

AG Barr

BUILDING GREAT BRANDS

INTERIM RESULTS

26 weeks ended 30 July 2023



Agenda

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

Roger White
Chief Executive

Stuart Lorimer
Finance Director



H1 highlights

Strong first half performance delivering further progress across strategic objectives

Financial	Revenue Strong growth to £210m (+33%)	Profit Reported PBT £27.8m (+12.6%)	Cash position £47.3m cash & cash equivalents
Brand	Building national brands Excellent performance in core soft drinks	Winning in Energy Boost growing in line with expectations as part of growing energy portfolio	Innovation Building further in energy, RTD cocktails and plant-based
Operational	Delivering performance safely Strong safety performance and consistent customer service	Investment for growth Phase 1 of Cumbernauld investment complete	External accreditation BRC AA rating for Cumbernauld - highest food quality standard
Responsibility	Journey to Net-Zero Scope 1 and 2 emission reductions	Giving back Marie Curie partnership	Business status Funkin B Corp accredited

Financial overview

	26 wks to 30 July 2023	26wks to 31 July 2022	% Change
Revenue	£210.4m	£157.9m	33.3%
Like for like revenue *	£174.3m	£157.9m	10.4%
Reported profit before tax	£27.8m	£24.7m	12.6%
Adjusted profit before tax * ¹	£27.0m	£25.3m	6.7%
Adjusted operating profit margin *	12.5%	16.2%	(37)pp
Cash and cash equivalents	£47.3m	£61.3m	(22.8)%
Basic EPS	18.87p	18.98p	(0.6)%
Interim dividend per share	2.65p	2.50p	6.0%

* Items marked with an asterisk are non-GAAP measures.

¹ Adjusted profit* reflects the release of a £0.8m prior year accrual related to two months of the earn-out associated with the acquisition of Boost Drinks Limited in December 2022. Certain conditions associated to the earn-out have not been met and as such the earn-out, agreed at the time of the acquisition, will now not be payable. Alternative incentive arrangements have been put in place.



