



## Interim Results Presentation

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25 May 2006



**Gerald Corbett**  
Chairman

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**John Gibney**  
Finance Director

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## Financial Headlines

	H1 06	H1 05	% Change
	£'m	£'m	
Branded Revenue	323.5	341.5	(5.3)
EBITDA	43.4	47.9	(9.4)
EBIT	18.6	22.7	(18.1)
Earnings per share	3.0p	4.3p	(30.2)
Free cash flow	(42.3)	(69.8)	39.4

**Interim dividend per share of 3p**

Note: all numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs. 2005 numbers are proforma numbers.

## Summary H1 06 – Operating Profit

	H1 06	H1 05	% Change
	£'m	£'m	
Branded Volume (million litres)	645.4	678.4	(4.9)
<i>Average Realised Price (ARP) per litre</i>	<i>50.1</i>	<i>50.3</i>	<i>(0.4)</i>
Branded Revenue	323.5	341.5	(5.3)
Brand Contribution	133.2	149.8	(11.1)
Non brand A & P	(3.5)	(5.0)	30.0
Fixed Supply Chain	(36.1)	(36.3)	0.6
Selling Costs	(44.2)	(48.8)	9.4
Overhead and other costs	(30.8)	(37.0)	16.8
<b>Operating Profit</b>	<b>18.6</b>	<b>22.7</b>	<b>(18.1)</b>
Operating Profit Margin	5.7%	6.6%	

Note: all numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs. 2005 numbers are proforma numbers

# Carbonates

	H1 06	H1 05	% Change
	£'m	£'m	
Litres	415.6	448.0	(7.2)
ARP per litre	38.5p	39.2p	(1.8)
Revenue	159.8	175.6	(9.0)
Brand Contribution	60.6	71.8	(15.6)
Brand Contribution Margin	37.9%	40.9%	(3.0)

**Direct product costs increased by 3.3%**

# Stills

	H1 06	H1 05	% Change
	£'m	£'m	
Litres	213.8	213.1	0.3
ARP per litre	71.9p	72.8p	(1.2)
Revenue	153.7	155.2	(1.0)
Brand Contribution	69.9	74.8	(6.6)
Brand Contribution Margin	45.5%	48.2%	(2.7)

**Direct product costs increased by 4.6%**

## International

	H1 06	H1 05	% Change
	£'m	£'m	
Litres	15.9	17.3	(8.1)
ARP per litre	62.3p	61.9p	0.6
Revenue	9.9	10.7	(7.5)
Brand Contribution	2.8	3.2	(12.5)
Brand Contribution Margin	28.3%	29.9%	(1.6)

**Direct product costs increased by 4.2%**



## Overheads and other Costs

	H1 06	H1 05	% Change
	£'m	£'m	
Non Brand A&P	(3.5)	(5.0)	30.0
<i>Total A&amp;P spend</i>	<i>(23.3)</i>	<i>(25.4)</i>	<i>8.3</i>
<i>A&amp;P as % Net Revenue</i>	<i>7.2%</i>	<i>7.4%</i>	
Fixed Supply Chain	(36.1)	(36.3)	0.6
Selling Costs	(44.2)	(48.8)	9.4
Overheads & Other	(30.8)	(37.0)	16.8
<b>Total</b>	<b>(114.6)</b>	<b>(127.1)</b>	<b>9.8</b>

## Operating Profit to Earnings

	H1 06	H1 05	% Change
	£'m	£'m	
<b>Operating Profit</b>	18.6	22.7	(18.1)
Interest	(9.2)	(8.8)	(4.5)
<b>Profit before tax</b>	9.4	13.9	(32.4)
Tax	(2.9)	(4.3)	32.6
<b>Profit after tax</b>	6.5	9.6	(32.3)

Note: all numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs.  
2005 numbers are proforma numbers

## Exceptional Items

		H1 06
		£'m
<b>Cash items</b>	IPO Costs	5.4
	Restructuring costs	2.6
		<b>8.0</b>
<b>Share items</b>	Plc Launch share plan	1.2
	All employee share offer*	2.8
		<b>12.0</b>
<b>Non cash items</b>	Wind up of IHG share options	2.6
	<b>Total exceptional items</b>	<b>14.6</b>
	<b>Total exceptional items after tax</b>	<b>12.0</b>

