

PRESS RELEASE

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

As announced last August, the Group had to face up to a challenging second half of the year, following the effect linked to recent increases of green coffee prices. Taken into consideration also Nutricafés acquisition and its positive impact starting from September 1st 2016, the Group has provided an updated outlook for the Full Year 2016.

- Volumes up between 2% - 4%
- Gross profit up between 4% - 6%
- Adjusted EBITDA up between 4% - 6%
- Net financial Indebtedness below Euro 225M

Below Group's highlights as at September 30, 2016

- Roasted coffee sales volumes grew +4.5% to 96,653 tons in the first 9 months
- Consolidated turnover of Euro 670.7 million, slightly down (-3.0%) compared to the same period of the previous year
- Consolidated Gross profit up +7.5% to Euro 283.9 million
- Consolidated Adjusted EBITDA up +9.2%, to Euro 46.2 million
- Consolidated Operating profit amounted to Euro 22.2 million, up 39.1%
- Profit for the period totalling to Euro 10.5 million
- Net financial indebtedness was Euro 236.8 million, up by Euro 51.1 million compared to December 31, 2015

Villorba (Treviso, Italy), November 10, 2016 - Today, the Board of Directors of Massimo Zanetti Beverage Group S.p.A. ("MZBG" or the "Company") approved the interim report at September 30, 2016.

Group's highlights as at September 30, 2016

	Nine months ended September 30, 2016	Nine months ended September 30, 2015	% Delta
Sales volumes	96,653	92,492	+4.5%
Revenue	670.7	691.8	-3.0%
Gross profit	283.9	264.1	+7.5%
Adjusted EBITDA	46.2	42.3	+9.2%
Operating Profit	22.2	15.9	+39.1%
Profit for the period	10.5	5.2	>100%
EPS	0.30	0.17	+76.5%
	As of September 30, 2016	As of December 31, 2015	Change in € Mln
Net financial Indebtedness	236.8	185.7	+51.1

Figures in millions of Euros, except for sales volumes expressed in tons of roasted coffee sold and EPS expressed in Euro cents.
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 nine months of 2016, MZB Group **roasted coffee sales volumes** increased **4.5%** versus the same period of the last year, totalling **96,653 tons**. The increase occurred across all the MZB Group's distribution channels. Excluding Nutricafés impact, the sales volumes of roasted coffee rose by 4.1%.

In the first nine months of the year the **Mass Market channel** grew **+4.5%**, coming to **39,902 tons**, mainly driven by the sustained double digit growth in Northern Europe, led by Finland, the Netherlands, Germany and Poland, as well as by growth in Southern Europe. Excluding the impact of Nutricafés, the Mass Market channel has grown by 4.3%. The Mass Market channel accounted for 41.3% of the Group's total volumes.

The **Food Service** channel rose **5.6%** to **8,188 tons**. The increase was spread homogeneously across all geographical areas. Excluding the impact of Nutricafés, the Food service has grown by 4.0%. The Food Service channel accounted 8.5% of the Group's total volumes.

In the **Private Label** channel, growth was **+4.3%** coming to **48,563 tons**, thanks to the good results achieved in the Americas, mainly in the USA and in Southern Europe region. Excluding Nutricafés impact, the Private Label segment has grown by 4.0%. This segment accounted for 50.2% of the Group's total volumes.

The **Single Serve** channel **grew by 19%** in the first nine months of the year, thanks to the positive performance in the Americas, which recorded a 30% growth compared to the same period of the previous year, mainly driven by Segafredo, Hills Bros, Chock full o'Nuts and KAUAI brands. as result of advertising campaigns.

Hill Bros, Kauai and Chock Full O'Nuts brand launched the first capsule 100% compostable thanks to the investment in the Club Coffee technology. Positive performance was also recorded in Southern Europe, which grew by 13.7% on the same period of 2015, also thanks to the acquisition of Nutricafés.

At geographical level, the **Americas** reached to **59,740 tons** in the first nine months of 2016, with a **2.4% growth** versus the same period of the previous year. The greater growth was driven by the Private Label channel, which is the most important one in terms of volumes. Food service recorded a double-digit growth, mainly led by the global brand Segafredo and by Chock Full O'Nuts and Kauai brands. The capsules channel grew by 30%. The **Americas** account for **62% of the Group's total volumes**.

The volumes of **Southern Europe** totalled **20,038 tons** in the first nine months of 2016, with an increase of **+4.5%** involving all distribution channels. Nutricafés has had a positive impact, contributing

with 350 tons of Roasted coffee sales volumes. Excluding this impact, Southern Europe rose by 2.6%. Southern Europe rose across all distribution channels.

With reference of this region, on September 16, 2016, the MZB Group finalised the Nutricafés acquisition announced last July 12. The consolidation of Nutricafés took place from September 1, 2016.

