

Britvic plc

Gerald Corbett

Agenda

Financial performance

John Gibney

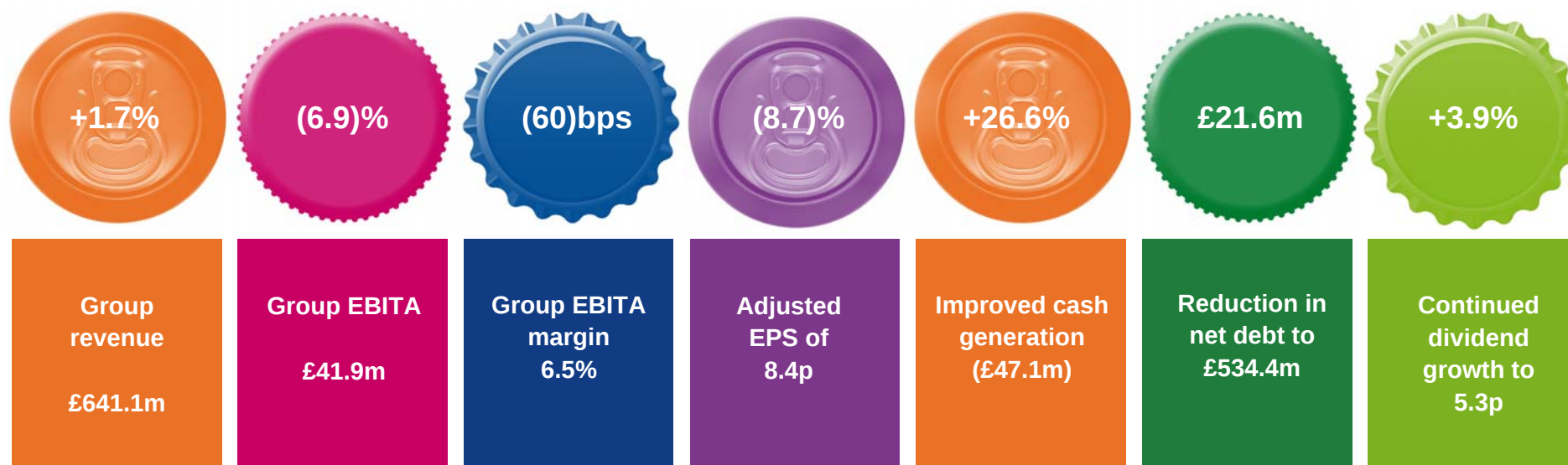
Britvic and the market review

Paul Moody



John Gibney

Group performance



EBITA is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles on acquisition is added back, in the period this is £1.5m (2011: £1.4m). Adjusted earnings per share adds back the amortisation attributable to intangibles on acquisition. The share base is the weighted average number of ordinary shares outstanding during the period, excluding shares held by Britvic to satisfy employee share-based incentive programmes. Numbers are on a constant currency, pre-exceptional and other items basis. France revenue and cost of sales include the value for the "sugar tax".

GB carbonates

	H112 £'m	H111 £'m	% Change
Volume (m. litres)	595.0	561.1	6.0
ARP per litre (pence)	44.1p	43.8p	0.7
Revenue	262.1	245.7	6.7
Brand contribution	91.1	93.3	(2.4)
Brand contribution margin	34.8%	38.0%	(320) bps

**Pepsi grows both volume
and value share**

**Margin decline due to
high raw material costs**

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise.



GB stills

	H112 £'m	H111 £'m	% Change
Volume (m. litres)	234.0	244.2	(4.2)
ARP per litre (pence)	72.1p	71.7p	0.6
Revenue	168.8	175.1	(3.6)
Brand contribution	74.2	73.4	1.1
Brand contribution margin	44.0%	41.9%	210 bps

**Adverse channel and
product mix continues**

**Margin benefit from
favourable A&P phasing**

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. Volume and ARP for 2012 & 2011 are adjusted for double concentrate.



International

	H112 £'m	H111 £'m	% Change
Volume (m. litres)	19.4	16.7	16.2
ARP per litre (pence)	74.2p	77.8p	(4.6)
Revenue	14.4	13.0	10.8
Brand contribution	3.7	4.8	(22.9)
Brand contribution margin	25.7%	36.9%	(1120) bps

**Quarter 2 revenue
growth of 18.1%**

**Investment in the US
growth impacting margin**

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. Numbers are adjusted for the impact of double concentrate.



