



# Q1 2022 results

Refresco Group B.V.



Press release

# Refresco reports Q1 2022 results: strong volume growth in volatile inflationary environment

**Rotterdam, the Netherlands – April 28, 2022.** Refresco, the global independent beverage solutions provider for Global, National and Emerging (GNE) brands, and retailers in Europe and North America, publishes the first quarter 2022 results of Refresco Group B.V.<sup>1</sup>

## Q1 2022 Highlights

- Total volume was 3,220 million liters (Q1 2021: 2,782 million liters).
- Gross profit margin was €538 million (Q1 2021: €477 million).
- Adjusted EBITDA amounted to €108 million (Q1 2021: €119 million).
- The acquisition of the production facility in Waco (TX), formerly owned by The Coca-Cola Company, was completed on January 28, 2022.
- On February 1, 2022, Refresco announced completion of the strategic acquisition of HANSA-HEEMANN, a major mineral water and CSD company in Germany.
- On February 22, 2022, Refresco announced that KKR has signed an agreement to acquire a majority stake in Refresco, with Refresco's existing investors, PAI and BCI, maintaining a significant minority position.

| In millions of €, unless stated otherwise (unaudited) | Q1 2022 | Q1 2021 |
|---|---------|---------|
| Volume (millions of liters)                           | 3,220   | 2,782   |
| Gross profit margin                                   | 538     | 477     |
| Adjusted EBITDA                                       | 108     | 119     |
| Net profit / (loss)                                   | (18)    | 2       |
| Adjusted net profit / (loss)                          | (11)    | 9       |
| Net debt  | 3,025   | 2,685   |

## CEO Refresco, Hans Roelofs commented:

"We report a solid start of the year, in line with expectations and benefiting from the continued demand for beverage solutions by our customers across Europe and North America. We have been able to grow our volumes, accelerated by the completed acquisition of HANSA-HEEMANN and the acquisition of two plants formerly owned by The Coca-Cola Company in the United States.

On February 22, 2022, we welcomed KKR, one of the world's most prominent investment firms, as our new majority owner. The investment by KKR is a very positive development for the Company. With KKR's support for our growth, innovation and M&A strategy, we will be able to continue expanding our service offering for existing and new customers. We are also proud that PAI and BCI will continue as significant minority shareholders, which is a clear testament to our successful value creation.

In today's market we face challenges, that are a combination of a significant increase in input costs, as well as inflationary impact on all variable costs. We have taken various actions - including on pricing - to manage these challenges. The pressure on our margins in this first quarter is mainly due to a timing effect of the pricing actions we have executed with our customers. As we expect continued macroeconomic uncertainty and additional inflationary headwinds, we will continue to take appropriate action in order to create value for all our stakeholders."

<sup>1</sup> All values are rounded to the nearest million unless stated otherwise.

## Volume and revenue by location of sales

In Q1 2022, total Group volume was 3,220 million liters, a significant step up compared to the same period last year (Q1 2021: 2,782 million liters). The overall volume increase in this first quarter amounted to 15.7%. Growth in volumes for Europe was driven by both Global, National and Emerging (GNE) brands and Retailer brands, whereas growth in volumes in North America was driven by GNE brands.

| Volume in million liters (unaudited) | Q1 2022      | Q1 2021      |
|--------------------------------------|--------------|--------------|
| Europe                               | 1,938        | 1,649        |
| North America                        | 1,283        | 1,133        |
| <b>Total Group</b>                   | <b>3,220</b> | <b>2,782</b> |

Retailer brands volume in Q1 2022 was 1,959 million liters, an increase of 11.8% compared to the same period last year (Q1 2021: 1,753 million liters). This is predominantly a result of substantial additional volumes from the acquisition of HANSA-HEEMANN (completed February 1, 2022).

Volume in GNE brands increased by 22.5% to 1,261 million liters, compared to 1,030 million liters in the same period last year. The continued growth is largely driven by additional volumes from acquired businesses, specifically, two facilities formerly owned by The Coca-Cola Company, in Truesdale (MO) and in Waco (TX), USA (acquired in October 2021 and January 2022, respectively), as well as by organic growth with customers.

