



Britvic plc Interim Results 2020

27 MAY 2020





Simon Litherland – Chief Executive Officer

**A robust start to the year, well-
placed to navigate the pandemic**

RECOGNISING PEOPLE DURING THIS HUMANITARIAN CRISIS



THANK YOU TO:

- The Britvic team
- Our customers
- Our suppliers
- Everybody working to keep us safe and well



INTERIM RESULTS PRESENTATION



Simon Litherland

- Update on the impact of Covid-19
Well-placed to weather the storm

Joanne Wilson

- Financial performance
Strong momentum going into this period
Robust liquidity position
Covid-19 modelling assumptions unchanged

Simon Litherland

- Strategic priorities
Clear strategy, good progress made
Planning our recovery and new normal

Q&A



A TRACK RECORD OF DELIVERY AND STRONG MOMENTUM GOING INTO THE CRISIS



2013 to 2019



Revenue CAGR + 3.9%



Margin +350 bps



EPS CAGR + 9.2%



DPS CAGR + 8.5%

H1 2020

REVENUE

+1.4%

MARGIN

+80 bps

EBIT

+9.4%

EPS

+2.7%

COVID-19 UPDATE



Well-placed to weather the storm

- A robust multi-channel business, operating in a resilient category
- Broad portfolio of trusted family favourite brands
- A well-invested, multi-site and flexible supply chain
- Talented and committed people with a track record of successfully dealing with change
- Confidence in our liquidity and cash generation ability

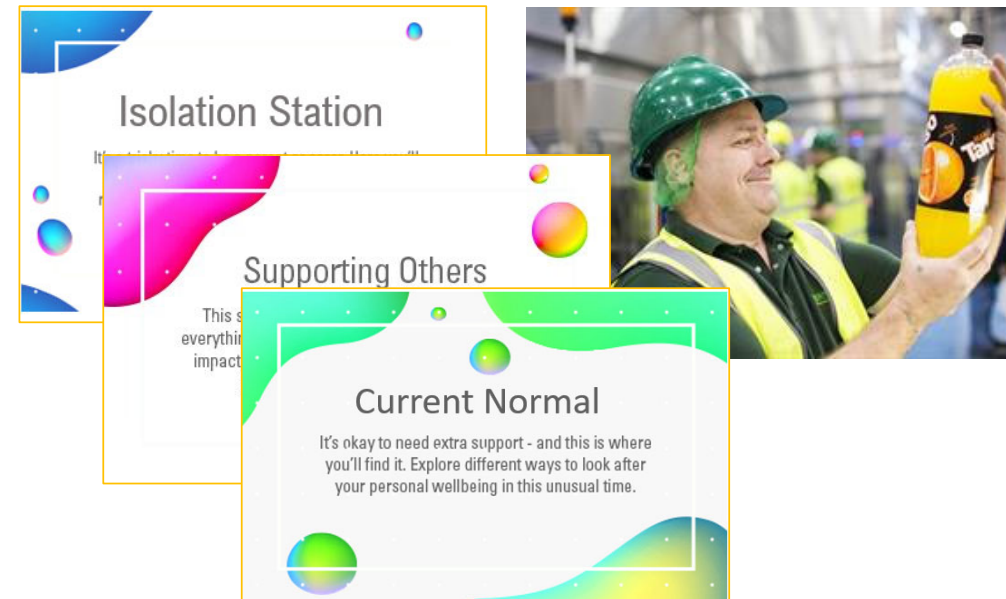
Clear priorities from the very start

- Safeguarding our people
- Maintaining operational agility
- Supporting our customers, suppliers and communities
- Financial strength

SAFEGUARDING OUR PEOPLE



- Following Government and Public Health Authority guidelines in all our markets
- Protecting vulnerable employees and supporting those ill with Covid-19
- Ensuring the highest standards of safety and hygiene at all sites
- Enabling flexible working from home for all roles that can do so
- Enhancing our online support with one-stop employee portal in response to Covid-19



