Britvic plc Interim Report 2007

BRITVIC plc

Financial Highlights*

Total branded revenue £353.6m, up 9.3%

EBITDA £48.2m, up 11.1%

Operating profit £24.2m, up 30.1%

Operating profit margin 6.8%, up 1.1 percentage points

Free cash flow – £30.1m improvement on same period last year

Profit after tax £10.9m, up 67.7%

Basic earnings per share 5.0p, up 66.7%

Interim dividend per share 3.3p, up 10.0%

*All numbers (other than revenue and dividend per share) are disclosed before exceptional items.

Chairman's Statement

When I wrote to you a year ago, it was Britvic's darkest hour, we are now in sunnier uplands, although there is a long way still to get to the top.

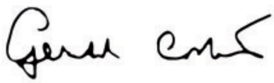
A year ago, we had just completed our first six months as a public company. The results were disappointing, largely due to a sudden decline in the carbonated soft drinks segment of the market. To their credit, Management acted quickly. They took further action on costs, accelerated the new product development plan and put in place a series of business improvement projects around promotional efficiency, systems and clarification of accountabilities. The result of these actions began to be seen in an improved second half.

Progress has accelerated in the first half of this financial year. Although the comparative year on year figures are easier, and the performance has been helped by the carbonated soft drinks market showing some signs of stabilising, the results along every dimension are much improved and we achieved market share gains in all our major brands. Total sales revenue is up 9.3%, operating profit up 30.1%, profit after tax (PAT) is up 67.7% and earnings per share (EPS) up 66.7%. Our cash performance has been strong, with a healthy reduction in net debt. Against this background, we are increasing the interim dividend by 10.0%.

The second half of the year, incorporating the summer months, is the more important period for us. Last year was unseasonally hot and saw the football World Cup, so we will be trading against stronger comparatives. Nevertheless, we remain confident about the full year, and indeed the longer-term future. The proposed outsourcing of part of our distribution which we announced in April is an important cost reduction initiative. Our second half product development programme looks solid and we have acquired (subject to the agreement of the local competition authorities) the C&C Soft Drinks business in Ireland, the first major acquisition in our International strategy. This is a sound business, with some good brands, well managed, in a growing market with scope for significant synergies.

Importantly, the purchase extends our relationship with PepsiCo International, our major commercial partner, which is now in its 21st year. These links are stronger than ever, at all levels of the organisation. Pepsi's support and co-operation is exceptionally valuable as we seek to further grow and develop.

Britvic is a good business with excellent brands and leading positions in growing markets. These assets are now producing better financial results. The Management team is totally committed to growing returns for shareholders, a journey we now feel is well under way. On behalf of the Board I would like to thank Management and all our colleagues throughout the business for their efforts which are now starting to bear fruit.



Gerald Corbett
Chairman

Operating and Financial Review
Chief Executive's Review

In the 28 weeks ended 15 April 2007 ('the period') Britvic has delivered a strong performance with revenue increasing by 9.3% due to its out-performance of the market in both stills and carbonates. The strong volume growth has been allied with a sharp focus on growing average realised price (ARP) as we continue to drive effective and efficient promotional activity improving operating margins. These combined factors have resulted in operating profit before exceptional items up 30.1%. This flows through to profit after tax up 67.7% and earnings per share up 66.7% both before exceptional items. This performance has been achieved against the backdrop of an improving soft drinks market and some easier comparatives, with Britvic's brands growing market share in both stills and carbonates. The strong and improving free cash flow, £30.1m better than the same period last year, has underpinned the Board's decision to propose an interim dividend of 3.3p, up 10.0% on the prior year.

The soft drinks market

The total soft drinks market continued to perform well with market volumes up 1.7%. However, the second half of the year is typically much more volatile, influenced last year by both exceptional weather and key events such as the World Cup. There are no major events that are likely to influence the soft drinks market in the summer of 2007, but the weather remains a key factor.

The stills market showed continued growth, with total volumes up 1.7% for the period. Although this is a lower rate than last year we continue to believe that in both the short and long term the stills category will provide the majority of the growth in the total market. Britvic out-performed the stills market with strong volume growth of 7.5%. The slower market growth rate compared to last year is a result of the consumer trend towards health and well-being settling down as consumers have adapted their product repertoire and are consuming across a wider range of categories. Last year we saw a market step-change increase in stills volumes that was unlikely to be repeated as we moved into this year. Stills growth continues to marginally out-perform carbonates against much tougher comparatives, providing evidence that new consumers are coming into stills but at a slower rate than seen last year. To a degree, we have seen a pendulum effect as consumers switched into stills but have now reverted to a more balanced position across carbonates and stills. The stills market has also been affected by some short-term one-off factors such as in pure juice, where an increase in raw material cost has in turn been passed on to the consumer, and has subsequently suppressed volume growth which was nonetheless positive.

The carbonates market showed a marked improvement on the unprecedented volume decline that we experienced in the first half of last year,

> **"Britvic has delivered a strong performance with revenue increasing by 9.3% to £353.6m."**

growing 1.7% over the period. Whilst the pattern of trading over the period is clearly consistent with prior years, the post-Christmas decline was much milder than last year. The category is appearing to show a rebound after the pronounced movement towards 'better for you' stills. Consumers have begun to realise that the no added sugar variants of carbonates, all of which other than fruit carbonates are showing growth, are an acceptable 'healthy' proposition.

