

Britvic plc Interim Results – 23 May 2018

For the 28 weeks ended 15 April 2018.

“A strong first half performance”

Group Financial Headlines:

- Revenue increased 4.5% to £733.2m with organic revenue** up 2.8%
- Adjusted EBIT* increased 9.4% to £80.5m, with organic adjusted EBIT* up 6.0%
- Organic adjusted EBIT margin* increased 40bps
- Adjusted profit after tax* increased 12.2% to £49.8m
- Profit after tax decreased 13.7% to £33.3m, including £21.6m of planned business capability programme costs
- Adjusted earnings per share* increased 12.2% to 21.2p and the interim dividend increased 9.7%

Strategic highlights:

- Strong growth in Q2, overcoming poor weather in GB, Ireland and France, and absorbing Palmer & Harvey bad debt provision of £3.3m
- Positive price/mix and volume delivering balanced revenue growth
- Entering the soft drinks industry levy environment in GB with strong momentum, with Robinsons back in growth and Pepsi MAX continuing to outperform a highly competitive cola category
- Margin growth delivered through disciplined revenue management and cost control
- Good progress made on Business Capability Programme, capital spend in final phase, with cost and commercial benefits being delivered

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m Restated	% change Actual Exchange Rate	% change Organic Constant Exchange Rate **
Revenue	733.2	701.3	4.5%	2.8%
Adjusted EBIT*	80.5	73.6	9.4%	6.0%
Adjusted EBIT margin*	11.0%	10.5%	50bps	40bps
Profit after tax	33.3	38.6	(13.7) %	
Basic EPS	12.6p	14.7p	(14.3) %	
Adjusted EPS*	21.2p	18.9p	12.2%	
Interim dividend per share	7.9p	7.2p	9.7%	
Adjusted net debt/EBITDA	2.5x	2.4x	(0.1) x	

*In the current period acquisition related amortisation has been included within adjusting items in order to simplify the Group's financial reporting. This has resulted in adjusted EBIT replacing adjusted EBITA as one of the Group's KPIs. This however in practice has no impact on the amounts reported due to the reclassification of acquisition related amortisation. Throughout this report, where relevant, 2017 comparatives have been restated for IFRS15: Revenue from contracts with customers. Full details of this restatement can be found on pages 32 to 34. * Items marked with an asterisk throughout this document are non-GAAP measures, definitions and relevant reconciliations are provided in the Glossary on page 10 and pages 29 to 31. ** Organic constant exchange rate adjusts for the impact of Bela Ischia and constant currency. Detailed adjustments are shown on pages 29 to 31.*

Simon Litherland, Chief Executive Officer commented:

“We have delivered a strong first half performance with solid revenue, margin and earnings growth. We have also made good progress in innovating to meet consumer needs, growing our international presence and transforming our supply chain. While it is too soon to guide on the ongoing consumer impact of the soft drinks levy, early indications of the competitor and customer response are broadly as we anticipated. We have exciting commercial plans in place for the second half and I remain confident of continuing to make progress this year.”

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There will be a live webcast of the presentation given today at 09:00am by Simon Litherland (Chief Executive Officer) and Mathew Dunn (Chief Financial Officer). The webcast will be available at www.britvic.com/investors with a transcript available in due course.

Notes to editors

About Britvic

Britvic is one of the leading branded soft drinks businesses in Europe. The company combines its own leading brand portfolio including Fruit Shoot, Robinsons, Tango, J2O, Teisseire and MiWadi with PepsiCo brands such as Pepsi, 7UP and Mountain Dew Energy which Britvic produces and sells in GB and Ireland under exclusive PepsiCo agreements.

Britvic is the largest supplier of branded still soft drinks in Great Britain ("GB") and the number two supplier of branded carbonated soft drinks in GB. Britvic is an industry leader in the island of Ireland with brands such as MiWadi and Ballygowan, in France with brands such as Teisseire and Pressade and in Brazil with Maguary and Dafruta. Britvic is growing its reach into other territories through franchising, export and licensing. Britvic's management team has successfully developed the business through a clear strategy of organic growth and international expansion based on creating and building scale brands. Britvic is listed on the London Stock Exchange under the code BVIC and is a constituent of the FTSE 250 index.

Cautionary note regarding forward-looking statements

This announcement includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. 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 such statements are published.

Market data

GB take-home market data referred to in this announcement is supplied by Nielsen and runs to 14 April 2018. ROI take-home market data referred to is supplied by Nielsen and runs to 25 March 2018. French market data is supplied by IRI and runs to 1 April 2018.

Next scheduled announcement

Britvic will publish its quarter three trading statement on 24 July 2018.

Chief Executive Officer's Strategic Review

This year we have continued to make good progress delivering our strategic goals. Our continued focus on meeting consumer needs, successfully executing our commercial plans and driving cost efficiency has translated into a strong half year performance, despite the well-known headwinds. We have delivered revenue and margin growth and our adjusted EBIT** increased by 6.0%, with an adjusted EPS* growth of 12.2%.

Generate profitable growth in our core markets

GB

The GB soft drinks market, as measured by Nielsen, has grown again this year, with value growth of 2.0%. We have achieved both average realised price (ARP) and volume growth through innovation, disciplined revenue management and the popularity of our low and no-sugar brands. This resulted in GB revenue growth of 4.6% and we have gained both volume and value market share.

In the carbonates category, our long-term focus on our low and no sugar brands has resulted in strong growth across the portfolio. Pepsi has continued to grow volume and value market share, with no-sugar MAX significantly outgrowing all other cola variants. Revenues also increased for 7UP, Tango and our natural energy brand Purdey's.

Robinsons returned to volume, revenue and market share growth in Q2, as the recent innovation launches, Creations and Cordials, rolled out across Grocery. This resulted in overall Robinsons revenue growth in the first half and moderated the rate of decline in overall stills. Last year we launched Robinsons Refresh'd, a ready-to-drink format, which was the number one soft drinks innovation in 2017. Fruit Shoot Hydro continued to perform well, though the overall Fruit Shoot brand declined in both volume and ARP in a highly competitive category. We recently introduced a new, all-natural variant, Fruit Shoot Juiced, which has schools' compliance accreditation. J20 revenue fell, as changes to promotional price points last year resulted in a reduction of in-store feature & display and a corresponding volume decline. However, exciting new J20 advertising and improved in-store execution begins in the third quarter.

The strong performance in GB demonstrates the resilience of our business as it was delivered despite the extreme winter weather, the administration of Palmer & Harvey and the break-up of Conviviality. The strength and breadth of our brand portfolio and excellence in execution has resulted in new business wins, such as Cineworld.

Our interim results only include one week of sales data following the introduction of the Soft Drinks Industry Levy (SDIL), so it remains too soon to judge the consumer response and therefore guide on the ongoing impact. However, we have worked closely with customers ahead of the levy introduction to ensure soft drinks shelf and feature space is maintained. We are beginning to see an increased focus on low and no sugar brands, where Britvic has an advantaged portfolio, due to our long-standing reformulation and innovation programme. Recent competitor reformulation and promotional strategy appears, at this stage, to be broadly as we anticipated.

France

The soft drinks market volume, as measured by IRI, declined 2.8%, and value declined 1.2%, in part reflecting the poor weather. We have continued to focus on our higher margin branded portfolio; the majority of the revenue decline was in private label sales of juice and syrups. Our syrups range, which is particularly weather-sensitive, declined. In contrast, our organic juice brand Pressade continued to grow revenue and market share on the back of the launch of the Bonjour range of breakfast juices last year.

Ireland

The Republic of Ireland take-home soft drinks category, as measured by Nielsen, grew value by 6.0% in the first half of the year. The first half has seen continued Britvic success in Ireland, with revenue and share growth in our owned-brand portfolio and continued expansion of the Counterpoint wholesale business. Our low and no sugar brands, including MiWadi, Pepsi MAX and Ballygowan, have continued to drive this growth. Single-serve packs were in growth, benefiting both ARP and margin. The incremental benefit of the East Coast acquisition was cycled in the second quarter, enabling us to increase the distribution of Britvic brands, including our range of premium offerings, in the growing Dublin on-trade sector.

The Sugar Sweetened Drinks Tax, due to be introduced on April 6, was delayed at the last minute until May 1 and so falls outside the period being reported. While it was delayed, there had already been some retailer stock-building ahead of the original implementation date. The mechanisms of the Ireland tax are similar to the UK SDIL, with a volume-based charge in relation to the amount of total sugar, where sugar has been added.

Realise global opportunities in kids, family and adult categories

In Brazil our focus has remained on building for the long term while protecting margin in the short term, and we have grown ARP and brand contribution. Once the economic recovery works its way through to the soft drinks category, we are well-placed to take advantage and accelerate growth. The Bela Ischia acquisition is now integrated and delivering synergies ahead of guidance, and it has enabled us to expand both market and channel coverage. We also continue to focus on longer-term growth drivers, such as innovation, with Fruit Shoot continuing to roll out nationally and Maguary Uno providing, a simpler, more affordable concentrates solution to access a wider range of consumers.

In the USA the focus has been on improving the in-store visibility of Fruit Shoot and consumer brand awareness. We have continued to see progress with expanded ranging and shelf space after the latest set of customer range reviews. The Fruit Shoot singles pack format has benefited from the listing in 8,500 Dollar General stores that were secured late last year.

In the Benelux markets, the retailer environment has remained challenging. We have continued to focus on improving the underlying profitability and extending our range of more premium products. In the travel sector we absorbed the loss of Monarch Airlines, due to administration, exited unprofitable contracts and secured new, higher margin listings for brands including J20 and Purdey's.

