



Press release

Refresco reports Q4 and FY 2018 results with continued volume growth and integration well on track

Rotterdam, the Netherlands – March 12, 2019. Refresco publishes fourth quarter and full year 2018 results of Sunshine Top B.V., the entity owning Refresco Group B.V.

Q4 2018 Highlights

- Total volume was 2,556 million liters (Q4 2017: 1,525 million liters).
- Gross profit margin per liter was 14.3 euro cents (Q4 2017: 14.6 euro cents).
- Adjusted EBITDA amounted to €82 million (Q4 2017: €50 million).

FY 2018 Highlights

- Total volume was 10,888 million liters (FY 2017: 7,104 million liters).
- Gross profit margin per liter was 14.0 euro cents (FY 2017: 14.0 euro cents).
- Adjusted EBITDA amounted to €322 million (FY 2017: €214 million).
- Pro-forma synergies adjusted EBITDA amounted to €374 million.
- One-off acquisition costs and operating cost overruns reflected in net results.
- Net debt excluding shareholder funding amounted to €2,273 million at year-end (September 30, 2018: €2,300 million).

Key figures^{1,2,3,4}

In millions of €, unless stated otherwise (unaudited)	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Volume (millions of liters)	2,556	1,525	10,888	7,104
Revenue	901	520	3,737	2,269
Gross profit margin	366	223	1,529	992
Gross profit margin per liter (euro cents)	14.3	14.6	14.0	14.0
Adjusted EBITDA	82	50	322	214
Net profit / (loss)	(39)	10	(99)	54
Adjusted net profit / (loss)	(6)	19	24	70
Net debt			2,373	593

CEO Refresco, Hans Roelofs commented:

"2018 was a transformational year for Refresco. In January we completed the acquisition of Cott's bottling business, creating the world's largest independent bottler for retailers and branded beverage companies and in March we completed the public to private transaction by PAI and BCI. In the final quarter of 2018, we continued to see strong overall volume growth across the business in line with our expectations and driven by both the Cott acquisition and organic growth. Although we did not achieve the level of profitability we wanted, we made good progress with integration of the two businesses and synergies are on track.

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 - December 31, 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 €100 million shareholder funding.

"One-off costs related to the acquisition of Cott's bottling business and acquisition of Refresco by PAI & BCI, overruns in operating costs and some headwinds on input costs were the key items impacting our net results for the year.

"In 2018 we worked hard on the building blocks for further profitable growth in 2019 and we invested €134 million in our production and warehousing capabilities across the business. In February 2019, I was pleased to announce that we acquired Cott's concentrate manufacturing business in Columbus, Georgia (US). This creates a global center of excellence in beverage concentrate manufacturing and adds new innovations skills and capabilities to our Group.

"To accelerate the next phase of our growth, we have decided to adjust the management structure of Refresco and create an Executive Committee. The Executive Committee will comprise the current Executive Board members and as of 1 April 2019 Chief Purchasing Officer (CPO) Coert Michielsen. The Executive Committee will be installed on 1 April 2019."

Volume and revenue by location of sales

In Q4 2018 total group volume was 2,556 million liters (Q4 2017: 1,525 million liters), an increase of 67.6%. The overall volume increase is driven mainly by new and additional volumes resulting from the Cott acquisition. When taking into account Cott's volumes in Q4 2017, the like-for-like increase in volume for the Group was 3.8% in Q4 2018 compared to Q4 2017.

In the full year, volume increased 53.2% to 10,888 million liters (2017: 7,104 million liters), driven mainly by new and additional volumes resulting from the Cott acquisition, as well as organic growth. When taking into account Cott's volumes in 2017, the like-for-like increase in volume for the Group was 1.0% in 2018 compared to 2017.

Volume in million liters (unaudited)	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Europe	1,625	1,370	7,128	6,241
North America	930	155	3,761	863
Total Group	2,556	1,525	10,888	7,104

Retailer brands volume in Q4 2018 increased by 76.2% to 1,808 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 747 million liters, up 49.9% from Q4 2017. As a percentage of total volume, contract manufacturing comprised 29.2% of total Group volume (Q4 2017: 32.7%).

