

kofola

drinks. life. emotion.



Kofola Group results in 1Q2013

Investor's Presentation

13 May 2013

- **Kofola Group in 1Q2013**

- Summary of results and market conditions in 1Q2013
- Markets, trends and strategy
- Profile and history of Kofola Group
- Shares and shares' price
- Contact



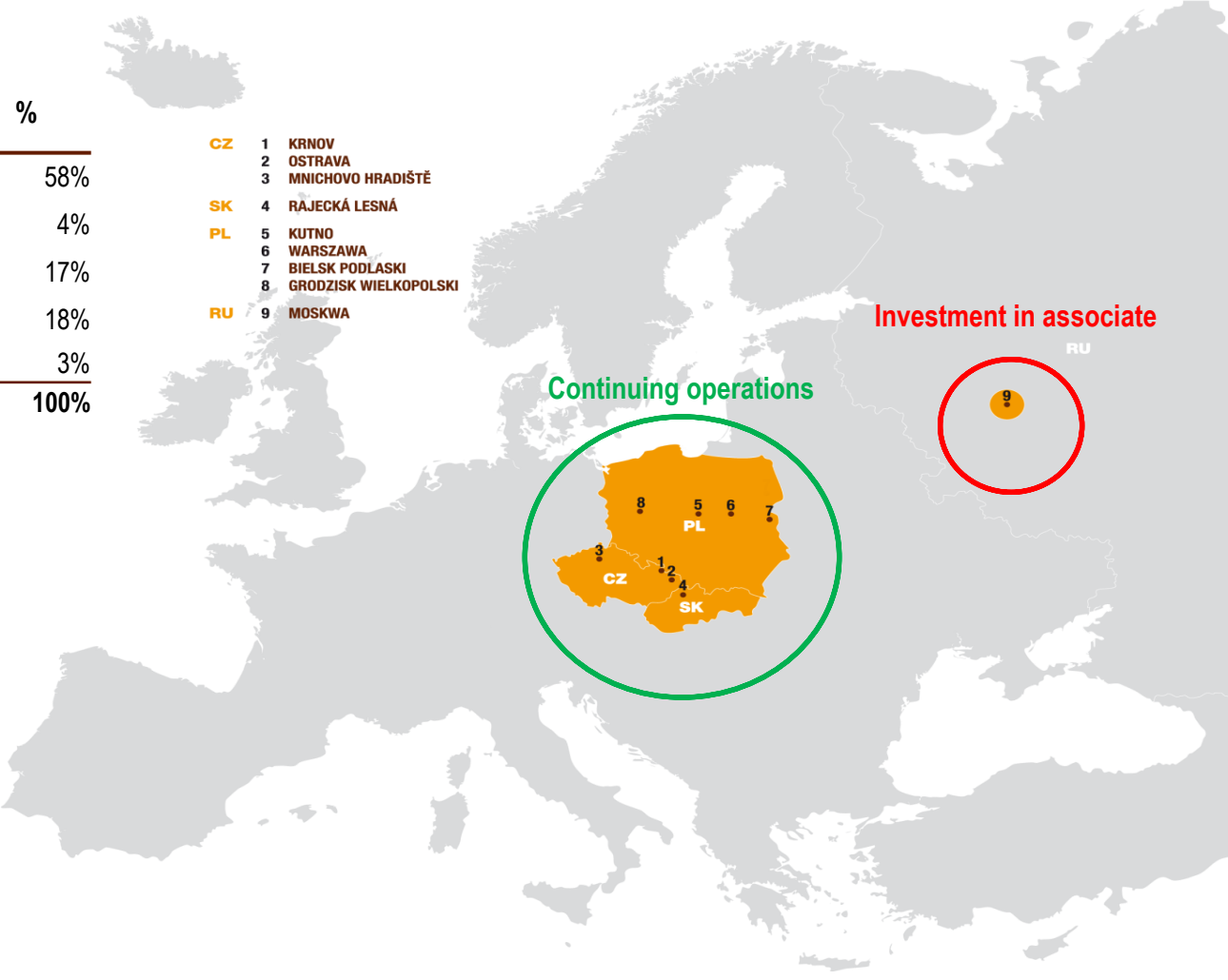
KOFOLA GROUP IN 1Q2013

Due to the focus of Kofola group on the middle Europe countries and termination of shareholder's agreement at the end of 2012, starting 2013 Kofola group consolidate Megapack group by equity method. Therefore in the comparatives Megapack group is presented as **Discontinued consolidation**. **Continuing operations** are represented by Polish, Czech and Slovak entities.

For better readability, where possible and appropriate, presented are comparatives relating to continuing operations.

Segment revenues (Continuing operations)	mIn PLN	%
Carbonated beverages	123.5	58%
Non-carbonated beverages	9.7	4%
Waters	36.8	17%
Syrups	38.1	18%
Other	6.0	3%
Total revenues	214.1	100%
EBITDA (Continuing operations)	20.3	
Total assets	1,115.0	
Equity	537.3	
Net debt (Continuing operations)	276.2	
Net debt/EBITDA (Continuing operations)	2.27	
Net debt/Equity (Continuing operations)	0.51	

- CZ** 1 KRNOV
- 2 OSTRAVA
- 3 MNICHOVO HRADIŠTĚ
- SK** 4 RAJECKÁ LESNÁ
- PL** 5 KUTNO
- 6 WARSZAWA
- 7 BIELSK PODLASKI
- 8 GRODZISK WIELKOPOLSKI
- RU** 9 MOSKWA



OUR MAIN BRANDS



- CZ + SK
- PL
- RU

KEY SUCCESSES AND REALIZED EVENTS IN 1Q2013

Event

Effects

Launches of new products

Czech Republic and Slovakia:

- UGO – new fresh fruit-vegetables juices
- Kofola cherry in 0,25l cans
- Jupi syrups in new tastes – apple and pear
- Rajec w new tastes – forest raspberry and red currant
- Jupik Aqua sport kiwi
- Becoming distributor of luxury french waters Evian i Badoit

Poland:

- Hoop Cola lemon in PET bottle of 0,5l
- Hoop Cola light in PET bottle of 0,5l

Megapack – discontinued consolidation

Due to the focus of Kofola group on the middle Europe countries and termination of shareholder's agreement at the end of 2012, starting 2013 Kofola group will consolidate Megapack group by equity method according to IAS 31.

Credit agreements at Hoop Polska

On 22 April 2013 Hoop Polska Sp. z o.o. concluded credit agreements with banks Millennium S.A. and BPH S.A. The credit agreements relate to investment as well as operating loans and amount to PLN 72 million in total. The due date of the loans is 22 April 2017. The guarantor of the loans is Kofola S.A.

Disposal of TSH Sulich

On 8 March 2013 KOFOLA S.A. sold it's share in Transport Spedycja Handel SULICH Sp. z o.o.