MARKET UPDATE

Soft drinks market

Price-led growth

Total UK soft drinks value

▲ 8.8%

Carbonates value

▲ 8.9%

Stills value

▲ 8.7%

Total UK soft drinks volume

▼ 4.2%

Carbonates volume

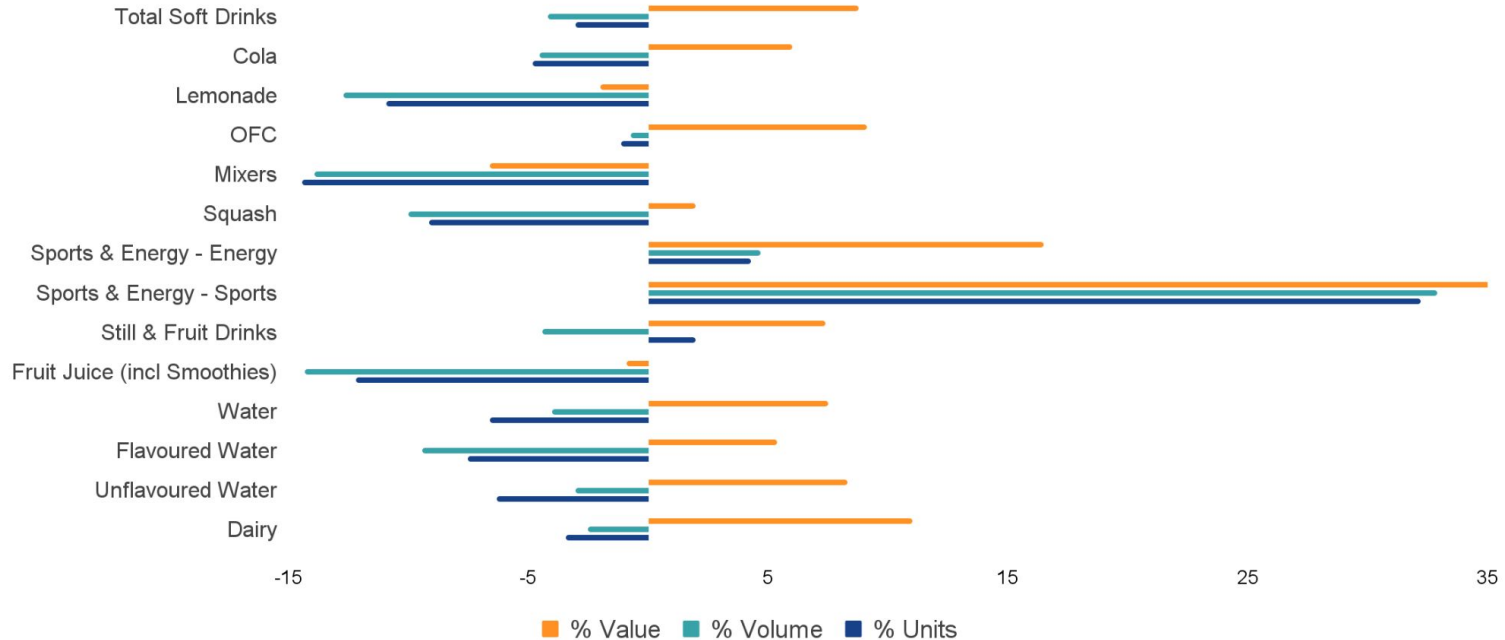
▼ 3.3%

Stills volume

▼ 5.0%

Total UK soft drinks market - sub categories

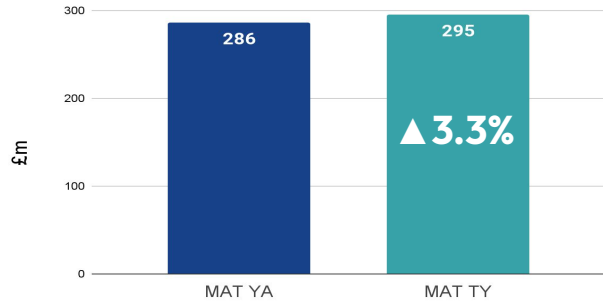
Value, Volume and Units %



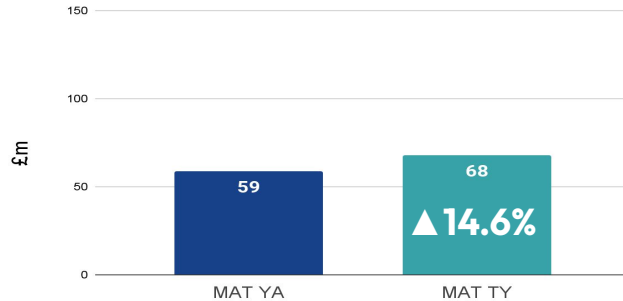
Source : Circana Marketplace 26 weeks to 29/07/23

