

INTERIM RESULTS

26 weeks ended 31 July 2022

AG Barr
BUILDING GREAT BRANDS



OVERVIEW

Strong first half performance

	26 wks to 31st July 2022	27 wks to 1 Aug 2021**	% Change
Revenue	£157.9m	£135.3m	16.7%
Reported profit before tax	£24.7m	£24.4m	1.2%
Adjusted profit before tax *	£25.3m	£20.6m	22.8%
Adjusted operating profit margin *	16.2%	16.2%	Flat
Cash and cash equivalents	£61.3m	£65.6m	(6.6%)
Basic EPS	18.98p	12.78p	48.5%
Interim dividend per share	2.50p	2.00p	25.0%

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided at the end of this announcement

** 2021/22 was a 53-week financial year with a 27-week first half. 2022/23 reverts to a 52-week year with a 26-week first half

Agenda

- Welcome & introductions
- Market update
- Financial review
- Business update
- Summary & outlook
- Questions

Roger White
Chief Executive

Stuart Lorimer
Finance Director





MARKET UPDATE

Roger White

Soft drinks market

Total UK soft drinks value

▲ 8.1%

Carbonates value

▲ 7.2%

Stills value

▲ 9.2%

Total UK soft drinks volume

▼ 3.0%

Carbonates volume

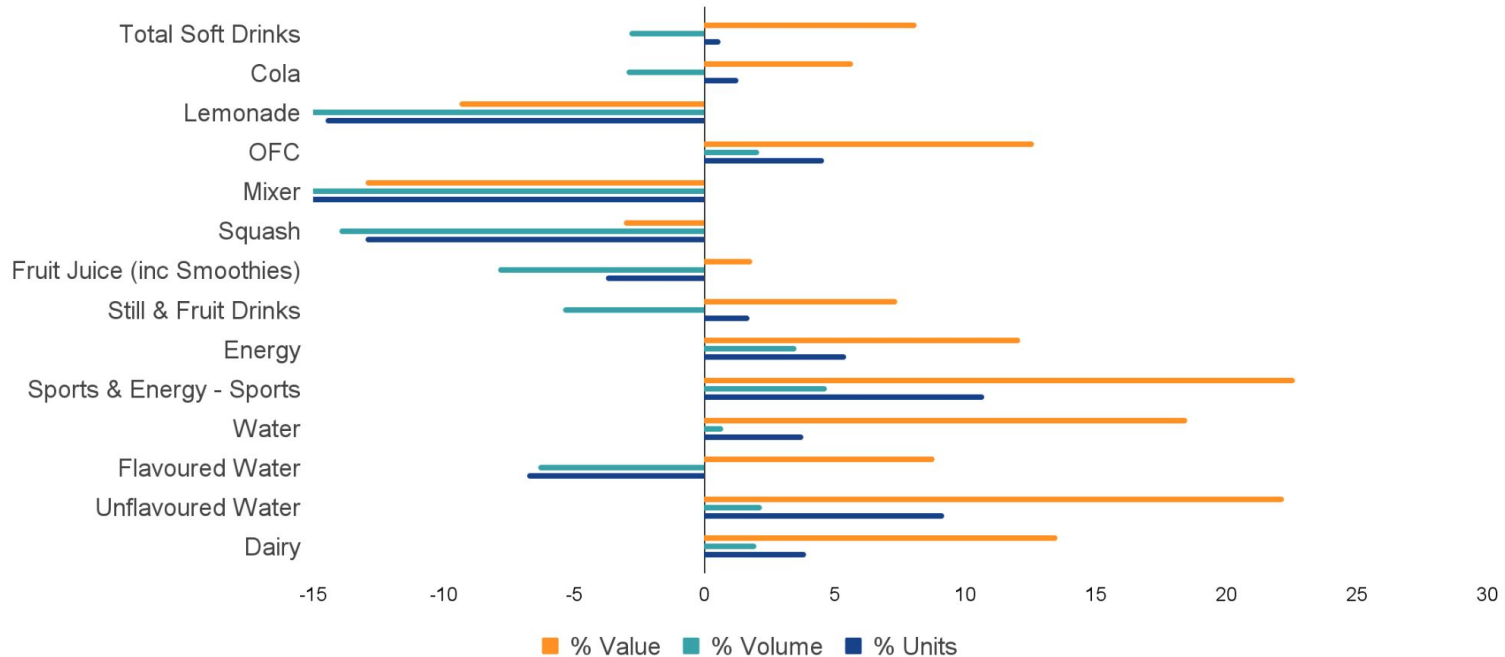
▼ 3.2%

Stills volume

▼ 2.8%

Total UK soft drinks market - sub categories

Value, Volume and Units %



Source : IRI Marketplace 26 weeks to 30/07/22

Cocktail market - on trade

£664m

Value of on-trade
cocktails in GB

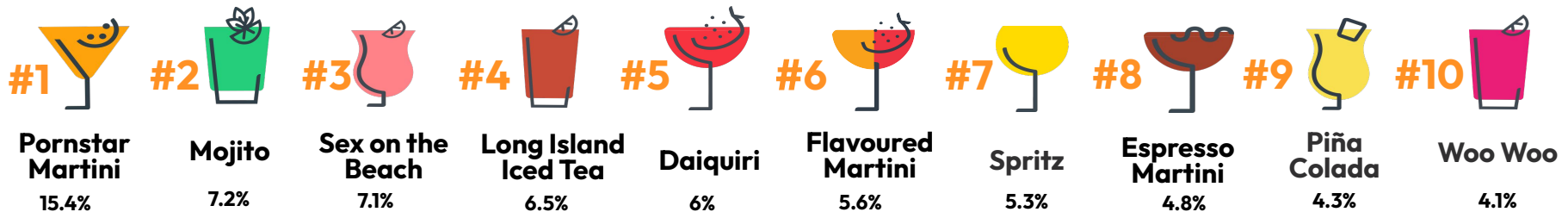
▲ **13.2%**

44.6k

Number of outlets
cocktails stocked in

▲ **6.2%**

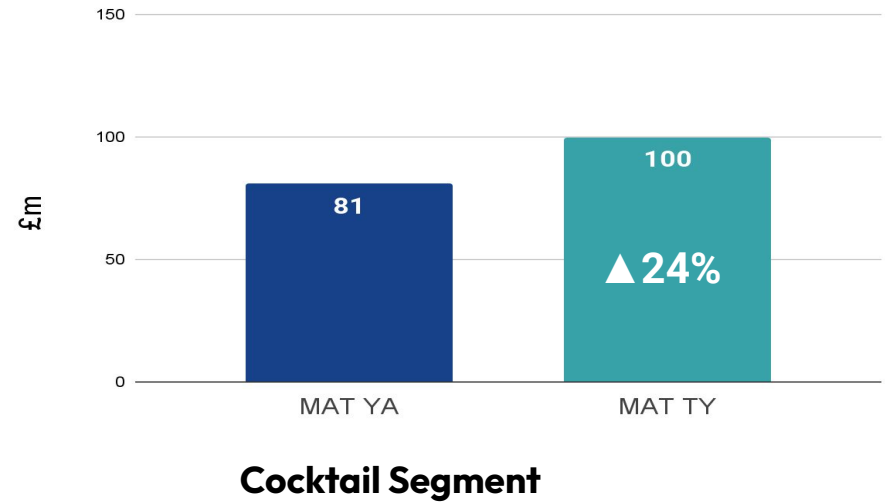
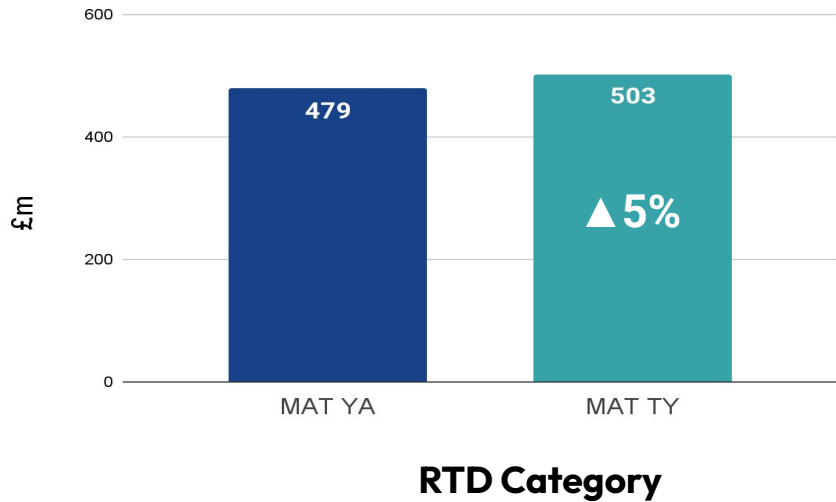
Cocktail
distribution in
outlets has **doubled**
since 2014



