Britvic plc

Interim results 22 May 2013

Gerald Corbett

Chairman

Agenda

Financial performance & guidance

John Gibney

A new strategy to deliver long-term sustainable shareholder returns

Simon Litherland

John Gibney

Group Finance Director

Group performance

+0.4%	+27.6%	+180bps	+ 47.6%	+48.2%	+5.7%	+1.9%
Group revenue	Group EBITA	Group EBITA margin	Adjusted EPS of	Improved FCF	Reduction in net debt to	Half year dividend of 5.4p
£639.2m	£53.6m	8.4%	12.4p	(£24.4m)	(£503.7m)	

Underlying EBITA growth of 17.9%

EBITA is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles on acquisition is added back, in the period this is £1.6m (2012: £1.4m AER). Adjusted earnings per share adds back the amortisation attributable to intangibles on acquisition. The share base is the weighted average number of ordinary shares in issue during the period, excluding shares held by Britvic to satisfy employee share-based incentive programmes. Numbers are on a constant currency, pre-exceptional and other items basis France revenue and cost of sales include the value for the “sugar tax

GB stills

	2013 £'m	2012 £'m	% Change
Volume (m. litres)	192.9	211.4	(8.8)
ARP per litre (pence)	84.9p	79.8p	6.4
Revenue	163.7	168.8	(3.0)
Brand contribution	81.4	74.2	9.7
Brand contribution margin	49.7%	44.0%	570bps

Strong ARP growth

Underlying brand margin growth of 350bps

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. Numbers are no longer adjusted for the impact of double-concentrate.

We are on track to re-establish Fruit Shoot's market leadership in GB

- The category contracted whilst Fruit Shoot was unavailable
- No long term impact on brand health
  - "Happy to give to my child" at pre-recall levels*
- Core distribution back to pre-recall levels**
- Full promotional plan for the balance of year to recover market share
- In France and the Netherlands, all measures ahead of pre-recall levels and growing

Source: *Millward Brown, ** Nielsen Scantrack: Total Grocery Multiples 16.3.13

GB carbonates

	2013 £'m	2012 £'m	% Change
Volume (m. litres)	580.9	595.0	(2.4)
ARP per litre (pence)	45.9p	44.1p	4.1
Revenue	266.6	262.1	1.7
Brand contribution	100.2	91.1	10.0
Brand contribution margin	37.6%	34.8%	280bps

Strong brand contribution growth in a competitive market

Revenue growth of 1.7%

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise.

International

	2013 £'m	2012 £'m	% Change
Volume (m. litres)	18.6	19.2	(3.1)
ARP per litre (pence)	96.8p	75.0p	29.1
Revenue	18.0	14.4	25.0
Brand contribution	6.9	3.7	86.5
Brand contribution margin	38.3%	25.7%	1,260bps

Successful return of Fruit Shoot to the Netherlands and Belgium

Margin improvement primarily from growth in US concentrate sales

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. Numbers are no longer adjusted for the impact of double concentrate

Ireland

	2013 £'m	2012 £'m	% Change	% Change constant currency
Volume (m. litres)	98.7	104.5	(5.6)	(5.6)
ARP per litre (pence)	55.7p	54.4p	2.4	4.7
Revenue	67.2	72.7	(7.6)	(5.5)
Brand contribution	24.2	22.1	9.5	12.0
Brand contribution margin	36.0%	30.4%	560bps	560bps

Licensed wholesale continued to be a drag on the core business

Underlying margin growth of 310bps

Note: All numbers are on pre-exceptional and other items basis unless stated otherwise. Numbers are no longer adjusted for the impact of double-concentrate.
Volume and ARP exclude the sale of 3rd party factored brands.

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France

	2013 £' m	2012 £' m	% Change	% Change constant currency
Volume (m. litres)	136.7	142.3	(3.9)	(3.9)
ARP per litre (pence)	90.5p	86.5p	4.6	7.0
Revenue	123.7	123.1	0.5	2.7
Brand contribution	28.9	27.1	6.6	9.1
Brand contribution margin	23.4%	22.0%	140bps	140bps

Core brands continued to grow share

Fruit Shoot in material growth

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise.

Soft drinks market YTD - overview

GB

- Market volume down 1.7%, value up 0.9%

France

- Market volume down 0.7%, value up 1.1%

Ireland

- Market volume down 7.8%, value down 4.9% with Q2 worse than Q1

Source: Nielsen GB take-home scantrack 13 April 2013 Pubs and Clubs CGA data 23 February 2013. Nielsen ROI take-home scantrack 24 March 2013, Pubs & clubs 24 March 2013
IRI data to end of March 2013.

