BRITVIC PLC PRELIMINARY RESULTS 2018

29 NOV 2018

Simon Litherland – Chief Executive Officer

Delivering on our strategic priorities

BRITVIC

2018 – STRONG PROGRESS DELIVERING OUR STRATEGIC PRIORITIES

BRITVIC

- Volume and price realisation generating balanced revenue growth
- GB stills returned to revenue growth
- Successfully navigating soft drinks levy, underpinned by strength of low/no sugar portfolio
- Revenue from innovation at an all-time high
- Business capability programme on-track and delivering benefits ahead of schedule
- Continued margin expansion and growth in earnings and dividends

ROBINSONS INNOVATION IS DRIVING REVENUE AND CATEGORY GROWTH

BRITVIC

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

#1 soft drink launch *in last 2 years

Already #3* premium squash brand

Leading the category back into growth

- Premium innovation to existing range
- Encouraging trade-up, winning back consumers and attracting new entrants
- 77% of 'Creations' sales are incremental

- 89% of 'Cordials' sales are incremental
- Headroom to grow by increasing awareness and growing distribution
- Squash the #1 beneficiary from consumers switching post SDIL**

- Range of formats to increase consumption of Robinsons 'out of home'
- Low sugar, healthy hydration

Source: * Nielsen to Sep 2018 **Kantar World Panel 16 weeks volume data to 12 August 2018

J20 RETURNED TO GROWTH, FRUIT SHOOT DECLINED IN A COMPETITIVE MARKET

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

- New packaging across both core and Spritz ranges
- Spritz in strong value growth and further distribution to realise
- Successful multi-channel “Find Your Mojo” marketing campaign
- Underpinned by increased Feature & Display and optimising promotional strategy

- Core range declined due to increased competitive pressure and changes to promotional plan to drive longer-term value
- New “Juiced” and “Hydro” ranges in growth and broadening brand appeal
- “Juiced” schools compliant, no artificial flavour or colours

PORTFOLIO OF LOW/NO ADDED SUGAR BRANDS IN STRONG GROWTH

BRITVIC

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

All below SDIL threshold*

- No caffeine or sugar
- 25% market value growth in 2018
- Accelerated in Q4

- Range of flavours
- FY market value growth, accelerated in Q4

- Heritage branding and range of flavours
- FY market value growth

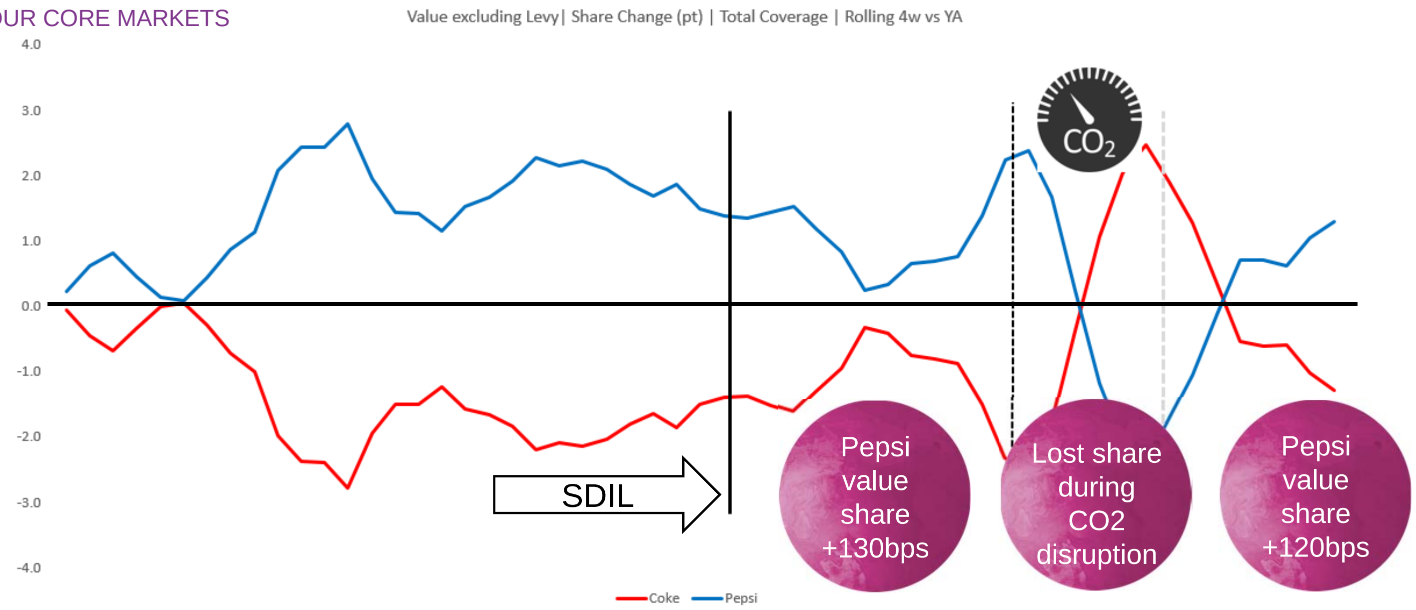
- Multivitamin natural energy proposition
- 28% market value growth in 2018
- New can format to accelerate growth