Continue to step-change our business capability

Our business capability programme (BCP) has made good progress as we build a platform for future growth. It is anticipated that the full cost benefits guidance of a minimum 15% EBITDA return will be fully realised from 2020. Upon completion, the GB production network will comprise of three sites located along the spine of the country in London, Rugby, and Leeds. This will increase efficiency and reduce road miles, and also help accelerate our ability to respond to changing consumer trends with agility and pace by expanding our range of liquids, pack sizes and configurations. The programme is already delivering both cost and commercial benefits, for example the 3 litre PET and 250ml slim line can that are now in trade.

Operationally we anticipate that the final phase will now end with the closure of the Norwich factory in late 2019. I would like to thank the Norwich team for their continuing hard work and dedication in difficult circumstances. The Leeds and London sites' works have completed and the new lines and warehousing are now fully operational. The year ahead involves the installation of three new PET lines, an aseptic line, a combined heat and power (CHP) plant and completion of the high-bay warehouse at Rugby. The Britvic supply chain team have worked tirelessly to deliver the project and its benefits on time and within cost, and I want to pay tribute to their outstanding commitment. We are now in the final year of elevated capital spend for the BCP. In 2019 capital spend will drop to a much lower level, significantly improving free cash flow generation.

Build trust and respect in our communities

Last year we reviewed our sustainable business programme to ensure that it is focused on the issues that matter most to our business and our stakeholders. The result of this is a programme which focuses on three key areas where we believe we can make a real difference – Healthier People; Healthier Communities; and Healthier Planet.

In Healthier People, our long-term strategy of helping consumers make healthier choices has positioned us well and at the half year, the trend towards lower sugar soft drinks has continued with a decrease in average calories per serve across the group.

We seek to build Healthier Communities by being a good employer and contributing to the local areas in which we operate. This year our externally measured employee satisfaction survey, the Great Place to Work Trust Index, increased and our GB, Ireland and France business units all enjoyed a material improvement in their ranking. Our GB business was ranked the number one soft drinks business to work for in the UK in 2018.

Under Healthier Planet, we have plans in place to minimise our impact on the environment by reducing carbon emissions, water usage, landfill and waste, including packaging. We recently signed up to the "UK Plastics Pact" initiative, which seeks to create a circular economy in plastics. It is a collaboration of industry, government and NGO's that have set targets to try to reduce, recycle and eliminate problematic or unnecessary plastic packaging by 2025. All our PET plastic bottles are already recyclable, and our investment in the supply chain is enabling us to use less plastic through lightweighting. We will continue to engage constructively with government and wider stakeholders on this important agenda.

Outlook

With a strong start to the year and exciting commercial plans for the second half, I remain confident of continuing to make progress this year. At the same time, we continue to invest in the long-term growth drivers of innovation, building a supply chain infrastructure fit for the future and expanding our international presence. With a portfolio of leading brands and an amazing team of people, I am confident in the long-term prospects for Britvic.

Chief Financial Officer's Review

Overview

In the period, we sold over 1.2 billion litres of soft drinks, an increase of 3.6% on the previous year, with ARP of 57.4p, increasing by 0.5% on a constant currency basis. Revenue was £733.2m, an increase of 4.5% (AER) compared to last year and 2.8% on an organic constant currency basis. Adjusted EBIT* increased 9.4% (AER) to £80.5m, and adjusted EBIT margin* increased 50bps (AER). Organic adjusted EBIT margin**, on a constant currency basis, increased by 40bps. Profit after tax decreased 13.7% to £33.3m, including £21.6m of planned costs primarily related to the BCP.

<u>GB carbonates</u>	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change
Volume (million litres)	677.3	644.4	5.1
ARP* per litre	43.5p	41.9p	3.8
Revenue	294.9	270.3	9.1
Brand contribution*	123.5	108.4	13.9
Brand contribution margin*	41.9%	40.1%	180 bps

While the second quarter lapped a softer year on year comparative, carbonates performance has nonetheless been extremely strong, setting us up well as we head into the introduction of the SDIL. Performance did benefit from a modest amount of retailer stock-building ahead of the levy's implementation. Pepsi, led by no-sugar MAX, was the main driver of growth and increased its market volume and value share in a competitive cola category. The Britvic-owned brands Tango and Purdey's were also in growth. The BCP investment has increased capacity, enabling strong growth in both cans and 1.5 litre PET. ARP and margin benefited from positive price/mix, in part due to the implementation of new promotional price points in the off-trade, as well as growth of higher margin Britvic-owned brands. Brand contribution and margin increased by 13.9% and 180 bps respectively.

<u>GB stills</u>	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change
Volume (million litres)	172.6	177.0	(2.5)
ARP* per litre	75.3p	76.8p	(2.0)
Revenue	129.9	135.9	(4.4)
Brand contribution*	54.8	59.9	(8.5)
Brand contribution margin*	42.2%	44.1%	(190) bps

GB stills revenue declined in the first half, although the rate of revenue decline slowed to 2.3% in the second quarter. The launch of the new Robinsons ranges, which was supported by a comprehensive marketing campaign, has resulted in brand volume and revenue growth for Robinsons. The launch of Refresh'd last year, which extended the brand into "on-the-go" consumption occasions, has generated £9m of retail sales value since launch. However, declines in J20 and Fruit Shoot were adverse for price/mix and margin. Brand contribution and margin were further impacted by underlying cost of sales inflation and declined 8.5% and 190 bps respectively.

France	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	136.6	142.1	(3.9)	(3.9)
ARP* per litre	97.7p	94.5p	3.4	0.9
Revenue	133.4	134.3	(0.7)	(3.0)
Brand contribution*	36.5	36.8	(0.8)	(2.8)
Brand contribution margin*	27.4%	27.4%	-	10 bps

The half year revenue decline was predominantly driven by a soft first quarter, when revenue was down 5.0%. Performance improved in the second quarter, with revenue down 1.4%. The decline was primarily in private label juice and syrup sales, where ARP and margins are significantly lower than branded sales. Within the branded portfolio, syrups declined, reflecting a fall in consumption after the poor summer and continued adverse weather conditions in the second quarter of the year. Our organic-based juice brand Pressade was in strong growth, following the expansion of the range last year.

Ireland	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	115.4	112.0	3.0	3.0
ARP* per litre	53.5p	50.1p	6.8	4.7
Revenue	86.6	75.1	15.3	13.1
Brand contribution*	26.7	23.7	12.7	9.7
Brand contribution margin*	30.8%	31.6%	(80) bps	(90) bps

Note: Volumes and ARP include own brand soft drinks sales and do not include factored product sales included within total revenue and brand contribution

Disciplined revenue management resulted in robust ARP growth across the portfolio. Revenue increased by 13.1%, in part due to the growth in the Counterpoint wholesale business, which acquired East Coast last year. The one-off incremental benefit of the East Coast acquisition has now been fully realised. While the acquisition is accretive to revenue and brand contribution, it is dilutive to margin as the sale of wholesale third-party brands generates a lower distributor margin. Across the portfolio, we have delivered revenue and share growth. Our low and no sugar brands, including MiWadi, Pepsi MAX and Ballygowan, have continued to drive this growth. The increase in water sales and wholesale revenue resulted in brand contribution margin declining 90 bps and contribution increasing 9.7%.

International	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	18.7	19.0	(1.6)	(1.6)
ARP* per litre	107.0p	111.1	(3.7)	(5.0)
Revenue	20.0	21.1	(5.2)	(6.5)
Brand contribution*	3.6	3.6	-	(14.9)
Brand contribution margin*	18.0%	17.1%	90 bps	(180) bps

Note: Concentrate sales are included in both revenue and ARP but do not have any associated volume.

Volume and revenue declined in the Benelux and Travel & Export channels, due to the continued focus on improving margin in the Netherlands, Monarch Airlines going into administration and the exiting of unprofitable travel contracts. This was partly offset by recent listings for brands including Purdey's and J20. In the USA reported revenue declined, which reflects the timing of concentrate shipments for Fruit Shoot singles and retailer orders for the multi-pack format. Brand contribution declined 14.9% and margin declined 180 bps, reflecting the adverse impact of the mix of businesses.

Brazil	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change actual exchange rate	% change organic constant exchange rate
Volume (million litres)	114.5	98.1	16.7	(6.1)
ARP* per litre	59.7p	65.9	(9.4)	0.3
Revenue	68.4	64.6	5.9	(5.8)
Brand contribution*	14.9	11.3	31.9	19.6
Brand contribution margin*	21.8%	17.5%	430 bps	480 bps

Organic volume declined 6.1%, resulting in revenue down 5.8% on last year. ARP was resilient, increasing 0.3%. Despite the decline in organic revenue, organic brand contribution and margin increased 19.6% and 480bps respectively. This was due to a combination of factors, including lower raw material costs, phasing of A&P spend and synergies from the Bela Ischia acquisition being realised in Ebba.

<u>Fixed costs – pre-adjusting items</u>	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	% change actual exchange rate	% change organic constant exchange rate
Non-brand A&P	(5.8)	(5.4)	(7.4)	(7.4)
Fixed supply chain	(58.2)	(52.6)	(10.6)	(9.0)
Selling costs	(43.1)	(40.8)	(5.6)	(5.2)
Overheads and other	(72.4)	(71.3)	(1.5)	(1.4)
Total	(179.5)	(170.1)	(5.5)	(4.9)
<i>Total A&P investment</i>	<i>(29.5)</i>	<i>(31.2)</i>		
<i>A&P as a % of own brand revenue</i>	<i>4.2%</i>	<i>4.6%</i>		

This year there have been some changes to our commercial investment profile. We chose to upweight investment in our outlet execution, which targets key growth channels – this resulted in an increase in selling costs. We have rephased A&P spend into the third quarter, to support increased marketing activity following the SDIL implementation. This means that in the first half, A&P spend declined by £1.7m (AER) and by £1.5m on a constant currency basis. Branded spend also decreased due to the phasing of spend in France and Brazil, as well as leveraging efficiencies across the group.