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A&P and fixed costs

	2013 £'m	2012 £'m	% Change
Total A&P spend	22.0	33.0	33.3
A&P as a % of revenue	3.5%	5.3%	180bps
Non-brand A&P	4.3	5.2	17.3
Fixed supply chain	59.6	59.5	(0.2)
Selling costs	64.5	63.3	(1.9)
Overheads & other	61.2	49.8	(22.9)
TOTAL FIXED COSTS	**189.6**	**177.8**	**(6.6)**

Overheads increased due to costs associated with recall & International investment

A&P phasing benefit in H1 YOY. Increased spend planned for H2

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. A&P percentage excludes third-party revenue. % movements are on AER.

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EBIT to earnings

	2013 £'m	2012 £'m	% Change Constant Currency
EBIT	52.0	40.4	28.1
Interest	(14.5)	(15.6)	7.1
Profit before tax	37.5	24.8	50.0
Tax	(9.0)	(6.1)	(47.5)
Effective tax rate	24.0%	24.6%	60bps
Profit after tax	28.5	18.7	50.8

Lower interest reflected debt reduction

Effective Tax Rate lower by 60bps

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise.

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Cash flow

	2013 £'m	2012 £'m	% Change
EBIT	52.0	40.4	28.7
Depreciation & amortisation	25.4	23.3	9.0
EBITDA	77.4	63.7	21.5
Working capital	(57.4)	(49.7)	(15.5)
Capital expenditure	(17.1)	(20.4)	16.2
Pension contributions	(13.9)	(10.8)	(28.7)
Other	(13.4)	(29.9)	55.2
Underlying free cash flow	(24.4)	(47.1)	48.2
Dividends	(29.6)	(29.9)	1.0
Adjusted net debt	(503.7)	(534.4)	5.7

Note: All numbers are on a pre-exceptional and other items basis unless otherwise stated. Adjusted net debt is defined as net debt, adding back the net benefit of debt hedging instruments that pass through reserves.

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2013 Guidance

- EBIT to be towards the upper end of the range of £125m to £131m
  - including the remaining £8m cost associated to Fruit Shoot recall
  - and £2m incremental franchise investment
- Full Year A&P spend ahead of last year by 25 basis points of revenue
- Raw material inflation will be low single digit
- Interest rate of 5.5% to 6%, reflecting bank facility and USPP debt
- Effective tax rate expected to be 24% to 25%
- Capital spend in the range of £40m to £50m
- FCF generation to be a minimum of £70m, enabling further debt reduction

Summary

H1 profitability significantly ahead of last year

Margin and pricing growth in every business unit

Increased cash generation and further reduction in net debt

Full year EBIT towards the upper end of £125-131m guidance

Simon Litherland

Chief Executive

Introduction

- Joined Britvic October 2011 as GB MD
- 20 years at Diageo
  - MD of Diageo GB
  - MD at Brandhouse – South African JV
  - Diageo MD in Ireland and Central Europe
  - Finance Director in a number of senior international finance roles

A significant turnaround in the business performance

- Fruit Shoot strong return back to market
- GB performance accelerating
- Margin and pricing growth in every business unit
- Acceleration of the US Fruit Shoot business
- Strong earnings growth, increased cash generation and paid down debt

H2 will see a substantially stronger marketing and customer programme to continue the momentum

Innovation highlights:

- Robinsons 500ml double concentrate
- Teisseire Fruit Shoot Syrups
- Mountain Dew "Amp"
- J2O Pear Gold

Strong marketing programmes including:

- Pepsi Beyonce & Dynamo
- Robinsons Wimbledon
- Fruit Shoot Skills Award
- The J2O Kitty

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Strategy

An opportunity to rethink the business has identified:

- Some immediate issues to address
- Excessive organisational complexity
- Many cost reduction opportunities
- Potential to accelerate revenue growth in core & international markets

Opportunity to unlock substantial value

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Britvic has the potential to become one of the world's most admired soft drinks businesses by:

- Becoming the benchmark integrated branded soft drinks business for both PepsiCo and our own brands in GB & Ireland
- Fully exploiting global category opportunities in Kids, Family and Adult
- Creating a simple focused operating model, empowering our people and matching resource and capability to the growth opportunities
- Being a trusted and respected member of the communities in which we operate

