling Euro 5.2 million
- Net financial indebtedness of Euro 161.6 million, down Euro 24.1 million compared to 31 December 2015
- Guidance confirmed

Villorba (Treviso, Italy), 11 August 2016 - Today, the Board of Directors of Massimo Zanetti Beverage Group S.p.A. ("MZBG" or the "Company") approved the interim report at 30 June 2016.

Group's highlights for the first half of 2016

	H1 2016	H1 2015*	% Delta
Sales volumes	63,678	59,659	+6.7%
Revenue	442.7	450.5	-1.7%
Gross profit	184.2	170.9	+7.8%
EBITDA Adjusted	26.7	23.5	+13.3%
Operating profit	11.1	5.3	>100%
Profit for the period	5.2	0.6	>100%
EPS	0.15	0.02	>100%
	As of June 30 2016	As of June 30 2016	Change in € Mln.
Net financial Indebtedness	161.6	185.7	24.1

Figures in millions of Euros, except for sales volumes expressed in tons of roasted coffee sold and EPS expressed in Euro cents.

*Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafe Group of entities.

Starting from the interim report as of 31 March 2016, the MZB Group will show Revenue and Volumes of coffee roasted sold by geographical area in order to reflect the new organisational structure, previously announced.

Volumes

During the first half of 2016, MZB Group **sales volumes** of roasted coffee increased by **6.7%** on the same period of the last year, totalling **63,678 tons**. The increase was recorded in all the MZB Group's distribution channels.

The **Mass Market** channel grew by **8.2%** in the first half of 2016, reaching **26,194 tons**, mainly due to continued growth in Northern Europe, led by Finland, Netherlands and Germany. The Mass Market channel accounted for 41.1% in terms of total volumes of the group.

The **Food Service** channel rose **2.7%**, to **5,309 tons**. The increase was recorded in all geographical areas. The Food Service accounted for 8.3% in terms of total volumes of the group.

The **Private Label** channel increased by **6.2%**, to **32,175 tons**. This performance was mainly attributable to the results achieved in the Americas, notably the USA, and in the Southern Europe. This channel accounted for 50.5% in terms of total volumes of the group.

The **Single Serve** category **grew by 23%** in the first half of 2016 versus the same period of last year, thanks to the performance of the Americas, with an increase of over 50%, headed by the Segafredo, Chock full o'Nuts and KAUAI brands. In the first half of the year, Hills Bros brand launched the first capsule 100% compostable thanks to the investment in Club Coffee. Southern Europe achieved a growth of 7% versus the same period of last year.

At the geographical level, the **Americas** confirmed the positive trend recorded in the first quarter of this year, with a total of **39,526 tons** in the first half of **2016**, thus recording **an increase of 3.8%** on the same period of last year. Growth was mainly driven by the private label, confirming first quarter positive trend. The single serve category achieved a significant increase, above 50%. The Americas accounted for 62% of total sales volumes of the group.

Volumes in **Southern Europe** totalled **12,948 tons** in the first half of 2016, an **increase of 4.2%** involving all distribution channels. Strong mass market growth offset the decline recorded in the first quarter of the year, thus reversing the trend, thanks to new products and advertising campaign.

With reference to this region, last July 12, 2016, the Group acquired the portuguese Nutricafés. The closing is scheduled for mid-September 2016. The Southern Europe represents 20% of MZB Group's total volumes.

Strong growth in **Northern Europe** which recorded an increase in volumes **greater than 25%** for a total of **10,183 tons** in the first half of 2016 versus the same period of last year mainly driven by double-digit growth in the mass market channel. Kulta Katriina, in Finland, grew thanks to the relaunch of the brand with products, new packaging and TV advertising, while Netherlands, following the agreement with the distribution chain Albert Heijn, was up double-digit in the mass market. The private label continued to growth although from a smaller basis. Northern Europe stands to be the third largest contributor in terms of total volume with about 16% of the total.

Coffee volumes in **the Asia, Oceania and Café** division amounted to **1,022 tons** in the first half of 2016, slightly down on the previous half-year (by 1.6 %). The trend improved compared to the first quarter. Boncafé confirmed its positive trend with an increase of 6%.

Consolidated revenue

The MZB Group's **consolidated revenue** for the first half of 2016 amounts to **Euro 442.7 million** with a slight decline of 1.7% compared to the same period of last year. The increase in volumes described above, has been impacted by the decrease in the average selling price of coffee roasted following the decrease of average purchase price of green coffee, and from a different channel mix of the product sold.