Although an improved performance, the market is not back to the levels of 2004/05, though there was a very strong Easter peak associated with a reasonably prolonged spell of good weather.

Against this background, Britvic's total carbonates volumes grew by 8.1% in the period. Just over half of this performance has been driven by our strategic decision to enter the increasingly important discounter sector of the market. This is a growing sector, stocking leading brands as well as generic and own label ranges, where customer appeal is growing. As a result, we have enjoyed a strong performance that will continue into the second half of the year in absolute terms but will not exhibit the same level of year on year growth.

Britvic's strategy

The strategy has remained focused on the following elements:

Supporting and growing our core brands

We continue to invest in our strong portfolio of brands through both innovation and media promotion, to ensure that they are preferred by consumers.

The Pepsi brand has made further market share gains, attaining a 23.5% share of the cola market for the period, an increase of 1.8%pts on the same period last year. The success enjoyed by the brand in the period reflects strong promotional execution across all key customers. This growth in market share, combined with a growing presence of the brand in the discounter sector, was achieved without any adverse impact on ARP.

We have invested to further reinforce Robinsons number one position in the increasingly important squash category. We now have the capability for in-house PET bottle-blowing for all our large packs, leading to a significant cost reduction enabling us to increase our promotional competitiveness. Large pack value share is 3.5%pts ahead of last year in the last 12 weeks, driving the overall brand value share by 1.2%pts. Later in the year we will see the launch of the Robinsons squash brand featuring a pack re-design and product improvement centred on no artificial colours or flavours to ensure that the brand maintains its authoritative, category leading position. Over the important summer trading months around £12.5m of marketing support will be given across the Robinsons range behind the new 'Raise them on Robinsons' campaign and this year's Wimbledon on-pack promotion marking the 71st year on the umpire's chair. Fruit Shoot in its 'natural' formulation with no artificial flavours and colourings has performed well with its value share rising to 33% in the last 12 weeks, 4.4%pts ahead of last year.

The performance of J20 continues to strengthen its category leadership both in take-home and on-premise with 7% growth against the prior year. The brand enjoyed a strong Christmas performance, driving success for both Britvic and our customers. The PET pack launched in June 2006 has broadened the brand's footprint outside the on-premise heartland and into the take-home channels, gaining new listings. After a successful limited edition period the Orange and Pomegranate flavour has now become the sixth permanent flavour for the product. Our TV advertising campaign 'If H2O were J2O', aimed at further growing distribution was well received by consumers.

"We continue to invest in our strong portfolio of brands."

Our International business continues to achieve improved results, with further distribution gains for Robinsons squash in the recent launch markets of Sweden and Denmark, and impressive growth from Fruit Shoot in the Netherlands, where we have developed a brand new TV campaign which airs at the end of May. The success from Robinsons in Denmark and Sweden led to the decision to launch Robinsons High Juice into Finland in May to further build the scale of our business in the Nordic region. Listings have been secured in all major grocery chains and we expect to achieve distribution of around 70% during the summer. A full promotional campaign, including TV advertising, is accompanying the launch.

Innovating/developing new products

Central to our future success is the ability to innovate further into the large and growing segments of the market. At flotation we outlined our plans focused on the four key themes of naturalness, health and well-being, occasionality and indulgence.

Our three new water brands launched last year, (Fruit Shoot H2O, Pennine Spring and Drench) have established themselves in a relatively short period. H2O is performing very strongly and now has a market share of nearly 50% with repeat rates of sale at 41%, well ahead of new product benchmarks, and with relatively low levels of cannibalisation of the core Fruit Shoot brand. For Drench and Pennine Spring, as for most new brand launches, it has been necessary to affect some changes to the proposition in order to optimise their performance. Pennine Spring will be focused solely on the licensed and food service sectors, building on the fact that in the former it is the third largest and fastest growing water brand, with Drench undergoing a packaging re-design and re-positioning to widen its appeal and strengthen its differentiated proposition as a take-home product. From May activity will focus on driving distribution in the convenience and impulse channels, and a new advertising campaign will run for 12 weeks from July to September to introduce a compelling new message for the water category and Drench brand.

The 2007 innovation programme is well underway with the re-launch of Fruit Shoot in its 'natural' formulation with no artificial flavours and colourings; the launch of 'The Really Wild Drinks Company' a range of six natural juice drinks in response to changing guidelines with regard to soft drinks in schools; the introduction of a more modern and premium position for the Britvic mixer and juice range in non-returnable, recyclable bottles; and finally a major re-design of brand Pepsi that capitalises upon the trend for personal customisation with multiple designs for each variant being available. The designs will change on a regular basis to ensure that the most contemporary themes are reflected on our packs. All four initiatives are performing well and demonstrate our expertise in developing products that help us manage the changing legislative framework at the same time as giving consumers relevant choices.

In the remainder of our financial year, we will launch the following:

- Two products manufactured on our new aseptic line, that enables us to deliver great tasting preservative free products that have no artificial ingredients:
  - Robinsons Smooth Juice – a 100% fruit juice blended with barley in 1L PET bottles.
  - Fruit Shoot 100% – a pure juice specifically designed for children.
- The re-designed and re-positioned Drench.
- The re-formulated and re-designed Robinsons squash.

Driving efficiency – improving margins and free cash flow

Our Business Transformation Programme, which we described at the time of flotation as being focused on driving improved efficiency and building capability, is delivering against both objectives – with £11m of annualised savings having been made prior to the start of financial year 2007 (FY07). Such has been the success of the Business Transformation Programme, that we are on target to deliver an incremental £4m savings in FY07 and £3m in FY08, as previously announced.

