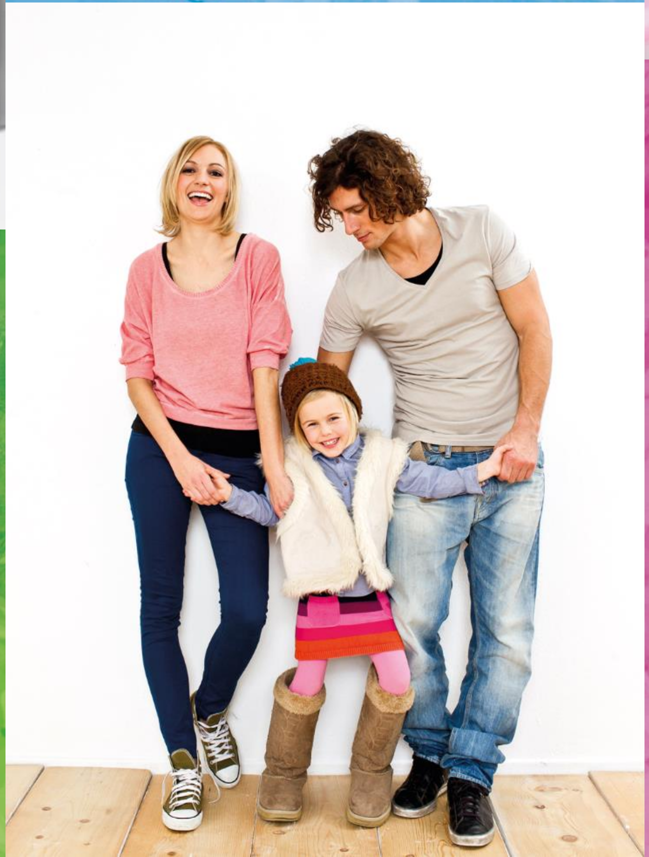
Britvic plc Interim Results 2018



CEO – SIMON LITHERLAND

DELIVERING ON OUR STRATEGIC PRIORITIES AND VISION

OUR STRATEGY IS DELIVERING CONSISTENT RETURNS FOR SHAREHOLDERS

- GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS
- REALISE GLOBAL OPPORTUNITIES
- STEP-CHANGE OUR BUSINESS CAPABILITY
- BUILD TRUST AND RESPECT

H1 2018 – STRONG PROGRESS DELIVERING OUR STRATEGIC PRIORITIES

- STRONG REVENUE, MARGIN AND EARNINGS GROWTH
- ROBINSONS BACK IN VOLUME & REVENUE GROWTH
- PEPSI MAX CONTINUED TO OUT-PERFORM A COMPETITIVE CATEGORY
- EXCELLENT CUSTOMER AND CONSUMER ACTIVATION
- FINAL PHASE OF BCP INVESTMENT, COST AND REVENUE BENEFITS BEING REALISED
- CUSTOMER AND COMPETITOR RESPONSE TO SOFT DRINKS INDUSTRY LEVY BROADLY AS ANTICIPATED

ROBINSONS BACK IN REVENUE GROWTH AND GAINING SHARE

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

- "Creations" priced at 50% premium to everyday range
- Value growth from consumers trading up and new buyers

- "Cordials" priced at 100% premium to everyday range
- Value growth largely from new consumers in category

- #1 category innovation 2017
- Margin accretive RTD format
- Extends brand into new occasions

BRITVIC

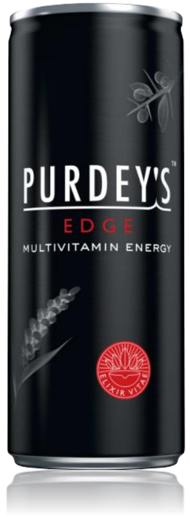
OUTSTANDING CARBONATES PERFORMANCE DRIVEN BY LEADERSHIP IN LOW / NO SUGAR

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS

- Pepsi revenue growth led by MAX
- Accelerated share gains in 2018
- Taste #1 driver of choice & MAX winning

- 7UP revenue growth led by free
- No sugar or caffeine formulation
- 30% sugar reduction in regular 7UP

- Tango in revenue growth
- Below soft drinks levy threshold
- Broad appeal with a range of fruit flavours



- Continued revenue growth
- No caffeine or added sugar
- New can format to drive distribution growth

