
Britvic Educational Day 5 April 2006

Introduction and Welcome

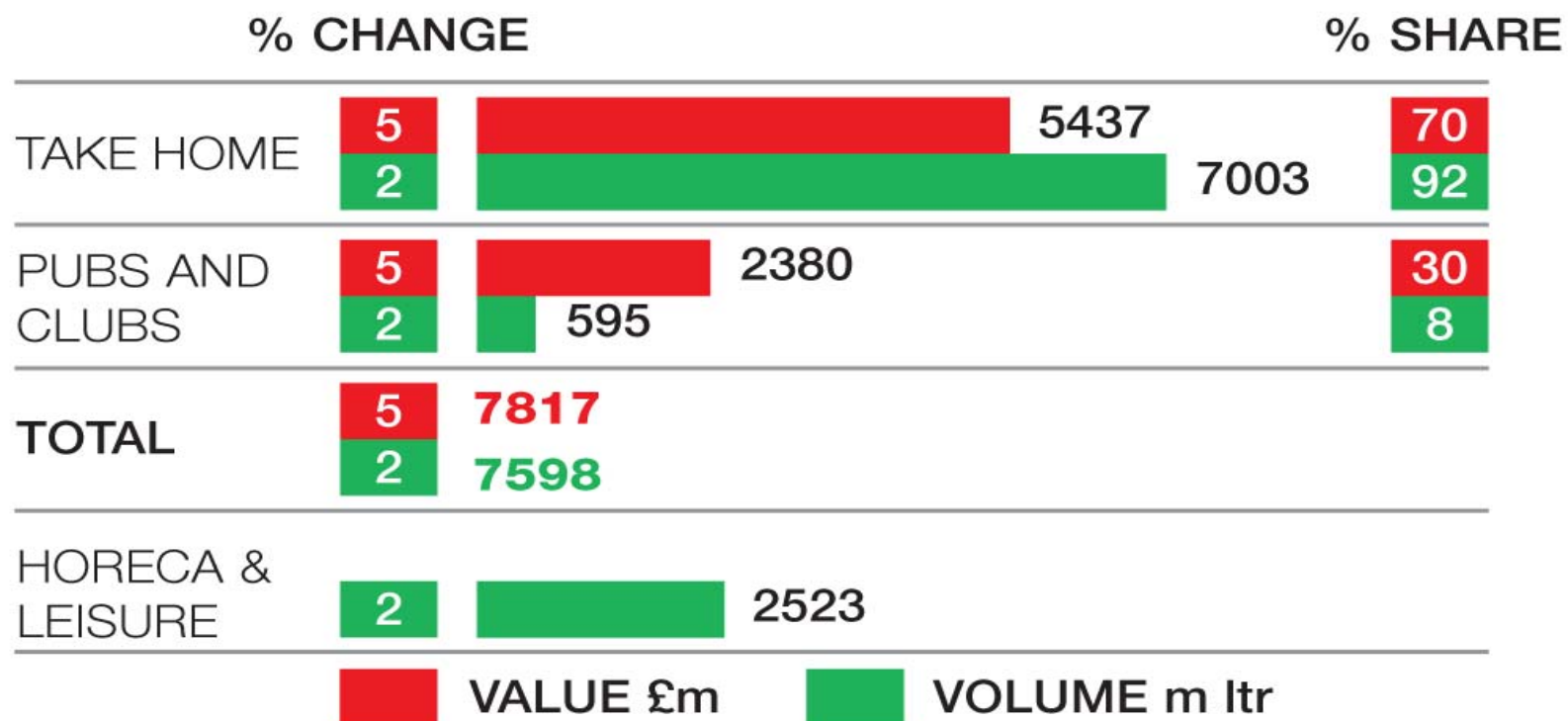
Agenda for the day

- **Rugby Factory Tour**
- **Market Performance**
 - **2005**
 - **2006**
- **What we are doing**
 - **Business Transformation Programme (BTP)**
 - **Product Value Optimisation Programme (PVO)**
- **Tour of National Distribution Centre**

Soft Drinks Category Report 2005

Overall Market Performance

THE SOFT DRINKS MARKET



Source: ACNielsen Scantrack, MAT 24 Dec 2005, On Premise Audit MAT Nov 2005

Take Home

- **Britvic and CCE continued to lead the market with over 50% of all value sales**
- **Soft drinks was the largest FMCG category with the highest growth rate at 5%**
- **Out of town led channel growth with value up 6% to over £2.4 billion**

Take Home Sub-category performance

	% CHANGE				% SHARE	
COLA	2	0	1185	1589	22	23
PURE JUICE	7	7	944	1087	17	16
MINERAL WATER	9	8	580	1255	11	18
FRUIT DRINKS	6	5	486	438	9	6
SQUASH	-2	1	443	536	8	8
FUNCTIONAL	12	14	438	232	8	3
DAIRY DRINKS	26	17	377	177	7	3
FRUIT FLAVOURED CARBONATES	-12	-12	359	588	7	8
NON- FRUIT FLAVOURED CARBONATES	-4	-6	206	305	4	4
LEMONADE	-4	-5	133	531	2	8
MIXERS	-1	0	109	184	2	3
ADULT	21	17	99	58	2	1
SMOOTHIES	72	93	79	24	1	0
TOTAL	5	2	5437	7003		

■ VALUE £m ■ VOLUME m ltr

Source: ACNielsen Scantrack, MAT 24 Dec 2005

Pubs and Clubs

- **Britvic retained its top UK supplier ranking:**
 - 44% value share
 - 43% volume share
- **Soft drinks growth out performed beer and spirits**
- **Independent pubs showed 8% value gains with the leased and tenanted sector up by 4%**