Our new strategy has two distinct legs

Full portfolio markets (GB & Ireland)

- Leverage scale and a common strategy
- Innovate and invest in our own-brand portfolio
- Maximise potential of the Pepsi partnership
- Category leadership of "Kids, Family & Adult"

Sustainable market leading value growth

International

- Focus on the Kids, Family and Adult categories
- Accelerate Fruit Shoot
- Develop franchise model
- Asset-light approach

Rapid revenue growth that will be margin accretive

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This strategy requires a different organisational model based on the principles of

Simplicity	▪ Speed up decision making, reduce cost
Focus	▪ Fewer strategic priorities
Accountability	▪ Ownership to deliver performance

A lower cost organisation focused on the growth opportunities

Transitioning to a simplified organisational model

From

Group

GB | **Ireland** | **France** | **BWB**

Supply Chain

Britvic International

- Overly complex
- Unclear accountability
- High cost

To

Group

GB & Ireland | **International & France**

- Full BU accountability
- Clear focus
- Lower cost

The GB and Ireland strategy

Full portfolio markets (GB & Ireland)

- Leverage scale and a common strategy
- Innovate and invest in the own-brand portfolio
- Maximise potential of the Pepsi partnership
- Category leadership of "Kids, Family & Adult"

Sustainable market leading value growth

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Four transformational initiatives to step change the cost base & profitability in GB & Ireland

1. Increase operational leverage through fewer manufacturing sites
2. Fundamentally change the Irish operating model
3. Transform our procurement and product optimisation initiatives
4. Implement a commercial change programme

1.Increase operational leverage through fewer manufacturing sites

- Today we have announced the following proposals:
  - Chelmsford and Huddersfield (water) manufacturing sites to close in calendar Q1 2014 - Employee consultation has started today
  - Ballygowan to replace current GB water brands, sourced from Ireland
  - Some Fruit Shoot capacity will be transferred to France, to supply European markets

- This redistributes capacity, reduces cost and improves our asset utilisation

2. Fundamentally change the Irish operating model

- Create a combined GB & Ireland business unit
  - Single leadership team
  - Commercial in-market focus
  - Simplify support structures
- Proposed separation of Licensed Wholesale from the core branded business
- Optimise our route to market and customer engagement model
- Improve logistics and warehousing efficiency
  - Proposed closure of Belfast warehouse in calendar Q4 2013
- Significantly improve factory utilisation and water economics

3. Transform our procurement and product optimisation initiatives

- Investment in resources, upgraded capability and insight systems
- Development of global sourcing strategy, aligned to complexity reduction programme
- Building stronger direct relationships and longer term visibility
- Combined procurement with PepsiCo where appropriate
- Delivery of new portfolio optimisation initiatives

4. Implement a commercial change programme

- Industry leading insight into the soft drinks market
- Increased investment in higher quality consumer and shopper activity
- Optimise revenue and promotion management
- Strengthen market coverage and routes to market

Realising the international opportunity

International

- Focus on the Kids, Family and Adult categories
- Accelerate Fruit Shoot
- Develop franchise model
- Asset-light approach

Rapid revenue growth that will be margin accretive

The international opportunity is huge

Large and attractive markets

- Kids juice drinks market c.$10bn globally
- Liquid dilutes market c.$11bn and c$10bn for powder
- Desirable for emerging middle class consumers

Strong brand attributes and heritage

- Fruit Shoot - “Appealing to kids and welcomed by parents”
- Robinsons and Teisseire – established category leaders
- Strong technology to produce superior products

Attractive space to operate in

- Less competitive space in which to operate
- Stills category offers new growth opportunities in many markets
- “Better for you” agenda

Positive feedback from consumers retailers & bottling partners

- Positive consumer reception in other markets
- Offers local partners new category growth opportunities
- Economic models established

