



## Integration at the heart of our M&A strategy

Strategic acquisitions have been a core driver of Refresco's profitable growth over the past two decades. Since our establishment in 1999, we have completed more than 25 acquisitions, enabling our company to grow in size by twofold or more approximately every four years. However,

underpinning our 'buy and build' strategy is the careful assimilation of new assets and expertise into our company. By successfully integrating, and then optimizing, new facilities and teams, we have been able to continue increasing in value, as well as scale.

### A clearly defined integration approach

We begin each new acquisition project by carefully selecting the right strategic target to grow our business. However, the true measure of success is how, one by one, each of these companies has become an integral part of Refresco. While we always prioritize careful management of the integration process, we value agility and improvement over perfection. Our risk appetite is attuned to making acquisitions work, first and foremost; to improving over time, rather than trying to find the perfect solution on day one. An effective integration strategy is central to this way of working. During a 20-year track record in integrating new assets, we have developed a set of clear principles to support our 'buy and build' approach. Over recent years, we have spent time looking at how the integration process works and allocating resources accordingly. By taking note of successes and failures, and crystalizing the lessons learned along the way, we have increased our efficiency and developed a Group approach to fostering synergy through integration.

### CULTURE AS OUR GUIDING PRINCIPLE

Our skill in swiftly integrating new people and teams is one of our central competencies, helping to activate new components of our expanding portfolio and adding momentum to the company as a whole. At the core of this approach is aligning new colleagues and businesses with the Refresco values and our way of working. Equally, we make sure all our teams – existing and new – are set up to leverage the opportunities presented by having larger services and the ability to draw on and contribute to our collective knowledge. Once colleagues begin to see the Refresco Group as more than the sum of its parts, exciting innovations and new ways of thinking start to emerge. This virtuous circle yields tremendous value in the long run.

Good communication is crucial at all stages of this process: we make sure the path to success is clearly laid out for each member of our teams across our business, and that everyone is pulling in the right direction as quickly as possible. Only when each member of the team

is clear on what success looks like, and his or her role in the process, can we move forward as a Group with our vision. By driving clear alignment between our individual successes and those of the company at large, employees at all levels can see the impact of their contribution and find their path to achieving the right goals. We have developed measures to support this: during every acquisition, for example, specialists from our central and local teams spend time with the new business, providing advice as well as access to the institutional knowledge that Refresco holds.

#### UNLOCKING CROSS-CONTINENTAL SYNERGIES

The successful integration of the former Cott's bottling business over 2018 and 2019 is clear evidence that our approach is working, including when it comes to large-scale acquisitions. This major cross-continental project, involving dozens of assets in North America and the UK, has integrated thousands of employees in total. As such, it provides a blueprint to take our 'buy and build' approach to new global markets, and to harness even larger, more complex growth opportunities.

At the same time, every major acquisition is an opportunity to take a step back, to gain an outside-in perspective on who we are and what we represent. As we welcome new colleagues into our organization, we recognize the uniqueness of our culture and the value it brings. It is also a time to challenge our values and, if need be, revise them. In early 2018, we initiated the Cott Beverages integration by bringing together senior managers from the former Cott's bottling business for this very purpose. Our new colleagues noted that 'passion' was missing from the five values used to describe Refresco. This key quality has since been included among our Group values, fitting for the new Refresco emerging from the integration: a growing, cross-continental organization with momentum behind it, but also one that is more agile and innovative, and better equipped to capitalize on new market opportunities.

Procurement, overheads and footprint present the main sources of synergy in any acquisition. We have achieved our synergy plan in full in all three main areas, and more. We also have a massive opportunity to leverage our improved cross-continental position through cross-selling. As one organization, we provide our customers with access to greater scale, capabilities and technologies than ever before. Exciting commercial opportunities have already been unlocked. In North America for example, our extended footprint has helped one of our contract manufacturing customers to achieve a significant growth in market share. And our North American customers are benefiting from the specialist technology and expertise of our cold-brew canning teams in the Netherlands as they tap into strong US demand for this niche product. In the UK, our broad proposition now covers every conceivable format. And there are many more opportunities to continue to leverage our improved customer offering. Our US-based concentrates business in Columbus, Georgia, which we acquired in February 2019, has given us first-mover advantage in innovation and R&D across the two continents, including in emerging categories such as 'water plus'.

“We now have a solid foundation on which to build our future growth strategy toward becoming a world-leading beverage solutions provider”



#### LEARNING FROM EACH OTHER

As part of the integration of our business units, our focus is on building a team to face the future. An important part of this process involves enabling the transfer of skills, knowledge, and expertise between locations and geographies. In 2019, we drove further optimization of our production platforms in Europe and North America and an increased alignment and collaboration between the two continents. The two platforms regularly share operational assessments, challenges, and solutions. They work closely together on their use of KPIs and align on reporting processes. Members of the respective Operations leadership teams as well as technical specialists also spent time in each other's locations to learn from each other and gain first-hand knowledge of their counterpart's operations and processes.

With the right infrastructure, people, and expertise in place, we now have a solid foundation on which to build our future growth strategy toward becoming a world-leading beverage solutions provider. As we look to 2025 and beyond, we are ready to start the next chapter in our integration story as we explore new growth opportunities on both continents.