



KOFOLA S.A. GROUP
1H/2015 RESULTS

Investor presentation
19 August 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 and Eastern Europe



Operations in the Czech Republic, Slovakia, Poland, Slovenia; a production associate in Russia



1 900 employees mainly in the Czech Republic and Poland



Transparent business due to presence at the Warsaw Stock Exchange (ticker KFL)



Diversified portfolio of strong and awards winning brands



Achieving successes in the market for 20 years



Kofola Group

Key financial data [MPLN]

Segment revenues*	1H/2015	%
Carbonated beverages	247.5	48%
Waters	127.0	25%
Syrups	68.4	14%
Non-carbonated beverages	37.3	7%
Other	30.3	6%
Total	510.5	100%

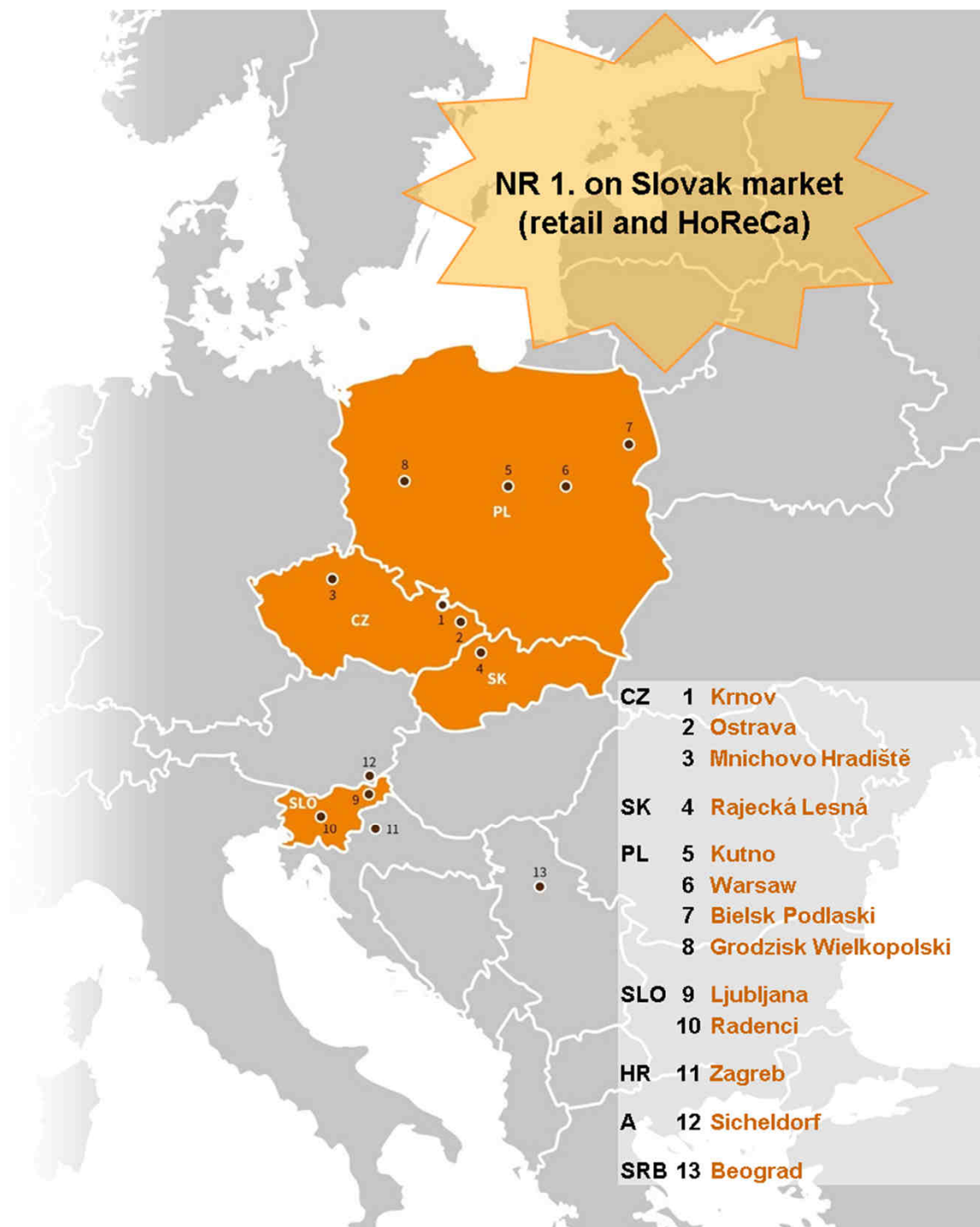
EBITDA*	91.5
Total assets	1 328.9
Equity	437.8
Net debt	250.5
Net debt/EBITDA**	1.50
Net debt/Equity	0.57

EPS attributable to the shareholders of parent company [PLN/share]	1.5256
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* adjusted for one-offs (see slide 14)

** 12-month adjusted EBITDA, including Radenska

Kofola Group results in 1H/2015
Investor presentation



Our main brands



New products in 1H/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.



New products in 1H/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.



Rajec Elderberry 1.5l, 0.75l

New taste flavoured water in PET bottles is now available on the Czech and Slovak market.



New products in 1H/2015



Rajec infant water – new format

New format of the Rajec baby water is now available in 0.75l PET bottles on the Czech and Slovak market

Markets



Rauch products

Exclusive distribution of Rauch products in the Czech Republic and Slovakia.



and more...

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.

Golden Dolphin – Jiří Vlasák, Marketing Director of Kofola CS obtained the Golden dolphin award from the Czech marketing society for projects supporting successful strategy by developing marketing tools



Key events in 2015

Acquisition of Radenska

The Group acquired 97.62% share in Radenska d.d., Slovenian nr. 1 producer of mineral and spring water products.

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.

Acquisition of WAD GROUP

The Group concluded sales and purchase agreement to acquire 100% share in WAD GROUP a.s., owner of 40% share in WATER HOLDING a.s., one of the leaders on Slovak bottled water market. Key brands of the group are Budiš, Fatra, Gernerka and Zlatá Studňa. The transaction is subject to standard conditions precedent and approvals that are currently in progress.