In addition we expect to see incremental annualised savings of £5-6m by FY09 as a consequence of the proposed outsourcing of the secondary distribution network and vending and chiller re-manufacturing operations, at a one-off exceptional cost of £3-4m in FY08. The proposals would also reduce capital expenditure requirements by £2-3m from FY08. Related to this proposal, we have disposed of our depot in Tamworth, the only freehold site within the secondary retail distribution network, at a net cash consideration of £9m.

We continue to drive our Product Value Optimisation (PVO) programme and are on track to deliver £2m of savings in FY07 with the introduction of in-house large pack PET squash bottles at our Norwich factory and other vertical integration opportunities.

Acquisition of the soft drinks and related businesses of C&C Group plc

We have agreed to acquire the soft drinks and distribution businesses ('CCSD') of C&C Group plc for €249.2m (£169.5m) in cash. CCSD owns a number of leading brands in the Republic of Ireland and Northern Ireland ('the territory'), including Club, Ballygowan water, Britvic, Cidona, MiWadi, and Energise Sport, as well as the rights to the Pepsi and 7Up brands in the territory through its bottling agreements with PepsiCo.

This is a great opportunity to accelerate earnings growth and provides us with a leading position in the soft drinks markets in the territory. Additionally, there is exciting potential for anticipated synergies of €14m, as well as brand and product expansion and innovation. This is an important acquisition for Britvic as we seek to grow the business both within the UK and by selective international expansion. We are very pleased to welcome an experienced and highly capable CCSD senior management team and their colleagues. We believe we have many opportunities to further develop both CCSD's own brands and the Pepsi and 7Up brands in these markets. Completion is expected before 31 August 2007.

Current trading and outlook

The encouraging trading trends seen over the period have continued through the early weeks of the second half and as a result, Management remain confident with regard to the full year outcome. However as we enter this more important and typically more volatile period, the soft drinks market as a whole will face much stronger comparatives.

Paul Moody
Chief Executive

"We are well positioned in this growth market."

Operating and Financial Review
Financial and Business Review

The following discussion is based on Britvic's results for the 28 weeks ended 15 April 2007 ('the period') compared with the same period last year.

Key performance indicators

The principal key performance indicators that Management uses to assess the performance of the Group in addition to income statement measures of performance are as follows:

- Volume growth – number of litres sold by the Group relative to prior period.
- Average Realised Price (ARP) – average revenue per litre sold.
- Revenue growth – sales achieved by the Group relative to prior period.
- Brand contribution margin – revenue less material costs and all other marginal costs that Management considers to be directly attributable to the sale of a given product, divided by revenue. Such costs include brand specific advertising and promotional costs, raw materials, and marginal production and distribution costs. Management uses the brand contribution margin to analyse Britvic's financial performance, because it provides a measure of contribution at brand level.
- Operating profit margin – operating profit before exceptional items and before the deduction of interest and taxation divided by revenue.
- Free cash flow – net cash flow excluding movements in borrowings, dividend payments and non-cash exceptional items.
- Return on invested capital (ROIC) – ROIC is a performance indicator used by Management and defined as operating profit after tax before exceptional items as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the Group and excluding any deferred tax balances.

Overview

In the period total volumes were up 7.9% on the prior year, with total revenues up 9.3% at £353.6m. Operating profit before exceptional items for the period was up 30.1% to £24.2m, with operating profit margin also showing improvement at 6.8%, up 1.1%pts. PAT for the period was £10.9m, up 67.7% on the prior period, with EPS up 66.7%.

Stills

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	% change
Volume (millions litres)	229.9	213.8	7.5
ARP per litre	72.6p	71.9p	1.0
Revenue	166.8	153.7	8.5
Brand contribution	76.9	69.9	10.0
Brand contribution margin	46.1%	45.5%	0.6%pts

£24.2m

Operating profit
Before exceptional items, operating profit was up 30.1% against the same period last year.

In stills we have seen continued strong growth with revenue up 8.5%, driven by the success of Fruit Shoot H20 which further strengthened its position as the number one kid's water; the continuing growth in Robinsons squash with the new large pack facilities enabling us to compete effectively with own label; and J20's strong performance.

Britvic has out-performed the market over the period, with Britvic volumes up 7.5% against a market up 1.7%. Stills have also seen a continued improving ARP, up 1.0% for the period.

The brand contribution margin, up 0.6%pts at 46.1%, has been impacted by the continued strategic decision to focus an increasing proportion of advertising and promotional (A&P) spend on stills, although this has been mitigated by our PVO programme again predominantly focused on stills with the impact of the new in-house bottling facilities at Norwich.

Carbonates

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	% change
Volume (millions litres)	449.1	415.6	8.1
ARP per litre	39.0p	38.5p	1.3
Revenue	175.2	159.8	9.6
Brand contribution	68.0	60.6	12.2
Brand contribution margin	38.8%	37.9%	0.9%pts

In carbonates, we have delivered a strong performance, with volumes up 8.1% in the period driven by a growing presence in the increasingly important discounter sector, which accounts for just over half of the growth in the period and shows a similar ARP and margin profile to the rest of the business, and by the strength of the Pepsi brand proposition which continues to deliver further market share gains despite an increasingly competitive sector.