BRITVIC

REALISING GLOBAL OPPORTUNITIES

REALISE GLOBAL OPPORTUNITIES

FRANCE

- Brands now over 60% of revenue
- Syrup consumption hit by poor weather
- Pressade in growth and gaining share

IRELAND

- Low and no sugar brands in growth
- Margin accretive single-serve packs in good growth
- East Coast acquisition has improved our presence in Dublin on-trade

BRITVIC

REALISING GLOBAL OPPORTUNITIES

REALISE GLOBAL OPPORTUNITIES

BRAZIL

- Bela Ischia synergies ahead of guidance
- Expanding market coverage & channel reach
- Stimulating demand through innovation

USA

- Focus on improving in-store feature & display
- Growth in multi-pack listings & distribution
- Singles in-market growth, driven by listing in Dollar General

BENELUX

- Challenging retailer environment
- Focus on margin improvement
- Direct in-market presence has enabled increased range opportunities

TRAVEL & EXPORT

- Exiting unprofitable contracts
- New travel sector listings recently secured
- Loss of Monarch airlines contract absorbed

BRITVIC

COMMITTED TO BUILDING TRUST AND RESPECT

BUILD TRUST AND RESPECT IN OUR COMMUNITIES

A Healthier Everyday

PEOPLE | COMMUNITIES | PLANET

Healthier People

Helping consumers to make healthier choices and live healthier lives

Healthier Communities

Helping our employees and communities to thrive

Healthier Planet

Helping to secure our planet's future

GREAT PLACE TO WORK®

THE UK PLASTICS PACT

BRITVIC

BUSINESS CAPABILITY PROGRAMME – MAKING GOOD PROGRESS, FINAL PHASE COMPLETES LATE 2019

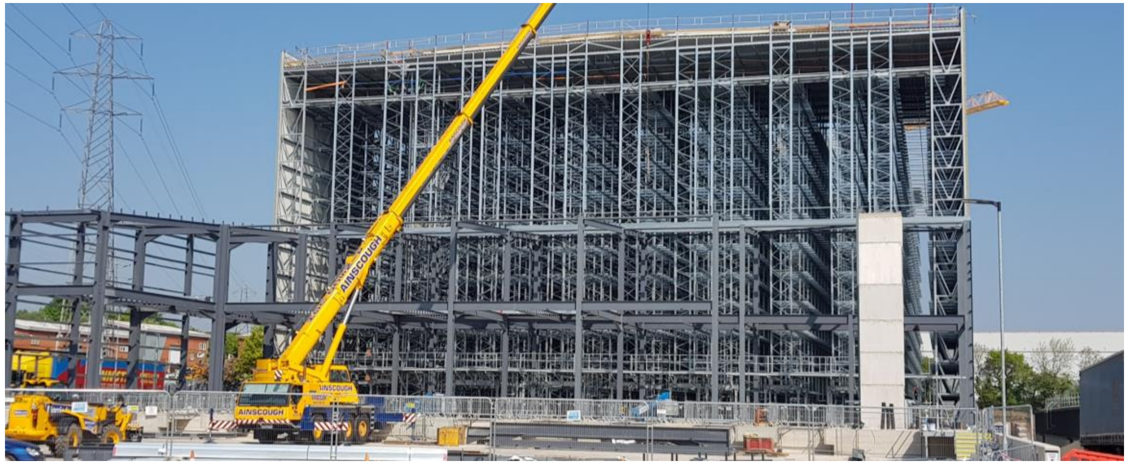
CONTINUE TO STEP-CHANGE OUR BUSINESS CAPABILITY

ACHIEVED 2016 TO-DATE

- Major groundworks & site prep.
- 2 x new large PET lines
- 1 x new small PET line
- 3 x new can lines
- New on-site warehousing
- Leeds and London sites now operating as BAU

FINAL PHASE COMPLETE LATE 2019

- New Aseptic line (preservative-free)
- New combined heat & power (CHP) plant
- New Process room
- 2 x new small PET lines
- 1 x new large PET lines
- New high-bay warehouse



