



kofola

**KOFOLA S.A. GROUP
RESULTS IN 2014**

Investors' Presentation

17 March 2015

- **Kofola Group in 2014**
- Summary of results and market conditions in 2014
- Markets, trends and strategy
- Profile and history of Kofola Group
- Shares and shares' price
- Contact



KOFOLA GROUP IN 2014

Segment revenues		2014	%
Carbonated beverages	[mIn PLN]	529.3	56%
Waters	[mIn PLN]	195.0	20%
Syrups	[mIn PLN]	144.6	15%
Non-carbonated beverages	[mIn PLN]	38.6	4%
Other	[mIn PLN]	45.9	5%
Total revenues	[mIn PLN]	953.4	100%

EBITDA* [mIn PLN] 139.0

Total assets [mIn PLN] 933.6

Equity [mIn PLN] 412.5

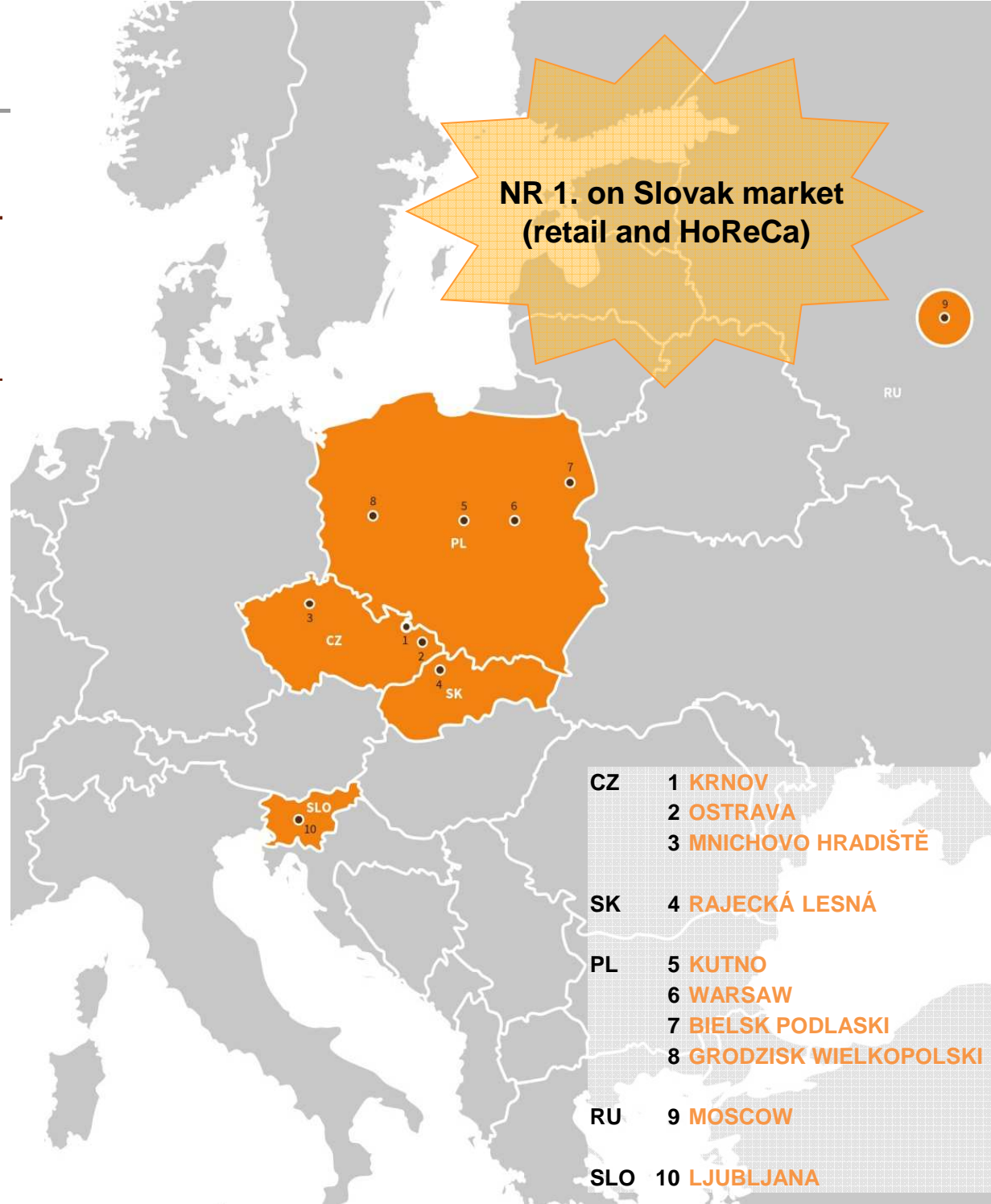
Net debt [mIn PLN] 136.6

Net debt/EBITDA* 0.98

Net debt/Equity 0.33

EPS attributable to shareholders of parent company* [PLN/share] 1.6867

* data adjusted for one-off transactions



OUR MAIN BRANDS



- CZ + SK
- PL
- RU

Markets



Kofola Guarana ENERGY

With extracts from Guarana Kofola with Guarana contains natural caffeine, which stimulates, reduces fatigue, maintain attention and alertness. Furthermore, this new product contains classic caffeine and vitamins B3, B9 and B12, which encourage performance. Kofola with Guarana contains the same amount of caffeine as classic energy drinks and yet still tastes like Kofola. Product is available on the Czech and Slovak markets in cans 0.25l and 0.5l



Jupik without preservatives for Poland

After Czech Republic and Slovakia Jupik without preservatives is available also on Polish market. Product is available in PET bottles of 0.33l and 0.5l.



Vinea Lajt

Sugar free version of popular brand for those who prefer healthy life style. Product is available on Slovak market in PET bottles of 1.5l and 0.5l and in glass bottles of 0.25l



New tastes of Rajec – Mint and Wild strawberry

New refreshing tastes of Rajec water. Product is available on the Czech and Slovak markets in PET bottles of 1.5l and 0.75l.



Markets



Semtex Cactus

Our cool energy drink gets new taste - Cactus. Product is available on the Czech and Slovak markets in cans of 0.5l.



Jupí Double

New product line of Jupí syrups. Two unique flavors are available - orange/mango and cherry/apple. The syrup is more concentrated and therefore from one bottle of syrup more litres of drink can be produced. Product is available on the Czech and Slovak market in PET bottles of 1.25l.



Bublino - Jupík Funny Bubbles

Family of Bublino drinks has new member - kids syrup Jupík Funny Bubbles for making fresh lemonade at home. The product is available in PET bottles of 0.5l on the Czech and Slovak market.



Markets



Chitto bitter

The family of popular Chito drinks has new member – Chito bitter – refreshing drink with sweet-bitter taste. The product is available in glass bottles of 0.33l



Hoop Cola Plum, Mint, Choco

New interesting plum, mint and choco tastes for HOOP cola. Product is available on Polish market in PET bottles of 2.0l.



Paola – special edition

Our popular syrup Paola got new tastes in special edition - quince, briar and elderberry. Products are available on the Polish market in glass bottles of 0.43l.





