

# Final Results

52 weeks ended 29 January 2023

**AG Barr**  
BUILDING GREAT BRANDS



# Agenda

- Welcome & introduction
- Financial review
- 2022/23 execution
- Summary
- Appendices



Roger White  
Chief Executive



Stuart Lorimer  
Finance Director





# WELCOME AND INTRODUCTION

Roger White

# Highlights

## A stronger more sustainable business

- Excellent financial performance
- Significant progress across our strategic objectives
- Continued investment in our brands, operations and people, driving innovation and delivering strong organic growth
- Boost and MOMA acquisitions - demonstrating our ambition to acquire high quality brands with strong future growth potential
- Proud to be delivering growth responsibly

**By entering different markets, supporting different consumption occasions and appealing to different consumers, we are increasing the long-term growth potential for the Group as a whole**

### Revenue

The increase in value of revenue recorded relative to the prior year.



### Adjusted profit before tax

Adjusted profit before tax is reported profit before tax after adjusting items.



# FINANCIAL REVIEW

Stuart Lorimer



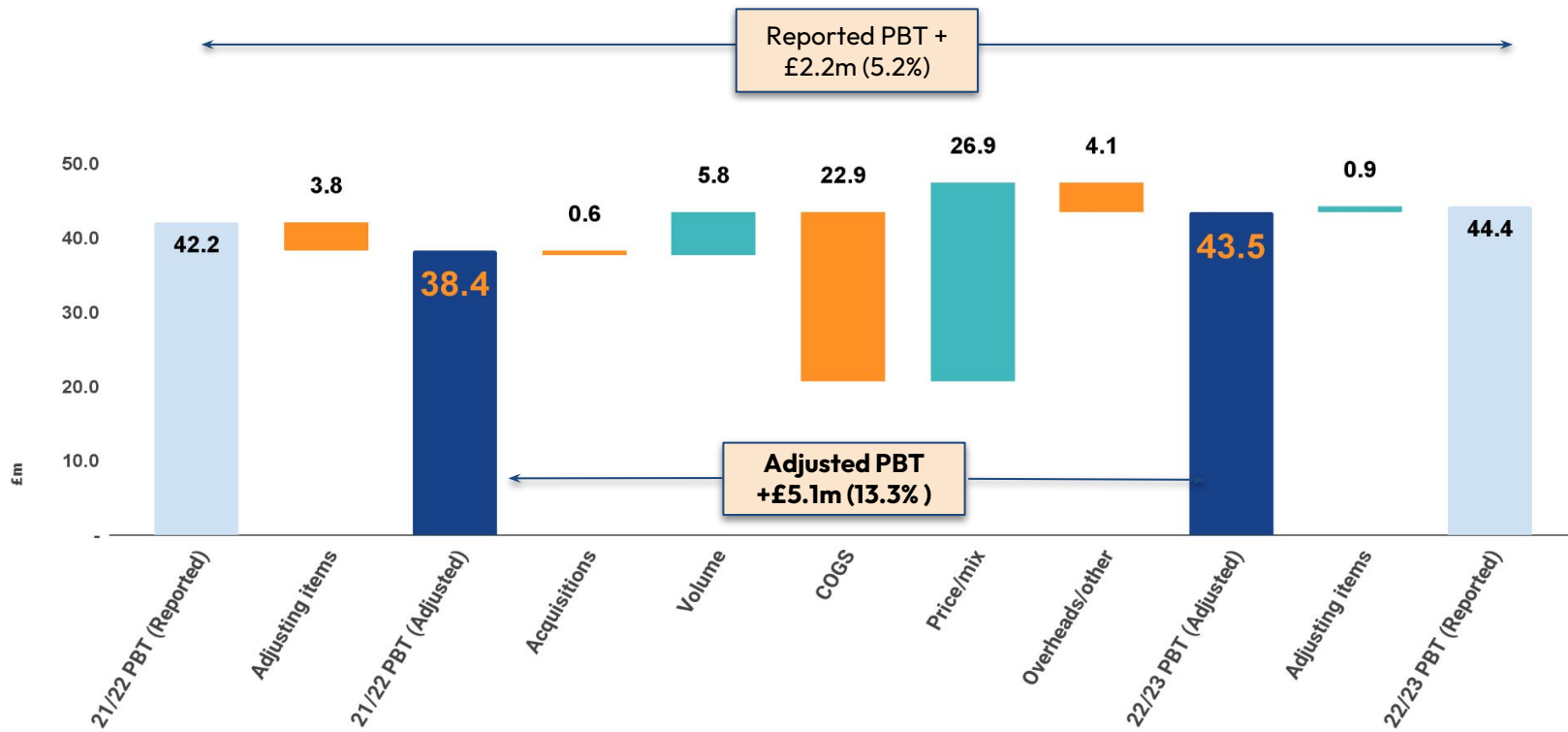
# Financial scorecard

		2022/23	2021/22	Movement
Volumes - Single Serves (Bn)	Reported	1.74	1.66	● 4.8%
Volumes - Cases (m)	Reported	55.8	52.0	● 7.3%
Revenue - £m	Adjusted	317.6	261.8	● 21.3%
Revenue - £m	Like-for-Like	302.1	260.7	● 15.9%
Revenue - £m	Reported	317.6	268.6	● 18.2%
Profit Before Tax - £m		43.5	38.4	● 13.3%
Gross Margin %	Adjusted	40.3%	44.1%	● (3.8)pp
Operating Margin %		13.6%	14.9%	● (1.3)pp
ROCE %	Reported	18.0%	19.9%	● (1.9)pp
Operating Cashflow - £m		35.9	43.4	● (17.3%)
Net Assets -£m	Reported	268.8	248.2	● 8.3%
Net Cash At Bank - £m		52.9	68.4	● (22.7%)
Capital Additions - £m		17.0	5.8	● 193.1%
Dividend Payable - Pence / Share		13.10	12.00	● 9.2%
EPS - Basic Pence / Share	Reported	30.47	25.09	● 21.4%

