



Press release

Refresco reports a solid overall volume increase in Q3 2018

Rotterdam, the Netherlands – 20 November 2018. Refresco publishes third quarter 2018 results of Sunshine Top B.V., the entity owning Refresco Group B.V.

Q3 2018 Highlights

- Total volume was 3,019 million liters (Q3 2017: 1,853 million liters).
- Gross profit margin per liter was 13.5 euro cents (Q3 2017: 13.9 euro cents).
- Adjusted EBITDA amounted to €97 million (Q3 2017: €61 million).
- Integration of Cott's bottling activities is well on track.

Key figures¹²³⁴

In millions of €, unless stated otherwise (unaudited)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Volume (millions of liters)	3,019	1,853	8,332	5,579
Revenue	1,026	583	2,836	1,749
Gross profit margin	408	258	1,163	769
Gross profit margin per liter (euro cents)	13.5	13.9	14.0	13.8
EBITDA	84	48	162	151
Adjusted EBITDA	97	61	240	164
Net profit / (loss)	4	11	(60)	43
Adjusted net profit / (loss)	14	20	31	54
Net debt			2,400	597

CEO Refresco, Hans Roelofs commented:

"This quarter's numbers show solid overall volume development. The weather conditions that Europe experienced for most of Q3 had a positive impact on the volumes, reflecting the seasonality of our business in an unparalleled manner. While volumes were up, gross profit margin came down slightly. This is a result of increased sales of lower margin products such as water and carbonated soft drinks, and of the acquisition of Cott's bottling business. Our net results were also impacted by one-off acquisition costs, headwind in packaging material costs and by hiccups in the supply chain where we saw market shortage of cans and CO₂.

The integration of Refresco and Cott's former bottling activities is going well and with the expanded customer base and solutions offering, we were well positioned to reap the benefits of the warm summer months. Our broader proposition has attracted new customers, and many existing customers are benefiting from having a single supplier helping them develop and sell a beverage solution across multiple countries. They rely on us to help them meet additional consumer demand."

¹ The YTD 2018 financial information comprises the financial information of Refresco Group N.V. for the period January 1, 2018 - March 31, 2018 and the financial information of Sunshine Top B.V. for the period April 1, 2018 - September 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.

³ 2017 amounts for adjusted net profit have been adjusted so that tax effect is included.

⁴ Net debt YTD 2018 includes EUR 100 million shareholder funding.

Volume and revenue by location of sales

In Q3 2018 total group volume was 3,019 million liters (Q3 2017: 1,853 million liters), an increase of 62.9%. The overall volume increase is driven mainly by new and additional volumes resulting from the Cott acquisition. When taking into account the results at Cott in Q3 2017, the like-for-like increase in volume for the Group was 5.2% in Q3 2018 compared to Q3 2017, and like-for-like volumes YTD 2018 increased by 0.1%.

Volume in million liters (unaudited)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Europe	1,975	1,645	5,502	4,871
North America	1,045	208	2,830	708
Total Group	3,019	1,853	8,332	5,579

Retailer brands volume in Q3 2018 increased by 77.7% to 2,076 million liters compared to last year, largely driven by new and additional customer volumes from former Cott bottling activities in North America and the UK.

Total contract manufacturing volume increased to 943 million liters, 37.8% up from Q3 2017. As a percentage of total volume, contract manufacturing comprised 31.2% of total Group volume (Q3 2017: 36.9%).

Retailer brands and contract manufacturing as a % of total volume (unaudited)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Retailer brands	68.8%	63.1%	68.8%	62.7%
Contract manufacturing	31.2%	36.9%	31.2%	37.3%
	100%	100%	100%	100%

Revenue in the third quarter increased 76.0% to €1,026 million compared to €583 million in Q3 2017.

Revenue in millions of € (unaudited)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Europe	683	555	1,941	1,647
North America	343	28	895	102
Total Group	1,026	583	2,836	1,749

Gross profit margin per liter

Gross profit margin per liter in the third quarter of 2018 was 13.5 euro cents compared to 13.9 euro cents in the third quarter of 2017, reflecting a mix effect towards more lower margin products and the lower gross profit margins in the former Cott bottling business. The increase in consumer demand during warm weather was strongest for waters and carbonated soft drinks.

