



Massimo Zanetti Beverage Group
Q1 2020 Results Presentation
May 14, 2020

Massimo Zanetti
MASSIMO ZANETTI
BEVERAGE GROUP

Q1 2020 KEY FACTS



Kulta Katrini – N. 1 brand in Finland in March 2020

The first quarter 2020 results have been affected by the containment measures adopted in March by governments in the various countries in which the Group is present in order to reduce the spread of the virus Covid-19.

- Revenues: Euro 222.8 million, +2.3% at current FX, +1.3% at constant FX, -1.0% on a comparable basis*
- Volume: 34.1 thousand tons, +9.6% vs Q1 2019 (+3.6% on a comparable basis)
- Gross Profit: Euro 96.3 million -0.8%, with the margin on revenues of 43.2%, compared with 44.6% of Q1 2019, -140 basis points
- EBITDA: Euro 12.9 million vs Euro 17.2 million of Q1 2019
- Net results: Euro -3.3 million vs Euro 2.4 million of Q1 2019
- Net debt: Euro 289.7 million vs 266.5 million as of December 31, 2019

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

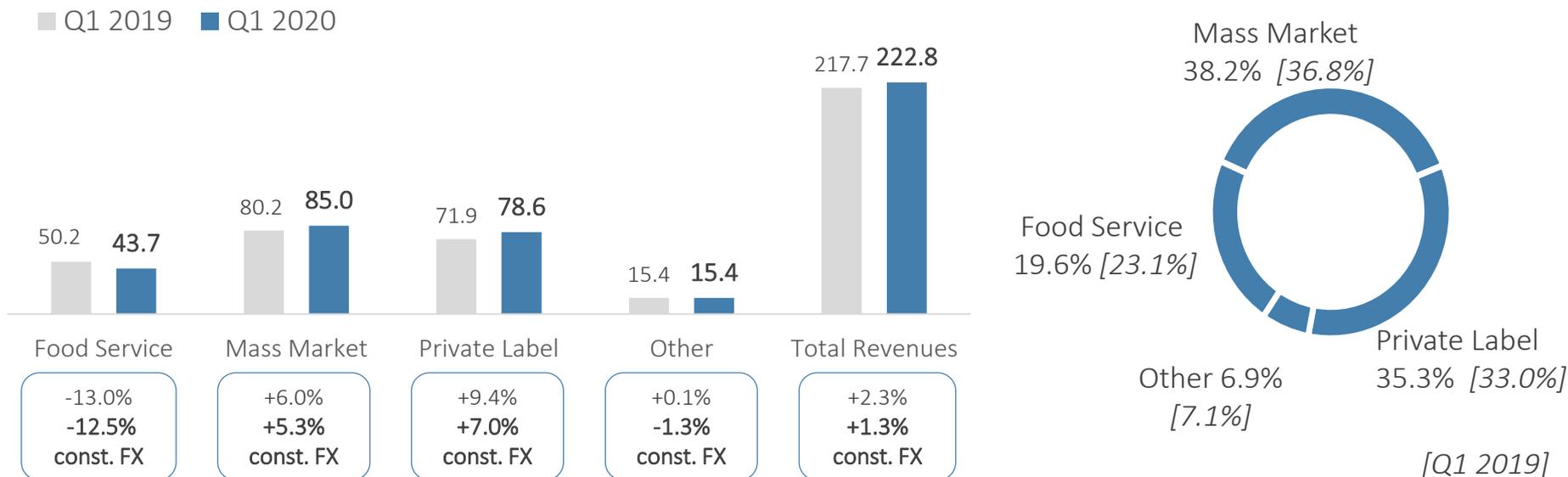
VOLUME BY CHANNEL

Roasted coffee volumes sold by distribution channel
Tons/000



- Volume increased +9.6% (+3.6% on a comparable basis) thanks to the positive performance of Mass Market and Private Label channels which have offset the decrease of the Food Service channel
- Food Service: -3.0% (-11.8% 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: +10.9% (+4.4% on a comparable basis) thanks to the positive performance of Americas, Apac and Northern Europe
- Private Label: +11.2% (+6.2% on a comparable basis) with a positive performance in all regions

