



GREEN MOUNTAIN COFFEE ROASTERS, INC.

**ANNUAL SHAREHOLDER MEETING**

**MARCH 6, 2014**

**Brian Kelley, Chief Executive Officer**

# FORWARD-LOOKING STATEMENTS

Certain information contained herein constitutes "forward-looking statements." Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "seeks" or words of similar meaning, or future or conditional verbs, such as "will," "should," "could," "may," "aims," "intends," or "projects." However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. These statements may relate to: the expected impact of raw material costs and our pricing actions on our results of operations and gross margins, expected trends in net sales and earnings performance and other financial measures, the expected productivity and working capital improvements, the success of introducing and producing new product offerings, the impact of foreign exchange fluctuations, the adequacy of internally generated funds and existing sources of liquidity, such as the availability of bank financing, the expected results of operations of businesses acquired by us, our ability to issue debt or additional equity securities, our expectations regarding purchasing shares of our common stock under the existing authorizations, projections of payment of dividends, and the impact of the inquiry initiated by the SEC and any related litigation or additional governmental inquiry or enforcement proceedings. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, "Item 1A. Risk Factors," and Part II "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our fiscal 2013 Annual Report filed on Form 10-K, as amended, and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# GAAP TO NON-GAAP RECONCILIATIONS

In addition to reporting financial results in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP operating results that exclude any gain from sale of the Filterfresh U.S.-based coffee services business; legal and accounting expenses related to the SEC inquiry and pending securities and stockholder derivative class action litigation; and non-cash acquisition-related items such as amortization of identifiable intangibles, each of which include adjustments to show the tax impact of excluding these items. These amounts are not in accordance with, or an alternative to, GAAP. The Company's management believes that these measures provide investors with transparency by helping illustrate the underlying financial and business trends relating to the Company's results of operations and financial condition and comparability between current and prior periods. Management uses the measures to establish and monitor budgets and operational goals and to evaluate the performance of the Company. Please see the "GAAP to Non-GAAP Reconciliation" table that accompanies this document for a full reconciliation the Company's GAAP to non-GAAP results.

Who We Are

Our Innovation Capabilities

Financial Overview

Q&A



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# GMCR TODAY

Revenue	\$4.4B
EBITDA	\$1.0B
Revenue Growth	12%*
Operating Margin	18%
ROIC	19%
Dividend Yield	1%



LTM as of Q1 Fiscal Year 2014

\* excluding 53<sup>rd</sup> week of Fiscal Year 2013

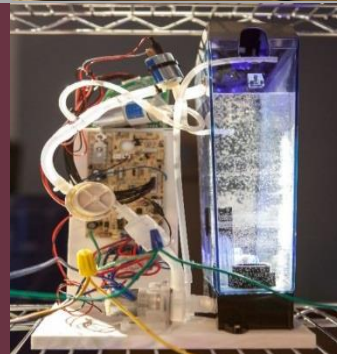
WHO ARE  
WE?

Coffee Company?

Technology Company?

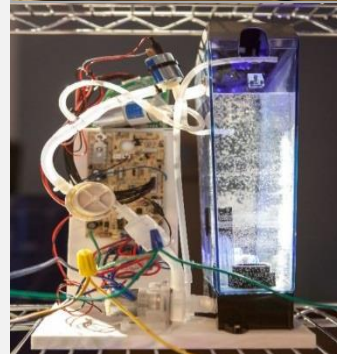
Appliance Company?

Beverage Company?



We Are

an innovative,  
technology-driven,  
values-based,  
personal beverage  
system company





COFFEE & TECHNOLOGY



&



# A UNIQUE MERGER IN 2006 ACCELERATED THE DISRUPTION



**Socially Responsible  
Premium Coffee  
Sustainability Focused  
Enlightened Capitalism  
Win-Win Partnerships  
Advanced Food Science  
Progressive Blending  
& Roasting  
Brewing A Better World**



**Engineers  
Systems Design & Integration  
Materials Science  
Heat Transfer  
Injection Dosing  
Advanced Electronics  
Fluid Dynamics  
Continuous Innovation**

# SIGNIFICANT VALUE CREATION & OPPORTUNITY FOR CONSUMERS, FOR CUSTOMERS, FOR SHAREHOLDERS



**The ultimate  
at-home coffee experience**

**Accelerated a category**

**Creating significant value for  
consumers, customers &  
shareholders**

# SIGNIFICANT VALUE CREATION & OPPORTUNITY FOR CONSUMERS, FOR CUSTOMERS, FOR SHAREHOLDERS



**+20 billion packs sold**

**+35 million Keurig®  
brewers sold**

**83% Keurig® brand awareness**

**+60% repeat rates**

# OUR PURPOSE AND MISSION



## Our Purpose

Create the ultimate beverage experience in every life we touch, from source to cup – transforming the way the world understands business

## Our Mission

A Keurig® brewer on every counter and a beverage for every occasion

# OUR VALUES

## We Partner for Mutual Success

Our boundaryless approach to collaboration creates benefits for all.

## We Innovate with Passion

With courage and curiosity, we are shaping the future by redefining the consumer experience.

## We Play to Win

Our team sets ambitious goals and meets each challenge with unified purpose and character.

## We Brew a Better World

We use the power of business to make the world a better place.