Reconciliation of operating profit to adjusted EBITDA

Due to the acquisition of Cott's bottling business, operating profit in Q3 2018 increased to €45 million, compared to €25 million in Q3 2017. Operating costs increased to €363 million from €233 million. EBITDA was €84 million in Q3 2018, compared to €48 million in Q3 2017. The D&A and impairment costs are up from €23 million in Q3 2017, to €39 million in Q3 2018, caused by the impact of the Cott acquisition. The one-off costs of €13 million in Q3 2018 include a PPA of €10 million related to a fair value adjustment in inventory in the acquired Cott's bottling business in the UK. Year-to-date the one-off costs of €78 million include €43 million transaction costs related to the acquisition of Cott's bottling activities and acquisition of Refresco by PAI & BCI, €22 million related to PPA of the Cott acquisition, €13 million integration costs and other costs.

In millions of € (unaudited)	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Operating profit	45	25	54	80
D&A and impairment costs	39	23	108	71
EBITDA	84	48	162	151
One-off costs/(benefits)	13	13	78	14
Adjusted EBITDA	97	61	240	164

Finance expenses and tax

Finance expenses for the quarter were €34 million compared to €5 million in the same quarter last year. This increase was caused by the new financing in place.

Income tax expense in Q3 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 profit in Q3 2018 amounted to €4 million compared to a net profit of €11 million in Q3 2017. Taking into account tax effects, adjusted net profit was €14 million for the quarter (Q3 2017: €20 million).

In millions of € (unaudited)	Q3 2018	Q3 2017 ⁵	YTD 2018	YTD 2017
Profit / (Loss)	4	11	(60)	43
Acquisition / Integration cost	13	13	78	14
Financing cost	0	-	43	-
Tax effect	(3)	(3)	(30)	(3)
Adjusted net profit / (loss)	14	20	31	54

Balance sheet and financial position

Balance sheet total assets amounted to €4,485 million compared to €1,956 million at the end of September 2017. Cash and cash equivalents amounted to €198 million (30 September 2017: €150 million). Net debt amounted to €2,400 million (30 September 2017: €597 million) consisting of €2,498 million in loans and borrowings, €100 million shareholder funding and €198 million in cash and cash equivalents.

The Preliminary Purchase Price Allocation (PPA) for the acquisition of Cott's bottling activities amounts to €1,053 million and is included in these figures. Total related goodwill amounts to €523 million.

⁵ 2017 amounts for adjusted net profit have been adjusted so that tax effect is included

Capex and working capital

Total capital expenditure spending was €31 million (Q3 2017: €17 million). Capex was invested in optimization of existing manufacturing sites and warehousing facilities in Europe and North America. Year-to-date integration-related capex was €5 million and is part of the total expenditure. Working capital at the end of Q3 2018 was €103 million.

Other subsequent events

The listing of the €445 million Senior Notes on the Official List of The International Stock Exchange was completed on October 23, 2018.

Sunshine Investments B.V. successfully bought out the shareholders who had not yet tendered their shares in Refresco Group B.V. and is currently entitled to one hundred percent of the shares of Refresco Group B.V.

The sale of the Hamburg production location is expected to close in Q4 2018.

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)20 703 8211

UK +44 (0)330 336 9128

US +1 323-994-2082

Conference ID: 1509393

You can access the audio webcast via <https://www.refresco.com/en/investors/reports-and-presentations#2018>.

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

Financial calendar

Publication of Q4 and FY18 results: 7 March 2019.

Publication Annual Report 2018 Sunshine Top B.V.: 12 March 2019.

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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 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 January 1, 2018 - September 30, 2018 and the financial information of Sunshine Top B.V. for the period April 1, 2018 - September 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. In this document, where reference is made to 'like-for-like' volumes, the numbers for the former Cott bottling business and those of Refresco were combined and compared 'as if' they were one prior to this date.

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 April 23, 2018 governing the Senior Notes.

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Consolidated income statement

In millions of €	Q3 2018 (unaudited) ⁶	Q3 2017 (unaudited) ⁷	YTD 2018 (unaudited) ⁶	YTD 2017 (unaudited) ⁷
Revenue	1,026	583	2,836	1,749
Raw materials and consumables used	(618)	(325)	(1,674)	(980)
Gross Profit Margin	408	258	1,163	769
Gross Profit Margin %	39.8%	44.3%	41.0%	44.0%
Gross Profit Margin per liter, euro cents	13.5	13.9	14.0	13.8
Employee benefits expenses	(125)	(73)	(370)	(217)
Depreciation, amortization and impairment	(39)	(23)	(108)	(71)
Other operating expenses	(199)	(136)	(631)	(402)
Operating costs	(363)	(233)	(1,109)	(690)
Operating profit / (loss)	45	25	54	80
Finance income	0	0	0	0
Finance expense	(34)	(5)	(125)	(16)
Net finance costs	(34)	(5)	(125)	(16)
Profit / (loss) before income tax	11	20	(71)	64
Income tax (expense) / benefit	(6)	(9)	16	(21)
Minority interest	(2)	-	(5)	-
Profit / (loss)	4	11	(60)	43
Profit / (loss) attributable to:				
Owners of the Company	6	11	(55)	43
Non-controlling interest	(2)	-	(5)	-
Profit / (loss)	4	11	(60)	43

