

# Preliminary Results

## Presentation

30 November 2006



**Gerald Corbett**

Chairman

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**John Gibney**

Finance Director

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	FY 06 £'m	FY 05 £'m	% Change
Branded Revenue	677.7	695.8	(2.6)
EBIT	73.7	73.3	0.5
<i>EBIT Margin</i>	10.9%	10.5%	0.4%pts
Profit after Tax	39.6	39.7	(0.3)
Basic earnings per share	18.4	18.5	(0.5)
Free cash flow	48.9	(10.3)	
Return on Invested Capital	17.0%	16.8%	

## Full year Dividend per share of 10p

Note: all numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs. 2005 numbers are proforma numbers.

## Summary FY 06 – Operating Profit



	FY 06 £'m	FY 05 £'m	% Change
Branded Volume (million litres)	1330.6	1375.5	(3.3)
<i>Average Realised Price (ARP) per litre</i>	<i>50.9</i>	<i>50.6</i>	<i>0.6</i>
Branded Revenue	677.7	695.8	(2.6)
Brand Contribution	289.1	299.0	(3.3)
Non brand A&P	(6.1)	(6.6)	7.6
Fixed Supply Chain	(68.0)	(66.2)	(2.7)
Selling Costs	(86.0)	(88.8)	3.2
Overhead and other costs	(55.3)	(64.1)	13.7
<b>EBIT</b>	<b>73.7</b>	<b>73.3</b>	<b>0.5</b>
EBIT Margin	10.9%	10.5%	0.4%pts

Note: all numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs. 2005 numbers are proforma numbers.

	H1 06 on H1 05 %	H2 06 on H2 05 %	Movement % pts
<b>Volume</b>			
Carbonates	(7.2)	(4.2)	+3.0
Stills	0.3	3.8	+3.5
Total	(4.9)	(1.7)	+3.2
<b>Revenue</b>			
Carbonates	(9.0)	(4.7)	+4.3
Stills	(1.0)	5.6	+6.6
Total	(5.3)	-	+5.3
<b>Brand Contribution Margin (%pt movement)</b>			
Carbonates	(3.0)	0.8	+3.8
Stills	(2.7)	3.2	+5.9
Total	(2.7)	1.9	+4.6
<b>EBIT Margin (%pt movement)</b>			
	(0.9)	1.3	+2.2

Note: Total numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs. 2005 numbers are proforma numbers.

	FY 06 £'m	FY 05 £'m	% Change
Volume (million litres)	848.3	899.6	(5.7)
ARP per litre	39.2p	39.7p	(1.3)
Revenue	332.5	356.9	(6.8)
Brand Contribution	130.1	143.3	(9.2)
Brand Contribution Margin	39.1%	40.2%	(1.1)% pts

**Direct product costs increased by 2.1%**

	FY 06 £'m	FY 05 £'m	% Change
Volume (million litres)	446.5	437.3	2.1
ARP per litre	72.1p	71.9	0.3
Revenue	321.7	314.3	2.4
Brand Contribution	152.0	147.5	3.1
Brand Contribution Margin	47.2%	46.9%	0.3% pts

**Direct product costs increased by 0.9%**



	FY 06 £'m	FY 05 £'m	% Change
Volume (million litres)	35.8	38.6	(7.3)
ARP per litre	65.6p	63.9	2.7
Revenue	23.5	24.7	(4.9)
Brand Contribution	7.0	8.2	(14.6)
Brand Contribution Margin	29.8%	33.2%	(3.4)% pts

**Direct product costs decreased by 3.2%**

## Overheads and other costs

	FY 06 £'m	FY 05 £'m	% Change
Non Brand A&P	(6.1)	(6.6)	7.6
<i>Total A&amp;P spend</i>	<i>(44.6)</i>	<i>(48.9)</i>	<i>8.7</i>
<i>A&amp;P as % Net Revenue</i>	<i>6.6%</i>	<i>7.0%</i>	
Fixed Supply Chain	(68.0)	(66.2)	(2.7)
Selling Costs	(86.0)	(88.8)	3.2
Overheads & Other	(55.3)	(64.1)	13.7
<b>Total</b>	<b>(215.4)</b>	<b>(225.7)</b>	<b>4.6</b>

	FY 06 £'m	FY 05 £'m	% Change
<b>EBIT</b>	<b>73.7</b>	<b>73.3</b>	<b>0.5</b>
Interest	(17.8)	(16.5)	(7.9)
<b>Profit before tax</b>	<b>55.9</b>	<b>56.8</b>	<b>(1.6)</b>
Tax	(16.3)	(17.1)	4.7
Tax rate	29.2%	30.1%	
<b>Profit after tax</b>	<b>39.6</b>	<b>39.7</b>	<b>(0.3)</b>

Note: all numbers exclude the effect of the discontinued Private Label Water business and are before exceptional costs.  
2005 numbers are proforma numbers.

