



INTERIM RESULTS

27 weeks ended 1 August 2021

Roger White

Welcome and introduction

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Roger White
Chief Executive

Stuart Lorimer
Finance Director

Overview

Financial summary

	Aug 2021	July 2020	Change
Revenue	£135.3m	£113.2m	19.5%
Profit before tax (before exceptional items)*	£23.7m	£16.6m	42.8%
Statutory profit before tax	£24.4m	£5.1m	378.4%
Operating margin before exceptional items*	17.7%	15.1%	260 bps
Earnings per share before exceptional items*	12.15p	10.52p	15.5%
Net cash flow from operating activities	£16.9m	£24.0m	(29.6%)
Net cash at bank	£65.6m	£30.5m	115.1%

Highlights

- Strong trading across both business units
 - **Barr Soft Drinks** : Positive momentum across core brands IRN-BRU and Rubicon, recovery in “on-the-go” consumption, and encouraging performance from new product launches including Rubicon RAW Energy
 - **Funkin** : Strong growth in the Funkin brand including 150.1% growth in Funkin’s ready to drink cocktails and on-trade momentum supported by some customer restocking
- Record first half profit reflects positive underlying volume momentum as well as a number of benefits which will not repeat in the second half. Full year operating margin expected to be slightly ahead of the prior full year
- Strong balance sheet with £65.6m of net cash at bank
- Recommencement of dividends, comprising an interim dividend of 2.00 pence per share plus a one-off special dividend of 10.00 pence per share