Group restructuring

The management considers migrating the Group's holding company headquarters into the Czech Republic and listing its shares on both the Warsaw Stock Exchange and the Prague Stock Exchange. As a result, the Group's holding company would be incorporated and having its seat in the Czech Republic.

The transaction will be carried out if and when all required consents, including corporate consents required by laws will be obtained and is also subject to favourable market conditions.



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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

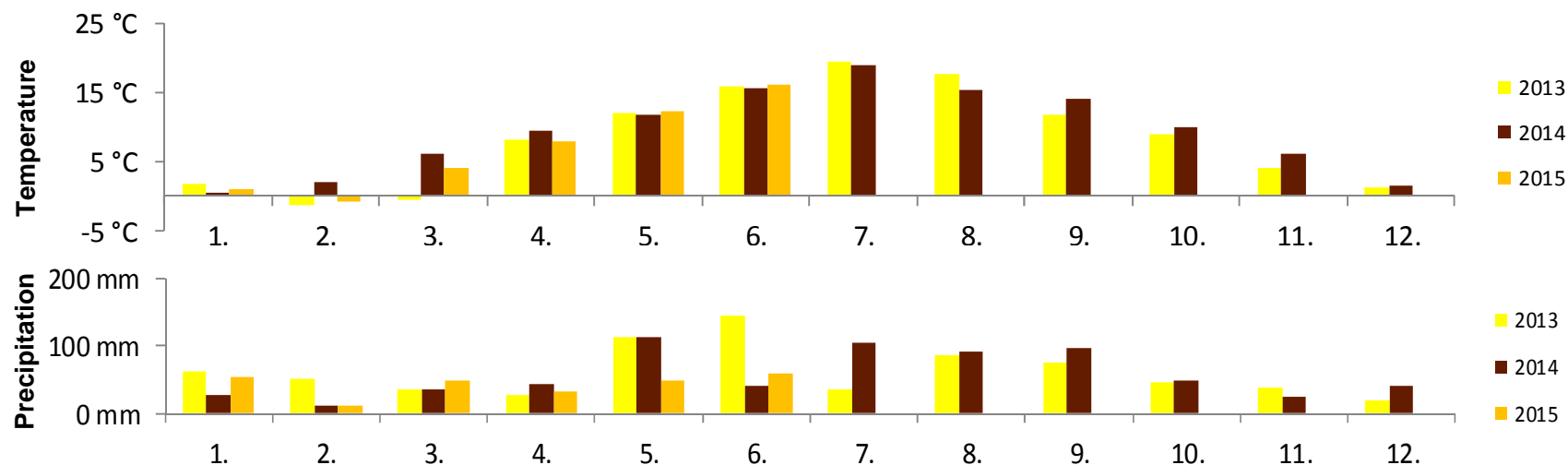
Market / competition

- stabilisation 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 1H/2015 [TPLN]

6M/2015 one-offs	IFRS	One-off transactions		Adjusted
Revenue	505 218	5 327	*	510 545
Cost of sales	(297 957)	(3 374)	*	(301 331)
Gross profit	207 261	1 953		209 214
Selling, marketing and distribution costs	(130 739)	577	*	(130 162)
Administrative costs	(29 132)	1 308	**	(27 824)
Other operating income/(expense), net	(5 948)	9 389	*	3 441
Operating result	41 442	13 227		54 669
EBITDA	78 296	13 227		91 523
Financial expense, net	(5 688)	-		(5 688)
Income tax	(6 293)	(2 513)		(8 806)
Net profit for the period	29 461	10 714		40 175
- attributable to shareholders of the parent	29 197	10 714		39 911

Comment:

One-off transactions 1H/15

- * HOOP Polska Sp. z o.o. incurred net costs of PLN 11 919 thousand relating to qualitative product complaints connected with the poor quality of packaging material. Tax applies at 19%.
- ** Kofola S.A. incurred costs of PLN 757 thousand relating to group restructuring advisory. Tax applies at 19%.
- ** Kofola a.s. (SK) incurred costs of PLN 551 thousand relating to advisory for WAD Group acquisition. Tax applies at 19%.

No items treated as one-off in 1H/14.

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



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Kofola Group results in 1H/2015
Investor presentation

Financial results of KOFOLA Group 1H/2015 [TPLN]

	6M/2015*	6M/2014**	Change	Change
Revenue	510 545	459 364	51 181	11,1%
Cost of sales	(301 331)	(292 246)	(9 085)	3,1%
Gross profit	209 214	167 118	42 096	25,2%
Selling, marketing and distribution costs	(130 162)	(113 823)	(16 339)	14,4%
Administrative costs	(27 824)	(24 930)	(2 894)	11,6%
Other operating income, net	3 441	976	2 465	252,6%
Operating result	54 669	29 341	25 328	86,3%
EBITDA	91 523	62 507	29 016	46,4%
Financial expense, net	(5 688)	(6 480)	792	(12,2%)
Income tax	(8 806)	(5 559)	(3 247)	58,4%
Net profit for the period	40 175	17 302	22 873	132,2%
- attributable to shareholders of the parent company	39 911	17 285	22 626	130,9%

Highlights:

- Gross profit increased by 25.2 %
- EBIT increased by 86.3 %
- EBITDA increased by 46.4 %



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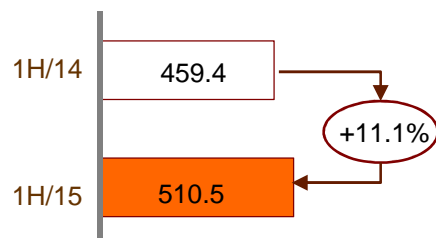


Kofola Group results in 1H/2015
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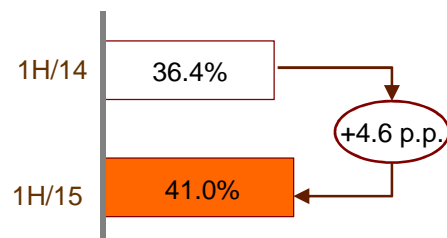
* adjusted for one-offs
** data for 2014 translated into the Polish zloty
using the exchange rates from 2015

Financial results* of KOFOLA Group 1H/2015 [MPLN]

