



kofola 

KOFOLA GROUP RESULTS IN 1H2014

Investor's Presentation

26 August 2014

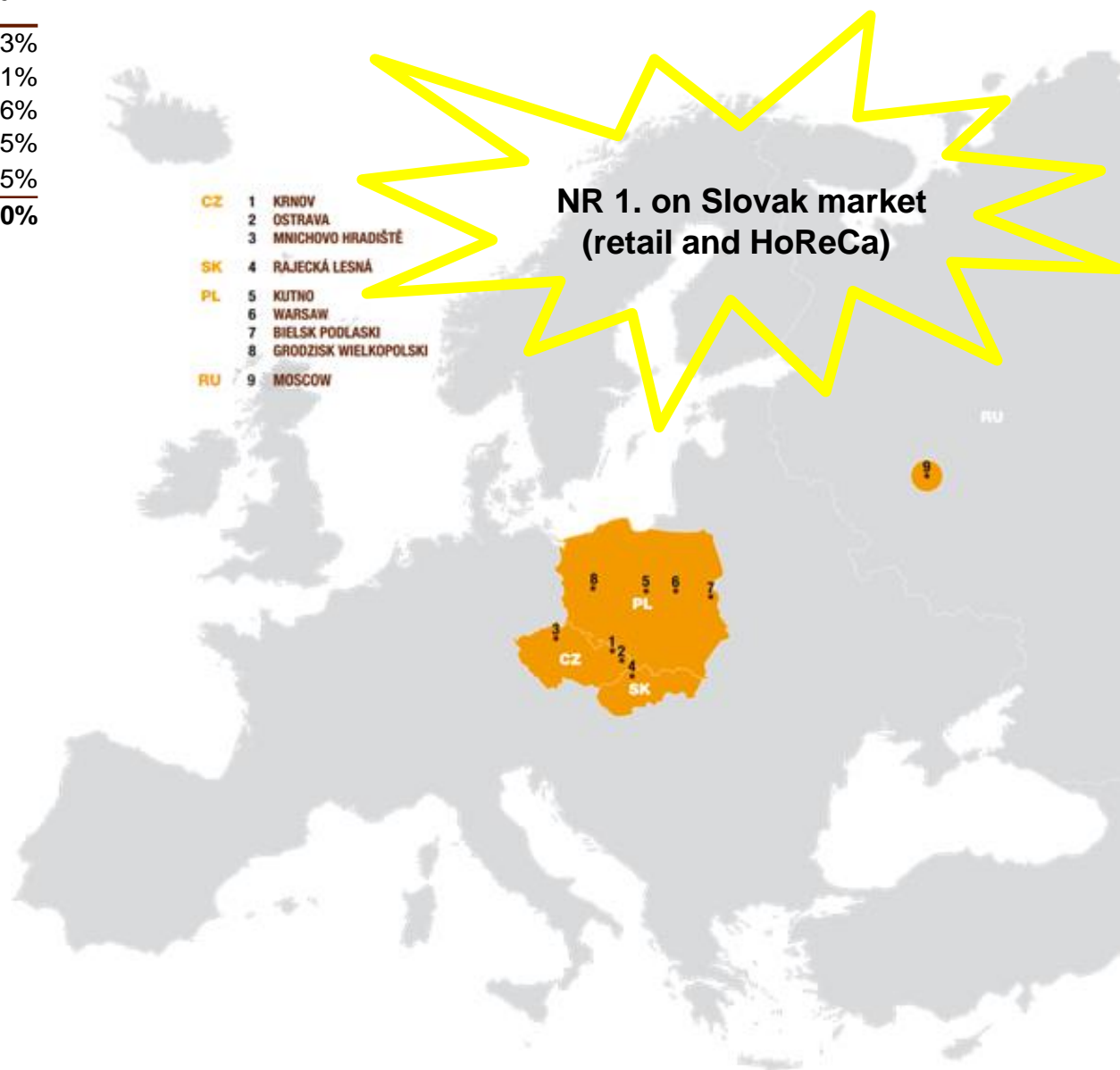
- **Kofola Group in 1H2014**

- Summary of results and market conditions in 1H2014
- Markets, trends and strategy
- Profile and history of Kofola Group
- Shares and shares' price
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KOFOLA GROUP IN 1H2014

Segment revenues		1H2014	%
Carbonated beverages	[mIn PLN]	246.5	53%
Waters	[mIn PLN]	98.4	21%
Syrups	[mIn PLN]	74.0	16%
Non-carbonated beverages	[mIn PLN]	24.6	5%
Other	[mIn PLN]	21.4	5%
Total revenues	[mIn PLN]	464.9	100%
EBITDA	[mIn PLN]	63.3	
Total assets	[mIn PLN]	964.9	
Equity	[mIn PLN]	388.2	
Net debt	[mIn PLN]	194.7	
Net debt/12mEBITDA		1.48	
Net debt/Equity		0.50	
EPS attributable to shareholders of parent company	[PLN/ share]	0.6801	



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 those 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.



NEW PRODUCTS IN 2014

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.



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.



KEY SUCCESSES AND REALIZED EVENTS IN 2014

Event

Effects

Acquisition of Mangaloo Group

On 21 January 2014 Kofola ČeskoSlovensko a.s. acquired 100% share in the Mangaloo group. The Mangaloo group is owner of chain of fresh bars in several large shopping centres in the Czech Republic. Thanks to this acquisition Kofola Group became the biggest fresh bar operator in the area of central Europe.

Sale of area in Rajec

On 8 April 2014 Kofola a.s., (SK) sold area in Rajec (warehouses and offices) for PLN 6 253 thousand.

Potential acquisition of Radenska

KOFOLA S.A. Group takes part in the tender for Radenska d.d. (Slovenian nr. 1 producer of mineral water). For the tender KOFOLA S.A. Group joined forces with Slovenian P&P Group.