NEW PRODUCTS IN 1Q2013 - 1/2

Markets



UGO

Entering new category of fresh fruit-vegetables juices of top quality. Our juices have short consumption period (have to be consumed to 24 days) and are produced by the means of pascalization thanks to which all nutritional values of fruit and vegetables are retained. Products are available in PET bottles of 0.25l in five tastes: apple, celery with apple, beetroot with apple, red cabbage with apple, carrot and apple.



Jupi syrups – apple and pear

New tastes of popular Jupi syrups should support strong position of this brand on the Czech and Slovak market. Syrups are produced on the hot bottling line without using preservatives. Products are available in PET bottles of 0.7l on the Czech and Slovak market.



Rajec – forest raspberry and red currant

The family of popular flavored waters Rajec has increased by two new refreshing tastes – forest raspberry and red currant. Products are available in PET bottles of 0.75l and 1.5l on the Czech and Slovak market.



NEW PRODUCTS IN 1Q2013 - 2/2



Evian and Badoit

Since February 2013 Kofola group became distributor of luxury French waters Evian and Badoit in the Czech and Slovak region. The offer is aimed at consumers in higher HoReCa segment demanding luxury goods and foreigners visiting the Czech Republic and Slovakia. Products will be available in the following formats – Evian: PET 0.33l; 0.5l; 0.75l; 1.5l;- Badoit: glass 0.75l.

Markets



Jupik Aqua sport kiwi

New taste of popular kids drink. The drink is produced without using preservatives on the hot bottling line. Product will be available in 0.5 PET bottles on the Czech and Slovak market.



Kofola cherry in 0.25l cans

Popular taste of Kofola in 0.25l cans focused on the impuls segment. Ideal for those for whom previous capacity of 0.5l was too large for immediate consumption. Product available the Czech and Slovak market.



Hoop cola light and Hoop cola lemon 0.5l

New format of Hoop cola light and lemon for the impuls segment. Product available in the 0.5l PET bottles on Polish market.



SUCSESSES AND AWARDS IN 1Q2013



- **Czech TOP 100** – Kofola a.s. the fifth most admired company in the Czech Republic in 2012. Continuously in top 5 since 2007

- Kofola a.s. (CZ) obtained awards Superbrands za marki **Kofola** and **Jupik** for 2013.



- Kofola a.s. (SK) obtained awards Superbrands za marki **Kofola** and **Jupik** for 2013.

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MARKET CONDITIONS IN 1Q2013

Macro-economics

- Still high prices of sugar
- High unemployment rate is limiting the consumer's baskets in the countries where Kofola Group is active
- Consumers are still cost sensitive
- Continuing trend when the home consumption of consumers increasing and substituting the consumption in the restaurants
- Weakening of CZK against EUR

Market /competition

- Due to a decrease of consumers demand, the beverage producers started price war to defense their market shares
- Aggressive pricing campaigns of competitors in the segment of cola and syrups
- Faster increase of turnover in discount chains

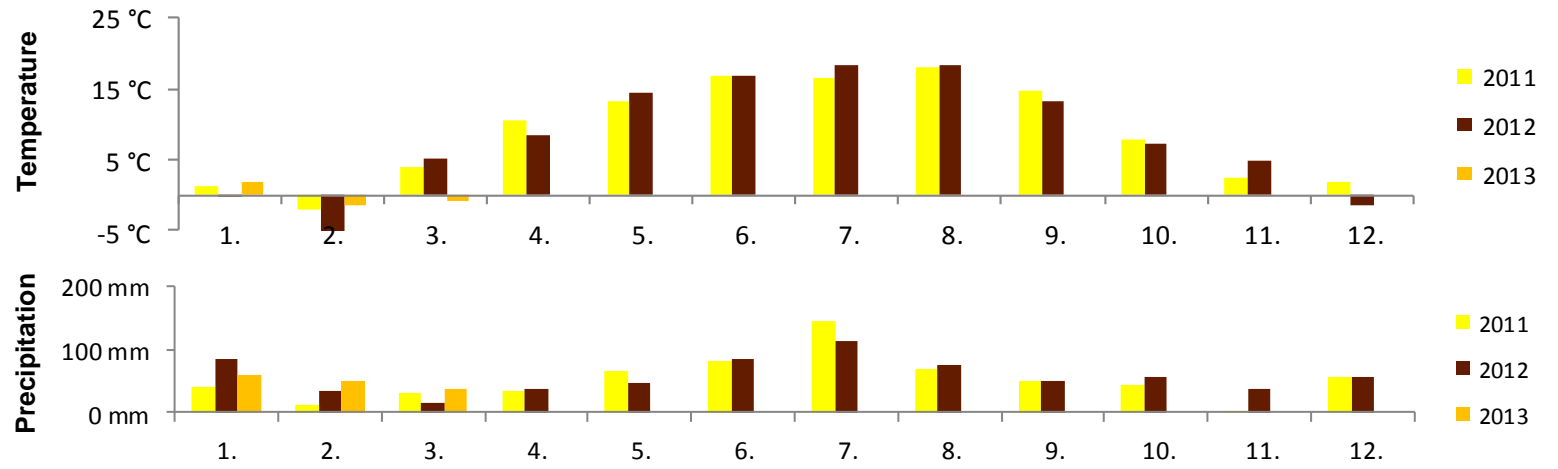
Regulation

- Increase of VAT in Czech republic by 1 p.p. since January 2013 (from 14 % to 15% and from 20% to 21%)
- Increase of corporate income tax in Slovakia by 4 p.p. since January 2013 (from 19% to 23%)

Weather

- Extraordinary large and snowy winter

Comparison of temperature and precipitation in the Central Europe



FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2013 and 1Q2012 [TPLN]

	1Q2013	1Q2012*	Change	%
Continuing operations				
Revenues	214,094	222,198	(8,104)	(3.6%)
Cost of sales	(152,114)	(148,794)	(3,320)	2.2%
Gross profit	61,980	73,404	(11,424)	(15.6%)
Selling, marketing and distribution costs	(50,824)	(52,807)	1,983	(3.8%)
Administrative costs	(12,109)	(11,612)	(497)	4.3%
Other operating revenues/(costs) – net	3,484	1,137	2,347	206.4%
Operating result (EBIT)	2,531	10,122	(7,591)	(75.0%)
EBITDA	20,297	28,318	(8,021)	(28.3%)
Financial result – net	(6,512)	(4,819)	(1,693)	35.1%
Income tax	(1,210)	(1,853)	643	(34.7%)
Net profit for the period from continuing operations	(5,191)	3,450	(8,641)	(250.5%)
Discontinued consolidation				
Net profit for the period from discontinued consolidation	-	(2,690)	2,690	(100.0%)
Net profit for the period	(5,191)	760	(5,951)	(783.0%)
- Attributable to shareholders of parent	(5,172)	760	(5,932)	(780.5%)

