PRESS RELEASE

Massimo Zanetti Beverage Group S.p.A.: the BoD approves the interim report at September 30, 2017.

During the first nine months of 2017, MZB Group continued its trend in improving the product mix with a composition providing greater profitability. This was reflected principally in the performance of the Food Service and Mass Market channels, which together represented 51.0% of the sales volumes and 59.1% of consolidated revenue, whereas the Single Serve segment recorded a rise of 56.6% in volumes and 34.2% in revenues.

The guidance 2017 has been confirmed with the only exception of volumes which will be affected by the softness in the Americas in the Private Label channel. The expectations for the volumes 2017 have been adjusted to the market condition and are in line with 2016 values.

- **Roasted coffee sales volumes were substantially in line with the same period in the previous year, amounting to 95,562 tons.**
- **Consolidated revenue of Euro 708.5 million, up by 5.6% compared to the first nine months of 2016.**
- **Gross profit up by 2.9% to Euro 292.1 million**
- **Consolidated Adj. EBITDA was Euro 49.2 million, up by 6.6% compared to the same period in 2016.**
- **Net Income for the period amounted to Euro 8.2 million.**
- **Net financial indebtedness of Euro 240.8 million.**

Villorba (Treviso, Italy), November 09, 2017 - Today, the Board of Directors of Massimo Zanetti Beverage Group S.p.A. ("MZBG" or the "Company") approved the interim report as at September 30, 2017.

Volumes

During the first nine months of 2017, the MZB Group had **sales volumes** of roasted coffee totalling **95,562 tons,** substantially in line (-1.1%) with the same period in the previous year. Excluding the contribution of Nutricafes in the first eight months, the roasted coffee sales volumes would have been **92.638 tons.**

In the first nine months of 2017, the **Food Service** channel recorded sharp growth of **14.5%** with a total of **9,739 tons** of coffee sold. This increase involved, in particular, the geographical areas of Europe and Asia, providing a clear sign of the strong priority given to this channel by the Group. The Food Service channel accounted for **9.8%** of total volumes for the MZB Group, continuing to increase its weight from quarter to quarter. Excluding the contribution of Nutricafes the channel grew by 2.3%.

During the period, the **Mass Market** channel recorded a slight reduction in volumes **of 1.4%** compared to the same period in the previous year, amounting to **39,348 tons.** Excluding the contribution of Nutricafes the channel decreased by 3.2%. In the first nine months of 2017, the Mass Market channel accounted for **41.2%** of total volumes for the MZB Group.

The **Private Label** channel showed a decline of **3.5%** in the first nine months of 2017, to **46,841 tons**, mainly affected by performance in the Americas. Excluding the contribution of Nutricafes the channel decreased by 6.0%. The Private Label channel accounted for **49,0%** of the MZB Group's total volumes.

The **Single Serve** segment recorded **growth at a Group level of 56.6%** compared to the first nine months of 2016, thanks to the contribution from all geographical areas and, in particular, from the Segafredo, Nicola, Kauai, and San Marco brands.

At a geographical level, in the first nine months of 2017, the **Americas** achieved **56,412 tons**, with **a drop of 5.6%** compared to the same period in the previous year, mainly due to the performance of the Private Label and Mass Market channels. The **Americas** accounted for **59.0% of total volumes** for the MZB Group.

Southern Europe posted total **volumes** of **21,908 tons** with an increase of **9.3% compared to the same period in the previous year.** This growth included all distribution channels with a more marked increase in the Food Service channel. Nutricafes added to the region's growth with 2.924 tons. Excluding this contribution Southern Europe would have decreased by 5.3%. **Southern Europe** accounted for **22.9% of total volumes** of the MZB Group.

In the first nine months of 2017, **Northern Europe** recorded **15,326 tons** of roasted coffee sold, substantially unchanged compared to the same period in 2016. **Northern Europe** accounted for **16.0% of total** volumes of the Group.

Roasted coffee sales volumes in the **Asia, Pacific and Cafès** division came to **1,916 tons** in the first nine months of 2017, **with an increase of 23.1%** compared to the same period in 2016. 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 nine months of 2017** totalled **Euro 708.5 million, up by 5.6%** over the same period in the previous year. Excluding the contribution of

Nutricafes revenues were at **Euro 684,2 million**, an increase of 2.0% over the same period of 2016.

Revenue grew in all geographical areas and in all distribution channels, despite the substantial 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.

With regard to the distribution channels, the **Food Service channel grew by 11.0%** compared to the same period in the previous year and contributed **22.2%** of the MZB Group's consolidated revenue. The **Mass Market channel grew by 4.0%, with a contribution** to consolidated revenue of **36.9%.** In the first nine months of 2017, the **Private Label** channel **grew by 3.9%** and contributed **34.6%**.

