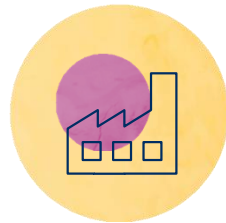




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# Britvic plc Interim Results 2019

22 MAY 2019



**BRITVIC**

**Simon Litherland – CEO**

**STRONG PERFORMANCE AND  
PROGRESS AGAINST STRATEGY**

REVENUE,  
MARGIN AND  
EARNINGS  
GROWTH

BRAND  
CONTRIBUTION  
GROWTH IN ALL  
GEOGRAPHIES

LOW/NO SUGAR  
LEADERSHIP  
DRIVING GROWTH  
IN GB

BCP ON-TRACK:  
PLATFORM FOR  
ENHANCED  
GROWTH

CHAMPIONING  
SUSTAINABILITY:  
A HEALTHIER  
EVERYDAY

MAINTAINING  
FOCUS ON BRAND  
DEVELOPMENT &  
INNOVATION



## GB CARBS SUCCESSFULLY NAVIGATED THE SDIL

LEVY ACCELERATED CONSUMER TREND TOWARDS LOW/NO SUGAR VARIANTS

- Pepsi MAX generated more incremental value than any cola variant
- 7UP FREE generated more incremental value than any lemon & lime variant
- R Whites growth led by on-trade offering
- Tango in growth, ahead of brand relaunch



**PEPSI MAX**  
REVENUE  
+28%



**7UP FREE**  
REVENUE  
+42%



**R WHITES**  
REVENUE  
+26%



**TANGO**  
REVENUE  
+10%

# GB STILLS REVENUE IN STRONG GROWTH DRIVEN BY ROBINSONS

## PREMIUMISATION AND HEALTHY HYDRATION CREDENTIALS

- Premiumisation strategy is working
- Robinsons gaining share and growing the category
- Creations and Cordials driving positive price/mix
- Significant price realisation in core range
- Attracting more consumers into the brand



**ROBINSONS**  
VALUE  
+13.3%  
YEAR ON YEAR



**CREATIONS**  
£22M RSV\*  
78% OF SALES  
INCREMENTAL



**CORDIALS**  
£9M RSV\*  
90% OF SALES  
INCREMENTAL

## BRAND CONTRIBUTION IN ALL GEOGRAPHIES



### BRAZIL

- Proactive price and mix management
- Growth in core and new brands
- Signs of market conditions improving



### IRELAND

- Disciplined revenue management
- Strong growth in low/no sugar
- Softening in on-trade channel



## BRAND CONTRIBUTION IN ALL GEOGRAPHIES



### FRANCE

- Proactive management of mix, price and COGS
- Syrups in revenue growth
- Managed decline in private label

### INTERNATIONAL

- Benelux growth through Teisseire Zero
- Travel & Export expansion
- Fruit Shoot growth in USA