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MARKET CONDITIONS IN 2014

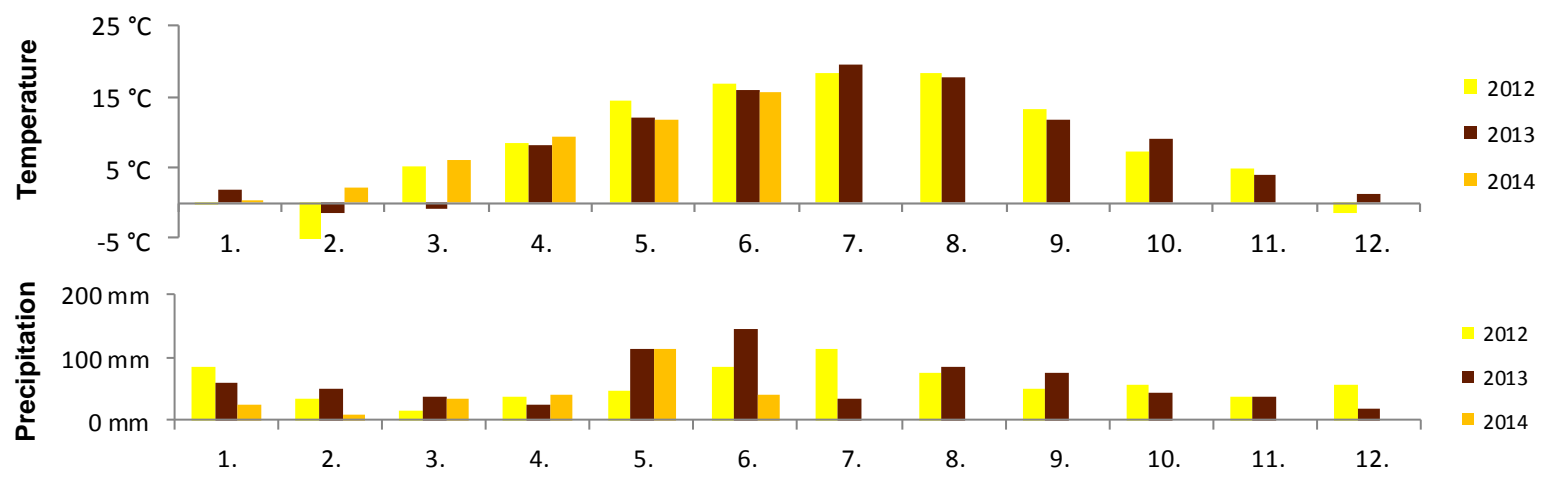


- Consumers are still cost sensitive
- Continuing trend when the home consumption of consumers is increasing and substituting the consumption in the restaurants resulting in decreasing number of restaurants in the Czech Republic and Slovakia
- Stabilization of raw material prices

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

- Increase in excise duty on alcoholic beverages in Russia

Comparison of temperature and precipitation in the Central Europe



FINANCIAL RESULTS OF KOFOLA GROUP IN 1H2013 ADJUSTED BY ONE OFF TRANSACTIONS [TPLN]

1H2013	IFRS	IFRS – adjusted by one-off transactions	Adjusted recalculated
Continuing operations			
Revenue	504 082	504 082	486 791
Cost of sales	(345 472)	(345 472)	(335 758)
Gross profit	158 610	158 610	151 033
Selling, marketing and distribution costs	(115 964)	(115 964)	(110 925)
Administrative costs	(22 479)	(22 479)	(21 030)
Other operating income/(expenses), net	4 856	3 040	3 001
Operating result	25 023	23 207	22 079
EBITDA	60 740	58 924	56 678
Financial expenses, net	(7 524)	(9 616)	(10 576)
Income tax	(4 162)	(4 056)	(3 778)
Net loss on continuing operations	13 337	9 535	7 725
Discontinued consolidation			
Net loss for the period on discontinued consolidation	(849)	(849)	(849)
Net loss for the period	12 488	8 686	6 876
- attributable to shareholders of the parent company	12 531	8 729	6 918

- In 1H2013 EBIT and EBITDA were influenced by one off gain on sale of fixed assets of 1 816 TPLN (with impact on taxation of 106 TPLN). Finance result was influenced by one-off gain on sale of Santa Trans.SK s.r.o. of 2 092 TPLN. This transaction did not have any impact on taxation.
- To obtain better comparability of data, the financial statements of the foreign companies of the Group for 1H2013 have been translated into the Polish zloty using the exchange rates from 1H2014.



FINANCIAL RESULTS OF KOFOLA GROUP IN 1H2014 AND 1H2013 [TPLN]

	1H2014	1H2013*
Continued operations		
Revenue	464 856	486 791
Cost of sales	(295 320)	(335 758)
Gross profit	169 536	151 033
Selling, marketing and distribution costs	(115 444)	(110 925)
Administrative costs	(25 377)	(21 030)
Adjusted other operating income / (expenses), net	1 007	3 001
Adjusted operating result	29 722	22 079
Adjusted EBITDA	63 306	56 678
Adjusted financial expense, net	(6 278)	(10 576)
Adjusted income tax	(5 636)	(3 778)
Adjusted net profit from continuing operations	17 808	7 725
Discontinued consolidation		
Net loss for the period from discontinued consolidation	-	(849)
Adjusted net profit for the period	17 808	6 876
- attributable to shareholders of the parent company	17 791	6 918

*Data for 1H2013 were translated into the Polish zloty using the exchange rates from 1H2014 and adjusted by one-off items

Comment:

- Improvement of financial results compared to 1H2013

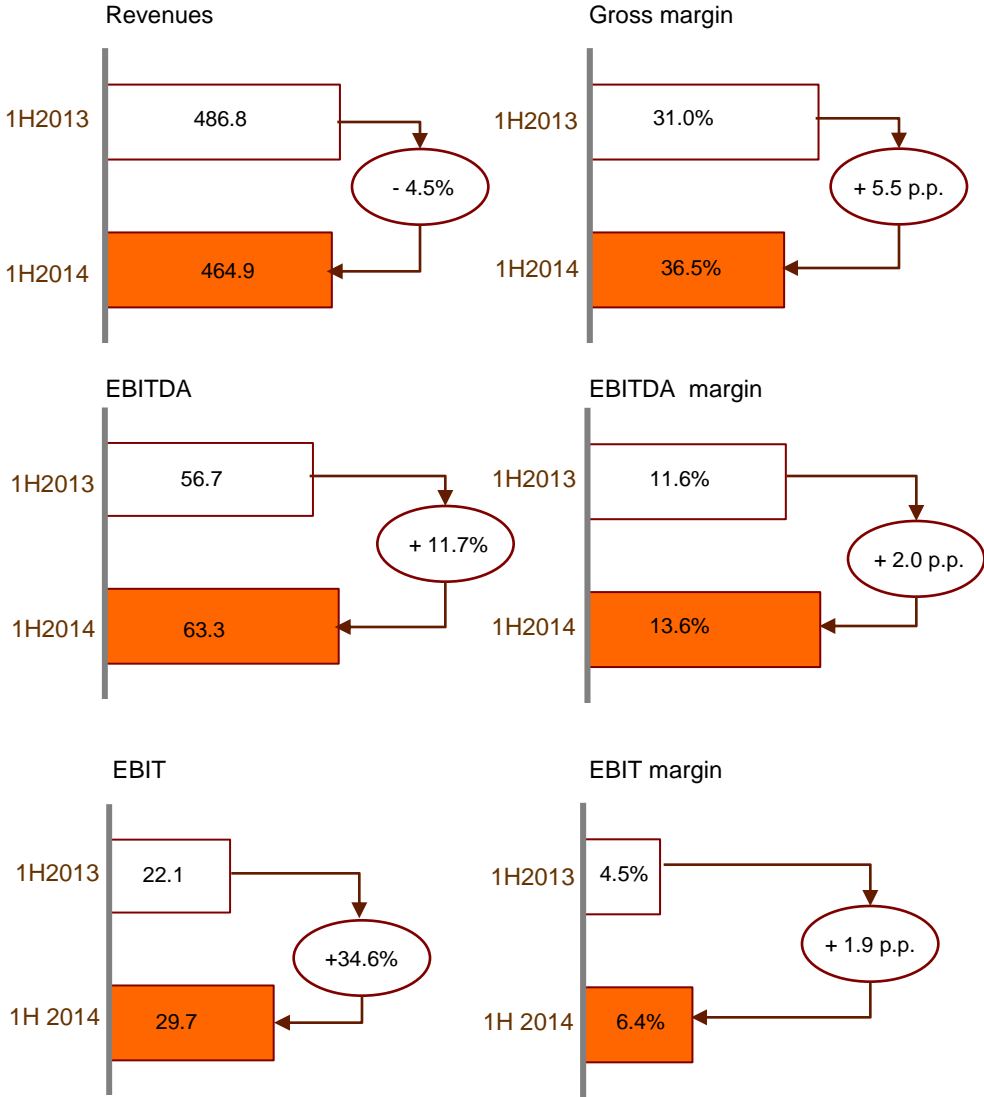


FINANCIAL RESULTS OF KOFOLA GROUP IN 1H2014 [MPLN]

Legend: 1H2013
 1H2014

Comments on 1H2014 results

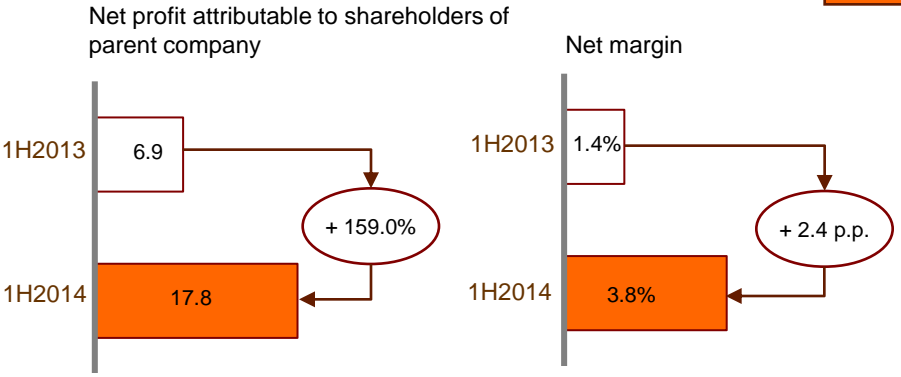
- Stabilization of raw material prices and postponing of maintenance expenses resulted in improvement of gross margin
- EBIT and EBITDA – increase due to improved gross profit
- Significant improvement of EBIT and EBITDA margin



EBITDA PLN 63.3 million
EBIT PLN 29.7 million

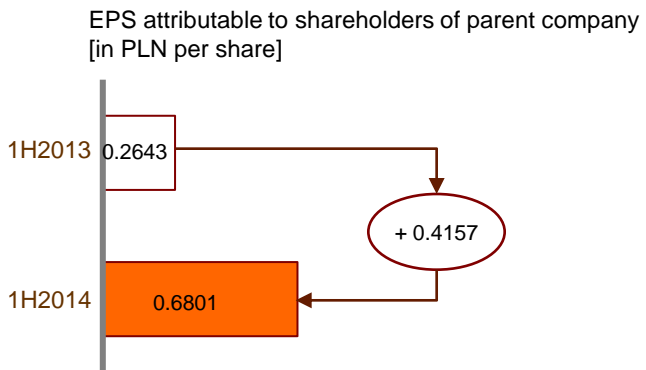
FINANCIAL RESULTS OF KOFOLA GROUP IN 1H2014 [MPLN]

Legend: 1H2013
 1H2014



Comments on net result for 1H2014

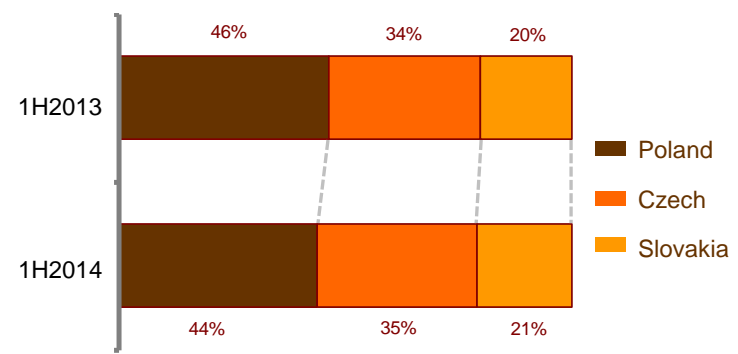
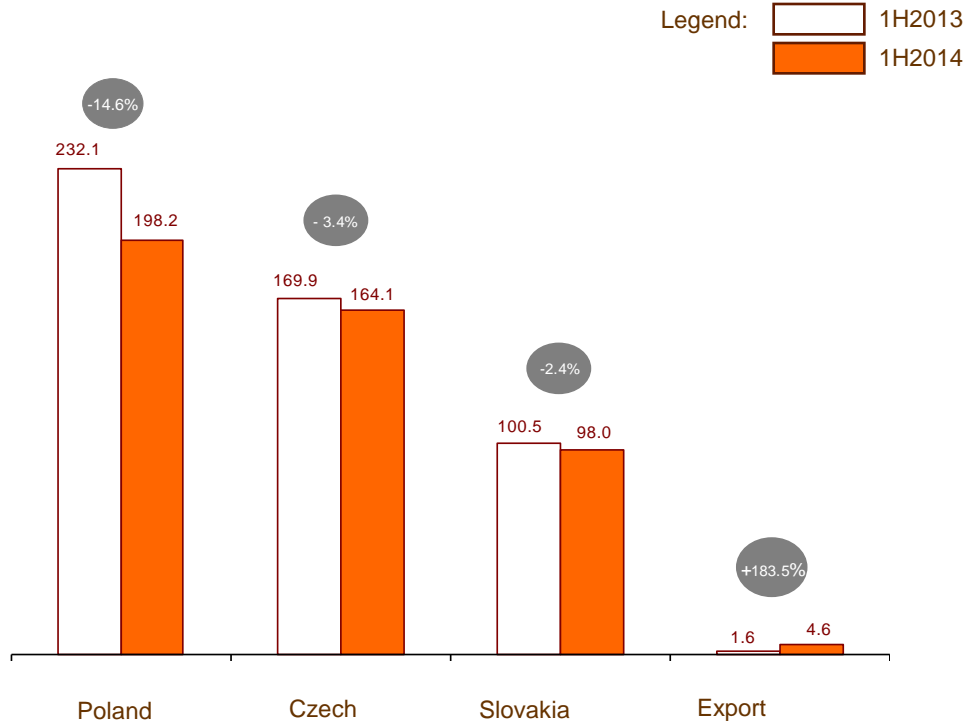
- Increase of net margin by 2.4 p.p.
- Increase of Net profit attributable to shareholders of parent company by PLN 10.9 million
- EPS 0.6801 PLN/share