Source: CGA Mixed Drinks Report Q1 2022

Cocktail market - at home

Ready to Drink (RTD) market year-on-year

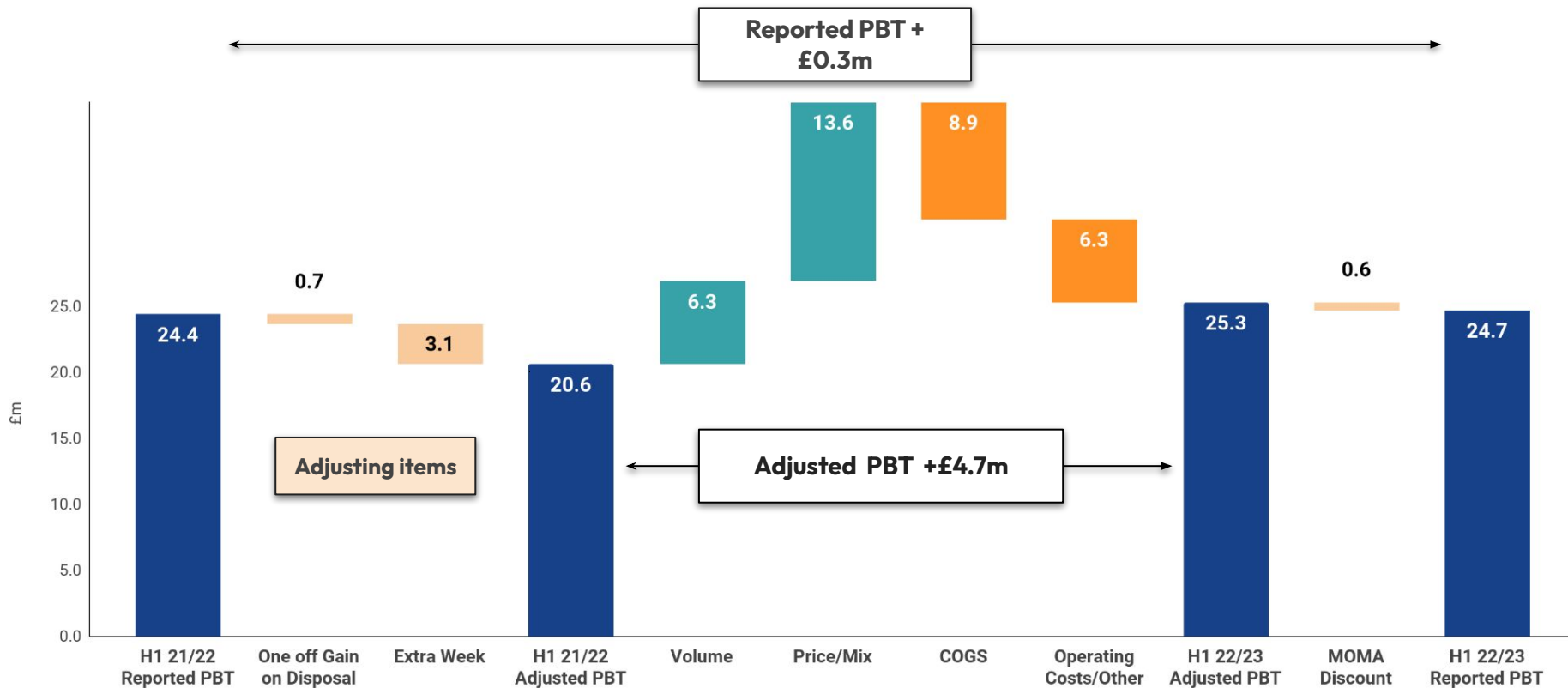




FINANCIAL REVIEW

Stuart Lorimer

H1 2022/23 Profit overview

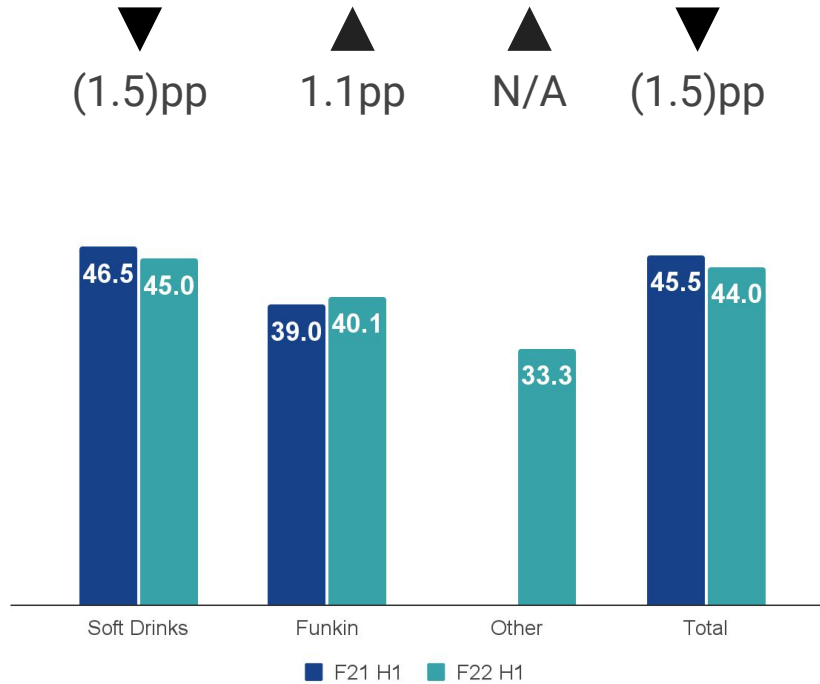


Financial scorecard

	H1 22/23	H1 21/22*	v H1 21/22	% v H1 21/22	
Case volumes (million cases)	27.8	26.4	1.4	5.4%	●
Net revenue (£m)	157.9	135.3	22.6	16.7%	●
Profit before tax (£m) (Adjusted)	25.3	20.6	4.7	22.8%	●
Profit before tax (£m) (Reported)	24.7	24.4	0.3	1.2%	●
Gross margin (Adjusted)	44.0%	45.4%	(149)bps	-	●
Operating margin (Adjusted)	16.2%	16.2%	(4)bps	-	●
ROCE (Adjusted)	18.9%	17.8%	104bps	-	●
Operating cash flows before movements in working capital (£m)	31.9	30.2	1.7	5.6%	●
