



# INVESTOR & ANALYST DAY

September 2008



**WELCOME**

**Paul Moody**

Chief Executive

# Agenda

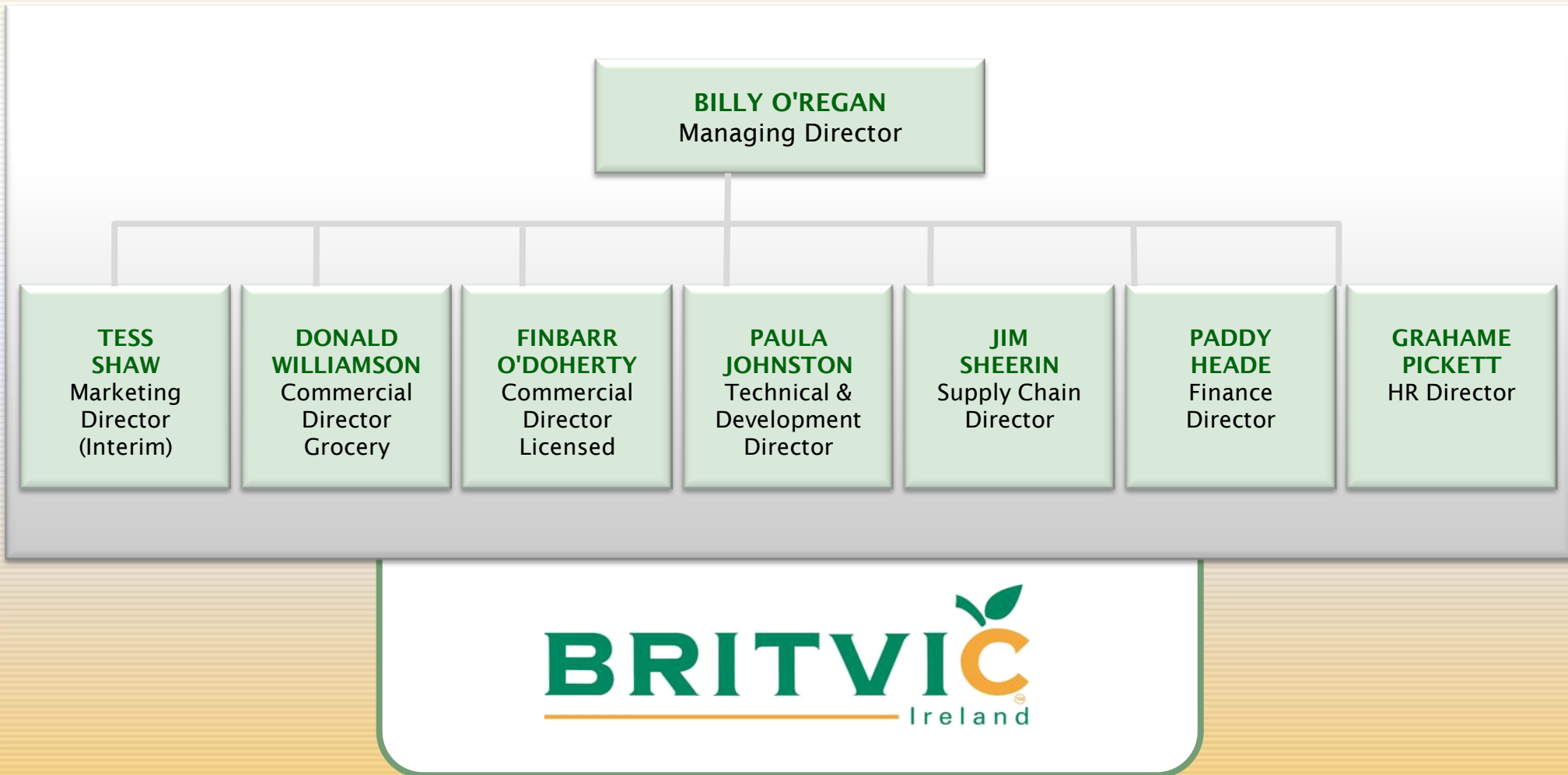
<b>Setting the Scene</b>	Billy O'Regan	8.45
<b>Brands, Innovation and Marketing</b>	Tess Shaw	9.15
<b>Grocery Overview</b>	Donald Williamson	9.30
<b>Licensed Wholesale</b>	Finbarr O'Doherty	9.45
<hr/>		
<b>Break</b>		10.00
<hr/>		
<b>An Update on Synergies</b>	Paddy Heade	10.30
<b>Q&amp;A</b>	Paul Moody	11.00
<b>Britvic GB – Innovation, Marketing and Defensive Qualities</b>	Simon Stewart	11.30
<hr/>		
<b>Close of Presentations: Lunch</b>		12.00
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<b>Factory Tour</b>		13.30
<b>Britvic in Trade</b>		15.00
<b>Depart for the Airport</b>		16.30



# SETTING THE SCENE

**Billy O'Regan**  
Managing Director

# The Senior Management Team



# Agenda

- **Britvic Ireland**
  - Overview
  - Rationale for the acquisition
  - Acquisition and integration chronology
- **The Bigger Picture**
  - The macro economic environment
  - The soft drinks market in Ireland
- **A Leading Position**
  - Market share
  - A strong and resilient portfolio
  - The PepsiCo relationship
- **Delivering Value for Shareholders**
  - A strategy for growth
  - The M&A scorecard

# Overview of Britvic Ireland

- Ireland's 2nd largest branded soft drinks business by volume
  - *Over half of volumes sold from wholly-owned brands*
  - *Similar brand and category profile to Britvic GB*
- Strong positions in all key categories
- 130m litres sold 28 weeks to 13 April 2008
- Major strength in Wholesaling into Licensed Channel (Own & Third Party Brands)

## *Key facts:*

- **950** employees
- **2** carbs/stills factories
- **1** water factory
- **5** distribution centres



# Rationale for the acquisition

## *Growth Acceleration*

- leveraging the Pepsi relationship
- building on existing presence for Britvic brands in market
- scope to achieve real cost savings and other synergies

## *Mid- To Long-term Potential...*

- to drive top-line growth of the combined portfolio
- to introduce elements of the Britvic GB product portfolio to Ireland

*Exchange operational best practice  
across both territories*



# Britvic Ireland

## *Acquisition & Integration Chronology*

- Proposed acquisition announced 14 May 2007
- Competition Authority approval 15 August 2007
- Deal formally concludes 29 August 2007

### *Year 1 activities: 1 October 2007. . .*

#### Business Integration Processes

legals  
align budgets  
HR  
pensions etc.

Refining  
and  
Implementing  
Synergies

Cork Closure

#### Product Portfolio Integration

Robinsons & Fruit  
Shoot  
J20 launch

- Britvic PLC FY08 Results

- First full year to include Britvic Ireland
- 52-week trading update 16th October 2008
- Preliminary Results 26th November 2008

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# Macro Economic Environment

## STRONG ECONOMIC BASE

- Growing population - 5.8m island of Ireland
- Young, well educated workforce
- Social Partnership Model
- Greatest population growth in the most economically active age groups (25+ yrs)
- High workforce participation rates
- Strong Foreign Direct Investment
- Improved productivity
- Celtic Tiger legacy:
  - 6<sup>th</sup> wealthiest economy (globally by GDP per capita)
  - Investment in the productive economy
  - Improved infrastructure - transport and IT
  - Low tax environment

## DYNAMICS IN THE ECONOMY

### Environment

- Green agenda - carbon footprint, recycling etc.

### Consumer trends

- Focus on health / natural products
- Increasingly sophisticated tastes / preferences
- Value focus

### Legislation / regulation

- Smoking ban, penalty points, random breath testing
- Food labelling
- Marketing and promotion

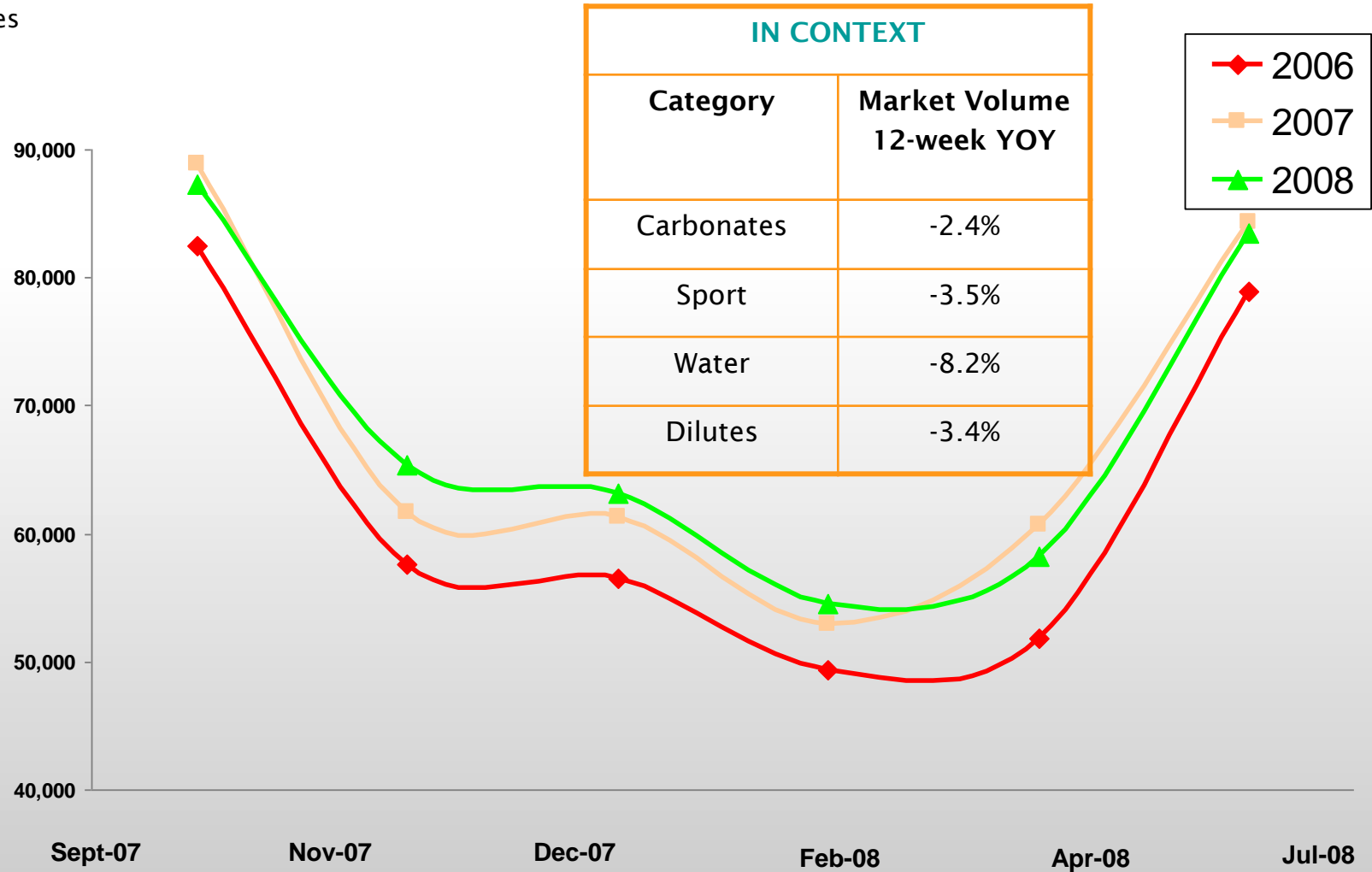
### Economy

- In short-term recession
- Medium and long-term fundamentals are strong

*A challenging short term but strong growth fundamentals*

# Irish Soft Drinks Grocery Market Volume

000's Litres



***A declining market in the short term***

# The ROI Soft Drinks Category

## Grocery

### Top 10 Categories

Sales Value €m % Chg MAT

	Sales Value €m	% Chg MAT
1 TOTAL SOFT DRINKS	801.6	4.9
2 COUNTLINES	333.0	7.1
3 FRUIT JUICES 500ML +	161.4	10.4
4 BISCUITS CRACKERS CRISPBREAD	138.4	4.2
5 CRISPS	104.4	5.9
6 TAKE HOME ICE CREAM	87.4	6.1
7 SNACKS	85.7	9.6
8 ASSORTMENTS	78.0	0.5
9 CELLOPHANE BAGS	77.9	12.3
10 IMPULSE ICE CREAM	72.0	-3.5

