PRESS RELEASE

Massimo Zanetti Beverage Group S.p.A.: the BoD approves the half-year financial report at June 30, 2017

During the half year, MZB Group continued its trend in improving the product mix with a composition providing greater profitability. This was also reflected in the performance of the Food Service and Mass Market channels, which together represented 51.8% of roasted coffee sales volumes and 59.5% of consolidated revenue. In addition, it is worth noting the increase in the Single Serve segment, which recorded +64.5% in volumes and +41.7% in revenue.

- **Roasted coffee sales volumes were substantially stable compared to the same period in the previous year, amounting to 63,239 tons;**
- **Consolidated revenue of Euro 475.6 million, up 7.4% compared to the first half of 2016;**
- **Gross Profit up +6.3% at Euro 195.9 million compared to the first half of 2016;**
- **Consolidated EBITDA up +9.1% at Euro 29.1 million compared to the first half of 2016;**
- **Profit for the period amounted to Euro 4.4 million;**
- **Net financial indebtedness of Euro 247.0 million;**
- **Guidance 2017 confirmed.**

Villorba (Treviso, Italy), August 8, 2017 - Today, the Board of Directors of Massimo Zanetti Beverage Group S.p.A. ("MZBG" or the "Company") approved the half-year financial report at June 30, 2017.

Volumes

During the first half of 2017, the MZB Group had **sales volumes** of roasted coffee totalling **63,239 tons,** substantially stable (-0.7%) compared to the same period in the previous year.

Excluding the contribution from Nutricafés, which was consolidated last September, roasted coffee sales volumes would have been amounted to 61,039 tons, down 4.1% compared to the same period in the previous year.

Also during the second quarter of the current year, there was a continued development in the sales mix towards more profitable products. This meant that, in the first half of 2017, they accounted for over half of total volumes relating to MZB Group brands.

In the first half of 2017, the **Food Service** channel reached **6,198 tons** of coffee sold, recording a **sharp increase** of **16.7**%. This increase involved all geographical areas, providing a clear sign of the Group's strong priority to this channel. The Food Service channel accounted for 9.8% of total volumes for the MZB Group, continuing to increase its weight from quarter to quarter. Net of the considerable contribution from Nutricafés, amounting to **756** tons of coffee sold, the channel grew organically by 2.5%.

In the first half of 2017, the **Mass Market** channel recorded an increase in volumes **of 1.3%** compared to the same period in the previous year, reaching **26,537 tons.** Excluding the contribution from Nutricafés, the Mass Market channel was down by 0.8%. In the first half of 2017, the Mass Market channel accounted for 42.0% of total volumes for the MZB Group.

In the first half of 2017, the **Private Label** channel showed a decline of **5.2%**, to **30,504 tons**, mainly affected by performance in the Americas. Excluding the impact from Nutricafés, the Private Label channel fell by 8.0%. The Private Label channel accounted for 48.2% of the MZB Group's total volumes.

The **Single Serve** segment recorded **growth at a Group level of 64.5%** compared to the first half of 2016, thanks to the contribution from all geographical areas and, in particular, from the Segafredo, Nicola, Kauai, and San Marco brands. Even excluding the contribution made by Nutricafés, the capsule segment would still grew by 18.3%.

At a geographic level, in the first half of 2017 the **Americas** achieved **37,134 tons**, with **a decline of 6.1%** compared to the same period in the previous year, mainly due to the reduction in the Private Label channel. The **Americas** accounted for **58.7% of total volumes** for the MZB Group.

Southern Europe posted total **volumes** of **14,663 tons** in the first half of 2017, growing by **13.2% compared to the previous year.** This growth included all distribution channels with a more marked increase in the Food Service channel. Nutricafés contributed to the increase in the region with 2,200 tons of roasted coffee sold. Excluding this impact, Southern Europe showed a decline of 3.7%. In the region it is worth noting the significant performance in the Singel Serve segment that triplicate its volumes in the first half of 2017. **Southern Europe** accounted for **23.2% of total volumes** of the MZB Group.

In the first half of 2017, **Northern Europe** recorded **10,185 tons** of roasted coffee sold, substantially unchanged compared to the first half of 2016. The weakness shown in the first quarter of the year was fully recovered in the second quarter due to increases in all distribution channels and, in particular, the volumes from the Mass Market channel remained stable despite the significant increase in the average sale price driven by of the increase in the cost of green coffee. There was continued growth in the Food Service channel in the region, also due to the acquisition of new customers. **Northern Europe** accounted for **16.1% of total** volumes of the Group.