Roger White

Market update

Total UK soft drinks market

Total UK soft drinks value

▲ 8.0%

Carbonates value

▲ 6.9%

Stills value

▲ 9.7%

Total UK soft drinks volume

▲ 4.0%

Carbonates volume

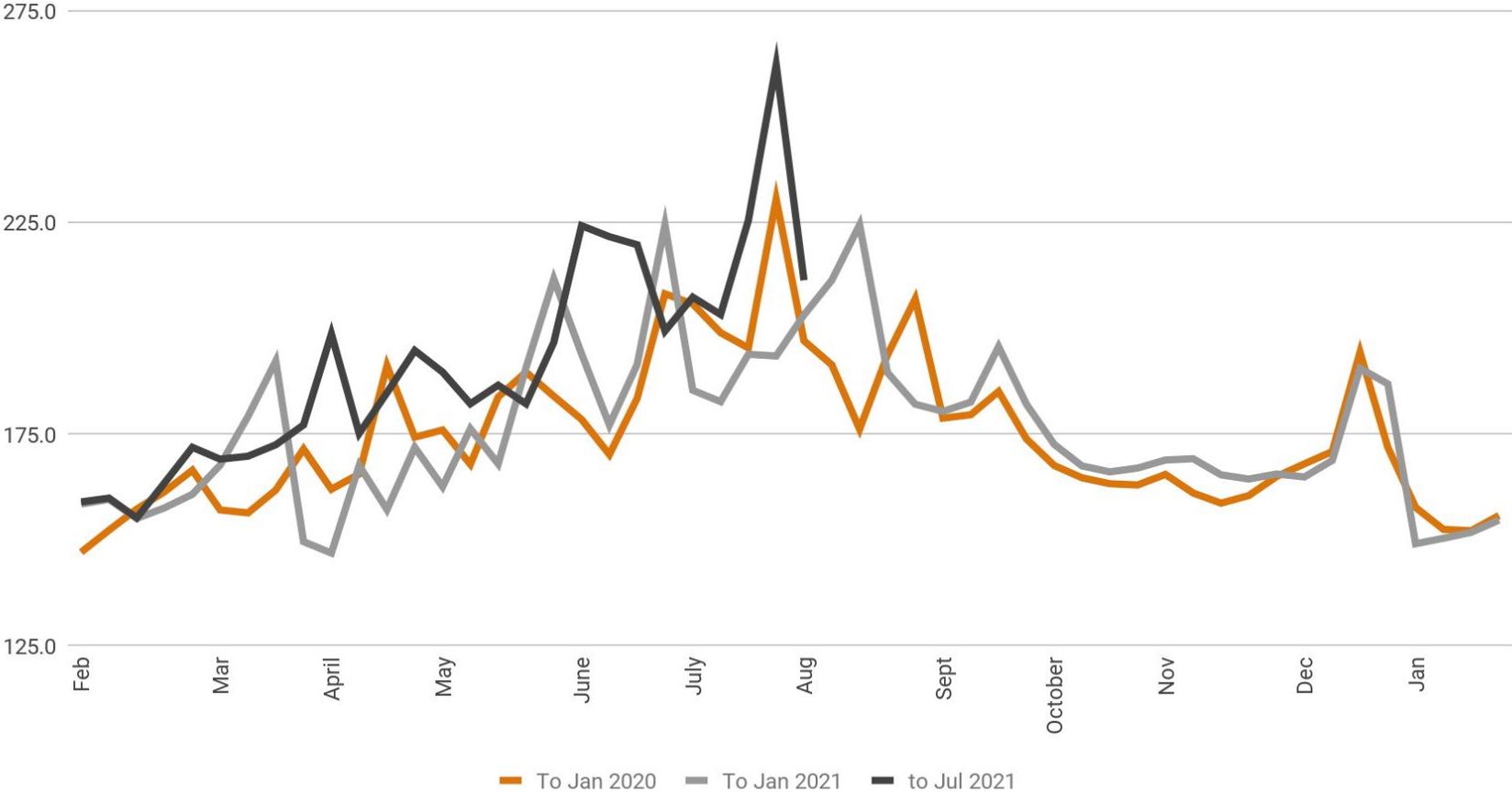