Net cash from operating activities (£m)	11.4	16.9	(5.5)	(32.5%)	●
Net assets (£m)	257.7	246.2	11.5	4.7%	●
Cash and cash equivalents (£m)	61.3	65.6	(4.3)	(6.6%)	●
EPS - Basic (p)	18.98	12.78	6.20	48.5%	●
Dividend - Interim (p)	2.50	2.00	0.50	25.0%	●

*H1 21/22 contained 27 weeks

Gross margin (%)



Soft Drinks (83% of total revenue)

- Volume growth, positive mix and appropriate pricing help mitigate high inflationary environment and supply chain challenges

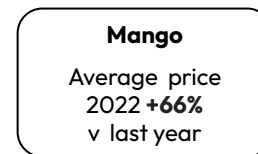
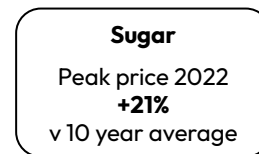
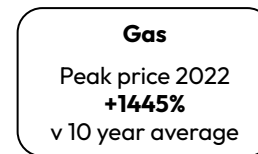
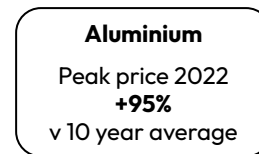
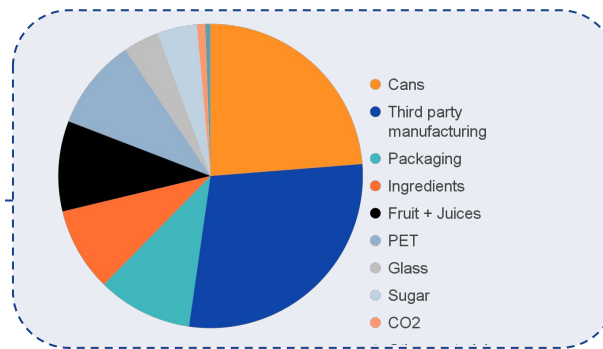
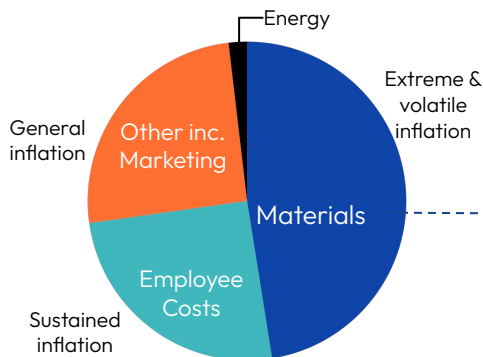
Funkin (14% of total revenue)