**Adjusted** metrics remove the 53rd week from the prior year, one-off gains and losses associated with M&A, and property sale gains from both years

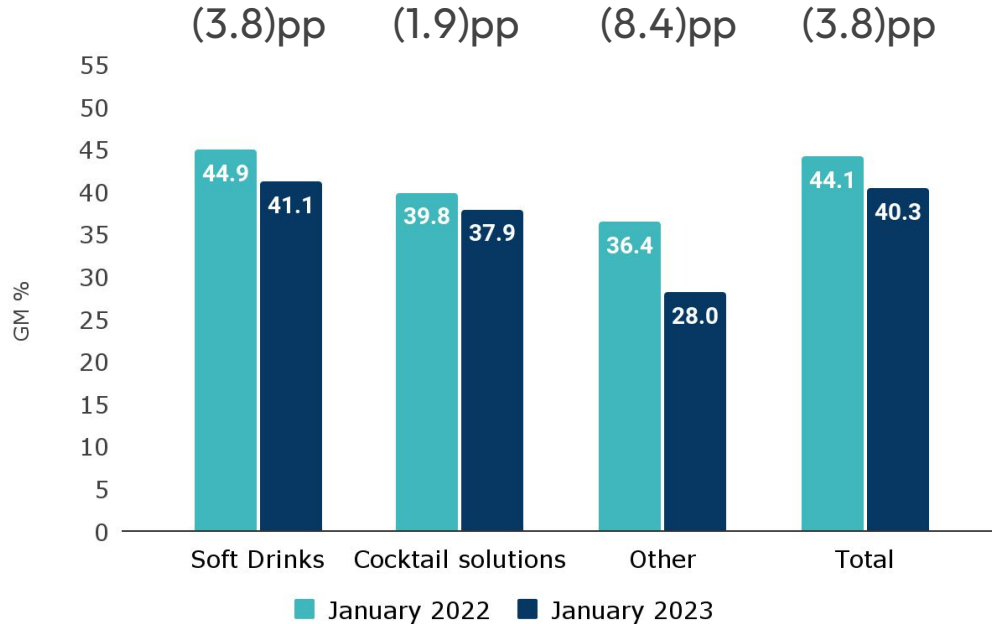
**Like-for-like** metrics remove the 53rd week from prior year, and the revenue impact associated with MOMA and Boost acquisitions

# Profit bridge



Adjusted metrics remove the 53rd week from prior year, the impact of non operational items such as M&A, and property sales

# Gross margin



## Soft Drinks : 86% of gross profit

Price and mix driven revenue growth

Margin constrained by cost inflation and first time inclusion of structurally lower margin Boost

## Cocktail solutions : 12% of gross profit

Strong volume related revenue growth across portfolio

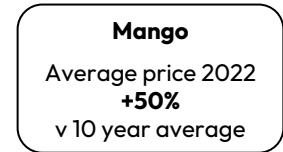
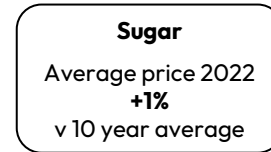
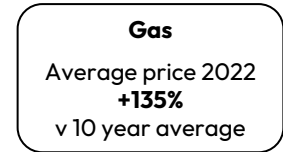
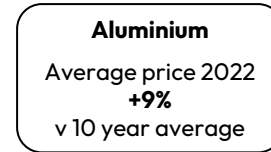
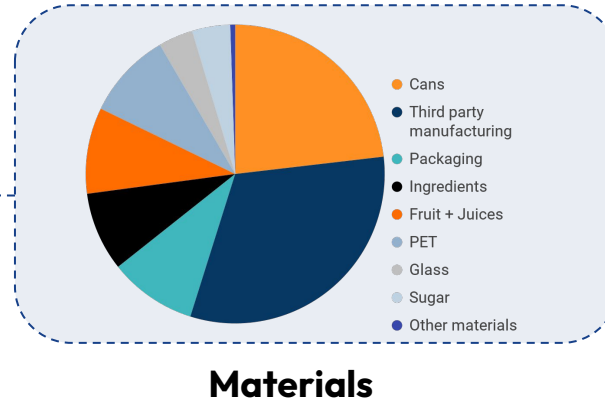
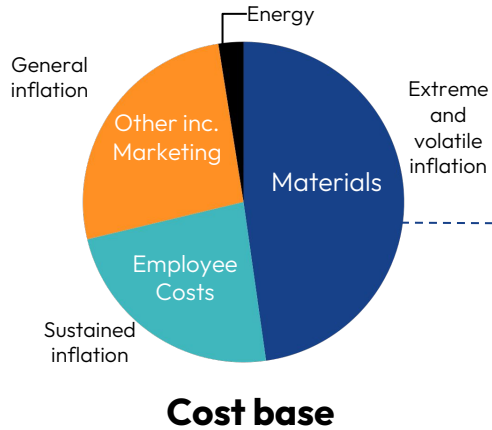
Margin impacted by cost inflation - particularly fruit

