Preliminary Results Presentation

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Opening Remarks

Gerald Corbett

Chairman, Britvic

Good morning ladies and gentlemen. Thank you for joining us for Britvic's preliminary results presentation. At the end of the presentation there will be the usual opportunity for questions and answers. The usual agenda, It is been our most interesting year as a public company to say the least. It is been a value-enhancive year, let's put it like that. Our finance director, John Gibney, is going to take us through how we performed and the guidance for the year that's just started. Our Chief Executive, who no longer seems new anymore, will then update us on his progress, or the company's progress, on executing the new strategy that was announced with the results back in May. We have a long way to go in executing the programme, but it is an exciting programme and the Board is very confident of its delivery.

Financial Performance

John Gibney

Chief Financial Officer, Britvic

Overview

Preliminary results

Thank you, Gerald, and good morning everybody. Can I just remind you that all the numbers we are going to talk about are pre-exceptional; I will cover those costs later. Comparisons are on a constant currency basis unless otherwise stated.

Our revenue growth of 4.4% reflects the value share gains we have made in all of our markets and a very strong second half performance, given that revenue was up by just 0.4% in the first half of the year. Full-year EBITA was up by 18.4% to £138 million, with EBIT at £135 million, reflected in the sustained growth in the second half of the year. We are also making good progress on rebuilding our margins, with EBITA margin up by 120 basis points to 10.4%.

This strong profit performance has translated into our highest ever free cashflow number of £103.5 million, up 67% on last year, leading to a substantial reduction in adjusted net debt to £402.3 million, down £44 million on last year. As a result, our leverage is now down to 2.2 times debt to EBITDA, a material reduction from last year, when it was 2.8 times. Bear in mind that these results have been delivered after accounting for a significant increase in our A&P spend this year, along with the final cost of the Fruit Shoot recall of £8 million. As a result of this significant profit recovery and the board's confidence in the future growth prospects for the business, we have declared an increase in the final dividend of 5% to £0.13. This takes the full-year dividend to 18.4 pence, up 4% on last year.

Core market performance overview

As you will see on this slide, Q4, which covers July through September, reflects a significant benefit from the good weather we experienced. However, this should not disguise the fact that the consumer spending remains under pressure. In GB, for example, the soft drinks market grew by 25% in July alone, and without this, the market would have been in slight decline from a volume perspective for the full year. Unlike in GB, where August and

September were very much in line with the prior year, in France and Ireland, August continued to be much improved, and you can also see the impact this had on the year as a whole. In France, the market growth is coming from stills, whilst carbonates are down this year. More recent data is much more subdued; for example, GB in September had market value down by 1.2% year-on-year.

Segmental reporting

GB stills

Firstly, we are pleased to confirm that our return-to-market plan for Fruit Shoot has been very successful. Nevertheless, the full-year performance of GB Stills does reflect the limited availability of Fruit Shoot, particularly in the first half, when stills volumes were down by nearly 9%. In contrast, in Q4 we benefitted from the full availability of Fruit Shoot and the ability to run a full promotional plan purse as last year. Excluding Fruit Shoot, our GB stills segment saw volume growth this year.

As part of our commercial change programme, we have benefitted this year from stronger revenue management disciplines being implemented and as a result our ARP was up by 6.9% with a slightly better performance in H2. Consequently, revenue was up 5.7%, and brand contribution margin was up 9.4% with 150bps improvement year-on-year in margin. This was in part due to the combination of effective promotional management and product mix. J2O, for example, benefitted from the warm weather, as people visited pubs more or enjoyed barbecues at home. The decline in margin in H2 compared to H1 is in part due to the phasing of A&P spend that we communicated at our interims and the ability to run a full promotional programme for Fruit Shoot in the second half of the year.

As I have just mentioned, Fruit Shoot has seen a strong recovery throughout the year. I am delighted to share with you the news that Fruit Shoot has recovered its GB take-home market share to pre-recall levels. Alongside that, we track a number of important brand perception measures, such as, ‘Happy to give to your child’, or, ‘Is this a brand you love?’, all of which continued to remain very strong. The Britvic team has worked tirelessly to rebuild the brand, and our back to market plan was superbly executed. We now believe Fruit Shoot has fully recovered from the recall in July 2012, and this disappointing chapter is now very much behind us.

GB carbonates

Full-year volumes are flat compared to last year and reflect growth in the second half of the year, with half-year volumes having been down by 2.4%. Against the backdrop of a very competitive market, we have seen both volume and price growth in the second half of the year. This has been led by Pepsi, which in the take-home market, as measured by Nielsen, gained over 150 basis points of share in both volume and value in the cola category. Over the year, Pepsi has maintained its volume share growth from 2012 against that backdrop of the London Olympics [and grown value share]. Maintaining that share is a very notable performance from the Pepsi brand. As a consequence, revenue for the full year has increased by 3.6%, with brand contribution up by 6% and full-year margins expanded by 90bps. The second half margin, again, was lower due to the planned phasing of A&P spend.