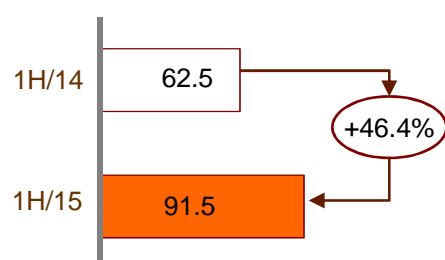
Revenues



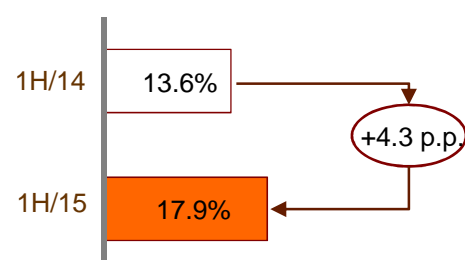
Gross margin



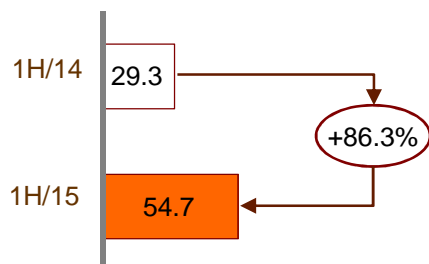
EBITDA



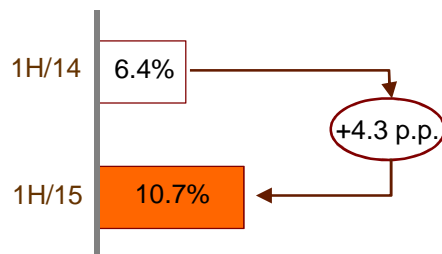
EBITDA margin



EBIT



EBIT margin



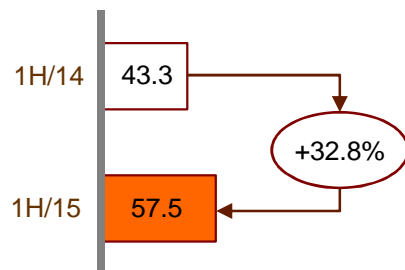
Comments on 1H/15 results

- All elements positively influenced by Radenska acquired in March and Rauch products distributed in the Czech Republic and Slovakia since the beginning of 2015.
- Continuous focus on the development of profitable products and customers.
- Gross margin improved as a result of favourable product mix and direct distribution introduced in the Czech Republic at the end of 2014.
- Awards-winning marketing campaigns made impact.
- Radenska performed above expectations and generated 20% of the Group's 2Q EBIT.
- UGO fresh and salad bars increased revenue by 59%.

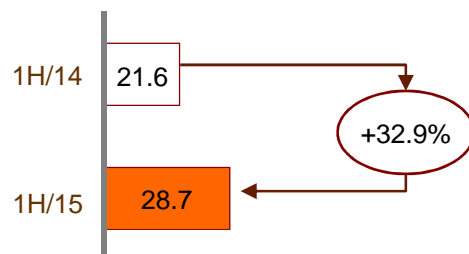


Financial results of KOFOLA Group 1H/2015 [MPLN]

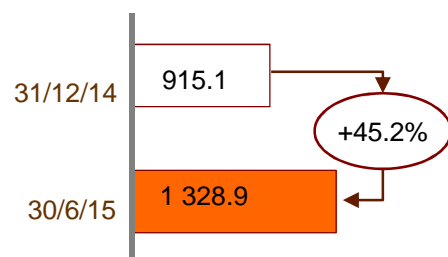
Cash flow from operations



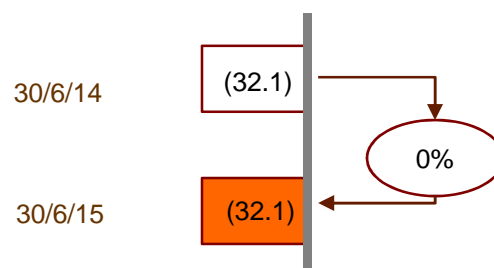
CapEx



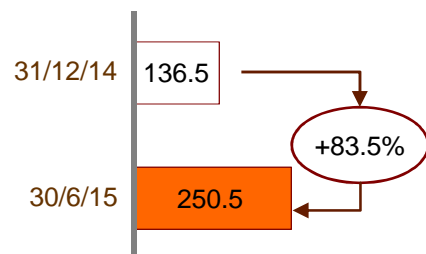
Total assets*



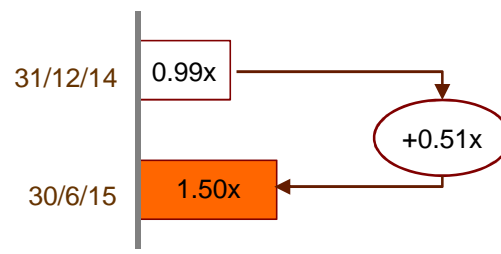
Working capital*



Net debt*



Net debt/EBITDA*



Cash flow and net debt

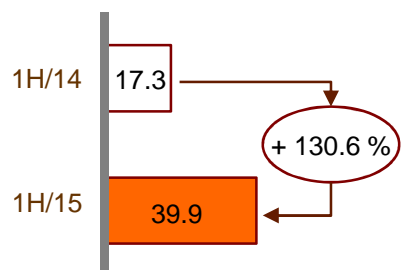
- Cash flow from operations increased by 33% mainly due to improved profit before tax.
- Strong cash inflow from core business along with its Y/Y increase confirms a robust cashflow performance of the Group.
- With CapEx increased by 33% the Group shows consistent approach to invest and innovate.
- Increase of Net debt and Net debt/EBITDA mainly due to loan to acquire Radenska.