## Other : 2% of gross profit

Contribution from MOMA Foods



# Commodities and cost base



## Commodities

### 2022/23

- Significant and sustained inflationary pressures across all aspects of cost base - particularly fruit, commodities and energy-intensive materials (cans, glass, CO<sup>2</sup> and packaging)
- Customer service maintained despite supply chains remaining stretched

### 2023/24

- 2023 physical cover largely in place and majority of hedgeable commodities secured but rates remain elevated
- Mid/high single digit inflation across Group supply base anticipated for 2023

# Operating costs and margin

Operating expenses (£m)				
	January 2023	January 2022	Movement	%
BSD/Funkin	80.8	76.0	4.8	6.3%
MOMA/Boost	4.0	0.6	3.4	
<b>Adjusted overheads</b>	<b>84.8</b>	<b>76.6</b>	<b>8.2</b>	<b>10.7%</b>
Adjusting items	(0.7)	-	(0.7)	
<b>Reported overheads</b>	<b>84.1</b>	<b>76.6</b>	<b>7.5</b>	<b>9.8%</b>
Operating margin	13.6%	14.9%		(1.3)pp

## Selling & distribution costs (£m)



## Administration costs (£m)

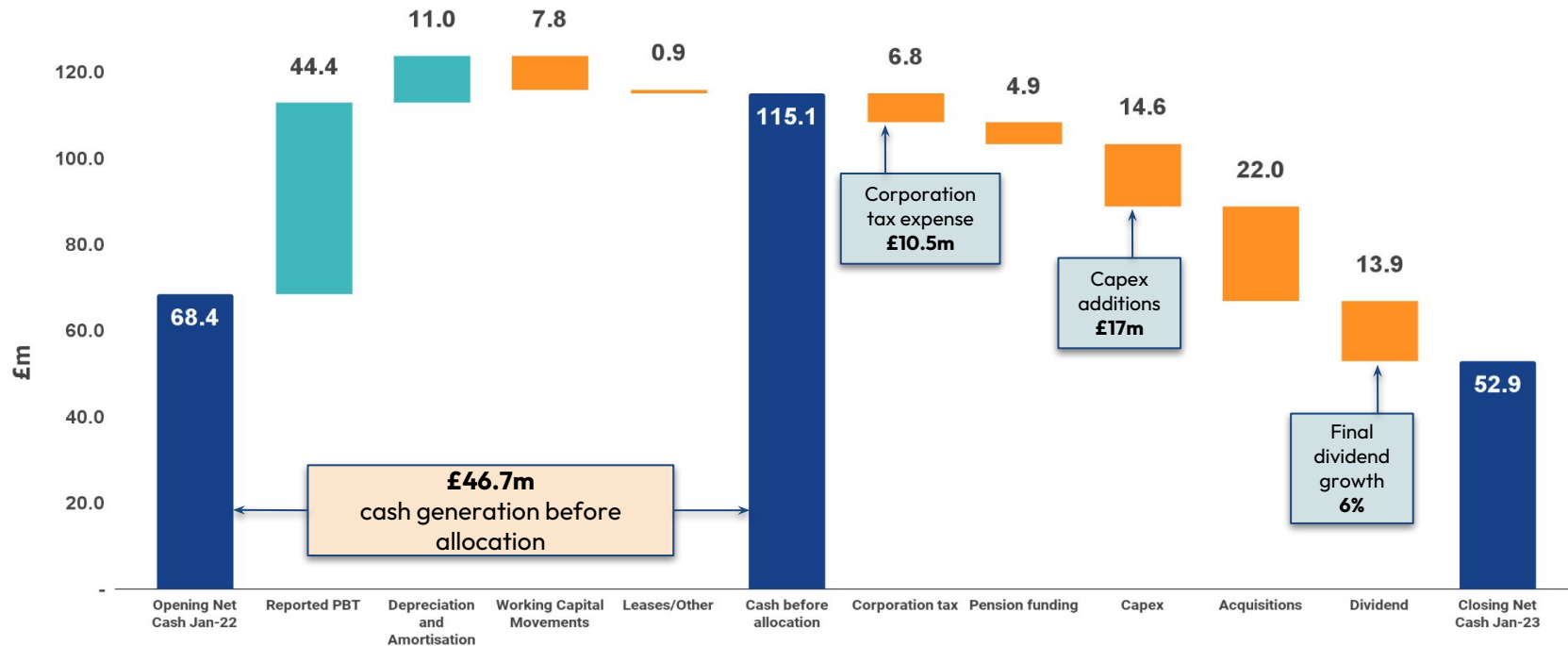


■ BSD/Funkin ■ MOMA/Boost

- Operating costs (excluding MOMA and Boost) up 6%
- Upweighted marketing investment and increased selling support
- Strong cost control partially mitigated the impact of significant external cost pressures
- Operating margin impacted by acquisitions, partially offset by operational benefits

# Cash flow

Strong cash generation from operations utilised in line with capital allocation principles



# Acquisitions



100% acquired Dec 2022



61.8% investment Dec 2021  
100% acquired Dec 2022

## Total

Total consideration - 21/22	-	6.2	6.2
Total consideration - 22/23	19.9	3.4	23.3
<b>Total consideration</b>	<b>19.9</b>	<b>9.6</b>	<b>29.5</b>

## Balance Sheet

### Value on Acquisition

Brand value	16.9	8.4	25.3
Goodwill	1.9	1.0	2.9
Other net assets	1.1	0.6	1.7
<b>Total assets acquired</b>	<b>19.9</b>	<b>10.0</b>	<b>29.9</b>

