Press release

Refresco delivers on strategic goals and reports higher full year 2016 adjusted net profit

Q4 2016 Highlights[1]:

- Total volume increased 18.6% to 1,631 million liters.
- Gross profit margin per liter was 14.5 euro cents (Q4 2015: 14.8 euro cents).
- Adjusted EBITDA increased 7.9% to €52 million.

FY 2016 Highlights[1]:

- Total volume increased 6.0% to 6,462 million liters.
- Co-Packing volumes increased 49.0%, representing 26.8% of total volume. Private Label volumes decreased 4.1%, representing 73.2% of total volume.
- Gross profit margin per liter was 14.2 euro cents (FY 2015: 14.2 euro cents).
- Adjusted EBITDA increased 2.7% to €222 million.
- Adjusted net profit increased 11.1% to €86 million and adjusted EPS increased 8.2% to €1.06.
- Proposed cash dividend of €0.38 per share, subject to shareholder approval.

	Un-audited		Audited	
In millions of €, unless stated otherwise	**Q4 2016**	**Q4 2015**	**FY 2016**	**FY 2015**
Volume (millions of liters)	**1,631**	1,376	**6,462**	6,095
Revenue	**529**	471	**2,107**	2,016
Gross profit margin per liter (euro cents) [2]	**14.5**	14.8	**14.2**	14.2
EBITDA	**50**	53	**217**	195
Adjusted EBITDA[2]	**52**	48	**222**	216
Net profit / (loss)	**17**	25	**82**	42
Adjusted net profit / (loss)	**19**	19	**86**	78
Adjusted EPS[2,3] (euro)	**0.23**	0.23	**1.06**	0.98
Net debt ratio (net debt/LTM adj. EBITDA) [2]	-	-	**2.8**	2.1
Dividend proposal (euro)	-	-	**0.38**	0.34

CEO Refresco, Hans Roelofs: ”Looking back on the 2016 results and our strategic objectives, we are pleased to report good progress. Our strategy to grow rapidly the Co-Packing business is contributing very positively to volume development. With many branded players looking for international partners like Refresco, we expect this part of our business to continue to grow at a rapid pace.

We made strong progress on our buy & build strategy, strengthening our position in Europe with the acquisition of DIS. A major highlight of the year was undoubtedly the acquisition of Whitlock Packaging with which we took our first step into the US market. Integration of this business is now underway and proceeding smoothly. Buy & build remains an important focus for us and we see ample opportunities for consolidation – in Europe and the US - going forward.

In our operations we continued to invest in new bottling lines and warehousing facilities across the business, expanding further our capabilities especially in Aseptic PET. The expansion of our customer offering is an important driver of organic growth, which remains our top priority.

Finally, we are pleased to welcome Thomas Kunz as new Supervisory Board member and Vincent Delozière as additional Executive Board member, subject to shareholder approval at the upcoming AGM.”

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[1] Change percentages and totals calculated before rounding.
[2] Gross profit margin per liter, adjusted EBITDA, adjusted EPS (euro cents)-pro forma, net debt ratio (net debt/LTM adjusted EBITDA) and adjusted net profit/(loss) are not a measure of our financial performance under IFRS. We apply adjusted EBITDA and adjusted net profit to exclude the effects of certain exceptional charges/gains that we believe are not indicative of our underlying operating performance. Such adjustments relate primarily to substantial one-off restructurings, costs/gains relating to acquisitions or disposals, refinancing, IPO relating costs and related tax effect.
[3] Adjusted EPS has been calculated based upon adjusted net profit. The number of issued shares amounts to 81.2 million shares in Q4 2016 and in Q4 2015. FY 2015 the number of shares was determined on a pro forma basis of 79.5 million.

Volume and revenue by location of sales

Volume in the fourth quarter increased 18.6% to 1,631 million liters compared with 1,376 million liters in the fourth quarter of 2015. On a like-for-like basis[4] total volume in the quarter decreased 1.1% compared with the fourth quarter in 2015. As we are under-represented in the fast growing water category and relatively strong in the declining juice category, we underperformed the total soft drinks market in Europe slightly.