Source: AC Nielsen Market Track MAT June 08

## Licensed

### TOP 10 Categories

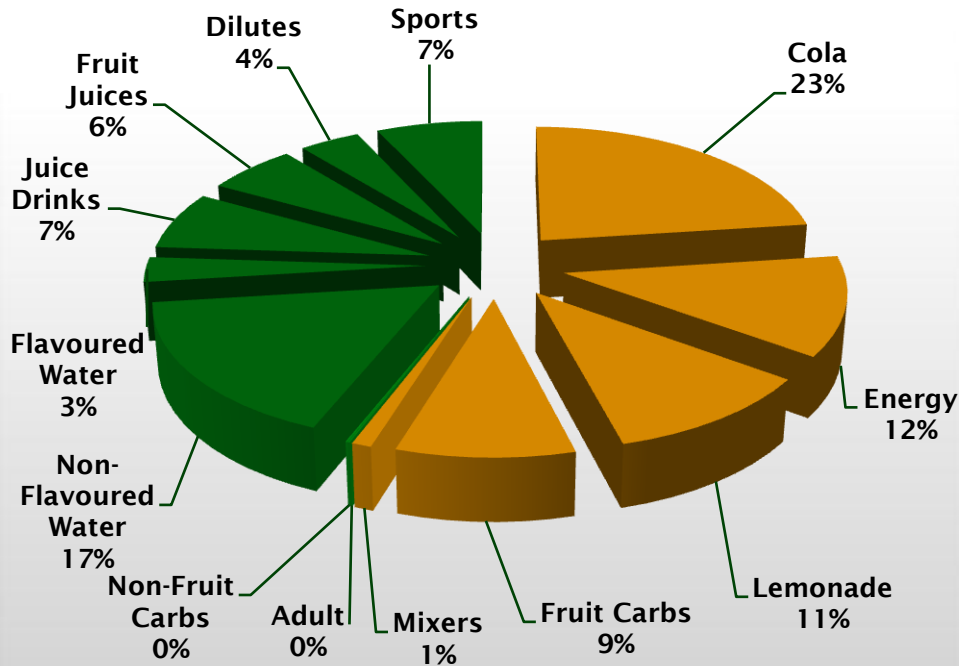
Sales Value €m % Chg MAT

	Sales Value €m	% Chg MAT
1 TOTAL BEER	2,707.2	1.9
2 TOTAL SPIRITS	893.1	5.7
3 TOTAL SOFT DRINKS	486.6	2.8
4 CIDER	390.9	1.2
5 DEFINED WINES	106.6	9.5
6 SPIRIT MIXERS	83.7	-5.5
7 WINE ALTERNATIVES	14.1	22.2
8 PORT	8.5	5.0
9 PERRY	7.2	-5.4
10 TABLE WINES	0.0	14.3

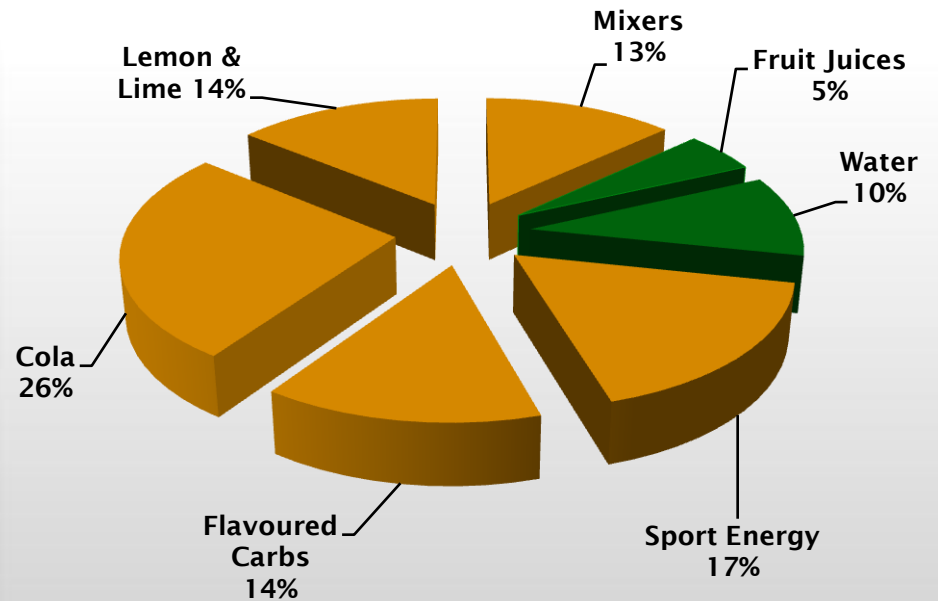
Source: Nielsen On-Trade Audit MAT June 08

# The ROI Market

**Grocery by Retail Sales Value (€802m)**



**Licensed On-Trade by Retail Sales Value (€487m)**



Stills

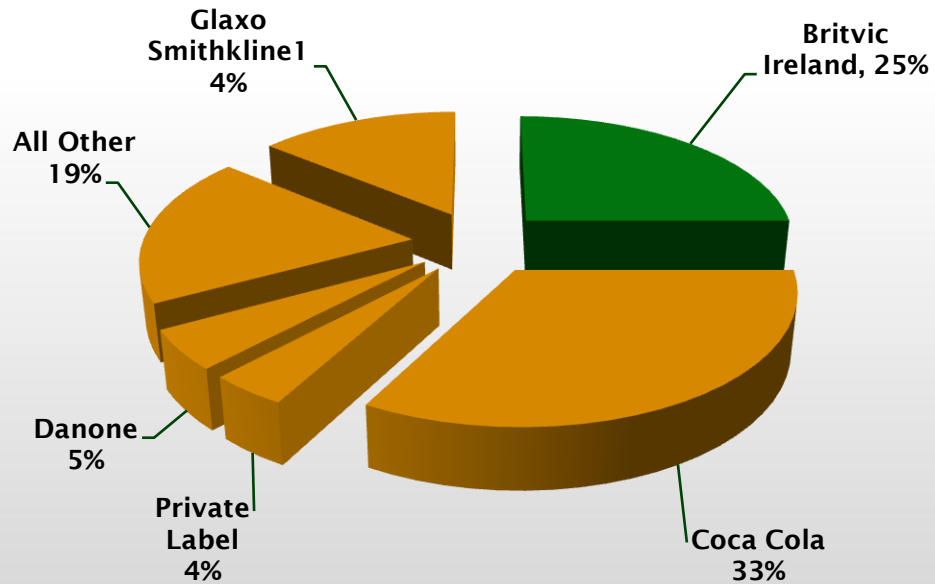
Carbs

# Agenda

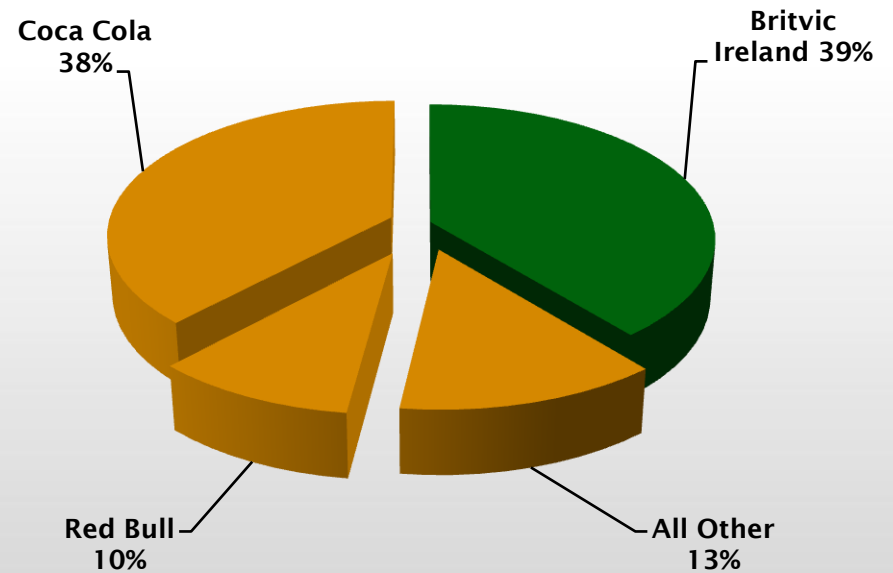
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  - **A strong and resilient portfolio**
  - **The PepsiCo relationship**
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  - A strategy for growth
  - The M&A scorecard

# ROI Market Share

## Grocery (€802m)



## Licensed On-Premise (€487m)






# Britvic Ireland – A Strong and Resilient Portfolio

<b>Carbonates</b>	
<b>Stills</b>	
<b>Water</b>	

*No.1 lemon / lime brand*  
*No.1 fruit flavoured brand*  
*No.1 apple carbonated brand*  
*No.1 value soft drinks brands*  
*No.2 cola brand*

*No.1 & 2 squash brands*  
*No.1 single serve juices*  
*New premium juice drink*

*No.1 water brand*  
*No.1 flavoured waters*



## Part of a bigger relationship with PepsiCo

- *Strengthens our overall brand portfolio and trade credibility*
- *Adds scale and allows us to leverage supply chain capacity*
- *Combined investment in research delivers*
  - *market consumer insights*
  - *new product development opportunities*
- *PepsiCo brands account for annual volumes of over 100m litres:*
  - *More than 70% through 7UP*
- *Recent success with the launch of H2OH*



Partnering with PepsiCo within a dedicated soft drinks business

# Advert

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# Britvic Ireland - A strategy for growth

## Growth

- Cross-territory brands
- Innovation
- PepsiCo Alignment and Relationship

## Productivity

- Product Value Optimisation
- Supply Chain Efficiencies
- Promotional Efficiency
- Logistics Reconfiguration
- Organisational Efficiencies
- Systems and Processes

## Enabling

- Performance Culture
- Leadership/Best Practice
- Leveraging Technology Platforms

Consumer Satisfaction

Shareholder Value

# Britvic Ireland - M&A Scorecard

- Accelerated PLC growth ✓
- €14m synergies On track
- Cross-territory brands Ongoing
  - Robinsons / Fruit Shoot / J20 etc ✓
- A leading position in Ireland ✓
- Positive growing franchise relationship ✓  
7UP / Pepsi

# Summary

- ***The acquisition***  
has enhanced Britvic Ireland and the group
- ***Britvic Ireland is a strong player***  
with real breadth to the portfolio operating in a long-term growth market
- ***A real demonstration of the synergies***  
that can be achieved in Britvic's M&A strategy





# **Brands, Marketing and Innovation**

**Tess Shaw**

Marketing Director (Interim)



# Agenda

- **Consumer Dynamics**

- The Irish consumer
- Category growth drivers
- Drivers of choice

- **Britvic Ireland's brand portfolio**

- Core brands
- Britvic GB - brand opportunities
- Britvic brand integration - Robinsons, J20

- **7UP - unlocking the potential**

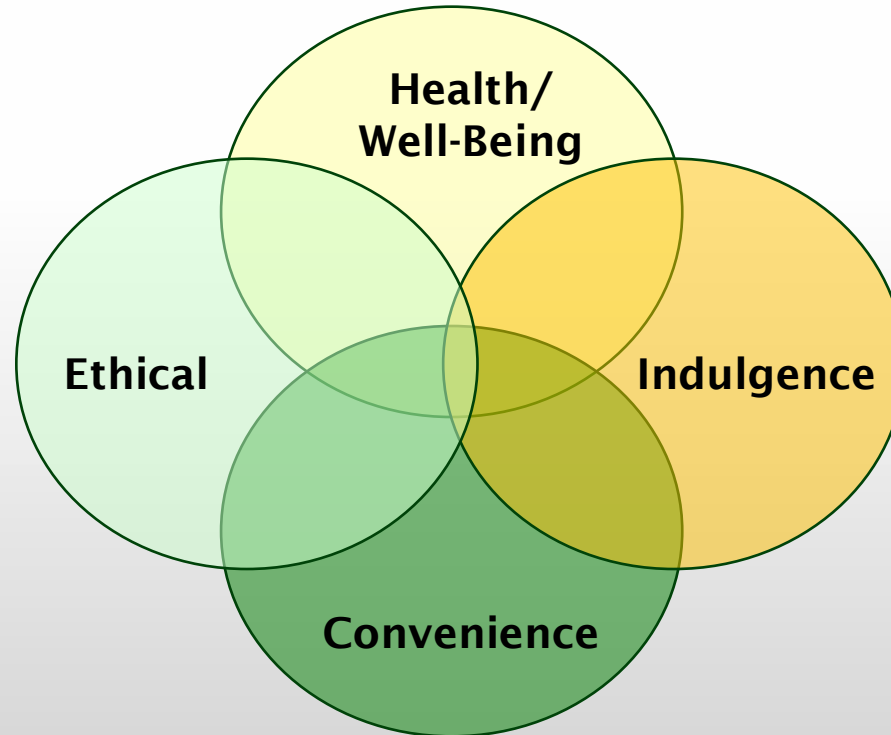
- **Innovation**

- Successful track record
- Future opportunities

# Consumer Dynamics

## *Four Key Consumer Trends*

Naturalness, Functional, Diet



Recycling, Labelling,  
Sourcing

Flavours, Emerging  
Sub-categories

Pack Formats

# Category Growth Drivers

## 3-year volume CAGRs

Carbs

-0.5%

- The growing health & wellness trend has led to pressure on carbonates from packaged water, juice and functional drinks.
- The poor summer weather has also affected consumption.

Water

+11.4%

- The growth in the water category is fuelled by a growing interest in health and wellbeing
- Competitive pricing and multipack promotions, the growth of on-the-go and recent innovation have helped boost consumption
- Price has been the most consistent driver of growth in the Take home water category throughout last year

Squash

+2.9%

- Squash is very popular in Ireland and has been revitalised in recent years by no added sugar (NAS) offerings underlining the trend towards less sugary beverages.
- With an increased emphasis on health and wellness more pre-family households are buying into the Squash category.