Nielsen data excludes the discounter sector but even after taking out the growth associated with this sector our underlying carbonates growth of around 4% still out-performed the market which grew 1.7% year on year. Allied with the strong volume growth was an increase in ARP which generated strong revenue growth of nearly 10%.

Direct product cost increases below inflation were more than offset by the reduction in A&P spend, which, as already explained, was focused on stills, and hence carbonates brand contribution continues to trend upwards.

International

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	% change
Volume (millions litres)	17.2	15.9	8.2
ARP per litre	67.4p	62.3p	8.2
Revenue	11.6	9.9	17.2
Brand contribution	3.1	2.8	10.7
Brand contribution margin	26.7%	28.3%	(1.6)%pts

+8.1%

Increase in carbonates volume
Britvic outperformed the market driven by a growing presence in the discounter sector and the strength of the Pepsi brand.

The International business continues to achieve improved results, with both volume and ARP growth of 8.2%, and revenue growth of 17.2% driven by further distribution gains for Robinsons squash in the recent launch markets of Sweden and Denmark. The Fruit Shoot business in the Netherlands is continuing to perform strongly, with volumes doubling versus the same period last year, resulting in Fruit Shoot being the fastest growing brand in the category.

The decrease in the brand contribution margin can be explained by an increase in A&P spend as we continued our launch campaign into the Nordic countries, and the effect of the increase in direct product costs up 4.5%, reflecting the higher volume and value of stills products sold.

Costs and overheads

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	% change
Non brand A&P*	(4.4)	(3.5)	(25.7)
Fixed supply chain**	(34.2)	(36.1)	5.3
Selling costs**	(46.5)	(44.2)	(5.2)
Overheads and other*	(38.7)	(30.8)	(25.6)
Total	(123.8)	(114.6)	(8.0)
Total A&P spend	(24.3)	(23.3)	(4.3)
A&P as a % of net revenue	6.9%	7.2%	

*Contained within Administration expenses.

**Contained within Selling and distribution costs.

Overall, we have maintained our investment in total A&P at circa 7% of net revenue to continue our long-term brand building programme. We continue our strategy of a more selective focus on A&P spend in those areas where we believe we will get the best results.

Fixed supply chain costs are down by circa £2m due in part to the benefit of cost savings from our Business Transformation Programme. The increase in selling costs is a reflection of the strong revenue performance and the correlation between that and the higher investment made in customer space for promotional activity etc; and the fact that last year the phasing of spend was proportionately higher in the second half. The increase in overheads and other costs of circa £8m reflects an increase of £5.7m in the employee bonus provision, reflecting the strong revenue and profit performance over the period and a £0.8m 'buy as you earn' share scheme cost which only commenced in April 2006.

Exceptional items

During the period, Britvic incurred exceptional operating costs totalling £4.8m. These comprised:

- Restructuring costs of £1.8m resulting from the £4m Business Transformation Programme overhead cost savings identified for FY07 which relate principally to redundancy costs and advisor fees.
- The £1.7m cost of transitional award shares vesting under the Performance Share Plan (PSP). As we announced last year, in addition to the annual PSP awards, a one-off transitional award was made to approximately 90 of the most senior managers within the business. The award vests in

three tranches over the three financial years 2005/6, 2006/7 and 2007/8. It is designed to aid the transition from long-term incentive plans which terminated on separation from InterContinental Hotels Group PLC, whilst also serving as a retention and incentive plan measured by ROIC and is paid in shares, which forms part of a shareholding requirement for senior executives. The charge of £1.7m for the period is in line with guidance given in November for a full year charge of between £2-4m.

- A non-cash charge of £0.2m relating to IHG share options held by Britvic employees which is purely an accounting entry.
- A £1.1m returnable bottle impairment relates to an impairment made for returnable glass bottle stocks held in inventory which are redundant due to the strategic move to a more profitable programme of non-returnable bottles.

Exceptional operating costs are £9.8m lower than the same period last year. This is primarily due to the following costs incurred in the prior year: listing costs of £5.4m; £1.9m one-off cost of the all-employee share award announced at the time of flotation; and higher restructuring costs incurred.

All exceptional costs in the period are tax deductible. The share incentive scheme costs will attract deductions but on a basis different to the accounting treatment.

Interest

The net finance charge before exceptional items for the period for the Group was £9.0m, compared with £9.2m in same period in the prior year.

Taxation

The tax charge of £4.3m before exceptional items represents an effective tax rate of 28.2%, a rate lower than the UK statutory rate of 30% due to a greater focus on the management of taxation as an independent plc. The effective tax rate as reported in the accounts for the same period last year was 30.9%. Including the effect of exceptional items, the effective tax rate was 33.0% for the period.

Earnings per share

EPS for the period, adjusted for exceptional items, was 5.0p, up 66.7% on EPS for the same period last year of 3.0p. Basic EPS (after exceptional items) for the period was 3.2p compared with a loss per share of 2.6p for the same period last year.

Dividends

The Board is recommending an Interim dividend for 2007 of 3.3p per share, an increase of 10.0% on the dividend last year with a total value of £7.1m. The Interim dividend will be paid on 29 June 2007 to shareholders on record as at 1 June 2007.

Cash flow and net debt

There has been a £30.1m pre-exceptional free cash flow improvement on the same period last year. This improvement has been principally driven by the following:

- Lower net capital expenditure in the period (£14.3m) than the same period last year (£27.4m).
- An additional pension contribution of £10m in the period compared to £30m last year.