REVENUES BY CHANNEL

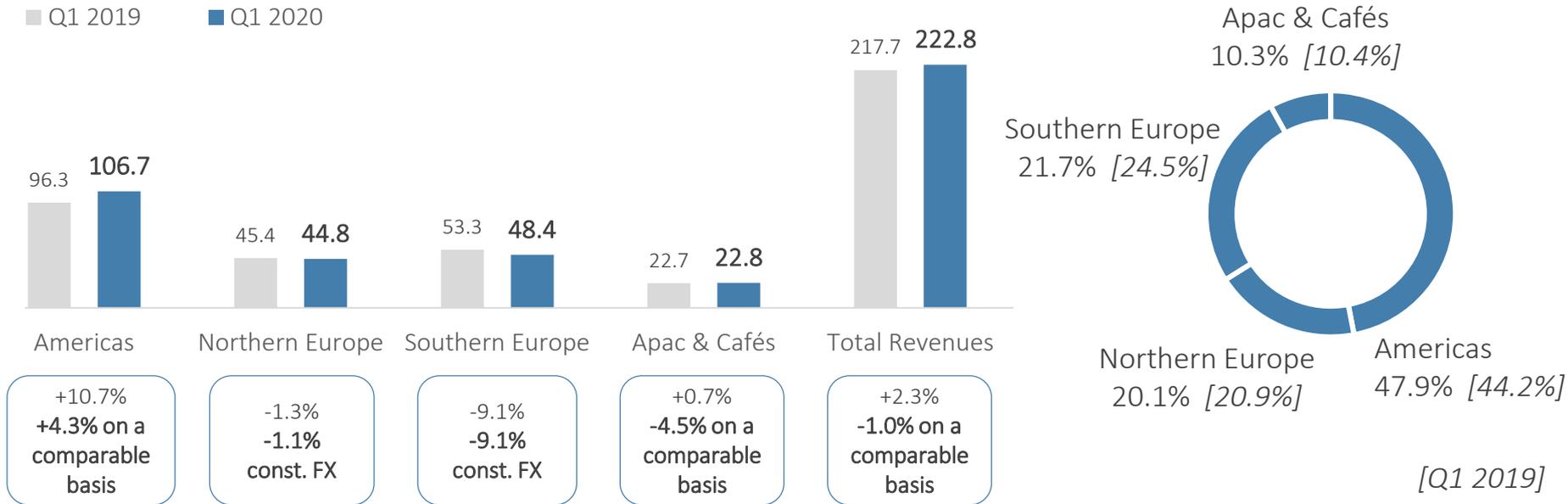


- Total Revenues increased +2.3% at current FX, +1.3% at constant FX, -1.0% on a comparable basis*
- Food Service channel decreased 12.5% at constant FX (-14.4% on a comparable basis) due in particular to Southern Europe performance, first region affected by the full closure of all non-essential activities
- Mass Market and Private Label channels (+2.7% and +4.4% respectively on a comparable basis) showed positive 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)

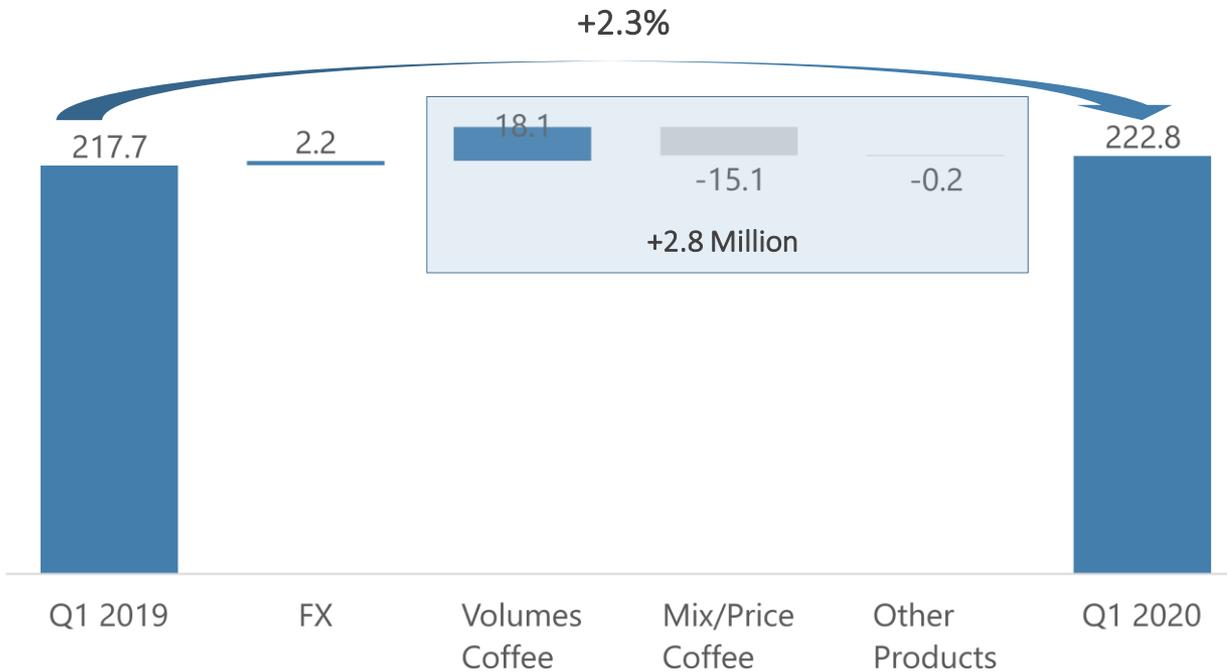
REVENUES BY REGION



- Americas performance, on a comparable basis, is attributable to positive performance of all channels
- Northern Europe is driven by solid performance in Mass Market which partially offset the decrease of Food Service
- Revenue in Southern Europe is affected by a steep decrease of Food Service while other channels reported a low single digit growth
- Asia-Pacific performance is affected by Food Service channel performance partially offset by a solid revenue growth in the Mass Market and Private Label channel

(Euro million)

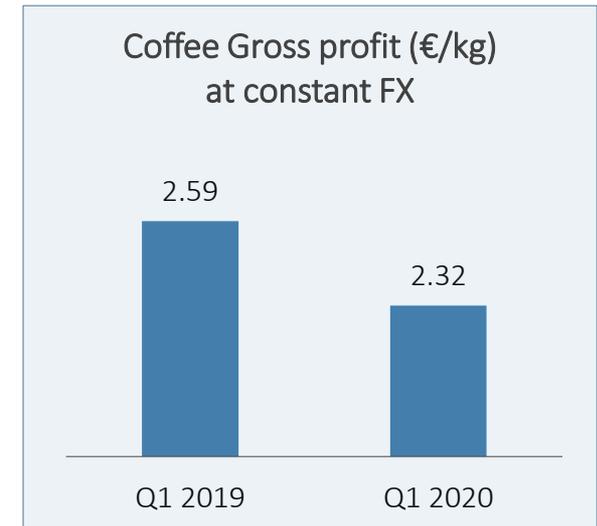
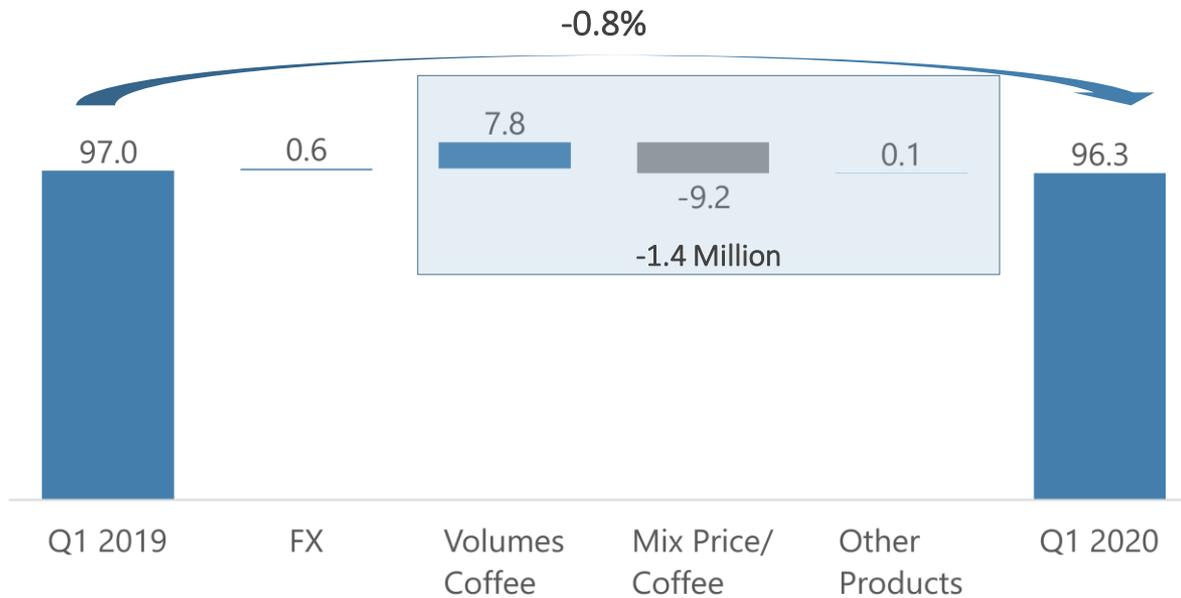
REVENUE BRIDGE



