

# Britvic Innovation

23 January 2007



# Introduction

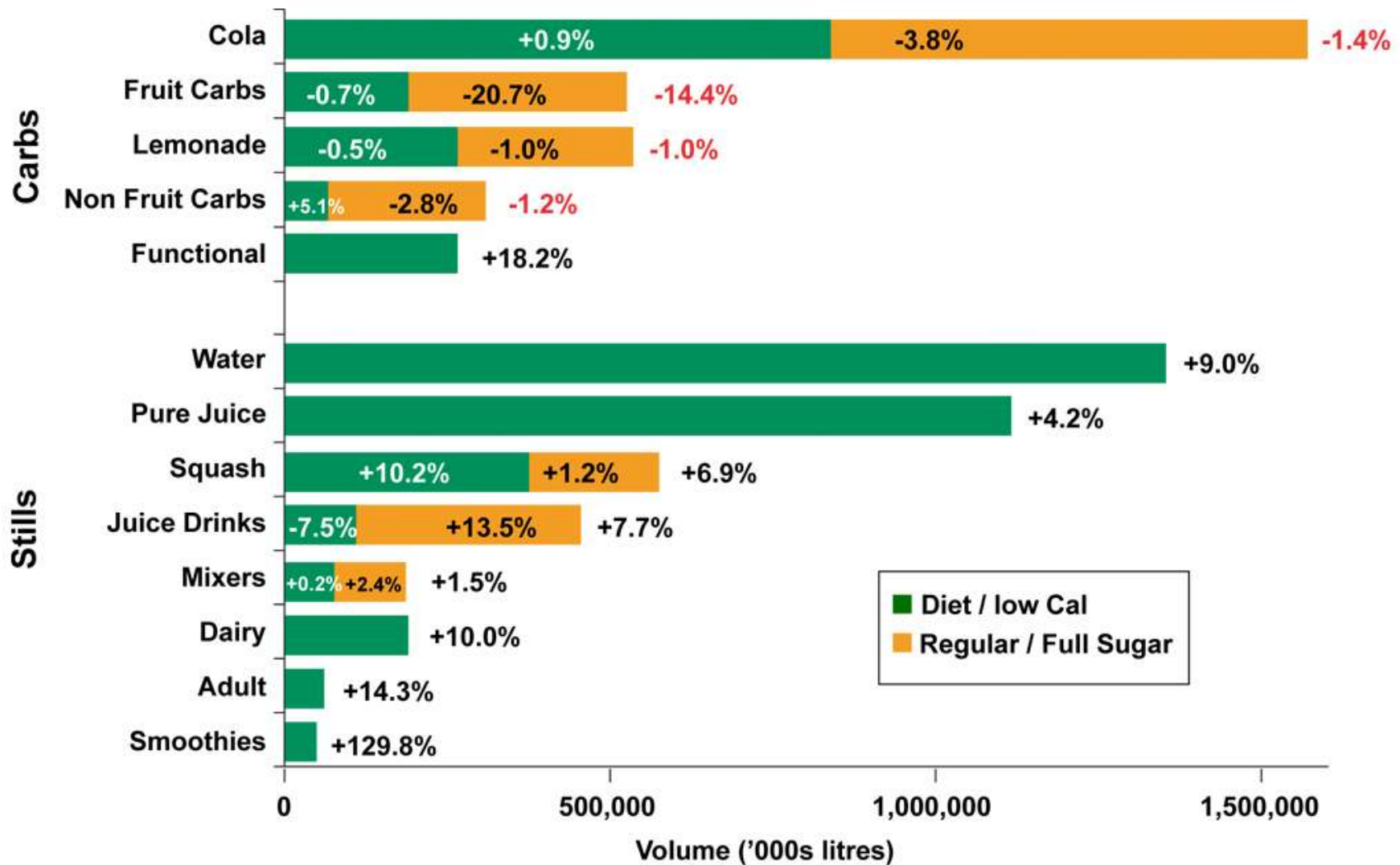
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Paul Moody  
Chief Executive



- Britvic innovation
  - The process
  - The team
  - The start points      Andrew Marsden, Marketing Director
  - 2007 Innovation      Andrew Richards, Sales Director
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# Relative Size Of Categories And Growth



# Britvic's Innovation within the Soft Drink Market

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Andrew Marsden  
Marketing Director



## Our Approach To Innovation Is Clear



**Innovation is  
at the Heart of  
the Company**

**Innovation is  
a balance of  
Technical Push  
and  
Consumer Pull**

**We will focus  
our efforts  
on Scale  
Opportunities**

# We Have A Strong Brand Portfolio



Pepsi is the 2nd most popular branded soft drink in Grocery mults and worth £212 million



# We Have A Strong Brand Portfolio



**Robinsons**  
**7th Largest grocery brand in the UK**  
(Source: 'Intangible Business')





# We Have A Strong Brand Portfolio



Tango penetration is at 21% of households;  
greater than the largest beer brand –Stella Artois



# We Have A Strong Brand Portfolio



Britvic  
No.1 Supplier to the licensed on  
trade - 46% market share



# We Have Driven Some Great Innovation From Our Strong Brand Portfolio



Pepsi Max Twist has been bought by 1.2 million households in the past year and has generated incremental volume and value to Pepsi.