Roasted coffee sales volumes in the **Asia, Pacific and Cafès** division came to **1,257 tons** in the first half of 2017, **with an increase of 23.0%** compared to the first half of 2016. The increase was reflected in all distribution channels of the division. This increase was marked in the second quarter also due to the agreement reached with the "Cafè de Coral" catering chain. Asia, Pacific and Cafès accounted for **2.0%** of the MZB Group's **total volumes.**

Consolidated revenue

The **consolidated revenue** of the MZB Group in **first half of 2017** totalled **Euro 475.6 million, up by 7.4%** over the same period in the previous year. The second quarter showed growth of 7.7% compared to the second quarter of 2016.

Revenue grew in all geographical areas and in all distribution channels, despite the stability in sales volumes.

The increase in revenue can be attributed to the more effective mix of channels and products, as well as to the improvement in average sales prices. Excluding the contribution from Nutricafés, the Group's consolidated revenue came to Euro 457.1 million, with an increase of 3.2% over the first half of 2016.

With regard to the distribution channels, the **Food Service channel grew by 13.4%** compared to the same period in the previous year and contributed 22.0% of the MZB Group's consolidated revenue. The **Mass Market grew by 7.6%, with a contribution** to consolidated revenue of **37.4%.** In the first half of 2017 the **Private Label** channel **grew by 3.8%** and contributed **34.4%,** down from the first half of 2016, when it contributed 35.6%.

Revenue from branded products in the Food Service and Mass Market channels followed the same trend already seen with the progress in volumes and represents the strategic development in the sales mix.

The Americas remained the main geographical area in terms of revenue, accounting for **47.8%** of the MZB Group's revenue. **Southern Europe** represented the second most important geographical area, contributing **25.5%** of revenue. **Northern Europe** contributed **18.9%** of revenue, while **Asia, Pacific, and Cafès**[1] contributed **7.8%.**

[1] This geographical area includes the revenue generated by the international network of cafés.

Revenue from the Single Serve channel grew by 41.7% during the year compared to the first half of 2016, in line with the volume trends.

Gross profit

Consolidated **Gross Profit increased by 6.3%** compared to the first half of 2016 to **Euro 195.9 million;** the contribution provided by Nutricafés was Euro 9.8 million. The increase in Gross Profit generated by the sale of roasted coffee is largely attributable to the improved mix of channels and products and an improvement in average sales prices over green coffee purchase costs, which partially offset the reduction in volumes.

Organic Gross Profit per Kg continued to grow, rising from EUR/kg 2.50 in the first half of 2016 to **EUR/kg 2.57 in the first half of 2017**, with an increase of 7 cents or 2.8%.

The *Gross Margin* was 41.2% in the first half of 2017.

EBITDA

EBITDA in the first half of 2017 came to **Euro 29.1 million**, up by **9.1%** compared to the first half of 2016. Nutricafés contributed Euro 4.0 million to the MZB Group's EBITDA.

The increase in operating costs, net of the changes in exchange rates, is attributable to the higher investment in advertising and promotional activities.

The *EBITDA Margin* of the first half of 2017 was 6.1%

Operating Profit

The **operating profit** of the MZB Group in the first half of 2017 amounted to **Euro 10.8 million,** down by Euro 0.3 million compared to the first half in the previous year. In addition to the change in EBITDA, this decrease is attributable to the increase in "Amortisation and Depreciation", primarily from the acquisition of Nutricafés.

Profit for the period

Profit for the period of the first half of 2017 came to **Euro 4.4 million**, **down by 14.6%,** compared to the first half of 2016, when the figure was Euro 5.2 million.

In addition to what was said concerning the operating profit, this decline is primarily attributable to the combined effect of the increase in net financial costs, mainly due to a reduction in FX gains; the decrease in income tax linked to the taxable income generated by the Group in the first half of 2017 compared to 2016 and loss' increase related investment in join venture and associates.

Earnings per share moved from Euro 0.15 per share in the first half of 2016 to **Euro 0.13** per share in the first half of 2017.