+66.7%

Increase in EPS
Adjusted for exceptional items, EPS rose to 5.0p compared to 3.0p for same period last year.

Net debt defined as current and non-current borrowings less cash, was £309.8m at 15 April 2007 compared to £362.5m at 16 April 2006. This is due in the main to a special dividend of £98.5m paid out in the prior year compared to £15.1m (final for FY06) paid in the period.

Capital employed

Non-current assets have reduced from £329.9m at 16 April 2006 to £305.9m at 15 April 2007 due in part to more tightly controlled capital expenditure which is down £13.1m compared to the same period last year. Depreciation has decreased by £1.3m compared to the same period last year.

Share price and market capitalisation

At 15 April 2007 the closing share price for Britvic plc was 339.5p. The Group is a member of the FTSE 250 index with a market capitalisation of approximately £733m at the period end.

Treasury management

A key activity in the period was to replace around £229m of bank-based borrowings with the proceeds of a private placement. The issue of the placement, largely in the US, had the following features:

- A maturity ranging from 7 to 12 years.
- Sterling and US dollar proceeds (the latter swapped to sterling).
- All proceeds on an effective fixed-interest rate basis.

Pensions

The Group operates a pension scheme, which has both a defined benefit fund and a defined contribution fund. The defined benefit section of the scheme was closed on 1 August 2002, and since this date new employees have been eligible to join the defined contribution section of the scheme. As a result of the full actuarial valuation carried out as at 31 March 2004, further contributions of £30m were made in March and December 2005, and an additional £10m in December 2006. Additional annual contributions of £10m will be made in December 2007 to 2010 (total of £40m) in order to further reduce the deficit in the scheme. A full actuarial valuation is currently being prepared in line with the normal three year cycle as at 31 March 2007, the results of which will be reflected in the year end financial statements. The results of this valuation are not yet available.

The Group IAS 19 deficit at the half year was £16.8m (£65.8m at 1 October 2006). The decrease in the deficit is due to changes in actuarial assumptions applied as at 15 April 2007. It should be noted that this is an accounting valuation and subject to high volatility.

Independent Review Report to Britvic plc

We have been instructed by the Company to review the financial information for the 28 weeks ended 15 April 2007 which comprises consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of recognised income and expense, and the related notes 1 to 8. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This Report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 28 weeks ended 15 April 2007.

Ernst & Young LLP
Nottingham
18 May 2007

Consolidated Income Statement

For the 28 weeks ended 15 April 2007

		(Unaudited) 28 Weeks Ended 15 April 2007			(Unaudited) 28 Weeks Ended 16 April 2006			(Audited) 52 Weeks Ended 1 October 2006		
	Note	Before Exceptional Items £m	Exceptional Items £m	Total £m	Before Exceptional Items £m	Exceptional Items £m	Total £m	Before Exceptional Items £m	Exceptional Items £m	Total £m
Revenue		353.6	–	353.6	323.6	–	323.6	677.9	–	677.9
Cost of sales		(139.9)	–	(139.9)	(127.4)	–	(127.4)	(263.5)	–	(263.5)
Gross profit		**213.7**	**–**	**213.7**	**196.2**	**–**	**196.2**	**414.4**	**–**	**414.4**
Selling and distribution costs		(126.5)	–	(126.5)	(118.0)	–	(118.0)	(231.0)	–	(231.0)
Administration expenses	3	(63.0)	(4.8)	(67.8)	(59.6)	(14.6)	(74.2)	(109.7)	(19.1)	(128.8)
Operating profit		**24.2**	**(4.8)**	**19.4**	**18.6**	**(14.6)**	**4.0**	**73.7**	**(19.1)**	**54.6**
Finance income		0.8	–	0.8	–	–	–	0.2	–	0.2
Finance costs		(9.8)	(0.1)	(9.9)	(9.2)	(0.1)	(9.3)	(18.0)	(0.3)	(18.3)
Profit/(loss) before tax		**15.2**	**(4.9)**	**10.3**	**9.4**	**(14.7)**	**(5.3)**	**55.9**	**(19.4)**	**36.5**
Taxation	5	(4.3)	0.9	(3.4)	(2.9)	2.7	(0.2)	(16.3)	4.0	(12.3)
Profit/(loss) for the period attributable to the equity shareholders		**10.9**	**(4.0)**	**6.9**	**6.5**	**(12.0)**	**(5.5)**	**39.6**	**(15.4)**	**24.2**
Earnings per share	6									
Basic earnings per share		5.0p	(1.8p)	3.2p	3.0p	(5.6p)	(2.6p)	18.4p	(7.2p)	11.2p
Diluted earnings per share		5.0p	(1.8p)	3.2p	3.0p	(5.6p)	(2.6p)	18.3p	(7.1p)	11.2p
Dividends										
Paid in the period										
Dividend per share (pence)				7.0			45.9			48.9
Total dividend (£m)				15.1			98.5			105.0
Proposed after the balance sheet date										
Dividend per share (pence)				3.3			3.0			7.0
Total dividend (£m)				7.1			6.5			15.1