# We Have Driven Some Great Innovation From Our Strong Brand Portfolio



**Fruit Shoot: No 1 kids drink, and bought by more households with kids than any of its competitors**



# We Have Driven Some Great Innovation From Our Strong Brand Portfolio



**Fruit Shoot H2O: Now the No1 kids water brand**



# We Have Driven Some Great Innovation From Our Strong Brand Portfolio



67% of 18-34 year olds claim awareness of Tango Clear



# Last Year We Launched Into New Categories



**November 2005  
Pennine Spring**



**January 2006  
Gatorade**



**January 2006  
Drench**



**March 2006  
Britvic Pressed and  
Squeezed Juice**



**March 2006  
Fruit Shoot H2O**



**March 2006  
J2O PET**

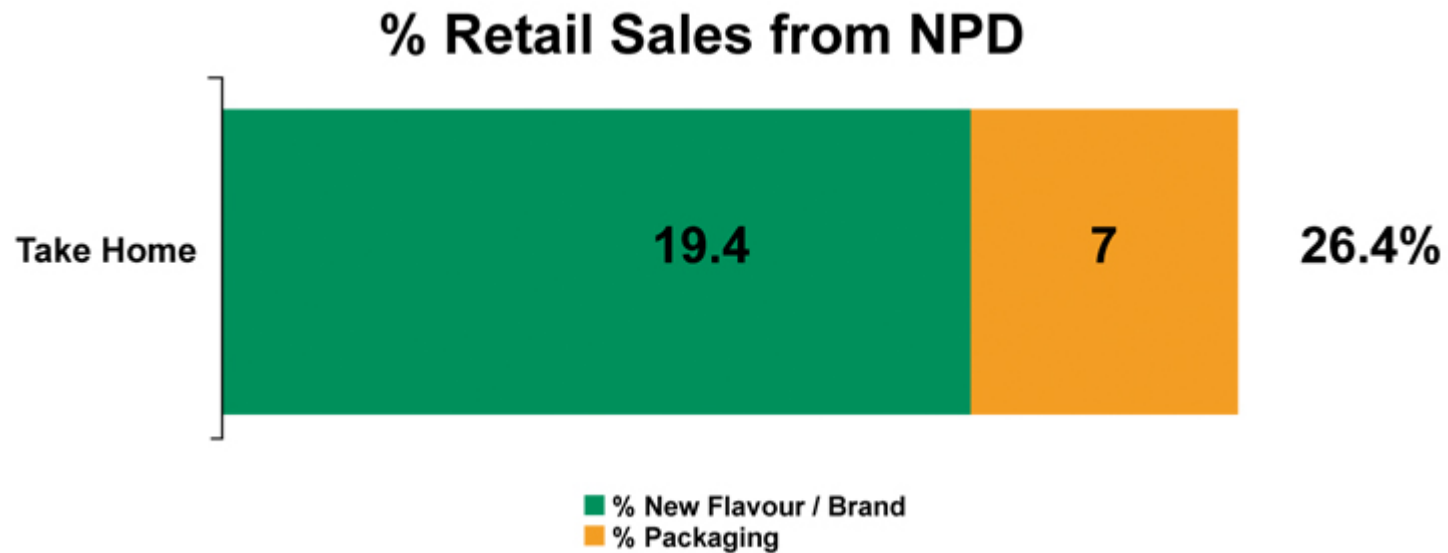
## Our Innovation Record Is Successful



- Of the 254 new brands launched over the last 2 years in the soft drinks market, only 40 remain in +20% distribution
  - A success ratio of 16%
- Over the 2 year period Britvic launched 5 pieces of Innovation
  - 4 out of the 5 have achieved over +20% distribution
  - **A success ratio of 80%**



# We Have Driven Real Value Through Our Innovation Success

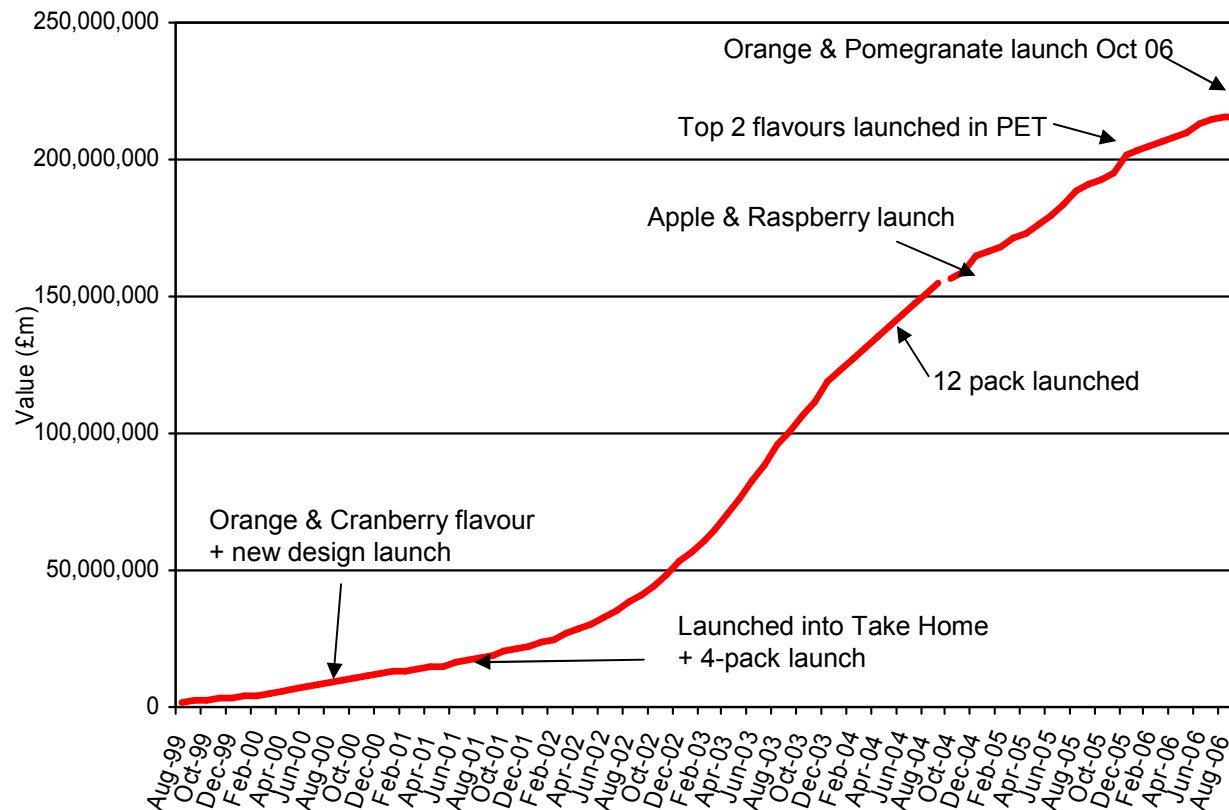


- NPD has contributed over £165m worth of retail sales and 122m litres volume to our business in 2006 alone

# We Have Focused On Driving Scale Innovation



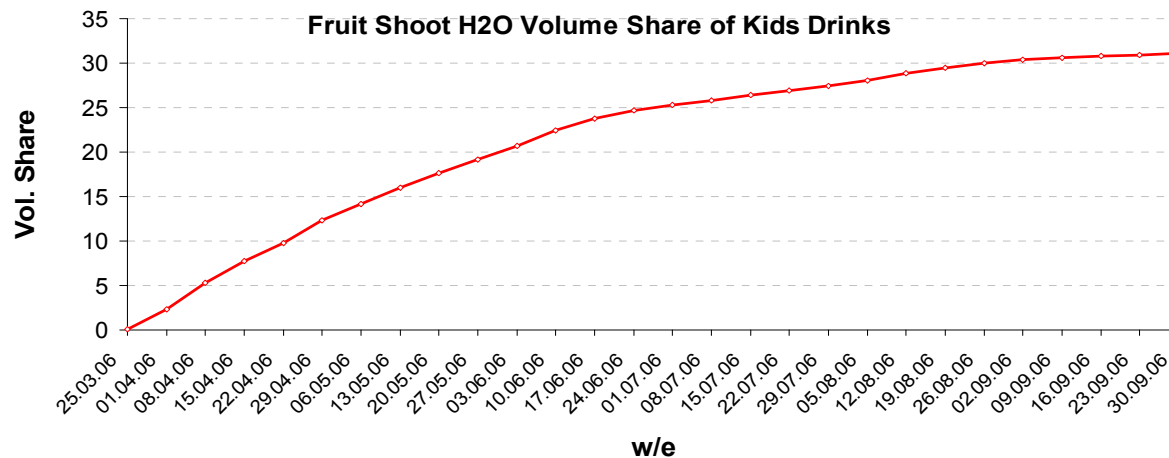
- J<sub>2</sub>O, launched in August 1998, now worth £215m. p.a. retail value
  - Continued flavour and pack Innovation