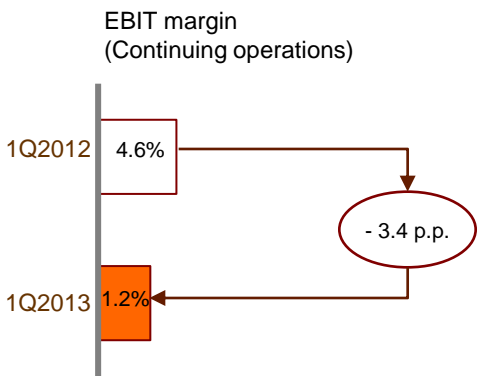
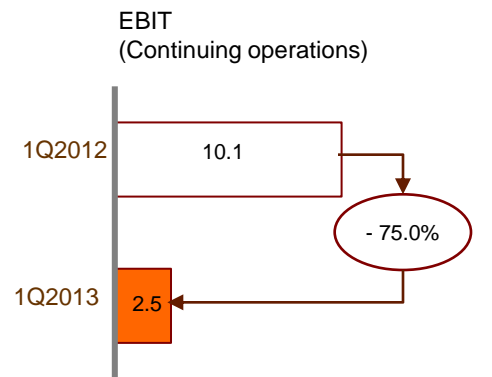
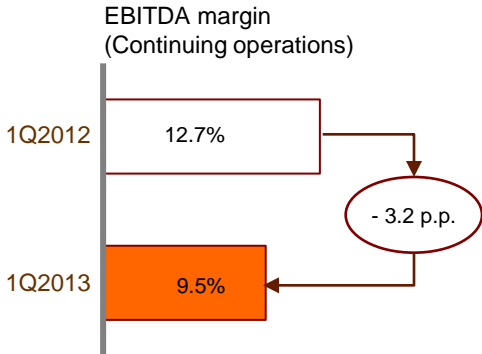
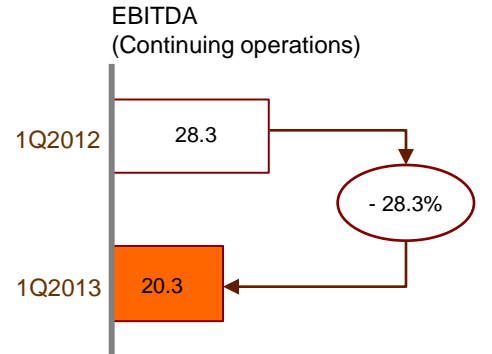
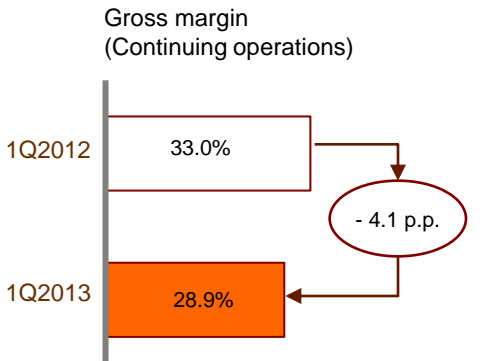
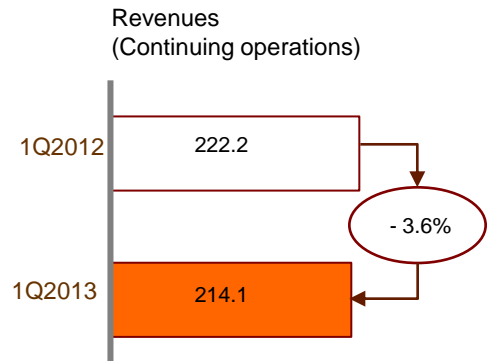
- Decrease of revenues caused mainly due to long winter.
- Impact of the sales structure and realised prices on the profitability of sales (drop in consumption in HoReCa and necessity to respond to competitors' pricing campaigns)
- Partial compensation of the drop in the gross profit due to savings in the selling, marketing and distribution costs (optimization of logistic costs)

*Data for 1Q2012 were translated into the Polish zloty using the exchange rates from 1Q2013



FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2013 [MPLN]

Legend: 1Q2012
 1Q2013



Comments on 1Q2013 results

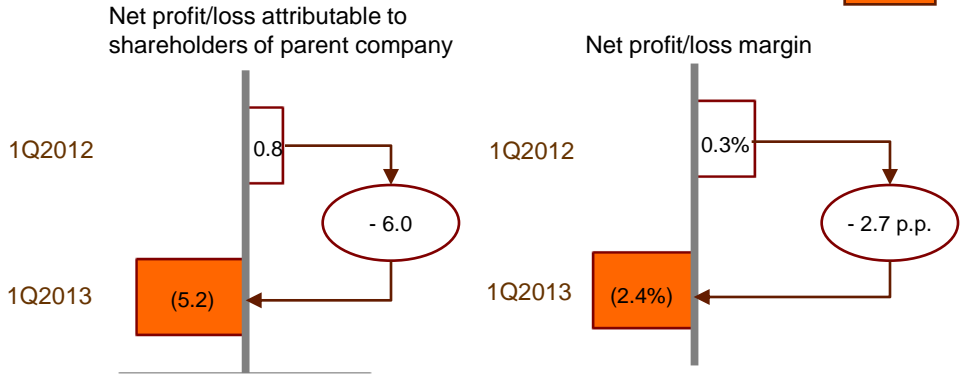
- Revenues have decreased by 3.6% due to lower by PLN 6.5 million sales at HOOP Polska and lower by PLN 2.9 million sales at Kofola Slovakia.
- Gross profit margin has decreased by 4.1 p.p. due to decrease in the HoReCa segment (long winter), increased share to retail chains on total sales and price competition.
- EBIT and EBITDA – decrease lower compared to drop in the gross profit margin thanks to optimization of logistic processes.
- Decrease of EBIT and EBITDA margin by 3.4 and 3.2 p.p. is lower compared to drop in gross profit margin.



EBITDA 20.3 MPLN

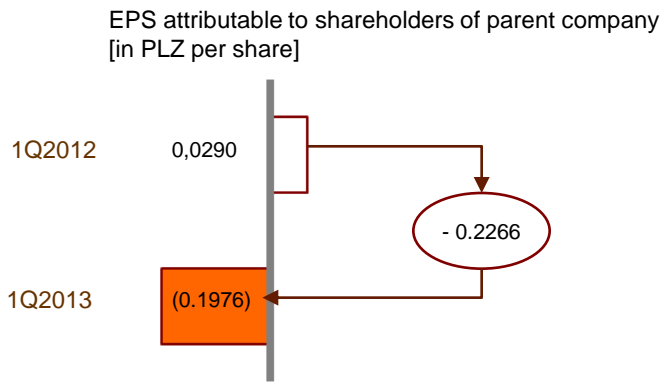
FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2013 [MPLN]