Net profit attributable to shareholders of parent company PLN 17.8 million



SALES IN INDIVIDUAL GEOGRAPHICAL SEGMENTS* IN 1H2014 [MPLN]



Geographical segments

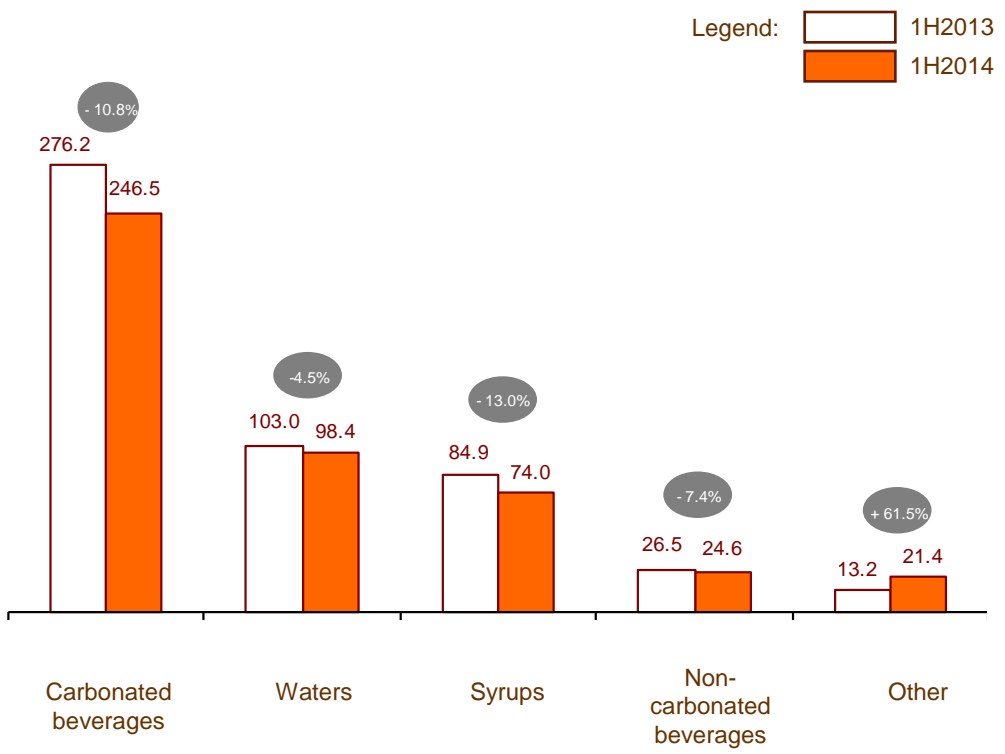
- Poland**
 Revenues have decreased by 14.6% due to lower by PLN 34.2 million sales of HOOP Polska. This decrease relates mainly to modern channel and is caused by the fact that we focus on improving the margins on our products in Poland despite the fact that we may lose some part of the volume sold.

 Taking into account also private labels HOOP Polska belongs into TOP5 producers in Poland.
- Czech**
 Revenues decreased by 3.4% compared to 1H2013 in PLN – caused by weakening of CZK against PLN – in local currency there is an increase by 1.7%. This slight increase relates to impulse segment and results mainly from increased sales of water and non-carbonated beverages.
- Slovakia**
 Revenues have decreased by 2.4% in PLN (1.4% in local currency).

 In 1H2014 Kofola SK had a leading position in the retail segment as well as HoReCa segment in terms of market share.

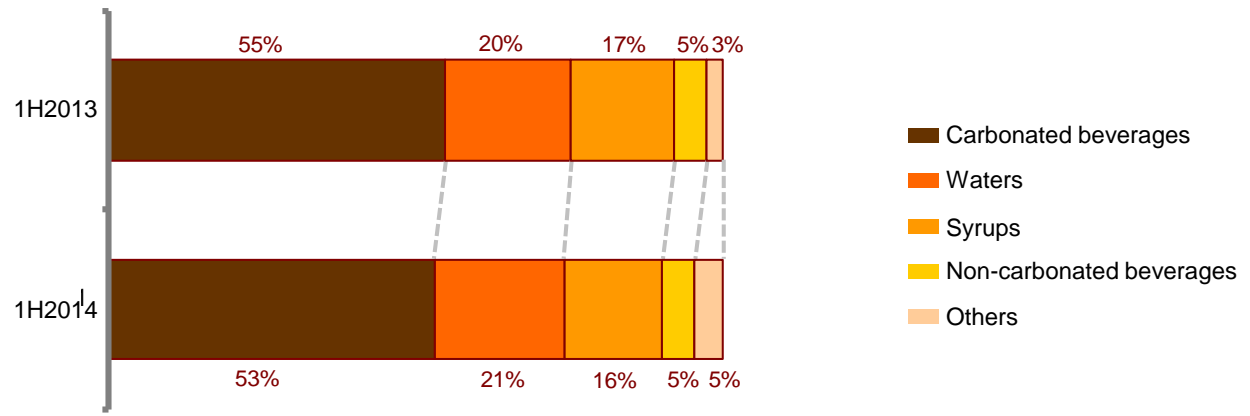
*Data for 1H2013 were translated into the Polish zloty using historical exchange rates