Net debt/EBITDA 1.5x

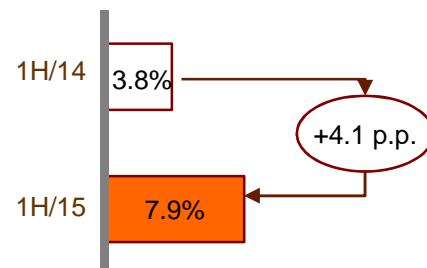


Financial results* of KOFOLA Group 1H/2015 [MPLN]

Net profit attributable to shareholders of parent company



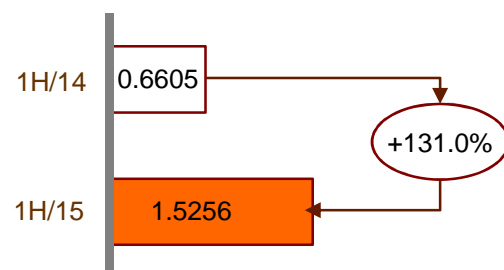
Net margin



Comments on net result for 1H/2015

- Increase of Net margin by 4.1 p.p.
- Increase of Net profit attributable to shareholders of parent company by PLN 22.6 million.
- EPS 1.5256 PLN/share.

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



Net profit attributable to shareholders of parent company PLN 39.9 million



Kofola Group results in 1H/2015
Investor presentation

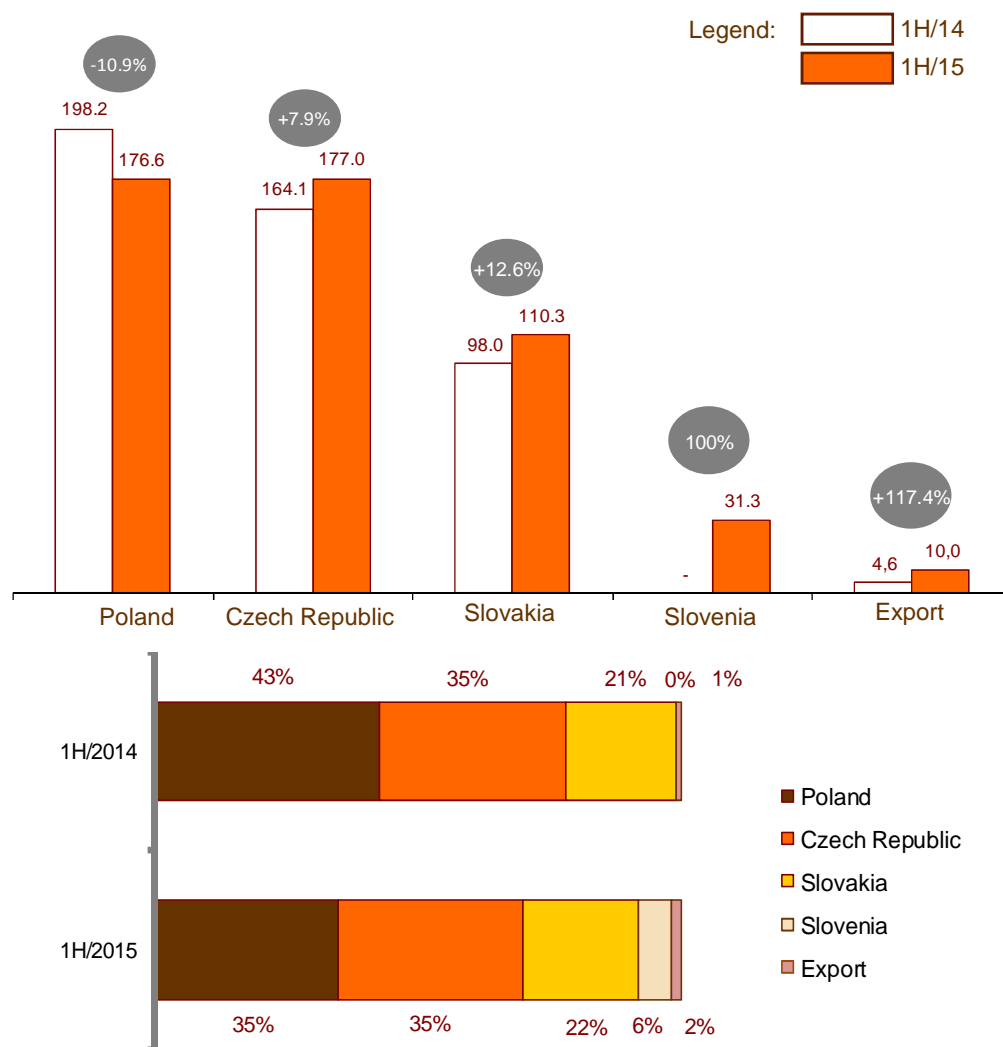
* adjusted for one-offs; data for 2014 translated into the Polish zloty using the exchange rates from 2015

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Sales in individual geographical segments*

1H/2015 [MPLN]



Geographical segments

• Poland

Revenue decrease by 10.9% caused by lower sales of private labels and underperformance of brands in Traditional channel. Focus on improving the margins on our products in Poland despite the possibility of losing some part of the volume sold persists.

• Czech Republic

Revenues in PLN increased by 7.9% (8.9% in local currency). Increase driven mainly by distribution of Rauch products and strengthening the position in Impulse segment. UGO fresh bars and salaterias increased revenue by 59%.

The Group is currently the vice-leader in the soft drinks market and continues to strengthen its position (both in retail and HoReCa channel).