## Adjusted income statement

### F22/23 Impact

Revenue	7.3	8.2	15.5
Gross profit	0.9	2.3	3.2
Gross margin %	12.3%	28.0%	20.6%

### Adjusting items

Contingent consideration revaluation and release	-	1.6	1.6
Earn-out accrual	(0.8)	-	(0.8)
Acquisition fees	-	-	(1.2)
<b>Total adjusting items</b>	<b>(0.8)</b>	<b>1.6</b>	<b>(0.4)</b>

# 2023/24 Outlook

<b>Revenue</b>	<p>Group revenue growth +20%</p> <ul style="list-style-type: none"><li>- Full year contribution from Boost portfolio. Excluding Boost portfolio c.7-8%</li><li>- Incorporates our current estimated impact of DRS</li></ul>
<b>Margins</b>	<p>Operating margin slightly lower than 2022/23</p> <ul style="list-style-type: none"><li>- Invest for growth phase</li><li>- Commodity pricing to remain inflated into 2024 as hedges unwind and re-hedged</li><li>- Boost margin impacts overall Group margin in short term</li><li>- Pricing plans executed and continued cost control across overhead base</li></ul>
<b>Capex</b>	<p>c.£17-£19m</p>
<b>Dividend</b>	<p>Progressive dividend policy maintained</p>
<b>Cash</b>	<p>Anticipating moderate further positive progress on cash</p>

**Note:** PBT market consensus at £45m



## 22/23 Execution

Roger White

# Connecting with consumers

## 2022 Highlights



*Taste Debate* campaign - reached 90% of all 16-30 yr olds across Scotland and northern England



*A Force of Nature* - Rubicon RAW Energy's multi million pound advertising and sponsorship campaign - more than 25 million cans sold since launch



*It's FUNKIN Time*, biggest ever investment for the FUNKIN brand - 45% brand awareness with 18-34 yr olds



*The Barista's Choice*, MOMA's first ever above the line advertising campaign for its award-winning oat milk - year on year sales up 41%



# Building brands

## Building a multi-beverage portfolio

- Successful acquisition of Boost and MOMA businesses
- High growth categories where our brand building expertise and scalable business model can add significant value
- Counter cyclical from M&A perspective - brand and financial strengths make us well positioned to invest through the economic cycle
- Continued focus on accelerating our growth both organically and through further acquisitions