# WHO ARE WE

**8** PRODUCTION FACILITIES

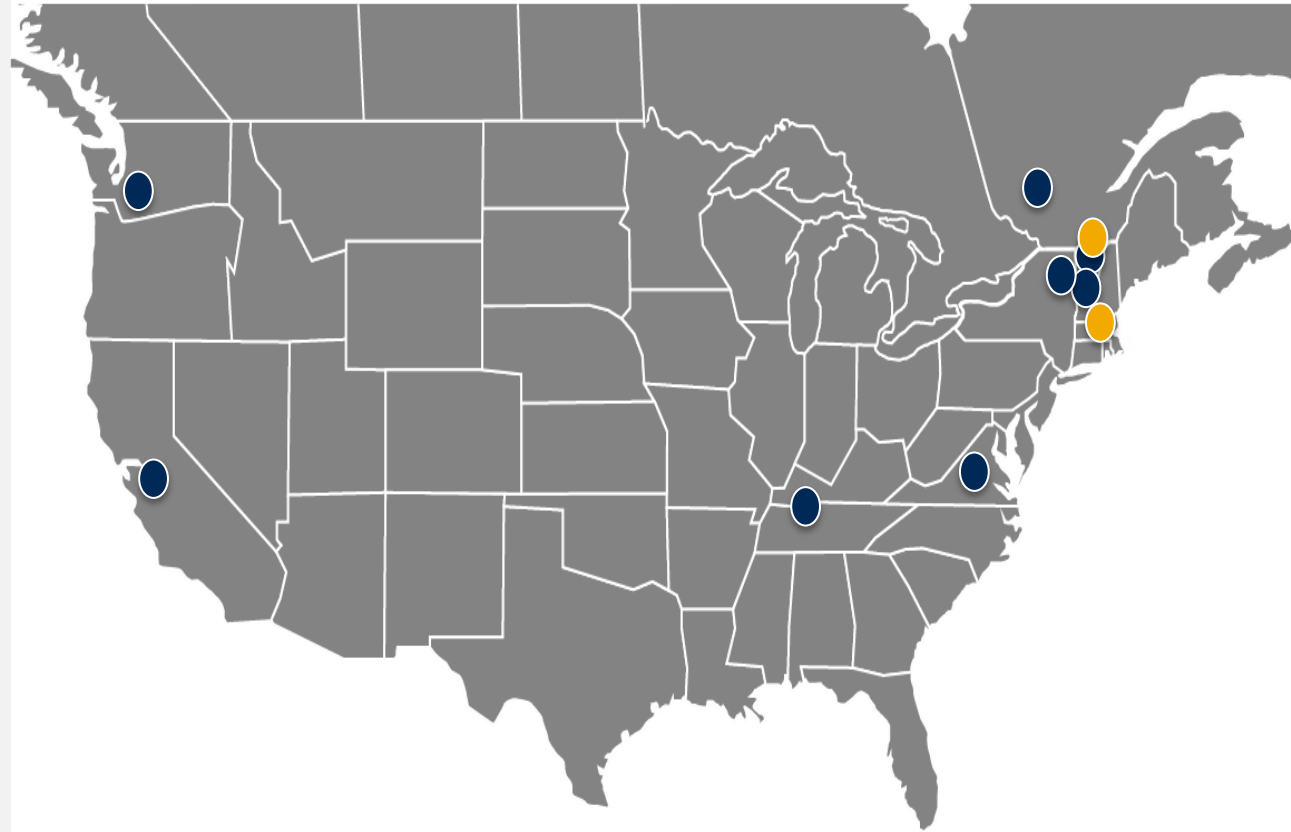
**2** R&D FACILITIES

**~6250** EMPLOYEES

**460** ENGINEERS & SCIENTISTS

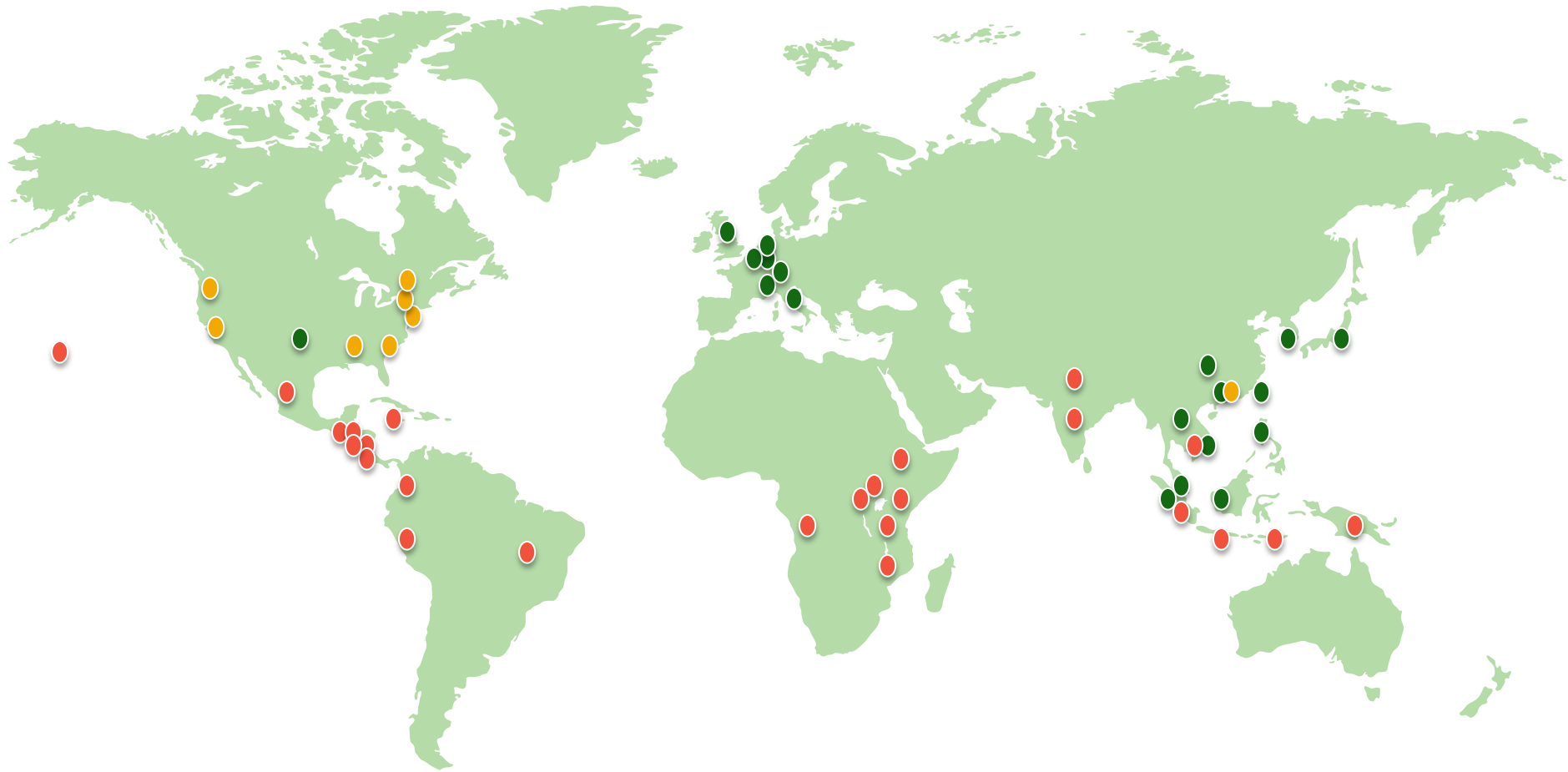
**320** PATENTS ISSUED GLOBALLY

**244** PATENT APPLICATIONS  
PENDING GLOBALLY





# OUR GLOBAL SUPPLY CHAIN FOOTPRINT



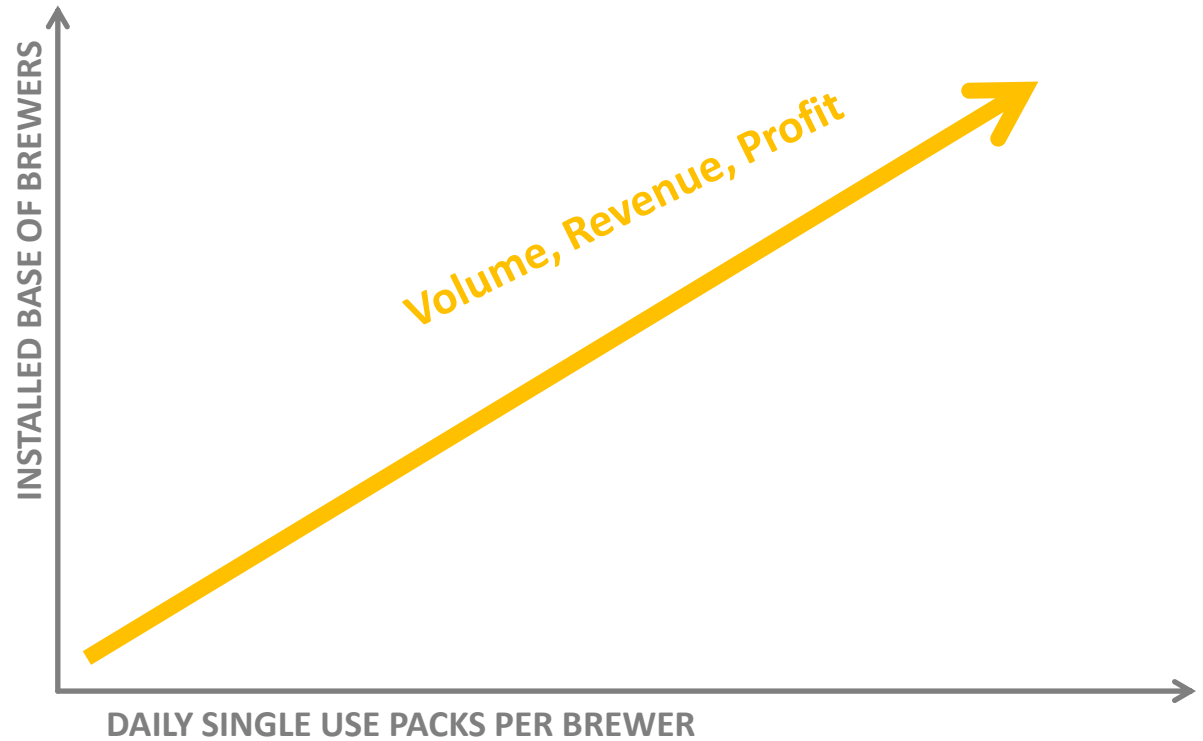
**GMCR OFFICES & MANUFACTURING**

**BREWER SOURCING**

**BEVERAGE SOURCING**

# OUR BUSINESS MODEL

A Keurig® brewer on every counter and a beverage for every occasion



**FOUNDATION  
OF THE KEURIG  
SYSTEM'S SUCCESS**

**Ultra-convenient**

**Intuitive simplicity**

**Less waste**

**Freshest taste... every time**

**Vast brand selection**



DESIGNED FOR THE FIVE SENSES



# KEURIG® IS AN ADVANCED, PERSONAL BEVERAGE SYSTEM



A premium experience brought into the home

A network system effect

A brand accelerator

An in-home beverage creation system

An enabler to understand the demand signal in home

# A POWERFUL PORTFOLIO OF BRANDS



# REGENERATING GROWTH CYCLE

## A BREWER ON EVERY COUNTER

- HOUSEHOLDS
- OFFICES
- OTHER LOCATIONS
- REGIONS



NEW BEVERAGE CATEGORIES

# OUR COMPETITIVE EDGE

UNIQUE BEVERAGE & APPLIANCE MODEL