▲ 1.4%

Stills volume

▲ 6.7%

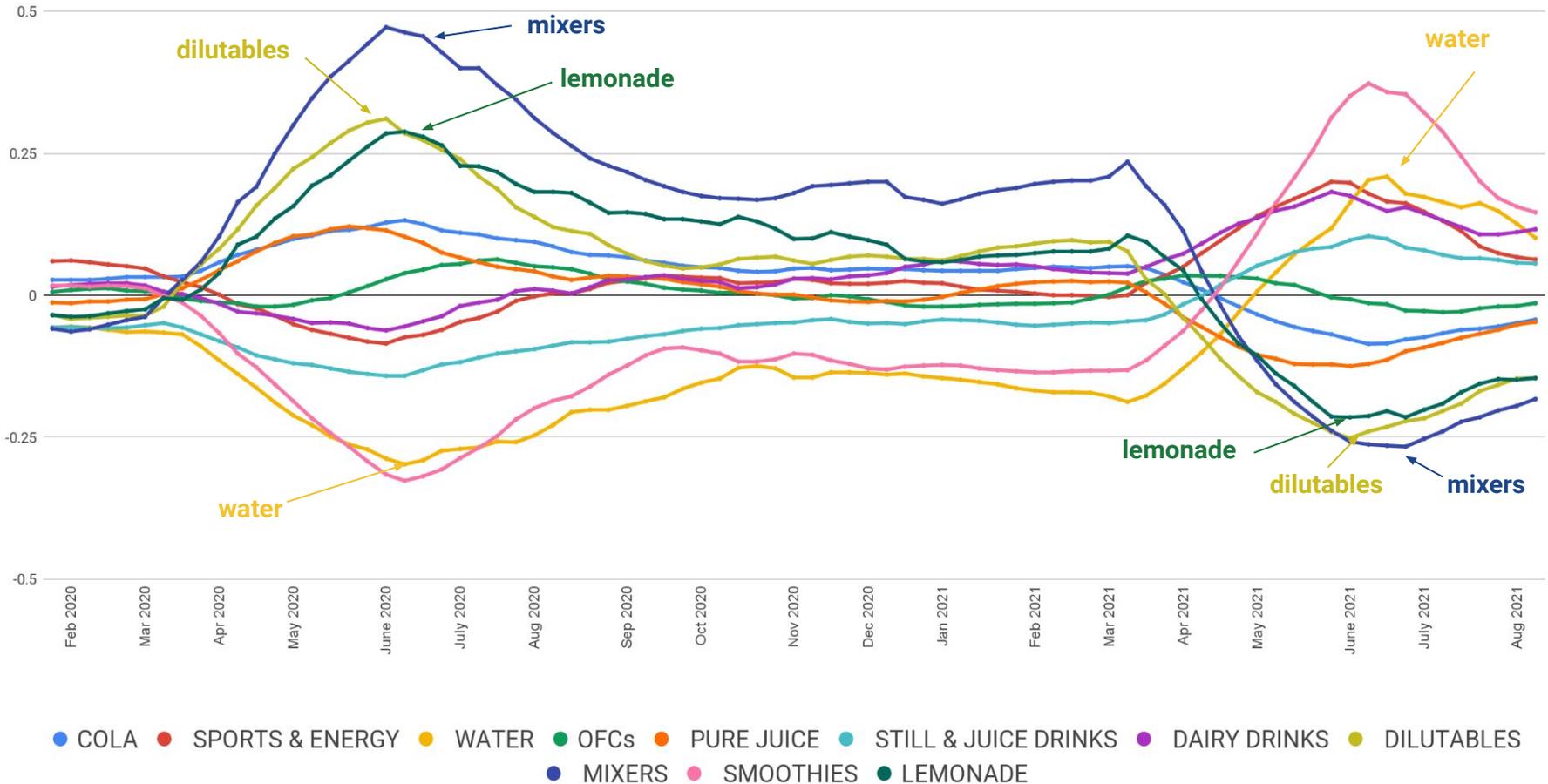
Total UK soft drinks market

Total soft drinks - value sales (£m) - weekly



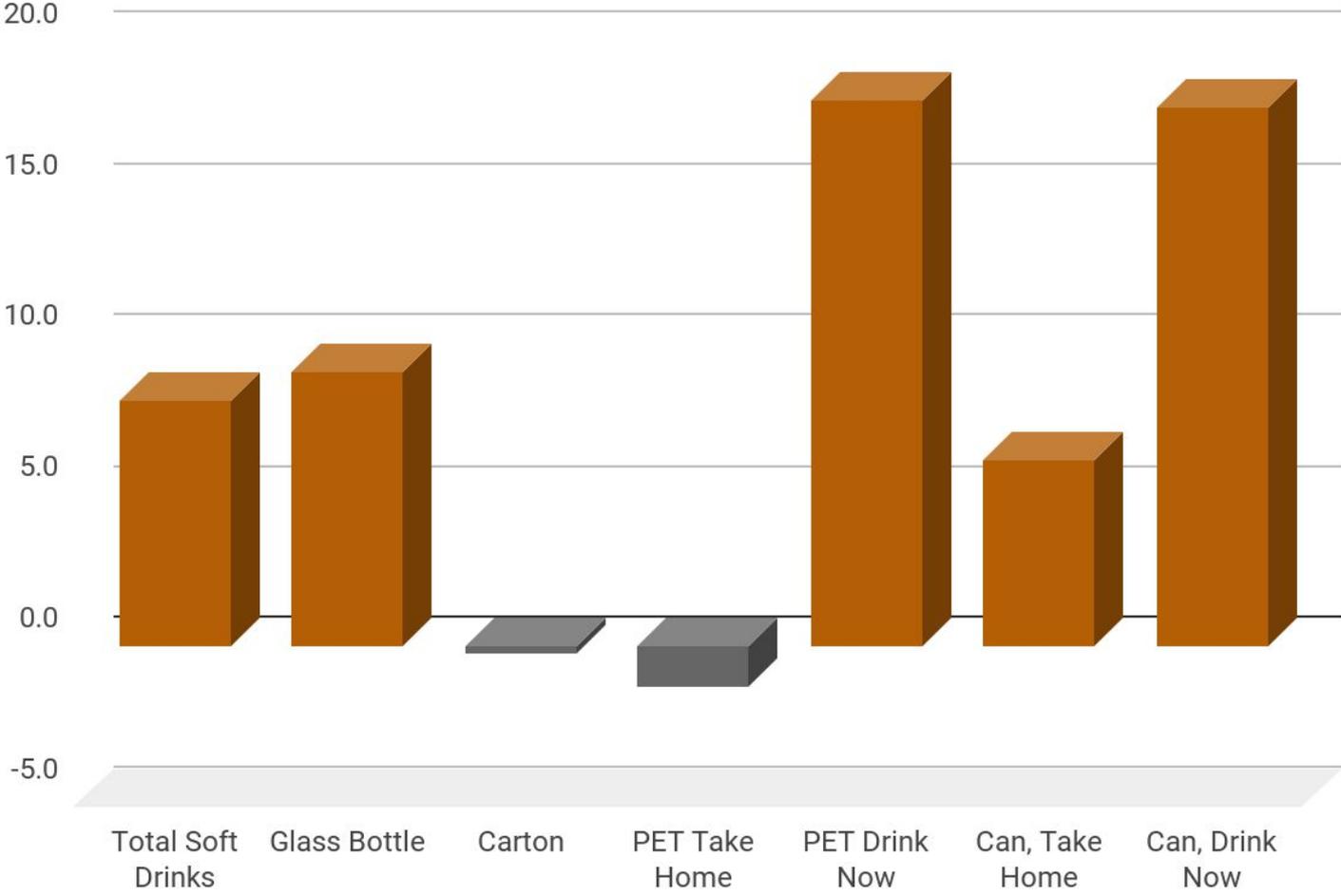
Total UK soft drinks market - category disruption