MAINTAINING OPERATIONAL AGILITY

- **Maintaining** high service levels to customers to ensure brand availability remains consistent
- **Adapting** our commercial plans to respond to channel shifts and reflect the changed environment
- **Business Capability Programme** has facilitated greater flexibility to focus on 'At Home' brands and core SKUs
- **Collaborative working** with suppliers and customers is protecting continuity of supply
- **Optimising return** on marketing and promotional spend

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SUPPORTING OUR CUSTOMERS AND COMMUNITIES



- Early signatory of the Justine Greening C-19 Business pledge



How Britvic's doing its bit in the community

Donated more than **700,000** drinks to NHS hospitals, hospices, food banks and charities in the UK

Delivering products to local foodbanks, hospices, schools and hospitals in GB, Ireland, France, Brazil & International

In GB, Ireland and the Channel Islands we're donating stock to those on the front line, including delivery drivers

In France we are sending PPE to medical staff

Providing products for Age UK's food and drink parcels for the elderly & vulnerable

We sent masks and hand sanitiser to Singapore to help keep bartenders safe

Provided the NHS with warehousing facilities in Norfolk to store beds and put together food packages

Supplied 20 chillers and more than 143,000 soft drinks so far to NHS Nightingale hospitals in London, Manchester, Harrogate and Bristol

Donated more than 500 bottles to Hertfordshire University, to bottle hand sanitiser

The infographic features a central 'BRITVIC' logo surrounded by several circular icons representing different regions: Brazil (pink), UK (purple), France (orange), Europe (blue), and Ireland (green). Logos for 'NHS' and 'ageUK' are also present. The background is a vibrant, abstract design with blue, purple, and pink wavy shapes and glowing dots.

FINANCIAL STRENGTH AND DISCIPLINED ACTION TAKEN



Financial Strength

- Supportive banking syndicate
- Long-term USPP debt holders
- Business remains highly cash generative
- Disciplined approach to capital allocation

Disciplined action taken

- Cut all non-essential discretionary spend
- Reviewed marketing spend to optimise ROI
- Reduced capital spend
- Realised raw material hedging opportunities
- Deferred dividend decision

WELL-PLACED TO RESPOND TO THE IMPACT OF COVID-19 ON THE CONSUMER



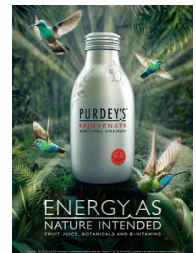
Consumer trends:

- Return of the big weekly shop, limited top-up shopping
- Increased demand for online delivery and click & collect
- Limited socialising due to lockdown restrictions
- Seeking trusted local brands
- Importance of health and wellbeing



Britvic's opportunity

- Strong market positions in at-home
- An over-index on share in e-commerce
- A range of 'drink-at-home' pack formats
- A broad portfolio of trusted, family favourite brands
- Leadership in great tasting low/no sugar variants