In the full year, volume increased 6.0% to 6,462 million liters (2015: 6,095 million liters). On a like-for-like basis total volume decreased 2.1%. The difference in volume per region is in line with our explanation in previous quarters: volume growth in the Benelux was mainly driven by the DIS acquisition, significant volume increase in the UK related to the new carbonated soft drinks line which started production this year and in Germany and Poland the effect of the discontinued low margin-large volume private label contracts continued.

Volume (in million liters)	Q4 2016	Q4 2015	FY 2016	FY 2015
Benelux	337	233	1,268	1,018
Germany	313	338	1,361	1,466
France	191	190	914	891
Iberia	127	135	581	572
Italy	168	176	837	860
North East Europe[5]	115	146	528	663
UK	189	156	714	626
Total Europe	**1,440**	**1,376**	**6,203**	**6,095**
US[6]	191	-	259	-
Total Group	**1,631**	**1,376**	**6,462**	**6,095**

Co-Packing volume in the fourth quarter more than doubled to 534 million liters, driven by this year's acquisitions. Excluding acquisitions, Co-Packing volume increased significantly by 12.3% compared to the same quarter last year. Private Label volume decreased 3.1% in the fourth quarter to 1,097 million liters. Private Label volume excluding acquisitions decreased 4.0%.

In the full year, Co-Packing volume amounted to 1,731 million liters, an increase of 49.0% compared to 2015. On a like-for-like basis, Co-Packing reported in 2016 high single digit volume growth of 8.3%. As a percentage of total volume, Co-Packing increased from 19.1% in 2015 to 26.8% in 2016, which is in line with our strategic focus of growing Co-Packing volume faster than Private Label. In the full year, Private Label volume decreased 4.1% to 4,732 million liters. In Europe the promotional environment of the branded products remained intense, impacting volumes of Private Label products.

Co-Packing and Private Label (in million liters)	Q4 2016	Q4 2015	FY 2016	FY 2015
Co-Packing	534	243	1,731	1,161
Private Label	1,097	1,132	4,732	4,934
Total	**1,631**	**1,376**	**6,462**	**6,095**

[4] Like-for-like excludes the volumes of the acquisitions DIS and Whitlock Packaging.
[5] Including Poland and Finland.
[6] US, consisting of Whitlock Packaging, is consolidated as of September 7, 2016.

Revenue in the quarter increased 12.4% to €529 million compared to €471 million in Q4 2015. For the full year revenue amounted to €2,107 million, an increase of 4.5%.

	Un-audited		Audited	
Revenue (in millions of €)	**Q4 2016**	**Q4 2015**	**FY 2016**	**FY 2015**
Benelux	134	95	506	410
Germany	95	103	414	440
France	73	70	315	312
Iberia	34	37	158	155
Italy	31	32	153	154
North East Europe[7]	32	38	135	154
UK	95	96	379	377
Holding[8]	6	-	9	15
Total Europe	**500**	**471**	**2,068**	**2,016**
US[9]	29	-	39	-
Total Group	**529**	**471**	**2,107**	**2,016**

Gross margin per liter

Gross profit margin per liter for the quarter was 14.5 euro cents (Q4 2015: 14.8 euro cents). For the full year gross profit margin per liter amounted to 14.2 euro cents (2015: 14.2 euro cents). Like-for-like, excluding the impact of the British pound and the DIS and Whitlock Packaging acquisitions, gross margin per liter amounted to 14.7 euro cents on a full year basis.

Reconciliation of operating profit to adjusted EBITDA

Operating profit in Q4 2016 amounted to €26 million compared with €32 million in Q4 2015. Operating costs increased to €210 million in the quarter compared to €171 million in the same quarter in the previous year, related to the acquisitions and partly offset by the impact of the British pound. For the full year operating profit was €129 million, 17.0% higher than €111 million in 2015.

EBITDA in Q4 2016 was €50 million compared with €53 million in Q4 2015. Adjusted EBITDA in Q4 2016 increased 7.7% to €52 million compared to €48 million in Q4 2015. The one-off costs in Q4 2016 related to the acquisition of Whitlock Packaging. In 2016, on a full year basis, EBITDA amounted to €217 million compared with €195 million in 2015, an increase of 11.2%. Excluding one-off items, adjusted EBITDA was €222 million in 2016 (2015: €216 million).