Sport

+9.9%

- Increased competition between the leading players, with heavyweight promotional activity was a key factor in category growth
- Despite the poor summer temperatures and wet weather the sports category grew off the back of strong promotional activity

Health & Wellbeing • Indulgence • Convenience • Ethical

# Agenda

- Consumer Dynamics

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- Category growth drivers
- Drivers of choice

- **Britvic Ireland's Brand Portfolio**

- Core brands
- Britvic GB - brand opportunities
- Britvic brand integration - Robinsons, J20

- 7UP - unlocking the potential

- Innovation

- Successful track record
- Future opportunities

# Pre-Acquisition – A Strong and Resilient Portfolio

Carbonates	
Stills	
Water	

*No.1 lemon / lime brand*  
*No.1 fruit flavoured brand*  
*No.1 apple carbonated brand*  
*No.1 value soft drinks brands*  
*No.2 cola brand*



*No.1 squash brand*  
*No.1 single serve juices*

*No.1 water brand*  
*No.1 flavoured water brand*

# Britvic GB Brand Integration

## Robinsons range integrated 2008

- NI – Live 18<sup>th</sup> February
- ROI – Live 18<sup>th</sup> March
- All listings secured

## Britvic J20 launched in Licensed 2007

- 1,000 outlets
- Share growing to 5.2%

## Future Options

- Robinsons & J20 innovation





# Britvic GB Brand Integration - J2O

## ADVERTISING CAMPAIGN

*Radio reach 2 million Outdoor recall 40% 24-40 year olds*



## 50,000 CONSUMERS SAMPLED



## IN-PUB VISIBILITY



## PRESENCE at MAJOR FESTIVALS & EVENTS



# Britvic GB Brand Integration - Britvic Juices

## Britvic Juices - Current



## Britvic Juices - New



- Align brand identity with GB
- Adding value to consumer proposition: improved formulations, more attractive pack
  - Introduction of new flavours: e.g. Apple & Pink Grapefruit
- 200ml returnable glass



# Agenda

- Consumer Dynamics

- Consumer preference trends
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- Drivers of choice

- Britvic Ireland's Brand Portfolio

- Core brands
- Britvic GB - Brand opportunities
- Britvic brand integration - Robinsons, J20

- **7UP – Unlocking the Potential**

- Innovation

- Successful track record
- Future opportunities

# 7UP - Unlocking the Potential



An excellent brand-fitting platform Works for both Gatekeepers & Teens on Cut-Thru Scores



While delivering on Performance with the Trade

	<u>Feature Display</u>	<u>Sales Uplift</u>
	180	+34%
	23	+76%
	20	+37%
	300	+30%

Synchronised activity has excited the Trade

Proving that this Scale brand still has potential for growth

BTL

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# Innovation - Highlights 2004-2008

Sports Drink

Healthy RTDs

Kids' Water

Juice

Flavoured Water



Health & Wellbeing

Adult Still

Carb Flavours

Energy Drink

Premium Juice Drink



Indulgence

New Packaging, Increased Choice

500ml

750ml

1.25 ltr

Multipacks



Convenience

# Advert

# Innovation - Highlights 2004-2008

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Convenience



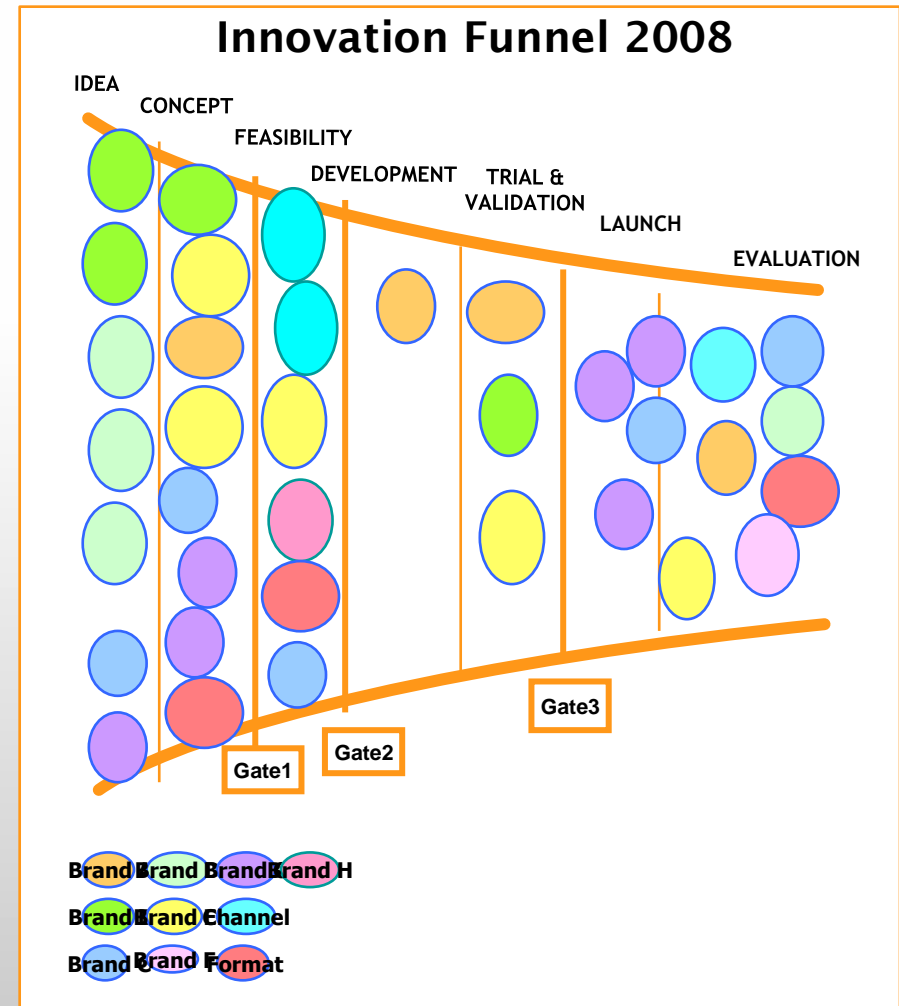
# Innovation – The Future

## Strategy

- Leveraging assets: existing brands, in-house R&D capability
- Aligned to consumer trends: Health & Wellbeing, Indulgence, Convenience, Ethical
- Deployment of robust development & evaluation model – facilitation to fast-track
- Manage risks: outsource production during trial period
- Leverage system opportunities: Britvic GB, PepsiCo

## Areas of interest

- Functional beverages: across all categories
- Packaging: proprietary & enhancement
- Brand stretching: new users/new occasions



# Summary

- **Strong brands** *in a long-term growing market*
- **A broad portfolio** *from premiumised to value propositions*
- **Great insight** *into the drivers of Irish soft drink consumption*
- **Plenty of GB brand** *integration opportunities*
- **Real potential** *to drive Pepsi's brands*
- **Successful innovation** *in Ireland develops alongside GB*





# GROCERY OVERVIEW

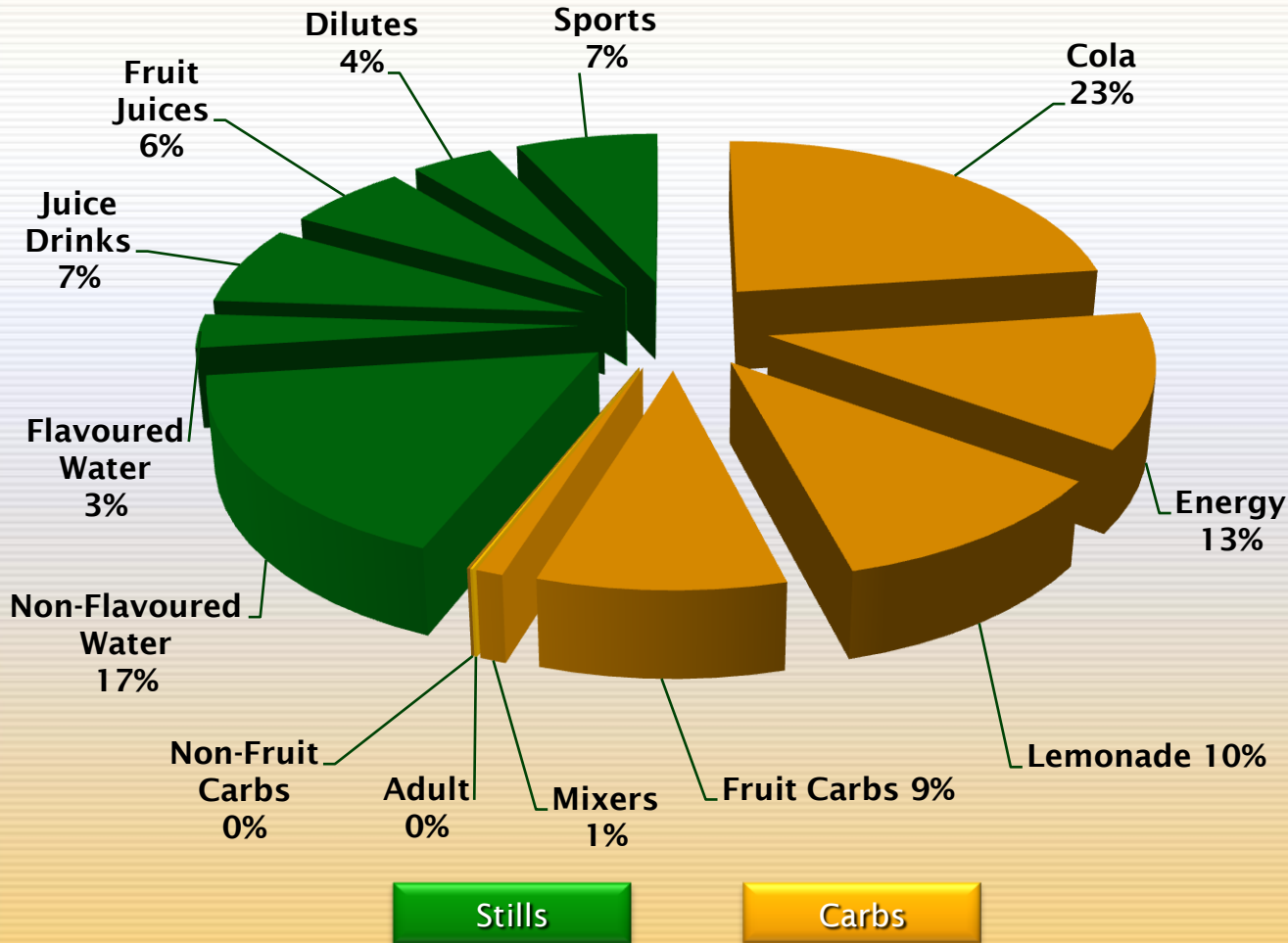
**Donald Williamson**  
Commercial Director, Grocery

# Agenda

- **The Irish grocery soft-drink market**
  - Dynamics, and differences to GB
- **Britvic Ireland Grocery**
  - Long term growth fundamentals
  - Opportunities
  - The customer map
  - Market share
  - Route to market
- **The future for Britvic Ireland Grocery**

# Total Grocery Market

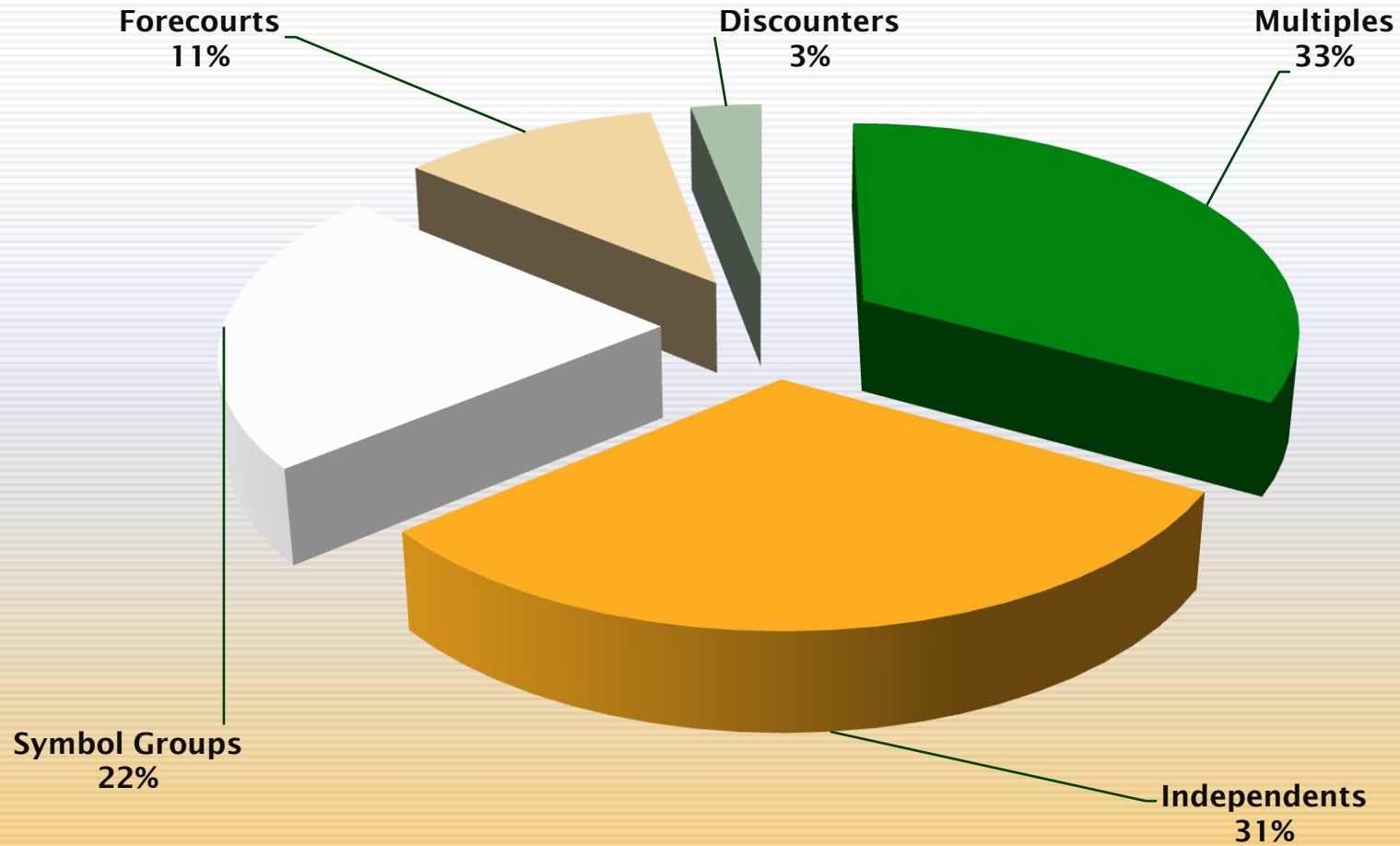
*Total ROI Grocery Market - Retail Value Sales (€802 million)*