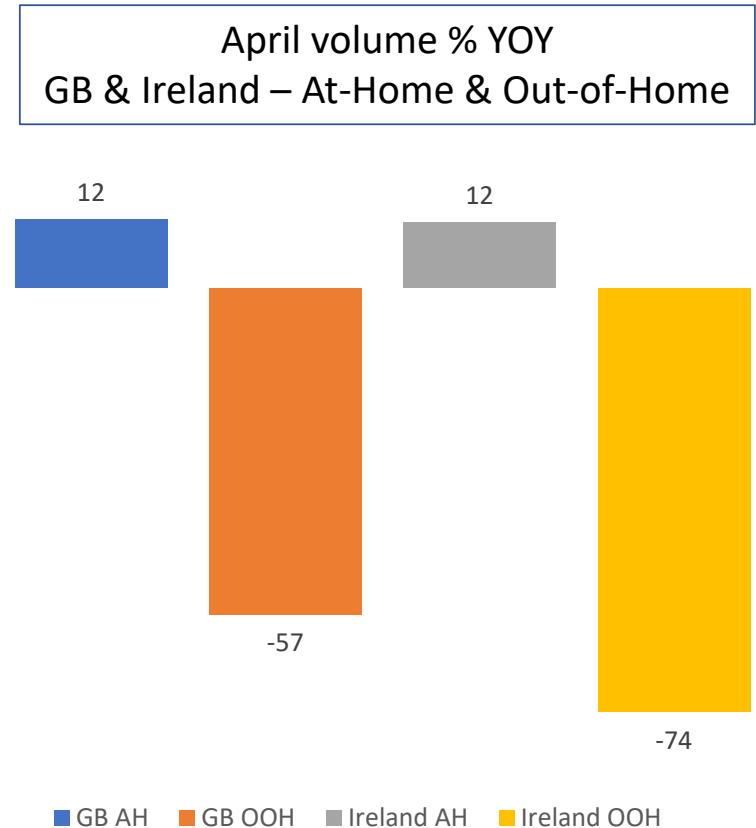


GB & IRELAND MULTI-CHANNEL PRESENCE, BRAZIL AND FRANCE PREDOMINANTLY AH



MARKET	At-Home volume %	Out-of-Home volume %
GB	59%	41%
IRELAND	60%	40%
FRANCE	91%	9%
BRAZIL	90%	10%
INTERNATIONAL	31%	69%

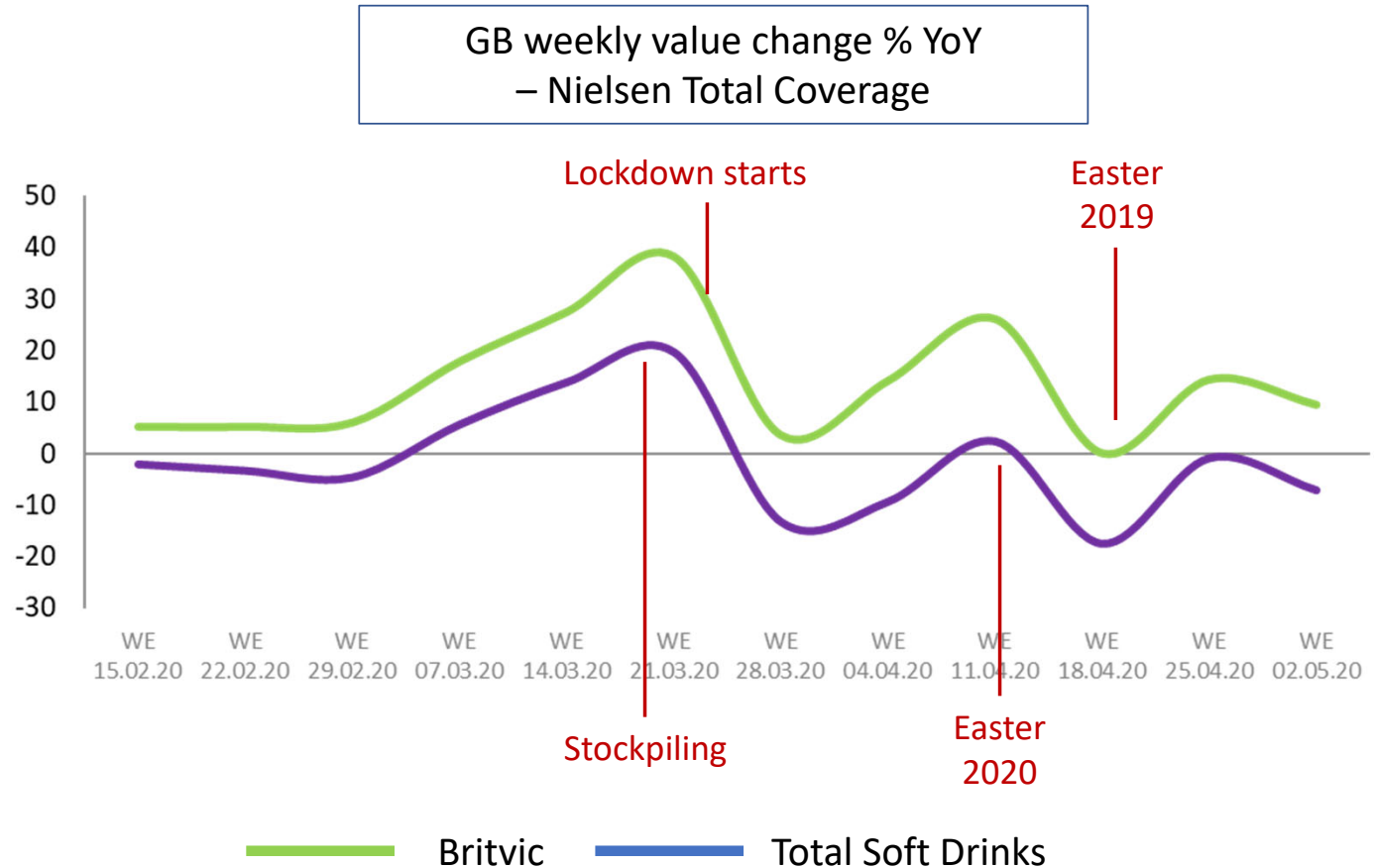
- Shift towards large packs in the At-Home channel
- Out-of-Home channel in decline - closure of pubs, restaurants and cinemas partly offset by growth in local neighbourhood convenience stores



