Q1 FY20

Three months ended 31 March 2020

Noteholder Presentation

25 MAY 2020

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Presenter

Andreas Schneiter
CFO

Agenda

1. Quarterly Highlights & Business Update
2. Financials
3. Q&A

01

Quarterly Highlights & Business Update

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01 Q1 Performance Highlights[1]

Jan-March 2020 vs Jan-March 2019

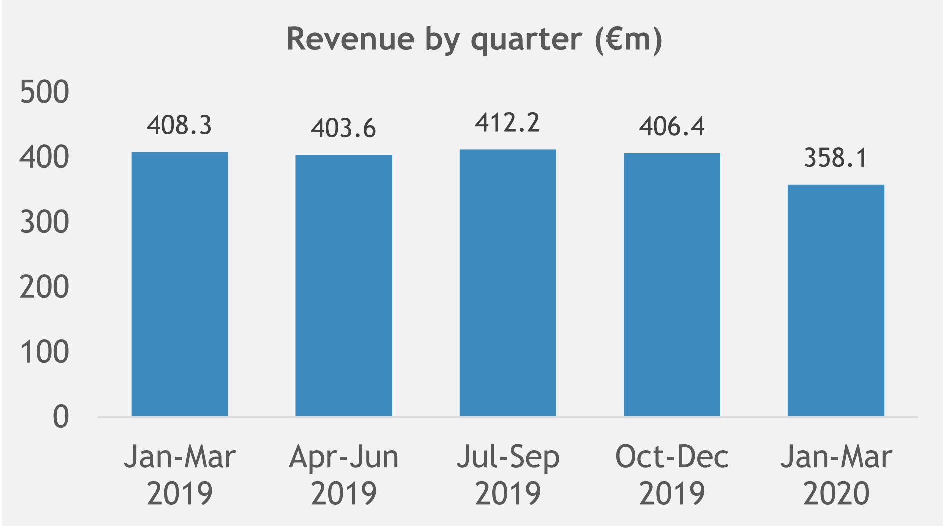
Revenue €358.1m, down 12.3% vs Jan-Mar 2019

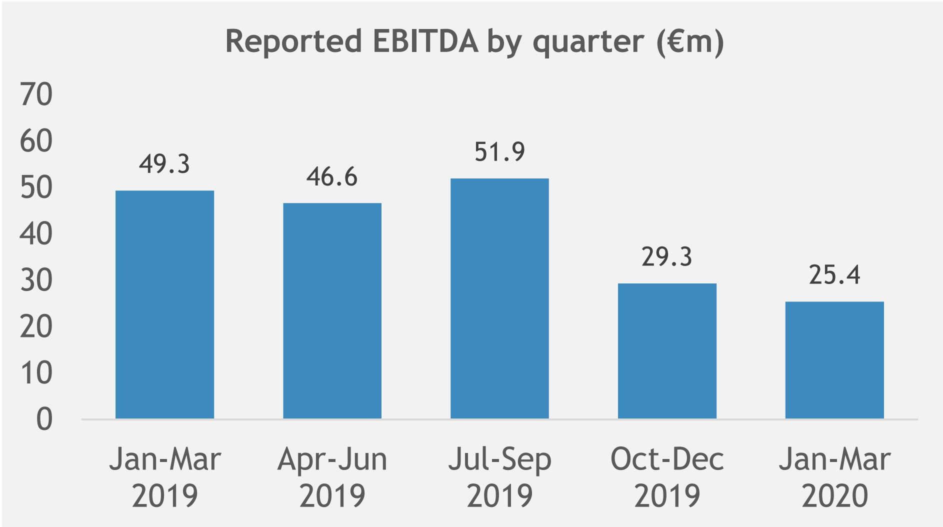
- Revenue decrease primarily due to the emerging impact of the COVID-19 pandemic, partly offset by portfolio additions in Belgium, Germany, Italy and the UK

Adjusted EBITDA[2,3] €28.6m, down 58.3% vs. Jan-Mar 2019

Reported EBITDA[3] €25.4m, down 48.5% vs Jan-Mar 2019

- Decrease in EBITDA primarily due to the COVID-19 pandemic as cost cutting measures were unable to offset revenue reductions, as well as a higher cost base resulting from growth initiatives during 2019
- Excluding IFRS 16, reported EBITDA decreased by 73.0% to €13.3m