	YOY growth
<b>CARBS</b>	3.7%
Cola	3.4%
Energy	12.9%
Lemonade	1.7%
Fruit carbs	-3.4%
Mixers	2.9%
Adult	-14.2%
Non fruit carbs	-53.5%
<b>STILLS</b>	6.5%
Non flavoured water	3.0%
Flavoured water	8.5%
Juice drinks	6.3%
Fruit juices	15.3%
Total dilutes	1.3%
Sports	11.3%
<b>Total</b>	<b>4.9%</b>

# Grocery ROI Channel Split

*Total No of stores in 2007: 6,083*



# Ireland and GB

## *how we differ in the Grocery sector*

### Ireland

- Market skewed towards carbs
- Scale and size smaller
- More local influence
- Route to market fragmented

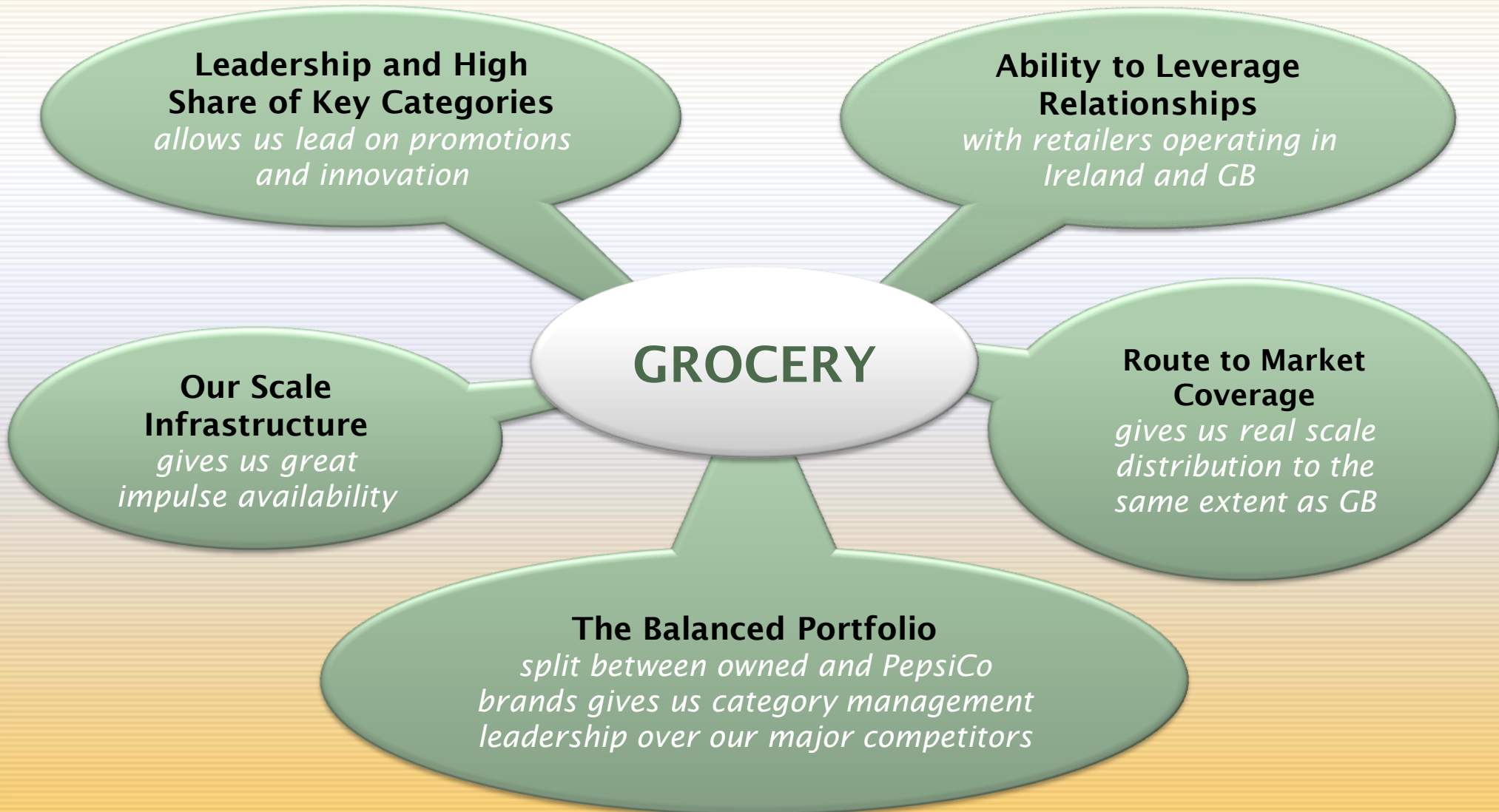
### GB

- Market skewed more towards stills
- Retailers usually have plc status
- Own-label has a bigger presence

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# Long-term Growth Fundamentals



# Britvic Ireland Grocery Opportunities





# Customer Relationship Management

*We have strong & growing relationships with all major retailers*

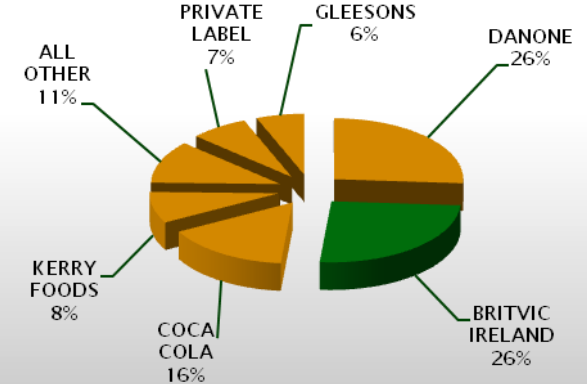
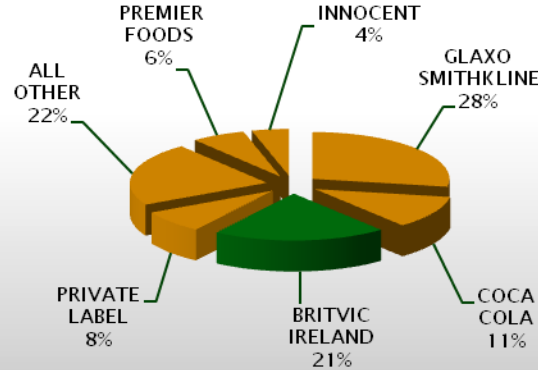
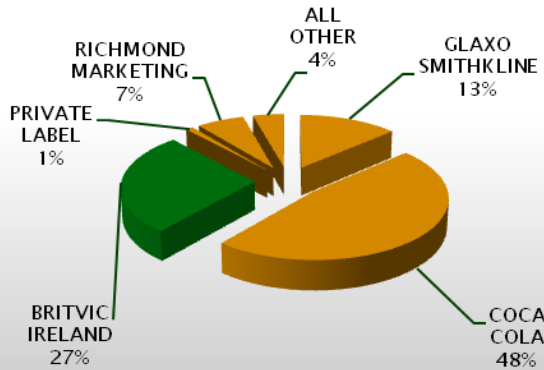


# Market Position

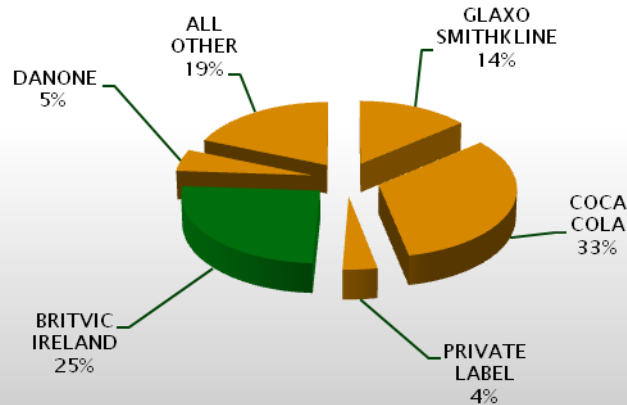
Carbonates (€457m)

Still (€185m)

Water (€160m)

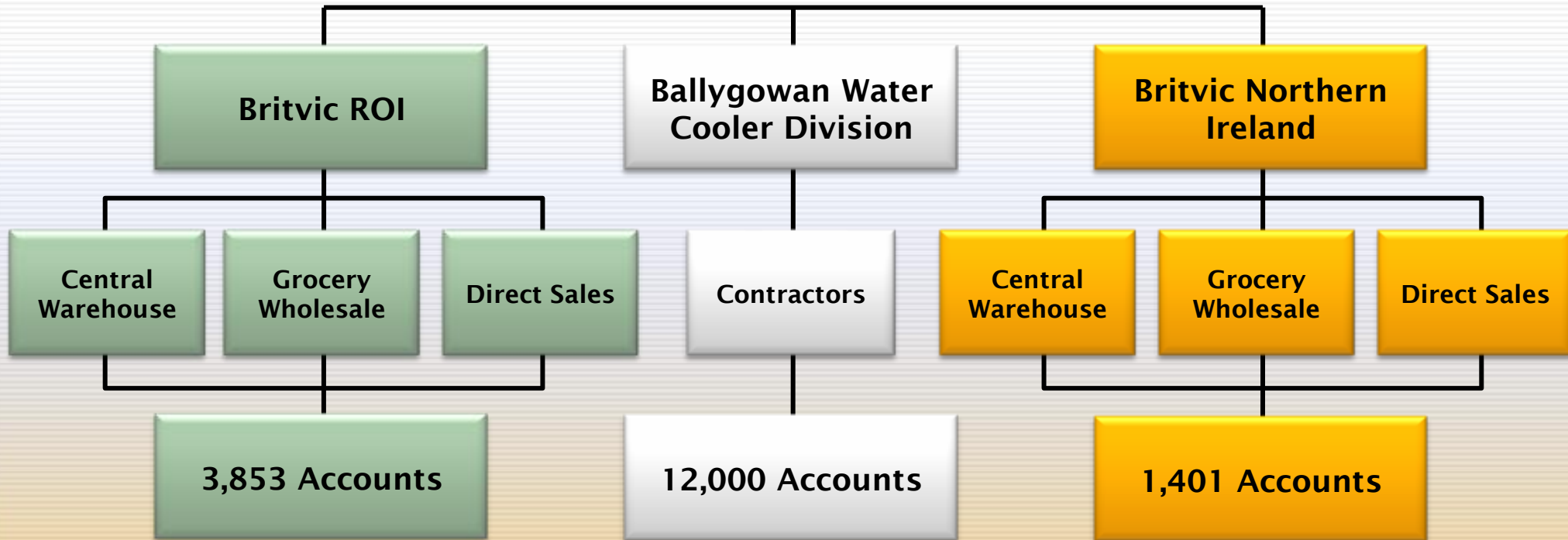


Total (€802m)



*Strength in every category makes us customer choice for total soft drinks category*

# Britvic Ireland Grocery – Route to Market



**We deliver to or influence 95% of the volume opportunity**

# Leading Grocery Brand Portfolio



## WATER

No.1 Water Brand  
*Ballygowan*

No.2 Flavoured Water  
Brand  
*7UP H2oh!*



## CSDs

No.1 in L&L Flavour  
*7UP*

No.1 in Orange Flavour  
*Club*

No.2 in Cola Flavour  
*Pepsi*



## DILUTES

No.1 Dilutes Brand  
*Mi Wadi*

No.2 Dilutes Brand  
*Robinsons*



## SPORTS

No.3 Sports Brand  
*Energise Sport*

**Ready-to Drink**

No.3 Manufacturer RTDs  
*Mi Juice Boost and  
Robinsons Fruit Shoot*

Source: AC Nielsen Scantrack MAT ROI June 08



# Robinsons has Strengthened the Portfolio



In squash we now have over 70% share

# Ballygowan Bulk Water

- ***No.1 in the market - 44% share***
- ***12,000*** Customers
- ***Leaders*** in innovation:
  - Equipment
  - Customer Relationship Management
  - Contractor efficiency



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# Summary

## *The Future of Britvic Ireland Grocery*

**A well-balanced and resilient portfolio**  
*gives us scope and opportunity to grow, and also to outperform the market*