With respect to distribution channels, the **Mass Market** contribution to consolidated revenue **accounted for 37%, Private Label for 36%** while the **Food Service and Other** products accounted for **21% and 6%, respectively**.

The Americas remain the main geographical area in terms of revenue, accounting for 50% of turnover with the USA confirming their position as the MZB Group's main market. Southern Europe is the Group's second geographical area, accounting for 23% with France the main market. Northern Europe accounts 19% headed by Finland and Asia, Pacific and Cafes* accounts 7%.

* This geographical area includes also revenue related cafés.

Gross profit

Consolidated **gross profit grew by 7.8%** on the same period of the previous year for a total of **Euro 184.2 million**. The gross profit was positively impacted by higher sales volumes and the favorable dynamics of the sales and purchase prices of roasted and green coffee. **Coffee gross profit increased by 10.3%** with a sharp improvement in margin per kg to **Euro 2.50** at current exchange rate.

The *Gross margin* was 41.6 %, up on the 37.9 % recorded in the first half of 2015.

EBITDA Adjusted

EBITDA adjusted for the period amounted to **Euro 26.7 million**, with a **strong increase of 13.3%** on the same period of the previous year, when it stood at Euro 23.5 million.

This positive result is mainly attributable to the increase in gross profit of Euro 13.3 million, partially offset by higher operating costs totalling Euro 10.1 million.

These costs are related to investments in advertising and promotions and to reinforce the Group's organisational structure both in terms of resources and systems; moreover, they have been impacted by differences in the timing of certain variable cost components compared to 2015.

The EBITDA Margin amounted to 6.0 % compared to 5.2% in first half of 2015.

Operating Profit

Operating profit in the first half of 2016 amounted to Euro 11.1 million, up sharply by Euro 5.8 million on the same period of 2015. This performance was mainly driven by Adjusted EBITDA and by the non-recurring costs related to the listing incurred in the first half of 2015 and amounting to Euro 2.7 million.

Profit for the period

Profit for the period for the first half of 2016 amounts to Euro 5.2 million, up over the same period of 2015 of Euro 4.6 million. This increase, on top of the factors reported above with regards to the operating profit, has been driven by a reduction in net financial expenses.



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Net Financial Indebtedness

The Net Financial Indebtedness at 30 June 2016 was **Euro 161.6 million**, thus recording a **significant decline of Euro 24.1 million** on 31 December 2015, thanks to the strong contribution of free cash flow (Euro 44.4 million). The positive performance of free cash flow is mainly related to the improvement in the change in working capital.

Guidance Confirmed

On the basis of the results achieved in the first half of 2016 and in consideration of a more challenging second half, the Company confirms the guidance for the Full Year 2016 already provided when approved Full Year 2015 results and outlined below: Volume growth between 2% and 3%, an increase in gross profit between 4% and 6%, adjusted EBITDA up between 4% and 6% and further decrease in net debt, with a forecast of less than Euro 170 million.

The previous guidance provided and shown above is excluding all extraordinary items as well as all M&A activities and in particular the acquisition of Nutricafés, announced last July 12 with closing scheduled for mid-September.



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The Group's first half 2016 results will be presented during the conference call to be held today, Thursday, August 11, at 18:00 CET.

To access the call, please use one of the following dial-in numbers: +1 718 7058794 (U.S. e Canada), +39 02 805 88 11 (Italy), +44 1 212818003 (UK) e +33 170918703 (France).

Digital Playback service will be available for 7 days, dialing the following numbers: +1 718 705 8797 (Usa e Canada), +39 02 72495 (Italy), +44 1 212 818 005 (UK) with the following passcode: 761#

The presentation will be available on the corporate website (www.mzb-group.com) and on the storage system (www.emarketstorage.com).

The Manager in charge of the Company's financial reports, Massimo Zuffi, pursuant to paragraph 2 of Article 154-bis of Italy's Consolidated Law on Finance (TUF), declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Disclaimer

This press release contains forward-looking statements related to: investment plans, future management performance, growth objectives in terms of revenues and results, both at global level and by business area, net financial position and other aspects of the Group's business. Forward-looking statements involve risks and uncertainties inasmuch as they depend on the occurrence of future events and circumstances. Actual results may therefore differ materially from those announced herein due to several factors.

Massimo Zanetti Beverage Group is a world leader in the production, processing and marketing of roasted coffee and other selected categories of colonial products, distributed in about 110 countries. The Group manages the different activities, from procurement to consumption, operating 18 facilities across Europe, Asia and the Americas, and through a global network of about 400 coffee shops in 50 countries. Moreover, MZBG completes the range of its products through the sale of coffee makers and complementary products, such as tea, cocoa, chocolate and top quality spices.