Jupik V-team

New line of Jupik for active children. The drink contains roughage and is available in strawberry and mango taste. The product is available on Polish market in PET bottle of 0.33l



New tastes of Jupí drink

The family of Jupí drink gets new tastes - Apple&Cherry, Citron&mint, Apple&mint, Peach&apple, Peach&Orange and Garden Fruits. The product is available on Polish market in PET bottle of 1.5l.



NEW PRODUCTS IN 2014

Markets



UGO – grapefruit, orange/carrots

Family of UGO juices has new members - grapefruit and orange/carrots. The products are available in PET bottles of 0.2l and 1l on the Czech and Slovak market.



Natelo yerba mate tea

New taste of Natelo is available on the Czech and Slovak market.



Oranzada white and red 1,5L

The new drink – Oranzada in two colors and flavors – white and red. Traditional flavors and graphics labels refer to the time of Polish People's Republic.



SUCCESSSES AND AWARDS IN 2014



Czech TOP 100 – Kofola a.s. the fifth most admired company in the Czech Republic in 2013. Continuously in top 5 since 2007

Kofola a.s. Czech Republic was awarded a Superbrands 2014 title for **Kofola** and **Rajec** brands.



Kofola ČeskoSlovensko a.s. was awarded **Ruban d'Honneur** in European Business Awards.

Hoop Polska Sp. z o.o. was awarded a **Hit of FMCG 2014** title for **Jupik** brands.



Kofola a.s. Czech Republic obtained the price RHODOS – company with the most impressive image in the category of producers and suppliers of beverages.

Hoop Polska Sp. z o.o. was awarded a “**Hit Handlu**” 2014 title for Jupik Strawberry.



KEY SUCCESSES AND REALIZED EVENTS IN 2014

Event	Effects
Acquisition of Radenska	<p>It is expected that on 17 March 2015 the Group closes transaction of acquisition 87.16% of stake in Radenska d.d. (Slovenian nr. 1 producer of mineral and spring water products) following the SPA concluded in December 2014. Furthermore Kofola is a party to agreement for the acquisition of further 6.82% stake in Radenska, specifying further conditions precedent which must be met within the next two weeks.</p> <p>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.</p>
Cooperation with Rauch	<p>In November, the Group finalised the contract with the Rauch Group for exclusive distribution of Rauch products in the Czech Republic and Slovakia. It is a beginning of a long-term cooperation between two producers with common philosophy and values - quality products and continuous innovation towards healthier beverages. This cooperation with a family run company that is alike Kofola Group still owned by its original founders will make the Kofola Group a partner with the most comprehensive and high-quality portfolio in the CzechoSlovak soft drinks market offering beverages that satisfy even the most demanding customers.</p>
Acquisition of Mangaloo Group	<p>In January, the Group acquired the Mangaloo group, owner of a chain of fresh bars in the Czech Republic. By this transaction following the acquisition of UGO fresh bars in 2012 the Group becomes the strongest player in the rapidly growing fresh juices market. Kofola continues to develop its portfolio of fruit and vegetable products both fresh and treated by the means of pascalization that keep the nutrition values and give the product a 4 week shelf life.</p>
Direct distribution in the Czech Republic	<p>The Group launched direct distribution channel in the Czech Republic in October and expects positive implications resulting from the utilisation of know-how gained in Slovakia where the direct distribution started in 2009. The whole distribution process will be simpler, more efficient and favourable for the Group, its business partners and final customers.</p>

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MARKET CONDITIONS IN 2014

Macro-economics

- Consumers are still cost sensitive
- Continuing trend when the home consumption of consumers is increasing and substituting the consumption in the restaurants resulting in decreasing number of restaurants in the Czech Republic and Slovakia
- Stabilization of raw material prices

Market /competition

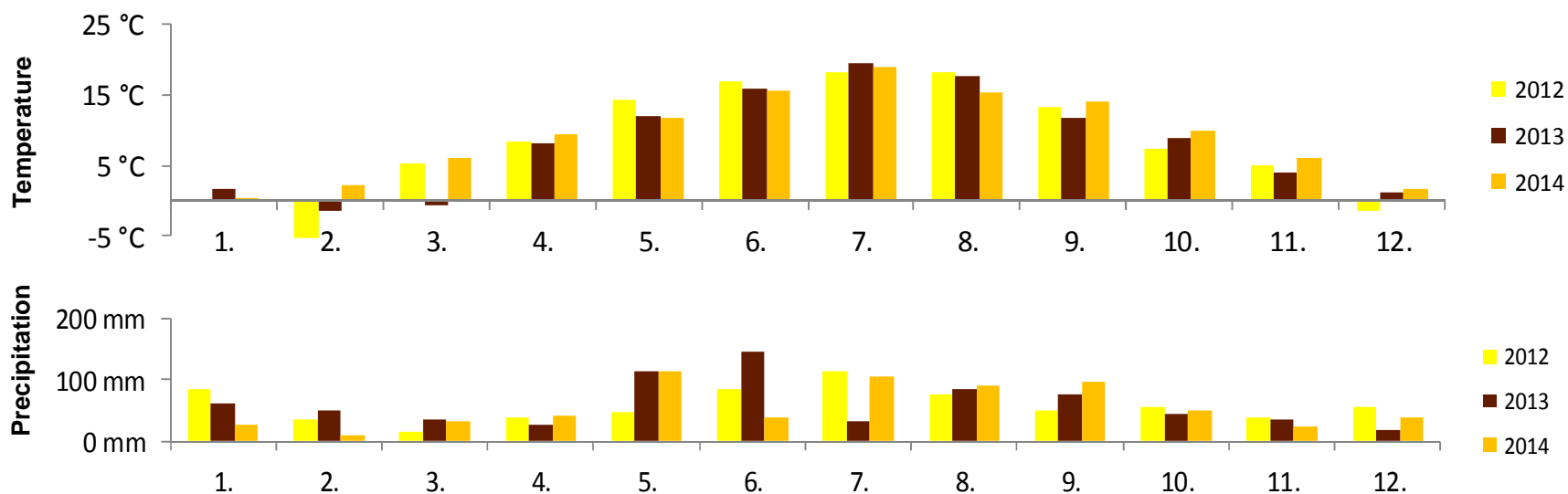
- Decrease of consumption in the most profitable gastro segment
- Faster increase of turnover in discount chains

Regulation

- Increase in excise duty on alcoholic beverages in Russia

Weather

Comparison of temperature and precipitation in the Central Europe



FINANCIAL RESULTS OF KOFOLA GROUP IN 2014 ADJUSTED BY ONE OFF TRANSACTIONS [TPLN]

2014	IFRS	IFRS adjusted by one-off transactions	Adjusted recalculated
Continuing operations			
Revenue	953 417	--	953 417
Cost of sales	(589 693)	--	(589 693)
Gross profit	363 724	--	363 724
Selling, marketing and distribution costs	(244 258)	--	(244 258)
Administrative costs	(48 304)	--	(48 304)
Other operating income/(expenses), net	(10 631)	6 747	(3 884)
Operating result	60 531	6 747	67 278
EBITDA	132 241	6 747	138 988
Financial expenses, net	(11 155)	--	(11 155)
Income tax	(12 044)	--	(12 044)
Net profit for the period	37 332	6 747	44 079
- attributable to shareholders of the parent company	37 379	6 747	44 126

Comment:

One-off transactions 2014

- impairment loss of PLN 6 747 thousand relating to the Megapack Group (no tax impact).