SALES IN INDIVIDUAL PRODUCT SEGMENTS* IN 1H2014 [MPLN]



Segment reporting by product groups

- The main factor influencing the decrease of revenues in the segment of carbonated beverages is drop in 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 1H2013 were translated into the Polish zloty using historical exchange rates

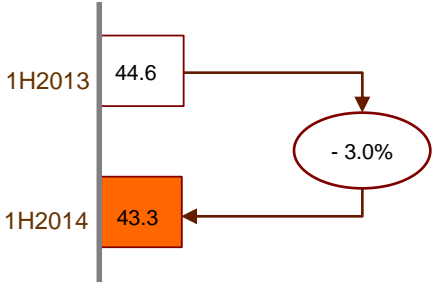
FINANCIAL RESULTS OF KOFOLA GROUP IN 1H2014 [MPLN]

Legend: 1H2013
 1H2014

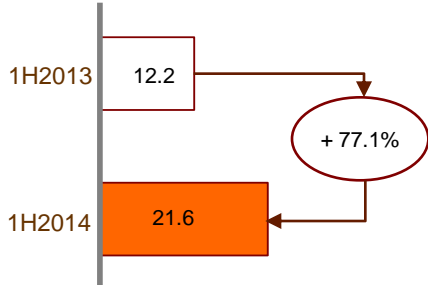
Cash flow and net debt

- Cash flow from operations PLN 43.3 million
- Drop of net debt by 18.3%
- Net debt/12mEBITDA decreased to 1.48x compared to 1.97x as at 30 June 2013.

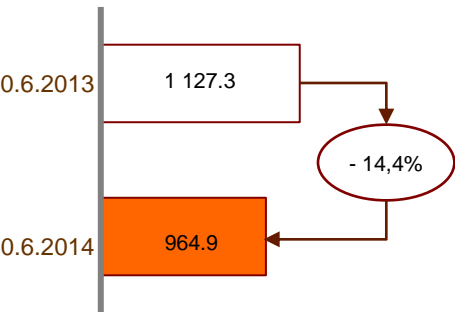
Cash Flow from operations*



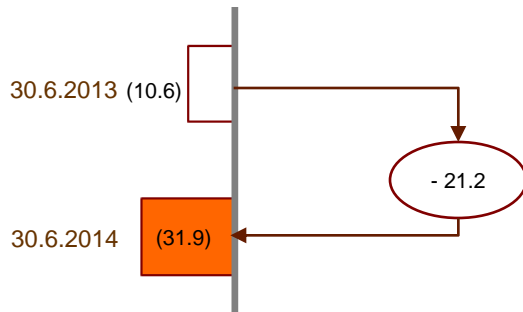
CapEx*



Total assets

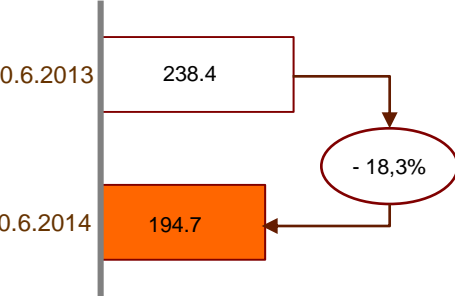


Working capital

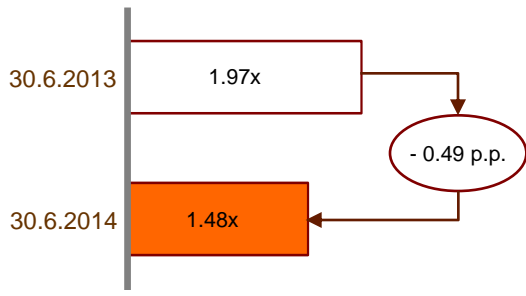


Net debt/12mEBITDA 1.48x

Net debt



Net debt/12mEBITDA



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POSITION OF THE GROUP IN THE MAIN SEGMENTS

Legend:



	PL	CZ	SK	RU
Cola beverages	3	2	1	-
Carbonated beverages	7	3	2	-
Waters	-	4	1	-
Sirups and concentrates	2	1	2	-
Beverages for children	4	2	2	-
Energy drinks	-	4	11	-
Soft alcohol beverages (alcopops)	-	-	-	3*

* Volume share in the Moscow region

- Nr. 1 in Slovakia. Strong second position on the Czech market.
- Strong position in the segment for carbonated beverages in Slovakia was achieved due to acquisition of Vinea brand in 2008.
- First position 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 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 – 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
- 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)
- 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 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:

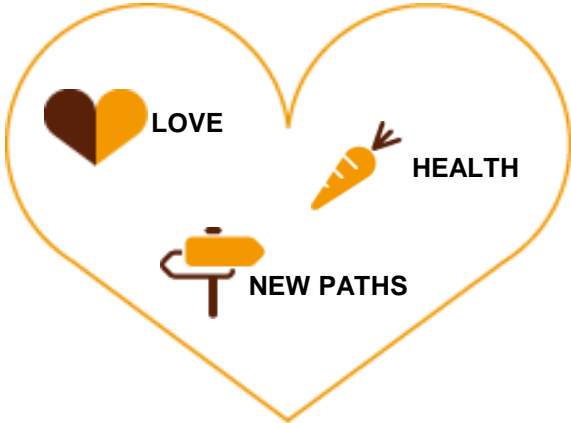
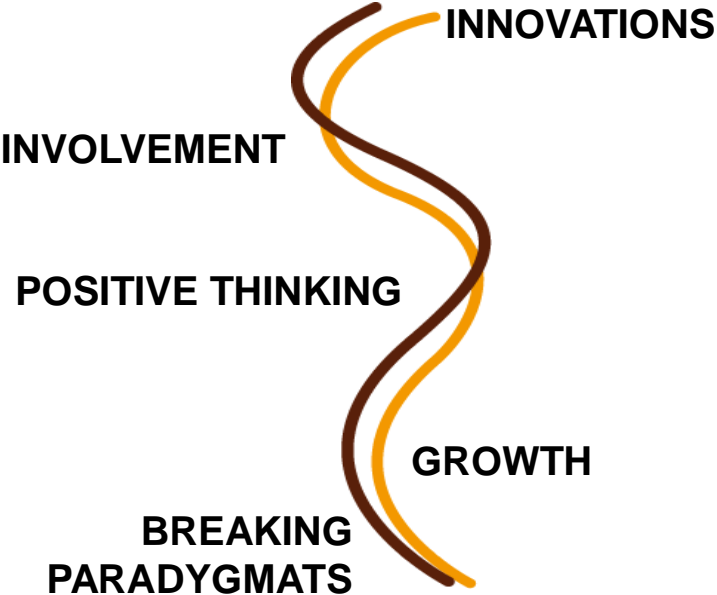
We are Kofola. With enthusiasm we strive for what is truly important in life: to love, to live healthy and always look for new ways.