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Consolidated Condensed Interim Income Statement

<i>(in thousands of Euro)</i>	Six months ended June 30	
	2016	2015*
Revenue	442,728	450,522
Other income	3,009	2,884
Purchases of goods	-258,482	-279,614
Purchases of services, leases and rentals	-85,471	-83,209
Personnel costs	-69,141	-62,104
Other operating costs	-3,530	-5,726
Amortization, depreciation and impairment	-17,961	-17,422
Operating profit	11,152	5,331
Finance income	130	94
Finance costs	-2,940	-4,440
Profit before tax	8,342	985
Income tax expense	-3,186	-401
Profit for the period	5,156	584
Profit attributable to:		
<i>Non-controlling interests</i>	112	89
<i>Owners of the parent</i>	5,044	495
Earnings per share basic / diluted (in Euro)	0.15	0.02

*Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafé Group of entities



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CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	As at June 30	As at December 31
	2016	2015
Intangible assets	117,915	117,834
Property, plant and equipment	208,665	208,871
Investment properties	4,370	4,422
Investments in joint venture	10,507	138
Non-current trade receivables	13,735	13,783
Deferred tax assets	11,383	11,046
Other non-current assets	6,392	5,865
Total non-current assets	372,967	361,959
Inventories	122,119	134,807
Trade receivables	117,959	115,950
Income tax assets	4,273	3,242
Other current assets	12,200	12,464
Cash and cash equivalents	28,493	25,574
Total current assets	285,044	292,037
Total assets	658,011	653,996
Share capital	34,300	34,300
Other reserves	117,639	121,803
Retained earnings	139,336	135,786
Equity attributable to owners of the parent	291,275	291,889
Non-controlling interests	1,905	1,797
Total equity	293,180	293,686
Non-current borrowings	103,094	98,338
Employee benefits	9,282	9,624
Other non-current provisions	2,305	2,258
Deferred tax liabilities	24,825	24,008
Other non-current liabilities	5,745	5,881
Total non-current liabilities	145,251	140,109
Current borrowings	87,089	113,100
Trade payables	105,061	80,745
Income tax liabilities	1,114	620
Other current liabilities	26,316	25,736
Total current liabilities	219,580	220,201
Total liabilities	364,831	360,310
Total equity and liabilities	658,011	653,996



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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

<i>(in thousands of Euro)</i>	Six months ended June 30	
	2016	2015*
Profit before tax	8,342	985
Adjustments for:		
Depreciation, amortization and impairment	17,961	17,422
Provisions for employee benefits and other charges	274	224
Finance expense	2,810	4,346
Other non-monetary items	144	-423
Net cash generated from operating activities before changes in working capital	29,531	22,554
Increase in inventory	11,410	-13,026
Decrease/(increase) in trade receivables	-5,098	2,882
Decrease in trade payables	24,217	-3,096
(Increase)/decrease in other assets/liabilities	2,459	-18,237
Payments of employee benefits	-797	-118
Interest paid	-3,640	-4,816
Income tax paid	-3,090	-4,939
Net cash (used in) generated from operating activities	54,992	-18,796
Acquisition of subsidiary, net of cash acquired	-148	-2,640
Investments in Entities under Common Control, net of cash	-2,624	-
Purchase of property, plant and equipment	-13,738	-15,253
Purchase of intangible assets	-949	-4,054
Proceeds from sale of property, plant and equipment	412	418
Proceeds from sale of intangible assets	49	328
Investments in Joint Ventures	-10,139	-
Increase in financial receivables	-187	-30
Interest received	92	205
Net cash used in investing activities	-27,232	-21,026
Proceeds from borrowings	20,000	35,837
Repayment of borrowings	-12,016	-81,175
Increase in short-term loans	-29,537	18,825
Proceeds from sale of shares	-	69,659
Dividends paid to non-controlling interests	-3,087	-
Net cash generated from financing activities	-24,640	43,146
Exchange gains on cash and cash equivalents	-201	443
Net increase/(decrease) in cash and cash equivalents	2,919	3,767
Cash and cash equivalents at the beginning of the period	25,574	18,302
Cash and cash equivalents at the end of the period	28,493	22,069

*Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafé Group of entities



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Breakdown of revenue for the six months ended June 30, 2016 and 2015, by sales channel