Value share of total soft drinks % change versus year ago



Total UK soft drinks market - formats

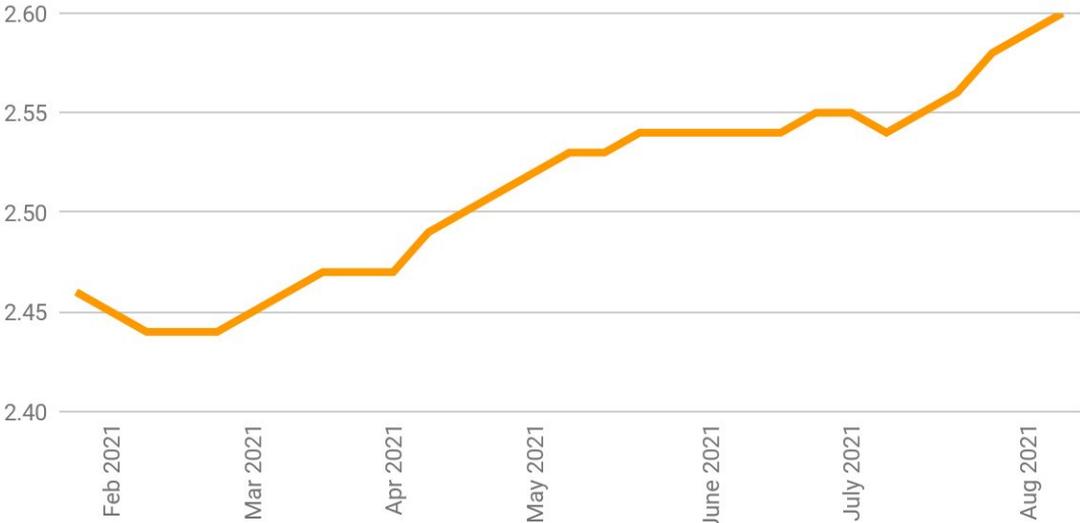
Value growth % versus prior year



Barr Soft Drinks market performance

Normalising share performance following COVID-19 market disruption

AG Barr value share of total UK soft drinks market - 12 week rolling average



Barr Soft Drinks value share of total soft drinks

Total UK

2.5%

Scotland

11.5%

England & Wales

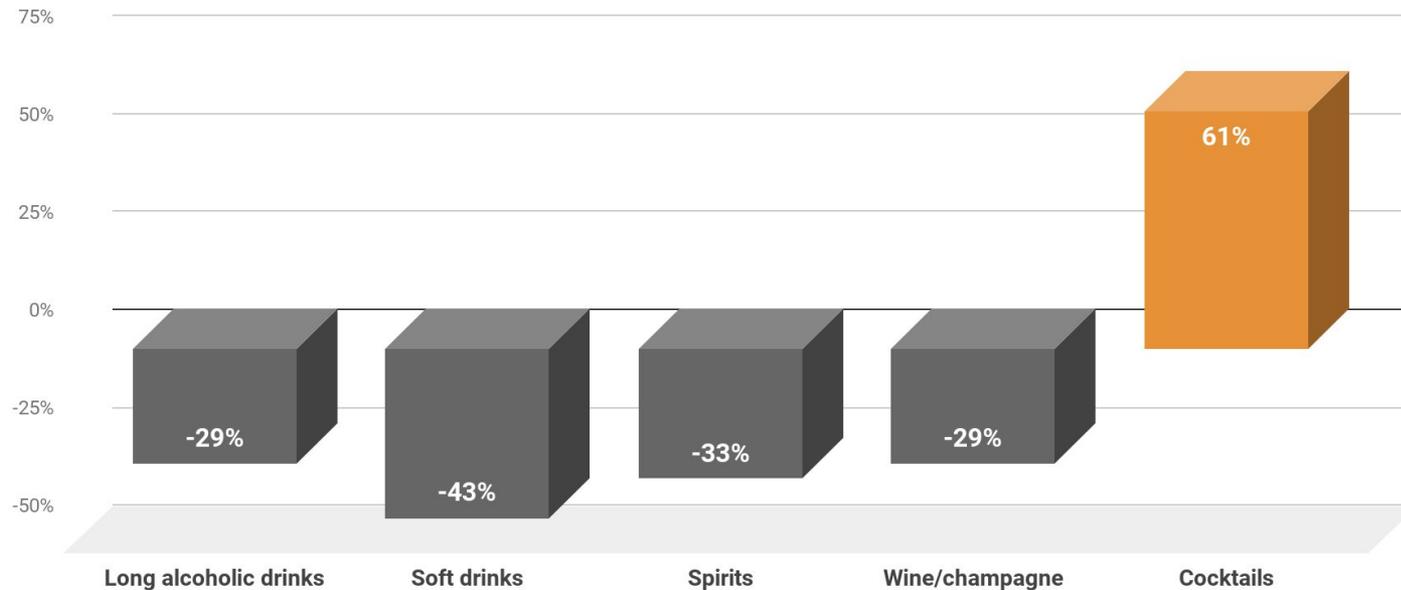
1.5%

Cocktail market dynamics - on trade

Fast restart - Cocktails have outperformed other categories since the reopening of the hospitality sector and experienced significant like for like growth in Q2 2021

Top 10 focus - Funkin's strategic focus on Top 10 cocktails aligned with market dynamics - outlets focusing on core range with Top 10 now accounting for 73% of all cocktails sold.

Like for like rate of sale across the first 10 weeks of reopening vs the same 10 weeks in 2019



Cocktail market dynamics - Ready to drink (RTD)

Funkin is now the UK's No.1 ready to drink cocktail brand

Grocery Multiples Ready to Drink Market



Grocery Multiples Cocktails



Group brand performance

Revenue

IRN-BRU

▲ 18.9%

Rubicon

▲ 39.4%

Barr Flavours

▼ 2.6%

Funkin on trade sales

▲ 229.5%

Funkin at home sales

▲ 114.3%



Roger White

Business update - H1 Highlights

H1 highlights : IRN-BRU

NEW Masterbrand Campaign

Heavyweight TV, Social Media & Sampling

IT TASTES LIKE BUBBLEGUM!
NO! IT'S TINGLY
IT'S TUTTI-FRUITI
MORE LIKE CREAM SODA!
LET'S JUST AGREE IT TASTES MAGIC

BRU-ROs

Consumer engagement and special packs

“OOOH!
YES SIR I CAN BOOGIE
18 330ml CANS
THIS FILM IS MADE FROM 100% RECYCLED PLASTIC
IRN-BRU
CELEBRATORY FOOTY CANS INSIDE THIS PACK
GOAL

IRN-BRU Energy New 500ml BIG can



IRN-BRU 1901 Back for Good



H1 highlights : Rubicon

#NOADDEDBORING Summer Campaign

- Heavyweight TV
- Digital/Social
- Stop & Stare Outdoor



**MAKE THE
UNBORING
CHOICE!**



Flavour development



H1 highlights : Funkin

Ready to
drink
innovation



£1m national advertising
campaign reaching 9.5m
consumers

drinkaware.co.uk
For the facts

Great tasting
cocktails.
Best served
everywhere.

ESTD . 1999
FUNKIN
NITRO COCKTAILS

PASSION FRUIT
MARTINI

ESTD . 1999
FUNKIN
COCKTAILS

Scan for
nearest
stockist

67% increase
in RTD
distribution
points

TESCO
Sainsbury's
MORRISONS
ASDA

AG Barr
BUILDING GREAT BRANDS

H1 highlights : Innovation - Rubicon RAW Energy



- Energy is now the UK's #1 'drink now' category worth £1.4bn and still growing
- Rubicon RAW Energy launched Feb 2021
 - 20% real fruit juice
 - Natural caffeine from green coffee beans
 - Absolutely no artificial colours or flavours
 - Soft drinks levy free and HFSS compliant
- Encouraging customer listings and strong rate of sale