Cocktail market - off trade

RTD Category



RTD Cocktail Segment



Cocktail market - on trade

£716m

Value of on-trade
cocktails in GB

▲ 8.0%

43.9k

Number of outlets
stocking cocktails

▼ 1.5%

8.3m

GB consumers drinking
cocktails out of home

▼ 1.0%



**Pornstar
Martini**



**Sex on the
Beach**



**Flavoured
Martini**



**Iced
Tea**



Mojito



Spritz



Daiquiri



**Espresso
Martini**



Zombie



**Aperol
Spritz**



10

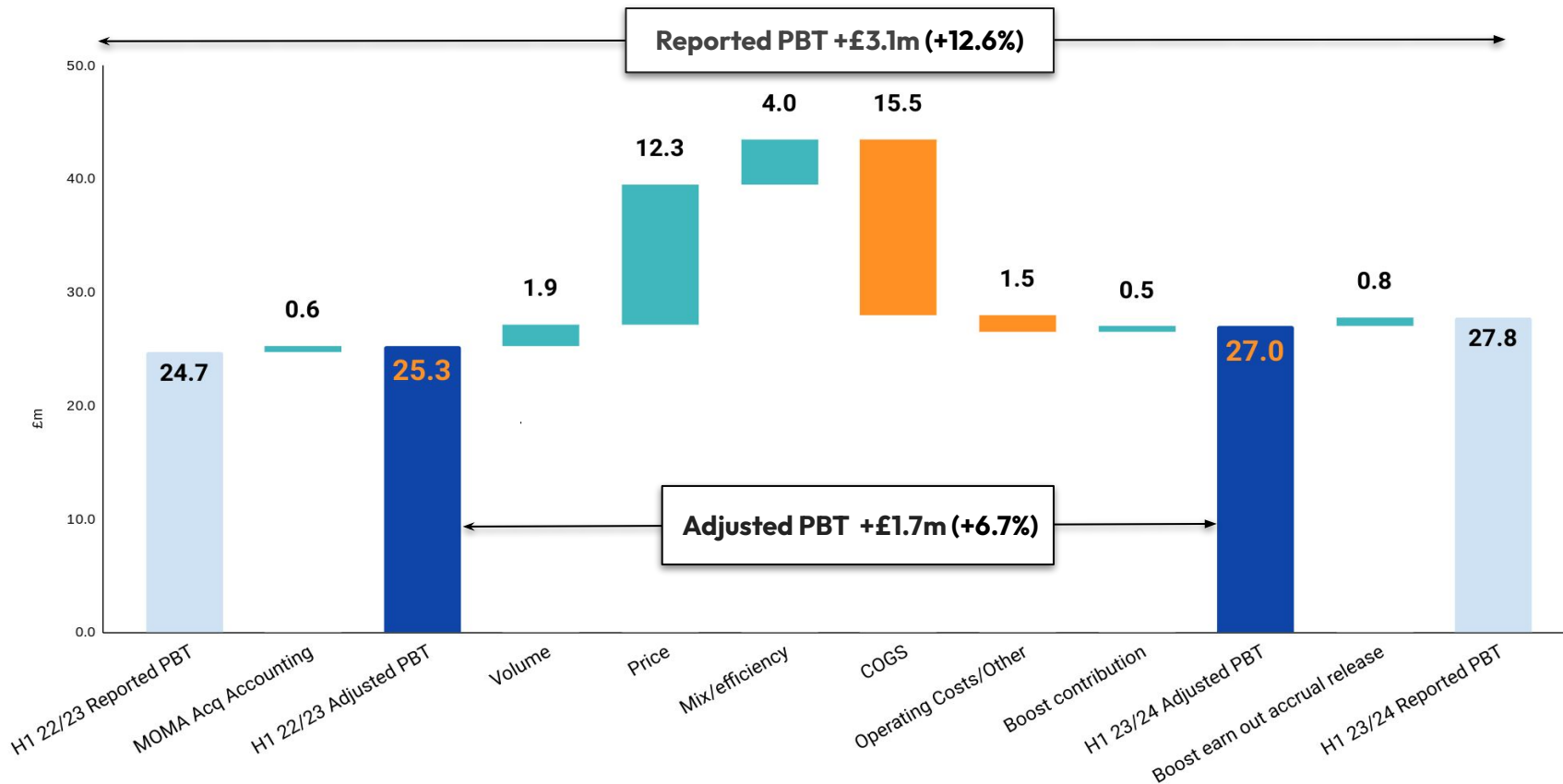
FINANCIAL REVIEW

Stuart Lorimer

Financial scorecard

	H1 23/24	H1 22/23		Movement	
Volumes - Cases (m)	34.9	27.8	●	25.5%	
Volumes - Cases (m)	Like-for-Like	28.3	27.8	●	1.8%
Revenue - £m	210.4	157.9	●	33.2%	
Revenue - £m	Like-for-Like	174.3	157.9	●	10.4%
Profit Before Tax - £m	27.0	25.3	●	6.7%	
Gross Margin %	Adjusted	37.7%	44.0%	●	(6.3)pp