<i>(in thousands of Euro)</i>	Six months ended June 30,				Change	
	2016	(**)	2015*	(**)	2016-2015	
Mass Market	165,450	37.4%	158,165	35.1%	7,285	4.6%
Foodservice	92,289	20.8%	91,424	20.3%	865	0.9%
Private Label	157,457	35.6%	170,403	37.8%	(12,946)	-7.6%
Other	27,532	6.2%	30,530	6.8%	(2,998)	-9.8%
Total	442,728	100.0%	450,522	100.0%	(7,794)	-1.7%

(*) Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafé Group of entities

(**) Percentage of revenue

Breakdown of revenue for the six months ended June 30, 2016 and 2015, by geographical area

<i>(in thousands of Euro)</i>	Six months ended June 30,				Change	
	2016	(**)	2015*	(**)	2016-2015	
Americas	220,593	49.8%	233,553	51.8%	(12,960)	-5.5%
Northern Europe	85,434	19.3%	76,982	17.1%	8,452	11.0%
Southern Europe	103,777	23.4%	104,313	23.2%	(536)	-0.5%
Asia-Pacific & Cafés(***)	32,924	7.4%	35,674	7.9%	(2,750)	-7.7%
Total	442,728	100.0%	450,522	100.0%	(7,794)	-1.7%

(*) Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafé

(**) Percentage of revenue

(***) This geographical area includes also revenue related cafés.

EBITDA Reconciliation

<i>(in thousands of Euro)</i>	Six months ended June 30				Change	
	2016	(**)	2015*	(**)	2016-2015	
Gross Profit ⁽¹⁾	184,246	41.6%	170,908	37.9%	13,338	7.8%
Purchases of services, leases and rentals	-85,471	-19.3%	-83,209	-18.5%	-2,262	2.7%
Personnel costs	-69,141	-15.6%	-62,104	-13.8%	-7,037	11.3%
Other operating costs, net ⁽²⁾	-521	-0.1%	(2,842)	-0.6%	2,321	-81.7%
Impairment ⁽³⁾	-2,433	-0.5%	(1,879)	-0.4%	(554)	29.5%
EBITDA ⁽¹⁾	26,680	6.0%	20,874	4.6%	5,806	27.8%
Non-recurring expense ⁽⁴⁾	-	0.0%	2,665	0.6%	-2,665	-100.0%
EBITDA Adjusted ⁽¹⁾	26,680	6.0%	23,539	5.2%	3,141	13.3%

(*) Figures retrospectively adjusted to update provisional fair value amounts originally recorded for the acquisition of the Boncafé

(**) Percentage of revenue

(1) Non-GAAP Measures

(2) Includes other revenue and other operating costs

(3) Includes impairment of receivables

(4) Includes costs related to the IPO



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Net financial indebtedness of the Group at June 30, 2016 and December 31, 2015

<i>(in thousands of Euro)</i>		As at June 30	As at December 31
		2016	2015
A	Cash and cash equivalents	-2,268	-811
B	Cash at bank	-26,225	-24,763
C	Securities held for trading	-	-
D	Liquidity (A+B+C)	-28,493	-25,574
E	Current financial receivables	-88	-192
F	Current loans	58,191	87,739
G	Current portion of non-current loans	28,769	25,291
H	Other current financial payables	129	70
I	Current indebtedness (F+G+H)	87,089	113,100
J	Net current indebtedness (I+E+D)	58,508	87,334
K	Non-current loans	101,623	97,787
L	Issued bonds	-	-
M	Other non-current financial payables	1,471	551
N	Non-current indebtedness (I+E+D)	103,094	98,338
O	Net financial indebtedness (J+N)	161,602	185,672

2015 Volumes and Revenue by quarter following new classification by geographical areas

Volume in Tons	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Americas	18,497	19,579	20,253	22,655	80,984
Northern Europe	3,725	4,395	5,342	4,927	18,390
Southern Europe	5,943	6,481	6,760	6,773	25,957
Asia-Pacific and Cafés (*)	531	507	479	570	2,087
Total	28,697	30,962	32,834	34,926	127,418

Revenue Eur M.	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Americas	114,6	119,0	124,1	129,7	487,4
Northern Europe	36,0	41,1	45,4	44,6	167,2
Southern Europe	49,3	55,4	55,0	56,5	216,2
Asia-Pacific and Cafés (*)	17,4	17,7	16,8	19,0	70,9
Total	217,3	233,3	241,3	249,9	941,7

(*) This geographical area includes also revenue related cafés.