Ireland

	H112 £'m	H111 £'m	% Change	% Change constant currency
Volume (m. litres)	106.5	106.0	0.5	-
ARP per litre (pence)	53.4p	58.5p	(8.7)	(7.5)
Revenue	72.7	81.9	(11.2)	(10.0)
Brand contribution	22.1	28.4	(22.2)	(21.1)
Brand contribution margin	30.4%	34.7%	(430) bps	(430) bps

**ARP adversely affected by
market dynamics**

**Restructuring of the business
underway to protect profit**

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. Numbers are adjusted for the impact of double concentrate. Volume and ARP exclude the sale of 3rd party factored brands.



France

	H112 £'m	H111 £'m	% Change	% Change constant currency
Volume (m. litres)	142.3	149.1	(4.6)	-
ARP per litre (pence)	86.5p	78.7p	9.9	11.5
Revenue	123.1	117.4	4.9	6.4
Brand contribution	27.1	27.6	(1.8)	(0.4)
Brand contribution margin	22.0%	23.5%	(150) bps	(150) bps

**Q1 price increases driving
ARP growth of 11.5%**

**Underlying margin flat,
decline due to A&P phasing**

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise.
Both revenue and cost of sales include the value for the "sugar tax" and therefore at brand contribution this has a nil impact.



A&P and fixed costs

	H112 £'m	H111 £'m	% Change
Total A&P spend	33.0	35.4	6.8
A&P as a % of revenue	5.3%	5.8%	50 bps
Non-brand A&P	5.2	4.4	(18.2)
Fixed supply chain	59.5	61.1	2.6
Selling costs	63.3	64.8	2.3
Overheads & other	49.8	53.6	7.1
TOTAL FIXED COSTS	177.8	183.9	3.3

**Lower A&P due to phasing,
FY guidance remains 5%**

**Strong management of
fixed costs**

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise. A&P percentage excludes third-party revenue.



EBIT to earnings

	H112 £'m	H111 £'m	% Change
EBIT	40.4	43.6	(7.3)
Interest	(15.6)	(15.9)	1.9
Profit before tax	24.8	27.7	(10.5)
Tax	(6.1)	(6.9)	11.6
Effective tax rate	24.6%	24.9%	30 bps
Profit after tax	18.7	20.8	(10.1)

Note: All numbers are on a pre-exceptional and other items basis unless stated otherwise.



Exceptional and other items

	£'m
Other fair value movements	(2.4)
GB	3.8
Corporate advisory fees	2.1
Ireland	(2.8)
Total (pre-tax)	0.7
Tax	(0.7)
Total (post-tax)	-



Britvic Ireland pension funding agreement secured

Key changes

- Agreement reached with stakeholders to address the pension deficit and future pension provisions.
- Introduction of an annual salary cap to the defined benefit (DB) scheme
 - DB scheme remains in place with a cap on salary
 - DC scheme effective for salaries beyond the agreed cap
 - Removal of guaranteed future indexation in the DB scheme

Impact

- One-off gain recognised in exceptional items this year
- More sustainable future pension costs

Cash flow

	H112 £'m	H111 £'m	% Change
EBIT	40.4	43.6	(7.3)
Depreciation & amortisation	23.3	24.8	(6.0)
EBITDA	63.7	68.4	(6.9)
Working capital	(49.7)	(71.4)	30.4
Capital expenditure	(20.4)	(23.9)	14.6
Pension contributions	(10.8)	(11.7)	7.7
Other	(29.9)	(25.6)	(16.8)
Underlying free cash flow	(47.1)	(64.2)	26.6
Dividends	(29.9)	(28.3)	(5.7)
Adjusted net debt	(534.4)	(556.0)	3.9

Note: All numbers are on a pre-exceptional and other items. Adjusted net debt is defined as net debt, adding back the net benefit of debt hedging instruments that pass through reserves.