	Un-audited		Audited	
In millions of €	**Q4 2016**	**Q4 2015**	**FY 2016**	**FY 2015**
Operating profit	**26**	**32**	**129**	**111**
D&A and impairment costs	25	21	88	85
EBITDA	**50**	**53**	**217**	**195**
One-off costs/(benefits)	1	(5)	5	21
Adjusted EBITDA	**52**	**48**	**222**	**216**

Finance costs and tax

Finance costs in Q4 2016 were at €4 million compared with €4 million in Q4 2015. For the full year, finance costs amounted to €19 million, a decrease of 73.6% versus the previous year. The refinancing in June 2015 resulted in substantial lower interest costs. Income tax expenses in 2016 amounted to €30 million compared to €19 million in 2015. The effective tax rate in 2016 was 26.3% versus 31.0% in 2015. The higher tax rate in 2015 was mainly due to the non-deductible IPO costs and part of the refinancing costs.

[7] Including Poland and Finland.
[8] Holding revenue relates to the sale of raw materials to third parties.
[9] US, consisting of Whitlock Packaging, is consolidated as of September 7, 2016.

Reconciliation of net profit to adjusted net profit

Net profit in 2016 was €82 million, an increase of 95.0% compared to a net profit of €42 million in 2015. The adjusted net profit increased 11.1% to €86 million on a post-tax basis (2015: €78 million).

	Un-audited		Audited	
In millions of €	**Q4 2016**	**Q4 2015**	**FY 2016**	**FY 2015**
Net profit	**17**	**25**	**82**	**42**
Non-controlling interest	-	-	-	-
Profit attributable to shareholders	**17**	**25**	**82**	**42**
One-off costs/(benefits)	2	(6)	5	36
Adjusted net profit/(loss)	**19**	**19**	**86**	**78**

Earnings per share

In 2016 earnings per share amounted to €1.00 compared with €0.53 in 2015. On an adjusted basis, excluding one-off items, the earnings per share in 2016 were €1.06, an increase of 8.2% compared with €0.98 in 2015. In 2015, on a full year basis, the number of shares was determined on a pro forma basis of 79.5 million, while in 2016 the number of shares were 81.2 million.

Balance sheet and financial position

Balance sheet total increased €323 million to €1,964 million. The increase primarily related to the acquisitions. Cash and cash equivalents amounted to €139 million at the end of 2016 (December 31, 2015: €96 million).
Net debt amounted to €622 million consisting of €761 million in loans and borrowings and €139 million in cash and cash equivalents, compared to a net debt of €458 million at the end of December 2015. The net debt ratio was 2.8 compared to a ratio of 2.1 at the end of December 2015. On a pro-forma basis, including full year EBITDA of the acquired companies, the net debt ratio was 2.6.

Capex, working capital and cash flow

For the full year total capital expenditure spending was €88 million (FY 2015: €81 million). Capex was invested in the installation of six new production lines and in the optimization of the existing manufacturing sites and warehousing facilities. End 2016 working capital was €50 million compared with €43 million in 2015. Net cash generated from operating activities amounted to €157 million in the full year compared with €130 million in the previous year.

Dividend

For 2016, a dividend of €0.38 per sharein cash will be proposed to the Annual General Meeting, an increase of 11.8% versus 2015.

Expansion of the Executive Board

After good progress in 2016 on our strategic objectives, including the new market entry in the US, the Executive Board and the Supervisory Board have decided to expand the Executive Board, currently consisting of CEO Hans Roelofs and CFO Aart Duijzer, with a new position of Chief Operating Officer Europe. The responsibility for the US operations continues to reside with CEO Hans Roelofs. The Supervisory Board and Executive Board are pleased to nominate Vincent Delozière for appointment to this new position, subject to approval of the Annual General Meeting on May 9, 2017. Vincent Delozière joined Refresco in 2002 and has fulfilled several positions within the Refresco Group including his latest position as Group Managing Director reporting into the Executive Board. CFO Aart Duijzer has been nominated by the Supervisory Board for re-appointment for a new term of four years.