### M&A target characteristics

FMCG  
Branded

Beverage-  
focused

Bolt-on

UK bias

### M&A drivers

Significant  
growth potential

Synergies

Operational  
leverage

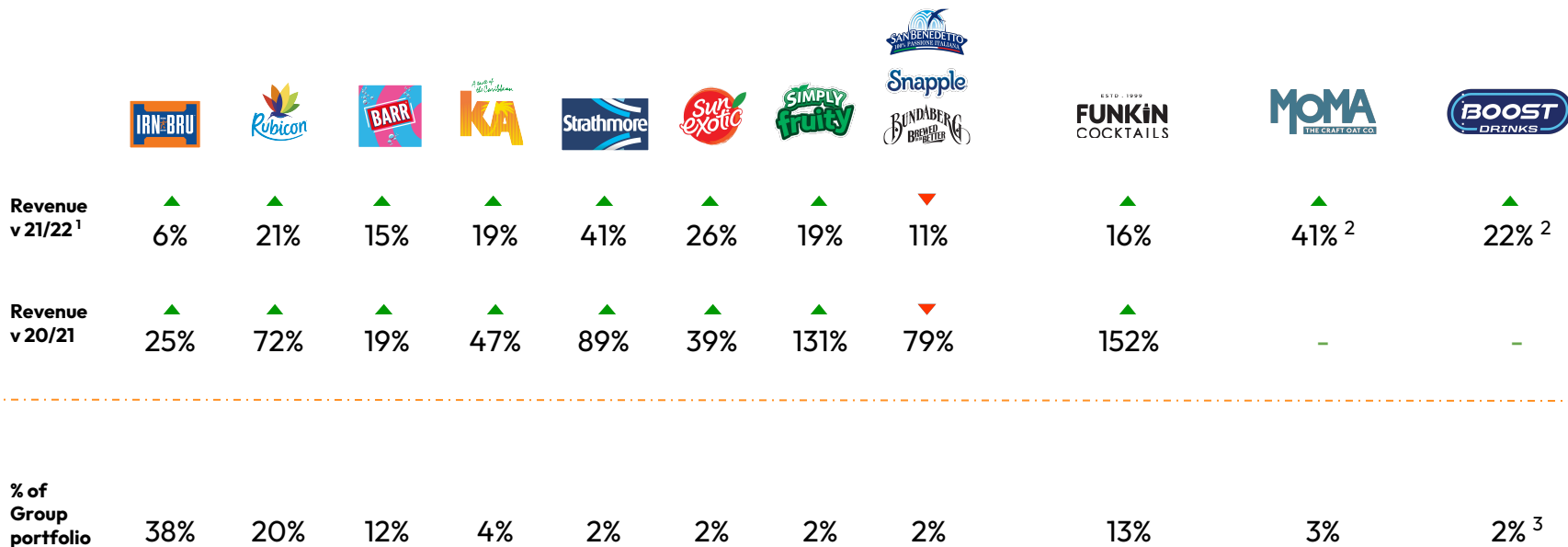


**Shareholder value-focused M&A screening and execution process**



# Building brands

## Strong brand momentum across Group portfolio

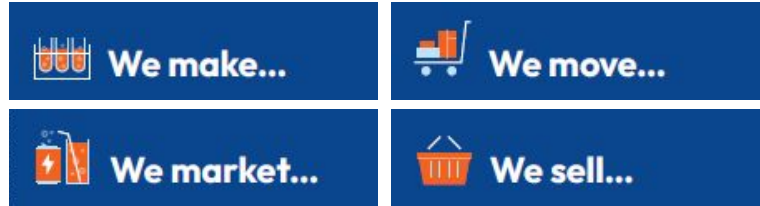


Notes :  
 1 - 2021/22 was a 53-week year  
 2 - MOMA and Boost growth includes pre-investment/acquisition revenue to allow year on year comparison  
 3 - Represents sales since December 2022 acquisition

Source : AG Barr net revenue

# Driving efficiency

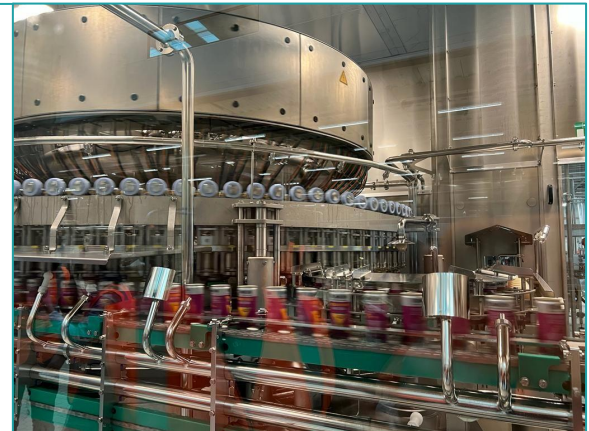
- Core BSD business model - Make, Move, Market, Sell
- Scalable and capable of supporting wider Group
  - In-house sourcing, recipe development and packaging expertise
  - Incremental capacity potential within existing production infrastructure
  - Efficient distribution network operating across multiple routes to market
  - Barr Direct channel offering direct to store service to thousands of independent retailers across the UK



## Case study : Slim can production at Milton Keynes

Following a £8m investment at our Milton Keynes site we successfully installed and commissioned new slim 250ml can capability

- Fills 60,000 cans per hour with card multipack capability
- Has enabled in-house production of Funkin's nitro-infused RTD cans
- Generates new growth and margin enhancing opportunities
- Future scope to bring Boost production in-house



# Building trust



## Acting with integrity

- ✓ Continued Mental health support
- ✓ Two special cost of living employee payments
- ✓ New financial wellbeing service



## Respecting the environment

- ✓ Approved science-based and net zero targets
- ✓ 100% rPET first production April 2022



## Supporting healthy living

- ✓ 98% of portfolio exempt from SDIL and HFSS
- ✓ Investment in new R&D facilities

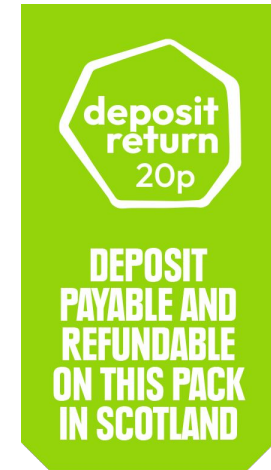


## Giving back

- ✓ New employee-chosen charity partnership with Marie Curie
- ✓ Over £90K donated to good causes

