



**KOFOLA S.A. GROUP
3M/2015 RESULTS**

**Investor presentation
11 May 2015**



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



Kofola Group key highlights

- One of the leading soft drinks producers and distributors in the Central Europe
- Operations in Poland, Czech Republic, Slovakia, Slovenia and Russia
- 2 300 employees mainly in the Czech Republic and Poland
- Transparent business due to presence at the Warsaw Stock Exchange (ticker KFL)
- Diversified portfolio of strong brands
- Achieving successes in the market for 20 years



Kofola Group

Key financial data [MPLN]

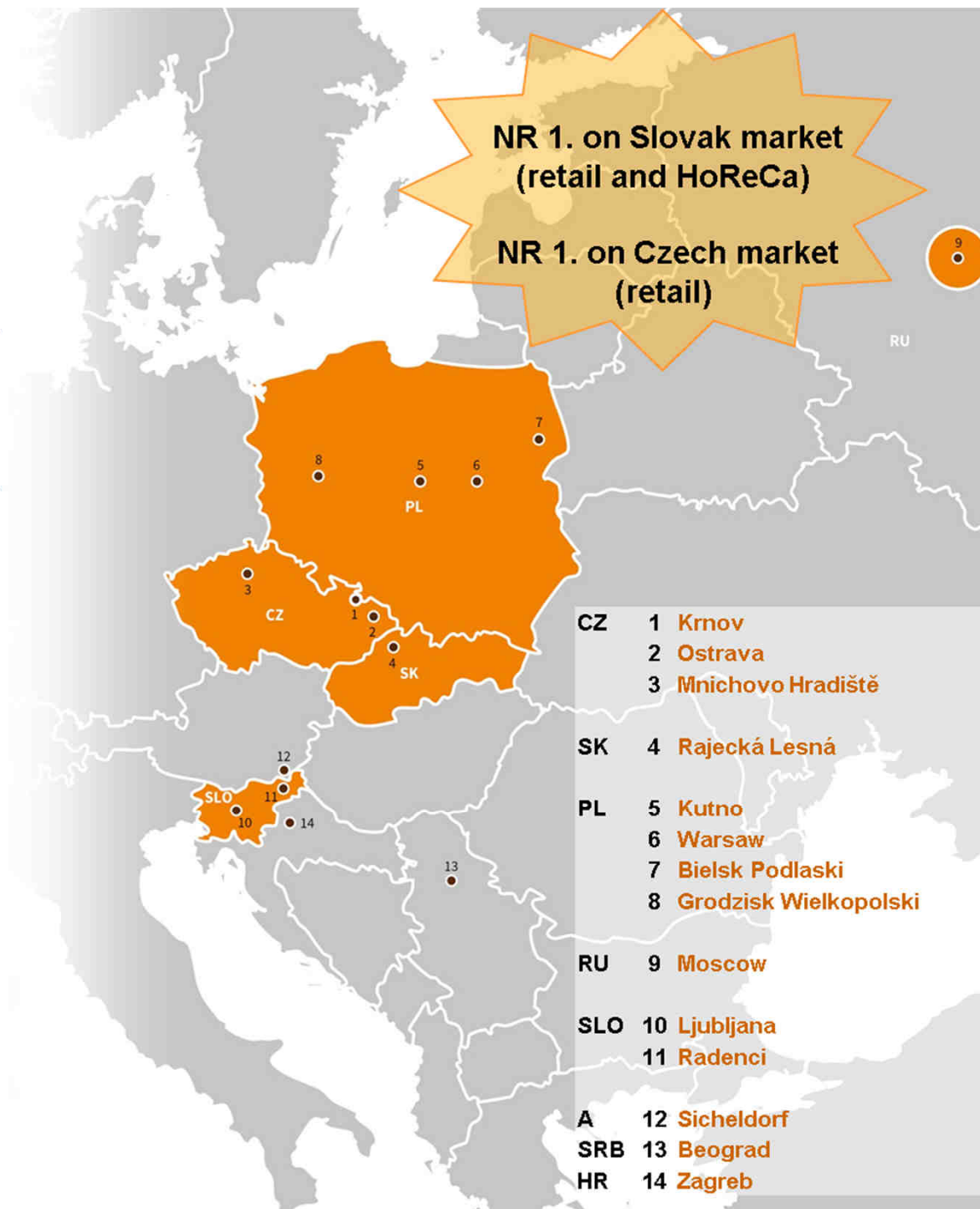
Segment revenues	3M/2015	%
Carbonated beverages	94.2	50%
Waters	37.7	20%
Syrups	30.3	16%
Non-carbonated beverages	15.9	8%
Other	12.0	6%
Total	190.1	100%

EBITDA	21.9
Total assets	1 243.4
Equity	445.3
Net debt	269.7
Net debt/EBITDA*	1.65
Net debt/Equity	0.61

EPS attributable to the shareholders of parent company [PLN/share]	1.1242
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* 12-month EBITDA, including Radenska

 **Kofola Group results in 3M/2015**
Investor presentation



Our main brands



New products in 1Q/2015



Hoop Cola Coconut 2l limited edition

New interesting coconut taste for HOOP cola. Product is available on Polish market in PET bottles of 2.0l.

Markets



Jupí Cherry

New taste of popular Jupí syrups will support strong position of this brand on the Czech and Slovak market. Syrup is produced on the hot bottling line without using preservatives. Product is available in PET bottles of 0.7l in the Czech and Slovak market.



Kofola Apricot 0.5l

Kofola family has new member. The apricot joins the original, citrus, cherry, extra herbs, vanilla and guarana flavours. The product is available in PET bottles of 0.5l on the Czech and Slovak market.