- Q1 2020 revenues increased +2.3% at current exchange
- Excluding FX fluctuations, which had a positive impact of Euro 2.2 million, Q1 2020 revenues increased +1.3% (-1% on a comparable basis) compared to Q1 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)

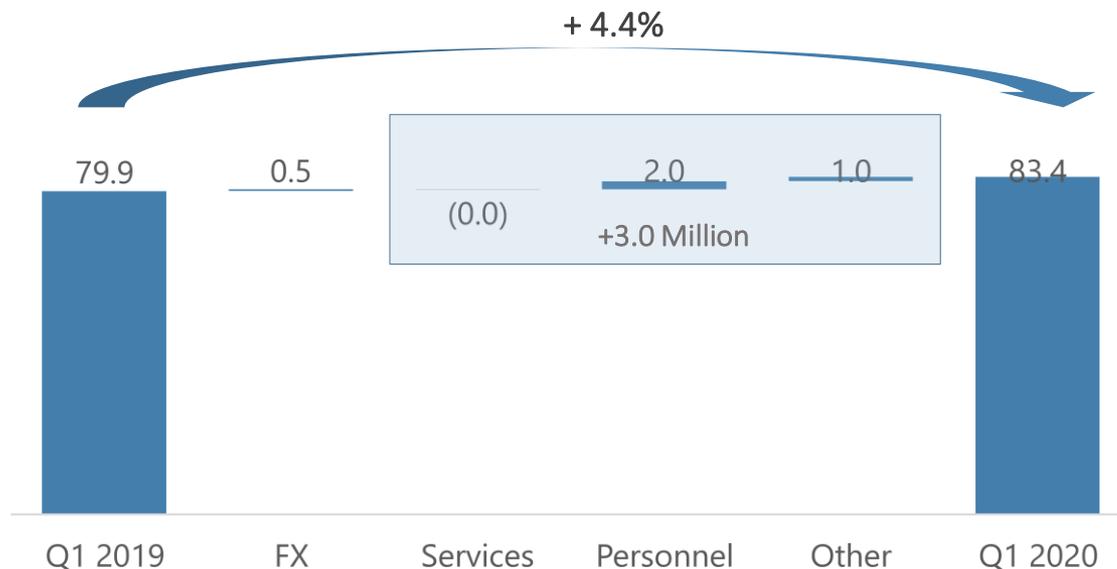
GROSS PROFIT



- Gross Profit decreased by Euro 0.7 million (-0.8%) compared with Q1 2019
- Excluding FX, gross profit decreased by Euro 1.4 million. Gross Profit per kilo has been affected by a different channel/products mix compared to the first quartered 2019, as highlighted previously.

(Euro million)

OPERATING EXPENSES



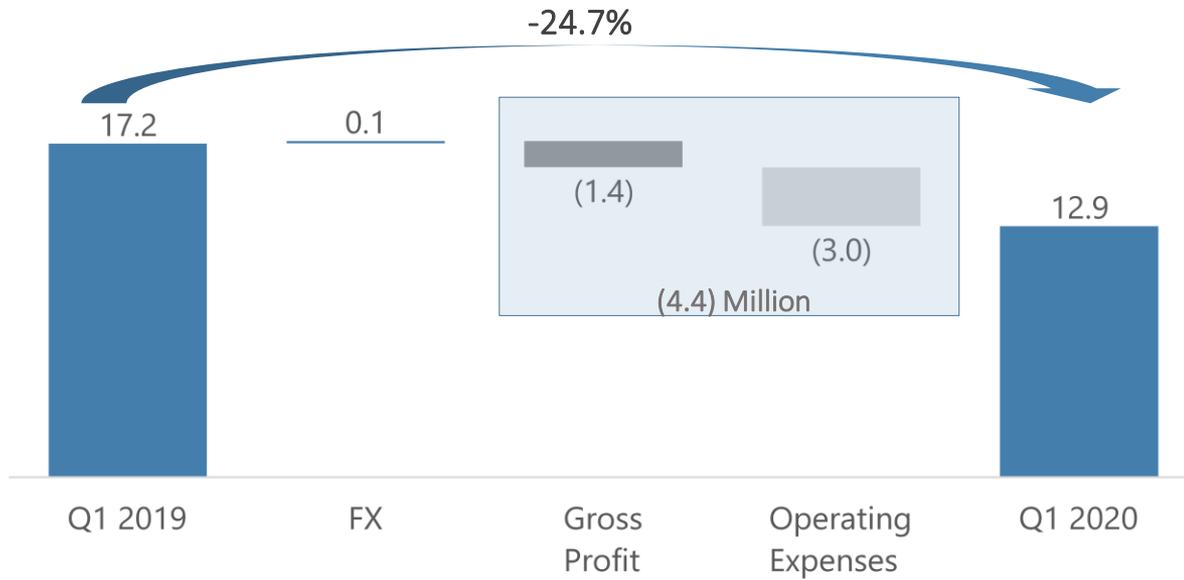
ORGANIC* OPERATING EXPENSES	Q1 2019	Q1 2020	Delta
Services	41.6	41.6	(0.0)
Personnel	38.0	40.1	2.1
Other costs	0.2	1.2	1.0
TOTAL	79.9	82.9	3.0

