



KOFOLA ČESKOSLOVENSKO 3Q16 RESULTS

7 November 2016





CONTENT

- Kofola Group
- Results
- Markets, trends and strategy
- Profile and history
- Shares and shares price
- Contact



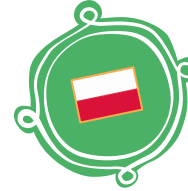
KOFOLA GROUP KEY HIGHLIGHTS



- no. 2 player on the soft drinks market
- 2nd most recognised brand in 2014 survey
- 3rd most recognised company in 2016 survey



- no. 1 player in the soft drinks market in both Retail & HoReCa



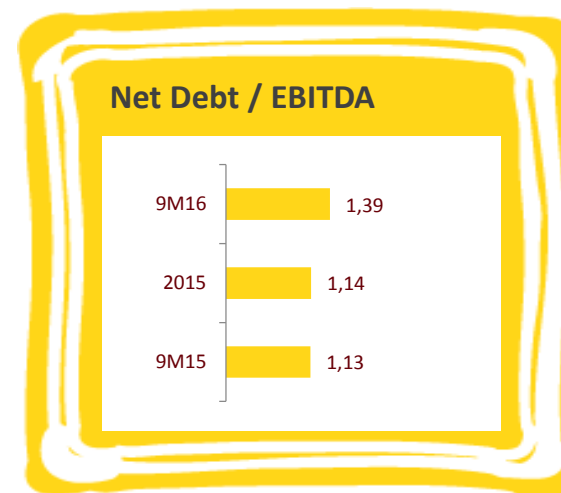
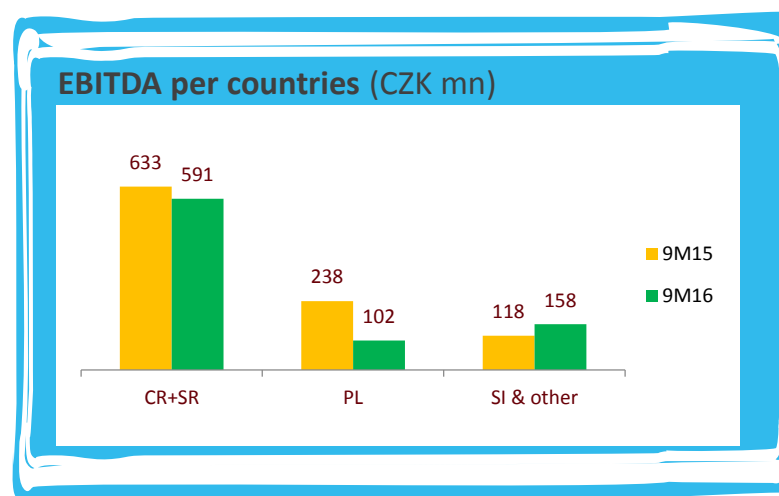
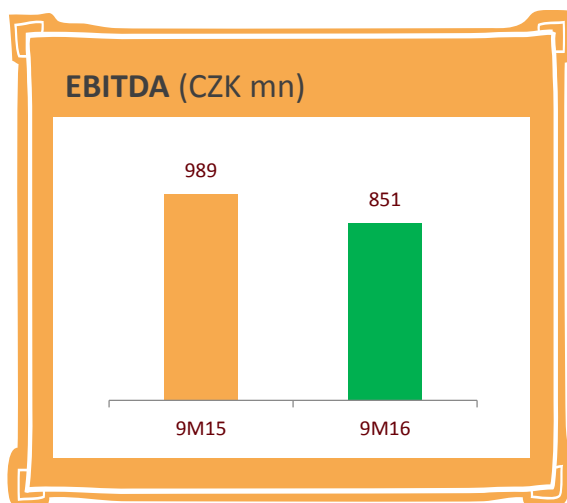
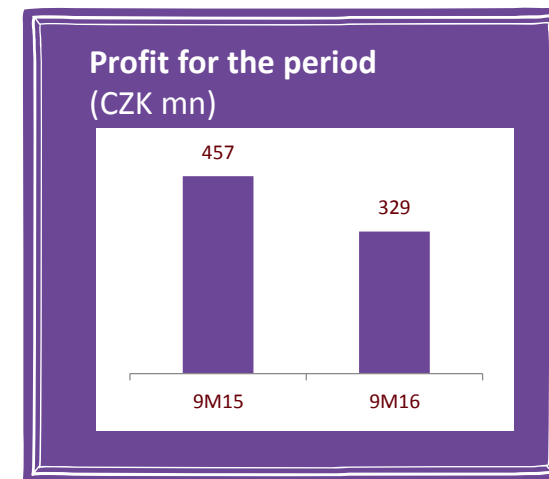
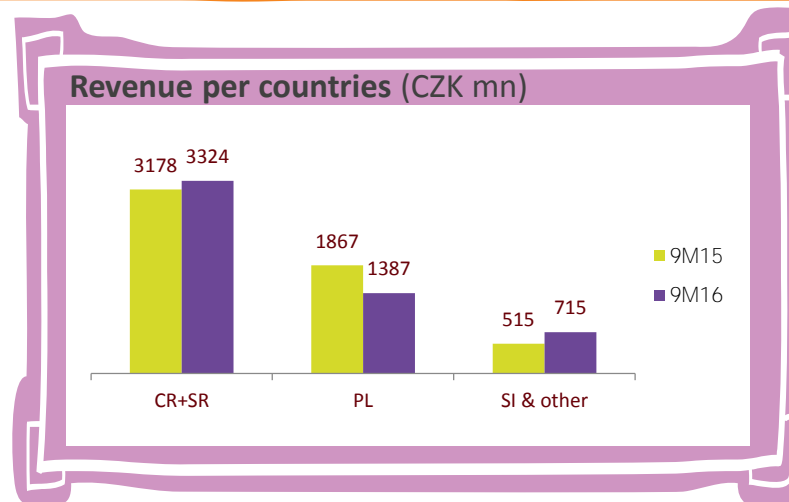
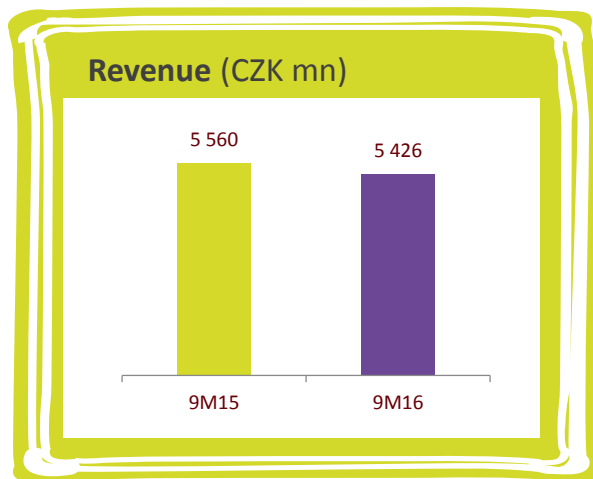
- no. 2 syrup brand
- no. 3 cola brand
- one of leading private label soft drinks producers



- no. 1 player on the soft drinks market in Slovenia
- no. 1 water brand in both Retail & HoReCa



