



Press release

Refresco reports Q2 2018 results: benefits of integration starting to show

Rotterdam, the Netherlands – 16 August 2018. Refresco publishes second quarter and half year 2018 results of Sunshine Top B.V., the entity owning Refresco Group B.V.

Q2 2018 Highlights

- Total volume was 3,040 million liters (Q2 2017: 2,052 million liters).
- Gross profit margin per liter was 14.1 euro cents (Q2 2017: 13.4 euro cents).
- Adjusted EBITDA amounted to €99 million (Q2 2017: €66 million).
- Integration of Cott's bottling activities is well on track.
- Issuing of €445 million of Senior Notes due 2026.

Key figures¹²

| In millions of €, unless stated otherwise (unaudited) | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|---|---------|---------|----------|----------|
| Volume (millions of liters) | 3,040 | 2,052 | 5,313 | 3,726 |
| Revenue | 1,037 | 643 | 1,810 | 1,166 |
| Gross profit margin | 428 | 275 | 755 | 511 |
| Gross profit margin per liter (euro cents) | 14.1 | 13.4 | 14.2 | 13.7 |
| EBITDA | 44 | 65 | 78 | 102 |
| Adjusted EBITDA | 99 | 66 | 143 | 103 |
| Net profit / (loss) | (24) | 27 | (64) | 33 |
| Adjusted net profit / (loss) | 15 | 27 | 17 | 33 |
| Net debt | | | 2,436 | 621 |

CEO Refresco, Hans Roelofs commented:

"A significant event in the second quarter was the start of the integration of Cott's bottling business in the UK, following approval by the UK Competition and Markets Authority on March 29. Progress to date includes integration of Cott's bottling activities into the Refresco governance structure and set up of new leadership and commercial teams.

We have made good progress on procurement of raw materials and packaging, where we are drawing on our scale, global purchasing expertise and local market knowledge to redefine specifications, better tailor our proposition to the market, and save money.

We see ample opportunities to grow with customers on the back of our enhanced geographical presence in both continents. Cash flows from operating activities remain strong while one-off acquisition costs and re-financing costs impacted our net results."

¹ The YTD 2018 financial information comprises the financial information of Refresco Group N.V. for the period 1 January 2018 - March 31, 2018 and the financial information of Sunshine Top B.V. for the period April 1, 2018 - June 30, 2018. The YTD 2017 financial information relates to Refresco Group N.V. All values are rounded to the nearest million unless otherwise stated.

² Cott's bottling business in North America and in the UK was consolidated in Refresco's financial information as of January 30, 2018.

Volume and revenue by location of sales

In Q2 2018 total group volume was 3,040 million liters (Q2 2017: 2,052 million liters), an increase of 48.1%. The overall volume increase is driven by additional volumes from the Cott acquisition.

| Volume in million liters (unaudited) | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Europe | 1,984 | 1,791 | 3,527 | 3,226 |
| North America | 1,056 | 261 | 1,786 | 500 |
| Total Group | 3,040 | 2,052 | 5,313 | 3,726 |

Retailer brands volume in Q2 2018 increased by 64.6% to 2,106 million liters compared to last year, mainly driven by new and additional customer volumes from former Cott bottling activities in North America and the UK.

Total contract manufacturing volume increased to 934 million liters, 20.8% up from Q2 2017. As a percentage of total volume, contract manufacturing comprised 30.7% of total Group volume (Q2 2017: 37.7%).

The first half of 2018, compared to the first half of 2017, showed an increase in the percentage of total volume bottled for retailer brands, at 68.8% YTD, up from 62.6% YTD 2017. This is mainly caused by the large share of retailer brands in the former Cott bottling activities.

| Retailer brands and contract manufacturing as a % of total volume (unaudited) | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|---|-------------|-------------|-------------|-------------|
| Retailer brands | 69.3% | 62.3% | 68.8% | 62.6% |
| Contract manufacturing | 30.7% | 37.7% | 31.2% | 37.4% |
| | 100% | 100% | 100% | 100% |

Revenue in the second quarter increased 61% to €1,037 million compared to €643 million in Q2 2017.

