

# Britvic plc Preliminary Results – 27 November 2019

**“A strong performance, with good momentum in our key brands and categories”**

For the 52 weeks ended 29 September 2019

## Group Financial Headlines:

- Revenue increased 1.4%\* (reported +2.8%) to £1,545.0m
- Adjusted EBIT increased 4.4%\* (reported +3.9%) to £214.1m
- Adjusted EBIT margin increased 40bps\* (reported +20bps)
- Profit after tax decreased 30.9% to £80.9m, due to adjusting items of £84.6m, including write down of France assets
- Adjusted earnings per share increased 6.2% to 59.8p, enabling 6.4% increase in full year dividend
- Significant improvement in adjusted FCF, an increase of £51.0m to £116.0m

## Strategic highlights:

- Strong GB performance with both Britvic and PepsiCo brands in revenue growth
- Business Capability Programme completed, cost savings delivery earlier than previous guidance
- Six consecutive quarters of revenue growth in Brazil, driven by innovation and increased distribution
- Proposed exit from private label juice in France to focus on brands, and confirmed exit from Fruit Shoot multipack in the United States to focus on single serve
- Clear focus on sustainability; signed up to Science Based Targets initiative and confirmed partnership to supply recycled PET in GB and Ireland

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change Actual Exchange Rate	% change Constant Exchange Rate (ex- SDIL/SSDT) *
Revenue	<b>1,545.0</b>	<b>1,503.6</b>	2.8%	1.4%
Adjusted EBIT	<b>214.1</b>	<b>206.0</b>	3.9%	4.4%
Adjusted EBIT margin	<b>13.9%</b>	<b>13.7%</b>	20bps	40bps
Adjusting EBIT Items	<b>84.1</b>	<b>39.9</b>	(110.8%)	
Statutory EBIT	<b>130.0</b>	<b>166.1</b>	(21.7%)	
Profit after tax	<b>80.9</b>	<b>117.1</b>	(30.9%)	
Basic EPS	<b>30.6p</b>	<b>44.4p</b>	(31.1%)	
Adjusted EPS	<b>59.8p</b>	<b>56.3p</b>	6.2%	
Full year dividend per share	<b>30.0p</b>	<b>28.2p</b>	6.4%	
Adjusted net debt/EBITDA	<b>2.1x</b>	<b>2.2x</b>	0.1x	
Adjusted FCF	<b>116.0</b>	<b>65.0</b>	78.5%	

\* Constant exchange rate adjusts for constant currency and excludes the Soft Drinks Industry Levy (SDIL) in GB and the Sugar Sweetened Drinks Tax (SSDT) in Ireland. Adjusting items includes acquisition related amortisation of £10.4m, impairment charge relating to assets held for sale in France of £31.2m and other adjusting items of £42.5m (more detail provided on page 8). Total adjusting items includes £0.5m in finance costs.

## **Simon Litherland, Chief Executive Officer commented:**

“I am pleased to report that Britvic has once again delivered a strong performance, with good momentum in our key brands and categories. In 2019 we have increased revenue, adjusted margin and EBIT, as well as significantly improving free cashflow generation. Our commercial execution, innovation agenda and revenue management continue to deliver results. Our transformational business capability programme is now complete - and importantly forms a key part of our broader commitment to building a more flexible and sustainable business model going forward.

Building on this strong platform, I am confident that Britvic is well placed to capitalise on the future growth opportunities in the years ahead. While we anticipate conditions to remain challenging, we fully expect that we will make further progress in 2020.”

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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 Joanne Wilson (Chief Financial Officer). The webcast will be available at [www.britvic.com/investors](http://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, London Essence, Teisseire and MiWadi with PepsiCo brands such as Pepsi, 7UP, Arto LIFEWTR and Lipton Ice Tea 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, Pressade and Moulin de Valdonne and in Brazil with Maguary, Bela Ischia 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 FTSE250 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 28 September 2019. ROI take-home market data referred to is supplied by Nielsen and runs to 8 September 2019. French market data is supplied by Nielsen and runs to 8 September 2019.

**Next scheduled announcement**

Britvic will publish its quarter one trading statement on 31 January 2020.

## **Chief Executive Officer's Strategic Review**

Britvic has delivered another strong financial performance, once again proving our resilience in a challenging and uncertain environment. Through the consistent execution of our strategy, our portfolio of fantastic brands and passionate and committed team, we have now delivered six years of continuous adjusted EBIT growth.

In 2019 we have grown revenue by 1.4%\* to £1,545.0m, adjusted EBIT by 4.4%\* to £214.1m, and adjusted EBIT margin by 40bps\*. Since launching the strategy in 2013, we have delivered adjusted earnings per share CAGR of 9.2%, a dividend per share CAGR of 8.5% and total shareholder returns significantly ahead of both the FTSE100 and FTSE250.

Below are the performance headlines against our four strategic pillars:

### **Generate profitable growth in our core markets**

#### **GB**

Against a backdrop of softer consumer demand, we have focused on consistent execution of our commercial plans, which has resulted in increased revenue and brand contribution in both our carbonates and stills brands. The GB soft drinks market (as measured by Nielsen) has continued to grow value at 2.3%, while volume declined 1.3%. As a year-on-year comparison, these figures must be set against the backdrop of exceptional summer weather in 2018. Our well-positioned portfolio benefited from the continued trend toward low and no sugar brands, with Robinsons, R Whites, Tango, Pepsi MAX and 7UP Free all in strong revenue growth.

The new Robinsons brand extensions launched last year have continued to be very successful, with the Cordials range the number one brand in the premium category. The combined retail market value of Creations and Cordials is £32m. Fruit Shoot performance has stabilised this year, gaining market value share, while J2O was in decline, driven by a weaker performance in the on-trade. Robinsons Refresh'd, Lipton Ice Tea and Purdey's all grew strongly.

Pepsi had another very successful year, with revenue growth of over 6% and further gains in market share. The growth was driven by our continued focus on no-sugar Pepsi MAX, including the continued success of the cola Taste Challenge campaign and the introduction of Pepsi MAX Raspberry – the biggest soft drinks launch of 2019. Pepsi MAX is now, by volume, the biggest cola variant in the UK. During the year we also relaunched Tango, with a range of new flavours, a pack redesign and a multimedia marketing campaign. Tango revenue grew by 13%, gained market share and attracted 900k more shoppers – resulting in the brand's highest retail market value in five years. While partially offset by declines in regular 7UP, we are delighted with the performance of 7UP Free, which is now the number one lemon and lime variant in GB.

#### **France**

It has been a challenging year in France, with performance particularly disappointing in the second half of the year, as both the private label and branded business performed below expectations. The introduction of the EGalim law earlier in the year has had a major impact. The law was introduced primarily to rebalance commercial relationships between smaller suppliers and retailers by specifying minimum limits on retailer margins and a maximum on supplier volumes sold on promotion. The consequence of this legislation is a price increase for our branded products, which has adversely impacted our volumes in the grocery channel. In this legislative environment, many companies have found their growth challenged and this has led to further intense competition across our branded portfolio.

We recently announced that we were in exclusive discussions with Refresco over the potential sale of our three juice manufacturing sites in France, our private label juice business and the Fruité brand. The proposed transaction is subject to a consultation process with the relevant employee representatives, which is now underway, and competition clearance by the French Competition Authority. As part of the transaction, Pressade and Fruit Shoot would be supplied by Refresco under a long-term manufacturing agreement. The transaction will not affect the Teisseire and Moulin de Valdonne brands or the private label syrups business, which will continue to be manufactured at the remaining site in Crolles.

The proposed transaction would complete in spring 2020, creating a smaller but higher margin business in France, enabling the local management team to focus on growing our profitable brand portfolio.