- Range of flavours to broaden appeal
- FY market value growth, accelerated in Q4

* Purdey's SDIL exempt as does not contain added sugar

PEPSI HAS GAINED SHARE SINCE THE INTRODUCTION OF THE SOFT DRINKS LEVY

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS



- Modest cola category volume decline since introduction of SDIL
- Promotional activity scaled back in response to disruption from CO2 shortage

- Transparent approach of “price on top” for added sugar is working
- To encourage switch into no sugar
- 61% of consumers prefer taste of MAX

- Pepsi MAX generated more incremental value than any other cola variant in 2018
- Continued share gain momentum
- Confident in long-term prospects

CHALLENGING MARKET IN FRANCE, ANOTHER STRONG PERFORMANCE IN IRELAND

BRITVIC

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

IRELAND

- Focus on revenue management realised significant benefit and market share gains
- Portfolio of leading low and no sugar brands benefitting from introduction of sugar sweetened drinks tax (SSDT)
- Strong growth in water category due to prolonged period of hot weather

FRANCE

- Poor weather was a drag on the syrups category, which is particularly weather sensitive
- Intense competitive pressure in kids' category impacted Fruit Shoot
- Pressade continued to grow and outperform the market

ROBUST PERFORMANCE IN BRAZIL, INTERNATIONAL BUSINESS UNIT RECOVERY IN H2

REALISE GLOBAL OPPORTUNITIES

BRAZIL

- Bela Ischia synergies ahead of plan
- Innovation to broaden appeal of dilutes
- Some signs of macro improvement

USA

- Increased range, shelf space and new retail listings won for multipack
- Incremental growth driven by Hydro variant
- LEC distributor agreements secured

BENELUX

- Teisseire gained market share
- Continued delivery of revenue management benefits

TRAVEL & EXPORT

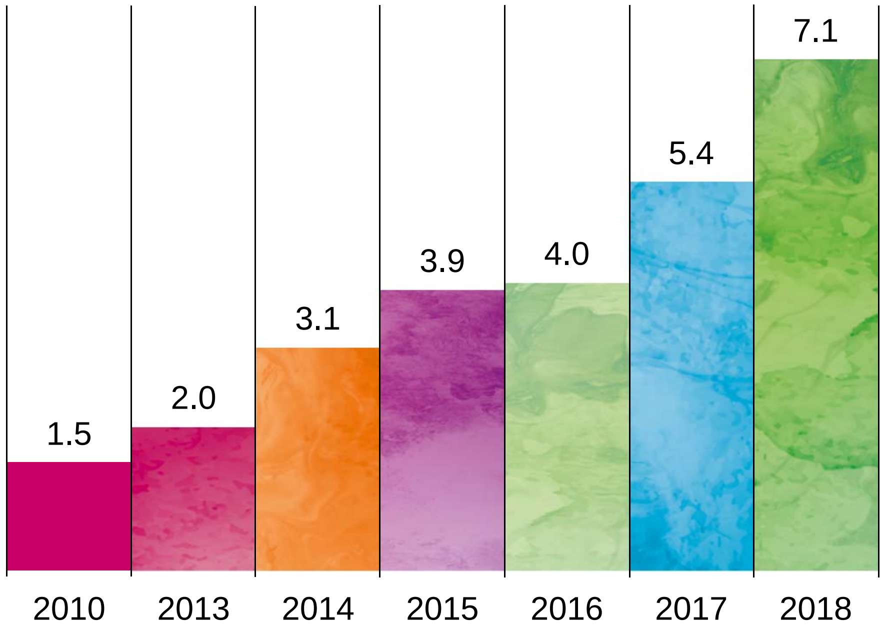
- New travel sector listings recently secured
- LEC launched in selected cities
- Loss of Monarch airlines contract absorbed