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 **47.3%** of the MZB Group's revenue. **Southern Europe** represented the second most important geographical area, contributing **25.8%** of revenue. **Northern Europe** contributed **19.0%** of revenue, while **Asia, Pacific, and Cafès**[1] contributed **8.0%.**

Revenue from the **Single Serve** segment grew by **34.2%** during the period, compared with the first nine months of 2016.

Gross profit

Consolidated **Gross Profit** grew by **2.9%** compared to the first nine months of 2016 and reached **Euro 292.1 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 compared to green coffee purchase costs, which partially offset the reduction in volumes.

Organic Gross Profit per Kg continued to grow, rising from EUR/kg 2.55 in the first nine months of 2016 to **EUR/kg 2.57 in the same period of 2017**.

The Gross Margin stood at 41.2% in the first nine months of 2017.

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

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EBITDA

Adjusted EBITDA for the period was **Euro 49.2 million**, up by **6.6%** over the same period of 2016, when it totalled Euro 46.2 million. If we include the one-off costs incurred for the merger of Nutricafès and Segafredo Zanetti Portugal, the EBITDA would be Euro 47.4 million.

The *EBITDA Margin* in the first nine months of 2017 was 6.9%

Operating Profit

The Operating profit of the MZB Group in the first nine months of 2017 amounted to **Euro 19.8 million.**

Net Income for the period

Net Income for the period in the first nine months of 2017 reached **Euro 8.2 million**; excluding the one-off costs the amount would be in line with the same period of 2016, when the figure was Euro 10.5 million.

Net financial indebtedness

Net financial indebtedness of the MZB Group at September 30, 2017 was **Euro 240.8 million**, showing an **increase of Euro 19.9 million** compared to December 31, 2016.

Guidance

Based on the results of the first 9 months of 2017 and of the current market trends, the guidance for 2017 at Group level is confirmed at Gross Profit, EBITDA Adjusted and Net Financial Position level. Volumes instead will be affected by the softness that the Americas is experiencing in the Private Label channel. As a consequence, the forecast for 2017 volumes has been adjusted to the market condition and are now expected to be in line with those of 2016.

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

The merger of Nutricafés S.A. and Segafredo Zanetti Portugal S.A. was completed with the establishment of MZB Iberia. The operation aims to improve process efficiency and to contain operating costs and will start to have positive effects from the fourth quarter of 2017; it involved non-recurrent costs of Euro 1.8 million. This operation should provide the Group with significant efficiencies over the coming years, starting with 2018.

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The Group's results as at September 30, 2017 will be presented during the conference call to be held today, November 09, at 18:00 CET. To gain access to the call, use one of the following numbers: +39 02 805 88 11 (Italy); +44 121 281 8003 (United Kingdom); +33 170 918 703 (France); +1 718 705 8794 (USA and Canada); +39 02 805 88 27 (Press)

The Digital Playback service will be available for 14 days by calling the following numbers: +39 02 72495 (Italy), +44 1 212 818 005 (United Kingdom); +1 718 705 8797 (USA and Canada), with the following code: 966#

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

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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 S.p.A. 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

(in thousands of Euro)	**Nine months ended September 30,**	
	2017	**2016**
Revenue	708,514	670,696
Other income	5,376	4,420
Raw, ancillary, and consumable materials and goods	(416,457)	(386,840)
Purchases of services, leases and rentals	(134,908)	(130,360)
Personnel costs	(107,849)	(103,610)
Other operating costs	(5,175)	(4,965)
Amortization, depreciation and impairment	(29,698)	(27,186)
Operating profit	**19,803**	**22,155**
Finance income	205	200
Finance costs	(6,191)	(5,240)
Share of losses of companies accounted for using the equity method	(469)	(82)
Profit before tax	**13,348**	**17,033**
Income tax expense	(5,140)	(6,491)
Profit for the year	**8,208**	**10,542**
Profit attributable to:		
Non-controlling interests	*144*	*138*
Owners of the parent	*8,064*	*10,404*
Basic/diluted earnings per share (in Euro)	**0.24**	**0.30**

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Consolidated Condensed Interim Statement of Financial Position