Fixed supply chain costs have increased, largely due to depreciation from our GB investment programme, and additional co-packing costs related to recent innovation launches and other inflationary impacts. Overheads and other costs have increased by 1.5%, which includes the £3.3m bad debt provision following the administration of Palmer & Harvey. Excluding this bad debt provision, overheads and other costs have decreased by 3.1%. Reported fixed costs increased 5.5% on an AER basis and increased 4.9% on an organic constant exchange rate basis.

Interest

The adjusted net finance charge* for the 28-week period for the Group was £10.4m, compared with £11.0m in the prior year. The reported net finance charge was £11.1m (2017: £12.7m).

Adjusting items – pre-tax

In the period, we accounted for a net charge of £28.3m (2017: £12.5m) of pre-tax adjusting items. These include:

- Strategic restructuring – BCP costs of £21.6m, which include employee costs and asset impairments in respect of the Norwich site closure, as well as other costs related to the total programme;
- Acquisition related amortisation of £6.2m; and
- Fair value loss of £0.5m;

The cash costs of adjusting items pre-tax in the period were a £11.1m outflow. Further detail on adjusting items can be found on pages 29 to 31.

Taxation

The adjusted tax charge* was £14.1m, which equates to an effective tax rate of 22.1% (2017: 22.5%). This primarily resulted from the overseas profit mix being impacted by reduced international losses, as well as beneficial prior year adjustments booked in the first half, and some continued benefit from the decrease in UK tax rate. The reported net tax charge was £8.5m (2017: £11.5m). The lower net tax charge for 2018 compared to 2017 mainly relates to a reduction in deferred tax liabilities of £2.3m due to the decrease in French corporate tax rates.

Earnings per share (EPS)

Adjusted basic EPS* for the period was 21.2p, up 12.2% on the same period last year. Basic EPS for the period was 12.6p, compared with 14.7p for last year.

Dividends

The Board is recommending an interim dividend of 7.9p per share, an increase of 9.7% on the dividend declared last year, with a total value of £20.9m. The interim dividend for 2018 will be paid on 13 July 2018 to shareholders on record as at 1 June 2018. The ex-dividend date is 31 May 2018.

Cash flow and net debt

Adjusted free cash flow* was a £36.1m outflow, compared with a £32.7m outflow the previous year. Working capital generated an outflow of £39.7m (2017: £12.8m outflow), driven primarily by the timing of our working capital cycle, as well as our normal seasonal peak which naturally occurs at half year. Capital expenditure of £61.4m, (2017: £76.8m) remains elevated due to the transformational BCP in GB.

Adjusted net debt* at 15 April 2018 of £637.8m increased by £134.9m from 1 October 2017 adjusted net debt* of £502.9m (16 April 2017: adjusted net debt* of £572.8m increased by £156.4m from 2 October 2016 adjusted net debt* of £416.4m) with seasonal peaks, dividend payments and deferred consideration in relation to the acquisitions of Ebba and East Coast being significant factors. This has generated adjusted net debt* leverage of 2.5x (2017: 2.4x).

Treasury management

The financial risks faced by the Group are identified and managed by a central treasury department, whose activities are carried out in accordance with Board approved policies and subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre and no transaction is entered into for trading or speculative purposes. Key financial risks managed by the treasury department include exposures to movements in interest rates and foreign exchange rates, whilst managing the Group's debt and liquidity, currency risk, interest rate risk and cash management. The Group uses financial instruments to hedge against interest rate and foreign currency exposures. At 15 April 2018 the Group had £957.9m of committed debt facilities, consisting of a £400.0m bank facility which matures in 2021, and a series of private placement notes with maturities between 2019 and 2032, providing the business with a secure funding platform. Agreement has been reached with a small group of investors to raise an additional £120.3m of private placement notes with maturities between 2019 and 2032; these notes will fund in June 2018 subject to final documentation and due diligence.

At 15 April 2018, the Group's unadjusted net debt of £691.9m (excluding derivative hedges) consisted of £175.7m drawn under the Group's committed bank facilities, £557.0m of private placement notes, £3.1m of accrued interest and £2.1m of finance leases, offset by net cash and cash equivalents of £44.2m and unamortised loan issue costs of £1.8m. After taking into account the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, the Group's adjusted net debt was £637.8m, which compares with £572.8m at 16 April 2017.

Pensions

At 15 April 2018, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totalling £98.7m and IAS 19 pension deficits in Ireland and France totalling £11.4m, resulting in a net pension surplus of £87.3m (16 April 2017: net surplus of £6.9m). The net surplus has increased primarily due to changes in the financial and demographic assumptions and additional employer contributions made to the GB plan of £19.9m. The defined benefit section of the GB plan was closed to new members on 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new employees being invited to join the defined contribution scheme. The Northern Ireland scheme is only open to future accrual for members who joined before 28 February 2006, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan. The 31 March 2016 actuarial valuation of the GB plan was recently completed. Agreement has been made with the scheme trustee on a number of key principles, including allowing a longer period to fund the deficit and agreeing that no additional contributions will be payable over and above those payments to 2019 agreed at the 2013 valuation. Future contributions beyond 2019 will be on a contingent basis. The Ireland and Northern Ireland Defined Benefit Pension schemes have an investment strategy journey plan to manage the risks as the funding position improves. The GB Pension scheme mainly has credit-type investments and the Trustees have developed proposals to manage the investment risks.

Risk management process

As with any business we face risks and uncertainties. We believe that effective risk management supports the successful delivery of our strategic objectives. The management of these risks is based on a balance of risk and reward, determined through assessment of the likelihood and impact as well as the company's risk appetite. The Executive team performs a formal robust assessment of the principal risks facing the company annually, which is reviewed by the Board. Similarly, all business units and functions perform formal annual risk assessments that consider the company's principal risks and specific local risks relevant to the market in which they operate. Risks are monitored throughout the year with consideration to internal and external factors and the company's risk appetite, and updates to risks and mitigation plans are made as required. The principal risks that could potentially have a significant impact on our business have not changed since year end and are set out on pages 29 to 32 of the 2017 annual report.

Implementation of IFRS 15: Revenue from Contracts with Customers

Britvic is committed to continually improving both the quality and transparency of its financial reporting and has adopted early IFRS 15 (Revenue from Contracts with Customers) for the accounting period starting 2 October 2017, with full retrospective application.

IFRS 15 establishes a comprehensive framework for determining and recognising revenue, as well as requiring entities to provide users of financial statements with more informative and relevant disclosures. The primary impact for Britvic on implementing IFRS 15 is a reclassification to revenue of certain rebates offered to customers that had previously been recognised as selling and distribution costs; and the reclassification of certain incentives received, from revenue to cost of sales. Adoption of the standard has no impact on profit before tax. Contract liabilities are now disclosed as a separate line on the face of the balance sheet. Full details on the IFRS 15 restatement for 2017 can be found on pages 32 to 34.

Glossary

Non-GAAP measures are provided because they are closely tracked by management to evaluate Britvic's operating performance and to make financial, strategic and operating decisions.

Volume is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.

AER refers to Actual Exchange Rate where variances are calculated on sterling values translated at actual exchange rates

ARP is defined as average revenue per litre sold, excluding factored brands and concentrate sales.

Revenue is defined as sales achieved by the group net of price promotional investment and retailer discounts.

Brand contribution is a non-GAAP measure and is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials, and marginal production and distribution costs.

Brand contribution margin is a non-GAAP measure and is a percentage measure calculated as brand contribution, divided by revenue. Each business unit's performance is reported down to the brand contribution level.

EBITDA is earnings before interest, taxation, depreciation and amortisation.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. EBIT margin is EBIT as a proportion of group revenue.

Adjusted profit after tax is a non-GAAP measure and is defined as profit after tax before adjusting items, with the exception of acquisition related amortisation.

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).

Adjusted free cash flow is a non-GAAP measure and is defined as net cash flow excluding movements in borrowings, dividend payments and adjusting items.

Adjusted net debt is a non-GAAP measure and is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.

Organic is a non-GAAP measure and excludes the impact of the acquisition of Bela Ischia and on a constant currency basis.

Innovation is defined as new launches over the last three years, excluding new flavours and pack sizes of established brands.

Revenue management is a measure and is used to define a range of actions to affect ARP. It includes, but is not limited to, price increases, changes to price promotions and variation of pack size.

Retail market value and volume is a measure and is a measure of the recorded sales at the retail point of purchase. This data is typically collated by independent organisations such as Nielsen and IRI from data supplied by retailers.

A&P is a measure of marketing spend including marketing, research and advertising.

Non-working A&P is a measure of marketing spend that is not spent directly on consumer facing activity. It would include, but not limited to, agency fees, research and production costs.

Constant currency is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.

Great Place to Work (GPTW) is a methodology process adopted by businesses to measure employee engagement.

Soft Drinks Industry Levy (SDIL) is a levy applied on soft drinks manufacturers in the UK.

Business Capability Programme (BCP) relates to a restructuring of supply chain and operating model to enhance commercial capabilities in GB and Ireland, including the closure of the Norwich site.

BRITVIC PLC

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 28 WEEKS ENDED 15 APRIL 2018

Company number: 5604923

RESPONSIBILITY AND CAUTIONARY STATEMENTS

RESPONSIBILITY STATEMENTS

The directors confirm that to the best of their knowledge, this unaudited condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

CAUTIONARY STATEMENT

This report is addressed to the shareholders of Britvic plc and has been prepared solely to provide information to them.