Medium-term and 2012 guidance remains unchanged

Revenue

Volume-led growth in 2012 subdued

Minimum ARP growth of 1%

Innovation adds 1-2% to the top line

Premium categories under continued pressure into 2013

Cost

Raw material inflation of mid-single digit

2012 PVO saving of £8m

Net A&P maintained at 5% of revenue

FY Interest coupon rate of 5.5-6.0%

FY Effective tax rate 25.5-26.0%

Capital

GB £50-55m

France €12m

Ireland €8m

Other

Progressive dividend policy

Improving FCF momentum

Medium-term EBITA margin growth of 50bps pa

Interims summary

Strong management of the cost base

Margin impacted by raw material inflation, recovering in H2

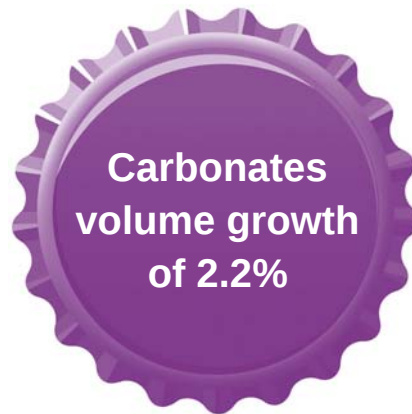
Improved FCF and reduction in net debt

Dividend growth of 3.9%



Paul Moody

2012 GB soft drinks market



Source" Nielsen take-home scantrack 14 April 2012.

2012 Ireland soft drinks market



Source: Nielsen ROI scantrack 25 March 2012. Nielsen ROI licensed data March 2012

Restructuring programme underway in Ireland



Market conditions remain challenging

- Structural changes have impacted the market and consumer base
- Population has contracted
- Property-based economic growth has eroded
- Disposable income has been squeezed

2011 saw successive quarters of value decline in the market

Further changes are required to right-size the business for the future

- Significant headcount reduction underway
- Secondary distribution fully outsourced
- Cost of employment initiatives implemented to reduce on-going costs

