

Message from the CEO

Dear stakeholder,

2019 was the year we began delivering on the strong foundations we set in place in 2018, bolstering Refresco's strength from the bottom line up to reflect its growth and scale, and pushing us closer to the ambitions of our 2025 strategy. The integration of the former Cott's bottling business is nearly complete; with unprecedented strength across two continents, we are now well-positioned to deliver unrivaled value and choice to our customers.

YEAR 2019 IN SUMMARY

We finished the second year of the Cott integration ahead of schedule and having outperformed each of the synergy targets put in place in early 2018. I am delighted to see these synergies already bearing fruit. Innovation and insight drawn from our new colleagues are delivering benefits directly to our company and our customers. Knowledge, best practice, and talent are flowing between new and existing Refresco locations and teams.

This important milestone reinforces our confidence in our Group's proven 'buy & build' strategy. We continued to add new assets throughout 2019, including the beverage concentrate facility and R&D platform in Columbus, Georgia, the Coca-Cola European Partners' Milton Keynes site in the UK and the two PepsiCo manufacturing sites in Spain. Furthermore, we announced the acquisition of US-based AZPACK, which was completed at the start of 2020, as well as the intended purchase of Britvic's three juice bottling facilities in France.

Meanwhile, we have been developing our existing assets, having replaced and upgraded many of our manufacturing lines and added several new lines across both continents.



Toward the end of the year, the finalization of our first new-build facility at Le Quesnoy, France was swiftly followed by our announcement of plans to strengthen our bottling operation in Fort Gibson, Oklahoma with expanded production capacity and the addition of 75 new jobs.

Investments in our physical infrastructure have gone hand in hand with efforts to strengthen our wider organization and way of working. Our newly appointed Executive Committee includes two brand new roles: Chief Commercial Officer (CCO) and Chief Procurement Officer (CPO). These positions will enable us to address the growing complexity of our business, driving coherent thinking both internally and externally and moving us closer to becoming a provider of *beverage solutions*. Refresco's CCO also oversees our sustainability strategy, aligning our internal efforts with the growing sustainability needs of our customers, as well as the needs of consumers and society in general.

OUR ROUTE TO 2025 AND BEYOND

As we near our 20-year anniversary in 2020, we are larger in scale and more innovative and agile than ever. A cross-continental business that embraces complexity, meets new market developments head on, and succeeds in satisfying an ever-evolving range of customer and consumer needs.

At the same time, the beverage industry – and the world at large – is changing more rapidly than ever. Historically, our ability to respond to change is one of our key strengths and will remain crucial in the coming two decades and beyond. Consumers are increasingly interested to know more about the products they buy and where they come from. As a sizable company in the beverage value chain, we want to drive the industry forward by taking a greater stand on issues regarding sustainability. Many of these variables – whether environmental, social or ethical – are 'moving targets' and it will be imperative to respond to them in an agile way. When we look into the future, our ambition is to grow while safeguarding future generations.

We have already invested to minimize our environmental impact. Lower-energy equipment and 'light-weighting' of packaging, as well as minimizing road transport are just some of the initiatives in place. 'Reduce & Recycle' is our motto: we reduce the quantity of packaging and increase the levels of recycled materials they contain. We strive for deposit return schemes in every country where we operate, to collect used packaging. Already committed to sourcing juice from sustainable sources by 2030, we are also discovering new ways to provide improved traceability and transparency.

These qualities are reflected in our financial results for 2019, with our gross profit margin higher than it has ever been. This profitability puts us in an excellent position as we work toward our 2025 ambition of becoming a unique beverage solutions provider to retailers and A-brands worldwide. We look forward to having you with us on the next stage of our journey.

Hans Roelofs
Chief Executive Officer