This report is intended to inform the shareholders of the group's performance during the 28 weeks to 15 April 2018. This report contains forward-looking statements based on knowledge and information available to the directors at the date the report was prepared. These statements should be treated with caution due to the inherent uncertainties underlying any such forward-looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

DIRECTORS

The directors of Britvic plc are:

John Daly
Simon Litherland
Mathew Dunn
Ian McHoul
Sue Clark
Euan Sutherland
Suniti Chauhan
William Eccleshare

By order of the board

Simon Litherland
Chief Executive Officer

Mathew Dunn
Chief Financial Officer

Date: 22 May 2018

BRITVIC PLC

INDEPENDENT REVIEW REPORT TO BRITVIC PLC

Introduction

We have been engaged by Britvic plc (the 'company') to review the condensed set of financial statements in the interim financial report for the 28 weeks ended 15 April 2018 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income/(expense), condensed consolidated balance sheet, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related notes 1 to 18. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 28 weeks ended 15 April 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London

Date: 22 May 2018

BRITVIC PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 28 weeks ended 15 April 2018

		28 weeks ended 15 April 2018 (unaudited)	28 weeks ended 16 April 2017 (unaudited) Restated	52 weeks ended 1 October 2017 (audited) Restated
	Note	£m	£m	£m
Revenue	6	733.2	701.3	1,430.5
Cost of sales		(342.1)	(334.0)	(667.2)
Gross profit		391.1	367.3	763.3
Selling and distribution costs		(208.8)	(199.8)	(393.1)
Administration expenses		(129.4)	(104.7)	(207.2)
Operating profit		52.9	62.8	163.0
Finance income		0.4	1.5	2.1
Finance costs		(11.5)	(14.2)	(26.3)
Profit before tax		41.8	50.1	138.8
Taxation	7	(8.5)	(11.5)	(27.2)
Profit for the period attributable to the equity shareholders		33.3	38.6	111.6
Earnings per share				
Basic earnings per share	8	12.6p	14.7p	42.4p
Diluted earnings per share	8	12.6p	14.6p	42.2p

All activities relate to continuing operations.

BRITVIC PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

For the 28 weeks ended 15 April 2018

		28 weeks ended 15 April 2018 (unaudited) £m	28 weeks ended 16 April 2017 (unaudited) £m	52 weeks ended 1 October 2017 (audited) £m
Profit for the period attributable to the equity shareholders		33.3	38.6	111.6
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement gains on defined benefit pension schemes	15	34.5	2.6	26.7
Deferred tax on defined benefit pension schemes		(6.0)	(3.1)	(4.2)
Current tax on additional pension contributions		-	2.9	-
Deferred tax on other temporary differences		-	-	0.1
		28.5	2.4	22.6
Items that may be subsequently reclassified to profit or loss				
(Losses)/gains in the period in respect of cash flow hedges	13	(25.7)	10.1	(3.2)
Amounts recycled to the income statement in respect of cash flow hedges	13	18.6	(20.4)	(7.0)
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve		1.2	1.5	1.7
Exchange differences on translation of foreign operations	13	(26.9)	6.5	(1.3)
Tax on exchange differences accounted for in the translation reserve		(0.3)	(0.9)	(6.1)
		(33.1)	(3.2)	(15.9)
Other comprehensive (expense)/income for the period, net of tax		(4.6)	(0.8)	6.7
Total comprehensive income for the period attributable to the equity shareholders		28.7	37.8	118.3

BRITVIC PLC

CONDENSED CONSOLIDATED BALANCE SHEET

As at 15 April 2018

		15 April 2018 (unaudited)	16 April 2017 (unaudited) Restated	1 October 2017 (audited) Restated
	Note	£m	£m	£m
Assets				
Non-current assets				
Property, plant and equipment	9	474.0	423.6	461.6
Intangible assets	9	430.8	458.1	455.0
Other receivables		7.5	7.5	6.7
Derivative financial instruments	13	20.2	95.6	69.7
Deferred tax assets		5.6	7.5	7.5
Pension asset	15	98.7	14.4	40.5
		1,036.8	1,006.7	1,041.0
Current assets				
Inventories		144.5	143.5	146.7
Trade and other receivables		363.1	336.8	321.1
Current income tax receivables		4.6	3.5	4.5
Derivative financial instruments	13	27.9	40.0	17.2
Cash and cash equivalents		44.2	40.7	82.5
		584.3	564.5	572.0
Non-current assets held for sale		-	1.4	-
Total assets		1,621.1	1,572.6	1,613.0
Current liabilities				
Trade and other payables		(385.8)	(359.2)	(384.9)
Contract liabilities		(91.6)	(86.7)	(87.7)
Interest-bearing loans and borrowings	10	(280.1)	(120.1)	(89.7)
Derivative financial instruments	13	(2.8)	(1.7)	(2.7)
Current income tax payable		(1.9)	(6.5)	(12.4)
Provisions	16	(0.8)	(3.8)	(3.7)
Other current liabilities		(0.2)	(37.0)	(36.7)
		(763.2)	(615.0)	(617.8)
Non-current liabilities				
Interest-bearing loans and borrowings	10	(456.0)	(611.0)	(582.7)
Deferred tax liabilities		(58.7)	(52.6)	(51.4)
Pension liability	15	(11.4)	(7.5)	(9.3)
Derivative financial instruments	13	(3.0)	(1.8)	(4.1)
Provisions	16	(8.0)	(6.0)	(5.0)
Other non-current liabilities		(3.2)	(3.4)	(3.4)
		(540.3)	(682.3)	(655.9)
Total liabilities		(1,303.5)	(1,297.3)	(1,273.7)
Net assets		317.6	275.3	339.3
Capital and reserves				
Issued share capital	11	52.9	52.7	52.8
Share premium account		138.1	132.7	133.9
Own shares reserve		(4.8)	(2.2)	(3.7)
Other reserves	18	97.4	143.8	130.5
Retained earnings/(losses)		34.0	(51.7)	25.8
Total equity		317.6	275.3	339.3

BRITVIC PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 28 weeks ended 15 April 2018

	Note	28 weeks ended 15 April 2018 (unaudited) £m	28 weeks ended 16 April 2017 (unaudited) £m	52 weeks ended 1 October 2017 (audited) £m
Cash flows from operating activities				
Profit before tax		41.8	50.1	138.8
Net finance costs		11.1	12.7	24.2
Other financial instruments		(1.3)	(5.0)	13.5
Impairment of property, plant and equipment and intangible assets		4.8	(2.6)	(2.6)
Depreciation		25.0	21.5	40.3
Amortisation		10.2	9.9	19.0
Share-based payments		4.1	4.2	6.3
Net pension charge less contributions		(21.4)	(21.6)	(22.1)
Increase in inventory		(3.4)	(19.4)	(24.2)
(Increase)/decrease in trade and other receivables		(47.9)	(10.0)	4.3
Increase in trade and other payables		16.0	20.1	41.2
Increase/(decrease) in provisions		1.1	(3.2)	(4.9)
Loss on disposal of tangible and intangible assets		1.1	1.9	1.6
Income tax paid		(15.0)	(14.0)	(37.4)
Net cash flows from operating activities		26.2	44.6	198.0
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	17.7
Purchase of property, plant and equipment		(56.9)	(74.5)	(139.8)
Purchase of intangible assets		(4.5)	(2.3)	(6.9)
Interest received		0.4	0.5	0.8
Acquisition of subsidiaries, net of cash acquired*		(38.4)	(60.9)	(60.3)
Net cash flows used in investing activities		(99.4)	(137.2)	(188.5)
Cash flows from financing activities				
Interest paid, net of derivative financial instruments		(10.3)	(10.7)	(20.8)
Net movement on revolving credit facility	10	155.2	(67.8)	(91.4)
Other interest bearing loans repaid	10	(0.4)	-	(0.6)
Net repayment of finance leases	10	(0.6)	-	(0.8)
Acquired debt repaid		-	-	(2.4)
Partial repayment of USPP Notes	10	(54.9)	(119.6)	(119.6)
Issue of 2017 USPP Notes	10	-	175.0	175.0
Issue costs paid	10	-	(0.5)	(0.7)
Issue of shares relating to incentive schemes for employees		0.5	0.9	0.7
Purchase of own shares		(2.4)	(4.1)	(5.3)
Dividends paid to equity shareholders	12	(50.8)	(45.9)	(64.9)
Net cash flows from (used in) financing activities		36.3	(72.7)	(130.8)
Net decrease in cash and cash equivalents		(36.9)	(165.3)	(121.3)
Cash and cash equivalents at beginning of period		82.5	205.9	205.9
Exchange rate differences		(1.4)	0.1	(2.1)
Cash and cash equivalents at the end of the period		44.2	40.7	82.5
By balance sheet category:				
Cash and cash equivalents		44.2	40.7	82.5
		44.2	40.7	82.5

* Acquisition of subsidiaries in the current period relates to deferred consideration for the Ebba and East Coast acquisitions in prior periods.

BRITVIC PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 28 weeks ended 15 April 2018

	Issued share capital	Share premium account	Own shares reserve	Other reserves (note 18)	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
At 1 October 2017 (audited)	52.8	133.9	(3.7)	130.5	25.8	339.3
Profit for the period	-	-	-	-	33.3	33.3
Other comprehensive (expense)/income	-	-	-	(33.1)	28.5	(4.6)
Total comprehensive (expense)/income	-	-	-	(33.1)	61.8	28.7
Issue of shares	0.1	4.2	(3.7)	-	-	0.6
Own shares purchased for share schemes	-	-	(4.7)	-	-	(4.7)
Own shares utilised for share schemes	-	-	7.3	-	(6.7)	0.6
Movement in share-based schemes	-	-	-	-	4.0	4.0
Current tax on share-based payments	-	-	-	-	0.3	0.3
Deferred tax on share-based payments	-	-	-	-	(0.4)	(0.4)
Payment of dividend	-	-	-	-	(50.8)	(50.8)
At 15 April 2018 (unaudited)	52.9	138.1	(4.8)	97.4	34.0	317.6

	Issued share capital	Share premium account	Own shares reserve	Other reserves (note 18)	Retained losses	Total
	£m	£m	£m	£m	£m	£m
At 2 October 2016 (audited)	52.6	129.1	(3.3)	146.5	(43.9)	281.0
Profit for the period	-	-	-	-	38.6	38.6
Other comprehensive (expense)/income	-	-	-	(3.2)	2.4	(0.8)
Total comprehensive (expense)/income	-	-	-	(3.2)	41.0	37.8
Issue of shares	0.1	3.6	(3.7)	-	-	-
Own shares purchased for share schemes	-	-	(3.2)	-	-	(3.2)
Own shares utilised for share schemes	-	-	8.0	-	(8.0)	-
Movement in share-based schemes	-	-	-	-	4.8	4.8
Deferred tax on share-based payments	-	-	-	-	0.8	0.8
Movement in non-distributable profit	-	-	-	0.5	(0.5)	-
Payment of dividend	-	-	-	-	(45.9)	(45.9)
At 16 April 2017 (unaudited)	52.7	132.7	(2.2)	143.8	(51.7)	275.3

BRITVIC PLC

NOTES TO THE FINANCIAL INFORMATION

For the 28 weeks ended 15 April 2018

1. General Information

Britvic plc (the 'company', the 'group') is a public limited company, incorporated and domiciled in the United Kingdom. The address of the registered office is: Britvic plc, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ.

