Massimo Zanetti Beverage Group

First Half 2018 Results Presentation

August 8, 2018

MASSIMO ZANETTI
BEVERAGE GROUP

H1 2018 HIGHLIGHTS

- Strong increase in all profitability indicators
- Continuous improvement in channel, product mix
- Slight decrease, at constant FX, of revenues due to:
  - small decline of volume
  - reduction in sales prices as a consequence of the decrease in raw material cost
- Gross Profit (Euro/kg) increased significantly due to the positive impact of the mix in sales and lower average cost of raw material
- Confirmed FY2018 expectation of a solid increase in profitability

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H1 2018 RESULTS

- Total revenues: Euro 434.4 million, -3.0% on a comparable basis*
- Volume: -1.9%
- Gross Profit: Euro 191.2 million, with the margin on revenues of 44.0%, compared with 41.2% of H1 2017, an increase of +280 basis points
- EBITDA: Euro 32.1 million, +10.2%
- Net income: Euro 7.1 million, +62.3%
- Net debt: Euro 190.7 million vs 191.0 million as of December 31, 2017

* comparable basis: excluding FX and IFRS 15 impact

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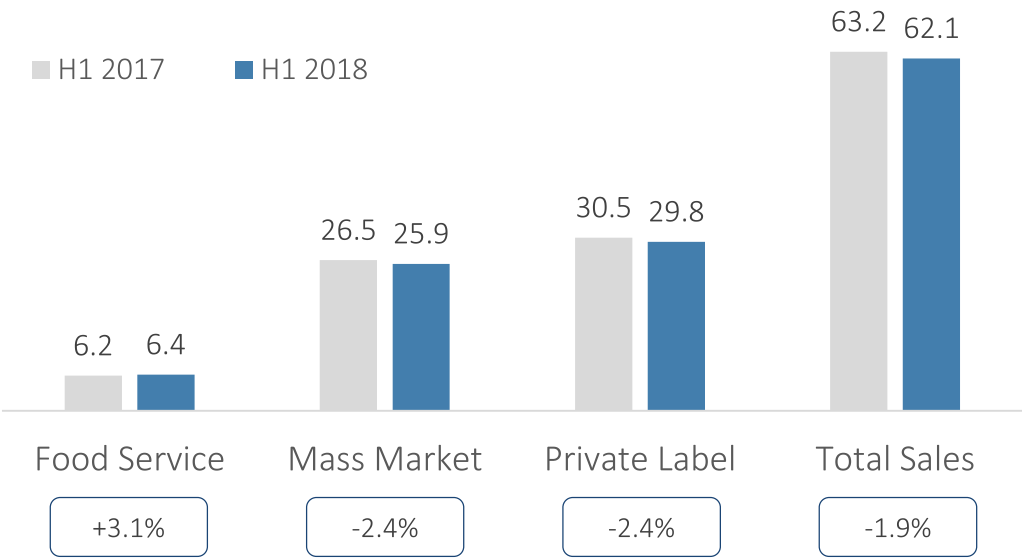
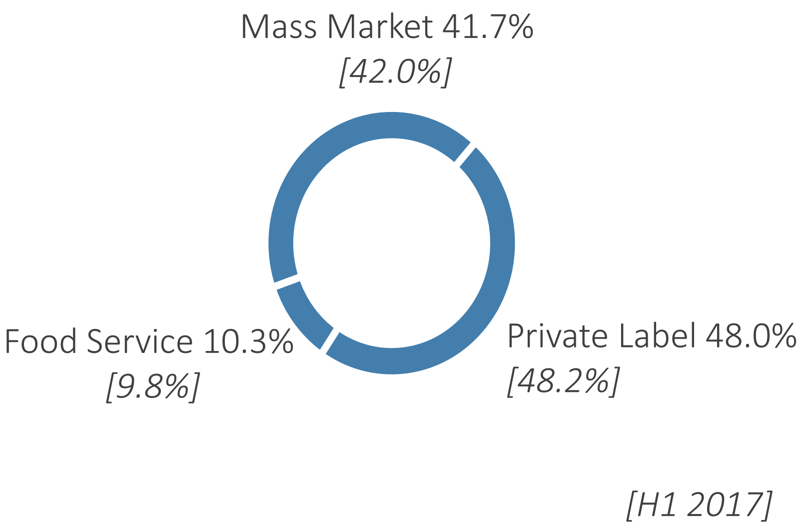
VOLUME BY CHANNEL

Roasted coffee volumes sold by distribution channel
Tons/000





- Food Service: +3.1%, growing in all regions and in particular in the APAC (+17.9%)
- Mass Market: -2.4%, driven by softness in the Americas, nearly offset by a solid high single growth of the Southern Europe and positive results of all other countries
- Private Label: -2.4% led by softness in the QSR (Quick Service Restaurant) category in US, nearly offset by a positive performance of all other countries

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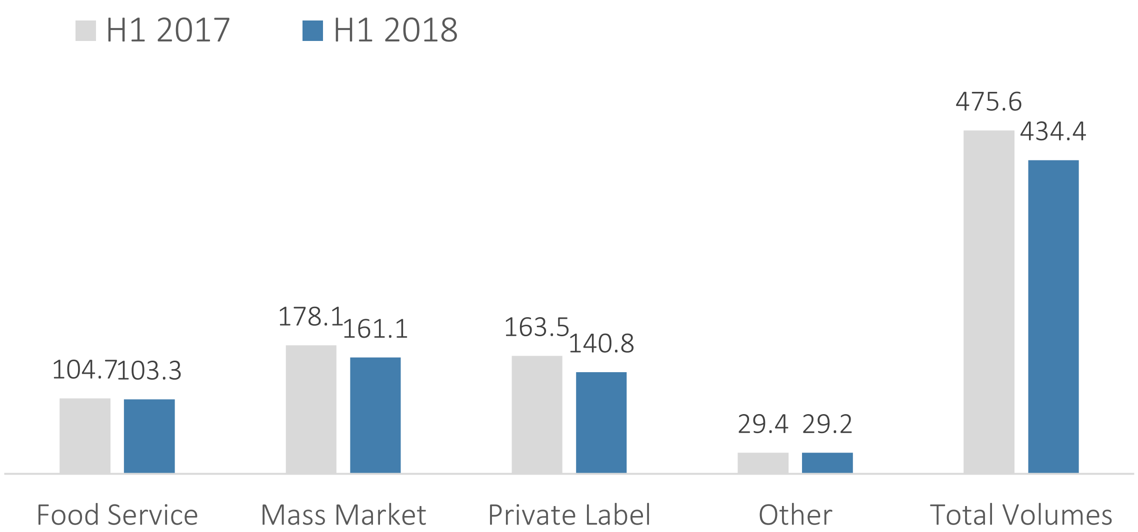
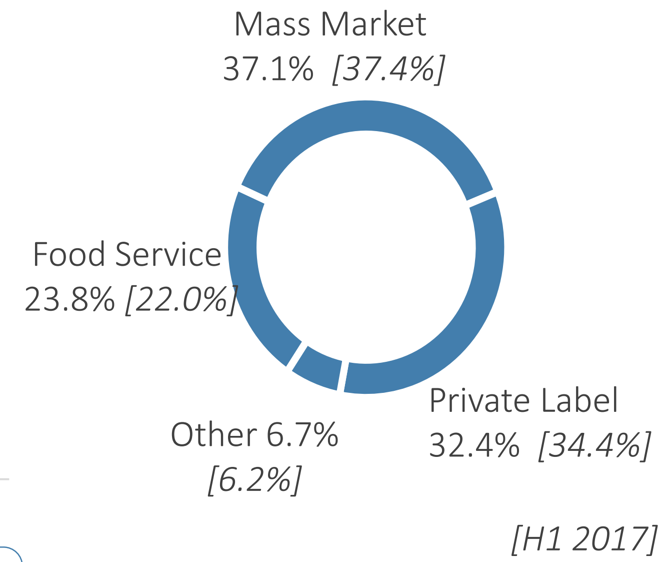
REVENUES BY CHANNEL