Pubs and Clubs Sub-category performance

	% CHANGE			% SHARE	
COLA	4 1	283	966	41 48	
LEMONADE	4 1	133	438	18 22	
FRUIT DRINKS	20 17	39	196	8 7	
PURE JUICE	4 -2	32	186	8 5	
MIXERS	6 0	30	167	7 5	
SQUASH	6 1	18	158	7 3	
ENERGY	10 16	19	146	6 3	
MINERAL WATER	13 14	19	62	3 3	
FLAVOURED CARBS (EXCL ENERGY)	-5 -7	21	61	3 4	
TOTAL	5 2	2380 595			

■ VALUE £m ■ VOLUME m ltr

Source: ACNielsen Scantrack, MAT 24 Dec 2005, On Premise Audit MAT Nov 2005

“Better for you” - Key trend for 2005

- **Health and well-being trend extended to all sectors**
 - **Carbonates growth driven by NAS variants**
 - **Water remains a key growth driver**
 - **Indulgent products showed huge growth**
- **New legislation focused on several areas**
 - **On trade: smoking ban**
 - **Take home: provision of nutritional data and the sugar levels in kids drinks**
 - **Vending: restrictions on soft drinks in schools**

Summary

- **Stills market in good growth**
 - **particularly adult and functional**
- **Trend towards “better for you”**
 - **driven by dairy, and water**
 - **resultant movement away from full sugar carbonates**

Current trading

Depressed Carbonates Market

- **“Better for you” trend continues into March**
- **Rate of decline in sales of full sugar carbonates is stabilising**
- **Overall stills market continues to show growth**

24 Weeks trading to 20 March 2006

- **A quieter time of the year for trading**
- **Branded revenue performance:**
 - **Total down 3.4%**
 - **Carbonates down 7.3%**
 - **Stills up 1.3%**
- **Trading in the last 4 weeks influenced by:**
 - **Easter falling 3 weeks later in 06 than 05**
 - **Unseasonably cold weather**
 - **Recent structural changes in the customer base**

First half 06 guidance

- **Net margins impacted by:**
 - **A marginally negative pricing backdrop**
 - **Lower volumes**
 - **Increases in input and energy costs**
- **Cost saving initiatives offsetting some of the impact**
- **Expect EBIT margins to be 1 percentage point down on last year**

Managements focus

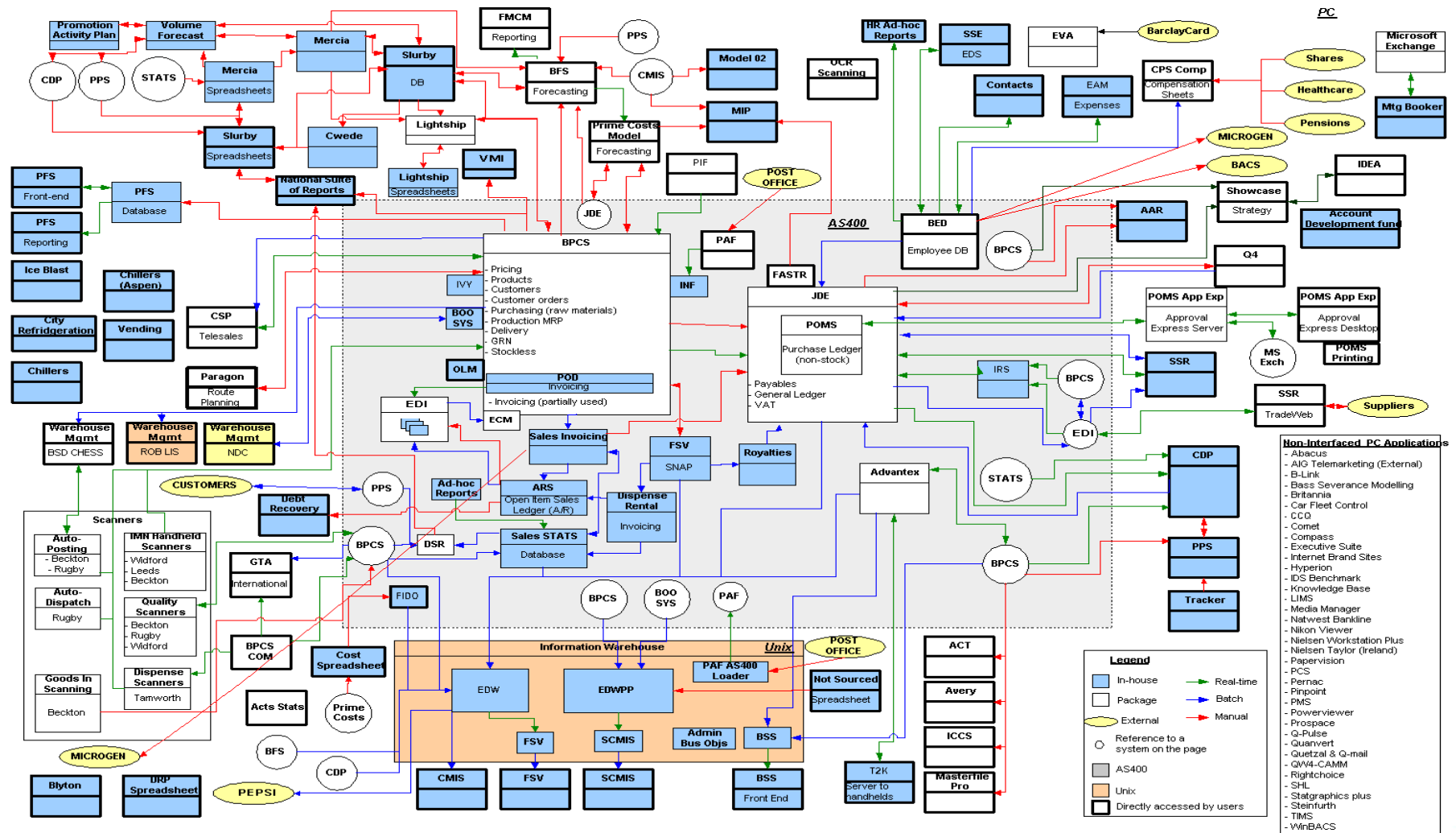
- **Driving revenue through:**
 - **Core brand activity**
 - **Successful new product launches**
 - **Increasing average realised price**
- **Reducing costs – full year target of at least £10m**
- **Improving our cash position**
- **Reducing working capital**