• Slovakia

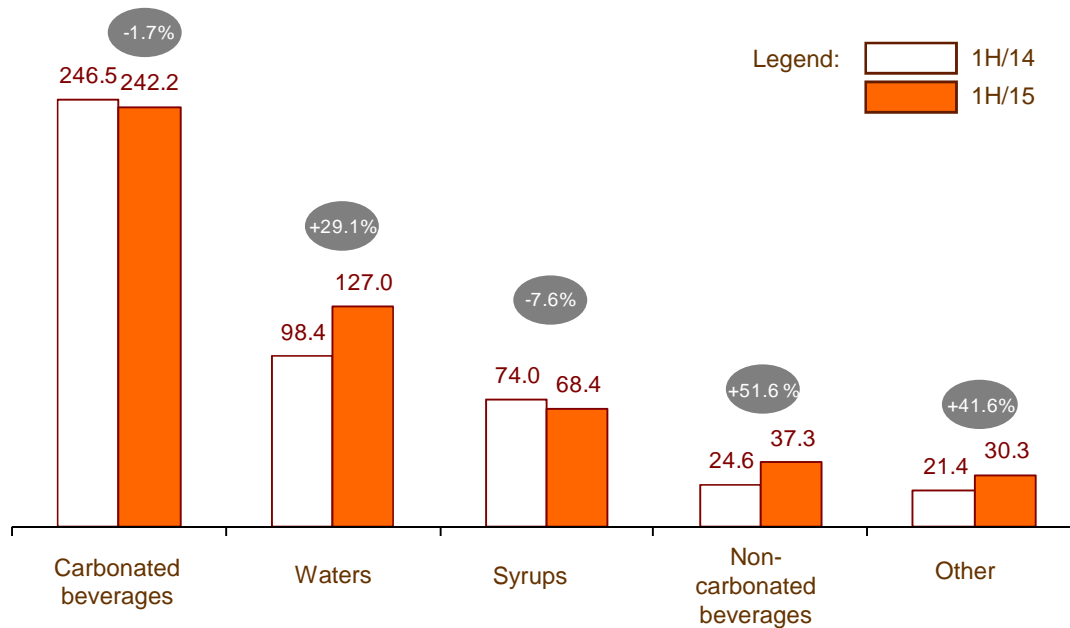
Revenues in PLN increased by 12.6% (13.8% in local currency). Increase driven by distribution of Rauch products and improved sales in Gastro segment.

In 2Q/15, Kofola SK had a clear leading position in the retail segment as well as HoReCa segment in terms of market share and became the market leader in the cola beverages segment keeping its leading position in Waters segment.

• Slovenia

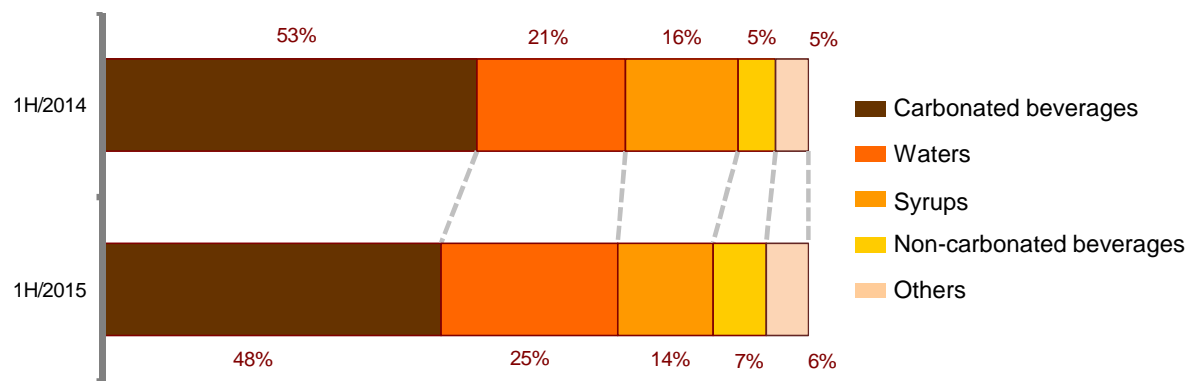
Radenska acquired in March exceeded expectations and generated about 20% of the Group's EBIT keeping its clear leading position in Waters segment.

Sales in individual product segments* 1H/2015 [MPLN]



Segment reporting by product groups

- Slightly decreased Carbonated beverages segment mainly due to decreased sales in Poland.
- Growing Water segment driven mainly by Slovenian Radenska. The Group is a leader of this segment in Slovakia and Slovenia.
- 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 driven mainly by distribution of Rauch products and innovations.
- Significant increase in the Other segment mainly from growing revenues of both UGO fresh and salad bars and energy drink Semtex.



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* data for 2014 were translated into the Polish zloty using historical exchange rates

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Estimated position of the Group in the main segments on the retail soft drinks market

Legend:



Leader



Viceleader

	PL	CZ	SK	SI
Cola beverages	3	2	1	3
Carbonated beverages	7	3	2	2
Waters	-	5	1	1
Syrups and concentrates	2	1	2	-
Beverages for children	3	2	2	-
Energy drinks	-	4	>10	-

Comment

- Strong second position on Czech market and leading position on 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.
- Inovative 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.



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 and salad bars
- 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 LOOK 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, Pepsi, 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:

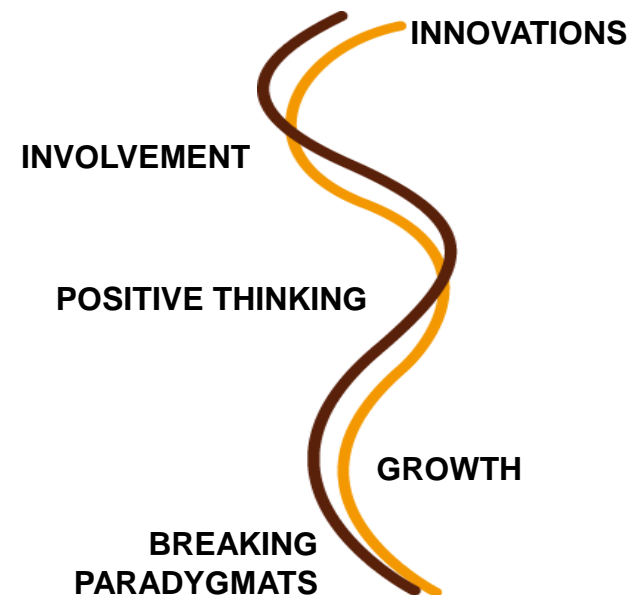
We are Kofola. With enthusiasm we strive for what is truly important in life: to love, to live healthy and always look for new ways.