[1] At actual exchange rates
[2] Adjusted EBITDA: Earning before Interest, Tax, Depreciation and Amortization and prior to one off items (external and internal costs which are not related to the on-going business),
[3] including the effects of IFRS 16, which was adopted from 1 January 2020

01 COVID-19 Update

- **COVID-19 has significantly impacted the business across all countries**
  - Safeguarding the health and safety of our employees and customers is our top priority
  - Italy was first country to be impacted (end Feb), with Scandinavian countries affected last, around three weeks later
  - Phasing and implementation of government measures differed across countries, resulting in variable impact on demand and operations
  - Focus on supporting our communities, for example providing free coffee for healthcare personnel in Spain, France and other countries
- **Selecta continues to operate in all countries**
  - Business continuity plans in place across all markets
  - In May, a range of convenient hygiene and safety solutions launched for public and private vending in response to Covid-19 crisis
- **Revenue down 40-80% across end markets in the month of April**
- **Management focus on mitigating negative effects and managing liquidity**
  - Temporary reduction of workforce in many cases supported by governmental programmes
  - Accessing governmental support
  - Negotiating with customers, suppliers and landlords on fees and rents
  - Exploring potential business opportunities
- **Shareholder injected €50m of liquidity through participation in new RCF in March 2020**

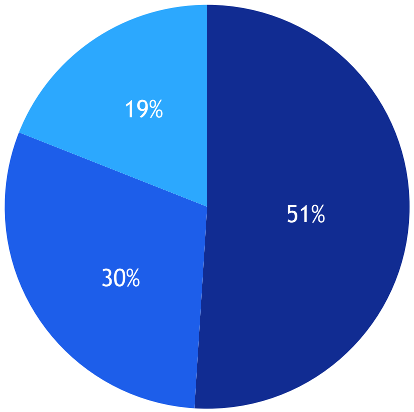
01

Our Business

Operations by channel

What we sell

% of LTM Mar '20 revenue[2]

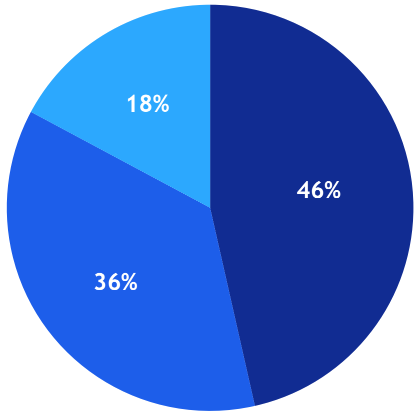


- **Coffee & hot drinks**
  Owned and partner premium brands
- **Impulse**
  Diverse range of snacks, cold drinks, healthy options, fresh food
- **Trade[1]**
  Ingredients and equipment

Global Premium coffee partnerships

Where we sell it

% of LTM Mar '20 revenue[2]



- **Workplace & Private Segment**
  Vending and office coffee services for private businesses serving employees
- **On-the-Go & Public**
  Tailored coffee and snacking offering in Public locations (train stations, petrol stations and airports) and Semi Public (hospitals, public schools, entertainment venues)
- **Trade[1]**
  Full suite of service and products to customers, including the sale of coffee, ingredients and machines as well as third-party technical services

[1] Includes sale of machines to leasing partners, other goods and 3rd party servicing (mainly technical services).
[2] Unaudited Non-IFRS Aggregated Financial Information presented on a constant scope and constant currency basis.

