



Press release

Refresco reports integrated Q1 2018 results

Integration of Cott's bottling activities on track

Rotterdam, the Netherlands –25 May 2018. Refresco Group B.V. publishes first quarter 2018 results.

Q1 2018 Highlights

- Total volume was 2,273 million liters (Q1 2017: 1,674 million liters).
- Gross profit margin per liter was 14.4 euro cents (Q1 2017: 14.1 euro cents).
- Adjusted EBITDA amounted to €44 million (Q1 2017: €37 million).

Key figures¹

In millions of €, unless stated otherwise (unaudited)	Q1 2018	Q1 2017
Volume (millions of liters)	2,273	1,674
Revenue	774	524
Gross profit margin	327	236
Gross profit margin per liter (euro cents)	14.4	14.1
EBITDA	34	37
Adjusted EBITDA	44	37
Net profit / (loss)	(40)	6
Adjusted net profit / (loss)	1	6
Net debt	1,698	647

CEO Refresco, Hans Roelofs commented:

"A significant event in the first quarter was the completion of the acquisition of Cott's bottling business. By combining the two activities, our production volumes grew significantly in both North America and Europe. Cash flows from operating activities remained strong while one off acquisition and re-financing costs impacted our net results.

In terms of integration, we are pleased to report that the process of combining Refresco and Cott's bottling activities is off to a good start and we expect to complete this in the two year period ahead. Following the acquisition of Cott's bottling activities, and with new owners on board to fuel the next phase of our growth, we are in a prime position to build on our customer relationships and drive further consolidation in Europe and North America."

Acquisition and integration of Cott's bottling activities

On 30 January 2018, Refresco completed the acquisition of Cott's bottling activities creating the world's largest independent bottler for retailers and A-brands. In combining Refresco's strong European capabilities and Cott's strength in the UK and North America, Refresco almost doubled its production volume to approximately 12 billion liters. In North America, integration of the two businesses began immediately upon completion. In the UK, integration began upon receiving approval of the UK Competition and Markets Authority (CMA) on 29 March 2018. The CMA's approval followed the sale of the Aseptic PET facility at the Nelson site.

¹ All values are rounded to the nearest million unless otherwise stated.

Completion of public offer by PAI and BCI and issue of €445 million of Senior Notes due 2026

On 20 March 2018 Sunshine Investments B.V., the consortium of PAI Partners ("PAI") and British Columbia Investment Management Corporation ("BCI") declared the cash offer for all shares of Refresco unconditional. Following the post-acceptance period the consortium owns 99.4% of the shares of the company and has initiated a compulsory buy-out procedure to acquire the remaining 0.6% of the shares. De-listing of the Refresco shares from Euronext Amsterdam took place on 26 April 2018. Following the closing of the public offer, Sunshine Mid B.V. - the entity owning Sunshine Investments B.V. - raised €445 million in senior notes due 2026 to partially refinance Refresco debt.

Volume and revenue by location of sales

In Q1 2018 total group volume was 2,273 million liters (Q1 2017: 1,674 million liters), an increase of 35.8%. Volume increases in Europe and North America were largely driven by the acquisition of Cott's bottling activities which was completed on 30 January 2018.

Volume in million liters (unaudited)	Q1 2018	Q1 2017
Europe	1,543	1,435
North America	730	239
Total Group	2,273	1,674

Retailer brands volume in Q1 2018 increased by 47.0% to 1,548 million liters driven by the acquisition of Cott's bottling activities. Retailer brands are the largest segment within Cott's bottling activities making up 86% of the total acquired volumes. Total contract manufacturing volume increased to 725 million liters, up 16.8% on Q1 2017. As a percentage of total volume contract manufacturing comprised 31.9% of total Group volume (Q1 2017: 37.1%).

Retailer brands and contract manufacturing as a % of total volume (unaudited)	Q1 2018	Q1 2017
Retailer brands	68.1%	62.9%
Contract manufacturing	31.9%	37.1%
	100%	100%

Revenue in the quarter increased 47.7% to €774 million compared to €524 million in Q1 2017.

