



# WOOD Conference

Investor presentation

4 December 2019



# The Kofola Group

One of the most significant producers  
of non-alcoholic beverages  
in CEE and SEE



Revenue 9M19: € 190.4 mil.  
EBITDA 9M19: € 33.5 mil.



9 production plants



1,972 employees



countries for expansion

CZK/EUR average FX rate: 25.702

# Kofola Group in figures



CZECHIA

- **No. 2** player in the soft drinks market



SLOVAKIA

- **No. 1** player in the soft drinks market



SLOVENIA

- **No. 1** water brand
- **No. 1** player in the soft drinks market



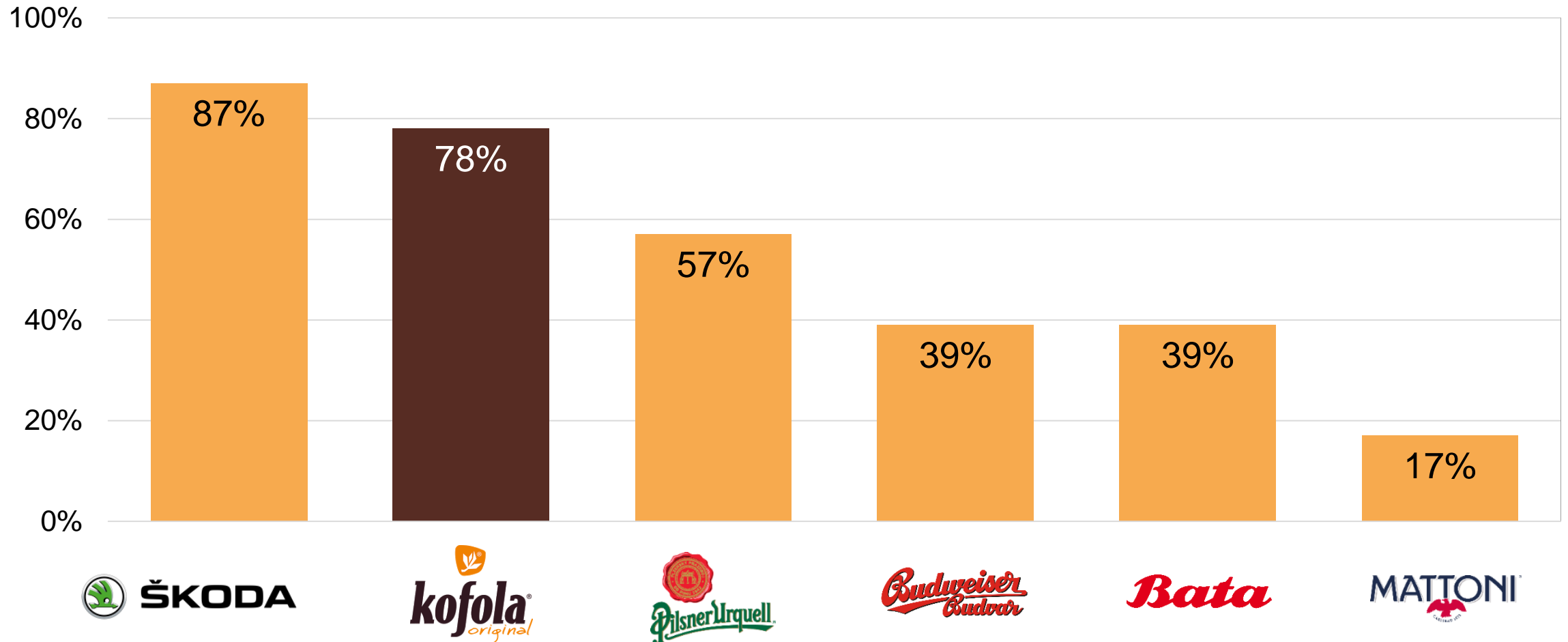
CROATIA

- **No. 2** water brand



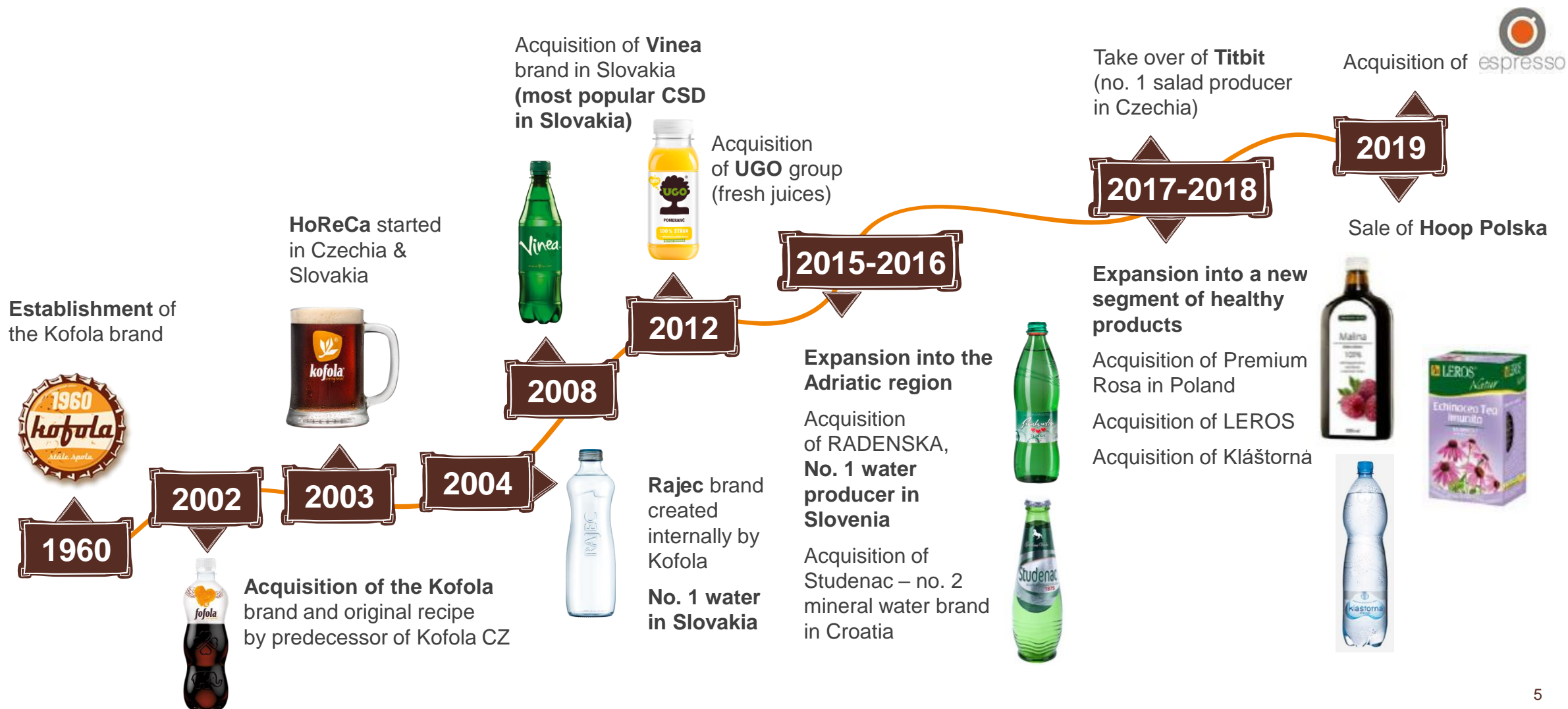
Royal Crown Cola sales in CzechoSlovakia growing by double digit percentage, also thanks to a successful marketing campaign.

# Kofola is 2<sup>nd</sup> best traditional Czech brand



Source: Ogilvy

# History of successful acquisitions and development



The complete  
portfolio of  
strong brands



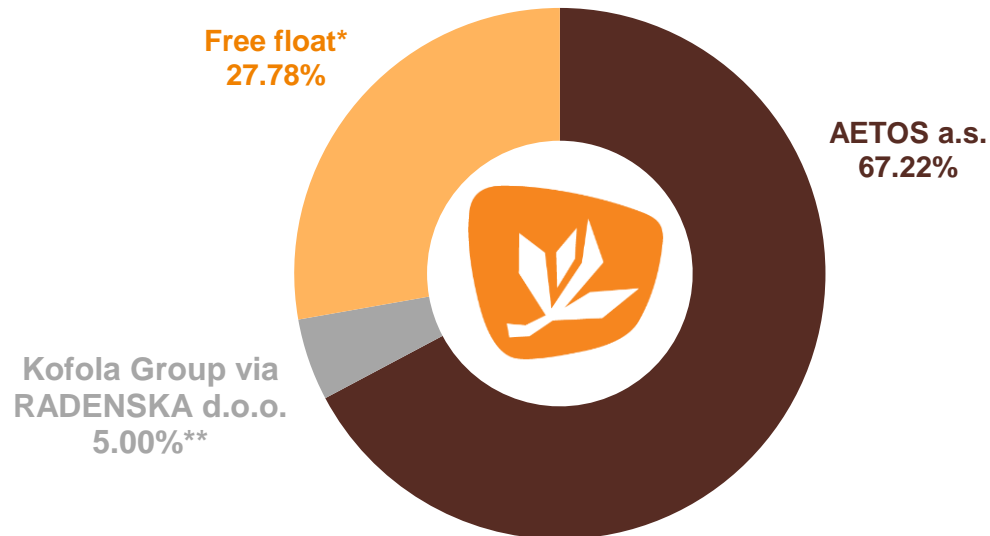
# Kofola ownership structure

## Current ownership structure



Jannis Samaras :

- holds 67.22% in Kofola via AETOS (with his family),
- acts as an executive group CEO with hands on business,
- intends to keep a majority stake (+50%).