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02

Financials

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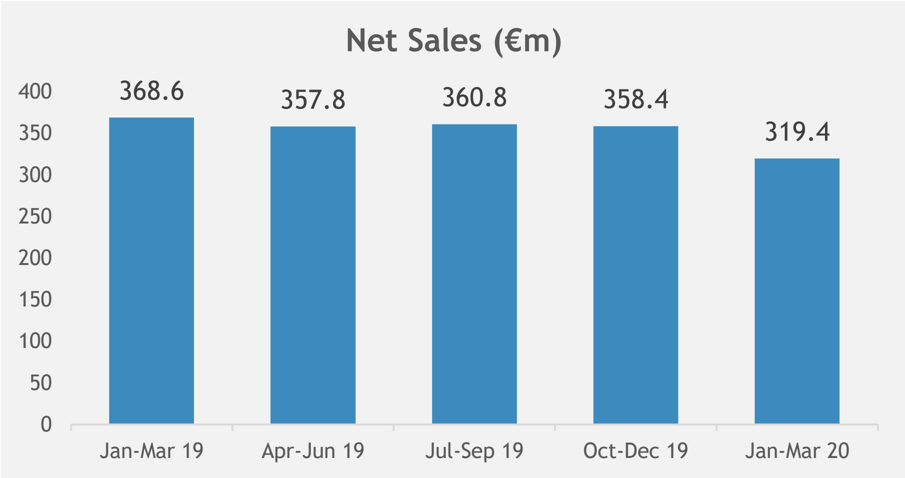
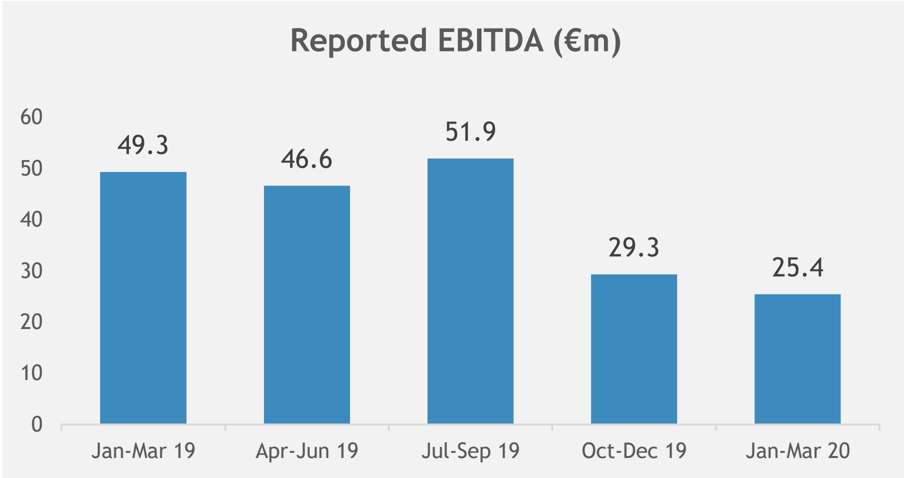
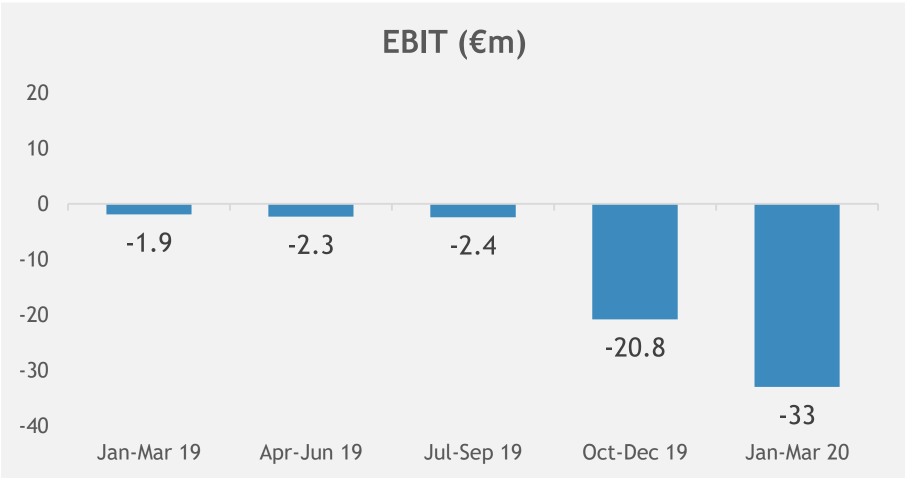
02 Key Financials[1,2]