(in thousands of Euro)	As at September 30 2017	As at December 31 2016 *
Intangible assets	184,092	190,943
Property, plant and equipment	214,292	220,173
Investment properties	4,241	4,319
Investments in joint ventures and associates	10,153	10,943
Non-current trade receivables	3,745	4,129
Deferred tax assets	12,196	10,279
Other non-current assets	15,470	16,036
Total non-current assets	**444,189**	**456,822**
Inventories	144,204	132,858
Trade receivables	125,753	120,074
Income tax assets	2,423	1,611
Other current assets	19,327	22,014
Cash and cash equivalents	54,884	45,167
Total current assets	**346,591**	**321,724**
Total assets	**790,780**	**778,546**
Share capital	34,300	34,300
Other reserves	99,601	124,738
Retained earnings	156,571	149,057
Equity attributable to owners of the Parent	**290,472**	**308,095**
Non-controlling interests	2,060	1,849
Total equity	**292,532**	**309,944**
Non-current borrowings	209,740	192,117
Employee benefits	9,251	9,268
Other non-current provisions	3,218	3,949
Deferred tax liabilities	28,068	29,069
Other non-current liabilities	3,569	3,345
Total non-current liabilities	**253,846**	**237,748**
Current borrowings	89,382	77,430
Trade payables	119,693	122,209
Income tax liabilities	1,542	644
Other current liabilities	33,785	30,571
Total current liabilities	**244,402**	**230,854**
Total liabilities	**498,248**	**468,602**
Total equity and liabilities	**790,780**	**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 September 2017

Consolidated Condensed Interim Statement of Cash Flows

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Profit before tax	**13,348**	**17,033**
Adjustments for:		
Amortization, depreciation and impairment	29,698	27,186
Provisions for employee benefits and other charges	590	421
Finance costs	5,986	5,122
Other non-monetary items	(157)	(37)
Net cash generated from operating activities before changes in net working capital	**49,465**	**49,725**
Changes in inventories	(17,445)	7,974
Changes in trade receivables	(11,520)	(15,717)
Changes in trade payables	1,156	26,995
Changes in other assets/liabilities	(348)	2,755
Payments of employee benefits	(401)	(851)
Interest paid	(5,309)	(5,164)
Income tax paid	(4,047)	(4,358)
Net cash generated from operating activities	**11,551**	**61,359**
Acquisition of subsidiary, net of cash acquired	(2,583)	(39,288)
Acquisition under common control, net of cash acquired	-	(2,624)
Purchase of property, plant and equipment	(27,078)	(20,956)
Purchase of intangible assets	(656)	(1,457)
Proceeds from sale of property, plant and equipment	1,561	528
Changes in financial receivables	6	122
Investments in joint ventures and associates	(840)	(10,139)
Changes in financial receivables	419	(278)
Interest received	69	9
Net cash used in investing activities	**(29,102)**	**(74,083)**
Proceeds from long-term borrowings	41,681	129,000
Repayment of long-term borrowings	(23,524)	(65,531)
Increase / (decrease) in short-term borrowings	15,259	(26,669)
Proceeds from sale of shares	-	-
Dividends paid	(5,305)	(3,087)
Net cash generated from financing activities	**28,111**	**33,713**
Exchange gains/(losses) on cash and cash equivalents	(843)	(192)
Net increase (decrease) in cash and cash equivalents	**9,717**	**20,797**
Cash and cash equivalents at the beginning of the period	45,167	25,574
Cash and cash equivalents at the end of the period	**54,884**	**46,371**

Revenues by sales channel

	Nine months ended September 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Mass Market	261,163	36.9%	251,114	37.4%	10,049	4.0%
Foodservice	157,613	22.2%	141,994	21.2%	15,619	11.0%
Private Label	245,219	34.6%	236,016	35.2%	9,203	3.9%
Other	44,519	6.3%	41,572	6.2%	2,947	7.1%
Total	**708,514**	**100.0%**	**670,696**	**100.0%**	**37,818**	**5.6%**

(*) Percentage of revenue.

Revenues by geographical area

	Nine months ended September 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Americas	334,780	47.3%	331,529	49.4%	3,251	1.0%
Northern Europe	134,661	19.0%	128,384	19.1%	6,277	4.9%
Southern Europe	182,711	25.8%	159,771	23.8%	22,940	14.4%
Asia-Pacific and Cafés (**)	56,362	8.0%	51,012	7.6%	5,350	10.5%
Total	**708,514**	**100.0%**	**670,696**	**100.0%**	**37,818**	**5.6%**

(*) Percentage of revenue.

(***) This geographical area includes the revenue generated by the international network of cafés.

Net Financial Indebtedness

		As at September 30	**As at December 31**
(in thousands of Euro)		**2017**	**2016**
A	Cash and cash equivalents	(747)	(931)
B	Cash at bank	(54,137)	(44,236)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(54,884)**	**(45,167)**
E	**Current financial receivables**	**(3,482)**	**(3,495)**
F	Current loans	66,030	50,870
G	Current portion of non-current loans	22,173	24,952
H	Other current financial payables	1,179	1,608
I	**Current indebtedness (F+G+H)**	**89,382**	**77,430**
J	**Net current indebtedness (I+E+D)**	**31,016**	**28,768**
K	Non-current medium/long-term loans	206,695	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	3,045	2,724
N	**Non-current indebtedness (K+L+M)**	**209,740**	**192,117**
O	**Net financial indebtedness (J+N)**	**240,756**	**220,885**

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