\*£300k purchased rather than issued

## Improving Cash Position and Reducing Working Capital

	H1 06	H1 05	% Change
	£'m	£'m	
Operating Profit pre exceptionals	18.6	22.7	(18.1)
Depreciation	24.8	25.2	(1.6)
<b>EBITDA</b>	<b>43.4</b>	<b>47.9</b>	<b>(9.4)</b>
Working Capital	(16.5)	(38.2)	56.8
Capital Expenditure	(27.4)	(30.1)	9.0
Pension contribution	(30.0)	(30.0)	-
Other	(11.7)	(19.4)	39.7
<b>Free Cash flow</b>	<b>(42.3)</b>	<b>(69.8)</b>	<b>39.4</b>
Dividends	(98.5)	(33.2)	(196.7)
<b>Net cash flow pre exceptionals</b>	<b>(140.8)</b>	<b>(102.9)</b>	<b>(36.8)</b>

## Dividends

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- Interim dividend of 3 pence per share payable 7th July 2006
- Final Dividend payable in February 2007
- Progressive dividend policy underpinned by a strong and improving cashflow

## Summary

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- A difficult market impacting revenue and profit
- A&P spend maintained
- Further cost reductions being delivered
- Improved cashflow
- Dividend per share in line with expectations



**Paul Moody**  
Chief Executive

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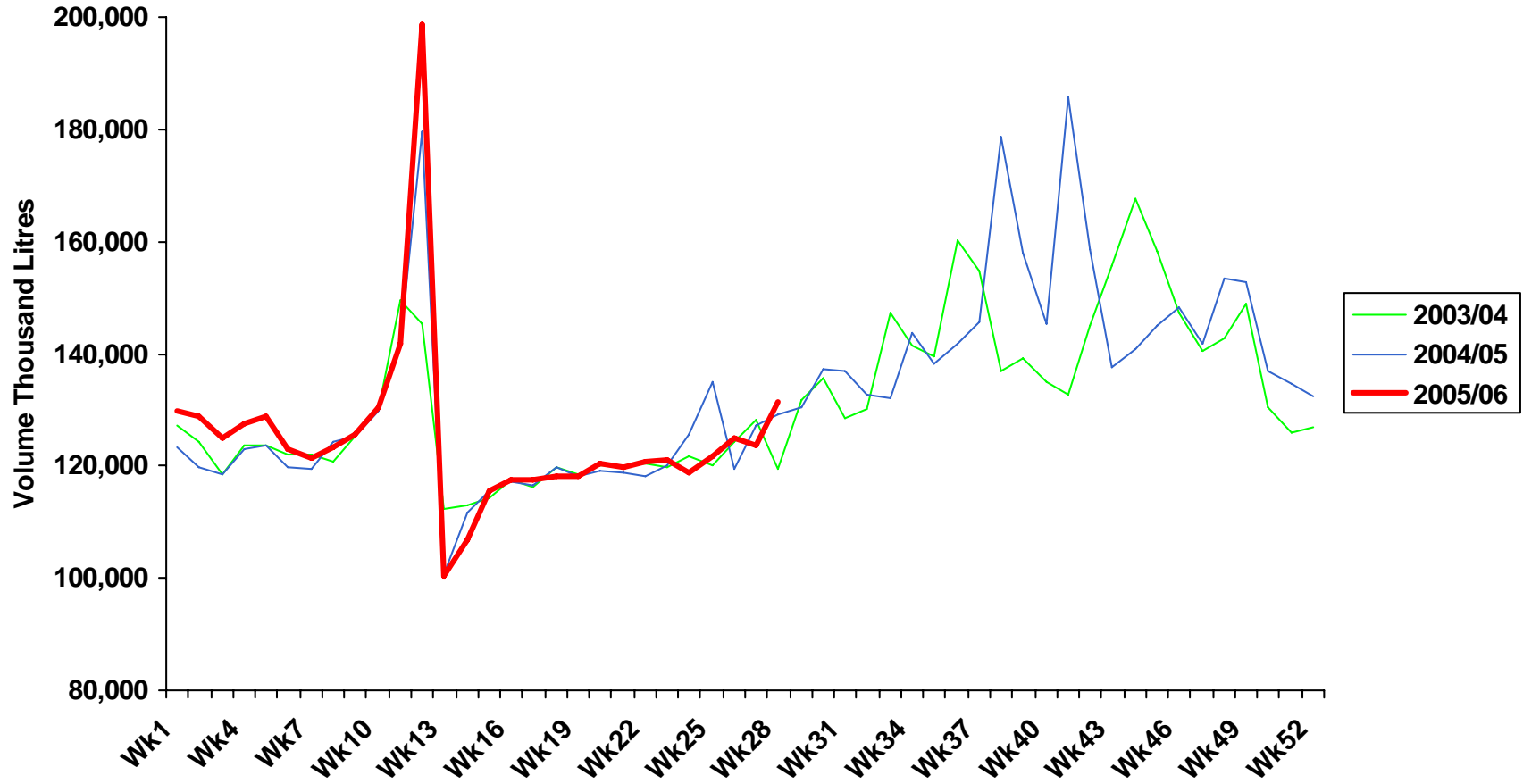
# Agenda