* organic: excluding FX

- Operating expenses increased by Euro 3.5 million, by 3.0 million excluding FX
- The increase in organic operating expenses (of Euro 3.0 million) is partly due to the acquisitions completed in 2019 (for Euro 1.5 million) and to the personnel costs to strengthen the sales and marketing departments including advertising costs to support the launch of new products

(Euro million)

EBITDA



EBITDA decreased by Euro 4.2 million; Forex had not a material impact (Euro 0.1 million)

EBITDA performance was attributable to the gross profit decrease of Euro 1.4 million and the operating expenses increase of Euro 3.0 million, as highlighted before

(Euro million)

INCOME STATEMENT

<i>Euro.million</i>	Q1 2020		Q1 2019		Change	
Revenues	222.8	100.0%	217.7	100.0%	5.1	2.3%
Purchases of Goods	-126.5	-56.8%	-120.7	-55.4%	-5.8	4.8%
Gross Profit	96.3	43.2%	97.0	44.6%	-0.7	-0.8%
Services, leases and rentals	-41.9	-18.8%	-41.6	-19.1%	-0.2	0.5%
Personnel costs	-40.3	-18.1%	-38.0	-17.5%	-2.2	5.9%
Other operating cost	-0.8	-0.3%	0.0	0.0%	-0.8	>100%
Impairment	-0.5	-0.2%	-0.2	-0.1%	-0.3	>100%
EBITDA	12.9	5.8%	17.2	7.9%	-4.2	-24.7%
D&A	-12.1	-5.4%	-11.0	-5.1%	-1.1	9.7%
EBIT	0.8	0.4%	6.1	2.8%	-5.3	-86.6%
Net finance income (costs)	-3.7	-1.7%	-2.2	-1.0%	-1.5	71.4%
Profit (loss) on equity consolidated companies	-0.2	-0.1%	-0.4	-0.2%	0.2	-59.2%
Net Result Before Tax	-3.1	-1.4%	3.6	1.6%	-6.6	> -100%
Income Tax expense	-0.2	-0.1%	-1.2	-0.5%	1.0	-80.9%
Tax rate	-7.4%		32.9%			
Net Result	-3.3	-1.5%	2.4	1.1%	-5.7	> -100%



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FREE CASH FLOW AND CHANGE IN NET WORKING CAPITAL

(Euro. M)	Q1 19	Q1 20
EBITDA adj	17.2	12.9
Special Items (Cash effect)	(0.8)	(0.6)
Change in NWC	(12.4)	(21.8)
CAPEX	(7.1)	(9.5)
Taxes	(0.9)	(1.0)
Others	0.2	0.6
FREE CASH FLOW	(3.8)	(19.3)

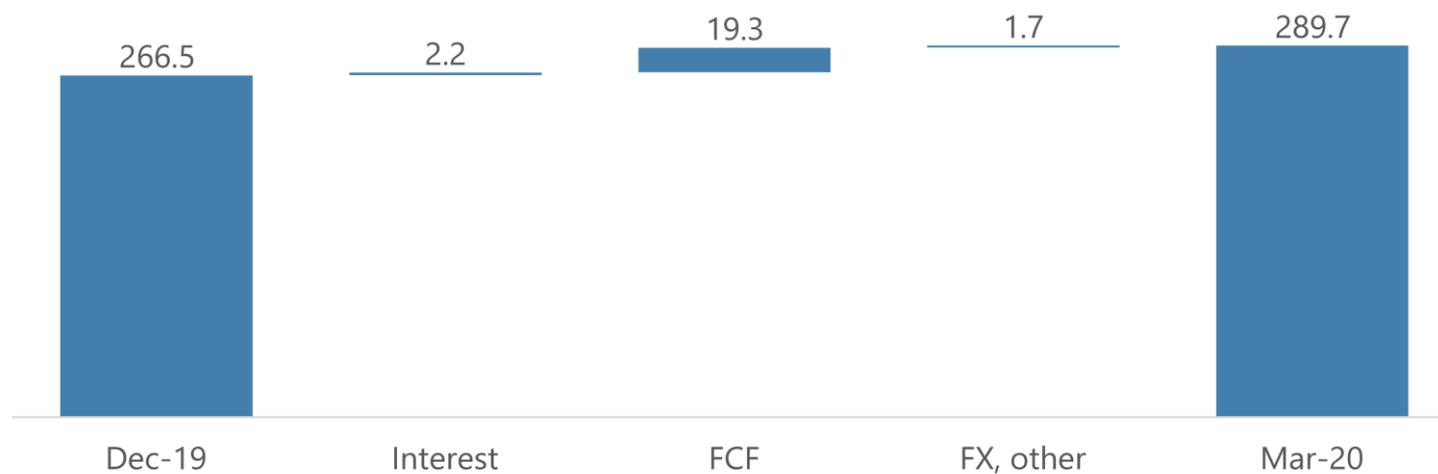


(Euro. M)	Q1 19	Q1 20
Change in Inventories	(11.5)	(9.8)
Change in Trade Receivables	3.0	(9.5)
Change in Trade Payables	(1.2)	1.9
Change in Other Asset/Liabilities	(2.7)	(4.3)
Change in Net Working Capital	(12.4)	(21.8)

The Free Cash Flow absorbed Euro 19.3 million, compared with Euro 3.8 million in Q1 2019. This is mainly related to the Net Working Capital performance and, in particular, to the Trade Receivables trend.