# Exceptional Items

		FY 06 £'m
Cash items	IPO Costs	5.5
	Restructuring costs	7.0
		<b>12.5</b>
Share items	Transitional Share Awards	3.0
	All employee share offer*	2.8
		<b>18.3</b>
Non cash items	Wind up of IHG share options	0.8
	<b>Total exceptional items</b>	<b>19.1</b>
	<b>Total exceptional items after tax</b>	<b>15.4</b>

\*£300k purchased rather than issued

# Improving Cash Position and Reducing Working Capital



	FY 06 £'m	FY 05 £'m	% Change
Operating Profit pre exceptionals	73.7	73.3	0.5
Depreciation	47.3	47.0	0.7
<b>EBITDA</b>	<b>121.0</b>	<b>120.3</b>	<b>0.6</b>
Working Capital	12.3	(16.2)	
Capital Expenditure	(33.0)	(51.7)	36.1
Pension contribution	(30.0)	(30.0)	–
Other	(21.3)	(32.8)	34.9
<b>Free Cash flow</b>	<b>48.9</b>	<b>(10.3)</b>	
Dividends	(105.0)	(236.0)	55.5
<b>Net Cash Flow pre exceptionals</b>	<b>(56.0)</b>	<b>(246.4)</b>	<b>77.3</b>
<b>Free Cash Flow post exceptionals</b>	<b>36.1</b>	<b>(16.2)</b>	
<b>Net Debt</b>	<b>(282.6)</b>	<b>(312.3)</b>	
<b>Return on Invested Capital</b>	<b>17.0%</b>	<b>16.8%</b>	

- Interim Dividend of 3 pence per share
- Final Dividend of 7 pence per share payable on 16th February 2007
- Total Dividend of 10 pence per share

- Hot summer benefit in FY06 of £2.5m at an EBIT level
- PVO £2m further saving in 2007
- Brand contribution reflected in FY06 numbers expected to be sustainable
- On track to deliver £18m of planned cost savings by 2008:
  - 2007 incremental savings of £4m identified
  - 2008 incremental savings of £3m identified
  - No employee bonus paid in 06 – 07 employee bonus provision of £5m
- EBIT margin growth of 10-15 bps
- Exceptional items:
  - c.£2-4m of Transitional Share Awards costs each year through 07 and 08
  - c.£1.5m restructuring costs in 07
- Taxation:
  - FY tax rate at c.29% in line with 06
  - Cash tax rate c.29%
- Capex £40-45m

- Improved H2 revenue and profit performance on H1 despite continued challenging market assisted by benefit of hot July
- Strong brand contribution margin - improved in H2
- EBIT margin growth through strong management action:
  - Continued focus on ARP
  - Further cost reductions delivered
- Strong cash management resulting in £48.9m free cash flow
  - Full year Dividend of 10p per share
- Return on Invested Capital increased to 17.0%