Please note that only adjusted results are commented in the whole presentation.



FINANCIAL RESULTS OF KOFOLA GROUP IN 2014 AND 2013 [TPLN]

	2014	2013*
Continued operations		
Revenue	953 417	985 151
Cost of sales	(589 693)	(677 517)
Gross profit	363 724	307 634
Selling, marketing and distribution costs	(244 258)	(215 860)
Administrative costs	(48 304)	(41 676)
Adjusted other operating income / (expenses), net	(3 884)	3 741
Adjusted operating result	67 278	53 839
Adjusted EBITDA	138 988	124 803
Adjusted financial expense, net	(11 155)	(10 038)
Adjusted income tax	(12 044)	(9 921)
Adjusted net profit from continuing operations	44 079	33 880
Discontinued consolidation		
Net loss for the period from discontinued consolidation	--	(849)
Adjusted net profit for the period	44 079	33 031
- attributable to shareholders of the parent company	44 126	33 070

* Data for 2013 were translated into the Polish zloty using the exchange rates from 2014 and adjusted by one-off items

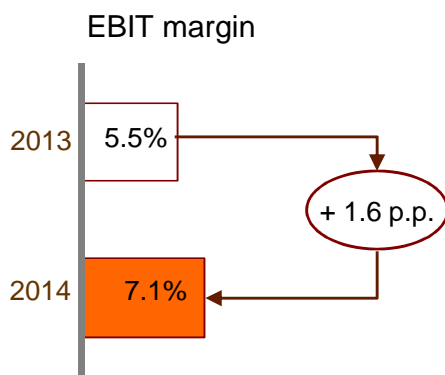
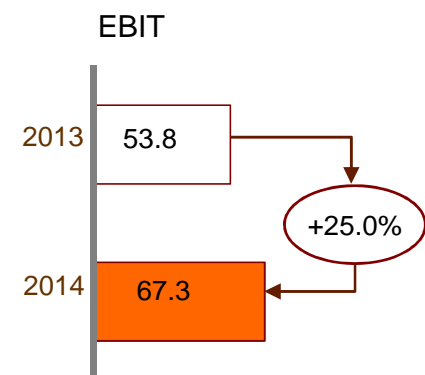
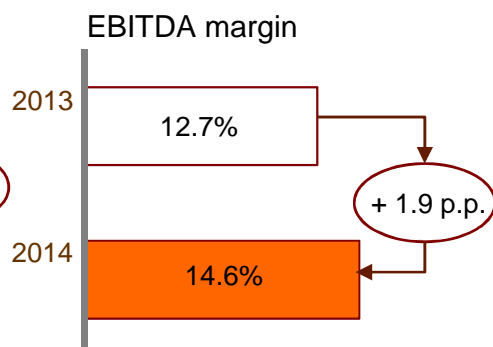
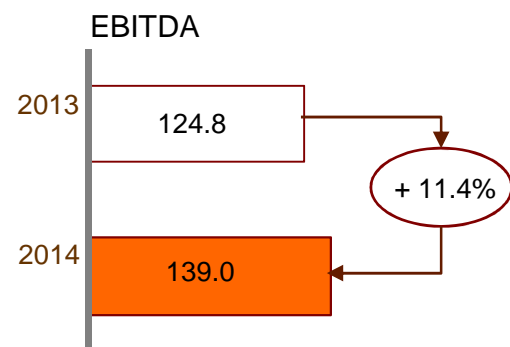
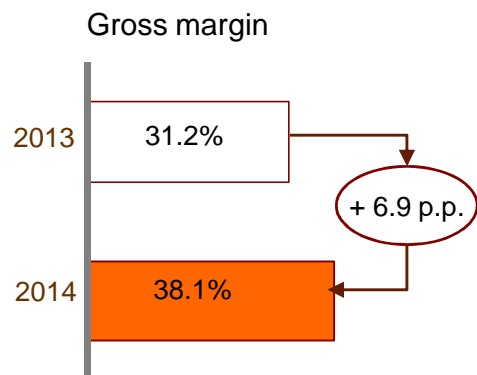
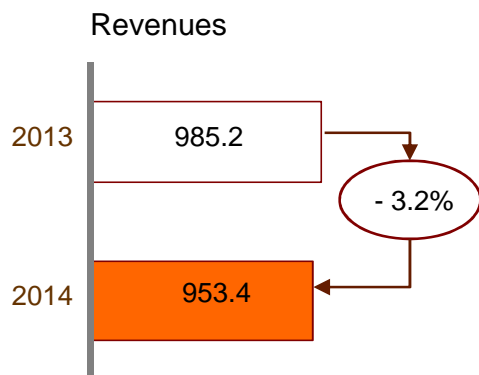
Comment:

- Gross profit increased by 18.2 %
- EBIT increased by 25.0 %
- EBITDA increased by 11.4 %
- Stabilization of raw material prices and savings in production resulted in improvement of gross profit.



FINANCIAL RESULTS OF KOFOLA GROUP* IN 2014 [MPLN]

Legend: 2013
 2014



Comments on 2014 results:

- Focus on the development of profitable products and customers resulted in improved Gross margin.
- EBIT and EBITDA – increase due to improved gross profit.
- Significant improvement of EBIT and EBITDA margin.

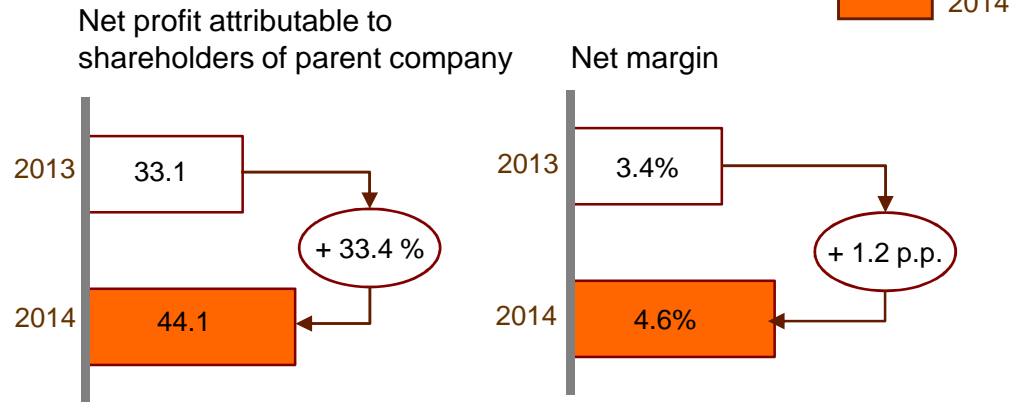
EBITDA PLN 139.0 million
EBIT PLN 67.3 million



* data adjusted for one-off transactions, data for 2013 were translated into the Polish zloty using the exchange rates from 2014

FINANCIAL RESULTS OF KOFOLA GROUP* IN 2014 [MPLN]

Legend:  2013
 2014



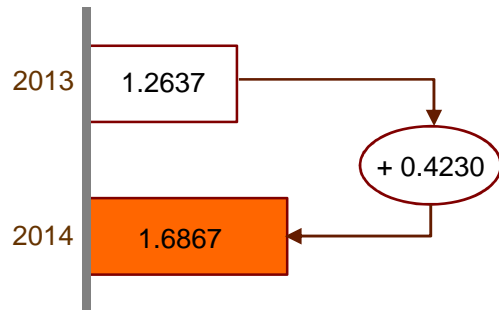
Comments on net result for 2014

- Increase of net margin by 1.2 p.p.
- Increase of Net profit attributable to shareholders of parent company by PLN 11 million.
- EPS 1.6867 PLN/share.