Our most successful innovation launch to date with 6.5m cans sold

H1 highlights : Responsibility

Launch of new Environmental Sustainability Programme

Net Zero by 2040 ambition

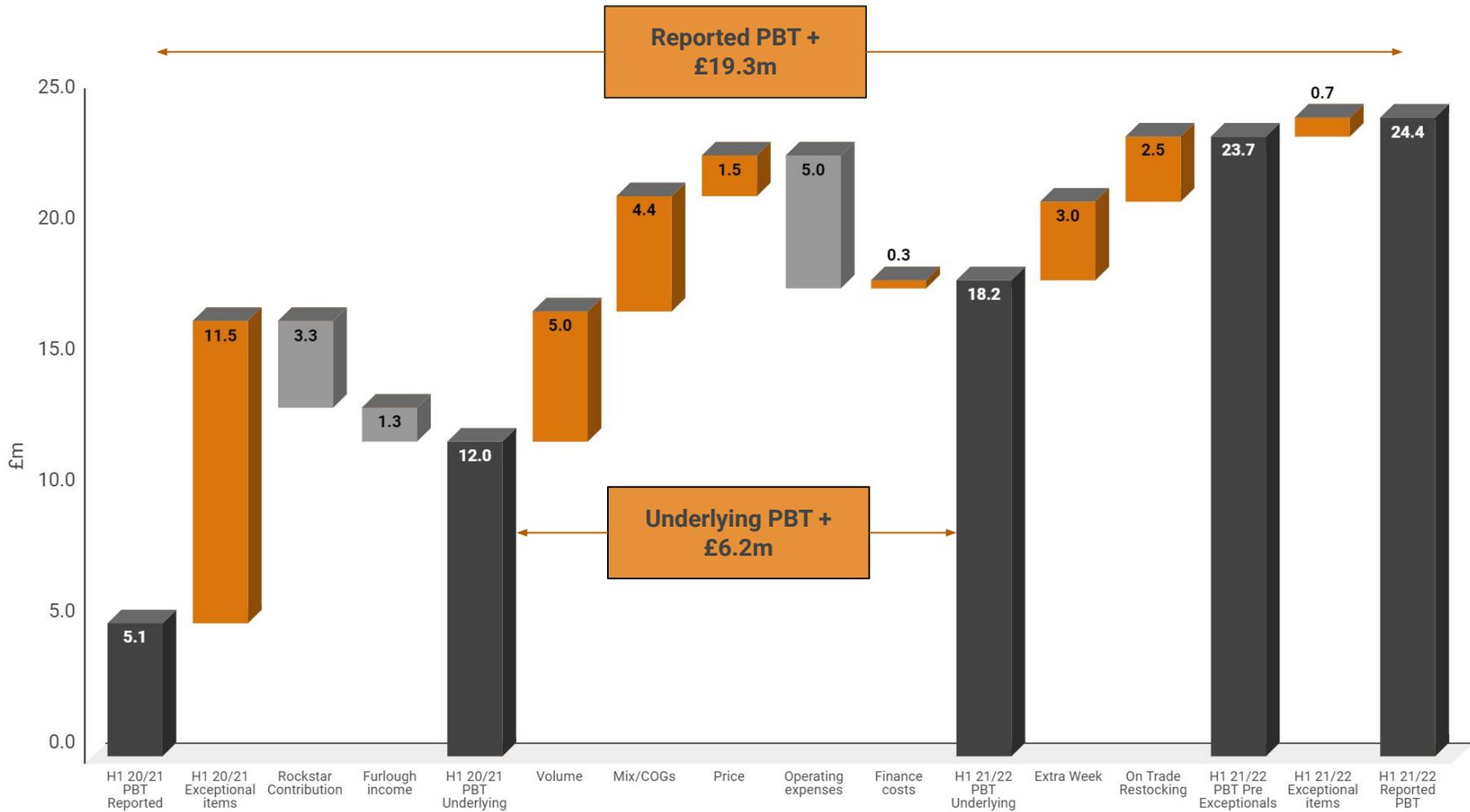


- ✓ Net Zero Roadmap and Science Based Targets on track for communication later this year
- ✓ **100%** rPET programme progressing to plan - IRN-BRU and Rubicon plastic bottles will be made from **100%** recycled material in **H1 2022** and all our plastic bottles will be **100%** rPET by the end of **2023**
- ✓ IRN-BRU and Rubicon IRN-BRU consumer multipacks now in **100%** recyclable packaging film made from **100%** recycled content - with the rest to follow this year saving **400** tonnes of virgin plastic a year - that's the weight of about **250** cars
- ✓ Founding member of Circularity Scotland - Scotland's DRS Administrator
- ✓ Goodbye plastic straws - We're the first to offer a paper straw, in a paper wrapper, on our small juice packs - all made from quality FSC paper. That removes **10 million** plastic straws from our supply chain
- ✓ New plant based biopack cartons - reducing each carton's carbon footprint by **21%**
- ✓ New electric/hybrid company car policy