Legend: 1Q2012
 1Q2013



Comments on net profit for 1Q2013

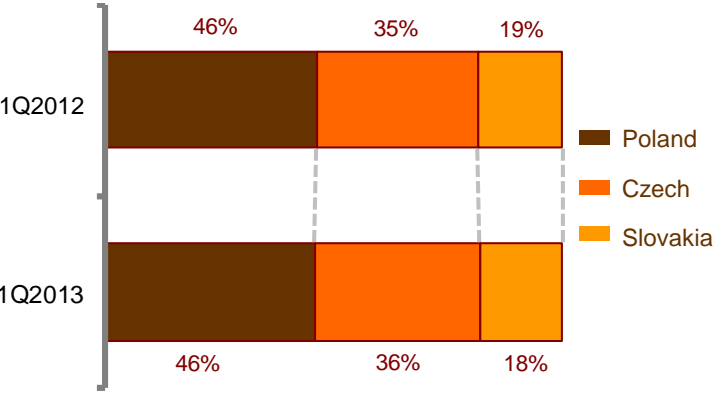
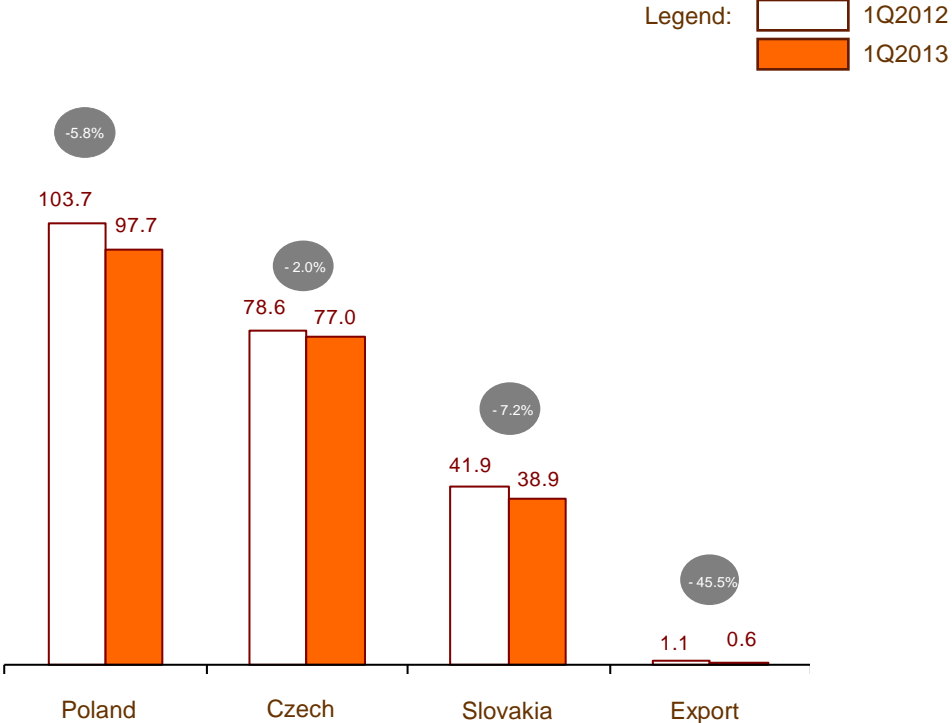
- Net result attributable to shareholders of parent company has decreased by PLN 6.0 million
- Net profit margin lower by 2.7 p.p. compared to prior year



Net loss attributable to shareholders of parent company 5.2 MPLN



SALES IN INDIVIDUAL GEOGRAPHICAL SEGMENTS (CONTINUING OPERATIONS)* FOR 1Q2013 [MPLN]

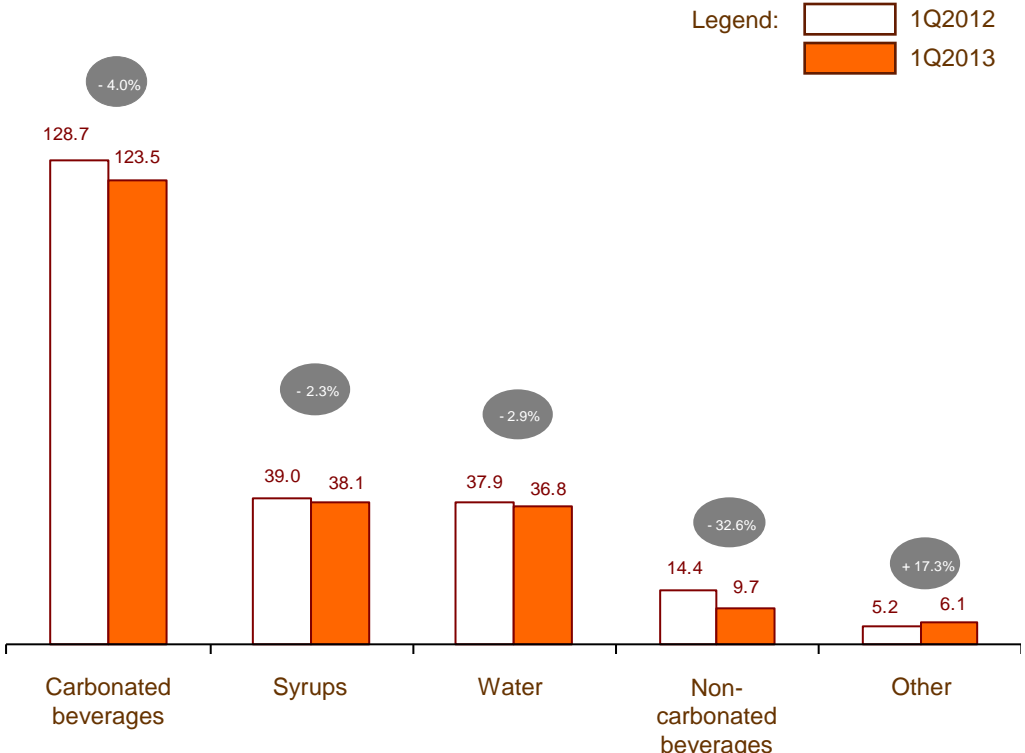


Geographical segments (Continuing operations)

- Poland**
 Revenues have decreased by 5.8% due to lower by PLN 6.5 million sales at HOOP Polska
- Czech**
 Revenues have decreased by 2.0% in PLN (only 0.1% in local currency). Maintenance of sales in the traditional and modern channel (decrease by 0.8% in CZK while the segment has dropped by 0.3%).
 Revenues in the most profitable gastronomy channel decreased by 14.0% (in CZK).
- Slovakia**
 Revenues have decreased by 7.2% in PLN (7.0% in local currency).
 Revenues in the retail segment have increased by 0.9% (in EUR) while the segment have increased by 0.8%.
 Revenues in the most profitable gastronomy channel decreased by 14.9% (in EUR).