Retailer brands represent 60.8% of our total volume (Q1 2021: 63.0%) and GNE brands represent 39.2% of our total volume (Q1 2021: 37.0%). We continue to build on our track record of successfully combining volumes in Retailer brands and for GNE brands, both through organic and acquisitive growth, in Europe and North America alike.

| Retailer brands and GNE brands as a % of total volume (unaudited) | Q1 2022     | Q1 2021     |
|---|-------------|-------------|
| Retailer brands   | 60.8%       | 63.0%       |
| GNE brands  | 39.2%       | 37.0%       |
|   | <b>100%</b> | <b>100%</b> |

Revenue in Q1 2022 increased by 16.9% to €1,150 million compared to €984 million in Q1 2021. Revenues can fluctuate significantly due to changes in input costs and, as such, revenue is not a representative indicator for the development of our business.

| Revenue in millions of € (unaudited) | Q1 2022      | Q1 2021    |
|--------------------------------------|--------------|------------|
| Europe                               | 673          | 573        |
| North America                        | 477          | 411        |
| <b>Total Group</b>                   | <b>1,150</b> | <b>984</b> |

## Gross Profit Margin

Gross profit margin in Q1 2022 increased by 12.7% to €538 million, compared to €477 million in Q1 2021. The growth in gross profit margin is predominantly driven by the increase in volume, following the acquired businesses.

| Gross profit margin in millions of € (unaudited) | Q1 2022    | Q1 2021    |
|--|------------|------------|
| Europe   | 305        | 269        |
| North America                                    | 233        | 208        |
| <b>Total Group</b>                               | <b>538</b> | <b>477</b> |

## Reconciliation of operating profit to adjusted EBITDA

Operating profit in Q1 2022 was €9 million compared to €35 million in Q1 2021. The decrease in operating profit is the result of a general increase in costs, which we have passed on to our customers by making pricing changes, however, the effects of these changes are largely not yet visible in this quarter.

Adjusted EBITDA decreased by 9.5% to €108 million in Q1 2022 compared to €119 million in Q1 2021.

| In millions of € (unaudited)      | Q1 2022    | Q1 2021    |
|-----------------------------------|------------|------------|
| Operating profit / (loss)         | 9          | 35         |
| Depreciation                      | 51         | 43         |
| Amortization of intangible assets | 13         | 11         |
| Depreciation - IFRS 16            | 25         | 21         |
| <b>EBITDA</b>                     | <b>99</b>  | <b>110</b> |
| Covid-19                          | 1          | 1          |
| Other one-off costs and gains     | 8          | 8          |
| Impairments                       | 0          | -          |
| <b>Adjusted EBITDA</b>            | <b>108</b> | <b>119</b> |

## Finance expenses and tax

Net finance costs for the first quarter of 2022 were €29 million compared to €28 million in the same period last year. Net finance costs, excluding IFRS 16 effects, for the first quarter 2022 amounted to €26 million (Q1 2021: €24 million).

The income tax benefit in Q1 2022 amounted to €2 million, compared to an expense of €5 million in Q1 2021. The main drivers of this difference relate to the adjustment of prior year taxes in 2021, inclusion of the newly acquired HANSA-HEEMANN entities and the difference in the overall results.

| In millions of € (unaudited)           | Q1 2022     | Q1 2021     |
|--|-------------|-------------|
| Net finance costs                      | (29)        | (28)        |
| Finance expense - IFRS 16              | (3)         | (3)         |
| <b>Net finance costs excl. IFRS 16</b> | <b>(26)</b> | <b>(24)</b> |

## Reconciliation of net loss to adjusted net loss

Net loss in Q1 2022 amounted to €18 million compared to a net profit of €2 million in Q1 2021. Adjusted for the effect of Covid-19, other one-off costs and gains, and tax effect, net loss stood at €11 million in Q1 2022 (Q1 2021: net profit of €9 million).

| In millions of € (unaudited)        | Q1 2022     | Q1 2021  |
|-------------------------------------|-------------|----------|
| <b>Profit / (Loss)</b>              | <b>(18)</b> | <b>2</b> |
| Covid-19                            | 1           | 1        |
| Other one-off costs and gains       | 8           | 8        |
| Impairments                         | 0           | -        |
| Tax effect                          | (2)         | (2)      |
| <b>Adjusted net profit / (loss)</b> | <b>(11)</b> | <b>9</b> |

## Balance sheet and financial position

Balance sheet total assets amounted to €5,745 million as at March 31, 2022 (March 31, 2021: €5,318 million). This increase is primarily due to the recently acquired businesses and an increase in inventories. Total non-current assets amounted to €4,319 million as at March 31, 2022 (March 31, 2021: €3,859 million). Total intangible assets amounted to €2,230 million (March 31, 2021: €2,223 million).