INNOVATION VIA HOLISTIC SYSTEM DESIGN & EXECUTION



MULTI-BRANDED SYSTEM



VALUABLE, 'SMART' COUNTERTOP REAL ESTATE



MUTUALLY BENEFICIAL PARTNERSHIP CAPABILITY





Who We Are

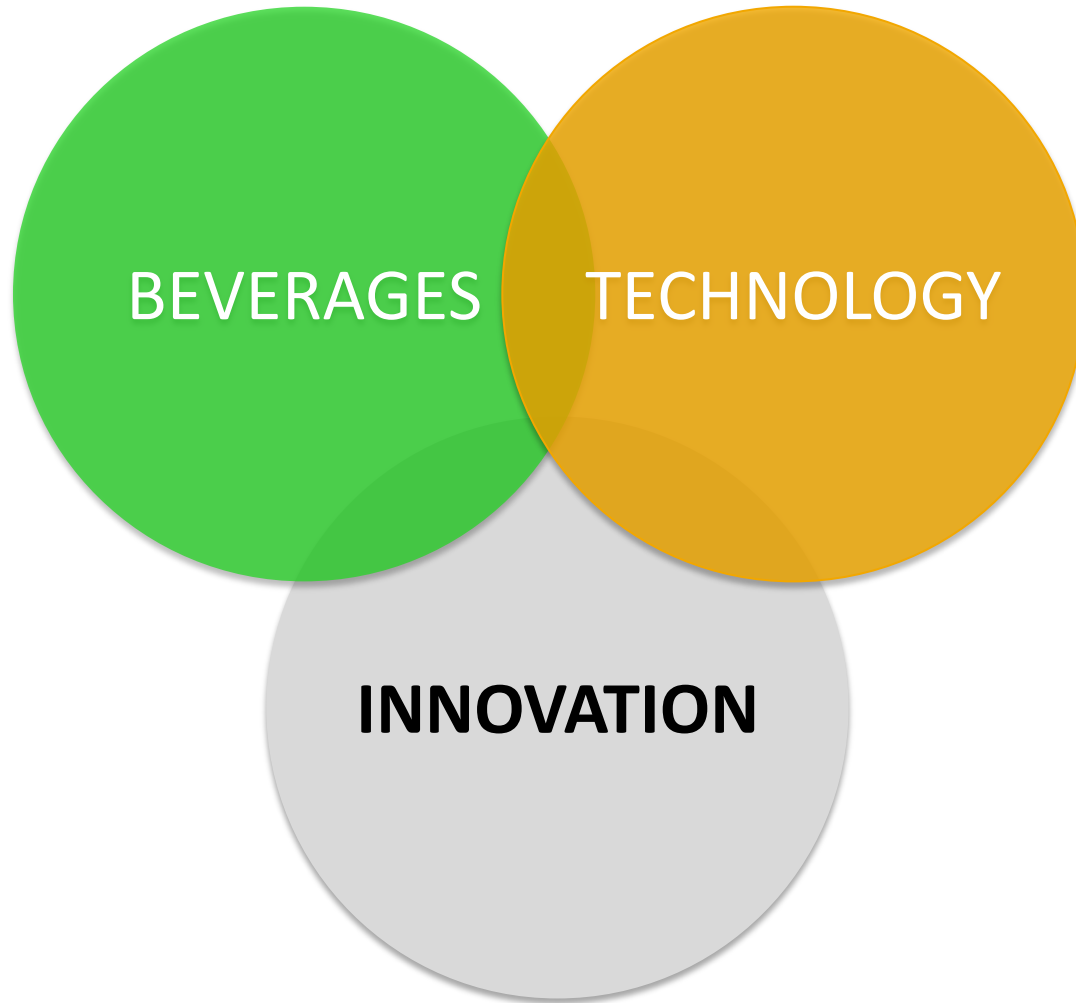
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# OUR INNOVATION CAPABILITIES



# OUR POWERFUL 'SYSTEM ENGINEERING' APPROACH

APPLIANCE



MANUFACTURING  
EQUIPMENT



PORTION PACK



BEVERAGE

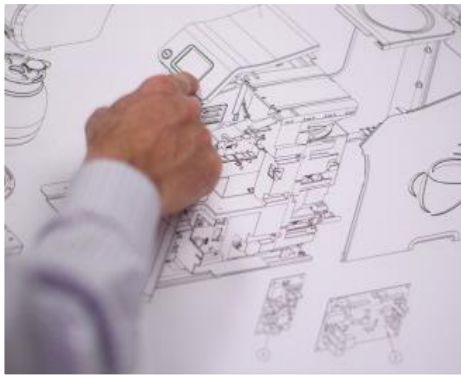


Great Beverages, Constant Innovation, At Scale

# THE COMBINATION OF OUR SYSTEM APPROACH



# A SYSTEM APPROACH IS OUR ADVANTAGE



# INNOVATION PIPELINE

Keurig® 2.0



Keurig® Cold





# NEW KEURIG® 2.0

First ever Keurig® brewer to brew a single cup or carafe of coffee

Offers all 50+ Keurig® system beverage brands

Brews all Keurig® K-Cup®, Vue® and K-Carafe™ packs

Uses proprietary technology to identify and perfectly brew only Keurig® packs

Offered at similar price points

Will be available at all current Keurig® retailers and replaces current Keurig® brewer models

# KEURIG® SUCCESS – SOLVING CONSUMER TRADE-OFFS

- Convenient
- Low mess
- Fast
- Reduce coffee waste
- Brand variety
- Consistent taste
- Larger volume
- Multiple servings
- Good value