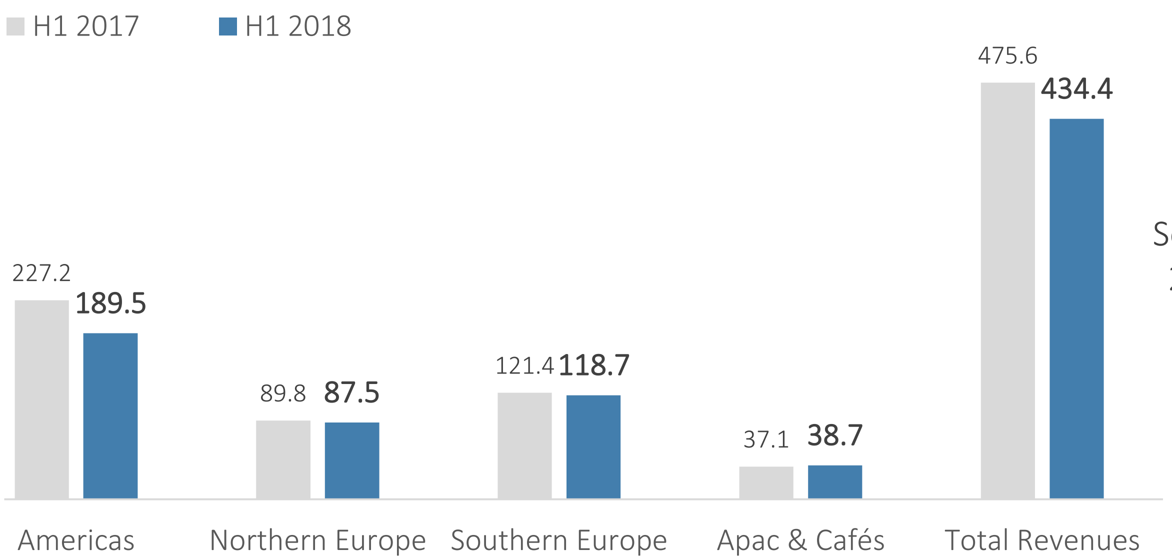
Food Service	Mass Market	Private Label	Other	Total Volumes
-1.3%; **+0.7% comparable basis***	-9.5%: **-4.3% comparable basis***	-13.9%; **-5.4% comparable basis***	-0.5%; **+4.1% comparable basis***	-8.7%; **-3.0% comparable basis***

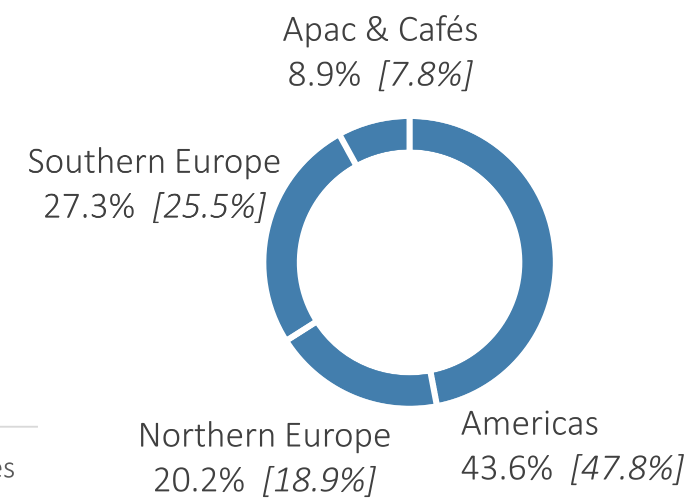


- Food Service: +0.7% on a comparable basis, thanks to volume growth in all region
- Mass Market: -4.3% on a comparable basis, driven by softness in the Americas
- Private Label: -5.4% on a comparable basis led by softness in the QSR category in US
- Other: +4.1% on a comparable basis driven by the growth of coffee machines in Apac

** comparable basis: excluding FX and IFRS 15 impact* *(all datas are in Euro million)*

REVENUES BY REGION





Americas	Northern Europe	Southern Europe	Apac & Cafés	Total Revenues
-16.6%; **-6.3%** comparable basis*	-2.5%; **-3.2%** comparable basis*	-2.2%; **-0.6%** comparable basis*	+4.2%; **+9.4%** comparable basis*	-8.7%; **-3.0%** comparable basis*

- Americas: -6.3% on a comparable basis is explained by the Mass Market and Private Label channel while Food Service is growing
- European performance is mostly explained by the price mix, as a result of the decrease of the raw material cost while volumes increased in all channels
- Apac & Cafés: +9.4% on a comparable basis with all channels contributing to the growth

** comparable basis: excluding FX and IFRS 15 impact* *(all datas are in Euro million)*

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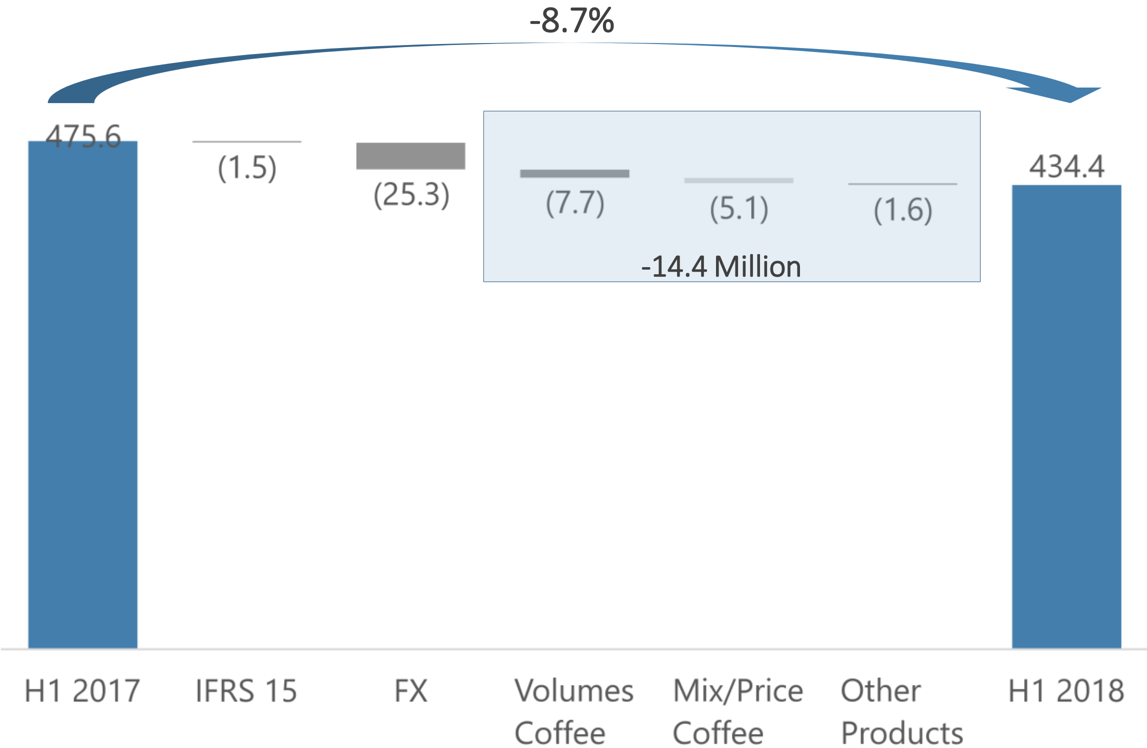
REVENUE BRIDGE



