



**BRITVIC**

# Interims 2023 presentation



**16 May 2023**



# Q&A dial-in details

## 1. Conference call details

Please join the event 5-10 minutes prior to scheduled start time. If prompted, provide the conference password or event title.

Dial in  
number(s)

UK-Wide: +44 (0) 33 0551 0200

UK Toll Free: 0808 109 0700

Password (if prompted)

Quote **Britvic Interim Results** when prompted by the operator



# Agenda

**Simon Litherland**  
**Chief Executive Officer**

**STRATEGIC & OPERATIONAL REVIEW**  
A stronger, more agile Britvic

**Chris Hancock**  
**Chief Strategy Officer**

**FINANCIAL REVIEW**  
An excellent start to the year

**Simon Litherland**  
**Chief Executive Officer**

**LOOKING AHEAD**  
A winning growth strategy





A glass of 20:SPRITZ pink spritz with a can of 20:SPRITZ and fresh fruit on a wooden table. The glass is filled with a pink, bubbly beverage and garnished with a sprig of mint. The can is red with the 20:SPRITZ logo and the words 'APPLE WATER' visible. In the foreground, there are several pieces of fresh fruit, including a watermelon slice, a lime, and an orange. In the background, there are plates of spaghetti and a bowl of salad on a wooden table.

## Strategic & Operational Review

A stronger, more agile Britvic



Simon  
Litherland

CEO

# An excellent start to the year

- Great progress and momentum across People, Planet and Performance
- Successfully managing the challenging inflationary environment
- Strong brands winning in a highly resilient category
- Making further progress on our strategic priorities
- Continued strong returns to shareholders
- Clear priorities and exciting plans for the second half





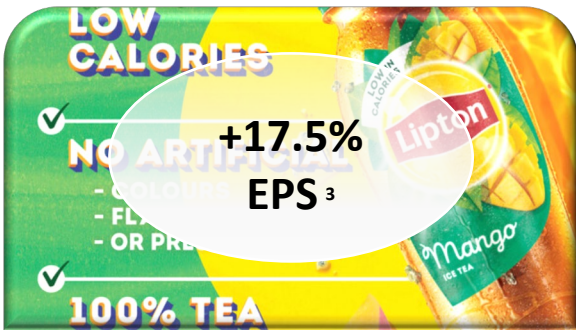
# Strong delivery across our People, Planet & Performance metrics



**+7.9%**  
Revenue <sup>1</sup>



**+80bps**  
Margin <sup>2</sup>



**+17.5%**  
EPS <sup>3</sup>



**2.2x**  
adjusted net debt/  
EBITDA



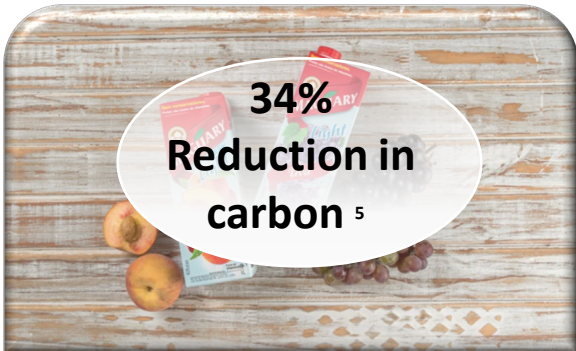
**£93.4m** <sup>4</sup>  
Cash returned to  
shareholders



**78**  
Engagement



**23 Calories**  
per serve



**34%**  
Reduction in  
carbon <sup>5</sup>

1. Adjusted for currency 2. Adjusted EBIT margin 3. Adjusted EPS 4. Value of dividend paid and share buyback in HY23 5. Carbon reduction in total Scopes 1 & 2 market-based emissions since 2017 SBTi baseline