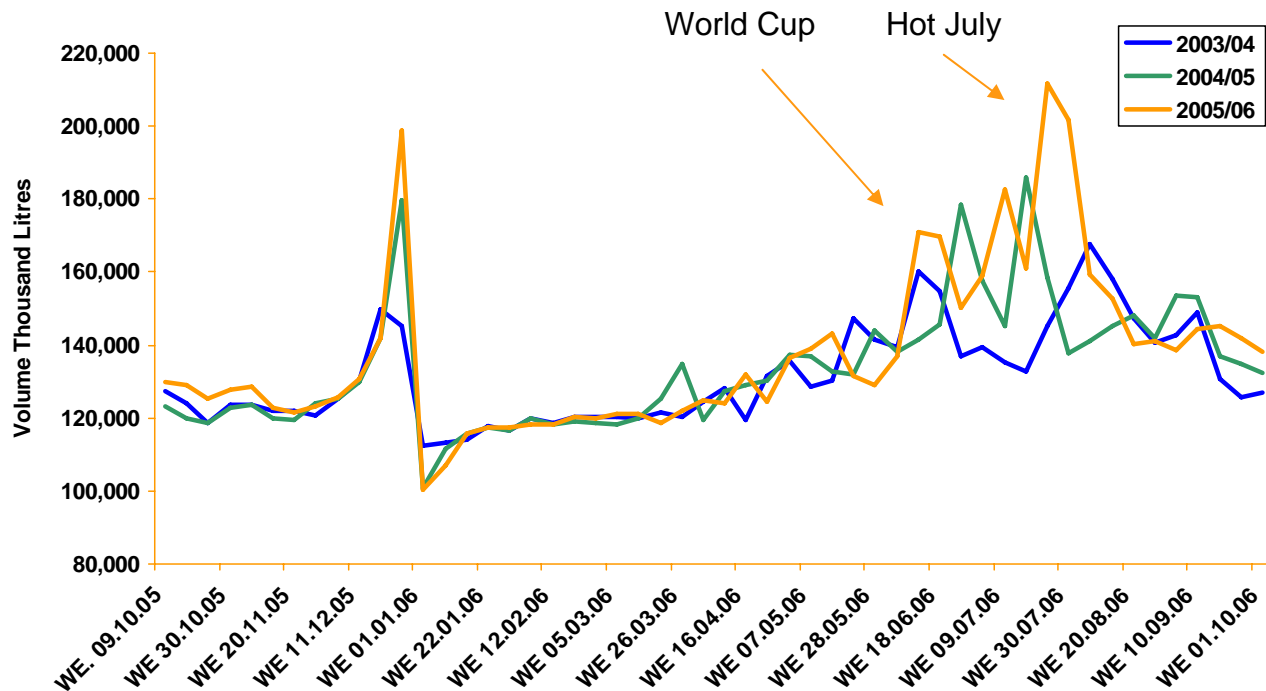


**Paul Moody**  
Chief Executive

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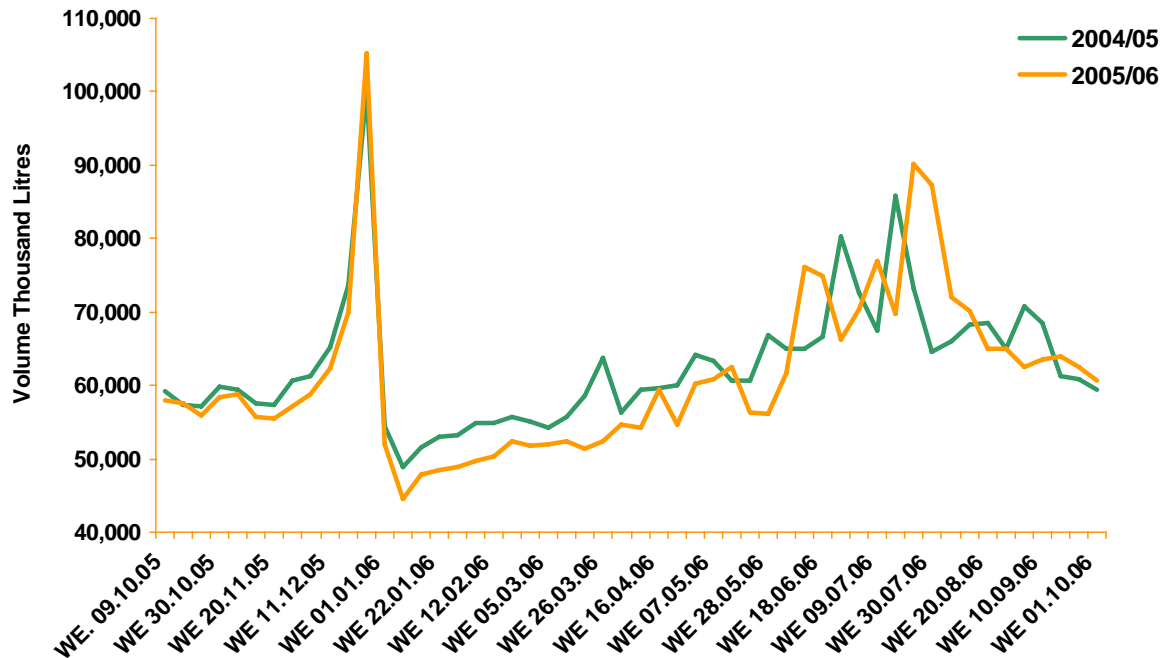