International division

Turning now to the international business unit, in the US we sold concentrate to supply 32 states for the first time this year, and we remain very encouraged by Fruit Shoot's early performance. As a reminder, we account for revenue but not volume from concentrate sales. In H1, part of the volume decline was due to the switch from selling finished goods last year to concentrate this year. We switched to the concentrate model in May of last year; hence in H2 here was a negligible impact from this.

The Fruit Shoot recall also impacted the international division, where we had to recall stock in the Netherlands. At the half-year, volume was down by 3.1%, compared to 1.3% at the end of the year. In addition to the Netherlands, we are now selling finished Fruit Shoot product into Spain and although it is very early days, we are also encouraged by its early performance here.

Overall, revenue was up by 28% with brand contribution up nearly 70%. The franchise business will move to a four-weekly accounting basis for FY14, however please note that we will not restate prior numbers, as the difference here will be immaterial.

Ireland

In Ireland, the market has continued to be challenging. Whilst our own brands took market share, volumes were nevertheless down 1.1%, even with the benefit of the warm Q4 weather. Revenue was down 3.5%, but was impacted heavily by the negative performance of the licensed wholesale division, whereas in contrast, our own brands were in revenue growth. Brand contribution was up over 7%, with margin growth of 360 basis points. This reflects the growth in average realised price, and the mixed impact of better performance from our own brands, where margins are significantly higher than those on factored goods. Our licensed wholesale business has this month been separated out as a stand-alone business under its new trading name of Counterpoint. We believe this will enable improved visibility to its trading performance while also leaving it free to better exploit its leading position in the licensed wholesale market.

Again, please note that in the current financial year Britvic Ireland will move its reporting from monthly to a four-weekly accounting basis in line with GB, whilst Counterpoint will remain on its monthly basis. Again, we will not restate prior years, as this will be an immaterial difference.

France

In France, revenue growth of 6.2% was driven by a strong pricing performance. Overall, volume was marginally down, reflecting the limited availability of Fruit Shoot earlier in the year. Fruit Shoot, again, has enjoyed a very strong return to market in France and is performing well ahead of its pre-recall levels, continuing to deliver strong growth.

Our syrups brands, Teisseire and Moulin de Valdonne, have enjoyed a strong second half performance. Syrups is a category which is particularly sensitive to the weather, and not only did we benefit from the positive weather in Q4, but we also outperformed the market, achieving record levels of market share. In total, we have delivered an 11.5% increase in brand contribution margin along with a margin expansion of 120bps.

A&P investment and fixed costs

Our A&P, as a percentage of revenue, was up by 30bps year-on-year, slightly ahead of our guidance of 25bps, whilst absolute spend increased by £8 million as we invested more behind our brands to drive stronger brand equity in line with our commercial strategy. Fixed costs were up by 6.5%, primarily in selling and overhead and other costs. This reflects both the final £8 million costs related to the Fruit Shoot recall and a provision for employee incentives, where performance thresholds have been met this year, versus a zero pay-out in 2012.

EBIT to earnings

Moving further down the P&L account, EBIT for FY13 was £135 million, a headline growth of almost 20% on last year, reflecting both the strong underlying performance of the business, the recovery from the Fruit Shoot recall and also some benefit from the warm weather.

Interest was down £1.4 million on last year whilst the effective tax rate is down 190bps. The fall in the effective tax rate reflects both the fall in UK corporation tax rate and also a once-off benefit from the revaluation of deferred tax liabilities related to the pension funding partnership. Under IFRS, we are required to revalue these deferred liabilities at the rate which they will be unwound, which is now 20% compared to 23% last year. The effective tax rate is therefore likely to be slightly higher in 2014. Likewise, the blend of profits from the business units also impacts the effective tax rate. This has led to a profit after tax of £82.6 million, up nearly 30% on last year.

Cash flow

Underlying free cash flow was an inflow of £103.5 million, up £41 million, or 67% on last year, leading to a net debt reduction of £44 million and taking our overall leverage down by a turn of 0.6% to 2.2 times debt to EBITDA. Capital expenditure was below our guidance of £40-50 million, and this is largely driven by phasing into 2014. This is a strong performance by any measure, driven by an improved business focus on cash over the last 18 months. Working capital saw a small outflow of £6 million as a result of the stock build ahead of the closure of our two factories in GB and the year-end being one day earlier than the end of the month.

The main impact in the other line is from a material reduction in our cash outflow as there was no requirement to purchase shares to satisfy bonus schemes, given the nil pay-out in 2012. Furthermore, in other costs, there was a cash inflow from the exercise of share options by employees in the period. The pension contribution increase was due to the £2.5 million planned increase in GB deficit contributions and a full-year impact of the Northern Ireland deficit payments, which commenced partway through last year. The strong performance on cash means that we have reached a leverage ratio of 2.2 times debt to EBITDA a year earlier than we had previously guided.