- Larger volume
- Multiple servings
- Inexpensive

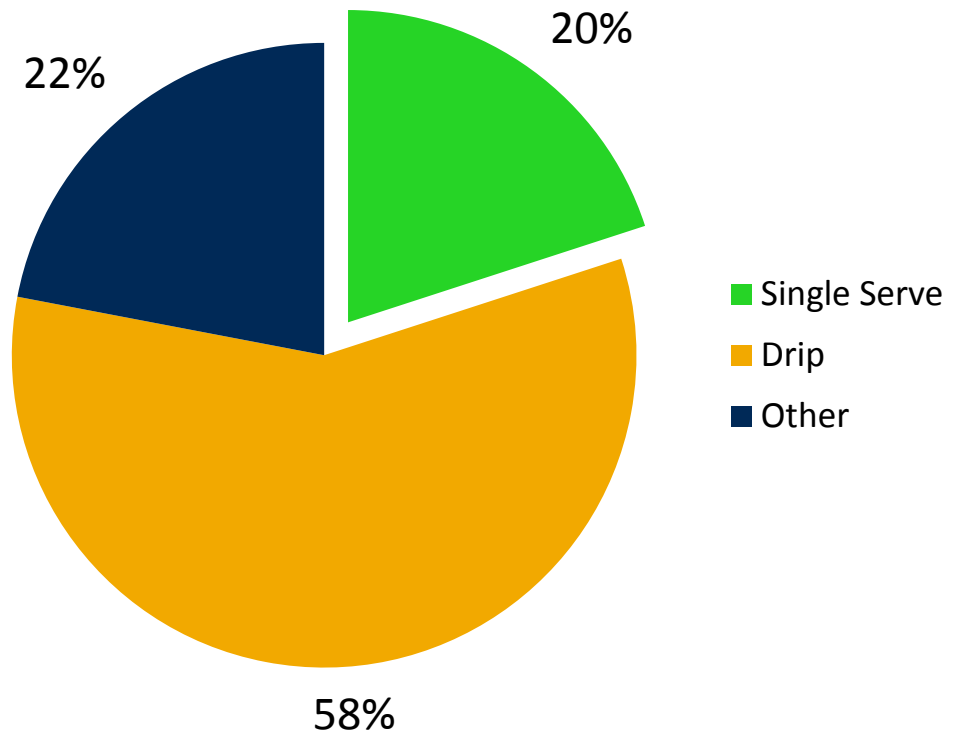


VS

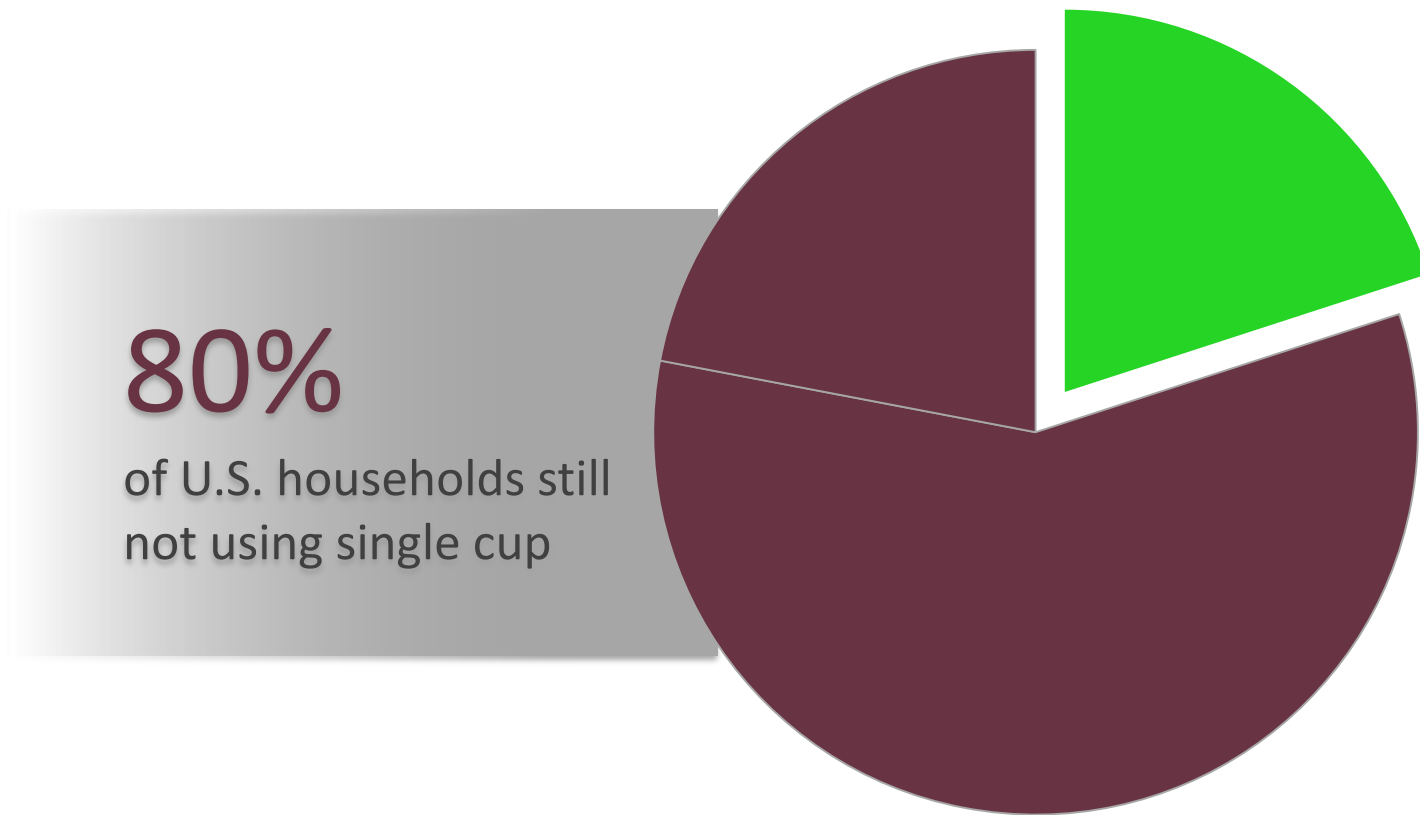




# SINGLE CUP AT EARLY STAGE OF DEVELOPMENT



# SINGLE CUP AT EARLY STAGE OF DEVELOPMENT



# WHY HAVE YOU NOT YET BOUGHT A KEURIG®?

#1 Reason (non-price):

60%

Does not brew  
pot or larger size

Source: GMCR Survey



# WHY CURRENT KEURIG® OWNERS STILL USE A DRIP COFFEE MAKER?

#1 Reason:

**72%**

want larger brew sizes



# KEURIG 2.0 – ADDRESSING MULTIPLE NEEDS AND OCCASIONS



K-Cup® pack



K-Mug® pack



K-Carafe® pack

# SMART & INTERACTIVE: PORTION PACK INFORMS BREWER



Proprietary Technology  
on Pack



Informs Brewer



Perfect Cup  
or Carafe



**First Keurig® Brewer to brew a single cup + carafe**

KEURIG COLD™





# KEURIG COLD™ – A TECHNICAL BREAKTHROUGH



**Temperature:** it needs to be served cold



**Carbonation:** without a CO2 tank



**Dosing:** precise flavor blend; precise carbonation every time



**Brand Variety:** multi-brand system



**Space/\$:** Keurig® footprint and attractive price range



## KEURIG COLD™

Freshly prepared carbonated, sparkling, and still beverages

One touch simplicity quality and variety

Ensures a consistently perfect taste and carbonation profile every time

Launching: fiscal 2015

Multi-brand, open architecture platform to optimize convenience and choice

Announced global strategic partner

*The Coca-Cola Company*

Who We Are

Our Innovation Capabilities

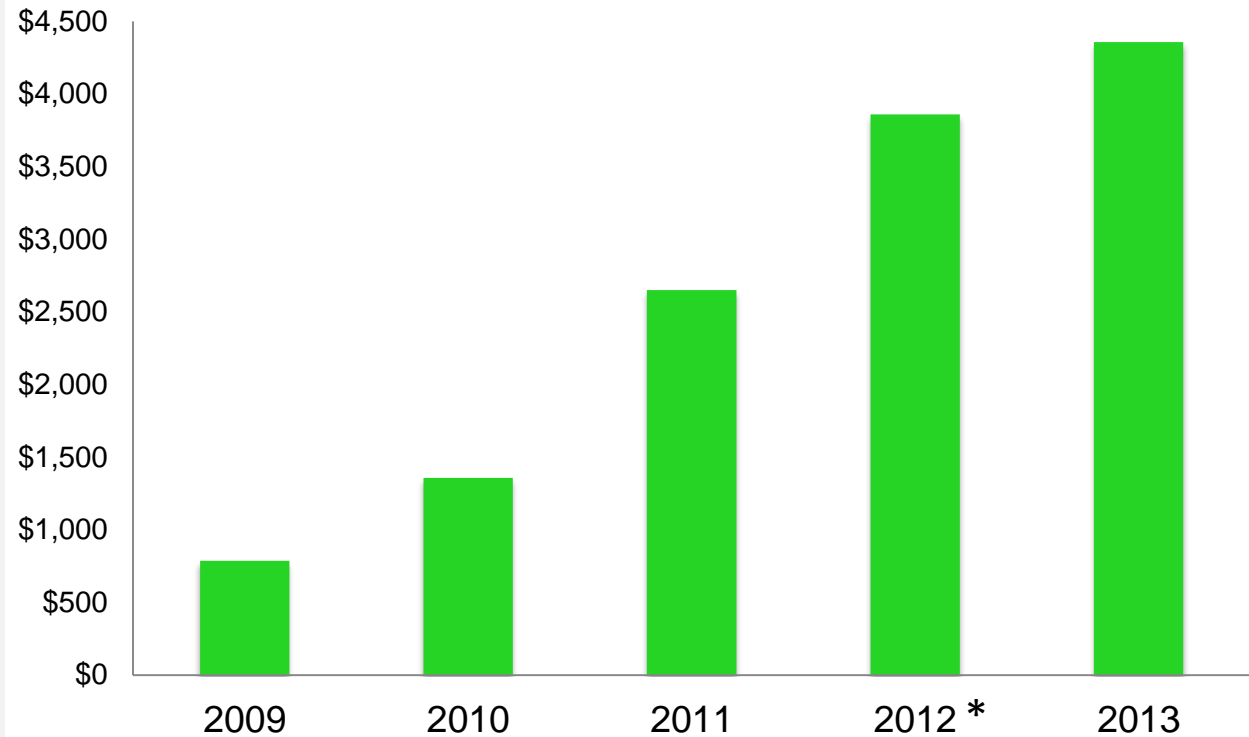
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# STRONG SALES GROWTH