BUSINESS CAPABILITY PROGRAMME – INCREMENTAL COMMERCIAL BENEFITS STARTING TO BE REALISED

CONTINUE TO STEP-CHANGE OUR BUSINESS CAPABILITY

INCREASED CAPACITY

- 330 ml can
- 1.5L PET

MEET CONSUMER DEMAND

PACK FLEXIBILITY

- Slimline can
- 3L PET stills & carbonates

ACCESS GROWTH CHANNELS

LIQUID CAPABILITY

- Improved pasteurisation
- New preservative-free brands

MEET CONSUMER NEEDS

BRITVIC

BRITVIC WELL-PLACED TO NAVIGATE SOFT DRINKS LEVIES

BUILD TRUST AND RESPECT IN OUR COMMUNITIES

BRITVIC

- Long-standing reformulation & innovation programme
- Price differential strategy on sugar options
- Strong customer plans in place for H2

RETAIL

- Levy is being passed on to consumers
- Soft drinks shelf space & feature maintained
- Increased focus on low/no sugar brands

CATEGORY

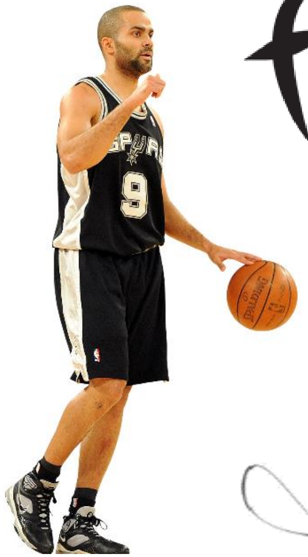
- Other suppliers have been reformulating
- Treasury revenue predictions now lower
- Competitor activation as we anticipated

CONSUMER

- Remaining uncertainty is the consumer reaction
- Switch to low/no sugar has continued

EXCITING ACTIVATION PLANS IN SECOND HALF OF THE YEAR

GENERATE PROFITABLE GROWTH IN OUR CORE MARKETS



PRESSADE

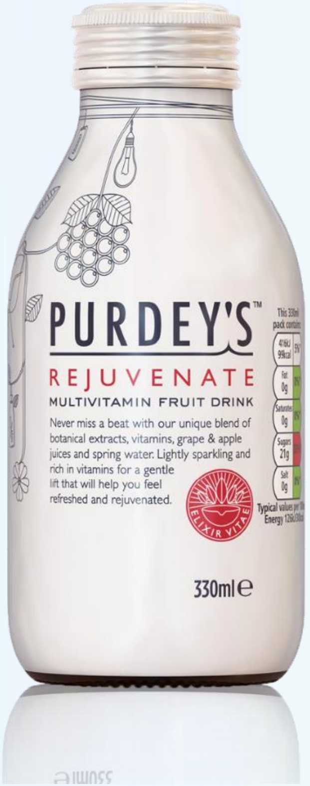
Le Tour de France

Teisseire Est. 1720

TONY PARKER Teisseire Fruit Shoot CAMP

BRITVIC

CFO – MAT DUNN
ON-TRACK TO ACHIEVE MARKET EXPECTATIONS



A STRONG FINANCIAL PERFORMANCE

Metric		Reported %	Organic* %
Revenue	£733.2m	+4.5%	+2.8%
Adjusted EBIT	£80.5m	+9.4%	+6.0%
Adjusted EBIT Margin	11.0%	+50bps	+40bps
Adjusted EPS	21.2p	+12.2%	-
DPS	7.9p	+9.7%	-
Adjusted Net Debt/EBITDA	2.5x	2.4x	(0.1)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 and constant currency

VALUE AHEAD OF VOLUME GROWTH IN EUROPEAN MARKETS, BRAZIL REMAINED COMPETITIVE

		GB	ROI	France	Brazil
H1	Market Volume	(0.7)%	+5.4%	(2.8)%	(5.5)%
	Market Value	+2.0%	+6.0%	(1.2)%	(7.9)%
Q2	Market Volume	(1.9)%	+5.5%	(3.2)%	(9.9)%
	Market Value	+0.1%	+5.2%	(2.6)%	(13.5)%

GB take-home market data is supplied by Nielsen and runs to 14 April 2018. ROI take-home market data is supplied by Nielsen and runs to 25 March 2018. French market data is supplied by IRI and runs to 1 April 2018. Brazil concentrates market data is supplied by Nielsen and runs to 31 March 2018

BUSINESS UNIT PERFORMANCE

	GB Carbs	GB Stills	Total GB
Volume	+5.1%	(2.5)%	+3.5%
ARP per litre	+3.8%	(2.0)%	+1.0%
Revenue	+9.1%	(4.4)%	+4.6%
Brand contribution	+13.9%	(8.5)%	
Brand margin %	+180 bps	(190) bps	