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- **Market remains difficult**
- **Current trading**
- **Management action:**
  - Costs and cash
  - Revenue
  - Innovation



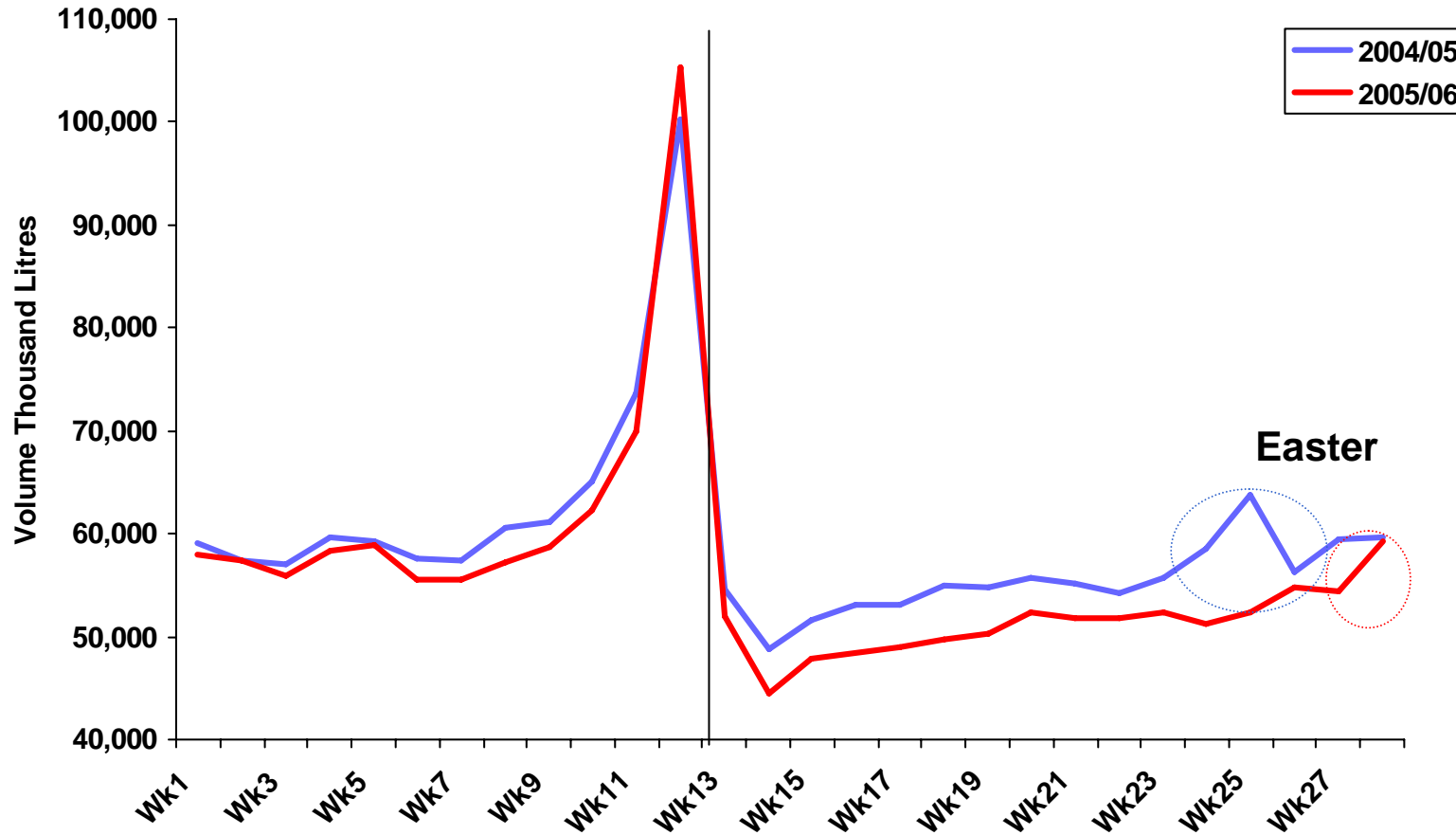
# Soft Drinks Market Volume



Source: ACNielsen Scantrack March 2006: Take Home

**Market marginally ahead of last year, but hit by poor Easter volumes**

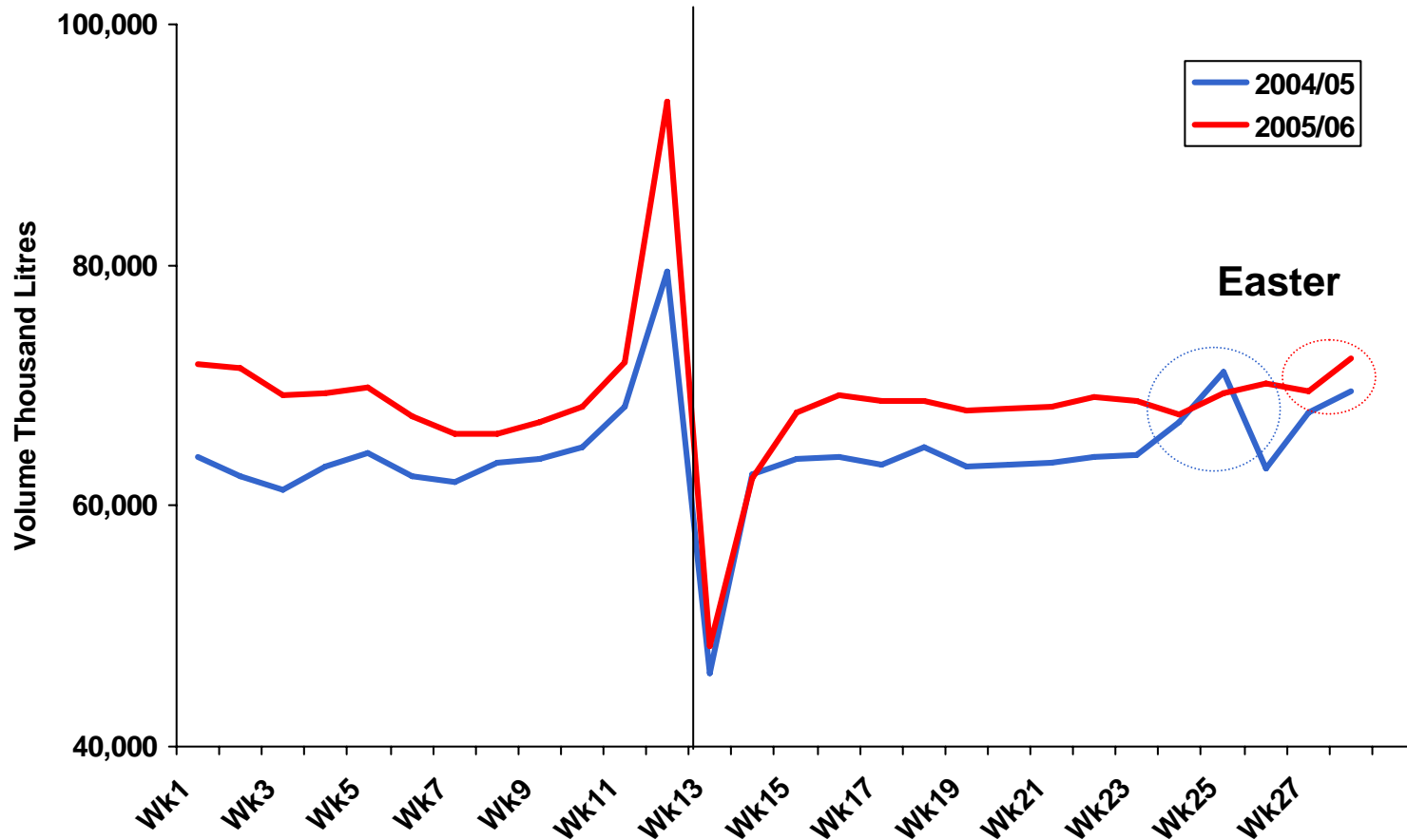