Jan-March 2020 vs Jan-March 2019

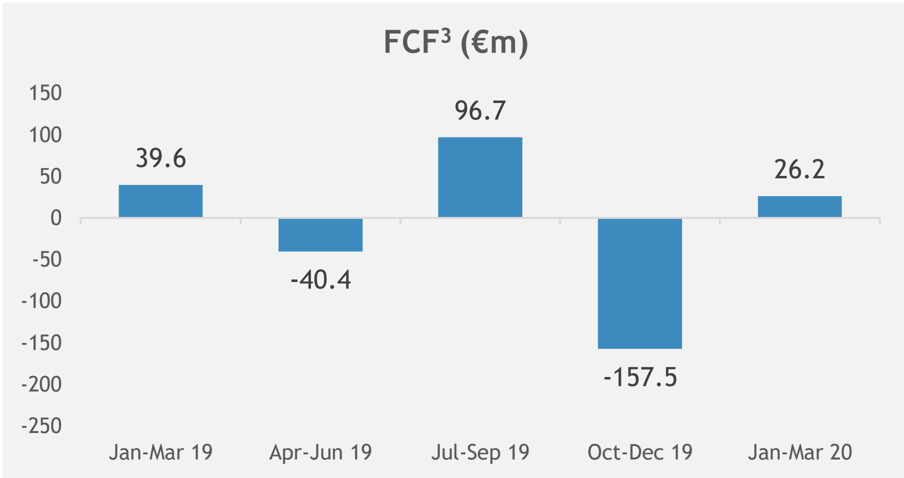




% Margin 13.4% 8.0%



% Margin (0.5)% (10.3)%



[1] At actual exchange rates
[2] Sales: Revenue is before payment of vending fees
[3] FCF at actual rates and IFRS scope

02 P&L Summary

Jan-March 2020 vs Jan-March 2019

Revenue

- Revenue decreased by 12.3% at actual exchange rates (12.6% at constant currency) to €358.1m in Q1 FY20
- The decrease was primarily due to the emerging impact of the COVID-19 pandemic, partly offset by portfolio additions in Belgium, Germany, Italy and the UK

Net sales

- Net sales decreased by 13.4% at actual exchange rates (13.6% at constant currency) to €319.4m in Q1 FY20

Adjusted EBITDA

- Decreased by 58.3% at actual exchange rates (58.1% at constant currency) to €28.6m in Q1 FY20. As a result, Adjusted EBITDA margin on net sales decreased to 9.0% for Q1 FY20
- Excluding the €12.1m IFRS16 lease implementation impact, Adjusted EBITDA decreased by 75.9% reflecting the re-allocation of overhead costs to deprecation

Reported EBITDA

- Decreased by 48.5% at actual exchange rates (47.6% at constant currency) to €25.4m in Q1 FY20. As a result, EBITDA margin on net sales decreased to 8.0% for Q1 FY20
- The decrease was primarily due to the COVID-19 pandemic as cost cutting measures were unable to fully offset revenue reductions, as well as a higher cost base resulting from growth initiatives during 2019

One-off adjustments

- (€3.3m) at actual rates primarily due to the ongoing turnaround plans across the group and other corporate activities (€8.1m), which was partly offset by a one-time Antitrust payment of €4.8m in Italy

€m	Jan - Mar 2020	Jan-Mar 2019	Var %
Revenue	**358.1**	**408.3**	**(12.3%)**
Vending fees	(38.7)	(39.7)	2.5%
Net sales	**319.4**	**368.6**	**(13.4%)**
Materials and consumables used	(125.0)	(140.9)	11.3%
Gross profit	**194.4**	**227.7**	**(14.6%)**
Employee benefit expenses	(117.2)	(111.2)	(5.4%)
Other operating expenses	(48.5)	(47.8)	(1.6%)
Adjusted EBITDA	**28.6**	**68.8**	**(58.3%)**
One-off adjustments	(3.3)	(19.5)	83.3%
EBITDA	**25.4**	**49.3**	**(48.5%)**
Depreciation	(42.9)	(35.6)	(17.6%)
EBITA	**(17.5)**	**13.7**	**(236.5%)**
Amortization	(15.4)	(15.6)	1.1%
EBIT	**(32.9)**	**(1.9)**	**n/m**
Gross profit % of net sales	**60.9%**	**61.8%**	
Adjusted EBITDA % of net sales	9.0%	18.7%	
EBITDA % of net sales	8.0%	13.4%	

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[1] Constant foreign currency rates applied: CHF/EUR 1.15; SEK/EUR 9.65; GBP/EUR 0.88

02 Results by Region

Jan-March 2020 vs Jan-March 2019

South, UK and Ireland

- Revenue decreased by 16.1% to €126.6m in Q1 FY20. Sales across all countries were impacted by COVID-19, with Italy the worst hit with c.25% decline in revenue, followed by the UK and to a lesser extent Spain. The declines were partly offset by the positive impact of portfolio additions in the UK and Italy in Q1 FY20.
- EBITDA in the region was primarily impacted by the COVID-19 pandemic as cost cutting measures were unable to offset revenue reductions, as well as a higher cost base resulting from growth initiatives implemented in 2019