Preliminary Purchase Price Allocation is included for the acquisition of HANSA-HEEMANN and the acquisition of two plants formerly owned by The Coca-Cola Company.

Cash and cash equivalents at the end of Q1 2022 were €188 million, compared to €420 million at the end of Q1 2021. In line with our financial policy, we used our strong cash position to finance the acquisitions of HANSA-HEEMANN and two of the three sites formerly owned by The Coca-Cola Company.

Net debt at the end of Q1 2022 amounted to €3,025 million (Q1 2021: €2,685 million) consisting of €3,213 million in loans and borrowings, €22 million capitalized finance costs, and €188 million in cash and cash equivalents.

## Capex and working capital

Total capital expenditure was €41 million (Q1 2021: €57 million).

At the end of Q1 2022 working capital was €12 million negative (Q1 2021: €58 million negative). Working capital increased mainly due to the acquisition of HANSA-HEEMANN, as well as an increase in inventories. Stock levels have been rebuilt in order to improve service levels and to mitigate any supply chain challenges.

## Subsequent events

### Completion of acquisition of facility in Paw Paw, Michigan, USA

On April 1, 2022, Refresco announced the completion of the acquisition of the facility formerly owned by The Coca-Cola Company, in Paw Paw, Michigan. This concludes the acquisition of a total of three facilities from The Coca-Cola Company, as announced on August 3, 2021, adding more than 1,000 employees to Refresco North America.

### Loans and borrowings re-financing

On April 12, it was announced that there will be a re-financing of the loans and borrowings, in support of KKR's acquisition of a majority stake in Refresco.

### Bondholder call & webcast

Today at 15:00 CET, Refresco will host a call and audio webcast for bondholders.

The dial-in numbers are as follows:

NL +31 20 703 8218

UK +44 330 165 4012

US +1 646 828 8073

Confirmation code: 1364592

You can access the audio webcast via <https://www.refresco.com/en/investors/reports-and-presentations>.

A replay of the call will be available by the end of the day.

### For more information, please contact:

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## About Refresco

Refresco is the leading global independent beverage solutions provider for Global, National and Emerging brands and Retailers with production in Europe and North America. The company has full year volumes and revenue of circa 12 billion liters and circa €4.2 billion, respectively. Refresco offers an extensive range of product and packaging combinations from 100% fruit juices to carbonated soft drinks and mineral waters in carton, PET, Aseptic PET, cans and glass. Focused on innovation, Refresco continuously searches for new and alternative ways to improve the quality of its products and packaging combinations in line with consumer and customer demand, environmental responsibilities and market demand. Refresco is headquartered in Rotterdam, the Netherlands and has more than 14,000 employees. [www.refresco.com](http://www.refresco.com)

## Notes to the press release

Unless otherwise stated, the consolidated financial information in this document comprise the consolidated financial information of Refresco Group B.V.

This press release has not been audited.

The consolidated financial statements are presented in millions of euros and all values are rounded to the nearest million unless otherwise stated. As a consequence, rounded amounts may not add up to the rounded total in all cases. Change percentages and totals are calculated before rounding.

Refresco Group B.V. prepares its financial reports in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS). For the principles of financial reporting reference is made to the 2021 financial statements of Refresco Group B.V.

This report was prepared in accordance with the indenture dated April 23, 2018 governing the Senior Notes.