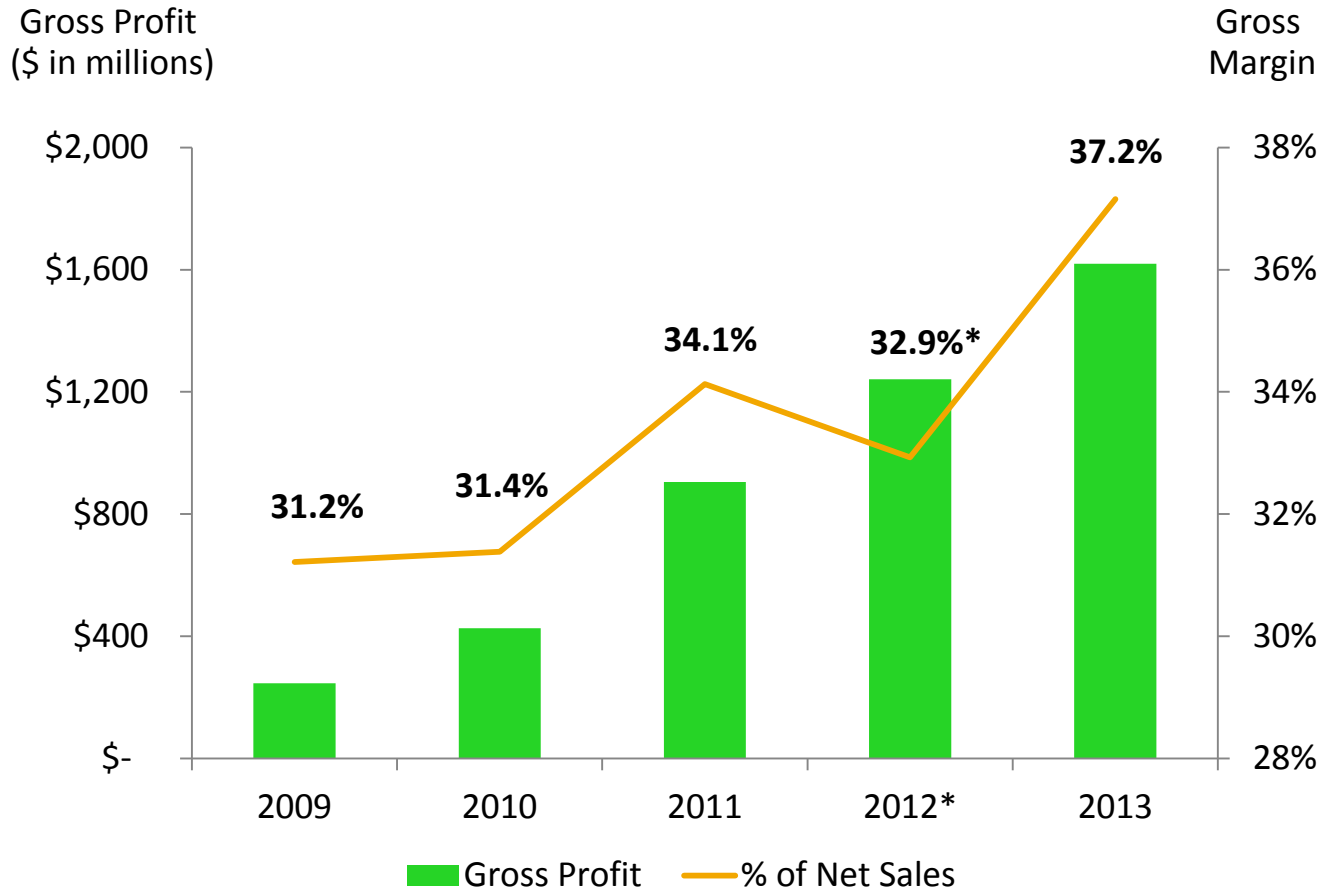
5-year CAGR of 55%



**\$ IN MILLIONS**

\* Excludes the 53rd week of FY2012 which added approximately \$90.0 million in net sales; approximately \$11.0 million (net of income taxes of \$5.8 million) in net income; and, approximately \$0.07 in diluted earnings per share in the fourth quarter and fiscal year 2012.

# STRONG IMPROVEMENTS IN GROSS MARGINS



\* Excludes the 53rd week of FY2012 which added approximately \$90.0 million in net sales; approximately \$11.0 million (net of income taxes of \$5.8 million) in net income; and, approximately \$0.07 in diluted earnings per share in the fourth quarter and fiscal year 2012.