2012 France soft drinks market



Source: IRI Census March 2012

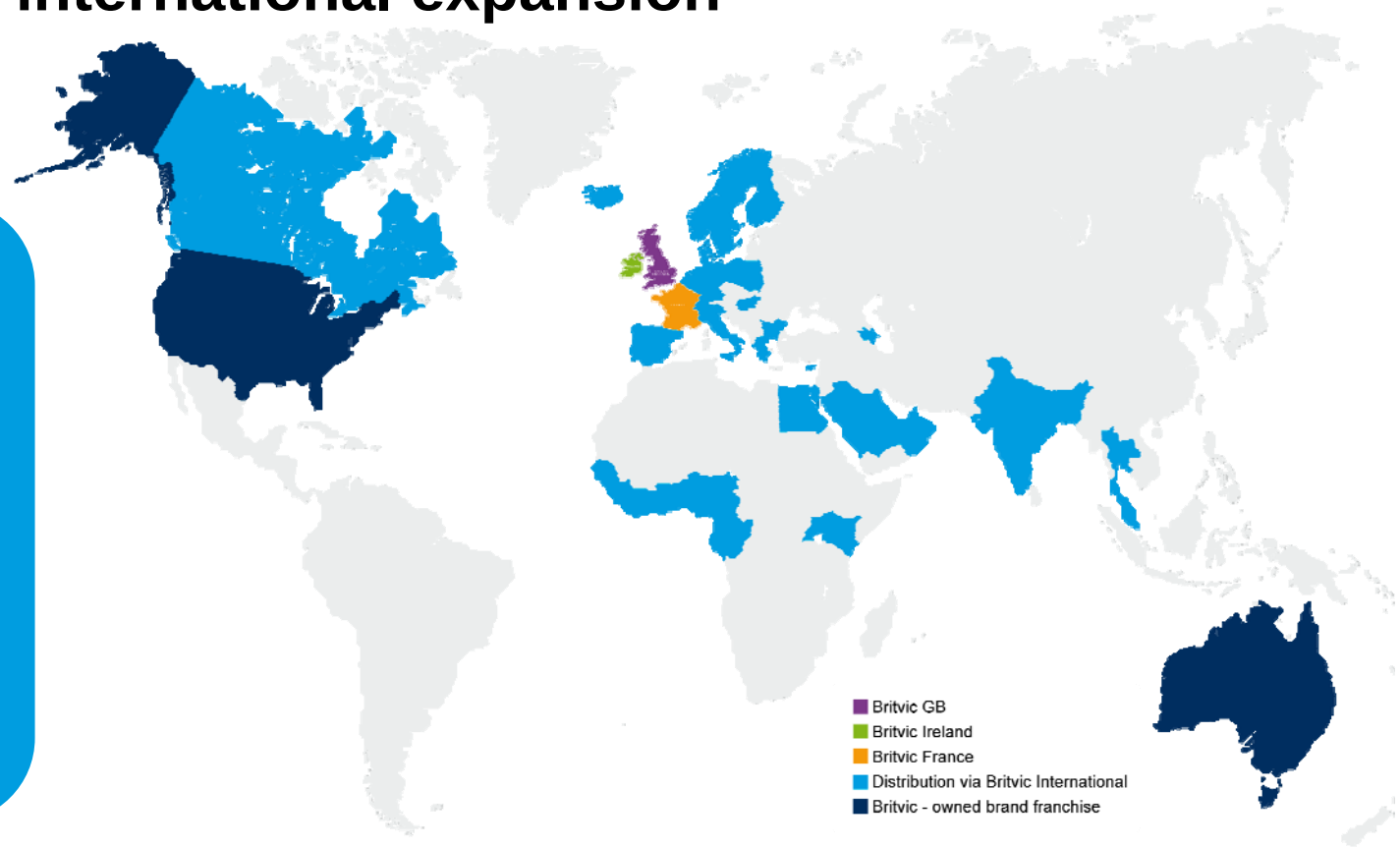
2012 innovation



A strategy for international expansion

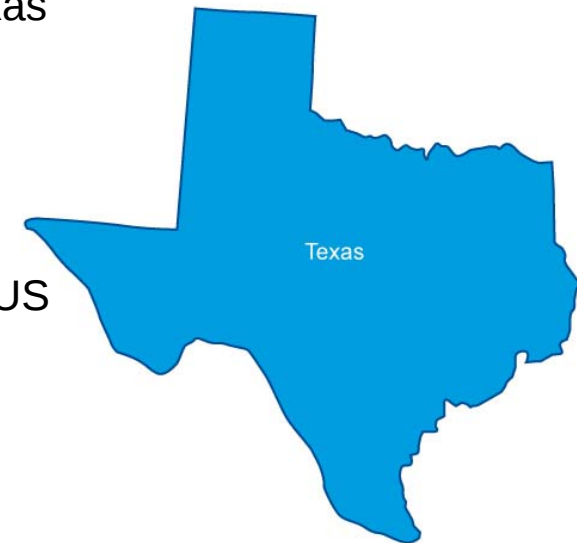
International

- Building the European footprint through the acquisition of assets
- Franchising the Britvic-owned brands
- Continued collaboration with PepsiCo



Agreement reached for Fruit Shoot distribution in Texas

- 3rd state distribution with PBC can now be confirmed as Texas
- PBC now known as PepsiCo Americas Beverages (PAB)
- PAB account for 75% of Pepsi beverages distribution in the US
- Focus remains on convenience & gas channel



A growing US footprint

- The manufacture of Fruit Shoot concentrate in Dublin is now fully operational
- Manufacture has now commenced in the US
- Changes the dynamic of revenue & margin from H2
- Fruit Shoot has grown its distribution access from 1 state to 8 in just over 12 months
- Combined population approaching 100m
- On-track for distribution in 20,000+ outlets this year
- International revenue growth guidance of 20%



Franchise momentum continues to build

Strong marketing & innovation programme for 2012

Soft drinks resilient but not immune



Soft drinks resilient but not immune

- Wettest April on record and the coldest in over 20 years
- May weather has been poor to-date and the outlook is mixed
- Nielsen data to 5 May shows the GB take-home soft drinks market down by over 12% in volume in the last 4 weeks
- Britvic has grown share in this period

Source: The Met Office April climate summary and Nielsen take-home scantrack to 5 May 2012



H1 Summary

Franchise momentum continues to build

Strong marketing & innovation programme for 2012

Soft drinks resilient but not immune



Q&A

Appendix

Business very well financed for the medium term

£400M revolving credit facility (RCF) in place

- Matures March 2016
- 6 out of 7 banks retained
- Commitments scaled back
- Reduced fees and margin