# H1 performance highlights



Tango revenue  
**+39.7%**

The fastest growing fruit flavoured carbonate brand in GB



Ballygowan revenue  
**+34.5%**

With Hint of Fruit range leading category growth in flavoured water



Brazil brand contribution  
**+12.3%**

Focus on price realisation to step-change margin profile



Global flavour concentrates revenue<sup>1</sup>  
**+2.2%**

7.5% growth in GB, Ireland & Brazil offset by 8.0% decline in France



£31m Innovation revenue<sup>2</sup>

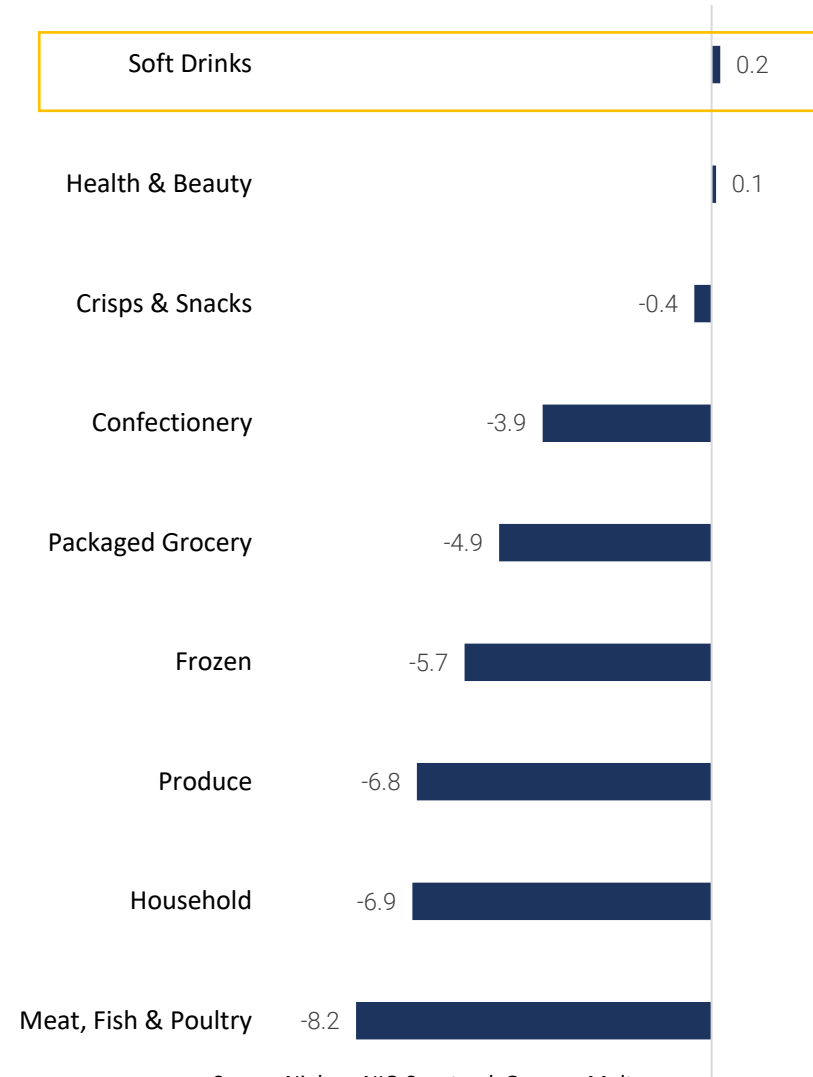
Building momentum with growth in all markets

1. Branded flavour concentrates year 2. Innovation revenue includes FY22 and FY21 focus brands at constant currency

# A highly resilient category

- **Affordable** category, offering consumers quality, choice and value
- **Consumer demand** remains strong in both the retail and hospitality channels
- Soft drinks has again demonstrated its ability to **grow value** while maintaining **robust volumes**
- 1 of only 2 categories to see **multi unit sales growth** in GB retail
- **Brands** have led the growth and **gained share** with limited switching to private label in GB

GB Grocery Multis Unit Sales growth by Super Category  
Y/E 25.03.23



Source Nielsen NIQ Scantrack Grocery Multis



# Successfully managing a challenging inflationary environment

- Strong **headline pricing** and broader **revenue growth management** execution across all business units to offset inflation
- **Price movement** in GB and Ireland in **Q1**, and **end of Q2** in France
- **Brazil volumes stabilising**, following multiple price increases in 2022
- **Sequential volume improvement in Q2**
- Continued to offer consumers great **quality and value** at affordable prices

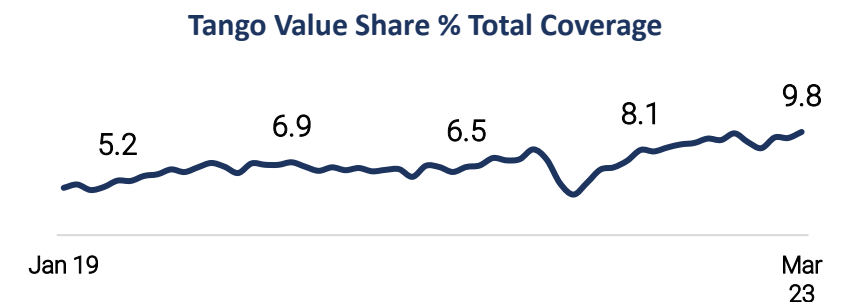
Britvic volume YOY	Q1	Q2
Group	(3.9)%	+0.6%
GB	(2.4)%	+1.2%
Brazil	(12.0)%	(1.9)%
Other International	(3.6)%	(0.1)%