Summary

- **Continuing to maintain a strong market share performance in many of our key categories**
- **Looking forward to a stronger second half – our most significant trading period**
- **Confident of delivering earnings within the range of market expectations**
 - **On basis of anticipated recovery**

Business Transformation

Our systems were complicated and very inefficient, they were also very old



Business Transformation Program – What we told you: 90% Paid For – 80% Done – Full Benefits Not Yet Realised

Objective	<ul style="list-style-type: none">● Remove internal barrier to growth● Enhance capability, functionality and efficiency● Alignment and simplification of processes● One source of in depth accurate in depth information
What is it?	<ul style="list-style-type: none">● Fundamental change and upgrade:<ul style="list-style-type: none">● Business process redesign● Platforms – small number of smarter integrated systems● IT Systems
Systems	<ul style="list-style-type: none">● SAP Enterprise Resource Planning software● Siebel Customer Relationship Management software
Time to Implement	<ul style="list-style-type: none">● 3 years, commenced in January 2004● Higher risk and complexity releases now complete
Benefit	<ul style="list-style-type: none">● Overhead reduction● Working capital via inventory reduction and efficient cash collection● Improved purchasing scale of non-product related costs● Improved efficiency and effectiveness of promotions
Cost	<ul style="list-style-type: none">● £26 million to date

Our Vision is about

**Redesigning our
business to be simpler
and even more
successful**

**Delivering improved
Shareholder Value**

**Providing us with the
right information to
make smarter decisions
and act more quickly**

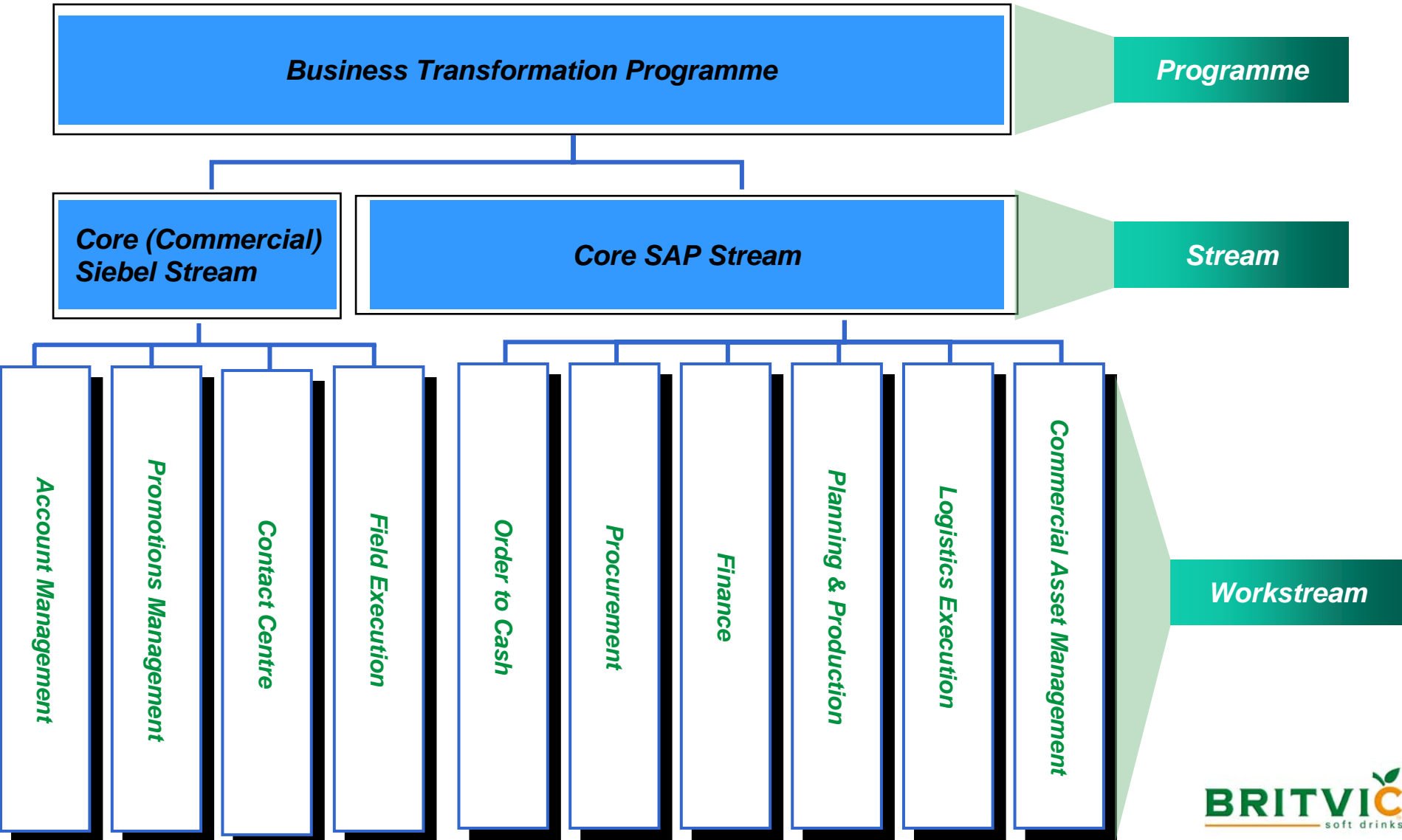
**Working together to create
a leading edge organisation**