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## Consolidated income statement

| In millions of €                          | Q1 2022<br>(unaudited) | Q1 2021<br>(unaudited) |
|---|------------------------|------------------------|
| <b>Revenue<sup>2</sup></b>                | <b>1,150</b>           | <b>984</b>             |
| Other income                              | 0                      | 0                      |
| Raw materials and consumables used        | (612)                  | (507)                  |
| Employee benefits expenses                | (176)                  | (163)                  |
| Depreciation, amortization and impairment | (90)                   | (75)                   |
| Other operating expenses                  | (263)                  | (205)                  |
| <b>Operating profit / (loss)</b>          | <b>9</b>               | <b>35</b>              |
| Finance income                            | 0                      | 0                      |
| Finance expense                           | (29)                   | (28)                   |
| <b>Net finance costs</b>                  | <b>(29)</b>            | <b>(28)</b>            |
| <b>Profit / (loss) before income tax</b>  | <b>(20)</b>            | <b>7</b>               |
| Income tax (expense) / benefit            | 2                      | (5)                    |
| <b>Profit / (loss)</b>                    | <b>(18)</b>            | <b>2</b>               |
| <b>Profit / (loss) attributable to:</b>   |                        |                        |
| Owners of the Company                     | (20)                   | (0)                    |
| Non-controlling interest                  | 2                      | 2                      |
| <b>Profit / (loss)</b>                    | <b>(18)</b>            | <b>2</b>               |

<sup>2</sup> A netting reclassification was made in the comparative figure for Revenue and Raw materials used to align presentation with the 2022 presentation principles.

## Consolidated balance sheet

| In millions of € <sup>3</sup>                               | 31 March 2022<br>(unaudited) | 31 December 2021<br>(audited) | 31 March 2021<br>(unaudited) |
|---|------------------------------|-------------------------------|------------------------------|
| <b>Non-current assets</b>                                   |                              |                               |                              |
| Property, plant and equipment                               | 1,652                        | 1,348                         | 1,223                        |
| Right-of-use assets   | 411                          | 398                           | 405                          |
| Goodwill  | 1,797                        | 1,783                         | 1,788                        |
| Brands and customer contracts                               | 401                          | 410                           | 421                          |
| Other intangible assets                                     | 33                           | 21                            | 14                           |
| Non-current financial assets                                | 12                           | 11                            | 8                            |
| Derivative financial instruments                            | 11                           | -                             | -                            |
| Deferred income tax   | 2                            | 2                             | 0                            |
| <b>Total non-current assets</b>                             | <b>4,319</b>                 | <b>3,973</b>                  | <b>3,859</b>                 |
| <b>Current assets</b>                                       |                              |                               |                              |
| Inventories   | 594                          | 481                           | 413                          |
| Derivative financial instruments                            | 15                           | 2                             | 0                            |
| Current income tax receivable                               | 5                            | 3                             | 2                            |
| Trade and other receivables                                 | 622                          | 485                           | 622                          |
| Cash and cash equivalents                                   | 188                          | 487                           | 420                          |
| Assets classified as held for sale                          | 2                            | 2                             | 2                            |
| <b>Total current assets</b>                                 | <b>1,426</b>                 | <b>1,460</b>                  | <b>1,459</b>                 |
| <b>Total assets</b>   | <b>5,745</b>                 | <b>5,433</b>                  | <b>5,318</b>                 |
| <b>Equity attributable to equity holders of the Company</b> | <b>963</b>                   | <b>953</b>                    | <b>878</b>                   |
| Non-controlling interests                                   | 8                            | 7                             | 6                            |
| <b>Total equity</b>   | <b>970</b>                   | <b>960</b>                    | <b>884</b>                   |
| <b>Non-current liabilities</b>                              |                              |                               |                              |
| Loans and borrowings  | 2,775                        | 2,698                         | 2,677                        |
| Lease liability   | 310                          | 303                           | 318                          |
| Derivative financial instruments                            | -                            | 14                            | 33                           |
| Contract liability  | 8                            | 14                            | 11                           |
| Employee benefits provisions                                | 57                           | 57                            | 65                           |
| Other provisions  | 159                          | 66                            | 26                           |
| Deferred income tax   | 114                          | 117                           | 101                          |
| <b>Total non-current liabilities</b>                        | <b>3,423</b>                 | <b>3,270</b>                  | <b>3,231</b>                 |
| <b>Current liabilities</b>                                  |                              |                               |                              |
| Loans and borrowings  | 4                            | 4                             | 4                            |
| Lease liability   | 123                          | 117                           | 105                          |
| Derivative financial instruments                            | -                            | -                             | 1                            |
| Trade and other payables                                    | 1,188                        | 1,055                         | 1,061                        |
| Current income tax liabilities                              | 12                           | 8                             | 8                            |
| Contract liability  | 5                            | 5                             | 9                            |
| Other provisions  | 19                           | 14                            | 15                           |
| <b>Total current liabilities</b>                            | <b>1,352</b>                 | <b>1,203</b>                  | <b>1,203</b>                 |
| <b>Total equity and liabilities</b>                         | <b>5,745</b>                 | <b>5,433</b>                  | <b>5,318</b>                 |