The performance on a comparable basis* was a decline of 3.0% (14.4 million) due to:

- Decline in volumes for Euro 7.7 million;
- Price mix for Euro 5.1 million as a result of the decrease in raw material cost;
- Other products decreasing Euro 1.6 million.

H1 2018 revenues were down Euro 41.2 million (-8.7%):

- FX fluctuation negative impact for Euro 25.3 million
- perfomance on a comparable basis negative for 14.4 million (-3.0%)*

** Comparable basis: excluding FX and IFRS 15 impact*

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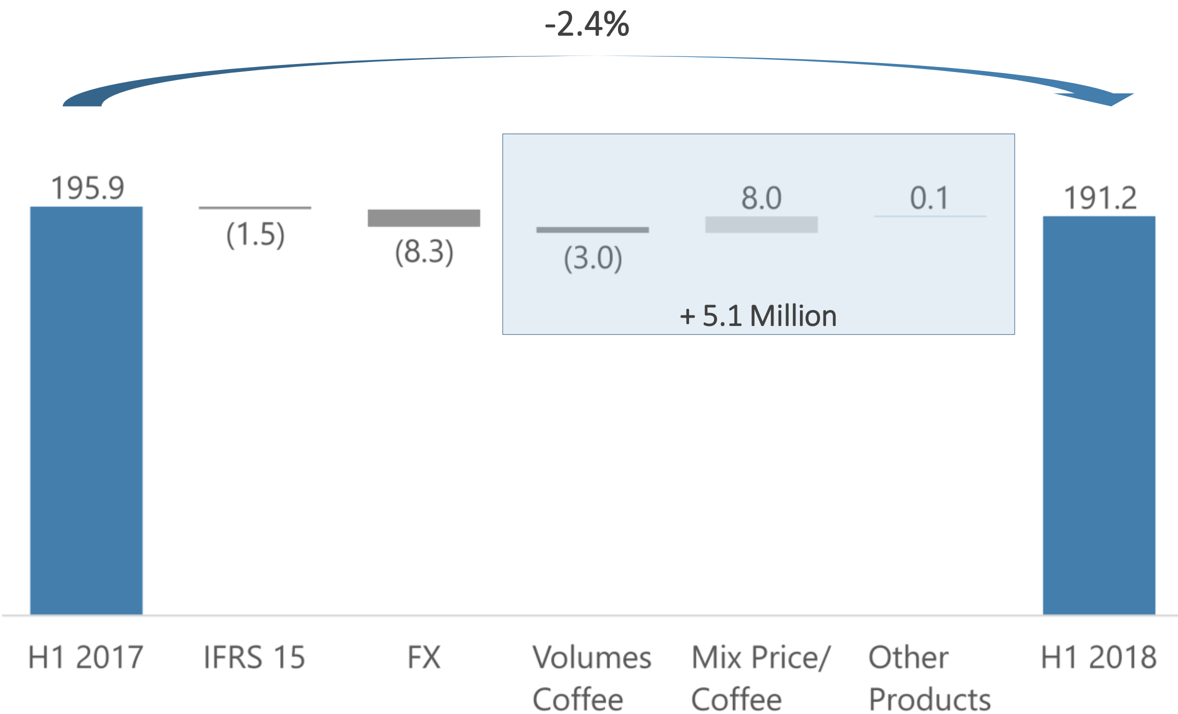
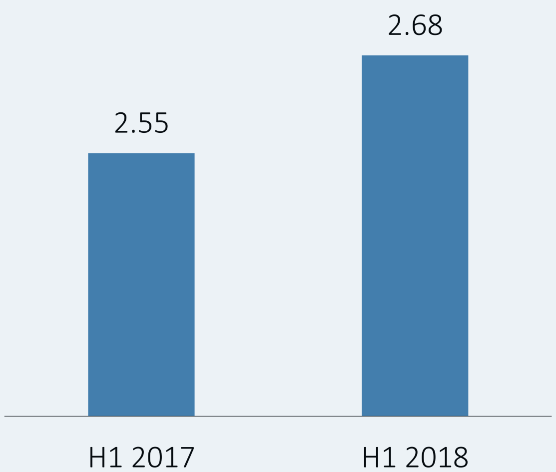
GROSS PROFIT



Organic * coffee Gross profit (€/kg)



Organic Coffee Gross Profit per Kg improved 5%

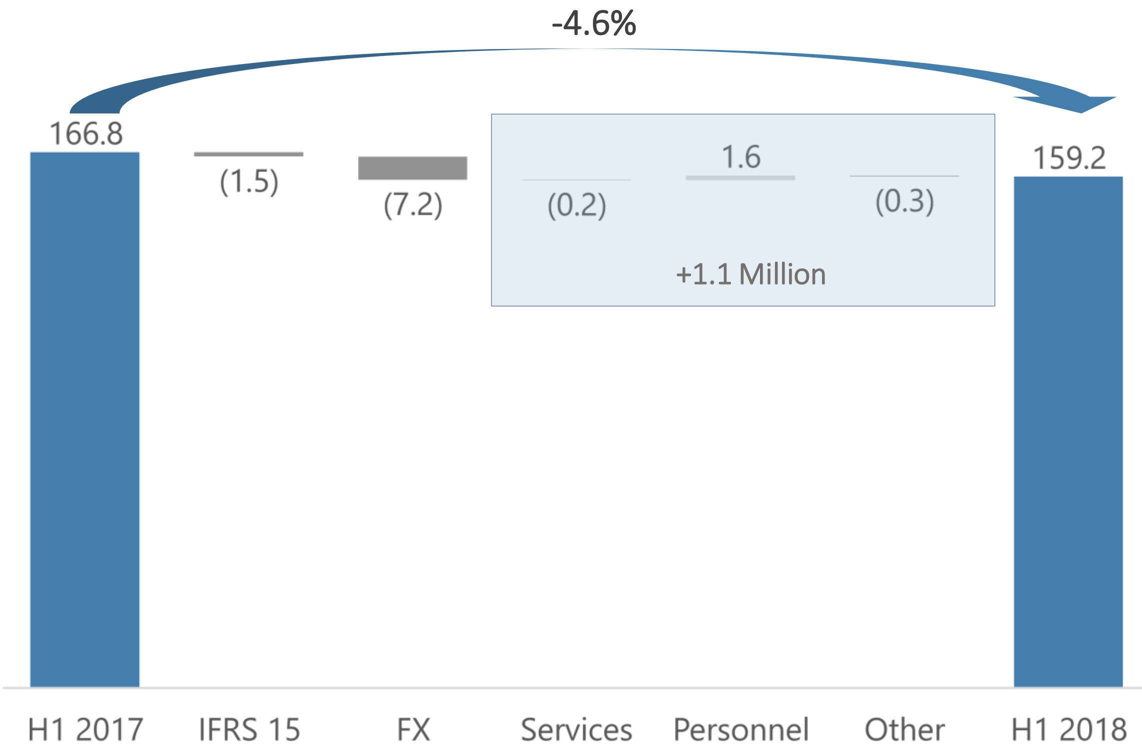
Gross Profit decreased by Euro 4.7 million (-2.4%):