**Giving us the
opportunity to improve
our processes and make
our jobs more fulfilling**

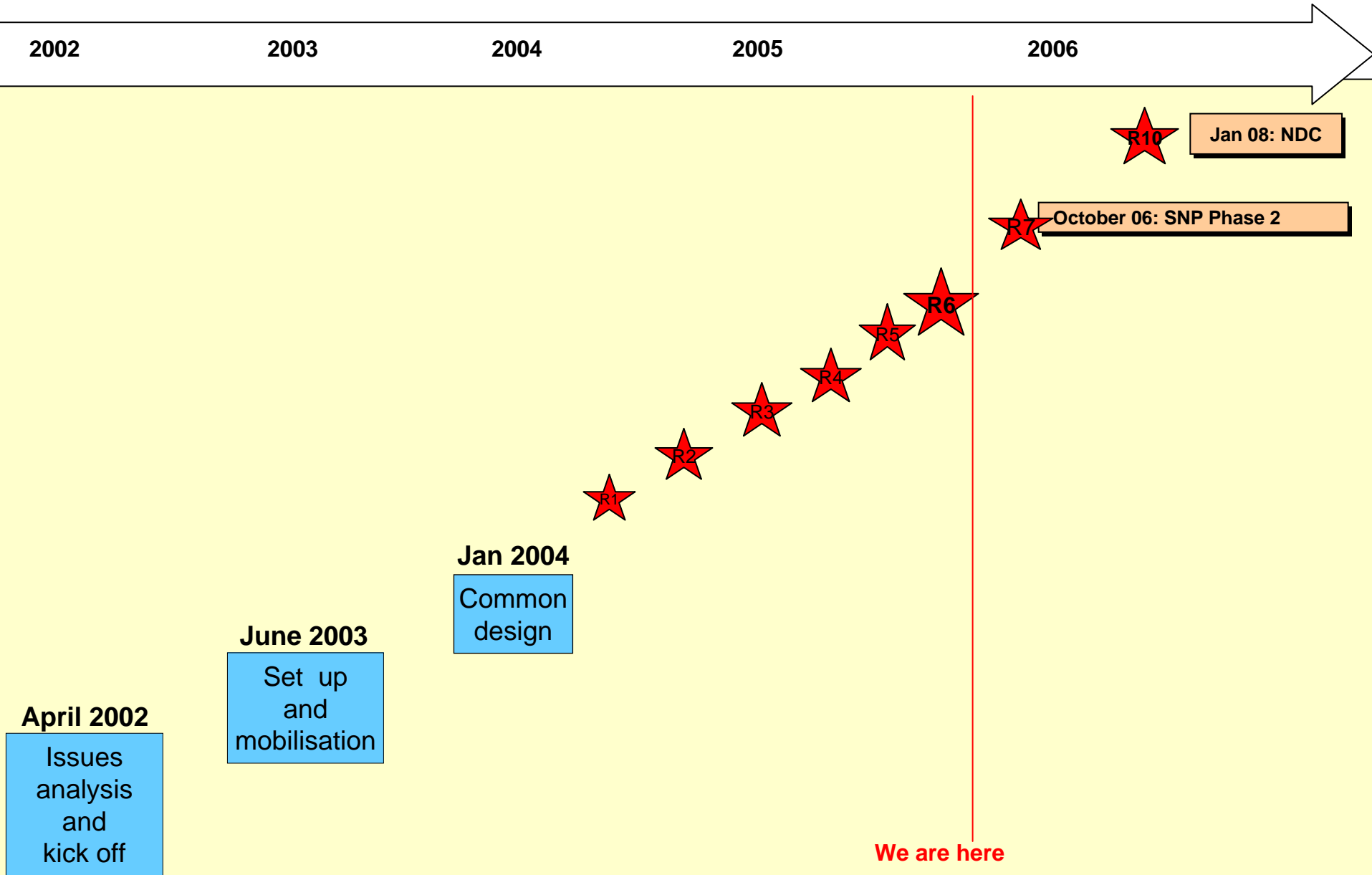
**Replacing the large
number of current
systems with a smaller
number of smarter ones
that talk to each other**

**Making Britvic a great
place to work and a
great partner to
do business with**

The Scope



The original Business Transformation Roadmap is nearly complete



All these key process streams have been implemented

Commercial Optimisation

SIEBEL

Contact Centre

Promotions Management

Account Management

Field Execution

All Other Processes

SAP

Production (7 factories)

Supply Planning

Procurement

Demand Planning

Order Management

Logistics

Warehousing (depots & NDC)