INVESTMENT IN BRITVIC INNOVATION DELIVERED A RECORD CONTRIBUTION IN 2018

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

- Since 2013 we have invested in innovation to realise category & channel growth opportunities:
  - A more healthy portfolio, moving ahead of the market on reformulation
  - Extend portfolio through premium offerings
  - Leverage our core brands into new occasions through different pack formats
  - Invest in emerging, fast-growing categories that offer long-term growth potential

% OF TOTAL REVENUE FROM OWNED-BRAND INNOVATION



Innovation – Launch year + 3 years, only owned-brand innovation measured on total group revenue

COMMITTED TO BUILDING TRUST AND RESPECT

BUILD TRUST AND RESPECT IN OUR COMMUNITIES

Healthier People

- 16% reduction in calories per serve

Healthier Communities

- 3 year corporate charity partnership with Diabetes UK announced

DIABETES UK
CARE. CONNECT. CAMPAIGN.

Healthier Planet

- Signatory to UK Plastics Pact 2025 targets, including achieving 30% rPET usage

THE UK PLASTICS PACT

BRITVIC

Mathew Dunn – Chief Financial Officer

A strong financial performance

A STRONG FINANCIAL PERFORMANCE

Metric		Reported %	Organic* %
Revenue	£1,503.6m	+5.1%	+2.7%
Adjusted EBIT	£206.0m	+5.4%	+4.0%
Adjusted EBIT Margin	13.7%	-	+10bps
Adjusted EPS	56.3p	+6.4%	-
DPS	28.2p	+6.4%	-
Adjusted Net Debt/EBITDA	2.2x	2.0x	(0.2)x

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 263.6m (2017: 262.9m).

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

VALUE AHEAD OF VOLUME GROWTH IN EUROPEAN MARKETS, BRAZIL IMPROVEMENT IN Q4

BRITVIC

							
FY	Market Volume	+2.6%		+7.6%		(2.1)%	+0.4%
			Ex-Levy		Ex-Levy		
	Market Value	+6.9%	+5.7%	+10.8%	+9.4%	0.0%	(0.1)%
Q4	Market Volume	+7.7%		+12.9%		+4.2%	+2.7%
			Ex-Levy		Ex-Levy		
	Market Value	+14.8%	+12.4%	+18.6%	+15.1%	+8.5%	+3.0%

GB take-home market data is supplied by Nielsen and runs to 29 September 2018. ROI take-home market data is supplied by Nielsen and runs to 9 September 2018. French market data is supplied by IRI and runs to 16 September 2018. Brazil concentrates market data is supplied by Nielsen and runs to 30 September 2018

STRONG PERFORMANCE ACROSS GB PORTFOLIO

	GB Carbs ex-SDIL	GB Stills ex-SDIL	Total GB ex-SDIL
Volume	+1.0%	+2.9%	+1.4%
ARP per litre	+3.9%	+1.2%	+3.0%
Revenue	+4.9%	+4.2%	+4.4%
Brand contribution	+7.4%	+4.1%	+5.9%
Brand margin %	+100 bps	0 bps	+70 bps

CARBS

- H2 disrupted by CO_2 shortage, now fully recovered.
- Growth led by low/no sugar portfolio
- Price realisation benefit from new promotional price points and positive mix driving margin

STILLS

- Stills category benefiting from introduction of SDIL and consumers switching
- Robinsons & J20 in strong growth
- Margin flat due to promotional mix, A&P and COGS inflation

All numbers quoted are on an organic basis

DECLINE IN FRANCE REVENUE PRIMARILY PRIVATE LABEL, IRELAND GROWTH LED BY LOW/NO SUGAR PORTFOLIO

	France	Ireland
Volume	(6.4)%	+2.2%
ARP per litre	+0.8%	+4.4%
Revenue	(5.7)%	+8.3%
Brand contribution	(2.2)%	+13.3%
Brand margin %	+110 bps	+150 bps

FRANCE

- Contribution impact limited as majority of revenue decline from private label contracts
- Branded syrups decline primarily due to poor weather
- Fruit Shoot declined in face of intense competition
- Pressade continued to deliver strong growth