\* 6.2 million shares at Prague Stock Exchange    \*\* can increase free float in the future

# Experienced & stable team



**Jannis Samaras**

Chairman of the BoD, CEO, founder  
67.22% stake in Kofola (via AETOS)



**René Musila**

Vice-Chair of the BoD, COO  
In Kofola since 1993



**Daniel Buryš**

Vice-Chair of the BoD, Country  
manager CzechoSlovakia  
In Kofola since 2010



**Jiří Vlasák**

Member of the BoD  
In Kofola since 2010



**Pavel Jakubík**

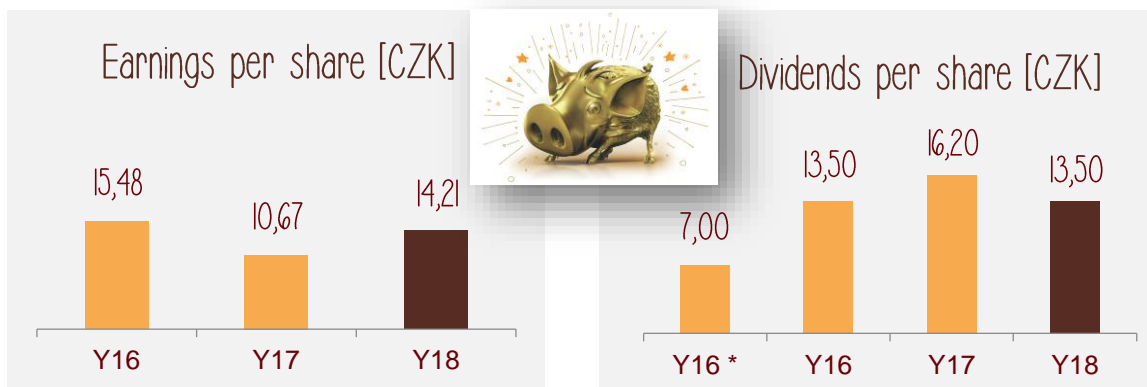
Member of the BoD, Group CFO  
In Kofola since 2008



**Marián Šefčovič**

Member of the BoD,  
Country Manager Adriatic region  
In Kofola since 2002

# Kofola listed on Stock Exchange since 2008



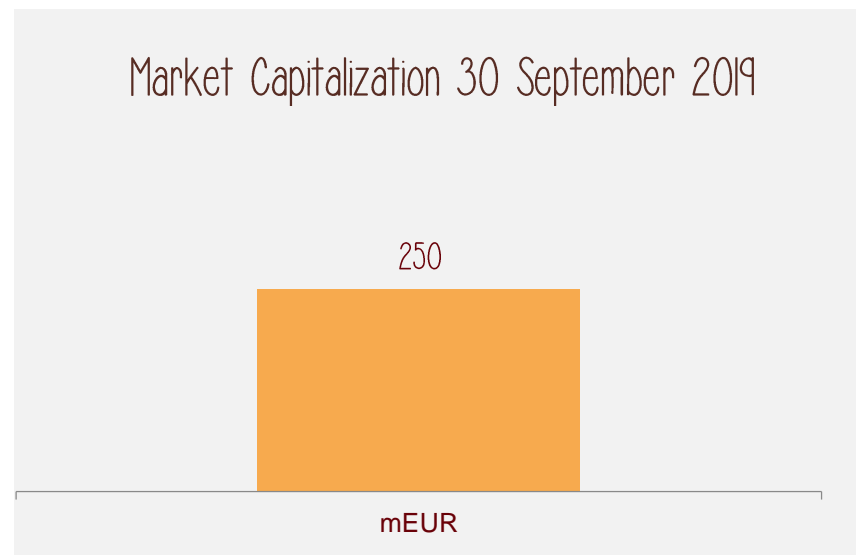
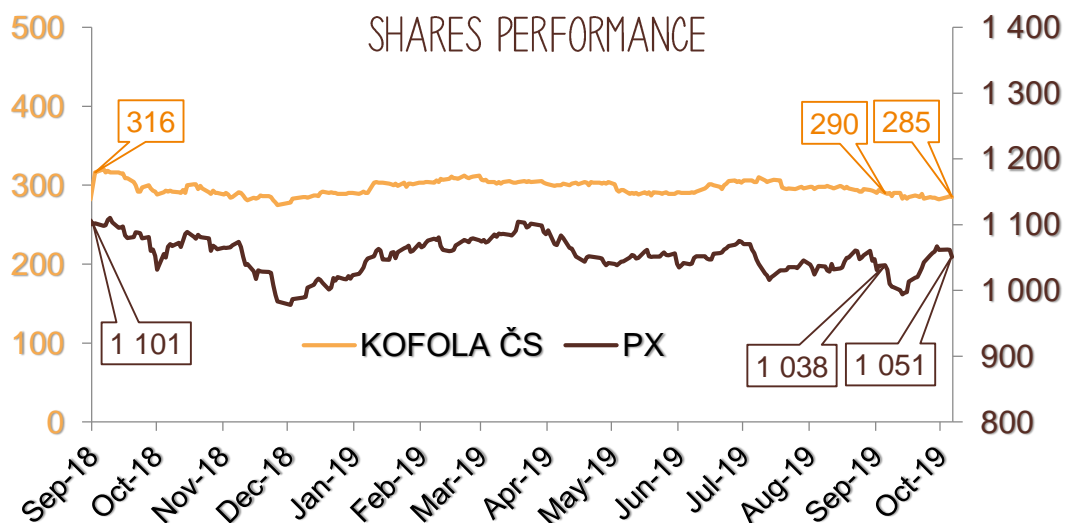
\* advance dividend

## DIVIDEND POLICY

Aim of dividend distribution to shareholders of Kofola of at least

**60% of its consolidated net profit**

achieved in each financial year from 2017 until 2020, subject to sufficient distributable profits.



# Kofola vs. peers

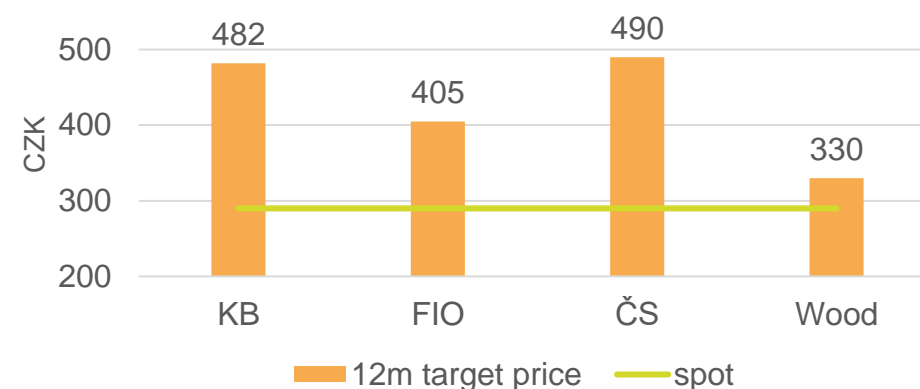
## ADJUSTED (continuing operations)

	Y18	Sept 19
EV/EBITDA	9,6	8,8
EV/revenue	1,7	1,5
P/Sales	1,3	1,0
P/E ratio	17,3	16,9
Dividend yield	4,7%	4,5%

REPORTED (continuing operations)	Y18	Sept 19	Peers	S&P 500
			median	Soft Drinks Sub Indust
			2019	
EV/EBITDA	10,0	9,2	24,0	20,0
EV/revenue	1,7	1,5	6,2	n/a
P/Sales	1,3	1,0	5,3	4,2
P/E ratio	18,8	18,7	26,6	23,9
Dividend yield	4,7%	4,5%	2,1%	n/a

- Indicators EV/EBITDA, EV/Revenue, P/Sales show a significant discount in Kofola's valuation.
- Higher dividend yield than peers.
- Analysts opinion on Kofola's share 12M target price confirm that it is currently undervalued.