Central

- Revenue decreased by 15.7% to €123.3m in Q1 FY20. France was worst hit by the pandemic, with sales down by c.28%, followed by Switzerland and Germany (negative COVID-19 impact partly offset by the DBS portfolio deal). Austria had slight revenue growth during the quarter
- EBITDA primarily impacted by the COVID-19 pandemic as cost cutting measures were unable to offset revenue reductions, as well as a higher cost base resulting from growth initiatives implemented in 2019

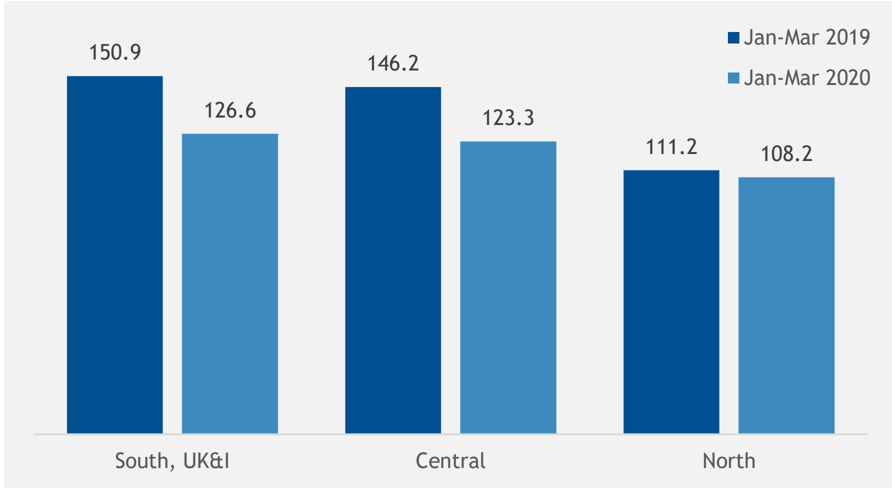
North

- The North region was less impacted by COVID-19, with a lower overall revenue decrease of 2.7% to €108.2m in Q1 FY20. Sales in Belgium increased slightly due to a portfolio addition, while in Sweden revenue also increased as the effects of the pandemic in the country were marginal. Our coffee roaster showed healthy revenue growth driven by export sales for Q1 FY20
- EBITDA was primarily impacted by COVID-19 despite cost cutting measures, as well as a higher cost base resulting from growth initiatives implemented in 2019

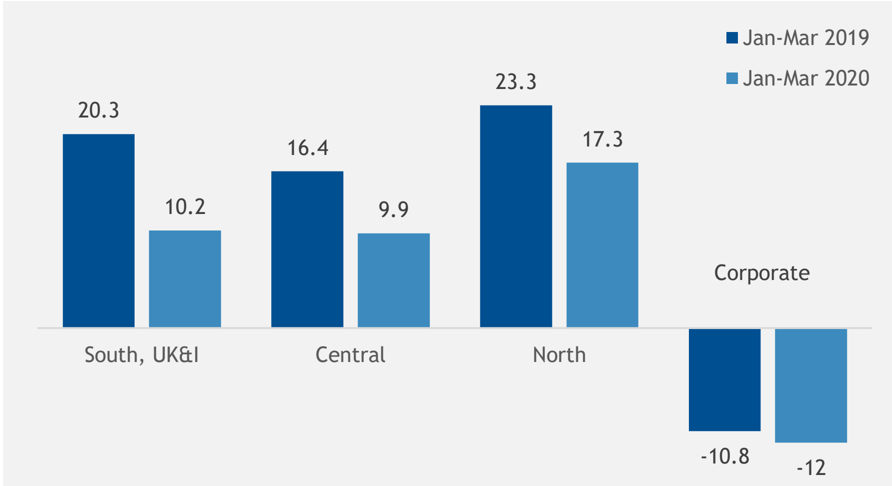
Corporate

- EBITDA reduced by (€1.2m) compared to Jan-Mar 2019, mainly driven by increased corporate activities, including group turnaround plans

Revenue by segment[1,2] (€m)



Reported EBITDA by segment[1] (€m)



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[1] At actual rates
[2] Revenue is before payment of vending fees