Vision:

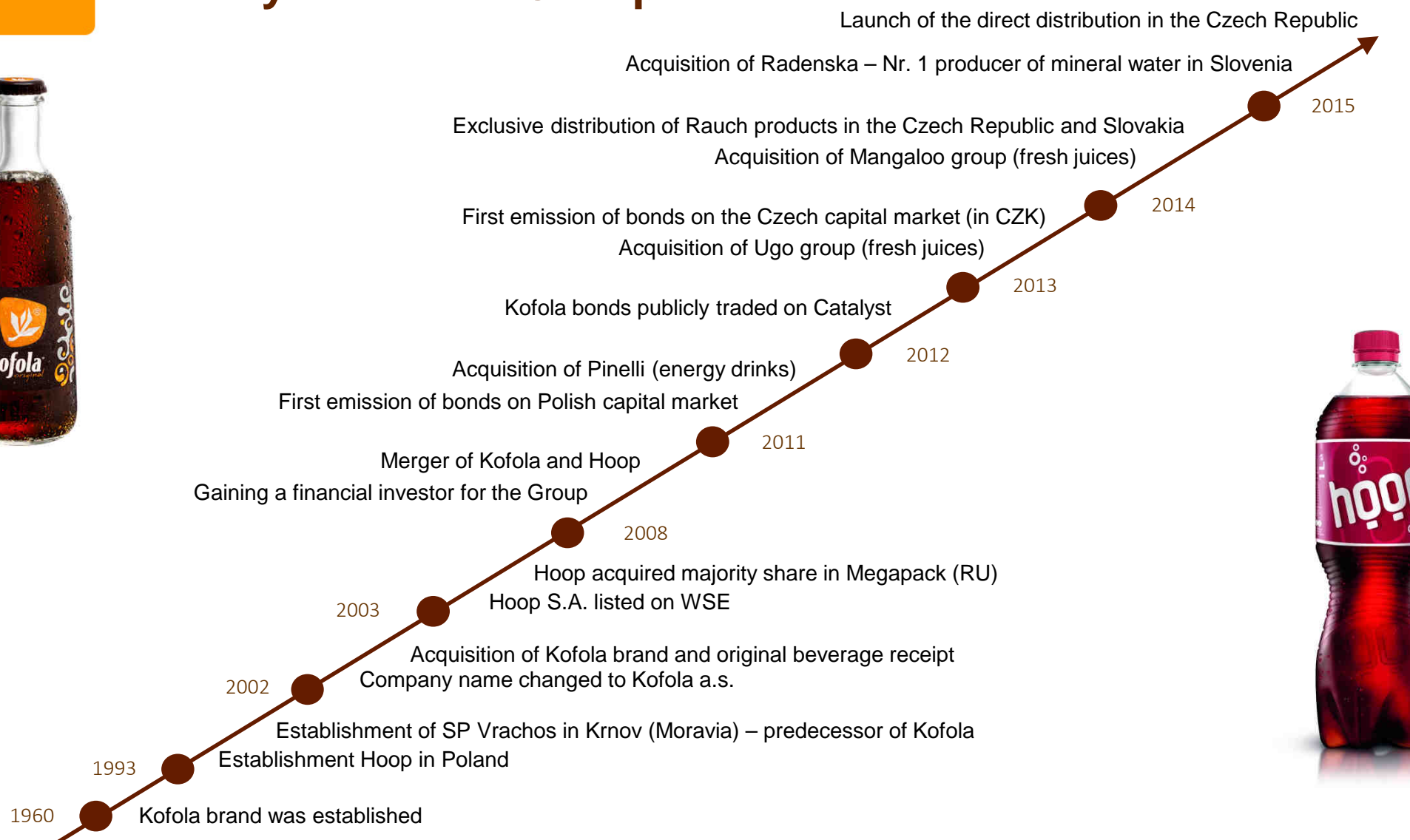
By 2017 we want to be Czechoslovak leader in gastro and impulse, stabilize retail and offer our beverages in a healthier form and as till now we will produce our products with the greatest care and love.