Analysts target price of Kofola shares vs. spot price



# Why invest to Kofola?



- Top local brands.
- High margins in HoReCa channels.
- Growing market shares in HoReCa.
- Investments to healthy lifestyle (Ugo, Leros, Premium Rosa).
- Stable dividends, high dividend yield.
- Limited exposure to economic cycle.
- Ability to generate cash ( direct distribution in cash, negative WC).
- Executive Group CEO and owner (Jannis Samaras) intends to keep a majority stake.



# Vision and Strategy



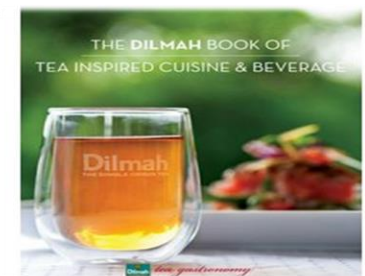
## Vision

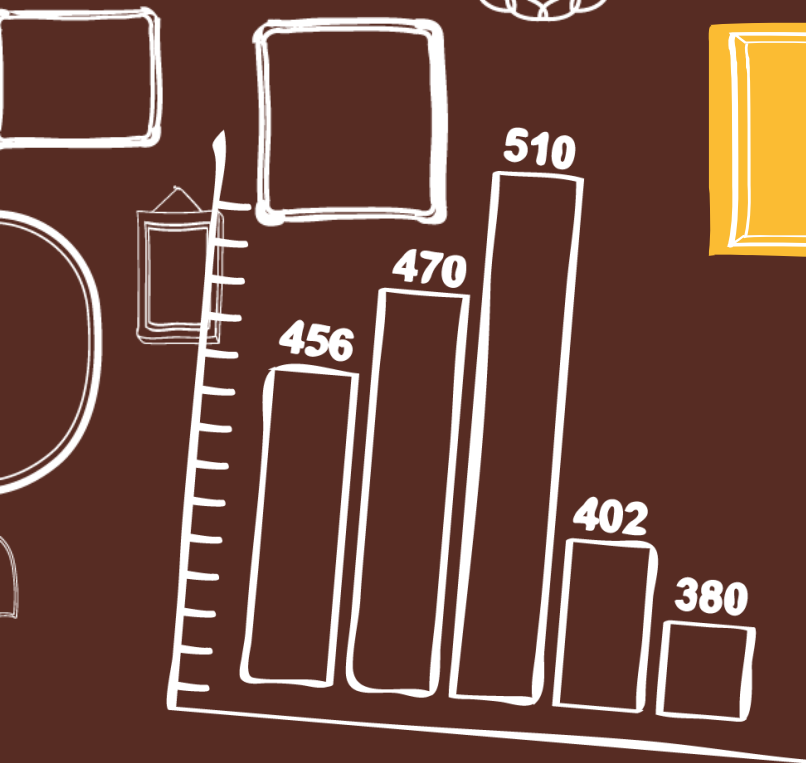
- No. 1 in HoReCa: CZ+SK
- 1 of the leading soft drink manufacturer in Adriatic
- UGO to be a leader of healthy food and drink market: CZ+SK
- LEROS to be a leader in the pharmacy market: CZ+SK



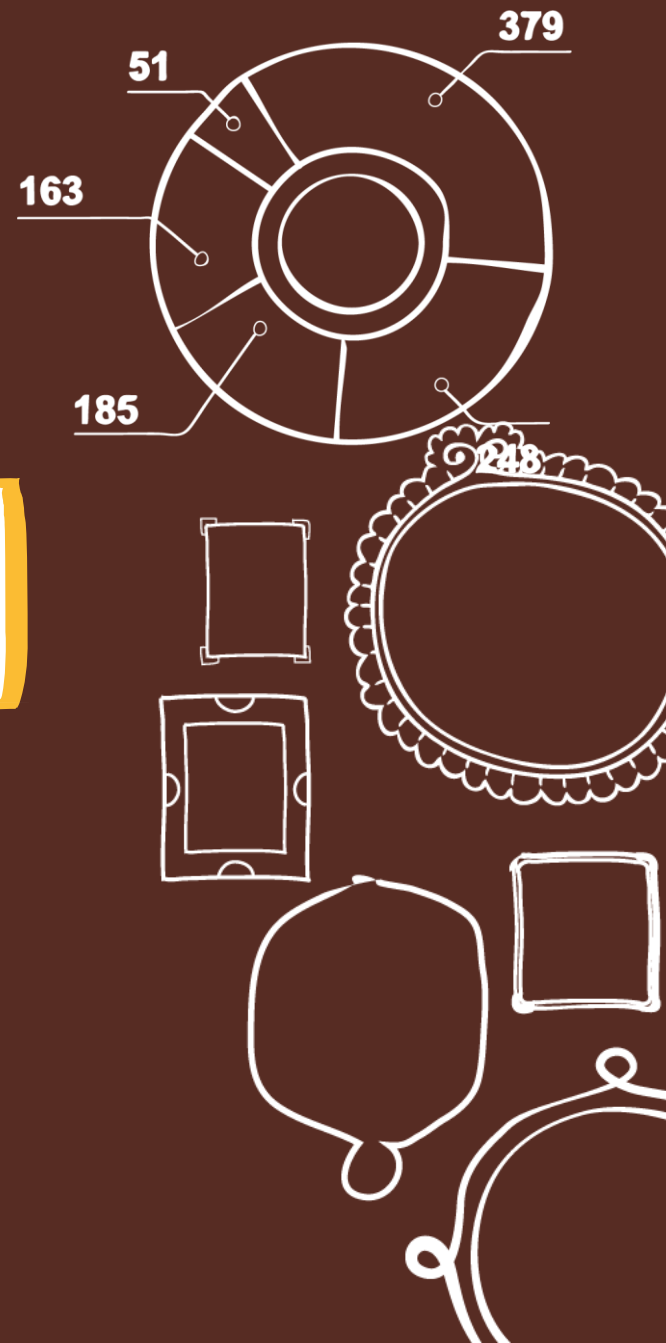
## Strategy

- Further growth based on leadership in the HoReCa channel
- Stabilize retail business with focus on profitability
- Launch of Klášťorná (our first mineral water brand in CZ+SK)
- Launch of coffee and tea business
- Innovations
- M&A





# CzechoSlovakia

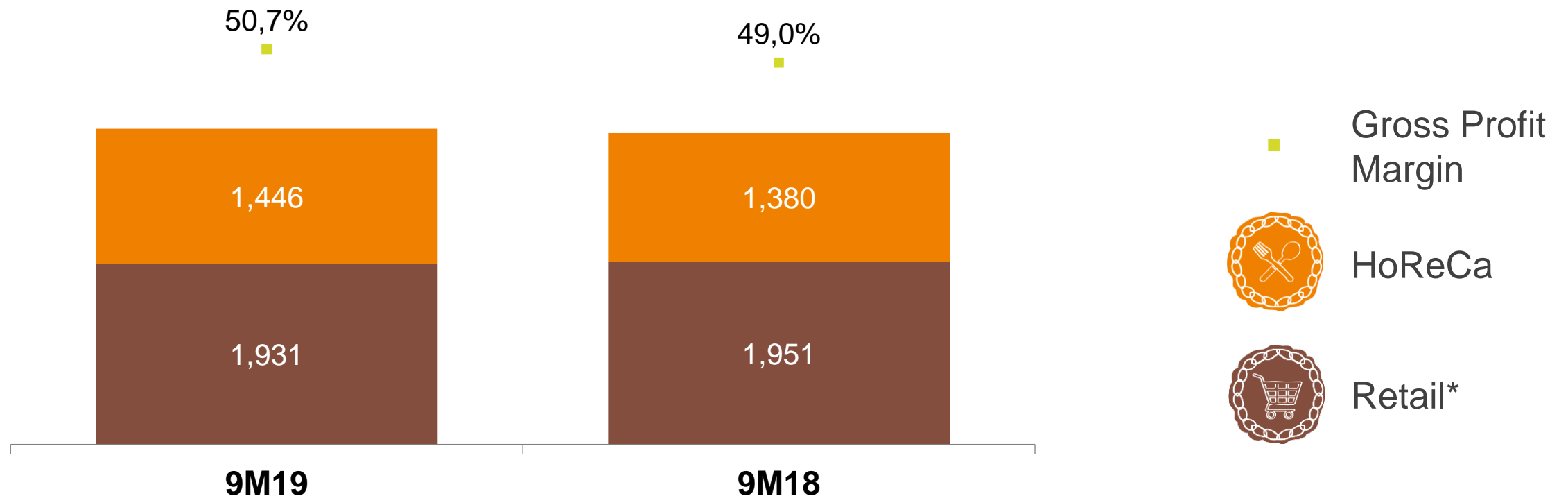


# CZ & SK: Solid results & strong brands



(CZK mil.)