Top Topic Orange + Raspberry 1.5l, 0.5l, KEG

Popular Top Topic has new refreshing taste – orange and raspberry. The products are available in PET bottles of 1.5l, 0.5l and in KEGs on the Czech and Slovak market.



Kofola Group results in 3M/2015
Investor presentation

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New products in 1Q/2015



Hoop Cola Cherry 1l – new format

New format of the cherry Hoop Cola that is now available in 1l PET bottles on the Polish market

Markets



Kofola 0.2l – new design

New design of the original taste Kofola glass, mainly for gastro segment. Product is available on the Czech and Slovak market.



Arctic – new design

New design of natural and flavoured Arctic water PET bottles is now available on the Polish market.



Successes and awards in 2015



Czech TOP 100 – Kofola a.s. is the third most admired company in the Czech Republic in 2014. Continuously in top 5 since 2007.

Best Buy award - Radenska Classic received the Slovenian consumers award for the best balance between price and quality in the category of sparkling water.



AGRA 2014 – Radenska's products were awarded golden medal at the 18th International Assessment of fruit juice drinks and bottled water on 52. International Agricultural Fair AGRA.

Trusted Brand – Radenska received a Trusted Brand award in the category of bottled waters. This prize is awarded based on European consumer research, organized by magazine Reader's Digest worldwide for 15 years; in Slovenia for 9 years.



Product of year – Radenska IN received Product of year award – research made by company Nielsen; they have selected a total of 22 innovative products and services.

Successes and awards in 2015



Product of the Year – children beverages Jupik and syrups Paola were awarded the prestigious title Product of the Year by consumers in Poland.

CFO of the year – Daniel Buryš, Group Chief Financial Officer, was awarded CFO of the year in the Czech Republic by The Club of Financial Directors.



Kofola a.s. Czech Republic awarded **TOP employer** in FMCG business sector by the Association of Students and Graduates.

Key events in 2015

Event	Effects
Acquisition of Radenska	On 17 March 2015, the Group finalised the acquisition of 87.16% of the shares in Radenska, d.d. (Slovenian nr. 1 producer of mineral and spring water products) following the SPA concluded in December 2014.
	On 8 April 2015, the Group acquired additional 6.82% of the shares and voting interest in Radenska, d.d.
	The transaction constitutes great opportunity for the Group to establish its presence in another European region. The Group will utilise the synergies coming from use of its know-how, efficient processes and innovations and is looking forward to develop and further build the Radenska brand. Also the Group anticipates that the acquisition of Radenska will support its expansion possibilities to the Balkan market.



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Market conditions in 2015

Macroeconomics

- consumers are still cost sensitive
- continuing trend of increasing home consumption substituting the consumption in restaurants resulting in decreasing number of restaurants in the Czech Republic and Slovakia
- stabilization of raw material prices

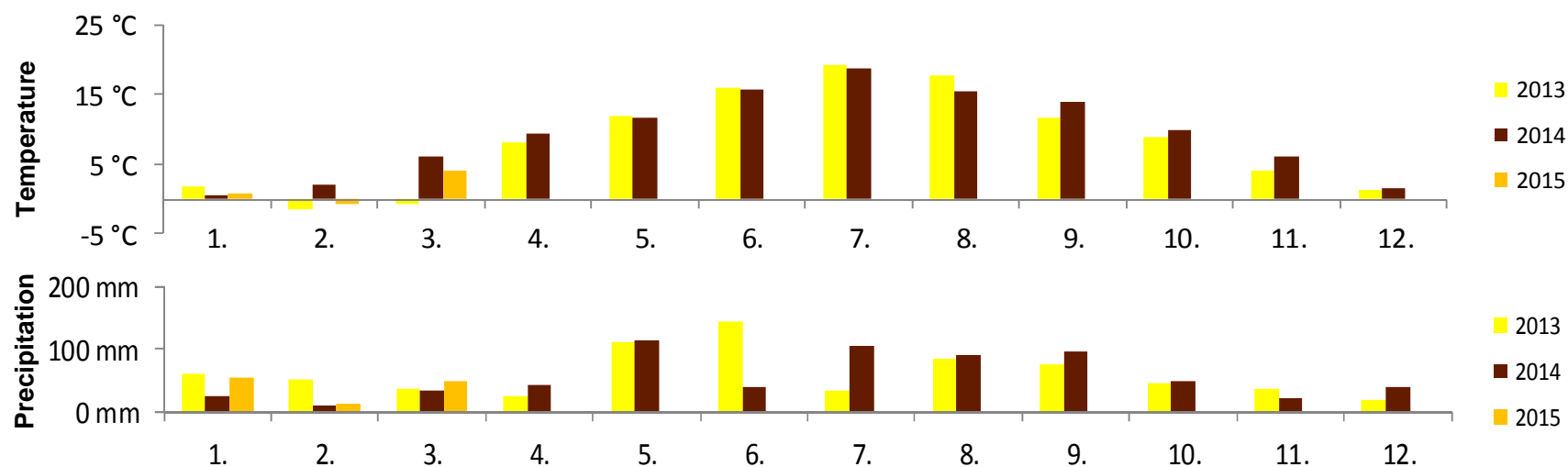
Market / competition

- decrease of consumption in the most profitable gastro segment
- faster increase of turnover in discount chains

Regulation

- stable environment

Weather in the Central Europe



Financial results of KOFOLA Group 3M/2015 [TPLN]