- FX negatively affecting by Euro 8.3 million
- Gross Profit, on a comparable basis*, increased Euro 5.1 million

Gross Profit in % on Revenues increased 280 basis points (from 41.2% to 44.0%)

** comparable basis or organic: excluding FX and IFRS 15 impact*

OPERATING EXPENSES



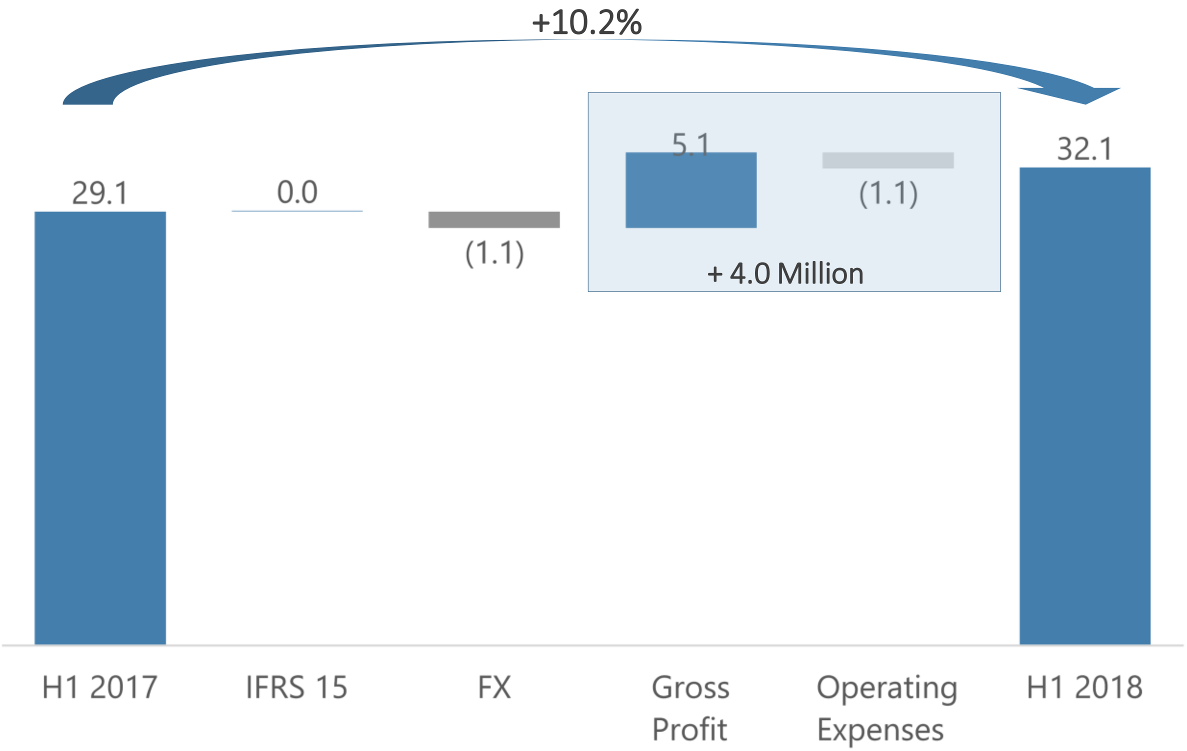
ORGANIC* OPERATING EXPENSES	H1 2017	H1 2018
Services	90.7	90.5
Personnel	72.9	74.5
Other costs	1.7	1.4
TOTAL	165.3	166.4

Excluding the impact of FX and IFRS 15 (figures in Euro million)

Operating expenses decreased by Euro 7.6 million:

- FX positively affecting costs for Euro 7.2 million
- Organic operating expenses nearly stable (Euro +1.1 million)

EBITDA



EBITDA reached Euro 32.1 million with the margin coming at 7.4% of revenues, an increase of 130 basis points

EBITDA increased by 10.2%:

- FX had a negative impact of Euro 1.1 million;
- Organic gross profit increased by Euro 5.1 million
- Organic operating expenses increased by Euro 1.1 million

(all figures in Euro million)

INCOME STATEMENT

Euro.million	H1 2018		H1 2017		Change	
Revenues	434.4	100.0%	475.6	100.0%	-41.2	-8.7%
Purchases of Goods	-243.2	-56.0%	-279.6	-58.8%	36.5	-13.0%
Gross Profit	191.2	44.0%	195.9	41.2%	-4.7	-2.4%
Services, leases and rentals	-86.9	-20.0%	-92.1	-19.4%	5.2	-5.7%
Personnel costs	-71.0	-16.3%	-72.9	-15.3%	2.0	-2.7%
Other operating cost	0.4	0.1%	0.0	0.0%	0.4	-844.9%
Impairment	-1.7	-0.4%	-1.7	-0.4%	0.0	-1.6%
EBITDA	32.1	7.4%	29.1	6.1%	3.0	10.2%
D&A	-18.0	-4.1%	-18.3	-3.8%	0.3	-1.7%
EBIT	14.1	3.2%	10.8	2.3%	3.3	30.2%
Net finance income (costs)	-3.0	-0.7%	-3.1	-0.7%	0.2	-6.1%
Profit (loss) on equity consolidated companies	-0.7	-0.2%	-0.4	-0.1%	-0.2	52.0%
Profit Before Tax	10.5	2.4%	7.2	1.5%	3.2	44.6%
Income Tax expense	-3.3	-0.8%	-2.8	-0.6%	-0.5	17.0%
Tax rate	31.6%		39.1%			-19.1%
Net Income	7.1	1.6%	4.4	0.9%	2.7	62.3%

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FREE CASH FLOW AND CHANGE IN NET WORKING CAPITAL

(Euro. M)	H1 2017	H1 2018
EBITDA	29.1	32.1
Change in NWC	(25.2)	(6.7)
CAPEX	(19.1)	(13.4)
Taxes	(2.8)	(4.4)
Others	2.0	2.1
FREE CASH FLOW	(16.1)	9.6

(Euro. M)	H1 2017	H1 2018
Change in Inventories	(15.4)	(13.2)
Change in Trade Receivables	(13.0)	1.5
Change in Trade Payables	2.5	6.8
Change in Other Asset/Liabilities	0.6	(1.8)
Change in Net Working Capital	(25.2)	(6.7)