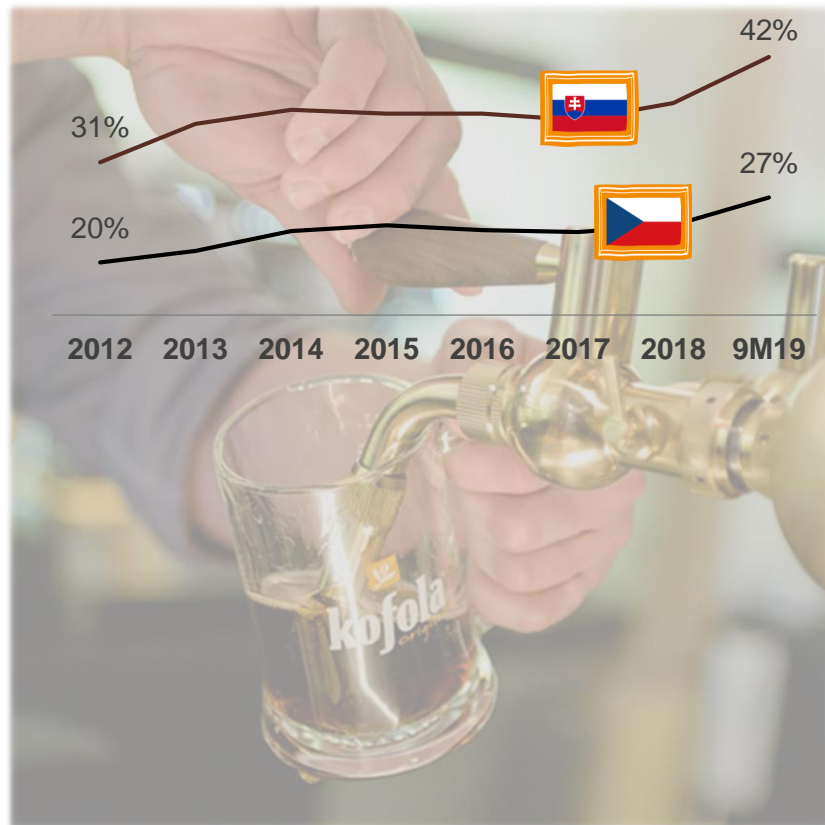
Kofola sales on Retail & HoReCa  
CzechoSlovak market



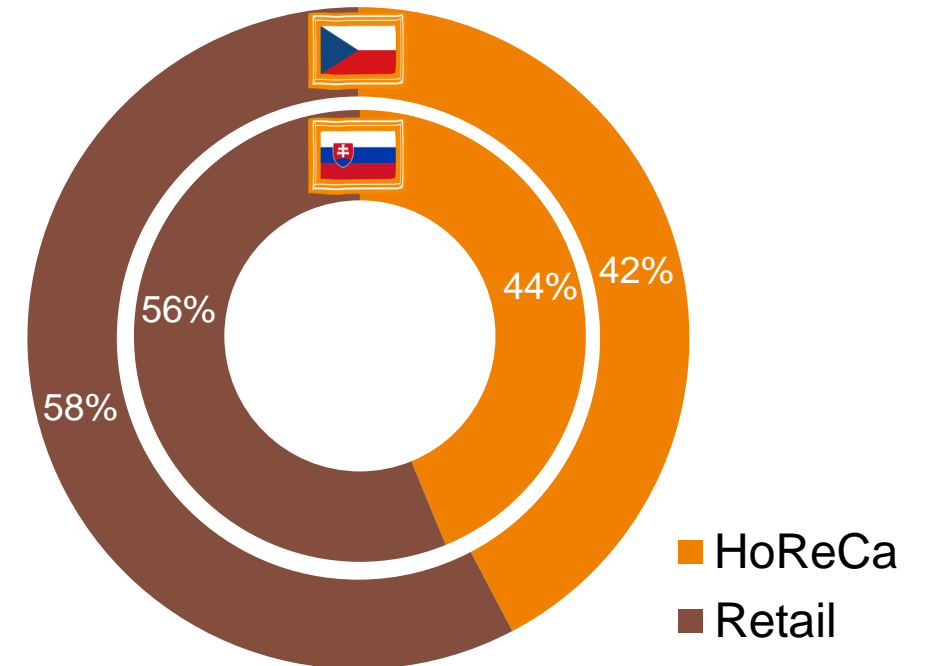
\* Decrease attributable to lower revenue from transportation services.

# HoReCa channel: An important part of our business

Kofola's share in HoReCa channel\*



Kofola's HoReCa sales in total sales 9M19\*\*

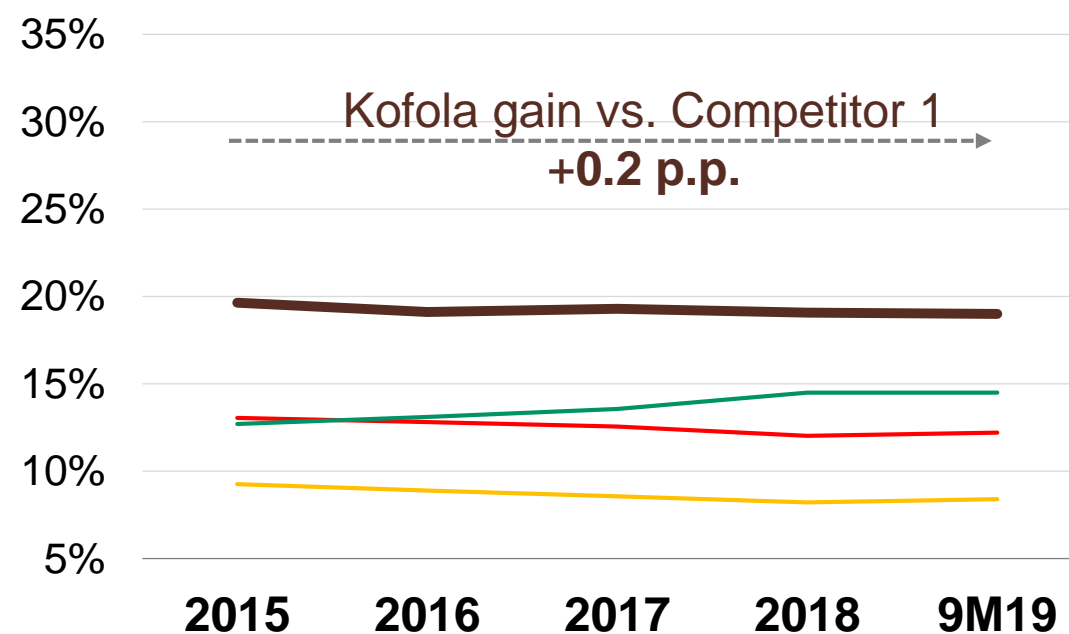
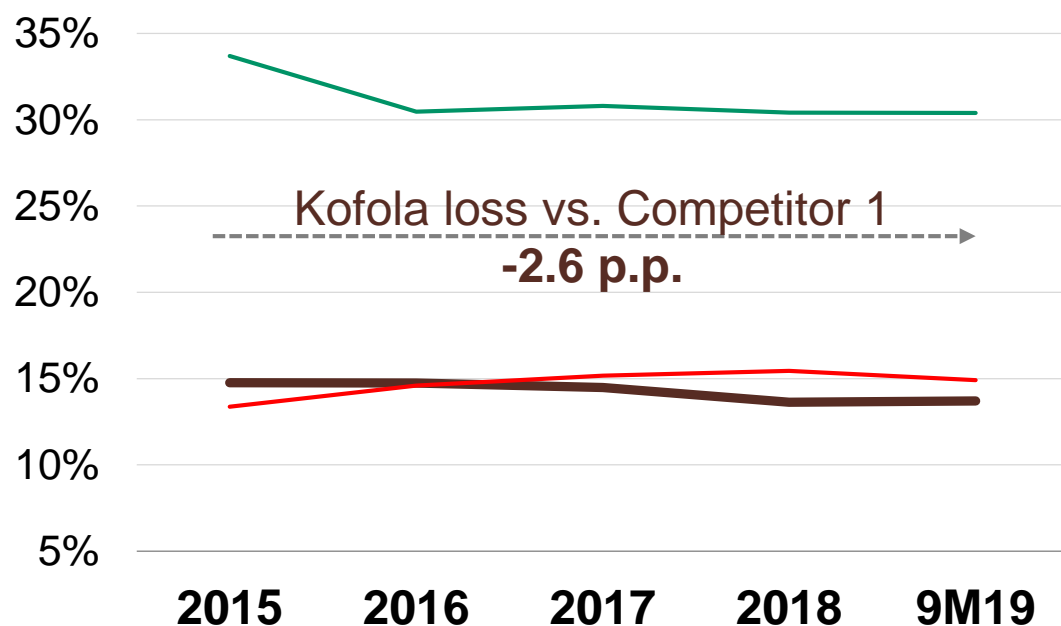


\* Based on Data Servis and Canadean (volume terms) \*\* Share within CzechoSlovakia business segment