IRELAND

- Positive pack mix and successful revenue management generated strong price realisation
- Growth across the portfolio, led by low/no sugar brands
- Counterpoint wholesale business benefiting from acquisition of East Coast

All numbers quoted are on an organic constant currency basis

	Brazil organic	International
Volume	+0.6%	+5.5%
ARP per litre	+0.2%	(0.5)%
Revenue	+0.8%	+4.9%
Brand contribution	+11.4%	+29.5%
Brand margin %	+200 bps	+390 bps

BRAZIL

- Volume and pricing robust in difficult macro
- Lower cost of goods and A&P spend benefiting margin
- Bela Ischia synergies ahead of guidance

INTERNATIONAL

- 14.6% revenue growth in second half, following 6.5% decline in H1
- Roll-out of LEC in targeted cities
- Margin growth reflects mix and lower A&P spend

All numbers quoted are on an organic constant currency basis

OVERHEADS UP DUE TO: DEPRECIATION, CO-PACKING AND BAD DEBT

BRITVIC

	FY 18	% Organic Constant Exchange Rate
Total A&P spend	65.6	0.5
A&P as a % of revenue	4.6%	(20) bps
Non-brand A&P	11.2	(12.0)
Fixed Supply Chain	113.7	(14.6)
Selling Costs	79.5	(0.1)
Overheads & Other Costs	131.4	(6.9)
Total fixed cost base	335.8	(7.7)

- A&P investment broadly flat
- Increase In fixed supply chain costs due to Incremental BCP depreciation and co-packing costs for innovation
- Invested in outlet execution, resulting in increased direct selling costs
- Customer bad debt included in Overheads & Other costs

Decrease / (increase) in costs. All numbers quoted exclude adjusting items and % are on an organic basis

£10.5M IMPROVEMENT IN FREE CASH FLOW GENERATION, SIGNIFICANT STEP-UP FROM 2019

BRITVIC

	2018 £m	2017 £m
Adjusted EBIT	**206.0**	**195.5**
Depreciation	44.8	40.3
Amortisation (non-acq related)	7.4	8.3
Adjusted loss on disposal of PPE	1.4	2.0
Adjusted EBITDA	**259.6**	**246.1**
Adjusted working capital	15.5	26.0
Capital spend	(143.5)	(146.7)
Pension contributions	(22.1)	(22.1)
Interest and finance costs	(19.0)	(19.5)
Adjusted income tax paid	(28.1)	(31.7)
Share based payments	5.6	6.3
Issue of shares	1.0	0.7
Purchase of own shares	(3.1)	(5.3)
Other	(0.9)	0.7
Adjusted free cash flow	**65.0**	**54.5**

2018

- Capital spend of £143.5m as BCP comes to an end
- £38.4m outflow related to EBBA and East Coast acquisitions
- Working capital impacted by shift of GB carbonates sales to end-August / Sep and payment date falling in F18

2019 onwards

- Capital falling towards guidance range of 3.5% to 4.5% of revenue
- BCP benefits fully realised from 2020
- Significant step-up in FCF prospects

A SOLID FINANCIAL PLATFORM UNDERPINNING THE STRATEGY

BRITVIC

Volume  Price

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 in new geographies or bolt-on to existing markets	Maintain long-term debt leverage within 1.5x to 2.5x range

DELIVERING STRONG SHAREHOLDER RETURNS

Total Shareholder Return outperformed the FTSE100, 250 and FMCG peer group

OTHER ITEMS

2019 GUIDANCE

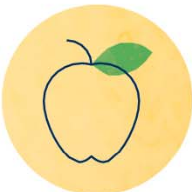
- Anticipate low-single digit cost inflation
- Interest charge in range of £20m to £21m
- Lowering EFT range to 21% to 22%
- Capex £70m to £80m
- Net Debt to EBITDA range of 2.0-2.2X
- Adjusting items, excluding amortisation, of £25m to £30m
- Inventory levels may be higher at half year to support Brexit contingency planning

FUNDING PLATFORM

- £77m of 2007 USPP debt repayable Feb 2019
- Will be repaid from current banking facilities
- Strong financial platform provided by the £400m RCF and £623m (at contracted rates) of long-term USPP debt funding

TRADING UPDATES

- Quarterly update to be simplified
- Support focus on long-term strategic goals
- Comprehensive interim and full year updates
- Innovation definition to be reviewed