Operating Margin %		12.5%	16.2%	●	(3.7)pp
ROCE %		18.2%	18.6%	●	(0.4)pp
Dividend Payable - Pence / Share	2.65	2.50	●	6.0%	
EPS - Basic Pence / Share	18.87	18.98	●	(0.6%)	
Operating Cashflow - £m	15.1	11.4		+£3.7m	
Net Assets - £m	277.4	257.7		+£19.7m	
Cash and cash equivalents - £m	47.3	61.3		£(14.0)m	
Capital Additions - £m	6.5	7.0		£(0.5)m	

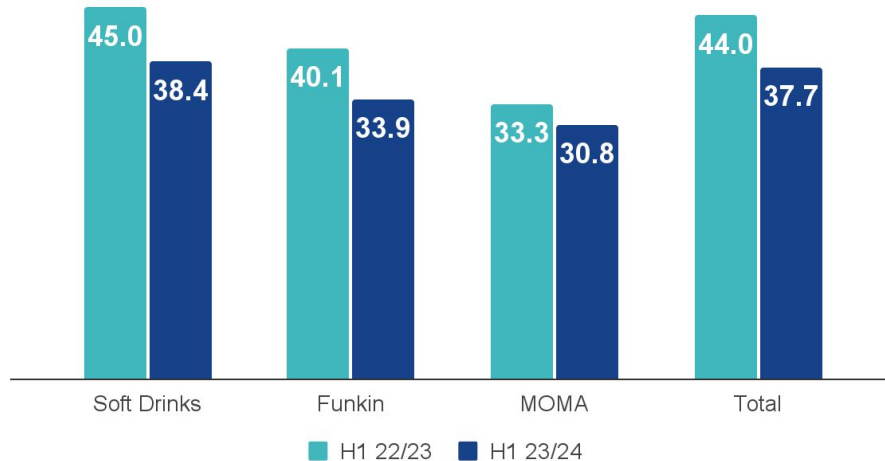
H1 2023/24 Profit overview



Gross margin (%)

Reported gross profit +£10m versus H1 2022/23 (+£2.7m on a like-for-like basis)

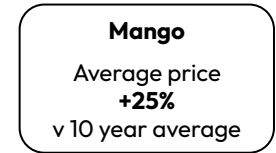
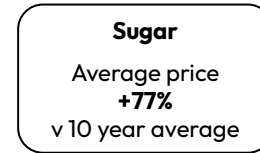
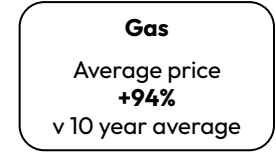
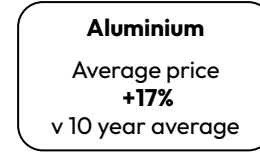
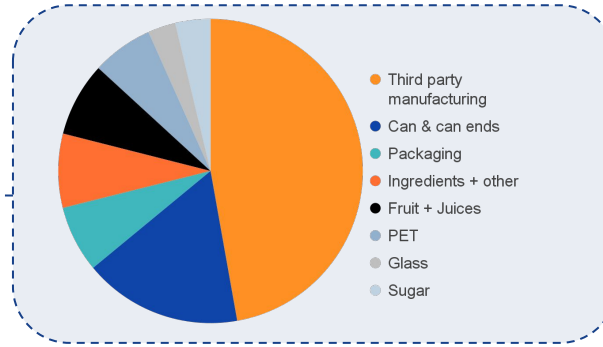
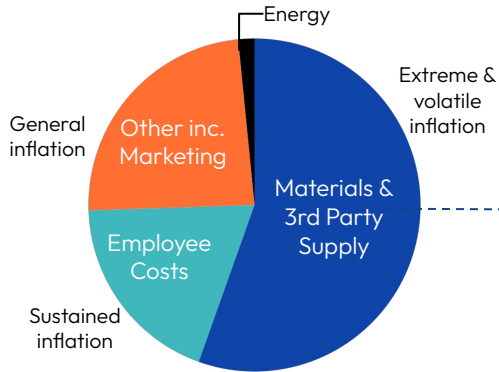
(6.6)pp (6.2)pp (2.5)pp (6.3)pp