Exceptional and other items

In relation to the aborted merger with AG Barr, we incurred £9.6 million of costs which were largely legal and corporate advisory fees. In relation to the strategic initiatives that we announced in May, we have to date recognised £10.6 million in cash-related costs, including payments and provisions for redundancy. As advised in our interim results in May, there will be an asset write-off associated with the closure of the two factories and we can now clarify this amount at £12.9 million of net book value, obviously a non-cash impact. Offsetting this was a non-cash fair value gain on financial instruments of £7.6 million.

Guidance

We see current analyst estimates for FY14 EBIT within a range of £148m-156m. Based on the underlying performance of the business, the benefit of the strategic initiatives and the fact that the negative profit impact of the Fruit Shoot recall is behind us, we are comfortable with this range.

To help you with modelling FY14 profitability, growth from FY13 is worth bearing in mind the following factors: we estimate the benefit of the warm weather within FY13's EBIT of £135 million to be of the order of £4-5 million. Given the weather patterns of the past six to seven years, it might be optimistic to assume that this would be repeated in FY14. The FY13 EBIT reflected £8 million related to the Fruit Shoot recall. Obviously, these costs will not be incurred in FY14. We continue to make good progress on our strategic initiatives, and as guided at the interim results, we expect to deliver a net benefit to the P&L account of £8 million in FY14. In addition, we anticipate raw material inflation will be low single-digit, reflecting relatively benign underlying commodity cost trend, but negatively affected by adverse foreign exchange movement. I&P as a percentage of revenue will, as a minimum, be maintained in line with FY13. For modelling purposes, the interest coupon will remain at 5.5-6%; the effective tax rate will, as mentioned, be slightly up on 2013 and between 24.0% to 24.5% as 2013 includes this one-off benefit of the revaluation of deferred tax liabilities.

Underlying capital spend will be in line with historic guidance of £40-50 million, but we also expect to see additional once-off capital spend of £13 million related to the cost initiatives as we guided at our interim results in May, in addition to some rollover of delayed FY13 capital.

Free cash flow in 2014 will therefore be lower than FY13, reflecting the high capital spend I have just outlined and the impact of the increase in pension deficit contribution as agreed in the 2010 tri-annual review. Given the cash exceptional costs of £17 million related to our strategic initiatives which we outlined at the interim results, it is likely, therefore, that the overall level of net debt at the end of 2014 will remain relatively flat. However, we should anticipate seeing our debt to EBITDA ratio continue to fall towards two times as profitability continues to increase.

The actions we are taking will have a positive impact on margins in the coming years. By 2016, from the net £20 million cost initiatives, we will deliver a 150 basis point improvement in margin. That is clearly net of the £10 million revenue investment in international, for which we have prudently given no revenue or margin benefit yet. Whilst in the year ahead we continue to remain cautious regarding any improvement in the underlying consumer environment, we have a number of initiatives underway which will continue to drive the earnings growth of this business, fuelled by cost savings in the short to medium term and by international growth prospects in the medium to long term.

Summary

Britvic has made a strong recovery from the challenges we faced in 2012. Trading momentum has built during the year with margin and pricing growth in every business unit. Our focus on cash has enabled us to reach our net debt to EBITDA ration target a year earlier than expected. All of these create a strong platform of which to build our earnings momentum for the future, with the benefit of our strategic initiatives and the investment we continue to make behind the growth of our international business.

Progress Update on New Strategy

Simon Litherland

Chief Executive Officer, Britvic

Overview

As John has shown you, our financial performance has been strong this year and we have achieved significant growth in revenue, price and margin. Whilst the warm weather has helped in each of our markets, I am particularly pleased that we ended the year gaining market value share in each of our business units. The fact that we have delivered such strong results, particularly in the second half, at the same time as we are implementing a significant change programme, is testament to the commitment and passion of the Britvic team. I believe that what we have achieved this year creates the right platform and foundation for our growth ambitions going forward. In May, we laid out a new strategy for Britvic and shared with you a number of strategic initiatives to underpin this. I will now give you an update on the significant progress we have made in implementing these.

New strategy

Outline

You will recall that at our interim results I set out a new and ambitious vision for our business. I passionately believe that we have the potential to become one of the world's most admired soft drinks companies. Britvic is already a fantastic business and I am hugely excited by the many opportunities facing us. We are focussed on four key deliverables: firstly we intend to become the benchmark branded soft drinks business in GB and Ireland, maintaining full manufacturing capability, with a dedicated commercial focus in each country to grow our own and PepsiCo's portfolio of fantastic brands. Secondly, we will fully exploit the global category opportunities in kids, family and adult. We already have leadership in these categories in our core markets and believe we have the category knowledge, expertise, brand portfolio and innovation pipeline to successfully participate in these categories globally. Thirdly we will create a simpler, more focussed operating model, and finally we recognise that in order to build a sustainable business, we need to be a trusted and respected member of the communities in which we operate.

Operating model

Over the last six months, we have made a strong start to redefining our operating model in order to create a simpler, more focussed organisation with clear accountabilities. We have been aligning resources and capabilities behind our strategy and the growth opportunities, and we have been focussing on being more efficient and effective in how we work, thereby reducing cost at the same time. This is a significant piece of work that is a top to bottom exercise, touching every function in the business that covers our culture, values, ways of working, processes, systems and structures. The program will continue over the next two years, but much of the heavy lifting and core people changes will be complete by quarter two 2014. We already have in place a new executive team with clearly defined accountabilities, and I shall share more on this in a moment.