- Market
  - Strategy
  - Management action:
    - Profitable revenue growth
    - Innovation
    - Driving efficiency
  - Current trading
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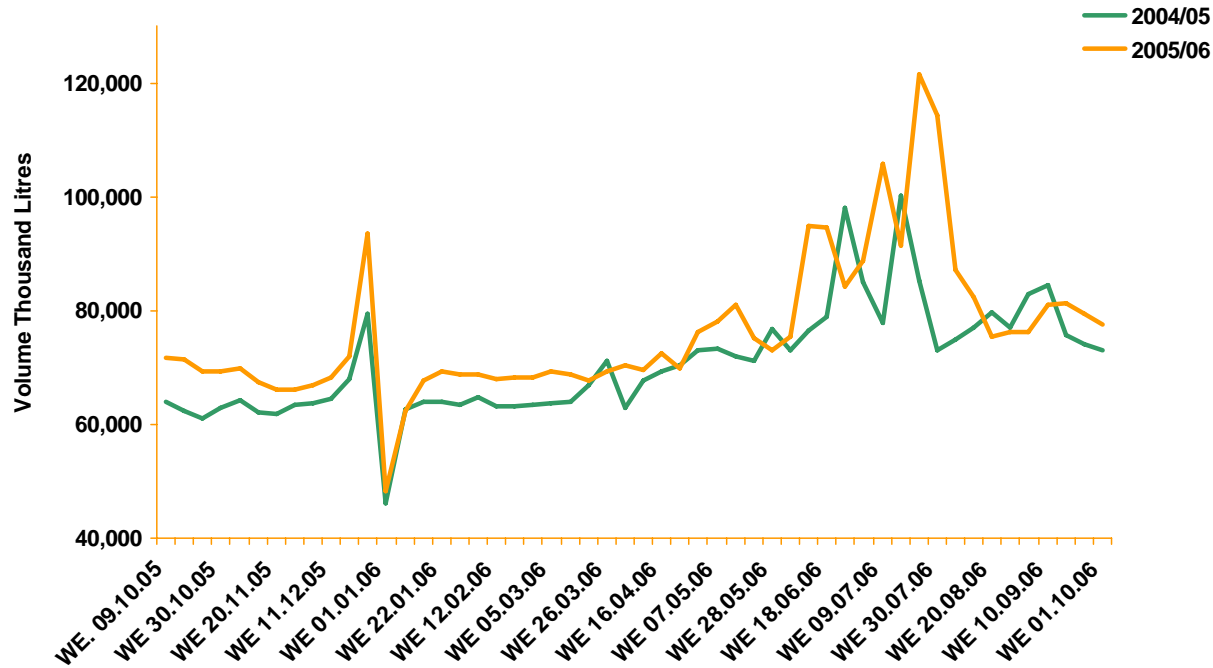
Source: ACNielsen Scantrack Sept 2006: Take Home