For the full year 2018, retailer brands volume increased by 66.5% to 7,539 million liters compared to 2017, 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 3,349 million liters, an increase of 30.0% from 2017. As a percentage of total volume, contract manufacturing comprised 30.8% of total Group volume (2017: 36.3%) reflecting the higher share of retailer brands in the acquired Cott's bottling business.

Retailer brands and contract manufacturing as a % of total volume (unaudited)	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Retailer brands	70.8%	67.3%	69.2%	63.7%
Contract manufacturing	29.2%	32.7%	30.8%	36.3%
	100%	100%	100%	100%

Revenue in the fourth quarter increased 73.2% to €901 million compared to €520 million in Q4 2017.

Full year 2018 revenue totalled €3,737 million compared to €2,269 million in 2017, driven largely by the Cott acquisition. Changes in revenue are mostly a result of fluctuations in input prices, which are passed on to customers. As such, revenue is not a representative indicator for the development of our business.

Revenue in millions of € (unaudited)	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Europe	574	497	2,515	2,143
North America	328	23	1,222	126
Total Group	901	520	3,737	2,269

Gross profit margin per liter

Gross profit margin per liter in the fourth quarter of 2018 was 14.3 euro cents compared to 14.6 euro cents in the fourth quarter of 2017. For the full year gross profit margin per liter totalled 14.0 euro cents compared to 14.0 euro cents in 2017, reflecting the net effect of synergies from the acquisition of Cott's bottling business and some headwinds on input costs.

Reconciliation of operating profit to adjusted EBITDA

Operating loss in Q4 2018 was €3 million, compared to operating profit of €15 million in Q4 2017. Operating costs increased to €369 million from €208 million in Q4 2017. EBITDA was €39 million in Q4 2018, compared to €41 million in Q4 2017. The Depreciation, amortization (D&A) and impairments are up from €26 million in Q4 2017, to €42 million in Q4 2018, caused by the impact of the Cott acquisition.

For the full year, operating profit totalled to €51 million compared to €95 million in 2017. Year-to-date the one-off items of €121 million include €47 million transaction costs related to the acquisition of Cott's bottling activities and acquisition of Refresco by PAI & BCI, €58 million related to PPA of the acquisition of Cott's bottling activities and acquisition of Refresco by PAI & BCI and €16 million integration costs, other costs and gains from sold assets.

In millions of € (unaudited)	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Operating profit / (loss)	(3)	15	51	95
D&A and impairment costs	42	26	150	96
EBITDA	39	41	201	191
One-off costs/(benefits)	43	9	121	23
Adjusted EBITDA	82	50	322	214

Finance expenses and tax

Finance expenses for the quarter were €36 million compared to €9 million in the same quarter last year. This increase was caused by the new financing in place.

Income tax benefit in Q4 2018 amounted to €4 million compared to €3 million in same quarter last year.

For the full year, net finance costs totalled €160 million (2017: €24 million). The increase is due to the new financing structure in place and includes a write off of capitalized finance cost amounting to €43 million.

Reconciliation of net profit to adjusted net profit

Net loss in Q4 2018 amounted to €39 million compared to a net profit of €10 million in Q4 2017. Taking into account tax effects and costs related to the acquisition and integration, adjusted net loss was €6 million for the quarter (Q4 2017: adjusted net profit of €19 million) and adjusted net profit of €24 million for the full year (2017: €70 million).

In millions of € (unaudited)	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Profit / (Loss)	(39)	10	(99)	54
Acquisition / Integration cost / Other	43	12	121	23
Financing cost	-	-	43	-
Tax effect	(11)	(2)	(41)	(6)
Adjusted net profit / (loss)	(6)	19	24	70

Balance sheet and financial position

Balance sheet total assets amounted to €4,621 million at December 31, 2018 (2017: €1,928 million). Total non-current assets amounted to €3,372 million compared to €1,171 million in 2017. Preliminary goodwill arising on acquisitions totaled €1,733 million and is derived from the acquisition of Refresco Group N.V. by Sunshine Investments B.V. Total intangible fixed assets amounted to €2,221 million (2017: €540 million).