KOFOLA GROUP KEY HIGHLIGHTS*



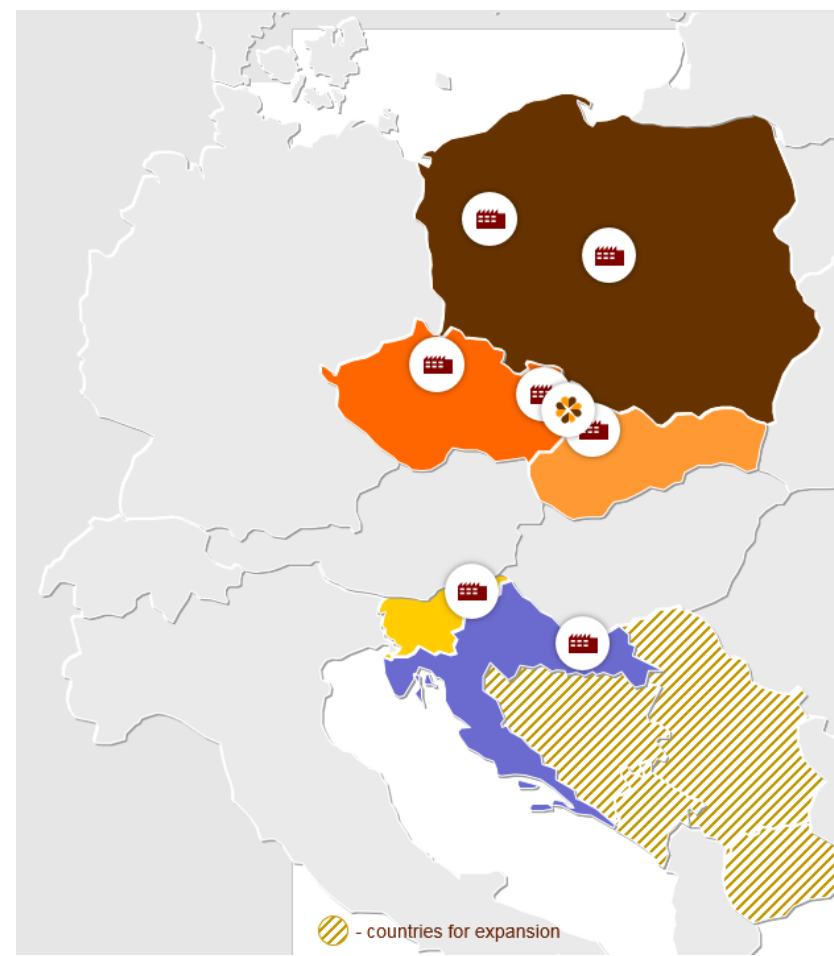
KOFOLA GROUP KEY HIGHLIGHTS

KEY FINANCIAL DATA [MCZK]

Segment revenues	9M16	%
Carbonated beverages	2 498.3	46%
Waters	1 532.9	28%
Syrups	551.1	10%
Non-carbonated beverages	419.7	8%
Other	423.8	8%
Total	5 425.8	100%

EBITDA*	851.2
Total assets	8 319.7
Equity	3 102.2
Net debt	1 360.3
Net debt/12mEBITDA**	1.39
Net debt/Equity	0.44

EPS attributable to shareholders of Kofola ČeskoSlovensko *[CZK/share]	14.9
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* adjusted for one-offs

** EBITDA adjusted for one-offs and annualised for Radenska

OUR MAIN BRANDS



NEW PRODUCTS IN 2016



Kofola Apricot 1.5l – new format



Apricot Kofola is now available in 1.5l PET bottles.



Top Topic Lemon 1.5l, 0.5l



Popular Top Topic has new refreshing taste – lemon. The product is available in PET bottles of 1.5l and 0.5l.



Kofola Melon 0.5l



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



Semtex pomegranate



New taste of energy drink Semtex – pomegranate will support strong growth on the Czech and Slovak market.



Radenska 1.5l, 0.5l, 0.25l – new market



Radenska Original is now available on Slovak market in 1.5l PET, 0.5l PET and 0.25l glass bottles.



Arctic flavoured waters



Arctic low sparkling flavoured waters – orange, lime & mint, grapefruit - are available on the Polish market.

NEW PRODUCTS IN 2016



Paola Super Barman – Blue Curacao, Mojito, Grenadine 0.97l



Paola Super Barman, syrups dedicated for gastro segment, are now available in flavours Blue Curacao, Mojito and Grenadine in 0.97l bottles in the Polish market.



Radenska Orange, Mint&Lemon, Raspberry



Radenska has now new flavours – Orange, Mint&Lemon and Raspberry – available in 1.5l PET, 0.5l PET and 0.25l glass formats in the Slovenian market.



Jupik Orange 0.33l



Jupik Orange, new taste of children drink, is now available in 0.33l PET bottles in the Polish market.



Oaza Thyme, Linden



New tastes of Oaza waters are available in 1.5l PET and 0.5l PET bottles in the Slovenian market.



Nara, Inka, Vočko – new brands



Nara (orange lemonade), Inka (tonic water) and Vočko (syrups) are now part of the Group's portfolio for the Croatian market.



Jupí, Melon Mojito



New taste of Jupí syrup in 0.75l PET bottles in the Czech and Slovak market.

NEW PRODUCTS IN 2016



Vinea Letní „Summer“ 1.5l



Limited Edition of Vinea Letní „Summer“ in 1.5l PET bottles in the Czech and Slovak market.



Jupík 0.2l - Tetrapack



Jupík has a new 0.2l Tetrapack packaging in three new flavours, available in the Czech and Slovak market.



Rajec 0.75l – Melissa, Red currant



Limited Edition of Rajec 0.75l PET bottles available in Slovak market.



Kofola 1.5l PET – Coconut, Walnuts



Limited Edition of Kofola Coconut and Kofola Walnuts in 1.5l PET bottles, available in the Czech and Slovak market



Vinea odrůdová „varietal“ 0.25l



New taste of Vinea odrůdová „varietal“ in 0.25l glass bottles available in gastro segment in the Czech and Slovak market.

The Group also produces and distributes PepsiCo products in the Croatian market since the beginning of 2016.

MAIN EVENTS 2016

Expansion in the Adriatic region

Since January 2016, the Group became an exclusive producer and distributor of PepsiCo portfolio products in the Croatian market. The cooperation with PepsiCo in the Slovenian market has functioned for more than 20 years.

In 1Q16, the Group acquired the brands Vočko, Nara and Inka from the Croatian non-alcoholic drinks producer Badel 1862. The Group also became a distributor of Badel's drinks in HoReCa segment.

In September 2016, Kofola ČeskoSlovensko a.s., RADENSKA d.o.o. and Podravka d.d. have entered into a Share Purchase Agreement regarding 100% share in Studenac d.o.o., a traditional mineral water producer in Croatia. The transaction is scheduled to be completed by the end of the year.

These opportunities represent an extension of the Group's portfolio in the Croatian market and a further expansion of the Group's presence in the region.

Changes in the structure

In July 2016, the Group announced the conclusion of the squeeze-out procedure of Radenska d.d.'s minority shareholders, who held 2.38% of shares. Kofola holdinška družba became a sole shareholder of Radenska.

In August 2016, the court registered the cross-border merger of Kofola ČeskoSlovensko a.s., Kofola CS a.s., Kofola S.A., Kofola holdinška družba d.o.o. and PINELLI spol. s r.o. The Group's structure will be very efficient and will enable a fast dividend stream from business entities directly to the top holding company.

On 2 September 2016, the Slovenian court approved the change of legal form of Radenska from Radenska d.d. to RADENSKA d.o.o.

Consolidation of production in Poland

In July 2016, the Hoop Polska management announced its plan to restructure the company, concerning concentration of production in two plants and end of activity in the plant in Bielsk Podlaski. The decision to consolidate capacity will help to maintain high quality and strengthen the competitiveness of the company in the coming years. The production in Bielsk Podlaski was terminated at the end of September.