Supervisory Board

At the upcoming Annual General Meeting, a number of changes relating to the Supervisory Board will be proposed for approval. Pieter de Jong will step down in line with the prevailing rotation plan. Yiannis Petrides will be nominated for re-appointment for a new term of four years. Thomas Kunz will be nominated as a new Supervisory Board member for a term of four years. Thomas Kunz is Swiss and has spent 32 years working at Procter & Gamble and Danone in various countries, including the US. His recent positions were CEO of Danone Waters and CEO of Danone Dairy.

Subsequent event

The previously announced preliminary agreement to purchase Sanpellegrino's bottling facility in Recoaro, Italy, was finalized on March 1, 2017. Due to the relatively small size of the transaction, no further details are disclosed.

Outlook
In the medium term Refresco targets an average organic volume growth in the low to mid-single digits based on current market outlook. Gross profit margin per liter in the medium term is expected to come down marginally due to product mix effects. For 2017, we also expect the gross profit margin per liter to come down due to the change in product mix relating to the integration of the acquisitions in 2016.

Analyst presentation & conference call
Today, at 10:00 am CET, Refresco will host an analyst meeting and audio cast. The dial-in number is +31 (0)20 703 8261, or +44 (0)330 336 9411 for international participants. The conference ID is 3449258.
You can access the webcast and presentation via http://www.refresco.com/investors/investor-centre/. A replay of the call will be available by the end of the day.

Financial calendar 2017

Publication annual report 2016	March 14, 2017
Annual General Meeting of Shareholders	May 9, 2017
Ex-dividend date	May 11, 2017
Publication of Q1 2017 results	May 11, 2017
(Dividend) record date	May 12, 2017
(Dividend) payment date	June 6, 2017
Publication of Q2 and HY 2017 results	August 10, 2017
Publication of Q3 2017 results	November 9, 2017

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About Refresco
Refresco (Euronext: RFRG) is the leading independent bottler of soft drinks and fruit juices for retailers and A-brands with production in the Benelux, Finland, France, Germany, Italy, Poland, Spain, the UK and the US. The company realized in 2016 full year volumes and revenue of circa 6.5 billion liters and circa €2.1 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 about 5,500 employees.

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

Like-for-like numbers exclude the volumes of the acquisitions DIS and Whitlock Packaging.

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

The 2016 financial information included in the consolidated statements attached to this press release are derived from the Annual Report 2016. This Annual Report has been authorized for issue. The Annual Report has not yet been published by law and still has to be adopted by the Annual General Meeting on May 9, 2017. In accordance with section 393, Title 9, Book 2 of the Netherlands Civil Code, Ernst & Young Accountants LLP has issued an unqualified auditors' opinion on the Annual Report. The full Annual Report will be available to download on our website (www.refresco.com) from March 14, 2017.

The Tables section:

Consolidated income statement
Consolidated balance sheet
Consolidated cash flow statement

CONSOLIDATED INCOME STATEMENT

Refresco Group NV

In millions of €, unless stated otherwise	Un-audited		Audited	
	Q4 2016	Q4 2015	FY 2016	FY 2015
Revenue	529	471	2,107	2,016
Other income	-	-	-	1
Raw materials and consumables used	(294)	(267)	(1,192)	(1,148)
Gross profit margin	**236**	**203**	**916**	**869**
Gross profit margin %	44.6%	43.1%	43.5%	43.1%
Gross profit margin per liter (euro cents)	14.5	14.8	14.2	14.2
Employee benefits expenses	(67)	(48)	(244)	(222)
Depreciation, amortization and impairment costs	(25)	(24)	(88)	(85)
Other operating expenses	(119)	(103)	(455)	(452)
Operating costs	**(210)**	**(171)**	**(787)**	**(758)**
Operating profit / (loss)	**26**	**32**	**129**	**111**
Finance income	-	-	-	-
Finance expense	(4)	(4)	(19)	(50)
Net finance result	**(4)**	**(4)**	**(19)**	**(50)**
Profit / (loss) before income tax	**22**	**28**	**111**	**61**
Income tax (expense) / benefit	(5)	(3)	(29)	(19)
Profit / (loss)	**17**	**25**	**82**	**42**
Profit attributable to:				
Owners of the company	17	25	82	42
Non-controlling interest	-	-	-	-
Profit / (loss)	**17**	**25**	**82**	**42**