The Single Serve segment grew by 14% in the first nine months of 2016 versus the same period of the last year. This growth was positively impacted by the brands Cafè Nicola and Chave d'Ouro.

Southern Europe accounts for **21% of the MZB's Group total volumes**.

Strong growth in **Northern Europe** where in the first nine months of 2016 volumes **grew** 13.8% compared to the same period of the previous year, totalling **15,318 tons**, mainly driven by the double-digit growth in the Mass Market channel. In Finland, Kulta Katriina leads the growth thanks to the relaunch of the brand with new variants and packaging, while in the Netherlands, growth continues following agreements with top customers and promotional activities. The Private Label, continues to grow despite its small size, as well as Food Service channel. **Northern Europe** confirms to be the third contributor in terms of volumes, accounting for about **16% of the total**.

Roasted coffee sales volumes in the **Asia, Pacific and Cafè** region came to **1,557 tons** in the first nine months of 2016, up **2.6%** versus the previous period, with a marked improvement in performance from the previous first half year. Boncafè confirmed its positive trend with a volume growth of 7%.

Consolidated revenue

The MZB Group **consolidated revenue** of the **first nine months of 2016** totalled **Euro 670.7 million**, down from the same period of 2015 (3.0%). The increase in volumes described above has been impacted by the decrease in the average selling prices of roasted coffee, following the decrease of average purchase price of green coffee. Excluding the contribution of Nutricafés, revenue came to Euro 667.7 million, down 3.5% versus the same period of the previous year.

With respect to distribution channels, the **Mass Market** contribution to consolidated revenue was **37.4%, Private Label 35.2% and Food Service 21.2%** while the Other Products accounted for the remaining 6.2%.

The Americas remain the main geographical area in terms of revenue, accounting for **49%** 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 **24%** with France main market.

Northern Europe accounts for **19%** of the Group's revenues, led by Finland, while **Asia, Pacific and Cafes*** account for **8%**.

*This geographic area includes the revenue generated by the international network of cafés.

Gross profit

Consolidated **Gross Profit grew 7.5%** in the first nine months of 2016 to **Euro 283.9 million** versus the same period of last year thanks to Nutricafés contribution of Euro 1.8 million. Excluding this impact, the gross profit of the period was up by 6.8%. The trend of Gross Profit was positively impacted by the higher sales volumes and favourable dynamics of the sales and purchase prices of roasted and green coffee, with an improvement of the margin per kg of **Euro/kg 2.53** at the current exchange rate.

The *Gross Margin* was 42.3% versus 38.2% recorded in the first nine months of 2015.

Adjusted EBITDA

Adjusted EBITDA for the period was **Euro 46.2 million**, up **9.2%** on the same period of last year, when it stood at Euro 42.3 million. Excluding Nutricafés contribution of Euro 0,7 million, EBITDA Adjusted rose by 7.6%.

This positive result is mainly attributable to the combined effect of increase in Gross Profit of Euro 18.1 million partially offset by higher operating costs totalling Euro 14.9 million.

These costs are related to the investments in marketing and advertising and to strengthening of the Group's organisational structure both in terms of resources and systems; moreover costs have also been impacted by the differences in timing allocation of certain variable cost components compared with 2015.

Adj EBITDA Margin came to 6.9% versus 6.1% recorded in the first nine months of 2015.

Operating Profit

Operating profit for the first nine months of 2016 was **Euro 22.2 million**, up Euro 6.2 million versus the same period of 2015. This increase is mainly attributable, on top of the factors reported above with regards Adjusted EBITDA, by the non-recurring costs related to the listing incurred in the same period of 2015, amounting to Euro 2.9 million.

Profit for the period

Profit for the period for the first nine months of 2016 amounts to Euro 10.5 million, up versus the same period of 2015 (Euro 5.3 million). In addition to the factors mentioned above with regard to operating profit, this increase was mainly driven by the combined effect of the reduction in net finance expenses, amounting to Euro 2,620 thousand, mainly thanks to lower Net Financial Indebtedness recorded over most of the first nine months of 2016 compared with 2015 and of the increase in income tax, amounting to Euro 3,545 thousand, mainly linked to the greater taxable income generated by the Group in the first nine months of 2016 compared with the same period of 2015.

Earnings per share increased from Euro cent 0.17 per share to Euro cent 0.30 per share.

Net financial indebtedness - Debt restructuring launched

Net financial indebtedness at September 30, 2016 was **Euro 236.8 million, up by Euro 51.1 million** from December 31, 2015. This increase is mainly attributable to the acquisition of Nutricafés partially offset by the positive trend of the Free Cash Flow of Euro 44.8 million, mainly linked to improvement in the change in working capital.