# PRODUCTIVITY WILL DELIVER \$100M BY END OF FY15



**PROCUREMENT**

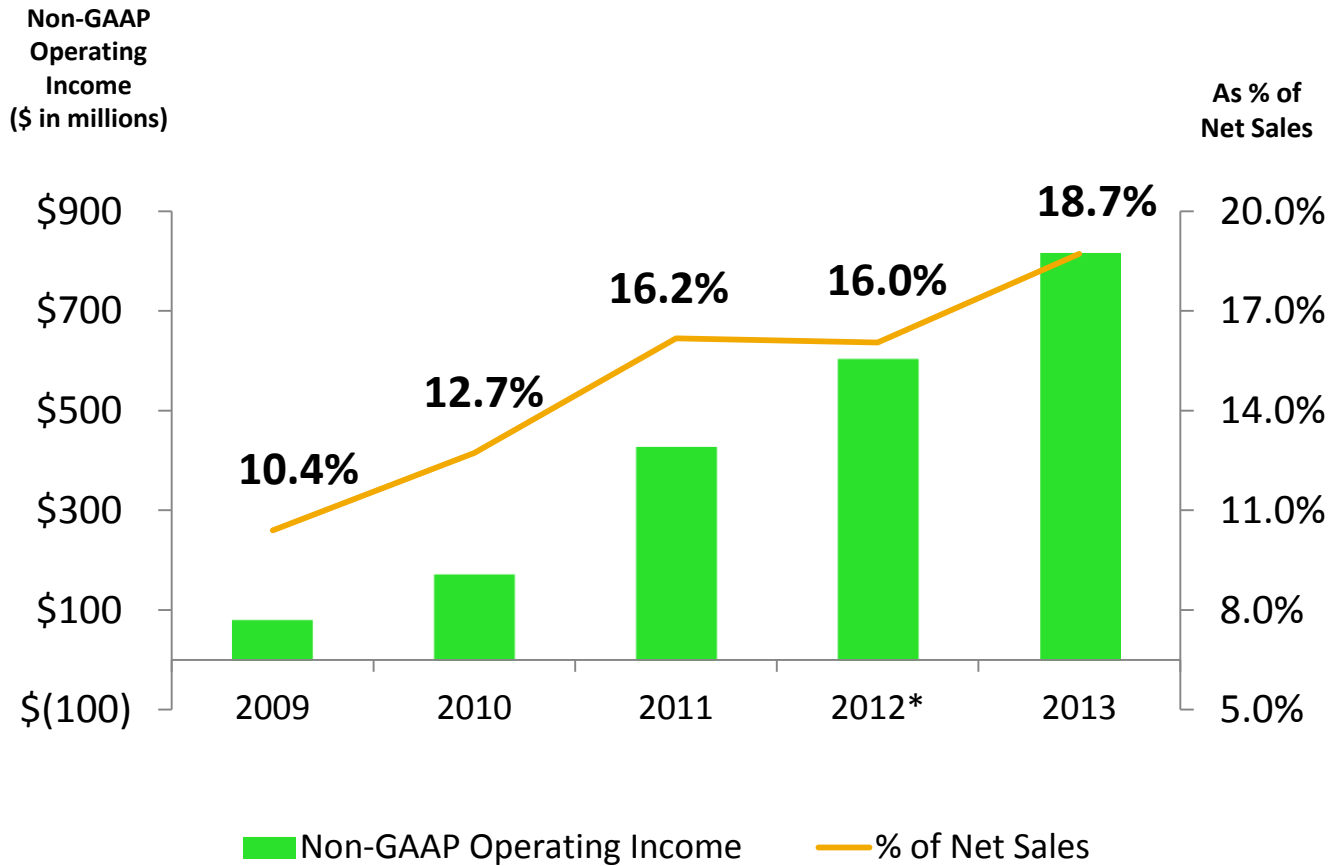


**MANUFACTURING**



**LOGISTICS**

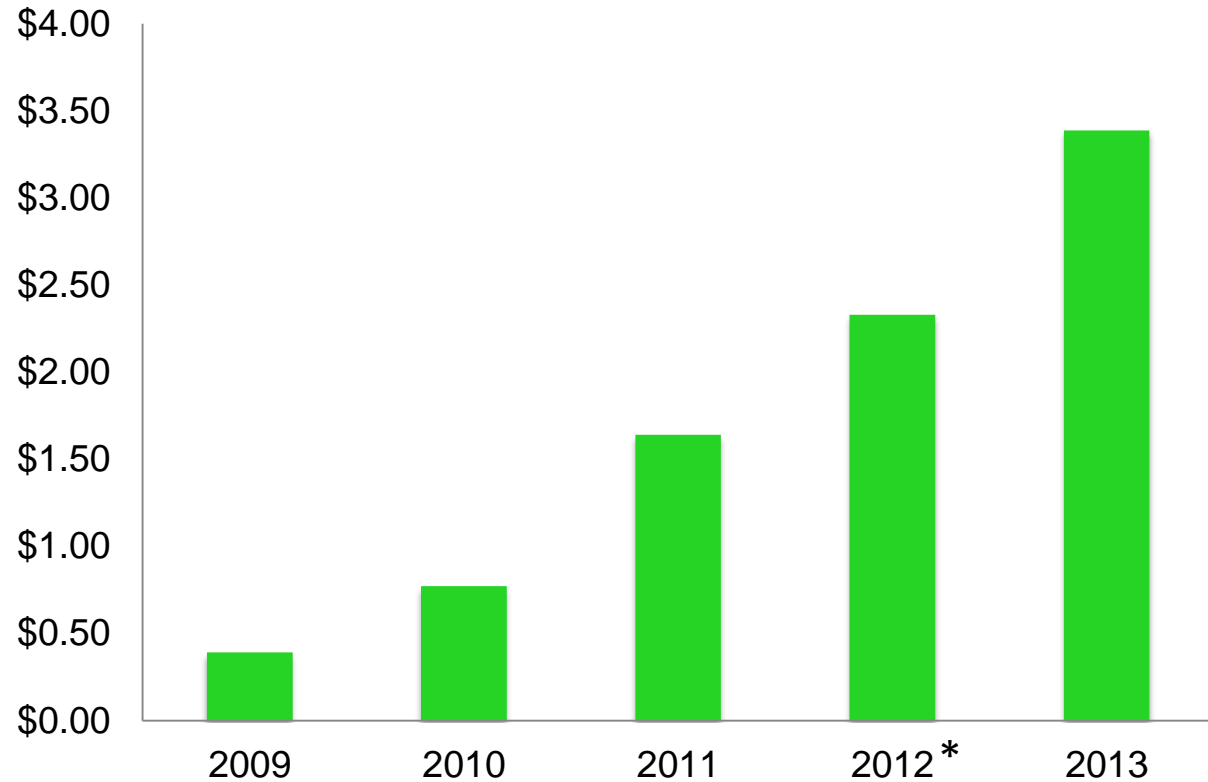
# STRONG NON-GAAP OPERATING MARGIN IMPROVEMENT



\* Excludes the 53rd week of FY2012 which added approximately \$90.0 million in net sales; approximately \$11.0 million (net of income taxes of \$5.8 million) in net income; and, approximately \$0.07 in diluted earnings per share in the fourth quarter and fiscal year 2012.

# STRONG NON-GAAP EPS GROWTH

5-year CAGR of 74%

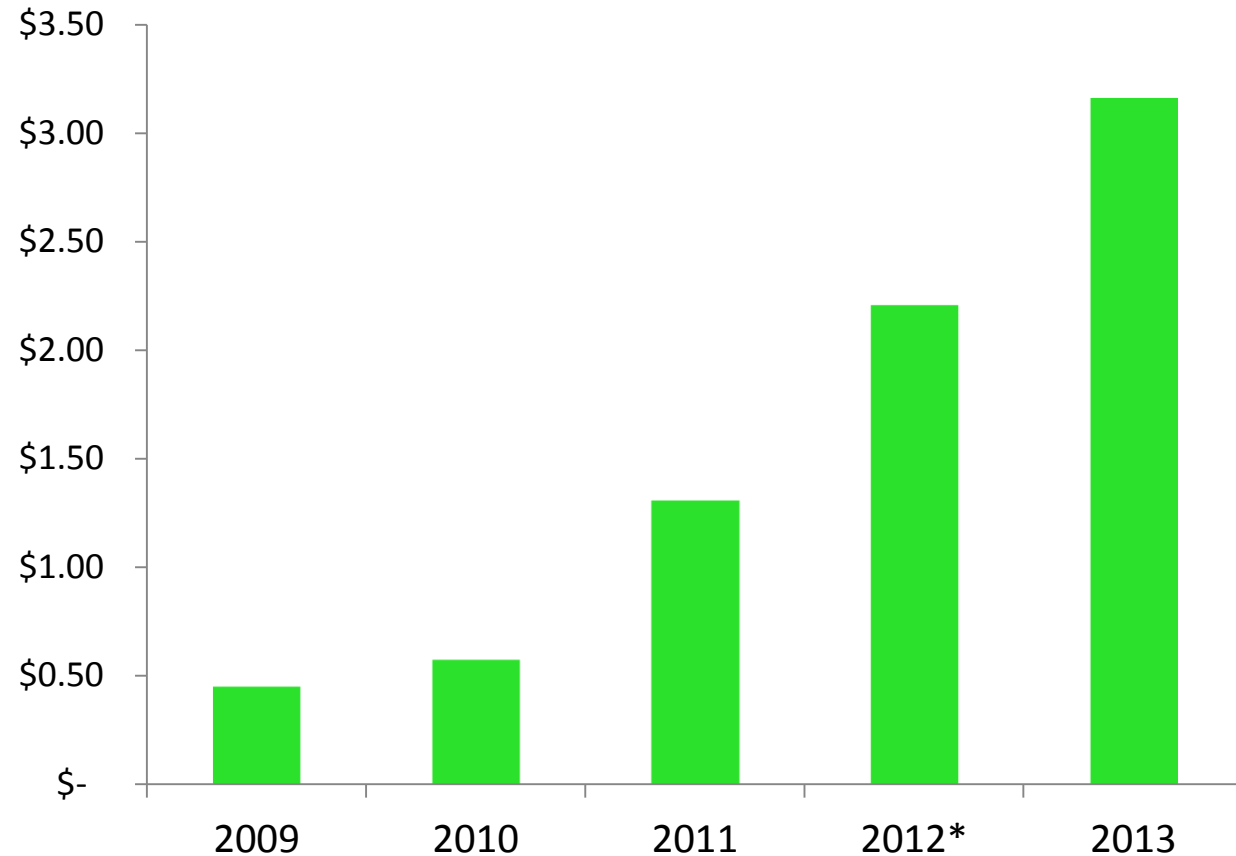


\* Excludes the 53rd week of FY2012 which added approximately \$90.0 million in net sales; approximately \$11.0 million (net of income taxes of \$5.8 million) in net income; and, approximately \$0.07 in diluted earnings per share in the fourth quarter and fiscal year 2012.