**Market ahead of last year, despite challenging conditions**



Source: ACNielsen Scantrack Sept 2006: Take Home

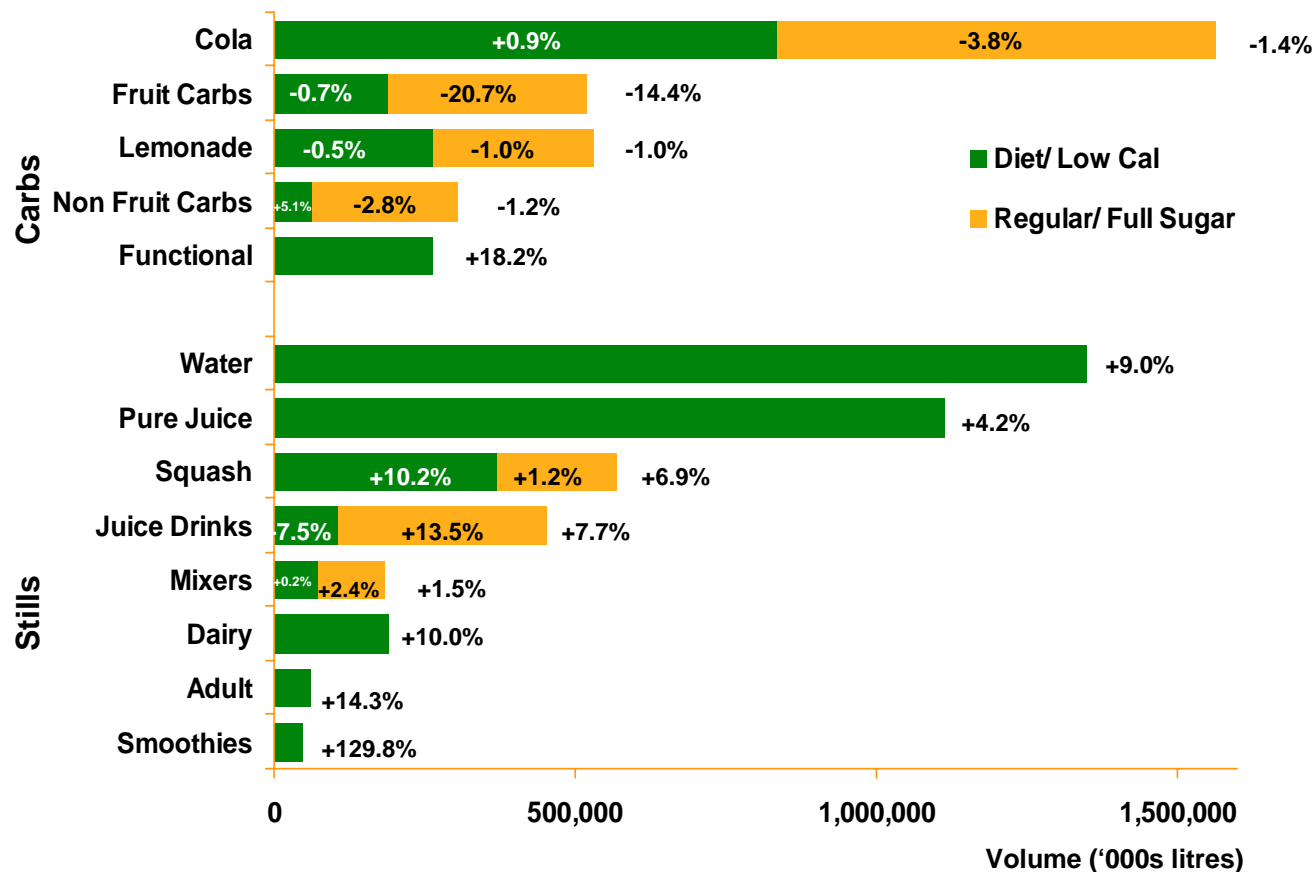
**Marginal growth in H2 driven by World Cup, a hot July and new product launches**



Source: ACNielsen Scantrack Sept 2006: Take Home

**Market consistently outperformed prior year**

# Relative Size of Categories and Growth



Take Home MAT to 30.09.2006 AC Neilsen Scan Track

**Stills category growth continues to outperform Carbonates.**

## Growth

- Aggressively grow stills
- Drive profitable revenue growth in core brands
- Continued success from innovation and international

## Productivity

- A focus on efficiency, driving margins and optimising working capital

## Enabling

- Delivering great leadership, driving a high performance culture and growing capability



## Financials

Grow Sales    Maximise Profit    Invest Wisely



## Shareholder Return

- Heavy weight advertising campaign to continue to drive the Pepsi Max share of 'better for you' carbonates
  - Utilising all media elements
  - Significant investment in communicating 'Max your life'
- Campaign has delivered a strong share performance with Pepsi share of the cola market up 4.8%\* pts to 23.7%



\* Movement in share based on latest 8 week AC Neilson scantrak data (to WE 04.11.06) compared to the 8 weeks prior to the football world cup (to WE 10.06.06)

**Success through working closely with PepsiCo**



- Category importance growing
  - Largest soft drinks category as drunk
  - High price per litre
  - Consumers switching in from Carbonates
- Improved range and distribution
- Significant consumer promotions:
  - Pre-Christmas Narnia-related activity
  - Most successful Wimbledon ever
- 7th largest grocery brand
- Further growth opportunity in larger packs
  - Improved large pack design and range consistency
  - In house large pack PET production capability as of October 06
  - Increased promotional competitiveness
  - Large pack distribution growing