# Tango – the fastest growing fruit-flavoured carbonates brand



- Brand retail sales value (RSV) **+56.1% YOY** (category +14.7%)
- RSV £84m, **+£53m\***
- Recruited **2 million new shoppers\***
- Market **share nearly doubled\***
- New sugar-free **flavour innovation = 50% of brand RSV**
- Successful **marketing platform**
- Significant **white space** for future growth, especially in IC

\* Since 2019 as measured by Nielsen



Brand RSV nearly tripled in 4 years, with significant headroom to grow



# Leveraging the brand equity of Ballygowan



- Total brand revenue **+34.5% YOY**
- ‘**Hint of Fruit**’ range achieved **18% market share** in year 1
- Innovating to create **great tasting, low and no calorie drinks**
- Production to be **100% wind powered**
- **90% reduction** in direct **carbon** emissions at **Newcastle West**
- Every bottle **100% recycled plastic\***



\* Core range

# Rebuilding margin and growing brands in Brazil

- **Multiple price increases** in 2022 to **correct margin** (+290bps)
- Brand **contribution** +12.3%
- **Volumes stabilised** in H1
- **Fruit processing** business particularly impacted by crop yields & inflation
- More than **offset** by **growth of brands**



**Concentrates**  
**+26.2%**



**Seleção**  
**+40.8%**



**Fruit Shoot**  
**+50.1%**



**Be ingredient**  
**-55.9%**



# Financial Review

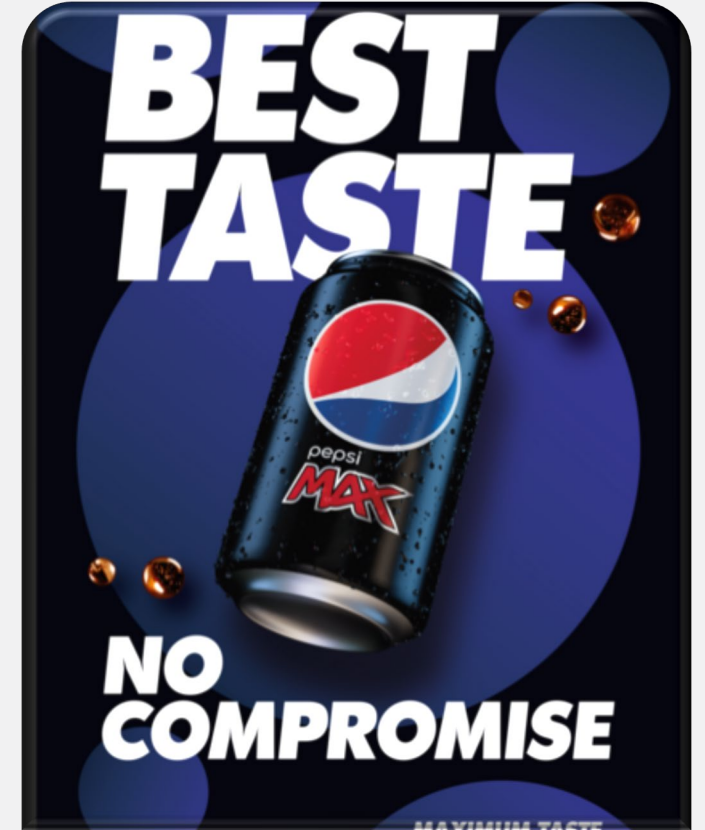
An excellent start to the year



Chris Hancock  
Chief Strategy  
Officer

# An excellent start to the year

	Reported	Vs. HY22
Volume	<b>1,154.1m</b>	-1.8%
Net Revenue	<b>794.0m</b>	+7.9%
Adjusted EBIT	<b>85.3m</b>	+16.7%
Adjusted EBIT Margin	<b>10.7%</b>	+80bps
Adjusted EPS	<b>22.8p</b>	+17.5%
DPS	<b>8.2p</b>	+5.1%
Adjusted Net Debt / EBITDA	<b>2.2x</b>	-



Q1 Volume / Revenue YOY  
**-3.9% / +7.4%**

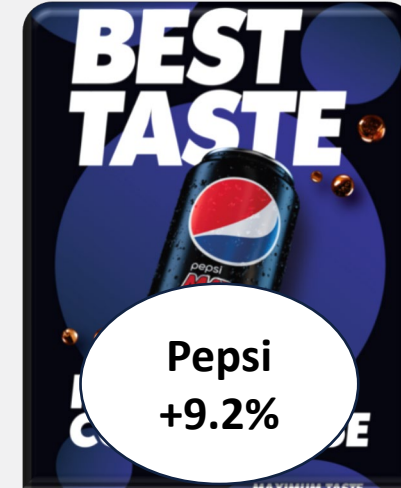
Q2 Volume / Revenue YOY  
**+0.6% / +8.4%**