Finance

Commercial Asset Management

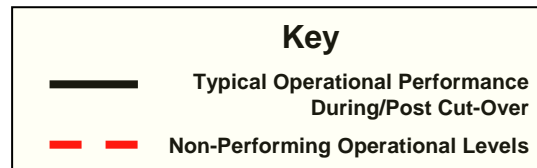
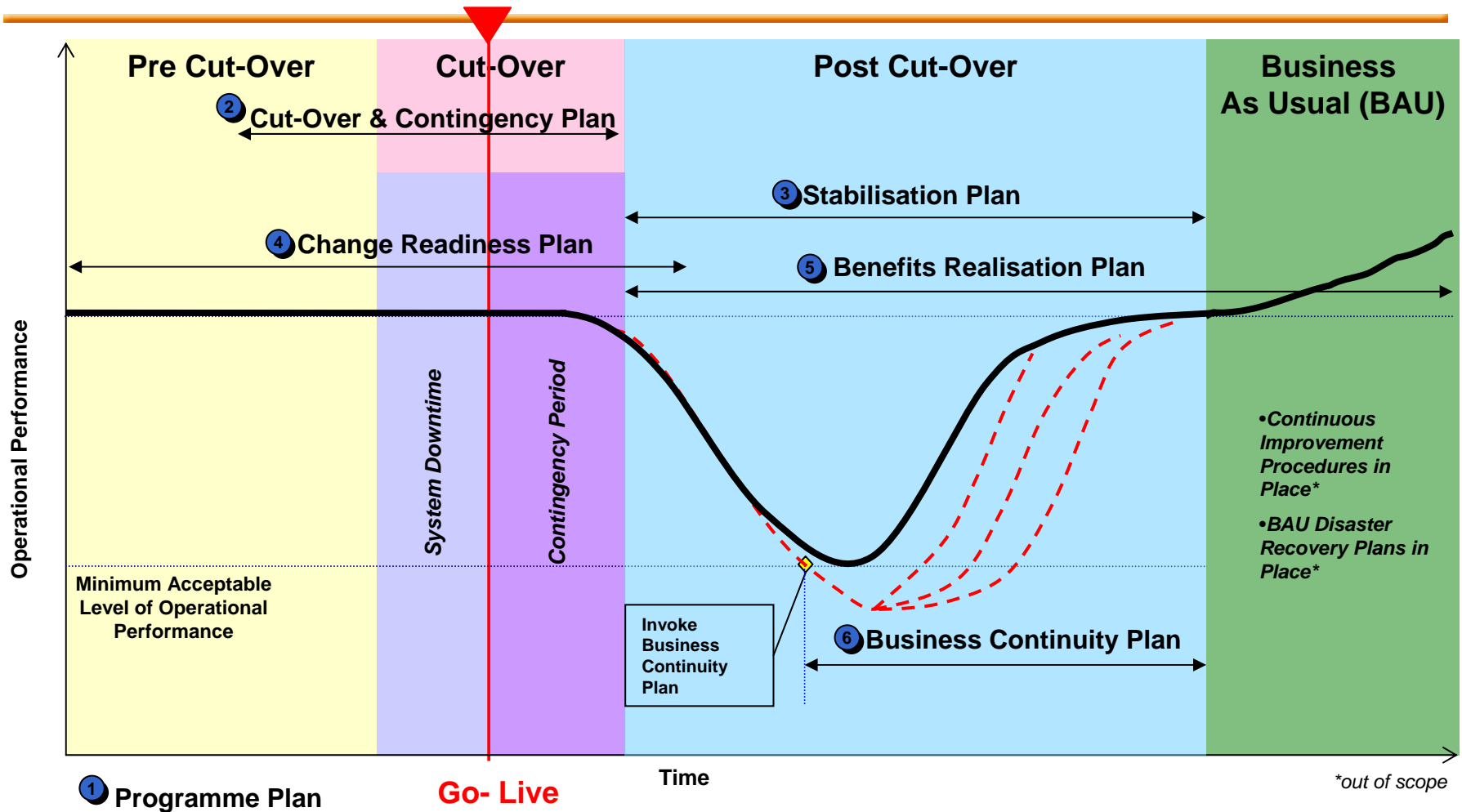
KPI Reporting and Data

Change Management

Clear project success criteria

- **Savings**
 - **At flotation**
 - **TY £6m, 07 £9m, 08 £12m**
 - **Now**
 - **TY £10m, 07 £15m, 08 £18m**
- **Costs controlled within budget**
- **Growth – better sales capability and more effective innovation**
- **ARP – Greater visibility on Actual Realised Price through ability to model and evaluate promotion effectiveness**
- **Standard processes & a stable systems platform enabling future growth**
- **Customers & Suppliers see tangible improvements in how we work with them**
- **People can access a single trusted source of data**

Driving adoption and changing behaviours is critical to our success



A lot has been achieved, but there are still areas to work on

- **Against this we have made strong progress**

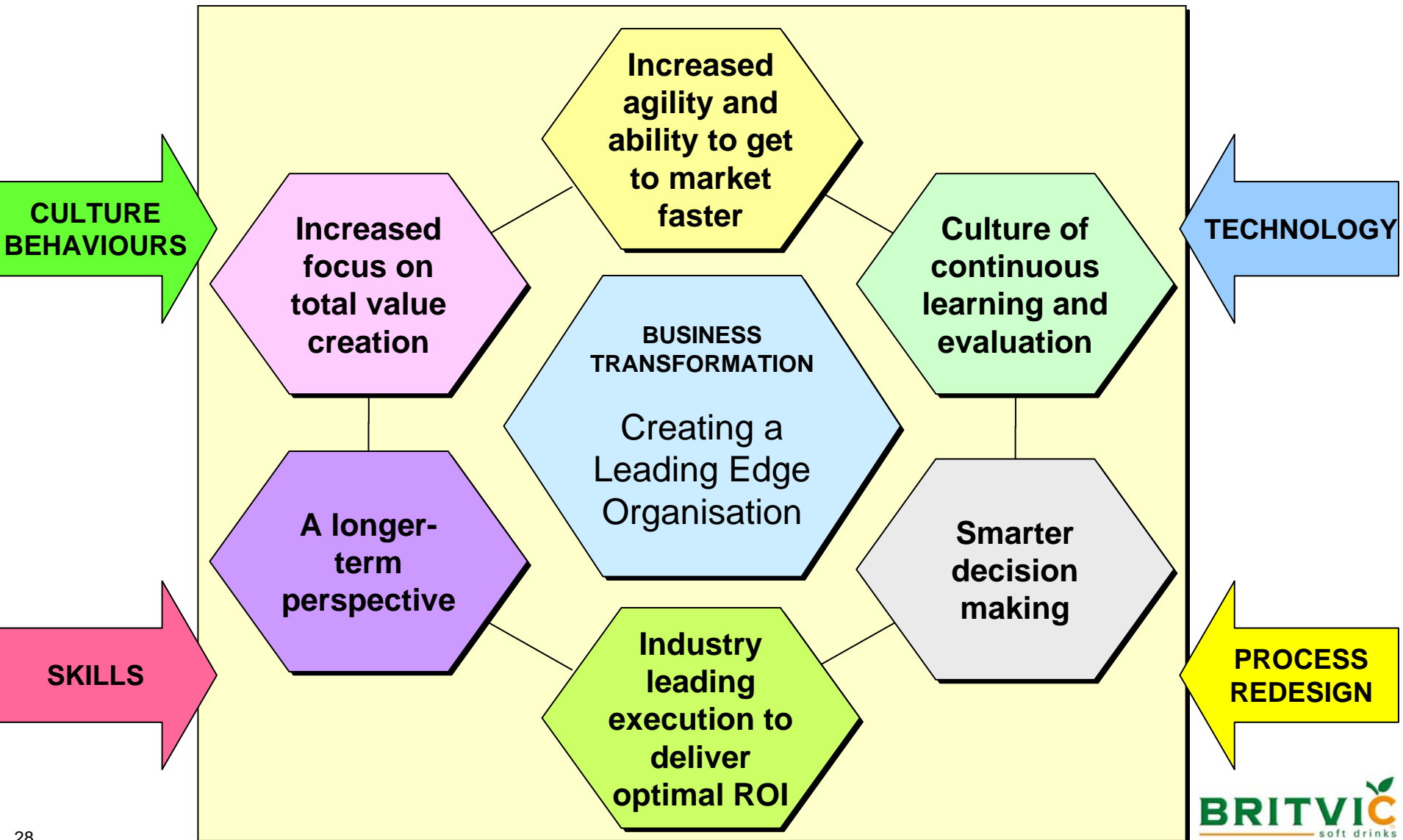
- Logistics Execution, Planning and production
- Cost reduction and Working Capital Improvements including procurement
- Improved Innovation Process
- KPI reporting framework