# Carbonates Volume: H1



Source: ACNielsen Scantrack March 2006 Take Home

**Market broadly tracked prior year pre Christmas but 2006 volumes tracking c.7-8% behind**

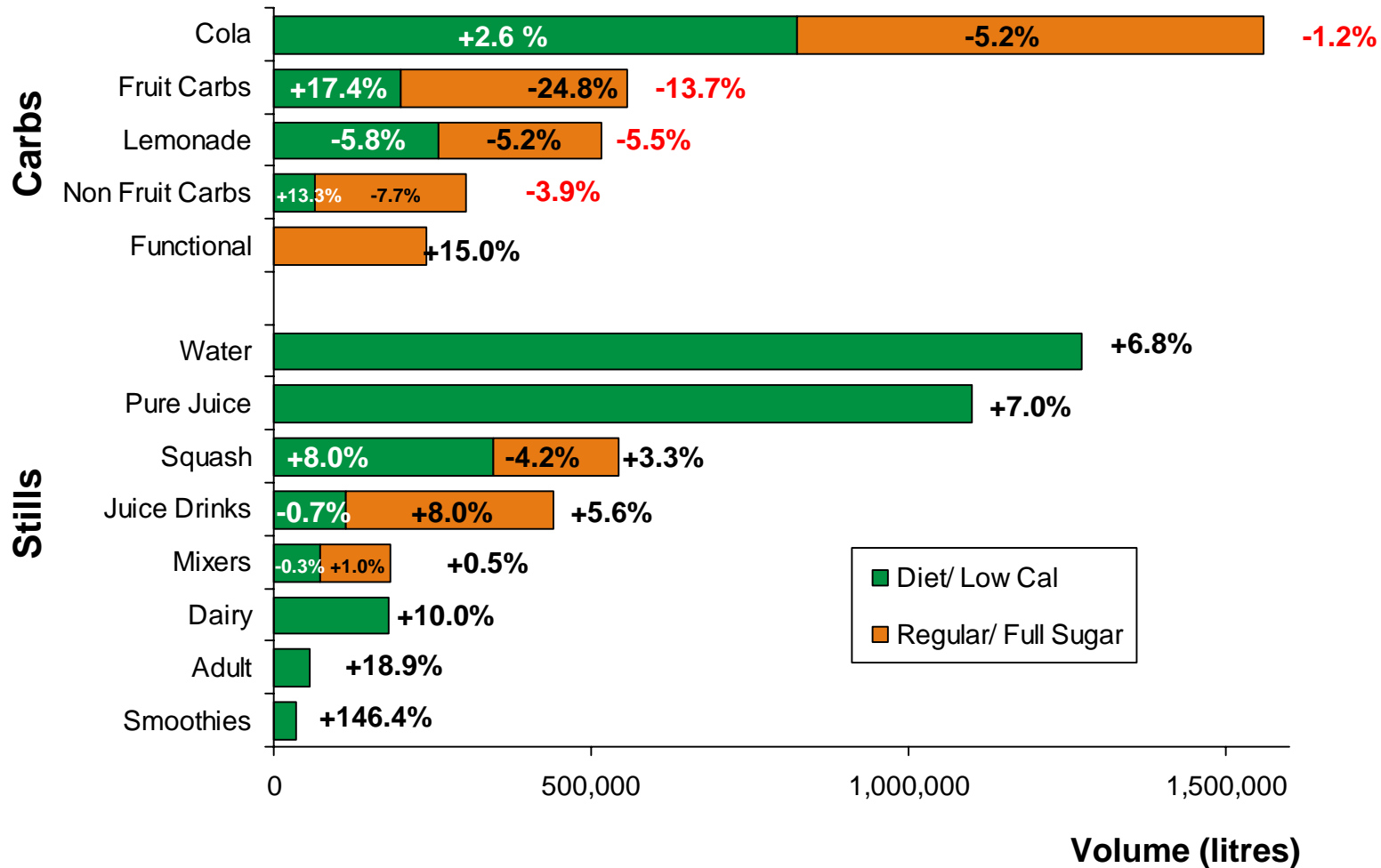
# Still's Volume: H1



Source: ACNielsen Scantrack March 2006: Take Home

Still's volume consistently ahead of prior year in build to Christmas and c.6% ahead post

# Relative Size of Categories and Growth



**Cola still largest category, but consumers switching into Stills**

## Changes in the customer base and pricing landscape

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- **Increased intensity in market share battle between retailers:**
  - Negotiations around ongoing investment levels
  - Promotions: depth, frequency & uplift
- **Structural changes:**
  - Ownership
  - Product ranging
  - Promotional strategy
- **Pricing volatility:**
  - Competitor reaction to market volume decline