Consolidated Balance Sheet

At 15 April 2007

	Note	(Unaudited) 15 April 2007 £m	(Unaudited) 16 April 2006 £m	(Audited) 1 October 2006 £m
Assets				
Non-current assets				
Property, plant and equipment		207.6	232.4	218.2
Intangible assets		95.9	95.1	95.4
Trade and other receivables – lease premiums		2.4	2.4	2.4
		305.9	329.9	316.0
Current assets				
Inventories		35.5	37.3	31.7
Trade and other receivables		132.3	115.7	99.6
Other financial assets		0.3	0.2	0.6
Income tax receivable		1.1	5.7	–
Cash and cash equivalents		9.1	1.2	19.2
		178.3	160.1	151.1
Total assets		**484.2**	**490.0**	**467.1**
Equity and liabilities				
Issued capital	7	(43.2)	(43.2)	(43.2)
Share premium	7	(2.5)	–	(2.5)
Own shares	7	0.3	0.5	0.5
Share scheme reserve	7	(4.9)	(5.7)	(4.5)
Hedging reserve	7	0.5	–	0.4
Retained earnings	7	87.3	116.6	107.0
Total equity	7	**37.5**	**68.2**	**57.7**
Non-current liabilities				
Interest-bearing loans and borrowings	4	(297.8)	(354.2)	(284.3)
Deferred tax liabilities		(17.5)	(7.1)	(3.3)
Pension liability		(16.8)	(48.9)	(65.8)
		(332.1)	(410.2)	(353.4)
Current liabilities				
Trade and other payables		(166.5)	(138.3)	(147.7)
Interest-bearing loans and borrowings	4	(21.1)	(9.5)	(17.5)
Other financial liabilities		(2.0)	(0.2)	(1.0)
Income tax payable		–	–	(5.2)
		(189.6)	(148.0)	(171.4)
Total liabilities		**(521.7)**	**(558.2)**	**(524.8)**
Total equity and liabilities		**(484.2)**	**(490.0)**	**(467.1)**

Consolidated Statement of Cash Flows

For the 28 weeks ended 15 April 2007

	(Unaudited) 28 Weeks Ended 15 April 2007 £m	(Unaudited) 28 Weeks Ended 16 April 2006 £m	(Audited) 52 Weeks Ended 1 October 2006 £m
Cash flows from operating activities			
Profit from continuing operations before tax and net finance costs	19.4	4.0	54.6
Depreciation	19.2	20.5	38.3
Amortisation	2.0	2.5	4.7
Share based payments	3.7	7.8	7.8
Net pension charge less contributions	(9.4)	(29.4)	(29.6)
(Increase)/decrease in inventory	(3.8)	0.6	6.2
(Increase)/decrease in trade and other receivables	(32.7)	(11.9)	2.2
Increase/(decrease) in trade and other payables	21.1	(6.0)	3.8
Loss on disposal of property, plant and equipment	2.8	1.8	4.0
Loss on disposal of intangible assets	–	–	0.4
Income tax paid	(7.1)	(3.7)	(3.8)
Net cash flows from operating activities	**15.2**	**(13.8)**	**88.6**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	–	0.2	0.2
Interest received	0.8	–	0.2
Purchase of property, plant and equipment	(11.8)	(26.7)	(29.4)
Purchase of intangible assets	(2.5)	(0.9)	(3.8)
Net cash flows used in investing activities	**(13.5)**	**(27.4)**	**(32.8)**
Cash flows from financing activities			
Issue costs paid	(0.8)	(0.1)	(0.2)
Interest paid	(11.8)	(5.8)	(16.4)
Interest-bearing loans received	321.6	364.4	667.0
Interest-bearing loans repaid	(302.5)	(233.9)	(598.4)
Repayment of borrowings	–	(2.8)	(2.8)
Purchase of own shares	(3.2)	(0.5)	(0.5)
Increase in share capital	–	0.2	0.3
Dividends paid to equity shareholders	(15.1)	(98.5)	(53.3)
Dividends paid to previous shareholders	–	–	(51.7)
Net cash flows from financing activities	**(11.8)**	**23.0**	**(56.0)**
Net decrease in cash and cash equivalents	(10.1)	(18.2)	(0.2)
Cash and cash equivalents at beginning of period	19.2	19.4	19.4
Cash and cash equivalents at end of period	**9.1**	**1.2**	**19.2**

Consolidated Statement of Recognised Income and Expense

For the 28 weeks ended 15 April 2007

	(Unaudited) 28 Weeks Ended 15 April 2007 £m	(Unaudited) 28 Weeks Ended 16 April 2006 £m	(Audited) 52 Weeks Ended 1 October 2006 £m
Actuarial gain/(loss) on defined benefit pension scheme	39.6	6.7	(10.8)
Current tax on additional pension contributions	3.0	9.0	9.0
Deferred tax on pension liability	(14.9)	(11.0)	(5.7)
Movement in cash flow hedges	0.1	1.0	0.6
Deferred tax on share options granted to employees	(0.3)	1.1	0.1
Current tax on share options exercised	0.4	0.6	1.1
Net income/(expense) recognised directly in equity attributable to equity shareholders	**27.9**	**7.4**	**(5.7)**
Profit/(loss) for the period	6.9	(5.5)	24.2
Total recognised income for the period	**34.8**	**1.9**	**18.5**

Notes to the Financial Information

1. Basis of preparation

This interim financial information comprises the consolidated balance sheet as at 15 April 2007 and 16 April 2006 and related consolidated income statement, consolidated cash flow statement and consolidated statement of recognised income and expense for the 28 weeks then ended and for the 52 weeks ended 1 October 2006 of Britvic plc ('financial information'). This financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority. This financial information has been prepared using the principal accounting policies as set out in pages 43-50 of the Group's annual financial statements for the 52 weeks ended 1 October 2006. In preparing these interim financial statements the Group has chosen not to apply IAS 34 'Interim Financial Reporting'.