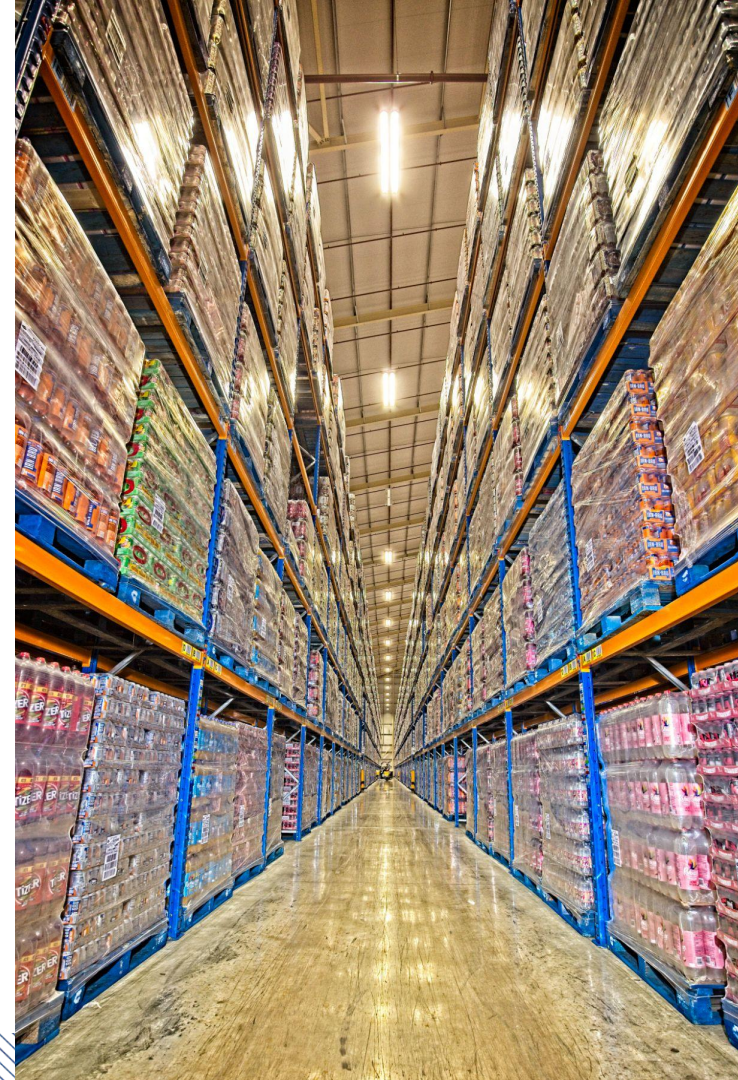
# DRS in Scotland

- Go-live August 2023
- Year 1 producer fees to fund running costs - updated in December :
  - PET : 2.21p
  - Metal : 2.03p
  - Glass : 4.10p
  - UK-wide SKU surcharge : 1.133p
- VAT now being applied to unredeemed deposits
- AG Barr approach : Scotland specific SKUs for all owned brands
  - minimising fraud potential and simplifying traceability
- Outlook includes assumed financial impact



# 2023/24 Investment phase

- **Barr Soft Drinks**
  - further investment in asset base
  - distribution-led sales growth
- **FUNKIN**
  - increased investment in portfolio and innovation
  - international push
- **MOMA**
  - growth investment
  - team development
  - brand and commercial drive
- **Boost** - light touch initially - agreed business plan
- **Sustainability** - focus on executing a successful DRS; capital investment related to net-zero roadmap
- **M&A** - seek opportunities to acquire high quality brands with strong future growth/synergy potential



# Long-term growth and value creation



3-year plan	
<b>2023</b>	Investment phase
<b>2024</b>	Margin rebuild
<b>2025</b>	Target operating margin c.14-15%

Note : Dates shown in calendar years

# Summary and outlook

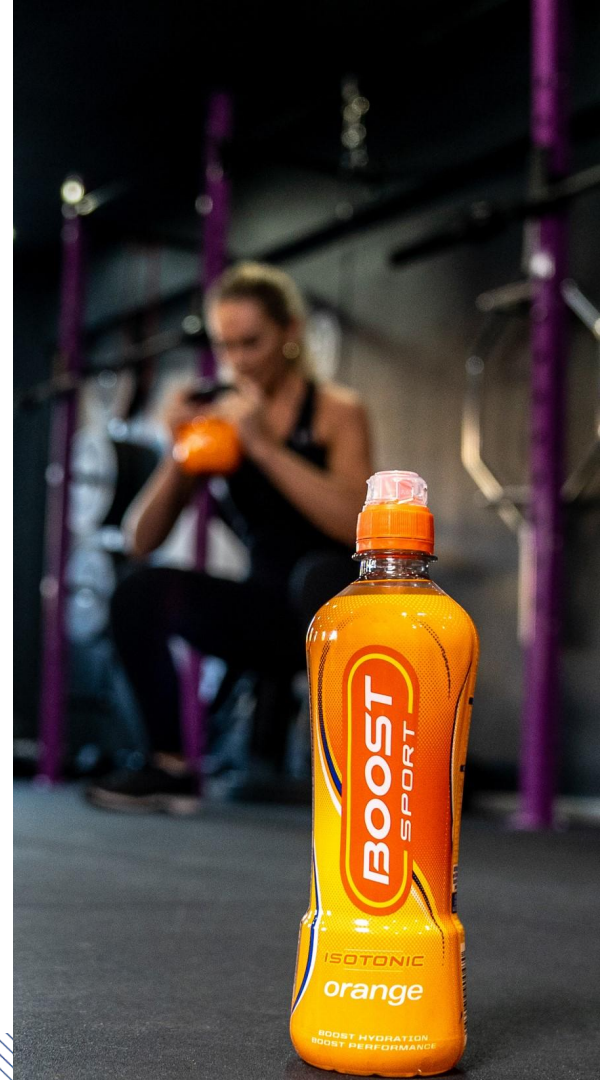
An excellent financial performance in 2022/23

Tangible progress in building a multi-beverage branded business of scale

Significant potential to grow the business organically and through further acquisitions

Anticipate further revenue and profit growth across the Group during the year ahead with a continuation of our strong brand momentum