A challenge facing many FMCG companies

## Current Trading – 4 weeks to 14 May 2006

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- **Market performance for 4 weeks to 13 May 2006**
  - Carbonates Down 4%
  - Stills Up 5%
  
- **Branded Revenue for the 4 weeks to 14 May 2006**
  - Total revenue down 4%
  - Carbonates revenue down 14%
  - Stills revenue up 9%

# Management Actions

## Costs and cash

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- **Aggressive cost cutting agenda driven by the Business Transformation Programme**
  - £4m saving in H1
  - £6m saving to come in H2
- **Re-engineering of products to mitigate input price rises**
  - £2m saving for full year
- **Reduced capital requirement**
  - £10m reduction in full year forecast
- **A focus on working capital**
  - £10-15m benefit expected in full year



## Revenue: ARP

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- **Deployment of new systems:**
  - Improved planning, execution and measurement of promotions
  - More efficient use of resource through integrated systems
  - Reduced administration
  - Return on Revenue Investment

## Revenue: Core Brand Activity - Pepsi World Cup

- Sponsors of Team England taking Pepsi Max to the World Cup
- Campaign features:
  - Win an Exclusive X-Box 360 every 90 minutes
  - TV advertising and online-PR support
- Pepsi Max leading no-added sugar cola



Focusing on 'Better for you carbonates' through the World Cup

## Revenue: Core brand activity - Robinsons Wimbledon

- Focus on leading the category
- Campaign features the chance to win exclusive tickets to Wimbledon
- TV and advertising support featuring Tim Henman and Andy Murray



Britvic's biggest Wimbledon campaign ever – with coverage across the Robinsons portfolio

## Revenue: Core Brand Activity - J20/Summer of Juice

- **An on –premise focused campaign across all Britvic Juice brands**
  - Led by J20
  - Featuring Britvic 55 and Juices Range
  - Launch support for new Pressed & Squeezed juices
- **Leverage Brand communications and platforms**
  - Win tickets to the Little Britain tour with J20
- **Drive for extended distribution**
  - Event and vending focused
  - J20 in PET



Little  
BRITAIN



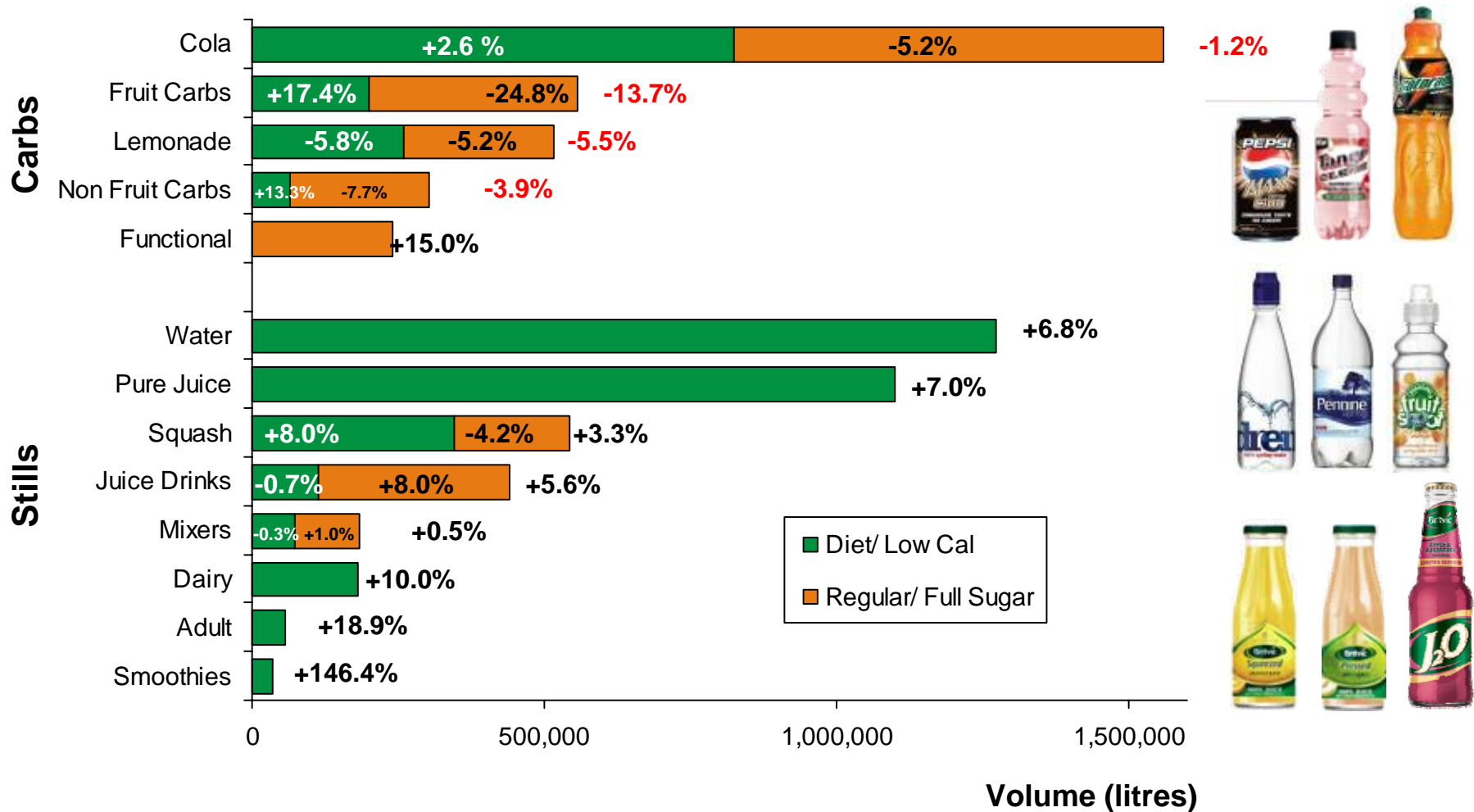
Drive the distribution and depth of the core Britvic range