⁶ The figures relate to Sunshine Top B.V. Preliminary Purchase Price Allocation (PPA) included in the figures.

⁷ The figures relate to Refresco Group N.V.

Consolidated balance sheet

In millions of €	30 September 2018 (unaudited) ⁸	31 December 2017 (audited) ⁹	30 September 2017 (unaudited) ⁹
Non-current assets			
Property, plant & equipment	942	624	607
Intangible assets	2,254	540	537
Financial fixed assets	27	3	3
Deferred tax	3	4	11
Total non-current assets	3,226	1,171	1,157
Current assets			
Inventories	378	233	238
Derivative financial instruments	4	4	-
Current income tax receivable	17	1	0
Other current assets	647	374	410
Cash and cash equivalents	198	146	150
Total current assets	1,244	757	799
Asset classified as held for sale	15	-	-
Total assets	4,485	1,928	1,956
Equity			
Share capital	0	10	10
Share premium	882	533	533
Reserves	39	(40)	(42)
Profit / (loss) for the period	(60)	53	43
Total equity	861	556	544
Non-controlling interest	21	-	-
Total equity	882	556	544
Non-current liabilities			
Loans and borrowings	2,594	735	736
Derivatives	0	7	8
Provisions and deferred tax	63	58	63
Total non-current liabilities	2,657	800	808
Current liabilities			
Loans and borrowings	4	3	10
Derivative financial instruments	1	3	1
Trade and other payables	924	544	563
Current income tax liabilities	14	9	18
Provisions	3	13	11
Total current liabilities	946	572	604
Total equity and liabilities	4,485	1,928	1,956

⁸ The figures relate to Sunshine Top B.V. Preliminary Purchase Price Allocation (PPA) included in the figures.

⁹ The figures relate to Refresco Group N.V.

Consolidated cash flow statement

In millions of € (unaudited)	YTD 2018 ¹⁰	YTD 2017 ¹¹
Cash flows from operating activities		
Profit / (loss) after tax	(60)	43
Adjustments for:		
Depreciation, Amortization and impairments	108	71
Net change in fair value derivative financial instruments	(1)	4
Net finance costs	125	16
Income tax expense / (benefit)	(16)	21
Movements in employee benefits provisions and other provisions	(10)	4
Cash flows from operating activities before changes in working capital	146	159
Change in:		
Inventories	9	5
Trade and other receivables	(157)	(35)
Trade and other payables	176	26
Total change in working capital	27	(5)
Interest received / (paid)	(54)	(15)
Income taxes paid	(16)	(29)
Net cash generated from operating activities	104	109
Cash flows from investing and acquisition activities		
Proceeds from sale of property, plant and equipment	0	2
Purchase of property, plant and equipment	(63)	(58)
Purchase of intangible assets	(1)	(1)
Purchase / sale of other investments	2	0
Acquisitions	(2,650)	(7)
Net cash used in investing and acquisition activities	(2,712)	(63)
Cash flows from financing activities		
Proceeds from loans and borrowings	4,400	-
Repayment of loans and borrowings	(2,532)	(3)
Proceeds of new issued shares	-	-
Finance costs	(84)	-
Paid-in share premium	882	-
Dividend payment	-	(31)
Net cash (used in) / from financing activities	2,666	(34)
Movement in cash and cash equivalents	59	12
Translation adjustment	(7)	(1)
Movement in cash and cash equivalents	52	11
Cash and cash equivalents at beginning	146	132
Cash and cash equivalents at end	198	150
Bank overdraft	-	(7)
Movement in cash and cash equivalents	52	11

¹⁰ The figures relate to Sunshine Top B.V. Preliminary Purchase Price Allocation (PPA) included in the figures.

¹¹ The figures relate to Refresco Group N.V.

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