Revenue in millions of € (unaudited)	Q1 2018	Q1 2017
Europe	557	487
North America	217	37
Total Group	774	524

Gross profit margin per liter

Gross profit margin per liter in the first quarter of 2018 was 14.4 euro cents compared to 14.1 euro cents in the first quarter of 2017. Gross profit margin per liter was better than expected reflecting our decision to decline low margin contracts in the retailer brand market in Europe and mix effects within the geographies.

Reconciliation of operating profit to adjusted EBITDA

Operating profit in Q1 2018 decreased to €3 million compared to €13 million in Q1 2017. Operating costs increased to €324 million from €223 million reflecting mainly the effect of the Cott acquisition.

EBITDA was €34 million in Q1 2018 compared to €37 million in Q1 2017. The one-off costs of €10 million in Q1 2018 relate largely to the acquisition of Cott's bottling activities.

In millions of € (unaudited)	Q1 2018	Q1 2017
Operating profit	3	13
D&A and impairment	31	24
EBITDA	34	37
One-off costs / (benefits)	10	-
Adjusted EBITDA	44	37

Finance expenses and tax

Finance expenses for the quarter were €59 million compared to €5 million in the same quarter last year. The increase was largely due to release of capitalized finance costs amounting to €45 million relating to refinancing on 30 January 2018 and 30 March 2018. In addition, the interest cost related to syndicated loan increased to €11 million (Q1 2017: €3 million).

Following the completion of the public offer by PAI and BCI, Refresco repaid the existing credit facility used to finance the acquisition of Cott's bottling activities and entered into a new syndicated loan totalling €1,055 million, \$620 million and £200 million.

Income tax benefit in Q1 2018 amounted to €16 million compared to income tax expense of €2 million in same quarter last year.

Reconciliation of net profit to adjusted net profit

Net loss in Q1 2018 amounted to €39 million compared to net profit of €6 million in Q1 2017. Taking into account the one-off costs relating to the acquisition of Cott's bottling activities, the amortization of capitalized financing costs and tax effects, adjusted net profit was €1 million for the quarter (Q1 2017: €6 million).

Balance sheet and financial position

Balance sheet total amounted to €3,269 million compared to €1,953 million at the end of March 2017. Cash and cash equivalents amounted to €112 million (31 March 2017: €110 million). Net debt amounted to €1,698 million (31 March 2017: €647 million) consisting of €1,808 million in loans and borrowings and €110 million cash and cash equivalents (net of overdrafts).

Capex, working capital and cash flow

Capital expenditure spending was €19 million (Q1 2017: €16 million). Capex was invested in optimization of existing manufacturing sites and warehousing facilities in Europe and North America. End of Q1 2018 working capital was €185 million compared with €77 million in Q1 2017 as a result of the acquisition of Cott's bottling activities. Net cash generated from operating activities amounted to €15 million compared with €5 million in the previous year.

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About Refresco

Refresco is the world's largest independent bottler of beverages for retailers and A-brands with production in Europe and North America. The company has pro forma volumes and revenue of circa 11.6 billion liters and circa €3.6 billion, respectively. Refresco offers an extensive range of product and packaging combinations from 100% fruit juices to carbonated soft drinks and mineral waters in carton, PET, Aseptic PET, cans and glass. Focused on innovation, Refresco continuously searches for new and alternative ways to improve the quality of its products and packaging combinations in line with consumer and customer demand, environmental responsibilities and market demand. Refresco is headquartered in Rotterdam, the Netherlands and has more than 9,500 employees. www.refresco.com

Notes to the press release

Refresco Group B.V. is a private limited liability company incorporated under the laws of The Netherlands. Before May 2, 2018 the company was named Refresco Group N.V.

Unless otherwise stated, the consolidated financial information in this document comprise the consolidated financial information of Refresco Group B.V. and its subsidiaries (together the "Group").

The press release has not been audited.

The consolidated financial statements are presented in millions of euros and all values are rounded to the nearest million unless otherwise stated. As a consequence, rounded amounts may not add up to the rounded total in all cases. Change percentages and totals are calculated before rounding.

Refresco Group B.V. prepares its financial reports in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS). For the principles of financial reporting of Refresco Group B.V. reference is made to the 2017 financial statements.