- Double digit revenue and gross profit growth in both on and off trade with mix benefit from fully opened hospitality sector

Other (3% of total revenue)

- MOMA performing to plan in the context of a tough inflationary backdrop within high growth market

Commodities, cost base & currencies



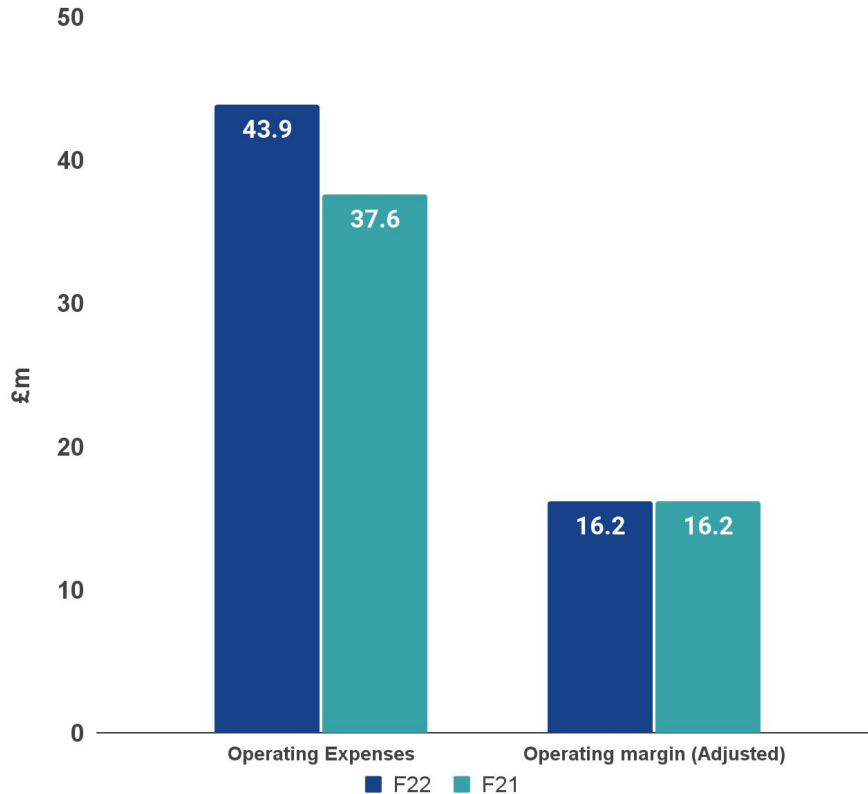
Commodities

- Significant inflationary pressures across all aspects of cost base - particularly commodities / energy-intensive materials (cans, glass, CO², sugar & packaging)
- H1 hedging and cover provided some protection - H2 cover secured at higher rates
- Sterling FX softness recognised in direct and embedded exposure - rolling hedge strategy in place
- Customer service successfully maintained despite stretched global supply chains

Current outlook

- Mid/high single digit inflation across supply base anticipated to continue through 2023
- Physical cover and financial hedging for 2023 now well underway