Confident of delivering our long-term growth strategy



# APPENDIX 1

Market update



# Total UK soft drinks market

## Total UK soft drinks value

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▲ 8.8%

## Carbonates value

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▲ 8.7%

## Stills value

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▲ 8.9%

## Total UK soft drinks volume

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▼ 2.2%

## Carbonates volume

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▼ 1.6%

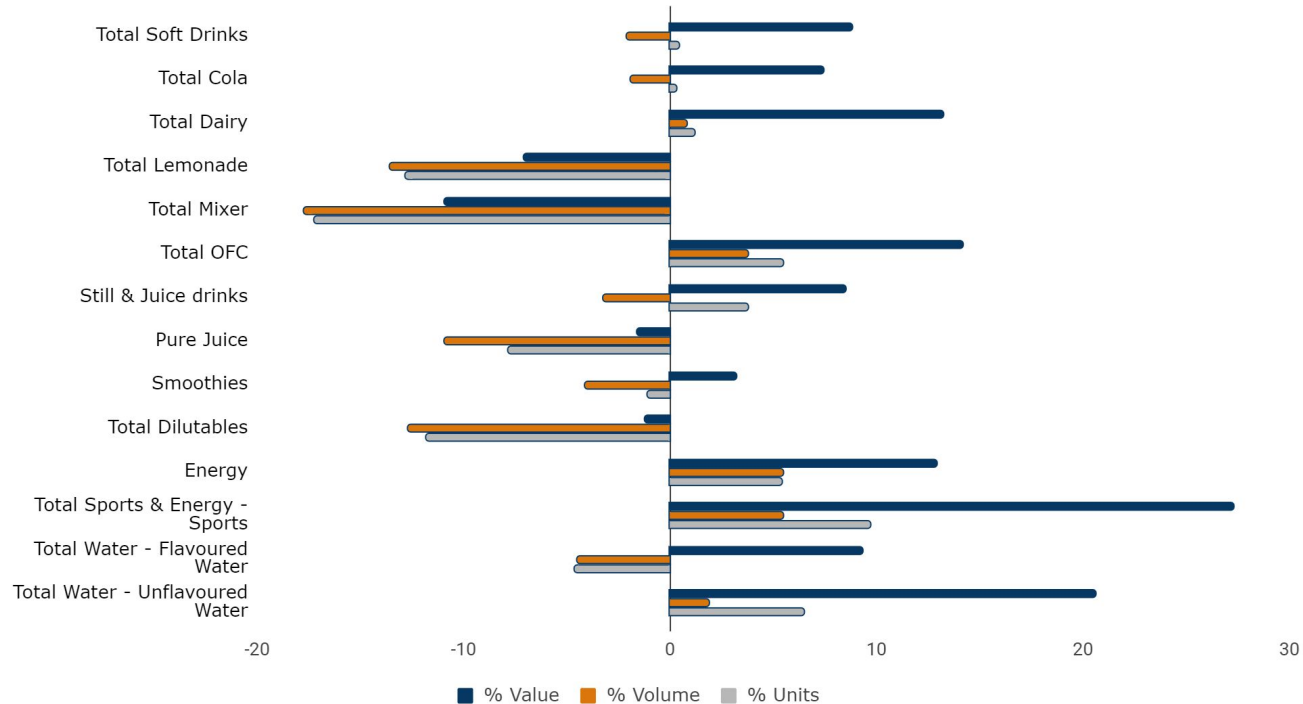
## Stills volume

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▼ 2.7%

# Total UK soft drinks market - sub categories

## Value, Volume and Units %ages



Source : IRI Marketplace 52 weeks to 28/01/23

# Cocktail market dynamics (on-trade)

## Value of cocktails in GB

£686m

+13.6%

## Share of spirits through cocktails

7.3%

+1.4%

## No. of outlets stocking cocktails

44.5K

+6%

## GB consumers drinking cocktails out of home

9.6m

+6.7%

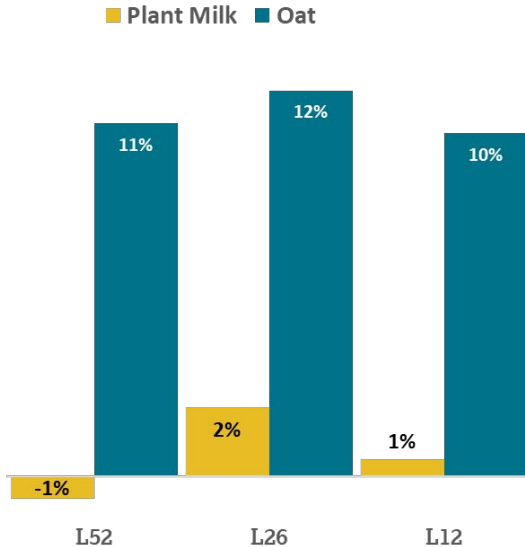


Source : CGA Mixed Drinks Report Q3 2022 - volumetric sales data

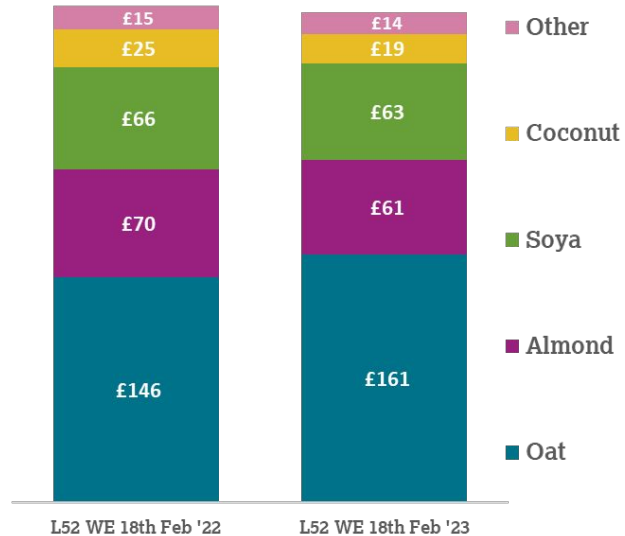
# Plant-based milk market

Oat continues to outperform other milk alternatives with 11% growth in the L52 vs. category -1% and over 50% of the RSV within grocery

Plant milk & Oat category growth WE 18<sup>th</sup> Feb '23



Plant Milk Value Sales (£M) by ingredient



Source: Nielsen Major Mult Grocers excl. discounters, L52 WE 18<sup>th</sup> Feb 2023