Dividend in 2016

On 7 November 2016, the Board of Directors of Kofola ČeskoSlovensko a.s. decided about the dividend payout in amount of CZK 156 065 thousand, i.e. 7 CZK/share.





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MARKET CONDITIONS IN 2016

MACROECONOMICS

- increasing household consumption
- decreasing household unemployment and increasing real wages
- slight increase of sugar price

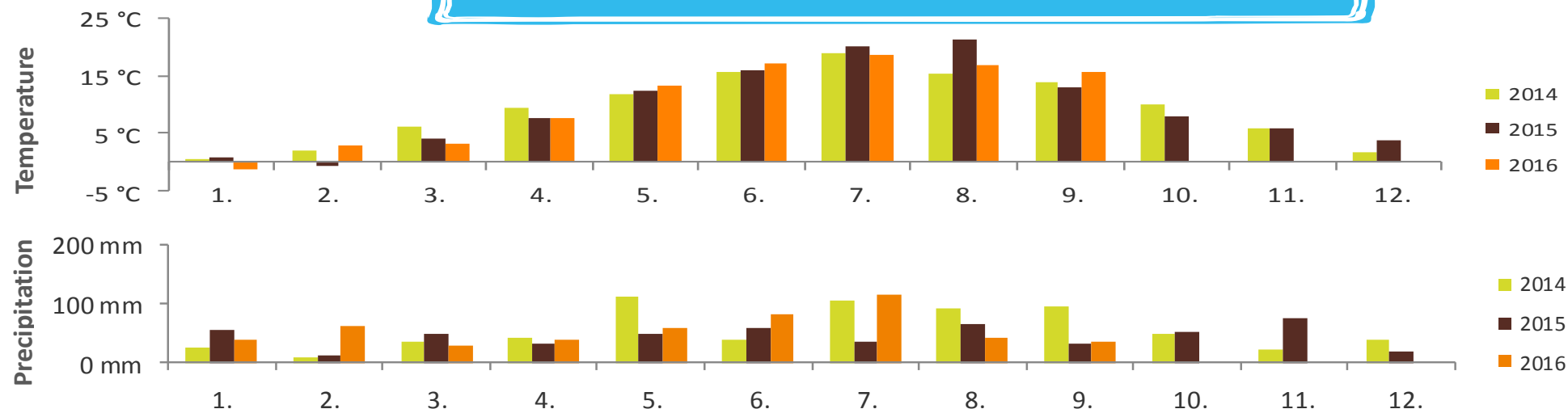
MARKET / COMPETITION

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

REGULATION

- stable environment

WEATHER IN THE CENTRAL EUROPE



RESULTS OF KOFOLA GROUP

Reconciliation of reported and adjusted results	9M16 Reported CZK mn	One-offs CZK mn	Adjusted CZK mn
Revenue	5 425.8	-	5 425.8
Cost of sales	(3 237.7)	-	(3 237.7)
Gross profit	2 188.1	-	2 188.1
Selling, marketing and distribution costs	(1 461.3)	18.0 *	(1 443.3)
Administrative costs	(329.5)	15.4 **	(314.1)
Other operating income/(expense), net	(2.1)	33.5 ***	31.4
Operating result	395.1	66.9	462.0
EBITDA	784.3	66.9	851.2
Finance costs, net	(70.3)	-	(70.3)
Income tax	(58.9)	(3.4)	(62.3)
Profit for the period	265.9	63.5	329.4
- attributable to shareholders of the parent	267.6	63.5	331.1



ONE-OFF TRANSACTIONS

- * Provision for impairment of financial receivable – a Czech operation incurred net costs of CZK 18 000 thousand relating to the provision for impairment of financial receivable from an e-shop project. Tax applies at 19%.
- ** Merger and acquisition costs – a Czech operation incurred costs of CZK 7 418 thousand relating to the cross-border merger advisory and a Slovenian operation incurred cost of CZK 5 191 thousand relating to the acquisition advisory. A Polish operation incurred due diligence costs of CZK 2 805 thousand.
- *** Polish operation incurred costs connected with closure of production in Bielsk Podlaski – CZK 33 512 thousand including severance costs.

Please note that only adjusted results are commented in the whole presentation, unless stated otherwise.

RESULTS OF KOFOLA GROUP*

Results comparison	9M16	9M15	Change	Change
	CZK mn	CZK mn	CZK mn	%
Revenue	5 425.8	5 559.9	(134.1)	(2.4%)
Cost of sales	(3 237.7)	(3 266.0)	28.3	(0.9%)
Gross profit	2 188.1	2 293.9	(105.8)	(4.6%)
Selling, marketing and distribution costs	(1 443.3)	(1 398.5)	(44.8)	3.2%
Administrative costs	(314.1)	(312.5)	(1.6)	0.5%
Other operating income, net	31.4	26.0	5.4	20.7%
Operating result	462.0	608.9	(146.8)	(24.1%)
EBITDA	851.2	988.5	(137.3)	(13.9%)
Finance costs, net	(70.3)	(74.2)	(3.9)	(5.3%)
Income tax	(62.4)	(77.8)	15.4	(19.8%)
Profit for the period	329.4	456.9	(127.5)	(27.9%)
- attributable to shareholders of the parent	331.1	454.5	(123.5)	(27.2%)