We also have new leadership teams in place in GB and Ireland, and are in the process of consolidating GB and Ireland's support functions across both markets. The group operations and strategy functions have been disbanded, and are now embedded in our business units. An international business unit has been set up with full functional capability to support our growth ambitions. The balance of the organisation's design work for the next levels in the business is in progress.

Executive team

Let me take a few minutes just to share more detail on our new executive team. Five of the nine members are new into role. The organisational principle that we have followed is to create a decentralized model with a light PLC team, with all business units represented on the executive team.

John Gibney, our CFO, is well known to you all and has been with Britvic since 1999. New to the team is Paul Graham, as MD of GB, who joined Britvic as Commercial Director in 2012 and has previously worked for Mars Confectionary and United Biscuits. Also new is Kevin Donnelly, our Ireland Commercial Director, who joined Britvic in Ireland as Marketing Director in 2008 and has prior experience at Dairygold and Unilever. Simon Stewart has now been appointed International Managing Director, and will be known to you from his previous role as our Group Marketing Director. Jean-Luc Tivolle has been with us since the France acquisition in 2010, and has held previous roles at Tetra Pak and Cadbury Schweppes. Doug Frost has been with us since 2004, joining us prior to the IPO as HRD. Clare Thomas joined as General Counsel this year having been a partner at leading law firm Addleshaw Goddard. Finally, we are currently recruiting for our Strategic Marketing Director.

Each of our business units now has a clear team structure and dedicated resource to support our strategic plans. I must say I am delighted with the way the new team has come together, and I am confident that I now have the team and leadership in place to deliver against the strategy that we have outlined.

Transformational Initiatives

Manufacturing base

Consultation on the proposed closure of our manufacturing sites in Chelmsford and Huddersfield has now been largely concluded. We will end production at both sites in the first quarter of 2014 as planned. Capacity from the Chelmsford plant will be redistributed elsewhere in the group. The Fruit Shoot production line is now being decommissioned, and will be transferred to our factory in the South of France, to supply both France and Spain from next spring. J2O production is being transferred to our Leeds factory where we have invested capital to improve our existing lines capacity. Other non-core small volume product lines are being outsourced to co-packers.

As we close the Huddersfield site, we will delist our two GB water brands: Drench and Pennine Spring. Water in the GB business unit is a small part of the portfolio, but in Ireland we have the number one water brand in Ballygowan; a strong brand with a much broader pack architecture that we will be able to leverage for our customers in GB. The reconfiguration of our manufacturing base means we are reducing the number of production lines we require by 7%, whilst maintaining our capacity to produce the brands that will deliver growth for Britvic in the future. This significantly improves our cost base and our asset utilization, both in GB and Ireland.

Throughout this process, treating our employees with respect has been key. This has been a difficult time for them, and their dedication to the business has been remarkable. I am pleased to day that we have already found alternative employment for many of those who wanted to relocate to other sites, and we will, of course, continue to fully support our people as we move forward.

In Ireland, we have also made strong progress in changing our operating model. As I have already mentioned, we have retained an in-market commercial presence and have appointed Kevin as Commercial Director to lead the sales and marketing teams there. In addition, we have now appointed the senior leaders who have combined GB and Ireland functions such as Finance, HR and Supply Chain. The Belfast warehouse is now closed as planned, and we have also closed our call centre at Thurles. As you have just seen, we are improving utilization at our Ballygowan factory; although I should point out that we have further capacity head room at the site.

The licenced wholesale business which is unique to our Irish market, serves the on trade by offering both soft drinks and alcohol. This business requires a very different focus to the branded soft drinks business in Ireland to be truly successful. The separation of the business has now been completed, including rebranding the licence wholesale businesses cannot appoint, servicing over 7,000 customers in the beverage and hospitality sectors across Ireland. As well as creating a separate organisational structure, we have invested in establishing the right processes and systems to allow the team to be efficient and effective wholesalers. The business will expand into categories to offer a one-stop shop. As an example, we will be partnering with PepsiCo to offer the Walkers snacks range. We have entered into an exclusive agreement for the leading distributor of wine to the off-trade, TCC[?]. The initial response from the trade has been very positive, and we look forward to counterpoint winning in the market in the years ahead.

Procurement and product optimization initiatives

We have implemented a new procurement strategy focused on three key areas: cost reduction, ensuring that we have greater forward visibility of costs and an improved assurance of supply.

On cost reduction, we have identified an opportunity to consolidate our supplier base and so far have reduced the number of suppliers in GB by 16%, and in Ireland by 29%. We are also successfully implementing a number of product and packaging optimization initiatives that simplify our purchasing needs, or leverage our scale on a group-wide basis more effectively. For example, we are now procuring juice as a group, and have reduced the number of caps we use across the portfolio.