### **Customer profile**

*allows us to innovate with real success*

### **Speed and scale**

*gives great launch capability quickly*

**A continuing focus on the key categories for growth is the priority**

**Great people and customer relationships**  
*allows for growth in the future*

**Trading with discounters**  
*is a real opportunity*





# **BRITVIC LICENSED WHOLESALE**

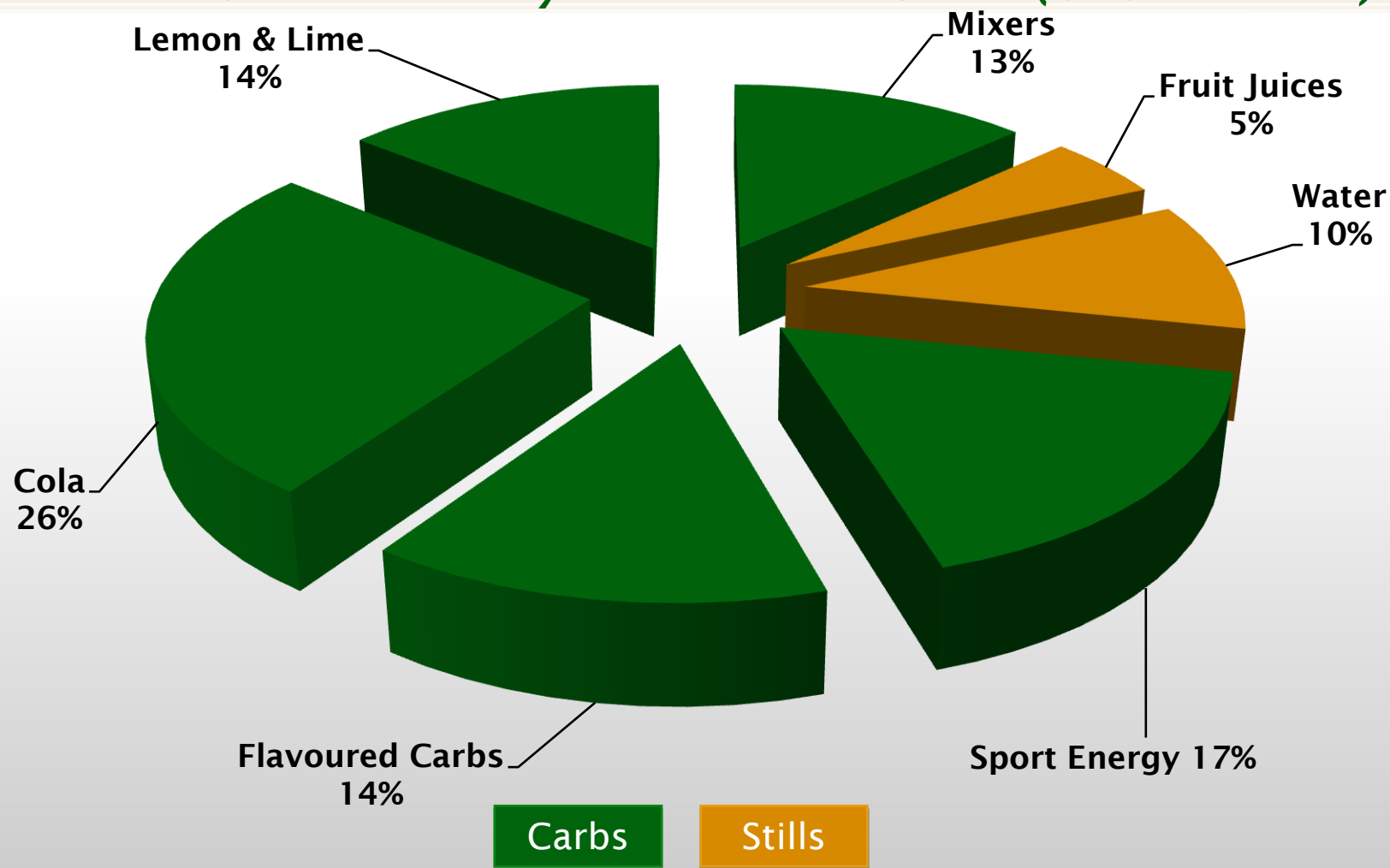
**Finbarr O'Doherty**  
Commercial Director

# Agenda

- **The Licensed On-Premise Market**
  - Size of the market
  - The short-term challenges
  - Britvic Ireland's strong position
  - Similar and different dynamics to the GB on-trade
- **Britvic Licensed Wholesale**
  - What it is and why we do it
  - Routes to market
  - Key advantages

# Licensed On-Premise – the Categories

*Licensed On-Premise by Retail Value Sales (€487 million)*



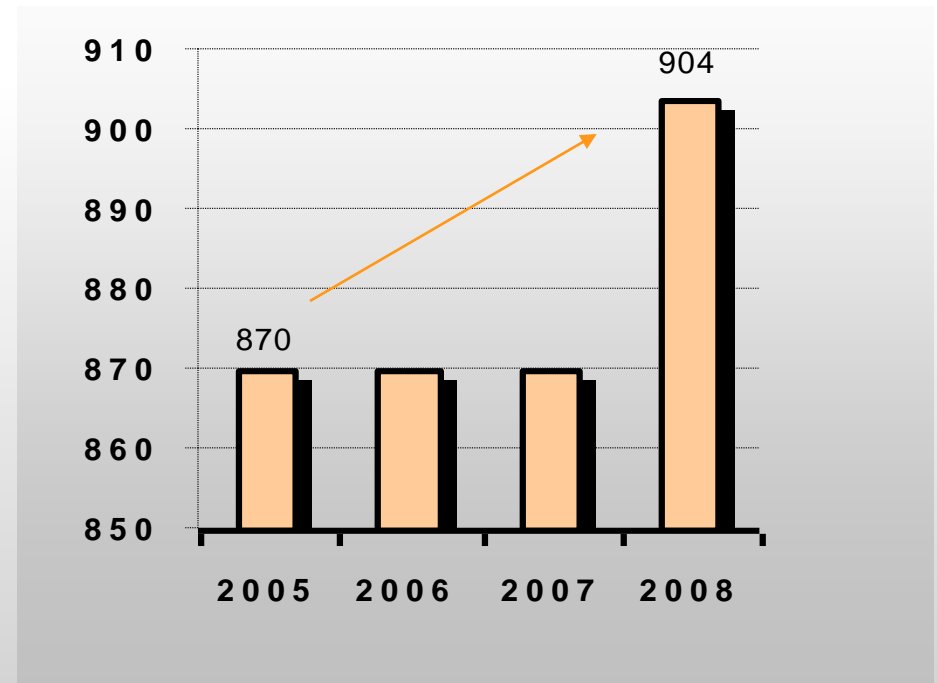
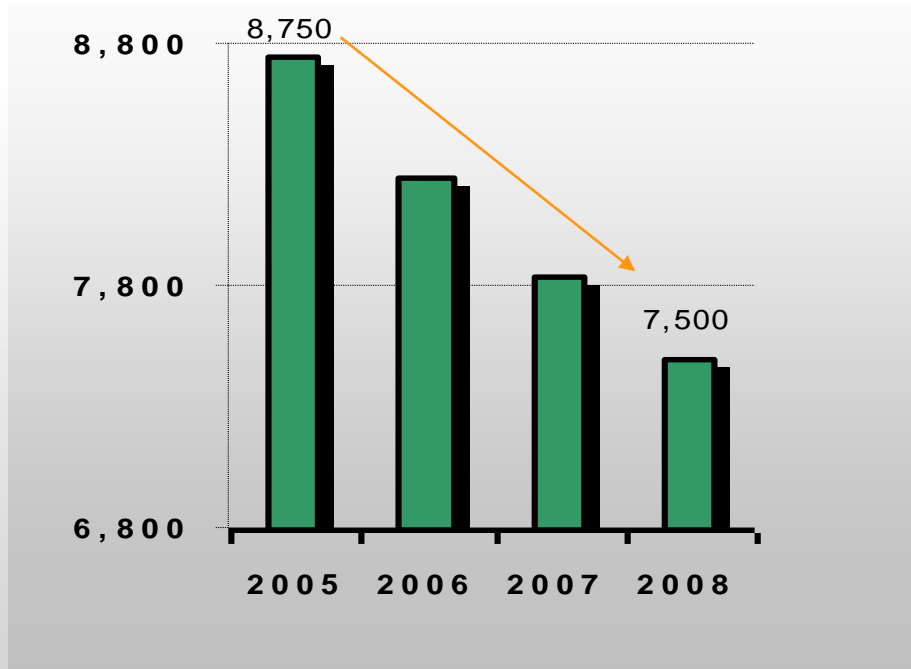
# Licensed On-Premise Total Outlets

■ Pubs

■ 2005

■ 2006

■ 2007



# The Licensed On-Premise Market

## Key issues:

- **Legislation**

- Smoking ban
- Random breath tests
- Licensed hours reduced

- **Economic**

- Over populated pub market
- On trade to off trade shift
- Concerns about disposable income

## How has trade responded?

- **Pub population now normalised**
- **Lifestyle adjustments complete**
- **How will Britvic thrive?**
  - Brands
  - Distribution
  - Service
  - Competitive
  - Relationships

# The Irish Licensed On-Premise Market



# Strong market positions

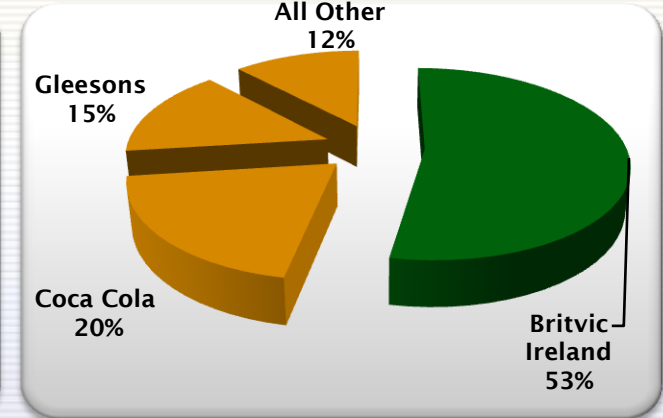
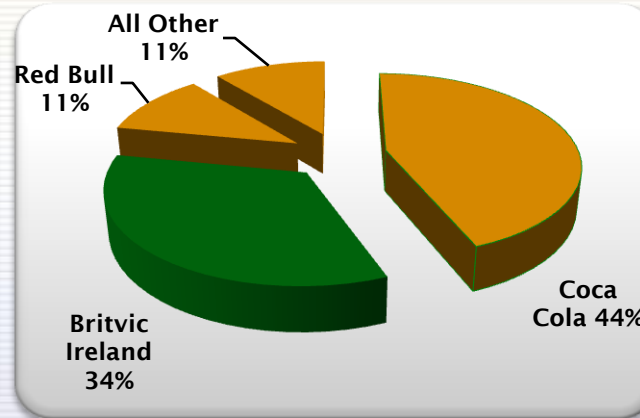
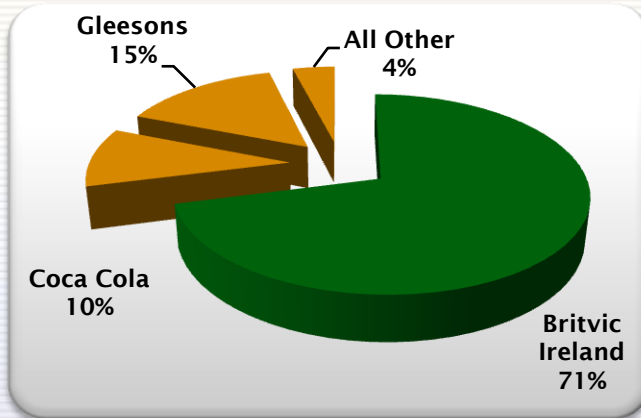
Juices (€26M)



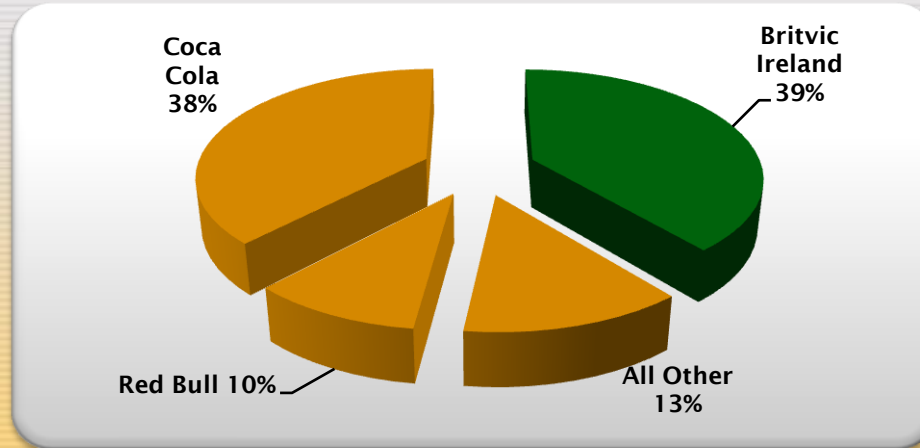
Carbonates (€415M)



Water (€46M)



Total Licensed On-Trade (€487M)