# Increasingly Focused On Speed To Scale



- Fruit Shoot, launched in 2000, is now worth >£95m p.a.
- Fruit Shoot H2O, after only 9 months in trade:
  - No.7 mineral water brand
  - No.1 Kids Water Brand with 35% volume market share



# We Have Added Value When We Have Entered New Categories



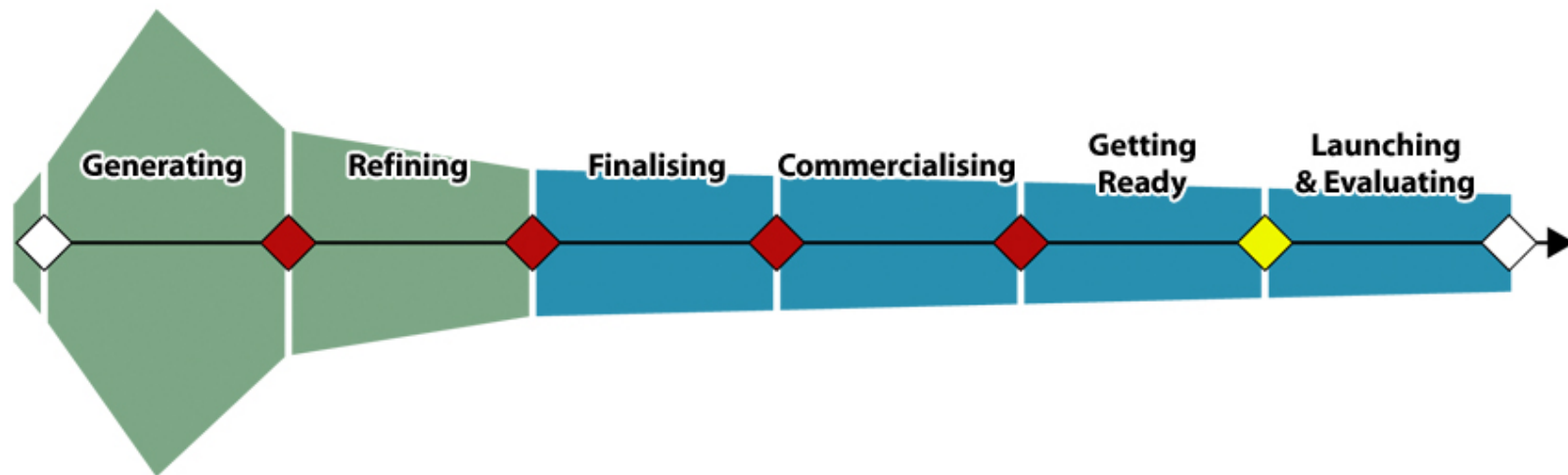
## BSD Water Innovation

In the last 2 years

- market innovation has added £57.1m to the water category
- we have added £12.3m (21.5% of innovation) to the category – Drench and Fruit Shoot H2O



# We Are Working Hard To Get Products To Market Quicker By Refining Our Stage Gate Process

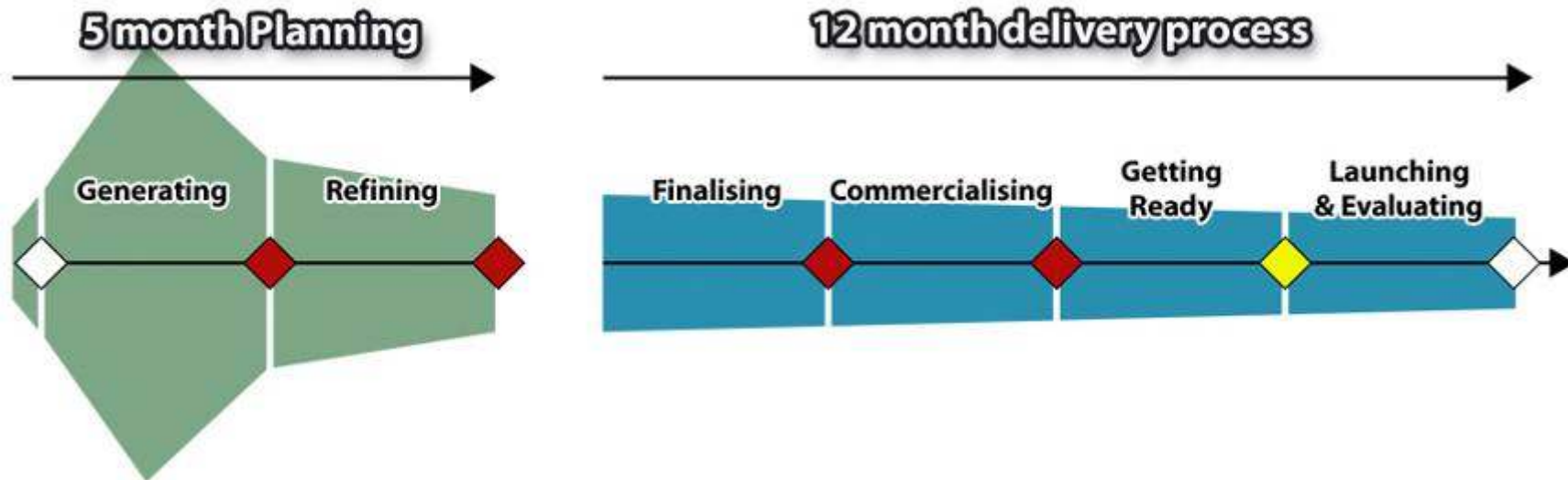


- Planning process aligned with corporate annual planning
- Calendarised innovation expected twice pa.
- Delivery process reduced to 12 months

