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## **Refresco Group BV**

**UNAUDITED SELECTED  
CONSOLIDATED FINANCIAL INFORMATION  
SECOND QUARTER AND YEAR-TO-DATE ENDED JUNE 30, 2011**

### CONTACT

Pieter van Meeteren  
Group Director Finance  
Tel +31 (0)10 – 4405 120  
[pieter.van.meeteren@refresco.com](mailto:pieter.van.meeteren@refresco.com)

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## **CEO HANS ROELOFS COMMENTS THE SECOND QUARTER**

“We see the second quarter result as satisfying in the challenging market environment, which Refresco and the industry faced. We were able to realize a modest organic growth in both private label manufacturing and contract manufacturing for A-brands. We progressed successfully in passing on the raw material and packaging price increases to our customers, evidenced in favorable gross margin development in the second quarter compared to the first quarter of this year and, most important, without losing customer contracts. Integration of the recently acquired businesses was in line with our expectations.

Unfortunately June was not a good start of the summer in terms of weather. After a favorable spring the weather got poor in all our key markets. As a consequence, volumes lagged behind our expectations in June.”

## **SECOND QUARTER 2011 HIGHLIGHTS**

- Revenue was €441.4 million, up 37.5% from the second quarter of 2010. Excluding the impact of the SDI and Spumador acquisitions, revenue increased by €36.5 million or 11.4%. Of this increase 2.9% was volume based. The remaining increase of 8.5% was due to higher average selling prices caused by raw material price increases that we have passed on to our private label customers.
- The 2.9% organic volume growth in the second quarter was partly attributable to Easter, which sales took place in the second quarter instead of the first quarter as in 2010. In average, the second quarter showed a further growth in volumes in line with our expectations and slightly outperforming the private label market growth, yet the poor weather in our key markets in June had a negative impact on volumes.
- Gross profit margin (percentage of revenue) for the second quarter was 38.8% compared to 40.5% for the second quarter of 2010. The decrease was mainly due to some delay in passing on the raw material price increases. Compared to the first quarter of 2011 the gross profit margin recovered from 37.1% to 38.8% reflecting the continuation of passing on the raw material price increases to our private label customers.
- Gross profit margin per litre for the second quarter was 0.117 euros, which is below the second quarter of 2010. This was mainly attributable to the lower gross profit margins per litre of recently acquired businesses, which both have large volumes of mineral water in their product portfolio.

- EBITDA was €35.1 million compared to €38.7 million for the second quarter of 2010. Excluding the SDI and Spumador integration expenses, acquisition cost, refinancing cost, and the mark-to-market revaluation of the US\$ options, the adjusted EBITDA was €44.7 million compared to €39.4 million for the second quarter of 2010 reflecting the positive impact of the recent acquisitions. Like-for-like, the adjusted EBITDA was €38.6 million compared to €39.4 million for the second quarter of 2010.
- Operating profit was €19.2 million compared to €26.3 million in the second quarter of 2010. The operating profit increased due to the acquisitions, yet the increase was offset by the one-time costs and some cost inflation in other parts of Refresco during the second quarter.
- We booked one-time write-off of €6.2 million related to capitalized financing cost of previous refinancings in 2008 and 2010, which affected our finance expenses in the second quarter. This, together with the lower operating profit, resulted in a net loss of €2.1 million compared to a net profit of €9.5 million in the second quarter of 2010.
- We apply hedge accounting for US\$ options and interest rate swaps since the completion of the refinancing on May 16, 2011. The US\$ hedge accounting had no material impact on EBITDA in the second quarter.
- In cash flow the movement of working capital was €(13.9) million compared to €(11.1) million in the second quarter of 2010 due to the raw material price increases. The movement was slightly better than we expected.
- Cash position on June 30 was €84.5 million compared to €89.6 million on June 30, 2010.
- On April 18 acquisition of Spumador SpA (“Spumador”) was completed.
- On May 16 full refinancing by the issue of senior secured notes amounting to €660 million was completed.

## **RECENT DEVELOPMENTS**

- We have seen exceptionally poor weather in all our key markets from June to mid-August. Over this period, our sales volumes were significantly reduced. This fully weather related deviation in volumes will also have a strong negative impact on our EBITDA for the third quarter compared to our expectations.