Net financial indebtedness

Net financial indebtedness of the MZB Group at June 30, 2017 was **Euro 247.0 million**, showing an **increase of Euro 26.1 million** compared to December 31, 2016. This increase was mainly due to the use of cash generated by the greater liquidity needed to finance net working capital.

Guidance

Based on the results achieved in the first half of 2017, the outlook for the MZB Group performance in 2017 is unchanged.

Merger of Nutricafés S.A. and Segafredo Zanetti Portugal SA

The process of merging two of the Group's companies, Nutricafés SA and Segafredo Zanetti Portugal SA, started in July 2017 and should reach completion by the end of September 2017. The objective of the merger is to create a production and sales platform geared to reinforcing the presence of the Segafredo, Nicola and Chave d'Ouro brands in the Iberian Peninsula, by simplifying the business model and optimising structural costs. This operation should provide the Group with significant efficiencies over the coming years.

MASSIMO ZANETTI
BEVERAGE GROUP

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The Group's first half 2017 results will be presented during the conference call to be held today, Tuesday August 8, at 18:00 CET. To access the call, please use one of the following dial-in numbers: +39 02 805 88 11 (Italy); +44 121 281 8003 (UK); +33 170 918 703 (France); +1 718 705 8794 (U.S. and Canada); +39 02 805 88 27 (Press)

Digital Playback service will be available for 14 days, dialing the following numbers: 39 02 72495 (Italy), +44 1 212 818 005 (UK); +1 718 705 8797 (Usa and Canada), with the following passcode: 966#
The presentation will be available on the corporate website (www.mzb-group.com) and on the storage system (www.emarketstorage.com).

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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.

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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.

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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

	Six months ended June 30	
(in thousands of Euro)	**2017**	**2016**
Revenue	475,563	442,728
Other income	3,352	3,009
Purchases of goods	(279,649)	(258,482)
Purchases of services, leases and rentals	(92,112)	(85,471)
Personnel costs	(72,911)	(69,141)
Other operating costs	(3,401)	(3,530)
Amortization, depreciation and impairment	(20,033)	(17,961)
Operating profit	**10,809**	**11,152**
Finance income	151	130
Finance costs	(3,295)	(2,936)
Profit/(loss) on equity consolidated companies	(440)	(4)
Profit before tax	**7,225**	**8,342**
Income tax expense	(2,822)	(3,186)
Profit for the period	**4,403**	**5,156**
Profit attributable to:		
Non-controlling interests	*107*	*112*
Owners of the parent	*4,296*	*5,044*
Earnings per share basic / diluted (in Euro)	**0.13**	**0.15**

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Consolidated Interim Statement of Financial Position

(in thousands of euro)	**As at June 30, 2017**	**As at December 31, 2016***
Intangible assets	187,074	190,943
Property, plant and equipment	217,047	220,173
Investment properties	4,267	4,319
Investments in joint venture/associates	10,525	10,943
Non-current trade receivables	4,081	4,129
Deferred tax assets	11,014	10,279
Other non-current assets	15,941	16,036
Total non-current assets	**449,949**	**456,822**
Inventories	144,986	132,858
Trade receivables	129,218	120,074
Income tax assets	2,476	1,611
Other current assets	16,718	22,014
Cash and cash equivalents	55,844	45,167
Total current assets	**349,242**	**321,724**
Total assets	**799,191**	**778,546**
Share capital	34,300	34,300
Other reserves	105,435	124,738
Retained earnings	152,803	149,057
Equity attributable to owners of the parent	**292,538**	**308,095**
Non-controlling interests	1,788	1,849
Total equity	**294,326**	**309,944**
Non-current borrowings	217,962	192,117
Employee benefits	9,414	9,268
Other non-current provisions	3,126	3,949
Deferred tax liabilities	27,955	29,069
Other non-current liabilities	3,306	3,345
Total non-current liabilities	**261,763**	**237,748**
Current borrowings	88,084	77,430
Trade payables	122,830	122,209
Income tax liabilities	540	644
Other current liabitilies	31,648	30,571
Total current liabilities	**243,102**	**230,854**
Total liabilities	**504,865**	**468,602**
Total equity and liabilities	**799,191**	**778,546**

* The items of current and non-current receivables from clients, intangible assets and deferred tax assets have been reclassified to improve comparability with the corresponding balances as at 30 June 2017