Concept to launch



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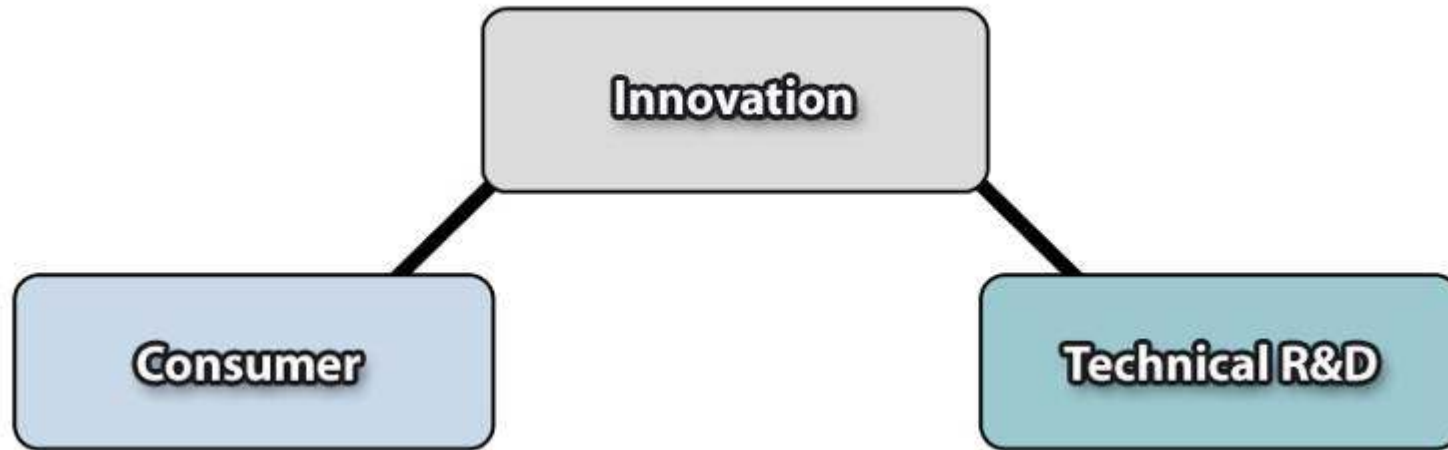


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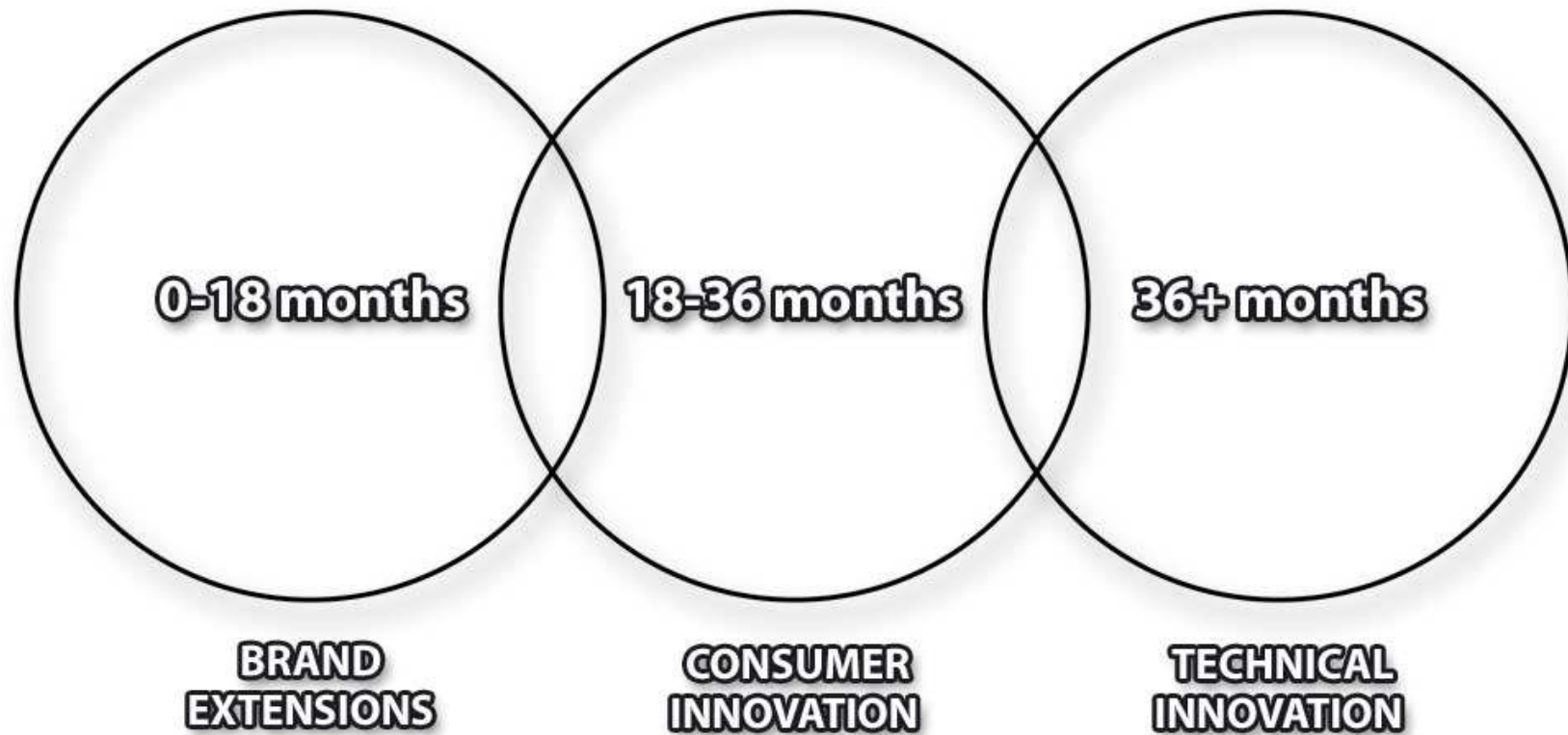
Concept to launch



We have a dedicated Innovation Team comprising R&D and Consumer Marketing experts