# BUSINESS CAPABILITY PROGRAMME WILL COMPLETE BY END 2019

ADDITIONAL  
CAPACITY

INCREASED  
FLEXIBILITY

PRODUCTION  
EFFICIENCY

LOWER  
COST

ENVIRONMENTAL  
BENEFITS



Transformational platform underpins long-term growth potential



**A HEALTHIER EVERYDAY - CHAMPIONING SUSTAINABILITY**

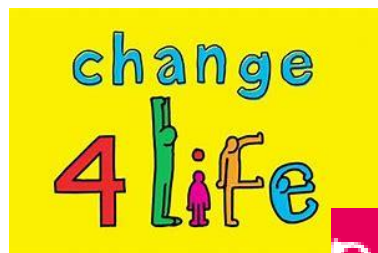
**HEALTHIER PEOPLE**

REFORMULATING WITHOUT COMPROMISING TASTE OR QUALITY

OVER 20BN CALORIES REMOVED



OUR BRANDS INSPIRE CONSUMERS TO MAKE HEALTHIER CHOICES



**HEALTHIER COMMUNITIES**

BUILDING A GREAT AND INCLUSIVE EMPLOYEE EXPERIENCE



EMPLOYEES HIGHLY ENGAGED IN COMMUNITY PARTNERSHIPS



**HEALTHIER PLANET**

MINIMISING OUR ENVIRONMENTAL IMPACT



REDUCING PLASTICS WASTE



**NEW INNOVATION AND BRAND DEVELOPMENT TO DRIVE GROWTH**



CORE BRAND EXTENSIONS



MAJOR BRAND RELAUNCH IMMINENT



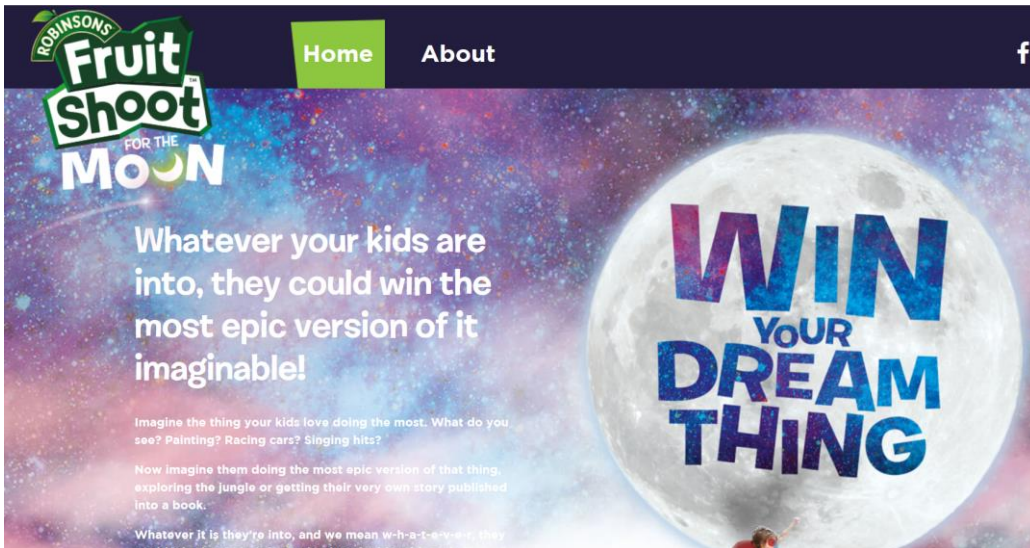
NEW PREMIUM RANGES



EMERGING BRAND PORTFOLIO



# SUMMER 2019 MARKETING CAMPAIGNS PREVIEW





# SUMMER 2019 MARKETING CAMPAIGNS PREVIEW





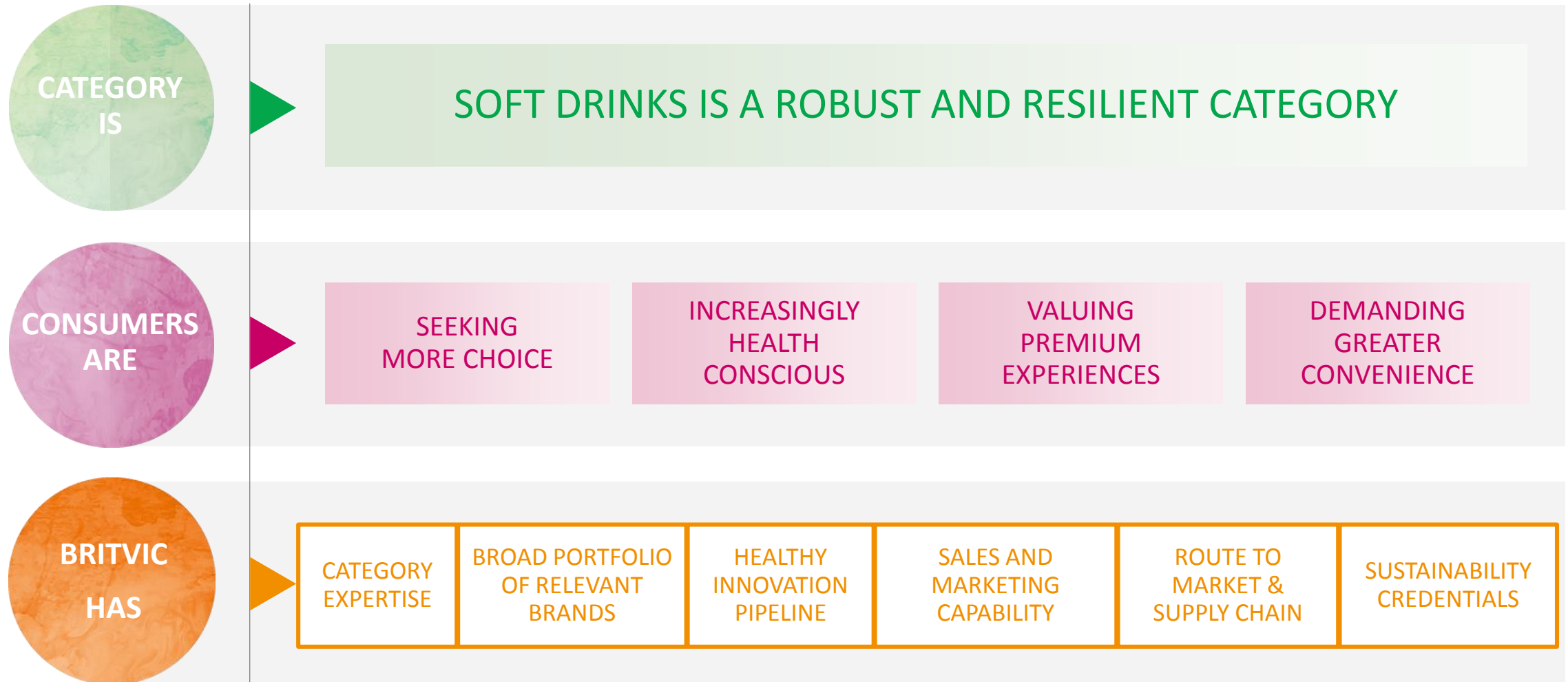
## TIME TO TANGO

### ACCELERATING STRONG GROWTH IN FRUIT CARBONATES

- Fruit carbonates have been a major beneficiary of the SDIL
- Tango in growth ahead of the relaunch
- New pack design and sugar-free flavours recently launched
- Multi-channel marketing campaign launches May 2019
  - TV, Cinema and social media platforms
- In-store activity at point of purchase
- Iconic Britvic brand with a history of disruptive marketing



# BRITVIC: A FLEXIBLE, CASH GENERATIVE BUSINESS CONFIDENT OF FUTURE GROWTH







**CHRIS HANCOCK**  
**STRATEGY DIRECTOR**

**A STRONG FINANCIAL PERFORMANCE**



## A STRONG FINANCIAL PERFORMANCE

Metric	Reported %	Organic* %
Revenue	4.9%	1.9%
Adjusted EBIT	4.0%	5.0%
Adjusted EBIT Margin	(10) bps	+ 30 bps
Adjusted EPS	22.3p	5.2%
DPS	8.3p	5.1%
Adjusted Net Debt/EBITDA	2.4x	0.1x

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. Adjusted EBIT margin is Adjusted EBIT as a proportion of group revenue. Adjusted earnings per share is a non-GAAP measure calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before adjusting items. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes. The weighted average number of ordinary shares in issue for adjusted earnings per share for the period was 264.4m (2018: 263.6m).