£490m of USPP notes

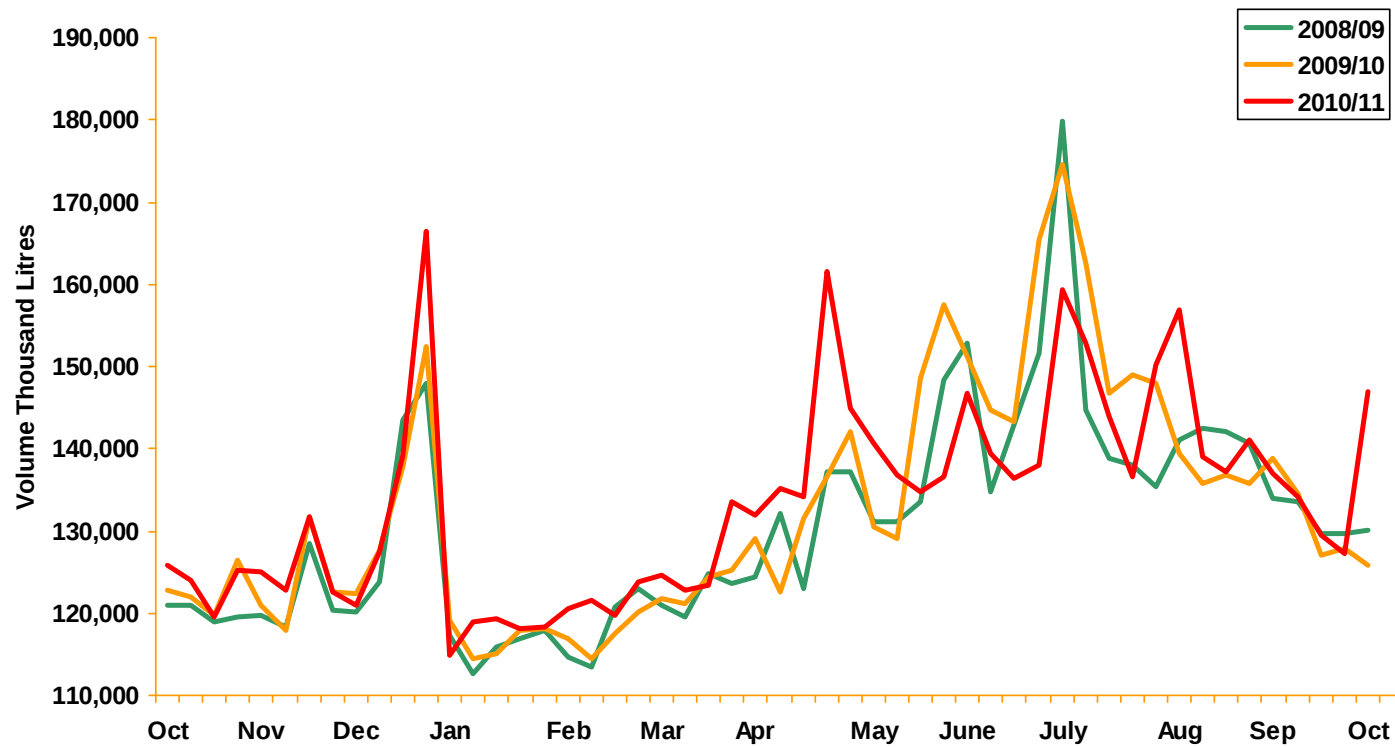
- *£229m raised in Feb 2007*
- *£149m raised in Dec 2009*
- *£113m raised in Dec 2010*
- Swapped to fixed & floating sterling & euro