This report was prepared in accordance with the indenture dated 23 April 2018 governing the Senior Notes.

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Consolidated income statement

Refresco Group B.V.

In millions of euros (unaudited)	Q1 2018	Q1 2017
Revenue	774	524
Other income	0	0
Raw materials and consumables used	(446)	(288)
Gross profit margin	327	236
Gross profit margin %	42.3%	45.1%
Gross profit margin per litre, euro cents	14.4	14.1
Employee benefits expenses	(111)	(71)
Depreciation, amortization and impairment	(31)	(24)
Other operating expenses	(182)	(128)
Operating costs	(324)	(223)
Operating profit / (loss)	3	13
Finance income	1	0
Finance expense	(59)	(5)
Net finance result	(58)	(5)
Profit / (loss) before income tax	(55)	8
Income tax (expense) / benefit	16	(2)
Result discontinued operations	0	0
Profit / (loss)	(39)	6
Profit attributable to:		
Owners of the company	(40)	6
Non-controlling interest	1	0
Profit / (loss)	(39)	6

Consolidated balance sheet

Refresco Group B.V.

In millions of euros	31 March 2018 (unaudited) ²	31 December 2017 (audited)	31 March 2017 (unaudited)
Non-current assets			
Property, plant & equipment	953	624	633
Intangible assets	1,161	540	548
Financial fixed assets	28	3	3
Deferred tax	9	4	12
Total non-current assets	2,151	1,171	1,196
Current assets			
Inventories	405	233	256
Derivate financial instruments	0	4	7
Current income tax receivable	18	1	1
Other current assets	583	374	384
Cash and cash equivalents	112	146	110
Total current assets	1,118	757	758
Total assets	3,269	1,928	1,953
Equity			
Share capital	10	10	10
Share premium	533	533	533
Reserves	16	(40)	(4)
Profit / (loss) for the period	(40)	53	6
Total equity	519	556	545
Non-controlling interest	20	-	-
Total equity	539	556	545
Non-current liabilities			
Loans and borrowings	1,805	735	748
Derivatives	4	7	10
Provisions and deferred tax	93	58	71
Total non-current liabilities	1,902	800	830
Current liabilities			
Loans and borrowings	6	3	9
Derivate financial instruments	8	3	-
Trade and other payables	795	544	542
Current income tax liabilities	7	9	24
Provisions	12	13	3
Total current liabilities	828	572	579
Total equity and liabilities	3,269	1,928	1,953

Consolidated cash flow statement

Refresco Group B.V.

In millions of euros (unaudited)	Q1 2018	Q1 2017
Profit/(loss) after tax including discontinued operations	(39)	6
Cash flow from operating activities before changes in working capital	39	37
Net cash generated from operating activities	15	5
Cash flows from investing and acquisition activities		
Proceeds from sale of property, plant and equipment	-	0
Purchase of property, plant and equipment	(27)	(24)
Purchase of intangible assets	(0)	(0)
Purchase / sale of other investments	0	0
Acquisition of subsidiary, net of cash acquired	(1,017)	(7)
Net cash used in investing and acquisition activities	(1,043)	(30)
Cash flows from financing activities		
Proceeds from loans and borrowings	987	-
Repayment of loans and borrowings	1	(1)
Net cash (used in) / from financing activities	988	(1)
Movement in cash and cash equivalents	(40)	(27)
Translation adjustment	4	(1)
Cash movement	(36)	(27)
Cash and cash equivalents beginning period	146	132
Cash and cash equivalents ending period	110	105
Cash movement	(36)	(27)

Information about Sunshine Mid B.V. ("the Issuer")

Sunshine Mid B.V. was incorporated on 20 October 2017 and it is domiciled in Amsterdam, the Netherlands. For the acquisition of Refresco Group the Issuer has received the following funds:

- Share capital contribution of €840 million
- Shareholder loan of €100 million
- Bridge finance of €445 million which has been replaced by the Senior Notes on 3 May 2018

As of March 31, 2018 the Issuer's net debt amounted to €2,495 million. Interest expense in the first quarter was €14 million.

Cost for the acquisition of Refresco as of March 31, 2018 amounted to €48 million. Additional acquisition cost will follow in Q2 2018.