#### **Ireland**

2019 was a more challenging year for the Irish business, compared to a strong performance following an exceptionally hot summer in 2018. While MiWadi and Pepsi MAX grew, we lost share overall due to the growth in the energy category, where we have a limited presence, and a softer performance in the water and full sugar carbonates categories. The Counterpoint wholesale business performance reflects a contraction in the on-trade channel, with third-party brands in the beer and cider categories under-performing.

## **Realise global opportunities in kids, family and adult categories**

In Brazil, we have now delivered six consecutive quarters of revenue growth, with signs of improvement in the macroeconomic environment. We lead the liquid concentrates segment in Brazil and continue to take share through the development of our three brands, Maguary, Dafruta and Bela Ischia. Overall, the concentrates category performance has been subdued and we are currently developing new liquids and pack formats to lead its rejuvenation.

Across the portfolio we have launched a range of new pack formats, enabling increased distribution across the different regions of Brazil. Fruit Shoot growth has been accelerated by the introduction of a smaller 150ml pack format, which has increased affordability and enabled distribution gains primarily in the North East region. We have also continued to expand our category presence across a number of new segments. Examples include our coconut water brand, Puro Coco, the Natural Tea range and Maguary Seleccion, a premium grape juice.

In Brazil we buy and process fruit direct from the farm. Once our internal requirements are satisfied, our marketing company “Be Ingredient” sells the remaining processed fruit to business customers around the world. Demand for this business is growing. We also now use our business in Brazil to procure certain fruits on behalf of the group, such as orange and passionfruit.

In the United States, despite the success achieved with increased distribution in Walmart from 2018, we do not believe sufficient momentum has been generated in Fruit Shoot multi-pack to build a sustainably profitable business. As a result, we have taken the decision to exit the multi-pack operation and refocus our resources in the United States on the growth opportunities in our partnership with PepsiCo for Fruit Shoot single serve and with London Essence, our premium mixers and sodas brand.

More broadly internationally, we delivered double-digit revenue growth in Teisseire. This was led by the expansion of the premium Mathieu Teisseire range, targeted at flavouring coffee and alcohol, and the Zero sugar-free range in Grocery in the Netherlands, where revenue increased 37%. The travel and export channel also generated strong growth this year.

## **Continue to step change our business capability**

This year we completed our GB business capability programme, which has transformed our supply chain infrastructure over the last three years. Over this time, we have installed ten new production lines and three new on-site warehouses. We have also invested in the footprint of the supply chain to provide space for further expansion, and standardised the production processes across the sites, to help drive consistency and operational efficiency. During September 2019, the Norwich site closed, as we consolidated production at Rugby, London and Leeds. I would like to take this opportunity to thank all our employees affected by the closure for their commitment to the very end, and I wish them well for the future.

The programme is delivering benefits ahead of previous guidance, with the final cost savings due to be realised in 2020. We will now move into the optimisation phase, focusing on our production and network efficiency through a continuous improvement programme, and on realising the substantial commercial benefits now at our disposal. We are enjoying significantly increased capacity, most notably in cans and 1.5 litre PET, where we have step changed our ability to compete and are taking greatly increased market share as a result. We are also increasingly realising environmental benefits – using less power and less packaging, reducing road miles and utilising more renewable energy.

This programme has been a great achievement by all those involved, and I would like to thank the whole team for their dedication and commitment. Their hard work has left Britvic with an exciting platform for the future.

## **Creating a better tomorrow**

Our ‘Healthier Everyday’ sustainable business programme is at the heart of how we are making a positive difference to both people and planet. During 2019 we transformed our approach to governing our Healthier Everyday strategy, combining our former Sustainable Business Committee with our Non-Financial Reporting Committee to form a new Environment, Social, Governance (ESG) Committee. A fuller description of its role and responsibilities can be found in the creating stakeholder value section of the annual report.

Awareness and concern about climate change continue to increase around the world, with governments responding to citizen pressure and stepping up their carbon reduction commitments. We welcome these steps toward a low carbon economy, and we are proud to have set our own stretching science-based emissions reduction targets to ensure that our carbon strategy reflects the ambition and urgency required to keep the global temperature rise to within 1.5°C.

Clearly there has also been considerable stakeholder focus on the environmental impact associated with non-recycled packaging, especially plastics. Britvic was a founding signatory to the UK Plastics Pact, and we are resolute in our determination to be part of the solution. Nearly 100% of our primary packaging is recyclable, and we encourage consumers to recycle every time they enjoy one of our products. We support the proposed UK Deposit Return Scheme, which will help to create a true circular economy for the recycling of packaging. We have entered into a long-term agreement with Esterform, the largest independent converter of PET in the UK, for the supply of recycled PET, an important milestone in Britvic's sustainable business programme. We are committed to pursuing a sustainable packaging strategy and critical to achieving this is delivering a step-change reduction in the use of virgin PET in our packaging and an increase in the levels of rPET. Under the terms of the agreement, Esterform, will become Britvic's preferred supplier of rPET in Great Britain and Ireland and Britvic will be providing £5m of investment support for the construction of new rPET manufacturing facilities at Esterform's site in Leeds.

We are also committed to Britvic being a truly great place to be for all our employees. In 2019 our global Great Place To Work employee engagement score increased a further 4% to 84%, putting us firmly in the top quartile of global companies. In 2019 we relaunched our global Diversity & Inclusion (D&I) strategy, B-Yourself, and set up a representative steering committee to lead this agenda across the organisation. This year we attained our target of 38% women in leadership roles across our organisation, and we are supported by a range of employee networks to promote every aspect of D&I among our workforce. By way of example, we are proud to have partnered with Stonewall, a leading LGBT+ charity, which works with institutions to create inclusive and accepting cultures, to ensure that they understand and value the huge benefits brought to them by LGBT+ people, and to empower them as advocates and agents of positive change. More broadly, as part of enhancing our total employee experience, we are focusing on creating an emotionally and psychologically healthy environment, where everyone who works for us can be their true selves and feel fully supported at work. We are launching a new total wellbeing framework in 2019 – My Life – to promote good mental and physical health, vitality and wellbeing across our organisation.

## **Outlook**

While the current macro-economic environment remains uncertain, we do expect to make further progress in 2020, through the combination of our geographical presence, strong portfolio of brands and team of committed and passionate employees. Looking further ahead, we will continue to evolve and refresh our strategy to enable us to respond to changes in the outside world, while at the same time taking our corporate responsibilities seriously. Britvic has earned a reputation for being an agile, resilient business that consistently creates value for all its stakeholders. I am confident we will continue to do so in the years ahead.

## **Chief Financial Officer's Review**

### **Overview**

In 2019, group revenue increased by 1.4%\* and adjusted EBIT increased by 4.4%\*, with a solid 40bps\* improvement in adjusted EBIT margin. As a result, adjusted earnings per share increased 6.2%, and the Board has proposed a final dividend of 21.7 pence reflecting the strong financial performance and free cash flow generation. Reported profit after tax declined 30.9% as we included adjusting items of £84.6m. As well as adjusting items related to the BCP, past pension costs and the closure of the Fruit Shoot multi-pack operation in the United States, we have also incurred additional adjusting items in relation to the proposed sale of the juice manufacturing sites in France. These include transaction costs and an impairment charge as we write down the value of the assets held for sale.

Below is an outline of the segmental performance as well as explanatory notes related to items including the taxation charge, interest paid and free cash flow generation.

<b><u>GB carbonates</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual	% change excluding SDIL
Volume (million litres)	1,301.7	1,294.8	0.5%	0.5%
ARP per litre	51.0p	47.2p	8.1%	4.7%
Revenue	663.6	610.6	8.7%	5.2%
Brand contribution	259.0	251.7	2.9%	2.9%
Brand contribution margin	39.0%	41.2%	(220) bps	(90) bps

GB carbonates revenue increased 5.2%, excluding the soft drinks industry levy (SDIL), with ARP growth of 4.7%. This was achieved through pack mix and disciplined revenue management. Volume growth in the second half of the year was strong compared to last year, when carbonates sales were limited by the CO2 shortage. Volume growth from our portfolio of low and no sugar brands, including Tango, Pepsi MAX, 7UP Free and R Whites, more than offset the expected decline in full sugar brands. Brand contribution margin declined 90bps due to a combination of pack mix, a significant increase in advertising and promotion (A&P) spend and cost of goods inflation.