Stuart Lorimer

Financial review

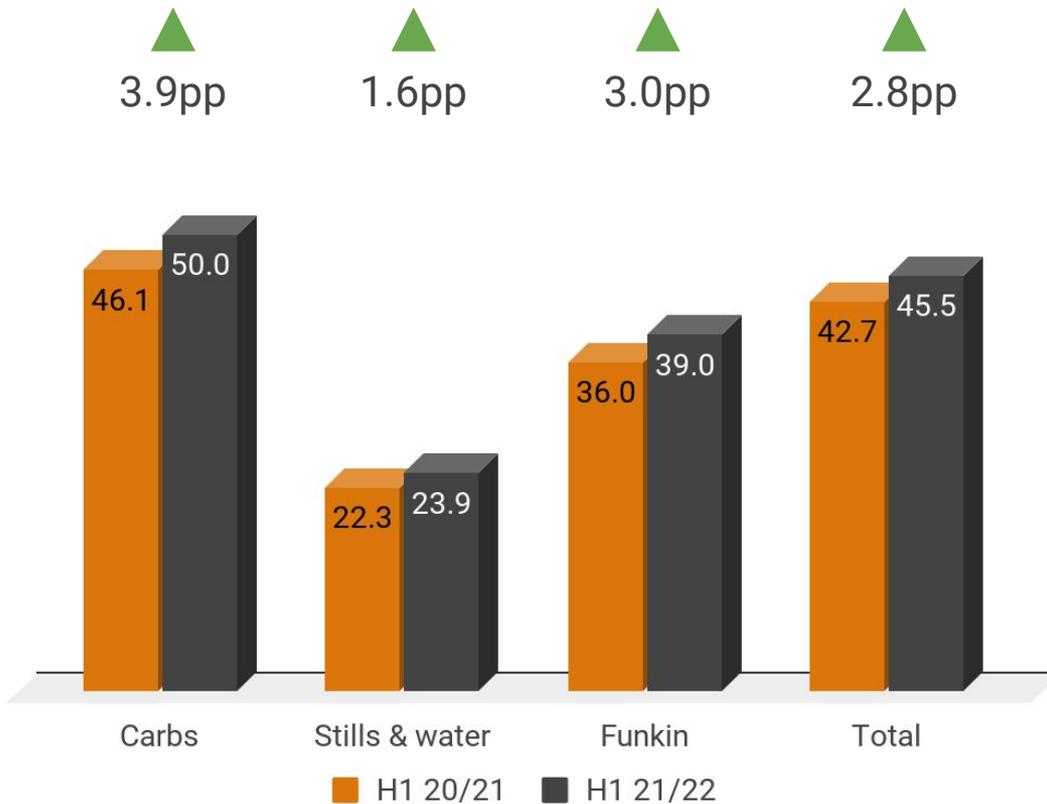
H1 2021/22 Profit overview



Financial scorecard

	H1 2021/22	vs H1 2020/21	% vs H1 2020/21	
Case volumes (million cases)	26.3	2.3	9.4%	●
Net revenue (£m)	135.3	22.1	19.5%	●
Profit before tax and exceptionals (£m)	23.7	7.1	42.8%	●
Statutory profit before tax (£m)	24.4	19.3	378.4%	●
Gross margin before exceptional items	45.5%	2.8 pp	-	●
Operating margin before exceptional items	17.7%	2.6 pp	-	●
Net cash from operating activities (£m)	16.9	(7.1)	(29.6%)	●
Net assets (£m)	246.2	36.3	17.3%	●
Net Cash (£m)	65.6	35.2	115.8%	●
ROCE (MAT)	19.3%	1.1 pp	-	●
Dividend - Interim (p)	2.00	2.00	-	●
Dividend - Special (p)	10.00	10.00	-	●
EPS - Basic (p)	12.78	11.07		
EPS - Basic before exceptional items (p)	12.15	1.63		

Gross margin (%)



Carbonates (74% of total revenue)

- Improved volume, price and mix
- Increase in 'out of home' consumption
- Successful innovation

Stills & water (12% of total revenue)

- Operational leverage benefits from volume growth
- Improved product mix from Rubicon stills

Funkin (14% of total revenue)

- Double digit volume growth across all products
- Continued growth in RTD
- Benefit from hospitality restocking

Commodities and currencies

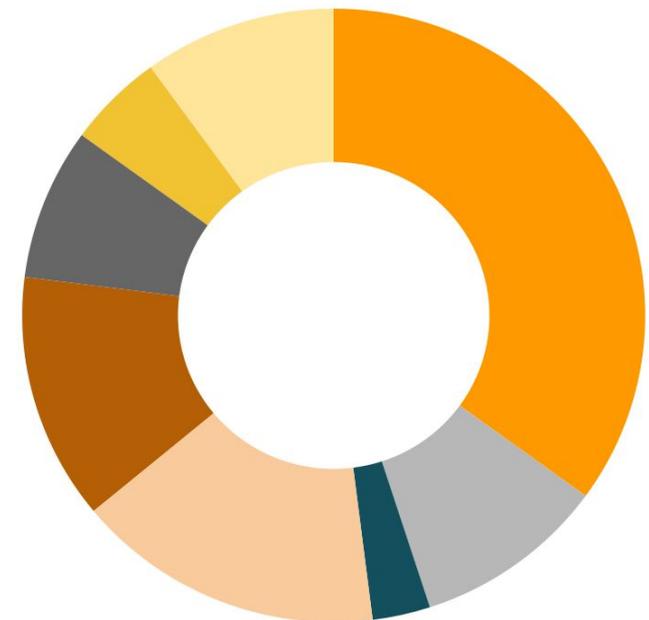
Commodities

- Physical supply has been successfully maintained despite stretched global supply chains
 - Cans, CO² and certain raw materials and packaging under pressure
- Our hedging position protected H1
- Current outlook : mid/high single digit inflation across key materials