(Euro million)

NET DEBT



Debt Profile	December 31, 2019	March 31, 2020
Fixed Interest Rate	45%	40%
Variable Interest Rate	55%	60%
EURO	91%	91%
USD	9%	9%

(Euro million)

OUTLOOK FOR FY 2020

- After the end of 2019 and after the approval of results for the financial year ended 31 December 2019 by the Board of Directors, held on March 5, 2020, the global outburst of the pandemic COVID-19 emergency caused an extreme pressure on national health systems and the need for the Government to issue measures to contain the further outbreak of the virus. The Government's measures deeply influenced social and working habits of individuals and the global economy as well affecting the dynamics of the distribution channels, including the foodservice, which is one of the sales channels of Massimo Zanetti Beverage Group.
- Given the continuously evolving context causing uncertainty on the duration of the lockdown, the timeline for the reopening process and the subsequent speed of economic recovery, 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!



Cardboard Ring Seal
100% cellulose and biodegradable



Seal Paper
Oxygen-tight and Aluminum Free



Biocapsule
62% renewable materials

Love Coffee, Love the Environment.



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TUV AUSTRIA INDUSTRIAL SEAL



100% COMPOSTABLE

Compatible with ✓



NESPRESSO® COMPATIBLE

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

Segafredo ZANETTI

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
SSC 40ML



LUNGO
Intense and Aroma

INTENSITY 8
SSC 110ML



RISTRETTO
Rich and Subtle

INTENSITY 8
SSC 40ML



DECAF
Mild and Balanced

INTENSITY 6
SSC 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 aluminum!

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**.



Compostable Capsule



Single Serve coffee



Green Bin



Capsule becomes fresh nourishment for the soil



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TUV AUSTRIA INDUSTRIAL SEAL



100% COMPOSTABLE

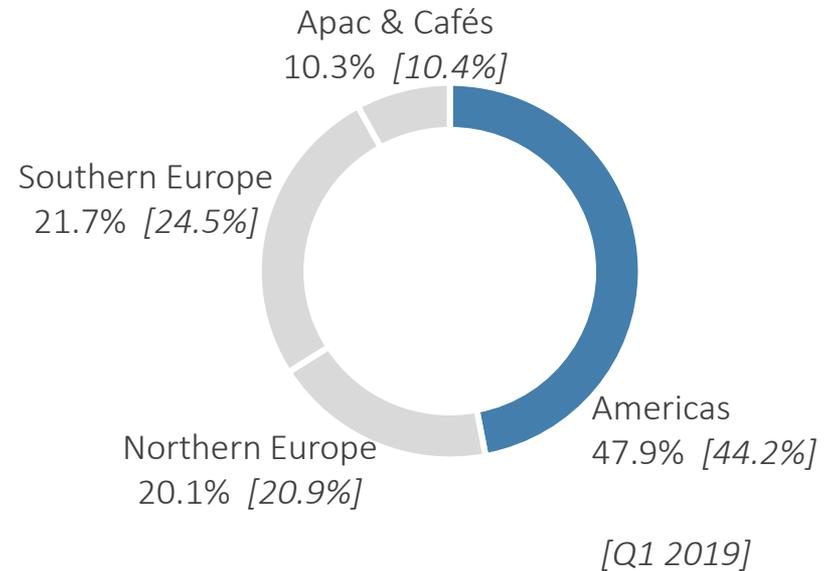
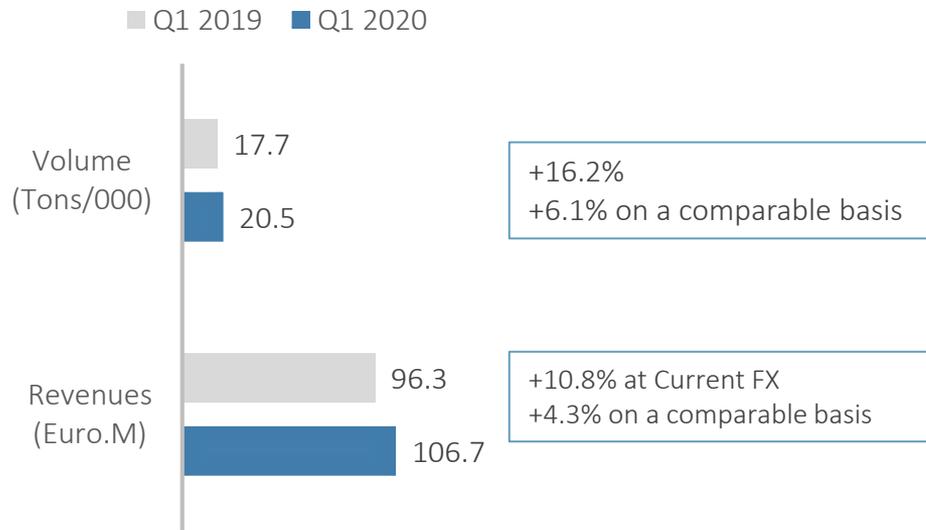
Compatible with ✓