This interim report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. It has been reviewed but not audited by the Group's auditors. The statutory accounts for Britvic plc for the 52 weeks ended 1 October 2006, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement made under section 237 (2) or (3) of the Companies Act 1985.

2. Segmental reporting

The Directors consider that the Group has only one reportable geographic segment, being the UK, and one business segment being the manufacture and sale of soft drinks. The Directors consider that the risks and returns of the Group's products are similar in nature.

3. Exceptional items before interest and taxation

Exceptional items are those items of financial performance that Britvic plc believes should be separately disclosed by virtue of the nature and infrequency of the events giving rise to them to allow shareholders to understand better the elements of financial performance in the period so as to facilitate comparison with prior periods and to assess trends in financial performance more readily.

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	52 Weeks Ended 1 October 2006 £m
Listing costs	–	(5.4)	(5.5)
Incentive schemes directly associated with the flotation	(1.9)	(6.6)	(6.6)
Restructuring costs	(1.8)	(2.6)	(7.0)
Returnable bottle impairment	(1.1)	–	–
Exceptional costs	**(4.8)**	**(14.6)**	**(19.1)**

'Listing costs' relates to various costs incurred in pursuit of the listing on the London Stock Exchange which include advisors' fees.

'Incentive schemes directly associated with the flotation' include all-employee share schemes and management incentives. The cost in the 28 weeks ended 15 April 2007 relates to a transitional award granted to members of both the senior leadership team and the senior management team shortly after flotation, the purpose of which is to compensate these individuals for the loss of existing long-term incentive bonuses which were discontinued upon flotation.

'Restructuring costs' includes the costs of the major restructuring programmes. These costs relate principally to redundancy costs and advisors' fees.

'Returnable bottle impairment' relates to an impairment made for returnable glass bottle stocks, held in inventory, which are redundant due to the move to non-returnable bottles.

4. Analysis of changes in interest-bearing loans and borrowings

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	52 Weeks Ended 1 October 2006 £m
Non-current liabilities	284.3	219.3	219.3
Current liabilities	17.5	13.9	13.9
At the beginning of the period	301.8	233.2	233.2
Issue of US$ Notes	228.5	–	–
New unsecured loans	93.1	364.4	667.0
Issue costs of new loans/US$ Notes	(0.8)	(0.1)	(0.1)
Amortisation of issue costs	0.2	0.1	0.1
Borrowings repaid	(302.5)	(233.9)	(598.4)
Translation gain on US$ Notes	(1.4)	–	–
At the end of the period	**318.9**	**363.7**	**301.8**
Non-current liabilities	297.8	354.2	284.3
Current liabilities	21.1	9.5	17.5

On 20 February 2007, Britvic plc issued US$450m of Senior Notes ('the Notes') in the United States Private Placement Market. The proceeds of the issue were used to repay a £150m term loan, with the remainder being used to repay the amounts drawn on the Group's revolving credit facility.

The amount, maturity and interest terms of the Notes are shown in the table below:

Series	Tranche	Maturity date	Amount	Interest terms
A	7 year	20 February 2014	US$87m	Fixed at 5.80%
B	7 year	20 February 2014	US$15m	US$ LIBOR + 0.50%
C	7 year	20 February 2014	£25m (US$49m)	Fixed at 6.11%
D	10 year	20 February 2017	US$147m	Fixed at 5.90%
E	12 year	20 February 2019	US$126m	Fixed at 6.00%
F	12 year	20 February 2019	£13m (US$26m)	Fixed at 5.94%

Britvic plc will make semi-annual interest payments in US Dollars, other than the interest due on series B which is payable quarterly, with the first payment being on 21 May 2007. The Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the Company. In order to manage the risk of foreign currency and interest rate fluctuations, the Group has entered into currency swaps whereby fixed/floating US Dollar interest is swapped for fixed sterling interest. The swap contracts have the same duration and other critical terms as the borrowings which they hedge.

As a result of applying hedge accounting, the translation gain shown above of £1.4m has been offset by an equivalent change in the fair value of the swap arrangements.

5. Taxation

The tax charge on profit before tax, excluding the impact of exceptional items has been calculated using an estimated effective annual rate of 28.2% (2006: 30.9%). Including tax on exceptional items, this leaves an estimated tax charge of £3.4m for the 28 weeks ended 15 April 2007 (£0.2m for the 28 weeks ended 16 April 2006). The tax charge before exceptional items of £4.3m includes £2.1m of foreign tax.

6. Earnings per share

	28 Weeks Ended 15 April 2007 £m	28 Weeks Ended 16 April 2006 £m	52 Weeks Ended 1 October 2006 £m
Basic earnings per share for reported earnings			
Net profit/(loss) for the period attributable to ordinary shareholders	6.9	(5.5)	24.2
Weighted average number of ordinary shares in issue for basic earnings per share	215.5	214.9	215.4
Basic earnings per share for profit/(loss) for the period	**3.2p**	**(2.6p)**	**11.2p**
Diluted earnings per share for reported earnings			
Net profit/(loss) for the period attributable to ordinary shareholders	6.9	(5.5)	24.2
Weighted average number of ordinary shares in issue for diluted earnings per share	218.1	214.9	216.7
Diluted earnings per share for profit/(loss) for the period	**3.2p**	**(2.6p)**	**11.2p**
Basic earnings per share for pre-exceptional earnings			
Net profit/(loss) for the period attributable to ordinary shareholders	6.9	(5.5)	24.2
Add: Net impact of exceptional items	4.0	12.0	15.4
Net profit for the period attributable to ordinary shareholders (before exceptional items)	10.9	6.5	39.6
Weighted average number of ordinary shares in issue for basic earnings per share	215.5	214.9	215.4
Basic earnings per share for pre-exceptional earnings	**5.0p**	**3.0p**	**18.4p**
Diluted earnings per share for pre-exceptional earnings			
Net profit for the period attributable to ordinary shareholders (before exceptional items)	10.9	6.5	39.6
Weighted average number of ordinary shares in issue for diluted earnings per share	218.1	218.4	216.7
Diluted earnings per share for pre-exceptional earnings	**5.0p**	**3.0p**	**18.3p**