The Free Cash Flow generated Euro 9.6 million, compared with a cash absorbtion of Euro 16.1 milion in H1 2017. This improvement is mainly related to the Net Working Capital performance, as a result of:

- Lower cash absorption from inventory
- Improvement in the receivables and payables

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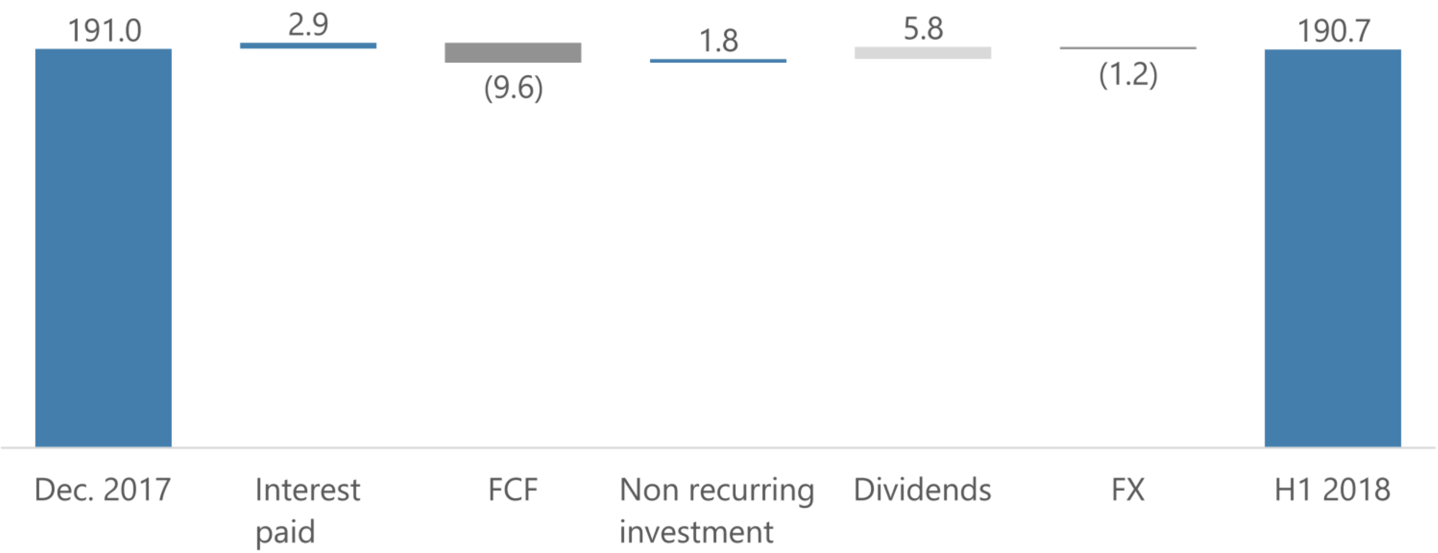
NET DEBT



Debt Profile	December 2017	June 2018
Fixed Interest Rate	45%	48%
Variable Interest Rate	55%	52%
EURO	88%	89%
USD	12%	11%

(all figures in Euro million)

OUTLOOK FOR FY 2018

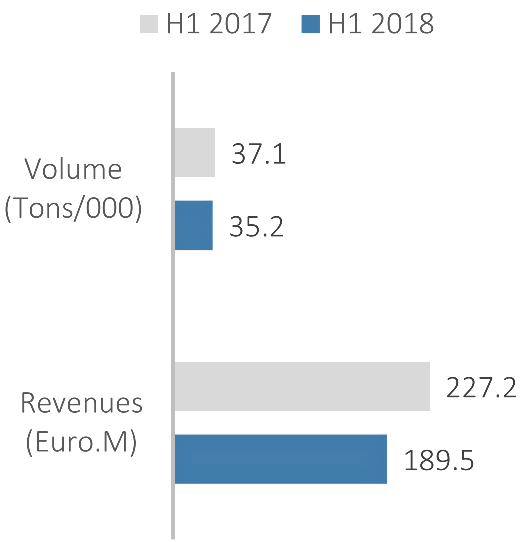
In view of the results achieved in the first half of 2018 and considering current trends as well as assuming the absence of extraordinary transactions, management expectations for 2018 is:

- Revenue on a comparable basis* substantially in line with 2017
- EBITDA *adjusted* increase of approximately 5.0% - 8.0%
- Net Debt below Euro 180 million.

** Revenue on a comparable basis: at constant exchange rates and with the retrospective application of IFRS 15 on 2017 revenue.*

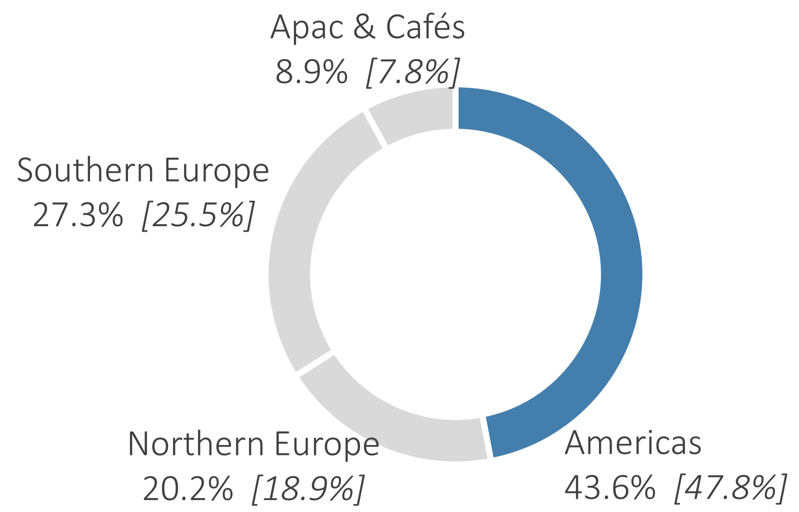
ANNEX

FOCUS ON AMERICAS



-5.3%

-6.3% on a comparable basis*
-16.6% at Current FX



[Revenues, H1 2017]

- Food Service volume grew across the region with expansion in commercial and work place segments lead by new customers utilizing the group proprietary OCS systems (office coffee system); food Service branded volume in the U.S. (and in particular the Segafredo Brand) is up low teens
- North America volume decline is related to private label and mass market
- Standard margin have improved low single digit despite revenue decline driven by lower volumes and pricing resulting from lower raw material costs
- Effective cost control and efficiency improvements drove savings across the region to offset volume shortfalls and competitive pricing