## GENERAL INFORMATION

Refresco Group BV (“Refresco”) is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam. The consolidated financial information in this document comprise the consolidated financial information of Refresco Group BV and its subsidiaries (together the “Group”).

The activities of Refresco consist of manufacturing of private label soft drinks and fruit juices and contract manufacturing for A-brands. Sales and production are in all the main countries of Western Europe.

The consolidated income statement, balance sheet and cash flow statement are prepared in accordance with accounting and measurement recognition criteria of International Financial Reporting Standards, as adopted by the European Union.

On March 24, 2010 the former shareholder 3i took a minority stake of 20.3% in Refresco. The total capital injection of €84 million was paid in two tranches, the first tranche of €38.1 million was paid in March 2010 and the remainder was paid in March 2011.

In addition to 3i’s capital injection a new acquisition facility of €140 million was agreed in September 2010 with a small group of banks for a period of two years with a possibility to extend by another two years.

In September 2010, Refresco acquired 100% of the issued and outstanding shares in Soft Drinks International GmbH & Co KG (“SDI”), a German producer of carbonated soft drinks and mineral water. SDI has production facilities in Ertstadt (Germany) and in Heerlen (the Netherlands). The annual revenue of SDI is approximately €140 million, reflecting 874 million litres. The acquisition of SDI was funded by using some of the capital injection by 3i and part of the acquisition facility.

In April 2011, Refresco acquired 100% of the issued and outstanding shares in Spumador SpA, a Italian producer of carbonated soft drinks and mineral water. Spumador has five production facilities in the North of Italy. The annual revenue of Spumador is approximately €170 million, reflecting 958 million litres. The acquisition of Spumador was funded by the remaining part of the capital injection by 3i and part of the acquisition facility.

On May 16, 2011, Refresco was fully refinanced. All existing bank facilities were fully replaced by senior secured notes which are listed on the Luxembourg Stock Exchange. The notes total an amount of €660 million of which €360 million is fixed (7NC3) at 7.375% and €300 million floating (7NC1) at 3 month EURIBOR + 400bps. The notes are due in 2018. In addition, Refresco entered into a €75 million revolving credit facility with a syndicate of seven banks.

## CONSOLIDATED INCOME STATEMENT

### Refresco Group BV

(In million of Euros)

Unaudited

	Three months ended June 30		Six months ended June 30	
	2011 Actuals	2010 Actuals	2011 Actuals	2010 Actuals
Revenue	441.4	321.1	761.1	583.5
Raw materials and consumables used	(270.0)	(191.0)	(471.1)	(344.7)
<b>Gross Profit Margin</b>	<b>171.4</b>	<b>130.1</b>	<b>290.0</b>	<b>238.8</b>
<i>Gross Profit Margin %</i>	<i>38.8%</i>	<i>40.5%</i>	<i>38.1%</i>	<i>40.9%</i>
Gross Profit Margin per litre	0.117	0.132	0.118	0.134
Employee benefits expenses	(39.0)	(29.0)	(71.2)	(56.1)
Depreciation, amortization and impairment costs	(15.9)	(12.4)	(28.9)	(24.4)
Other operating expenses	(97.3)	(62.4)	(165.0)	(121.1)
<b>Operating profit</b>	<b>19.2</b>	<b>26.3</b>	<b>24.9</b>	<b>37.2</b>
Finance income	0.6	0.2	0.8	0.3
Finance expense	(19.8)	(12.0)	(25.7)	(26.5)
<b>Net finance result</b>	<b>(19.2)</b>	<b>(11.8)</b>	<b>(24.9)</b>	<b>(26.2)</b>
<b>Profit / (loss) before income tax</b>	<b>0.0</b>	<b>14.5</b>	<b>0.0</b>	<b>11.0</b>
Income tax ( expense ) / benefit	(2.1)	(5.0)	(1.5)	(4.3)
<b>Profit / (loss)</b>	<b>(2.1)</b>	<b>9.5</b>	<b>(1.5)</b>	<b>6.7</b>
Profit attributable to:				
Owners of the company	(2.1)	9.5	(1.5)	7.2
Non-controlling interest	0.0	0.0	0.0	(0.5)
<b>Profit / (loss)</b>	<b>(2.1)</b>	<b>9.5</b>	<b>(1.5)</b>	<b>6.7</b>