# Ireland and GB

*how we differ in the on-trade*

## *Ireland*

Highly fragmented trade

Local

Owner managed

Returnable

## *GB*

Chains/Groups

National

Significant tenanted/leased  
sector

Non-returnable/dispense



# Common Issues across Ireland and GB



**Smoking Ban**



**Strict drink driving legislation**



**Movement of beer sales from on-trade to off-trade**



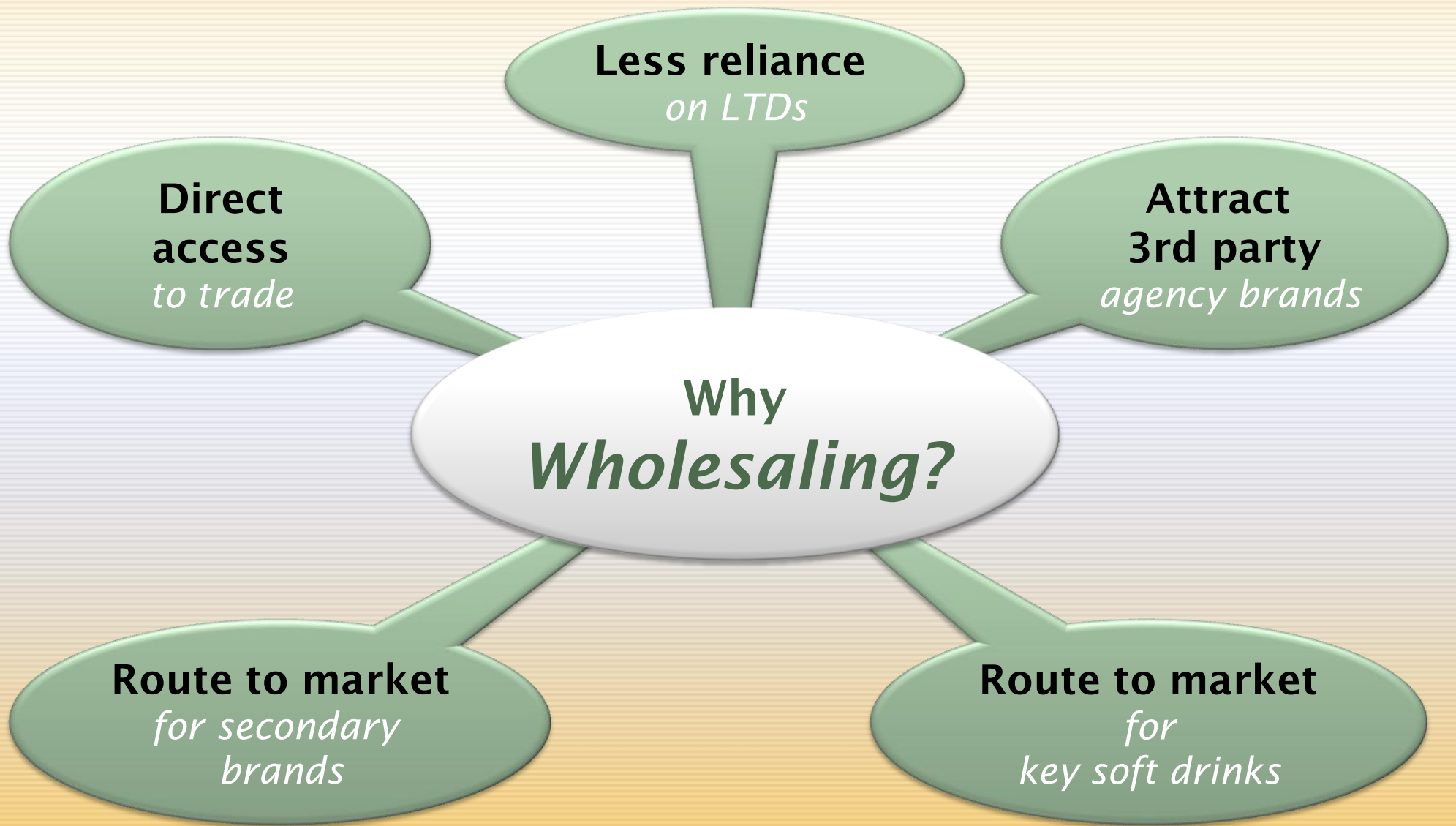
**Increasing food sales through smart family-led outlets**

***A significant opportunity for soft drinks***

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  - The short-term challenges
  - Britvic Ireland's strong position
  - Similar and different dynamics to the GB on-trade

- **Britvic Licensed Wholesale**
  - What it is and why we do it
  - Routes to market
  - Key advantages



# Britvic Licensed Wholesale

Commercial Director

Marketing Manager

6 x RSMs  
2 x Key Accts  
29 x Reps  
Sales Admin

3 x BIRs

2 x Brand Mgrs

Mktng/Cat Analyst

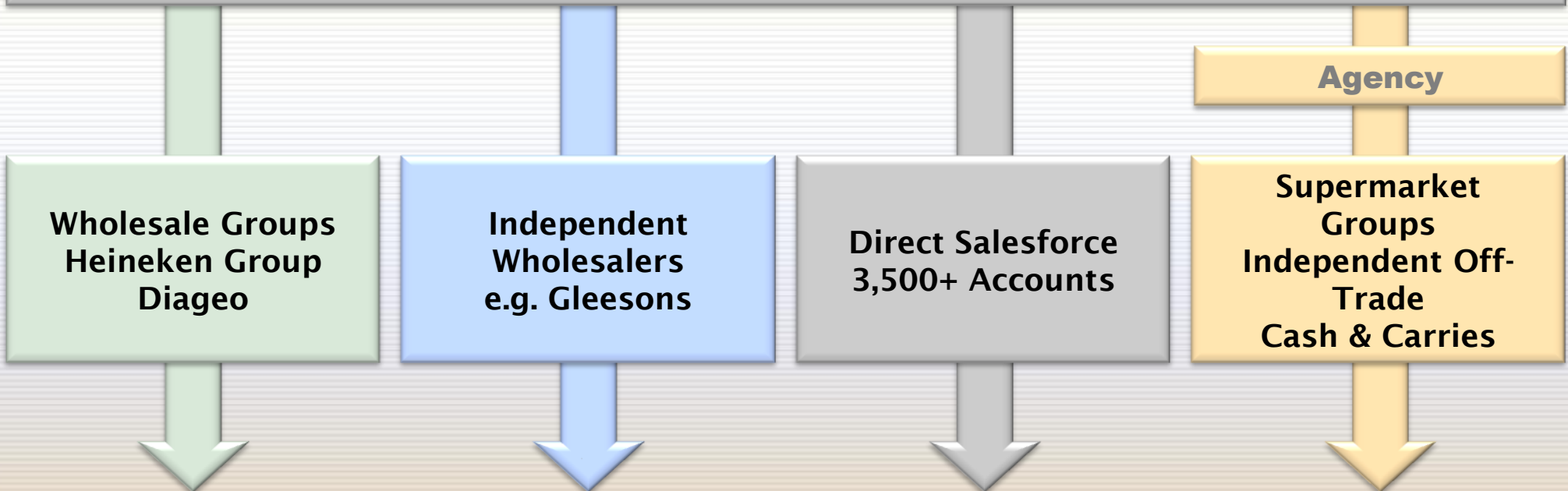
Alcohol

Non-Alcohol

# Britvic Licensed Wholesale

## Route to Market Strategy

### *Britvic Licensed Wholesale Brands*



Wholesale Groups  
Heineken Group  
Diageo

Independent Wholesalers  
e.g. Gleasons

Direct Salesforce  
3,500+ Accounts

Agency  
Supermarket Groups  
Independent Off-Trade  
Cash & Carries

*Retail Trade*

On-Trade

7,500 Outlets

Off-Trade

1,500 Outlets

# Britvic Licensed Wholesale Advantages

Full Range

**Total packaged solution  
beer/soft drinks/mixers/waters**

Value

**Competitive pricing. Leverage full range to maximise  
profitability. Secondary brand pricing**

Service

**Customer care. Collection of empties. Weekly/bi weekly  
sales calls. 24 hr delivery. Direct sales force**

Marketing

**ROS drivers. Promotions. NPD. Category management.  
Marketing plans. Tailor made activity. Key account plans**

Information

**Market data Key account presentations benchmarking  
systems measuring account performance vs. market. Trade  
news /innovations**





# Case study: Energise Edge

*Launched October 2007*

*3 years Energy share objective*

**10%**

*Year 1 achieved...*

**9.1%**





# Summary

A market with short-term challenges but real long-term growth

**Britvic** is the number 1 player

*A strong and unique* route to market

*A well-positioned business* for future growth

# Agenda

<b>Setting the Scene</b>	Billy O'Regan	8.45
<b>Brands, Innovation and Marketing</b>	Tess Shaw	9.15
<b>Grocery Overview</b>	Donald Williamson	9.30
<b>Licensed Wholesale</b>	Finbarr O'Doherty	9.45

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**Break** 10.00

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<b>An Update on Synergies</b>	Paddy Heade	10.30
<b>Q&amp;A</b>	Paul Moody	11.00
<b>Britvic GB – Innovation, Marketing and Defensive Qualities</b>	Simon Stewart	11.30

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**Close of Presentations: Lunch** 12.00

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<b>Factory Tour</b>		13.30
<b>Britvic in Trade</b>		15.00
<b>Depart for the Airport</b>		16.30

# AN UPDATE ON SYNERGIES

**Paddy Heade**

Finance Director

# Agenda

- **A reminder of the synergies case**
- Infrastructure in context of Ireland
- Synergies progress
- Additional synergies
- Margin ambitions for Britvic Ireland

# A Reminder of the Synergies Case

**Target by end of FY09 - €14m, of which one third would be realised this year**

- €3m revenue efficiencies – mainly from FY09
- The cost efficiencies focused mainly on supply chain and include the following:
  - increased utilisation of the supply chain network
  - scale benefits in raw material procurement
  - system benefits driving indirect procurement savings

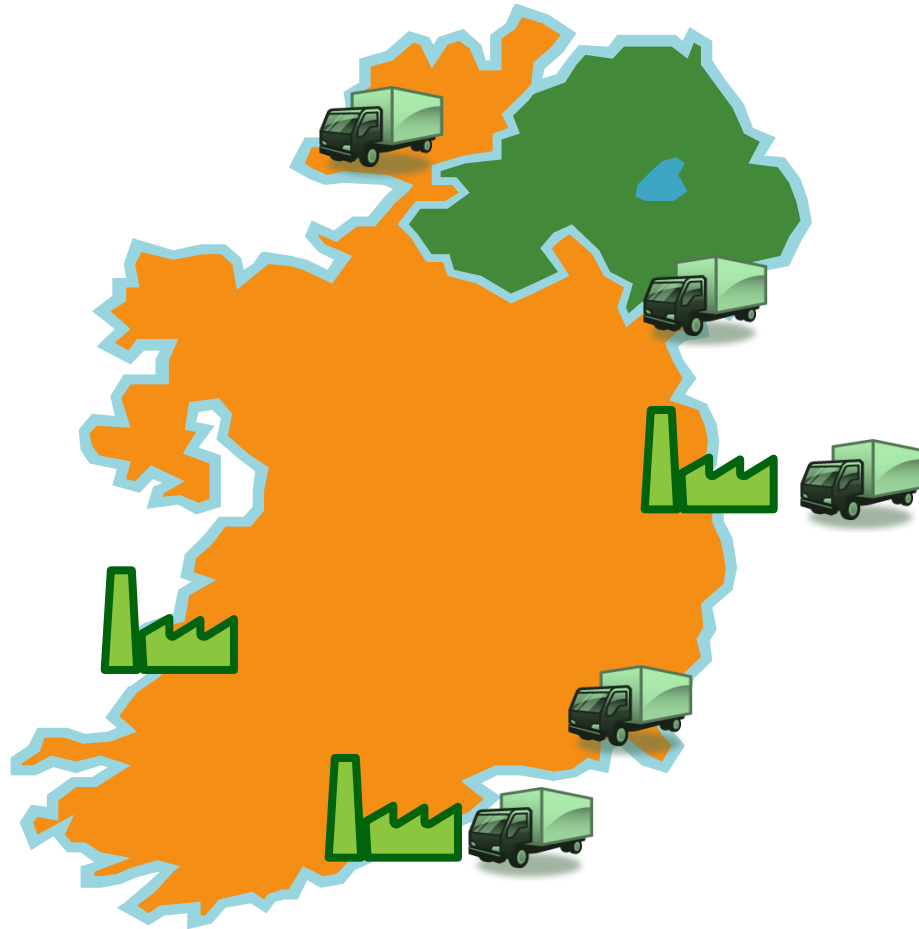
● **One-off working capital benefits of €6-7m by end of FY09**

- **c.€20-25m integration costs to achieve synergies:**
- €10m 'catch up' capital investment

# Agenda

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# Previous Supply Chain Infrastructure



- **Three production plants**  
*Dublin, Cork, Ballygowan*
- **Major logistics hubs**  
*Dublin, Cork, Belfast*
- **Secondary hubs**  
*Waterford, Donegal*
- **Headcount 580**
  - *Manufacturing 260*
  - *Logistics 320*
- **Producing over 400 SKU's**
- **Making 40 cases of product every minute**
- **Selling  $\frac{3}{4}$  of a million litres every day of the year**



# Supply Chain Dynamics

## Challenges

- Fragmented customer base
- Fewer centralised deliveries
- Fragmented supplier base

## Britvic Ireland Key Levers

- Scale and reach
- Trade relationship
- Up-weighted procurement capability

# Production Case Study

## *Cork and Dublin factories*

- Closure of Cork manufacturing site
- €7.6m investment in Dublin
- Cost savings / efficiencies €4m p.a. by the end of FY09



# Procurement Case Study

## *focus on raw materials*

- €1.5m synergies in plan this year – will be delivered
- A further €0.5m benefit in FY09

Sugar



Closures



PET



Non-Pepsi  
Concentrate



# Logistics Case Study

## *focus on distribution*

- Robinsons portfolio integration
- Britvic International savings
- Improved Sales and Operations planning



# Agenda

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# Synergies Progress to Date

**Yr one target on track for Ireland of €4.5m**

- Raw materials €1.5m
- Indirect procurement €1.0m
- Logistics/supply €0.6m
- Procurement in GB €0.3m
- Britvic International overhead €1.1m

# Achieving the €14m *by the end of next year*

## Main delivery areas identified at purchase

- Three production sites to two
- Procurement – direct and indirect
- Increased organic growth
- International savings

**All of the above areas are on track**



# Agenda

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# Additional Synergies *other areas identified*