## Business Unit highlights GB

- Consistent revenue growth in both retail and hospitality channels
- Revenue growth across both Britvic and PepsiCo brand portfolios
- Strong performance in low sugar carbs and J2O, Rockstar more challenging
- Margin benefits from phasing of A&P into H2



Volume	-0.8%
ARP	+11.2%
Revenue	+10.4%
Brand Contribution	+16.4%
Brand Margin	+210bps

# Business Unit highlights



## Brazil

Volume	(7.4)%
ARP	+6.5%
Revenue	(1.4)%
Brand Contribution	+12.3%
Brand Margin	+290bps

- Impact of price increases on volume stabilising, Q1 -12.0% and Q2 -1.9%
- Growth led by higher margin flavour concentrates, grape and Fruit Shoot
- Revenue decline in fruit processing - poor crop yields and increased competition



## Other International

Volume	(1.9)%
ARP	+6.8%
Revenue	+4.7%
Brand Contribution	(13.0)%
Brand Margin	(500)bps

- Robust growth in Ireland, led by carbonates portfolio and water
- France down due to weak syrups performance and timing of price realisation to offset high cost inflation
- LE listing with Ennismore Hotels and MT listings in Asia



# Cost base – investing in the business to drive growth

- Full year **A&P** anticipated to be **ahead of FY22**
- Planned **A&P** saving in H1, **shifted investment into H2**
- **Salary investment** to retain and recruit the best talent
- Invested in **field sales team** to support channel growth strategy
- Installing industry leading **heat recovery system** in Beckton
- Adding more capacity in GB with a **new can line** already operational and a **small PET line** due Q4

	Reported	Var to HY22
Total A&P spend	21.8	15.2%
A&P as a % of revenue	2.7%	90bps
Non-brand A&P	6.0	(15.4)%
Fixed supply chain	70.2	0.2%
Selling costs	45.3	(16.5)%
Overheads and other costs	72.8	(11.1)%
Total fixed cost base	194.3	(8.0)%



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# Smart procurement securing availability and curbing inflation

- **Supply resilience** of key components secured through proactive **supplier relationship management**
- **FY23** inflation in line with **low double-digit %** guidance
- Rolling 18 month hedging policy with **>90% coverage in FY23** and **>50% in FY24**
- Packaging and energy inflation moderating, offset by services and agricultural commodities
- **FY24** anticipate return to **lower inflationary environment**



# Disciplined capital allocation policy



**RETURN EXCESS CASH TO SHAREHOLDERS**



# 2023 trading environment and modelling considerations

- Anticipate price/mix led revenue growth though RGM price realisation
- Will continue to invest in future growth drivers - brands, supply chain, sustainability and technology
- Effective tax rate 21.0% to 22.0%, Net interest cost of £22.5m to £23.5m and £5m cash pension contribution
- Capital spend £80m to £90m
- Adjusting items £12m to £14m, of which £8m recurring non-cash acquisition-related amortisation
- Maintaining 50% dividend pay-out and a further share buyback programme confirmed at £75m



# Looking Ahead

A winning growth strategy



Simon  
Litherland

CEO



# Britvic's winning growth strategy will continue to deliver over the long-term

## STRATEGIC PRIORITIES



**BUILD LOCAL  
FAVOURITES &  
GLOBAL PREMIUM  
BRANDS**



**FLAVOUR  
BILLIONS  
OF WATER  
OCCASIONS**



**HEALTHIER  
PEOPLE,  
HEALTHIER  
PLANET**

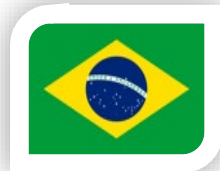


**ACCESS  
NEW  
GROWTH  
SPACES**

## MARKET FOCUS



**LEAD MARKET  
GROWTH IN GB**



**ACCELERATE AND  
EXPAND IN BRAZIL**



**GLOBALISE PREMIUM BRANDS  
& IMPROVE PROFITABILITY  
IN WESTERN EUROPE**

## ENABLERS

**GENERATE FUEL FOR GROWTH  
THROUGH EFFICIENCY**

**TRANSFORM ORGANISATIONAL  
CULTURE & CAPABILITY**

**SELECTIVE M&A TO  
ACCELERATE GROWTH**



## Pepsi – Winning in Cola

- Continued focus on Pepsi MAX – the **#1 cola variant in GB**
- Activating **proven platforms** - football, live music and taste challenge
- Continued leadership in **flavour innovation**
- Further **reduction in calories** with 58% less sugar in regular variant
- Extending reach, growing distribution and share to **unlock under-indexing channels and occasions**
- **Adding capacity** to keep up with demand for cans and small PET