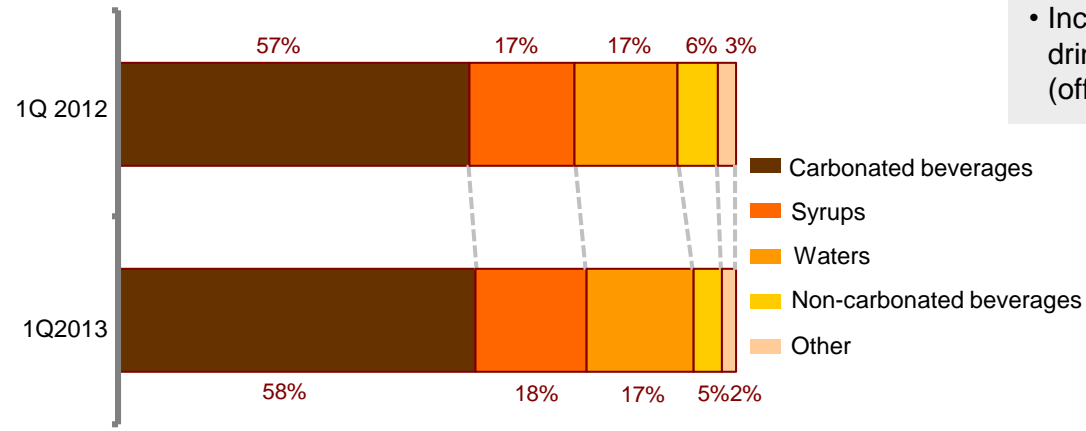
*Data for 1Q2012 were translated into the Polish zloty using historical exchange rates

SALES IN INDIVIDUAL PRODUCT SEGMENTS (CONTINUING OPERATIONS)* FOR 1Q2013 [MPLN]



Segment reporting by product groups (Continuing operations)

- Extraordinary long and snowy winter had negative impact on sales in all product segments.
- The main factor influencing the decrease of revenues in the segment of carbonated beverages were lower sales of Kofola and Hoop Cola due to aggressive promotional campaigns of our competitors in the cola drinks segment.
- Slowdown in sales of syrups (due to pressure on prices). Jupi syrups maintain strong position on the Czech and Slovak market (first respectively second position) despite the drop of the whole category. Paola syrup maintains strong second position on the Polish market.
- Revenues of the waters segment on the similar level compared to prior year. Drop in Poland has been partly compensated by increases in Slovakia and Czech republic (new products, Evian).
- Decrease in revenues observed in non carbonated drinks segment resulting from a long time fall in this category.
- Increase in the segment other due to rising sales of energy drinks (Semtex) and acquisition of chain fresh bars UGO (offering fresh juices) in December 2012.



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FINANCIAL RESULTS OF KOFOLA GROUP IN 1Q2013 [MPLN]

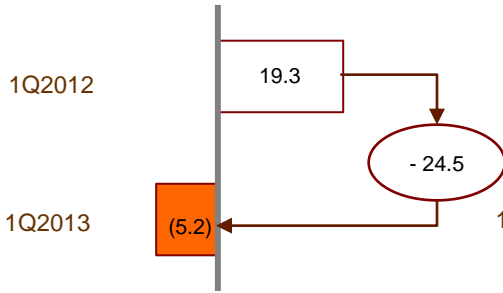
Legend: 1Q2012
 1Q2013

Cash flow and net debt

- Cash flow from operations has decreased by PLN 24.5 million due to unfavorable movement of currency translation, decrease of profit before tax and negative impact of changes in working capital.
- Drop of net debt from continuing operations by PLN 23.7 during the last year.
- Increase of working capital from continuing operations by PLN 8.9 million due to lower balance of trade payables compared to 1Q2012 (pressure from suppliers)
- Net debt/12mEBITDA from continuing operations at similar level compared to 1Q2012.

Drop of Net debt from continuing operations by 23.7 MPLN compared to 1Q2012

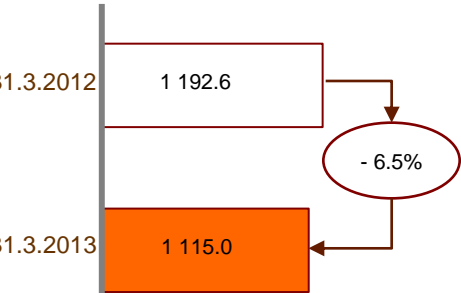
Cash Flow from operations*



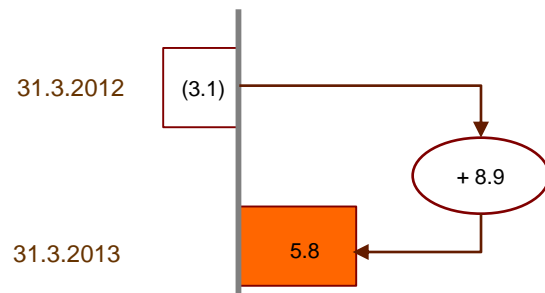
CapEx*



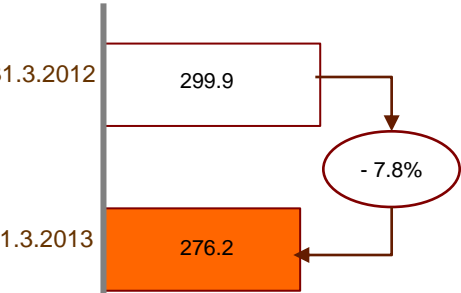
Total assets (Continuing operations)



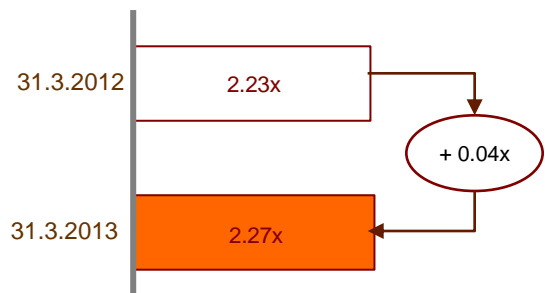
Working capital (Continuing operations)



Net debt (Continuing operations)



Net debt/12mEBITDA (Continuing operations)



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POSITION OF THE GROUP IN THE MAIN SEGMENTS

Legend:

 Leader  Viceleader

	PL	CZ	SK	RU
Cola beverages	3	 2	 2	-
Carbonated beverages	7	 2	 2	-
Waters	10	5	 1	-
Sirups and concentrates	 2	 1	 2	-
Beverages for children	6	 2	 2	3
Energy drinks	-	4	9	-
Soft alcohol beverages (alcopops)	-	-	-	 2

- Stable second position on the Czech and Slovak market.
- Strong position in the segment for carbonated beverages in Slovakia was achieved due to an acquisition of Vinea brand in 2008.
- Since 2008, Kofola Group is a leader in the natural spring waters in Slovakia. Position achieved due to changes in segment strategy and innovations.
- Jupi is clear leader in the syrup segment in the Czech republic and viceleader in Slovakia thanks to introduced innovations. Second place of Paola syrup in Poland.
- Pioneer activities in the segment of beverages for children on Czech and Slovak markets (Jupík, Jupík Aqua). On the Czech and Slovak market second position behind Kubik.
- Energy drink Semtex since acquisition in 2011 strengthens its position in the Czech Republic and Slovakia.
- Alco-pops products have a strong position in Russia (unfortunately, in a declining market - due to restrictions on sales and marketing of alcoholic beverages).