Cash and cash equivalents (net of overdrafts) at the end of 2018 were €140 million compared to €146 million at year-end 2017.

Net debt at the end of 2018 amounted to €2,373 million (2017: €593 million) consisting of €2,413 million in loans and borrowings, €100 million shareholder funding and €140 million in cash and cash equivalents (net of overdrafts). RCF of €200 million was fully un-drawn as of December 31, 2018

Capex and working capital

Total capital expenditure spending was €134 million (Q4 2017: €85 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 €14 million and is part of the total expenditure of €134 million in 2018.

Working capital at the end of Q4 2018 was €49 million compared to €42 million in 2017.

Adoption of IFRS 16

The Group will adopt IFRS 16 with effect from January 1, 2019 using the modified retrospective method and will therefore not restate comparative amounts for the year prior to first adoption.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

Due to the adoption of IFRS 16, the Group's operating profit will improve, while its interest expense and depreciation will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17. The preliminary estimate of the impact of IFRS 16 on the 2019 numbers is in a range of €340 million (+/- 10%) for the right of use asset and lease liability as per January 1, 2019. The preliminary estimate of the EBITDA improvement is in a range of €74 million (+/-10%). These estimates are based on the contract portfolio as per January 1, 2019.

The calculation of bank covenants is based on frozen GAAP and is therefore not influenced by the adoption of IFRS 16.

Other subsequent events

Acquisition of Cott's concentrate manufacturing business

On 8 February 2019, Refresco acquired Cott's concentrate manufacturing business in Columbus, GA ("Cott Beverages LLC"). The transaction includes the RCI International division, which Refresco has sold to RC Global Beverages Inc., a Holding Company whose vision is to actively develop branded beverages worldwide. The transactions have no material impact on cashflow or results in 2019.

Refresco installs Executive Committee with the effect from April 1, 2019

Refresco has grown rapidly through successful implementation of its buy&build strategy, including the acquisition of Cott's bottling business in 2018 creating the world's largest independent bottler. To enable and accelerate the next phase of our growth we have decided to create an Executive Committee composed of current Executive Board members CEO Hans Roelofs, CFO Aart Duijzer, COO Europe Vincent Delozière and COO North America Brad Goist, and as of April 1, 2019, CPO Coert Michielsen. Mr. Michielsen joined Refresco in 2008 as Group Director Procurement. As a member of the Executive Committee Mr. Michielsen will lead the Group procurement strategy. The Executive Committee will be responsible for running the business and delivering on our growth plans. In the new management structure the Executive Board will comprise two members, CEO Hans Roelofs and CFO Aart Duijzer. The Executive Board will be a formal platform responsible for the expansion strategy of the company.

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 9127

US +1 323-794-2093

Conference ID: 5647117

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

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

Financial calendar

Publication Annual Report 2018 Sunshine Top B.V.: 26 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 full year volumes and revenue of circa 11 billion liters and circa €3.7 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

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 - March 31, 2018 and the financial information of Sunshine Top B.V. for the period April 1, 2018 - December 31, 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.

The 2018 financial information included in the consolidated statements attached to this press release are derived from the Annual Report 2018. The external auditor has not issued an auditor's report on the 2018 financial statements yet. The full Annual Report will be available to download on our website (www.refresco.com) from March 26, 2018. The Annual Report will be presented for adoption by the General Meeting of Shareholders.