# STRONG GAAP EPS GROWTH

5-year CAGR of 76%



\* Includes the 53rd week of FY2012 which added approximately \$90.0 million in net sales; approximately \$11.0 million (net of income taxes of \$5.8 million) in net income; and, approximately \$0.07 in diluted earnings per share in the fourth quarter and fiscal year 2012.

# DISCIPLINED CAPITAL ALLOCATION STRATEGY



Reinvest in the business to drive revenue growth

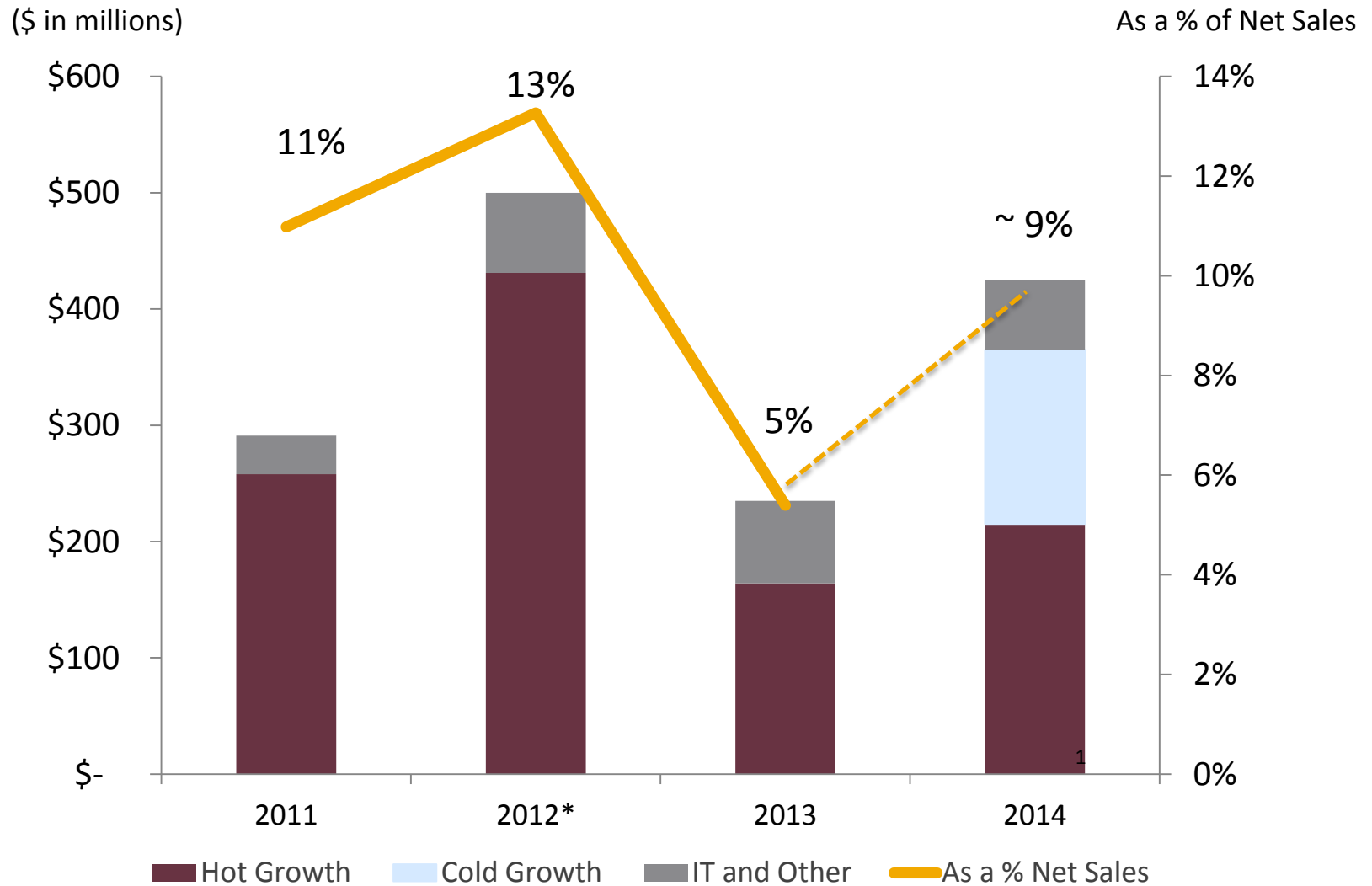


**Return** cash to shareholders in form of dividends and share repurchases



**Tuck In** M&A for specific technologies, market distribution and/or brands

# CAPITAL INVESTMENT TO SUPPORT GROWTH



\* Excludes the 53rd week of FY2012

<sup>1</sup> Guidance provided by the Company on February 5, 2014

# FREE CASH FLOW

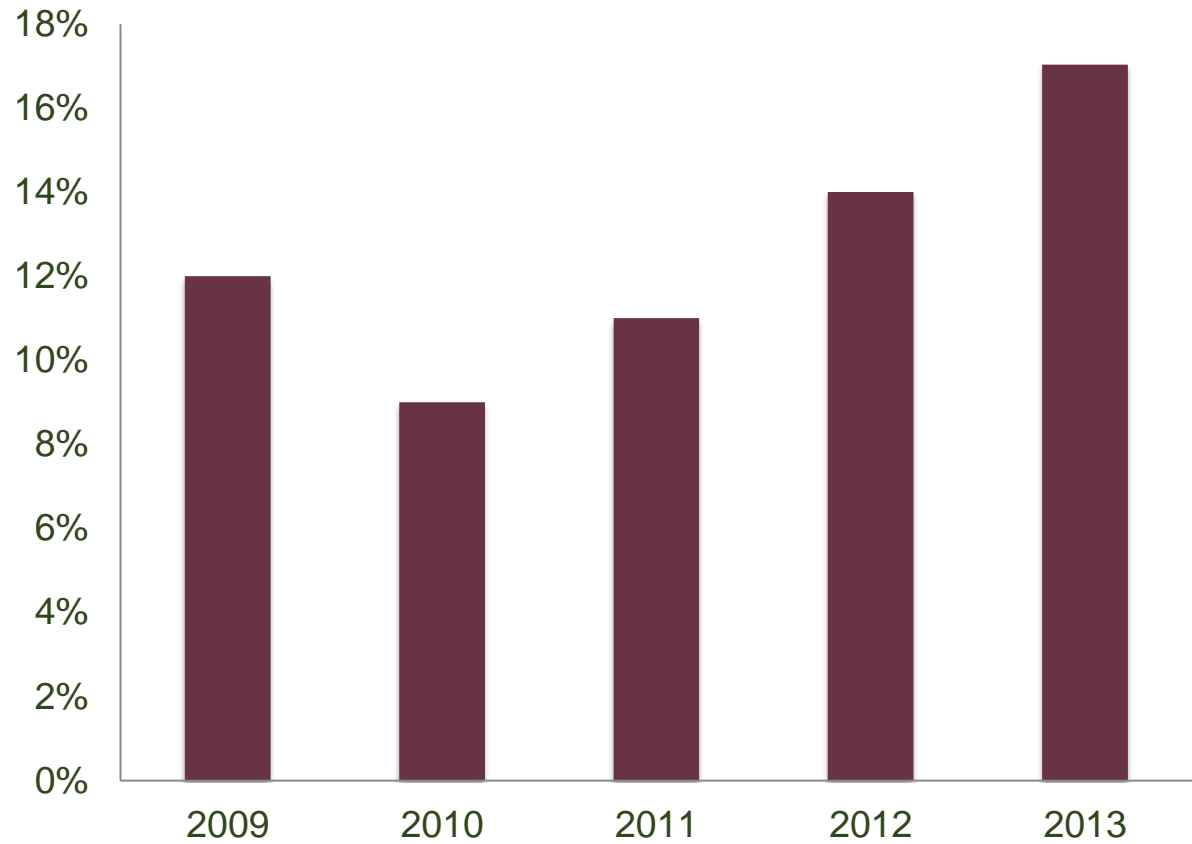
Free Cash  
Flow  
(\$ in millions)