BRITVIC

Simon Litherland – Chief Executive Officer

Clear priorities for 2019

OUR STRATEGY HAS CONTINUED TO DELIVER STRONG SHAREHOLDER RETURNS

BRITVIC

Generate profitable growth in our core markets	Realise global opportunities	Step-change our business capability	Build trust and respect

Generating

3.9% revenue CAGR	+330 bps margin growth	9.8% EPS CAGR	8.9% DPS CAGR

* Excludes the impact of IFRS15

BUSINESS CAPABILITY PROGRAMME MAKING GOOD PROGRESS, COMPLETES LATE 2019

BRITVIC

ACHIEVED 2016 TO-DATE

- 3 x new PET lines and 3 x new can lines already delivering benefits
- New on-site warehousing completed Leeds & London
- Major groundworks at Rugby undertaken, transforming site footprint whilst remaining fully operational
- Environmental benefits - less power, water and packaging

FINAL PHASE COMPLETE LATE 2019

- Installation of 3 x PET and 1 x Aseptic line completed late 2019
- New automated warehouse at Rugby fully operational
- New Combined Heat & Power plant will deliver lower cost and environmental benefits
- Norwich site closes Q4

A net £240m investment, generating a 15% EBITDA return

THE BUSINESS CAPABILITY PROGRAMME – A PLATFORM FOR GROWTH

BRITVIC

INCREASED CAPACITY

- 330 ml can and
- 1.5L PET

MEET DEMAND

PACK FLEXIBILITY

- 250ml can and 375ml PET
- 1.25 and 3 litre PET

ACCESS GROWTH CHANNELS

LIQUID CAPABILITY

- Improved pasteurisation
- New preservative-free brands

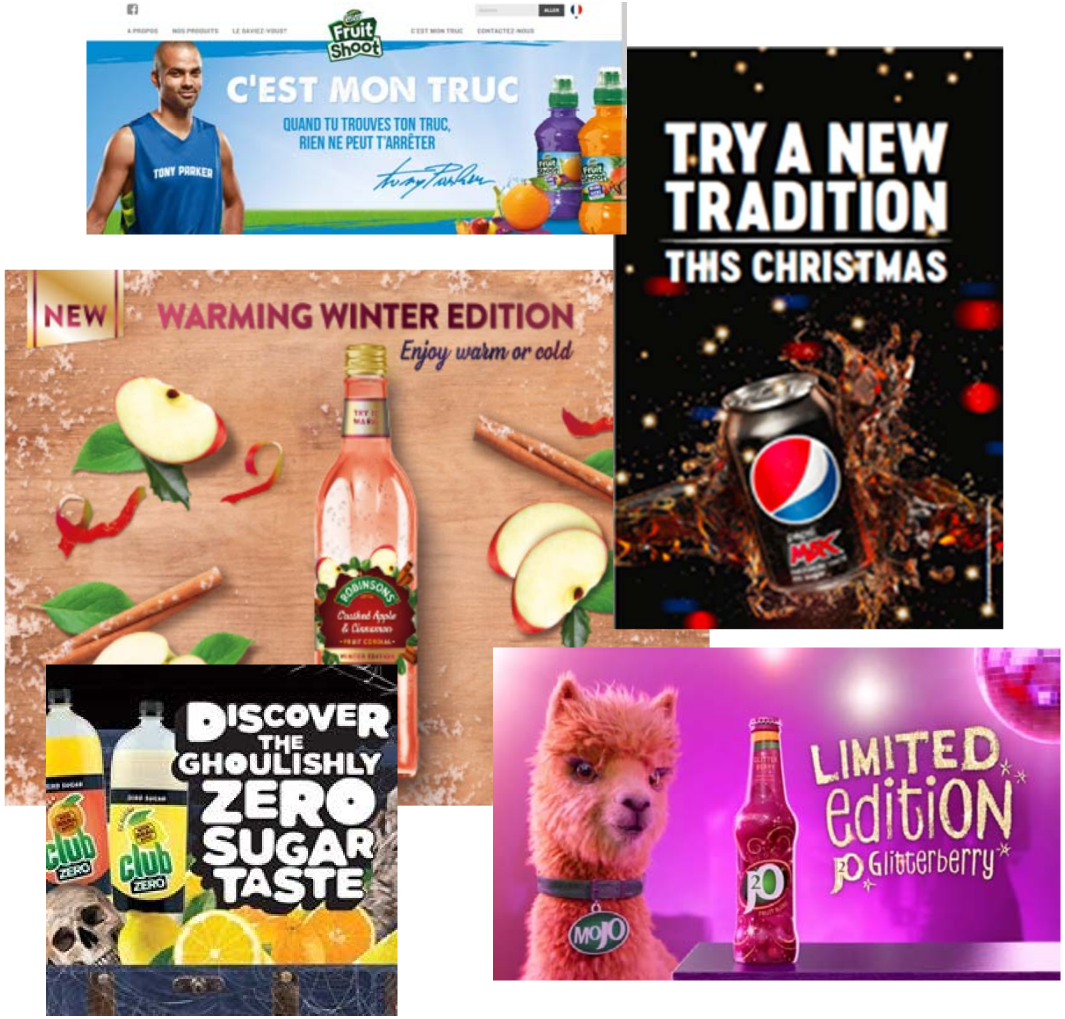
MEET CONSUMER NEEDS

EXCITING INNOVATION AND MARKETING CAMPAIGNS IN 2019

BRITVIC

Broaden the appeal of our core brands

Invest in small, fast-growing categories



CONFIDENT OF FUTURE GROWTH