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Consolidated income statement

In millions of €	Q4 2018 (unaudited) ⁵	Q4 2017 (unaudited) ⁶	YTD 2018 (unaudited) ⁷	YTD 2017 (audited) ⁶
Revenue	901	520	3,737	2,269
Other income	25	0	26	1
Raw materials and consumables used	(560)	(297)	(2,234)	(1,277)
Gross Profit Margin	366	223	1,529	992
Gross Profit Margin %	40.8%	42.9%	40.9%	43.7%
Gross Profit Margin per liter, euro cents	14.3	14.6	14.0	14.0
Employee benefits expenses	(123)	(68)	(493)	(286)
Depreciation, amortization and impairment	(42)	(26)	(150)	(96)
Other operating expenses	(204)	(113)	(835)	(516)
Operating costs	(369)	(208)	(1,478)	(897)
Operating profit / (loss)	(3)	15	51	95
Finance income	0	-	0	0
Finance expense	(36)	(9)	(161)	(24)
Net finance costs	(36)	(9)	(160)	(24)
Profit / (loss) before income tax	(39)	7	(110)	71
Income tax (expense) / benefit	4	3	20	(17)
Minority interest	(4)	-	(9)	-
Profit / (loss)	(39)	10	(99)	54
Profit / (loss) attributable to:				
Owners of the Company	(35)	10	(90)	54
Non-controlling interest	(4)	-	(9)	-
Profit / (loss)	(39)	10	(99)	54

⁵ The figures relate to Sunshine Top B.V. Preliminary Purchase Price Allocation (PPA) included in the figures.

⁶ The figures relate to Refresco Group N.V.

⁷ The figures relate to Sunshine Top B.V. Preliminary Purchase Price Allocation (PPA) included in the figures.

Consolidated balance sheet

In millions of €	31 December 2018 (unaudited) ⁸	31 December 2017 (audited) ⁹
Non-current assets		
Property, plant & equipment	1,139	624
Intangible assets	2,221	540
Financial fixed assets	13	3
Deferred tax	0	4
Total non-current assets	3,372	1,171
Current assets		
Inventories	396	233
Derivative financial instruments	3	4
Current income tax receivable	26	1
Other current assets	548	374
Cash and cash equivalents	277	146
Total current assets	1,249	757
Asset classified as held for sale	0	-
Total assets	4,621	1,928
Equity	857	556
Non-controlling interest	7	-
Total equity	864	556
Non-current liabilities		
Loans and borrowings	2,509	735
Derivatives	11	7
Provisions and deferred tax	164	58
Total non-current liabilities	2,684	800
Current liabilities		
Loans and borrowings	141	3
Derivative financial instruments	2	3
Trade and other payables	897	544
Current income tax liabilities	26	9
Provisions	8	13
Total current liabilities	1,074	572
Total equity and liabilities	4,621	1,928

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	(98)	53
Adjustments for:		
Depreciation, Amortization and impairments	150	96
Net change in fair value derivative financial instruments	(1)	4
Net finance costs	160	24
(Gain) / loss on sale of property, plant and equipment and other investments	(25)	(1)
Income tax expense / (benefit)	(18)	17
Movements in employee benefits provisions and other provisions	2	7
Cash flows from operating activities before changes in working capital	170	201
Change in:		
Inventories	(9)	10
Trade and other receivables	(58)	1
Trade and other payables	149	(10)
Total change in working capital	81	1
Interest received / (paid)	(90)	(21)
Income taxes paid	(29)	(35)
Net cash generated from operating activities	132	147
Cash flows from investing and acquisition activities		
Proceeds from sale of property, plant and equipment	40	3
Purchase of property, plant and equipment	(134)	(82)
Purchase of intangible assets	(1)	(2)
Acquisitions	(2,650)	(16)
Net cash used in investing and acquisition activities	(2,743)	(96)
Cash flows from financing activities		
Proceeds from loans and borrowings	4,400	-
Repayment of loans and borrowings	(2,623)	(4)
Dividend payment	(5)	(31)
Net cash (used in) / from financing activities	2,570	(35)
Movement in cash and cash equivalents	(41)	16
Translation adjustment	35	(2)
Movement in cash and cash equivalents	(6)	14
Cash and cash equivalents at beginning	146	132
Cash and cash equivalents at end	277	146
Bank overdraft	(137)	-
Movement in cash and cash equivalents	(6)	14

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