GB on-the-go portfolio

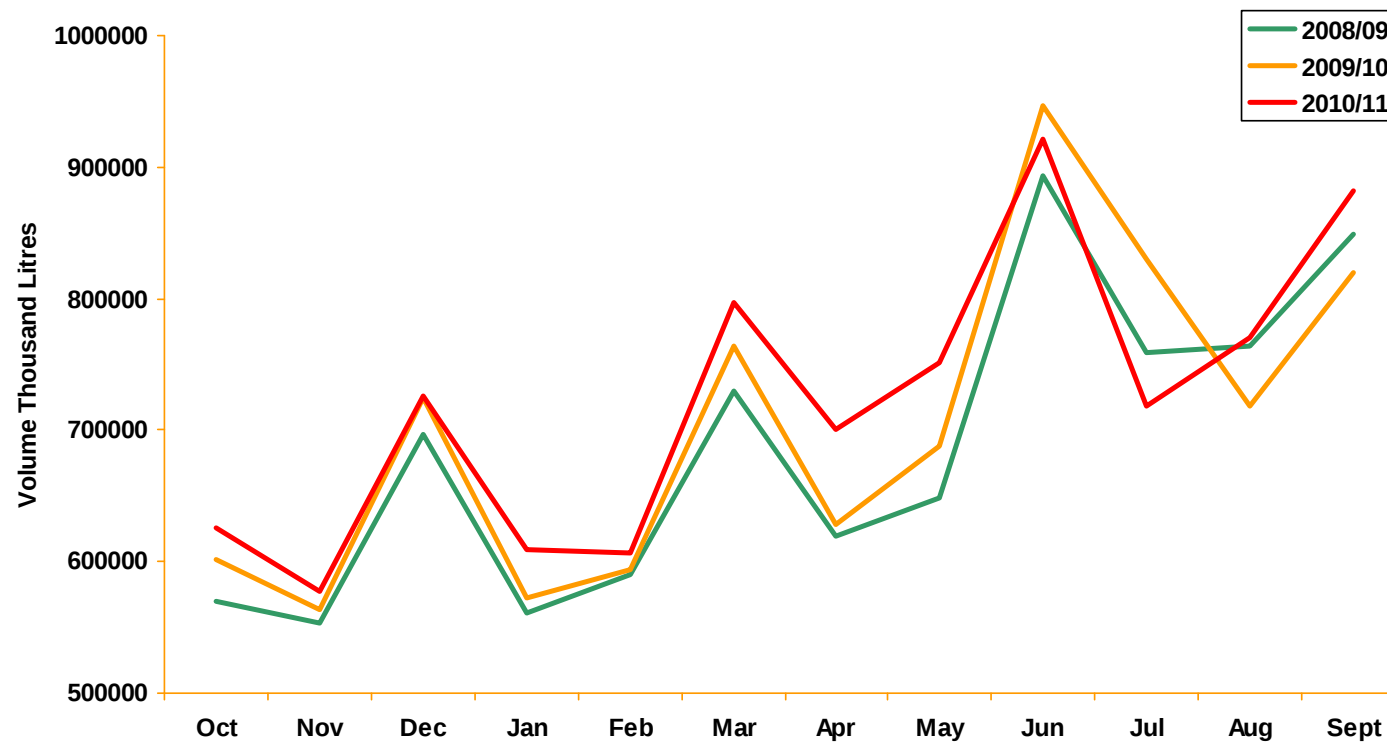


GB soft drinks market volume



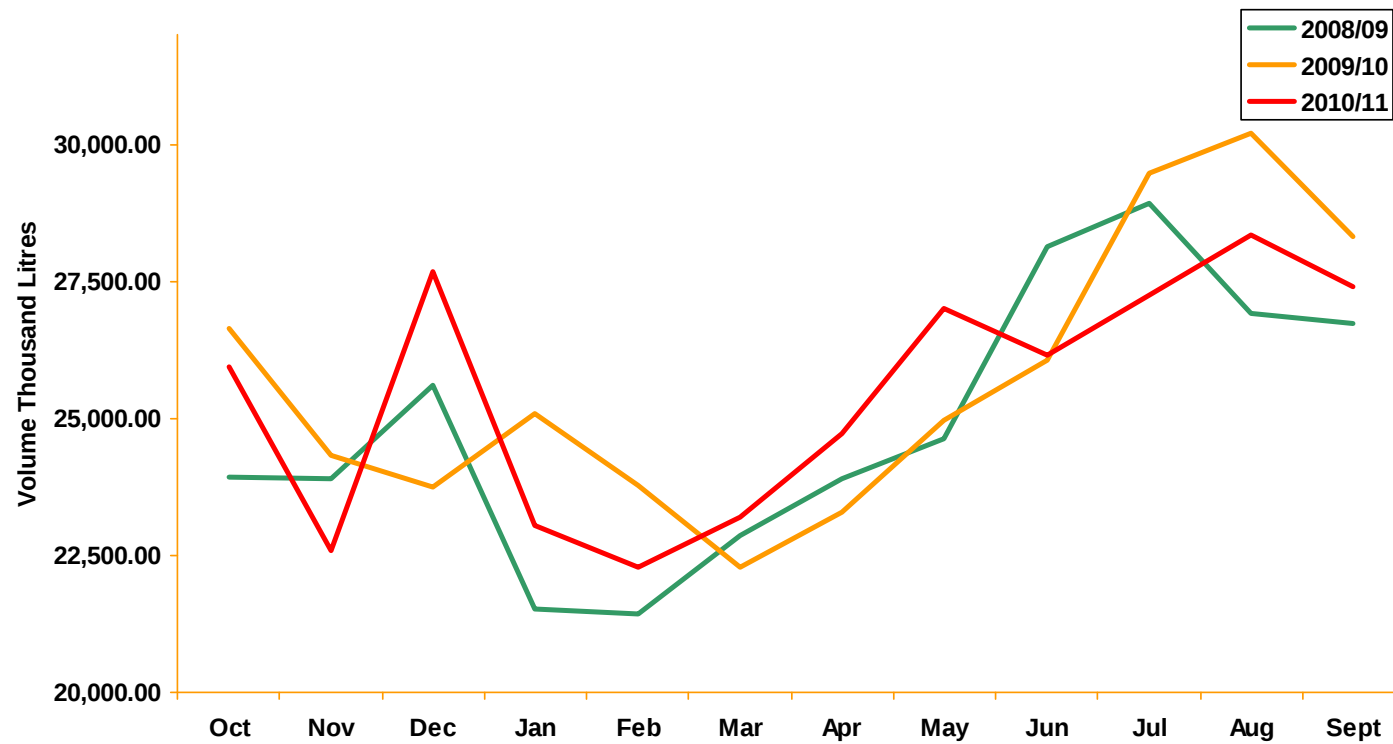
Source: Nielsen Scantrack April 2012: Take Home