\* Organic adjusts for the impact of Bela Ischia, SDIL/SSDT and constant currency



## BUSINESS UNIT HIGHLIGHTS

	GB STILLS	GB CARBS	TOTAL GB	IRELAND
Volume	0.8%	(4.5%)	(3.4%)	(4.5%)
ARP per litre	4.0%	7.2%	6.8%	4.1%
Revenue	4.9%	2.2%	3.1%	(0.9%)
Brand contribution	5.7%	(0.9)%	1.1%	2.4%
Brand margin %	30 bps	(110) bps	(80) bps	90 bps

### STILLS

- All three core brands in revenue growth
- Disciplined revenue management
- Increased A&P spend having a strong impact

### CARBS

- ARP growth driven by strong revenue management
- Volume impacted by SDIL buy-in last year
- Margin decline due to increased A&P spend and COGS inflation

### IRELAND

- ARP growth driven by strong revenue management
- Revenue decline due to soft on-trade alcohol sales through Counterpoint
- Positive mix driving margin and brand contribution growth



## BUSINESS UNIT HIGHLIGHTS

	FRANCE	BRAZIL	INTERNATIONAL
Volume	(8.4%)	1.5%	20.3%
ARP per litre	2.9%	6.6%	(0.1%)
Revenue	(5.8%)	8.0%	20.2%
Brand contribution	9.3%	3.8%	33.3%
Brand margin %	440 bps	(80) bps	180 bps

### FRANCE

- ARP improvement through proactive management of price and COGS
- Managed volume decline in private label
- Positive effect on brand contribution

### BRAZIL

- ARP growth through brand and pack mix
- Lapping soft H1 2018
- Brand contribution held back by increased A&P spend and COGS inflation

### INTL

- Revenue growth achieved in all sub-channels
- A&P spend flat on last year
- H2 laps 2018 distribution gains in USA

## MODEST INCREASE IN OVERHEADS DUE TO INVESTMENT IN A&P AND SELLING COSTS

	H1 19	% Organic Constant Exchange Rate
Total A&P spend	32.6	(10.5)
A&P as a % of revenue	4.6%	+40 bps
Non-brand A&P	6.8	(17.2)
Fixed Supply Chain	55.9	1.0
Selling Costs	44.4	(4.6)
Overheads & Other Costs	73.2	(1.5)
Total fixed cost base	180.3	(1.9)

- Continued focus on cost efficiency to support reinvestment in growth drivers
- A&P increased as we lap delay in spend pre-levy
- Non-brand increase due to phasing
- Increased field sales selling cost to support outlet execution



## CONFIDENT OF CONTINUED IMPROVEMENT IN FCF

	H1 2019 £m	H1 2018 £m
<b>Adjusted EBIT</b>	<b>83.7</b>	<b>80.5</b>
Depreciation	29.1	23.4
Amortisation (non-acq related)	3.8	4.0
Adjusted loss on disposal of PPE	0.9	1.1
<b>Adjusted EBITDA</b>	<b>117.5</b>	<b>109.0</b>
Adjusted working capital	(59.7)	(39.7)
Capital spend	(33.1)	(61.4)
Pension contributions	(22.2)	(21.4)
Interest and finance costs	(10.1)	(9.8)
Adjusted income tax paid	(9.8)	(15.0)
Share based payments	5.8	4.1
Issue of shares	1.5	0.5
Purchase of own shares	(1.3)	(2.4)
Other	(1.3)	-
<b>Adjusted free cash flow</b>	<b>(12.7)</b>	<b>(36.1)</b>

## FUTURE DRIVERS OF FCF

- Organic profit growth
- Delivery of remaining BCP cost benefits guidance
- Lower on-going capital investment requirement
- Reduction in adjusting items as BCP completes
- Lower inventory in GB from BCP optimisation and elimination of Brexit contingency



- **Input costs** Low single digit inflation
- **Capital spend** Guidance remains at £70m to £80m
- **Adjusting items** £35m to £40m, reflecting inclusion of GMP pension equalisation
- **Pension deficit contributions** £20m contribution
- **Effective tax rate** Guidance remains at 21% to 22%, subject to market mix of profits
- **Brexit** Working capital contingency c £20m and short-term warehousing
- **Interest cost** Guidance remains at £20m to £21m
- **Net debt to EBITDA ratio** Falling to 2.0x to 2.2x as FCF generation improves

REVENUE,  
MARGIN AND  
EARNINGS  
GROWTH

BRAND  
CONTRIBUTION  
GROWTH IN ALL  
GEOGRAPHIES

DISCIPLINED  
REVENUE  
MANAGEMENT

A SUSTAINABLE  
BUSINESS  
MODEL

CONFIDENT OF  
DELIVERING  
FULL YEAR  
EXPECTATIONS

EXCELLENT  
LONG-TERM  
GROWTH  
PROSPECTS



QUESTIONS?