All numbers quoted are on an organic constant currency basis

CARBS

- Growth led by low/no sugar portfolio
- Modest benefit from retailer stocking ahead of SDIL
- Further revenue management benefits
- Margin benefit from BCP-enabled pack mix

STILLS

- Improved Q2 driven by launch of new Robinsons ranges
- Continued competitive pressure for Fruit Shoot & J20
- Strong H2 feature & display and marketing plans across the portfolio

BRITVIC

BUSINESS UNIT PERFORMANCE

	France	Ireland
Volume	(3.9)%	+3.0%
ARP per litre	+0.9%	+4.7%
Revenue	(3.0)%	+13.1%
Brand contribution	(2.8)%	+9.7%
Brand margin %	+10 bps	(90) bps

All numbers quoted are on a constant currency basis

FRANCE

- Improved Q2 performance, despite poor weather
- Revenue management actions successfully implemented
- Strong commercial plans for important summer period

IRELAND

- Continued owned-brand growth led by low/no sugar stills portfolio
- Revenue management actions successfully implemented
- One-off incremental benefit of East Coast acquisition fully realised

BUSINESS UNIT PERFORMANCE

	Brazil	International
Volume	(6.1)%	(1.6)%
ARP per litre	+0.3%	(5.0)%
Revenue	(5.8)%	(6.5)%
Brand contribution	+19.6%	(14.9)%
Brand margin %	+480 bps	(180) bps

All numbers quoted are on an organic constant currency basis

BRAZIL

- Volumes declined as consumer confidence remained weak
- Category remained competitive
- Margin growth due to lower cost of goods, synergies and phasing of A&P spend

INTERNATIONAL

- Reported USA revenue down, reflecting timing of shipments and retailer orders
- Continued focus on improving Benelux profitability
- Contribution and margin decline reflects channel mix

BRITVIC

UNRELENTING FOCUS ON COST EFFICIENCY

	H1 18	% Organic Constant Exchange Rate
Total A&P spend	29.5	4.8
A&P % revenue	*4.2%*	(30)bps
Non-brand A&P	5.8	(7.4)
Fixed Supply Chain	58.2	(9.0)
Selling Costs	43.1	(5.2)
Overheads & Other Costs	72.4	(1.4)
Total fixed cost base	179.5	(4.9)

- Lower A&P due to phasing in France & Brazil
- Fixed supply chain increase due to BCP depreciation and innovation co-packing
- Upweighted investment in outlet execution resulting in additional selling costs
- Overheads and other includes a £3.3m provision for P&H bad debt

Decrease / (increase) in costs. All numbers quoted exclude adjusting items

FINANCIAL ITEMS

ADJUSTING ITEMS

- H1 £28.3m, H1 cash impact of £11.1m
- £35m-£40m full year cost, 2018 estimated cash impact £20m-£25m
- Numbers include amounts associated with the closure of Norwich

CAPEX

- Last year of elevated capital spend
- FY18 capital spend guidance of £145m-£150m
- Anticipate return to more normal levels in 2019

FCF

- H1 FCF modest increase in outflow of £3.4m reflecting working capital timing
- Improvement in H1 adjusted EBITDA of 8.5%
- Significant step up in FCF generation from 2019 from lower capex and further BCP benefits