## CONSOLIDATED BALANCE SHEET

### Refresco Group BV

(In million of Euros)

Unaudited

	<u>June 30</u>		<u>Dec 31</u>
	2011	2010	2010
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	434.2	325.6	351.7
Intangible assets	300.6	276.0	276.7
Other investments	2.5	1.3	1.1
Deferred tax assets	16.3	5.4	11.9
<b>Total non-current assets</b>	<b>753.6</b>	<b>608.3</b>	<b>641.4</b>
<b>Current assets</b>			
Inventories	170.4	116.6	116.7
Other current assets	358.3	228.0	228.6
Cash and cash equivalents	84.5	89.6	75.1
<b>Total current assets</b>	<b>613.2</b>	<b>434.2</b>	<b>420.4</b>
<b>Total assets</b>	<b>1,366.8</b>	<b>1,042.5</b>	<b>1,061.8</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	4.3	4.3	4.3
Share premium	259.8	187.6	214.5
Reserves	(48.2)	(27.4)	(55.4)
Profit / (loss) for the period	(1.5)	7.2	9.3
<b>Total equity</b>	<b>214.4</b>	<b>171.7</b>	<b>172.7</b>
<b>Non-current liabilities</b>			
Loans and borrowings	658.1	519.9	535.9
Derivatives	7.5	18.7	14.1
Provisions and tax	57.4	35.2	42.9
<b>Total non-current liabilities</b>	<b>723.0</b>	<b>573.8</b>	<b>592.9</b>
<b>Current liabilities</b>			
Bank overdrafts			0.9
Loans and borrowings	3.9	16.2	23.6
Trade and other payables	425.5	280.8	271.7
<b>Total current liabilities</b>	<b>429.4</b>	<b>297.0</b>	<b>296.2</b>
<b>Total equity and liabilities</b>	<b>1,366.8</b>	<b>1,042.5</b>	<b>1,061.8</b>

## CONSOLIDATED CASH FLOW STATEMENT

### Refresco Group BV

(In million of Euros)

Unaudited

	Three months ended June 30		Six months ended June 30	
	2011 Actuals	2010 Actuals	2011 Actuals	2010 Actuals
Operating profit	19.2	26.3	24.9	37.2
Adjustment for:				
Depreciation and amortization	15.9	12.4	28.9	24.4
Finance income / (expense)	(12.9)	(11.7)	(25.1)	(23.5)
Income tax (expense) / benefit	(4.9)	(1.2)	(7.8)	(1.4)
Changes in working capital	(13.9)	(11.1)	(12.6)	(17.1)
Changes in provisions	0.4	0.4	(0.6)	0.3
<b>Net cash flow from operating activities</b>	<b>3.8</b>	<b>15.1</b>	<b>7.7</b>	<b>19.9</b>
Investment in property, plant and equipment	(11.6)	(10.2)	(19.1)	(19.5)
Investments in intangible fixed assets	(0.1)	(0.2)	(0.1)	(0.6)
Other investments	(0.0)	0.1	(1.4)	(0.0)
Acquisitions	(117.7)	0.0	(117.7)	0.0
<b>Net cash flows from investing activities</b>	<b>(129.4)</b>	<b>(10.3)</b>	<b>(138.3)</b>	<b>(20.1)</b>
Bankoverdraft	0.0	0.0	(0.9)	(1.4)
Loans and borrowings	97.8	(8.6)	95.7	(5.4)
Proceeds from issue of share capital	(0.7)	0.0	45.3	37.5
<b>Net cash flows from financing activities</b>	<b>97.1</b>	<b>(8.6)</b>	<b>140.1</b>	<b>30.7</b>
Translation adjustment	(0.1)	(0.0)	(0.1)	(0.6)
<b>Movement in cash and cash equivalents</b>	<b>(28.6)</b>	<b>(3.8)</b>	<b>9.4</b>	<b>29.9</b>
Cash and cash equivalents at beginning	113.1	93.4	75.1	59.7
Cash and cash equivalents at end	84.5	89.6	84.5	89.6
	<b>(28.6)</b>	<b>(3.8)</b>	<b>9.4</b>	<b>29.9</b>

## EXPLANATORY NOTES

(In million of Euros)

Segmentation of revenue is based on the location of manufacturing. Split per geography is set forth in the table below.