	3M/2015	3M/2014*	Change
Revenue	190 130	197 695	(3.8%)
Cost of sales	(121 870)	(133 814)	(8.9%)
Gross profit	68 260	63 881	6.9%
Selling, marketing and distribution costs	(51 434)	(47 431)	8.4%
Administrative costs	(12 115)	(10 362)	16.9%
Other operating income/(expense), net	190	(457)	(141.6%)
Operating result	4 901	5 631	(13.0%)
EBITDA	21 935	22 617	(3.0%)
Financial expense, net	(1 131)	(5 484)	(79.4%)
Income tax	(533)	(918)	(41.9%)
Net profit/(loss) for the period	3 237	(771)	(519.8%)
- attributable to shareholders of the parent company	3 248	(769)	(522.4%)

Highlights

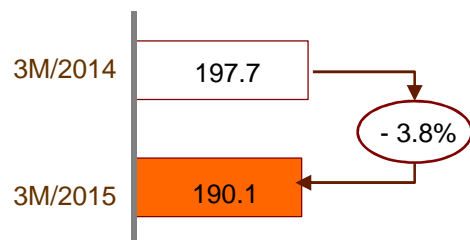
- Gross profit increased by 6.9 %
- EBIT decreased by 13.0 %
- EBITDA slightly decreased by 3.0 %



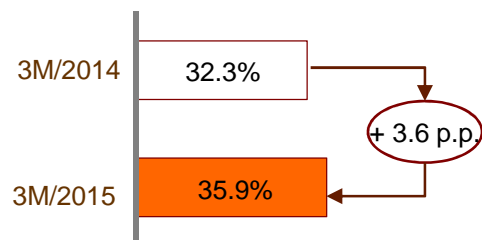
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Financial results* of KOFOLA Group 3M/2015 [MPLN]

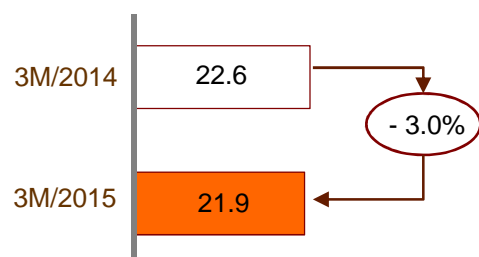
Revenues



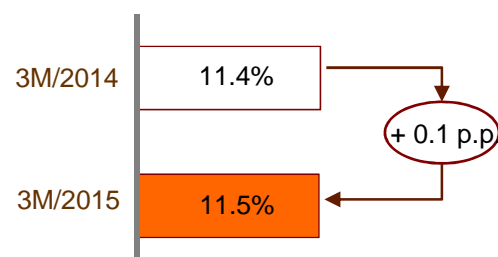
Gross margin



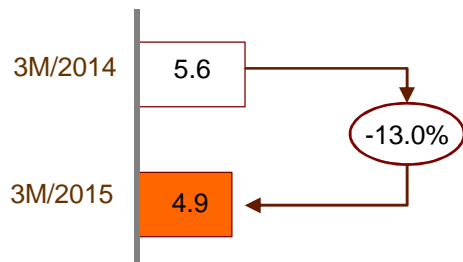
EBITDA



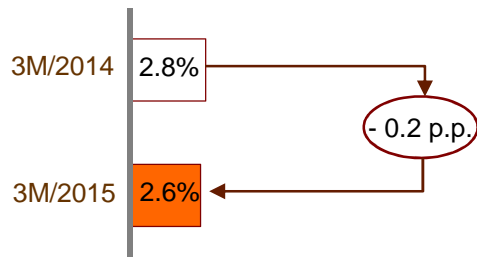
EBITDA margin



EBIT



EBIT margin



Comments on 3M/2015 results

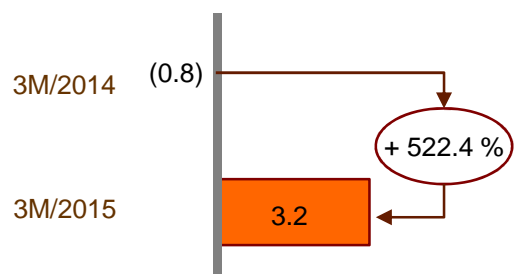
- Stabilization of raw material prices, savings in production and focus on the development of profitable products and customers resulted in improved Gross margin.
- Colder and more rainy March in 2015 compared to 2014.

EBITDA PLN 21.9 million
EBIT PLN 4.9 million

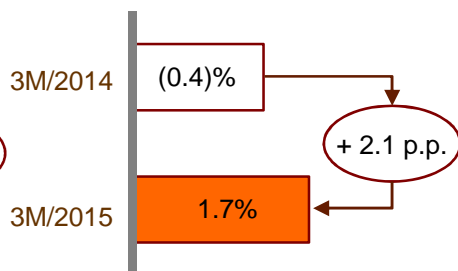


Financial results* of KOFOLA Group 3M/2015 [MPLN]

Net profit attributable to shareholders of parent company



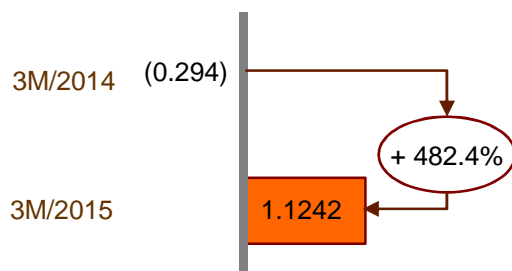
Net margin



Comments on net result for 3M/2015

- Increase of net margin by 2.1 p.p.
- Increase of Net profit attributable to shareholders of parent company by PLN 4 million.
- EPS 1.1242 PLN/share.