02

Liquidity

At 31 March 2020

Liquidity summary

- Cash & cash equivalents of €110.8m at 31 March 2020
- Senior Secured notes of €1,476.2m (at 31 March 2020):
  - €865m Senior Secured Notes 5.875%
  - €375m Senior Secured Floating Rate Notes
  - CHF250m Senior Secured Notes 5.875%
- Revolving Credit Facility: €109.6m of borrowings and €23.9m of issue bank guarantees drawn at 31 March 2020
- Group available liquidity[3] €201.2m
- In March 2020, KKR provided Selecta with a €50m super senior facility to fund the Group's general corporate and working capital requirements. This was not drawn as of 31 March 2020 and therefore is not included in the leverage ratio calculation

Leverage ratio

- Leverage ratio of 8.6x

At actual rates *(unless otherwise stated)*

€m	Mar 2020
Cash & cash equivalents	**110.8**
Factoring facilities	-2.1
Reverse factoring facilities	10.5
Revolving credit facility	109.6
Senior secured notes	1'476.2
Accrued interest	37.4
Finance leases	220.9
Other financial debt	4.8
Total senior debt	1'857.2
Net senior debt	1'746.4
Adjusted EBITDA last 12 months[2]	204.1
Leverage ratio	8.6
Available liquidity[1,3]	201.2

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[1] Includes cash & cash equivalents and unused revolving credit facility; €150m RCF and €50m provided by KKR
[2] Includes IFRS 16 impact for Q1 2020
[3]Liquidtiy adjusted for bank guarantee usage under the RCF €177.3m

02

Cash Flow Statement at Actual Rates

Jan-March 2020 vs Jan-March 2019

Cash generation highlights

- Reduction in net cash generated from operating activities during the quarter mainly driven by lower EBITDA and a more conservative approach to working capital management
- Net cash used in investing activities was €18.1m in Q1 FY20, a decrease of 55.4% compared to Jan-Mar 2019. This decrease was primarily due to the implementation of a stricter approach to capital investments to ensure target returns are consistently met
- Net cash from financing activities increased to €19.2m in Q1 FY20 compared to Jan-Mar 2019, as a result of the company's decision to draw all credit lines and increase liquidity in response to the COVID-19 pandemic

Cash flow statement at actual rates

€m	Jan- Mar 2020	Jan-Mar 2019
Reported EBITDA	**25.4**	**49.3**
(Profit) / loss on disposals	(2.0)	(6.3)
Changes in working capital, provisions & others	29.0	40.4
Non-cash transactions	(8.0)	(3.4)
Net cash generated from operating activities	44.3	80.1
Purchases of tangible and intangible assets	(20.5)	(38.3)
Acquisition of subsidiaries	(1.1)	(16.1)
Proceeds from sale of subsidiaries and other proceeds	3.5	13.9
Net cash used in investing activities	(18.1)	(40.5)
Free cash flow	26.2	39.6
Proceeds / repayments of loans and borrowings	47.2	(32.4)
Interest and other financing costs paid	(12.2)	(8.4)
Capital element of finance lease liability	(15.8)	(3.6)
Other	0.0	0.0
Net cash (used in) / generated from financing activities	19.2	(44.5)
Total net cash flow	**45.4**	**(4.9)**

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[1] At actual rates
[2] Net capital expenditures is defined as capital expenditures less net book value of disposal of assets