# Kofola can compete with global brands in Retail



## Kofola Retail market share (VALUE)



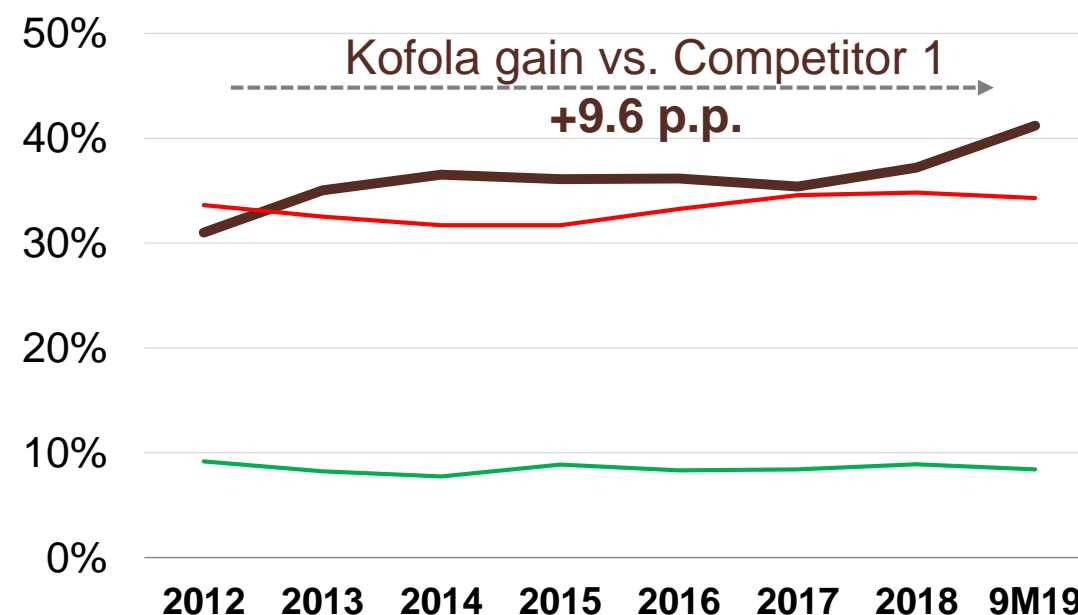
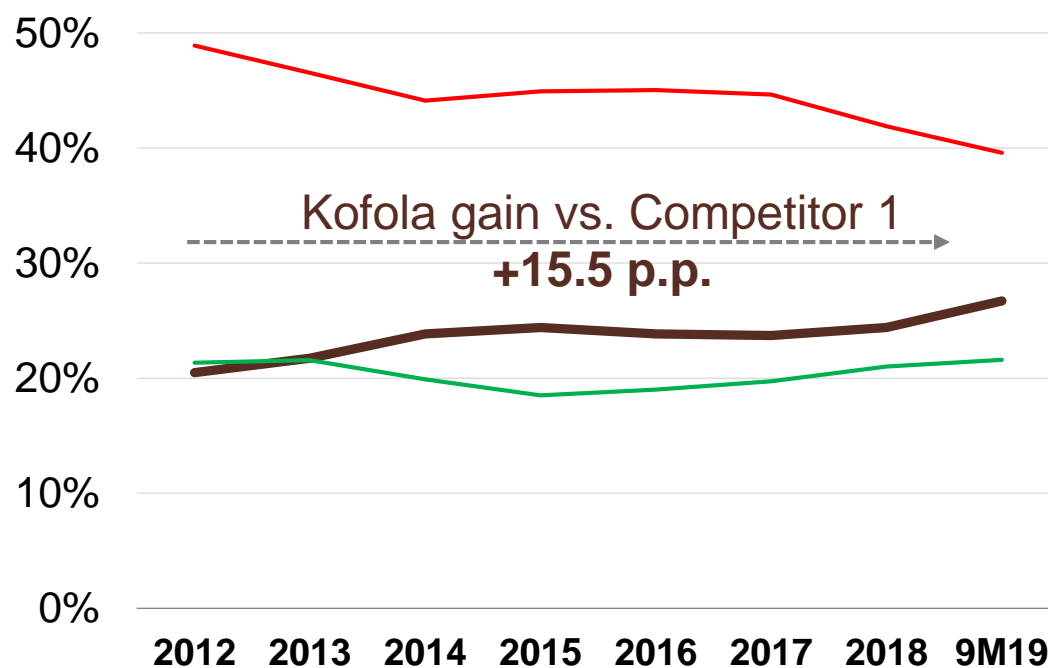
— Kofola — Competitor 1 — Competitor 2 — Competitor 3

Based on AC Nielsen and Data Servis, Kofola incl. exclusively distributed brands, Kofola relative gain/(loss) vs. Competitor 1 calculated between start and end of reported periods.

# Kofola can compete with global brands in HoReCa



Kofola HoReCa market share (VOLUME)

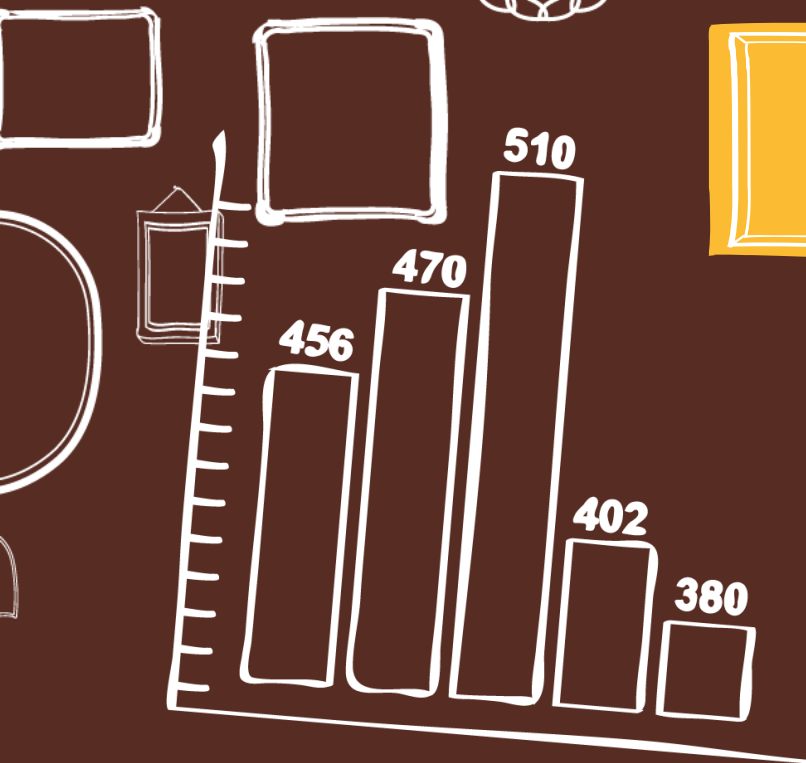


— Kofola

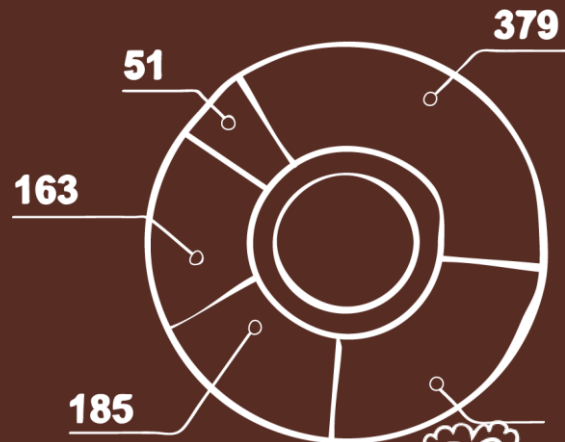
— Competitor 1

— Competitor 2

Based on AC Nielsen and Data Servis, Kofola incl. exclusively distributed brands, Kofola relative gain/(loss) vs. Competitor 1 calculated between start and end of reported periods.



# Adriatic



# Adriatic market: Developing strong brands



(CZK mil.)