<b><u>GB stills</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual	% change excluding SDIL
Volume (million litres)	355.1	370.1	(4.1%)	(4.1%)
ARP per litre	79.4p	75.8p	4.7%	4.5%
Revenue	281.8	280.7	0.4%	0.4%
Brand contribution	120.5	116.6	3.3%	3.3%
Brand contribution margin	42.8%	41.5%	130 bps	120 bps

GB stills revenue increased 0.4%, led by the Robinsons range, Refresh'd and Lipton Ice Tea. Strong ARP growth of 4.5%, excluding the SDIL, was achieved through disciplined revenue management across the portfolio and the growth of premium variants such as Robinsons Creations and Cordials. Volume declined 4.1% due to a combination of the impact of revenue management and a strong second half performance last year when we switched promotional activity from carbonates to stills in response to the CO2 shortage. Brand contribution and margin benefited from the positive mix, lower A&P spend and strong price realisation.

<b><u>France</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	240.2	263.0	(8.7%)	(8.7%)
ARP per litre	102.0p	102.4p	(0.4%)	(0.5%)
Revenue	244.9	269.2	(9.0%)	(9.2%)
Brand contribution	80.0	81.4	(1.7%)	(1.7%)
Brand contribution margin	32.7%	30.2%	250 bps	250 bps

Revenue declined 9.2%, driven by an 8.7% fall in volume. The revenue decline was in both private label sales, as we continued to focus on managing the profitability of these contracts, and our branded portfolio. Fruit Shoot declined due to a combination of intense price competition and new entrants into the category. The EGalim law, which regulates

both promotional activity and margins, had an adverse impact across the brand portfolio. The decline in brand contribution was partially mitigated by the benefit of raw material savings earlier in the year.

<b><u>Ireland</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate excluding SSDT
Volume (million litres)	211.9	221.3	(4.2%)	(4.2%)
ARP per litre	60.6p	56.3p	7.6%	3.9%
Revenue	175.8	174.0	1.0%	(1.6%)
Brand contribution	52.0	53.5	(2.8%)	(2.9%)
Brand contribution margin	29.6%	30.7%	(110) bps	(40) 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.*

Revenue declined 1.6%, excluding the sugar sweetened drinks tax (SSDT), with volume down 4.2% and ARP increasing 3.9%. The volume decline was in part due to Ballygowan water performance, compared to an exceptionally warm summer last year and changes this year to promotional pricing. MiWadi and Pepsi were in strong growth but were offset by a decline in 7UP and Club full sugar variants. Counterpoint revenue, which includes the sale of third-party alcohol brands, declined compared to last year, reflecting a contraction in the on-trade channel.

<b><u>International</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	49.8	43.8	13.7%	13.7%
ARP per litre	108.6p	111.9p	(2.9%)	(3.1%)
Revenue	54.1	49.0	10.4%	10.2%
Brand contribution	11.3	10.2	10.8%	16.5%
Brand contribution margin	20.9%	20.8%	10 bps	110 bps

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

Revenue increased a robust 10.2% with all sub-channels in growth except Fruit Shoot in the United States where sales of the multi-pack ceased in the final quarter of the year. Revenue excluding United States multi-pack increased 12.7%. ARP declined 3.1% due to channel mix, led by the growth of sales in the Travel & Export channel, which benefitted from new account wins and increased sales to overseas markets. In Benelux, channel growth was led by the Teisseire Zero sugar-free range. A&P spend was modestly down on last year. Brand contribution and margin increased due to the withdrawal from Fruit Shoot multi-pack in the United States and mix.

<b><u>Brazil</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	222.2	210.6	5.5%	5.5%
ARP per litre	56.2p	57.0p	(1.4%)	4.3%
Revenue	124.8	120.1	3.9%	9.9%
Brand contribution	28.3	24.8	14.1%	20.4%
Brand contribution margin	22.7%	20.6%	210 bps	200 bps

Strong revenue growth of 9.9% was achieved through a balance of ARP and volume. The ready to drink portfolio was in strong growth, across the juice, coconut water and tea ranges. In addition, both Fruit Shoot and the Be Ingredient operation, which supplies both Britvic and third-party companies with concentrated juices, also grew compared to last year. Brand contribution and margin were significantly ahead of last year, reflecting the positive product mix and absorbing an increase in A&P spend. Within revenue there was a one-off benefit of approximately £1.1m related to reclaimed federal taxes.

<b><u>Fixed costs – pre-adjusting items</u></b>	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Non-brand A&P	(10.5)	(11.1)	5.4%	5.4%
Fixed supply chain	(108.0)	(110.1)	1.9%	1.8%
Selling costs	(83.0)	(79.5)	(4.4%)	(4.5%)
Overheads and other	(135.5)	(131.3)	(3.2%)	(2.6%)
<b>Total</b>	<b>(337.0)</b>	<b>(332.0)</b>	<b>(1.5%)</b>	<b>(1.3%)</b>
<i>Total A&amp;P investment</i>	<i>(65.9)</i>	<i>(65.6)</i>		
<i>A&amp;P as a % of own brand revenue</i>	<i>4.4%</i>	<i>4.6%</i>		

A&P spend of £65.9m was slightly ahead of last year, with increased spend in Brazil and GB carbonates offset by lower spend in the other segments.

Fixed supply chain costs of £108.0m, were lower than last year primarily due to co-packing costs, which were higher in 2018 due to rebuilding of stocks following the CO2 shortage. Selling costs increased due to additional investment in selling resource and field sales activity. Overheads and other increased 2.6% to £135.5m and include costs related to Brexit planning.

### **Interest**

The adjusted net finance charge\* for the 52-week period for the Group was £19.2m, compared with £19.8m in the prior year. The reduction was due to the impact of maturing debt being refinanced at lower rates. The reported net finance charge was £19.7m (2018: £20.3m).

### **Adjusting items – pre-tax**

In the period, we incurred and have separately disclosed a net charge of £84.6m (2018: £40.4m) of pre-tax adjusting items. These include:

- Strategic restructuring – BCP costs of £33.0m (2018: £40.3m), which include employee costs and asset impairments in respect of the Norwich site closure, as well as other restructuring costs related to the programme and the operating model in GB and Ireland
- Acquisition related amortisation of £10.4m
- A charge in France relating to the revaluation of assets held for sale of £31.2m, and related transaction costs to date of £2.5m
- Costs in relation to the closure of the Fruit Shoot multi-pack operation in the United States of £2.1m
- Pension related costs of £6.2m, including past service costs relating to GMP equalisation of the pension schemes in GB and Northern Ireland;
- A fair value loss of £0.5m and other of £(1.3)m

The cash cost of adjusting items pre-tax in the period was a £31.3m outflow.

### **Taxation**

The adjusted tax charge was £36.8m, which equates to an effective tax rate of 19.9% (2018: 21.6%). This primarily resulted from a change of geographical profit mix and prior period adjustments. The reported net tax charge was £29.4m (2018: £28.7m), which equates to an effective tax rate of 26.7% (2018: 19.7%). The increase relates to an impairment in France which is not tax deductible. A small benefit continues to be reflected due to a reduction in deferred tax liabilities in the UK as a result of lower future UK corporate tax rates. Included within prior year adjustments is £1.8m relating to the release of uncertain tax positions for which the statute of limitation has passed and a deferred tax prior year adjustment of £1.3m relating to deferred tax on fixed assets and loss recognition in the UK and Ireland respectively.