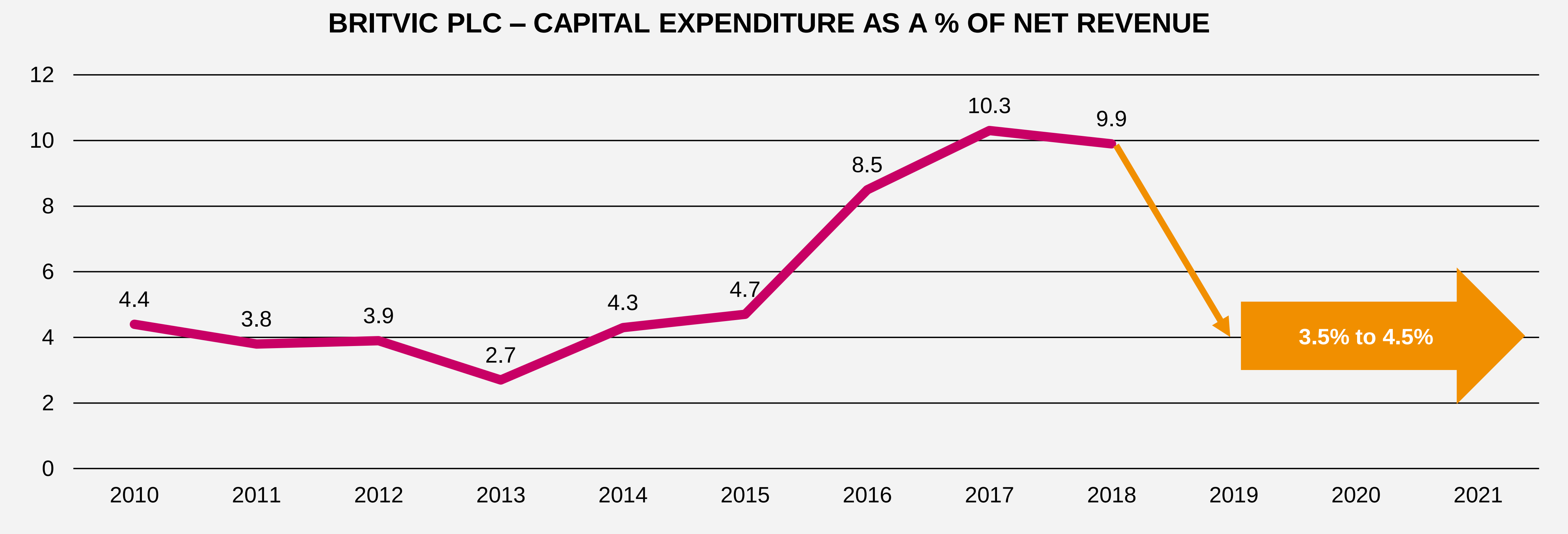
FUNDING PLATFORM

- £400m revolving credit facility in place to 2021
- £502.9m USPP debt (at contracted rates) repayable 2019 to 2032
- Anticipate £120m of new USPP debt June 2018 at competitive rate

FINANCIAL ITEMS GUIDANCE UNCHANGED

BRITVIC

ONGOING CAPITAL SPEND WILL NORMALISE TO 3.5% TO 4.5% OF REVENUE FROM 2019



IMPROVED FREE CASH FLOW GENERATION FROM 2019

*2018 CONSENSUS ESTIMATE

SUMMARY

- REVENUE-LED PROFIT GROWTH, UNDERPINNED BY COST EFFICIENCY
- INCREASED MARGINS
- OVERCOME POOR WEATHER AND CUSTOMER BAD DEBT
- 9.7% DPS INCREASE, REFLECTING BOARD CONFIDENCE
- CONFIDENT OF MAKING PROGRESS THIS YEAR

QUESTIONS

APPENDIX

THE STRATEGY HAS CONSISTENTLY DELIVERED PROFITABLE GROWTH

		FULL YEAR 2013 TO 2017
REVENUE	CAGR	+3.9%
ADJUSTED EBIT	CAGR	+9.1%
REVENUE OUTSIDE GB	41%	+700bps
ADJUSTED EBIT MARGIN	12.7%	+230bps
ADJUSTED EARNINGS PER SHARE	CAGR	+10.7%
DIVIDEND PER SHARE	CAGR	+9.5%

Revenue and EBIT margin as reported FY17 and not restated for IFRS15

A STRATEGY THAT IS DELIVERING STRONG RETURNS TO SHAREHOLDERS

- PORTFOLIO OF MARKET LEADING BRANDS
- STRONG CHANNEL POSITIONS
- HEALTHIER / “BETTER FOR YOU” FOCUS
- GROWING INTERNATIONAL PRESENCE
- RESILIENT AND EXPANDABLE CATEGORY
- CASH GENERATIVE - DISCIPLINED CAPITAL ALLOCATION POLICY

BRITVIC

ACCOUNTING FOR THE SOFT DRINKS INDUSTRY LEVY

- UK levy implemented 6 April
- Ireland 1 May
- Impact mostly in carbonates – Regular Pepsi, and 7UP (GB) and regular 7UP and Pepsi, Club and Energise (Ireland)
- Levy passed onto customers, will be included in net revenue
- Cost of goods increase to reflect payments to HMRC
- P&L matched, cash flow reflects customer payment terms and quarterly submission in arrears to HMRC
- Ongoing levy liability influenced by brand mix and changes to consumer preference