Retail & HoReCa sales  
in Adriatic market

42,7%

41,6%

481

528

9M19

423

510

9M18



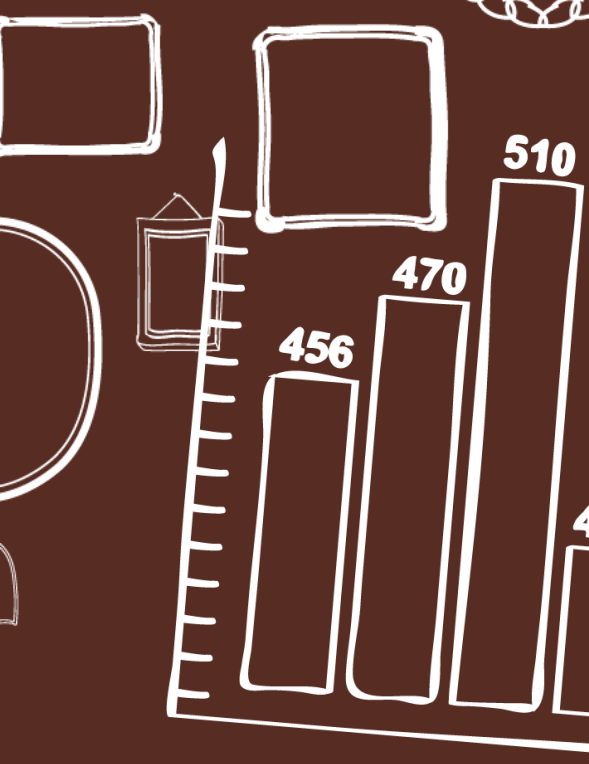
Gross Profit  
Margin



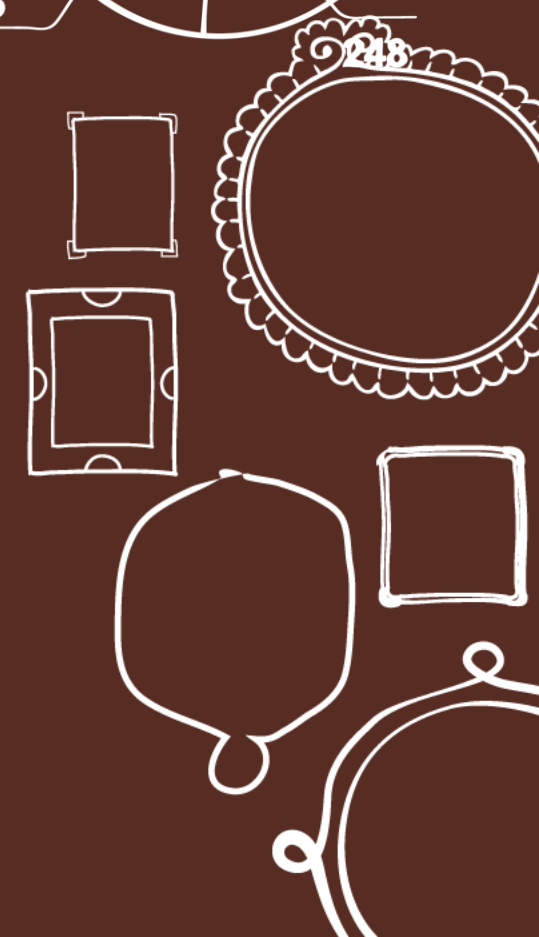
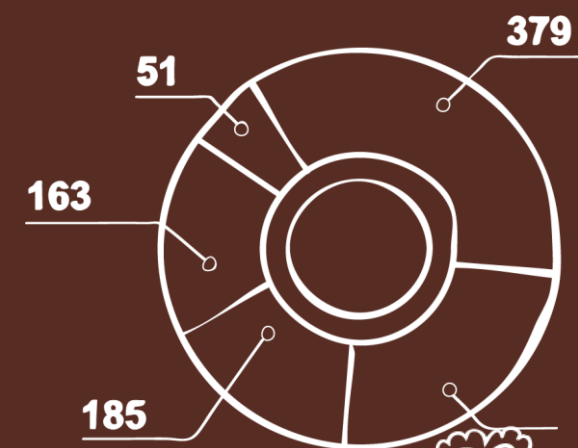
HoReCa



Retail



UGO



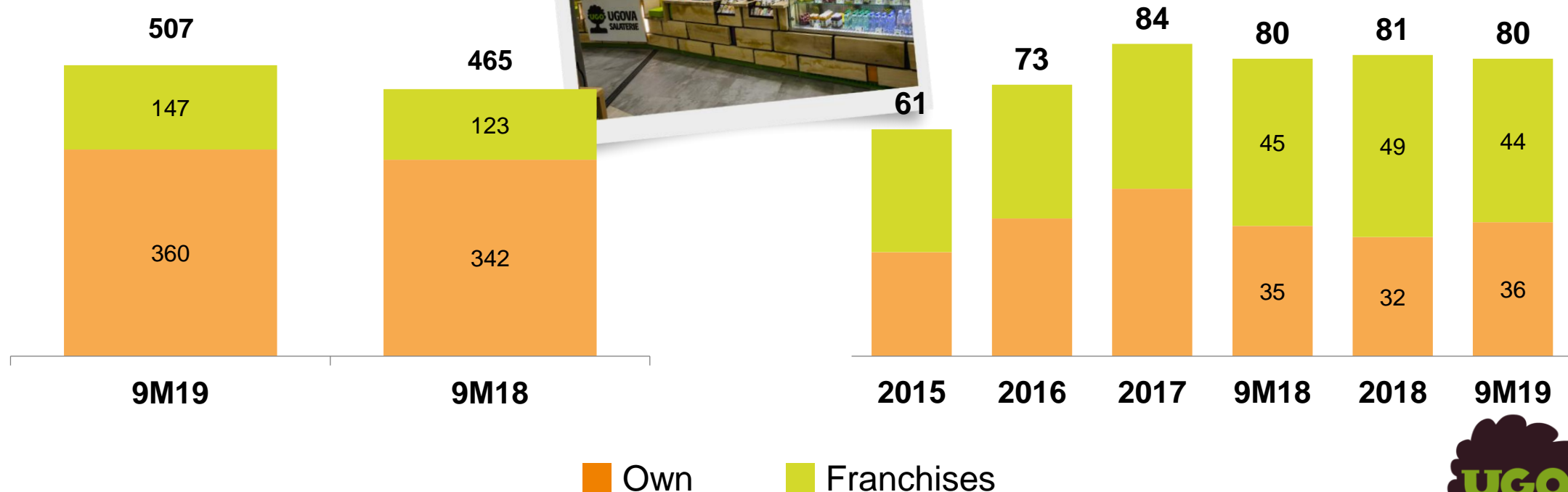
# Fresh juice concept committed to a healthy lifestyle



UGO sales + UGO franchise sales\*

Highest number of bars in CEE

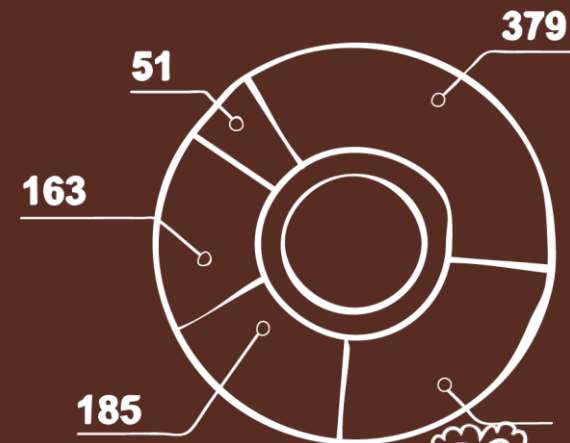
(CZK mil.)



\* Not included in the Group's results



# Consolidated Performance

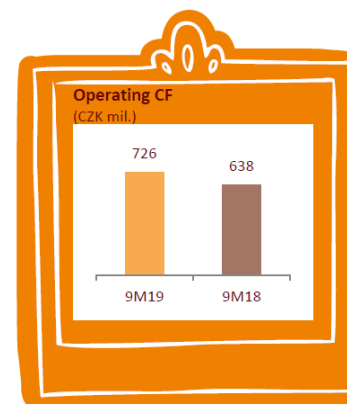
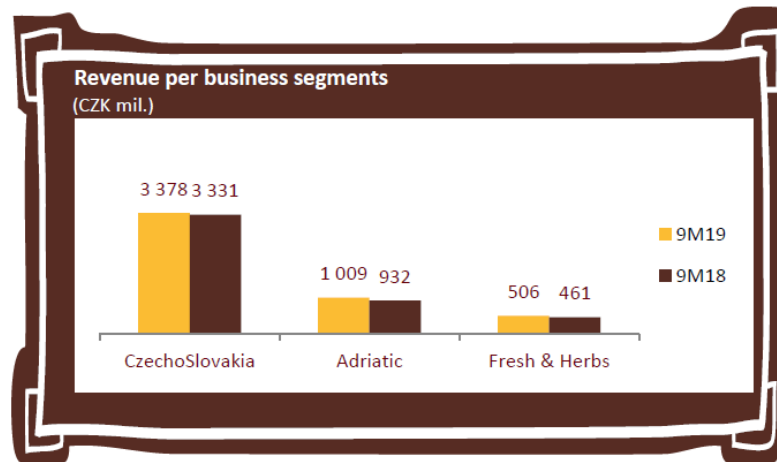
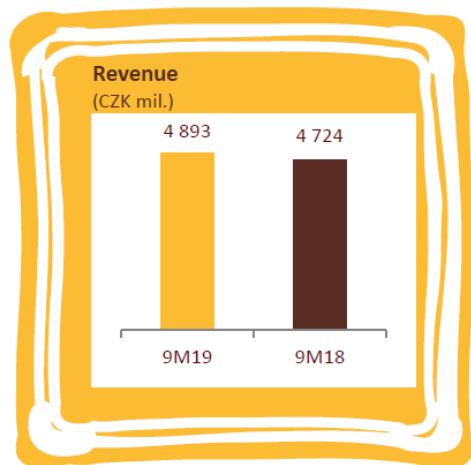