The company is listed on the London Stock Exchange.

These interim condensed financial statements do not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. They have been reviewed but not audited by the group's auditor. The statutory accounts for Britvic plc for the 52 weeks ended 1 October 2017, which were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union, have been delivered to the Registrar of Companies. The auditor's opinion on those accounts was unqualified and did not contain a statement made under section 498 (2) or (3) of the Companies Act 2006.

The interim financial statements were authorised for issue by the board of directors on 22 May 2018.

2. Basis of preparation

These interim condensed financial statements comprise the condensed consolidated balance sheet as at 15 April 2018 and related condensed consolidated income statement, condensed consolidated statement of cash flows, condensed consolidated statement of comprehensive income/(expense), condensed consolidated statement of changes in equity and the related notes 1 to 18 for the 28 weeks then ended of Britvic plc ('financial information'). This financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with the International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union.

3. Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the interim report and financial statements. As at 15 April 2018, the condensed consolidated balance sheet reflects a net assets position of £317.6m.

The liquidity of the group remains strong, the group has a £400m bank facility, on which the group had drawn down £174.8m as at 15 April 2018, with a maturity date of November 2021 and £502.9m of private placement notes, at contracted rates, with maturity dates between 2019 and 2032. Additionally, the group has agreement in place for a further £120.3m of private placement notes which will fund in June 2018 with terms of between 10 and 15 years.

Group retained reserves are low due to the capital restructuring undertaken at the time of flotation. This does not impact on Britvic plc's ability to meet payments as they fall due or to make dividend payments.

4. Accounting policies

This financial information has been prepared using the accounting policies as set out in pages 101 - 108 of the group's 2017 annual report except for the early adoption of IFRS 15: Revenue from Contracts with Customers. In line with the change in accounting policy introduced in the 2017 annual report the group has removed the separable classification of exceptional items from the condensed consolidated income statement.

Initial adoption of IFRS 15: Revenue from Contracts with Customers

The standard has an effective date of 1 January 2018, but the group has decided to early adopt this standard with a date of initial application to the group of 2 October 2017.

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards.

The group has applied IFRS 15 fully retrospectively in accordance with paragraph C3 (a) of the standard, restating the prior period's comparatives. The main impact of adopting the standard is a reclassification of certain rebates offered to customers that had previously been recognised as selling and distribution costs to revenue and the reclassification of certain incentives received, from revenue, to cost of sales. There is no impact on the timing of transfer of control and therefore there is no impact on the timing of recognition of revenue and therefore profit before tax is not impacted. Additionally, the group is required to separately disclose balances that meet the definition of contract liabilities under IFRS 15 on the consolidated balance sheet. The details of the group's revised accounting policy in respect of revenue recognition is shown below and the impact of the adoption of IFRS 15 is set out in appendix 2.

Revenue recognition

The group recognises revenue from the sale of soft drinks to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to customer. Following delivery, which is determined to be the time of shipment, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is the value of sales, excluding transactions with or between subsidiaries, after the deduction of sales related discounts and rebates, value added tax and other sales related taxes. Rebates to customers are deducted from revenue where the amounts paid are sales related or in relation to a good or service which results in an increase in sales in the customer's outlet and therefore is not distinct from the sale of soft drinks to the customer and comprise:

BRITVIC PLC

NOTES TO THE FINANCIAL INFORMATION

For the 28 weeks ended 15 April 2018

4. Accounting policies (continued)

Revenue recognition (continued)

Long term discounts and rebates

These discounts are typically for months rather than weeks and are usually part of the trading terms agreed with the customer. Long term discounts fall into three main categories:

- Fixed - a defined amount over a period of time
- Pence per litre / case - a pence per litre / case rebate, based upon volumes sold
- % of Net Revenue - a percentage of Net Revenue, which may have associated hurdle rates

Short term promotional discounts

Promotional discounts consist of many individual rebates across numerous customers and represents the cost to the group of short term deal mechanics. The common deals typically include BOGOFs, 2 For 1, and Half Price deals.

Account development fund

Account development fund represents customer promotional activity which promotes Britvic's products in the customer's outlets. The group agrees to pay the customer various amounts as part of the trading investment. Where these amounts are payable in relation to a good or service which result in an increase in sales in the customer's store only, e.g. in-store promotional activity, management has concluded that this is not distinct, and it is accounted for as a reduction in revenue. Where these amounts are payable in relation to a good or service which result in an increase in group sales more broadly, e.g. participation in tradeshow or market research, management has concluded that the payment is for a distinct good or service. Where amounts paid to customers are deemed to be for a distinct service these are included as costs in the income statement.

Variable consideration

The group agrees to pay customers various amounts either in the form of sales related rebates and discounts earned or as part of the trading investment (e.g. sales driving investment, growth over-rider investment, incentives for purchasing full loads, payment for new store openings, payment for listing new products).

Where the consideration the group is entitled to will vary because of a rebate, refund incentive or price concession or similar item; or is contingent on the occurrence or non-occurrence of a future event, e.g. the customer meeting certain agreed criteria, the amount payable is deemed to be variable consideration.

The group uses the most likely method to reflect the consideration that the group is entitled to. Variable consideration is then only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management make estimates on an ongoing basis to assess customer performance and sales volume to calculate total amounts earned to be recorded as deductions from revenue.

Contract liabilities

Contract liabilities are recognised where, as part of a contract with a customer, the group has received consideration where the group will either need to return that consideration or deliver future services and goods in respect of this consideration.

IFRS 9 Financial Instruments

IFRS 9 Financial instruments is effective for accounting periods commencing on or after 1 January 2018. The group will therefore adopt this standard for the period starting 1 October 2018. The new standard will impact the way the group accounts for certain financial assets and liabilities. None of these changes are expected to be material.

5. Seasonality of operations

Due to the seasonal nature of the business, higher operating profits are usually expected in the second half of the year than in the first 28 weeks.

BRITVIC PLC

NOTES TO THE FINANCIAL INFORMATION

For the 28 weeks ended 15 April 2018

6. Segmental reporting

For management purposes, the group is organised into business units and has six reportable segments as follows:

- GB Stills – United Kingdom excluding Northern Ireland
- GB Carbs – United Kingdom excluding Northern Ireland
- Ireland – including Northern Ireland
- France
- Brazil
- International

These business units sell soft drinks into their respective markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on brand contribution. This is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

28 weeks ended 15 April 2018	GB Stills £m	GB Carbs £m	Total GB £m	Ireland £m	France £m	Brazil £m	International £m	Total £m
Revenue	129.9	294.9	424.8	86.6	133.4	68.4	20.0	733.2
Brand contribution	54.8	123.5	178.3	26.7	36.5	14.9	3.6	260.0
Non-brand advertising & promotion *								(5.8)
Fixed supply chain**								(58.2)
Selling costs**								(43.1)
Overheads and other costs*								(72.4)
Adjusted operating profit								80.5
Net finance costs								(10.4)
Adjusting items***								(28.3)
Profit before tax								41.8

28 weeks ended 16 April 2017	GB Stills £m	GB Carbs £m	Total GB £m	Ireland £m	France £m	Brazil £m	International £m	Total £m
Restated								
Revenue	135.9	270.3	406.2	75.1	134.3	64.6	21.1	701.3
Brand contribution	59.9	108.4	168.3	23.7	36.8	11.3	3.6	243.7
Non-brand advertising & promotion *								(5.4)
Fixed supply chain**								(56.4)
Selling costs**								(42.1)
Overheads and other costs*								(66.2)
Adjusted operating profit								73.6
Net finance costs								(11.0)
Adjusting items***								(12.5)
Profit before tax								50.1

BRITVIC PLC

NOTES TO THE FINANCIAL INFORMATION

For the 28 weeks ended 15 April 2018

6. Segmental reporting (continued)

52 weeks ended 1 October 2017 Restated	GB Stills £m	GB Carbs £m	Total GB £m	Ireland £m	France £m	Brazil £m	International £m	Total £m
Revenue	269.3	555.3	824.6	154.7	281.4	123.5	46.3	1,430.5
Brand contribution	112.0	234.4	346.4	49.6	81.9	23.2	6.9	508.0
Non-brand advertising & promotion *								(10.1)
Fixed supply chain**								(105.1)
Selling costs**								(81.7)
Overheads and other costs*								(115.6)
Adjusted operating profit								195.5
Net finance costs								(20.1)
Adjusting items***								(36.6)
Profit before tax								138.8

* Included within 'Administration expenses' in the condensed consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation. These costs have been restated to exclude acquisition related amortisation for 2017.

** Included within 'Selling and distribution costs' in the condensed consolidated income statement.

*** See appendix 1 for further details on adjusting items. These items have been restated to include acquisition related amortisation for 2017.

There has not been a material change to segmental assets and liabilities.