Operating costs and margin

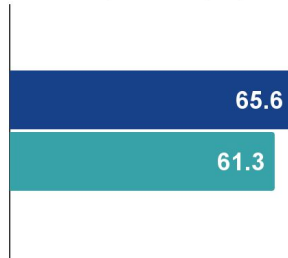


- £6.3m reported cost increase driven by upweighted marketing support across Barr Soft Drinks and Funkin and the consolidation of MOMA
- Underlying costs, excluding marketing and MOMA, are up 4% - labour and logistic inflation partially mitigated by strong cost control in other areas

Balance Sheet

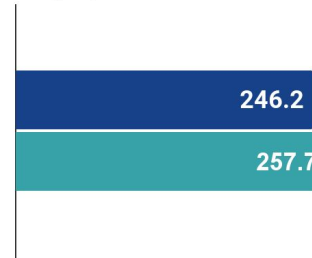
Strong funding platform

Cash and cash equivalents (£m)



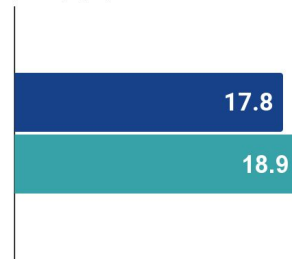
Well invested asset base

Net assets (£m)



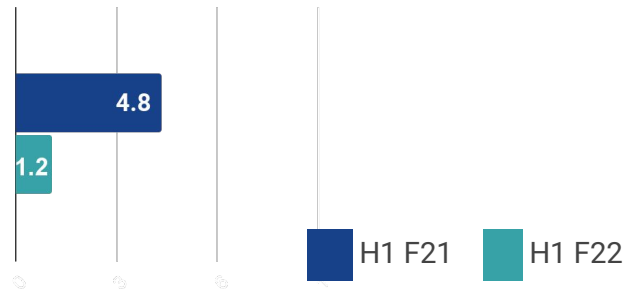
Robust investment returns

ROCE (MAT) (%)