Starting from the third quarter, Group started a process for the restructuring of its non-current financial indebtedness, in order to extend repayment plans and optimise the cost of debt. This was done by signing new long-term financing agreements at better conditions than those of some previous ones, for which a gradual early repayment has been scheduled. This process will be completed in the early months of 2017.

Guidance Update

On the basis of the results achieved in the first nine months of 2016 and in consideration of a challenge in the last quarter and Nutricafés positive impact, the Group has provided an update of the outlook for the full year 2016:

- Volumes up between 2% - 4%
- Gross profit up between 4% - 6%
- Adjusted EBITDA up between 4% - 6%
- Net financial Indebtedness below Euro 225M

In terms of volumes growth, excluding Nutricafés, sales volume of roasted coffee has been negatively affected by loss of a major customer in the Private Label channel in America. Excluding Nutricafés impact, volumes would have been within a range of +1.0% to +2.0%.

With respect of Gross Profit within the same perimeter, the fourth quarter is expected to be lower compared to the figure recorded in the first three quarters of the year and in the same period of 2015, mainly because of the increase in the green coffee purchase price, which is expected to have its impact in the last part of the year. Following the increase in raw material price, a revision of price lists has been launched and it has been immediately applied in the Private Label channel, while in both Mass Market and Food Service channels it will be implemented in the first part of 2017. As a consequence of the combined effect of reduced sales volumes and the rising price of the raw material, without Nutricafés acquisition, Gross Profit by year end would have been expected to be in the range between +2.0% and +4.0%.

EBITDA Adj reflects the dynamics that have impacted volumes and gross profit. Without Nutricafés acquisition, EBITDA growth would have been expected in the range between +1.0% and +2.0%

Excluding the impact of Nutricafés acquisition, Net financial indebtedness would have been less than Euro 170 million, in line with the previous guidance provided to the market.

The Group's first nine months of 2016 results will be presented during the conference call to be held today, Thursday, November 10, at 18:30 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: 902#
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.

Media Relations:

Barabino&Partners
Federico Vercellino
f.vercellino@barabino.it
mob: +39 331.57.45.171

Investor Relations:

Massimo Zanetti Beverage Group
Letizia Chiarucci
investors@mzb-group.com
+39 0422 312611

Tables Follow

Consolidated Condensed Interim Income Statement

<i>(in thousands of Euro)</i>	Nine months ended September 30	
	2016	2015
Revenue	670.696	691.774
Other income	4.420	4.333
Purchases of goods	-386.840	-427.704
Purchases of services, leases and rentals	-130.360	-125.491
Personnel costs	-103.610	-93.296
Other operating costs	-4.965	-7.521
Amortization, depreciation and impairment	-27.186	-26.170
Operating profit	22.155	15.925
Finance income	200	124
Finance costs	-5.240	-7.879
Profit/(loss) on equity consolidated companies	-82	13
Profit before tax	17.033	8.183
Income tax expense	-6.491	-2.946
Profit for the period	10.542	5.237
Profit attributable to:		
<i>Non-controlling interests</i>	<i>138</i>	<i>115</i>
<i>Owners of the parent</i>	<i>10.404</i>	<i>5.122</i>
Earnings per share basic / diluted (in Euro)	0,30	0,17

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	As at September 30	As at December 31
<i>(in thousands of Euro)</i>	2016	2015
Intangible assets	181.123	117.834
Property, plant and equipment	216.228	208.871
Investment properties	4.344	4.422
Investments in joint venture	10.374	138
Non-current trade receivables	14.244	13.783
Deferred tax assets	11.682	11.046
Other non-current assets	7.331	5.865
Total non-current assets	445.326	361.959
Inventories	128.592	134.807
Trade receivables	132.324	115.950
Income tax assets	4.269	3.242
Other current assets	13.486	12.464
Cash and cash equivalents	46.371	25.574
Total current assets	325.042	292.037
Total assets	770.368	653.996
Share capital	34.300	34.300
Other reserves	116.447	121.803
Retained earnings	144.694	135.786
Equity attributable to owners of the parent	295.441	291.889
Non-controlling interests	1.931	1.797
Total equity	297.372	293.686
Non-current borrowings	189.051	98.338
Employee benefits	9.266	9.624
Other non-current provisions	2.459	2.258
Deferred tax liabilities	25.393	24.008
Other non-current liabilities	5.989	5.881
Total non-current liabilities	232.158	140.109
Current borrowings	94.299	113.100
Trade payables	113.773	80.745
Income tax liabilities	1.936	620
Other current liabilities	30.830	25.736
Total current liabilities	240.838	220.201
Total liabilities	472.996	360.310
Total equity and liabilities	770.368	653.996

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

Nine months ended September 30

(in thousands of Euro)