7. Taxation

The total tax charge is £8.5m (28 weeks ended 16 April 2017: £11.5m) which equates to an effective tax rate of 20.3% (28 weeks ended 16 April 2017: 23.0%).

Tax charge by region

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
UK	7.8	11.7	24.4
Foreign	0.7	(0.2)	2.8
Total tax charge in the condensed consolidated income statement	8.5	11.5	27.2

Analysis of tax charge

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Current income tax charge	4.7	12.7	32.4
Deferred income tax charge/(credit)	3.8	(1.2)	(5.2)
Total tax charge in the condensed consolidated income statement	8.5	11.5	27.2

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For the 28 weeks ended 15 April 2018

8. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that are potentially issuable in connection with employee share-based payment plans.

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Basic earnings per share			
Profit for the period attributable to the equity shareholders	33.3	38.6	111.6
Weighted average number of ordinary shares in issue for basic earnings per share	263.6	262.9	263.0
Basic earnings per share	12.6p	14.7p	42.4p
Diluted earnings per share			
Profit for the period attributable to the equity shareholders	33.3	38.6	111.6
Effect of dilutive potential ordinary shares – share schemes	1.1	0.9	1.3
Weighted average number of ordinary shares in issue for diluted earnings per share	264.7	263.8	264.3
Diluted earnings per share	12.6p	14.6p	42.2p

9. Property, plant and equipment and Intangible assets

During the 28 weeks ended 15 April 2018, the group purchased property, plant and equipment with a cost of £50.8m (28 weeks ended 16 April 2017: £55.1m), and intangible assets with a cost of £3.6m (28 weeks ended 16 April 2017: £11.6m).

In addition, property, plant and equipment with a net book value of £1.1m was disposed of by the group during the 28 weeks ended 15 April 2018 (28 weeks ended 16 April 2017: £1.9m) resulting in a loss on disposal of £1.1m (28 weeks ended 16 April 2017: loss on disposal £1.9m) and as part of the business capability programme an impairment of £4.8m (28 weeks ended 16 April 2017: £nil) has been recognised on land and buildings.

BRITVIC PLC

NOTES TO THE FINANCIAL INFORMATION

For the 28 weeks ended 15 April 2018

10. Interest-bearing loans and borrowings

Components of current and non-current interest-bearing loans and borrowings:

	15 April 2018	16 April 2017	1 October 2017
	£m	£m	£m
Finance leases	(2.1)	(2.7)	(3.0)
2007 Notes	(101.4)	(113.6)	(107.0)
2009 Notes	(84.0)	(118.8)	(109.8)
2010 Notes	(81.5)	(142.0)	(133.1)
2014 Notes	(115.1)	(126.0)	(120.1)
2017 Notes	(175.0)	(175.0)	(175.0)
Accrued interest	(3.1)	(5.4)	(3.0)
Bank loans	(175.7)	(49.9)	(23.7)
Capitalised issue costs	1.8	2.3	2.3
Total interest-bearing loans and borrowings	(736.1)	(731.1)	(672.4)
Current	(280.1)	(120.1)	(89.7)
Non-current	(456.0)	(611.0)	(582.7)
Total interest-bearing loans and borrowings	(736.1)	(731.1)	(672.4)

Analysis of changes in interest-bearing loans and borrowings:

	28 weeks ended 15 April 2018	28 weeks ended 16 April 2017	52 weeks ended 1 October 2017
	£m	£m	£m
At the beginning of the period	(672.4)	(779.8)	(779.8)
Acquisition of subsidiary	-	(3.3)	(3.3)
Acquired debt repaid	-	-	2.4
Net movement on revolving credit facility	(155.2)	67.8	91.4
Other loans repaid	0.4	-	0.6
Partial repayment of USPP debt	54.9	119.6	119.6
Issue of 2017 USPP	-	(175.0)	(175.0)
Issue costs	-	0.5	0.7
Net repayment of finance leases	0.6	1.1	0.8
Amortisation of issue costs	(0.5)	(0.6)	(0.6)
Net translation gain and fair value adjustment	36.2	40.7	70.5
Accrued interest	(0.1)	(2.1)	0.3
At the end of the period	(736.1)	(731.1)	(672.4)
Derivatives hedging balance sheet debt*	54.1	117.6	87.0
Debt translated at contracted rate	(682.0)	(613.5)	(585.4)

* Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in interest bearing loans and borrowings.

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NOTES TO THE FINANCIAL INFORMATION

For the 28 weeks ended 15 April 2018

11. Issued share capital

The issued share capital is wholly comprised of ordinary shares carrying one voting right each. The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

Issued, called up and fully paid ordinary shares	No. of shares	Value £
At 2 October 2016	262,871,256	52,574,251
Shares issued	925,744	185,149
At 1 October 2017	263,797,000	52,759,400
Shares issued	593,212	118,642
At 15 April 2018	264,390,212	52,878,042

Of the issued and fully paid ordinary shares, 657,964 shares (1 October 2017: 585,025 shares) are own shares held by an employee benefit trust. This equates to £131,593 (1 October 2017: £117,005) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes.

12. Dividends paid and proposed

	28 weeks ended 15 April 2018	28 weeks ended 16 April 2017	52 weeks ended 1 October 2017
Declared and paid in the period			
Dividends per share (pence)	19.3	17.5	24.7
Total dividend (£m)	50.8	45.9	64.9
Proposed after the balance sheet date			
Dividend per share (pence)	7.9	7.2	19.3
Total dividend (£m)	20.9	19.0	50.9

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For the 28 weeks ended 15 April 2018

13. Derivatives and hedge relationships

As at 15 April 2018, the group had entered into the following derivative contracts.

	15 April 2018 £m	16 April 2017 £m	1 October 2017 £m
Consolidated balance sheet			
<i>Non-current assets: Derivative financial instruments</i>			
Fair value of USD GBP cross currency fixed interest rate swaps ¹	4.1	56.8	43.5
Fair value of GBP euro cross currency floating interest rate swaps ²	1.3	2.6	0.5
Fair value of USD GBP cross currency floating interest rate swaps ³	14.8	36.2	25.6
Fair value of forward currency contracts	-	-	0.1
	20.2	95.6	69.7
<i>Current assets: Derivative financial instruments</i>			
Fair value of USD GBP cross currency fixed interest rate swaps ¹	24.6	10.1	7.1
Fair value of GBP euro cross currency floating interest rate swaps ²	0.4	0.9	0.5
Fair value of USD GBP cross currency floating interest rate swaps ³	2.4	8.5	6.8
Fair value of forward currency contracts ¹	0.5	4.0	2.8
Fair value of forward currency contracts	-	16.3	-
Fair value of foreign exchange swaps	-	0.2	-
	27.9	40.0	17.2
<i>Current liabilities: Derivative financial instruments</i>			
Fair value of GBP euro cross currency fixed interest rate swaps ²	-	(0.3)	(1.0)
Fair value of forward currency contracts ¹	(2.8)	(0.7)	(1.5)
Fair value of Brazilian real USD cross currency swap	-	(0.3)	-
Fair value of foreign exchange swaps	-	-	(0.2)
Fair value of equity forwards	-	(0.4)	-
	(2.8)	(1.7)	(2.7)
<i>Non-current liabilities: Derivative financial instruments</i>			
Fair value of GBP euro cross currency fixed interest rate swaps ²	(2.7)	(1.6)	(3.9)
Fair value of forward currency contracts ¹	(0.3)	(0.2)	(0.2)
	(3.0)	(1.8)	(4.1)

¹ Instruments designated as part of a cash flow hedge relationship

² Instruments designated as part of a net investment hedge relationship

³ Instruments designated as part of a fair value hedge relationship

Changes to derivative contracts

There have been no significant changes to derivative contracts designated as part of hedge relationships in the period. The derivatives and the hedge relationships are described in more detail on pages 131 to 133 in the group's annual report for the 52 weeks ended 1 October 2017.

BRITVIC PLC

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For the 28 weeks ended 15 April 2018

13. Derivatives and hedge relationships (continued)

Impact of derivatives and hedge relationships on the condensed consolidated statement of comprehensive income/(expense)

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Consolidated statement of comprehensive income/(expense)			
<i>Amounts recycled to the income statement in respect of cash flow hedges</i>			
Forward currency contracts*	0.6	(5.3)	(10.0)
Cross currency interest rate swaps**	18.0	(15.1)	3.0
	18.6	(20.4)	(7.0)
<i>Gains/(losses) in the period in respect of cash flow hedges</i>			
Forward currency contracts	(4.3)	(1.1)	1.8
Cross currency interest rate swaps	(21.4)	11.2	(5.0)
	(25.7)	10.1	(3.2)
<i>Exchange differences on translation of foreign operations</i>			
Movement on financial items designated as a net investment hedge	2.7	4.9	(0.7)
Exchange movements on translation of foreign operations	(29.6)	1.6	(0.6)
	(26.9)	6.5	(1.3)

* Offsetting amounts recorded in cost of sales

** Offsetting amounts recorded in finance costs

14. Fair value

Hierarchy

The group uses the following valuation hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

15 April 2018	Assets £m	Liabilities £m
Level 1	-	-
Level 2 - Derivatives used for hedging	48.1	(5.8)
- Financial instruments at fair value through profit or loss	-	-
- Fair value of fixed rate borrowings	-	(503.9)
Level 3	-	-
Total	48.1	(509.7)

BRITVIC PLC

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For the 28 weeks ended 15 April 2018

14. Fair value (continued)

Fair values of financial assets and financial liabilities

The most frequently applied valuation techniques include using present value calculations of forward pricing and swap models.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit or loss or available for sale. Non-derivative financial liabilities are carried at amortised cost.

All derivatives are valued using valuation techniques with market observable inputs; this covers cross currency interest rate swaps, interest rate swaps, FX forwards, FX swaps and share swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. In assessing the fair value of derivatives the non-performance risk of both Britvic and its derivative trading counterparties has been taken into consideration. Default credit risk has been measured and the potential impact on derivatives valuations quantified. As at 15 April 2018, the potential impact from non-performance risk on the fair value of the derivatives portfolio is not material.