** comparable basis: excluding FX and IFRS 15 impact*

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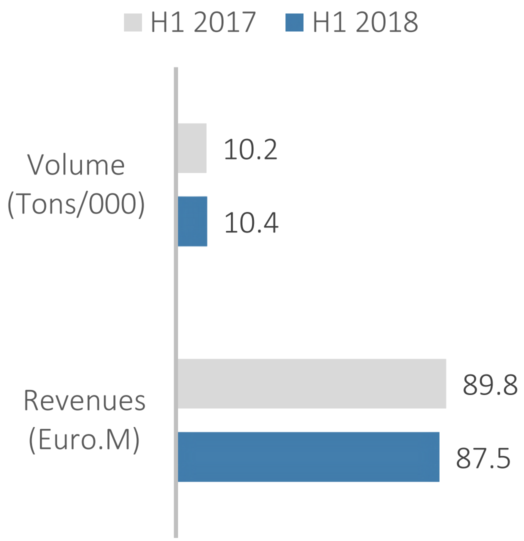
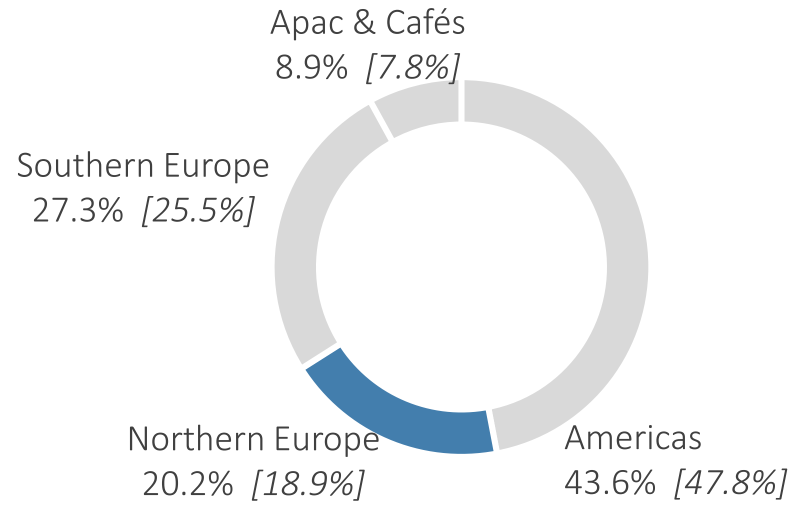
FOCUS ON NORTHERN EUROPE



+1.9%

-3.2% on a comparable basis*
-2.5% at Current FX



[Revenues, H1 2017]

- Volume benefited from positive performance in all channels
- H1 2018 sales reflects the effects of the lower raw material price. However, gross margin per kg did improve significantly in all channels
- Continued expansion in all markets of new premium products, particularly fair trade and organic products, are driving higher margins. In Finland Kulta Katrina is among the leaders in the organic segment; in the Netherlands SZ Organic and in UK Brodies Fair Trade and Organic
- Overall the share of premium products continues to expand, reflecting the strategy to grow this higher margin segment

** comparable basis: excluding FX and IFRS 15 impact*

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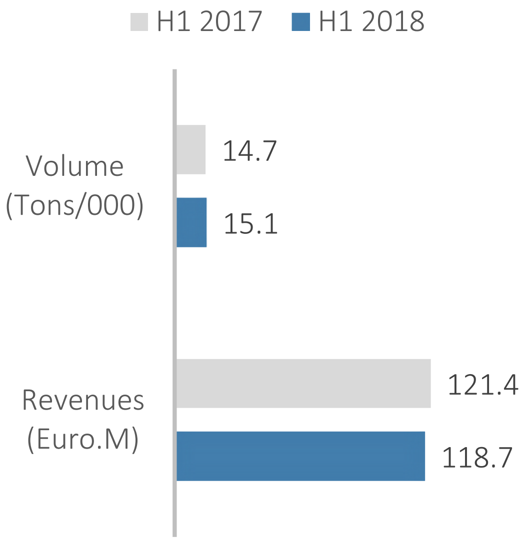
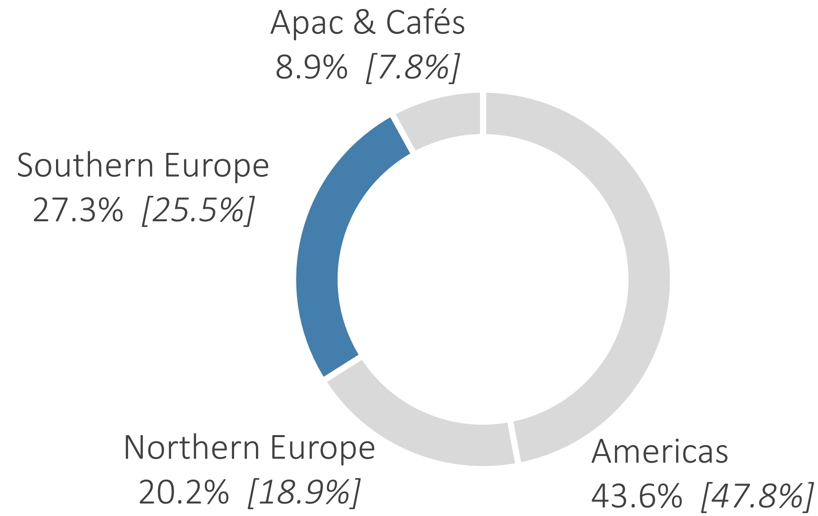
FOCUS ON SOUTHERN EUROPE



+3.2%

-0.6% on a comparable basis*
-2.2% at Current FX



[Revenues, H1 2017]

- Volumes growth in all distribution channels driven by Mass Market, especially in France where new TV commercial on San Marco brand is bringing positive results
- In Italy the new commercial organization in Food Service is delivering according to plan: increased focus on high traffic/high visibility locations (shopping malls; city centres)
- Iberia continues its strong growth performance, both in Portugal and in Spain. Also this year Segafredo will be the Official Coffee of La Vuelta running from Aug 25th to Sep 16th
- France increasing and enlarging assortment of San Marco with the recent launch – first on the market - of a range of biodegradable, compostable and organic Nespresso compatible capsules