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Consolidated Interim Statement of Cash Flows

(in thousands of euro)	**Six months ended June 30** **2017**	**2016**
Profit before tax	**7,225**	**8,342**
Adjustements for:		
Depreciation, amortization and impairment	20,033	17,961
Provisions for employee benefits and other charges	370	274
Finance expenses	3,144	2,810
Other non-monetary items	351	144
Net cash generated from operating activities before changes in working capital	**31,123**	**29,531**
Decrease/(Increase) in inventory	(15,361)	11,410
Decrease/(Increase) in trade receivables	(13,017)	(5,098)
(Decrease)/Increase in trade payables	2,528	24,217
Changes in other assets/liabilities	791	2,459
Payments of employee benefits	(147)	(797)
Interest paid	(3,476)	(3,640)
Income tax paid	(2,846)	(3,090)
Net cash generated from/(used in) operating activities	**(405)**	**54,992**
Acquisition of subsidiary, net of cash acquired	(1,934)	(148)
Acquisition under common control, net of cash acquired	-	(2,624)
Purchase of property, plant and equipment	(19,183)	(13,738)
Purchase of intangible assets	(578)	(949)
Proceeds from sale of property, plant and equipment	630	412
Proceeds from sale of intangible assets	6	49
Investment in join venture and associates	(840)	(10,139)
Increase in financial receivables	191	(187)
Interest received	60	92
Net cash used in investing activities	**(21,648)**	**(27,232)**
Proceeds from long-term borrowings	41,740	20,000
Repayment of long-term borrowings	(20,810)	(12,016)
Increase/(decrease) in short-term loans	17,551	(29,537)
Share capital increase	-	-
Dividend paid	(5,305)	(3,087)
Net cash generated from/(used in) financing activities	**33,176**	**(24,640)**
Exchange gains/(losses) on cash and cash equivalents	(446)	(201)
Net increase in cash and cash equivalents	**10,677**	**2,919**
Cash and cash equivalents at the beginning of the year	45,167	25,574
Cash and cash equivalents at the end of the year	**55,844**	**28,493**

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Breakdown of revenue by sales channel

(in thousands of Euro)	Six months ended June 30 2017	(*)	2016	(*)	Change 2017-2016	
Mass Market	178,058	37.4%	165,450	37.4%	12,608	7.6%
Foodservice	104,691	22.0%	92,289	20.8%	12,402	13.4%
Private Label	163,453	34.4%	157,457	35.6%	5,996	3.8%
Others	29,361	6.2%	27,532	6.2%	1,829	6.6%
Total	**475,563**	**100.0%**	**442,728**	**100.0%**	**32,835**	**7.4%**

(*) Percentage of revenue

Breakdown of revenue by geographical area

(in thousands of Euro)	Six months ended June 30 2017	(*)	2016	(*)	Change 2017-2016	
Americas	227,215	47.8%	220,593	49.8%	6,622	3.0%
Northern Europe	89,785	18.9%	85,434	19.3%	4,351	5.1%
Southern Europe	121,437	25.5%	103,777	23.4%	17,660	17.0%
Asia-Pacific & Cafés (**)	37,126	7.8%	32,924	7.4%	4,202	12.8%
Total	**475,563**	**100.0%**	**442,728**	**100.0%**	**32,835**	**7.4%**

(*) Percentage of revenue
(**) This geographical area includes also revenue related cafés

Net financial indebtedness of the Group at June 30 2017 and December 31 2016

	(in thousands of Euro)	As at June 30 2017	As at December 31 2016
A	Cash and cash equivalents	(872)	(931)
B	Cash at bank	(54,972)	(44,236)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(55,844)**	**(45,167)**
E	**Current financial receivables**	**(3,189)**	**(3,495)**
F	Current loans	68,501	50,870
G	Current portion of non-current loans	18,470	24,952
H	Other current financial payables	1,112	1,608
I	**Current indebtedness (F+G+H)**	**88,083**	**77,430**
J	**Net current indebtedness (I+E+D)**	**29,050**	**28,768**
K	Non-current loans	214,970	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	2,992	2,724
N	**Non-current indebtedness (I+E+D)**	**217,962**	**192,117**
O	**Net financial indebtedness (J+N)**	**247,012**	**220,885**