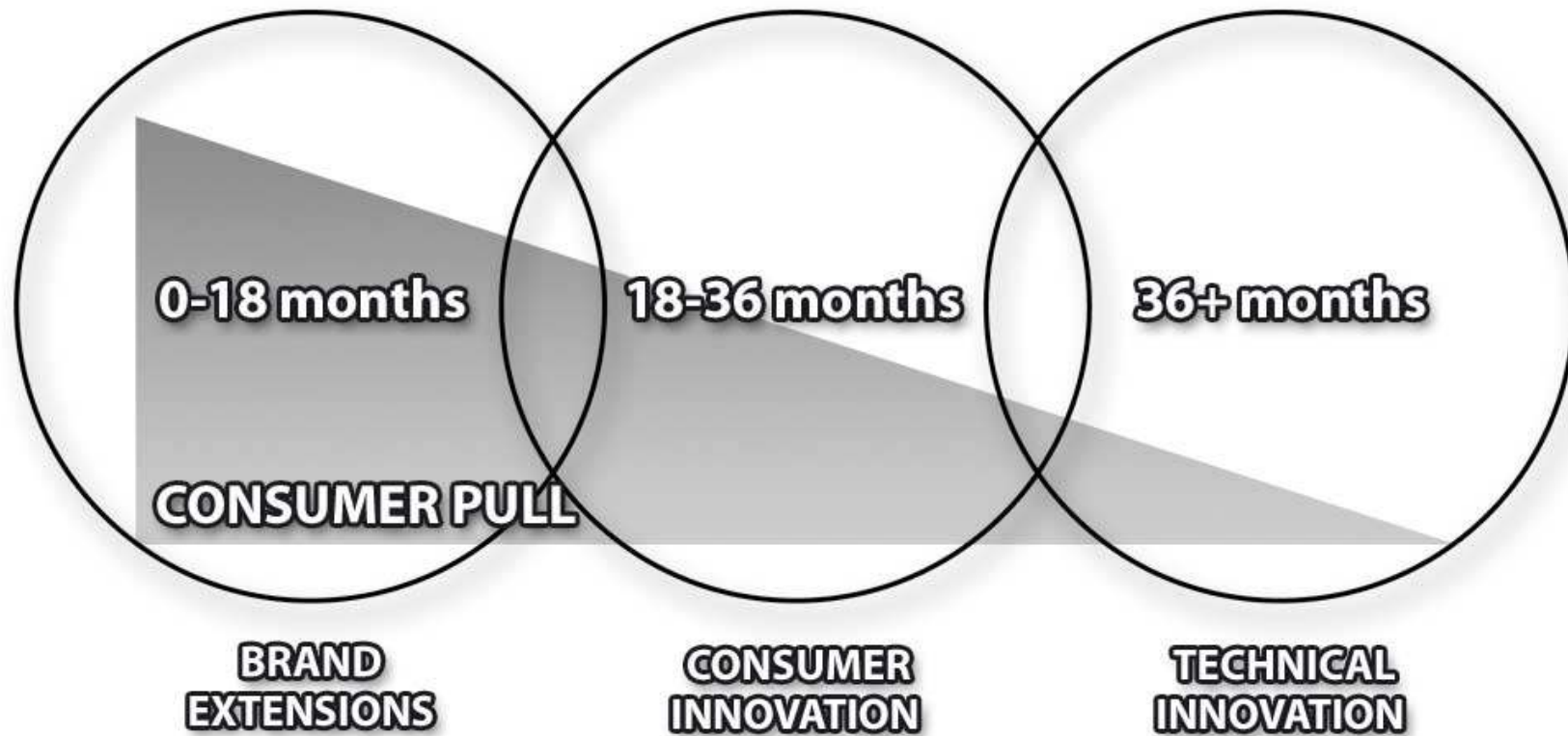


We Are Ensuring That Our Pipeline Benefits From All Types Of Innovation

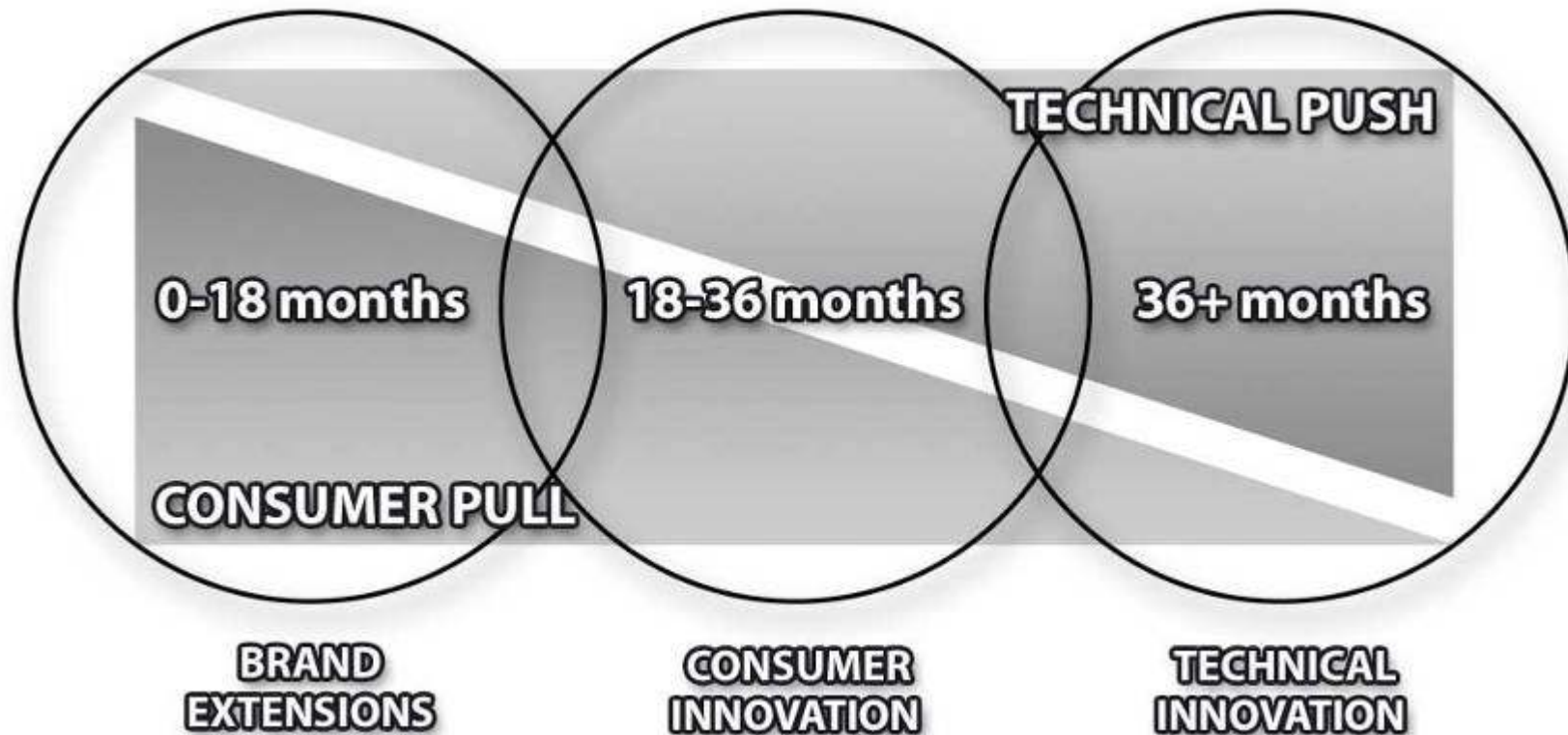




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## We Have Invested Significantly In New Technology



- Investment for In-House Bottle production of Big Pack Robinsons
- Investment in new Technology