**Invested to protect and grow Robinsons No1 position**

- J20
  - Continued growth in brand performance / share of adult category
  - Global supply issue in Passion Fruit now resolved
  - Growth in space in major grocers
  - Introduction of Ltd Edition Orange & Pomegranate in October
  - New TV advertising to build brand equity & personality running end December through Easter
  - PET bottle launch gained new distribution
- Britvic NFC Pressed Apple & Squeezed Orange
  - Encouraging ROS where stocked
  - Distribution opportunities to be exploited



- Introduction of Fruit Shoot 'natural'
  - No artificial flavours or colours
  - 15% reduction in sugar
  - Removed sodium benzoate
- Supported by Press campaign to mums:
  - Two versions rotating from Oct 06 to Jan 07
  - Total campaigning will reach 73% of all households with children



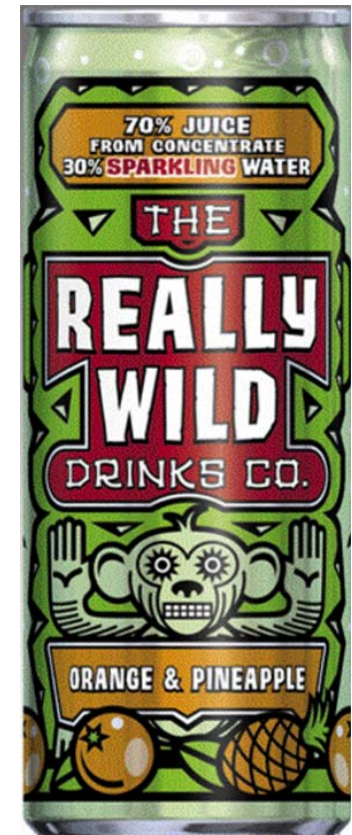
Growing Fruit Shoot 'naturally'

- Fruit Shoot H2O
  - No 1 in kids water market 8 weeks from launch
  - 90% of volume incremental to Fruit Shoot
  - 79% incremental to the Kids Water category
  - Planned growth in distribution to drive weight of purchase
    - New 8 pack from April
    - £3m continued investment in TV advertising and product sampling to drive awareness and trial
- Drench
  - In line with distribution expectations
- Pennine Spring
  - Reached planned distribution
  - Build on solid on-premise performance



**Strong H2O performance**

- 2007 innovation programme
  - 1 to 2 major launches
  - 2 to 3 supporting launches
  - All innovation centralised around the four themes of:
    - Health and well-being
    - Naturalness
    - Occasionality
    - Indulgence
- Really Wild
  - 6 Natural juice drinks with spring water
  - Opportunity to utilise existing asset base
    - vending machines in schools
    - good margin
  - Priced for kids



- Squash in Scandinavia
  - Successful advertising campaign
    - First TV campaign was seen by 72% of Danish population
    - Advert was voted 6th best advert in a recent consumer poll by the largest commercial station in Denmark
  - Strong share performance – category share levels up c.4%
  - Focus firmly on securing remaining distribution
- Fruit Shoot in Holland
  - First bespoke TV advertising created for Dutch mums and kids
  - Significantly higher recognition than long established brands
  - Fastest growing brand in its segment



- A huge programme delivering efficiency and effectiveness improvements
  - £11m of sustainable cost savings in FY06:
  - Headcount reduction across the business
  - Total centralisation and automation of the procurement processes onto SAP
  - Reduction in out-store costs as we reduce finished goods stock levels
  - Production wastage reduction
- Strong progress to date:
  - Logistics execution, planning and production
  - Cost reduction and working capital improvements including procurement
  - Improved innovation process
  - KPI reporting framework
  - Commercial optimisation including promotional effectiveness
- Additional benefits from embedding the business practices into the “culture” of the organisation remain available

**Additional £4m of savings identified for FY07 and £3m for FY08**

- £2m saving delivered in FY06:
  - Vertical integration savings – e.g. Rugby bottle blowing
  - Productivity savings – e.g. Sugar reduction
- £2m additional savings identified for FY07:
  - Further bottle blowing
  - In house large pack PET squash production at Norwich
- Further vertical integration and productivity savings opportunities:
  - Continued flavour optimisation
  - Sugar reduction
  - Pack design for logistic efficiency and cost

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**Mitigating input cost and consequently margin pressure**



- Carbonates show continued volatility
- Stills are growing at a very attractive rate
- A real focus on efficiency
  - ARP
  - Margin
  - Costs
- All innovation focused in the growth areas of the market
- Business started well in the new financial year

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**Well positioned in this growth market**

## Questions & Answers

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