



Britvic plc Preliminary Results 2019

27 NOVEMBER 2019



AGENDA



- **2019 STRATEGIC HIGHLIGHTS**
- **FINANCIAL PERFORMANCE REVIEW**
- **LOOKING AHEAD**
- **SUSTAINABLE BUSINESS**





Simon Litherland – CEO

**Strong performance and
progress against strategy**

SINCE 2013 OUR STRATEGY HAS DELIVERED SIGNIFICANT RESULTS FOR STAKEHOLDERS



Generate
profitable growth in
our core markets



International
expansion



Step change
our business
capability



Build trust and
respect in our
communities

FINANCIAL KPIs

Revenue
CAGR 3.7%

Margin
+ 350bps

EPS
CAGR 9.2%

DPS
CAGR 8.5%

TSR
+116.8%

2019 NON-FINANCIAL KPIs

12.1% reduction
calories per serve

84% employee
engagement

38% women in
leadership roles

rPET introduced
into portfolio

SBTi & TCFD
commitment

2019 PERFORMANCE CONTINUES OUR STRONG TRACK RECORD



Despite a difficult external environment, Britvic continues to deliver value growth for shareholders:

Revenue

+1.4%

Margin

+40_{bps}

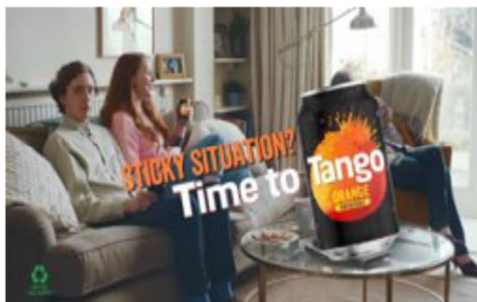
Adjusted EPS

+6.2%

DPS

+6.4%

STRONG GROWTH IN GB FROM OUR PORTFOLIO OF LOW AND NO SUGAR BRANDS



TANGO

- Highest RSV in 5 years
- Attracted 900k new shoppers
- 15.6% revenue growth in H2
- +100 bps market value share



PEPSI MAX

- MAX the #1 cola in the category
- MAX Raspberry the #1 soft drinks launch in 2019
- 65% of consumers chose MAX in the Taste Challenge
- +260 bps market value share



7UP FREE

- #1 Lemon & Lime brand
- Attracted 300k new shoppers
- 24.7% revenue growth in 2019
- +80 bps market value share



ROBINSONS

- #1 in-home consumed soft drink
- Price realisation in 'everyday range'
- £32m RSV generated by Cordials & Creations
- +20 bps market value share

SUCCESSFULLY ACCESSING GB GROWTH SEGMENTS

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REFRESH'D

- #3 ready-to-drink water plus brand
- £9.7m retail sales value
- Adding value to the water plus category
- 5.9% RSV growth



LIPTON ICE TEA

- RTD Ice Tea is the fastest-growing segment in the UK
- Lipton RSV is 7.5x greater value than the #2 brand
- £28.3m retail sales value
- 20.7% RSV growth



PURDEY'S

- Offers consumers a natural energy choice
- Growing awareness & penetration
- £14.0m retail sales value
- 23.8% RSV growth