Category	Soft drinks is a robust and resilient category
Consumer	Wants more choice · Is more health conscious · Is looking for premium experiences · Seeks greater convenience
Britvic	Category expertise · Broad portfolio of relevant brands · Pipeline of innovation · Sales and marketing capability · Route to market presence · Modern supply chain

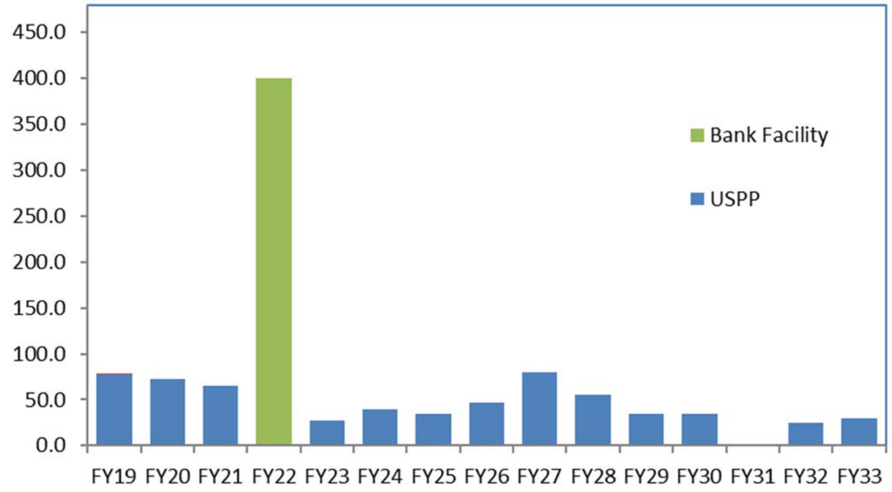
Questions

Appendix

A SOLID FINANCIAL PLATFORM UNDERPINNING THE STRATEGY

- £623m of USPP debt (at contracted rates)
- £120m of new notes in June 2018, repayable 2028 to 2033
- Notes issued in GBP and EUR for fixed and floating rates

- £400m revolving credit facility in place to November 2021
- Circa £1023m total debt facilities maturing FY 2019 to FY 2033
- £77m of USPP notes maturing in FY19



PLANNING FOR A NO DEAL BREXIT

RISK	MITIGATION
Customs Admin	• Limited change and readiness plans in place with suppliers
Product Regulation	• UK adopting EU standards, some limited changes
ForEx Risk	• 18 month hedging policy, 90%+ covered for F19
Finished Goods Tariffs	• Majority made and consumed in market
Raw Materials Tariffs	• 30% of UK raw materials are EU sourced • Available alternative sourcing options being pursued • Remainder would be mitigated through revenue management
Delays at Ports	• Inventory build of full goods and relevant raw materials • Working with suppliers on alternative transport routes

ADR PROGRAMME

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

- Quoted in U$D
- Dividends paid in U$D

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

- Underlying SEDOL : BON8QD5
- Underlying ISIN : GB00B0N8QD54
- Depositary : BNY MELLON