As expected, margin has been impacted by :

- Challenging economic backdrop
- Prioritising consumer affordability
- Lower margin Boost acquisition

Commodities & cost base



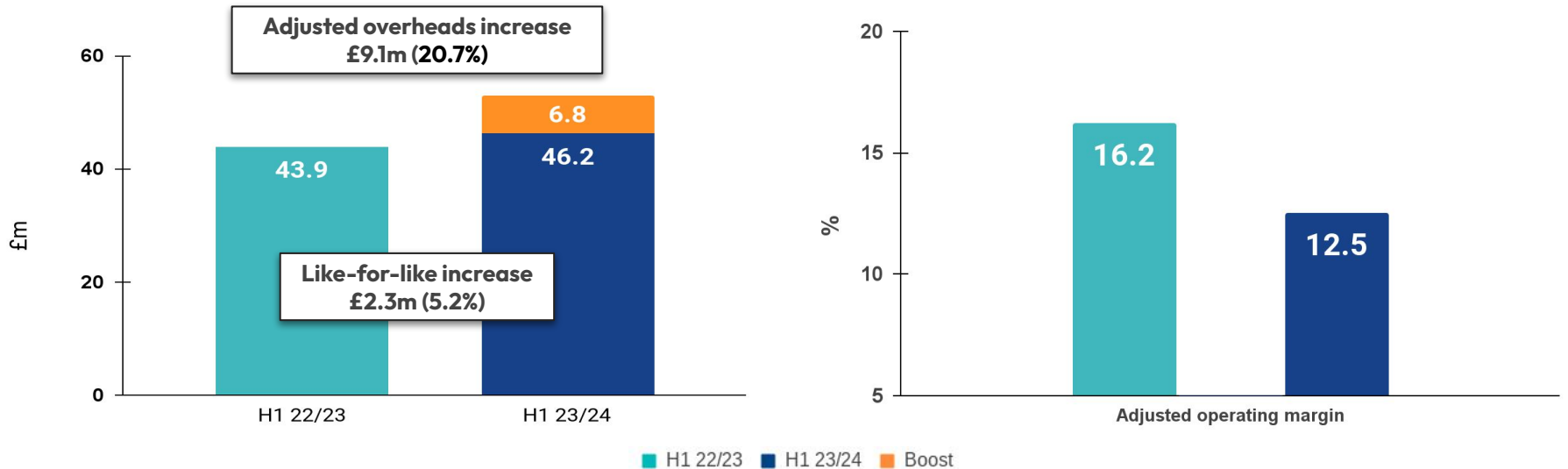
Commodities

- Challenging inflationary environment - pressures transitioning from commodities to labour and services
- Customer service strong through H1, however global supply chains remaining fragile
- High 3rd party component within manufacturing mix highlights in-sourcing opportunities