As in the prior year, the carrying value of financial assets and liabilities (trade and other receivables, cash and cash equivalents, interest bearing loans and borrowings, trade and other payables and derivatives) are considered to be reasonable approximations of their fair values, except for fixed rate borrowings which, at 15 April 2018 have a book value of £502.8m (1 October 2017: £591.4m) compared to a fair value £503.9m (1 October 2017: £601.8m).

The fair value of the group's fixed rate interest-bearing borrowings and loans are determined by using discounted cash flow methods using discount rates that reflect the group's borrowing rate as at the end of the reporting period. The own non-performance risk as at 15 April 2018 was assessed to be insignificant.

15. Pensions

At 15 April 2018, Britvic plc has IAS 19 pension surpluses in GB and NI totalling £98.7m and IAS 19 pension deficits in ROI and France totalling £11.4m resulting in a net pension surplus of £87.3m (1 October 2017: net asset of £31.2m). The net surplus has increased primarily due to changes in the financial assumptions, with the largest impact being the increase in discount rate in the GB plan from 2.7% at 1 October 2017 to 2.8% at 15 April 2018, and additional employer contributions made to the GB plan of £19.9m.

The defined benefit section of the GB plan was closed to new members on 1 August 2002, and closed to future accrual for active members from 1 April 2011, with new members being invited to join the defined contribution scheme. The 31 March 2016 actuarial valuation of this plan was recently completed. Agreement has been made with the scheme trustee on a number of key principles including allowing a longer period to fund the deficit and agreeing that no additional contributions will be payable over and above those payments to 2019 agreed at the 2013 valuation. Future contributions beyond 2019 will be on a contingent basis.

Changes to IFRIC 14 have been proposed which may change the assessment of how this interpretation is applied and may result in a cap being placed on the amount of surplus that can be recognised in the balance sheet. The group will consider the impact of these changes once they have been finalised and a revised IFRIC issued.

16. Provisions

At 15 April 2018, Britvic plc has provisions totalling £8.8m (1 October 2017: £8.7m). These provisions comprised of restructuring provisions of £4.4m (1 October 2017: £0.4m) which primarily relate to contract termination costs, consultation fees and employee termination benefits, recognised by the group following the implementation of cost initiatives, and other provisions of £4.4m (1 October 2017: £8.3m) which primarily relate to onerous lease provisions and provisions recognised on the acquisition of subsidiaries in Brazil.

17. Capital commitments

At 15 April 2018, the group has commitments of £44.5m (1 October 2017: £20.1m) relating to the acquisition of property, plant and equipment, which primarily relates to plant and machinery for the business capability programme in GB.

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18. Other reserves

	Hedging reserve £m	Translation reserve £m	Capital reserve £m	Merger reserve £m	Total £m
At 1 October 2017	(4.7)	47.9	-	87.3	130.5
Losses in the period in respect of cash flow hedges	(25.7)	-	-	-	(25.7)
Amounts recycled to the income statement in respect of cash flow hedges	18.6	-	-	-	18.6
Deferred tax in respect of cash flow hedges	1.2	-	-	-	1.2
Exchange differences on translation of foreign operations	-	(26.9)	-	-	(26.9)
Tax on exchange differences	-	(0.3)	-	-	(0.3)
At 15 April 2018	(10.6)	20.7	-	87.3	97.4
	Hedging reserve £m	Translation reserve £m	Capital reserve £m	Merger reserve £m	Total £m
At 2 October 2016	3.8	55.3	0.1	87.3	146.5
Gains in the period in respect of cash flow hedges	10.1	-	-	-	10.1
Amounts recycled to the income statement in respect of cash flow hedges	(20.4)	-	-	-	(20.4)
Deferred tax in respect of cash flow hedges	1.5	-	-	-	1.5
Exchange differences on translation of foreign operations	-	6.5	-	-	6.5
Tax on exchange differences	-	(0.9)	-	-	(0.9)
Movement in non-distributable profit	-	-	0.5	-	0.5
At 16 April 2017	(5.0)	60.9	0.6	87.3	143.8

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of forward exchange contracts, interest rate and cross currency swaps that have been designated as part of a cash flow hedge relationship.

Translation reserve

The translation reserve includes cumulative net exchange differences on translation into the presentational currency of items recorded in group entities with a non-sterling functional currency net of amounts recognised in respect of net investment hedges.

Merger reserve

The merger reserve arose as a result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612-3 of the Companies Act 2006.

Capital reserve

The capital reserve relates to accumulated earnings which are not distributable to shareholders.

Appendix 1

NON-GAAP RECONCILIATIONS

Adjusting items

The group includes adjusting items which are charges and credits included in the financial statements that are disclosed separately because it considers such disclosures allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily.

The adjusting items include those items of income and expense which, because of the size, nature or infrequency of the events giving rise to them, merit separate presentation.

Adjusting items include acquisition related amortisation and fair value movements on financial instruments where hedge accounting cannot be applied on future transactions and also where hedge ineffectiveness is recognised. These items have been included within adjusting items because they are non-cash and do not form part of how management assess performance.

In the current period acquisition related amortisation has been included within adjusting items in order to simplify the Group's financial reporting. This has resulted in adjusted EBIT replacing adjusted EBITA as one of the Group's KPIs. This however in practice has no impact on the amounts reported due to the reclassification of acquisition related amortisation.

	Notes	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Costs in relation to the acquisition and integration of subsidiaries	(a)	-	(1.9)	(3.7)
Net gain on sale of properties	(b)	-	-	0.3
Strategic restructuring – business capability programme	(c)	(21.6)	(11.2)	(24.7)
Net reversal of impairments of trademarks	(d)	-	2.6	2.6
Costs in relation to the closure of operations		-	(0.1)	(0.2)
Fair value movements	(e)	0.2	5.1	3.9
Acquisition related amortisation	(f)	(6.2)	(5.3)	(10.7)
Total included in operating profit		(27.6)	(10.8)	(32.5)
Fair value movements	(e)	-	1.1	1.1
Total included in finance income		-	1.1	1.1
Fair value movements	(e)	(0.7)	-	-
Unwind of discount on deferred consideration	(g)	-	(2.6)	(4.9)
Finance costs in relation to the acquisition and integration of subsidiaries	(h)	-	(0.2)	(0.3)
Total included in finance costs		(0.7)	(2.8)	(5.2)
Total included in net finance costs		(0.7)	(1.7)	(4.1)
Tax on adjusting items included in profit before tax		3.3	1.4	4.1
Impact of change on France tax rate on deferred tax relating to acquisition fair value adjustments		2.3	-	5.0
Total included in taxation		5.6	1.4	9.1
Net adjusting items		(22.7)	(11.1)	(27.5)

- a) Costs primarily relating to the acquisition and integration of Bela Ischia Alimentos Ltda (Bela Ischia) in the prior year offset by the release of provisions for Empresa Brasileira de Bebidas e Alimentos SA (Ebba).
- b) The net gain on sale of properties relates to various properties sold during the prior period in Britvic Ireland and Britvic France.
- c) Strategic restructuring – business capability programme relates to a restructuring of supply chain and operating model to enhance commercial capabilities in Britvic GB and Ireland including the closure of the Norwich site. Primarily these costs relate to employee costs, advisors fees, asset impairments and write-downs and dual running supply chain costs.
- d) Net reversal of impairments of trademarks – these comprise of a reversal of impairment in the Ballygowan trademark of £9.2m offset by an impairment in the Britvic brand in Ireland of £2.2m and an impairment in the Fruite brand in France of £4.4m.
- e) Fair value movements relate to the fair value movement of derivative financial instruments where either hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship including gains on FX forwards taken out as part of cash management for expected future payments.
- f) Acquisition related amortisation – relates to the amortisation of intangibles recognised on the acquisitions in Ireland, France and Brazil.
- g) The final tranche of deferred consideration for Ebba was due on 2 October 2017. This amount had been included on acquisition discounted to net present value. This represents the unwind of this discount until October 2017.
- h) These costs relate to tax on funds injected into Brazil in the prior period.

Adjusted profit

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Operating profit as reported	52.9	62.8	163.0
Add back adjusting items in operating profit	27.6	10.8	32.5
Adjusted EBIT	80.5	73.6	195.5
Acquisition related amortisation	(6.2)	(5.3)	(10.7)
Net finance costs	(11.1)	(12.7)	(24.2)
Add back adjusting net finance costs	0.7	1.7	4.1
Adjusted profit before tax	63.9	57.3	164.7
Taxation	(8.5)	(11.5)	(27.2)
Less adjusting tax credit	(5.6)	(1.4)	(9.1)
Adjusted profit after tax	49.8	44.4	128.4
Adjusted effective tax rate	22.1%	22.5%	22.0%

Earnings per share

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Adjusted basic earnings per share			
Profit for the period attributable to equity shareholders	33.3	38.6	111.6
Add: Net impact of adjusting items	22.7	11.1	27.5
	56.0	49.7	139.1
Weighted average number of ordinary shares in issue for basic earnings per share	263.6	262.9	263.0
Adjusted basic earnings per share	21.2p	18.9p	52.9p
Adjusted diluted earnings per share			
Profit for the period attributable to equity shareholders before adjusting items and acquisition related intangible assets amortisation	56.0	49.7	139.1
Weighted average number of ordinary shares in issue for diluted earnings per share	264.7	263.8	264.3
Adjusted diluted earnings per share	21.2p	18.8p	52.6p

Like-for-like

	Revenue £m	Adjusted EBIT £m
2017		
28-week period ended 16 April 2017, as reported and restated	701.3	73.6
Adjust for FX	(0.8)	0.9
28 weeks ended 16 April 2017 @ constant currency	700.5	74.5
2018		
28 weeks ended 15 April 2018, as reported	733.2	80.5
Bela Ischia to 2 March 2018 (anniversary of acquisition)	(13.0)	(1.5)
2018 "like for like" with 2017	720.2	79.0