## APPENDIX



**PROFITABLE GROWTH**

**STRONG UNDERLYING FCF CONVERSION**

PROGRESSIVE  
DIVIDEND POLICY  
50% PAY OUT RATIO

INVEST IN BUSINESS  
CAPABILITY  
CAPEX 3.5% TO 4.5%  
OF REVENUE

SELECTIVE M&A  
ACTIVITY

MAINTAIN LONG-TERM  
DEBT LEVERAGE  
WITHIN  
1.5X TO 2.5X RANGE

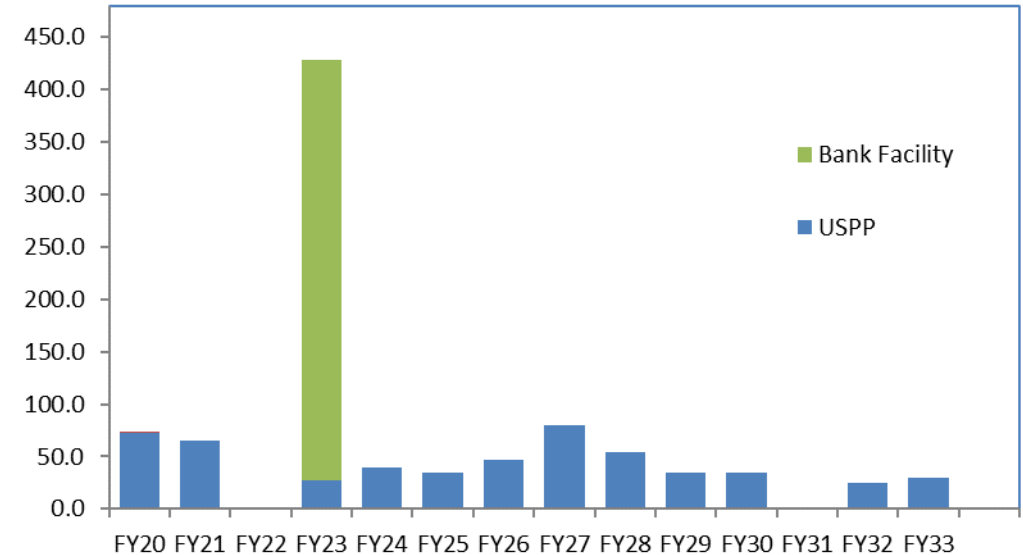
**DELIVERING STRONG SHAREHOLDER RETURNS**

**TSR OUTPERFORMED THE FTSE100, 250 AND FMCG PEER GROUP**

## A SOLID FINANCIAL PLATFORM UNDERPINNING OUR GROWTH STRATEGY

- ▶ £545m equivalent of USPP debt (at contracted rates)
- ▶ £77m equivalent of USPP notes matured in February 2019
- ▶ USPP notes issued in GBP and EUR for fixed and floating rates

- ▶ £400m revolving credit facility in place to November 2021
- ▶ Circa £945m total debt facilities maturing FY 2019 to FY 2033
- ▶ £72m of USPP notes maturing in December 2019





## ADR PROGRAMME

- ▶ ADRs give access to cross-border market liquidity
- ▶ Cost effective and convenient to own

- ▶ Quoted in USD
- ▶ Dividends paid in USD

- ▶ Symbol - BTVCY
- ▶ CUSIP - 111190104
- ▶ Ratio - 1ADR = 2 ORD

- ▶ Underlying SEDOL : BON8QD5
- ▶ Underlying ISIN : GB00B0N8QD54
- ▶ Depository : BNY MELLON



BNY MELLON