Increasing forward visibility of costs enables our business and commercial plans to be executed with confidence. To achieve this we have created strategic sourcing programs for our most important raw materials. This entails bringing together cross-functional Britvic teams to work with our key suppliers to leverage market insight, and create future business plans together. We have also increased our investment in systems and procurement insight to get better information and forward projections. We are already seeing the benefit of being able to take a longer term view on some of our procurement supply contracts such as apple juice and blackcurrant.

Finally, to approve assurance of supply, we have a number of initiatives to ensure we have the appropriate level of sourcing options for each of our core liquids and packaging needs. In doing so we are now working further down the supply chain. For example, on PET we are working with resin suppliers and not just the converters. We are also developing flexibility in our formulations in packs to enable us to be more responsive to changing market conditions.

Commercial change programme

Finally, we have been implementing a commercial change programme in GB over the past 18 months with considerable progress as demonstrated by the revenue-to-volume gearing, and the pricing growth in this year's results. Our approach to future revenue growth requires a balance of volume, price and mix. To optimize our revenue growth we have adopted a more disciplined approach, to both customer and promotional investment. This covers areas such as better targeting of investment behind our growth customers, increasing and improving the conditionality of customer investment, as well as offering more effective promotions to customers and consumers.

We have previously singled a move towards increase in our A&P over time, and in 2013 we increased A&P as a percentage of revenue by 30 bases points to 5.4%. We will continue to ensure the appropriate level of A&P spend to build brand equity and consumer value into our brands. In line with our principle of simplicity, we are also simplifying our commercial structures and processes. We will be more targeted at specific growth opportunities in the market for ourselves and our customers, and as a result we are in the process of transitioning from three to two sales channels. In doing this we will be able to increase the level of results focused on our key, direct and wholesale customers, and ensure we are calling on outlets in the most effective way.

International opportunity

Now let us turn to the second key part of the strategy, realising the international opportunity that exists for our brands within kids, family and adult. As previously communicated, we intend to invest 10 million of our cost savings behind the expansion of the international business. In 2013 we have made significant progress with Fruit Shoot internationally, and I want to share with you an update on each of our markets.

United States

In 2013 Fruit Shoot distribution grew to 32 states, today I am delighted to announce that we have now a 15 year bottling and distribution agreement for Fruit Shoot with PepsiCo Americas beverages, also known as PAB. We have also agreed distribution into a further nine states, and PAB is commissioning a second manufacturing plant for Fruit Shoot in St. Louis, Missouri. In 2014 Fruit Shoot will therefore be available in 41 states, and we have in-market manufacturing capacity at both PAB and with Pepsi Bottling Ventures in North Carolina.

This is a key moment for Fruit Shoot in the US. Firstly, it secures Fruit Shoot's position and focus in the PAB portfolio, and provides a long-term platform for growth. Secondly, it will unlock more retail opportunities. Within the additional nine states there are a number of new retailers where we can now secure listings and significantly increase distribution. The evidence for Fruit Shoot remains compelling. We now have market data for areas that PAB distribute into, and Fruit Shoot is not only taking share but it is growing the kids' single serve category. As other brands decline we are offsetting this and growing the single serve category which is clearly important for both our commercial partners and retailers.

In the Great Lakes region our market share of the kids' single serve category is almost 25%, whilst in the mid-Atlantic it is around 20%. The single serve kids' category, on a national basis, is valued at around $200 million, and when you include multi-packs and all kids' juice drinks in the grocery sector, it is a much bigger category at around $2 billion. Distribution over the last year has grown to nearly 60,000 outlets and we have secured some excellent new listings. The Kroger chain will be listing Fruit Shoot in its Eastern Seaboard region, and over 1,000 stores, and we have also secured listings at some high footfall family destinations such as LEGOLAND Florida. Our most established partner, Buffalo Rock, is now trialling a six bottle multi-pack.

As and when we and our partners feel the time is right, we will look to enter the grocery multi-pack market in a meaningful way. This trial will help us develop the right pack, price and promotional strategy. To support the expansion in the US we now have a team of 24 people based in the US, whose primary role is to support our partner's local market teams.

Europe

We launched into Spain in the spring of this year with PepsiCo Southwest Europe. We now have listings in four of the six major grocery retailers with in-store activations, sampling and a growing number of branded coolers across the customer base. We are also gaining listings within convenience impulse and in regional chains. As we head into 2014 we have a marketing campaign planned that will include both children's television and digital.

In the Netherlands, the brand has grown from strength to strength. In 2013 Fruit Shoot achieved record retail sales, exceeding €10 million for the first time. We have recently introduced a multi-vitamin variant there and it is performing very well.

In France, Teisseire Fruit Shoot has had an excellent year. It has recently achieved nearly 12% market share of the kids' drinks category and is the brand that is driving category growth. This year we will increase our A&P spend behind the brand in France, and we will be linking Fruit Shoot to the Tour de France, for the first time, alongside Teisseire.