Current outlook

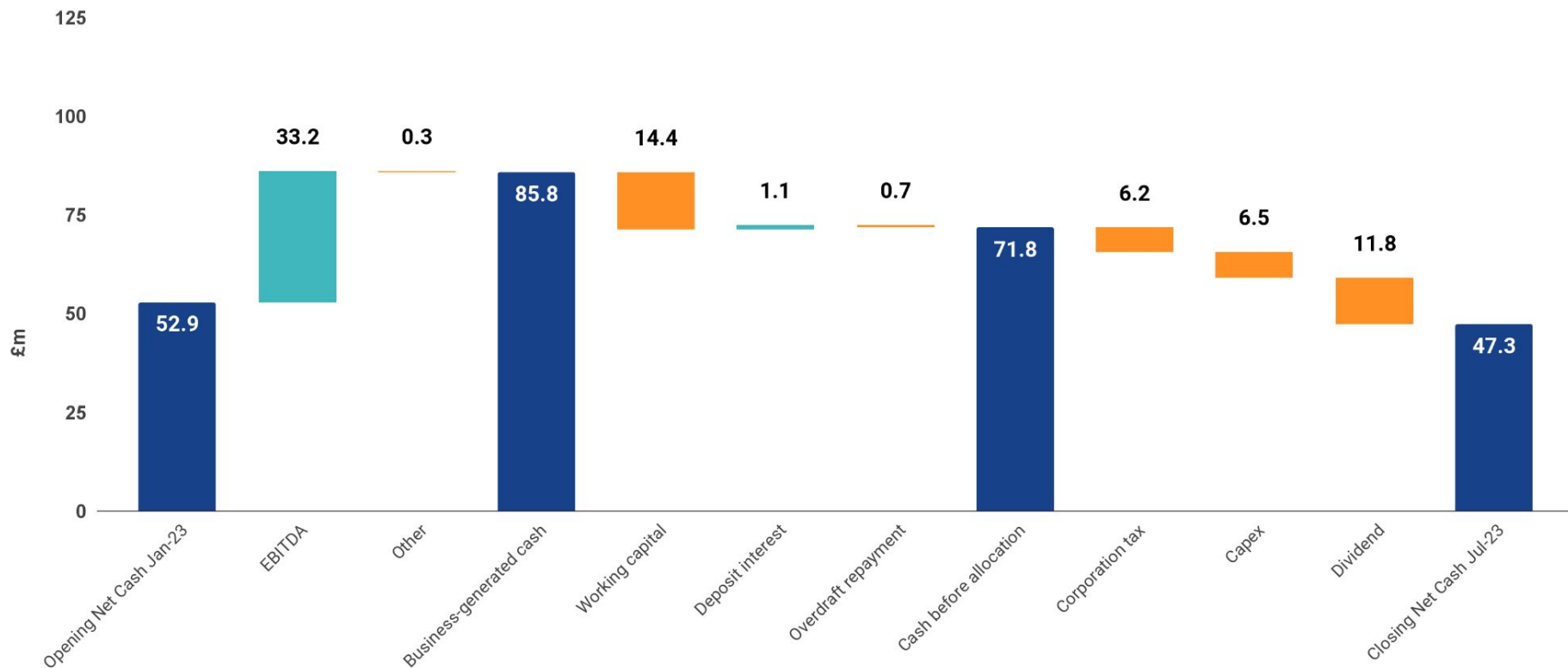
- H2 input cost base is fully covered where hedging or contracts permit, but at higher rates than 2022 comparators.
- Some H1 2024 cover in place
- Mid/high single digit inflation across supply base anticipated to continue through 2024

Operating costs and margin



- Like-for-like overheads up 5% - strong cost control partly mitigating general cost pressure including labour
- Operating margin impacted by decision to prioritise consumer affordability and Boost's lower margin business model, including outsourced manufacturing

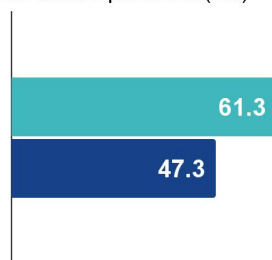
Cash and cash flow



Balance Sheet

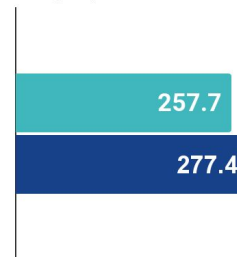
Strong funding platform

Cash and cash equivalents (£m)