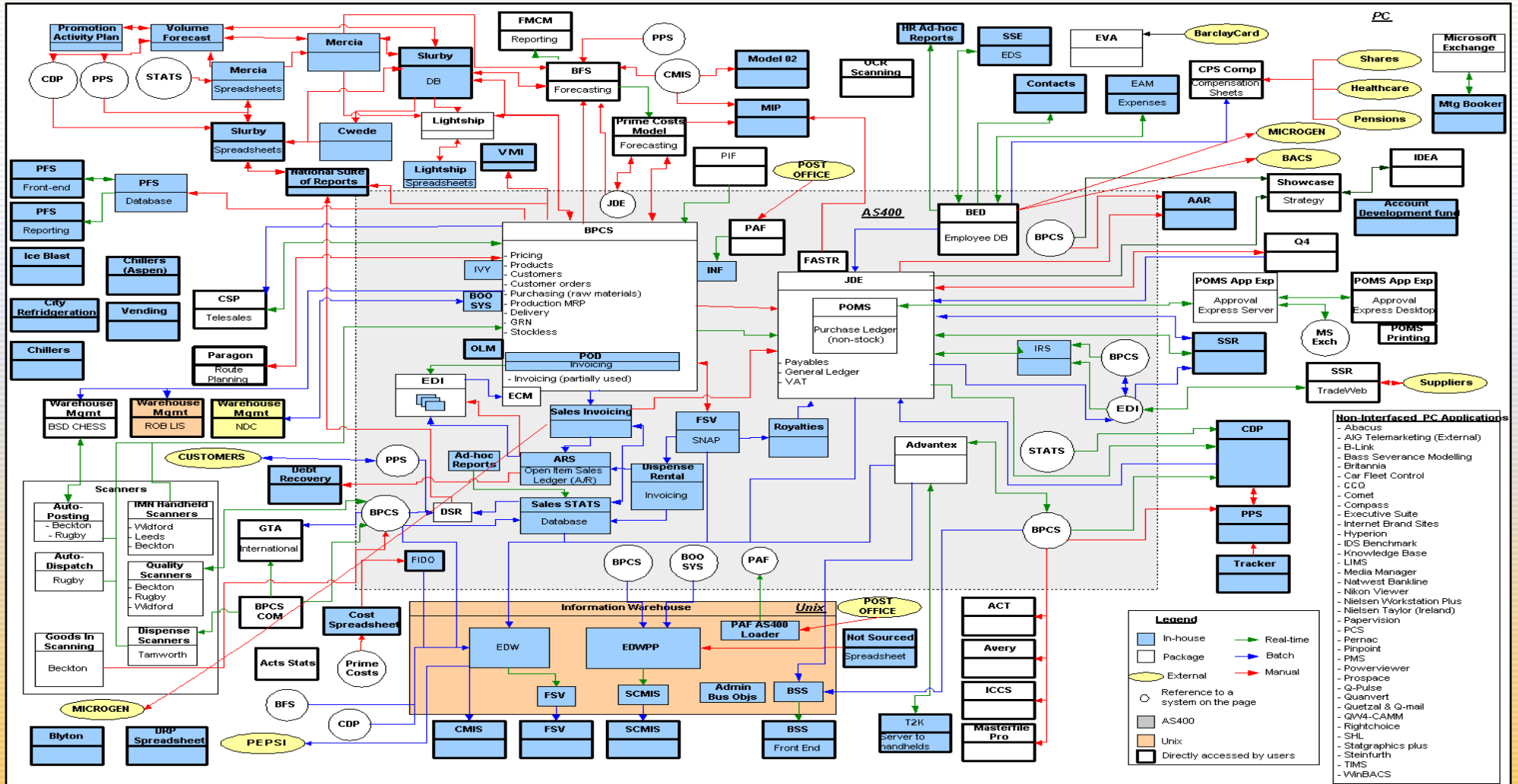
- Robinsons
- Insurance
- Procurement

Business Transformation/SAP



# Business Transformation in GB

## *a reminder*



# Business Transformation in GB

*a template for Ireland*

Core to strategy

Wall to Wall SAP vision

## GB's Business Transformation

- Capex of c£35m
- Cost savings of £18m
- Working capital savings of £17m

Similar benefits to investment equation in Ireland,  
on a smaller capex investment of c€10m

Best in class implementation, plus taking opportunity  
to agree 'group' processes

# SAP in Ireland

## *the journey*

- ❑ Core to our Strategy
- ❑ Phase 1 - April 2009 - Finance modules
- ❑ Two further phases
- ❑ Estimated completion in 2010

# Process Alignment



# Procurement Benefits





# Sales side / CRM benefits

**Pricing strategy is critical**

**Improve relationships with customers**

**Identify spend that is working / not working**

**Adapt rapidly to changing market needs and trends**



# Business Performance Management

**One truth**

**Insights, not just data**

**Key measures tracked consistently**



# A Summary of the Synergies: Britvic Group

	FY08 (€m)	FY09 (€m)	FY10 (€m)	FY11 and thereafter (€m)
Raw materials	1.5	2.0	2.0	2.0
Indirect procurement	1.0	2.0	2.0	2.0
Logistics/Supply	0.6	5.5	5.5	5.5
Procurement in GB	0.3	0.4	0.4	0.4
Britvic International costs	1.1	1.1	1.1	1.1
Revenue		3.0	3.0	3.0
<b>Other/incremental</b>		<b>0.9</b>	<b>4.5</b>	<b>6.5</b>
<b>Total</b>	<b>4.5</b>	<b>14.9</b>	<b>18.5</b>	<b>20.5</b>

# Agenda

- A reminder of the synergies case
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- **Margin ambitions for Britvic Ireland**

# A Summary of our Financial Ambitions

***Deliver the synergies+++***

An EBIT margin of 10% by the end of FY10

## **LEARNINGS FROM BRITVIC IRELAND**

***A showcase for driving real synergies***

***Demonstrates the potential of further M&A***



# Q&A

**Paul Moody**

Chief Executive



# INNOVATION & MARKETING

**Simon Stewart**

Marketing Director, Britvic plc

# Introduction & Biography

- Market Research in Adelaide, Australia
- Brand Manager, Power Brewing in Brisbane
- Various local, regional and global marketing and strategy positions, with the Coca-Cola Company Working with CCA, CCE and Femsa
- Vice President Global Smirnoff Marketing with Diageo
- SVP Marketing and CMO of Allied Domecq
- Stints at Publicis and CMO of EMAP

18 years experience in commercial marketing environments – Global and Local



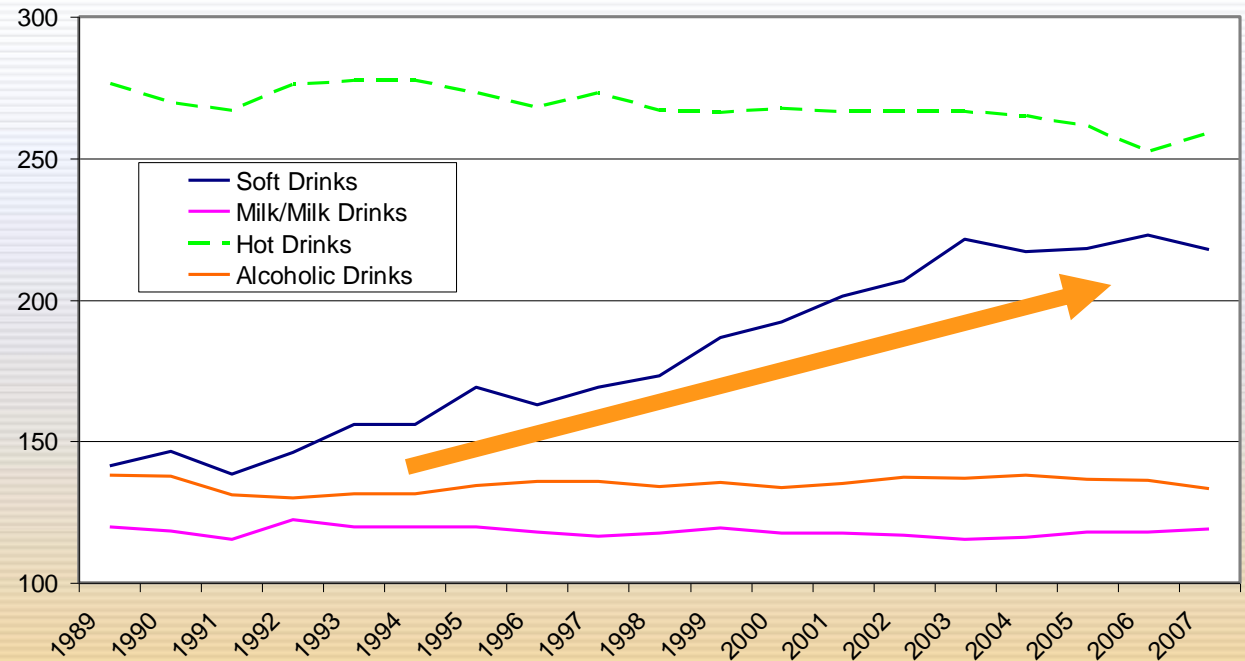
# Agenda

- Soft drinks in a downturn - discretionary or staple?
- An update on the 2008 Innovation and Product Launch programme
  - drench
  - Gatorade
  - Raw
  - V Water
- New product launches
- The evolving approach to marketing

# Soft Drinks Can Show Resilience in Developed Economies

- Per capita consumption going back to the 90's shows resilience of category despite economic conditions
- Surges are more linked with exceptional summer and conditions
- Move away from more marginal categories (smoothies) into more staple categories (cola and squash)
- There is some evidence that consumers are moving from chilled juice to squash
- This is based on historical

UK Per Capita Consumption (Ltrs)



Past behaviour indicates that Britvic's portfolio may benefit from more difficult economic times

# Soft Drinks, Discretionary or Staple

- There is a relationship between per capita consumption and GDP
- Soft drinks in developed western economies are a tiny percentage of discretionary income
- Within developed markets with relatively high per-capita soft drinks consumption, they are more of a staple purchase
- Within under-developed markets with relatively low per-capita soft drinks consumption, they are more discretionary
- Markets like Eastern Europe are more likely to move to local brands during more difficult times
- Latin America skewed by Mexico and per capita consumption of Coca-Cola

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# drench – the concept

- **Insight:**  
“I kind of know drinking bottled water throughout the day is a good thing to do, but I’m not sure of specific benefits... Water brands are a bit dull and don’t talk about benefits; they talk about hills and mountains”
- **Target Consumer:**  
Working adults interested in being healthy and trying to get more out of life everyday
- **Ingredients:**  
100% clear crisp British spring water





# drench – the concept

- **Reasons to Believe:**  
Drench, just the name reminds me to hydrate  
Mental hydration: gives me a compelling reason to drink bottled water and makes water fun and more interesting
- **Packaging:**  
500ml, 750ml, 1.5ltr and 2ltr Plastic Bottle and multi-packs
- **Price:**  
Just below the market leader Evian but at a premium to other UK brands

**Is growing penetration when category penetration is in decline (Hygeia research 2008)**

- ✓ **Makes the water category fun and interesting**
- ✓ **Delivers a higher ARP than other British water brands**

# drench – how we've performed



- **Consumer Measures – Best tracked Britvic campaign in Britvic's history**
- **Campaign delivered on**
  - Fun and mental hydration
  - Awareness from 8% to 35% in 4 weeks
  - Huge internet interest
    - 40,000 blogs
    - Over 2 million You-Tube views (Eclipsing the Cadbury gorilla)
    - 121% volume growth yoy
- **Distribution**
  - Steadily building in Grocery and C&I – significant opportunity
  - Outselling Vitell to be number 5 water brand in the market
  - Drench is now 50% bigger than Vitell

**Continued investment next year and innovation around the Drench Trademark will move brand from seed to core**



# Advert







FORMULA FOR **SUCCESS**

REHYDRATE. REPLENISH. REFUEL.



# The Gatorade concept



- **Insight:** “I want something that will help my performance but I’m put off drinking sports drinks regularly because they are full of artificial stuff. I also feel they are aimed at young blokes, not me”
- **Target Consumer:** Committed Exercisers (male / female), Social Players (mostly male) and Fit & Healthies (male / female)
- **Ingredients:** Water, Carbohydrate (Sucrose, Dextrose), Electrolytes (sodium, potassium, chloride, magnesium), Natural Flavourings, Colour (Beta-Carotene)
- **Reasons to Believe:** Gatorade has spent the last 40 years working with athletes to understand what their bodies need during sport. As a result Gatorade has got everything in it that athletes need and nothing they don’t
- **Packaging:** 500ml Plastic Bottle, 4x500ml
- **Price:** c.10% premium to Powerade (£0.99p Grocery, £1.09 C&I)

## Why Gatorade?

- ✓The only sports drink with an optimal formulation which is free from artificial colours, flavours, sweeteners and preservatives
- ✓The original and most researched sports drink with over 40 years of science underpinning the product
- ✓Gatorade’s positioning as the most credible sports drink drives enhanced ARP and reduces reliance on promotional activity

**NOTHING WORKS BETTER**







# Gatorade – how we've performed

## Consumer Measures:

- Top 6 ROS across all sports drinks in total take home – ahead of Lucozade Hydroactive, Lucozade Sport Tropical, Lucozade Sport Lemon Boost and Powerade Orange
- 6% value share of category – more than Lucozade Hydractive and Private Label
- 25% repeat purchase – exceeding Nielsen grocery benchmarks for new launches
- 12 week Penetration levels at parity with Powerade
- 42% of Gatorade volume coming from new buyers into the category



Continued Investment in high profile platforms and the introduction of a new Blackcurrant Flavour into 'Points of Sweat' will further entrench Gatorade's position in the market

**NOTHING WORKS BETTER**

Sources: AC Nielsen Homescan & Scantrack 12 weeks to 12.07.08

H<sub>2</sub>O REHYDRATE



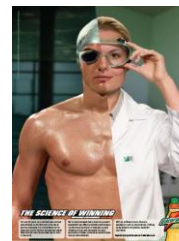
# Gatorade – how we've performed

## Campaign Delivered:

- 47% prompted brand awareness amongst core target (Vs Powerade 62%)
- Advertising Salience levels of 76% amongst target audience (Vs 'strong' H&P benchmark level of 61%)
- Top 2 box Brand Preference scores at parity with Powerade

## Distribution:

- 79% in Take Home including all major mults
- 45% distribution in Impulse
- Availability in over 2,400 'points of sweat' (gyms, leisure centres, sports clubs) including Esporta & Total Fitness



Continued Investment in high profile platforms and the introduction of a new Blackcurrant Flavour into 'Points of Sweat' will further entrench Gatorade's position in the market

**NOTHING WORKS BETTER**

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H<sub>2</sub>O REHYDRATE





RAW





RAW

## Pepsi Raw: the concept

- **Insight:** “I enjoy the taste of cola but I’m concerned that its full of artificial ingredients”
- **Target Consumer:** Young social urbanites and active females balancing modern day time pressures (aged 25-45)
- **Ingredients:** Sparkling water, naturally sourced ingredients and nothing else
- **Reasons to Believe:** No artificial colourings, preservatives, flavourings or sweeteners
- **Packaging:** 300ml glass bottle, 250ml cans, and multi-pack formats
- **Price:** Glass bottle: £1.95 (Licensed) £0.99 (Grocery); Can £0.89 (Impulse)

### Why Pepsi Raw?

- ✓ Consumers looking for more natural food and drink is growing at 15% YOY (Hygeia research 2008)
- ✓ To drive frequency within the cola market through an exciting new choice within the cola market
  - ✓ Delivers enhanced ARP, with a lower reliance on promotion



# Pepsi Raw

the **FIRST** natural cola has kicked off in style!