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



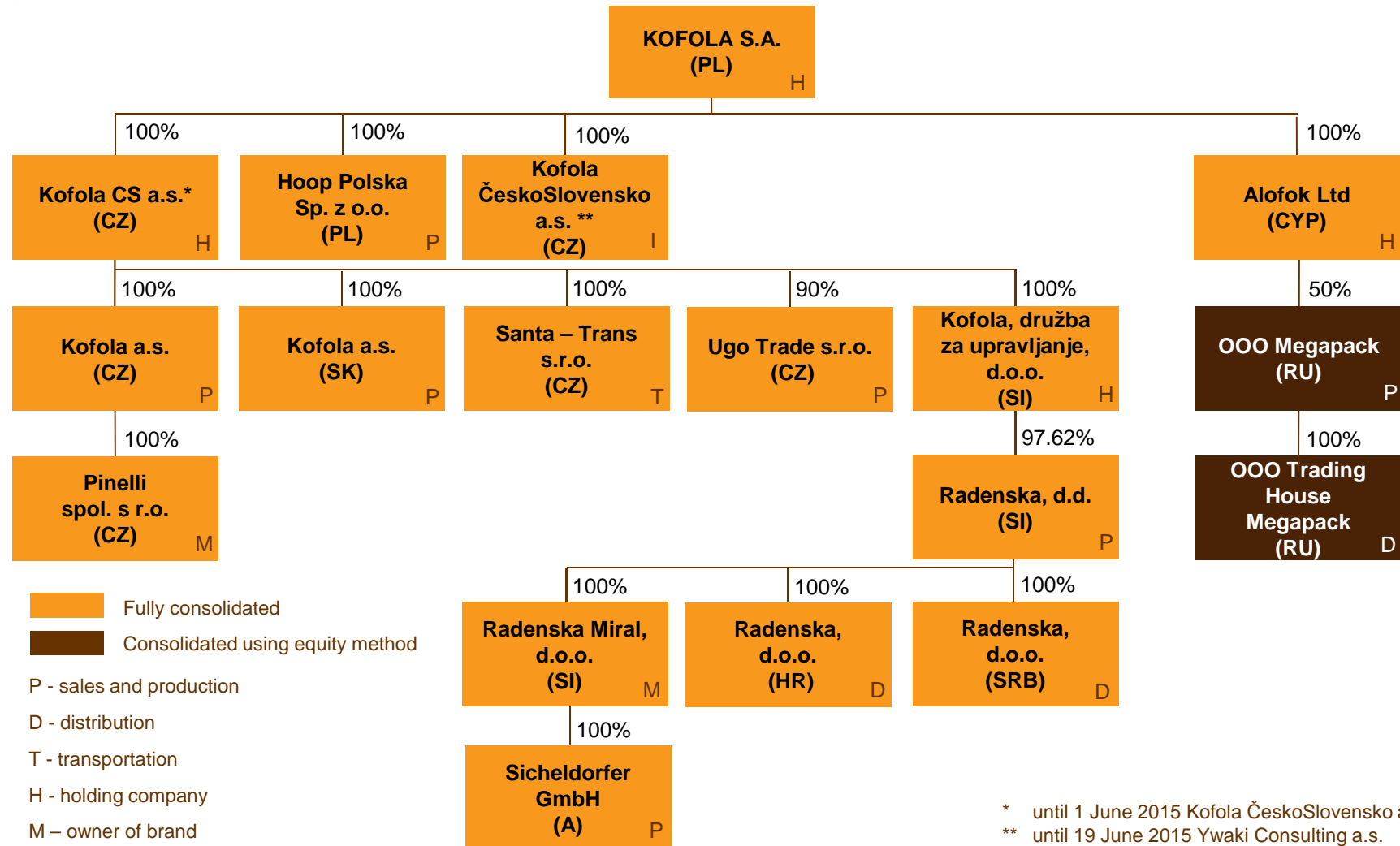
History of Kofola Group





Kofola Group results in 1H/2015
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Legal structure of Kofola Group as at 30 June 2015



 Fully consolidated
 Consolidated using equity method

P - sales and production

D - distribution

T - transportation

H - holding company

M – owner of brand

I - inactive

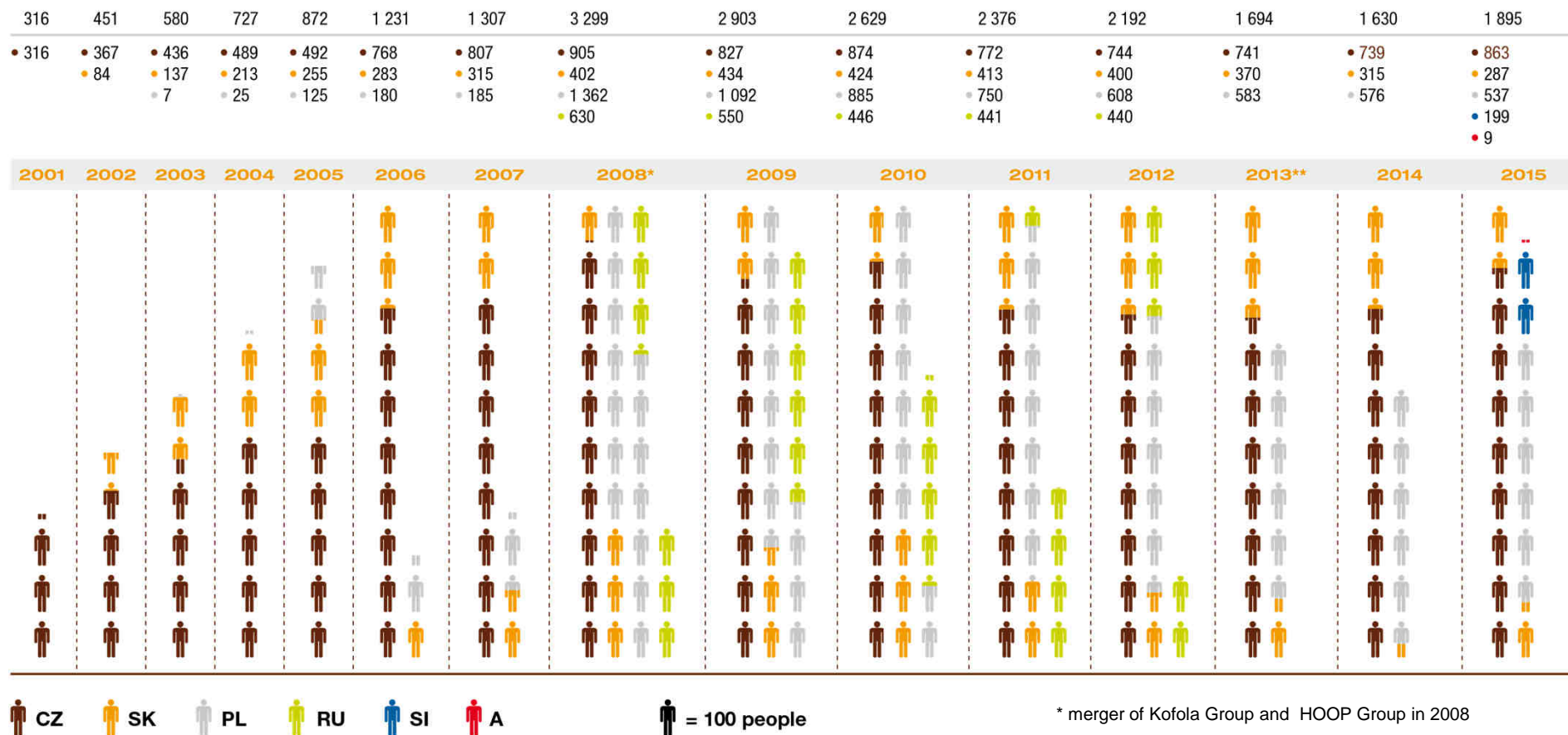
 **Kofola Group results in 1H/2015**
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* until 1 June 2015 Kofola ČeskoSlovensko a.s.
 ** until 19 June 2015 Ywaki Consulting a.s.