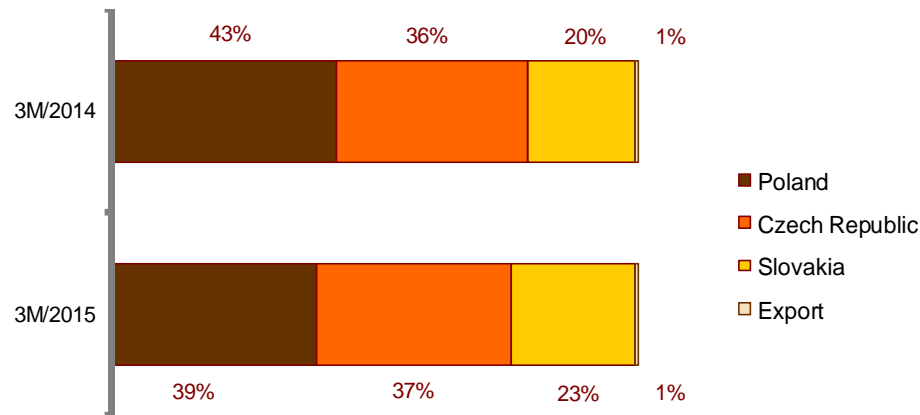
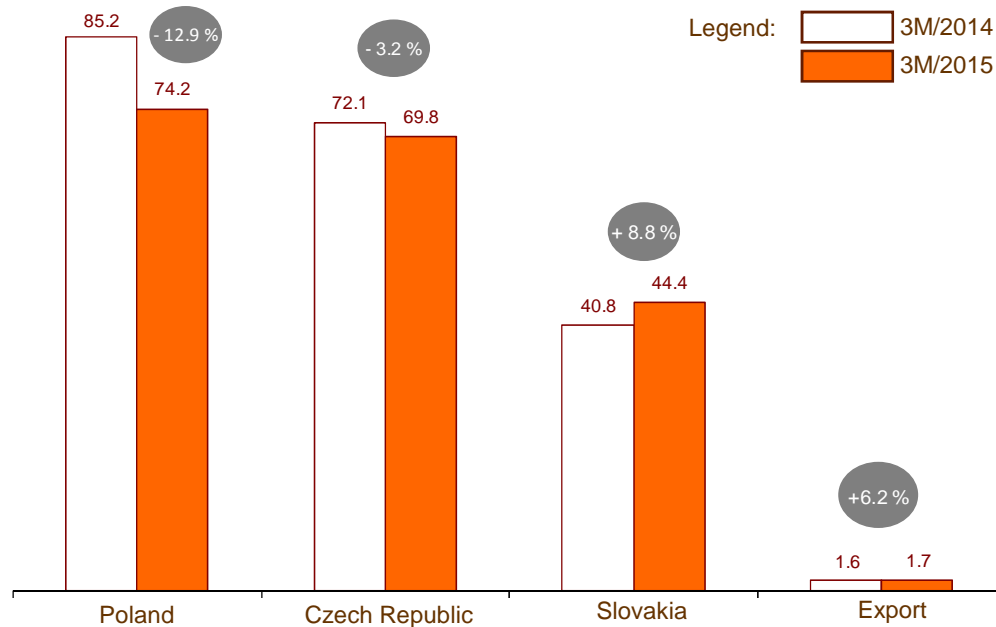
EPS attributable to shareholders of parent company [in PLN/share]



Net profit attributable to shareholders of parent company PLN 3.2 million



Sales in individual geographical segments* 3M/2015 [MPLN]



Geographical segments

• Poland

Revenues decreased by 12.9 % mainly from from lower sales of private labels and brands in traditional channel. We focus on improving the margins on our products in Poland despite we may lose some part of the volume sold.

Taking into account also private labels HOOP Polska belongs into TOP5 producers in Poland.

• Czech Republic

Revenues in PLN decreased by 3.2 % (1.3 % in local currency). Decrease is in line with the market decline mainly in gastro segment. UGO fresh bars increased revenue by 53 %.

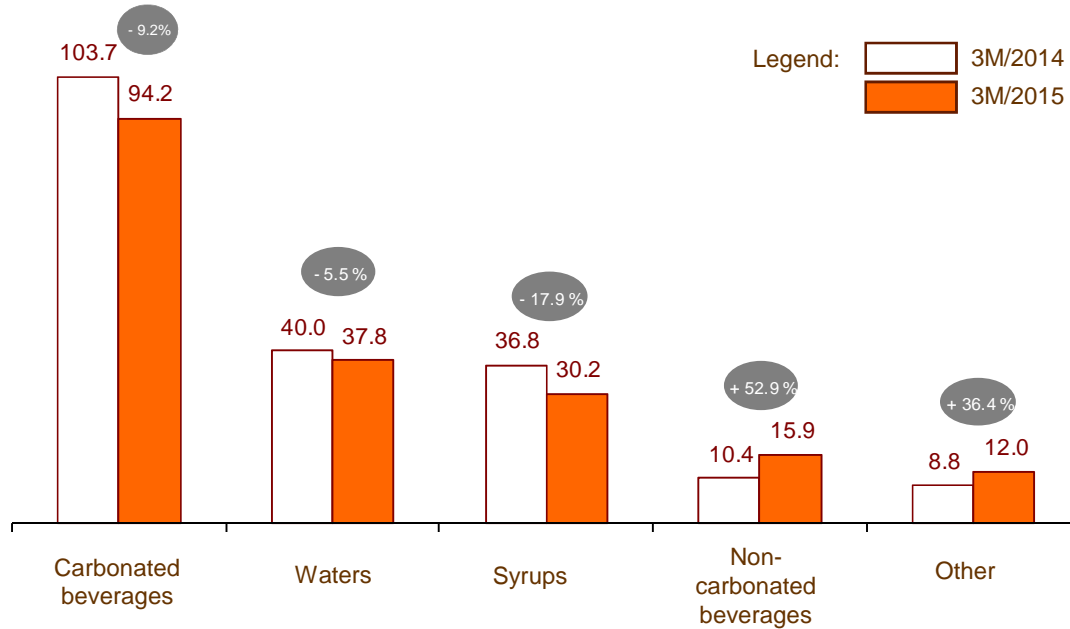
In 1Q/2015, Kofola CZ became no.1 in retail segment in terms of market share.