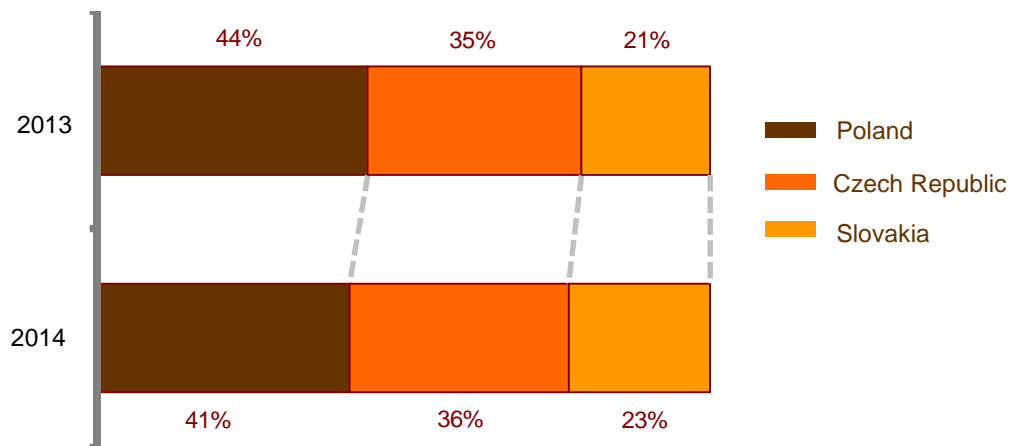
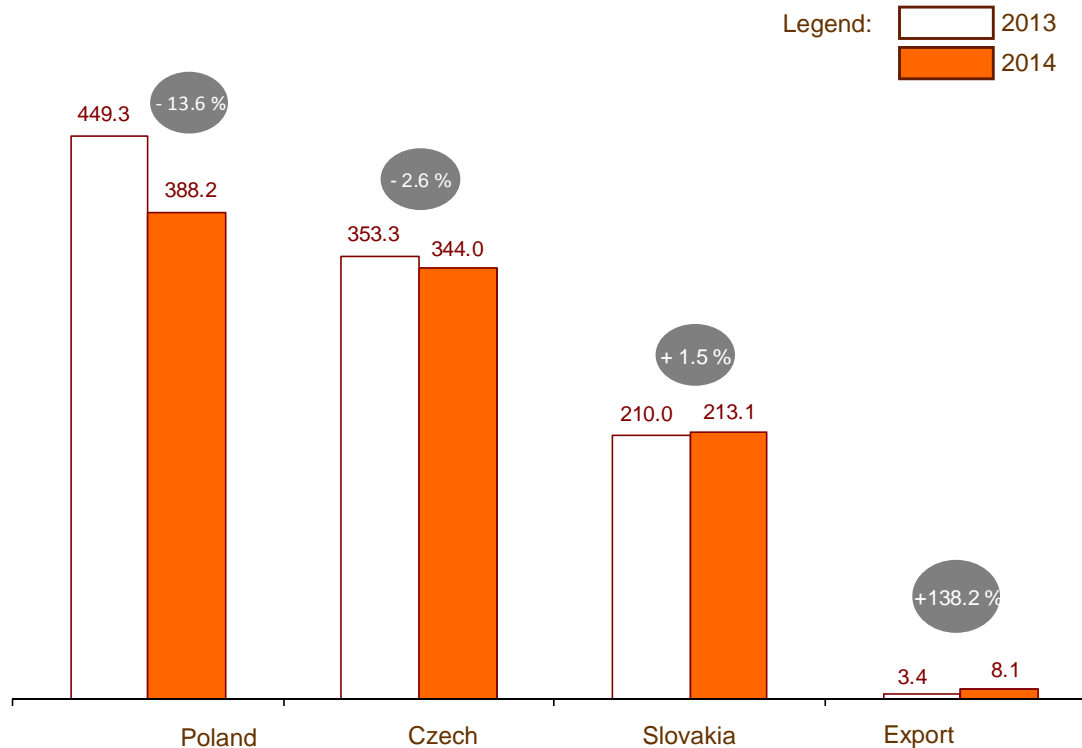
Net profit attributable to shareholders of parent company PLN 44.1 million

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



* data adjusted for one-off transactions, data for 2013 were translated into the Polish zloty using the exchange rates from 2014

SALES IN INDIVIDUAL GEOGRAPHICAL SEGMENTS* IN 2014 [MPLN]



*data for 2013 were translated into the Polish zloty using historical exchange rates

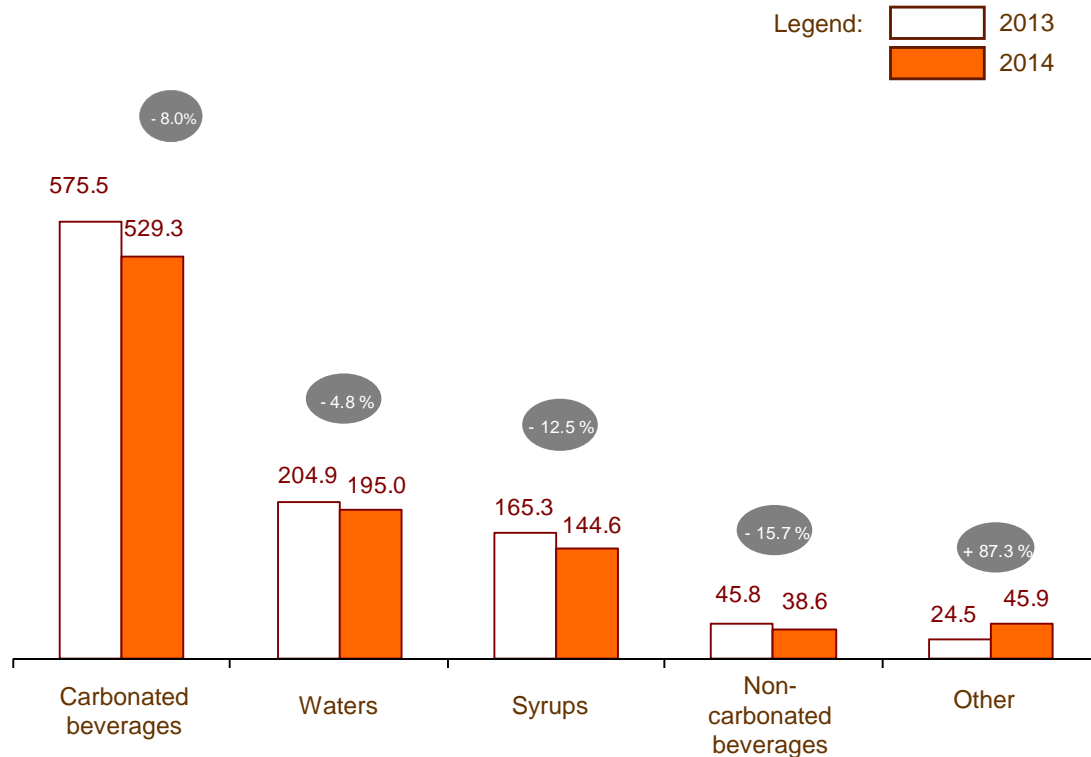
Geographical segments

- Poland**
 Revenues have decreased by 13.6 % mainly in modern channel and it is caused by that 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 decreased by 2.6 % caused by weakening of CZK against PLN. In local currency increase by 3.9 %. This increase relates to impulse segment and results mainly from increased sales of UGO products, water, energy drinks and non-carbonated beverages.
- Slovakia**
 Revenues have increased by 1.5 % in PLN (2 % in local currency). The increase relates mainly to higher sales of carbonated beverages.