*adjusted for one-offs

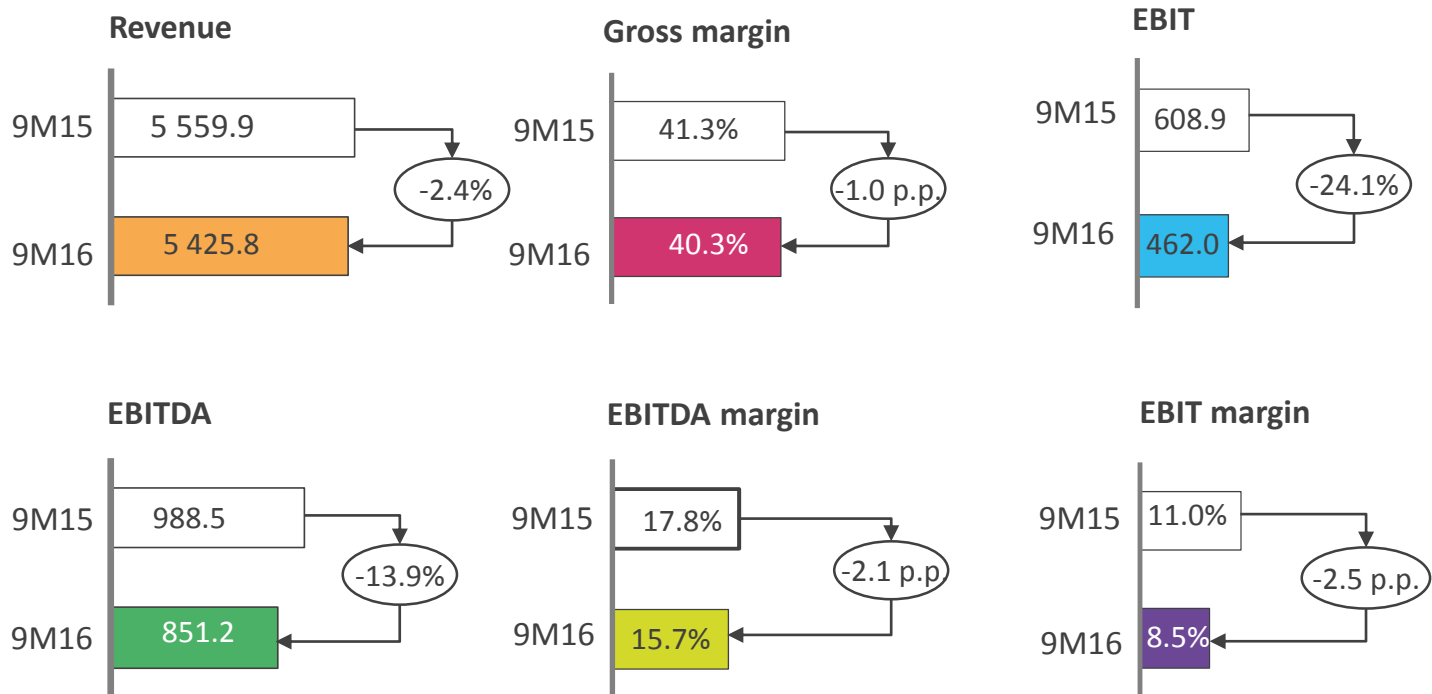
HIGHLIGHTS

- Revenue decrease attributable to Poland, mostly offset by growth of Radenska, Rauch and UGO.
- EBIT decreased by CZK 147 mn, driven mainly by decreased sale in Poland, plus Radenska still spends expansion costs that will translate in revenue in coming periods.
- EBITDA decreased by 13.9 %.
- Net finance costs decreased by CZK 3.9 mn, this was influenced by favourable exchange differences and revaluation of derivatives.



RESULTS OF KOFOLA GROUP* [MCZK]

COMMENTS ON 9M16 RESULTS

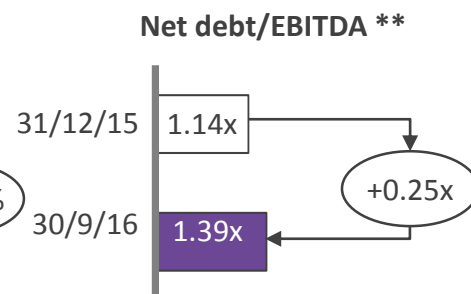
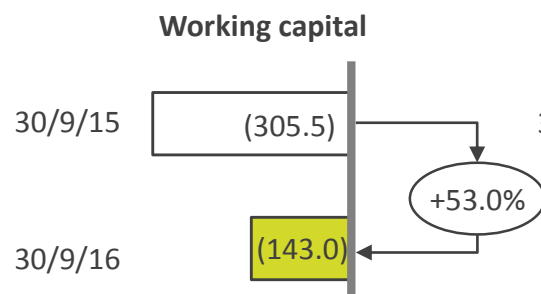
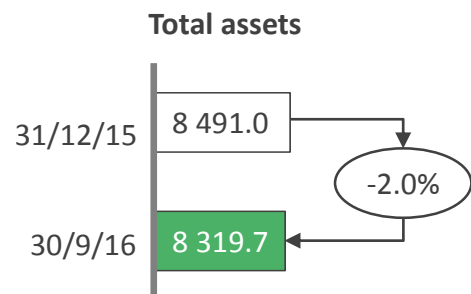
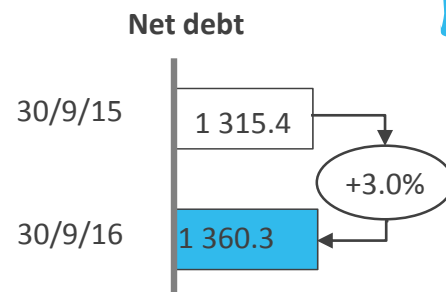
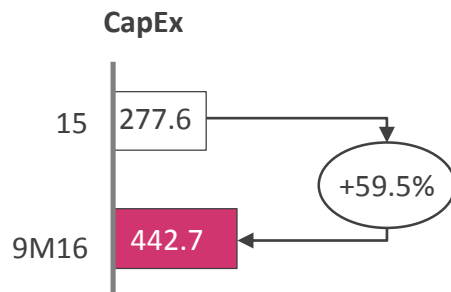
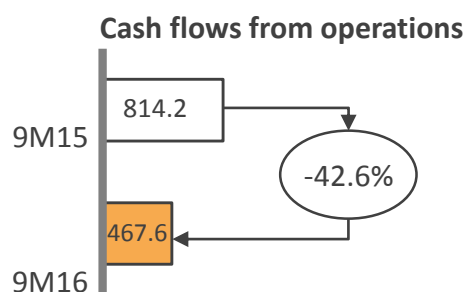


- Revenue negatively influenced by Poland, positively influenced mainly by Radenska acquired in March 2015 and Rauch products. UGO fresh and salad bars increased revenue by 60% growing like-to-like and through new fresh and salad bars.
- Revenue grew significantly in the core CzechoSlovak market by almost 5%, Adriatic region grew like-to-like and thanks to PepsiCo distribution in Croatia by 12.4%, Poland still finding balance between sales volume and sales profitability with revenue decreased by 25.7%.
- EBIT decreased by CZK 147 mn mainly due to decreased sale in Poland, plus Radenska still spends expansion costs.
- Improving efficiency of direct distribution in the Czech Republic and an extending sales support in Adriatic region are base for further improvement of profit ratios.



RESULTS OF KOFOLA GROUP* [MCZK]

CASH FLOW AND NET DEBT



- Operating cashflow decreased mainly due to increased working capital, worsened performance in Poland and due to the fact that Radenska was consolidated from 2Q2015, i.e. less cash favourable 1Q2015 (off-season) is not included in 9M15.
- CapEx increased by 59.5% mainly due to addition of a building in the Polish production area which enabled us to close the Polish operation in Bielsk.

NET DEBT/EBITDA 1.39x

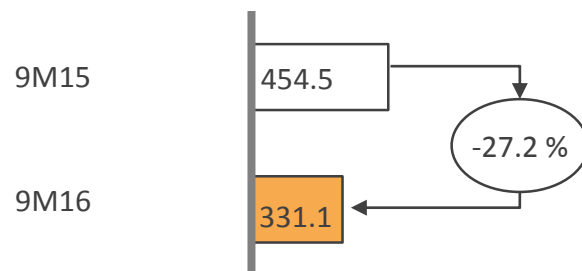


* adjusted for one-offs

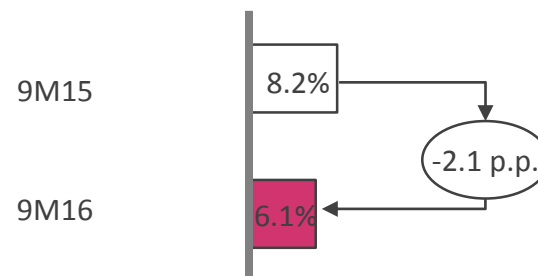
** EBITDA adjusted for one-offs and annualised for Radenska

RESULTS OF KOFOLA GROUP*[MCZK]

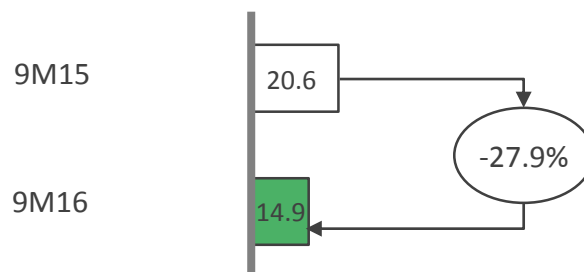
Net profit attributable to shareholders of Kofola ČeskoSlovensko



Net margin



EPS attributable to shareholders of Kofola ČeskoSlovensko [CZK/share]