Fantastic PR!

By Jaya Narain

## 'Healthy' Pepsi that will strike a Raw nerve with rivals

COKE may have thought that was hard to beat, but while every generation has its drinking water, the beverage giant is now looking to a new "healthy" option. It's a move that could be a game-changer for the industry, as it enters a market that has been dominated by soft drinks and bottled water. The new drink, Pepsi Raw, is a natural cola that is made from natural ingredients and is free of artificial sweeteners, colors, and flavors. It is also low in calories and contains no sugar. The drink is made from natural ingredients, including apple extract, caffeine, and natural flavors. It is also free of artificial sweeteners, colors, and flavors. The drink is made from natural ingredients, including apple extract, caffeine, and natural flavors. It is also free of artificial sweeteners, colors, and flavors.

**Traditional recipe**  
High fructose corn syrup, sugar, artificial colours, phosphoric acid, caffeine, citric acid and natural flavours  
120 Calories

**New recipe**  
Apple extract, plain caramel coloring, coffee bean, lactic acid from grapes, gum arabic from acacia trees, cane sugar and sparkling water  
around 90 Calories

raw enough

Not some wrestling competition sponsored by Pepsi, this is actually an all-singing, all-dancing, natural ingredient budding cola style mixer. But don't let that necessarily put you off. This is less carbonated and not as sweet as the usual stuff and has been specifically designed to mix with booze, allowing the flavours of the spirit to come through. Pepsi hope the drink will give the bartender more versatility when faced with a call for cola, and the firm are putting much of their collective

the  
ill  
JD

beverage  
innovation  
awards  
**2008**  
WINNER

Available in over  
3000 bars!



With a broader  
rollout underway



HARVEY NICHOLS





RAW

## How has the Raw positioning changed?

### 2008: A Premium Natural Cola

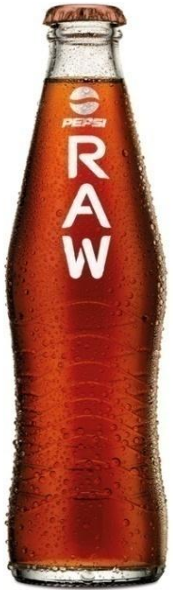
Concern this could have resulted in a niche play which did not make the most of a genuine innovation, and our first mover advantage.



### 2009: The Mainstream Natural Cola

... worth paying more for

Priority becomes creating a scale play more quickly, with enhanced value for us and customers





There's something in the water™



There's something in the water™

# V Water



- **Insight:** To feel healthy when busy lifestyles make it hard to stay on top of my game
- **Target Consumer:** ABI consumers living and working in urban environments
- **Benefits:**
  - Glow
  - De-stress
  - Shield
  - Kick
  - Detox
  - Vital V
- **Reasons to Believe:** V Water is formulated for the UK tastebuds. Reduced calories for that extra healthy benefit



## Why V Water?

- ✓ Consumers are looking for new and interesting wellness drinks
- ✓ Consumers want to stay healthy despite their busy lifestyles
- ✓ Consumers want less medicinal, more fun approach to health

*There's something in the water™*

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# Introducing Robinsons Be Natural



**Insight:** Squash tastes great, is convenient and goes a long way but I prefer my family to have more natural food and drink

**Target Consumer:** Families with Kids 3-11 who avoid artificial ingredients

**Ingredients:** Real fruit juice, natural sugar, natural colours & flavourings and a splash of water.

**Reasons to Believe:** Squash made from naturally sourced ingredients, store in the fridge & consume within three weeks

**Packaging:** 600ml Plastic Bottle

**Price:** £1.49 (Makes 17 servings, dilute 1+6)



## Why Be Natural?

✓ Consumers looking for more natural food and drink is growing at 15% YOY (Hygeia research 2008)

✓ To give more health conscious consumers a choice within the Robinsons squash portfolio

✓ Delivers enhanced ARP, lower reliance on promotion while fitting our ambition to aggressively grow stills.



# Gatorade Blackcurrant - The Concept



**Insight:** I want something that will help my performance but I'm put off drinking sports drinks regularly because they are full of artificial stuff. I also feel they are aimed at young blokes, not me. An alternative choice to the citrus flavours in the market would be nice

**Target Consumer:** Committed Exercisers (male / female), Social Players (mostly male) and Fit & Healthies (male / female)

**Ingredients:** Water, Carbohydrate (Sucrose, Dextrose), Electrolytes (sodium, potassium, chloride, magnesium), Natural Flavourings, Natural Colour

**Reasons to Believe:** Gatorade has spent the last 40 years working with athletes to understand what their bodies need during sport. As a result Gatorade has got everything in it that athletes need and nothing they don't

**Packaging:** 500ml Plastic Bottle

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# Marketing Will Become Focused on Core and Seed Trademarks

- Allocation of resources against consumer need states we can win against competition
- Setting clear re-investment rates against core and seed brands
- Manage and trade the tail brands for value and portfolio benefit

## Core Trademarks

Robinsons

Tango

Pepsi

7UP

J20

## Seed Trademarks

Gatorade

V Water

drench



# Marketing Strategy

*How can we create shareholder value?*





# Marketing Vision – Turning us outside in

*Leadership ethos: Leadership and Service*

Key Objective:

To provide superior  
shareholder value through value growth of core  
brands and focused innovation

OBJECTIVE

- Clear Trademark Strategies against superior insight
- Strategic intent
- Innovation
- General management

- Provide superior consumer, customer and category insight

- Provide service to the customer management team that improves market execution

- Provide a focused Innovation Strategy that encourages calculated risks

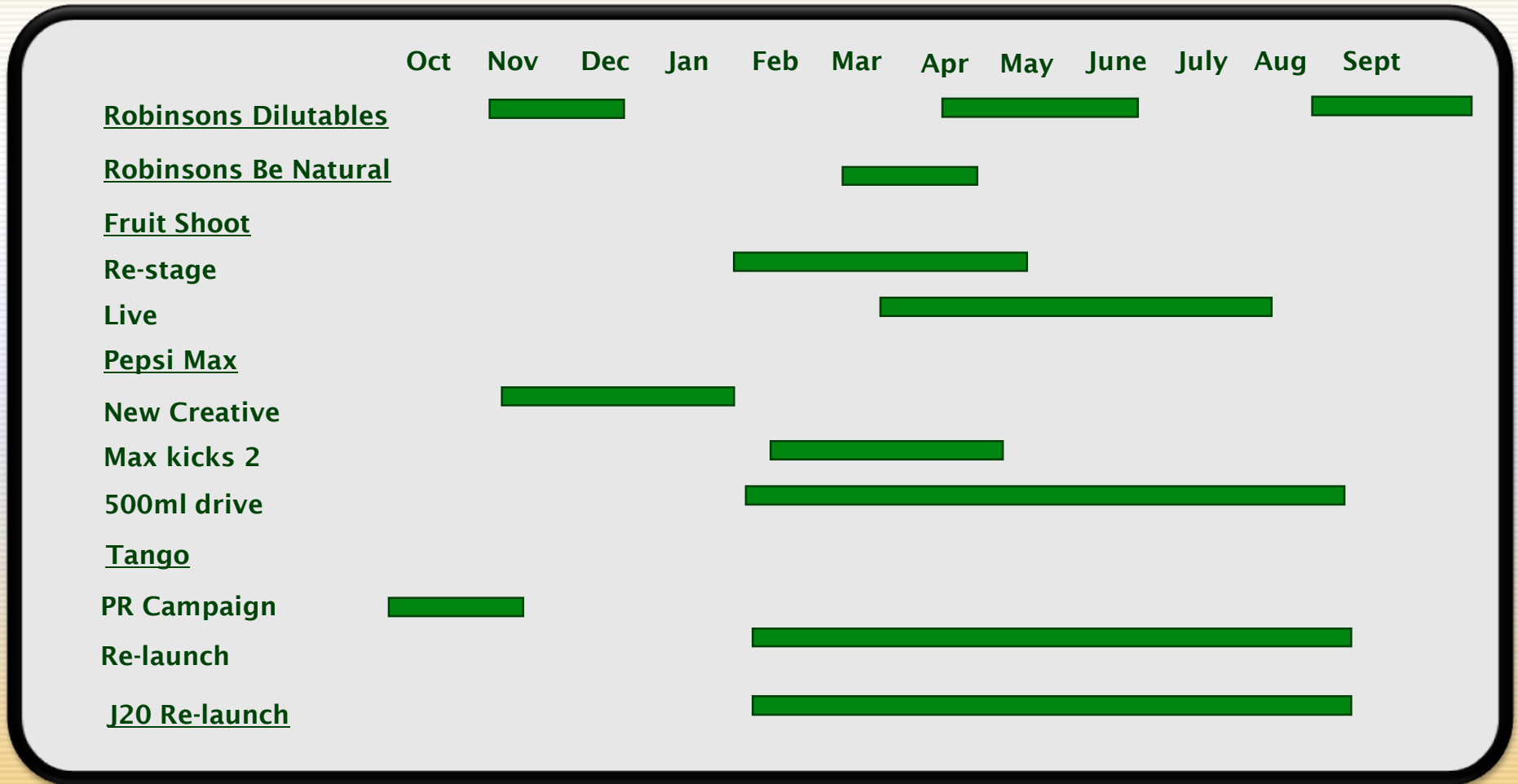
- Provide an environment in which Marketing takes a bigger role in driving value

Superior insight translated to superior strategy that is flawlessly executed in market

# Key programmes 08 / 09

- **Re-vitalise Tango** – return to core roots
- **Refocus J2O** – accelerate sales and distribution in non-pub channels
- **Capitalise** on Robinsons family credentials
- **Innovate into higher ARP** with Robinsons
- **Focus on pack and mix growth** in Pepsi
  
- **Move into new occasions** through package extensions
- **Extend Gatorade** – new flavour
- **Roll-out V-Water**
- **Extend Pepsi Raw**

# Britvic GB Innovation -Activity 08/09



# Advert

# Summary

A strong and consistently high-performing portfolio

Britvic GB *has a resilient portfolio in a defensive market*

Delivered a successful *innovation programme in 08*

Well-positioned for even stronger *marketing execution and a great 09 innovation programme*

Focused on *the creation of shareholder value*



# Close of Presentations

Paul Moody

# Agenda

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<hr/>		
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<hr/>		
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<b>Britvic in Trade</b>		15.00
<b>Depart for the Airport</b>		16.30



**Lunch**





# BIOGRAPHIES

# Billy O'Regan

- Appointed MD of C&C Soft Drinks Business in April 2006. Prior to this he was responsible for Northern Foods Frozen Foods Division and for centralising the Group's Procurement Function
- Managing Director of Green Isle Foods Group 2001-03 having joined as Manufacturing Director in 1990
- Worked with Kerry Group Plc and C & C in a variety of operations roles in the 1980's

# Marketing

## **Tess Shaw – Marketing Director (interim)**

- Twenty year's marketing experience working with blue-chip companies including previous roles within GSK, Proctor & Gamble and Cadbury Schweppes. Based in the UK from 1989-2002 working a national & international basis. Has operated at Marketing Director level since 1997

## **New Marketing Director – Kevin Donnelly**

- Has been involved with the Irish Grocery Trade for the past nineteen years including twelve years with Unilever where latterly held position of Marketing & Sales Director, Ice Cream & Frozen Food business. Most recent position as Commercial & Marketing Director for Breeo Foods (formerly Dairygold Consumer Foods). Former Client Services Director of Taylor Nelson Market Research

# Donald Williamson

- **7 years with Britvic Ireland**
- **Previous role as Head of Sales**
- **Ex Coca-Cola Hellenic - 11 years, various roles**
- **Soft drink experience 18 yrs**
- **Previous experience includes stints at Bass and Sterling Winthrop**

# Finbarr O'Doherty

- **4.5 years in the company**
- **Previously**
  - **General Manager, Woodford Bourne, subsidiary of DCC**
  - **General Manager, Deasy & Co Ltd, subsidiary of Diageo**
  - **Country Manager, Scandinavia & Baltics, Diageo**
- **Graduate of Trinity College Dublin, Mathematical Sciences**

# Paddy Heade

- **1 year in the business**
- **Ex-Diageo (17 years) experience**
  - **Global Travel and Middle East FD**
  - **Supply Chain**
  - **GB**
  - **Asia**
  - **Ireland**