CONSOLIDATED BALANCE SHEET
Refresco Group NV

In millions of € Audited	December 31 2016	December 31 2015
ASSETS		
Non-current assets		
Property, plant & equipment	632	526
Intangible assets	549	446
Financial fixed assets	3	3
Deferred tax	10	9
Total non-current assets	**1,194**	**984**
Current assets		
Inventories	243	207
Derivative financial instruments	11	4
Current income tax receivable	-	1
Other current assets	378	349
Cash and cash equivalents	139	96
Total current assets	**771**	**656**
Asset classified as held for sale	-	1
Total assets	**1,964**	**1,641**
EQUITY & LIABILITIES		
Equity		
Share capital	10	10
Share premium	533	533
Reserves	(86)	(71)
Profit / (loss) for the period	82	42
Total equity	**539**	**514**
Non-current liabilities		
Loans and borrowings	750	549
Derivatives	12	10
Provisions and deferred tax	72	45
Total non-current liabilities	**833**	**605**
Current liabilities		
Loans and borrowings	11	4
Derivate financial instruments	-	1
Trade and other payables	555	499
Current income tax liabilities	23	14
Provisions	4	4
Total current liabilities	**592**	**523**
Total equity and liabilities	**1,964**	**1,641**

Refresco

CONSOLIDATED CASH FLOW STATEMENT
Refresco Group NV

	Un-audited		Audited	
In millions of € **Un-audited**	**Q4 2016**	**Q4 2015**	**FY 2016**	**FY2015**
Cash flows from operating activities				
Profit / (loss) after tax	**17**	**25**	**82**	**42**
Adjustments for:				
Depreciation, amortization and impairments	25	21	88	85
Net change in fair value derivative financial instruments recognized in profit and loss and premiums paid	(1)	-	(1)	1
Net finance costs	4	4	19	50
(Gain) / loss on sale of property, plant and equipment and other investments	(1)	-	-	-
Income tax expense / (benefit)	5	3.4	29	19
Movements in provisions pensions and other provisions	3	(2)	(2)	(8)
Cash flows from operating activities before changes in working capital and provisions	**52**	**51**	**214**	**188**
Change in:				
Inventories	(18)	(2)	(28)	(15)
Trade and other receivables	2	1	(15)	38
Trade and other payables	12	(9)	25	(11)
Total change in working capital	**(5)**	**(9)**	**(18)**	**12**
Interest received/ (paid)	(5)	(13)	(17)	(34)
Early repayment fee	-	-	-	(13)
Income taxes paid	(3)	(5)	(22)	(23)
Net cash generated from operating activities	**40**	**25**	**157**	**130**
Cash flows from investing and acquisition activities				
Proceeds from sale of property, plant and equipment	-	-	1	3
Purchase of property, plant and equipment	(30)	(34)	(81)	(84)
Purchase of intangible assets	(2)	(1)	(3)	(2)
Purchase / sale of other investments	-	-	-	3
Acquisitions	(1)	-	(138)	-
Net cash used in investing and acquisition activities	**(33)**	**(34)**	**(221)**	**(81)**
Cash flows from financing activities				
Proceeds from loans and borrowings	(1)	-	198	519
Repayment of loans and borrowings	-	5	(66)	(666)
Proceeds/(costs) of new issued shares	-	-	-	100
Dividend payment	-	-	(27)	(4)
Net cash (used in) / from financing activities	**(1)**	**5**	**105**	**(50)**
Movement in cash and cash equivalents	**6**	**(5)**	**41**	**(1)**
Translation adjustment	1	2	(5)	-
Movement in cash and cash equivalents	**7**	**(3)**	**36**	**(1)**
Cash and cash equivalents at beginning	**125**	**99**	**96**	**97**
Cash and cash equivalents at end	**132**	**96**	**132**	**96**
Movement in cash and cash equivalents	**7**	**(3)**	**36**	**(1)**