Other costs

	28 weeks ended 16 April 2017 IFRS 15 restated £m	Expense reclass* £m	28 weeks ended 16 April 2017 Adjusted £m
Non-brand advertising & promotion	(5.4)	-	(5.4)
Fixed supply chain	(56.4)	3.8	(52.6)
Selling costs	(42.1)	1.3	(40.8)
Overheads and other costs	(66.2)	(5.1)	(71.3)
Total	(170.1)	-	(170.1)

* Certain expenses have been reclassified for reporting purposes to better reflect the nature of these costs following a group restructuring

Free cash flow

	28 weeks ended 15 April 2018 £m	28 weeks ended 16 April 2017 £m	52 weeks ended 1 October 2017 £m
Adjusted EBIT	80.5	73.6	195.5
Depreciation	23.4	21.5	40.3
Amortisation (non-acquisition related)	4.0	4.6	8.3
Adjusted loss on disposal of PPE	1.1	0.8	2.0
Adjusted EBITDA	109.0	100.5	246.1
Adjusted working capital movements	(39.7)	(12.8)	26.0
Purchases of intangible and tangible assets	(61.4)	(76.8)	(146.7)
Net pension charge less contributions	(21.4)	(21.6)	(22.1)
Net Interest and finance costs	(9.8)	(10.2)	(19.5)
Adjusted income tax paid	(15.0)	(14.0)	(31.7)
Share based payments	4.1	4.2	6.3
Issue of shares	0.5	0.9	0.7
Purchase of own shares	(2.4)	(3.2)	(5.3)
Other	-	0.3	0.7
Adjusted free cash flow	(36.1)	(32.7)	54.5

Appendix 2

IFRS 15 RESTATEMENTS

The Group early adopted IFRS 15: Revenue from Contracts with Customers ("IFRS 15") on 2 October 2017 using the full retrospective method. This appendix details the impact of the adoption of IFRS 15 on the Group's primary financial statements and KPIs.

IFRS 15 establishes a comprehensive framework for determining and recognising revenue. The main impact of adopting the standard for the Group is

- a reclassification of certain rebates offered to customers (£25.5m, for 28 weeks ending 16 April 2017) that had previously been recognised as selling and distribution costs to revenue, which are now considered to be a reduction in the transaction price under IFRS 15.
- The reclassification of certain incentives received (£29.0m, for the 28 weeks ending 16 April 2017) from revenue, to cost of sales, which do not meet the definition of revenue under IFRS 15.

There is no impact on profit before tax. The areas that have been impacted and restated for 2017 are the following: Revenue, Cost of sales, Gross profit, selling and distribution costs, administration expenses, Brand contribution, Brand contribution margin, ARP, Selling costs, Overheads and other costs, Trade and other payables and Contract liabilities.

Consolidated Income Statement restated for IFRS 15

	28 weeks ended 16 April 2017 (unaudited) As reported	IFRS 15 Adjustments	28 weeks ended 16 April 2017 (unaudited) Restated	52 weeks ended 1 October 2017 (audited) As reported	IFRS 15 Adjustments	52 weeks ended 1 October 2017 (audited) Restated
	£m	£m	£m	£m	£m	£m
Revenue	756.3	(55.0)	701.3	1,540.8	(110.3)	1,430.5
Cost of sales	(363.0)	29.0	(334.0)	(724.3)	57.1	(667.2)
Gross profit	393.3	(26.0)	367.3	816.5	(53.2)	763.3
Selling and distribution costs	(225.3)	25.5	(199.8)	(443.8)	50.7	(393.1)
Administration expenses	(105.2)	0.5	(104.7)	(209.7)	2.5	(207.2)
Operating profit	62.8	-	62.8	163.0	-	163.0
Finance income	1.5	-	1.5	2.1	-	2.1
Finance costs	(14.2)	-	(14.2)	(26.3)	-	(26.3)
Profit before tax	50.1	-	50.1	138.8	-	138.8
Taxation	(11.5)	-	(11.5)	(27.2)	-	(27.2)
Profit for the period attributable to the equity shareholders	38.6	-	38.6	111.6	-	111.6

Other Primary Statements restatements for IFRS 15

The only adjustment to the consolidated balance sheet is in respect of contract liabilities. The group has identified balances with customers that should be recorded separately as contract liabilities under IFRS 15.

	16 April 2017 (unaudited) As reported	IFRS 15 Adjustments	16 April 2017 (unaudited) Restated	1 October 2017 (audited) As reported	IFRS 15 Adjustments	1 October 2017 (audited) Restated
	£m	£m	£m	£m	£m	£m
Current liabilities						
Trade and other payables	(445.9)	86.7	(359.2)	(472.6)	87.7	(384.9)
Contract liabilities	-	(86.7)	(86.7)	-	(87.7)	(87.7)

There is no impact on the adoption of IFRS 15 on the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity.

Segmental Information

	28 weeks ended 16 April 2017 As reported	IFRS 15 Adjustments	28 weeks ended 16 April 2017 Restated	52 weeks ended 1 October 2017 As reported	IFRS 15 Adjustments	52 weeks ended 1 October 2017 Restated
	£m	£m	£m	£m	£m	£m
Revenue						
GB Stills	143.9	(8.0)	135.9	285.2	(15.9)	269.3
GB Carbs	301.1	(30.8)	270.3	617.8	(62.5)	555.3
Total GB	445.0	(38.8)	406.2	903.0	(78.4)	824.6
Ireland	80.3	(5.2)	75.1	164.7	(10.0)	154.7
France	134.7	(0.4)	134.3	282.7	(1.3)	281.4
Brazil	70.1	(5.5)	64.6	133.1	(9.6)	123.5
International	26.2	(5.1)	21.1	57.3	(11.0)	46.3
Group	756.3	(55.0)	701.3	1,540.8	(110.3)	1,430.5

	28 weeks ended 16 April 2017 As reported	IFRS 15 Adjustments	28 weeks ended 16 April 2017 Restated	52 weeks ended 1 October 2017 As reported	IFRS 15 Adjustments	52 weeks ended 1 October 2017 Restated
	£m	£m	£m	£m	£m	£m
Brand contribution						
GB Stills	66.9	(7.0)	59.9	125.4	(13.4)	112.0
GB Carbs	114.2	(5.8)	108.4	246.6	(12.2)	234.4
Total GB	181.1	(12.8)	168.3	372.0	(25.6)	346.4
Ireland	27.2	(3.5)	23.7	56.7	(7.1)	49.6
France	38.1	(1.3)	36.8	84.9	(3.0)	81.9
Brazil	14.4	(3.1)	11.3	28.2	(5.0)	23.2
International	8.6	(5.0)	3.6	17.8	(10.9)	6.9
Group	269.4	(25.7)	243.7	559.6	(51.6)	508.0

	28 weeks ended 16 April 2017 As reported	IFRS 15 Adjustments	28 weeks ended 16 April 2017 Restated	52 weeks ended 1 October 2017 As reported	IFRS 15 Adjustments	52 weeks ended 1 October 2017 Restated
	%	%	%	%	%	%
Brand contribution margin						
GB Stills	46.5	(2.4)	44.1	44.0	(2.4)	41.6
GB Carbs	37.9	2.2	40.1	39.9	2.3	42.2
Ireland	33.9	(2.3)	31.6	34.4	(2.3)	32.1
France	28.2	(0.8)	27.4	30.0	(0.9)	29.1
Brazil	20.5	(3.0)	17.5	21.2	(2.4)	18.8
International	32.8	(15.7)	17.1	31.1	(16.2)	14.9

Segmental Information (continued)

	28 weeks ended 16 April 2017 As reported	IFRS 15 Adjustments	28 weeks ended 16 April 2017 Restated	52 weeks ended 1 October 2017 As reported	IFRS 15 Adjustments	52 weeks ended 1 October 2017 Restated
	Pence per litre	Pence per litre	Pence per litre	Pence per litre	Pence per litre	Pence per litre
ARP						
GB Stills	81.3	(4.5)	76.8	79.3	(4.4)	74.9
GB Carbs	46.7	(4.8)	41.9	48.2	(4.9)	43.3
Ireland	54.7	(4.6)	50.1	56.0	(4.6)	51.4
France	94.8	(0.3)	94.5	100.6	(0.5)	100.1
Brazil	71.5	(5.6)	65.9	71.4	(5.1)	66.3
International	137.9	(26.8)	111.1	138.1	(26.5)	111.6

Other Costs

	28 weeks ended 16 April 2017 As reported £m	IFRS 15 Adjustments £m	28 weeks ended 16 April 2017 Restated £m
Non-brand advertising & promotion	(5.4)	-	(5.4)
Fixed supply chain	(56.4)	-	(56.4)
Selling costs	(67.6)	25.5	(42.1)
Overheads and other costs *	(66.4)	0.2	(66.2)
Total	(195.8)	25.7	(170.1)
Total A&P investment	(31.5)	0.3	(31.2)
A&P as a % of own-brand revenue	4.3%		4.6%

* Acquisition related amortisation of £5.3m (28 weeks ended 16 April 2017) have been removed from overheads and other costs and taken to adjusting items.

Like-for-like revenue

	As disclosed £m	IFRS 15 adjustments £m	Restated £m
2017			
28-week period ended 16 April 2017, as reported	756.3	(55.0)	701.3
Adjust for FX	(1.2)	0.4	(0.8)
28-week period ended 16 April 2017 @ constant currency	755.1	(54.6)	700.5

Adjusted EBIT

28-week period ended 16 April 2017	As disclosed £m	IFRS 15 adjustments £m	Restated £m
Adjusted EBIT margin	9.7%	0.8%	10.5%