- **We have the following still to go for**

- Commercial optimisation (incl' Promotions Optimisation)
- Benefit from embedding the business practices into the “culture” of the organisation

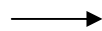
Commercial Optimisation

The Commercial Vision for Business Transformation

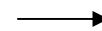


Commercial Stream Scope

Account Management 1



Account Management 2
Promotions 1



Optimisation

Processes Enabled:

- New Business Development
- Account Opening & Credit Checking
- Account Amendment & Removal
- Periodic Customer Review
- Customer Profile
- Contact Execution

Processes Enabled:

- Customer New Product Introduction
- Customer Range & Planogram
- Customer Category Solutions
- Promotions Management
 - Accuracy
 - Planning
 - Execution

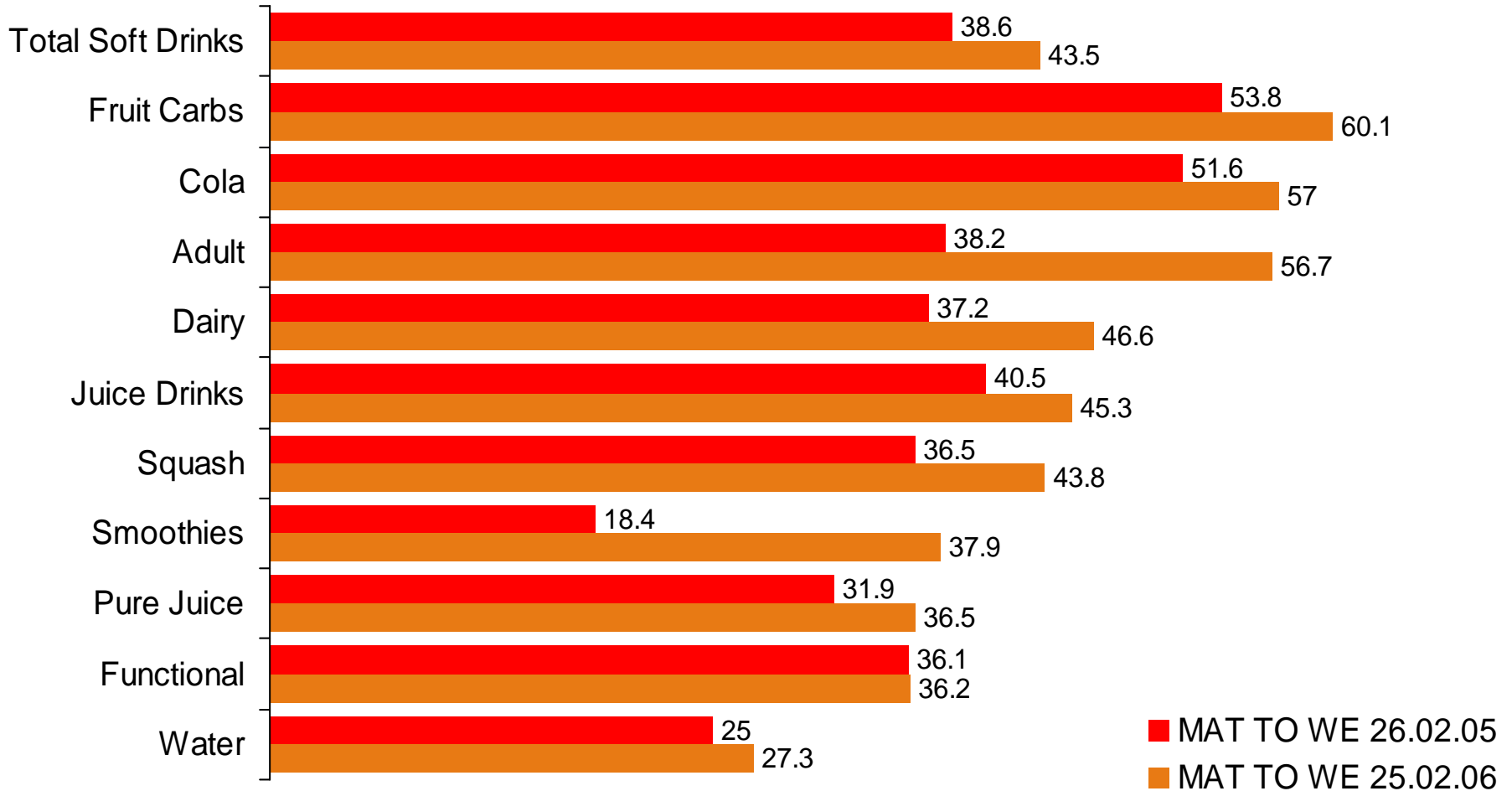
Processes Enabled:

- Customer Contact Centre (R3)
- Asset Compliance (R6)
- Commercial Optimisation
- Promotions Planning
 - Evaluation
 - Understanding system profit
 - Focus on most effective promotions