• Slovakia

Revenues increased by 8.8 % in PLN (9.1 % in local currency). The increase relates mainly to higher sales of carbonated beverages and waters.

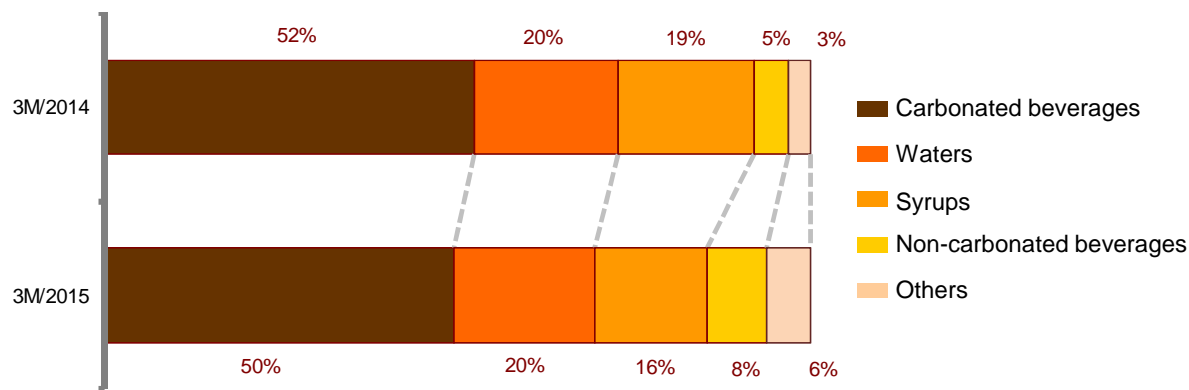
In 1Q/2015, Kofola SK had a clear leading position in the retail segment as well as HoReCa segment in terms of market share.

Sales in individual product segments* 3M/2015 [MPLN]



Segment reporting by product groups

- Decreased revenues in the Carbonated beverages segment due to decreased sales of these beverages in Poland.
- Stable situation in the Water segment thanks to new products (flavored waters) and distribution of luxury branded waters (Evian, Badoit) and popular healing mineral water Vincentka.
- Strong position in the Syrups segment – first position in the Czech Republic, second in Slovakia and Poland. Higher competition in syrups segment following the increased marketing activities of competitors mainly in the Czech Republic.
- Strengthening position in the non-carbonated beverages segment due to innovations.
- Significant increase in the Other segment mainly from growing revenues of UGO fresh bars.



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Position of the Group in the main segments

Legend:
 Leader  Viceleader

	PL	CZ	SK	SI	RU
Cola beverages	3			3	-
Carbonated beverages	7	3			-
Waters	-	4			-
Syrups and concentrates				-	-
Beverages for children	3			-	-
Energy drinks	-	4	>10	-	-
Soft alcohol beverages (alcopops)	-	-	-	-	3*

* Volume share in the Moscow region

Comment

- Strong second position on the Czech and Slovak market.
- Strong position in carbonated beverages segment in Slovakia was achieved due to acquisition of Vinea brand in 2008.
- Nr. 1 in the natural spring waters in Slovakia and Slovenia. Position achieved due to 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).
- 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 – especially in Moscow area (unfortunately, in a declining market - due to restrictions on sales and marketing of alcoholic beverages).



Approach to market trends and development

HEALTHY FOOD AND BEVERAGES

- 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
- UGO juices, fresh drinks
- Hot filling line introduced in 2011 allowed us to introduce many new products without preservatives (syrups, aloe vera drinks, ice teas, beverages for children)
- Promotion of healthy life style (www.hravezizdrave.cz, www.hravozizdravo.sk, www.trzymajforme.pl)

INCREASING SHARE OF OUTDOOR ACTIVITIES

- Entrance to „on-the-go” market (kiosks, vending machines, gyms, schools, work places etc.)
- Increasing share of small formats in the product
- Increasing number of restaurants supplied by Kofola Group (direct distribution in Slovakia since 2009, in the Czech Republic since 2014)
- Dedicated sales team for gastronomy clients in the Czech Republic

CUSTOMERS LOOKS FOR THE VALUE

- Systematical decreasing of production and logistics costs
- Dedicated team to handle the food discount stores and products "Private label"
- Focus on value added for customers

PRICES OF RAW MATERIALS

- Search for alternative suppliers
- Bottle weight reduction
- Healthy drinks with lower sugar content
- Increasing the share of recycled granules

GLOBALIZATION AND GROWING INDIVIDUALISM

- Using production/distribution licenses, introduction of global brands in CEE markets (e.g Rauch, Orangina, Pickwick Ice Tea, RC Cola, Evian, Badoit)
- Innovations acceptable for the majority of customers
- Engaging the customers in the promotion of positive emotions related to Kofola Group's brands



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Mission and vision






Mision:

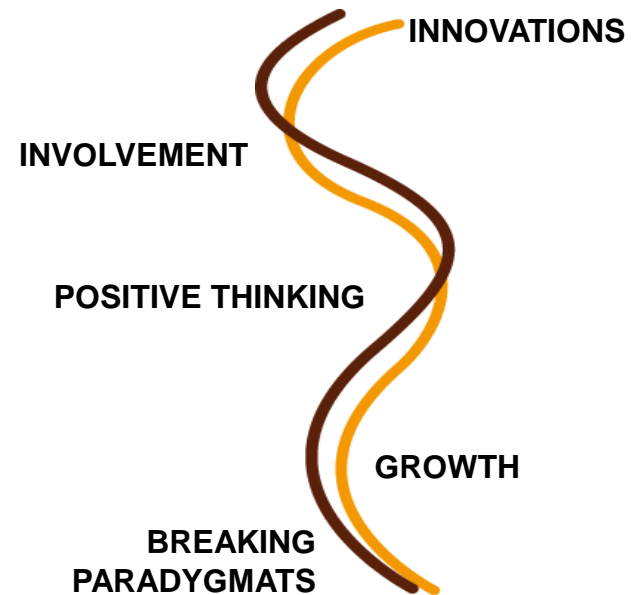
We are Kofola. With enthusiasm we strive for what is truly important in life: to love, to live healthy and always look for new ways.

Vision:

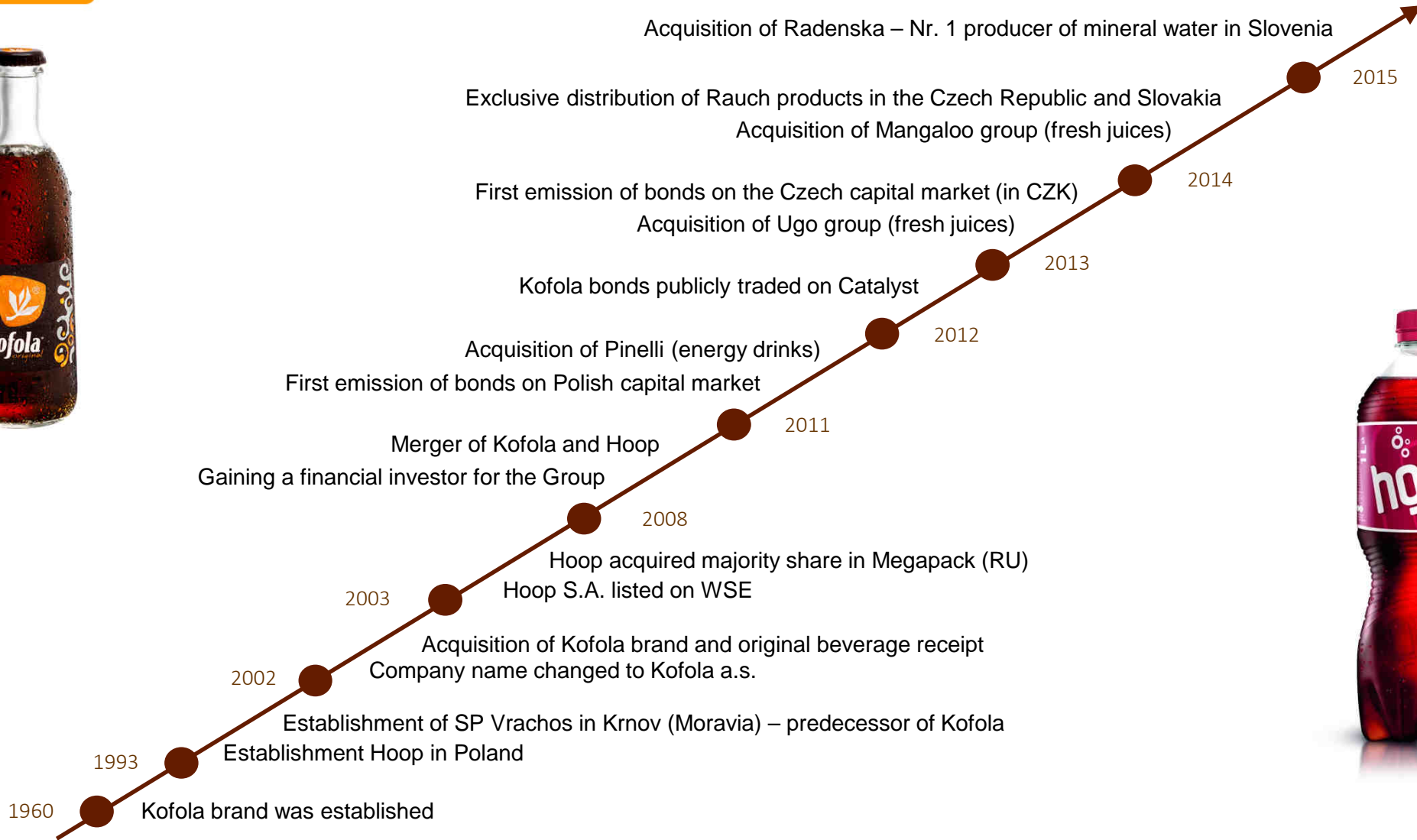
By 2017 we want to be Czechoslovak leader in gastro and impulse, stabilize retail and offer our beverages in a healthier form and as till now we will produce our products with the greatest care and love.