** comparable basis: excluding FX and IFRS 15 impact*

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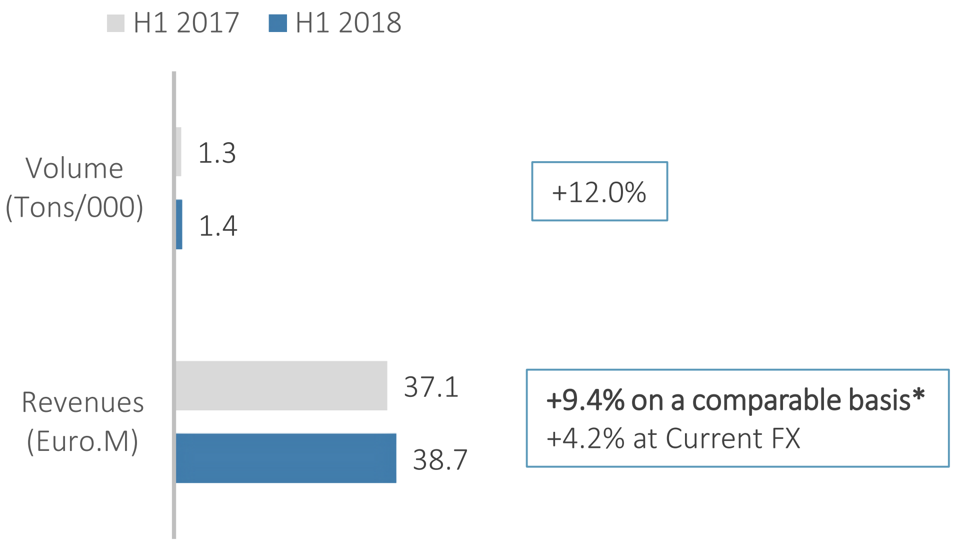
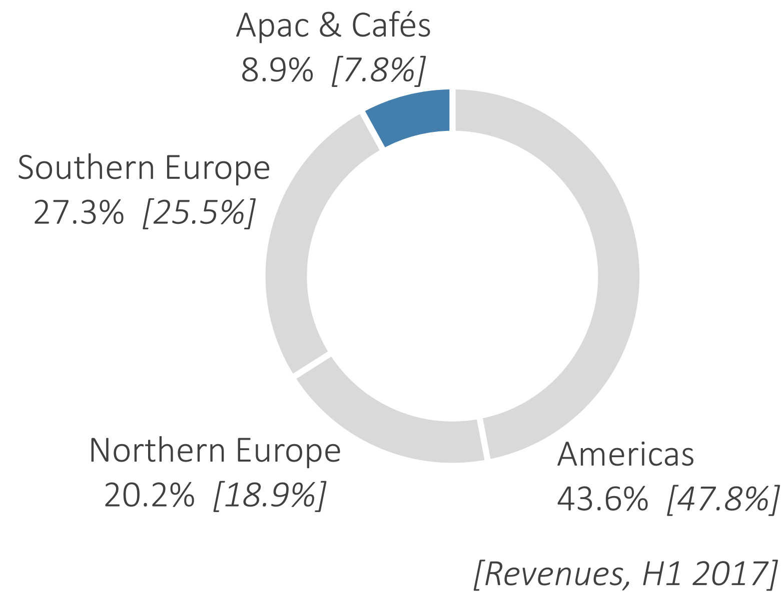
FOCUS ON ASIA PACIFIC AND CAFÉS

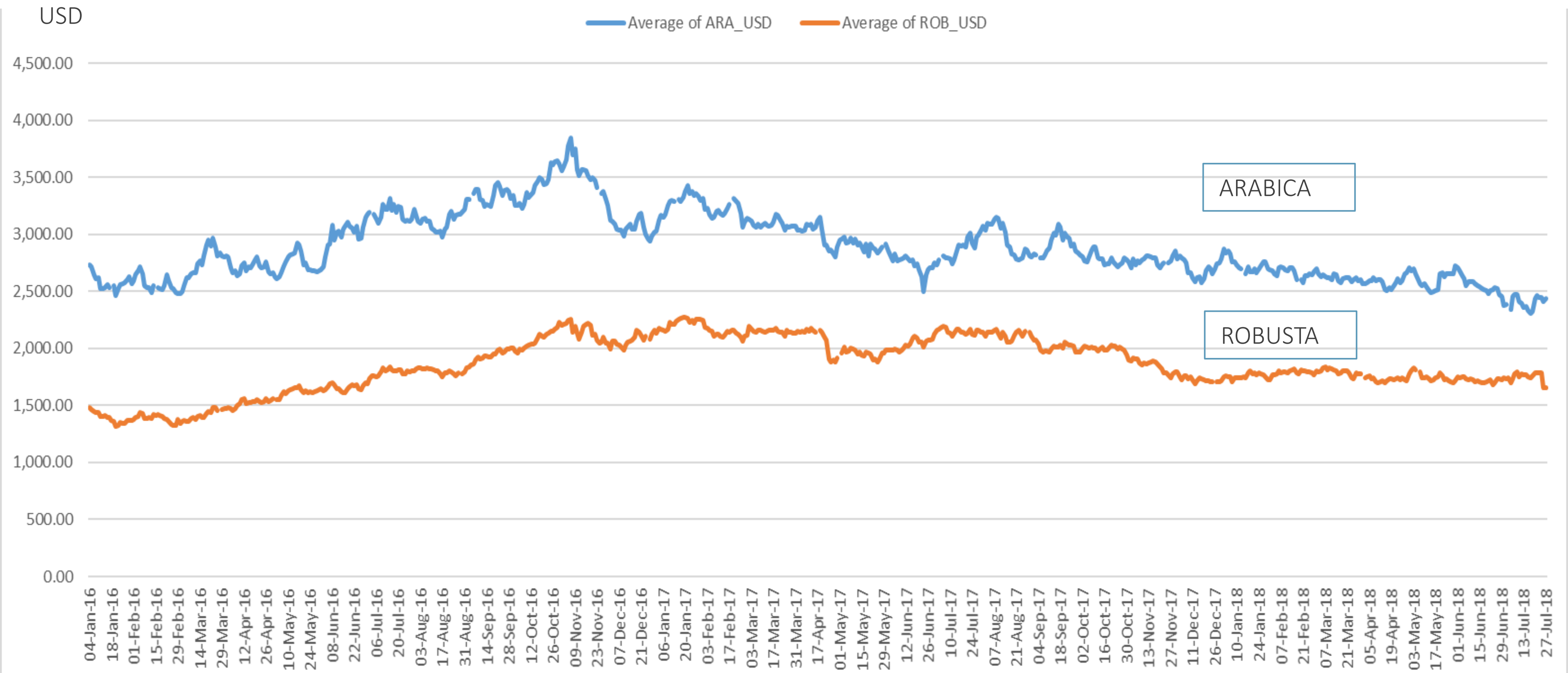




- Volume and sales increased in all distribution channels
- In particular sales growth has been driven by:
  - Food Service: low single digit growth led by Thailand, Hong Kong and Australia
  - Mass Market: mid single digit growth thanks to Middle East and Thailand
  - Single serves continue to grow
  - Coffee Machines sales up low teens thanks to Singapore and Middle East

** comparable basis: excluding FX and IFRS 15 impact*

GREEN COFFEE PRICE



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ASSET & LIABILITIES

Euro.million	H1 2018	2017
Intangible assets	182.6	183.2
Property, plant and equipment and investment properties	216.2	217.7
Investments in joint ventures and associates	9.8	9.6
Non current advances and trade receivables	2.7	3.1
Deferred tax assets and other non current assets	25.3	23.9
Non current assets	**436.7**	**437.6**
Net working capital	**97.8**	**92.2**
Employee benefits	(8.8)	(9.0)
Other non current provisions	(3.0)	(3.0)
Deferred tax liabilities and other non current liabilities	(28.0)	(25.9)
Non current liabilities	**(39.8)**	**(37.9)**
Net Invested Capital	**494.7**	**491.8**
Equity	304.0	300.9
Net debt	190.7	191.0
Sources of financing	**494.7**	**491.8**