Promotional Effectiveness

Promotions are at the heart of the soft drinks business

% Volume Sold on Promotion



Source Scantrack

The opportunity is significant, the biggest challenge in achieving them is cultural

● Opportunities

- Improved ARP for the same volume is the biggest prize
- Improved Return on Revenue Investment
- Improved forecasting
- Reduction in non value adding data entry, manipulation and admin

● Achieved through

- Auto cascade of promotional objectives and tracking status
- Central library of all promotions and insight (current and historic)
- System profit modelling to assist quality decision making
- Increased focus on pre and post evaluation
- Transparency of information will increase accountability
- Evaluation Culture

● Challenges

- Skill set
- Cultural change

Logistics Execution, Planning and Production

Improvements in tools and processes drive the savings

Opportunities

- Improved Forecast accuracy
- Reduction of full good stock (& postponing Capital investment)
- Reduced movement of stock
- Reduction in wastage

Achieved through

- Improved sales and operation planning
- Delivery of end to end supply network planning (SNP) solution
- Utilisation of refined cost to serve tools

Challenges

- Clear adoption of change, particularly in adoption of end to end SNP solutions

Cost Reduction and Working Capital Improvements

Key cost reduction areas

- **Total centralisation and automation of our procurement processes onto EBP (SAP) has delivered significant savings in indirect procurement**
 - **Reduced number of suppliers**
 - **Visibility of all transactions**
 - **Better terms from key contracts**
- **Headcount reduction across the business**
- **Reduction in out-store costs as we reduce finished goods stock levels**
- **Production wastage reduction**

SRM - Enterprise Buyer - Microsoft Internet Explorer provided by Britvic Soft Drinks

File Edit View Favorites Tools Help

Back Search Favorites Media

Address <http://brsapprditpl1.britvic.bsddrinks.net:81/scripts/wgate/bbpstart71b61013/~=====> Go Links

mySAP SRM Home | Help | Settings | Support | Log off **SAP**

EBP Monitor Shopping Cart
Shop
Check status
Goods / Services confirmation
Inbox
My settings
Change Attributes

Shop
You can select and order goods and services

Check status
You can check, for example, if your shopping cart has been approved

Goods / Services confirmation
You can confirm delivered goods and enter performed services

mySAP
Supplier Relationship Management

Done Local intranet

start 3 Internet Ex... Inbox - Micros... BTAnalystsPre... Microsoft Word 09:46

Working capital reduction areas

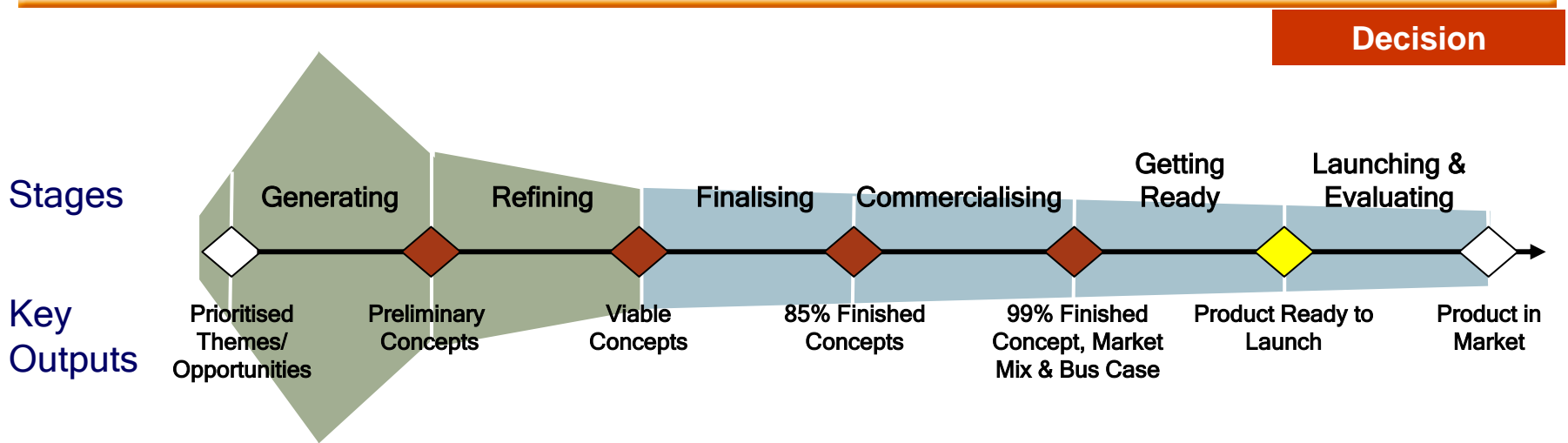
- **Better visibility of spend**
 - Reduction in number of suppliers
 - Improved terms for supplier payments
- **From bespoke sales ledger to fully integrated**
 - Control of customer prices
 - Better visibility of terms
- **Fully integrated Planning and Production process**
 - Reduced stock cover
 - Reduction in stock holding of commercial assets

Innovation Process

We are Focusing on Five Areas



Finalised Stage-Gate Process



1 Big
+
2/3 supporting

Objectives of Stages

Creating preliminary concepts from opportunities within consumer/technical themes.	Refining concepts and assessing top line viability.	Bringing concepts to life by developing product & pack.	Optimising market mix, collating full launch plan and finalising product and pack.	Engaging all of Britvic and customers to deliver the launch plan.	Executing in market, monitoring and evaluating
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Legend: ◆ Gate ◇ Milestone ◆ Check Point