### **Earnings per share (EPS)**

Adjusted basic EPS for the period was 59.8 pence, up 6.2% on the same period last year. Basic EPS for the period was 30.6 pence, compared with 44.4 pence last year.

### **Dividends**



The Board is recommending a final dividend of 21.7 pence per share, an increase of 6.9% on the dividend declared last year, with a total value of £57.3m. The full year dividend is 30.0p, representing a year-on-year increase of 6.4%. The final dividend for 2019 will be paid on 5 February 2020 to shareholders on record as at 6 December 2019. The ex-dividend date is 5 December 2019.

### **Cash flow and net debt**

Adjusted free cash flow was a £116.0m inflow, compared with a £65.0m inflow the previous year. Working capital generated an outflow of £20.2m (2018: £15.5m inflow), primarily due to higher inventory levels. Capital expenditure of £74.8m, (2018: £143.5m) as the transformational business capability programme completed.

Adjusted net debt at 29 September 2019 of £566.1m decreased by £9.4m compared to adjusted net debt\* of £575.5m at 30 September 2018, this has generated adjusted net debt\* leverage of 2.1x (2018: 2.2x).

### **IFRS 16**

IFRS 16, the new financial reporting standard on accounting for leases, was adopted on 30 September 2019 using the 'modified retrospective' transition approach, meaning that comparative financial information at 29 September 2019 will not be restated. Adoption of the standard will have no cash impact, but will change the way assets, liabilities and related income statement balances are presented. The impact on profit before tax and EBIT is not expected to be material.

### **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 position. The Group uses financial instruments to hedge against interest rate and foreign currency exposures.

At 29 September 2019, the Group had £945.0m 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 2033, providing the business with a secure funding platform.

At 29 September 2019, the Group's unadjusted net debt of £634.5m (excluding derivative hedges) consisted of £67.0m drawn under the Group's committed bank facilities, £614.5m of private placement notes, £2.7m of accrued interest and £1.0m of finance leases, offset by net cash and cash equivalents of £49.0m and unamortised loan issue costs of £1.7m. Including 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 £566.2m, which compares with £575.5m at 1 October 2018.

### **Pensions**

At 29 September 2019, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totalling £142.4m and IAS 19 pension deficits in Ireland and France totalling £14.9m (net of asset held for sale pension deficit in France of £1.3m), resulting in a net pension surplus of £127.5m (1 October 2018: net surplus of £86.9m). 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 £20m. 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 was closed to new members on 28 February 2006 and future accrual from 31 December 2018, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan.

Following completion of the 31 March 2016 GB plan actuarial valuation, agreement has been made with the Plan 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 plans have an investment strategy journey plan to manage the risks as the funding position improves. The GB pension plan mainly has credit-type investments and the Trustees have developed proposals to manage the investment risks.

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the vast majority of UK-based defined benefit schemes will

need to recalculate member benefits. The impact of the GMP equalisation is £6.0m which has been recognised as a past service cost as part of adjusting items in the current period.

### **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 in the annual report.

## **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. The measure is presented on a constant currency basis. In GB and Ireland this excludes the Soft Drinks Industry Levy (SDIL) and Sugar Sweetened Soft Drinks Tax (SSDT).

**Adjusted profit after tax** is a non-GAAP measure and is defined as profit after tax before adjusting items.

**Adjusted profit before tax and acquisition related amortisation** is a non-GAAP measure and is defined as profit before tax before and 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 263.7m (2017: 263.0m).

**LEC** is the London Essence Company. These are a range of premium tonics and sodas produced by incubator company WiseHead Productions

**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.

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

**Revenue management** 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 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 is not limited to, agency fees, research and production costs.

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

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

**Sugar Sweetened Soft Drinks Tax (SSDT)** is a levy applied on soft drinks manufacturers in the Republic of Ireland.

**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.

**CAGR** is compound annual growth rate.

# CONSOLIDATED INCOME STATEMENT

	Note	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Revenue	3	1,545.0	1,503.6
Cost of sales		(734.0)	(702.0)
<b>Gross profit</b>		<b>811.0</b>	<b>801.6</b>
Selling and distribution costs		(393.7)	(400.8)
Administration expenses		(256.1)	(246.2)
Other income		–	11.5
Assets held for sale – impairment charge		(31.2)	–
<b>Operating profit</b>		<b>130.0</b>	<b>166.1</b>
Finance income		1.0	1.0
Finance costs		(20.7)	(21.3)
<b>Profit before tax</b>		<b>110.3</b>	<b>145.8</b>
Taxation	4	(29.4)	(28.7)
<b>Profit for the period attributable to the equity shareholders</b>		<b>80.9</b>	<b>117.1</b>
<b>Earnings per share</b>			
Basic earnings per share	5	30.6p	44.4p
Diluted earnings per share	5	30.3p	44.1p

All activities relate to continuing operations.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
<b>Profit for the period attributable to the equity shareholders</b>	<b>80.9</b>	<b>117.1</b>
<b>Other comprehensive income/(expense):</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement gains on defined benefit pension schemes	22.1	33.3
Current tax on additional pension contributions	0.2	–
Deferred tax on defined benefit pension schemes	(4.2)	(5.5)
Deferred tax on other temporary differences	0.2	–
	<b>18.3</b>	<b>27.8</b>
<b>Items that may be subsequently reclassified to profit or loss</b>		
Losses in the period in respect of cash flow hedges	(18.7)	(2.6)
Amounts recycled to the income statement in respect of cash flow hedges	26.2	(0.4)
Current tax on cashflow hedges accounted for in the hedging reserve	(0.2)	–
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	(1.3)	0.5
Exchange differences on translation of foreign operations	0.7	(35.1)
Tax on exchange differences accounted for in the translation reserve	(0.2)	–
	<b>6.5</b>	<b>(37.6)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>24.8</b>	<b>(9.8)</b>
<b>Total comprehensive income for the period attributable to the equity shareholders</b>	<b>105.7</b>	<b>107.3</b>

# CONSOLIDATED BALANCE SHEET

	Note	29 September 2019 £m	30 September 2018 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	494.0	519.8
Intangible assets	7	427.8	439.5
Other receivables		6.5	7.7
Derivative financial instruments	12	39.5	40.5
Deferred tax asset		5.6	5.6
Pension asset	11	142.4	96.3
		<b>1,115.8</b>	<b>1,109.4</b>
<b>Current assets</b>			
Inventories		141.0	144.5
Trade and other receivables		358.0	356.8
Current income tax receivables		1.4	2.3
Derivative financial instruments	12	29.9	37.9
Cash and cash equivalents		49.0	109.5
		<b>579.3</b>	<b>651.0</b>
Assets held for sale		42.1	–
		<b>621.4</b>	<b>651.0</b>
<b>Total assets</b>		<b>1,737.2</b>	<b>1,760.4</b>
<b>Current liabilities</b>			
Trade and other payables		(412.4)	(424.3)
Contract liabilities – rebate accruals		(98.7)	(97.4)
Interest bearing loans and borrowings	10	(166.3)	(171.4)
Derivative financial instruments	12	(0.7)	(0.7)
Current income tax payable		(4.6)	(2.2)
Provisions		(4.1)	(2.6)
Other current liabilities		(2.5)	(0.2)
		<b>(689.3)</b>	<b>(698.8)</b>
Liabilities held for sale		<b>(28.4)</b>	<b>–</b>
		<b>(717.7)</b>	<b>(698.8)</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	10	(517.2)	(597.7)
Deferred tax liabilities		(69.0)	(62.5)
Pension liability	11	(14.9)	(9.4)
Derivative financial instruments	12	(3.1)	(4.2)
Provisions		(3.2)	(7.4)
Other non-current liabilities		(0.1)	(3.1)
		<b>(607.5)</b>	<b>(684.3)</b>