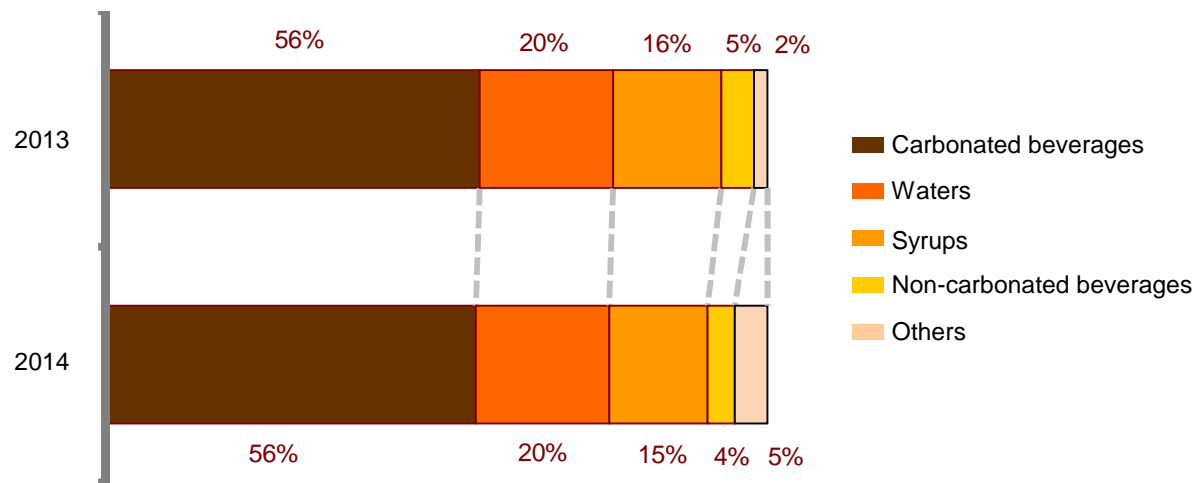
 In 2014, Kofola SK had a leading position in the retail segment as well as HoReCa segment in terms of market share.

SALES IN INDIVIDUAL PRODUCT SEGMENTS* IN 2014 [MPLN]



Segment reporting by product groups

- Revenues of all segments in 2014 were negatively influenced by weakening of CZK against PLN.
- 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 start of the 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.
- Stable situation in the non-carbonated beverages segment due to innovations.
- Significant increase in the Other segment due to increased sales of Semtex and growing revenues of fresh bars (also thanks to acquisition of Mangaloo group).

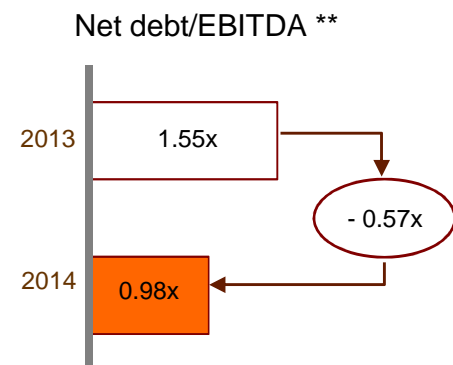
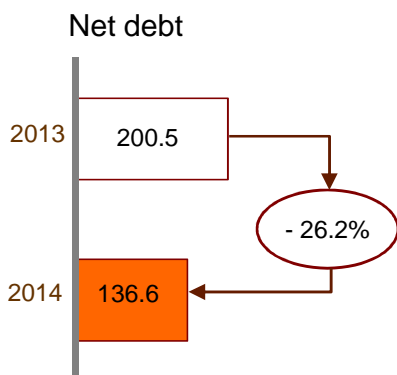
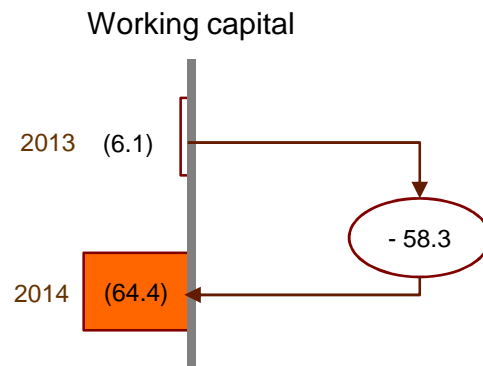
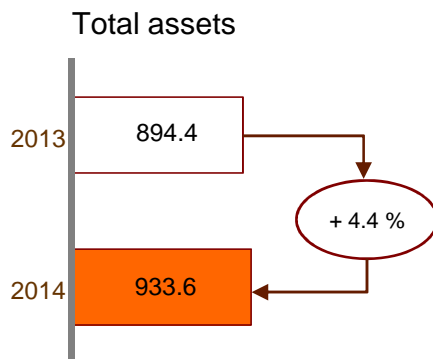
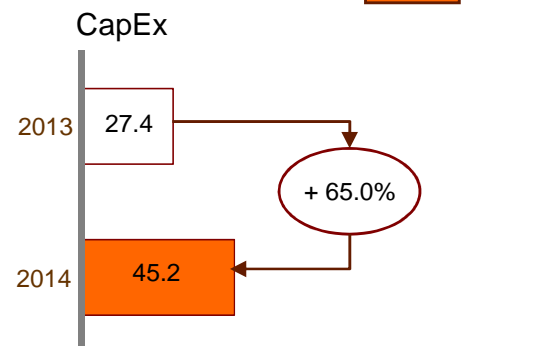
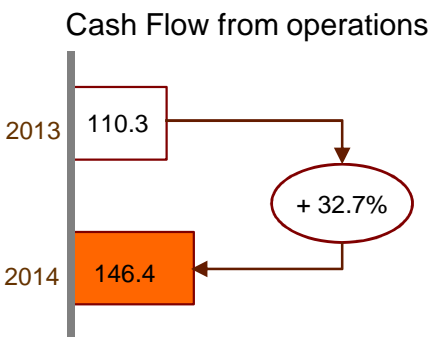


*data for 2013 were translated into the Polish zloty using historical exchange rates



FINANCIAL RESULTS OF KOFOLA GROUP IN 2014* [MPLN]

Legend: 2013
 2014



Cash flow and net debt

- Cash flow from operations PLN 146.4 million.
- Drop of net debt by 26.2 %.
- Net debt/EBITDA decreased to 0.98x compared to 1.55x as at 31 December 2014.