New Process Achievements

Reduced Time to Market

Took a 1/3rd of the time out of the process

Better Decision-making

Objective decision criteria

Improved Execution

Increased briefing timescales + improved tools

Better Resource Allocation

Introduction of aggregate project plan

Improved Efficiency

Single methodology for research

Link to corporate strategy

Long term Innovation and Technical Roadmap

Clarity of Roles

Inputters vs gatekeepers defined

Strong Process Adoption

Introduction of a workflow tool & Process Owner

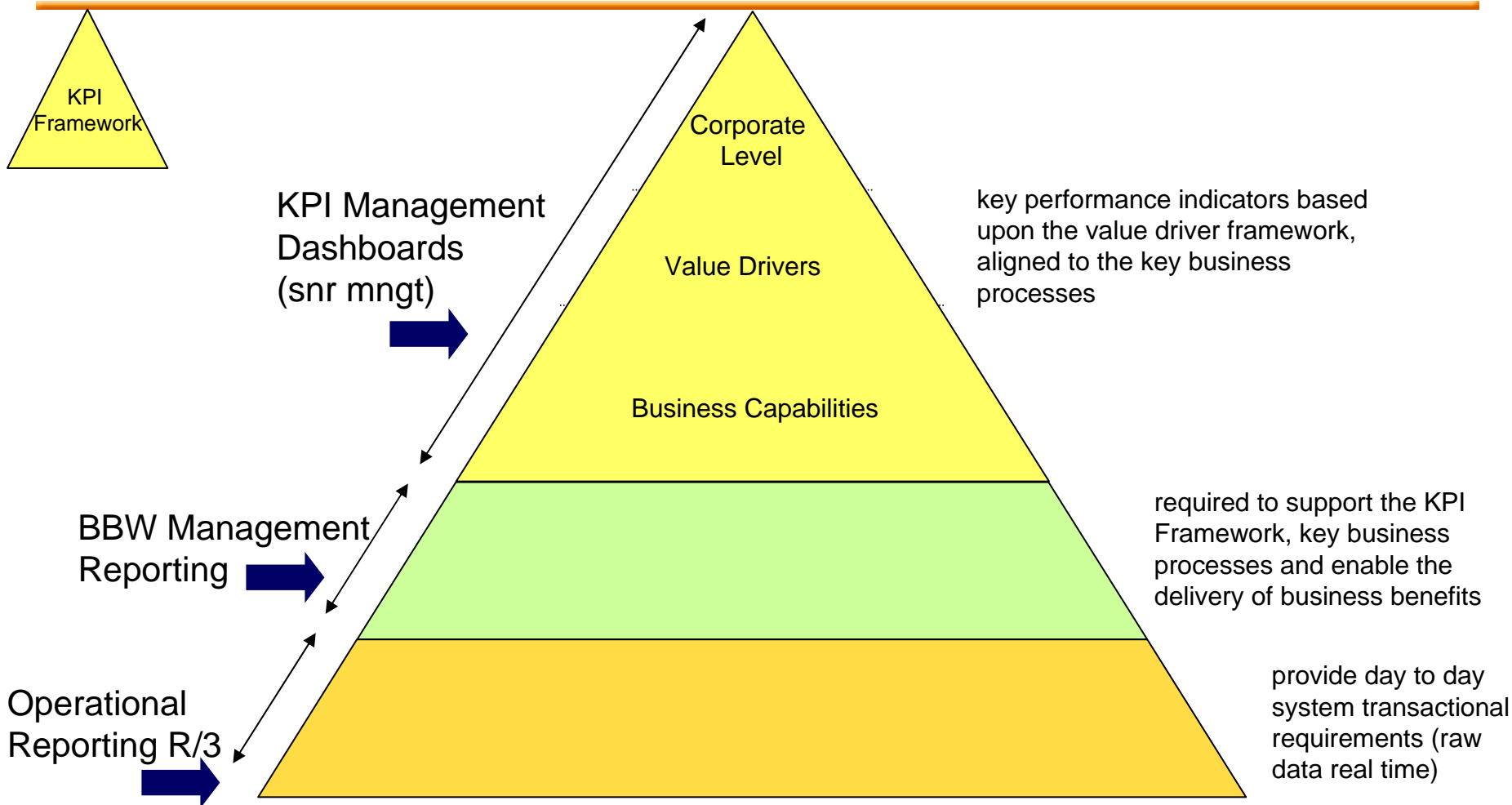
Significant level of buy-in from the company

There are numerous examples which demonstrate the benefit of the new system



KPI Reporting Framework

Value Driver Framework provided direction to construct the KPI Framework and the supporting suite of management reports



*value driver framework defines those business capabilities which are critical to the achievement of the Company's strategic objective of maximising shareholder value

Summary

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Redesigning our business to be simpler and even more successful

Delivering improved Shareholder Value

Providing us with the right information to make smarter decisions and act more quickly

Working together to create a leading edge organisation

Giving us the opportunity to improve our processes and make our jobs more fulfilling

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Making Britvic a great place to work and a great partner to do business with

PVO Update

Product Value Optimisation - Definition

Jan
07

- **Systematic approach to optimising the unit cost of a product versus its perceived consumer value**
- **Involves product ingredients and packaging**
 - **Juice content**
 - **Sweetener systems**
 - **Pack design (weight, colours on label etc.)**
- **Helps mitigate margin pressure over next 2 years**

Plan will deliver at least £4m over 2 years

PVO Update - 2006-7 provides full year and additional savings opportunities of at least a further £2m

Vertical Integration Savings

05-06 Full year

Widford L5 bottle blowing

Project Big Foot

Total >£4.0m per annum

PVO Update - Other areas under consideration

Further Vertical Integration;

Moving final bottle blowing performed externally in-house:

Norwich Line 7 – Fruit Shoot

Norwich Line 11 – 1 Litre CSD

Productivity Savings;

Continued flavour simplification, sugar reduction & packaging savings

PVO Update - Energy Saving Opportunities

- **Background**

- **Total group energy cost has increased by £3 - 4m**
- **Continued pressure on energy costs expected**
- **Focused activity on-going to identify energy reduction opportunities e.g.**

	Saving	Capital
Replace boiler plant	£400k	£700k
Heat recovery	£150K	£200k

Britvic Educational Day 5 April 2006

Summary