Forex

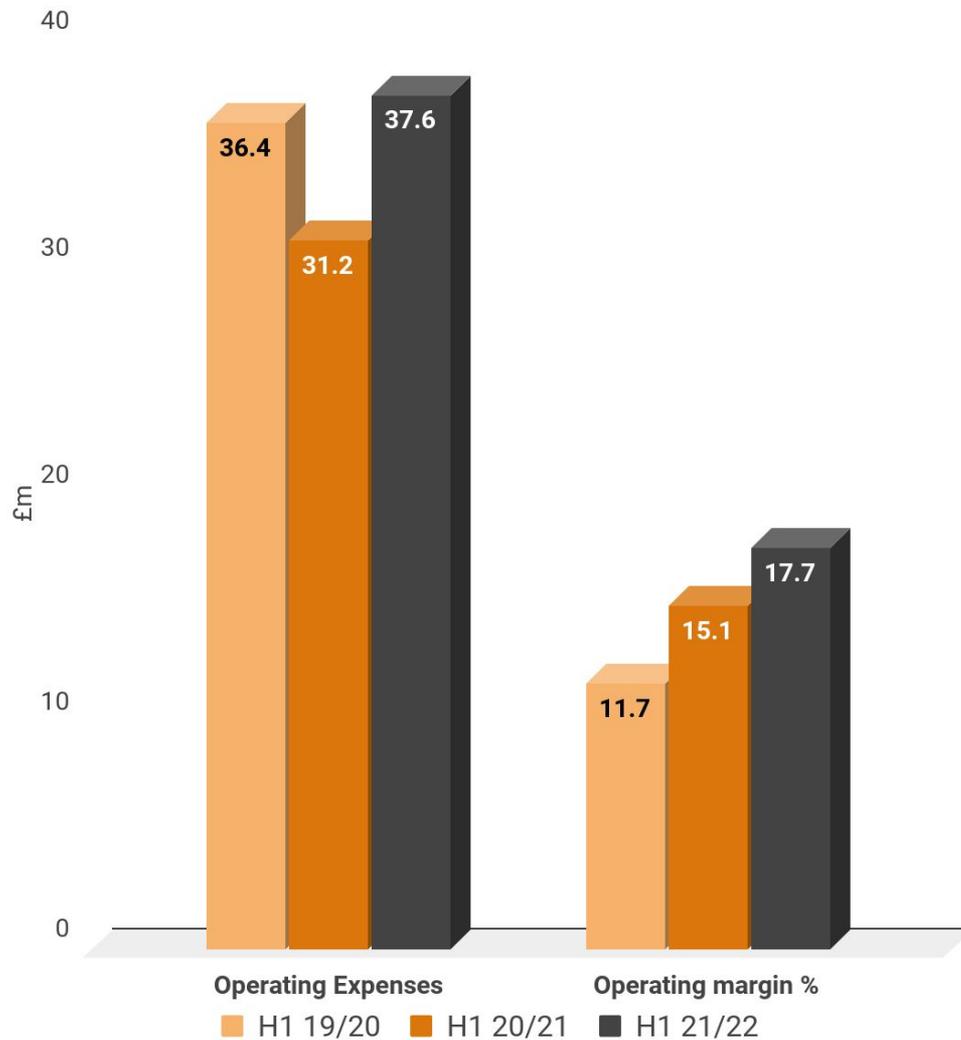
- FY 21/22 P&L fully protected from FX volatility
- Rolling hedge strategy in place
- Limited P&L impact currently anticipated for FY 22/23

Commodity spend



○ Cans ○ PET ○ Glass ○ Ingredients
○ Juice ○ Sugar ○ Utilities ○ Other

Operating costs and margin



- Overhead costs increased from 20/21 'lockdown low', in line with pre-Covid levels.
- 2019/20 business re-engineering programme benefits maintained
- Margin benefit from lower fixed cost-base and operational leverage

Dividend framework

- Dividend cover: targeting 2 times earnings cover
- Payout ratio: targeting 50% of free cash flow
- Consistent with medium-term profit outlook

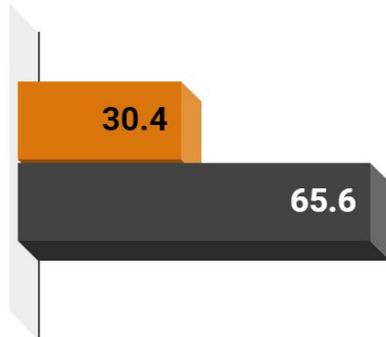
Recommencing dividend payments

- Interim dividend for the 27 weeks ended 1 August 2021 of 2.0 pence per share
- Special dividend of 10.0 pence per share - relating to certain non-trading activities
- Both special and interim dividends payable on 29 October 2021

Balance Sheet

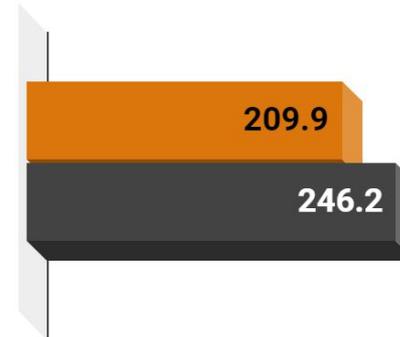
Strong funding platform

Net Cash at Bank (£m)



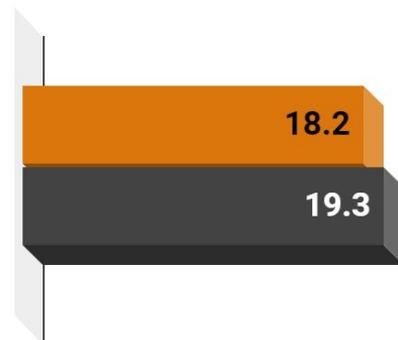
Well invested asset base

Net assets (£m)