OUT-PERFORMING THE AT-HOME CHANNEL IN GB

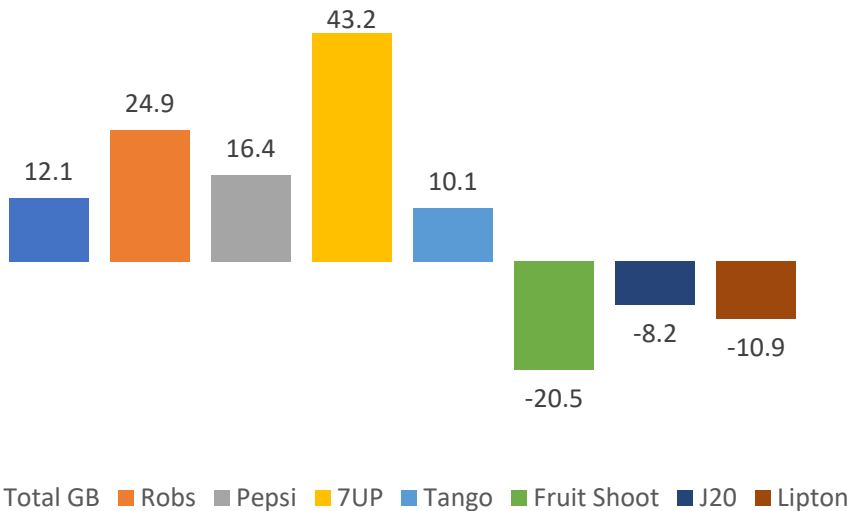


- At-Home market saw strong volume and value growth in March as customers stocked up
- Followed by a decline as people consumed stockpile
- Taking out Easter year on year variables, category has stabilised
- Britvic successfully gaining both volume and value share



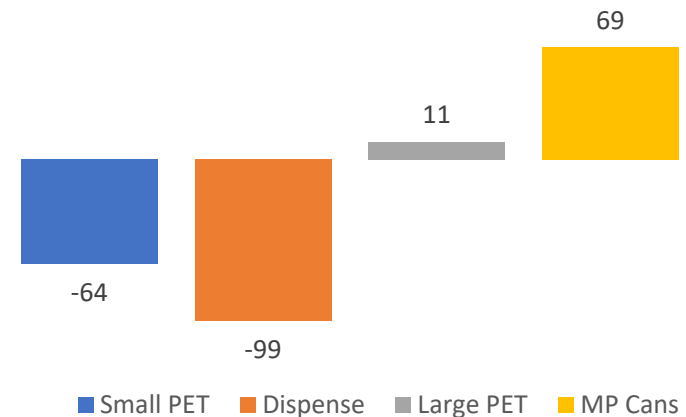
POSITIVE AT-HOME CHANNEL VOLUME, DRIVEN BY VALUE PACK FORMATS

GB At-Home April
volume % YOY



- Strong growth in core Britvic categories of flavoured concentrates and low/no sugar carbonates
- Decline in J20, Fruit Shoot and Lipton reflecting fewer social occasions, school closures and significantly reduced people movement