### Revenue

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	2011 Actuals	2010 Actuals	2011 Actuals	2010 Actuals
Benelux	133.6	118.7	238.7	211.0
Germany	105.5	56.8	193.9	107.2
France	69.6	60.6	122.5	108.6
Iberia	63.9	59.4	115.9	109.3
Italy	40.3	0.0	40.3	0.0
Other	28.5	25.6	49.8	47.4
Total revenue	<u>441.4</u>	<u>321.1</u>	<u>761.1</u>	<u>583.5</u>

Revenue in the second quarter increased by €120.3 million or 37.5% compared to the second quarter of 2010. Excluding the impact of SDI and Spumador acquisitions, revenue increased by €36.5 million or 11.4%.

Revenue in the first half of the year increased by €177.6 million or 30.4% compared to the first half of 2010. Of this increase €116.8 million was related to the acquisitions of SDI and Spumador. Like-for-like the increase in the first half of the year was €60.7 million or 10.4%.

The revenue growth reflects Refresco's ability to pass on raw material price increases to our private label customers, which is leading to higher average selling prices as well as our leading market share, continued growth of private label market, and further growth of our co-manufacturing activities.

### Sales in litres

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	2011 Actuals	2010 Actuals	2011 Actuals	2010 Actuals
Total litres (millions)	<u>1,467.7</u>	<u>984.4</u>	<u>2,447.9</u>	<u>1,775.8</u>

Second quarter sales in litres increased by 49.1%, which was mainly related to the acquisitions of SDI and Spumador. Like-for-like the growth was 2.9%. Total increase in the first half of the year was 37.8%, which was mainly related to the acquisitions. Like-for like increase was 2.0%.

The difference between the revenue growth in euros and litres is a consequence of the passing on of the increased raw material prices to our customers leading to higher average selling prices per litre.

### **Reconciliation of operating profit to adjusted EBITDA**

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	2011 Actuals	2010 Actuals	2011 Actuals	2010 Actuals
Operating profit	19.2	26.3	24.9	37.2
Depreciation and amortiza	15.9	12.4	28.9	24.4
<b>EBITDA</b>	<b>35.1</b>	<b>38.7</b>	<b>53.8</b>	<b>61.6</b>
SDI integration cost	0.1		0.8	
Acquisition cost Spumador	1.1		1.4	
Costs refinancing	7.7		7.7	
FV adjustment acquisition	0.7		0.7	
Fee shareholders		0.7		0.7
Mtm revaluation of US\$ op	0.0	0.0	0.9	(3.4)
<b>Adjusted EBITDA</b>	<b>44.7</b>	<b>39.4</b>	<b>65.3</b>	<b>58.9</b>

Adjusted EBITDA in the second quarter increased by €5.3 million compared to the second quarter of 2010 reflecting the positive impact of the recent acquisitions. Like-for-like, the adjusted EBITDA was €38.6 million compared to €39.4 million for the second quarter of 2010.

The like-for-like adjusted EBITDA for the first half of the year was €57.8 million compared to €58.9 million for the first half of 2010.

### **Other income statement items**

The overall increase of cost items such as employee benefits expenses and other operating expenses was mainly an effect of the acquisitions of SDI and Spumador. The remaining increase in costs was related to one-time costs of the acquisitions, one-time refinancing costs, and some cost inflation in other parts of Refresco during the second quarter.

The increase of finance expenses for the second quarter was due to the one-time write-off of €6.2 million. This write-off is related to capitalized financing cost of previous refinancing which took place in February 2008 and September 2010.

## **Balance sheet movements**

The increase in share premium and reserves was mainly related to the second tranche of capital injection by 3i which was received in March 2011.

The increase in long term loans and borrowings was related to the additional loan facilities received for the acquisition of SDI in September 2010 and Spumador in April 2011. The total facility was refinanced by the issue of the senior secured notes on May 16, 2011.

Actual working capital was €103.3 million compared to €63.8 million in 2010. Excluding the working capital related to the acquisitions, increase was limited to €2.0 million which was slightly better than our expectations given the higher raw material and packaging prices.

The decrease of short term loans and borrowings is related to the refinancing. Most existing loans are now long term.

Capex spending of €19.1 million in the first half of the year was in-line with the first half of 2010. On like-for-like basis the capex spending was slightly below the first half of 2010.

--- End of report ---