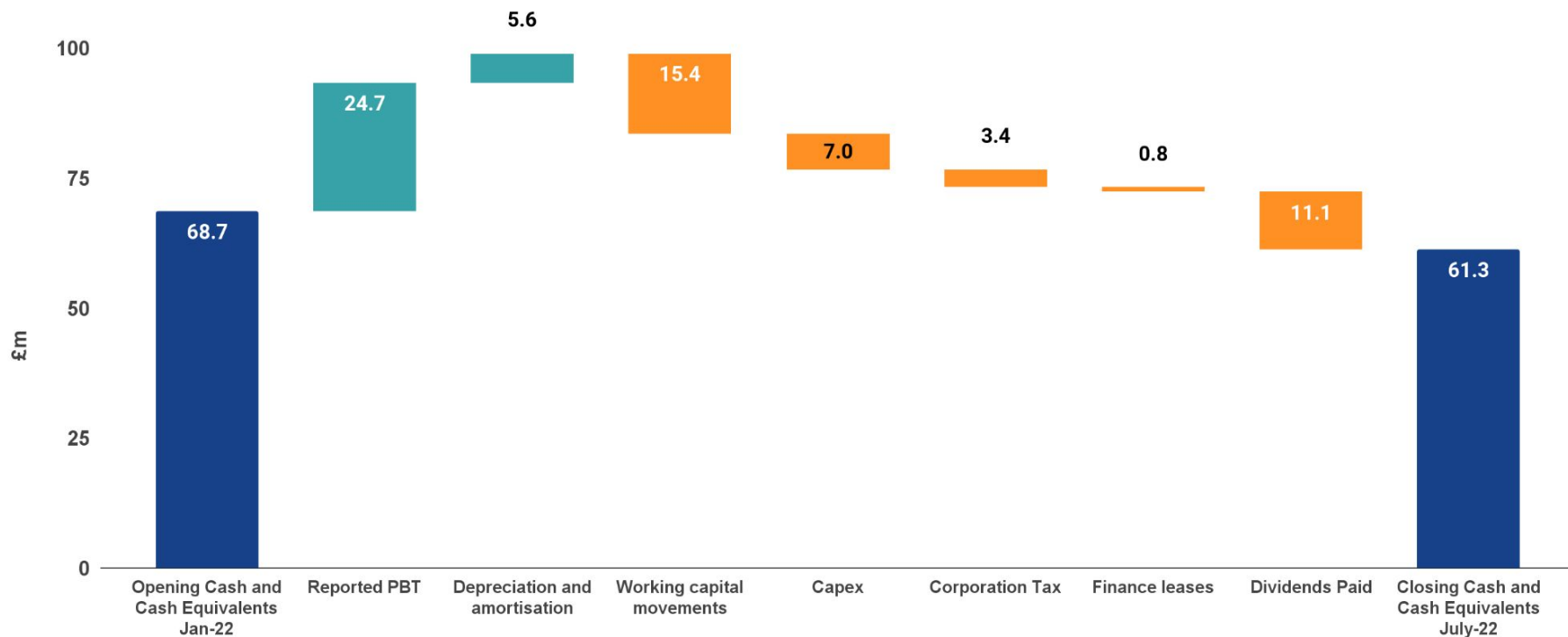


Effectively managed pension obligations

Pension Obligations (£m)



Cash and Cash flow



2022/23 Financial outlook

Revenue	<p>H1 on a comparative basis benefited from good summer weather and extra week in the prior year</p> <p>H2 will continue to deliver growth through volume and ongoing pricing benefits → delivering low double digit growth for full year</p>
Margins	<p>H1 cost pressures were partially mitigated by hedging and cover</p> <p>H2 has the majority of cost base now 'locked'</p> <p>Full year margins down slightly, 75- 125 bps, on prior year</p>
Capex	<p>Capex strategy in place - programme on plan</p> <p>Full year spend £16m-£20m</p>
Cash	<p>Strong cash generation continues</p> <p>Anticipating closing (22/23) cash well ahead of 21/22 despite significant increase in Capex</p>

BUSINESS UPDATE

Roger White



Barr Soft Drinks

Core brand growth supported by continued brand investment

IRN-BRU

▲ 5.6%

Rubicon

▲ 23.8%

Barr Flavours

▲ 13.4%



Funkin

UK - Strong recovery across on trade and at home - new Funkin marketing campaign

International - Ireland & Australia progressing well - US initial state trial planned for 2023

On trade

▲ 23.5%

At home

▲ 17.3 %

International

Sales doubled



Sources : AG Barr revenue 26 weeks to 31/07/22

MOMA

Early stage of investment - supporting future growth potential

New marketing campaign - across TV, out of home and paid social (Sep)



Brits now drinking
plant based milk

32%

Oat milk category
growth

16%

MOMA growth

30+%*



Sources : Mintel Sep 2021 ; Kantar May 2022 ; Nielsen 52 weeks ending July 2022 ; *anticipated full year growth

Responsibility

H1 highlights



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Approved near and long-term science-based emissions reduction targets with the Science Based Target initiative (SBTi)



New 3-year employee-chosen charity partnership

Note : Full details of our science-based emissions reduction and science-based net-zero targets can be found at <https://www.agbarr.co.uk/responsibility/no-time-to-waste/>

DRS in Scotland

- Go-live August 2023
- Forecast year 1 producer fee, to fund running costs, now published :

PET : 3.17p

Metal : 3.42p

Glass : 4.45p

UK-wide SKU surcharge : 1.133p

- AG Barr approach : Scotland specific SKUs for all owned brands
 - minimising fraud potential and simplifying traceability
- Potential AG Barr gross profit impact from producer fee before mitigating actions in 2023/24 : c.£3m



Scotland only

Still to be confirmed

- Cut-over / transition arrangements
- VAT treatment
- DRS plans for rest of UK

Capital investment

MILTON KEYNES

New 250ml can capacity

New small case cardboard multipacker

On track for November commissioning allowing in-house production of Funkin RTD cans including nitro

CUMBERNAULD

4-year c.£30m asset refresh programme

First phase underway - to be completed by end FY 23/24

- new palletiser for large PET line
- new small PET line

New large PET line and new can line to follow by FY 25/26





SUMMARY & OUTLOOK

Roger White

Summary

- Strong start to the year and continued good momentum continues across our business and brands
- Inflation accelerated across the summer
- We continue to take action to mitigate cost pressures
- Current economic environment expected to impact consumer purchasing behaviour however we remain confident in our strategy and actions
- Anticipate a full-year profit performance ahead of the prior year
- Increasing visibility on cost base for next financial year (2023/24) with a range of actions already underway to mitigate margin impact of increased costs

Next planned update : end Jan 2023