## International

- **Robinsons new in Scandinavia with a fully supported plan**
  - Denmark, aggressive rollout plan
    - 50% base, rising to 75% on promotion
  - Sweden, slower rollout plan
    - Currently 18% distribution
    - Further distribution expected this year following current trials
  
- **Fruit Shoot in Holland continues double digit growth**
  - Weighted distribution now in excess of 60%
  - New market specific advertising on air now



# Innovating into key areas of focus



Our activity is focusing on the high growth categories

# Innovation

## Speed to market is crucial

- **Fruit Shoot H<sub>2</sub>O leveraging the leading kids diet brand**
  - Concept July 05 – launch April 06 – 9 months
  - Distribution in Grocers 38% at beginning May, rising to 70% by end of May
- **Britvic Pressed and Squeezed – not from concentrate pure fruit juice**
  - Concept February 2005 – launch March 2006 – 14 months (3<sup>rd</sup> party manufacture)
  - Distribution and RoS Measures on track
- **Tango Clear – building Tango’s scale in No Added Sugar**
  - Concept July 2004 - launch March 2005 – 8 months
  - Total distribution 68% within 3 months of launch



Track record of rapidly innovating into growth areas – all innovation planned at IPO delivered on time

# 05/06 launches

## Entry into the water market

- **Pennine Spring**
  - Replaced previous factored brand
  - Expanding within On Premise, Vending, Chillers, and Grocery
- **Drench: targeting urban youth on the go market**
  - Advertising campaign to run March through summer
  - 30,000 points of distribution achieved - rate of sale on track
- **Fruit Shoot: leveraging the leading kids soft drink brand into water**
  - Entry into the market in May
  - Brand building campaign now commenced



Encouraging entry into fast growing category



## 05/06 launches

### “Better For You” Juice Drinks & Functional

- Britvic Pressed and Squeezed – not from Concentrate pure fruit Juices launched in the On Premise in March
- J20 to be expanded into PET format from June
- Robinsons large pack strategy on target for production in September