Source: Canadean 2012, Britvic estimates

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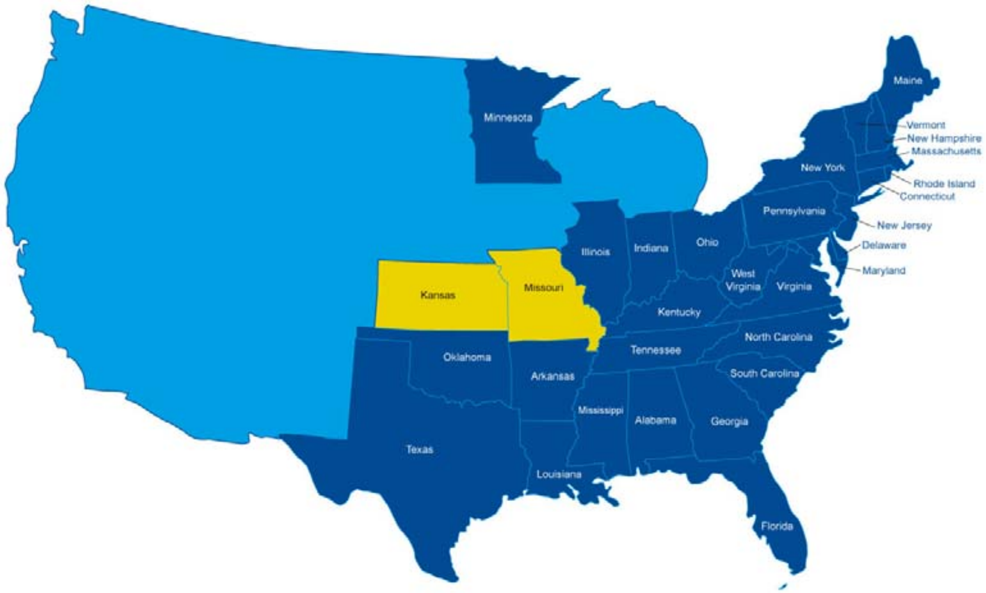
In Fruit Shoot we already have an international brand and we now have many more reasons to believe in its full potential

A unique proposition: Trusted by parents Seen as cool by kids	+20% share and double-digit growth in established US states	30% of Fruit Shoot revenue is non-GB and growing rapidly
5 Pepsi system partners and US in-market support	Step-change in US presence – 9 to 30 states ahead of Summer 2013	US distribution has doubled in 3 months to 41,000 and major retailer listings secured
	National distribution in Spain with PepsiCo.	

Acceleration of resource and investment building to £10m by 2015

A new agreement for Fruit Shoot in the US

- Agreement signed with the Pepsi Cola Bottling Company of Pittsburgh to distribute Fruit Shoot in the states of Kansas and Missouri
- Increases distribution to 32 states
- Further evidence of the potential for Fruit Shoot in the US



Agreement reached for national distribution of Fruit Shoot in India

- Agreement reached with Narang Group for the national sales & distribution of Fruit Shoot in India, commencing mid-2014

- Narang Group has a strong national presence in consumer goods in India
  - Joint ventures with Suntory and Danone
  - National distribution agreements for Monster, Twinings and Lindt

- Britvic will manufacture Fruit Shoot within India through a third-party

- In-market and regional Britvic team is being established to support the opportunity

The next steps to realise the international potential are clear

- Establish a fully resourced business unit with the right talent and capabilities
- Accelerate early successes and partnerships with Pepsi in the US
- Nurture and grow our European markets
    - France, Netherlands and Spain
- Scale up identification and entry into new priority markets
    - With Fruit Shoot, Robinsons and Teisseire
- Innovation for the international markets

Summary

£30m cost savings by 2016 - £10m reinvested to grow international

P&L	FY13	FY14	FY15	FY16
Cost savings	0	13	25	30
International investment	(2)	(5)	(10)	(10)
EBIT Impact	(2)	8	15	20
Capital	(8)	(13)	0	10
Exceptional cash costs	(12)	(17)	0	0
Cash impact	(20)	(30)	0	10

£30m annual return for a net £40m investment

This strategy will build a better Britvic

- Builds on current market positions, brands and capabilities
- Supports on-going profitable growth in GB and Ireland
- Asset-light model, enabling access to growing international markets
- Establishes a simpler, more focused and profit accountable operating model
- Provides a platform for building global brands

Leading to a stronger financial performance

- Faster revenue growth in core and international
- Lower fixed costs and higher ROCE
- Accelerated margin improvement
- Greater diversification of profit base
- Improved cash conversion
  - Reduce net debt /EBITDA to 2.0X to 2.2X by 2014
  - Progressive dividend policy

Summary

Impressive first half with full year guidance towards the upper end of the range

£30m costs savings delivered by 2016

Investing to realise significant international opportunities

A vision and strategy to unlock significant shareholder value

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Q & A