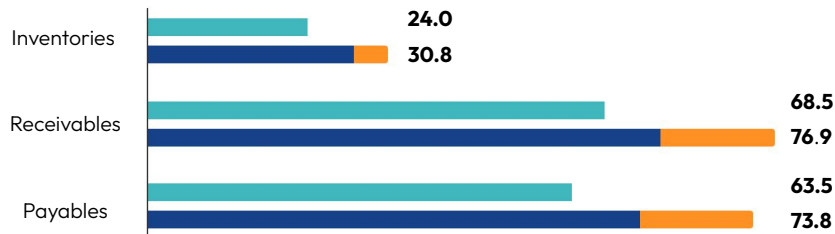
Well invested asset base

Net assets (£m)



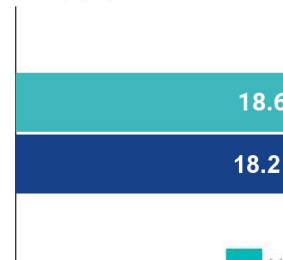
Carefully managed working capital

Working Capital (£m)



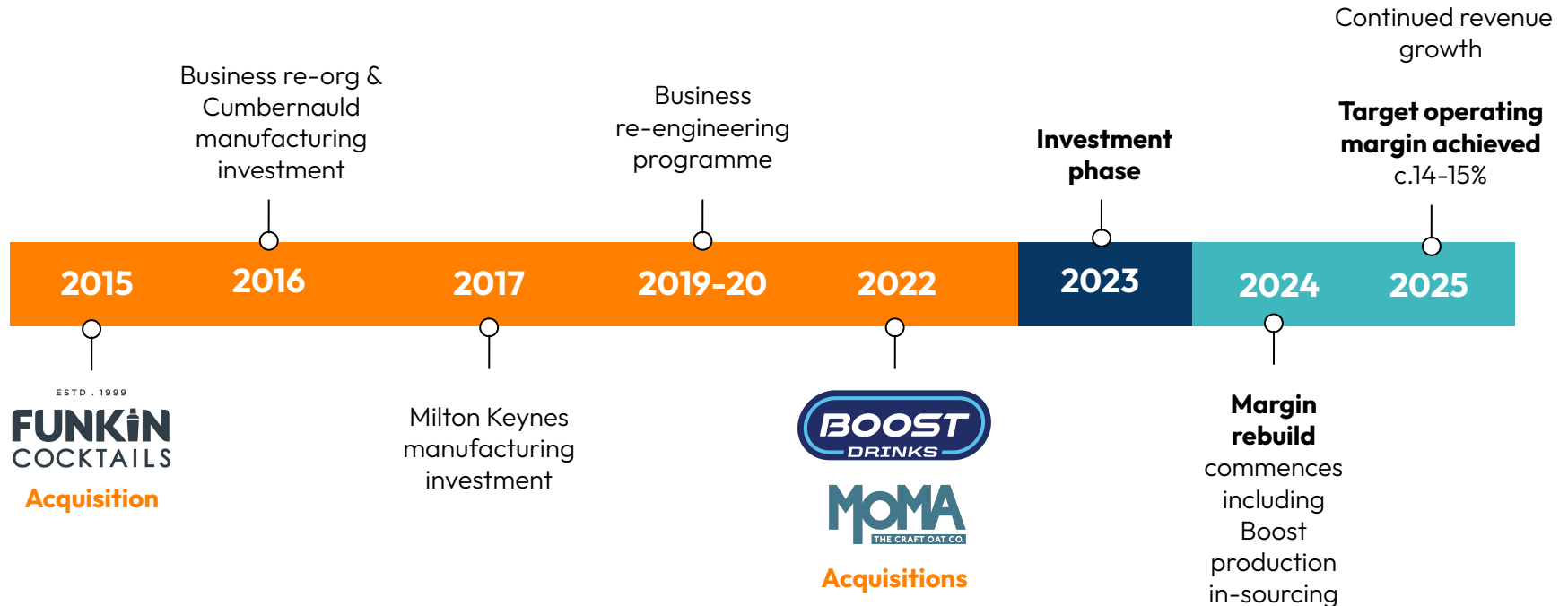
Robust investment returns

ROCE (MAT) (%)