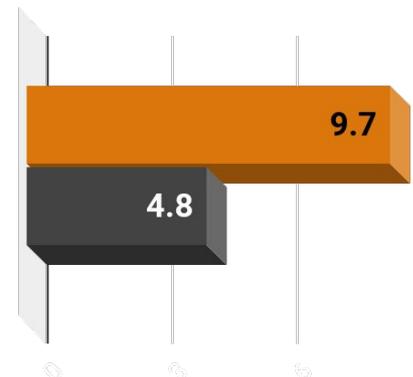
Robust investment returns

ROCE (MAT) (%)



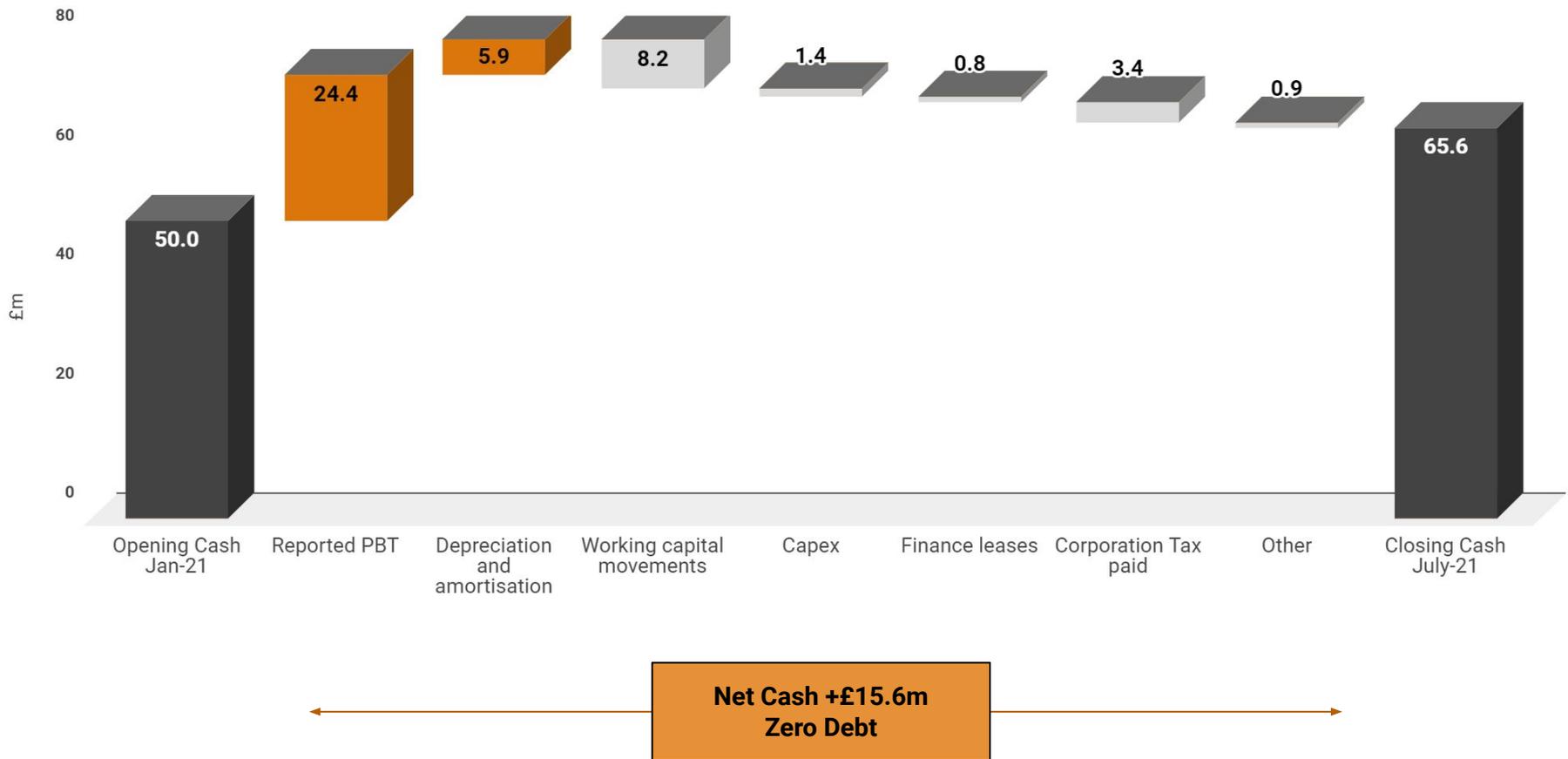
Well managed pension obligations

Pension Obligations (£m)



■ H1 20/21 ■ H1 21/22

Cash and Cash flow



2021/22 Financial outlook

Revenue	Full year slightly ahead of that delivered in the period prior to Covid-19 (2019/20)
Margins	H2 decline vs H1 driven by commodity price pressures and investment phasing Full year broadly flat vs LY as operational leverage and improved product mix are offset by inflationary pressures and increased marketing
Capex	£6m - £8m
Cash	Modest growth in cash over H2

Roger White

Summary and outlook

Looking forward...

Strong momentum...

- Underlying brand momentum and supply chain resilience
- Strong F21 full year performance expected

Investing for further growth...

- Despite inflationary headwinds our intention is to maintain operating margin into FY22/23
- Continued investment behind our growth - core brands, assets and technology
- Enhancing growth through core brand innovation
- Clear ambition to create value through M&A
- Delivering on our ambitious environmental sustainability commitments



Questions