<b>Total liabilities</b>		<b>(1,325.2)</b>	<b>(1,383.1)</b>
<b>Net assets</b>		<b>412.0</b>	<b>377.3</b>
<b>Capital and reserves</b>			
Issued share capital	8	53.1	52.9
Share premium account		145.5	139.1
Own shares reserve		(10.3)	(5.4)
Other reserves	9	99.4	92.9
Retained earnings		124.3	97.8
<b>Total equity</b>		<b>412.0</b>	<b>377.3</b>

The financial statements were approved by the board of directors and authorised for issue on 26 November 2019. They were signed on its behalf by:

Simon Litherland

Joanne Wilson

# CONSOLIDATED STATEMENT OF CASH FLOWS

		52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
	Note		
<b>Cash flows from operating activities</b>			
Profit before tax		110.3	145.8
Net finance costs		19.7	20.3
Other financial instruments		—	0.6
Impairment of property, plant and equipment	7	—	4.8
Reversal of impairment of property, plant and equipment		(3.8)	—
Impairment of assets held for sale		31.2	—
Reversal of impairment of intangible assets	7	—	(11.5)
Depreciation		51.7	48.5
Amortisation		18.5	18.4
Share based payments		11.3	5.6
Net pension charge less contributions		(16.4)	(22.1)
Increase in inventory		(7.8)	(3.3)
(Increase)/decrease in trade and other receivables		(20.7)	(44.9)
Increase in trade, other payables and contract liabilities		4.5	66.4
Increase/(decrease) in provisions		(1.6)	4.5
Loss on disposal of property, plant and equipment and intangible assets		11.9	4.5
Income tax paid		(23.7)	(30.8)
<b>Net cash flows from operating activities</b>		<b>185.1</b>	<b>206.8</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		0.3	—
Purchases of property, plant and equipment		(67.4)	(136.3)
Purchases of intangible assets		(7.4)	(7.3)
Interest received		0.9	0.9
Acquisition of subsidiaries, net of cash acquired		—	(38.4)
<b>Net cash flows used in investing activities</b>		<b>(73.6)</b>	<b>(181.1)</b>
<b>Cash flows from financing activities</b>			
Interest paid, net of derivative financial instruments		(21.0)	(22.0)
Net movement on revolving credit facility	10	8.7	35.3
Other loans repaid	10	(0.3)	(0.7)
Repayment on finance leases	10	(0.9)	(1.1)
Partial repayment of private placement notes	10	(77.0)	(54.9)
Drawdown of 2018/2017 private placement notes	10	—	120.3
Issue costs paid	10	—	(0.4)
Issue of shares relating to incentive schemes for employees		2.2	1.0
Purchase of own shares		(8.4)	(3.1)
Dividends paid to equity shareholders		(75.6)	(71.7)
<b>Net cash flows used in financing activities</b>		<b>(172.3)</b>	<b>2.7</b>
Net increase/(decrease) in cash and cash equivalents		(60.8)	28.4
Cash and cash equivalents at beginning of period		109.5	82.5
Exchange rate differences		0.3	(1.4)
<b>Cash and cash equivalents at the end of the period</b>		<b>49.0</b>	<b>109.5</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves (note 9) £m	Retained earnings/ (losses) £m	Total £m
<b>At 1 October 2017 (audited)</b>	<b>52.8</b>	<b>133.9</b>	<b>(3.7)</b>	<b>130.5</b>	<b>25.8</b>	<b>339.3</b>
Profit for the period	–	–	–	–	117.1	117.1
Other comprehensive (expense)/income	–	–	–	(37.6)	27.8	(9.8)
<b>Total comprehensive (expense)/income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(37.6)</b>	<b>144.9</b>	<b>107.3</b>
Issue of shares relating to incentive schemes for employees	0.1	5.2	(4.4)	–	–	0.9
Own shares purchased for share schemes	–	–	(5.2)	–	–	(5.2)
Own shares utilised for share schemes	–	–	7.9	–	(7.1)	0.8
Movement in share based schemes	–	–	–	–	5.5	5.5
Current tax on share based payments	–	–	–	–	0.4	0.4
Payment of dividend	–	–	–	–	(71.7)	(71.7)
<b>At 30 September 2018 (audited)</b>	<b>52.9</b>	<b>139.1</b>	<b>(5.4)</b>	<b>92.9</b>	<b>97.8</b>	<b>377.3</b>
Profit for the period	–	–	–	–	80.9	80.9
Other comprehensive (expense)/income	–	–	–	6.5	18.3	24.8
<b>Total comprehensive (expense)/income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6.5</b>	<b>99.2</b>	<b>105.7</b>
Issue of shares relating to incentive schemes for employees	0.2	6.4	(4.3)	–	–	2.3
Own shares purchased for share schemes	–	–	(9.0)	–	–	(9.0)
Own shares utilised for share schemes	–	–	8.4	–	(7.5)	0.9
Movement in share based schemes	–	–	–	–	9.4	9.4
Current tax on share based payments	–	–	–	–	0.3	0.3
Deferred tax on share based payments	–	–	–	–	0.7	0.7
Payment of dividend	–	–	–	–	(75.6)	(75.6)
<b>At 29 September 2019 (audited)</b>	<b>53.1</b>	<b>145.5</b>	<b>(10.3)</b>	<b>99.4</b>	<b>124.3</b>	<b>412.0</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

The preliminary consolidated financial information was approved by the board on 27 November 2019.

The preliminary consolidated financial information for the 52 week period ended 29 September 2019, has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The preliminary consolidated financial information does not constitute statutory consolidated financial statements as defined by section 434 of the Companies Act 2006.

The annual report and group financial statements for the 52 week period ended 29 September 2019 were approved by the board on 27 November 2019. The report of the auditor on those group financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The annual report and group financial statements for 2019 will be filed with the Registrar of Companies in due course.

The annual report and group financial statements for the 52 week period ended 30 September 2018 were approved by the board on 28 November 2018. The report of the auditor on those group financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The directors consider that the group has, at the time of approving the group financial statements, adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the preliminary consolidated information.

## 2. Accounting policies

The accounting policies are consistent with those described in the annual report and group financial statements 2018, with the exception of the adoption of IFRS 9 – Financial Instruments.

### Initial adoption of IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard introduces new requirements in three areas:

- Classification and measurement: Financial assets are now classified based on the objective of the Group in holding the asset and the contractual cash flows
- Impairment: A new expected credit loss model is used for calculating impairment on financial assets. A loss event does not have to occur before credit losses are recognised
- Hedge accounting: New general hedge accounting requirements allow hedge accounting based on the Group's risk management policies rather than only prescribed scenarios. There is currently an option to defer the transition of hedge accounting under IFRS 9.

On 1 October 2018, the group adopted IFRS 9 'Financial Instruments', which replaced IAS 39 'Financial Instruments: Recognition and Measurement'. As there was no material impact from the adoption of this standard, the Group has not restated the comparative information relating to prior years.

Financial assets principally relate to trade and other receivables, which are initially measured at the transaction price as determined under IFRS 15. These are then subsequently measured at amortised costs, as are prepayments and accrued income. The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group, as the Group continued measuring all financial assets previously held at fair value under IAS 39 at fair value. The adoption of IFRS 9 has had no impact on the Group's accounting for impairment losses for financial assets, as the replacement of IAS 39's incurred loss approach with the forward-looking expected credit loss (ECL) approach had no net impact.

Financial liabilities principally relate to trade and other payables, bank loans, accruals and deferred income. Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The Group's financial liabilities are measured at fair value, with the bank loans being net of attributable transaction costs.

### IFRS 9 Impairment:

The IFRS 9 impairment model is applicable to the Group's financial assets including trade receivables and other receivables. As the majority of the relevant balances are trade receivables to which the simplified model applies, this disclosure focuses on these balances.

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision for credit losses for trade receivables is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. This is determined by a number of factors including; the nature of the customer, the payment method selected and where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default.