LONDON ESSENCE

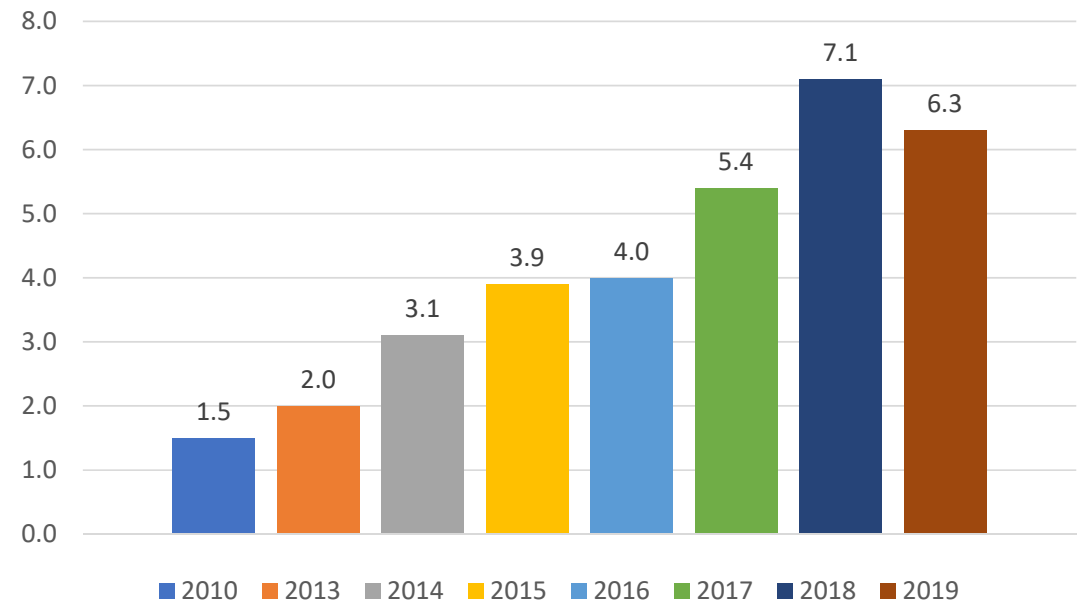
- Range of sodas and mixers
- Listed in over 1200 outlets in GB
- New pack formats to increase distribution
- Distributed in 78 cities in 29 countries

INNOVATION REMAINS IMPORTANT AS CONSUMERS SEEK NEW EXPERIENCES



- Since 2013 we have consistently invested to realise category growth opportunities
- Stretching our core brands to capitalise on new consumer occasions
- Investing through differentiated propositions in emerging categories

% OF TOTAL REVENUE FROM OWNED-BRAND INNOVATION



BCP – A PLATFORM FOR SUSTAINABLE GROWTH



**ADDITIONAL
CAPACITY**



**INCREASED
FLEXIBILITY**



**PRODUCTION
EFFICIENCY**



**LOWER
COST**



**ENVIRONMENTAL
BENEFITS**



A 15% return purely from cost savings

BRAZIL CONTINUES TO EVOLVE AND GROW

- Rejuvenating the concentrates category
- Expanding distribution and range of core brands
- Accelerating the growth of Fruit Shoot through new 150ml pack format
- Expanding into new segments eg. tea and coconut water
- Utilising 'Be Ingredient' for the benefit of the Group

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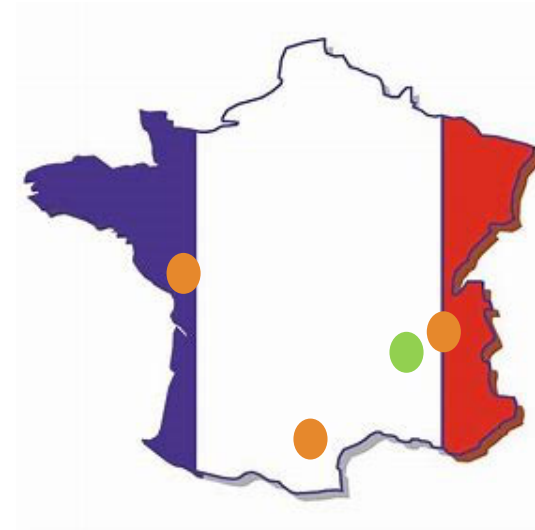


SHARPENING OUR INVESTMENT CHOICES FOR FUTURE GROWTH



FRANCE

- **Private label** juice not a strategic priority so we are in exclusive discussions to exit
- Allows us to **simplify the business**, and focus on our **brand portfolio**
- Resulting business will be smaller but **higher margin**



USA

- Unable to find path to sustainable profitability on **Fruit Shoot** multi-pack so chosen to exit
- Refocused Fruit Shoot efforts onto profitable **partnership with PepsiCo** for single serve





Joanne Wilson – Chief Financial Officer

**A robust financial performance
in an uncertain environment**

A ROBUST FINANCIAL PERFORMANCE



Metric		Reported %	Adjusted %
Revenue	£1,545.0m	2.8%	1.4%
Adjusted EBIT	£214.1m	3.9%	4.4%
Adjusted EBIT Margin	13.9%	+20bps	+40bps
Adjusted EPS	59.8p	+6.2%	
Dividend per share	30.0p	+6.4%	
Adjusted Net Debt/EBITDA	2.1x	0.1x	
Adjusted Free Cashflow	£116.0m	+£51.0m.	