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 are bringing emotions
-  We work where we are at home and we know the local culture



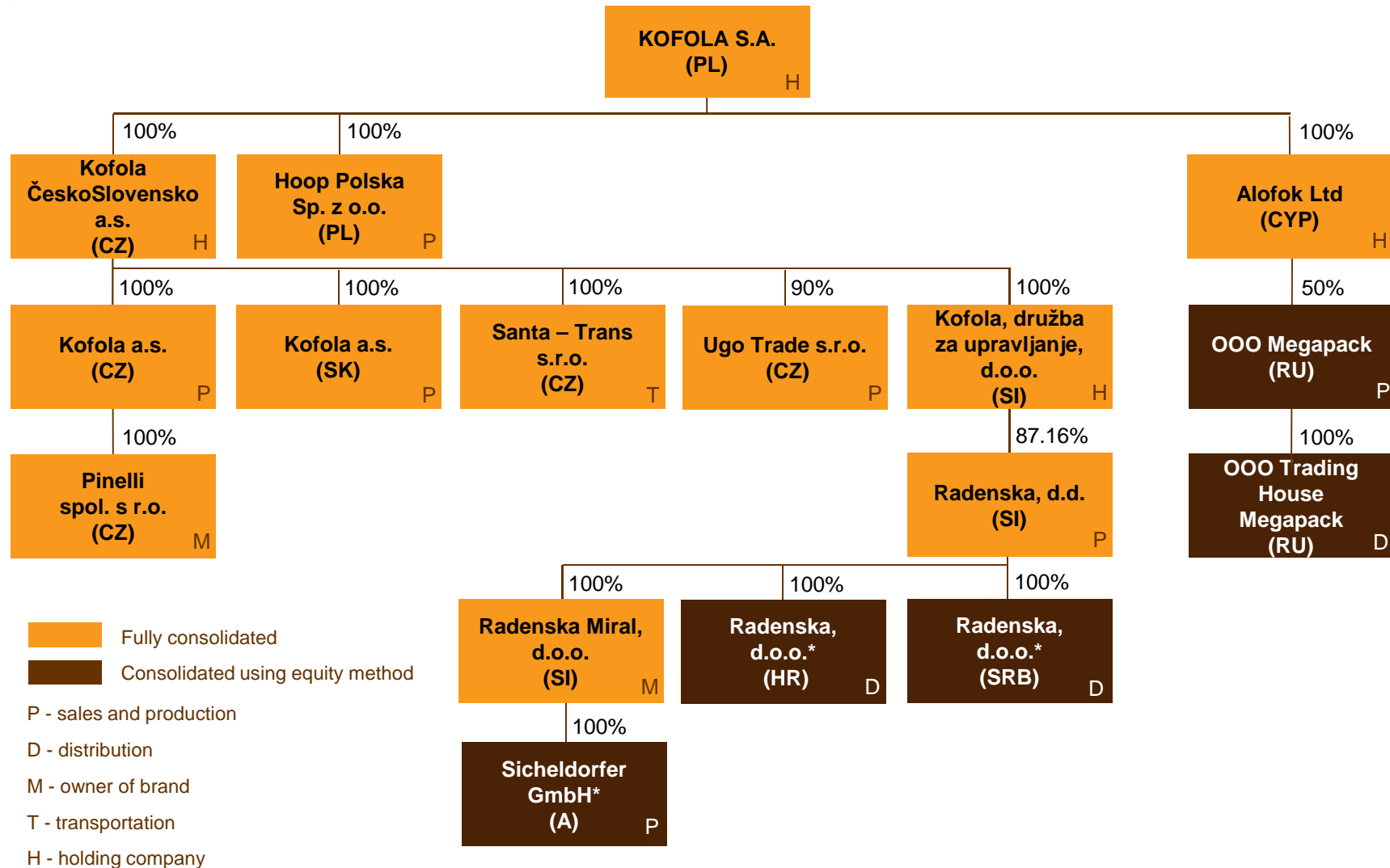
History of Kofola Group



Kofola Group results in 3M/2015
Investor presentation



Legal structure of Kofola Group as at 31.3.2015



Number of employees



Distribution channels

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

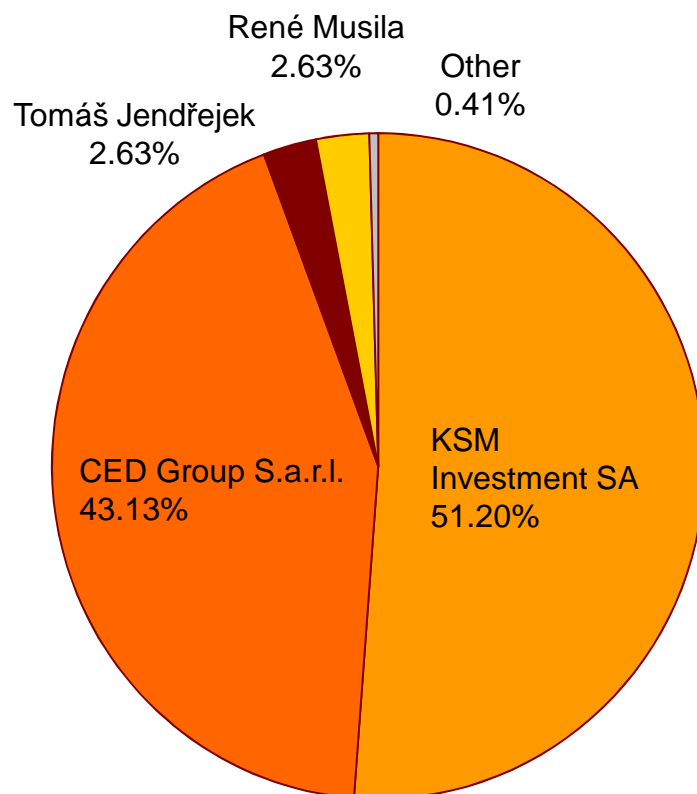
Comment
<ul style="list-style-type: none"> ▪ Kofola Group has a strong position in modern channels (in both supermarkets and discount stores in all countries). ▪ Although, the sales activity slowly moving to modern distribution channels, traditional channels remains the second strongest channel. ▪ Very 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 and in the Czech Republic from 4Q/2014. ▪ At the end of 2012 Kofola Group acquired first operator of fresh bars – UGO group. At the beginning of 2014 the expansion continued by the acquisition of Mangaloo group.