Kofola Group's approach to market trends and development

HEALTHY FOOD AND BEVERAGES

INCREASING SHARE OF OUTDOOR ACTIVITIES

CUSTOMERS LOOKS FOR THE VALUE

PRICES OF RAW MATERIALS

GLOBALIZATION AND GROWING INDIVIDUALISM

- More healthy beverages (waters, children beverages) with lower sugar content compared to other competitors and beverages with herbs and trees extracts
- First drinks with stevia (natural sweetener - without calories) - Kofola bez cukru (Sugar free), Jupík with stevia
- Introducing in 2011 hot filling line allowed us to introduce many new products without preservatives (syrups, aloe vera drinks, ice teas, beverages for children)
- Promotion of healthy life style (www.hravezijzdrave.cz, www.hravozizdravo.sk, www.trzymajforme.pl)
- Entrance to „on-the-go” market (kiosks, vending machines, gyms, schools, work places etc.)
- Increasing share of small formats in the product portfolio (most of the news up to 0.5l)
- Increasing number of restaurants supplied by Kofola Group (direct distribution in Slovakia since 2009)
- Dedicated sales team for gastronomy clients in Czech
- Systematical decreasing of production and logistics costs
- Dedicated team to handle the food discount stores and products "Private label".
- Focus on brands dedicated to Czech and Poland markets
- Focus on value added for customers
- Search for alternative suppliers
- Bottle weight reduction
- Healthy drinks with lower sugar content
- Increasing the share of recycled granules
- Using production/distribution licenses, introduction of global brands in CEE markets (e.g. Orangina, Pickwick Ice Tea, RC Cola)
- Innovations acceptable for the majority of customers
- Engaging the customers in the promotion of positive emotions related to Kofola Group's brands

RAW MATERIALS/ ENVIRONMENT

- Competitive market with consumers seeking for savings will press producers to decrease margins
- Aggressive pricing campaigns of competitors
- Still high prices of sugar

NEW PRODUCTS

- Semtex Champions edition
- Jupi drinks in new format of 1.5l and in new tastes - multivitamin, orange and garden mix
- New products for fast food segments

AUSTERITY MEASURES

- Further optimization of logistic processes to further reduce costs
- Further bottle weight reduction
- Tuning of fixed costs

REVENUES

- Inventing new products and extending distribution of new products.
- Controlled price promotions in order to rebuild the gross margin on sales
- Introducing branded products in discount retail chains

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MISSION AND VISION

Mission:

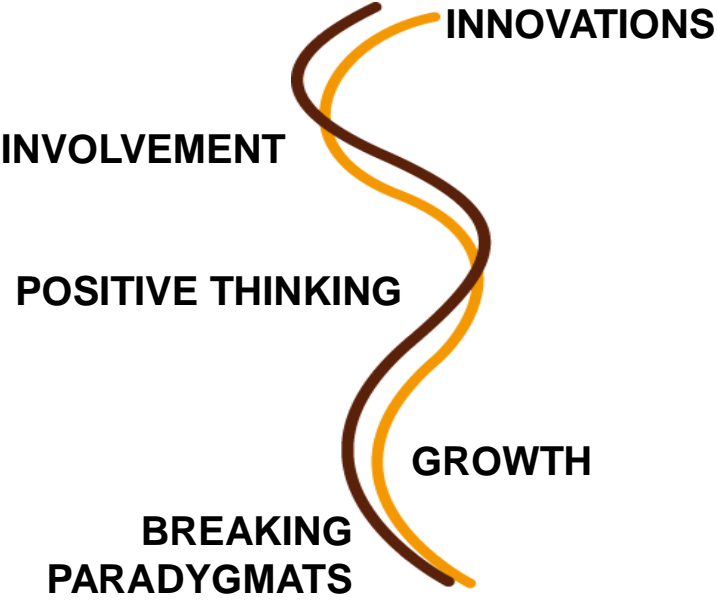
We are Kofola. With enthusiasm we strive for what is truly important in life: to love, to live healthy and always look for new ways.

Vision:

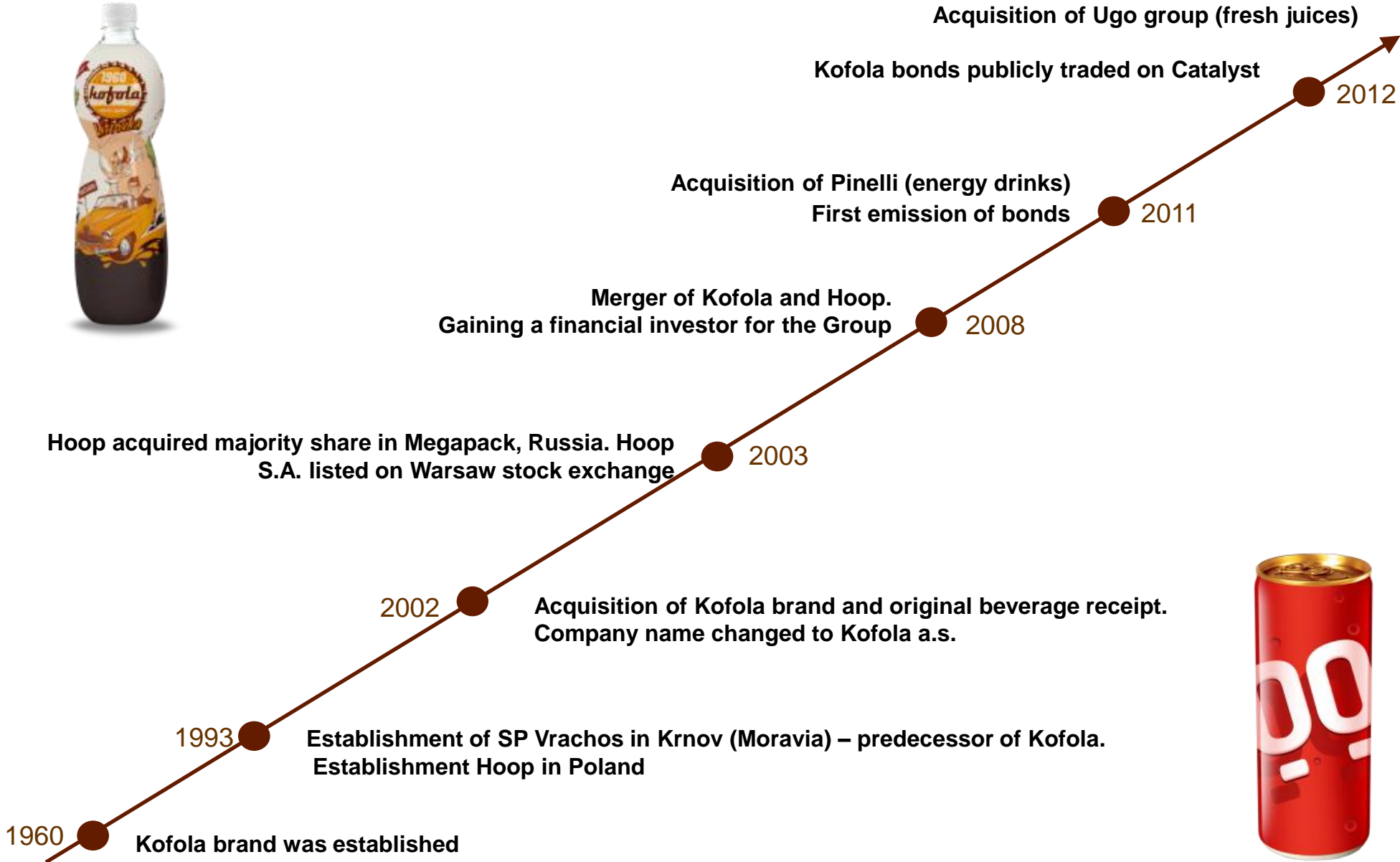
By 2017 we want to be Czechoslovak leader in gastro and impulse, stabilize retail and offer our beverages in a healthier form and as till now we will produce our products with the greatest care and love.