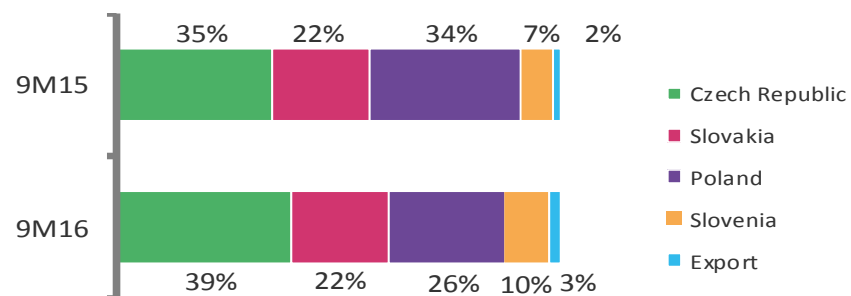
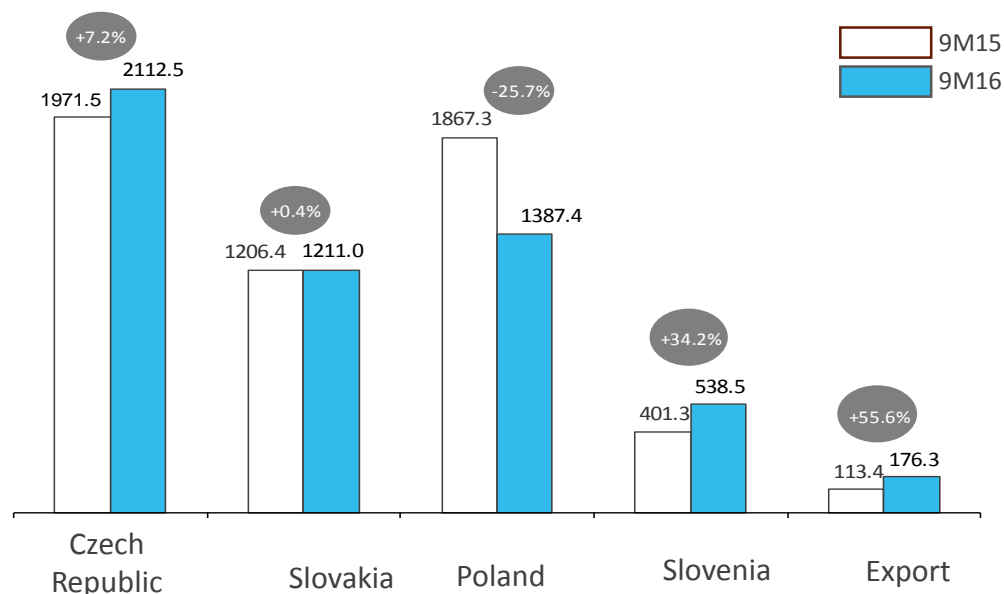


PROFIT FOR THE PERIOD

- Net profit ratios affected by decreased result in Poland, increased costs from building the sales team and increased marketing costs in Radenska and decreased net finance costs mainly due to favourable exchange differences and revaluation of derivatives.
- EPS 14.9 CZK/share.

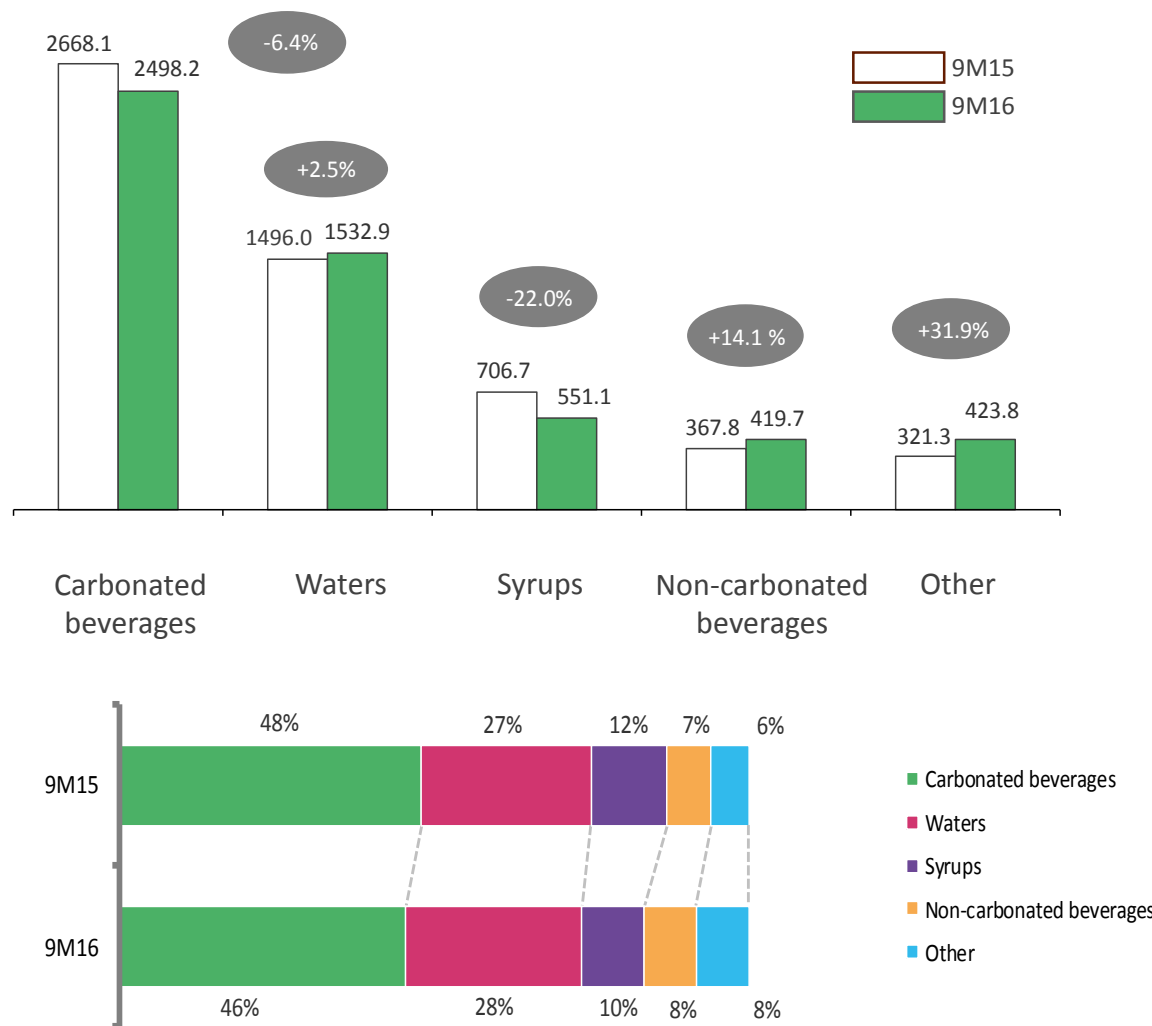


GEOGRAPHICAL SEGMENT SALES [MCZK]



- Czech Republic**
 Revenues increased by 7%, mainly due to production and distribution of Rauch products, increased sales of brands Kofola and Semtex. Sales in our most profitable HoReCa and Impulse channels grew, Impulse by double digits. Fresh bars UGO generated increased revenue of 60%.
- Slovakia**
 In 9M16, Kofola SK continued to have a clear leading position in the retail segment as well as HoReCa segment in terms of market share. Sales in our most profitable HoReCa and Impulse channels grew, Impulse by double digits.
- Poland**
 Revenue decreased by 25.7%, mainly due to lower sales of private labels and brands in traditional channel. HOOP Polska implemented new pricing policy with an aim to increase margins to be able to invest in new products, such as latest new products HOOP orange or HOOP lemon. Functional water Arctic shows promising results in its segment, other new products are prepared for 2017. New ATL campaign is ready to be launched at the beginning of November to support HOOP Cola brand and new HOOP soft drinks.
- Adriatic region**
 Adriatic segment acquired in March 2015 shown increased revenue of 12.4% (like-to-like increase), also thanks to PepsiCo distribution in Croatia. Radenska holds its clear leading position in Waters segment.