GB April pack volume % YOY
Mix trends dilutive for ARP and margin



- Higher margin on-trade and 'on-the-go' packs in decline
- Growth in lower margin value packs, large PET and multipack cans



**Joanne Wilson -
Chief Financial Officer**

**Strong momentum going into Covid-19
Robust liquidity position**

A STRONG FIRST HALF GOING INTO COVID-19

Metric	Reported	Adjusted %
Revenue	698.8	+1.4%
Adjusted EBIT	75.7	+9.4%
Adjusted EBIT Margin	10.8%	+80bps
Adjusted EPS	19.0p	2.7%
Dividend per share	-	-
Adjusted Net Debt/EBITDA	2.5x	-

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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 265.3m (2019: 264.4m). All numbers are in constant currency and are movements compared to last year restated to 31 March 2019

BUSINESS UNIT HIGHLIGHTS



	GB STILLS	GB CARBS	TOTAL GB	IRELAND
Volume	(1.0)%	+7.9%	+6.0%	+6.4%
ARP per litre	+0.5%	(3.0)%	(2.7)%	(2.2)%
Revenue	(0.4)%	4.6%	+3.1%	(1.9)%
Brand contribution	+11.4%	(3.6)%	+1.1%	(1.3)%
Brand margin %	+500 bps	(300) bps	(80) bps	+10 bps

GB

- Pepsi, 7UP and Tango leading strong carbs revenue growth
- Robinsons was growing pre-Covid, has accelerated in lockdown
- Fruit Shoot, J20 and on-the-go brands impacted by socialising and footfall restrictions
- Carbs brand contribution adverse due to customer & pack mix and higher A&P spend
- Stills contribution growth driven by disciplined revenue management, COGS savings and lower A&P spend

IRELAND

- Strong growth in At-Home and On-the-Go, led by MiWadi, Ballygowan and Pepsi
- Revenue decline driven by licensed wholesale channel, mostly due to lower third-party brands
- Licensed wholesale and water cooler business sector closed since early March due to Covid-19 restrictions

All numbers are in constant currency and are movements compared to last year

BUSINESS UNIT HIGHLIGHTS



	FRANCE	BRAZIL	INTERNATIONAL
Volume	(9.7)%	+17.3%	(8.0)%
ARP per litre	+0.7%	(0.4)%	(0.5)%
Revenue	(8.9)%	+17.0%	(8.5)%
Brand contribution	(2.6)%	+36.4%	+47.1%
Brand margin %	+220 bps	+350 bps	+960 bps

FRANCE

- EGalim law adversely impacting brand portfolio
- Improving trend in Q2
- Transaction to dispose of juice manufacturing sites ongoing. Competition approval delayed by Covid-19 pandemic

BRAZIL

- Now delivered 8 consecutive quarters of growth
- Innovation and Ready-to-Drink portfolio in growth
- Tax rebates benefit Revenue, brand contribution and margin

INTERNATIONAL

- Revenue decline primarily due to exiting Fruit Shoot MP in United States
- Travel & Export channels impacted by Covid-19 related restrictions for a large part of Q2
- Brand contribution and margin benefited from lower A&P spend and tight cost management

All numbers are in constant currency and are movements compared to last year

UNDERLYING FIXED COSTS DOWN DESPITE ADDITIONAL SUSTAINABILITY COSTS

	H1 2020	% Organic Constant Exchange Rate
Total A&P spend	23.8	19.0%
A&P as a % of revenue	3.5%	110 bps
Non-brand A&P	6.0	3.2%
Fixed Supply Chain	61.1	(6.6%)
Selling Costs	40.3	0.3%
Overheads & Other Costs	63.3	5.0%
Total fixed cost base	170.7	-

- A&P reduction driven by original media plan skewed to H2 to support sporting events, plus Covid-driven action in March
- Fixed supply chain increase largely due to additional sustainability costs (PRNs)
- Favourable overheads due to lower reward and discretionary spend