India

We are making solid progress. We have appointed a General Manager who has extensive experience in the Indian FMCG sector, and we are establishing a small local team to support the sales and marketing capability of the Narang Group. We are developing both pack solutions and flavours, such as mango, specifically for this market. We are also making good progress in establishing the supply chain, and conversations are at an advanced stage with selected co-packers. We are on track for launch in mid-2014 with our first marketing campaign dubbed 'The Festive Season of Diwali' next October.

The Indian market is of course huge and developing rapidly, but it is complex. These factors are front on mind as we prepare to launch next year. The focus for Fruit Shoot is not the mass market 1.2 billion population, but the emerging affluent family. Our focus remains the major conurbations and we are targeting around 100,000 outlets for distribution.

As we look ahead into 2014 we are focused on building our strength in the kids, family and adult categories where our brands have a leadership position. We continue to build on the success we have had with our PepsiCo brands in recent years.

Plans for 2014

Across the year we have an extensive sales and marketing program but today I will just share with you some of the highlights. There is more to come later in the year, and I will talk to you again at our interims in May.

Kids category

In the kids' category, we will launch for the first time our first ever multi-market campaign for Fruit Shoot. We will continue the brand's association with Nickelodeon through our Skills program, and alongside that we are delighted to have secured a tie-up with Angry Birds, the hugely popular game app with over 1.7 billion downloads to date. As well as unique packs, there will be great prizes to be won through on-pack promotions and great visibility, and in-store theatre to support the campaign.

Family category

We have strong plans with increased investment to fully activate our dilutables range in each market. Robinsons will continue its 'Pals' advertising campaign, and again linked to the Wimbledon Tennis Tournament, but with even more investment this year. Teisseire will again sponsor the Tour de France, which is hugely popular in France. In 2014 there will be more investment behind MiWadi in Ireland. We also have an exciting innovation launch in this category which I will share with you in a moment.

Adult category

We will continue to run highly successful strategy of the limited edition on J2O and the popular Glitter Berry flavour, which is back for Christmas. We will continue the focus on increasing visibility and awareness on the on-trade[?], with J2O Kitty and J2O Late, both of which have proved to be very successful marketing programmes. We will also continue to develop new packs, and occasion solutions to expand consumption such as the successful take-home J2O fridge pack. Finally, we are trialling Teisseire in a number of GB food and coffee shops.

The Pepsi portfolio and our relationship with Pepsi is a key part of our strategy. In the coming year we will continue to build on the success we have enjoyed in recent years with their fantastic brands. Pepsi has gone from strength to strength led by Max, which is the driver of category growth. Lipton has also seen considerable growth under Britvic's management, and in 2014 we have a strong marketing program to reinforce its number one position in a fast growing category. Mountain Dew gave us a credible brand in the energy segment, and we will increase investment behind it in the coming year. We have also recently introduced both Mountain Dew Sugar Free and Amp, both of which give us real opportunity to continue to grow our share of the energy category.

In the pub, club and leisure sectors, we are innovating with both new and improved dispense solutions that will drive more value for us, our customers and consumers in the sector. For example, we have been doing trials with some major casual dining retailers that utilise our brand Teisseire to bring flavour shots to Pepsi.

Finally, cross-category promotion is one of the side benefits of our strong relationship with Pepsi. In 2014, Pepsi will once again capitalise on its football collateral, as the world's best players take to the stage in Rio. We will also continue our successful music link-up with Live Nation and are planning further cross-category promotions this year.

Robinson's Squash'd

In 2014 we are launching an exciting product innovation into the dilutables category. With Robinson's, we have the privilege of owning a truly iconic brand, with a heritage stretching over 100 years and an association with the Wimbledon tournament dating back to the days of Fred Perry. This is a brand found in nearly all the UK households. More glasses of Robinson's are drunk than any other soft drink in the UK.

We have identified a significant category growth opportunity for Robinson's. Consumption of squash is predominantly at home with very little out-of-home or on-the-go consumption. In the USA, we have seen the development of a water enhancement category, and we have developed a new solution for Robinson's to develop this sub-category in the UK.

In spring 2014 we will be launching Robinson's Squash'd, a super-concentrated squash which allows people to take squash out of the home and enjoy the great taste of Robinson's everywhere. It is small enough to put in your pocket or handbag and gives consumers 20 drinks in a pack that is just 7cm high.

Unique qualities

While there are similar products in other markets, Squash'd is unique because it uses real fruit juice and contains no artificial flavours or added sugar. It reinforces our position as a brand that consumers trust, is superior in quality and tastes great. We will launch with three flavours, and Squash'd will be supported by a significant marketing campaign to drive trial and awareness. We are confident that Squash'd will drive both category growth and deliver margin-enhancing profit for us and for our customers.

Summary

Today, Britvic has demonstrated a much improved performance in 2013 across the business, with significant growth in revenue, price and margin. We have also delivered a strong performance on cash, which has given the board the confidence to raise the dividend this year ahead of market expectation. At the same time, we have made good progress in implementing our strategy and remain confident in our ability to generate a minimum of £30 million of cost savings by 2016. We continue to build on the international momentum, with further progress for Fruit Shoot, particularly in the US, and India is on track for a launch in mid-2014.