## Finding the Scale Opportunities

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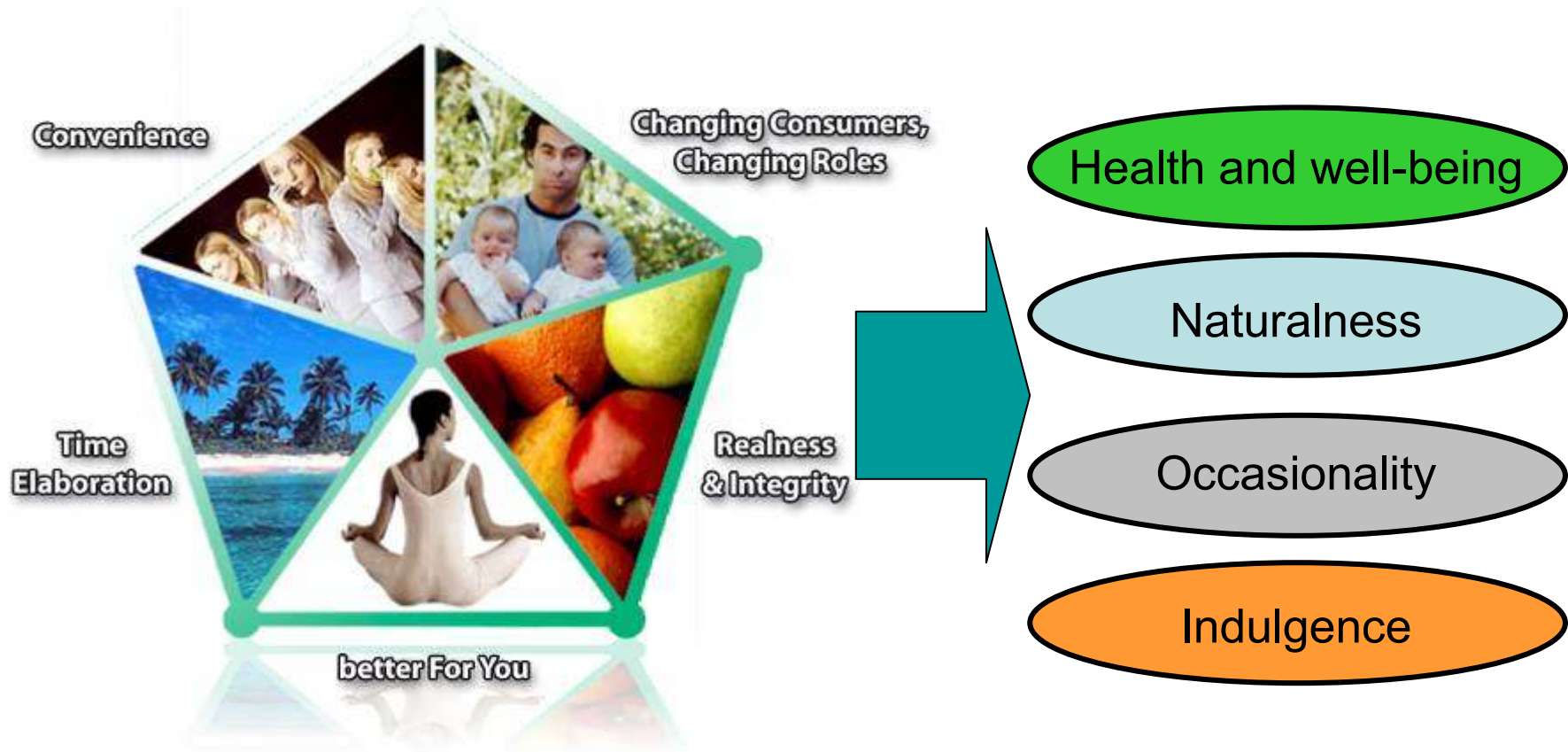


# Our Start Point Is A Combination Of Four Factors



... to ensure we focus where there is optimal value

# Demographic Trends Provide The Foundation For Our Consumer Insight



# Our R&D Programme Is Fully Integrated Into Our Innovation Plans



**Health & Wellbeing**  
**Functional**  
**Ingredients**

**Occasionality**  
**Differentiated**  
**Packaging**



**Indulgence**  
**Sensory**  
**Enhancements**

**Naturalness**  
**Alternative**  
**Processing**



## Our Category Expertise Is Added At The Earliest Stage



- Identify the key opportunities
  - Key segments in growth
  - Retailer strategies
  - Most important segments by retailer
  
- Assess the optimal start point

# Our Brand Assets Are Then Evaluated For Optimal Start Points



We believe that the four teams work most effectively together...



- 3 Innovation areas
- 3 Teams consisting of:
  - Marketing – consumer and brands
  - Technical
  - Insight
  - Category
- Specific agencies and technical suppliers linked to each area

Britvic Experience

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## 2007 Innovation

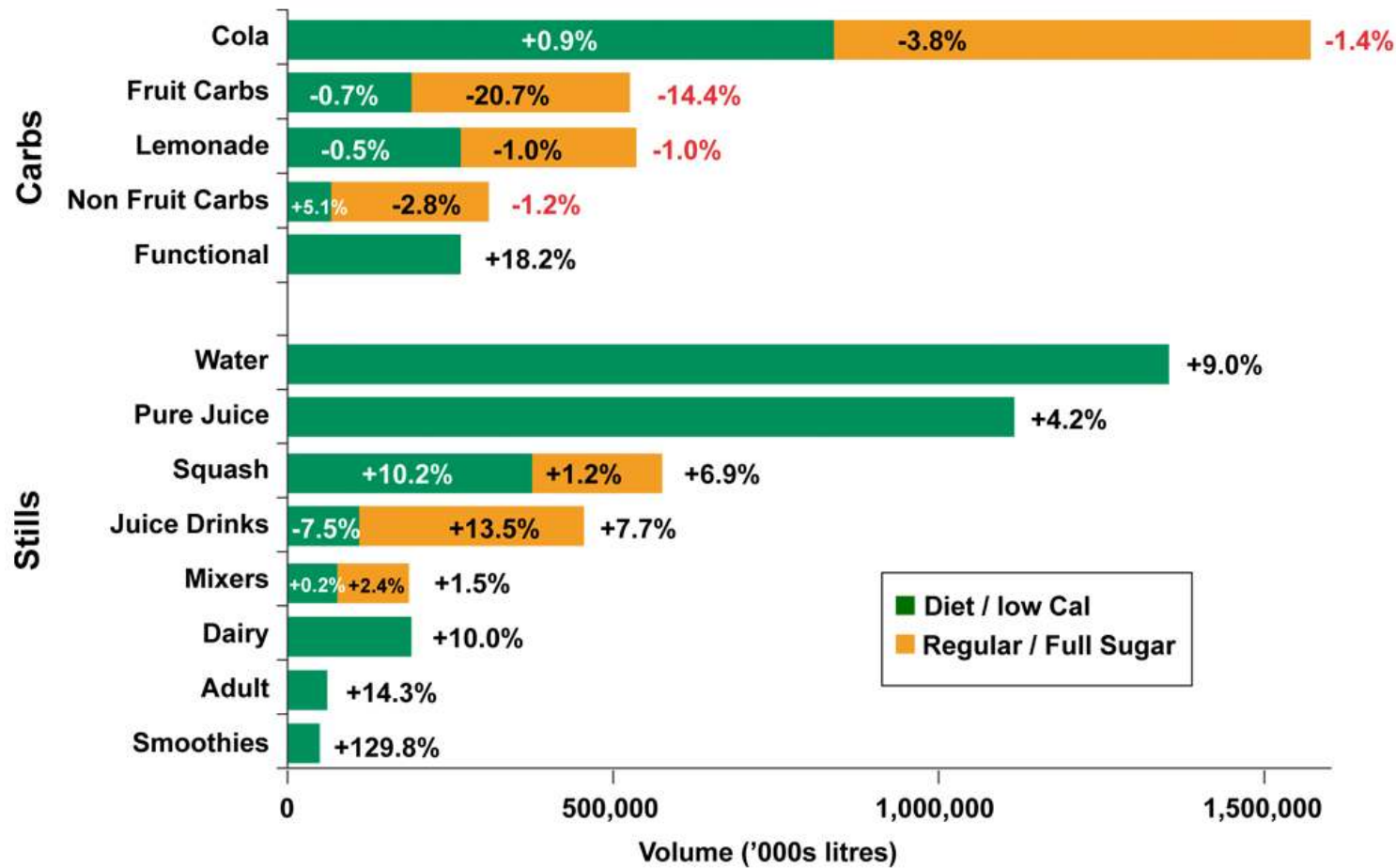
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Andrew Richards  
Sales Director