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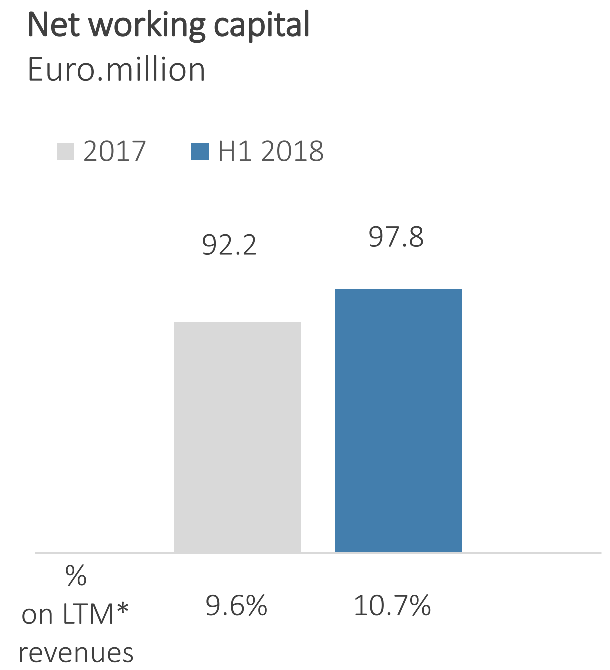
NET WORKING CAPITAL

Euro.million	H1 2018	2017
Inventories	142.8	128.0
Trade receivables	117.7	123.4
Income tax assets	3.8	2.0
Other current assets	17.3	15.9
Trade payables	(147.7)	(139.3)
Income tax liabilities	(1.7)	(1.4)
Other current liabilities	(34.3)	(36.3)
Net working capital	**97.8**	**92.2**
% LTM on revenues	10.7%	9.6%



** LTM: Last Twelve Months*

CASH FLOW

Euro.million	H1 2018	H1 2017
EBITDA	32.1	29.1
Change in Net Working Capital	(6.7)	(25.2)
Net recurring investments	(13.4)	(19.1)
Income tax paid	(4.4)	(2.8)
Other operating items	2.1	2.0
Free Cash Flow	**9.6**	**(16.1)**
Net non recurring investments	(0.6)	(2.8)
Investments in financial receivables	(1.2)	0.3
Interest paid	(2.9)	(3.5)
Net cash generated from financing activities	0.1	38.5
Dividends paid	(5.8)	(5.3)
Exchange gains on cash and cash equivalents	0.6	(0.4)
Net increase in cash and cash equivalents	**(0.3)**	**10.7**
Cash and cash equivalents at the beginning of the year	89.6	45.2
Cash and cash equivalents at the end of the year	**89.3**	**55.8**

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NET DEBT

Euro.million		H1 2018	2017
Cash and cash equivalent	A	(1.0)	(0.8)
Cash at bank	B	(88.3)	(88.8)
Securities held for trading	C	-	-
Liquidity (A+B+C)	**D**	**(89.3)**	**(89.6)**
Current financial receivables	**E**	**(3.6)**	**(2.3)**
Current loans	F	49.4	53.0
Current portion of non current loans	G	34.9	24.3
Other current financial payables	H	1.3	1.5
Current Indebtedness (F+G+H)	**I**	**85.6**	**78.7**
Net current indebtedness (I+E+D)	**J**	**(7.3)**	**(13.2)**
Non current loans	K	195.3	201.5
Issued Bonds	L	-	-
Other non current financial payables	M	2.8	2.7
Non current indebtedness (K+L+M)	**N**	**198.1**	**204.1**
Net debt (J+N)	**O**	**190.7**	**191.0**

IMPACTS FROM NEW ACCOUNTING STANDARDS (1/2)

IFRS 15

Under IFRS 15, an entity shall account for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service received from the customer and measured at fair value. Therefore, as of January 1, 2018, the Group has reclassified this type of consideration from “purchases of services, leases and rentals” to a decrease in “revenue”. The application of IFRS 15 have implied in 2018 a reclassification from “Purchase of services, leases and rentals” to “Revenues” of Euro 2.574 thousand

The table below shows the retrospective application of IFRS 15 on 2018 revenues

	Six months ended June 30, 2018		
(in migliaia di Euro)	Reported Figures	Reclassification	Restated Figures
Foodservice	103,326	(149)	103,177
Mass Market	161,070	2,618	163,688
Private Label	140,810	75	140,885
Other	29,205	30	29,235
Total	**434,411**	**2,574**	**436,985**

	Six months ended June 30, 2018		
(in migliaia di Euro)	Reported Figures	Reclassification	Restated Figures
Americas	189,463	-	189,463
Northen Europe	87,545	(658)	86,887
Southern Europe	118,712	3,232	121,944
Asia-Pacific and Cafés	38,691	-	38,691
Total	**434,411**	**2,574**	**436,985**

Under IFRS 15, contract assets and liabilities shall be presented separately in the statement of financial position. Therefore the Group has reclassified some contract assets and liabilities (e.g., the discounts granted to the Foodservice channel customers and advances from customers) which are currently included in “other current assets”, “other non-current assets” and “other current liabilities” and “other non-current liabilities”. For these assets and liabilities it has been given separate evidence of those related to “contracts” with customers.

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IMPACTS FROM NEW ACCOUNTING STANDARDS (2/2)

IFRS 9

Under the new impairment model applicable to financial assets, the accruals to the allowance for impairment are based on expected losses rather than on the losses already incurred as set out in IAS 39.

The Group has applied the simplified approach envisaged by IFRS9 in order to asses the recoverability of its own trade receivables. The adjustment to the estimates done before, as shown in the following table with values as at January 1 2018, takes into account the default risk in trade receivables, through a differentiated " expected default rate" which is applied to classes of trade receivables homogeneous in terms of risk profile and maturity or, for those in arrears, in terms of the actions taken to recover the credit.

As at January 1, 2018 *(in thousands of Euro and percentages)*	Not due	Past due 1-90 days	Past due 91-180 days	Past due over 180 days	Total
Expected default rate	1%	3%	20%	79%	17%
Current and non current trade receivables	93,281	22,453	3,637	27,852	147,224
Allowance for impairment of trade receivables	1,118	694	720	22,002	24,534

As at June 30, 2018 have been confirmed the values of the "expected write-off rate" used in the first place.

As mentioned above, when reporting the impact from the first adoption of IFRS 9, the Group has used the "*modified retrospective method*". According to this method, the cumulated effects related to the implementation of the new standard are recorded in the "Retained Earnings" as at January 1, 2018, without presenting the comparative amounts, as shown in the following table:

(in thousands of Euro)	as of December 31 2017	IFRS 9 effect	As of January First 2018
Asset			
Current and non current trade receivables	126,481	(3,791)	122,690
Deferred tax assets and liabilities	10,244	821	11,065
Liabilities			
Retained earnings	166,443	(2,953)	163,490
Equity attributable to non-controlling interests	1,977	(17)	1,960

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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	Massimo Mambelli
Director	Maria Pilar Braga
Indipendent Director	Sabrina Delle Curti
Indipendent Director	Mara Vanzetta
Indipendent Director	Giorgio Valerio

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

2018 FINANCIAL CALENDAR - UPCOMING EVENTS

August 8	First Half 2018
November 8	Nine Months 2018

INVESTOR RELATIONS investors@mzb-group.com

Marina Cargnello Tel. +39 0422 312611; Fax. +39 0422 312692; Mobile +39 334 6535536; marina.cargnello@mzb-group.com

Pascal Héritier - Chief Operating Officer
Leonardo Rossi - Chief Financial Officer

Massimo Zanetti Beverage Group S.p.A. Viale G.G. Felissent, 53 31020 Villorba (Treviso)

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