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. Adjusted EBIT margin is Adjusted EBIT as a proportion of group revenue. 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 264.4m (2018: 263.6m).

All numbers are in constant currency, excluding SDIL/SSDT and are movements compared to last year

BRITVIC PLC PRELIMINARY RESULTS 2019



BUSINESS UNIT HIGHLIGHTS



	GB STILLS	GB CARBS	TOTAL GB	IRELAND
Volume	(4.1)%	0.5%	(0.5)%	(4.2)%
ARP per litre	4.5%	4.7%	4.6%	3.9%
Revenue	0.4%	5.2%	3.6%	(1.6)%
Brand contribution	3.3%	2.9%	3.0%	(2.9)%
Brand margin %	120bps	(90)bps	(30)bps	(40)bps

GB

- Disciplined revenue management
- H2 2018 comparatives impacted by SDIL, CO2 shortage and exceptional summer
- Britvic and PepsiCo brands revenue growth across stills & carbs
- Stills margin benefited from premiumisation and price realisation
- Carbs margin impacted by increased A&P, pack mix and COGS inflation

IRELAND

- Lapping strong growth in 2018
- Volume loss in water due to focus on price realisation
- Low/no sugar brand growth offset by full sugar declines
- Counterpoint performance reflective of a competitive and contracting on-trade

BUSINESS UNIT HIGHLIGHTS



	FRANCE	BRAZIL	INTERNATIONAL
Volume	(8.7)%	5.5%	13.7%
ARP per litre	(0.5)%	4.3%	(3.1)%
Revenue	(9.2)%	9.9%	10.2%
Brand contribution	(1.7)%	20.4%	16.5%
Brand margin %	250bps	200bps	110bps

FRANCE

- Both brands and private label in decline
- Introduction of EGalim law impacted retail margin and promotional scope
- Partially mitigated contribution impact through proactive management of mix & COGS

BRAZIL

- Six consecutive quarters of revenue growth
- Disciplined revenue management
- All brands in growth, led by new RTD brands and packs

INTERNATIONAL

- Strong growth for Teisseire Zero in the Netherlands
- Growth led by Benelux and Export sector
- Exit from USA Fruit Shoot multi-pack confirmed

All numbers are in constant currency, excluding SDIL/SSDT and are movements compared to last year

DISCIPLINED MANAGEMENT OF FIXED COSTS

	2019	% Organic Constant Exchange Rate
Total A&P spend	65.9	0.2%
A&P as a % of revenue	4.4%	(20)bps
Non-brand A&P	10.5	5.4%
Fixed Supply Chain	108.0	1.8%
Selling Costs	83.0	(4.5)%
Overheads & Other Costs	135.5	(2.6)%
Total fixed cost base	337.0	(1.3)%

- Favourable fixed supply chain due to lower co-pack
- Increased investment in selling and field sales activity
- Higher Overheads & Other Costs include spend related to Brexit planning

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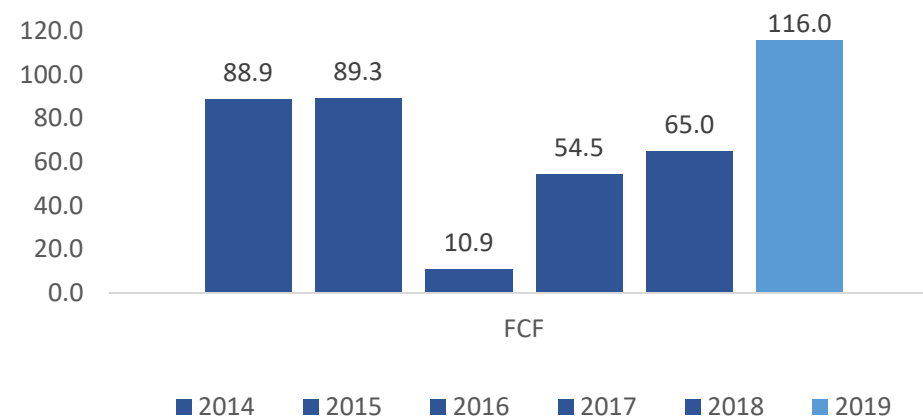
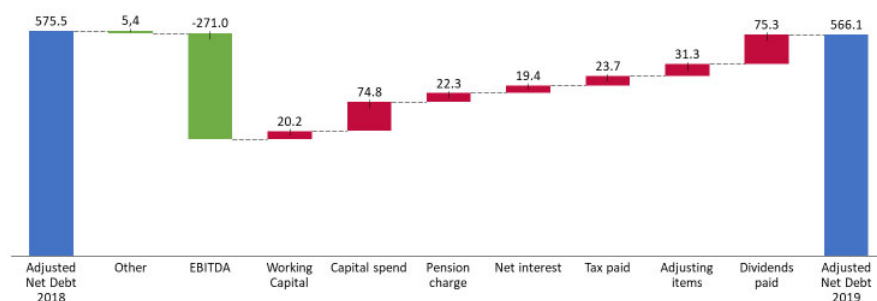