Well executed entry into fast growing categories

# 05/06 launches

## “Better For You” Carbonates

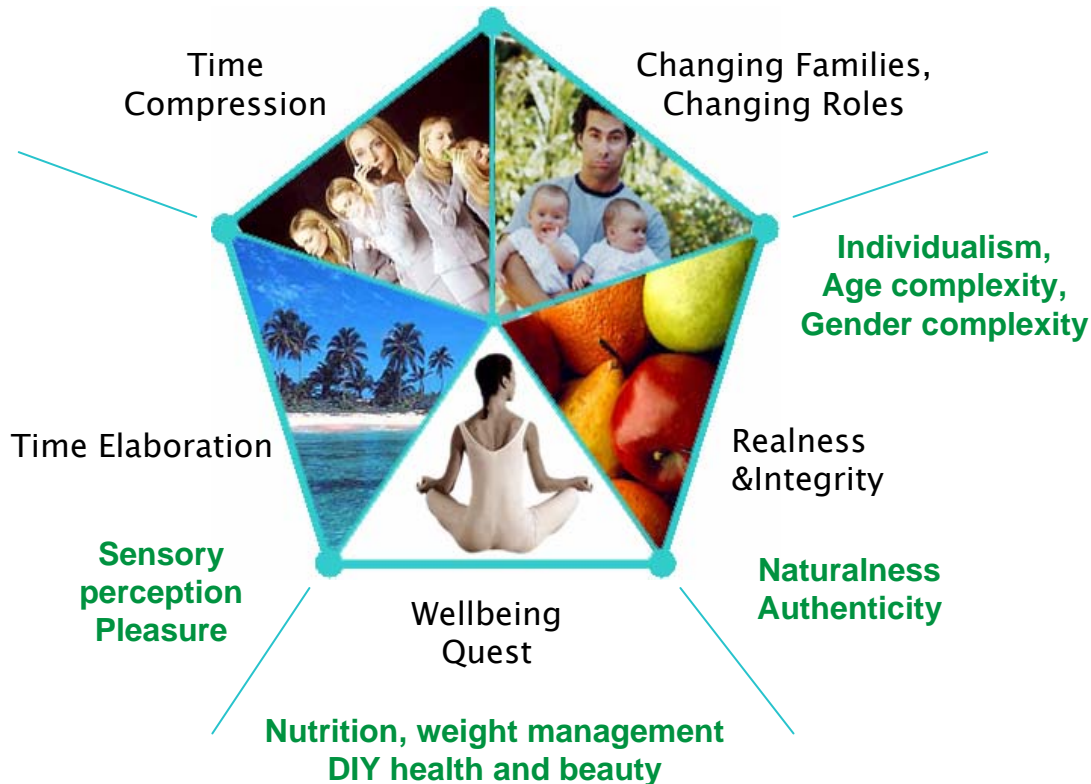
- Pepsi Brand support focused on driving Pepsi Max
- Pepsi Max Cino
- 7-UP Free
- Two new Tango Clear flavours



Carbonates focus on driving Non Added Sugar

# Innovation

Tracking the key trends impacting on our industry...



## Consumer Themes

**Health and Nutrition**



**Added value Premiumising**



**Smart Solutions for New Occasions**



**Fresher, More Natural**

## Summary

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- A difficult market
- A focus on costs and cash
- Actions to improve price and revenue
- Long term brand building
- Investment in International expansion
- Accelerating innovation
- Deliver an improved second half performance



## Supplementary Information

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# Summary FY05 – Operating Profit

	H1 06	H2 05	FY 05
	£'m	£'m	£'m
Volume (million litres)	678.4	697.1	1375.5
<i>Average Realised Price (ARP) per litre</i>	<i>50.3</i>	<i>50.8</i>	<i>50.6</i>
Branded Revenue	341.5	354.3	695.8
Brand Contribution	149.8	149.2	299.0*
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Non brand A & P	(5.0)	(1.6)	(6.6)
Fixed Supply Chain	(36.3)	(29.9)	(66.2)
Selling Costs	(48.8)	(40.0)	(88.8*)
Overhead and other costs	(37.0)	(27.1)	(64.1)
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<b>Operating Profit</b>	<b>22.7</b>	<b>50.6</b>	<b>73.3</b>
Operating Profit Margin	6.6%	14.3%	10.5%
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\*International costs of £2.2m have been transferred from Brand A&P into Selling cost to be consistent with the GB Carbs and Stills business costs.  
 Exceptional Items are excluded  
 FY05 has been adjusted for PLC costs of £2.4m

# Cost reduction programme FY06

	H1 06	H2 06	FY 06
	£'m	£'m	£'m
Selling Costs	1	2	3
Overheads and other	3	4	7
<b>EBIT</b>	<b>4</b>	<b>6</b>	<b>10</b>

## Reconciliation between H105 proforma and H105 statutory numbers

	H105 Statutory*	Proforma Adjustments*	PLW Adjustments*	H105 Proforma
	£'m	£'m	£'m	£'m
Revenue	343.1		(1.6)	341.5
Operating Profit	24.1	(1.0)	(0.4)	22.7
Finance Income	0.2			0.2
Finance Cost	(0.4)	(8.6)		(9.0)
Profit before Tax	23.9	(9.6)	(0.4)	13.9
Taxation	(7.1)	2.8		(4.3)
Profit after tax	16.8	(6.8)	(0.4)	9.6