Thank you for listening.

Q&A

Ian Shackleton (*Nomura*): I have just a couple of questions around the GB trading environment. To what extent are you seeing a better economy, and how does that make you think about stills versus carbs in the New Year? The second question was really around your competitive activity, which is quite fierce, I think; if you go back to the beginning of this year. How do you see that going forward into 2014?

Simon Litherland: Okay, thank you Ian. I think it is great to see some of the macroeconomic indicators improving in the economy, but I think it is fair to say that from a consumer perspective I am not sure that this has really filtered down. I think they are still reeling from the energy and transport price hikes, and our experience is still very much that they are seeking out value and are still very price-conscious. So we still anticipate a tough consumer environment going forward.

From a competitive perspective, I think this year has been, once again, a very competitive category, and it will remain so. So our view is that that will not change. However, we are very clear on the strategy that we are trying to execute, and I think the commercial change programme in GB that we are implementing is exactly the right approach, and we are very pleased with the direction of travel, both in our stills and carbs brands.

Henry Davies (Bank Of America Merrill Lynch): I have three questions. First, on input costs, could you tell us the expectation without the foreign exchange impact, and maybe give us just a bit of colour by input costs? Then, if the pound stays where it is, should that FX turn positive into FY15?

Second, on the tax rate, you have guided us for FY14. Maybe three years out, what kind of reduction should we be thinking about, given the lower UK corporation tax? And then also just on the tax, in your cash flow, the cash tax is quite low relative to income tax. I know some of that is pensions, but it still seems quite low, so could you give us just a bit of colour there.

Lastly, in your international expansion, are there any other brands you are looking at – perhaps Teisseire syrups or Robinson’s squash – with regards to going into new territories?

John Gibney: I will take the first two, and then Simon will pick up the international issue. Congratulations, I think you got about five questions into the first two there! I will try to remember all of them, starting with input costs. Your question, I think, was: without FX, what would that have looked like? We described underlying input costs as pretty benign, so we would see that as broadly flat to maybe very, very slightly up. So really the increase that we are seeing is largely attributable to FX rather than underlying quality costs.

By category, the areas which are going down: you would expect already to see sugar prices going down, so after a long period of time with those increasing, we are seeing the benefit coming through on that. Clearly they are pretty much all in euros, so there is quite a major FX impact back the other way, but they would still, despite that, show a reduction. PT would again be pretty much flat to maybe marginally down, but again FX takes it slightly the other way. The one where we are seeing probably the most increase is around glass costs, which is primarily because it is so heavily driven by energy costs. Juices are still one that we have yet to read entirely, because we are now just seeing the outcome of the crops, and we are just starting negotiations on juice supplies. So our assumption is that that will be marginally an increase, but we will see whether the market plays through on that.

In terms of when that might turn positive, we had already seen some negative impact from FX movement in FY13 as some of our hedges rolled off. Most of our hedges will now be in place for FY14 so we would not anticipate seeing much of a benefit as that rolls forward, but clearly that cost will come out in FY15, assuming there are no material swings in FX rates going forward.

The second area was around tax. As you highlighted, FY13 would be lower than FY14. As I noted, we have a one-off benefit in FY13 as a revaluation of deferred tax liabilities associated with the pension funding partnership. The tax rate is low; the cash tax rate is much lower in FY13. You are right – it is primarily due to the pension funding partnership, so that is a major timing difference that comes through on those benefits, which you are seeing come through in the cash tax rates as well.

In terms of where it is likely to be in the future, there are still some small benefits to come through from corporation tax. Probably what will influence our tax rate more in the future is the mix of profitability from the various business units, as we hopefully see particularly the international business grow from current losses into profits. Clearly one of the benefits we have is that we provide concentrate for the US out of Ireland, and therefore all the profits are captured at the Irish tax rate rather than the UK tax rate, so that should be a benefit in the future. However, clearly I cannot give you an indication of how much at the moment.

Simon Litherland: On the international front, clearly our focus is on three categories: kids, family and adult. Initially we were clearly very much after the Fruit Shoot opportunity, and are heavily focused on the US first and foremost. Our second focus is on getting up and running in India, and then on our European markets. That is our priority in the short term.

Having said that, the three categories are where we will focus: there are some big dilutable markets around the world, and indeed other markets where dilutes are not consumed in the same format as squash, as we know it in the UK. So we do see opportunity for a brand like Robinson's and we are using our category knowledge to find some of those opportunities for ourselves in due course.

Yes, you are quite right, brand Teisseire does have international potential. As you know, Teisseire is the leading syrup brand in France. There is a smaller brand in France that actually has an international footprint four or five times the size of Teisseire, to kind of give us some view of the potential for international opportunities for that brand. So that also has the opportunity. But it is Fruit Shoot first. We have the markets in our hands at the moment, so to speak, and are developing those appropriately. Then, at the same time, we will start to shift attention into other categories and other potential partners in other international markets.