Decrease / (increase) in costs. All numbers quoted exclude adjusting items and percentages are on a constant currency basis

MATERIAL IMPROVEMENT IN FCF GENERATION AND FUTURE PROSPECTS



FCF +£51M IN 2019



ORGANIC PROFIT
GROWTH

REALISING BCP
BENEFITS

LOWER ADJUSTING
ITEMS

WORKING CAPITAL
EFFICIENCY

ADJUSTING ITEMS



	REPORTED 2019
BCP and other restructuring costs	33.0
Pension scheme costs and other	7.5
Revaluation of France assets held for sale and transactional costs	33.7
Sub-total	74.2
Acquisition-related amortisation (non-cash)	10.4
TOTAL	84.6

Cash Impact 2019 **31.3**

Cash Impact 2020 **6.1**

REPORTING CHANGES



PERIOD TO MONTHLY

- 2019 restated for modelling purposes ahead of Q1
- H1 will end 31 March, previously mid-April
- Interims will be 13 May 2020

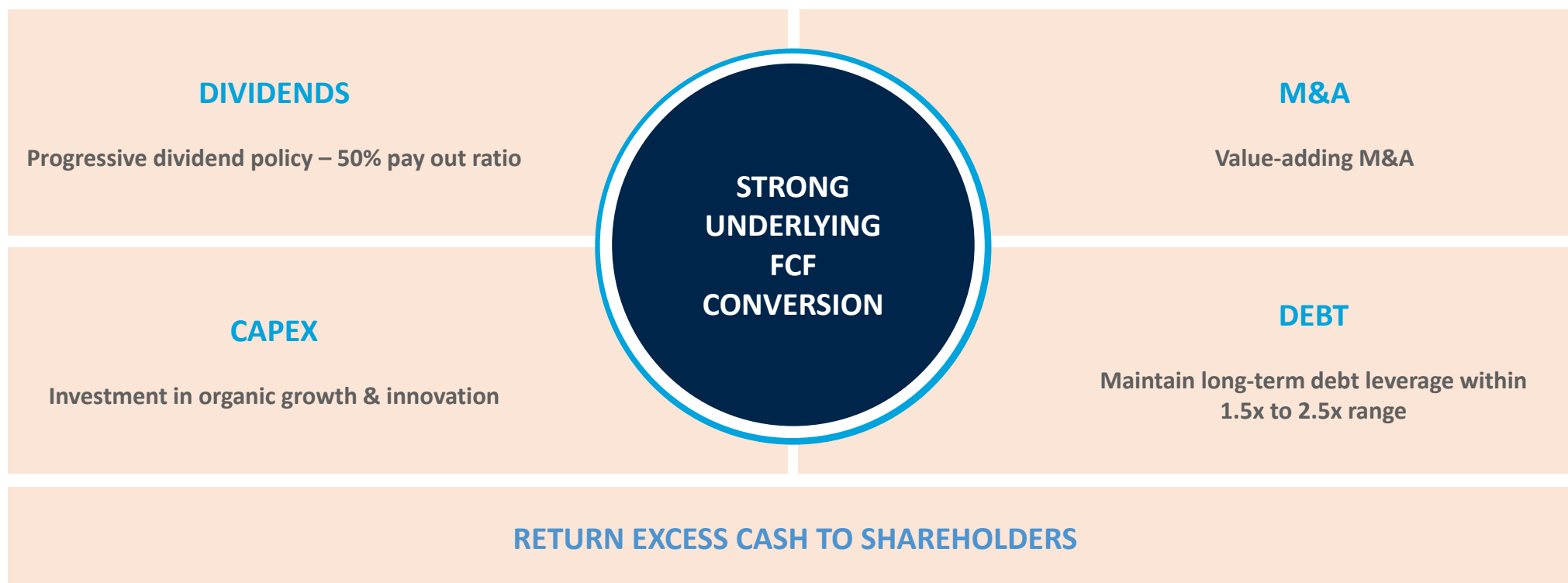
IMPLEMENTATION OF IFRS16

- Accounting for leases
- c.£47m of lease assets and liabilities
- Improves transparency by ensuring the effect of these liabilities is clear to investors