Net debt/EBITDA 0.98x



* data for 2013 were translated into the Polish zloty using historical exchange rates
 ** data adjusted for one-off transactions

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POSITION OF THE GROUP IN THE MAIN SEGMENTS

Legend:



	PL	CZ	SK	RU
Cola beverages	3	2	2	-
Carbonated beverages	7	3	2	-
Waters	-	3	1	-
Syrups and concentrates	2	1	2	-
Beverages for children	3	2	2	-
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 the segment of carbonated beverages in Slovakia was achieved due to acquisition of Vinea brand in 2008.
- Nr. 1 in the natural spring waters in Slovakia. 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). On the Czech and Slovak market second position behind Kubík.
- 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).

Kofola Group's 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.
- 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).

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 portfolio (most of the news up to 0.5l).
- 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 Czech.

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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MISION AND VISION

Mision:

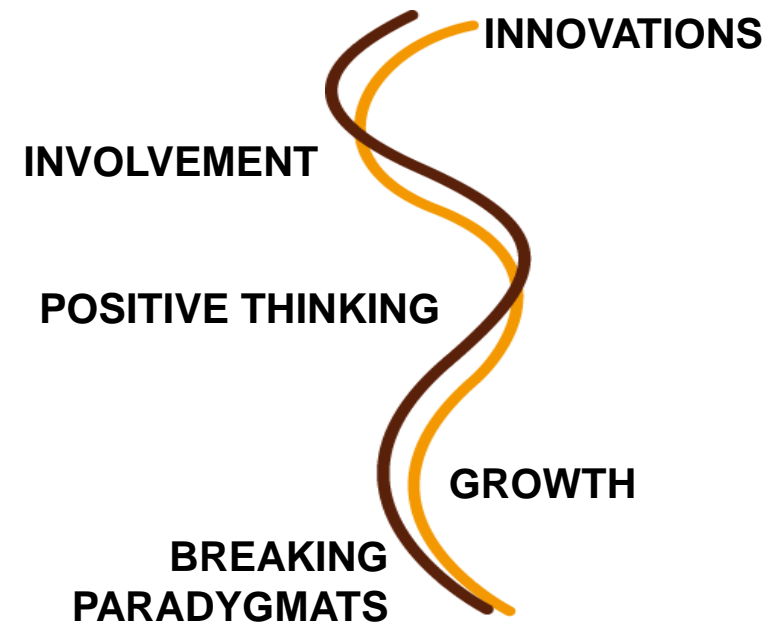
We are Kofola. With enthusiasm we strive for what is truly important in life: to love, to live healthy and always look for new ways.

Vision:

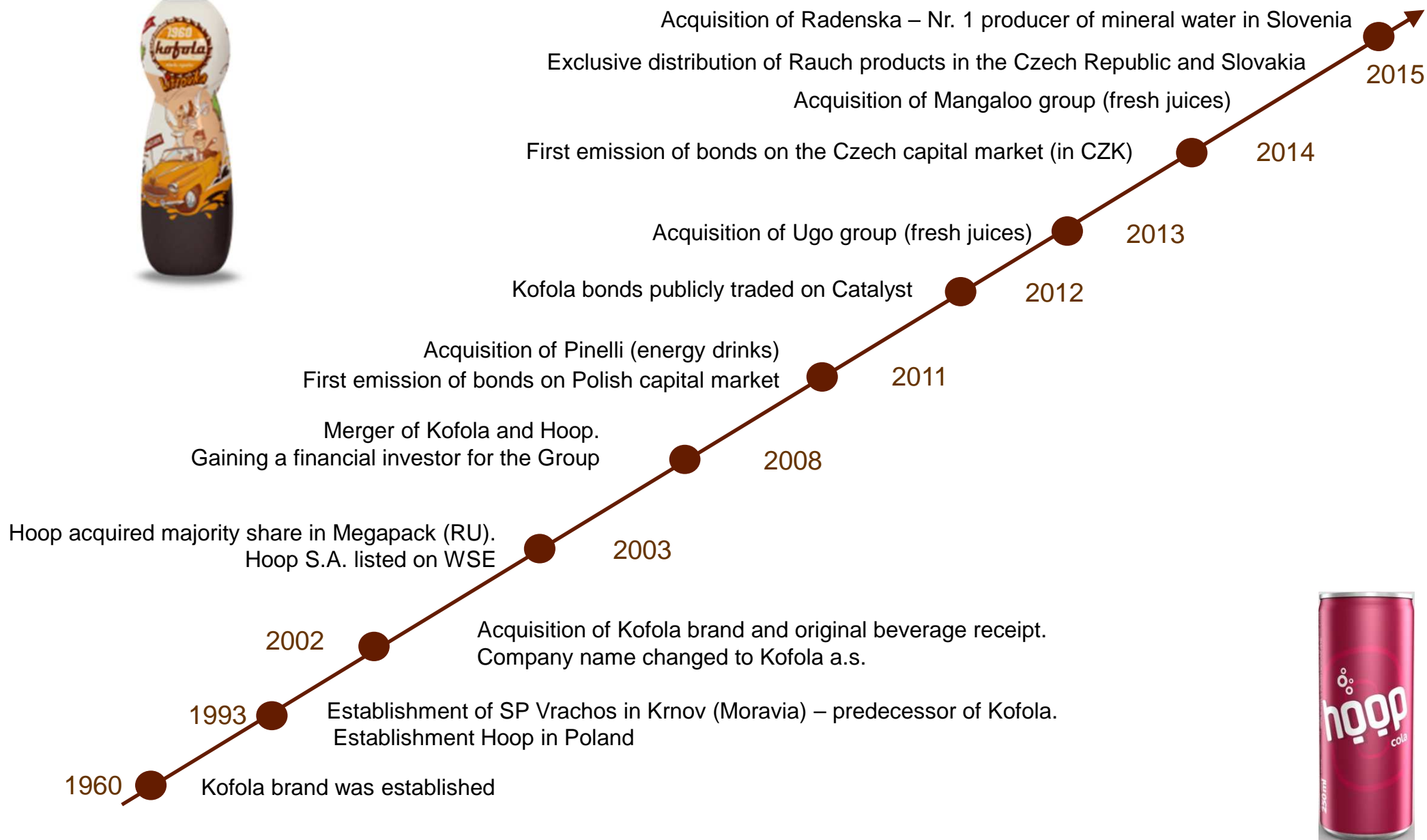
By 2017 we want to be Czechoslovak leader in gastro and impulse, stabilize retail and offer our beverages in a healthier form and as till now we will produce our products with the greatest care and love.