PRODUCT SEGMENT SALES [MCZK]



- **Carbonated beverages**

Increased Carbonated beverages segment in the Czech Republic, Slovakia, Slovenia, decreased in Poland.

- **Waters**

Growing Water segment driven mainly by Slovenian Radenska. The Group is a leader of this segment in Slovakia and Slovenia.

- **Syrups**

Decreasing sales in syrups segment but we keep a strong market position - first position in the Czech Republic, second in Slovakia and Poland. Higher competition in syrups segment due to increased marketing activities of competitors, mainly in the Czech Republic.

- **Non-carbonated beverages**

Strengthening position in the non-carbonated beverages segment driven mainly by distribution of Rauch products and UGO fresh bottles.

- **Other**

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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SEGMENT POSITIONS*

Legend:					
	 Leader	 Viceleader			
	PL	CZ	SK	SI	
Cola beverages	3			3	
Carbonated beverages	-	3			
Waters	-	4			
Syrups and concentrates				-	
Beverages for children	6			-	
Energy drinks	-	4	5	-	

COMMENT

- Strong second position in Czech market and leading position in Slovak market.
- Leading position in carbonated beverages segment in Slovakia was achieved due to acquisition and further development of Vinea brand.
- No. 1 in the natural spring waters in Slovakia and Slovenia. Position achieved due to innovations.
- Jupi is a clear leader in the syrup segment in the Czech Republic and a viceleader in Slovakia thanks to implemented innovations. Second place of Paola syrup in Poland.
- Innovative activities in the segment of beverages for children in the 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

- Gradual conversion of products to preservative-free, healthy innovations
- Promotion of healthy life style (www.hravezijzdrave.cz, www.hravozizdravo.sk, www.trzymajforme.pl)
- More healthy beverages (water, children's beverages) with lower sugar content compared to other competitors and beverages with herbs and tree extracts (Mr. UGO juices, fresh drinks)
- First drinks with stevia (natural sweetener - without calories) - Kofola bez cukru (Sugar free), Jupik with stevia.
- Hot filling and aseptic lines allowing the new products without preservatives (syrops, ice tea, beverages for children)

Increasing amount of outdoor activities

- Focus on impulse products (portfolio enhancement)
- Development of cooperation with hotels, restaurants and catering (HoReCa)
- Increasing share of small formats in the product portfolio (most of the new formats are up to 0.5 litre)
- Increasing number of supplied restaurants (direct distribution in Slovakia since 2009, in the Czech Republic since 2014)
- Dedicated sales team for HoReCa clients in the Czech Republic

Consolidation of retail and drift of volume to retail channel

- Strengthening brands to be more important for retailers
- Focus on terms and conditions with retailers
- Proper pack/channel tactics

APPROACH TO MARKET TRENDS AND DEVELOPMENT

Consolidation of food and beverage producers

- Constant search for leads of unexplored brands (companies)
- Acquisition of Vinea, Citro Cola, Semtex, Mr. UGO, Mangaloo and Radenska in the last 7 years
- Long-term track record of successful development of acquired brands

Globalization and growing individualism

- Rollout of successful brands to other markets where the Group Companies operate
- Building and/or creation of brands with functional/emotional features
- Using production/distribution licenses, introduction of global brands (Rauch, Orangina, RC Cola, Evian, Badoit)
- Engaging the customers in the promotion of positive emotions related to the Group's brands
- Very successful own development and strong innovations
- Original approach to global marketing
- Our success comes from locally focused advertising



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MISSION AND VISION

MISSION

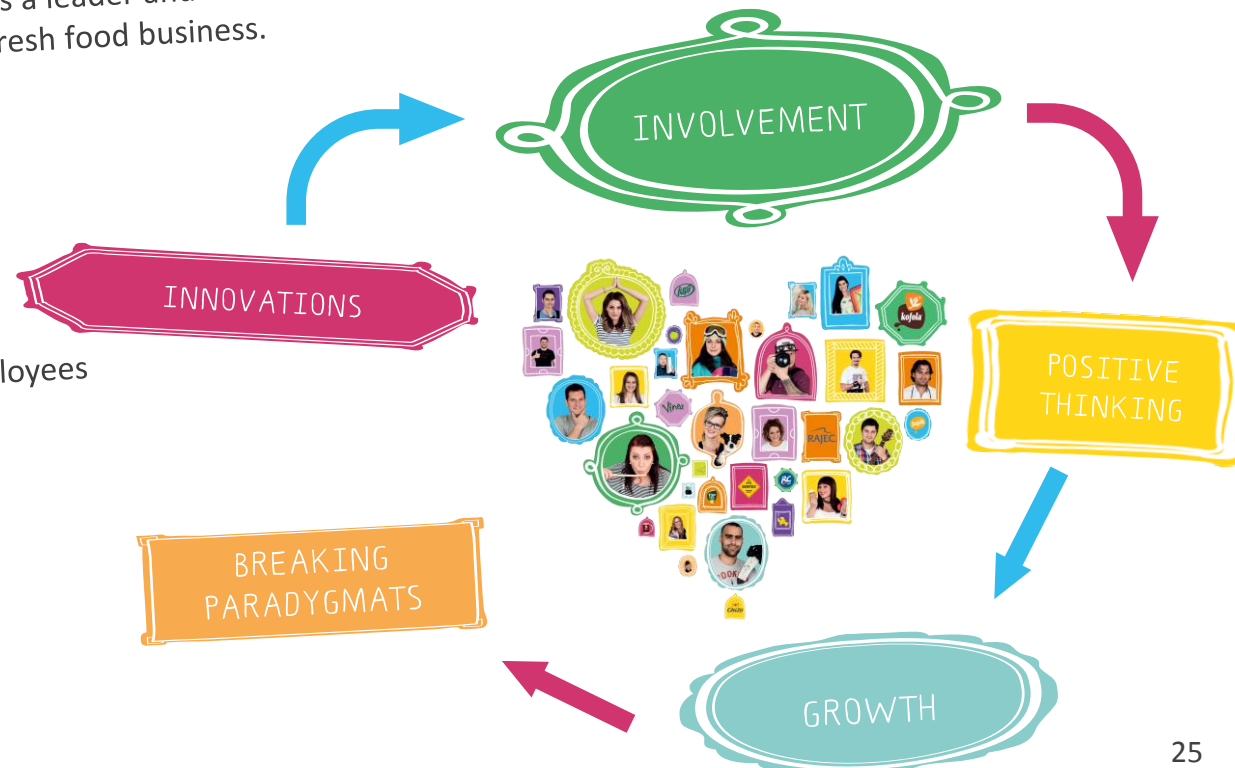
We are Kofola. We enthusiastically strive to do what is truly important in life: to love, to live healthily and to always look for fresh solutions.