Sensitivity to changes in assumptions:

The most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the group reviews and updates default rates, by customer group, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant. The Group also considers regulatory changes and customer segment specific factors that may have an impact, now or in the future, on recoverability of the balance. While forward-looking information is usually considered to be immaterial, the exception to this could be the forecast occurrence of a significant one-off event. The Group does not believe that Brexit will have a material impact on the outstanding receivables balance.

Hedge accounting: The group has decided to continue to account for hedging relationships under IAS 39 'Financial instruments: recognition and measurement' and will review when to adopt the hedge accounting for IFRS 9 at a future date. On adoption there is not expected to be any material change in hedge accounting for the group.

#### **New standards not applied**

The group has not applied the following IFRSs, which may be applicable to the group, that have been issued (although in some cases not yet adopted by the EU) but are not yet effective:

- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts
- IFRIC 23 – Uncertainty over income tax treatments

#### **IFRS 17 – Insurance Contracts**

The Group does not expect IFRS 17 to have a material impact on the financial statements.

#### **IFRS 16 – Leases**

IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019 and will replace IAS 17 'Leases'. It will eliminate the classification of leases as either operating leases or finance leases for the lessee and, instead, introduce a single lessee accounting model. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

In summary, IFRS 16 seeks to align the presentation of leased assets more closely to owned assets. In doing so, a right of use asset and lease liability are brought on to the balance sheet, with the lease liability recognised at the present value of future lease payments. The Group intends to adopt the new standard as of 30 September 2019 and will apply the modified retrospective transition approach and will not restate comparative amounts.

The Group will use the exemptions allowed by the standard and will not recognise a right of use an asset and a lease liability for those lease contracts for which the lease terms ends within 12 months from the date of initial application and for those lease contracts for which the underlying assets is low value.

From an income statement perspective, the IAS 17 operating lease charge is replaced by depreciation and interest. IFRS 16 therefore results in an immaterial impact to operating profit, which is reported prior to interest being deducted. Whilst depreciation reduces on a straight-line basis, interest is charged on outstanding lease liabilities and therefore for any given lease, interest is higher in the earlier years and decreases over time. As a result, the impact on the income statement below operating profit is highly dependent on average lease maturity.

The headline impacts of IFRS 16 can be summarised as follows:

- Operating lease rental charges for those leases accounted for under IFRS 16 are replaced by depreciation and finance costs. The impact on profit before tax and operating profit is not expected to be material.
- The Group Balance Sheet will recognise a lease liability in the region of £45m-£50m and a right of use an asset of in the region of £45m-£50m as of 30 September 2019.

## IFRIC 23 Uncertainty over income tax treatments

The new standard came into effect on or after 1 January 2019. The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes. The Group is currently assessing the impact of IFRIC 23. The standard is effective for the Group for the period commencing 30 September 2019.

## 3. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the company.

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 – Republic of Ireland and 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.

52 weeks ended 29 September 2019	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Brazil £m	Total £m
<b>Revenue from external customers</b>	281.8	663.6	<b>945.4</b>	175.8	244.9	54.1	124.8	<b>1,545.0</b>
<b>Brand contribution</b>	120.5	259.0	<b>379.5</b>	52.0	80.0	11.3	28.3	<b>551.1</b>
Non-brand advertising & promotion*								(10.5)
Fixed supply chain**								(108.0)
Selling costs**								(83.0)
Overheads and other costs*								(135.5)
<b>Adjusted operating profit</b>								<b>214.1</b>
Finance costs								(19.2)
Adjusting items***								(84.6)
<b>Profit before tax</b>								<b>110.3</b>

\* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation.

\*\* Included within 'selling and distribution costs' in the consolidated income statement.

\*\*\* See Non-GAAP reconciliations for further details on adjusting items.

52 weeks ended 30 September 2018	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Brazil £m	Total £m
<b>Revenue from external customers</b>	280.7	610.6	<b>891.3</b>	174.0	269.2	49.0	120.1	<b>1,503.6</b>
<b>Brand contribution</b>	116.6	251.7	<b>368.3</b>	57.1	81.4	10.2	24.8	<b>541.8</b>
Non-brand advertising & promotion*								(11.2)
Fixed supply chain**								(113.7)
Selling costs**								(79.5)
Overheads and other costs*								(131.4)

<b>Adjusted operating profit</b>	<b>206.0</b>
Finance costs	(19.8)
Adjusting items***	(40.4)
<b>Profit before tax</b>	<b>145.8</b>

\* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation.

\*\* Included within 'selling and distribution costs' in the consolidated income statement.

\*\*\* See Non-GAAP reconciliations for further details on adjusting items.

#### 4. Taxation

	2019 £m	2018 £m
<b>Income statement</b>		
<b>Current income tax</b>		
Current income tax charge	(28.4)	(23.0)
Amounts over/(under) provided in previous years	0.9	0.4
<b>Total current income tax charge</b>	<b>(27.5)</b>	<b>(22.6)</b>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(3.2)	(6.1)
Amounts over provided in previous years	1.3	–
<b>Total deferred tax charge</b>	<b>(1.9)</b>	<b>(6.1)</b>
<b>Total tax charge in the income statement</b>	<b>(29.4)</b>	<b>(28.7)</b>

#### 5. 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 outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary 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 would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2019 £m	2018 £m
<b>Basic earnings per share</b>		
Profit for the period attributable to equity shareholders	80.9	117.1
Weighted average number of ordinary shares in issue for basic earnings per share	264.5	263.7
<b>Basic earnings per share</b>	<b>30.6p</b>	44.4p
<b>Diluted earnings per share</b>		
Profit for the period attributable to equity shareholders	80.9	117.1
Effect of dilutive potential ordinary shares – share schemes	2.4	1.7
Weighted average number of ordinary shares in issue for diluted earnings per share	266.9	265.4
<b>Diluted earnings per share</b>	<b>30.3p</b>	44.1p

The group has granted share options to employees which have the potential to dilute basic EPS in the future which have not been included in the calculation of diluted EPS as they are antidilutive for the periods presented.

## 6. Dividends paid and proposed

	2019 £m	2018 £m
<b>Declared and paid during the period</b>		
Equity dividends on ordinary shares		
Final dividend for 2018: 20.3p per share (2017: 19.3p per share)	53.6	50.8
Interim dividend for 2019: 8.3p per share (2018: 7.9p per share)	22.0	20.9
<b>Dividends paid</b>	<b>75.6</b>	<b>71.7</b>
<i>Proposed</i>		
<b>Final dividend for 2019: 21.7p per share (2018: 20.3p per share)</b>	<b>57.6</b>	<b>53.7</b>

## 7. Property, plant and equipment and intangible assets

During the 52 weeks ended 29 September 2019, the group purchased property, plant and equipment with a cost of £68.9m (52 weeks ended 30 September 2018: £122.9m) and intangible assets with a cost of £7.6m (52 weeks ended 30 September 2018: £7.8m).

Property plant and equipment worth a net book value of £11.9m was disposed of by the group during the 52 weeks ended 29 September 2019 (52 weeks ended 30 September 2018 £4.5m) resulting in a loss on disposal of £11.6m (52 weeks ended 30 September 2018 loss on disposal of £4.5m) and as part of the business capability programme an impairment of £nil (52 weeks ended 30 September 2018 £4.8m) has been recognised on land and buildings.

Reversal of impairments of brand intangibles resulted in a gain of £nil during the 52 weeks ended 29 September 2019 (52 weeks ended 30 September 2018 £11.5m). There were brand impairments of £nil recognised during the 52 weeks ended 29 September 2019 (52 weeks ended 30 September 2018 £nil).

## 8. Share capital

	No. of shares	Value £
<b>Issued, called up and fully paid ordinary shares</b>		
<b>At 1 October 2017</b>	<b>263,797,000</b>	<b>52,759,400</b>
Shares issued relating to incentive schemes for employees	809,911	161,982
<b>At 30 September 2018</b>	<b>264,606,911</b>	<b>52,921,382</b>
Shares issued relating to incentive schemes for employees	903,826	180,765
<b>At 29 September 2019</b>	<b>265,510,737</b>	<b>53,102,147</b>

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.