\* Guidance provided by the Company on February 5, 2013

# STRONG RETURNS

With improving  
returns on capital



Note: GAAP ROIC is the sum of LTM GAAP Net Income / ((1<sup>st</sup> quarter of LTM debt + equity plus 4<sup>th</sup> quarter of LTM debt + equity)/2)

# KEY TERMS OF RECENT STRATEGIC RELATIONSHIP

*The Coca-Cola Company*

## Commercial Agreement

- 10-year strategic global partnership
- Collaborate on intro of The Coca-Cola Company brand portfolio in the Keurig Cold™ beverage system
- Work together to introduce Keurig Cold™ to consumers worldwide

## Equity Agreement

- 10% minority investment, representing 16.684 million new GMCR shares
- New shares priced at \$74.98, for ~\$1.25 billion in total proceeds
- Option to increase ownership to 16% with open market purchases

# BALANCE SHEET & CAPITAL DEPLOYMENT

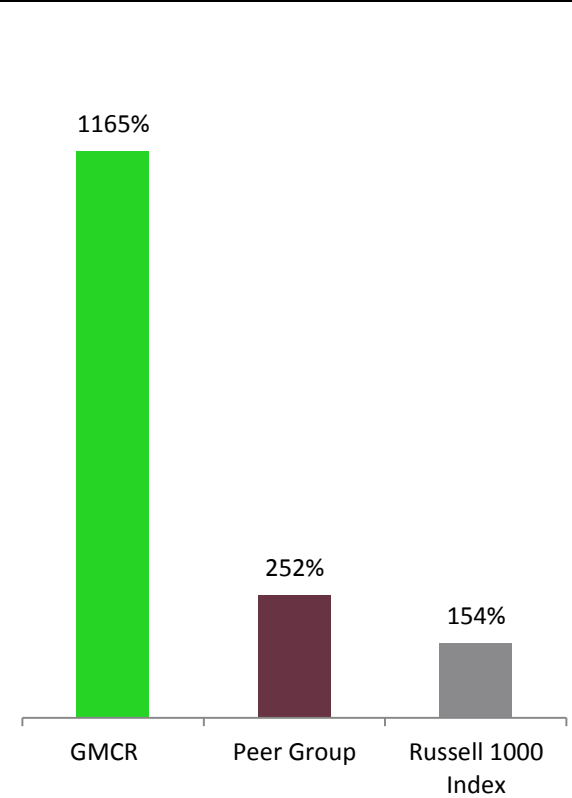
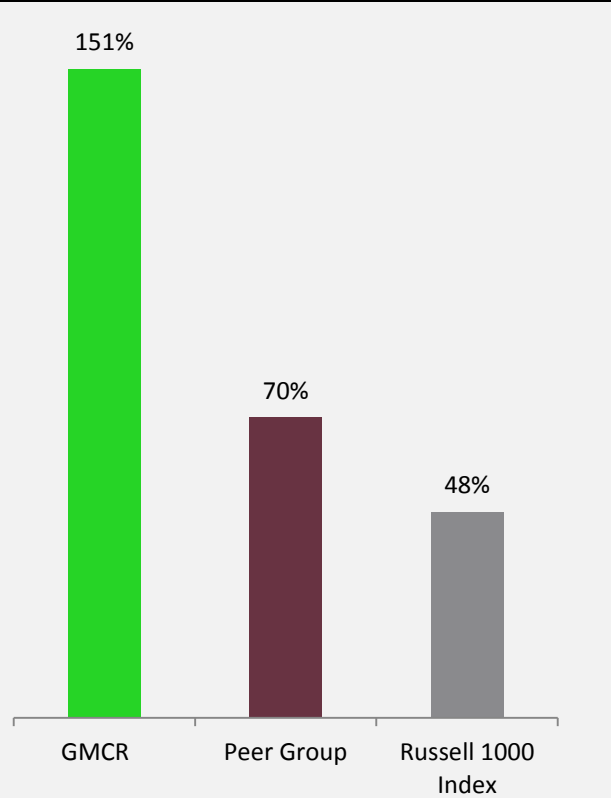
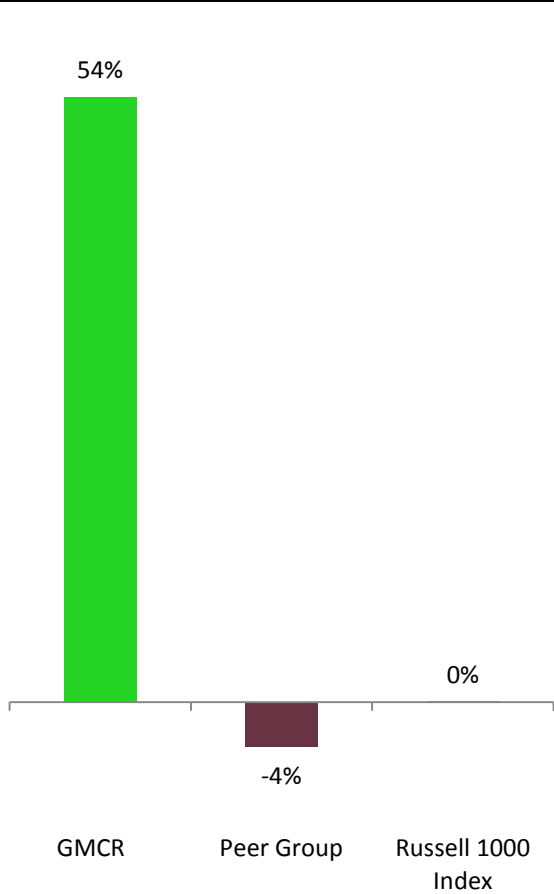
## Strong Balance Sheet Metrics

Total Debt Q1'14	\$	260M
Total Cash Q1'14	\$	350M
Net Cash	\$	90M
LTM EBITDA	\$	1,032M
Total Debt/EBITDA		0.3X
Net Debt/EBITDA		0X

## Share Repurchases & Dividend

- In Nov. 2013 announced incremental share repurchase authorization of up to \$1 billion and as of Q1'14 \$1.1 billion remains.
- Committed to meaningful share repurchase program to reduce dilution from The Coca-Cola Company transaction
- Annual dividend of \$1.00 per share, yield of about 1%

# STOCK PERFORMANCE



## YTD TOTAL RETURN

## 3YR TOTAL RETURN

## 5YR TOTAL RETURN

Source: Bloomberg

\*YTD return (12/31/2013-2/14/2014)

\*3 year return (2/14/2011-2/14/2014)

\*5 year return (2/13/2009-2/14/2014)



# SUSTAINABILITY

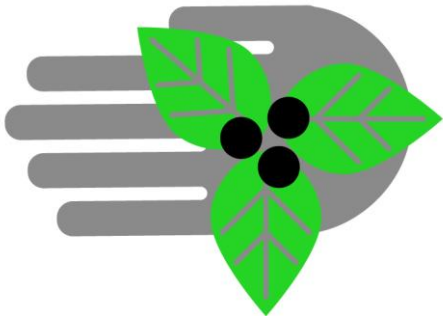
## SUSTAINABLE RESULTS



## THRIVING PEOPLE & COMMUNITIES



## RESILIENT SUPPLY CHAIN



## SUSTAINABLE PRODUCTS



Engage 1 million people in our manufacturing and agriculture supply chains to significantly improve their livelihoods.

Source 100% of primary agricultural and manufactured products according to established GMCR's responsible sourcing guidelines.

Provide access to clean water to 1 million people worldwide.

Engage 100% of employees to understand our vision and values and present opportunities that allow them to contribute to our targets.

100% of K-Cup® packs will be recyclable.

Achieve zero waste-to-landfill at our owned and operated manufacturing and distribution facilities.

Reduce life-cycle greenhouse gas emissions of brewed beverages by 25% vs. 2012 baseline.



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GREEN MOUNTAIN COFFEE ROASTERS, INC.

**THANK YOU**