| Revenue in millions of € (unaudited) | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|--------------------------------------|--------------|------------|--------------|--------------|
| Europe | 701 | 605 | 1,259 | 1,092 |
| North America | 336 | 37 | 552 | 74 |
| Total Group | 1,037 | 643 | 1,810 | 1,166 |

Gross profit margin per liter

Gross profit margin per liter in the second quarter of 2018 was 14.1 euro cents compared to 13.4 euro cents in the second quarter of 2017. The improvement reflects 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 Q2 2018 decreased to €6 million compared to €41 million in Q2 2017. Operating costs increased to €422 million from €234 million. EBITDA was €44 million in Q2 2018 compared to €65 million in Q2 2017. The D&A and impairment costs are up from €24 million in Q2 2017, to €38 million in Q2 2018, caused by the impact of the Cott acquisition. The one-off costs of €55 million in Q2 2018 mainly relate to the take-over by PAI and BCI (€36 million) and to the acquisition of Cott's bottling activities (€17 million) including expenditures to realize synergies.

| In millions of € (unaudited) | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|------------------------------|-----------|-----------|------------|------------|
| Operating profit | 6 | 41 | 9 | 55 |
| D&A and impairment costs | 38 | 24 | 70 | 48 |
| EBITDA | 44 | 65 | 78 | 102 |
| One-off costs/(benefits) | 55 | 1 | 65 | 1 |
| Adjusted EBITDA | 99 | 66 | 143 | 103 |

Finance expenses and tax

Finance expenses for the quarter were €33 million compared to €5 million in the same quarter last year. This increase was caused by the new financing in place.

Income tax benefit in Q2 2018 amounted to €6 million compared to an income tax expense of €9 million in same quarter last year.

Reconciliation of net profit to adjusted net profit

Net loss in Q2 2018 amounted to €24 million compared to a net profit of €27 million in Q2 2017. Taking into account the one-off costs relating to the take-over by PAI and BCI, the acquisition of Cott's bottling activities, the amortization of capitalized financing costs and tax effects, adjusted net profit was €15 million for the quarter (Q2 2017: €27 million). For the first half of 2018, adjusted net profit amounted to €17 million, compared to €33 million for H1 2017.

| In millions of € (unaudited) | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|-------------------------------------|-------------|-----------|-------------|-----------|
| Profit / (Loss) | (24) | 27 | (64) | 33 |
| Acquisition / Integration cost | 55 | 1 | 65 | 1 |
| Financing cost | (3) | - | 42 | - |
| Tax effect | (13) | - | (27) | - |
| Adjusted net profit / (loss) | 15 | 27 | 17 | 33 |

Balance sheet and financial position

Balance sheet total assets amounted to €4,510 million compared to €2,008 million at the end of June 2017. Cash and cash equivalents amounted to €160 million (30 June 2017: €131 million). Net debt amounted to €2,436 million (30 June 2017: €621 million) consisting of €2,596 million in loans and borrowings and €160 million in cash and cash equivalents (net of overdrafts).

The Preliminary Purchase Price Allocation (PPA) for the acquisition of Cott's bottling activities is included in these figures. Total related goodwill amounts to €508 million.

The PPA relating to the takeover of Refresco by PAI and BCI will be included in the figures in H2 2018. Currently the difference between the purchase price and the equity of Refresco Group N.V. is classified as goodwill amounting to €1,067 million.

Capex and working capital

Capital expenditure spending was €29 million (Q2 2017: €14 million). Capex was invested in optimization of existing manufacturing sites and warehousing facilities in Europe and North America.

End of Q2 2018 working capital was €156 million compared with €58 million in Q2 2017 as a result of the acquisition of Cott's bottling activities.

Issuing of €445 million of Senior Notes due 2026

Following the take-over of Refresco by PAI and BCI, Refresco announced on April 23 that Sunshine Mid B.V. (the "Issuer") had launched an offering of €445,000,000 aggregate principal amount of senior notes due 2026.

The net proceeds from the offering were used by the Issuer to repay the bridge facility borrowed in connection with Issuer's acquisition, through its direct subsidiary, Sunshine Investments B.V., of 99.4% of the issued and outstanding shares of Refresco and to pay expenses related to the offering of Notes.