H1 22/23 H1 23/24 Boost

Long-term growth and value creation



Note: Dates shown in calendar years

2023/24 Outlook

Previously upgraded guidance remains unchanged

Revenue	<ul style="list-style-type: none">● Group revenue expected to increase by c.25% on 2022/23● Includes first full year contribution from Boost portfolio
Margins	<ul style="list-style-type: none">● Operating margin slightly lower than 2022/23 full year● Strategic plan not to fully pass on cost inflation to consumers● Boost margin impacts overall Group margin in short term
Capex	<ul style="list-style-type: none">● c.£15m
Cash	<ul style="list-style-type: none">● Expecting to close the year with cash position ahead of 2022/23

2024/25

Looking further out

Revenue	<ul style="list-style-type: none">• Mid single digit organic revenue growth
Margins	<ul style="list-style-type: none">• Operating margin expected to increase to 12-13% as manufacturing synergies from Boost acquisition begin to be realised and inflation slows
Capex	<ul style="list-style-type: none">• Significant investment in manufacturing capacity and capability continues - capex c.£20m in 2024/25
Cash	<ul style="list-style-type: none">• Strong cash generation and steady dividend growth with net cash position continuing to grow, providing optionality



BUSINESS UPDATE

Roger White

Barr Soft Drinks

Strong revenue growth driven by volume, pricing and mix, alongside effective sales execution and successful consumer marketing activity.

IRN-BRU

▲ 8%

Rubicon

▲ 17%

Barr Flavours

▲ 9%



Source : AG Barr revenue 26 weeks to 30/07/23

Boost - H1

High growth business

Boost Sports & Energy

▲ 37%

Boost Coffee

▲ 42%

Rio

▲ 19%



- Strong topline performance in line with acquisition expectations
- Currently a lower margin, asset light business with outsourced production
- Acquisition related earn-out converted to a personal incentive plan - included in outlook
- Simon Gray has committed to stay and lead the business for the foreseeable future

Source : AG Barr revenue 26 weeks to 30/07/23 year on year

Boost - looking forward

Delivering further growth

Boost sales momentum expected to continue driven by

- Strong position and participation in high growth Sports, Energy & RTD coffee categories
- Growing distribution beyond its core market of independent retail/impulse
- Innovation pipeline

Delivering manufacturing synergies

Material contributor to Group's margin rebuild

- Q4 23/24 - in-sourcing production trials
- Q1 24/25 - staged in-sourcing of c. 2m cases (c.25% of Boost/Rio total volume) of 250ml and 330ml cans
- FY 25/26 - further operational and in-sourcing synergies as Cumbernauld investment increases Group manufacturing capacity



Funkin

UK's Number 1 cocktail brand

UK off trade

▲ 11 %

Off-trade - further growth supported by innovation, increased consumer marketing investment and distribution growth

UK on trade

▲ 1%

On-trade - cocktail consumption slowed following last year's post-Covid high, however

International

- US trial now underway in Florida and California
- Australian distribution lost as a result of supply chain challenges

Sources : AG Barr revenue 26 weeks to 30/07/23



Funkin

Innovation and portfolio development



Shake & Serve



Liqueurs



Double Shot

MOMA

- Establishing itself as a high quality, craft oat portfolio brand, with close ties to British farming
- Developing a strong brand association with specialist coffee outlets

MOMA growth

24%



Sources : AG Barr revenue 26 weeks to 30/07/23

Responsibility

H1 highlights

Respecting the environment

- net-zero progress - 12 new bio-fuelled trucks delivering a 90% reduction in CO² compared to diesel

Giving back

- Corporate partnership with Marie Curie with strong employee fundraising support

Acting with integrity

- FUNKIN B Corp accreditation



Summary

- Momentum in our brands is strong
- Poor summer weather has impacted soft drinks and cocktail markets
- Regulatory environment - currently less volatile
- Reconfirming updated guidance
- Medium term margin recovery plan well underway