NESPRESSO® COMPATIBLE

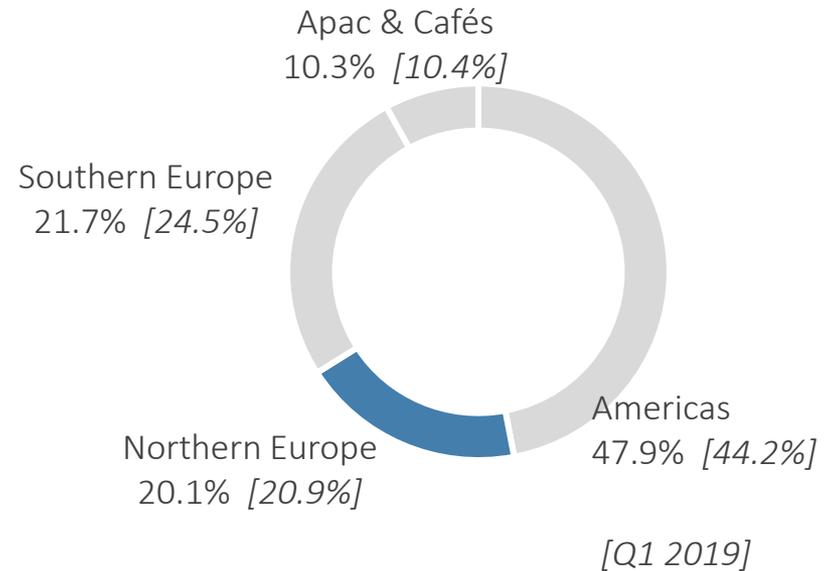
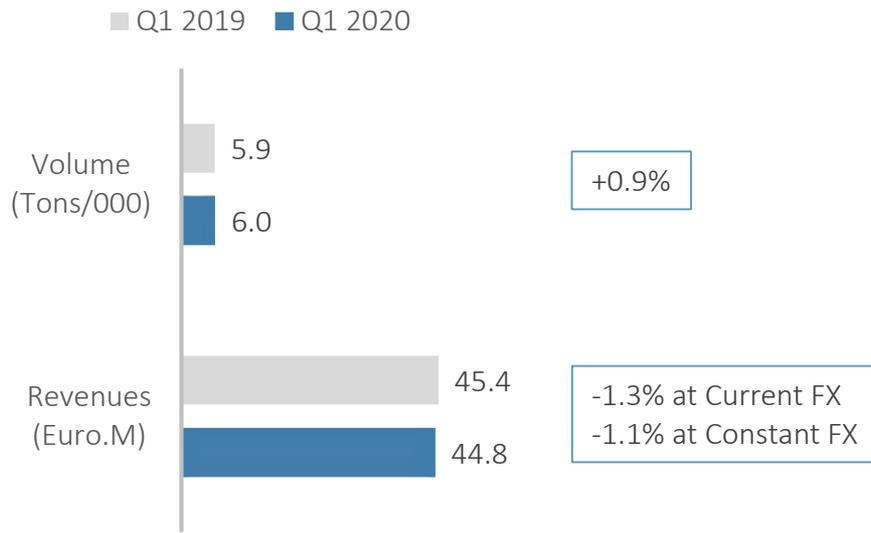
*This brand is owned by a third party which has no connection whatsoever with Boncafé Middle East LLC.

FOCUS ON AMERICAS



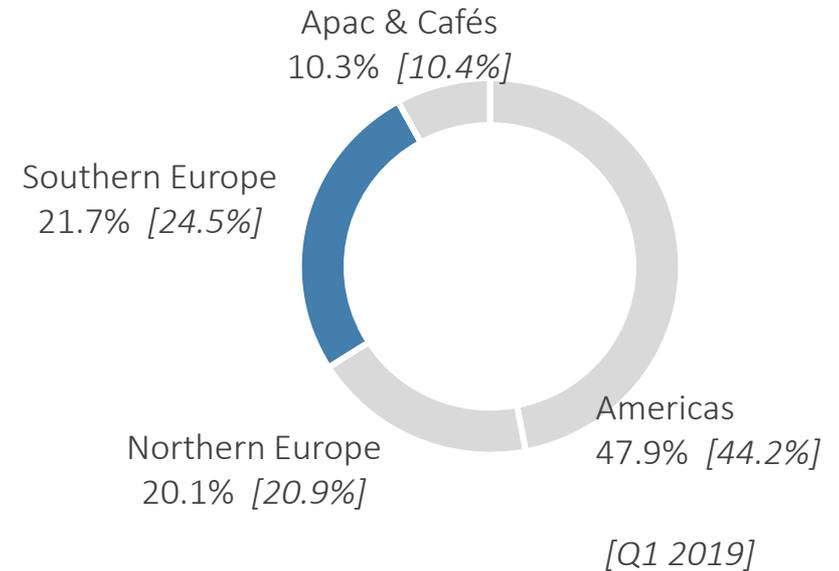
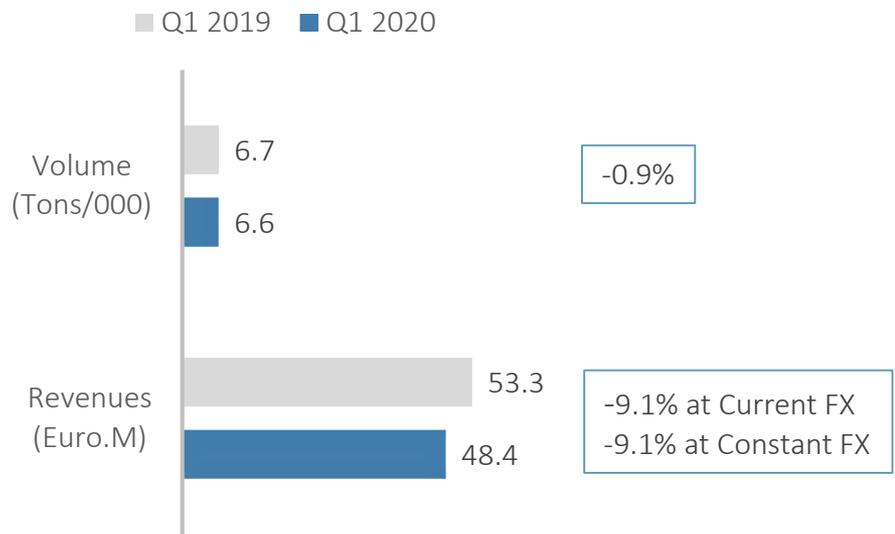
- Volume growth, on a comparable basis, was driven by increases in all key Brands in the Mass Market, Food Service and E-Commerce channels
- The USA Mass Market branded business grew volume (+6% YOY), as well as unit share across all categories, despite extremely aggressive competition in the marketplace
- Food Service increased thanks to strong performance YOY in the Segafredo and Kauai brands. However, March felt the beginning impacts of COVID-19
- E-commerce sales continue to grow double digits, with very strong performance on Kauai coffee and all single serve items