INNOVATION

- Will report Britvic innovation as a % of Britvic brand revenue
- Adopt a flexible approach to time measurement to reflect channel dynamics

DISCIPLINED APPROACH TO CAPITAL ALLOCATION



GUIDANCE FOR 2020

Input costs	Low to mid-single digit
Capital spend	£70m to £80m
Adjusting items	£5m to £10m
Pension deficit contributions	£20m contribution in December 2019
Effective tax rate	19% to 20%, subject to mix of profits
Interest cost	£21.5m to £22.5m, incl. IFRS16 impact
Net debt to EBITDA ratio	1.8x to 2.0x (excl. IFRS16 / finance leases)
Tax payments	Additional cash tax payments as a result of new HMRC payment rules and the move to a monthly accounting calendar

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2019 FINANCIAL SUMMARY

- **A strong financial performance**
- **Sixth consecutive year of earnings and dividend growth**
- **Growth in GB, Brazil and International**
- **Proactive action to address under-performance in France and US multi-pack**
- **Disciplined cost and revenue management**
- **Material improvement in cashflow**





Simon Litherland – CEO

- Looking ahead
 - Sustainable business
-

IN TODAY'S FAST CHANGING WORLD, CONSUMERS ARE DRINKING DIFFERENTLY



HEALTHIER DIETS & INFORMED CHOICES



DIFFERENTIATED, ELEVATED EXPERIENCES



ANYTIME, ANYWHERE CONVENIENCE



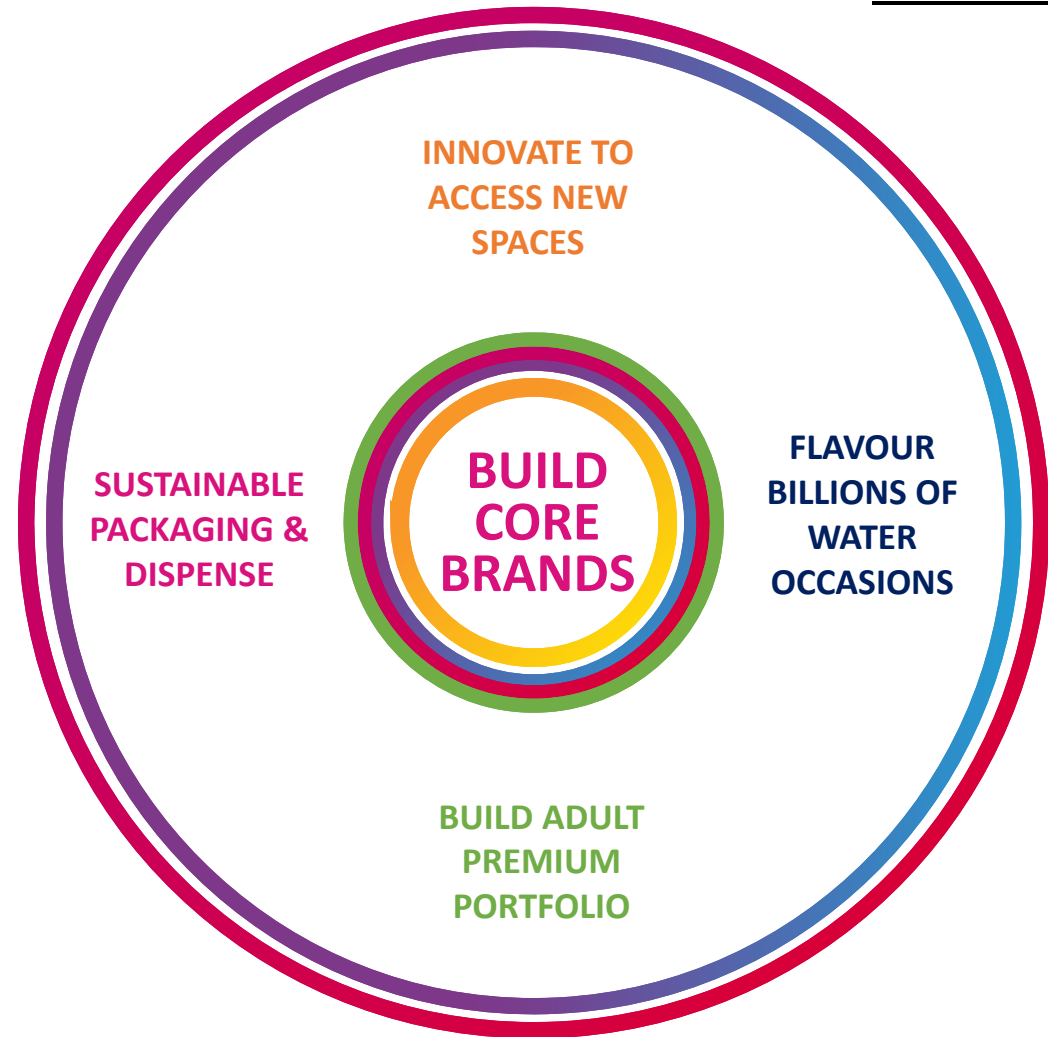
RESPONSIBLE & SUSTAINABLE OPTIONS



SO WE ARE EVOLVING OUR STRATEGY TO UNLOCK NEXT GENERATION GROWTH



-  **NEW CHANNELS & OCCASIONS**
-  **HEALTHIER**
-  **MORE ELEVATED**
-  **SUSTAINABLE SOLUTIONS**



WHILE REDEFINING THE ROLE OF EACH MARKET



LEAD MARKET GROWTH



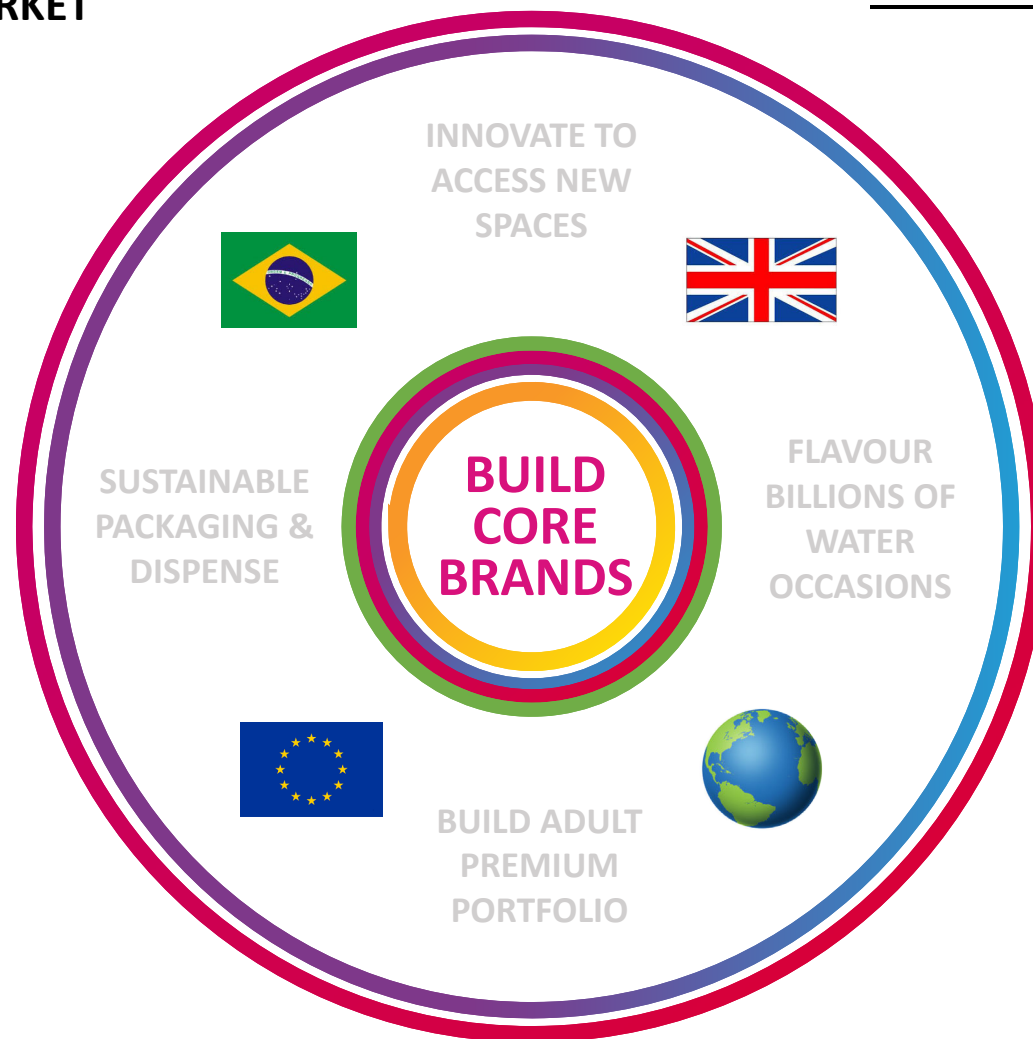
ADULT PREMIUM SOFT DRINKS



IMPROVE PROFITABILITY

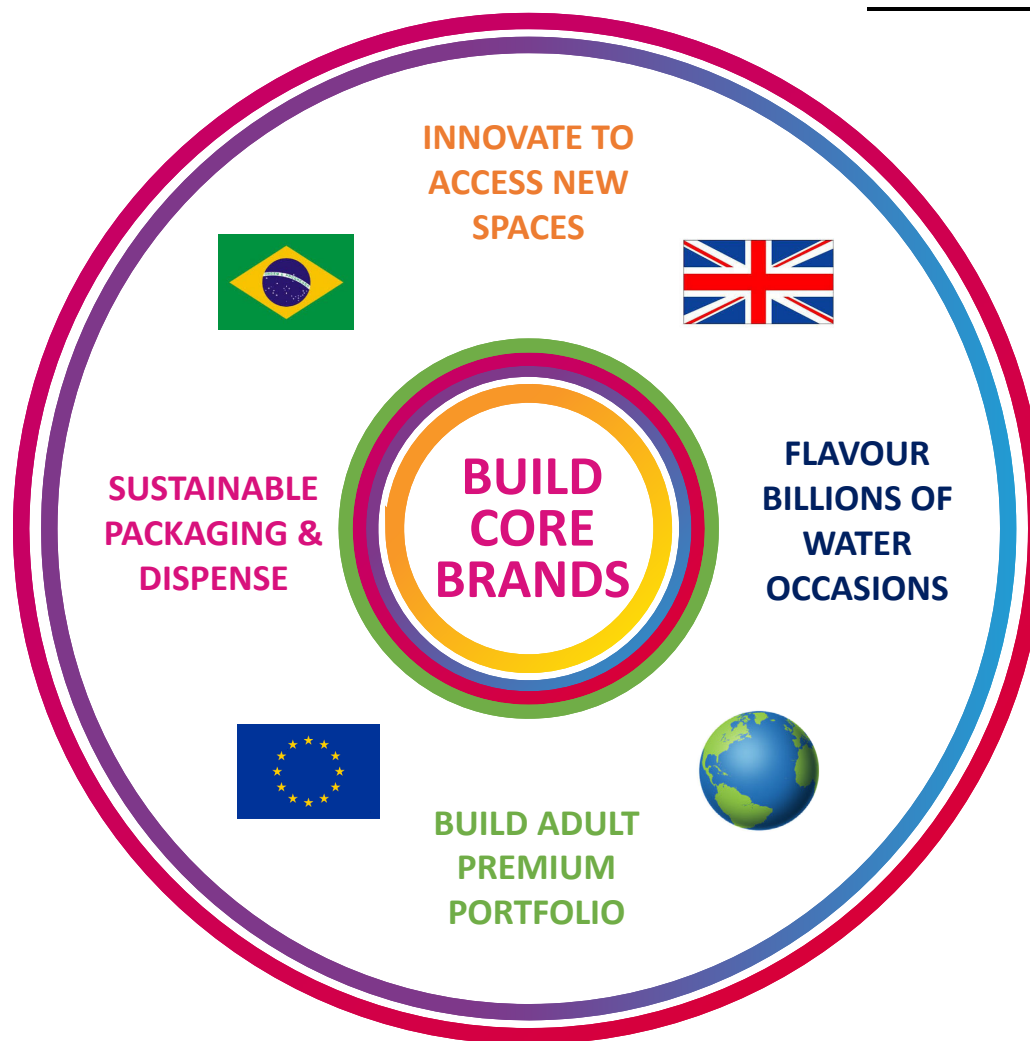


ACCELERATE AND EXPAND



AND CREATING LASTING VALUE THROUGH:

- Delivering efficiency to fuel our growth
- Building capability to access new opportunities
- Selective M&A to access new markets or categories
- Increased focus on healthy people, healthy planet



HEALTHIER PEOPLE

Year	Ave. cal per serve
2013	35.0
2016 (incl. Brazil)	36.0
2018 (SIDL intro.)	31.3
2019	27.5



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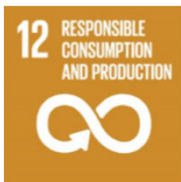
<30
calories per
250ml



HEALTHIER PLANET



- UK Plastics Pact early signatory
- Providing £5m of investment support for new rPET plant in Leeds
- Supporting a well-designed DRS
- Ambitious science-based target set, 50% direct carbon reduction by 2025



SUMMARY

Another year of strong performance

2020 will again bring external uncertainty

Soft drinks remains a resilient, growing category

Britvic is well placed to capitalise on evolving market and category trends

We remain committed to being a sustainable business: healthier people, healthier planet



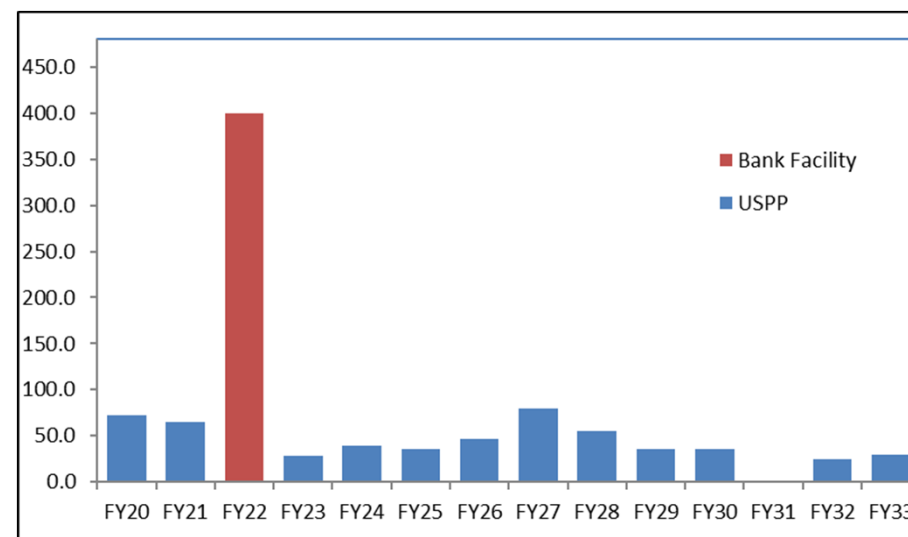
Questions?

Appendix

A SOLID FINANCIAL PLATFORM UNDERPINNING OUR GROWTH STRATEGY

- ▶ £545m equivalent of USPP debt (at contracted rates)
- ▶ £400m revolving credit facility in place to November 2021
- ▶ £72m equivalent of USPP notes maturing in December 2019
- ▶ Further £65m equivalent of USPP notes maturing in FY21

- ▶ Plans to refinance bank facility and re-access USPP market in FY20 to secure long term funding platform



ADR PROGRAMME

BRITVIČ

- ▶ ADRs give access to cross-border market liquidity
- ▶ Cost effective and convenient to own

- ▶ Quoted in U\$D
- ▶ Dividends paid in U\$D

- ▶ Symbol - BTVCY
- ▶ CUSIP - 111190104
- ▶ Ratio - 1ADR = 2 ORD

- ▶ Underlying SEDOL : BON8QD5
- ▶ Underlying ISIN : GB00B0N8QD54
- ▶ Depositary : BNY MELLON

OTC QX



BNY MELLON