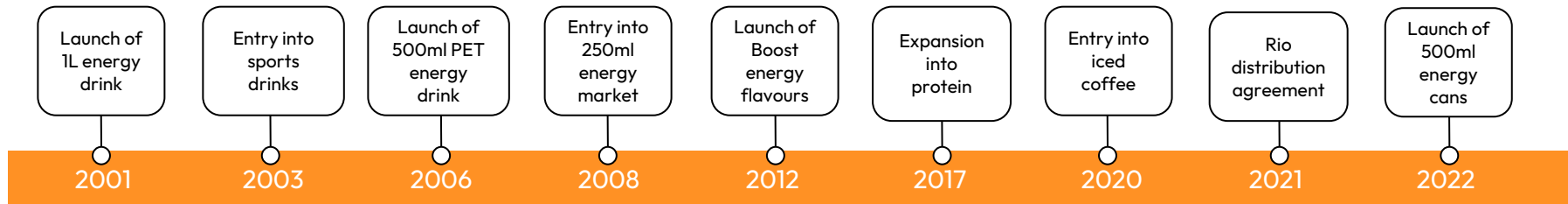
# APPENDIX 2

Boost & MOMA overviews



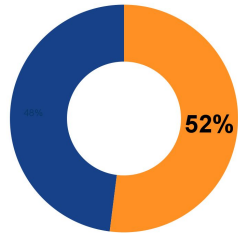
# Boost - Basics

- Founded in Yorkshire in 2001 by Simon Gray - headquartered in Leeds
- A portfolio of attractive brands operating in high growth and functional categories spanning energy, sport, iced coffee and protein
- Strong market position in the UK independent retail channel
- Sales predominantly focused in England (75%) - strong business in Ireland
- Exclusive sales and distribution partnership with the fruit drinks brand Rio
- Asset-light - outsourced production, warehousing and logistics
- Experienced management team leading total team of 35

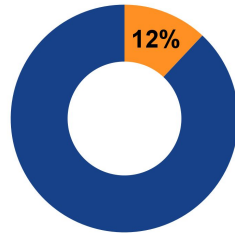


# Boost - Brands

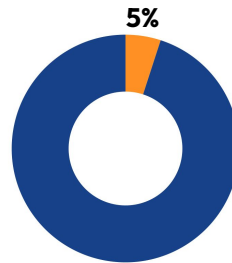
Energy



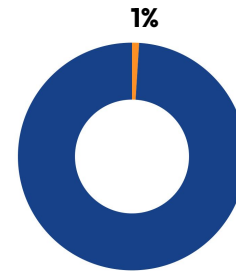
Sport



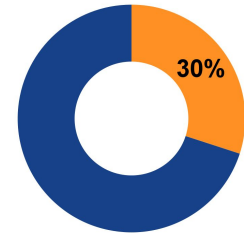
Iced coffee



Protein



Rio



Percentage of FY21A gross sales

# MOMA - Basics

<https://www.momafoods.co.uk/>



- Founded in 2006 by Tom Mercer - based in Deptford, London
- Uses a blend of high quality wholegrain jumbo oats in its oat drinks (68% of revenue) and porridge products (32% of revenue)
- Investing for growth within fastest growing plant based milk category - oat milk market projected to be worth c.£242m by 2025 (2022 : £161m)
- Future potential within adjacent plant-based categories
- Asset-light - outsourced production, warehousing and logistics
- Experienced management team





# APPENDIX 3

Accounting

# Adjusting items reconciliation – January 2023

	Reported P&L	MOMA acquisition impact	Gain on sale of property	Boost acquisition fees	Boost earn-out	Adjusted P&L
	£m	£m	£m	£m	£m	£m
Revenue	317.6	-	-	-	-	317.6
Cost of sales	(189.5)	-	-	-	-	(189.5)
<b>Gross profit</b>	<b>128.1</b>	-	-	-	-	<b>128.1</b>
Other income	1.3	-	(1.3)	-	-	-
Operating expenses	(84.1)	(2.7)	-	1.2	0.8	(84.8)
<b>Operating profit</b>	<b>45.3</b>	<b>(2.7)</b>	<b>(1.3)</b>	<b>1.2</b>	<b>0.8</b>	<b>43.3</b>
Finance income	0.5	-	-	-	-	0.5
Finance costs	(1.4)	1.1	-	-	-	(0.3)
<b>Profit before tax</b>	<b>44.4</b>	<b>(1.6)</b>	<b>(1.3)</b>	<b>1.2</b>	<b>0.8</b>	<b>43.5</b>

# Adjusting items reconciliation – January 2022

	Reported P&L	Gain on sale of property	P&L before exceptional items	Extra week trading	Adjusted P&L
	£m	£m	£m	£m	£m
Revenue	268.6	-	268.6	(6.8)	261.8
Cost of sales	(150.0)	-	(150.0)	3.7	(146.3)
<b>Gross profit</b>	<b>118.6</b>	<b>-</b>	<b>118.6</b>	<b>(3.1)</b>	<b>115.5</b>
Other income	0.7	(0.7)	-	-	-
Operating expenses	(76.6)	-	(76.6)	-	(76.6)
<b>Operating profit</b>	<b>42.7</b>	<b>(0.7)</b>	<b>42.0</b>	<b>(3.1)</b>	<b>38.9</b>
Finance income	-	-	-	-	-
Finance costs	(0.4)	-	(0.4)	-	(0.4)
Share of after tax results of associates	(0.1)	-	(0.1)	-	(0.1)
<b>Profit before tax</b>	<b>42.2</b>	<b>(0.7)</b>	<b>41.5</b>	<b>(3.1)</b>	<b>38.4</b>