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Shareholders structure



Share capital comprises 26 160 379 shares in following structure:

13 076 353 shares in series A-E approved for trading

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



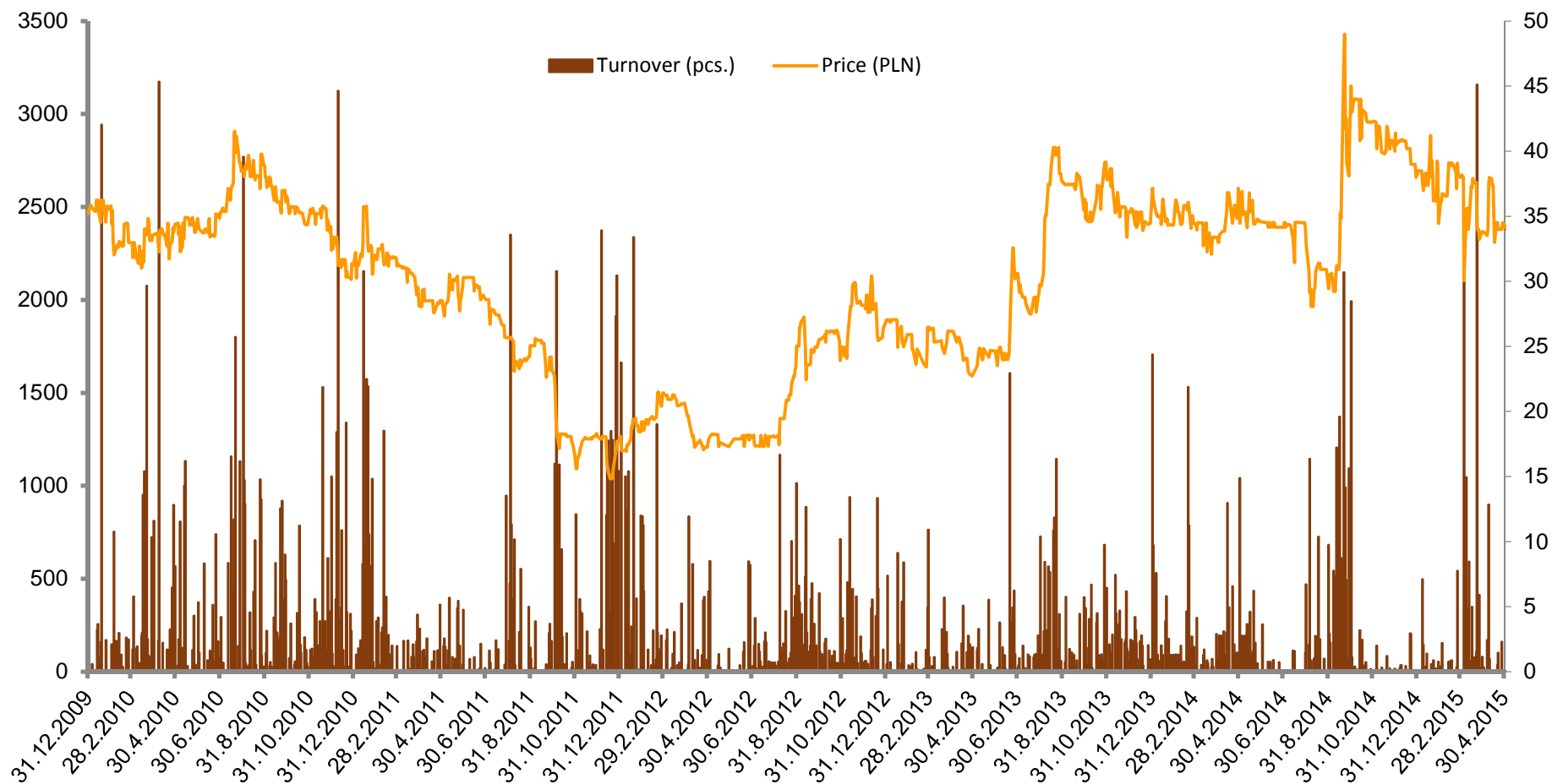
Equity

Shares buy back

- As part of the Share Buy-Back Program shares realized with agency of DM Copernicus Securities SA implemented on the basis of Resolution No. 18 of the Annual General Meeting held on 24 June 2013 - the Company acquired for redemption, on 2 April 2014 and 26 May 2014 9 624 shares with a nominal value of PLN 1.00 each, with a total nominal value of PLN 9 624 representing 0.0368 % of share capital, for a total price of PLN 362 thousands. Reduction of the share capital was registered by the Court on 7 January 2015.
- In accordance with Resolution No. 22 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. authorized, under the conditions and within the limits set out in the adopted resolution, the Management Board of KOFOLA S.A. to purchase its own shares for cancellation and thus reduction of the share capital of the KOFOLA S.A. The total number of shares covered by the Redemption Programme will be no more than 106 484 shares, which constitutes approximately 0.4069% of the share capital, the resources allocated to the Programme may not exceed PLN 566 thousand and the price of acquired shares cannot exceed PLN 60. The program is in process.

Share price and turnover

	3M/2015	2014
Average share price	37.0 PLN	36.0 PLN
Average daily transaction activity	176.3 pcs	162.6 pcs



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Contact

KOFOLA S.A.

Should you have any question related to KOFOLA S.A.
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