- Innovation Aims
  - Detail around 2007 innovation
    - Refreshing current brands
    - Next innovation
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# Our Innovation Focus Has Been Across The Full Portfolio Of Stills And Carbs



## Refreshing Current Brands

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Carbonates, Water, Stills





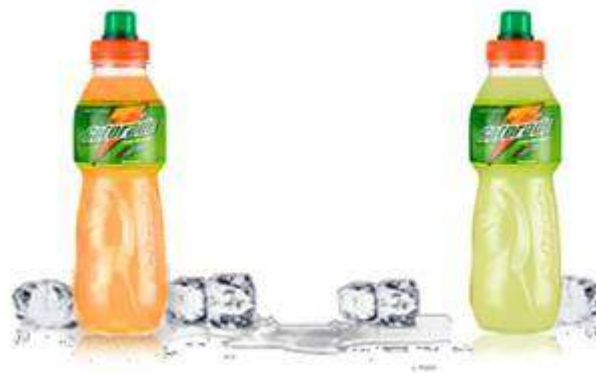
# We Are Continuing Our Focus On Better For You Carbonates



# We Are Continuing Our Focus On Better For You Carbonates



# We Are Continuing Our Focus On Better For You Carbonates



## Leveraging Cola Consumption Occasions Through New Pack Formats



- New 18 pack for Max and Regular to leverage seasonal stock-up packs
- New 250ml PET is a handy on-the-go format in multi-packs
- New 200ml NRB bottle for the on-premise. A unique iconic bottle design in all Pepsi variants
- A major brand redesign in April 07 with multiple designs for each variant



## We Are Continuing With Our Strategy For Long Term Success In Water



- 3 Brand water strategy
- Distinct consumer targeting
- High growth segments
- Differentiated brand positionings



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## Developing Larger Packs To Drive Further Growth



- The 'Children's Water' category has **doubled** in the last 12 months – from **£13m to £25m**
- Robinsons Fruit Shoot H2O contributed **79%** of this growth since its launch
- Low cannibalisation of core Fruit Shoot brand
- Further opportunity to increase growth with the introduction of a new 8 pack



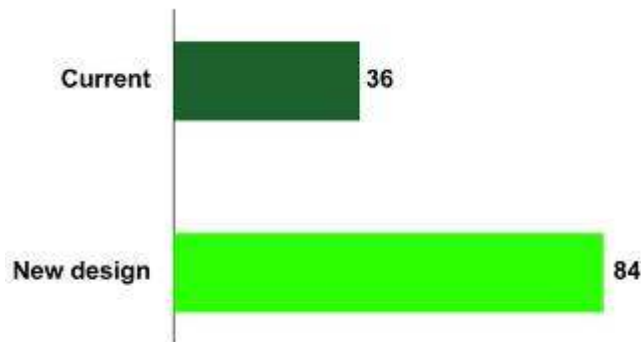
# Our Nurturing Plan For Drench And Pennine Spring Continues.



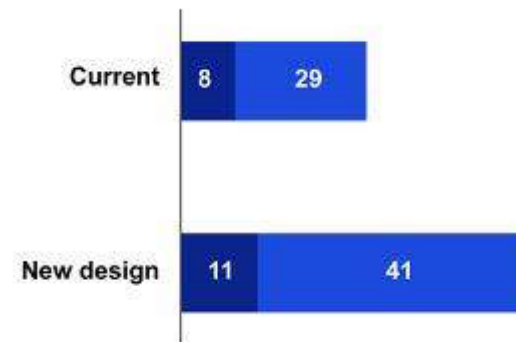
- Leveraging a PVO programme across Pennine Spring to enable further distribution
- Driving distribution of Pennine through pack innovation
- A new improved Drench pack and design – significantly preferred by consumers



Significantly higher preference (%) Vs current pack...



...and increased propensity to buy (definitely/probably %)



# Robinsons - A Prolific Brand



**7th most valuable grocery brand, worth £323m<sup>1</sup>**



**Robinsons squash is the leading squash brand with 41% value share<sup>2</sup> £190m**



**No.1 kids juice drink<sup>2</sup> with 31% value share £73.3m**



**No.1 kids water<sup>3</sup> with 48% value share £9.9m**



<sup>1</sup> Top 100 UK brands, Intangible Business /The Grocer 30th Sept 2006

<sup>2</sup> AC Nielsen Scantrack Total Coverage 52 w/e 2 Dec 2006

<sup>3</sup> AC Nielsen Scantrack Total Multiples 12 weeks to 02/12/2006

## We Have Removed Artificial Colours And Flavours From Core Fruit Shoot



- Launched in 2000 and the No1 children's juice drink
- Loved by children and trusted by mums

63% of Mums believe the Fruit Shoot knows what children like best<sup>1</sup>



- We are responding to increasing emphasis on health and well being, Fruit Shoot has
  - No artificial colours
  - No artificial flavours

## And Will Lead The Category By Removing Artificial Colours And Flavours From Squash



- First to remove all artificial colours and flavours
- Reconfiguring our product formulations to improve taste and aroma
- Additional cost of formulation improvements funded through PVO
- New pack and label designs across the range to improve stand out in store
- In store July 2007



Britvic in On-Premise

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## We Are Moving Into NRB And Have A New Contemporary Pack Design



- We are moving from returnable to non-returnable, recyclable bottles
- Differentiated offering to drive our sector leadership
- More modern & premium, driving premium spirit cues
- Preferred by consumers and trade





## Best In Class Formulations



- Improved Ginger Ale, & Grapefruit
- Addition of Cranberry and Ginger Beer
- Streamlined range to better meet consumer needs



## Re-launching The Total Britvic Mixers & Juices Range



- Step change innovation and big news in on-premise
- Reaffirm leadership position in the on-premise



Next Innovation

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We Are Focusing On Our Theme Of Realness



We Are Focusing On Our Theme Of Realness



## We Recognised The Opportunity In Schools With The New Legislation And Acted Quickly



- A major juice opportunity within schools
- An opportunity to target teens, the key carbonate drinkers
- Flexibility of process to react to market needs
- Range of 6 juice and juice drinks