Refresco appoints new Executive Board member

The Annual General Meeting held on May 17, 2018, approved the appointment of Mr. Brad Goist, formerly President of Cott's bottling business in North America, as Chief Operating Officer (COO) North America and new member of the Executive Board.

Other subsequent events

Refresco installed a Supervisory Board for Sunshine Top B.V. on July 6, 2018. The Supervisory Board of Sunshine Top B.V. consists of Mr. Luis Bach (Chairman), Mr. Nicolas Brugère, Mr. Robert Golden, Mr. Enderson Guimaraes, Mr. Jim Pittman, Mr. Julian Remedios and Mr. Frédéric Stévenin.

Bondholder call & webcast

Today at 10:00 am CET, Refresco will host a call and audio webcast for bondholders.

The dial-in numbers are as follows:

NL +31 (0)20 721 9251

UK +44 (0)330 336 9126

US +1 323-994-2093

Conference ID: 3215362

You can access the audio webcast via <https://www.refresco.com/investors/investor-centre/>.

A replay of the call will be available by the end of the day.

Financial calendar

Publication of Q3 results: 20 November 2018. The statutory buy-out procedure relating to the takeover of Refresco by PAI and BCI is expected to be completed in Q3 2018.

For more information, please contact:

Refresco Corporate Communications

Media:

Nicole McDonald

+31 10 440 5114

nicole.mcdonald@refresco.com

Investor Relations:

Minna Lyijynen

+31 10 440 5165

minna.lyijynen@refresco.com

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 Sunshine Top B.V., an entity owning Refresco Group B.V. The YTD 2018 financial information comprise the financial information of Refresco Group N.V. for the period 1 January 2018 - March 31, 2018 and the financial information of Sunshine Top B.V. for the period April 1, 2018 - June 30, 2018. The YTD 2017 financial information relate to Refresco Group N.V.

Cott's bottling business in North America and in the UK was consolidated in Refresco's financial information as of January 30, 2018.

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.

Sunshine Top 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 reference is made to the 2017 financial statements of Refresco Group N.V.

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

Tables section:

| | |
|--|----|
| Consolidated income statement | 8 |
| Consolidated balance sheet | 9 |
| Consolidated cash flow statement (Pro-forma) | 10 |
| Information about Sunshine Mid B.V. ("the Issuer") | 11 |

Consolidated income statement

| In millions of € | Q2 2018 | Q2 2017 | YTD 2018 | YTD 2017 |
|---|--------------|--------------|--------------|--------------|
| Revenue | 1,037 | 643 | 1,810 | 1,166 |
| Raw materials and consumables used | (610) | (367) | (1,056) | (655) |
| Gross Profit Margin | 428 | 275 | 755 | 511 |
| Gross Profit Margin % | 41.2% | 42.8% | 41.7% | 43.8% |
| Gross Profit Margin per liter, euro cents | 14.1 | 13.4 | 14.2 | 13.7 |
| Employee benefits expenses | (134) | (73) | (245) | (144) |
| Depreciation, amortization and impairment | (38) | (24) | (70) | (48) |
| Other operating expenses | (250) | (137) | (432) | (265) |
| Operating costs | (422) | (234) | (746) | (457) |
| Operating profit / (loss) | 6 | 41 | 9 | 55 |
| Finance income | - | - | - | - |
| Finance expense | (33) | (5) | (91) | (10) |
| Net finance costs | (33) | (5) | (91) | (10) |
| Profit / (loss) before income tax | (27) | 36 | (82) | 44 |
| Income tax (expense) / benefit | 6 | (9) | 21 | (12) |
| Minority interest | (2) | - | (3) | - |
| Profit / (loss) | (24) | 27 | (64) | 33 |
| Profit / (loss) attributable to: | | | | |
| Owners of the Company | (22) | 27 | (61) | 33 |
| Non-controlling interest | (2) | - | (3) | - |
| Profit / (loss) | (24) | 27 | (64) | 33 |