FOCUS ON NORTHERN EUROPE



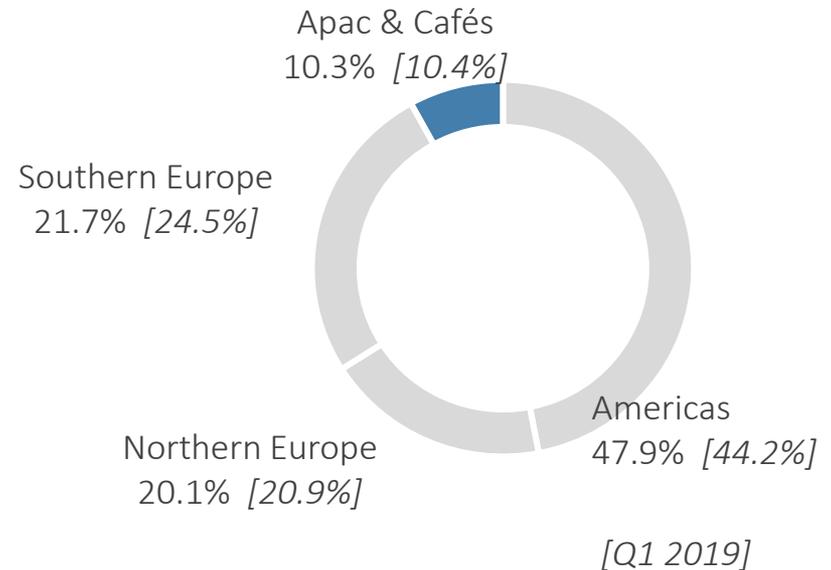
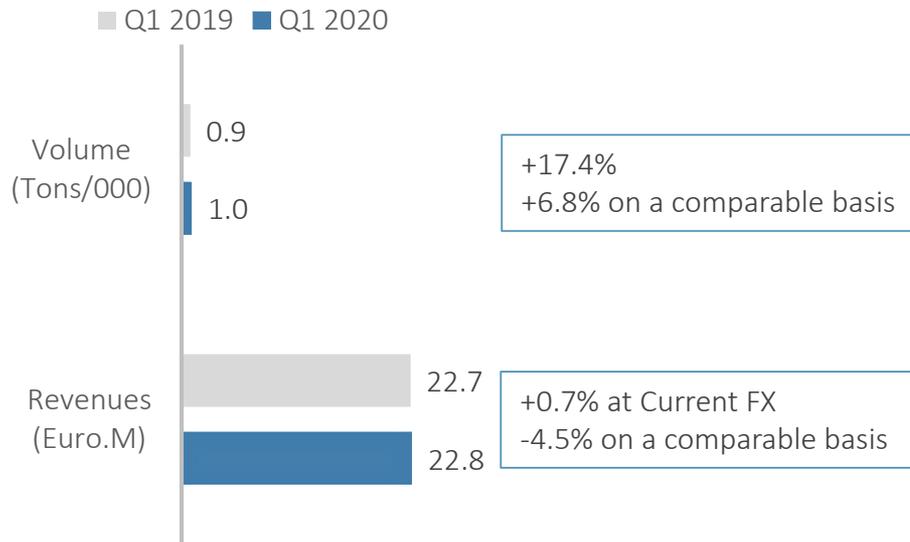
- Solid growth in Mass Market partially offsetting decline in Food Service, in all main Countries
- Meira OY, with Kulta Katrina and Segafredo coffee brands, reached N°1 position in Finland in Q1 2020, with its peak in March crossing 40% market share in volume

FOCUS ON SOUTHERN EUROPE



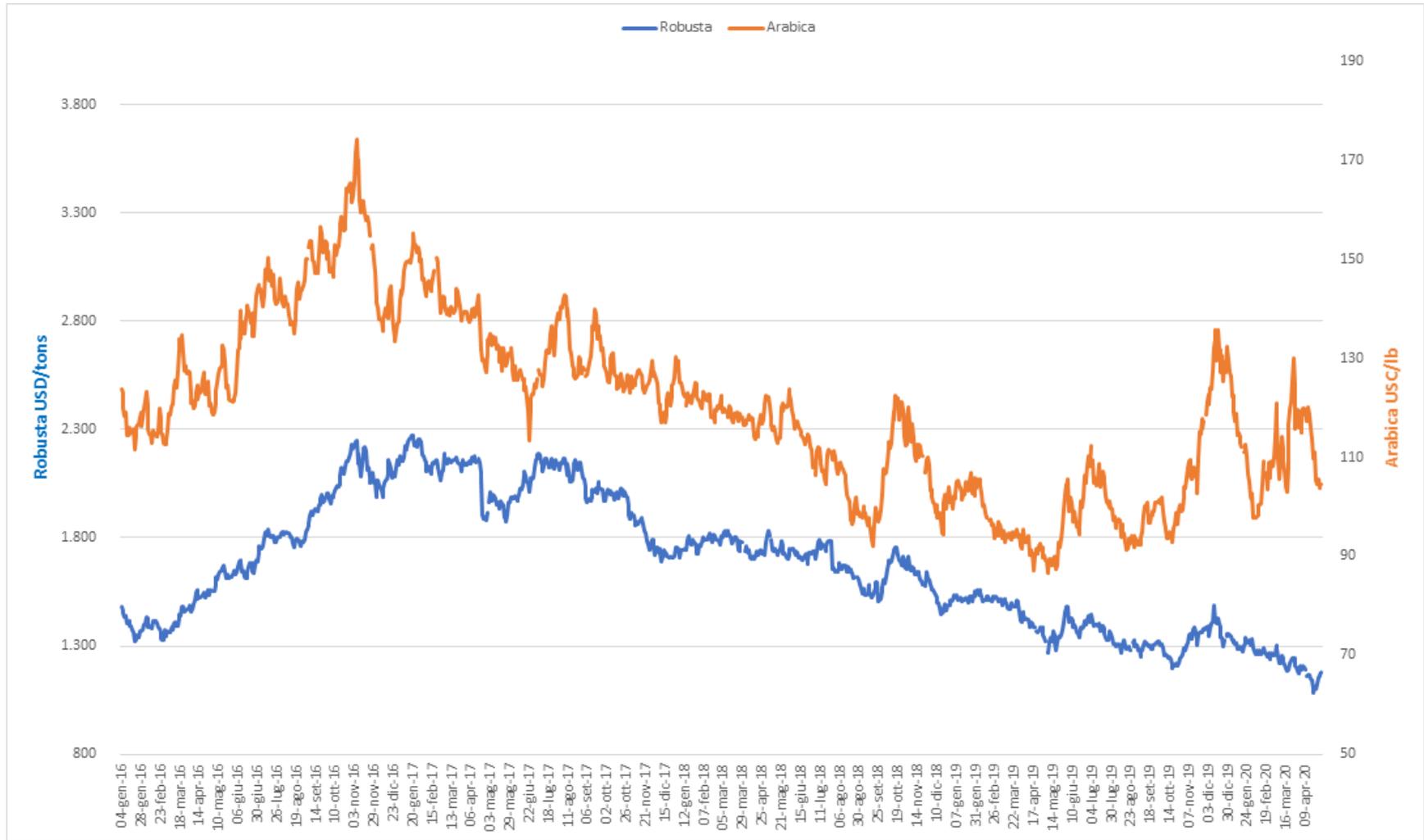
- Food Service heavily impacted already in March by the containment measures adopted for COVID-19
- Mass Market performance in line with previous year even though all new activities (NPD, Segafredo range relaunch in Italy) have been slowed down by the retailers
- Compatible capsules insourcing is progressing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