OUR CORE COMPETENCES ARE OUR DNA

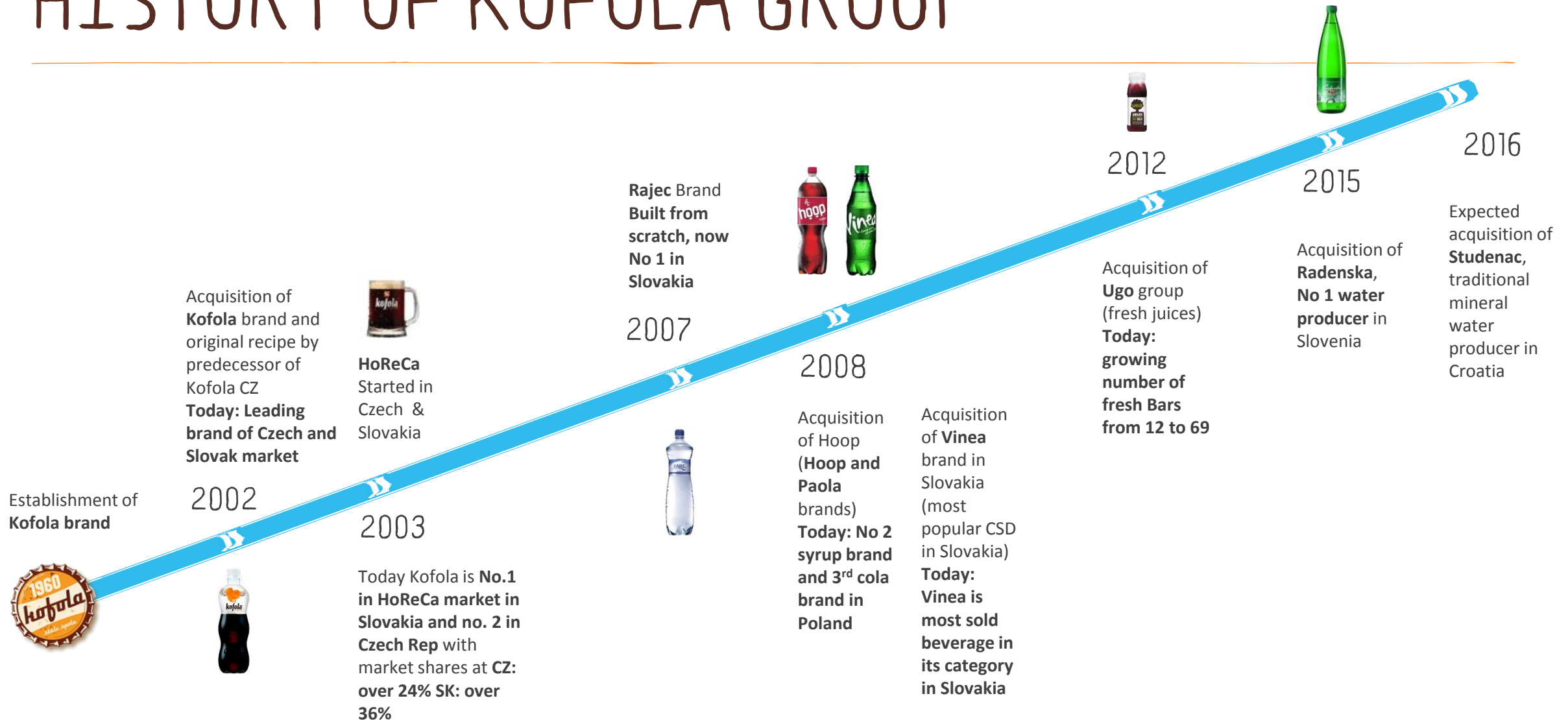
- We aim to be one step ahead
- We are constantly looking for new opportunities to grow
- Our business is created by our consumers, customers, suppliers and employees
- We bring emotions
- We work where we are at home and we know the local culture

VISION

By 2018 we aim to become the soft drinks market leader in Czechoslovakia, the fastest growing soft drinks company in Poland, the market leader in Slovenia, and to have successfully entered other Adriatic countries. We want to bolster UGO's position as a leader and innovator in fresh juices and to develop it into a new mainstay of our fresh food business.

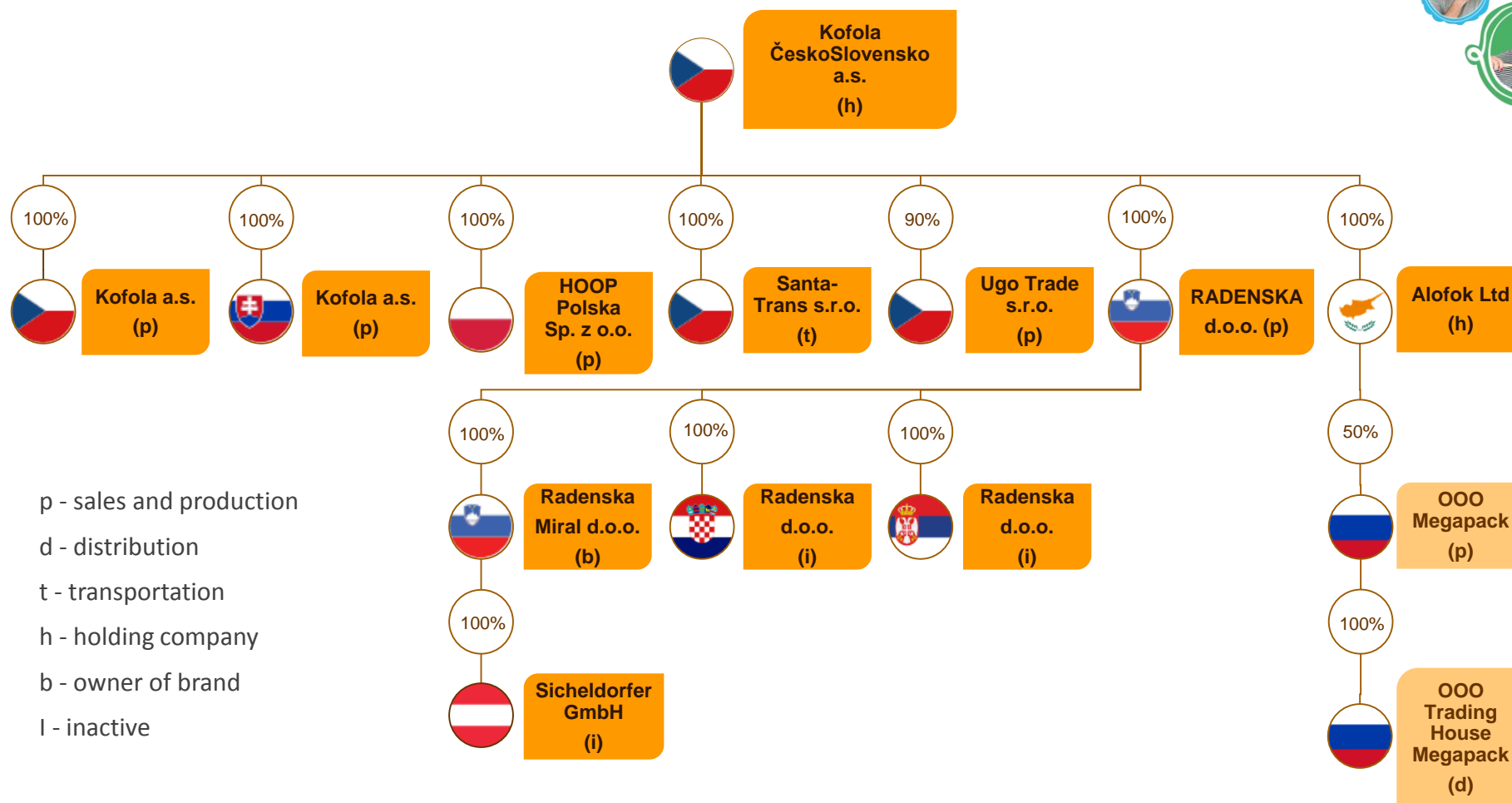


HISTORY OF KOFOLA GROUP



GROUP STRUCTURE

As at 30 September 2016



STUDENAC ACQUISITION

Acquisition rationale:

- Acquisition of No. 2 player in the Croatian water market.
- Asset deal – Radenska/Kofola acquires production plant with 115 employees, inventory and brands, not the whole beverages division of Podravka.
- Cost synergies and business optimization with Slovenian operations are anticipated.
- Powerful brands with a growing potential.
- Strong combined water portfolio for retail and HoReCa channels.
- Good geographical location for deliveries to Bosnia.
- No additional fixed costs planned to be incurred after the acquisition. Sales and marketing team for Pepsi, Voćko, Nara, Inka and Radenska distribution in Croatia have been already built.
- Negative EBITDA as presented by Podravka for discontinued beverages operations was caused mainly by allocated Podravka fixed costs.
- Closing expected in 4Q2016.

Studenac





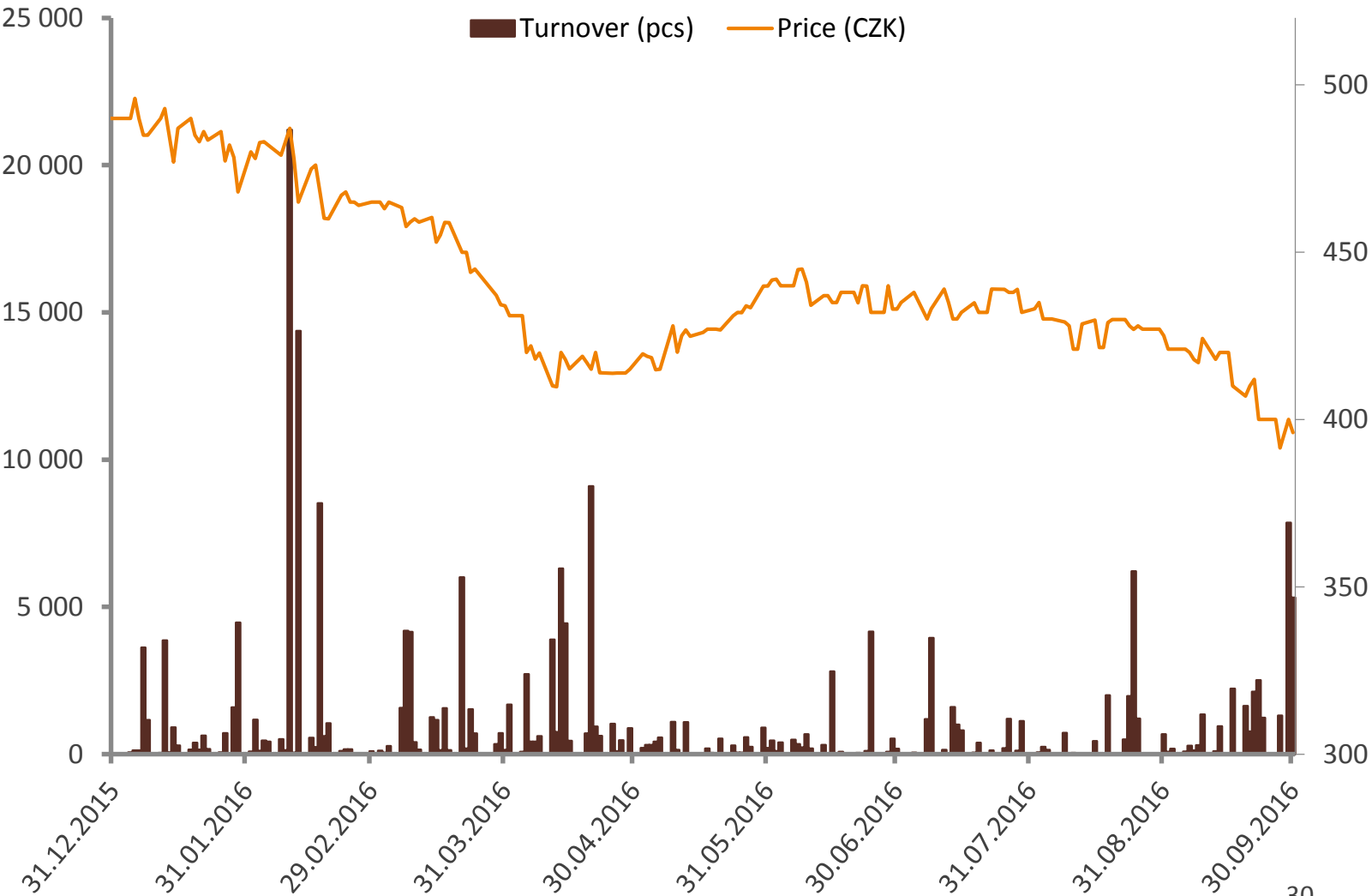
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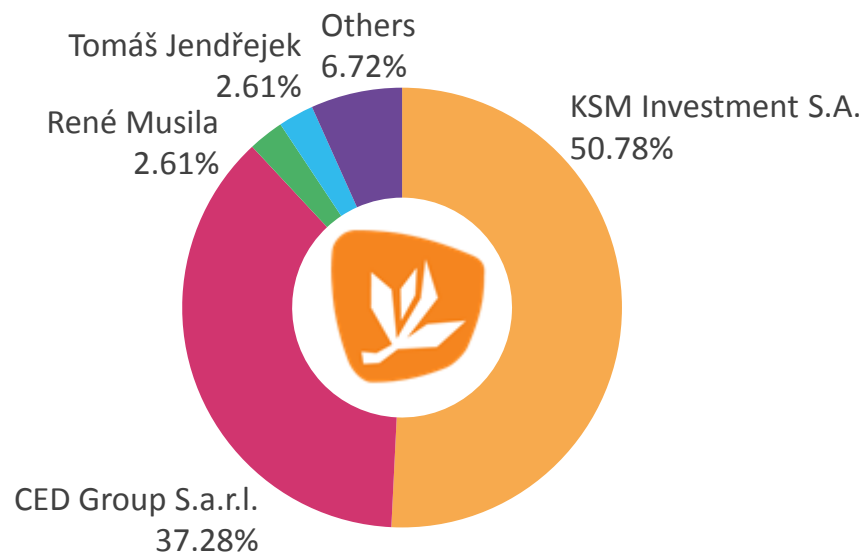
SHARE PRICE AND TURNOVER AT PSE

Share price information 9M16	
Average share price	440.5 CZK
Average daily transaction activity	1095 pcs



SHAREHOLDERS STRUCTURE

As at 30 September 2016



Share capital of Kofola ČeskoSlovensko a.s. comprises 22 295 thousand ordinary shares

SHARE CAPITAL

- On 15 October 2015 Kofola ČeskoSlovensko a.s. replaced Kofola S.A. as the parent company of the Kofola Group.
- Following the initial public offering of Kofola ČeskoSlovensko a.s. at the Prague Stock Exchange the share capital was increased on 1 December 2015 by CZK 27.5 million, which corresponds to 275 000 new shares with nominal value of CZK 100 each.
- The IPO issue price for one share was set at CZK 510, corresponding to gross proceeds of CZK 140.25 million.





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CONTACT

Should you have any question related to Kofola Group
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