Consolidated balance sheet

| In millions of € | 30 June 2018 (unaudited) ³ | 31 December 2017 (audited) ⁴ | 30 June 2017 (unaudited) ⁴ |
|--|--|--|--|
| Non-current assets | | | |
| Property, plant & equipment | 932 | 624 | 618 |
| Intangible assets | 2,251 | 540 | 541 |
| Financial fixed assets | 29 | 3 | 3 |
| Deferred tax | 24 | 4 | 11 |
| Total non-current assets | 3,237 | 1,171 | 1,173 |
| Current assets | | | |
| Inventories | 388 | 233 | 243 |
| Derivative financial instruments | 4 | 4 | - |
| Current income tax receivable | 30 | 1 | - |
| Other current assets | 676 | 374 | 463 |
| Cash and cash equivalents | 160 | 146 | 131 |
| Total current assets | 1,258 | 757 | 836 |
| Asset classified as held for sale | 15 | - | - |
| Total assets | 4,510 | 1,928 | 2,008 |
| Equity | | | |
| Share capital | - | 10 | 10 |
| Share premium | 882 | 533 | 533 |
| Reserves | 38 | (40) | (40) |
| Profit / (loss) for the period | (64) | 53 | 33 |
| Total equity | 857 | 556 | 536 |
| Non-controlling interest | 21 | - | - |
| Total equity | 878 | 556 | 536 |
| Non-current liabilities | | | |
| Loans and borrowings | 2,592 | 735 | 741 |
| Derivatives | 6 | 7 | 9 |
| Provisions and deferred tax | 89 | 58 | 65 |
| Total non-current liabilities | 2,686 | 800 | 815 |
| Current liabilities | | | |
| Loans and borrowings | 4 | 3 | 11 |
| Derivative financial instruments | - | 3 | 1 |
| Trade and other payables | 923 | 544 | 618 |
| Current income tax liabilities | 13 | 9 | 26 |
| Provisions | 5 | 13 | 3 |
| Total current liabilities | 945 | 572 | 658 |
| Total equity and liabilities | 4,510 | 1,928 | 2,008 |

³ The figures relate to Sunshine Top B.V. Preliminary Purchase Price Allocation (PPA) included in the figures.

⁴ The figures relate to Refresco Group N.V.

Consolidated cash flow statement (Pro-forma)

| In millions of € (unaudited) | YTD 2018 | YTD 2017 |
|---|----------------|-------------|
| Cash flows from operating activities | | |
| Profit / (loss) after tax | (61) | 33 |
| Adjustments for: | | |
| Depreciation, Amortization and impairments | 70 | 48 |
| Net change in fair value derivative financial instruments | (2) | 4 |
| Net finance costs | 91 | 10 |
| Income tax expense / (benefit) | (21) | 12 |
| Movements in employee benefits provisions and other provisions | (7) | (3) |
| Cash flows from operating activities before changes in working capital | 70 | 103 |
| Change in: | | |
| Total change in working capital | (12) | (11) |
| Interest received / (paid) | (27) | (10) |
| Income taxes paid | (13) | (11) |
| Net cash generated from operating activities | 19 | 71 |
| Cash flows from investing and acquisition activities | | |
| Proceeds from sale of property, plant and equipment | 1 | - |
| Purchase of property, plant and equipment | (45) | (43) |
| Purchase of intangible assets | (1) | - |
| Acquisitions | (2,630) | (7) |
| Net cash used in investing and acquisition activities | (2,675) | (50) |
| Cash flows from financing activities | | |
| Proceeds from loans and borrowings | 4,400 | - |
| Repayment of loans and borrowings | (2,532) | - |
| Proceeds of new issued shares | - | (2) |
| Finance costs | (83) | - |
| Paid-in share premium | 882 | - |
| Dividend payment | - | (26) |
| Net cash (used in) / from financing activities | 2,667 | (28) |
| Movement in cash and cash equivalents | 10 | (7) |
| Translation adjustment | 4 | (1) |
| Movement in cash and cash equivalents | 14 | (8) |
| Cash and cash equivalents at beginning | 146 | 132 |
| Cash and cash equivalents at end | 160 | 131 |
| Bank overdraft | - | (7) |
| Movement in cash and cash equivalents | 14 | (8) |

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 €882 million
- Shareholder loan of €100 million
- Bridge finance of €445 million which has been replaced by the Senior Notes on 3 May 2018