FOCUS ON ASIA PACIFIC AND CAFÉS



- Volume and sales are in line with PY, thanks also to the contribution of Bean Alliance Group (acquired only in Feb-2019). If we exclude BAG January result, Asia Pacific and Cafés recorded a single-digit revenue decrease in Q1 2020 (-4,5% L4L)
- Double digit-increase in Mass Market and Private Label channel, offset by the decrease in Food Service channel in the month of March due to lockdown measures
- APAC main countries are: Thailand (around 33% of the sales of the region), Australia 25%, Japan 10%, Singapore 10%, Middle East 8%

GREEN COFFEE PRICE



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ASSET & LIABILITIES

<i>Euro.million</i>	Q1 2020	2019
Intangible assets	217.8	227.0
Property, plant and equipment and investment properties	267.9	270.4
Investments in joint ventures and associates	11.3	11.2
Non current advances and trade receivables	3.0	2.9
Deferred tax assets and other non current assets	36.5	35.4
Non current assets	536.4	546.9
Net working capital	122.5	103.8
Employee benefits	(10.2)	(10.5)
Other non current provisions	(3.0)	(3.0)
Deferred tax liabilities and other non current liabilities	(32.9)	(33.3)
Non current liabilities	(46.1)	(46.8)
Net Invested Capital	612.9	603.9
Equity	323.2	337.4
Net debt	289.7	266.5
Sources of financing	612.9	603.9



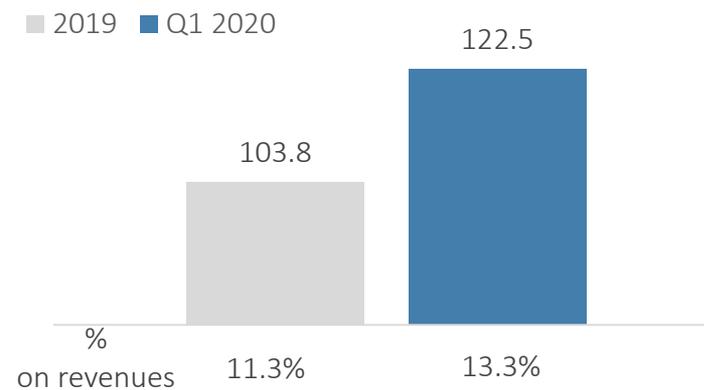
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NET WORKING CAPITAL

<i>Euro.million</i>	Q1 2020	2019
Inventories	165.9	154.5
Trade receivables	124.6	114.6
Income tax assets	4.4	3.5
Other current assets	19.2	20.6
Trade payables	(158.7)	(155.2)
Income tax liabilities	(2.5)	(2.5)
Other current liabilities	(30.3)	(31.7)
Net working capital	122.5	103.8
% on revenues	13.3%	11.3%

Net working capital
Euro.million



CASH FLOW

<i>Euro.million</i>	Q1 2020	Q1 2019
EBITDA adj	12.9	17.2
Non recurring items paid	(0.6)	(0.8)
Change in Net Working Capital	(21.8)	(12.4)
Net recurring investments	(9.5)	(7.1)
Income tax paid	(1.0)	(0.9)
Other operating items	0.6	0.2
Free Cash Flow	(19.3)	(3.8)
Net non recurring investments	(1.0)	(22.3)
Investments in financial receivables	(2.9)	(1.8)
Interest paid	(2.2)	(1.8)
Net cash generated from financing activities	14.9	34.4
Cash outflow from leasing accounted under IFRS 16	(3.1)	(2.2)
Exchange gains/(losses) on cash and cash equivalents	(0.4)	0.8
Net increase in cash and cash equivalents	(14.0)	3.2
Cash and cash equivalents at the beginning of the year	94.8	93.5
Cash and cash equivalents at the end of the year	80.8	96.7



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NET DEBT

<i>Euro.million</i>		2019	2018
Cash and cash equivalent	A	(1.1)	(1.0)
Cash at bank	B	(93.7)	(92.5)
Securities held for trading	C	-	-
Liquidity (A+B+C)	D	(94.8)	(93.5)
Current financial receivables	E	(2.0)	(3.7)
Current loans	F	61.7	49.7
Current portion of non current loans	G	66.2	45.2
Other current financial payables	H	15.6	1.7
Current Indebtedness (F+G+H)	I	143.5	96.6
Net current indebtedness (I+E+D)	J	46.7	(0.6)
Non current loans	K	175.0	172.8
Issued Bonds	L	-	-
Other non current financial payables	M	44.9	2.5
Non current indebtedness (K+L+M)	N	219.9	175.3
Net debt (J+N)	O	266.5	174.7



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NOTE AND DISCLAIMER

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 Heritier
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

March 5	FY 2019 Results
April 22	Shareholders Meeting
May 14	First Quarter 2020 Results
August 6	First Half 2020 Results
November 9	Nine Months 2020 Results

INVESTOR RELATIONS

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Pascal Héritier - Chief Operating Officer

Leonardo Rossi - Chief Financial Officer

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