Importance of  
brands & image



Changes in  
Legislation  
dictating choice



## Significant Investment In New Aseptic Technology Drives Our Entrance Into Take Home Juice Market



### Aseptic Processing

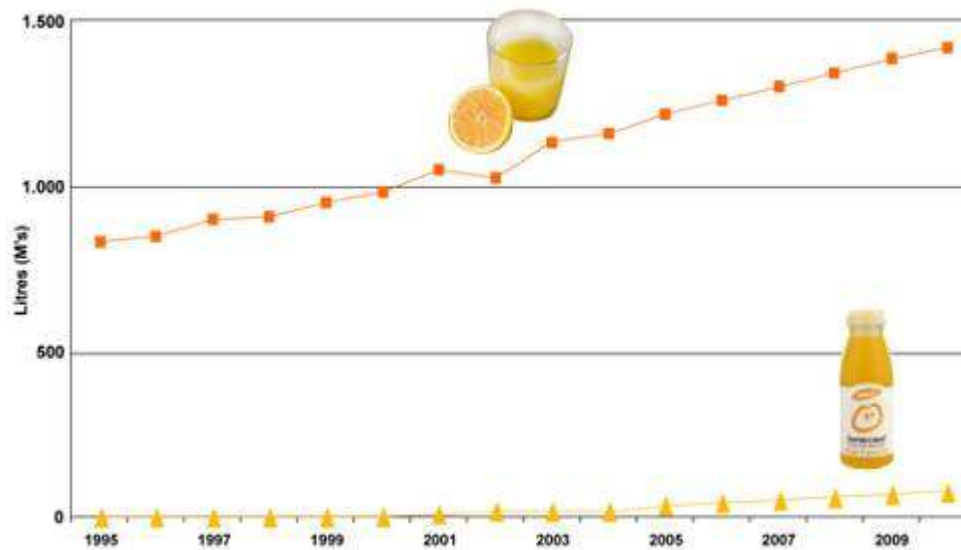
- Requires no preservatives
- Enter the juice market
- Juice into PET bottles
- Ambient storage avoiding chill chain distribution
- Affordability for mass market scale



## Juice Offers A Scale Opportunity And Ambient Juice Offers Consumer Affordability



- Pure Juice category is now worth over £1 billion!
  - And 2nd only to Cola
- Chilled = FOR ME
  - ✓ modern, fresh, close to the real fruit
  - ✗ expensive, difficult to store, rationed
- Ambient = FOR MY FAMILY
  - ✓ Good value and 'good enough', easy storage, everyday and always available

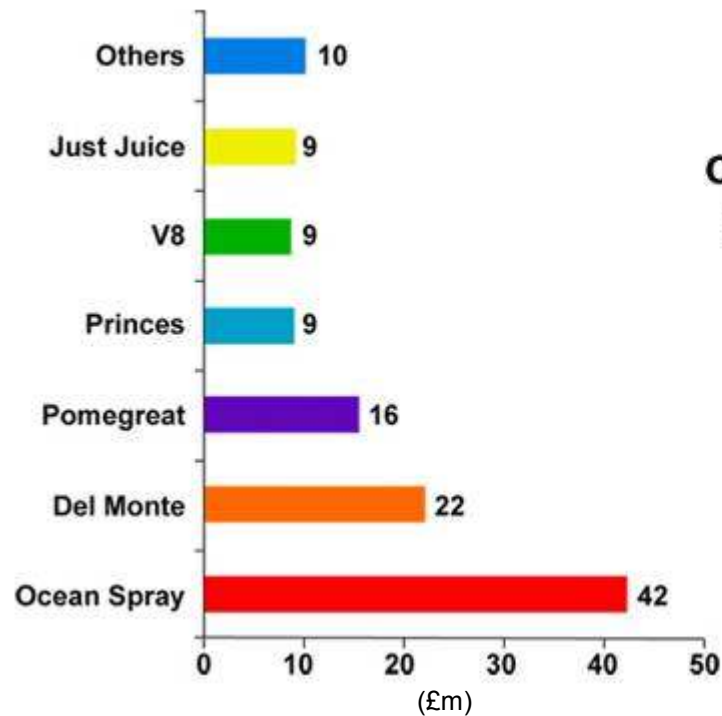




## The Ambient Juice Category Is The Largest Sector With Greatest Penetration



- The ambient juice category is worth **£382 million** (555m litres)
- **3 out of 4 UK households** buy into ambient juice
- 78% of volume in multiple grocers is through **1 litre packs**



**AMBIENT**  
Own Label = £242m  
Branded = £144m



Children's Juice

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# We Have A Proven Track Record In Children's Juice Drinks



**No.1  
kids  
drink\***



Juice Drinks



**No.1  
kids  
water\***



Kids Water

\*Source AC Nielsen, Scantrack

ROBINSONS  
fruit  
shoot<sup>100%</sup>  
juice

## The Next Number One



driving value...naturally





## That Ticks All The Boxes For Mums And Kids

### Mums

- ✓ From **Robinsons**
- ✓ Just **100% pure juice**, with **no preservatives**
- ✓ 1 bottle counts as one of your **five a day**
- ✓ **Resealable** and **recyclable**
- ✓ **No need to refrigerate**
- ✓ Meets **legislation for schools**



### Kids

- ✓ From **Fruit Shoot**
- ✓ **Three great flavours**
  - ✓ **Orange**
  - ✓ **Apple**
  - ✓ **Apple & Blackcurrant**
- ✓ **Resealable**
- ✓ **Smooth**, without bits







driving value...naturally





# And We Are Unique

	100% Juice	1 of your 5 a day	Ambient	Resealable
	✗	✗	✗	✓
	✗	✗	✓	✓
	✓	✓	✓	✗
	✓	✓	✓	✓

 driving value...naturally



Family Juice

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# Smooth Juice



- Just **100% pure juice** and barley
- Wide mouth, 1l resealable bottle that does not spill in fridge
- Smoother than other fruit juices

 **driving value...naturally**





# Smooth Juice

Inherent sense  
of natural  
goodness

One of 5 fruit  
& vegetables  
a day target

To make it  
Smoother

Natural source  
of minerals  
& vitamins



Barley



Pure Juice

Natural

Established  
trusted, for the  
whole family

Positive fruity  
refreshment



driving value...naturally



# Smooth Juice

Robinsons Will Be The Only Major Brand In  
PET Format In The Ambient Juice Fixture



driving value...naturally



Our 2007 plans continue our ambition to drive significant innovation into the largest categories consistently



2006  
October    November    H1    December    2007  
January    February    March    April    May    H2    June    July    August    September



Aseptic line installed



- **Britvic 2007 delivering truly differentiated innovation**
    - **Current track record out performs the market**
  - **Developing “scale” portfolio solutions for us and our customers**
    - **Closing the gaps**
  - **All innovation plans delivered within previous guidance**
  - **“Innovative thinking” drives operational efficiency**
  - **Strong integrated team dedicated to innovation**
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# Britvic Innovation

23 January 2007