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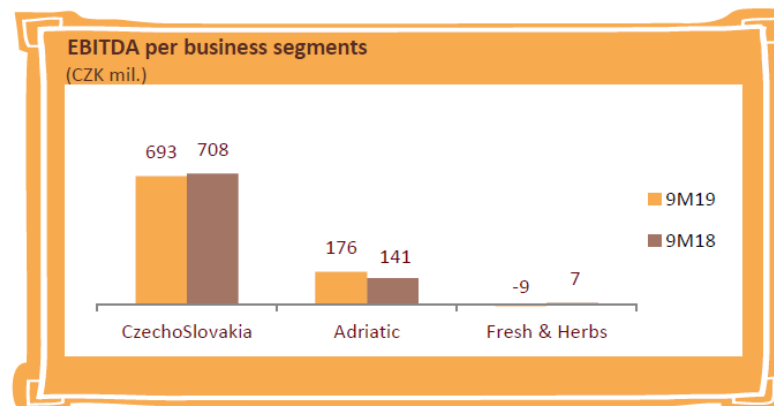
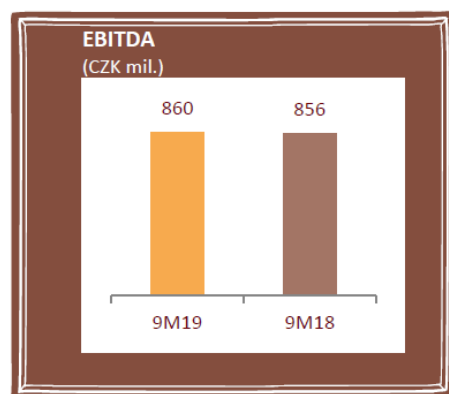
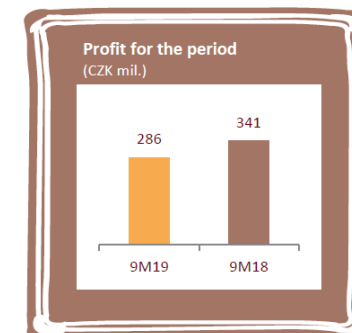
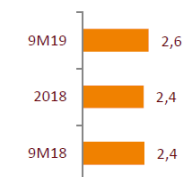


# Kofola Group Key 9M Highlights\*

(continuing operations)



Net debt/LTM EBITDA



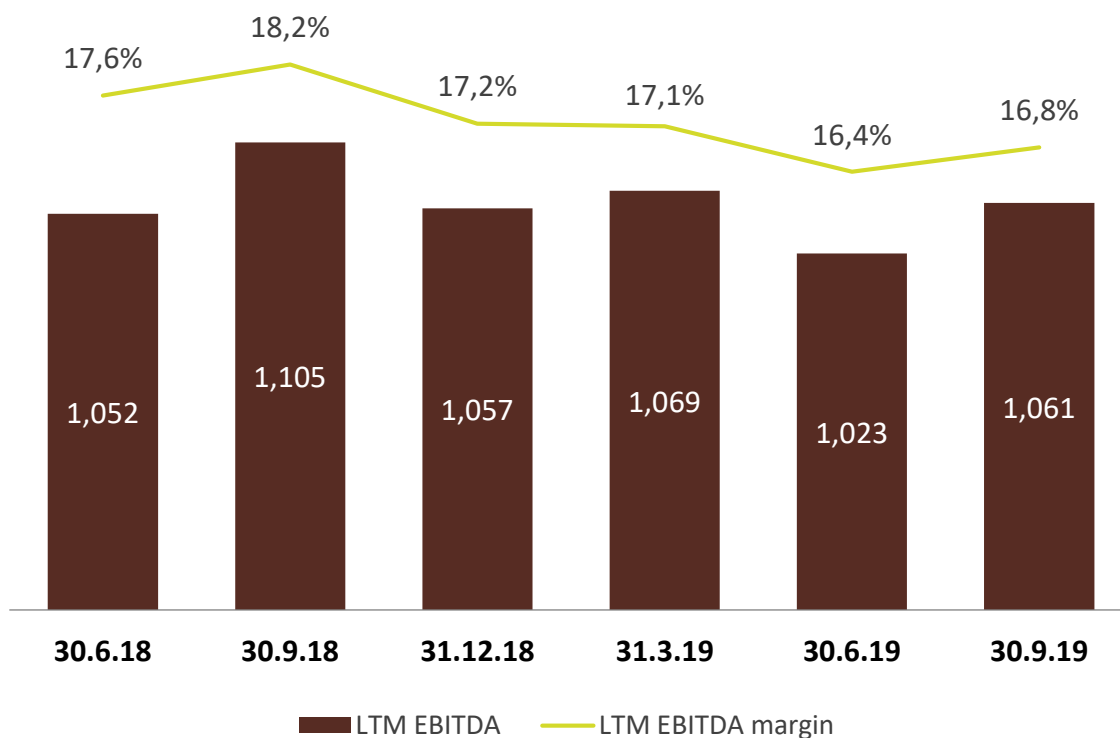
## MAIN INFORMATION IN 9M19:

- GROUP'S REVENUE FROM CONTINUING OPERATIONS INCREASED BY CZK 169.1 MIL. (3.6%), WITHOUT LEROS AND ESPRESSO ACQUISITION EFFECTS INCREASED BY CZK 123.6 MIL. (2.6%).
- GROUP'S EBITDA FROM CONTINUING OPERATIONS INCREASED BY CZK 3.9 MIL. (0.5%).
- THE COLDEST AND RAINIEST WEATHER IN MAY 2019 FOR THE LAST DECADE.
- INCREASED LOGISTIC, PAYROLL, REPAIR AND MAINTENANCE AND PACKAGING COSTS, PARTIALLY COMPENSATED BY SAVINGS FROM LOWER SUGAR PRICE.
- PROFIT FROM CONTINUING OPERATIONS DECREASED BY CZK 55.6 MIL., MAINLY AS A RESULT OF MAY 2019 WEATHER EFFECT COMBINED WITH HIGHER COSTS.
- THE HIGHEST HORECA MARKET SHARES ON CZECH (27.3%) AND SLOVAKIA (42.0%) MARKET.

\* Adjusted for one-offs

# Consolidated adjusted LTM\* (Last Twelve Months) EBITDA

(CZK mil.)



CZK mil.	30.6.18	30.9.18	31.12.18	31.3.19	30.6.19	30.9.19
LTM Revenue	5,969	6,088	6,157	6,249	6,256	6,326
LTM EBITDA**	1,052	1,105	1,057	1,069	1,023	1,061
LTM EBITDA margin	17.6%	18.2%	17.2%	17.1%	16.4%	16.8%

Increase of LTM EBITDA as at 30.9.19 in comparison to 30.6.19 due to overallly successful 3Q19.

Decrease of LTM EBITDA as at 30.6.19 in comparison to 31.3.19 is mainly a result of the coldest and rainiest weather in May 2019 for the last decade.

Increase of LTM EBITDA as at 31.3.19 in comparison to 31.12.18 driven mainly by higher revenues.

Decrease of LTM EBITDA as at 31.12.18 in comparison to 30.9.18 influenced by release of provision for bonuses at the end of 2017.