<sup>3</sup> Preliminary Purchase Price Allocation (PPA) included in the figures.

## Consolidated cash flow statement

| In millions of €   | Q1 2022<br>(unaudited) | Q1 2021<br>(unaudited) |
|--|------------------------|------------------------|
| <b>Profit/(loss) after tax</b>   | <b>(18)</b>            | <b>2</b>               |
| Adjustments for:   |                        |                        |
| Depreciation, amortization and impairments                                   | 90                     | 75                     |
| Net change in fair value derivative financial instruments                    | (1)                    | (0)                    |
| Other net finance costs  | 30                     | 28                     |
| Income tax expense / (benefit)   | (2)                    | 5                      |
| Movement in employee benefit provisions and other provisions                 | (2)                    | -                      |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>97</b>              | <b>110</b>             |
| Changes in inventories   | (70)                   | (40)                   |
| Changes in trade and other receivables                                       | (76)                   | (32)                   |
| Changes in trade and other payables  | 72                     | 69                     |
| Move provision in working capital  | (2)                    | 6                      |
| <b>Total change in working capital</b>                                       | <b>(76)</b>            | <b>2</b>               |
| Prepayments received from customers  | (6)                    | (0)                    |
| Interest received  | 0                      | 1                      |
| Income taxes received / (paid)   | (4)                    | (12)                   |
| <b>Net cash generated from operating activities</b>                          | <b>11</b>              | <b>100</b>             |
| <b>Cash flows from investing and acquisition activities</b>                  |                        |                        |
| Purchase of property, plant and equipment                                    | (37)                   | (45)                   |
| Proceeds from disposals of property, plant and equipment                     | 0                      | -                      |
| Purchased and internally developed intangible assets                         | -                      | (1)                    |
| Purchase of other non-current financial assets                               | (1)                    | -                      |
| Proceeds non-current financial assets  | 0                      | (0)                    |
| Acquisition of subsidiary, net of cash acquired                              | (212)                  | (9)                    |
| <b>Net cash (used in) / from investing and acquisition activities</b>        | <b>(250)</b>           | <b>(55)</b>            |
| <b>Cash flows from financing activities</b>                                  |                        |                        |
| Dividend payment   | (1)                    | (2)                    |
| Repayment of loans and borrowings  | (11)                   | (1)                    |
| Interest paid  | (22)                   | (24)                   |
| Payments interest portion leases   | (3)                    | (3)                    |
| Payments principal portion leases  | (25)                   | (21)                   |
| <b>Net cash (used in) / from financing activities</b>                        | <b>(62)</b>            | <b>(51)</b>            |
| <b>Movement in cash and cash equivalents</b>                                 | <b>(302)</b>           | <b>(7)</b>             |
| Translation adjustment   | 3                      | 15                     |
| <b>Cash movement</b>   | <b>(298)</b>           | <b>8</b>               |
| Cash and cash equivalents beginning period                                   | 487                    | 412                    |
| Bank overdraft at beginning  | -                      | -                      |
| Cash and cash equivalents ending period                                      | 188                    | 420                    |
| Bank overdraft at end  | -                      | -                      |
| <b>Cash movement</b>   | <b>(298)</b>           | <b>8</b>               |

## Information about Sunshine Mid B.V. ("the Issuer")

Sunshine Mid B.V. was incorporated on October 20, 2017 and it is domiciled in Amsterdam, the Netherlands. For the acquisition of Refresco Group the Issuer has received a share capital contribution of €1,006 million (2019: €882 million).