Our core competences are our DNA:

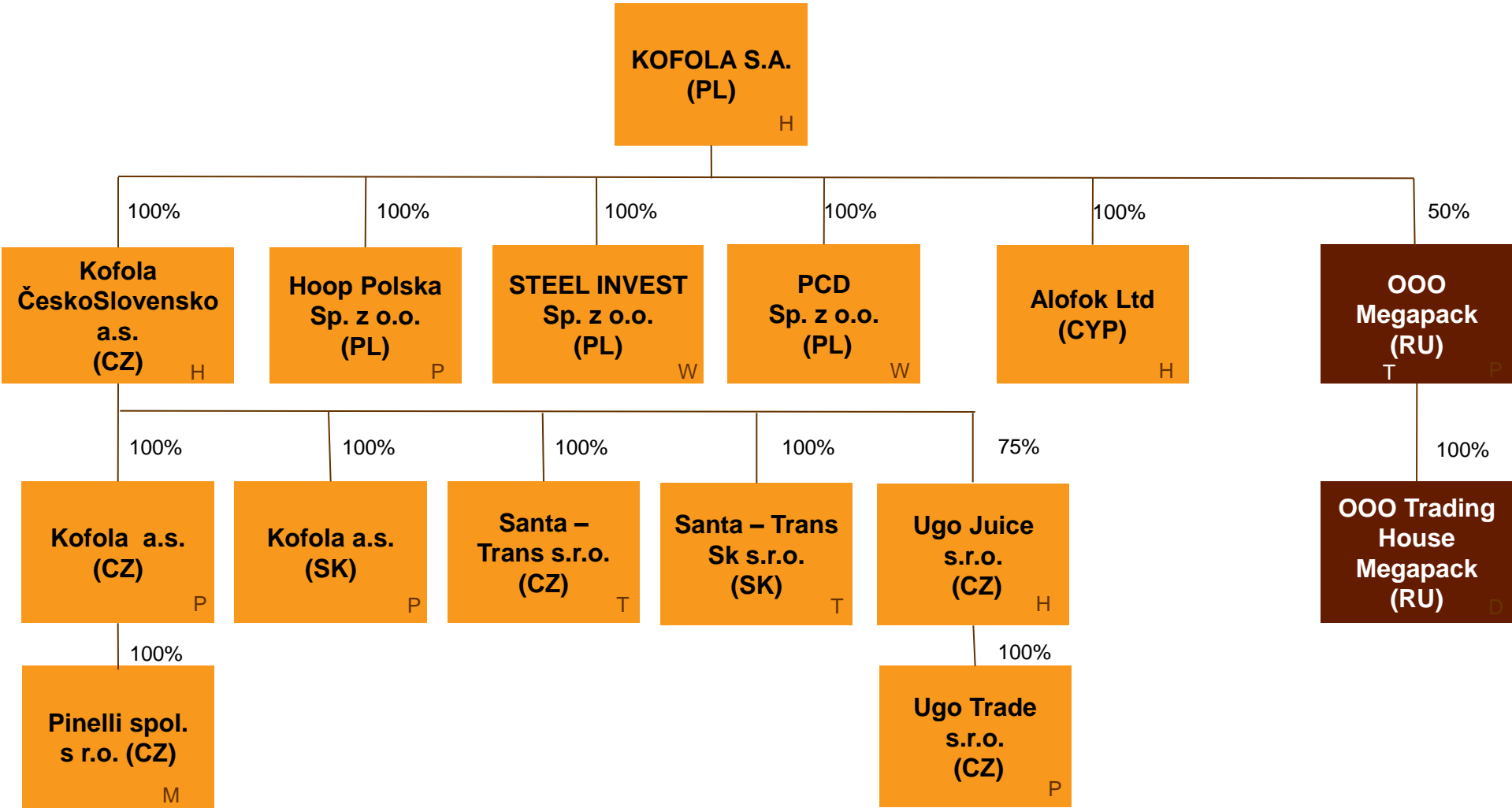
- We aim to be one step ahead
- We are constantly looking for new opportunities to grow
- Our business is created by our consumers, customers, suppliers and employees
- We bring emotion
- We work where we are at home and we know the local culture



HISTORY OF KOFOLA GROUP



LEGAL STRUCTURE OF KOFOLA GROUP AT THE END OF 1Q2013



Fully consolidated entity
 Entity consolidated using equity method

P – sales and production T – transportation M – landlord of fixed assets
 D – distribution H – holding company
 E – terminating operations

NUMBER OF EMPLOYEES IN INDIVIDUAL COUNTRIES SINCE 2001



DISTRIBUTION CHANNELS

	PL	CZ	SK	RU
Modern channels (retail chains)	●	●	●	●
Traditional channels (wholesalers and distributors)	●	●	●	●
HoReCa		●	●	
B2B (private labels, co-packing, toll-manufacturing)	●			●
Direct distribution			●	
Vending machines		●		