Of the issued and fully paid ordinary shares, 1,180,721 shares (2018: 724,335 shares) are own shares held by an employee benefit trust. This equates to £236,144 (2018: £144,867) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes.

## 9. Other reserves

	Hedging reserve £m	Translation reserve £m	Capital reserve £m	Merger reserve £m	Total £m
<b>At 1 October 2017</b>	<b>(4.7)</b>	<b>47.9</b>	<b>–</b>	<b>87.3</b>	<b>130.5</b>
Losses in the period in respect of cash flow hedges	(2.6)	–	–	–	(2.6)
Amounts recycled to the income statement					
in respect of cash flow hedges	(0.4)	–	–	–	(0.4)
Deferred tax in respect of cash flow hedges	0.5	–	–	–	0.5
Exchange differences on translation of foreign operations	–	(35.1)	–	–	(35.1)
<b>At 30 September 2018</b>	<b>(7.2)</b>	<b>12.8</b>	<b>–</b>	<b>87.3</b>	<b>92.9</b>
Losses in the period in respect of cash flow hedges	(18.7)	–	–	–	(18.7)
Amounts recycled to the income statement					
in respect of cash flow hedges	26.2	–	–	–	26.2
Deferred tax in respect of cash flow hedges	(1.3)	–	–	–	(1.3)
Current tax on cashflow hedges booked to the hedging reserve	(0.2)	–	–	–	(0.2)
Exchange differences on translation of foreign operations	–	0.7	–	–	0.7
Tax on exchange differences accounted for in the translation reserve	–	(0.2)	–	–	(0.2)
<b>At 29 September 2019</b>	<b>(1.2)</b>	<b>13.3</b>	<b>–</b>	<b>87.3</b>	<b>99.4</b>

### Share premium account

The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

### Own shares reserve

The own shares reserve is used to record purchases and issues by the group of its own shares, which will be distributed to employees as and when share awards made under the Britvic employee share plans vest.

### 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.

## 10. Interest bearing loans and borrowings

	2019 £m	2018 £m
Current		
Finance leases	(0.7)	(0.7)
Bank loans	(66.9)	(58.4)
Private placement notes	(99.2)	(112.9)
Less: unamortised issue costs	0.5	0.6
<b>Total current</b>	<b>(166.3)</b>	<b>(171.4)</b>



	2019 £m	2018 £m
Non-current		
Finance leases	(0.3)	(0.9)
Bank loans	(0.1)	(0.1)
Private placement notes	(518.0)	(598.0)
Less: unamortised issue costs	1.2	1.3
<b>Total non-current</b>	<b>(517.2)</b>	<b>(597.7)</b>
<b>Total interest bearing loans and borrowings</b>	<b>(683.5)</b>	<b>(769.1)</b>

**Total interest bearing loans and borrowings comprise the following:**

	2019 £m	2018 £m
Finance leases	(1.0)	(1.6)
2007 Notes	–	(109.6)
2009 Notes	(96.5)	(91.3)
2010 Notes	(94.7)	(88.6)
2014 Notes	(127.7)	(122.5)
2017 Notes	(175.0)	(175.0)
2018 Notes	(120.6)	(120.6)
Accrued interest	(2.7)	(3.3)
Bank loans	(67.0)	(58.5)
Capitalised issue costs	1.7	1.9
	<b>(683.5)</b>	<b>(769.1)</b>

**Analysis of changes in interest-bearing loans and borrowings**

	2019 £m	2018 £m
<b>At the beginning of the period</b>	<b>(769.1)</b>	<b>(672.4)</b>
Net movement on revolving credit facility	(8.7)	(35.3)
Other loans repaid	0.3	0.7
Partial repayment of private placement notes	77.0	54.9
Drawdown of 2018/2017 private placement notes	–	(120.3)
Issue costs	–	0.4
Repayment of finance leases	0.9	1.1
Amortisation of issue costs and write off of financing fees	(0.3)	(0.6)
Net translation gain/(loss) and fair value adjustment	15.8	2.7
Accrued interest	0.6	(0.3)
<b>At the end of the period</b>	<b>(683.5)</b>	<b>(769.1)</b>
Derivatives hedging balance sheet debt*	68.3	84.1
<b>Debt translated at contracted rate</b>	<b>(615.2)</b>	<b>(685.0)</b>

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

## 11. Pensions

## Net asset/(liability) by scheme

	2019				
	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(779.7)	(106.0)	(35.3)	(5.0)	(926.0)
Fair value of plan assets	906.7	94.8	50.7	–	1,052.2
Transfer to assets held for sale (note 31)	–	–	–	1.3	1.3
Net asset/(liability)	<b>127.0</b>	<b>(11.2)</b>	<b>15.4</b>	<b>(3.7)</b>	<b>127.5</b>

  

	2018				
	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(658.2)	(87.6)	(30.2)	(4.0)	(780.0)
Fair value of plan assets	739.2	82.2	45.5	–	866.9
Net asset/(liability)	<b>81.0</b>	<b>(5.4)</b>	<b>15.3</b>	<b>(4.0)</b>	<b>86.9</b>

### GB Schemes

The group's principal pension scheme for GB employees, the Britvic Pension Plan ('BPP') has both a final salary defined benefit section and defined contribution section. The defined benefit section was closed to new members from 1 August 2002 and closed to future accrual for active members from 1 April 2011, with active members moving to the defined contribution section for future service benefits.

### Republic of Ireland scheme

The Britvic Ireland Pension Plan ('BIPP') is a defined benefit pension plan. The scheme remains open to future accrual for current members.

### Northern Ireland scheme

The Britvic Northern Ireland Pension Plan ('BNIPP') is a defined benefit pension plan which was closed to new members on 28 February 2006. The scheme remains open to future accrual for current members though the group are currently consulting with members and trustees on closing the scheme for future accruals.

### France schemes

Britvic France operates two defined benefit schemes: in the first, employees receive long-service cash payments at various stages throughout their careers. For the second, employees receive a lump sum at retirement. Payment amounts are dependent upon salary and service with the company. The schemes are unfunded therefore these benefits are paid directly as they fall due.

All group pension schemes are administered by trustees who are independent of the group's finances, except for the Britvic France schemes which are operated directly by the company.

## 12. Derivatives and hedge relationships

As at 29 September 2019 the group had entered into the following derivative contracts.

	2019 £m	2018 £m
<b>Consolidated balance sheet</b>		
<b>Non-current assets: derivative financial instruments</b>		
Fair value of the USD GBP cross currency fixed interest rate swaps <sup>1</sup>	30.1	15.2
Fair value of the USD GBP cross currency floating interest rate swaps <sup>3</sup>	9.3	25.1
Fair value of forward currency contracts	0.1	0.2
	<b>39.5</b>	<b>40.5</b>
<b>Current assets: derivative financial instruments</b>		
Fair value of the USD GBP cross currency fixed interest rate swaps <sup>1</sup>	0.6	33.0
Fair value of the USD GBP cross currency floating interest rate swaps <sup>3</sup>	26.9	2.9

Fair value of the GBP euro cross currency floating interest rate swaps <sup>2</sup>	0.3	0.4
Fair value of forward currency contracts <sup>1</sup>	2.1	1.6
	<b>29.9</b>	<b>37.9</b>

**Current liabilities: derivative financial instruments**

Fair value of forward currency contracts <sup>1</sup>	(0.4)	(0.4)
Fair value of forward currency contracts	(0.2)	(0.3)
Fair value of the GBP euro cross currency floating interest rate swaps <sup>2</sup>	(0.1)	–
	<b>(0.7)</b>	<b>(0.7)</b>

**Non-current liabilities: derivative financial instruments**

Fair value of the GBP euro cross currency fixed interest rate swaps <sup>2</sup>	(3.1)	(4.1)
Fair value of forward currency contracts <sup>1</sup>	–	(0.1)
	<b>(3.1)</b>	<b>(4.2)</b>

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.