<sup>1</sup> Nielsen IQ RMS, Total Coverage, Soft Drinks Brands, Britvic defined volume sales, MAT WE 22.10.22. Kantar WPO, Take Home, Cola Brands, Loyalty %, MAT WE 22.10.22

# Robinsons: evolving the squash category

- The nation's #1 squash brand is reinventing the category
- A **bold new look** and **new shelf layout** to improve appeal and shopper impact
- Family-centric **activation platforms** and engaging **brand partnerships**
- **Heavyweight new advertising campaign** soon to be live
- Meeting consumer health needs with **low calories and added vitamins**
- **Minimising environmental impact** per serve through flavour concentration and more sustainable packaging
- **Innovation** in new flavours, ranges and pack formats to meet different consumer needs and occasions



# Investing in the future growth potential of Rockstar and Teisseire



## Rockstar

- **Simplified range**, with new **sugar-free** flavours added
- Dedicated Rockstar regional **field sales team**
- **5-year Live Nation partnership**: 22 music venues across 15 cities
- **Upweighted A&P spend** and marketing programme
- Secured a **world-class act** as brand ambassador

## Teisseire

- Contemporary brand **visual identity** to improve appeal and shelf standout, more **consistent across markets**
- **Simplification** of range and **SKU optimisation**
- Extended and relaunched **zero sugar** range
- Clear, simple and impactful **in-store shelf layout**
- **Marketing** campaigns in France, Belgium and Holland



# A Stronger, More Agile Britvic: a faster-growing business

- An **excellent start** to the year, our **fantastic brands** are winning in a **resilient category**
- **Good momentum** across all key performance indicators
- Successfully **managing the inflationary environment**
- **Continuing to invest** to accelerate long-term, future growth
- **Exciting marketing & innovation** plans for H2
- Delivering **strong returns** to shareholders
- **Confident of making further progress** this year across all key metrics: **People, Planet and Performance**

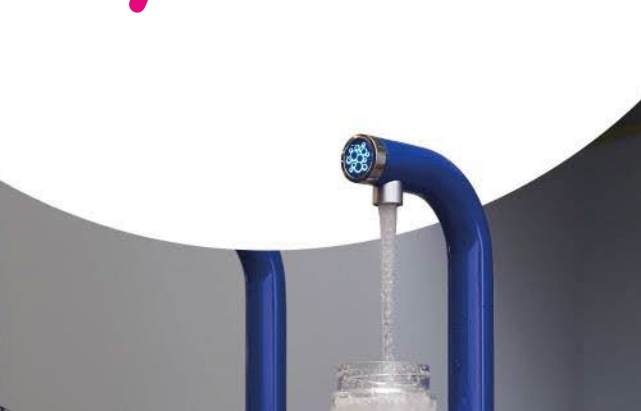






**BRITVIC**

Thank  
you







**BRITVIC**

# Appendix







## Lead Market Growth in GB

- **Maintaining our carbonates momentum**, through our leadership in great tasting low/no sugar
- **Flavouring billions of water occasions**, Robinsons leading the migration towards concentrated soft drinks
- Leveraging our dispense expertise and Aqua Libra Co to lead **growth beyond the bottle**
- Accelerating our share across key **growth channels**
- **Accessing new growth spaces**, such as Energy and Plant-based drinks
- Underpinned by a **well invested supply chain**
- **Healthier People, Healthier Planet** defining how we do business





## Accelerate and Expand in Brazil



### Category expansion

- Rejuvenating concentrates for the Brazilian consumer
- Building our global premium portfolio
- Accessing new growth spaces in through innovation, group brands and bolt-on M&A

### Regional expansion

- Consolidating strength in São Paulo, Rio, MG & NE
- Accelerating share in under-indexed regions
- Tailoring price and pack architecture to match regional demographics
- Creating a more efficient, lower carbon supply chain



## Globalise Premium Brands and Improve Profitability in Western Europe



### Global Premium

- Further acceleration of London Essence and Mathieu Teisseire around the world
- Building strength in Middle East and Asia alongside core European markets
- Move to local production through key partners as scale builds



### Western Europe

- Building profitable local brands and accessing new, higher margin growth spaces in Ireland
- Further expanding Teisseire in France and across targeted European markets
- Continuing to build efficiency of operations