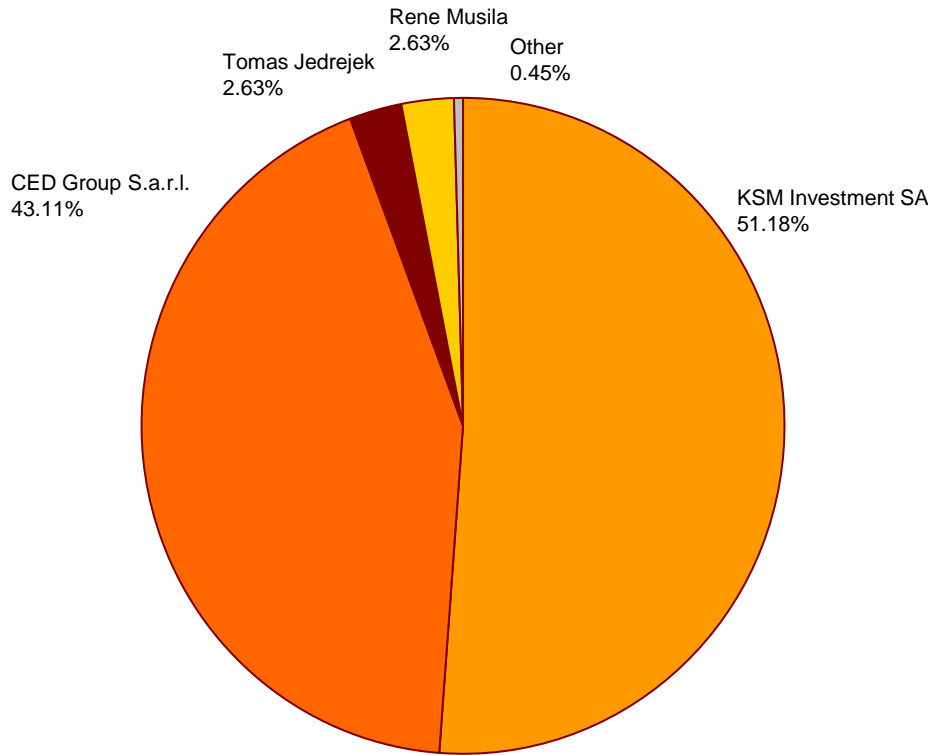
- Kofola Group has a strong position in modern channels (in both supermarkets and discount stores in all countries).
- Although, the sales activity slowly moving to modern distribution channels, traditional channels remains the second strongest channel.
- Very strong position of HoReCa channel in Czech and Slovakia where Kofola is sold from kegs.
- Segment B2B requires unique knowledge. We produce and sell private labels for our strategic partners as well as products of global beverages producers. Toll-manufacturing contract with the worldwide Top beverages manufacturer.
- Direct distribution (DD) was fully launched in Slovakia since 4Q 2009. DD allowed to increased gross profit and improved cash flows, but caused higher logistic costs on the other side. Transition to the Cross Dock model from Q4 2011.
- First 2,000 vending machines were introduced in Czech in 2010. Operation of the vending machines is outsourced to external company.



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SHAREHOLDER STRUCTURE



Share capital comprises 26,172,602 shares in following structure:

13,088,576 shares in series A-E approved for trading

13,084,026 shares in series F-G not in trading

Equity

Management motivation program

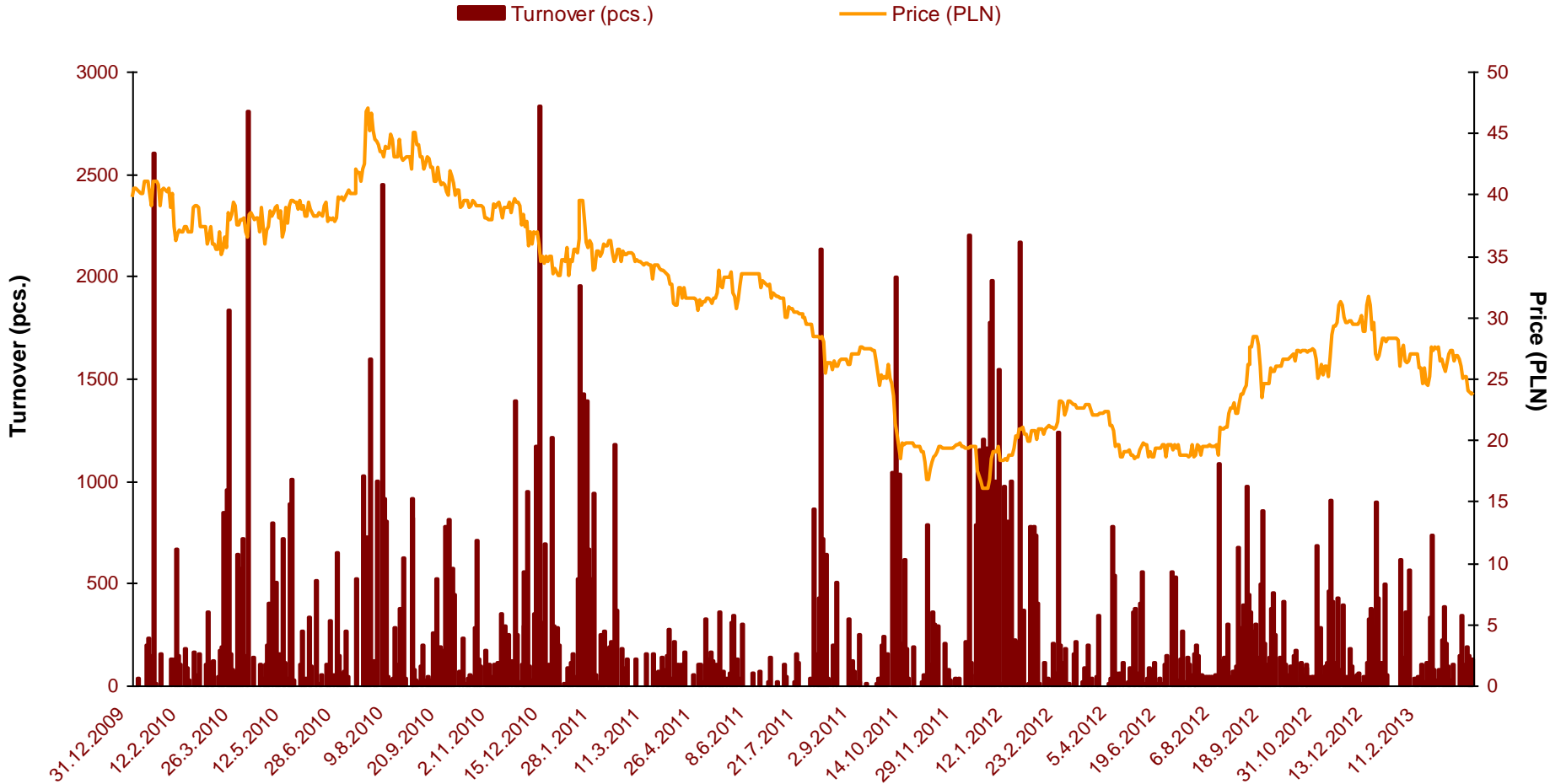
- As at 18 December 2009, Kofola Group approved rules for management motivation program. Program includes 45 key managers from the Group companies.
- Program's goal was systematical growth of Group financial results and shares price.
- On 18 August 2010, Kofola S.A. issued 26,843 inscribed A-series subscription warrants, entitling members of the Company's and subsidiaries' management staff to take up a total of 26,843 ordinary H-series bearer's shares at an issue price of 43.20 PLN per share.
- Share option program covered the period from 2009 to 2012 and guaranteed the possibility to purchase the shares in case the Group financial targets (net profit, EBITDA) are met.
- Program was cancelled at the end of 2012.

Shares buy back

- The GM of Shareholders had authorized the Management Board to acquire company's own shares for their redemption and reduction of share capital. During 2012 Kofola S.A. has bought back 2 599 of own shares. The program was ended on 31 December 2012.

SHARE PRICE AND TURNOVER

Avg. share price in 2012	22.6 PLN	Avg. share price in 2013	25.99 PLN
Average daily transaction activity in 2012	187 pcs.	Average daily transaction activity in 2013	103.3 pcs.



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KOFOLA S.A.

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