ESTIMATED FY IMPACT, BASED ON 2017

NET REVENUE / COGS	GROUP ARP
+c£130m-£135m	+c5-6ppl
ADJUSTED EBIT MARGIN	**OPERATING PROFIT**
c(110-120)bps	nil

2017 restated for IFRS15

A SOLID FINANCIAL PLATFORM UNDERPINNING THE STRATEGY

PROFITABLE GROWTH

STRONG UNDERLYING FCF CONVERSION

- A progressive dividend policy
- Invest in business capability
- Selective M&A in core categories
- Maintain long-term debt leverage within 1.5x to 2.5x range

DELIVERING SUPERIOR SHAREHOLDER RETURNS

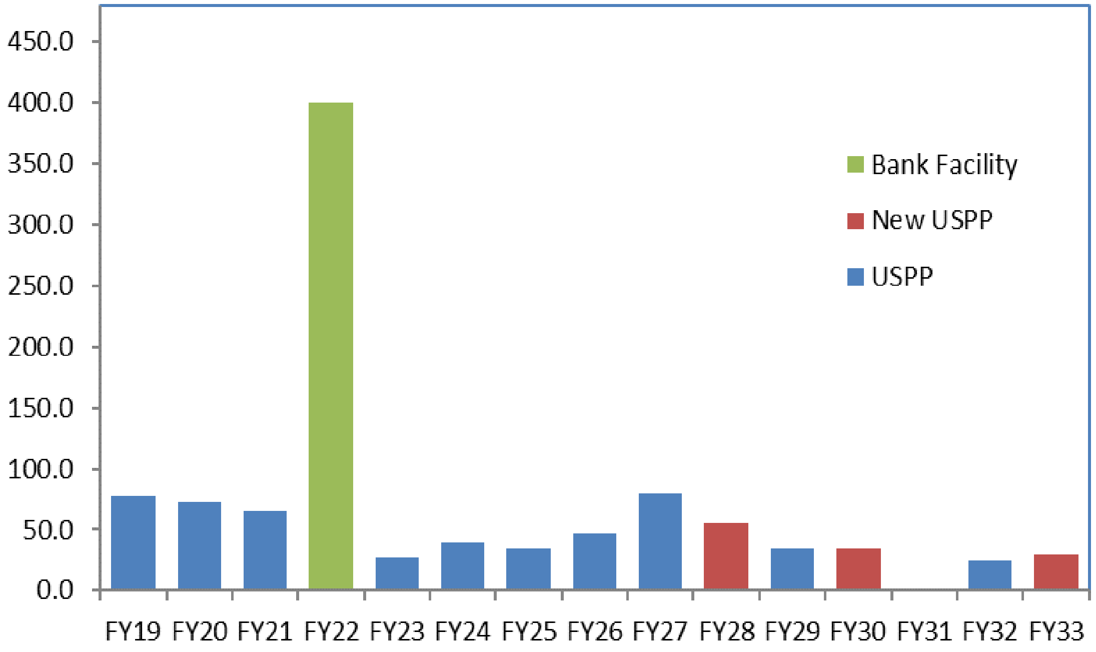
CASH FLOW

	H1 2018 £m	H1 2017 £m
Adjusted EBIT	**80.5**	**73.6**
Depreciation	23.4	21.5
Amortisation (non-acq related)	4.0	4.6
Adjusted loss on disposal of PPE	1.1	0.8
Adjusted EBITDA	**109.0**	**100.5**
Adjusted working capital	(39.7)	(12.8)
Capital spend	(61.4)	(76.8)
Pension contributions	(21.4)	(21.6)
Interest and finance costs	(9.8)	(10.2)
Adjusted income tax paid	(15.0)	(14.0)
Share based payments	4.1	4.2
Issue of shares	0.5	0.9
Purchase of own shares	(2.4)	(3.2)
Other	-	0.3
Adjusted free cash flow	**(36.1)**	**(32.7)**

A SOLID FINANCIAL PLATFORM UNDERPINNING THE STRATEGY

- £623m of USPP debt (at contracted rates)
- Includes agreement to raise an additional £120m of new notes in June 2018, repayable 2028 to 2033
- Refinances £55m of notes which matured in H1 FY18
- 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 2018 to FY 2033
- £77m of USPP notes maturing in FY19



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