Andrea Pistacchi (CitiGroup): I have a couple of questions. The first one is on international. You sized the market; clearly the multipack part is the large portion of the US market. You said you are testing in the multipack format in the grocery channel. You have strong backing from Pepsi. So what are the challenges you face in rolling out in a more meaningful way to this large segment compared to convenience?

The second question is on your fixed costs. This year they were up a bit more than 6%. You have given the reasons; one of them was obviously the bonus payments on a comp[?] where you did not have bonuses last year. Thinking about the next years, can you keep fixed costs growing at or below inflation, or are there any factors that should drive a faster growth there?

Lastly, I have a more specific question on your price mix in stills, which was obviously very strong – clearly not sustainable at that sort of level. Was there any distortion from double concentrate in that number?

John Gibney: In terms of fixed costs, you are right, Andrea, in terms of the movement this year. I think as we move forward obviously fixed costs will be one of the lines that will benefit from the strategic initiative that we have underway, so clearly the closure of two factories in itself is going to have a major impact there. I think one of the other things to be aware of is that we are clearly investing behind putting the infrastructure in place for our international business unit, and we probably see the international business unit from a fixed cost perspective being as inefficient as it will ever be at this point in time, simply because of the way that we are building that infrastructure, so that is obviously a huge opportunity for us to grow the top line on that fixed cost infrastructure without having to then proportionately grow our international investment in the same way as well.

So, as an example, we have the 24 people on the ground now in the US, which we believe is capable of supporting a bigger business than we have at the moment. We also have people focused on identifying new marketplaces, negotiating potential new deals for us, etcetera. So as we grow the international business, they will not grow proportionately. So without giving you a number, I think that that will be one of the things that will continue to contribute to our margin expansion as we move forward.

Simon Litherland: On the multipack, Andrea, I think there are a couple of points. First of all, our intent is very clearly to establish the brand in the gas and impulse channels, and that is absolutely what we are doing. Yet we are mindful of the opportunity that multipack presents. However, we need to get the pack and price architecture straight. We do not want to be giving away all the margin as we move into multipack, which we will do in due course.

Then another key element is national coverage: some of the big national retailers in the States prefer you to have national coverage if you are going to go into that sort of format. Finally, it is about just building in the supply chain capability, which we are in the process of doing with St. Louis coming on board in June next year. So it is one for the future, but clearly we absolutely recognise the growth potential that will come from entering that format.

Regarding your last question on the stills price and mix, I think the first thing to say is, we are very pleased with the shape of the P&L. It is absolutely the shape that we are looking for and is very in line with the commercial intent of the GB and Irish business. The focus has absolutely been brought into revenue management – both how we manage price across the different channels, and the efficiency and effectiveness of our promotional investment by customer and by promotion.

I think that when you start shining a spotlight on a particular area of the business, you initially get a good impact, and we have certainly seen that this year. Going forward, the impact of our commercial programme will be lower, I guess, but will keep us on track. Clearly the other thing to say is that this year we have benefited from a mix impact, particularly with the impulse channel benefiting from the strong July and summer months we had in Ireland as well. Clearly we make a higher margin on our single serve varieties through impulse than we do on some of our bigger multipacks and big packs and grocery.

Simon Hales (Barclays Capital): Just following up on your comments around the US and the rollout potential for Fruit Shoot there – how many states are you now in with PAB and how many other states has PAB got where you could still sign a potential agreement, if there are any?

Secondly, with the new agreement coming in, how should we think about the number of convenience outlets stepping up in terms of rollout into 2014? I think you said you are at 60,000 at the moment, with an extra nine states coming on board. How is that going to move on its own?

John Gibney: In terms of how many states do PAB access and what is the potential, probably the easiest way to answer it is that PAB's territory actually reaches 75% of the points of distribution in the US. So they are the most fundamental partner for us to have in place, obviously, and the 15 year agreement is very important in that context.

The way the bottling agreements work over there is, there are then a number of significant independents, and we are already working with most of those: PBV, who are obviously manufacturing for us as well in North Carolina; Gross & Jarson, who are up in Ohio; and also Buffalo Rock, our original partner. So in respect of that remaining 25% potential, we are already closing out a number of areas.

There are then a massive range of small bottlers, some of whom actually do not bottle but are called bottlers, who have defined territories. And what we are seeing is obviously a lot of interest coming through from those independents as well, who will continue to sign up. So we are with the most important partner, but the independents are also clearly very key to us in making sure that we close out the gaps, because having national distribution is obviously very important for certain retailers, and certainly leading with PAB gives us the potential to close that opportunity fairly quickly.

In terms of the number of new outlets, we will not guide on that just at the moment, but clearly we expect to see further momentum building from the 60,000 that we have at the moment. There are still some states remaining – one or two significant states – and we are obviously thinking about how we go after those and enter those. However, you will take from the fact that we have signed this agreement with PAB that no one is intending that we will stop at 32, or indeed 41 states.

Gerald Corbett: Thank you very much everyone.

John Gibney: The AGM will be 29th January for Q1.

[END OF TRANSCRIPT]