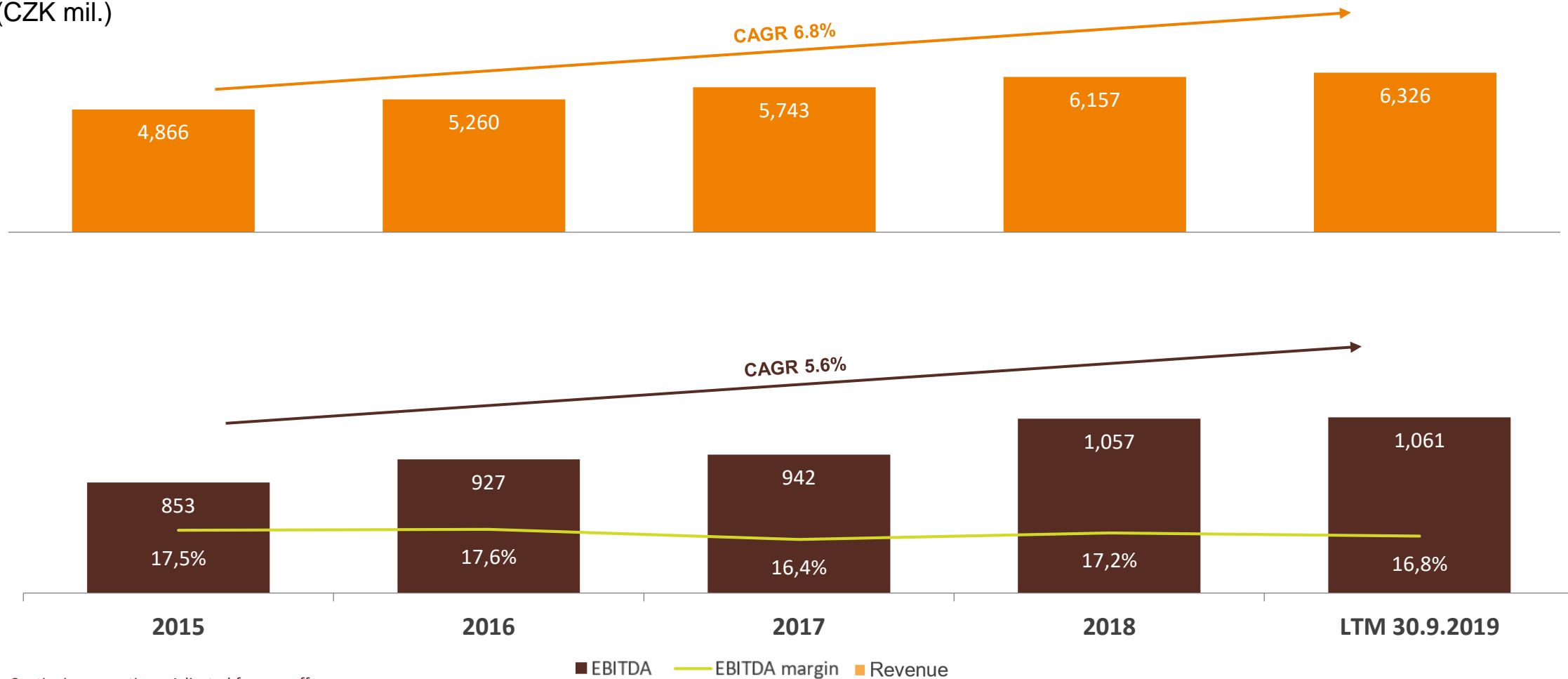
Increase of LTM EBITDA as at 30.9.18 in comparison to 30.6.18 influenced by release of provision for bonuses in 4Q17 (CZK 62 mil.).

\* Continuing operations

\*\* Adjusted for one-offs

# Consolidated adjusted EBITDA\* & Revenue\* (long-term view)

(CZK mil.)

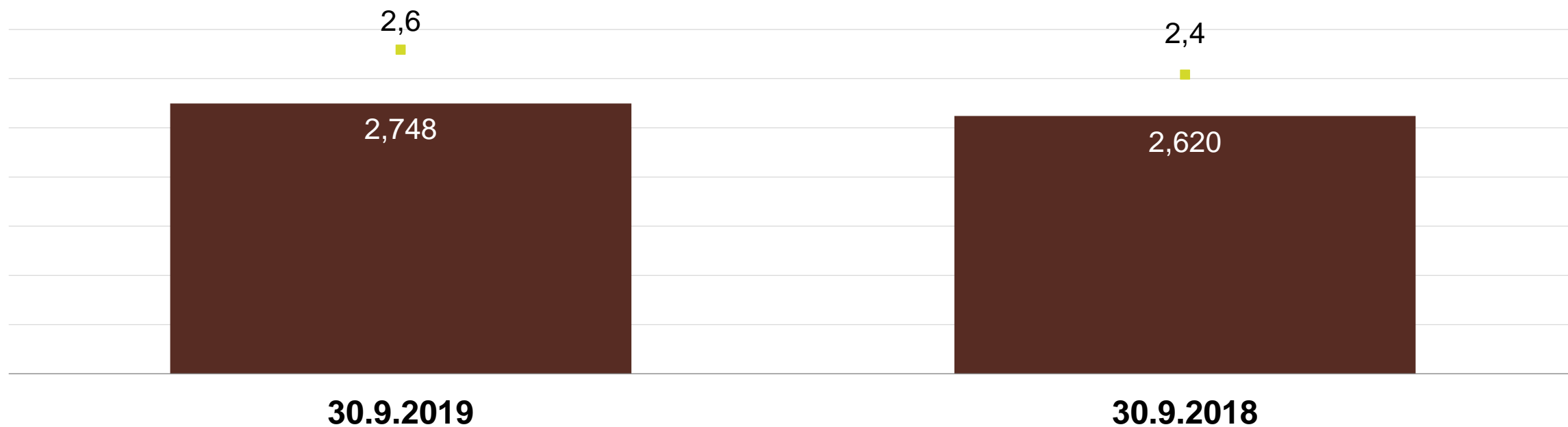


\* Continuing operations; Adjusted for one-offs

# Consolidated NET DEBT

(CZK mil.)

■ Net debt ■ Net debt/adjusted LTM EBITDA

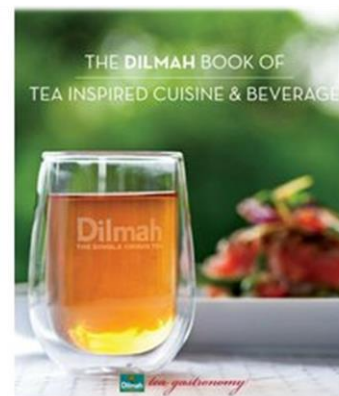


Increase of Net debt is mainly caused by new IFRS 16 standard (capitalization of leases).

# Most relevant topics for our business

- Kofola is a herbal drink made from 14 herbs.
  - Kofola has 30% less sugar than other cola drinks.
  - Kofola contains no acid phosphoric.
  - Water makes 30% of our product portfolio.
  - We use HPP\* technology to produce UGO fresh juices.
  - 40% of our trucks use CNG.
  - 60% of our products without preservatives.
  - 20% of our products in glass bottles.
- 
- We build a new segment based on herbs and authentic healthy raw materials - in our recent acquisitions LEROS, Espresso and Premium Rosa.

\* High pressure processing



# Sustainability



## EU Directive:



- By 2025: 77% of soft drinks plastic packaging to be recyclable (by 2029 90%).
- By 2025: soft drinks PET bottles to contain a minimum of 25% recycled material (by 2030 30%).

## Plastic and metal bottles deposit system:

- Exists in Croatia.
- From 2022 in Slovakia.

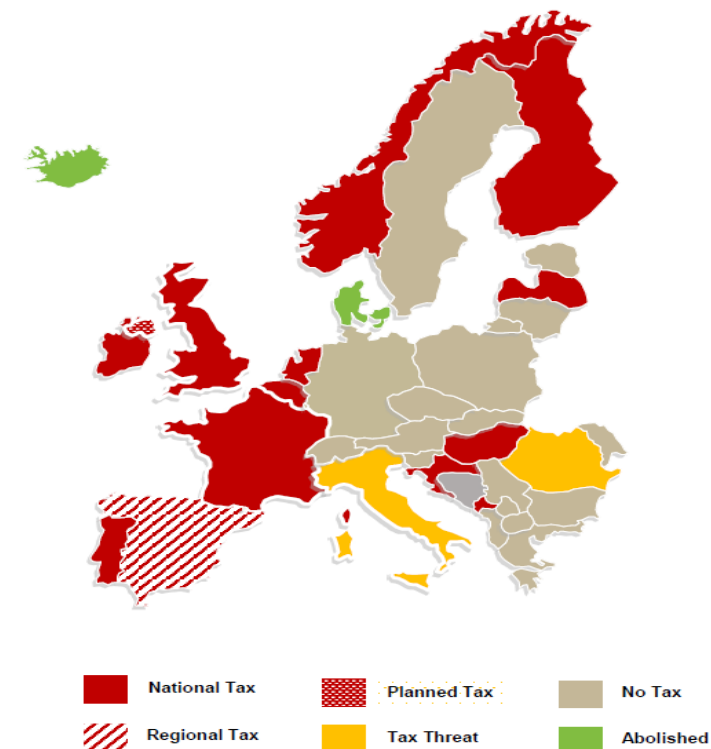
## Traffic light system on labels:

- Voluntary but likely to be used.



## Sugar tax:

- Exists in Croatia.



### UNDERSTANDING THE TRAFFIC LIGHT SYSTEM

	Sugars	Fat	Saturates	Salt
What is <b>HIGH</b> per 100g?	Over 15g	Over 20g	Over 5g	Over 1.5g
What is <b>MEDIUM</b> per 100g?	Between 5g and 15g	Between 3g and 20g	Between 1.5g and 5g	Between 0.3g and 1.5g
What is <b>LOW</b> per 100g?	5g and below	3g and below	1.5g and below	0.3g and below

Source: Food Standards Agency

# Sustainability



UGO Salateries/Fresh bars:

- Save at least 15 tones of plastic waste by 2020.
- If customers bring own cups/lunchboxes – we invest 1 CZK in the Czech forests per every saved cup.



Kofola:

- Active focus on „ZERO WASTE“ formats (i.e. kegs and returnable bottles)
- Switch to a new PET sleeve – vast majority of our packaging is 100% recyclable.
- Use of CNG Trucks (lower CO2 footprint).

# Contact

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

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