Vision:

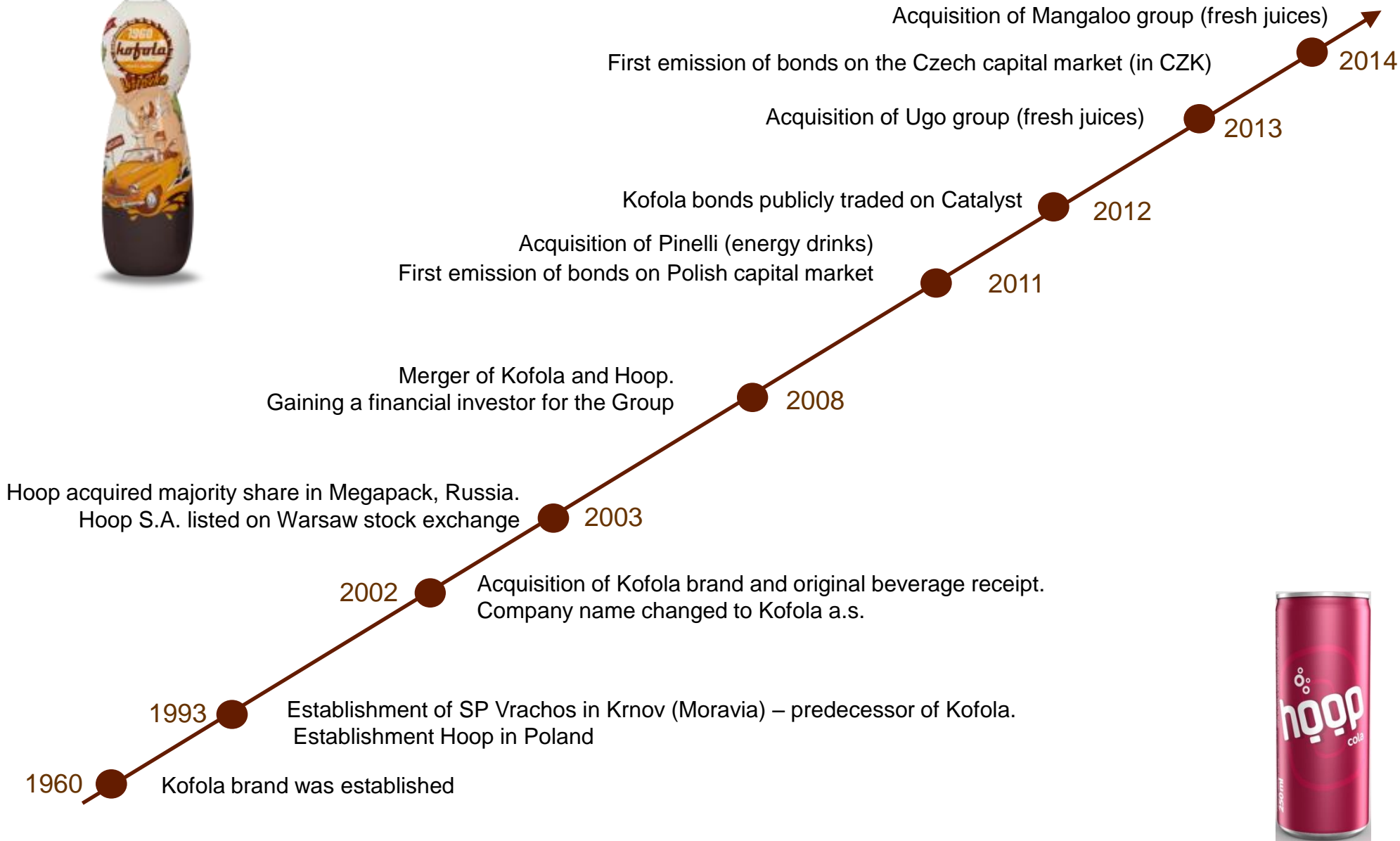
By 2017 we want to be Czechoslovak leader in gastro and impulse, stabilize retail and offer our beverages in a healthier form and as till now we will produce our products with the greatest care and love.

Our core competences are our DNA:

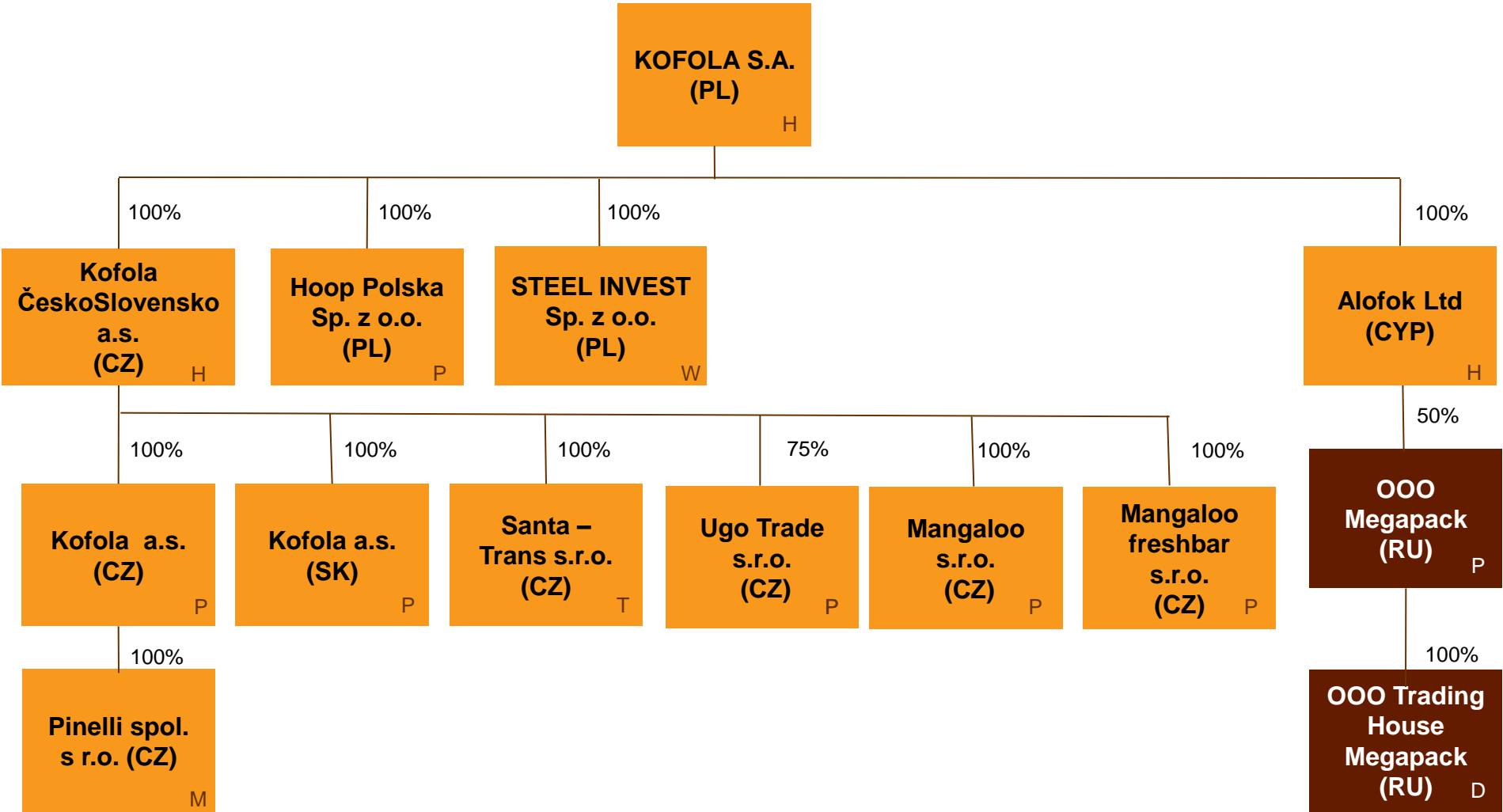
- We aim to be one step ahead
- We are constantly looking for new opportunities to grow
- Our business is created by our consumers, customers, suppliers and employees
- We are bringing emotions
- We work where we are at home and we know the local culture



HISTORY OF KOFOLA GROUP



LEGAL STRUCTURE OF KOFOLA GROUP AS AT 30.6.2014

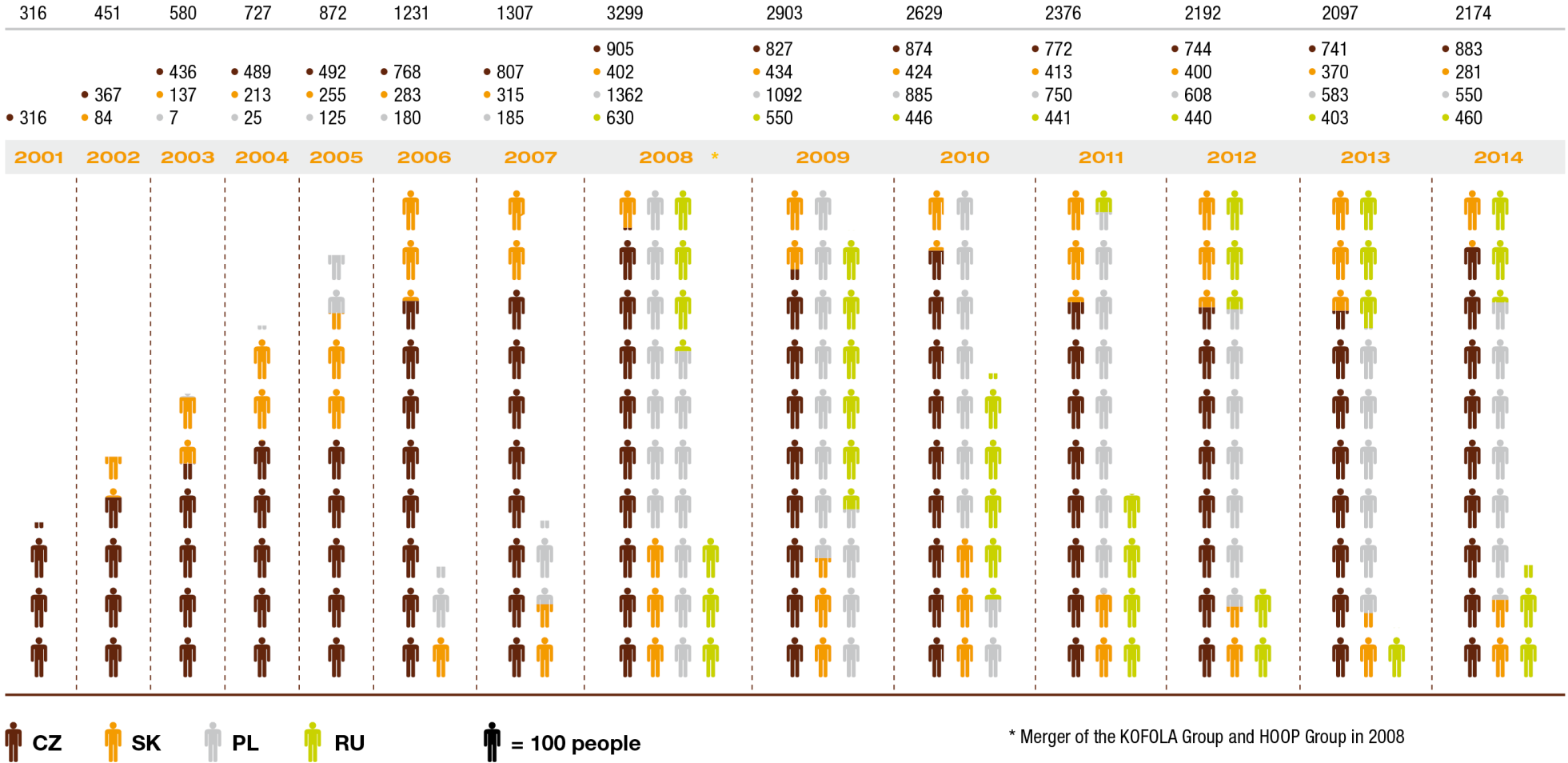


Legend:

- Fully consolidated entity
- Entity consolidated using equity method

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

NUMBER OF EMPLOYEES IN INDIVIDUAL COUNTRIES SINCE 2001



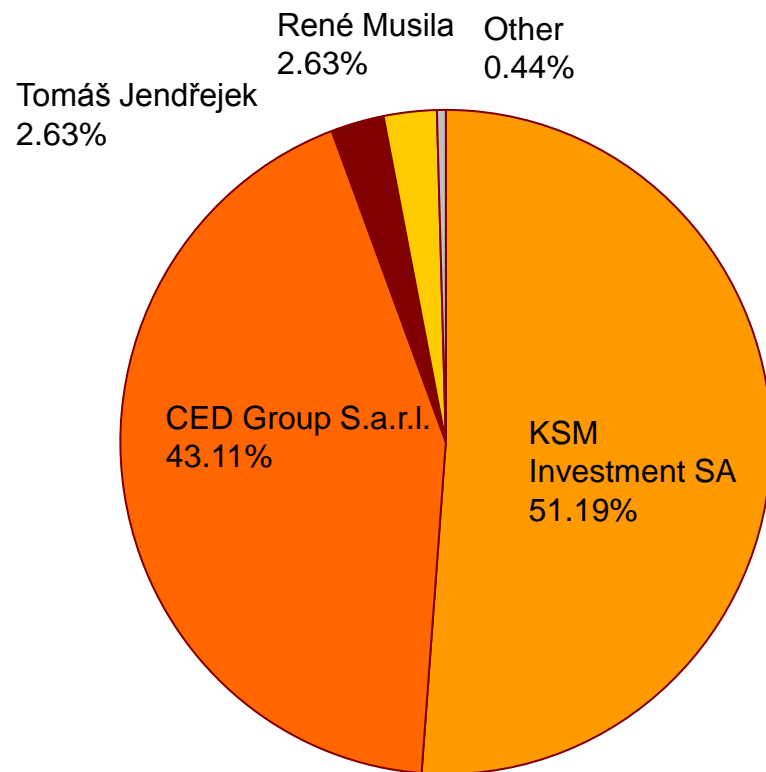
DISTRIBUTION CHANNELS

	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. 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.
- 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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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

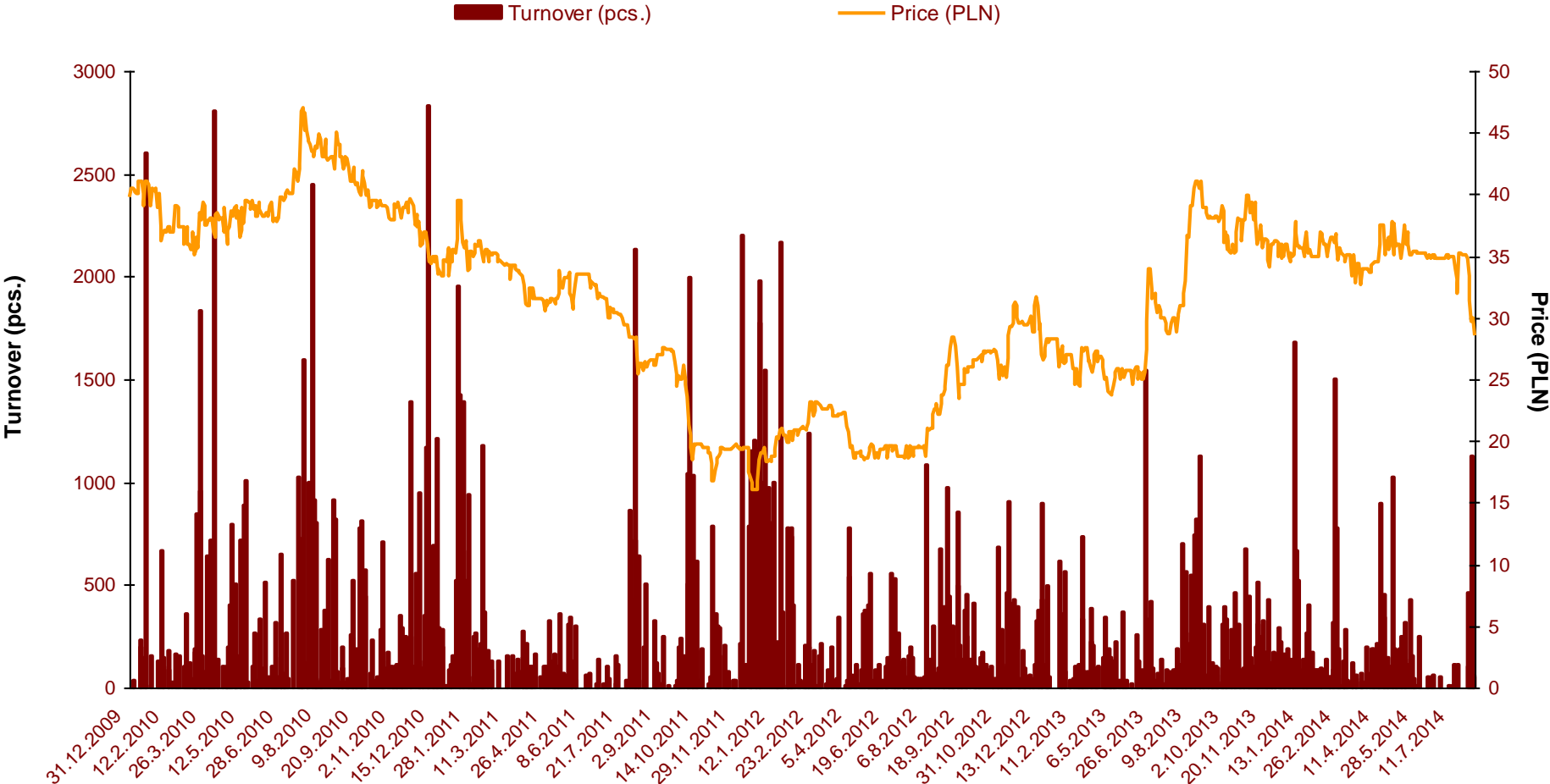
Equity

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.
- 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 40. The program is in proces.

SHARE PRICE AND TURNOVER

Avg. share price in 2014	35.1 PLN	Avg. share price in 2013	21.5 PLN
Average daily transaction activity in 2014	135.2 pcs.	Average daily transaction activity in 2013	188.0 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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