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Number of employees



* merger of Kofola Group and HOOP Group in 2008

** since 2013 the Group accounts for Russian operation as an investment in associate and so the number of employees of the Russian operation is not included in total employees number

Distribution channels

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

Comment

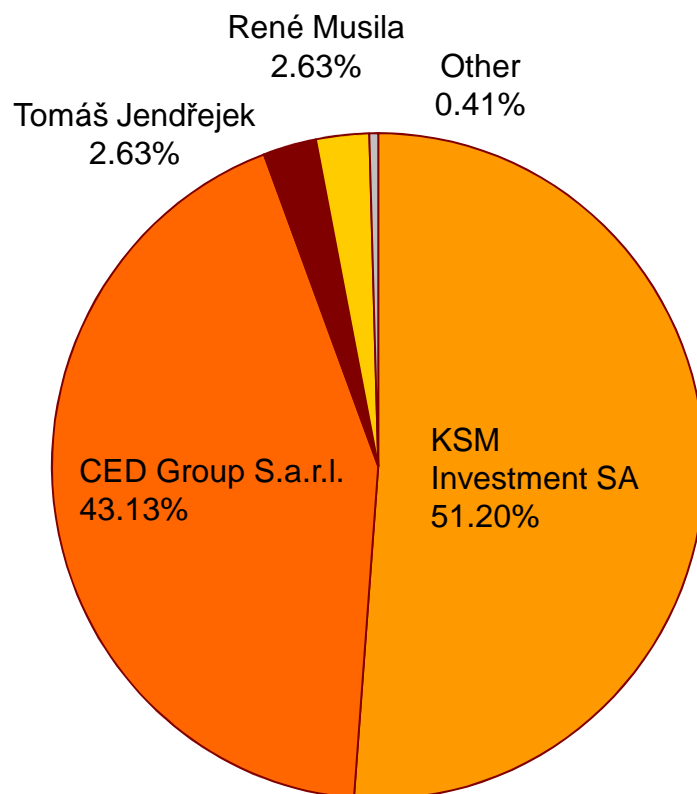
- Kofola Group has a strong position in modern channels (in both supermarkets and discount stores in all countries).
- Although, the sales activity slowly moving to modern distribution channels, traditional channels remains the second strongest channel.
- Very strong position of HoReCa channel in Czech 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



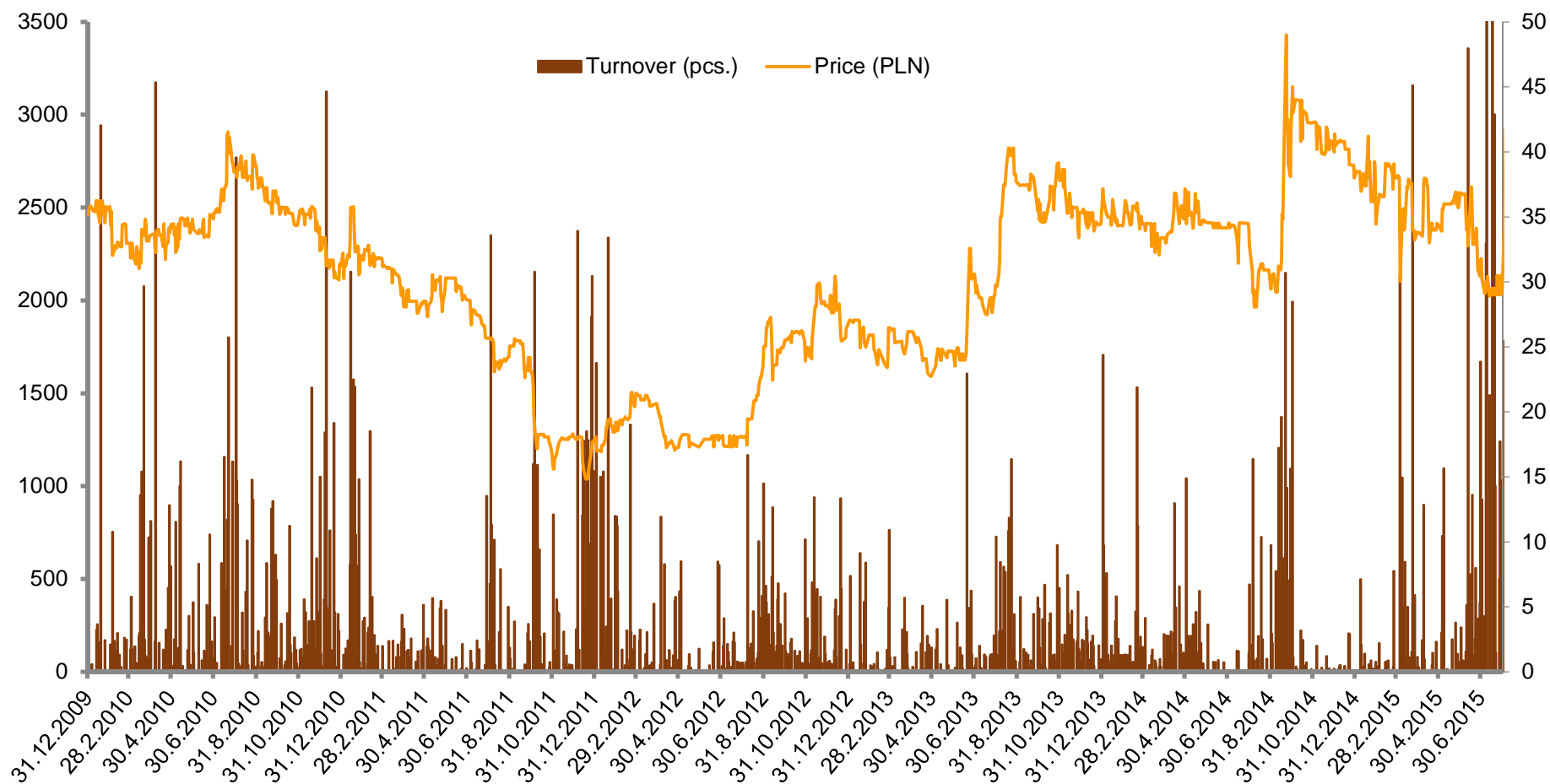
Equity

Shares buy back

- As part of the Share Buy-Back Program, on 2 April 2014 and 26 May 2014 the Company acquired for redemption 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 PLN 362 thousand. Reduction of the share capital was registered by the Court on 7 January 2015.
- On 23 June 2014, the Ordinary General Meeting of KOFOLA S.A. authorized the Management Board to purchase own shares for cancellation and thus reduction of the share capital. Under this program the Company acquired for redemption 573 shares with a nominal value of PLN 1.00 each, with a total nominal value of PLN 573 representing 0.0022 % of share capital, for PLN 21 thousand. The Shares Buy-Back Program was finished on 22 May 2015.

Share price and turnover

	1H/2015	2014
Average share price	36.1 PLN	36.0 PLN
Average daily transaction activity	200.4 pcs	162.6 pcs



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Contact

Should you have any question related to Kofola Group
do not hesitate to contact our investor relations office:

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