	2016	2015
Profit before tax	17,033	8,183
Adjustments for:		
Depreciation, amortization and impairment	27,186	26,170
Provisions for employee benefits and other charges	421	553
Finance expense	5,122	7,742
Other non-monetary items	-37	-493
Net cash generated from operating activities before changes in working capital	49,725	42,155
Decrease/(increase) in inventory	7,974	-7,084
Decrease/(increase) in trade receivables	-15,717	-10,274
Decrease in trade payables	26,995	963
(Increase)/decrease in other assets/liabilities	2,755	-15,454
Payments of employee benefits	-851	-445
Interest paid	-5,164	-6,225
Income tax paid	-4,358	-5,554
Net cash (used in) generated from operating activities	61,359	-1,918
Acquisition of subsidiary, net of cash acquired	-39,288	-2,640
Acquisition of subsidiary under common control, net of cash acquired	-2,624	-
Purchase of property, plant and equipment	-20,956	-19,945
Purchase of intangible assets	-1,457	-4,406
Proceeds from sale of property, plant and equipment	528	259
Proceeds from sale of intangible assets	122	615
Investment in joint ventures/associates	-10,139	-
Changes in financial receivables	-278	-503
Interest received	9	162
Net cash used in investing activities	-74,083	-26,458
Proceeds from borrowings	129,000	35,856
Repayment of borrowings	-65,531	-86,715
Increase in short-term loans	-26,669	19,897
Proceeds from sale of shares	-	69,423
Dividends paid to non-controlling interests	-3,087	-102
Net cash generated from financing activities	33,713	38,359
Exchange gains on cash and cash equivalents	-192	-159
Net increase in cash and cash equivalents	20,797	9,824
Cash and cash equivalents at the beginning of the period	25,574	18,302
Cash and cash equivalents at the end of the period	46,371	28,126

Breakdown of revenue by sales channel

(in thousands of Euro)	Nine months ended September 30,				Change	
	2016	(**)	2015	(**)	2016-2015	
Foodservice	141.994	21,2%	138.073	20,0%	3.921	2,8%
Mass Market	251.114	37,4%	246.758	35,7%	4.356	1,8%
Private Label	236.016	35,2%	260.800	37,7%	-24.784	-9,5%
Others	41.572	6,2%	46.143	6,7%	-4.571	-9,9%
Total	670.696	100,0%	691.774	100,0%	-21.078	-3,0%

(**) Percentage of revenue

Breakdown of revenue by geographical area

(in thousands of Euro)	Nine months ended September 30,				Change	
	2016	(**)	2015	(**)	2016-2015	
Americas	331.529	49,4%	357.576	51,7%	-26.047	-7,3%
Northern Europe	128.384	19,1%	122.354	17,7%	6.030	4,9%
Southern Europe	159.771	23,8%	159.238	23,0%	533	0,3%
Asia-Pacific & Cafés(***)	51.012	7,6%	52.606	7,6%	-1.594	-3,0%
Total	670.696	100,0%	691.774	100,0%	-21.078	-3,0%

(**) Percentage of revenue

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

EBITDA Reconciliation

(in thousands of Euro)	Nine months ended September 30,				Change	
	2016	(*)	2015	(*)	2016-2015	
Profit for the period	10.542	1,6%	5.237	0,8%	5.305	101,3%
Income tax expense	6.491	1,0%	2.946	0,4%	3.545	120,3%
Profit/(loss) on equity consolidated companies	82	0,0%	(13)	0,0%	95	-730,8%
Finance costs	5.240	0,8%	7.879	1,1%	(2.639)	-33,5%
Finance Income	(200)	0,0%	(124)	0,0%	(76)	61,3%
Amortization, depreciation and impairment	24.000	3,5%	23.411	3,3%	589	2,5%
EBITDA (1)	46.155	6,9%	39.336	5,6%	6.819	17,3%
Non-recurring expense (2)	-	0,0%	2.940	0,4%	(2.940)	-100,0%
Adjusted EBITDA (1)	46.155	6,9%	42.276	6,1%	3.879	9,2%

(**) Percentage of revenue

(1) Non-GAAP Measures

(2) Included the costs related the IPO

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

		As at September 30	As at December 31
<i>(in thousands of Euro)</i>		2016	2015
A	Cash and cash equivalents	-2.202	-811
B	Cash at bank	-44.169	-24.763
C	Securities held for trading	-	-
D	Liquidity (A+B+C)	-46.371	-25.574
E	Current financial receivables	-140	-192
F	Current loans	64.318	87.739
G	Current portion of non-current loans	28.777	25.291
H	Other current financial payables	1.204	70
I	Current indebtedness (F+G+H)	94.299	113.100
J	Net current indebtedness (I+E+D)	47.788	87.334
K	Non-current loans	186.291	97.787
L	Issued bonds	-	-
M	Other non-current financial payables	2.760	551
N	Non-current indebtedness (I+E+D)	189.051	98.338
O	Net financial indebtedness (J+N)	236.839	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.