Our core competences are our DNA:

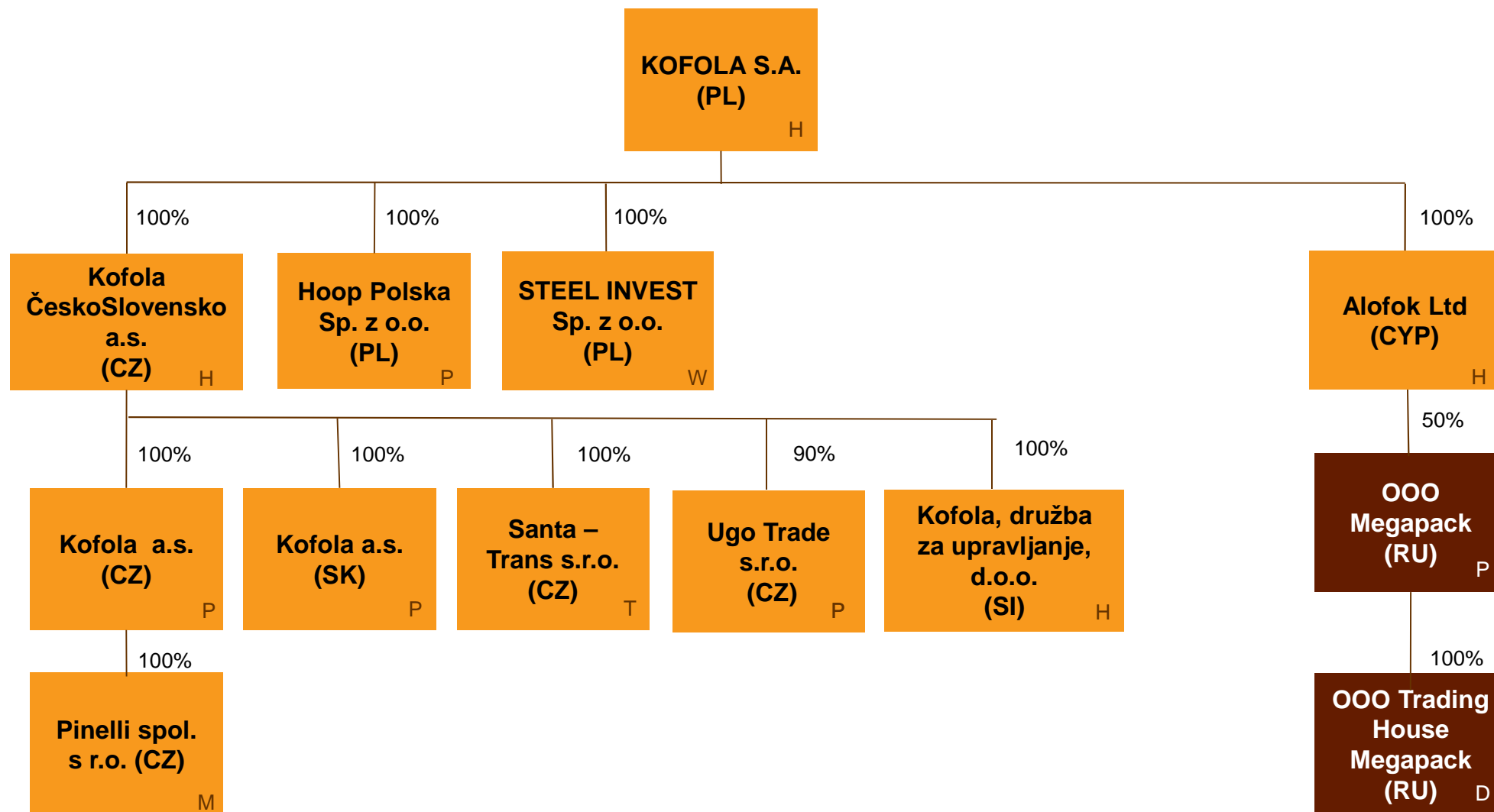
- We aim to be one step ahead
- We are constantly looking for new opportunities to grow
- Our business is created by our consumers, customers, suppliers and employees
- We are bringing emotions
- We work where we are at home and we know the local culture



HISTORY OF KOFOLA GROUP



LEGAL STRUCTURE OF KOFOLA GROUP AS AT 31.12.2014

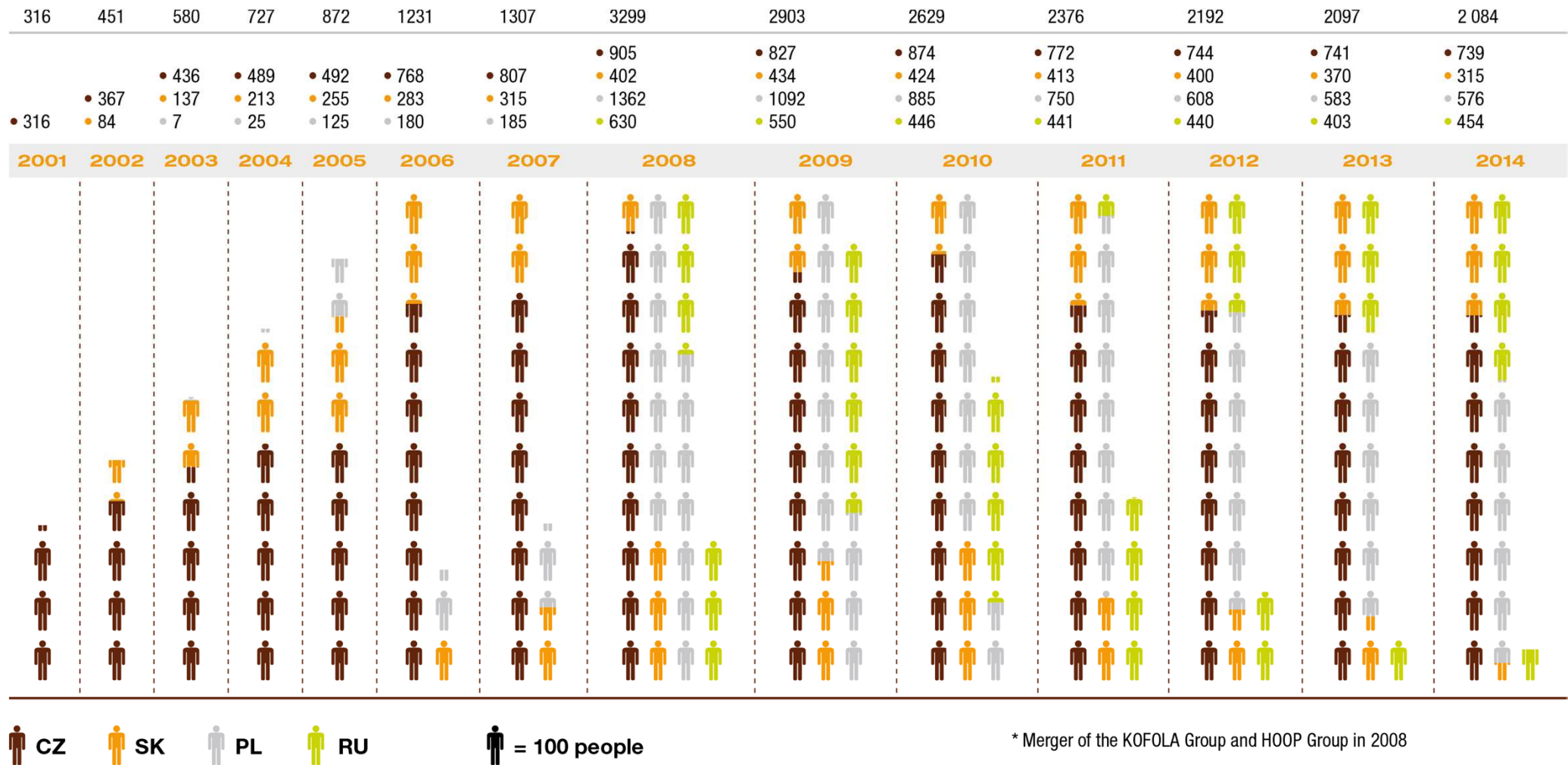


Legend:

- Fully consolidated entity
- Entity consolidated using equity method

- P – sales and production
- D – distribution
- W – terminating operations
- T – transportation
- H – holding company
- M – owner of brand

NUMBER OF EMPLOYEES IN INDIVIDUAL COUNTRIES SINCE 2001



DISTRIBUTION CHANNELS

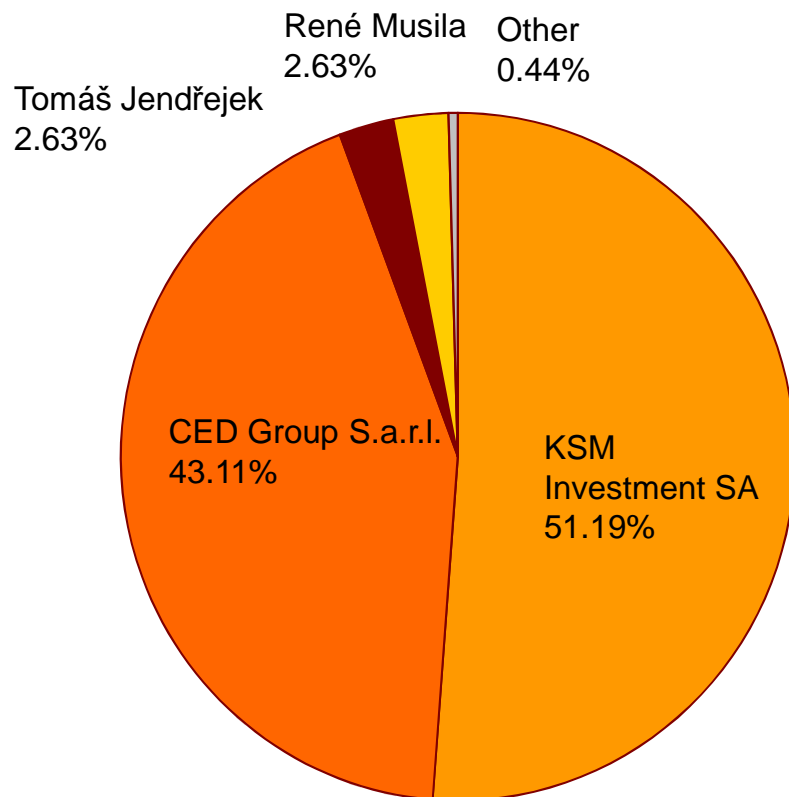
	PL	CZ	SK	RU
Modern channels (retail chains)	●	●	●	●
Traditional channels (wholesalers and distributors)	●	●	●	●
HoReCa		●	●	
B2B (private labels, co-packing, toll-manufacturing)	●			●
Direct distribution		●	●	
Vending machines		●		
Fresh Bars		●	●	

- 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. In the Czech Republic DD is introduced from October 2014.
- At the end of 2012 Kofola group acquired first operator of fresh bars – UGO group. At the beginning of 2014 the expansion continues by the acquisition of Mangaloo group.

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SHAREHOLDER STRUCTURE



Share capital comprises 26 170 003 shares in following structure:

13 085 977 shares in series A-E approved for trading

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

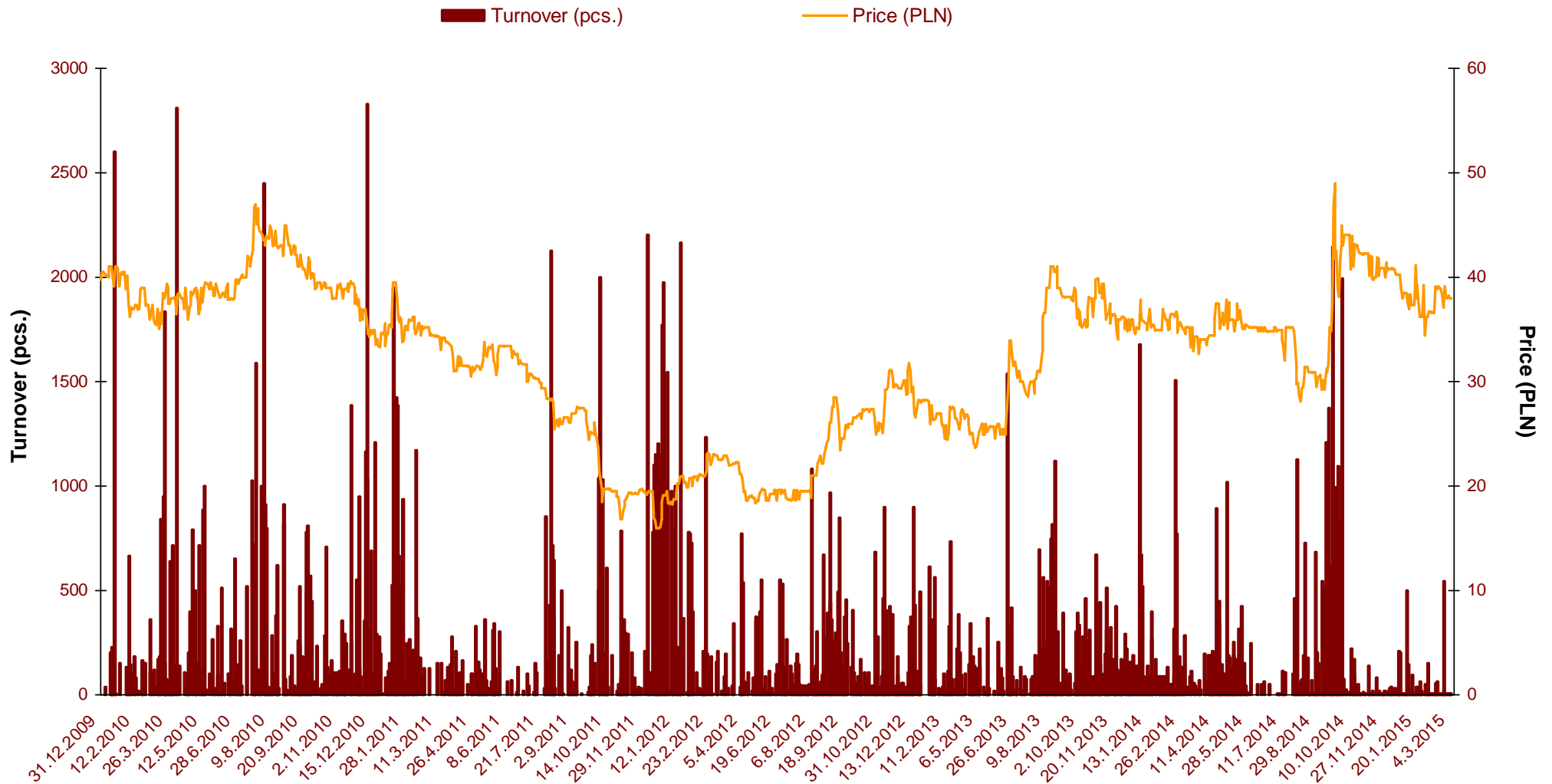
Equity

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

Avg. share price in 2014	36.0 PLN	Avg. share price in 2013	30.8 PLN
Average daily transaction activity in 2014	162.6 pcs.	Average daily transaction activity in 2013	151.4 pcs.



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KOFOLA S.A.

Should you have any question related to KOFOLA S.A. do not hesitate to contact our investor relations office:

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