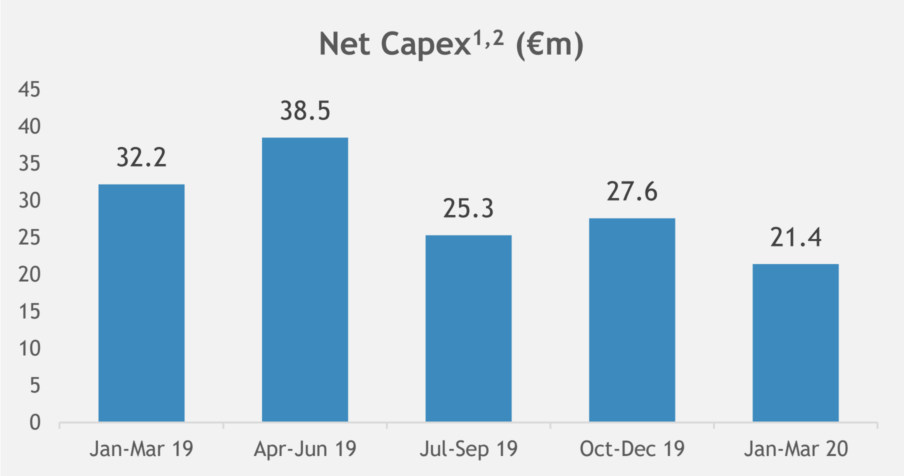
02

Capex and Working Capital

Jan-March 2020 vs Jan-March 2019

Capex

- Group capital expenditure primarily relates to the purchasing and installation of points of sale (PoS) equipment
- Capex also includes the purchase of vehicles and other equipment, such as furniture and IT investments
- Net capex decreased by 33.6% to €21.4m in Q1 FY20 (Jan-Mar 2019: €32.2m)
- This decrease was primarily due to strict review of customer contracts with a higher focus on capex-light business concepts as well as optimised use of refurbishment capabilities. Selecta has also deferred or cancelled planned capital expenditure projects in response to Covid-19



Working Capital

- Trade working capital decreased by €47.1m in Q1 FY20 compared to Jan-Mar 2019
- This decrease was mainly due to a reduction in accounts payables of €34.7m, €9.5m reduction in other payables and €8.8m increase in inventory

Working Capital

€m	Jan-Mar 2020	Jan-Mar 2019
Account receivables	68.6	66.3
Other receivables (incl. trapped cash[3])	66.9	75.2
Inventory	123.2	114.4
Account payables	(193.0)	(227.7)
Other payables	(94.8)	(104.3)
Trade Working Capital	**(29.0)**	**(76.1)**

[1] At actual exchange rates
[2] Net capital expenditures is defined as capital expenditures less net book value of disposal of assets
[3] excl. cash in hand and cash equivalents

02 IFRS 16 – expected impact on Financial Statements

New leasing standard IFRS 16 applied as of 1 January 2020. Under IFRS 16, a lessee will no longer make a distinction between finance leases and operating leases. All leases will be treated as finance leases (recognition of Right-of-Use Asset and Finance Lease Liability).

Balance sheet (impact on opening balance 1 Jan 2020)

- Increase in asset and finance lease liability in the amount €192.9m

Income statement (Jan-Mar 2020 impact)

- In the reporting period, other expenses were decreased by CHF12.1m while the depreciation and interest expenses were increased by CHF11.3m due to the application of IFRS 16

Cash Flow Statement

- No impact on cash flow overall
- Shift from cash flows used in operating activities to cash flows used in financing activities in the amount of CHF13.8m

All numbers excluding impact on deferred taxes

Selecta Group - Balance sheet	IAS17	IFRS16 transition *	IFRS16
€m	31 Dec 2019	31 Dec 2019	1 Jan 2020
Assets			
Land & Buildings	10.1	120.6	130.7
POS Vending Equipment	322.5	22.3	344.7
Other Fixtures & Fittings	17.6	0	17.7
Vehicles	11.2	49.7	60.9
Other tangible assets	20.6	3.1	23.7
Net Tangible Assets	**382.0**	**195.7**	**577.7**
Total Non-Current Assets	**2,282.3**	**195.7**	**2,478.0**
Total Current Assets	**339.5**	**(2.8)**	**336.7**
Total Assets	**2,621.8**	**192.9**	**2,814.7**
Equity			
Total Equity	**(162.5)**	**-**	**(162.5)**
Liabilities			
Finance Lease Liabilities > 1 Yr	0	(181.9)	(204.8)
Total Non-current Liabilities	**(2,041.3)**	**(181.9)**	**(2,223.2)**
Finance Lease Liabilities < 1 Yr	(16.2)	(11.0)	(27.2)
Total Current Liabilities	**(418.1)**	**(11.0)**	**(429.1)**
Total Liabilities	**(2,459.4)**	**(192.9)**	**(2,652.3)**
Total Equity and Liabilities	**(2,621.8)**	**(192.9)**	**(2,814.7)**

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02 Outlook

- Guidance for 2020 withdrawn due to current lack of visibility regarding the continuing impact of COVID-19 on the business
- Short-term: focus on liquidity, customer servicing and retention
- Advisors appointed to assist with assessment of strategic, balance sheet and liquidity position in light of the current adverse market conditions
- Medium-term: Develop business model further
  - Sustainable free cash flow generation as priority
  - Further focus on premium and asset-light concepts
- Business fundamentals beyond the current crisis remain intact

03

Q&A

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