France soft drinks market volume



Source: IRI Census data (Total Suppliers - THG) MAT April 2012

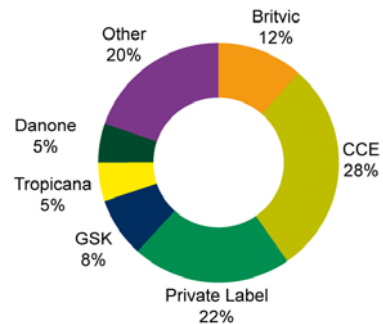
Ireland soft drinks market volume



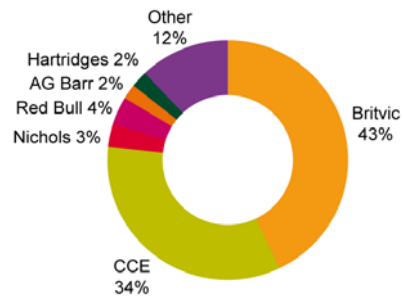
Source: Nielsen ROI grocery scantrack April 2012

Market positions

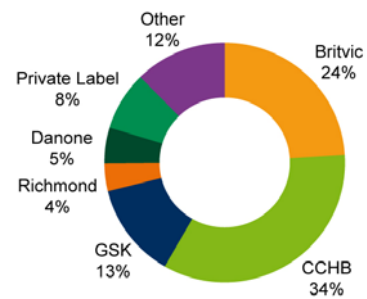
GB Take-Home £6.8bn



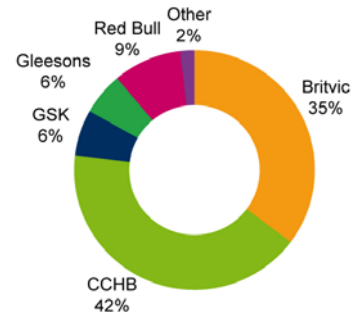
GB Pubs & Clubs £2.7bn



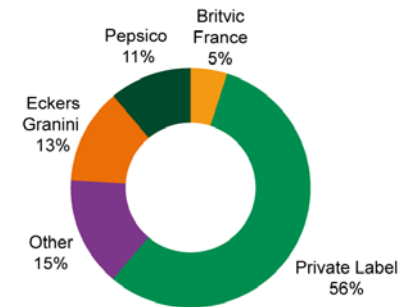
Ireland Grocery €473m



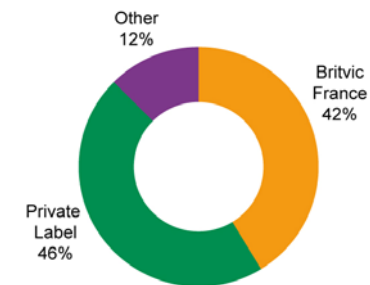
Ireland Licensed €306m



France Juice €1.2bn



France Syrups €249mn



Source: Nielsen GB take-home scantrack October 2011. CGA pubs and clubs August 2011. Nielsen ROI grocery scantrack October 2011. Nielsen ROI licensed September 2011. France IRI census September 2011

A strategy for organic growth



GB

- Market volume growth
- Innovation growing the topline
- Driving on-the-go distribution
- Improving ARP through revenue management