### 13. Assets held for sale

On 12 November we announced the decision of the board of directors to enter into exclusive discussions with Refresco over the potential sale by Britvic of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. The proposed sale is subject to a consultation process with the relevant employee representatives, which has now been initiated, and also subject to competition clearance by the French Competition Authority.

In accordance with IFRS 5 the major classes of assets and liabilities classified as held for sale as at 29 September 2019 are as follows:

	2019 £m
<b>Assets</b>	
Intangible assets	4.7
Property, plant & equipment	33.7
Inventories	11.7
Trade & other receivables	23.2
<b>Total assets held for sale</b>	<b>73.3</b>
Impairment charge	(31.2)
<b>Assets held for sale</b>	<b>42.1</b>
<b>Liabilities</b>	
Trade and other payables	26.4
Pension liability (note 11)	1.3
Deferred tax liability	0.7
Liabilities directly associated with disposal group	28.4
<b>Net assets directly associated with disposal group</b>	<b>13.7</b>

### 14. Post balance sheet events

There are no post balance sheet events, other than the potential sale described in note 13.

## NON-GAAP RECONCILIATIONS

### Adjusting items

The group includes adjusting items, which are income and expenses included in the financial statements that are disclosed separately because of their size, nature or infrequency to 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.

These items primarily relate to material projects such as the Business Capability Programme which included supply chain and back office transformation, and one-off items that are not considered part of business operations such as the pension revaluation charge that followed the Guaranteed Minimum Pension equalisation ruling in 2018. In addition, acquisition related costs such as amortisation of acquired intangibles and the impairment of assets held for sale as part of a disposal are also considered adjusting items.

Adjusted KPIs are used to measure the underlying profitability of the group and enable comparison of performance against peers. They are also used in the calculation of short and long term reward schemes.

Adjusting items include 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.

	Notes	52-week period ended 29 September 2019 £m	52-week period ended 30 September 2018 £m
Strategic restructuring – business capability programme	(a)	(33.0)	(40.3)
Reversal of impairments of trademarks	(b)	–	11.5
Costs in relation to the acquisition and integration of subsidiaries	(c)	1.3	–
Strategic M&A activity	(d)	(2.5)	–
Closure of Fruit Shoot multi-pack operations in USA	(h)	(2.1)	–
Impairment of assets held for sale	(d)	(31.2)	–
Pension scheme costs	(e)	(6.2)	–
Fair value movements	(f)	–	(0.1)
Acquisition related amortisation	(g)	(10.4)	(11.0)
<b>Total included in operating profit</b>		<b>(84.1)</b>	<b>(39.9)</b>
Fair value movements	(f)	(0.5)	(0.5)
<b>Total included in finance costs</b>		<b>(0.5)</b>	<b>(0.5)</b>
Tax on adjusting items included in profit before tax		<b>7.4</b>	<b>6.9</b>
Impact of change on France tax rate on deferred tax relating to acquisition fair value adjustments		–	2.2
<b>Total included in taxation</b>		<b>7.4</b>	<b>9.1</b>
<b>Net adjusting items</b>		<b>(77.2)</b>	<b>(31.3)</b>

- a. Strategic restructuring – business capability programme relates to a restructuring of supply chain and operating model in Britvic GB, Ireland, France and Brazil including the closure of the Norwich site. Primarily these costs relate to employee costs and dual running supply chain costs.
- b. Reversal of impairments of trademarks – In the prior year this relates to a reversal of impairment in the Ballygowan trademark.
- c. Costs primarily relating to the acquisition and integration of Bela Ischia Alimentos Ltda (Bela Ischia) offset by the release of provisions for Empresa Brasileira de Bebidas e Alimentos SA (Ebba).
- d. Part of the French business has been designated as held for sale, the fair value calculation has resulted in an impairment charge. In accordance with IFRS 5 these are then remeasured at the lower of book value and net realisable value (less costs to sell).
- e. Pension scheme costs relate to past service cost as recognised at half year relating to the equalisation of Guaranteed Minimum Pension (GMP) in GB & Northern Ireland pension schemes and pension advisory costs.
- f. 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.
- g. Acquisition related amortisation – relates to the amortisation of intangibles recognised on the acquisitions in Ireland, France and Brazil.
- h. Costs primarily relating to asset write-offs and employee costs.

## Adjusted profit

	52-week period ended 29 September 2019 £m	52-week period ended 30 September 2018 £m
Operating profit as reported	130.0	166.1
Add back adjusting items in operating profit	84.1	39.9
<b>Adjusted EBIT</b>	<b>214.1</b>	<b>206.0</b>
Net finance costs	(19.7)	(20.3)
Add back adjusting net finance costs	0.5	0.5
<b>Adjusted profit before tax and acquisition related amortisation</b>	<b>194.9</b>	<b>186.2</b>
Acquisition related amortisation	(10.4)	(11.0)
<b>Adjusted profit before tax</b>	<b>184.5</b>	<b>175.2</b>
Taxation	(29.4)	(28.7)
Less adjusting tax credit	(7.4)	(9.1)
<b>Adjusted profit after tax</b>	<b>147.7</b>	<b>137.4</b>
<b>Adjusted effective tax rate</b>	<b>19.9%</b>	<b>21.6%</b>

## Earnings per share

	2019 £m	2018 £m
<b>Adjusted basic earnings per share</b>		
Profit for the period attributable to equity shareholders	80.9	117.1
Add: Net impact of adjusting items	77.2	31.3
	158.1	148.4
Weighted average number of ordinary shares in issue for basic earnings per share	264.5	263.7
<b>Adjusted basic earnings per share</b>	<b>59.8p</b>	<b>56.3p</b>
<b>Adjusted diluted earnings per share</b>		
Profit for the period attributable to equity shareholders before adjusting items and acquisition related intangible assets amortisation	158.1	148.4
Weighted average number of ordinary shares in issue for diluted earnings per share	266.9	265.4
<b>Adjusted diluted earnings per share</b>	<b>59.2p</b>	<b>55.9p</b>

## Constant currency movements, excluding the Soft Drinks Levy

	Revenue £m	Adjusted EBIT £m
<b>2018</b>		
52-week period ended 30 September 2018 as reported	1,503.6	206.0
Soft Drinks Levy	(33.2)	–
Adjustment for FX	(5.7)	(1.0)
<b>2018 at constant currency, excluding sugar tax</b>	<b>1,464.7</b>	<b>205.0</b>
<b>2019</b>		
52-week period ended 29 September 2019 as reported	1,545.0	214.1
Soft Drinks Levy	(60.3)	–
<b>2019 excluding sugar tax</b>	<b>1,484.7</b>	<b>214.1</b>

**Adjusted free cash flow**

	52-week period ended 29 September 2019 £m	52-week period ended 30 September 2018 £m
<b>Adjusted EBIT</b>	<b>214.1</b>	<b>206.0</b>
Depreciation	45.7	44.8
Amortisation (non-acquisition related)	8.0	7.4
Adjusted loss on disposal of PPE	2.3	1.4
<b>Adjusted EBITDA</b>	<b>270.1</b>	<b>259.6</b>
Adjusted working capital movements	(20.2)	15.5
Purchases of intangible and tangible assets	(74.8)	(143.5)
Net pension charge less contributions	(22.3)	(22.1)
Net Interest and finance costs	(19.1)	(19.0)
Adjusted income tax paid	(23.7)	(28.1)
Share based payments	11.3	5.6
Issue of shares	2.2	1.0
Purchase of own shares	(8.4)	(3.1)
Other	0.9	(0.9)
<b>Adjusted free cash flow</b>	<b>116.0</b>	<b>65.0</b>

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