Decrease / (increase) in costs. All numbers quoted exclude adjusting items and percentages are on a constant currency basis

MODELLING CONSIDERATIONS

Input costs	Reduced – now expect low single digit inflation
Capital spend	Reduced – now expected to be circa £50m
Adjusting items	Increased £12m to £15m (cash impact £7m to £10m including PY effect)
Pension deficit cash contributions	Reduced - £15m with £5m deferred to Q1 FY21
Effective tax rate & interest	Increased - tax rate likely to be 22.5% to 23.5% as reduction in UK CTR to 17% cancelled and geographical mix of profits. Reduced interest range £20m to £21m
Tax payments	VAT – deferral of March payment following HMRC directive CT – no change in schedule of payments
Working Capital	Supporting smaller suppliers and on-trade customers will adversely impact payables and receivables

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ESTIMATE OF £12M TO £18M MONTHLY ADJUSTED EBIT IMPACT REMAINS UNCHANGED

ROBUST BALANCE SHEET AND LIQUIDITY POSITION

- **Successful recent re-financing strengthens our ability to navigate the pandemic**
 - Access to £1bn of debt facilities; undrawn facilities of approximately £300m
 - Headroom on banking covenants (3.5x Net Debt to EBITDA and 3.0x EBITDA to Net Interest Expense)
- **Scenario modelling provides confidence in liquidity position**
 - Significant financial headroom on existing facilities at each month end
 - Banking covenant headroom exists at FY20 and HY21 based on both our forecasts and a highly-conservative scenario
- **Highly disciplined stance to protect cash**
 - Tight working capital management
 - Reviewing and taking disciplined action on cash spend – A&P, Capex and Overheads
 - Deferral of certain cash payments into FY21, e.g. pension contributions, taxes



Simon Litherland – Chief Executive Officer

Good progress made on our
strategic priorities

Already planning for the future

A CLEAR STRATEGIC FRAMEWORK FOR THE FUTURE



FOCUSED NEAR-TERM PRIORITIES TO SUCCESSFULLY NAVIGATE THE PANDEMIC



Build local favourites and global premium brands

- Leverage supply chain investment and pack flexibility to realise increased At-Home channel demand
- Collaborating with customers on recovery strategy for Out-of-Home



Healthier people, Healthier planet

- Competitive edge from leadership in low/no sugar brands
- Industry-leading climate action ambition while minimising packaging waste



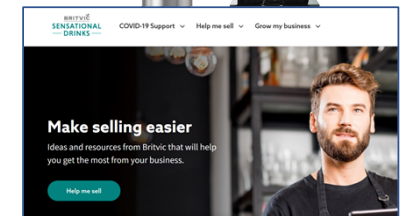
Flavour billions of water occasions

- Capitalise on growth in flavour concentrates to sustain long-term opportunities
- Trusted, family favourite brands delivering healthy hydration



Innovate to access new spaces

- Sensational drinks portal to support our on-trade customers
- Invest in new opportunities to accelerate e-commerce presence



CONFIDENCE IN DELIVERING VALUE FOR STAKEHOLDERS

- Track record of delivery and strong first half momentum
- Purpose-driven | Consumer-centric
- Beneficial category trends
- A portfolio of enduring, trusted brands
- Focus on Healthier People | Healthier Planet
- Financial strength and operational agility
- Highly engaged and dedicated employees

BRITVIC



A WELL-MANAGED BUSINESS
WITH PROVEN TRACK RECORD

IN A HIGHLY
RESILIENT CATEGORY

WITH LONG-TERM
GROWTH PROSPECTS

Q&A PARTICIPATION



1. **WEBCCHAT** - Ask a question through the webcast online chat. The call host will read the questions out

2. **IN PERSON** -Dial the following numbers and enter the access code **888150**

United Kingdom	0800 640 6441
United Kingdom (Local)	020 3936 2999
United States	1 855 9796 654
United States (Local)	1 646 664 1960
Ireland (Local)	01 691 7842
Sweden (Local)	010 884 80 16
All other locations	+44 20 3936 2999

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Thank you

27 MAY 2020