France

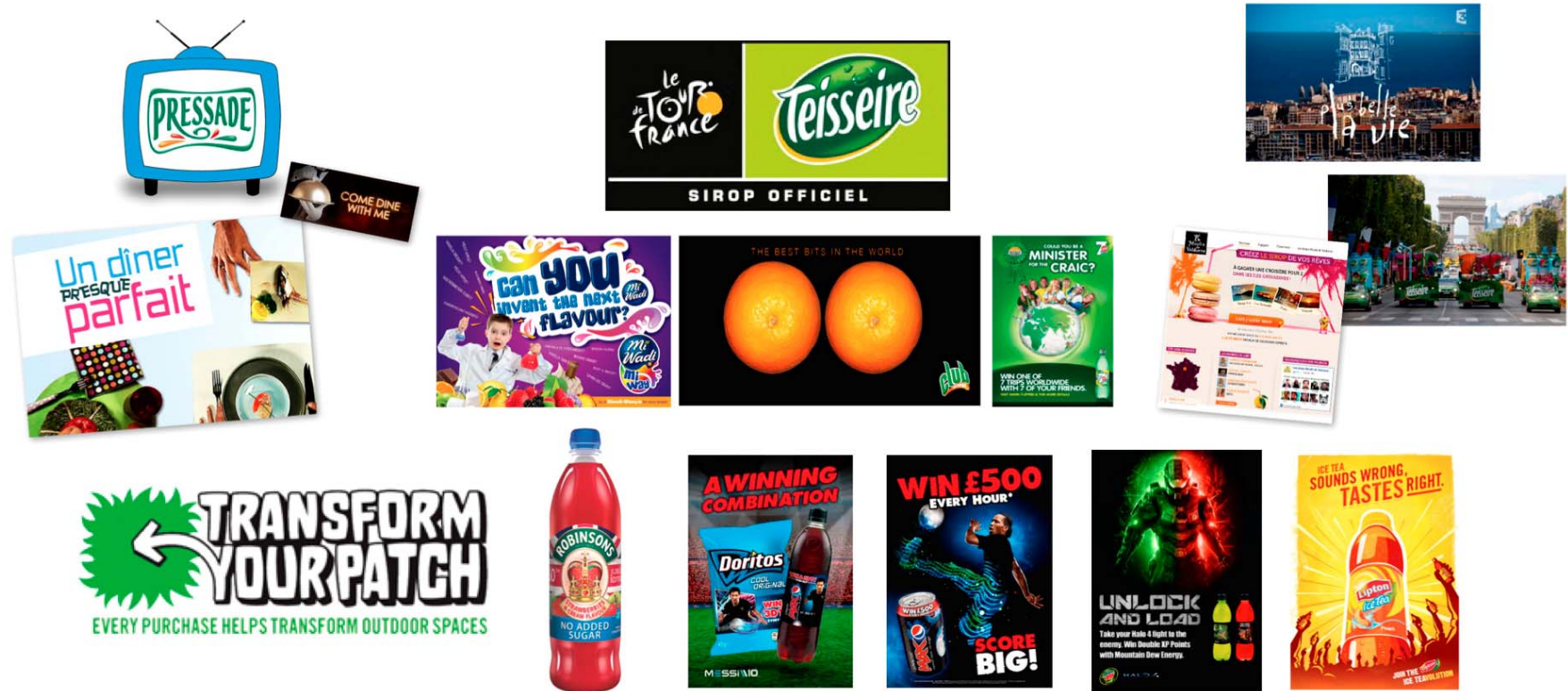
- Delivery of the €17M synergies by 2013
- Innovation growing the topline
- Exploiting group brands and capability
- Launching into new sub-categories



Ireland

- Leveraging the new customer engagement model
- Innovation growing the topline
- Driving on-the-go distribution
- Improving ARP through revenue management

2012 marketing programme



HY 2012 debt structure

	Facility Size (£m)	Maturities	Drawing (£m)	Headroom (£m)
Bank Loans	400.0	2016	35.1	364.9
US PP Issued 2007	228.5	2014, 2017, 2019	228.5	-
US PP Issued 2009	149.7	2014, 2016, 2017, 2019	149.7	-
USPP Issued 2010	113.0	2017, 2020, 2022	113.0	-
(Cash)/Overdraft/Other	-	-	8.1	(8.1)
Total	891.2	-	534.4	356.8