7. Reconciliation of movements in equity

	Issued capital £m	Share premium £m	Own shares £m	Share scheme reserve £m	Hedging reserve £m	Retained earnings £m	**Total £m**
At 2 October 2006	(43.2)	(2.5)	0.5	(4.5)	0.4	107.0	**57.7**
Total recognised (income)/ expense for the period	–	–	–	–	0.1	(34.9)	**(34.8)**
Own shares purchased for share schemes	–	–	3.2	–	–	–	**3.2**
Own shares awarded for share schemes	–	–	(3.4)	–	–	3.4	**–**
Movement in share schemes	–	–	–	(0.4)	–	(3.3)	**(3.7)**
Payment of dividend	–	–	–	–	–	15.1	**15.1**
At 15 April 2007	**(43.2)**	**(2.5)**	**0.3**	**(4.9)**	**0.5**	**87.3**	**37.5**

8. Post balance sheet events

On 30 April 2007 a sale and leaseback transaction with regard to one of the Group's depots completed.

On 14 May 2007 the Group reached an agreement to buy the soft drinks and distribution businesses, CCSD, of C&C Group plc. The transaction will now be reviewed by the competition authorities, as defined by Irish competition law, and it is expected that completion of the transaction will occur by 31 August 2007.

Please refer to the Chief Executive's Review where further details of these post balance sheet events are given.

Shareholder Information

Dividends for 2007

The Directors have declared an interim dividend of 3.3p per share for 2007, payable on 29 June 2007 to shareholders on the register on 1 June 2007. The Directors will, on announcement of Britvic plc's preliminary results for 2007, recommend a final dividend, payable in February 2008.

Dividend mandate

Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

Share dealing services

Lloyds TSB Registrars offer a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealing call 0870 850 0852 between 8.30am and 4.30pm, Monday to Friday, and for internet dealing log on to www.shareview.co.uk/dealing

Individual savings accounts (ISAs)

ISAs in Britvic plc ordinary shares are available through the Registrar. Further information may be obtained through their ISA Helpline, telephone 0870 24 24 244.

Contacts

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The Company's Registrar is Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA, telephone 0870 195 6550* (UK callers) +44 121 415 7047 (non-UK callers).

*For those with hearing difficulties, a textphone is available on 0870 600 3950 for UK callers with compatible equipment.

Further copies of this report are available from the Company's registered office (address as above) or may be accessed through the Company's website, www.britvic.com

Forward looking statement

This interim report includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of Britvic and the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Shareholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this interim report. Except as required by the Listing Rules and applicable law, Britvic undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date of this document.

Glossary

Advertising and promotional expenditure expenditure which includes brand-specific advertising and promotion costs but excludes the costs of promotional discounts and account development expenditure.

Better for you a consumer trend to seek soft drinks which are perceived to be 'better for you'.

Business Transformation Programme the phased replacement of all of the Group's major IT systems together with a re-engineering of many of the Group's key business processes.

Carbonates a soft drink category where the drink is made predominantly from carbonated water and to which juice or flavourings have been added (for example, cola, lemonade and fruit flavoured carbonates).

Consumer people who drink soft drinks.

Customer take-home outlets (e.g. supermarkets) and on-premise outlets (e.g. pubs) that sell soft drinks.

EBITDA operating profit before exceptional items, depreciation, amortisation and any gain or loss on disposal of fixed assets.

Free cash flow net cash flow excluding movements in borrowings, dividend payments and non-cash exceptional items.

IFRS International Financial Reporting Standards.

Impulse the channel within the take-home market that includes convenience stores, petrol station forecourts, off-licences, independent grocers and confectionary, tobacco, and news retailers.

Licensed on-trade the channel within the on-premise market that includes pubs, clubs and bars.

On-premise the route to market for soft drinks suppliers that includes the licensed on-trade and leisure and catering channels.

PET Polyethylene Terephthalate a type of plastic used to make soft drinks bottles.

Pure juice non-carbonated 100% pure juice or juice blend.

Product Value Optimisation a programme of initiatives designed to reduce the cost of products whilst maintaining consumer and customer satisfaction.

Soft drinks drinks containing less than 1.2% alcohol, which are predominantly served cold, including pure juices, fruit drinks, functional drinks, water, dairy drinks and flavoured carbonated drinks but excluding milk.

Squash cordial or syrup to be diluted prior to consumption.

Stills a soft drink category where the drink is non-carbonated and which may be fruit or non-fruit flavoured (for example, pure juice, squash and fruit drinks).

Take-home the route to market for soft drinks suppliers which includes the grocery multiples, impulse and wholesalers.

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